House Calendar No. 246

111TH CONGRESS
2d Session

HOUSE OF REPRESENTATIVES

REPORT
111–661

IN THE MATTER OF REPRESENTATIVE CHARLES B. RANGEL

R E P O R T

OF THE

COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT

BOOK 1 OF 3



NOVEMBER 29, 2010.—Referred to the House Calendar and ordered to be printed

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ONE HUNDRED ELEVENTH CONGRESS

U.S. House of Representatives

COMMITTEE ON STANDARDS OF
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Washington, DC 20515–6328

November 29, 2010

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Honorable Lorraine C. Miller
Clerk, House of Representatives
Washington, D.C.

Dear Ms. Miller:

Pursuant to Rules IX and XI, clause 3(a) of the Rules of the House of Representatives and Rule 24 of the Rules of the Committee on Standards of Official Conduct, we hereby submit to the House a resolution and an accompanying report in the Matter of Representative Charles B. Rangel.

Sincerely,

Zoe Lofgren
Chair

Enclosure

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House Calendar No. 246

111TH CONGRESS *2d Session* | HOUSE OF REPRESENTATIVES | REPORT 111–661

IN THE MATTER OF REPRESENTATIVE CHARLES B. RANGEL

NOVEMBER 29, 2010.—Referred to the House Calender and ordered to be printed

Ms. ZOE LOFGREN of California, from the Committee on Standards of Official Conduct, submitted the following

R E P O R T

[To accompany H. Res. 1737]

The Committee on Standards of Official Conduct ("Committee") submits this privileged report pursuant to House Rule XI, Clause 3(a)(2) and House Rule XIII, Clause 5(a)(5), which authorize the Committee to investigate any alleged violation by a Member, officer, or employee of the House of Representatives of the Code of Official Conduct or of any law, rule, regulation, or other standard of conduct applicable to the conduct of such Member, officer, or employee and to submit to the House a privileged report recommending action by the House as a result of such an investigation.

This report: (1) summarizes the Committee's investigation of Representative Charles B. Rangel relating to Representative Rangel's violations of House Rules, the Code of Ethics for Government Service, New York city and state laws and regulations, federal laws and other applicable standards related to his solicitation of donations on behalf of the City College of New York for the Rangel Center for Public Service, his use of a rent-stabilized apartment for his campaign committees, and his failure to file accurate Financial Disclosure Statements and federal tax returns in numerous years; (2) gives the evidence supporting the Committee's findings; and (3) explains the Committee's reasons for recommending to the House of Representatives that, pursuant to Article I, Section 5, Clause 2 of the United States Constitution and Committee Rule 24(e), that Representative Rangel be censured by the U.S. House of Representatives.

A. Procedural History

On November 16, 2010, the Adjudicatory Subcommittee found that the evidence presented by Committee counsel on behalf of the Investigative Subcommittee was sufficient to prove Counts I, II, IV, and VI–XIII of the Statement of Alledged Violation by clear and convincing evidence. On November 17, 2010, the Adjudicatory Subcommittee reported its findings to the Committee pursuant to Committee Rule 23(p). On November 18, 2010, the Committee on Standards of Official Conduct held a Sanction Hearing at which Committee counsel and Representative Rangel, pro se, made oral submissions regarding what sanction, if any, the Committee should recommend to the House. Following the hearing, the Committee met in executive session to deliberate on what, if any, sanction would be recommended to the House of Representatives, pursuant to Committee Rule 24(c). This Committee also adopted a resolution for submission to the House of Representatives and adopted a report to accompany that resolution.

B. Findings of the Committee on Standards of Official Conduct and Reasons for the Recommended Sanction

The Committee on Standards of Official Conduct adopts as its findings in this matter the report of the Adjudicatory Subcommittee, attached.

Although prior Committee precedent for recommendation of censure involved many cases of direct financial gain, this Committee's recommendation for censure is based on the cumulative nature of the violations and not any direct personal financial gain.

After considering the Adjudicatory Subcommittee report and the oral submissions of Committee counsel and Representative Rangel at the Sanction Hearing, the Committee concluded that the eleven violations committed by Representative Rangel on a continuous and prolonged basis were more serious in character, meriting a strong Congressional response rebuking his behavior. In addition to censure, the Committee recommends Representative Rangel pay restitution to the appropriate taxing authorities or the U.S. Treasury for any unpaid estimated taxes outlined in Exhibit 066 on income received from his property in the Dominican Republic and provide proof of payment to the Committee. A majority of the Committee agreed to recommend that the House of Representatives adopt a resolution in the following form:

HOUSE RESOLUTION

Resolved, That (1) Representative Charles B. Rangel of New York be censured; (2) Representative Charles B. Rangel forthwith present himself in the well of the House for the pronouncement of censure; (3) Representative Charles B. Rangel be censured with the public reading of this resolution by the Speaker; and (4) Representative Rangel pay restitution to the appropriate taxing authorities or the U.S. Treasury for any unpaid estimated taxes outlined in Exhibit 066 on income received from his property in the Dominican Republic and provide proof of payment to the Committee.

Statement Pursuant to House Rule XIII, Clause 3(C)(1): No oversight findings are considered pertinent.

ATTACHMENT I

IN THE MATTER OF

REPRESENTATIVE CHARLES B. RANGEL

November 16, 2010: The Adjudicatory Subcommittee from the Committee on Standards of Official Conduct submitted the following:

REPORT

The Adjudicatory Subcommittee of the Committee on Standards of Official Conduct submits this report to the full Committee pursuant to Committee Rule 23(p). The Report summarizes the Adjudicatory Subcommittee's findings in *In the Matter of Representative Charles B. Rangel.* The Adjudicatory Subcommittee is transmitting with this report all motions, transcripts of evidence, correspondence, and other relevant items generated or received by the Adjudicatory Subcommittee during these proceedings.

PROCEDURAL HISTORY

On July 22, 2010, after receiving the Statement of Alleged Violation and associated pleadings and responses from the Investigative Subcommittee in this matter, and acting pursuant to Committee Rule 23, the Chair designated an Adjudicatory Subcommittee and Representative Rangel was informed of the designation. On October 7, 2010, by public statement the Chair of the Adjudicatory Subcommittee set November 15, 2010, at 9 a.m., as the date and time for the Adjudicatory Subcommittee to convene its public hearing. By letter to the parties on October 12, 2010, the Adjudicatory Subcommittee gave Representative Rangel and Committee Counsel notice of the schedule and procedures for the adjudicatory hearing as set forth in Committee Rule 23.

On November 15, 2010, pursuant to Committee Rule 23 and consistent with the other Committee and House Rules governing these proceedings, the Adjudicatory Subcommittee commenced a hearing to determine whether any counts in the Statement of Alleged Violation have been proven by clear and convincing evidence. Committee Counsel made motions to introduce exhibits and witness affidavits into the record, both of which were granted. Committee Counsel then made motions that there were no issues of material fact as to any of the thirteen counts alleged in the Statement of Alleged Violation and seeking to commit the matter to the Adjudicatory Subcommittee for its deliberation and vote. By unanimous vote the Adjudicatory Subcommittee granted those motions.

After the hearing was adjourned, the Adjudicatory Subcommittee began its deliberations in executive session. At the conclusion of several hours of deliberation, the Adjudicatory Subcommittee made the following findings with regard to the counts in the Statement of Alleged Violation, pursuant to the vote requirements of Committee Rule 23(o).

FINDINGS

Count I

The Adjudicatory Subcommittee found that Count I of the Statement of Alleged Violation was proven by clear and convincing evidence. The Adjudicatory Subcommittee found that between 2005 and 2008, Representative Rangel personally signed and sent form letters to over 100 foundations, including, *inter alia*, the Verizon Foundation, New York Life Foundation, The Starr Foundation, Ford Foundation, AT&T Foundation, Citi Foundation, JPMorgan Chase Foundation, Merrill Lynch & Co. Foundation, MetLife Foundation, Bristol-Meyers Squibb Foundation, Goldman Sachs Foundation, and Wachovia Foundation, soliciting donations to the

City College of New York (CCNY), an entity qualified under § 170(c) of the Internal Revenue Code, for the Charles B. Rangel Center for Public Service (Rangel Center). The Adjudicatory Subcommittee also found that Representative Rangel sent personal letters to David Rockefeller, Donald Trump, and Hank Greenberg seeking donations to CCNY for the Rangel Center. The Adjudicatory Subcommittee found that each of these entities and individuals had interests that could have been substantially affected by the performance or nonperformance of Representative Rangel's official duties as a Member of the United States House of Representatives and the Committee on Ways and Means in particular. These letters were written on congressional letterhead bearing the words "United States Congress" and "House of Representatives." Enclosed with many of the letters was a brochure that requested a gift of "$30,000,000 or $6,000,000/year for five years." Through this course of conduct, Representative Rangel violated the solicitation ban enumerated in 5 U.S.C. § 7353.

Count II

The Adjudicatory Subcommittee found that Count II of the Statement of Alleged Violation was proven by clear and convincing evidence. The Adjudicatory Subcommittee found that Representative Rangel solicited donations for the Rangel Center from individuals and entities with business before the House of Representatives and the Committee on Ways and Means and that many of these individuals and entities gave money to CCNY for the Rangel Center simply because Representative Rangel asked. The Adjudicatory Subcommittee also found that Representative Rangel solicited donations from individuals and entities during a period when Representative Rangel and his staff were also communicating with those persons' representatives about legislation that could impact their interests. The Adjudicatory Subcommittee found that these donations were a favor or benefit to Representative Rangel,

which may be construed by reasonable persons as influencing the performance of his official duties. Through this course of conduct, Representative Rangel violated the Code of Ethics for Government Service, clause 5.

Count III

A majority of the Adjudicatory Subcommittee was unable to find that Count III of the Statement of Alleged Violation was proven by clear and convincing evidence.

Count IV

The Adjudicatory Subcommittee found that Count IV of the Statement of Alleged Violation was proven by clear and convincing evidence. The Adjudicatory Subcommittee found that Representative Rangel used his Frank to send a letter and brochure to the New York Stock Exchange Foundation's Leon Panetta soliciting a donation to CCNY for the Rangel Center. The Adjudicatory Subcommittee also found evidence in the record that Representative Rangel used his Frank to send other mailings related to the Rangel Center based on his Chief of Staff George Dalley's uncontested testimony before the Investigative Subcommittee. The Adjudicatory Subcommittee found that Representative Rangel was a person entitled to use the Frank who permitted its use for the benefit or use of CCNY. Through this course of conduct, Representative Rangel violated Sections 3210 and 3215 of Title 39 of the United States Code, as well as the Franking regulations.

Count V

The conduct underlying Count V of the Statement of Alleged Violation is the same conduct underlying Count IV. The Adjudicatory Subcommittee is taking no action with regard

to Count V because the Adjudicatory Subcommittee believes the jurisdiction to charge and find a violation of this criminal statute more properly lies with the executive branch and judicial branch.

Count VI

The Adjudicatory Subcommittee found that Count VI of the Statement of Alleged Violation was proven by clear and convincing evidence. The Adjudicatory Subcommittee found that, between 2005 and 2008, Representative Rangel prepared more than 100 letters soliciting on behalf of CCNY for the Rangel Center from Representative Rangel's Washington, D.C., congressional office. Testimony provided by Representative Rangel's Chief of Staff indicates that these letters were stored in electronic form on computers owned by the House of Representatives and in hard copy in Representative Rangel's Washington, D.C., congressional office. Through this course of conduct, Representative Rangel violated the House Office Building Commission regulations.

Count VII

The Adjudicatory Subcommittee found that Count VII of the Statement of Alleged Violation was proven by clear and convincing evidence. Representative Rangel used official House resources to support fundraising efforts for the Rangel Center. Those resources included: staff time; House telephones, computers, printers, and fax machines; stationery and other office supplies; and franking expenses. Through this course of conduct, Representative Rangel violated the Purpose Law and Member's Handbook.

Count VIII

The Adjudicatory Subcommittee found that Count VIII of the Statement of Alleged Violation was proven by clear and convincing evidence. The Adjudicatory Subcommittee found that Representative Rangel wrote letters regarding the Rangel Center, including solicitations, using letterhead bearing the words "Congress of the United States" and "House of Representatives." Representative Rangel used his official letterhead to send these letters on numerous occasions throughout 2005, 2006, and 2007. The Adjudicatory Subcommittee found that Representative Rangel's conduct created the appearance that the Rangel Center was a project endorsed by the government. Through this course of conduct, Representative Rangel violated clause 11 of House Rule XXIII.

Count IX

The Adjudicatory Subcommittee found that Count IX of the Statement of Alleged Violation was proven by clear and convincing evidence. The Adjudicatory Subcommittee found that Representative Rangel's Financial Disclosure Statements for the years 1998 through 2008 contained numerous errors and omissions. As a result, Representative Rangel's filings did not "include a full and complete statement" as required by the Ethics in Government Act. Through this course of conduct, Representative Rangel violated § 102 of the Ethics in Government Act (5 U.S.C. app. 4 § 101 *et. seq.*) and House Rule XXVI.

Count X

The Adjudicatory Subcommittee found that Count X of the Statement of Alleged Violation was proven by clear and convincing evidence. The Adjudicatory Subcommittee found that the landlord's tolerance of Representative Rangel's use of an apartment as an office for his

campaign in violation of the terms of the lease and the New York City zoning regulations and building code was a favor or benefit to Representative Rangel, which may be construed by reasonable persons as influencing the performance of his official duties. Through this course of conduct, Representative Rangel violated the Code of Ethics for Government Service, clause 5.

Count XI

The Adjudicatory Subcommittee found that Count XI of the Statement of Alleged Violation was proven by clear and convincing evidence. The Adjudicatory Subcommittee found that Representative Rangel also violated tax laws by failing, for 17 years, to report, and pay tax on, rental income on a beach villa in Punta Cana, Dominican Republic. In addition, as discussed previously, Representative Rangel's conduct violated other laws and regulations including the solicitation ban (5 U.S.C. § 7353), postal service laws (39 U.S.C. § 3215), the Franking Commission regulations, the Purpose Law (31 U.S.C. § 1301), Member's Congressional Handbook, and the Ethics in Government Act (5 U.S.C. app. 4 § 101 *et. seq.*). Through this course of conduct, Representative Rangel violated the Code of Ethics for Government Service, clause 2.

Count XII

The Adjudicatory Subcommittee found that Count XII of the Statement of Alleged Violation was proven by clear and convincing evidence. The Adjudicatory Subcommittee found that Representative Rangel solicited donations for the Rangel Center from individuals and entities with business before the House of Representatives and the Committee on Ways and Means and that many of these individuals and entities gave money to CCNY for the Rangel Center simply because Representative Rangel asked.

Pursuant to House Rule XXIII, clause 4, a Member "may not accept gifts except as provided by clause 5 of rule XXV." House Rule XXV, clause 5(a)(1)(A)(1), provides that a Member "may not knowingly accept a gift as provided" in the House Gift Rule. Under the House Gift Rule, a "gift" is defined as "a gratuity, favor, discount, entertainment, hospitality, loan, forbearance, or any other item having monetary value." The House Gift Rule prohibits both direct gifts and indirect gifts. An indirect gift is one that is "given with the knowledge and acquiescence of the Member . . . and the Member . . . has reason to believe that the gift was given because of the Member's position."[1] Under the precedents of the House of Representatives, an indirect gift, when that gift has been made to a § 170(c) organization, has never been found where there was no direct financial benefit to the Member.

Although a majority of the Adjudicatory Subcommittee did not find that the House Gift Rule was violated by any contribution made to CCNY for the Rangel Center, the Adjudicatory Subcommittee is concerned that the contributions that resulted from the solicitations are suspect and they were given, in some instances, with the hope that the donation might influence Representative Rangel. Through this course of conduct, Representative Rangel failed to adhere to the spirit of the House Rules and the rules of duly constituted committees of the House in violation of clause 2 of the Code of Official Conduct (House Rule XXIII).

In addition, as set forth above, Representative Rangel violated applicable provisions of House Rule XXIII, clause 11; House Rule XXVI; the Franking Commission regulations; the House Office Building Commission regulations; and the Member's Handbook. Through this course of conduct, Representative Rangel failed to adhere to the spirit and letter of the House

[1] House Rule XXV, clause 5(a)(2)(B)(i).

Rules and the rules of committees of the House in violation of clause 2 of the Code of Official Conduct (House Rule XXIII).

Count XIII

Considering the violations found, a majority of the Adjudicatory Subcommittee concluded that the totality of Representative Rangel's conduct represented an ongoing pattern of behavior, as opposed to isolated incidents. In addition, the Adjudicatory Subcommittee notes that Representative Rangel served at various times in highly visible and influential positions as both Chairman and Ranking Member of the Ways and Means Committee. Indeed, as Representative Rangel himself has observed, because of the substantial responsibilities of his position, it is appropriate to hold him to a higher standard. Consequently, the Adjudicatory Subcommittee found that Count XIII was proven by clear and convincing evidence because Representative Rangel's actions and the accumulation of his actions reflected poorly on the institution of the House and, thereby, brought discredit to the House, in violation of clause 1 of the Code of Official Conduct (House Rule XXIII).

ATTACHMENT II

HOUSE OF REPRESENTATIVES

111TH CONGRESS

2d Session

COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT

INVESTIGATIVE SUBCOMMITTEE

IN THE MATTER OF REPRESENTATIVE CHARLES B. RANGEL

STATEMENT OF ALLEGED VIOLATION

Adopted June 17, 2010

STATEMENT OF ALLEGED VIOLATION

For each of the following alleged violations, the Investigative Subcommittee has determined there is "substantial reason to believe that a violation of the Code of Official Conduct, or of a law, rule, regulation, or other standard of conduct applicable to the performance of official duties or the discharge of official responsibilities by a Member, officer, or employee of the House of Representatives has occurred." *See* Rule 19(f), Rules of the Committee on Standards of Official Conduct.

At all times relevant to this Statement of Alleged Violation, Representative Charles B. Rangel ("Respondent") was a Member of the United States House of Representatives representing the Fifteenth District of New York. During the 109th Congress, Respondent was Ranking Minority Member of the House Committee on Ways and Means ("Ways and Means Committee") and was a member of the Joint Committee on Taxation. During the 110th and 111th Congresses, Respondent was Chairman of the Ways and Means Committee. During the first session of the 110th and 111th Congresses, Respondent was Chairman of the Joint Committee on Taxation. During the second session of the 110th and 111th Congresses, Respondent was Vice-Chairman of the Joint Committee on Taxation.

STATEMENT OF FACTS IN SUPPORT OF ALLEGED VIOLATIONS

I. SOLICITATION OF POTENTIAL DONORS TO THE CHARLES B. RANGEL CENTER FOR PUBLIC SERVICE AT THE CITY COLLEGE OF NEW YORK.

1. In 2004, Respondent became interested in creating an institution, similar to the Clinton Presidential Center, in part, to preserve Respondent's legacy.

2. Respondent discussed the idea with Gregory Williams, the president of City College of New York ("CCNY").

3. In December 2004, Respondent wrote Williams and stated:

> As I informed you, during our participation in the dedication of the William J. Clinton Presidential Center several colleagues encouraged me to begin to think of the creation of an institution that would preserve the work of my public life and make it available to the public, especially to students and scholars. I am receptive to this idea if it permits me to locate these aspects of my legacy in my home Harlem community at the City College. The creation of a Rangel Center at the City College of New York would permit me to continue my career long interest in the promotion of education and the motivation of young people towards careers in public service.

4. In the December 2004 letter to Williams, Respondent further stated that "I will be exploring with my Congressional colleagues how best to move this idea through the appropriations process . . . ."

5. In early 2005, fundraising efforts for the Charles B. Rangel Center at the City College of New York ("Rangel Center") began.

6. CCNY prepared a 20-page glossy brochure for use in fundraising for the Rangel Center. That brochure includes a description of the Rangel Center Building. It described the Rangel Center Building as including a library to house and archive the Respondent's congressional papers, an archivist/librarian, and a "well-furnished office for Congressman Rangel."

7. The brochure estimated the cost of the archivist/librarian to be $46,550 per year.

8. In April 2005, a memo to Respondent was prepared by Jim Capel, his district director, regarding the proposal prepared by CCNY for the Rangel Center. The memo states,

"[i]n the proposal, the last page is a request for $30 million or $6 million each year for the next five years. Do we need more to advance to our Appropriations process?"

9. In May 2005, Respondent sent letters to members of the Subcommittee on Transportation, Treasury and Housing and Urban Development requesting earmarks in the amount of $6 million "to help establish a Center for Public Service at the City College of New York in my Congressional District."

10. An earmark in the amount of approximately $445,000 to the City College of New York for the planning, design, and construction of the Center for Public Service was included in the Transportation, Treasury, and Housing and Urban Development, the Judiciary, District of Columbia, and Independent Agencies Appropriations Act, 2006, Pub. L. No. 109-115, 119 Stat. 2397 (2006). That bill became law on November 30, 2005.

11. In May 2005, Respondent sent letters regarding the Rangel Center to individuals who served as co-trustees of the Ann S. Kheel Charitable Trust ("Kheel Trust"). Each of the letters states, "Since we are developing a relationship between the Ann Kheel Charitable Trust and the City College and City University of New York, I want to make you aware, through this letter and the enclosed proposal, of the Rangel Center for Public Service as another promising development at the City College."

12. The May 2005 Kheel Trust letters were sent on congressional letterhead, bearing the words "Congress of the United States" and "House of Representatives."

13. Respondent has been a trustee of the Ann S. Kheel Charitable Trust since its inception in February 2004. The Kheel Trust is a private foundation as defined by 26 U.S.C. § 509(a).

14. The trustee agreement for Kheel Trust contains a prohibition against self-dealing. Respondent signed that agreement.

15. Members of Respondent's congressional staff worked with CCNY officials to obtain the grant from the Kheel Trust for the Ann S. Kheel Scholars Program.

16. Respondent knew his staff was working with CCNY officials to obtain funds from the Kheel Trust.

17. Respondent was present at all meetings of the Kheel Trust Board of Trustees from its first meeting on February 19, 2004, through June 3, 2005.

18. At various board meetings, the trustees of the Kheel Trust discussed the CCNY proposal and the Rangel Center.

19. The Kheel Trust Board of Trustees approved a grant to CCNY to fund the Ann S. Kheel Scholars on June 3, 2005.

20. The Ann S. Kheel Scholars Program has consistently been listed under the "Charles B. Rangel Center for Public Service" section of the CCNY web site.

21. CCNY officials consistently represented to Respondent and his staff, potential donors, and the public the donation from the Kheel Trust as a grant to the Rangel Center in its fundraising for the Rangel Center.

22. In 2005, Respondent directed that his congressional staff develop a list of potential donors to the Rangel Center. This work was done on property of the House of Representatives, on official House time, and with the use of official House resources.

23. In June 2005, Respondent's staff prepared a form letter (the "June 2005 letter") to be sent under Respondent's signature to potential donors to the Rangel Center. This work was

done on property of the House of Representatives, on official House time, and with the use of official House resources.

24. In the June 2005 letter Respondent stated, "I will be exploring with my Congressional colleagues how best to move this idea through the appropriations process and am optimistic about securing funds for the planning phase of the creation of the Center. I request your advice and assistance concerning how to approach the donor community, particularly private and corporate foundations interested in education. I look forward to entering into a dialogue with you on the funding of the Rangel Center concept in the coming weeks and months."

25. The June 2005 letter was sent to over 100 foundations, including, *inter alia*, the Verizon Foundation, New York Life Foundation, The Starr Foundation, Ford Foundation, AT&T Foundation, Citi Foundation, JPMorgan Chase Foundation, Merrill Lynch & Co. Foundation, MetLife Foundation, Bristol-Meyers Squibb Foundation, Goldman Sachs Foundation, and Wachovia Foundation.

26. The June 2005 letter was sent to several foundations that serve as the philanthropic arm of related corporations, including, *inter alia*, Verizon Communications, Inc. and New York Life Insurance Company.

27. Respondent personally signed each of the June 2005 letters.

28. The June 2005 letters were written on congressional letterhead bearing the words "United States Congress" and "House of Representatives." Enclosed with each of the letters was a 20-page glossy brochure that requested a gift of "$30,000,000 or $6,000,000/year for five years."

29. The June 2005 letters, with enclosed brochures, were sent through the United States mail using Respondent's frank.

30. In June 2005, the Ford Foundation expressed to Respondent its interest in learning more about the Rangel Center.

31. In August 2005, Respondent sent a letter to Roger Bahnik of The Bahnik Foundation regarding the Rangel Center (the "Bahnik letter").

32. The Bahnik letter was written on congressional letterhead. The letter stated, "[w]hile I am disappointed that you will not be able to fund the Charles B. Rangel Center for Public Service, I thank you for consideration of my request."

33. In August 2005, Respondent sent another round of letters (the "August 2005 letters") to foundations, which were similar in content to the June 2005 letters.

34. The August 2005 letters were written on congressional letterhead bearing the words "United States Congress" and "House of Representatives." Enclosed with each letter was a "presentation."

35. In September 2005, Respondent sent a letter to Senator Robert Byrd seeking an earmark in the amount of $3 million in order "to launch the Charles B. Rangel Center at the City College of the City University of New York."

36. In September 2005, Respondent sent a letter to Donald Trump (the "Trump letter") requesting a meeting to discuss the Rangel Center.

37. The Trump letter was sent on congressional letterhead bearing a substantial portion of the Great Seal of the United States and the words "House of Representatives."

38. In September 2005, Respondent sent letters to the Carnegie Corporation of New York and the Andrew W. Mellon Foundation (the "September 2005 letters"), which were similar in content to the June 2005 letters.

39. The September 2005 letters were sent on congressional letterhead bearing a substantial portion of the Great Seal of the United States and the words "House of Representatives." Enclosed with each letter was a "presentation."

40. In September 2005, a meeting occurred between Respondent, representatives of the Ford Foundation, and CCNY officials.

41. In December 2005, CCNY submitted a proposal to the Ford Foundation (the "December 2005 Ford Foundation proposal") regarding a potential contribution to the Rangel Center.

42. The December 2005 Ford Foundation proposal stated that "City College anticipates that the United States Congress will support this initiative with a seed grant."

43. The Ford Foundation tentatively scheduled a luncheon for other foundations regarding the Rangel Center for May 5, 2006.

44. In March 2006, the Ford Foundation postponed the luncheon due to concerns about the lack of funding, including congressional appropriations, for the Rangel Center.

45. In March 2006, Respondent sent letters to members of the Subcommittee on Transportation, Treasury and Housing and Urban Development requesting earmarks in the amount of $6 million "to help establish a Center for Public Service at the City College of New York in my Congressional District."

46. In March 2006, Respondent sent letters to members of the Subcommittee on Labor, Health and Human Services, and Education requesting earmarks in the amount of $6

million to "help establish a Center for Public Service at the City College of New York in my Congressional District."

47. In March 2006, Respondent sent letters to members of the Senate seeking support for an earmark in the amount of $6 million "to help establish a Center for Public Service at the City College of New York in my Congressional District."

48. In early 2006, Respondent suggested that CCNY officials contact AIG regarding the Rangel Center.

49. In July 2006, Respondent sent another letter (the "July 2006 letters") to approximately 47 of the foundations he previously solicited, including the Ford Foundation.

50. The July 2006 letters were prepared by Respondent's staff. This work was done on property of the House of Representatives, on official House time, and with the use of official House resources.

51. The July 2006 letters were also written on congressional letterhead bearing the words "United States Congress" and "House of Representatives." The letters informed potential donors that Respondent had secured earmarks of $3.6 million for the Charles B. Rangel Center project.

52. Respondent personally signed each of the July 2006 letters.

53. As of July 2006, Respondent had secured, in 2005, one earmark in the amount of $445,000 for the Rangel Center.

54. As of July 2006, earmarks in the total amount of $3,150,000 for the Rangel Center for fiscal year 2007 were included in appropriations bills coming out of the respective subcommittees of jurisdiction. Those earmarks were ultimately not included in any appropriations bills for fiscal year 2007.

55. In September 2006, Respondent met with CCNY officials and Eugene Isenberg, CEO of Nabors Industries, in the offices of Robert Morgenthau, then District Attorney for New York County to discuss the Rangel Center.

56. In November 2006, Isenberg pledged a personal contribution of $500,000 to the Rangel Center. Nabors Industries pledged a matching contribution of $500,000.

57. In February 2007, Respondent met with Eugene Isenberg and Kenneth Kies, a federally-registered lobbyist, at the Carlyle Hotel in New York. They discussed the issue of retroactivity of tax provisions related to inverted companies.

58. In June 2007, Respondent met with Eugene Isenberg at Respondent's office to again discuss the issue of retroactivity of tax provisions related to inverted companies.

59. In October 2006, CCNY officials represented to the Ford Foundation that they had obtained "the seed money the Congressman promised."

60. In October 2006, the Ford Foundation encouraged CCNY to submit a proposal for $1 million to fund academic programs at the Rangel Center.

61. In January 2007, the Ford Foundation hosted a luncheon (the "Ford Foundation lunch") to bring together Respondent and CCNY officials with other potential donors to the Rangel Center.

62. Respondent made a presentation about the Rangel Center at the Ford Foundation lunch.

63. Other potential donors that attended the Ford Foundation lunch included, *inter alia*, Verizon Foundation, New York Community Trust, and Rockefeller Brothers Fund.

64. In March 2007, the Ford Foundation approved a grant in the amount of $1,000,000 for the Rangel Center.

65. In March 2007, Respondent sent letters to Donald Trump, David Rockefeller, and Maurice "Hank" Greenberg (the "March 2007 letters") requesting meetings to discuss the Rangel Center.

66. The March 2007 letters were sent on congressional letterhead bearing a substantial portion of the Great Seal of the United States and the words "House of Representatives."

67. Respondent personally signed each of the March 2007 letters.

68. The March 2007 letters were prepared by Respondent's staff. This work was done on property of the House of Representatives, on official House time, and with the use of official House resources.

69. In March 2007, Respondent wrote a letter to the Chair of the Subcommittee on Labor, Health and Human Services, and Education requesting earmarks in the amount of $6 million "to help establish a Center for Public Service at the City College of New York in my Congressional District."

70. In March 2007, Respondent wrote a letter to the Chair of the Subcommittee on Transportation and Housing and Urban Development requesting an earmark "to make structural and rehabilitation work a [sic] Center for Public Service."

71. An earmark in the amount of approximately $245,000 for the City College of New York for "the planning, design, construction, renovation and buildout of a multipurpose educational facility" was included in the Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2008, Pub. L. No. 110-161, 121 Stat 1844 (2007).

72. An earmark in the amount of approximately $1.915 million for "the City College of New York for the Charles B. Rangel Center to prepare individuals for careers in public

service, which may include establishing an endowment, library, and archives for such center" was included in the Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2008, Pub. L. No. 110-161, 121 Stat. 1844 (2007).

73. In May 2007, Respondent spoke with Melvin Norris, a former House employee in Respondent's district office. Norris was then working as a New York state lobbyist for Verizon Communications, Inc. Respondent requested an update on the status of the Verizon Foundation donation to the Rangel Center.

74. In June 2007, Respondent spoke with George Nichols, a federally-registered lobbyist for New York Life Insurance Corporation, at a breakfast campaign fundraiser. Respondent requested that New York Life consider contributing to the Rangel Center.

75. On June 4, 2007, Respondent met with Hank Greenberg, Chairman of the Board of the Starr Foundation regarding a possible donation to the Rangel Center.

76. On June 12, 2007, the Starr Foundation approved a grant to the Rangel Center in the amount of $5,000,000.

77. In August 2007, Verizon Foundation approved a grant to the Rangel Center in the amount of $500,000. Norris informed Respondent that the grant had been approved.

78. In April 2008, Respondent met with CCNY officials and AIG officials (the "AIG meeting"), including Edward "Ned" Cloonan, a federally-registered lobbyist, regarding the Rangel Center. The briefing memo prepared for Respondent by CCNY stated the objective of the meeting was to "close $10M gift for the Rangel Center to create AIG Hall."

79. At the AIG meeting, a potential donation to the Rangel Center was discussed. AIG raised concerns about a potential donation, including the potential headline risk. Respondent asked AIG, at least twice, what was necessary to get this done.

80. On numerous occasions during 2005 through 2008, Respondent attended several meetings with CCNY officials and potential donors. These potential donors included Eugene Isenberg, Hank Greenberg, David Rockefeller, Donald Trump, the Ford Foundation, and AIG.

81. In addition to the contributions noted above, the following entities and individuals solicited by Respondent made pledges and contributions to the Rangel Center:

1) Rhodebeck Charitable Fund ($25,000);
2) David Rockefeller ($100,000);
3) New York Community Trust ($130,000); and
4) Rockefeller Brothers Fund ($50,000).

82. On numerous occasions during 2005 through 2008, Respondent and his staff used official House resources, including telephones, emails, and facsimile machines, to communicate with CCNY and others regarding fundraising for the Rangel Center.

83. During the relevant period, George Dalley, Jim Capel, and Dan Berger were House employees on Respondent's personal staff. Jon Sheiner was a House employee on the Ways and Means Committee staff.

84. During the relevant period, pursuant to the Internal Revenue Code of 1986, the duties of the Joint Committee on Taxation were the following: (1) to investigate the operation and effects of internal revenue taxes and the administration of such taxes; (2) to investigate measures and methods for the simplification of such taxes; (3) to make reports to the House Committee on Ways and Means and the Senate Committee on Finance (or to the House and the Senate) on the results of such investigations and studies and to make recommendations; and (4) to review any proposed refund or credit of income or estate and gift taxes or certain other taxes in excess of $2,000,000, as set forth in § 6405 of the Internal Revenue Code.

85. Pursuant to House Rule X, cl. 1(t)(8), the House Ways and Means Committee has jurisdiction over tax exempt foundations and charitable trusts.

86. Pursuant to House Rule X, cl. 1(t)(2), the House Ways and Means Committee has jurisdiction over reciprocal trade agreements.

87. Pursuant to House Rule X, cl. 1(t)(3), the House Ways and Means Committee has jurisdiction over revenue measures generally.

88. During the relevant period, issues before Congress affecting foundations included, *inter alia*, private foundation payout rules, excise tax rates on investment income, potential caps on foundation executive pay, IRA charitable rollover provisions, unrelated business income tax, and other charitable contribution and charitable governance issues.

89. During the relevant period, Nabors Industries lobbied members of the House of Representatives on tax issues, including retroactivity of corporate inversion tax treatment.

90. During the relevant period, Verizon lobbied members of the House of Representatives on numerous issues, including, *inter alia*, tax issues related to telecommunications.

91. During the relevant period, AIG lobbied members of the House of Representatives on numerous issues including, *inter alia*, subpart F of the Internal Revenue Code, treatment of income received by partners for performing investment management services, treatment of mortgage insurance premiums as interest, deferral of income on executives' domestic income, and several treaty and free trade agreement issues.

92. During the relevant period, New York Life Insurance Company lobbied members of Congress on numerous issues including, *inter alia*, international trade agreements, tax treatment of long term care insurance, tax treatment of estate assets and lifetime annuities, tax on insurance products, and executive compensation.

II. FINANCIAL DISCLOSURE STATEMENTS AND AMENDMENTS FILED IN CALENDAR YEAR 2009 BY OR ON BEHALF OF REPRESENTATIVE CHARLES B. RANGEL

93. Respondent filed an annual Financial Disclosure statement for calendar year 1998 on May 17, 1999.

94. Respondent filed an annual Financial Disclosure statement for calendar year 1999 on May 26, 2000.

95. Respondent filed an annual Financial Disclosure statement for calendar year 2000 on May 16, 2001.

96. Respondent submitted a letter, dated June 5, 2001, amending his Financial Disclosure statement for calendar year 2000.

97. Respondent filed an annual Financial Disclosure statement for calendar year 2001 on May 15, 2002.

98. Respondent filed an annual Financial Disclosure statement for calendar year 2002 on May 14, 2003.

99. Respondent filed an annual Financial Disclosure statement for calendar year 2003 on May 13, 2004.

100. Respondent filed an annual Financial Disclosure statement for calendar year 2004 on June 15, 2005. Respondent was granted an extension to file his Financial Disclosure statement for calendar year 2004 beyond the May 16, 2005 deadline, and filed within that extended deadline.

101. Respondent filed an amendment to his Financial Disclosure statement for calendar year 2004 on May 12, 2006.

102. Respondent filed an annual Financial Disclosure statement for calendar year 2005 on May 12, 2006.

103. Respondent filed an annual Financial Disclosure statement for calendar year 2006 on June 15, 2007. Respondent was granted an extension to file his Financial Disclosure statement for calendar year 2006 beyond the May 15, 2007 deadline, and filed within that extended deadline.

104. Respondent filed an amendment to his Financial Disclosure statement for the calendar year 2006 on December 26, 2007.

105. Respondent filed an annual Financial Disclosure statement for calendar year 2007 on May 14, 2008.

106. Respondent filed an annual Financial Disclosure statement for calendar year 2008 on August 12, 2009. Respondent was granted an extension to file his Financial Disclosure statement for calendar year 2008 beyond the May 15, 2009 deadline, and filed within that extended deadline.

107. Respondent's Financial Disclosure statements contained numerous errors and omissions, including failure to disclose rental and other unearned income, understating rental income and other unearned income, failure to disclose earned income, failure to disclose transactions, failure to disclose cancellation of debt income, and failure to disclose a reportable position.

108. Respondent's Financial Disclosure statements were prepared by members of his congressional staff.

109. Respondent personally signed each of his Financial Disclosure statements.

110. Respondent failed to ensure that the information reported on the Financial Disclosure Statements was accurate or complete.

111. Respondent filed amended Financial Disclosure statements for each of calendar years 1998 through 2007 on August 12, 2009.

112. Respondent personally signed each of his amended Financial Disclosure statements.

113. Respondent owned a brownstone rental unit, located at 74 West 132nd Street in New York ("Brownstone"). The Brownstone was sold in 2004.

114. Respondent disclosed ownership of the Brownstone on his original Financial Disclosure Statements for the calendar years 1998 through 2004.

115. Respondent failed to disclose his rental income from the Brownstone on his original Financial Disclosure Statements for calendar years 1998, 1999, 2000, and 2004.

116. For Respondent's original Financial Disclosure statements related to calendar years 1998 and 1999, the box for "none" under "amount of rental income" was checked. For calendar year 2000, the boxes under amount of rental income were left blank.

117. Respondent's original Financial Disclosure statements for calendar years 2001, 2002, and 2003 each listed the amount of income derived from the Brownstone rental in the range of $2,501 - $5,000.

118. Respondent's original Federal tax returns reported income from the Brownstone rental as follows:

	Brownstone - Original Tax Returns
1998	$29,852
1999	$20,449
2000	$28,938
2001	$21,416
2002	$19,603
2003	$23,036
2004	$3,406

119. Respondent purchased a rental villa at the Punta Cana Yacht Club in the Dominican Republic in March 1987. The purchase price of the Punta Cana villa was $82,750. Respondent made a down payment of $28,962.50, and financed the remaining portion of the purchase price.

120. Respondent financed the purchase through a mortgage. The mortgage was payable over 7 years at 10.5% interest.

121. Respondent reported the purchase of the Punta Cana villa on his initial Financial Disclosure statement for calendar year 1987, although he assigned an incorrect value to the property. Respondent submitted an amendment to that Financial Disclosure statement on June 10, 1988, re-categorizing the purchase.

122. Respondent issued a statement on February 2, 1989, regarding the incorrect valuation on his original Financial Disclosure statement for the Punta Cana villa, as well as the associated mortgage and distribution from his retirement account used to finance the down payment. Respondent stated that he "amended my Financial Disclosure to include these items as soon as the oversight was brought to my attention."

123. Respondent received income from a Punta Cana rental pool. The rental pool was determined by taking all revenues from the gross rentals of all the units. From that amount, deductions were made for agent commissions, Dominican Republic taxes, and a 10% maintenance fee. From that balance, 53% was paid to Punta Cana and 47% was paid to the owners in the rental pool. Each owner's share of the rental pool payments was determined on a point system, with a 3 bedroom beach villa receiving 3 points. All of the owner's points were totaled, and each owner's share of the rental pool income was based on that owner's number of points as a percentage of all points.

124. No later than February 1993, management of the Punta Cana Yacht Club informed Respondent that it was forgiving any remaining interest due on Respondent's mortgage.

125. Respondent failed to report the forgiveness of interest on his Financial Disclosure statements.

126. In January 1993, Respondent wrote to the Punta Cana Yacht Club requesting information about his unit. In that letter, he stated, "As I mentioned to you, the House Ethics Committee requires the disclosure by members of Congress of any assets and unearned income and while I enjoy a good relationship with the Committee's Chairman it certainly would be politically embarrassing if I were unable to provide an accurate accounting of my holdings."

127. Respondent did report ownership of the Punta Cana villa on his original Financial Disclosure statements for each of calendar years between 1998 through 2008.

128. Respondent failed to report any rental income from Punta Cana on his original Financial Disclosure statements for calendar years 1998, 1999, 2000, 2006, and 2007.

129. Respondent failed to report any rental income from Punta Cana on his original Federal income tax returns for calendar years between 1998 through 2006.

130. For Respondent's original Financial Disclosure statements related to calendar years 1998, 1999, 2006, and 2007, the box for "none" under amount of rental income was checked. For the year 2000, the boxes under amount of rental income were left blank.

131. In June 2001, Respondent wrote a letter to the Standards Committee amending his Financial Disclosure statement for calendar year 2000. In that letter he stated, "Thank you for calling to inform me of the omission in my recent Financial Disclosure Statement of information concerning the income derived during the year 2000 from the two properties in New York City

and the Dominican Republic jointly owned by my wife and me and the New England Mutual Life Insurance policy listed by me as assets in the report. There was no income derived by us from these assets during the year 2000 and that fact should have been noted in my Financial Disclosure Statement."

132. Respondent did report income from Punta Cana on his original Financial Disclosure statements for calendar years 2001 through 2005, but the amounts reported were incorrect.

133. Respondent reported income from Punta Cana on his original and amended Financial Disclosure statements, as well as his original and, where applicable, amended Federal income tax returns as follows:

	Original Financial Disclosure	**Original Tax Returns**	**Amended Financial Disclosure**	**Amended Tax Returns**
1998	None	Not reported	$5,001 - $15,000	N/A
1999	None	Not reported	$2,501 - $5,000	N/A
2000	None per letter amendment	Not reported	$2,501 - $5,000	N/A
2001	$5,001 - $15,000	Not reported	$2,501 - $5,000	N/A
2002	$5,001 - $15,000	Not reported	$2,501 - $5,000	N/A
2003	$5,001 - $15,000	Not reported	$1,001 - $2,500	N/A
2004	$2,501 - $5,000	Not reported	$5,001 - $15,000	$5,030
2005	$2,501 - $5,000	Not reported	$5,001 - $15,000	$6,280
2006	None	Not reported	$5,001 - $15,000	$8,467
2007	None	$7,800	$5,001 - $15,000	$7,800

134. Respondent failed to report earned income from IRA distributions on his original Financial Disclosure statements for calendar years 1998 through 2007.

135. Respondent earned income from IRA distributions in the following amounts:

Year	Source	Amount
1998	Congressional FCU IRA	$13,333
2000	Congressional FCU IRA	$6,144
2001	Congressional FCU IRA	$8,693
	Merrill Lynch IRA	$4,235
2002	Congressional FCU IRA	$4,177
2004	Congressional FCU IRA	$4,438
2005	Congressional FCU IRA	$4,486
2006	Congressional FCU IRA	$4,187
2007	Congressional FCU IRA	$5,509
2008	Congressional FCU IRA	$4,893

136. Respondent failed to disclose numerous assets and sources of unearned income on his original Financial Disclosure statements for calendar years 1998 through 2007, including, *inter alia*:

1) Respondent failed to disclose his holdings at Congressional Federal Credit Union ("CFCU") for calendar years 1998, 1999, 2000, 2004, 2005, 2006, and 2007. Respondent disclosed his holdings for the years 2001, 2002, and 2003, but estimated the value of the accounts in the range of $15,001- $50,000. The holdings at CFCU were, in fact, valued in the range of $100,001 - $250,000 for calendar years 1998 through 2006, and valued in the range of $250,001 - $500,000 for calendar year 2007. Respondent reported earnings related to the CFCU accounts on his Federal income tax returns for each of calendar years 1998 through 2007.

2) Respondent failed to report holdings of stocks in corporations in various years including, *inter alia*, Bell Atlantic, BellSouth, Niagara Mohawk Holdings, Verizon Communications, PepsiCo, and Yum! Brands. Respondent reported earnings related to certain stock transactions on his related Federal income tax returns. For example, Respondent reported a capital gain associated with the sale of stock in BellSouth

Corporation on his 1998 tax return. Respondent's amended Financial Disclosure statements reported the following valuations for the stocks listed above:

	Bell Atlantic	BellSouth	Niagara Mohawk Holdings	Verizon Comm	PepsiCo	Yum! Brands
1998	$15,001 - $50,000	None (sold in 1998)	$1,001 - $15,000	N/A	N/A	N/A
1999	$15,001 - $50,000	N/A	$1,001 - $15,000	N/A	$1,001 - $15,000	N/A
2000	N/A	N/A	$1,001 - $15,000	$15,001 - $50,000	$1,001 - $15,000	N/A
2001	N/A	N/A	$1,001 - $15,000	$1,001 - $15,000	$1,001 - $15,000	N/A
2002	N/A	N/A	N/A	N/A	$1,001 - $15,000	N/A
2003	N/A	N/A	N/A	N/A	$1,001 - $15,000	N/A
2004	N/A	N/A	N/A	N/A	$1,001 - $15,000	N/A
2005	N/A	N/A	N/A	N/A	$1,001 - $15,000	N/A
2006	N/A	N/A	N/A	N/A	$1,001 - $15,000	$1,001 - $15,000
2007	N/A	N/A	N/A	N/A	$15,001 - $50,000	$1,001 - $15,000

3) Respondent failed to report holdings of mutual funds in various years including, *inter alia*, Alliance Municipal Income Fund, Rochester Municipal Fund, ING Principal Protection Fund, and iShares Dow Jones Select Dividend Income Fund. Respondent reported earnings related to certain mutual fund holdings on his corresponding Federal income tax return. For example, Respondent reported a capital gain related to his holdings in the ING Principal Protection Fund on his 2007 tax return. Respondent's amended Financial Disclosure statements reported the following valuations for the mutual funds listed above:

	Alliance Municipal Income Fund/Alliance Bernstein (A)	Alliance Municipal Income Fund (B)	Rochester Municipal Fund	ING Principal Protection Fund	iShares Dow Jones Select Dividend Income Fund
1998	N/A	$1,001 - $15,000	$15,001 - $50,000	N/A	N/A
1999	$1,001 - $15,000	$1,001 - $15,000	$15,001 - $50,000	N/A	N/A
2000	$1,001 - $15,000	$1,001 - $15,000	$15,001 - $50,000	N/A	N/A
2001	$1,001 - $15,000	$15,001 - $50,000	$15,001 - $50,000	N/A	N/A
2002	$50,001 - $100,000	$50,001 - $100,000	$15,001 - $50,000	$50,001 - $100,000	N/A
2003	$50,001 - $100,000	$50,001 - $100,000	$15,001 - $50,000	$50,001 - $100,000	N/A
2004	$100,001 - $250,000	$50,001 - $100,000	$15,001 - $50,000	$50,001 - $100,000	$15,001 - $50,000
2005	$100,001 - $250,000	$50,001 - $100,000	$1,001 - $15,000	$50,001 - $100,000	$15,001 - $50,000
2006	$100,001 - $250,000	$50,001 - $100,000	$15,001 - $50,000	$50,001 - $100,000	None
2007	$100,001 - $250,000	$50,001 - $100,000	$15,001 - $50,000	$50,001 - $100,000	N/A

4) Respondent failed to disclose his holdings in Merrill Lynch Allianz Global Investors Fund for calendar years 2006 and 2007. The holding was purchased in 2006 with a value in the range of $250,001 - $500,000.

5) Respondent failed to disclose his ownership of vacant lots in New Jersey for calendar years 1998 through 2007. Respondent's amended Financial Disclosure statements for calendar years 1998 through 2007 reported the lots with a valuation in the range of $1,001 - $15,000.

137. Respondent failed to disclose numerous transactions on his original Financial Disclosure statements for calendar years 1998 through 2007, including, *inter alia*:

1) Respondent failed to disclose the sale of holdings in BellSouth in the amount of $6,709 in 1998. Respondent did report a capital gain in the amount of $2,738 related to that transaction on his Federal income tax return for 1998.

2) Respondent failed to disclose the purchase in 2002 of holdings in ING Principal Protection in the range of $50,001 - $100,000.

3) Respondent failed to disclose the purchase and sale during 2004 of Calvert Tax Free Reserves, Eaton Vance Insured New York Municipal Bond Fund, and Nuveen New York Quality Income Municipal Fund. Each of those transactions was valued in the range of $50,001 - $100,000.

4) Respondent failed to disclose the purchase and sale in 2006 of Merrill Lynch Institutional Tax-Exempt Fund in the range of $250,001 - $500,000.

138. In September 2008, Respondent filed amended Federal income tax returns for tax years 2004 through 2006.

139. Respondent subsequently filed a second amended Federal income tax return for 2006 and an amended Federal income tax return for 2007.

140. Amendments to Respondent's Federal income tax returns were necessary to correct errors in the original income tax returns, including failure to report the income related to Punta Cana and failure to report other items of income.

141. Respondent disclosed that he was a member of the Board of Directors of "the Kheel Foundation" or "the Ann Kheel Foundation" on his Financial Disclosure statements for calendar years 1998 through 2007.

142. Respondent did not disclose on his original Financial Disclosure Statement for calendar year 2008 that he was a trustee of the Ann S. Kheel Charitable Trust for calendar year 2008.

143. Respondent remained a trustee of the Ann S. Kheel Charitable Trust during 2008.

144. Respondent has not filed an amended Financial Disclosure Statement for calendar year 2008.

III. RENTAL OF LENOX TERRACE APARTMENT UNIT 10U FOR CAMPAIGN PURPOSES

145. The Olnick Organization ("Olnick") is a developer of residential, commercial and hotel properties in New York City.

146. The Olnick Organization's properties include the Lenox Terrace apartment complex and other properties in Respondent's congressional district and elsewhere throughout New York City.

147. The Hampton Management Company ("Hampton") is the property management company for Lenox Terrace. Hampton is an affiliate of Olnick.

148. In November 1988, Respondent signed a lease for the use of apartment 16N-P in the Lenox Terrace apartment complex.

149. In January 1997, Respondent signed a lease for the use of apartment 16M in the Lenox Terrace apartment complex.

150. Respondent signed an application for the use of apartment 10U in the Lenox Terrace apartment complex ("apartment 10U") indicating that his son, Steven Rangel, would occupy the apartment.

151. In October 1996, Respondent signed a lease for the use of apartment 10U in the Lenox Terrace apartment complex.

152. Apartment 10U was a rent stabilized apartment unit.

153. The lease for apartment 10U states, "You shall use the Apartment for living purposes only."

154. Steven Rangel never occupied apartment 10U for living purposes.

155. Respondent never occupied apartment 10U for living purposes.

156. Respondent's principal campaign committee, Rangel for Congress, and leadership PAC, National Leadership PAC, occupied apartment 10U as an office from November 1996 until October 2008.

157. Respondent did not enter into any written sublease with Rangel for Congress or National Leadership PAC.

158. No individual occupied apartment 10U for living purposes from November 1996 through October 2008.

159. There is no evidence that the management of Lenox Terrace permitted the use of any other rent stabilized apartments in the complex for solely non-residential purposes above the first floor.

160. In 2004, Olnick increased the number of legal actions it brought against tenants on primary residency, including those who improperly sublet their rent stabilized apartments.

161. Olnick brought no action against Respondent for the non-residential use of apartment 10U.

162. Respondent was included by Olnick on a "special handling list" on which he was identified as a Member of Congress.

163. Respondent's congressional office received complaints from constituents living in Lenox Terrace regarding legal actions brought against them by Olnick based on primary residency.

164. Respondent's staff, including his District Director, James Capel, worked with Lenox Terrace management to resolve constituent issues related to primary residency.

165. Lenox Terrace tenants discussed going on strike by refusing to pay rent until certain conditions were satisfied.

166. Capel met with a Lenox Terrace official regarding the potential rent strike.

167. In 2005, Respondent and his staff met with Olnick executives at least once regarding proposed construction projects for Lenox Terrace and other Olnick developments.

ALLEGED VIOLATIONS

Count I: Conduct in Violation of the Solicitation and Gift Ban

168. Paragraphs 1 through 167 are reincorporated as if set forth fully herein.

169. Section 7353 of Title 5 of the United States Code provides that no Member "shall solicit or accept anything of value from a person – (1) seeking official action from . . . the individual's employing entity; or (2) whose interests may be substantially affected by the performance or nonperformance of the individual's official duties."

170. The Committee on Standards of Official Conduct ("Standards Committee"), acting pursuant to 5 U.S.C. § 7353(b), has determined that certain solicitations for organizations qualified under § 170(c) of the Internal Revenue Code are permissible. Those solicitations are subject to the following restrictions:

1) No official resources may be used. Such official resources include House staff while working on official time, telephones, office equipment and supplies, and official mailing lists. *See* House Comm. on Standards of Official Conduct, "Solicitation Under the Ethics Reform Act of 1989," (Oct. 9, 1990) (reprinted in Comm. on Standards, *House Ethics Manual*, 102d Cong., 2d Sess. 1992, at 64-65) ("1990 Solicitation Pink Sheet"). *See also* House Comm. on Standards of Official Conduct, "Revised Solicitation Guidelines," (Apr. 4, 1995) (reprinted in H.R. Rep. No. 104-886, at 28-32 (1997) ("1995 Solicitation Pink Sheet"); House Comm. on Standards of Official Conduct, "Rules Governing (1) Solicitation by Members, Officers and Employees in General, and (2) Political Fundraising Activity in House Offices." (Apr. 25, 1997) ("1997 Solicitation Pink Sheet").

2) No official endorsement by the House of Representatives may be implied. Thus, no letterhead or envelope used in a solicitation may bear the words "Congress of the United States," "House of Representatives," or "Official Business," nor may the letterhead or envelope bear the Seal of the United States, the Congress, or the House. It is permissible for Members to identify themselves as a Member of Congress, Congressman, Congresswoman, or by using their leadership title. *See* 1990 Solicitation Pink Sheet; 1995 Solicitation Pink Sheet; House Rule XXIII, cl. 11; 18 U.S.C. § 713.

3) No direct benefits may result to the soliciting official. *See* 1990 Solicitation Pink Sheet.

4) Regulations of the House Office Building Commission generally prohibit soliciting and other nongovernmental activities in facilities of the House of Representatives. *See* 1995 Solicitation Pink Sheet; The House Office Building

Commission's Rules and Regulations Governing the House Office Buildings, House Garages and the Capitol Power Plant (February 1999) at ¶ 4.

5) No suggestion may be made either that donors will be assisting the individual in the performance of official duties or that they will receive favorable consideration from the individual in official matters. *See, e.g.*, Code of Ethics for Government Service (72 Stat., Part 2, B12 (1958), H.Con. R. 175, 85th Cong.) at ¶ 5.

6) Under a provision of the House gift rule, registered lobbyists or agents of foreign principals may not be targeted in any solicitation. Thus, no employee of a lobbying firm should be targeted in a solicitation. However, it is permissible to solicit a company, association, or other entity that employs registered lobbyists to lobby only for itself or its members, provided that the solicitation is directed to an officer or employee who is not a lobbyist. *See* House Rule XV, cl. 5(e)(i); 1997 Solicitation Pink Sheet.

171. Solicitations for charitable donations do not constitute official House business.

172. Between 2005 and 2008 Respondent engaged in a pattern of soliciting for donations and other things of value on behalf of the Charles B. Rangel Center for Public Policy at the City College of New York.

173. The entities solicited were seeking official action from the House and/or had interests that might be substantially affected by the performance or nonperformance of Respondent's official duties.

174. Respondent's conduct was not within the parameters established by the Standards Committee for solicitations on behalf of charitable organizations.

175. Respondent's conduct violated 5 U.S.C. § 7353.

Count II: Conduct in Violation of Code of Ethics for Government Service, cl. 5

176. Paragraphs 1 through 175 are reincorporated as if set forth fully herein.

177. The Code of Ethics for Government Service (72 Stat., Part 2, B12, H. Res. 175, 85th Cong.) (adopted July 11, 1958) provides:

> [A]ny person in Government service should:
>
> . . .
>
> 5. Never discriminate unfairly by the dispensing of special favors or privileges to anyone, whether for remuneration or not; and never accept for himself or his family, favors or benefits under circumstances which might be construed by reasonable persons as influencing the performance of his governmental duties.

178. As set forth above, Respondent made numerous requests for support of the Rangel Center. Those requests were directed at entities and individuals whose interests could be affected by the legislative and oversight activities of Respondent in his capacity as a Member of Congress.

179. Contributions were made by persons with interests before the Ways and Means Committee.

180. Contributions to the Rangel Center were made at the request of and as a favor to Respondent.

181. Contributions to the Rangel Center provided a benefit to Respondent.

182. Reasonable persons could construe contributions to the Rangel Center by persons with interests before the Ways and Means Committee as influencing the performance of Respondent's governmental duties.

183. Respondent's conduct violated clause 5 of the Code of Ethics for Government Service.

Count III: Conduct in Violation of the House Gift Rule

184. Paragraphs 1 through 183 are reincorporated as if set forth fully herein.

185. Clause 4 of House Rule XXIII states that a Member "may not accepts gifts except as provided by clause 5 of rule XXV."

186. House Rule XXV, cl. 5(a)(1)(A)(i) provides that a Member may not knowingly accept a gift except as provided in that clause.

187. House Rule XXV, cl. 5(a)(2) defines "gift" as "gratuity, favor, discount, entertainment, hospitality, loan, forbearance, or other item having monetary value."

188. Respondent solicited contributions for the Rangel Center and the Rangel Center did receive contributions.

189. Respondent has a personal interest in the Rangel Center in that it will provide him with an office, and allows him to perpetuate his legacy, including the storage and archiving of his papers.

190. Contributions to the Rangel Center constituted indirect gifts attributable to Respondent.

191. These indirect gifts do not fall within any exception of clause 5 of House Rule XXV.

192. Respondent's conduct violated clause 4 of House Rule XXIII.

Count IV: Conduct in Violation of Postal Service Laws and Franking Commission Regulations

193. Paragraphs 1 through 192 are reincorporated as if set forth fully herein.

194. Section 3215 of Title 39 provides that "a person entitled to use a Frank may not . . . permit its use by any person for the benefit or use of any committee, organization, or

association." The Regulations on the Use of the Congressional Frank by Members of the House of Representatives ("Franking Regulations") interpret this statute as prohibiting "the use of the Frank for the benefit of charitable organizations, political action committees, trade organizations, and so forth." Franking Regulations at 3.

195. Section 3210 of Title 39 provides for the use of franked mail "in order to assist and expedite the conduct of the official business, activities, and duties of the Congress of the United States."

196. The Franking Regulations provide specific examples of nonfrankable items, including the following: "No solicitations for funds for or on behalf of *any* organization or person" and "[n]o material that advertises, promotes, endorses or otherwise provides a benefit to an individual or organization not entitled to use the frank. This would include commercial, charitable, non-profit and political organizations as well as Congressional Member Organizations (CMO) and advisory boards or task forces." Franking Regulations at 7-8. The Regulations further provide that "[t]he solicitation of funds for or on behalf of a private organization, for example, for the purpose of supporting any charitable, education, religious or political program is not frankable." Franking Regulations at 12.

197. Respondent used his frank for the benefit of a charitable organization and for solicitation of funds.

198. Respondent's conduct violated 39 U.S.C. §§ 3210, 3215 and the Franking Commission Regulations.

Count V: Conduct in Violation of Franking Statute

199. Paragraphs 1 through 198 are reincorporated as if set forth fully herein.

200. Section 1719 of Title 18 provides that "whoever makes use of any official envelope, label, or indorsement [sic] authorized by law, to avoid the payment of postage or registry fee on his private letter, packet, package, or other matter in the mail, shall be fined under this title."

201. Respondent used his frank on materials that were not official business.

202. Respondent's conduct violated 18 U.S.C. § 1719.

Count VI: Conduct in Violation of House Office Building Commission's Regulations

203. Paragraphs 1 through 202 are reincorporated as if set forth fully herein.

204. The House Office Building Commission's Rules and Regulations Governing the House Office Buildings, House Garages and the Capitol Power Plant (Feb. 1999) at ¶ 4 provide that the "soliciting of alms and contributions . . . in any of the areas covered by these regulations is prohibited."

205. Respondent and his staff drafted solicitation letters and performed other work related to solicitations on property of the House of Representatives.

206. Respondent's conduct violated clause 4 of the House Office Building Commission's Regulations.

Count VII: Conduct in Violation of the Purpose Law and the Member's Congressional Handbook

207. Paragraphs 1 through 206 are reincorporated as if set forth fully herein.

208. Section 1301 of Title 31 of the United States Code provides that "[a]ppropriations shall be applied only to the objects for which the appropriations were made except as otherwise provided by law."

209. Section 57(a)(1) of Title 2 of the United States Code provides:

> [T]he Committee on House [Administration] of the House of Representatives may, by order of the Committee, fix and adjust the amounts, terms, and conditions of, and other matters relating to, allowances of the House of Representatives within the following categories:
>
> (1) For Members of the House of Representatives, the Member's Representational Allowance, including all aspects of official mail within the jurisdiction of the Committee under section 59e of this title.

210. The Committee on House Administration sets forth the regulations governing the use of the Member's Representational Allowance ("MRA") in the Member's Congressional Handbook ("Member's Handbook").

211. The Member's Handbook provides that "[o]nly expenses the primary purpose of which are official and representational and which are incurred in accordance with the Handbook are reimbursable." Member's Handbook at p. 6.

212. Respondent used House employees and other official House resources for work related to the Rangel Center.

213. Those resources included the use of staff time, use of telephones and House email accounts, other office equipment and supplies, and use of the frank. Those expenses were paid using the MRA.

214. The use of the MRA to pay expenses related to the Rangel Center was in violation of the Member's Handbook and 31 U.S.C. § 1301.

Count VIII: Conduct in Violation of the Letterhead Rule

215. Paragraphs 1 through 214 are reincorporated as if set forth fully herein.

216. Clause 11 of House Rule XXIII provides that a Member "may not authorize or otherwise allow an individual, group, or organization not under the direction and control of the

House to use the words "Congress of the United States," "House of Representatives," or "Official Business," or any combination of words thereof, on any letterhead or envelope.

217. Pursuant to regulations adopted pursuant to 5 U.S.C. § 7353(b), the Standards Committee has interpreted House Rule XXIII, cl. 11, as prohibiting the use by Members of the words "Congress of the United States," "House of Representatives" or "Official Business" on any solicitation. 1995 Solicitation Pink Sheet.

218. As set forth above, Respondent sent letters related to the Rangel Center on letterhead bearing the words "Congress of the United States" and "House of Representatives."

219. Respondent's conduct violated House Rule XXIII, cl. 11.

Count IX: Conduct in Violation of the Ethics in Government Act and House Rule XXVI

220. Paragraphs 1 through 219 are reincorporated as if set forth fully herein.

221. The Ethics in Government Act ("EIGA"), incorporated into the House Rules by House Rule XXVI, requires all Members to file Financial Disclosure statements. EIGA at § 101.

222. Section 102 of the EIGA requires a "full and complete statement" with respect to several categories, including generally: income and honoraria; unearned income including dividends, rents, interest and capital gains; gifts; property used in trade or business or held for investment or the production of income; liabilities; transactions; and reportable positions.

223. In 1986, the Standards Committee established a policy on the filing of amendments to Financial Disclosure statements:

> [T]he Committee [has] a two-pronged test for determining whether an amendment is considered to be filed with a presumption of good faith: First, whether it is submitted within the appropriate amendment period (close-of-year); and second, a "circumstance" test addressing why the amendment is justified. In this latter regard, filers will be expected to submit with the amendment a brief statement on why the earlier FD is being revised. Thus, amendments meeting the two-pronged test will be accorded a rebuttable presumption of good faith and [the] Committee

> will have the burden to overcome such a presumption. Conversely, any amendment not satisfying both of the above-stated criteria will not be accorded the rebuttable presumption of good faith. In such a case, the burden will be on the filer to establish such a presumption.

"Policy Regarding Amendments to Financial Disclosure Statements" (Apr. 23, 1986), reprinted in the *1992 House Ethics Manual* and *2008 House Ethics Manual*. The guidance further provides:

> [S]o long as a filer wishes to amend within the appropriate period of prescribed 'timeliness' and such amendments are not submitted as a result of, or in connection with, action by [the] Committee that may have the effect of discrediting the quality of the initial filing(s), then such amendments will be deemed to be presumptively good faith revisions to the filings.

224. Respondent engaged in a pattern of submitting Financial Disclosure statements that were incomplete and inaccurate.

225. Respondent failed to report numerous items required to be reported under the EIGA during the period 1998 through 2008.

226. Respondent erroneously reported numerous items required to be reported under the EIGA during the period 1998 through 2007.

227. Respondent's amendments to his Financial Disclosure statements for calendar years 1998 through 2007 were not filed within the close of the year in which the original filings were proffered. Respondent's amendments were not timely.

228. Respondent's amendments to his Financial Disclosure statements for calendar years 1998 through 2007 were filed after the Committee on Standards of Official Conduct ("Standards Committee") had established an investigative subcommittee with respect to Respondent's conduct, including his reporting of the Punta Cana villa on his Financial Disclosure Statements.

229. The pending action by the Standards Committee has the effect of discrediting the quality of his initial filings.

230. Respondent's amendments to his Financial Disclosure statements for calendar years 1998 through 2007 are not entitled to a rebuttable presumption of good faith.

231. Respondent has failed to establish that the amendments to his Financial Disclosure statements for calendar years 1998 through 2007 were submitted in good faith.

232. Respondent's conduct violated the EIGA.

Count X: Conduct in Violation of Code of Ethics for Government Service, cl. 5

233. Paragraphs 1 through 232 are reincorporated as if set forth fully herein.

234. The Code of Ethics for Government Service (72 Stat., Part 2, B12, H. Res. 175, 85th Cong.) (adopted July 11, 1958) provides:

> [A]ny person in Government service should:
>
> . . .
>
> 5. Never discriminate unfairly by the dispensing of special favors or privileges to anyone, whether for remuneration or not; and never accept for himself or his family, favors or benefits under circumstances which might be construed by reasonable persons as influencing the performance of his governmental duties.

235. Respondent received a rent stabilized residential apartment at Lenox Terrace, which he used as office space for Rangel for Congress and National Leadership PAC.

236. The terms of the lease for the rent stabilized apartment provided that the apartment was to be used "for living purposes only."

237. Respondent's acceptance of that rent-stabilized apartment for nonresidential purposes in contravention of the terms of the lease was a favor or benefit to him.

238. Respondent had interactions with Olnick in his official capacity.

239. Respondent accepted the favor or benefit from Olnick under circumstances that might be construed by reasonable persons as influencing the performance of his governmental duties.

240. Respondent's conduct violated clause 5 of the Code of Ethics for Government Service.

Count XI: Conduct in Violation of Code of Ethics for Government Service, cl. 2.

241. Paragraphs 1 through 240 are reincorporated as if set forth fully herein.

242. The Code of Ethics for Government Service (72 Stat., Part 2, B12 (1958), H.Con. R. 175, 85th Cong.) provides that:

> any person in Government service should:
> . . .
> 2. Uphold the Constitution, laws, and legal regulations of the United States and all governments therein and never be a party to their evasion.

243. Section 1 of Title 26 of the United States Code ("Internal Revenue Code") imposes a tax on the income of individuals.

244. Section 61 of the Internal Revenue Code defines "gross income" to include "all income from whatever source derived. . . ."

245. Respondent's failure to report rental income related to Punta Cana on his Federal income tax returns violated the Internal Revenue Code.

246. As set forth above, Respondent's conduct also violated 5 U.S.C. § 7353, 39 U.S.C. § 3210, 39 U.S.C. § 3215, 18 U.S.C. § 1719, Franking Regulations, House Office

Building Commission's Regulations, 31 U.S.C. § 1301, Member's Congressional Handbook, the Ethics in Government Act and the Internal Revenue Code.

247. Respondent's conduct violated clause 2 of the Code of Ethics for Government Service.

Count XII: Conduct in Violation of the Code of Conduct: Letter and Spirit of House Rules

248. Paragraphs 1 through 247 are reincorporated as if set forth fully herein.

249. Clause 2 of House Rule XXIII states that a Member "shall adhere to the spirit and the letter of the Rules of the House and to the rules of duly constituted committees thereof."

250. As set forth above, Respondent's conduct violated House Rule XXIII, clauses 4 and 11, and House Rule XXVI.

251. Respondent's conduct violated clause 2 of House Rule XXIII.

Count XIII: Conduct in Violation of the Code of Conduct: Conduct Reflecting Discreditably on the House

252. Paragraphs 1 through 251 are reincorporated as if set forth fully herein.

253. Clause 1 of House Rule XXIII states that a Member "shall behave at all times in a manner that shall reflect creditably on the House."

254. Respondent's improper solicitations of potential donors to the Rangel Center violated the Solicitation and Gift Ban, 5 U.S.C. § 7353.

255. Respondent's acceptance of favors and benefits from donors to the Rangel Center under circumstances which might be construed by reasonable persons as influencing the performance of his governmental duties violated clause 5 of the Code of Ethics for Government Service.

256. Respondent knowingly accepted indirect gifts from donors to the Rangel Center in violation of the House gift rule.

257. Respondent improperly used his franking privilege to send solicitations for the Rangel Center in violation of postal laws and the Franking Regulations. Respondent's use of the franking privilege also violated 18 U.S.C. § 1719, a misdemeanor.

258. Respondent's written solicitations for the Rangel Center were prepared on property of the House of Representatives, in violation of the House Office Building Commission Regulations.

259. Respondent's misuse of official House resources, including use of his congressional staff, official telephones and House email accounts, other office equipment and supplies, and the franking privilege, for work related to the Rangel Center was in violation of the Purpose Law, 31 U.S.C. § 1301, and the Member's Handbook.

260. Respondent's misuse of congressional letterhead for solicitations on behalf of the Rangel Center violated the Code of Conduct's letterhead rule, House Rule XXIII, clause 11.

261. Respondent failed, in his Financial Disclosure statements for calendar years 1998 through 2007, to set forth a full and complete statement of items required by the EIGA.

262. Respondent engaged in a pattern of submitting Financial Disclosure statements that were incomplete and inaccurate.

263. Respondent failed to ensure that his Financial Disclosure statements were complete or accurate.

264. Respondent's conduct violated the Ethics in Government Act.

265. Respondent failed to report rental income from Punta Cana on his Federal income tax returns for the years 1998 through 2006.

266. Respondent's conduct violated Title 26 of the United States Code.

267. Respondent received a rent stabilized residential apartment at Lenox Terrace, which he used as office space for Rangel for Congress and National Leadership PAC, when the terms of that lease provided that the apartment was to be used "for living purposes only."

268. Respondent's acceptance of a rent stabilized apartment for non-residential purposes was done under circumstances that might be construed by reasonable persons as influencing the performance of his governmental duties in violation of clause 5 of the Code of Ethics for Government Service.

269. Respondent's violation of the laws and regulations of the United States also constituted a violation of clause 2 of the Code of Ethics for Government Service.

270. Respondent's violation of the Rules of the House of Representatives also constituted a violation of clause 2 of the Code of Conduct, House Rule XXIII.

271. Respondent's pattern of indifference or disregard for the laws, rules and regulations of the United States and the House of Representatives is a serious violation.

272. Respondent's actions and accumulation of actions reflected poorly on the institution of the House and, thereby, brought discredit to the House.

273. Respondent violated clause 1 of House Rule XXIII.

APPENDIX A

ZOE LOFGREN, CALIFORNIA
CHAIR
BEN CHANDLER, KENTUCKY
G. K. BUTTERFIELD, NORTH CAROLINA
KATHY CASTOR, FLORIDA
PETER WELCH, VERMONT
DANIEL J. TAYLOR,
COUNSEL TO THE CHAIR
R. BLAKE CHISAM,
CHIEF COUNSEL AND STAFF DIRECTOR

ONE HUNDRED ELEVENTH CONGRESS

U.S. House of Representatives

COMMITTEE ON STANDARDS OF
OFFICIAL CONDUCT

Washington, DC 20515–6328

JO BONNER, ALABAMA
RANKING REPUBLICAN MEMBER
K. MICHAEL CONAWAY, TEXAS
CHARLES W. DENT, PENNSYLVANIA
GREGG HARPER, MISSISSIPPI
MICHAEL T. McCAUL, TEXAS
KELLE A. STRICKLAND,
COUNSEL TO THE RANKING
REPUBLICAN MEMBER
SUITE HT-2, THE CAPITOL
(202) 225-7103

November 8, 2010

RECEIVED
2010 NOV -8 PM 3:43
COMMITTEE ON STANDARDS

Representative Zoe Lofgren, Chair
Committee on Standards of Official Conduct
U.S. House of Representatives
The Capitol, HT-2
Washington, DC 20515

Re: In the Matter of Representative Charles B. Rangel

Dear Chair Lofgren:

Enclosed please find Committee counsel's Notice of Motion and accompanying Affirmation.

Sincerely,

R. Blake Chisam
Staff Director and Chief Counsel

cc: Representative Charles B. Rangel
Representative Michael T. McCaul, Ranking Republican Member

UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT
ADJUDICATORY SUBCOMMITTEE

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2010 NOV -8 PM 3:13
COMMITTEE ON STANDARDS

In the Matter of

REPRESENTATIVE CHARLES B. RANGEL,

Respondent.
_____/

NOTICE OF MOTION

MADAM CHAIR:

PLEASE TAKE NOTICE, that upon the annexed affirmation of R. Blake Chisam, Chief Counsel to the Committee on Standards of Official Conduct (hereinafter "Committee"), counsel for the Committee in the above-captioned matter, the undersigned will move the adjudicatory subcommittee in the above-captioned matter, at Room 1310, Longworth House Office Building, Washington, D.C., on the 15th day of November, 2010, at 9:00 o'clock in the forenoon of that day, or as soon thereafter as counsel can be heard, as follows:

I. MOTION FOR DETERMINATION THAT THERE IS NO GENUINE ISSUE AS TO ANY MATERIAL FACT WITH RESPECT TO COUNT I OF THE STATEMENT OF ALLEGED VIOLATION IN THE ABOVE-CAPTIONED MATTER, THAT COMMITTEE COUNSEL IS ENTITLED TO A DETERMINATION AS TO WHETHER COUNT I OF THE STATEMENT OF ALLEGED VIOLATION HAS BEEN PROVEN AS A MATTER OF LAW AND THAT THE MATTER SHALL BE COMMITTED AS SOON AS PRACTICABLE TO THE ADJUDICATORY SUBCOMMITTEE FOR A DETERMINATION BY A MAJORITY VOTE OF ITS MEMBERS AS TO WHETHER COUNT I OF THE STATEMENT OF ALLEGED VIOLATION HAS BEEN PROVED;

II. MOTION FOR DETERMINATION THAT THERE IS NO GENUINE ISSUE AS TO ANY MATERIAL FACT WITH RESPECT TO COUNT II OF THE STATEMENT OF ALLEGED VIOLATION IN THE ABOVE-CAPTIONED MATTER, THAT COMMITTEE COUNSEL IS ENTITLED TO A DETERMINATION AS TO WHETHER COUNT II OF THE STATEMENT OF

ALLEGED VIOLATION HAS BEEN PROVEN AS A MATTER OF LAW AND THAT THE MATTER SHALL BE COMMITTED AS SOON AS PRACTICABLE TO THE ADJUDICATORY SUBCOMMITTEE FOR A DETERMINATION BY A MAJORITY VOTE OF ITS MEMBERS AS TO WHETHER COUNT II OF THE STATEMENT OF ALLEGED VIOLATION HAS BEEN PROVED;

III. MOTION FOR DETERMINATION THAT THERE IS NO GENUINE ISSUE AS TO ANY MATERIAL FACT WITH RESPECT TO COUNT III OF THE STATEMENT OF ALLEGED VIOLATION IN THE ABOVE-CAPTIONED MATTER, THAT COMMITTEE COUNSEL IS ENTITLED TO A DETERMINATION AS TO WHETHER COUNT III OF THE STATEMENT OF ALLEGED VIOLATION HAS BEEN PROVEN AS A MATTER OF LAW AND THAT THE MATTER SHALL BE COMMITTED AS SOON AS PRACTICABLE TO THE ADJUDICATORY SUBCOMMITTEE FOR A DETERMINATION BY A MAJORITY VOTE OF ITS MEMBERS AS TO WHETHER COUNT III OF THE STATEMENT OF ALLEGED VIOLATION HAS BEEN PROVED;

IV. MOTION FOR DETERMINATION THAT THERE IS NO GENUINE ISSUE AS TO ANY MATERIAL FACT WITH RESPECT TO COUNT IV OF THE STATEMENT OF ALLEGED VIOLATION IN THE ABOVE-CAPTIONED MATTER, THAT COMMITTEE COUNSEL IS ENTITLED TO A DETERMINATION AS TO WHETHER COUNT IV OF THE STATEMENT OF ALLEGED VIOLATION HAS BEEN PROVEN AS A MATTER OF LAW AND THAT THE MATTER SHALL BE COMMITTED AS SOON AS PRACTICABLE TO THE ADJUDICATORY SUBCOMMITTEE FOR A DETERMINATION BY A MAJORITY VOTE OF ITS MEMBERS AS TO WHETHER COUNT IV OF THE STATEMENT OF ALLEGED VIOLATION HAS BEEN PROVED;

V. MOTION FOR DETERMINATION THAT THERE IS NO GENUINE ISSUE AS TO ANY MATERIAL FACT WITH RESPECT TO COUNT V OF THE STATEMENT OF ALLEGED VIOLATION IN THE ABOVE-CAPTIONED MATTER, THAT COMMITTEE COUNSEL IS ENTITLED TO A DETERMINATION AS TO WHETHER COUNT V OF THE STATEMENT OF ALLEGED VIOLATION HAS BEEN PROVEN AS A MATTER OF LAW AND THAT THE MATTER SHALL BE COMMITTED AS SOON AS PRACTICABLE TO THE ADJUDICATORY SUBCOMMITTEE FOR A DETERMINATION BY A MAJORITY VOTE OF ITS MEMBERS AS TO WHETHER COUNT V OF THE STATEMENT OF ALLEGED VIOLATION HAS BEEN PROVED;

VI. MOTION FOR DETERMINATION THAT THERE IS NO GENUINE ISSUE AS TO ANY MATERIAL FACT WITH RESPECT TO COUNT VI OF THE STATEMENT OF ALLEGED VIOLATION IN THE ABOVE-CAPTIONED MATTER, THAT COMMITTEE COUNSEL IS ENTITLED TO A

DETERMINATION AS TO WHETHER COUNT VI OF THE STATEMENT OF ALLEGED VIOLATION HAS BEEN PROVEN AS A MATTER OF LAW AND THAT THE MATTER SHALL BE COMMITTED AS SOON AS PRACTICABLE TO THE ADJUDICATORY SUBCOMMITTEE FOR A DETERMINATION BY A MAJORITY VOTE OF ITS MEMBERS AS TO WHETHER COUNT VI OF THE STATEMENT OF ALLEGED VIOLATION HAS BEEN PROVED;

VII. MOTION FOR DETERMINATION THAT THERE IS NO GENUINE ISSUE AS TO ANY MATERIAL FACT WITH RESPECT TO COUNT VII OF THE STATEMENT OF ALLEGED VIOLATION IN THE ABOVE-CAPTIONED MATTER, THAT COMMITTEE COUNSEL IS ENTITLED TO A DETERMINATION AS TO WHETHER COUNT VII OF THE STATEMENT OF ALLEGED VIOLATION HAS BEEN PROVEN AS A MATTER OF LAW AND THAT THE MATTER SHALL BE COMMITTED AS SOON AS PRACTICABLE TO THE ADJUDICATORY SUBCOMMITTEE FOR A DETERMINATION BY A MAJORITY VOTE OF ITS MEMBERS AS TO WHETHER COUNT VII OF THE STATEMENT OF ALLEGED VIOLATION HAS BEEN PROVED;

VIII. MOTION FOR DETERMINATION THAT THERE IS NO GENUINE ISSUE AS TO ANY MATERIAL FACT WITH RESPECT TO COUNT VIII OF THE STATEMENT OF ALLEGED VIOLATION IN THE ABOVE-CAPTIONED MATTER, THAT COMMITTEE COUNSEL IS ENTITLED TO A DETERMINATION AS TO WHETHER COUNT VIII OF THE STATEMENT OF ALLEGED VIOLATION HAS BEEN PROVEN AS A MATTER OF LAW AND THAT THE MATTER SHALL BE COMMITTED AS SOON AS PRACTICABLE TO THE ADJUDICATORY SUBCOMMITTEE FOR A DETERMINATION BY A MAJORITY VOTE OF ITS MEMBERS AS TO WHETHER COUNT VIII OF THE STATEMENT OF ALLEGED VIOLATION HAS BEEN PROVED;

IX. MOTION FOR DETERMINATION THAT THERE IS NO GENUINE ISSUE AS TO ANY MATERIAL FACT WITH RESPECT TO COUNT IX OF THE STATEMENT OF ALLEGED VIOLATION IN THE ABOVE-CAPTIONED MATTER, THAT COMMITTEE COUNSEL IS ENTITLED TO A DETERMINATION AS TO WHETHER COUNT IX OF THE STATEMENT OF ALLEGED VIOLATION HAS BEEN PROVEN AS A MATTER OF LAW AND THAT THE MATTER SHALL BE COMMITTED AS SOON AS PRACTICABLE TO THE ADJUDICATORY SUBCOMMITTEE FOR A DETERMINATION BY A MAJORITY VOTE OF ITS MEMBERS AS TO WHETHER COUNT IX OF THE STATEMENT OF ALLEGED VIOLATION HAS BEEN PROVED;

X. MOTION FOR DETERMINATION THAT THERE IS NO GENUINE ISSUE AS TO ANY MATERIAL FACT WITH RESPECT TO COUNT X OF THE STATEMENT OF ALLEGED VIOLATION IN THE ABOVE-CAPTIONED

MATTER, THAT COMMITTEE COUNSEL IS ENTITLED TO A DETERMINATION AS TO WHETHER COUNT X OF THE STATEMENT OF ALLEGED VIOLATION HAS BEEN PROVEN AS A MATTER OF LAW AND THAT THE MATTER SHALL BE COMMITTED AS SOON AS PRACTICABLE TO THE ADJUDICATORY SUBCOMMITTEE FOR A DETERMINATION BY A MAJORITY VOTE OF ITS MEMBERS AS TO WHETHER COUNT X OF THE STATEMENT OF ALLEGED VIOLATION HAS BEEN PROVED;

XI. MOTION FOR DETERMINATION THAT THERE IS NO GENUINE ISSUE AS TO ANY MATERIAL FACT WITH RESPECT TO COUNT XI OF THE STATEMENT OF ALLEGED VIOLATION IN THE ABOVE-CAPTIONED MATTER, THAT COMMITTEE COUNSEL IS ENTITLED TO A DETERMINATION AS TO WHETHER COUNT XI OF THE STATEMENT OF ALLEGED VIOLATION HAS BEEN PROVEN AS A MATTER OF LAW AND THAT THE MATTER SHALL BE COMMITTED AS SOON AS PRACTICABLE TO THE ADJUDICATORY SUBCOMMITTEE FOR A DETERMINATION BY A MAJORITY VOTE OF ITS MEMBERS AS TO WHETHER COUNT XI OF THE STATEMENT OF ALLEGED VIOLATION HAS BEEN PROVED;

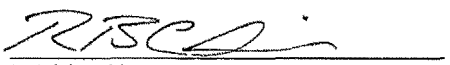
XII. MOTION FOR DETERMINATION THAT THERE IS NO GENUINE ISSUE AS TO ANY MATERIAL FACT WITH RESPECT TO COUNT XII OF THE STATEMENT OF ALLEGED VIOLATION IN THE ABOVE-CAPTIONED MATTER, THAT COMMITTEE COUNSEL IS ENTITLED TO A DETERMINATION AS TO WHETHER COUNT XII OF THE STATEMENT OF ALLEGED VIOLATION HAS BEEN PROVEN AS A MATTER OF LAW AND THAT THE MATTER SHALL BE COMMITTED AS SOON AS PRACTICABLE TO THE ADJUDICATORY SUBCOMMITTEE FOR A DETERMINATION BY A MAJORITY VOTE OF ITS MEMBERS AS TO WHETHER COUNT XII OF THE STATEMENT OF ALLEGED VIOLATION HAS BEEN PROVED;

XIII. MOTION FOR DETERMINATION THAT THERE IS NO GENUINE ISSUE AS TO ANY MATERIAL FACT WITH RESPECT TO COUNT XIII OF THE STATEMENT OF ALLEGED VIOLATION IN THE ABOVE-CAPTIONED MATTER, THAT COMMITTEE COUNSEL IS ENTITLED TO A DETERMINATION AS TO WHETHER COUNT XIII OF THE STATEMENT OF ALLEGED VIOLATION HAS BEEN PROVEN AS A MATTER OF LAW AND THAT THE MATTER SHALL BE COMMITTED AS SOON AS PRACTICABLE TO THE ADJUDICATORY SUBCOMMITTEE FOR A DETERMINATION BY A MAJORITY VOTE OF ITS MEMBERS AS TO WHETHER COUNT XIII OF THE STATEMENT OF ALLEGED VIOLATION HAS BEEN PROVED;

and for such other and further relief as the adjudicatory subcommittee may deem just and proper.

Dated: Washington, D.C.
November 8, 2010

Yours etc.,



R. Blake Chisam
Chief Counsel
Committee on Standards of Official Conduct
Room HT-2, The Capitol
Washington, D.C. 20515

TO: REPRESENTATIVE ZOE LOFGREN
CHAIR
ADJUDICATORY SUBCOMMITTEE
ROOM HT-2, THE CAPITOL
WASHINGTON, D.C. 20515

REPRESENTATIVE MICHAEL MCCAUL
RANKING REPUBLICAN MEMBER
ADJUDICATORY SUBCOMMITTEE
ROOM HT-2, THE CAPITOL
WASHINGTON, D.C. 20515

REPRESENTATIVE CHARLES B. RANGEL
U.S. HOUSE OF REPRESENTATIVES
ROOM 2354, RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515

UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT
ADJUDICATORY SUBCOMMITTEE

In the Matter of

REPRESENTATIVE CHARLES B. RANGEL,

Respondent.
_____/

AFFIRMATION

R. BLAKE CHISAM, Chief Counsel to the Committee on Standards of Official Conduct, counsel to the adjudicatory subcommittee in the above-captioned matter, hereby affirms and states:

All allegations contained herein are based upon information and belief. The sources of such information and belief are documents and testimony obtained during the investigation of Representative Charles B. Rangel.

INTRODUCTION

The ultimate purpose of an adjudicatory subcommittee is to "hold a hearing to determine whether any counts in the Statement of Alleged Violation have been proved by clear and convincing evidence and [to] make findings of fact, except where such violations have been admitted by respondent."[1] "At an adjudicatory hearing, the burden of proof rests on Committee counsel to establish the facts alleged in the Statement of Alleged Violation by clear and convincing evidence."[2]

At the conclusion of its deliberations, an adjudicatory subcommittee must report its findings to the Committee.[3] If an adjudicatory subcommittee reports that any count in a Statement of Alleged Violation has been proved, the full Committee must hold a hearing "as to the sanction the Committee should recommend to the House of Representatives."[4] At the conclusion of the sanctions hearing, the Committee must "consider and vote on a motion to

[1] Committee Rule 23(c).
[2] Committee Rule 23(n).
[3] Committee Rule 23(p).
[4] Committee Rule 24(b).

recommend to the House of Representatives that the House take disciplinary action."[5] Thus, an adjudicatory hearing is an intermediary step within the disciplinary process in which the adjudicatory subcommittee is tasked merely with determining whether the counts alleged in the Statement of Alleged Violation have been proven.[6]

Committee rules expressly contemplate the filing of motions in connection with an adjudicatory hearing.[7] The Chair of the adjudicatory subcommittee must rule "upon any question of admissibility or relevance of evidence, motion, procedure, or any other matter, and may direct any witness to answer any question under penalty of contempt."[8]

Under the Committee's rules, "[a]ny relevant evidence shall be admissible unless the evidence is privileged under the precedents of the House of Representatives."[9] The Committee's rules contemplate winnowing issues of fact where the facts are not in dispute.[10] Where there is no genuine issue as to any material fact with respect to a count or counts in a Statement of Alleged Violation, an adjudicatory subcommittee can fulfill its responsibilities "to determine whether any counts in the Statement of Alleged Violation have been proved by clear and convincing evidence and [to] make findings of fact."[11]

In the above-captioned matter, Representative Charles B. Rangel (the "Respondent") has, on numerous occasions, admitted to a number of the allegations in the Statement of Alleged Violation adopted by the investigative subcommittee in this matter. In addition to Respondent's admissions, Committee counsel has developed an extensive documentary record. Respondent had the opportunity to object to the documents that Committee counsel intends to use as evidence against him in the adjudicatory hearing, but he did not object.[12]

Respondent's admissions and the uncontroverted documentary record, as well as testimony taken at the direction of the investigative subcommittee, establish, by clear and convincing evidence, each element of each count in the Statement of Alleged Violation. To the

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[5] Committee Rule 24(c).
[6] Committee Rule 23(o).
[7] Committee Rule 23(i)(2).
[8] *Id.*
[9] Committee Rule 23(i)(1).
[10] Committee Rule 23(e), (h), (i)(4), and (n).
[11] Committee Rule 23(e).
[12] On October 22, 2010, counsel to the Committee on Standards of Official Conduct (the "Committee") provided Representative Charles B. Rangel (the "Respondent") with a copy of the documents Committee counsel intends to use as evidence against Respondent in the adjudicatory hearing. On that same date, Committee counsel also provided Respondent with a list of the witnesses that counsel intends to call and a summary of their expected testimony. Pursuant to an order from the Chair of the adjudicatory subcommittee, Respondent had until October 29, 2010 to raise any objections to the evidence or witnesses, or any objections would be waived. Respondent did not submit any objections. As such, the documentary record has been established without the need for any rulings on the admissibility of documents.

extent that Respondent is challenging certain counts, it would appear that those challenges are, in actuality, legal arguments regarding the interpretation of the law or the application of undisputed facts to the law.

Therefore, there are no genuine issues as to any material fact with respect to any count in the Statement of Alleged Violation.

Accordingly, Committee counsel, as described in the attached Notice of Motion, moves: a) that the adjudicatory subcommittee determine, with respect to each count in the Statement of Violation, that there is no genuine issue as to any material fact with respect to each count in the Statement of Alleged Violation, that Committee counsel is entitled to a determination as to whether each count in the Statement of Alleged Violation has been proven as a matter of law, and that the matter be committed as soon as is practicable to the adjudicatory subcommittee for a determination by a majority of its members as to whether any count or counts in the Statement of Alleged Violation has or have been proved; and b) for such other and further relief as the adjudicatory subcommittee may deem just and proper.

STATEMENT OF MATERIAL FACTS

I. Respondent's Solicitations on Behalf of the Charles B. Rangel Center at City College of New York

a. Background

The idea for a Charles B. Rangel Center at the City College of New York ("CCNY") began late in 2004.[13] The initial conversations about creating such a center at CCNY occurred between Respondent and Gregory Williams, then President of CCNY.[14]

CCNY prepared a "proposal" that it sent to Respondent in March of 2005 ("Rangel Center brochure").[15] The Rangel Center brochure was a 20-page color presentation book, which described the major elements of the center, including the physical Rangel Center building, a library to house Respondent's papers, programming in public service, and a fellowship program.[16] The last page of the brochure states: "We ask you to consider a gift of $30,000,000 or $6,000,000/year for five years."[17]

On April 11, 2005, Jim Capel, Respondent's district director, informed Rachelle Butler, the vice president of CCNY's development office, that "the Congressman is very excited about the proposal that we put together and felt that it was very professional. He wants 50 copies sent

[13] Exhibit 104.
[14] Exhibits 104, 105.
[15] Exhibit 106.
[16] *Id.*
[17] *Id.*

to his DC office to fundraise with."[18] On April 18, 2005, Capel asked Butler to send him additional Rangel Center brochures "because they're sending them out to people to fundraise with."

Respondent did begin sending out Rangel Center brochures, along with a letter, in May of 2005. The first round of mailings went to Ted Kheel and the trustees of the Ann S. Kheel Charitable Trust.[19]

In June of 2005, Respondent's staff prepared form letters which were sent, along with the Rangel Center brochure, to approximately 121 persons.[20] The letter, which was written on congressional letterhead, stated:

> I want you to know about my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.
>
> . . .
>
> I am asking you to join me in the creation of a public policy center that will motivate and prepare young people presently underrepresented in public life to pursue careers in public service.
>
> . . .
>
> I have embraced the College's concept because it will allow me to locate the inspirational aspects of my legacy in my home Harlem community.
>
> . . .
>
> I will be exploring with my Congressional colleagues how best to move this idea through the appropriations process and am optimistic about securing funds for the planning phase of the creation of the Center. I request your advice and assistance concerning how to

[18] Exhibit 109.

[19] Exhibits 401, 402. Respondent is the Chairman of the Board of Trustees of the Ann S. Kheel Charitable Trust. Exhibit 387.

[20] Exhibit 139; Butler Tr. (11/13/09) at 9; Dalley Tr. (12/9/08) at 47-52. The letter was drafted by George Dalley, Respondent's then chief of staff. Dalley Tr. (12/9/08) at 44. Dalley directed and supervised staff and fellows on compiling a list of potential donors and preparation of the letters. Dalley Tr. (12/9/08) at 47-48, 51-52. Respondent personally signed each of the letters. Rangel Tr. at 23. Respondent directed the staff to perform the work related to the Rangel Center, and knew that the work was occurring on House property. Rangel Tr. at 21.

> approach the donor community, particularly private and corporate foundations interested in education. I look forward to entering into a dialogue with you on the funding of the Rangel Center concept in the coming weeks and months.[21]

Recipients considered these mailings to be solicitations, including solicitations for money. For example, one foundation responded to Respondent stating that "I am in receipt of your letter dated June 20th indicating that you will be creating the Charles B. Rangel Center for Public Service and need funding for the planning phase of this public policy center."[22] Another recipient wrote, in a letter to Respondent, "it appears that your focus is on building an endowment of $30,000,000 for the Rangel Center for Public Service."[23]

The packages were sent using the Respondent's congressional frank. One copy of the package obtained by Committee counsel included the envelope, which was clearly sent using Respondent's frank.[24] George Dalley, Respondent's former chief of staff, testified that he did not recall specifically using the franking privilege, "but it would be consistent with our practice that, if we felt it was a communication in the context of official duties, the franking privilege would have been used."[25]

In addition to two rounds of solicitation letters sent to foundations in June 2005, Respondent sent another round of letters in August 2005.[26] As with the June 2005 mailing, the letters were written on congressional letterhead containing the words "Congress of the United States" and "House of Representatives," and were prepared by Respondent's staff.[27] The language in those letters was identical to the language in the June 2005 letters.[28]

Respondent also sent at least two letters to foundations in September of 2005.[29] The letters were written on congressional letterhead with the words "House of Representatives" and bearing the American Bald Eagle and coat of arms from the Great Seal of the United States. In addition to the language from the previous letters, Respondent stated "I will have someone in my office call you to follow-up."[30]

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[21] Exhibit 140.
[22] Exhibit 170. Respondent replied to that letter stating, "While I am disappointed that you will not be able to fund the Charles B. Rangel Center for Public Service, I thank you for consideration of my request." Exhibit 171.
[23] Exhibit 168.
[24] Exhibit 138.
[25] Dalley Tr. (12/10/08) at 8.
[26] Exhibits 155, 156, 157, 159.
[27] Exhibit 156.
[28] *Compare* Exhibit 140 *with* Exhibit 156.
[29] Exhibits 160, 161.
[30] Exhibit 160.

Respondent also wrote a letter to Donald Trump in September 2005. Again the letter was written on congressional letterhead with the words "House of Representatives" and using the American Bald Eagle and coat of arms from the Great Seal of the United States. Respondent asked Trump for "advice and assistance" and requested a meeting with Trump.[31]

Respondent's next round of letters was sent in July 2006. Those letters included the following language:

> I am pleased to have been able to secure from the federal government grants in the amount of $3.6 million to permit a thorough and comprehensive planning process. I would appreciate your consideration of support for the Center as well as your advice and assistance concerning how to approach the donor community, particularly private and corporate foundations interested in education, for grants to support the education programs of the center. We are also interested in obtaining funding for the fellowship and scholarships which will be required for the exceptional but underprivileged students.
>
> I thank you for your consideration and for any future support that you may provide to the Charles B. Rangel Center at the City College of New York.[32]

The Rangel Center brochure was enclosed with the letters.[33] The letters were again written on congressional letterhead, bearing the words "Congress of the United States" and "House of Representatives", and were prepared by Respondent's staff.[34] One recipient of this letter characterized it as "a formal letter of request."[35] Another recipient wrote to Respondent stating, "We have reviewed the funding inquiry and supporting materials regarding the Rangel Center...."[36]

Respondent sent additional letters in March 2007 to Donald Trump, David Rockefeller, and Maurice Greenberg. The letters were written on congressional letterhead, bearing the American Bald Eagle and coat of arms from the Great Seal of the United States.[37] The letters were again prepared by Respondent's staff.[38] Each of those letters requested a meeting "in order

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[31] Exhibit 312.
[32] Exhibit 163.
[33] *See, e.g.*, Exhibits 166, 167.
[34] *Id.* Dalley Tr. (12/9/08) at 48, 51-52.
[35] Exhibit 353.
[36] Exhibit 169.
[37] Exhibits 172, 173, 174.
[38] *Id.*

to discuss with you my vision for the Charles B. Rangel Center for Public Service" describing the Rangel Center as "a personal dream of mine."[39]

In addition to letters, Respondent also participated in several meetings regarding the Rangel Center. Respondent admitted that he intended for money to be solicited during the meetings with potential donors.[40]

b. Entities Solicited

i. Verizon

1. Background

Verizon Communications, Inc. ("Verizon") is one of the world's largest providers of communications services, offering both wireless and wireline services.[41] For the year ended December 31, 2007, Verizon reported operating revenues of approximately $93 billion.[42] Ivan Seidenberg has been the Chairman and CEO of Verizon since 2000.[43] Former Representative Thomas Tauke has been the Executive Vice-President of Public Affairs, Policy and Communications since 2004.[44] Roger Mott has been a vice-president of Verizon in its government affairs department since approximately 2000.[45] Mott is a lobbyist responsible for relationships with the New York Delegation and Blue Dog Caucus.[46] Melvin Norris worked for Verizon as a New York state lobbyist, and is a former member of Respondent's staff.[47]

The Verizon Foundation is the philanthropic arm of Verizon. The Foundation is funded by Verizon.[48] Seidenberg is Chairman of the Board/Director and Tauke is the Vice Chairman and Secretary of the Verizon Foundation.[49] Patrick Gaston is the President of the Verizon Foundation.[50]

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[39] *Id.* As will be discussed, *infra*, all three men granted Respondent a meeting regarding the Rangel Center.

[40] Exhibit 542 ("If the Ethics Committee wants to decide that it was my intention that money be solicited during those meetings for the purposes of moving on this school of public service, I would have to say you're probably right.").

[41] Exhibit 281.

[42] *Id.*

[43] *Id.*

[44] *Id.*

[45] Mott Tr. at 6-7.

[46] Mott Tr. at 7.

[47] Mott Tr. at 22.

[48] *See, e.g.*, Form 990-PF for the Verizon Foundation for year ending December 31, 2008. Forms 990 and 990-PF are publicly-available, and can be located on a number of websites, including Foundation Center, http://www.foundationcenter.org (last visited November 4, 2010). For example, in 2004, Verizon contributed approximately $100 million to Verizon Foundation. *See* Form 990-PF for the Verizon Foundation for year ending December 31, 2004.

[49] *See, e.g.*, Form 990-PF for the Verizon Foundation for year ending December 31, 2008.

[50] *Id.*

Mott has been responsible for the New York Delegation throughout his lobbying career with Verizon and AT&T.[51] In that role, he has interacted with Respondent throughout that time period.[52] He has also worked with Dalley and Ways and Means staffer Jon Sheiner.[53]

2. Verizon Grant to Rangel Center

Respondent sent a solicitation letter in June 2005 to the Verizon Foundation.[54] It was addressed to Seidenberg, the Chairman of the Board of both Verizon and Verizon Foundation.[55] Respondent met Seidenberg "years ago" and knows he is the CEO of Verizon.[56]

In an email to Gaston, Seidenberg wrote:

> This is a tricky one...I'm not sure that Congressman Rangel will be satisfied with a modest participation...As a first step I agree that you should explore with his staff and then let's see what the situation might be ... Just call his office and find out who you might meet with to explore this....Wait on a letter from me until we know what we intend to do...igs[57]

Gaston consulted with Mott to see whether Mott had an opinion about the grant request.[58] Mott testified that he had never received an inquiry of that nature previously, and he did not have an opinion on the subject.[59] Mott testified that the Rangel Center grant was the only time that he has been involved in a Verizon Foundation grant.[60]

A note in Butler's files indicates that Respondent may have asked Verizon to contact CCNY:

> Today, I received a call from Bernice Bradshaw at 212 395-[ ] about the proposed Rangel Center. Charles Rangel had told Mr. Mott to ask Patrick Gaston, president of the Verizon Foundation, to call me. I am waiting for her to get back to me.[61]

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[51] Mott Tr. at 8.
[52] *Id.*
[53] *Id.* at 9.
[54] Exhibit 227.
[55] *Id.*
[56] Rangel Tr. at 82-83.
[57] Exhibit 228.
[58] Mott Tr. at 13.
[59] *Id.*
[60] Mott Tr. at 38.
[61] Exhibit 231.

Documents from Verizon also indicate that Respondent's staff spoke with Mott about a potential grant. An email from Mott to Gaston stated:

> In line with our conversation I have spoken with George Dalley, Charlie Rangel's Chief of Staff here in DC. The Congressman is most appreciative that we have responded and are willing to meet to discuss further.[62]

After a meeting was arranged between Verizon Foundation and the CCNY fundraisers, Respondent sent a personal letter to Seidenberg thanking him for arranging the meeting.[63] In that letter Respondent wrote:

> I understood that the meeting went well and the foundation may be considering a grant in support of the Center.
>
> I appreciate your interest in this endeavor and look forward to continuing our discussion.
>
> Please do not hesitate to contact me about the creation of the Center.[64]

Verizon was, in fact, considering making a grant, and there were internal discussions over the appropriate amount. In an email to Gaston, Seidenberg wrote:

> A 500k commitment over a five year period sounds like it might work.....From the description, it sounds like a good program... The key here is to make sure that Mr. Rangel appreciates this level of support ....igs[65]

In an email thanking Gaston for their meeting, Butler wrote:

> As you requested, I have contacted the Congressman's office and asked them to notify him that we have had a very good conversation.[66]

In July 2005 Mott requested an update on the grant from Gaston, because Mott was "[s]eeing Charlie later this week and not bringing it up but need status in case he raises with

[62] Exhibit 230.
[63] Exhibit 233.
[64] *Id.*
[65] Exhibit 234.
[66] Exhibit 235.

me."[67] Gaston indicated that a grant for $500,000 would be made, subject to approvals of the Verizon Foundation Board, after CCNY submitted a grant request.[68]

In August 2006, Mott requested another update on the grant from Gaston because "I am going to see Charlie next week down here and want to have the last info. at the ready in case this comes up."[69] Gaston indicated there was a "good possibility" of making the $500,000 grant, and Verizon was "waiting word from them on whether or not federal funding was secured and if they have gotten other corporate partners interested in this initiative."[70]

Mott discussed Verizon's potential grant to the Rangel Center with Sheiner at a dinner in December 2006.[71] Following that dinner, Mott emailed Dalley with an update on the status of the Verizon grant.[72] In response to that email, Dalley wrote:

> Roger, with the recent developments re earmarks we are going to need your help now more than ever. Do you know the contemplated level of support?[73]

Mott provided the information and offered to arrange a meeting or phone call with Gaston so that Gaston could personally update Dalley.[74]

A few months later, in May 2007, Respondent ran into Norris, an encounter which Norris described in an email to Sandra Wilson, Director of Verizon External Affairs:

> Hi Sandy, I ran into the Congressman last week and he spoke to me about a commitment (I do not know what it entails) from Ivan for the Rangel Center at City College that will prepare college students for foreign service careers.[75]

Wilson responded that the Foundation had been in discussions with CUNY to support the Rangel Center, but nothing had been confirmed yet.[76]

In May 2007, Mott requested another update from Gaston.[77] Mott wanted to have the update in advance of a breakfast fundraiser that was being hosted by Seidenberg. He wrote:

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[67] Exhibit 237.
[68] *Id.*
[69] Exhibit 246.
[70] Exhibit 247.
[71] Exhibit 249.
[72] *Id.*
[73] *Id.*
[74] *Id.*
[75] Exhibit 259.
[76] *Id.*
[77] Exhibit 258.

> I know when you updated me a year ago our support was contingent on Charlie securing Federal funds to build the actual building. I don't think that has progressed very far, but Verizon's willingness to fund a Telecom Center is a very positive message I know Ivan would want to personally convey to Charlie that morning. Just thinking whatever the status is now, we should probably get Ivan and Tom in the loop.[78]

In August 2007, Tauke forwarded information about the proposed grant to other Verizon lobbyists.[79] In that email exchange, Mott indicated that he had been aware of the pending grant because "Susan Sullivan at the Foundation called me two weeks ago asking my opinion and also indicating that Monica Azare had signed off."[80]

On August 21, 2007, Gaston forwarded to Seidenberg six grant requests, including the Rangel Center request.[81] Seidenberg approved the request on August 22, 2007.[82] Once the grant was approved, Sullivan and Gaston each notified Mott of the approval.[83] On August 29, 2007, Mott requested that either Azare or Norris notify Respondent of the grant approval, stating:

> Will you guys take care of notifying Charlie and other appropriate folks? Know George Dalley has inquired of me over the months and I just want to make sure one of us contacts him also.[84]

On the following date, Dalley sent an email to several members of Respondent's staff stating:

> Melvin Norris (212) 321-[ ] will be calling Charlie in a few minutes to inform him that he has received word that this grant was awarded by the Board yesterday. Please inform him of this[85]

Norris verified with Azare that he informed both Dalley and Capel about the grant, and left a message with Respondent.[86]

Verizon Foundation notified CCNY that the grant had been approved on September 5, 2007, which was six days after Respondent's office was notified.[87] Butler sent an email to Dalley

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[78] *Id.*

[79] Exhibit 268. Those lobbyists included Mark Mullet, Verizon's tax lobbyist. Mott Tr. at 57.

[80] Exhibit 268. Azare was a vice-president in the government affairs department at Verizon, overseeing government affairs in New York. Sullivan works for Verizon Foundation. Mott Tr. at 40.

[81] Exhibit 269.

[82] *Id.*

[83] Exhibits 270, 271. Sullivan notified Mott on August 22, 2007 and Gaston notified Mott on August 27, 2007.

[84] Exhibit 276.

[85] Exhibit 273.

[86] Exhibit 275.

[87] Exhibit 277.

and Berger informing them of the grant, and Dalley indicated that he would share the news with Respondent.[88]

The first installment of Verizon's pledge, in the amount of $100,000, was paid on December 7, 2007.[89] Subsequent installments were paid on April 2, 2008 in the amount of $300,000,[90] and on June 5, 2009 in the amount of $100,000.[91]

3. Verizon's interests and business before the House

Verizon is a large corporation that, in the ordinary course of its business, has an interest in pending legislation. Lobbying disclosure forms indicate that Verizon spends millions of dollars each year on lobbyists, both those employed by Verizon and outside firms.[92]

For example, Verizon's Lobbying Disclosure Statement for its in-house lobbyists for the year end 2005 identifies 18 specific House bills lobbied on, as well as 33 specific Senate bills and numerous other issues.[93] Verizon's statement for year end 2006 identifies 33 specific House bills lobbied on, as well as 33 specific Senate bills and numerous other issues.[94] The year end 2006 statement indicates that Verizon lobbied on 16 specific House bills related to taxation.[95]

Documents produced by Verizon demonstrate that Respondent and his staff were personally involved in or lobbied on a number of issues involving Verizon, to wit:

- February 12, 2005 email from Mott to Tauke: "[Dalley] confirmed just now that Charlie is not signing the Miller VZ Wireless letter. Said he spoke with Ivan [Seidenberg] and then told George if he had not already signed that he wanted to stay off the letter. George assured me he has not signed off and will not."[96]

- July 29, 2005 email exchange between Rangel staff and Verizon lobbyist Roger Mott regarding the Video Choice Act of 2005: "Hope Charlie can join in [co-sponsorship] today. It would be a huge boost to our efforts and most appreciated by Ivan and certainly me."[97]

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[88] *Id.* Butler was not included on earlier emails, and was apparently not aware that Respondent and his office had been informed of the grant approval a week earlier.
[89] Exhibit 279.
[90] Exhibit 286.
[91] Exhibit 289.
[92] *See, e.g.*, Exhibit 242 (year end 2005 Lobbying Disclosure form indicating in-house lobbying expenses of $4.2 million).
[93] *Id.*
[94] Exhibit 253.
[95] *Id.*
[96] Exhibit 545.
[97] Exhibit 238.

- April 19, 2006 email from Mott to Sheiner: "I expect a vote in the full House on Nationwide Franchising sometime in May. I [sic] would probably be good for me, along with Monica Azare . . . to visit with you and Charlie whenever you think it is appropriate."[98]

- July 7, 2006 email from Mott to Dalley: "Many thanks to Charlie and to you, for his support on final passage of the Barton-Rush Telecom bill."[99]

- June 14, 2007 internal Verizon email exchange regarding Broadcom issue and a call to Respondent in which Azare asks Seidenberg "Did you speak with [Respondent]?" to which Seidenberg replied "Yes ... Direct and supportive... He said he was working this and will get back to me... igs."[100]

- June 29, 2007 email from Mott to Dalley regarding the cell phone chip importation issue which states, "Any effort Charlie can undertake along these lines will be most appreciated by Ivan and the entire cell phone industry."[101]

- January 27, 2008 email from Mott to Dalley: "Attached is a paper on bonus depreciation as it applies to broadband deployment. Mark Mullet in our office already forwarded to John Buckley and Jon Sheiner. Just wanted you to have for your review and input with Charlie."[102]

- October 1, 2008 letter from Seidenberg to Respondent: "I encourage you to act promptly to approve legislation to stabilize our nation's financial system."[103]

- March 23, 2009 internal Verizon email from Mott indicating that a meeting between Seidenberg and Respondent had been set for the next day: "Charlie Rangel can visit with Ivan at 1:45PM tomorrow in H-208 of the Capitol. Does not want an entourage so if you are with Ivan fine. I would counsel against bringing others for sake of it not becoming a group discussion instead of a one on one Chairman Rangel and Chairman Seidenberg discussion."[104]

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[98] Exhibit 244.
[99] Exhibit 472.
[100] Exhibit 261.
[101] Exhibit 262.
[102] Exhibit 284.
[103] Exhibit 287.
[104] Exhibit 288.

ii. Starr Foundation

In March of 2007, Respondent sent a letter to Hank Greenberg requesting a meeting about the Rangel Center.[105] A meeting was scheduled for June 4, 2007.[106] The meeting was attended by Respondent, Greenberg, Williams, and Butler.[107]

Butler's notes of the meeting indicate that the conversation at the meeting centered around China and former New York Attorney General Eliot Spitzer, and there did not appear to be any discussion of the Rangel Center.[108] The notes state:

> Then Congressman Rangel said that he guessed this wasn't a good day to come about this purpose. Hank said he would "give us something" and that he knew City College was a good school. After that, we took our leave.
>
> Five minutes after I returned to campus, Florence Davis, president of the Starr Foundation, called to tell me that the chairman wanted a request for funds to the Rangel Center on the Starr Foundation Board's agenda for the June 12 meeting. . . . She asked if a number had been mentioned; I said they were mostly talking about China, but that President Williams was going to ask for $10 million and the Congressman thought that was about right.[109]

Davis sent an email to Greenberg on that same day, stating that CCNY would be sending over information and "I will write it up for $5 million for the June 12 board meeting, but I will let you know if the donor list and budget suggest another amount."[110]

The Rangel Center grant was added, on June 6, 2010, to the Starr Foundation Board's agenda in the amount of $5 million.[111] The board approved the grant on June 12 and the first installment, stock valued at approximately $2,000,000, was sent to CCNY on June 27, 2007.[112]

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[105] Exhibit 291.
[106] Exhibit 292. Respondent's calendar item for the meeting states: "Topic: Funding for Rangel Center at City College."
[107] Exhibit 295.
[108] *Id.*
[109] *Id.*
[110] Exhibit 294.
[111] Exhibit 296.
[112] Exhibit 430.

iii. David Rockefeller

On March 7, 2007, the same date that Respondent wrote to Greenberg, he also sent an identical request for a meeting to David Rockefeller.[113]

Rockefeller had been invited to a luncheon at the Ford Foundation with Respondent to discuss the Rangel Center, but he could not attend.[114] Butler asked Rockefeller's office if they could set up an appointment with Rockefeller and "one of his assistants suggested that Congressman Rangel send Mr. Rockefeller a note about it."[115] Butler informed Respondent's congressional and campaign staff about this suggestion.[116]

A meeting was set for October 22, 2007.[117] The meeting was attended by Respondent, Rockefeller, Rockefeller's philanthropic associate Marnie Pillsbury, Williams, and Butler.[118] At the end of their discussion, Butler's notes indicate that Rockefeller stated "in tribute to the Congressman, he would give him $100,000 to put toward any program he wished and that it would be unrestricted as he believes in that."[119] Rockefeller did, in fact, contribute $100,000.[120]

iv. Donald Trump

In September 2005, Respondent sent a letter to Donald Trump requesting a meeting to discuss the Rangel Center.[121] A meeting between Respondent and Trump was set for October 7, 2005.[122] Dan Berger, one of Respondent's congressional staffers, prepared a memo for Respondent in advance of that meeting.[123] That memo stated:

> Per your request, I have compiled some information about Mr. Trump's previous philanthropic ventures.
>
> . . .
>
> The proposal for the Charles B. Rangel Center for Public Policy is in the inside flap of this binder.[124]

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[113] Exhibit 306.
[114] Exhibit 305.
[115] *Id.*
[116] *Id.*
[117] Exhibit 307.
[118] Exhibit 308.
[119] *Id.*
[120] Exhibit 311.
[121] Exhibit 312.
[122] Exhibit 313.
[123] *Id.*
[124] *Id.*

In March 2007, Respondent wrote to Trump requesting another meeting.[125] Trump did provide Respondent with another meeting.[126] The meeting was set for May 4, 2007, with Respondent, Trump, Williams, and Butler attending.[127] Trump did not make a contribution to the Rangel Center.

v. *Ford Foundation*

1. Background

The Ford Foundation was established in 1936 by Edsel Ford, and was bequeathed nonvoting stock in the Ford Motor Company upon the deaths of Edsel Ford and Henry Ford.[128] Today, the Ford Foundation is entirely separate from the Ford Motor Company.[129]

The Ford Foundation is one of the wealthiest foundations. At the end of its 2007 tax year, Ford Foundation had assets worth approximately $11 billion.[130] The Ford Foundation holds a significant amount of assets for investment purposes. For the 2007 tax year, its capital gain net income exceeded $589 million.[131]

Susan Berresford was President of the Ford Foundation from 1996 until her retirement in 2007.[132] Alison Bernstein was Vice President at the Ford Foundation during the relevant period, and oversaw the Ford Foundation program on Education, Creativity and Free Expression.[133]

2. Ford Foundation grant to Rangel Center

Respondent sent a solicitation letter to the Ford Foundation, dated June 13, 2005.[134] Ford Foundation expressed interest in the program almost immediately, with Berresford writing a letter to Respondent on June 27, 2005, expressing interest in a meeting to discuss the Rangel Center.[135] A meeting was held in September 2005 with Ford Foundation representatives, CCNY officials, and Respondent.[136]

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[125] Exhibit 316.
[126] Exhibit 318.
[127] Exhibit 319.
[128] *See, e.g.*, Ford Foundation, http://www.fordfound.org/about-us/history (last visited November 4, 2010).
[129] *See, e.g.*, Ford Foundation, http://www.fordfound.org/about-us/mission (last visited November 4, 2010).
[130] Form 990-PF for The Ford Foundation for year ending September 30, 2008. Forms 990 and 990-PF are publicly-available, and can be located on a number of websites, including Foundation Center, http://www.foundationcenter.org (last visited November 4, 2010).
[131] *Id.*
[132] Berresford Tr. at 4.
[133] Bernstein Tr. at 5.
[134] Exhibit 342.
[135] Exhibit 343.
[136] Exhibit 345; Berresford Tr. at 7.

CCNY sent an initial proposal to the Ford Foundation in December 2005.[137] That proposal states that CCNY "anticipates that the United States Congress will support this initiative with a seed grant."[138] The proposal reiterated the proposed budget of $30 million for the Rangel Center, and requested a grant of $750,000 from the Ford Foundation.[139]

In addition to considering its own grant, the Ford Foundation agreed to host a luncheon for other potential donors.[140] Initially, the luncheon was planned for May 2006.[141] Bernstein became concerned that initial funding for the Rangel Center, including congressional appropriations, was not sufficiently established.[142] In an email to Berresford, she wrote:

> Unfortunately, Congress has not taken any step towards funding – they still have only the $450,000 earmark they always had when they started talking with us. I am beginning to think that such a briefing is pre-mature given the slow pace of Congressional action. What is your assessment? Do you still want us to go forward? Remember they are looking for big bucks from Congress. I think it might make sense to postpone until early summer or the fall.[143]

Bernstein had spoken to Butler about the lack of congressional support.[144] After that conversation, Butler spoke to Capel regarding the issue.[145] Butler then reported to Williams:

> Jim took it to the Congressman and called me yesterday. He said that we're going to be getting a letter from the Congressman re actions they are proposing for this year's appropriations – the '07 year – which total about $10 million this year. He thinks they'll probably be successful, at least to the tune of several million.[146]

Butler relayed this information to Bernstein, who indicated that having the luncheon in May 2006 was still possible, but not probable.[147] Butler subsequently forwarded to Bernstein letters written by Respondent to certain Members on the Appropriations Committee requesting earmarks.[148] The luncheon was, in fact, postponed.[149]

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[137] Exhibit 346.
[138] *Id.*
[139] *Id.*
[140] Bernstein Tr. at 15.
[141] Exhibit 351.
[142] Exhibit 348.
[143] *Id.*
[144] Exhibit 349.
[145] *Id.*
[146] *Id.*
[147] *Id.*
[148] Exhibit 350.

In the summer of 2006, the Ford Foundation received another form letter from Respondent.[150] Berresford asked Bernstein to have some type of response prepared, indicating that Ford Foundation was committed to the project, "but a few hurdles remain."[151] Berresford also noted that the letter indicated "they have the $3.6 million from congress [sic]."[152]

In October 2006, Butler provided an update to Bernstein on the Rangel Center, including funding. Butler provided Bernstein with a spreadsheet showing current totals for pending and confirmed donations.[153] Butler stated, "We have the seed money the Congressman promised and we are making headway in the second fundraising phase, approaching foundations, corporations, and individual donors." Butler copied other individuals on that email, including Capel.[154]

In response to that email, Bernstein stated that she had talked with Berrresford and "we can now encourage you to submit a proposal for $1 million."[155] Bernstein also requested dates that both Williams and Respondent would be available for the lunch stating that "[Berresford] thinks the pitch requires both of them to be there."[156]

In November 2006 Berresford attended a dinner where Dalley spoke.[157] She stated that "I had a good exchange with him. Also with the staffer who will cover philannthropy [sic]."[158] She also indicated that Dalley knew that the Ford Foundation was having a lunch "for rangel's center."[159]

Following the November 2006 elections, at least one Ford Foundation official noted the increased visibility that Respondent's new role could bring to the Rangel Center. She wrote "I wonder whether the recent developments with the Democrats taking control of Congress and Congressman Rangel soon to assume the Chairmanship of the House Ways and Means Committee will result in even more funding for the Center."[160]

CCNY submitted a proposal in December 2006 for the $1 million grant.[161] A research associate at Ford Foundation working on the Rangel Center proposal characterized the proposal

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[149] Bernstein Tr. at 42.
[150] Exhibit 353.
[151] *Id.*
[152] *Id.*
[153] *Id.*
[154] Exhibit 354.
[155] *Id.*
[156] *Id.*
[157] Exhibit 359.
[158] *Id.*
[159] *Id.*
[160] Exhibit 360.
[161] Exhibit 356.

as "weak" and stated, "[i]n order to get the grant proposal finished, I had to offer them assistance that is not normally extended to grantees...."[162]

The lunch was set for January 29, 2007. CCNY provided the Ford Foundation with the names of foundations and others to invite to the lunch, and the Ford Foundation then culled that list to arrive at the final list of invitees.[163] In addition to a number of foundations, CCNY requested that the Ford Foundation invite Ned Cloonan, an AIG executive, Martin Sullivan, the CEO of AIG, Robert Morgenthau, District Attorney for New York County, and Donald Trump.[164] The Ford Foundation also invited Lorie Slutsky, President of the New York Community Trust, who, in turn, invited Sharon King, President of the F.B. Heron Foundation.[165]

Butler's briefing memo for the luncheon indicates the first objective is to interest attendees in making "substantial contributions" to the Rangel Center.[166] Confirmed attendees included representatives from New York Community Trust, Verizon Foundation, and the Rockefeller Brothers Fund.[167] Each of those attendees subsequently made a contribution to the Rangel Center.

The luncheon was held at the Ford Foundation offices in one of its private dining rooms.[168] A sign was posted directing attendees to the luncheon, which read:

CONGRESSMAN CHARLES B. RANGEL
LUNCHEON
PRIVATE DINING ROOM A-D[169]

The luncheon lasted approximately one and a half hours. Respondent made a brief presentation at the luncheon.[170]

CCNY submitted a revised proposal to the Ford Foundation in March 2007.[171] The Ford Foundation approved a $1 million grant to the Rangel Center on March 30, 2007.[172] The grant provided for payments of $250,000 per year over four years.[173] The first payment was made in May of 2007 and has continued annually since then.[174]

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[162] Exhibit 379.
[163] Bernstein Tr. at 17.
[164] See Exhibit 365; Bernstein Tr. at 18.
[165] Exhibit 370.
[166] Exhibit 371.
[167] Exhibits 371, 372.
[168] Bernstein Tr. at 19.
[169] Exhibit 373.
[170] Bernstein Tr. at 191; Exhibit 372.
[171] Exhibit 378.
[172] Exhibit 380.
[173] *Id.*

3. Ford Foundation's interests and business before the House

Foundations are subject to the legislative jurisdiction and oversight jurisdiction of Congress, and specifically the Ways and Means Committee.[175] In addition to their own governance issues, foundations are substantially affected by tax legislation, both those tax issues affecting foundations directly and those affecting potential donors.

During the relevant time period, the Ford Foundation did retain federally-registered lobbyists.[176]

Tax-exempt private foundations are generally prohibited from lobbying.[177] Foundations do belong to member associations, and some of those associations lobby on behalf of the industry.[178] One such organization is the Council on Foundations.[179] The Ford Foundation is a member of the Council on Foundations, as well as other associations.[180] The Ford Foundation pays a membership fee to belong to the Council on Foundations.[181] The President of the Council on Foundations is former Representative Steve Gunderson.[182]

Following the November 2006 election, Gunderson sent a legislative update to the Ford Foundation. The update began with a discussion of the election results, and the fact that Respondent would become Chairman of the Ways and Means Committee. Also included was a discussion of the Pension Protection Act of 2006 that had become law in August of 2006. Looking forward to the year 2007, Gunderson noted:

> As we prepare for the beginning of a new Congress in January, we keep in mind two important lessons from our experience with the PPA: 1) Advocating without a specific legislative vehicle—a specific bill with specific language—is dangerous and undesirable; and 2) Our sector must never again be put on the defensive in our legislative discussions with Congress.
>
> I strongly believe that we must be proactive and introduce a bill that will help us shape and define the philanthropic agenda on Capitol Hill during the 110th Congress. Our government relations

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[174] Exhibit 383.

[175] House Rule X, cl. 1(t)(8).

[176] Exhibits 385, 386.

[177] 26 U.S.C. § 501(c)(3).

[178] *See* Berresford Tr. at 21-24. Foundations pay a membership fee to belong to associations such as the Council on Foundations. *Id.*

[179] In fact, Respondent's staff used a Council on Foundations book listing non-profit foundations to compile the list of foundations to solicit initially. Dalley Tr. (12/9/08) at 47-48.

[180] Berresford Tr. at 21-22.

[181] Berresford Tr. at 21.

[182] *See generally* Council on Foundations, http://www.cof.org (last visited November 4, 2010).

> and legal teams, working with our volunteer leaders, have begun the process to develop this proactive legislation. In the coming weeks, you will have opportunities to comment on potential proposals.[183]

The Council on Foundations began having discussions with Respondent and Ways and Means staff in December 2006, as reported by the Council's Coordinator of Government Relations and Public Policy:

> Janne and I met today with George Dalley, Chairman-Elect Rangel's Chief of Staff, and Sonja Nesbit, a member of the Democratic staff on the Ways and Means Committee. . . . Janne outlined our remaining concerns with the donor-advised fund and supporting organization reforms included in the PPA. George and Sonja offered to have Rangel weigh in with the IRS on the need to issue further guidance. They also said that fixing these issues would be a priority once they take charge.
>
> George said that Rangel had not yet determined his charitable giving agenda, but asked what we thought would be our #1 priority in terms of increasing charitable giving. Janne mentioned the extension and expansion of the IRA charitable rollover and increasing the percentage limits on amount an individual can deduct for charitable purposes from adjusted gross income. . . .
>
> Sonja mentioned that the Ways and Means Committee has hired an additional tax lawyer who will handle charitable issues for the committee. She wants to set up another meeting for us all in January that would include this new staffer.[184]

The interest of foundations in legislation is also seen in lobbying disclosure statements filed by firms working on behalf of the Council on Foundations. For example, in 2007, the Council lobbied on amendments to exempt organization provisions in the Pension Protection Act of 2007.[185] Respondent sponsored H.R. 4839, Tax Technical Corrections Act of 2007, which included corrections to the Pension Protection Act of 2007.[186] Also in 2007, the Council lobbied on H.R. 1419, seeking to expand the IRA charitable rollover, which was referred to the Ways and Means Committee. Other issues on which foundation representatives lobbied during the

[183] Exhibit 204.
[184] Exhibit 361.
[185] Exhibit 217.
[186] That bill became Pub. L. No. 110-172.

110th Congress include H.R. 4 (Pension Protection Act of 2006), H.R. 3908 (Charitable Giving Act of 2005), and H.R. 3501 (regarding unrelated business income of tax-exempt organizations).

One area of particular interest to many private foundations is the "pay-out" amount that foundations must pay out in a particular year.[187] Another area of interest is the amount of excise tax that foundations must pay on amounts on their investment income. In an email exchange between Gunderson and Berresford, Berresford explained the Ford Foundation's concerns about excise tax reform:

> We at the FF have always thought there were huge risks in pushing on the excise tax – risk that others less familiar with the legislative process tend not to see. We don;t believe that the tax will ever be simply eminiated. Tinkering with the tax has huge risks of generating quid pro quo of raising the payout. With all the talk of the new donors timelimiting their foundations enlarges these risks. The flat 1% is appealing and was endorsed by the Joint Committee on Taxation. The revenue neutral option is attractive but still has the risks of the others re payout etc.[188]

The Ways and Means Committee also holds oversight hearings regarding foundations. For example, in 2005, a hearing on "Overview of the Tax-Exempt Sector" was held.[189] Soon after assuming his role as Chairman of the Ways and Means Committee, Respondent provided the required list of hearings and oversight-related activities that the Committee and its subcommittees planned to conduct during the 110th Congress, which included the following matters on tax-exempt organizations:

> Oversight review of the advantages and disadvantages of recently-enacted tax provisions that affect charities and foundations, particularly how the new rules affect charitable efforts and the ability of these organizations to serve those in need. Evaluate overall IRS efforts to monitor tax-exempt organization activities, prevent abuse, and ensure timely information to the public about charity activities and finances.[190]

The Ways and Means Subcommittee on Oversight held a hearing in July 2007 on tax-exempt charitable organizations, at which Gunderson testified.[191] The subcommittee held another

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[187] Bernstein Tr. at 74-75.
[188] Exhibit 371 (typographical errors in original).
[189] *Overview of the Tax Exempt Sector: Hearing Before the Comm. on Ways and Means*, 109th Cong. (Apr. 20, 2005).
[190] Exhibit 205.
[191] Exhibit 207.

hearing in September 2007 on the issue of whether charitable organizations serve the needs of diverse communities. Berresford testified at that hearing.[192]

At a breakfast fundraiser hosted by the ACLI in June 2007, Respondent discussed several issues with the attendees. He informed them that "he had instructed staff to review many outdated provisions in the tax code, and, in particular, in the non-profit area."[193]

Private foundations, in general, and the Ford Foundation, specifically, have an ongoing and specific interest in a number of legislative and oversight activities.

vi. The New York Community Trust

1. Background

The New York Community Trust ("NYCT"), founded in 1924 is a community foundation.[194] NYCT, one of the largest community foundations in the United States, is comprised of nearly 2,000 charitable funds.[195] Lorie Slutsky has been president of NYCT since 1990.[196]

2. NYCT grant to Rangel Center

Slutsky was invited to attend the Ford Foundation lunch for the Rangel Center.[197] She described the lunch as "at Rangel's request to talk to New York foundations about funding the new Rangel Center for Public Service being established at CCNY."[198] After the lunch, Williams wrote Slutsky thanking her for attending, and stating, "We look forward to having the opportunity to work with you in making Congressman Rangel's dream a reality."[199]

Following the lunch, CCNY submitted a proposal to NYCT, requesting a grant of $65,000.[200] A two-year grant of $130,000 was approved.[201] Slutsky wrote a letter to Respondent informing him of the grant.[202] In response to that letter, Respondent wrote to Slutsky, stating, "I

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[192] Exhibit 381.
[193] Exhibit 456.
[194] *See* New York Community Trust, http://www.nycommunitytrust.org (last visited November 4, 2010).
[195] *Id.*
[196] *Id.*
[197] *See* Exhibit 365.
[198] Exhibit 370.
[199] Exhibit 323.
[200] Exhibit 324.
[201] Exhibit 329.
[202] Exhibit 330. The board of the NYCT was informed of this communication, noting that Respondent was "chairman of the powerful House Ways and Means Committee." Exhibit 326.

am writing to thank you for such a generous and substantial grant from the New York Community Trust for the Rangel Center for Public Service fellowships."[203]

NYCT paid the first installment of its donation, in the amount of $65,000, in August 2007.[204] A second $65,000 payment was made in September 2009.[205]

3. NYCT interests and business before the House

Public charities, including community foundations, can be more directly involved than private foundations in advocating particular issues before Congress.[206] For example, NYCT wrote to Respondent in March 2006 regarding his role as a member on the conference committee on H.R. 4297 and S. 2020.[207] NYCT raised concerns about specific provisions in S. 2020 including issues regarding illiquid assets held in donor-advised funds.[208] Those provisions were not included in the bill that emerged from the conference.[209]

The New York Community Trust has also provided testimony to the Ways and Means Committee. For example, Slutsky submitted comments on provisions related to tax-exempt organizations in the Pension Protection Act of 2006.[210] In a 2007 memorandum to NYCT's Board of Directors, it was reported that "Trust staff also responded to the House Ways and Means Committee's call for comments on the impact of the Pension Protection Act of 2006 on nonprofits."[211]

vii. Gene Isenberg/Nabors Industries

1. Background on Isenberg/Nabors

Nabors Industries Ltd. ("Nabors") is one of the world's largest drilling companies, and its business includes oil, gas and geothermal land drilling operations as well as offshore drilling services.[212] Nabors reported total revenue of approximately $5.3 billion for 2008.[213] Eugene "Gene" Isenberg is the long-time president and CEO of Nabors.[214]

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[203] Exhibit 332.
[204] Exhibit 333.
[205] Exhibit 335.
[206] *See* 26 U.S.C. § 501(h). NYCT is also a member of organizations such as the Council on Foundations and Independent Sector.
[207] Exhibit 332.
[208] *Id.*
[209] H.R. Rep. No. 109-455 (2006) (Conf. Rep.).
[210] Exhibit 327.
[211] Exhibit 326.
[212] Exhibit 435.
[213] *Id.*
[214] *See* Nabors Industries, http://www.nabors.com/Public/Index.asp?Page_ID=13 (last visited November 4, 2010).

2. Isenberg/Nabors' contribution to Rangel Center

In the fall of 2006, Bob Morgenthau, then District Attorney for New York County, brought together Isenberg, Respondent, and CCNY officials.[215] A meeting was held in September 2006 in Morgenthau's office.[216]

In advance of the meeting, CCNY sent Isenberg a Rangel Center brochure and proposal where they requested a pledge of $200,000 per year for 5 years.[217] In a follow-up letter to Respondent on October 3, 2006, Isenberg indicated that he would be contacting Williams to discuss a multi-year gift.[218]

On October 19, 2006, Butler sent an email to Dan Berger, a member of Respondent's staff, asking if the Respondent would call Isenberg. She indicated that Isenberg had mentioned a possible $500,000 contribution to the Rangel Center to Morgenthau, but "if the Congressman feels comfortable making the call to Gene, we would love for him to ask for $1 million over five years."[219] Berger wrote back stating, "in case he decides to make the call, do you have a phone number?"[220]

Isenberg pledged a personal contribution of $500,000 and obtained a corporate match of $500,000.[221] Both Isenberg and Nabors paid the first installment of their pledges, $100,000 each, in December 2006.[222]

Documents obtained from CCNY indicate that Respondent was informed about the Isenberg contribution.[223] A November 12, 2006, letter from Williams to Isenberg stated "Gene, Congressman Rangel is absolutely delighted about your wonderful contribution to the Rangel Center at City College and I am so pleased that we will be naming his office for you."[224] Respondent was copied on that letter.[225] In addition, a letter from Butler stated that:

> We told Congressman Rangel of your wonderful pledge and he was delighted. I know as soon as things quiet down a little for him that he will be in touch with

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[215] *See* Exhibit 418.
[216] Exhibit 420.
[217] Exhibit 418.
[218] Exhibit 421.
[219] Exhibit 422.
[220] *Id.* There is no evidence indicating whether Respondent did, in fact, call Isenberg.
[221] *Id.*
[222] Exhibits 426, 427. Isenberg, however, paid his installment from the wrong account. His staff contacted CCNY and requested that his personal contribution be returned and replaced with a check from another account. The new check was dated February 7, 2007, and was forwarded to CCNY on February 16, 2007. Exhibit 428.
[223] Exhibit424; Exhibit 425.
[224] Exhibit 424.
[225] *Id.*

> you. He was also very pleased at naming his office in your honor in recognition of what you are doing for the Center and for the students at City College.[226]

Further, Butler emailed Dalley (and most of Respondent's staff) on December 26, 2006, informing him that "we have received the signed agreement from Gene Isenberg and his first payment of $200,000 -- $100,000 by personal check and $100,000 by a match from Nabors. . . . Gene has asked that the room we have set asked [sic] for the Congressman's office in the Center be named for his wife, Ronnie, and him."[227]

3. Nabors' interests and business before the House

Nabors is a large corporation which could be affected by any number of legislative or regulatory decisions. Nabors has an ongoing and substantial interest in a specific area of tax law. In June of 2002 Nabors, in a transaction typically referred to as a corporate inversion, reincorporated in Bermuda in an effort to reduce the amount of its corporate income taxes.[228]

Nabors was not the first company to move offshore for this purpose. The trend of corporate inversions did not go unnoticed by Congress, and a movement began in the post-9/11 months to put an end to the tax benefits of these transactions.[229] The Senate did pass a bill that applied to inversions occurring after March 20, 2002.[230] The House also passed a bill on June 17, 2004 addressing inversions, which was included as part of H.R. 4520, the American Jobs Creation Act of 2004.[231] The House bill applied the inversion provisions to inversions occurring after March 4, 2003. The Senate then passed H.R. 4520, with amendments, but did not amend the effective date of the inversion provisions. The agreement on the bill that emerged from conference retained the March 4, 2003 effective date.[232] The House agreed to the Conference Report on October 7, 2004.[233] The bill became law on October 22, 2004.[234]

Because of the effective date of the legislation, Nabors was not affected by the legislation. Nabors, however, recognizes that the possibility remains that the effective date of the

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[226] Exhibit 425.

[227] Exhibit 128.

[228] Exhibit 435. For a discussion of how corporate inversions may result in tax savings, *see* Joint Committee on Taxation, *Description of the Chairman's Modification of the Provisions of the "Small Business and Work Opportunity Act of 2007"* (January 17, 2007).

[229] *See* CRS Report for Congress, *Firms that Incorporate Abroad for Tax Purposes: Corporate "Inversions" and "Expatriation"* (March 11, 2005).

[230] CRS Report for Congress, *Firms that Incorporate Abroad for Tax Purposes: Corporate "Inversions" and "Expatriation"* (March 11, 2005).

[231] *Id.*

[232] That bill, the American Jobs Creation Act, became Pub. L. No. 108-357.

[233] 150 Cong. Rec. H8725-26 (daily ed. Oct. 7, 2004) (recorded vote). Respondent voted against the original bill and the conference report. *See* 150 Cong. Rec. H4433 (daily ed. June 17, 2004) (recorded vote); 150 Cong. Rec. H8725-26 (daily ed. Oct. 7, 2004) (recorded vote).

[234] Pub. L. No. 108-357.

legislation continues to be subject to change. The company identifies that possibility as a "risk factor" in its filings with the Securities and Exchange Commission. For example, Nabors 2008 Form 10K states:

> Various bills have been introduced in Congress which could reduce or eliminate the tax benefits associated with our reorganization as a Bermuda company. Legislation enacted by Congress in 2004 provides that a corporation that reorganized in a foreign jurisdiction on or after March 4, 2003 shall be treated as a domestic corporation for United States federal income tax purposes. Nabors' reorganization was completed June 24, 2002. There have been and we expect that there may continue to be legislation proposed by Congress from time to time applicable to certain companies that completed such reorganizations on or after March 20, 2002 which, if enacted, could limit or eliminate the tax benefits associated with our reorganization.
>
> Because we cannot predict whether legislation will ultimately be adopted, no assurance can be given that the tax benefits association with our reorganization will ultimately accrue to the benefit of the Company and its shareholders. It is possible that future changes to the tax laws (including tax treaties) could have an impact on our ability to realize the tax savings recorded to date as well as future tax savings resulting from our reorganization.[235]

Nabors has lobbied on the retroactivity issue for years, and continues to do so.[236]

viii. Other Donors

In addition to the donors previously discussed, donations of at least $25,000 were also made by the Rockefeller Brothers Fund, the Rhodebeck Charitable Trust, Robert Catell, and John and Judy Weston.

A representative from the Rockefeller Brothers Fund ("RBF") attended the Ford Foundation luncheon in January 2007.[237] CCNY submitted a proposal to RBF in January 2008 to fund a fellowship program.[238] RBF made a $50,000 grant to the Rangel Center.[239]

Huyler Held, trustee for the Rhodebeck Charitable Trust, received a solicitation letter from Respondent dated July 26, 2006.[240] In response to that letter, he recommended, as advisor

[235] Exhibit 435.
[236] Exhibits 438-444.
[237] Exhibit 372.
[238] Exhibit 336.
[239] Exhibit 337.
[240] Exhibit 166.

to the Rhodebeck Charitable Trust, that a grant of $25,000 be made to the Rangel Center.[241] That grant was made on September 5, 2006.[242]

Josh and Judy Weston made a donation of $500,000 to be used for scholarships for students seeking a master's degree in public administration.[243] Robert Catell made an unrestricted donation of $500,000 to the Rangel Center.[244] There is no evidence that Respondent was involved in soliciting either of those donations.

ix. New York Life Insurance Company

1. Background

New York Life Insurance Company ("New York Life") is one of the largest mutual life insurance companies in the United States, with reported total revenue of $21.1 billion in 2007.[245] New York Life Foundation is a private foundation, which is funded by New York Life.[246]

Sy Sternberg was the CEO of New York Life from 1997 until June 2008, and served as Chairman of its Board of Directors until 2009.[247] Ted Mathas has been CEO since June 2008 and Chairman of the Board since 2009.[248] Christine Park is the current President of the New York Life Foundation, and was preceded in that role by Peter Bushyeager.[249] Sheila Davidson is Executive Vice-President and General Counsel of New York Life.[250] George Nichols has been Senior Vice-President in charge of government affairs since January 2007.[251] Nichols is a federally-registered lobbyist, and oversees the work of all of New York Life's lobbyists.[252]

2. Solicitations of New York Life

Respondent sent a letter to Sternberg at New York Life Foundation in June 2005.[253] Respondent personalized the letter, writing "Sy" over the typed salutation. There apparently was some contact between New York Life Foundation and CCNY as CCNY forwarded a list of naming opportunities to the Foundation.[254] By August of 2005, New York Life had decided not

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[241] Exhibit 338.
[242] Exhibit 339.
[243] Exhibit 340.
[244] Exhibit 341.
[245] Exhibit 372.
[246] *See* Exhibit 459; Nichols Tr. at 7.
[247] Exhibit 459.
[248] *Id.*
[249] Nichols Tr. at 21-22.
[250] Nichols Tr. at 6.
[251] Nichols Tr. at 9.
[252] Nichols Tr. at 4.
[253] Exhibit 445.
[254] Exhibit 446.

to provide funding to the Rangel Center.[255] Bushyeager reported that the decision was made because "Sy felt we had done enough for Congressman Rangel."[256]

In June 2007, Respondent spoke with Nichols about contributing to the Rangel Center.[257] Nichols introduced Respondent at a breakfast campaign fundraiser, which was hosted by the American Council of Life Insurers.[258] Following the breakfast, Nichols had a brief conversation with Respondent, as Nichols described:

> After the breakfast is over, the niceties are, Chairman Rangel, thank you for being here, we appreciate you taking the time out to come and see us. If there is anything we can ever do for you, let us know. He said, yes, there is, as they often do. I would like New York Life to consider contribution to the Rangel Center.[259]
>
> . . .
>
> That was extent of the conversation. I said, we will. And he said, I'll have one of my staff give you a call.[260]

After that conversation, New York Life did discuss a possible contribution. Davidson wrote, "I think it should be revisited with Sy in light of the passage of time and Rangel's ascent to the chair of the Ways and Means Committee."[261] Sternberg again decided to pass on funding the Rangel Center, in part because New York Life had recently made a $10 million donation to the Colin Powell Center at CCNY.[262] Nichols wanted to pursue funding, stating:

> I think we should do something for Rangel for the reasons stated by Sheila. Additionally, Rangel has been a friend of the company for 25+ years and yes we have contributed to his political causes. But, we have also benefited from his position, policy decisions and legislation.[263]

Park and Nichols decided to wait until further information could be obtained before taking the issue back to Sternberg.[264] Nichols was never contacted by anyone from Respondent's office, and New York Life did not further pursue funding of the Rangel Center.[265]

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[255] Exhibit 447.
[256] Exhibit 457.
[257] Nichols Tr. at 34; Exhibit 457.
[258] Nichols Tr. at 34.
[259] Nichols Tr. at 34.
[260] Nichols Tr. at 34-35. Nichols testified that no one from Respondent's staff ever contacted Nichols regarding the Rangel Center. Nichols Tr. at 35.
[261] Exhibit 457.
[262] *Id. See also* Nichols Tr. at 17-18.
[263] Exhibit 457.
[264] *Id.*
[265] Nichols Tr. at 54.

3. New York Life's interests and business before the House

New York Life, like Verizon, is a large corporation that, in the ordinary course of its business, has an interest in pending legislation. Lobbying disclosure forms report that New York Life also spends millions of dollars each year on lobbyists.[266]

For example, New York Life's Lobbying Disclosure Statement for year end 2007 identifies 10 specific House bills lobbied on, as well as 7 specific Senate bills.[267] Issues lobbied on included, *inter alia*: insurance regulation; the tax treatment of long-term care insurance, estate assets, and lifetime income annuities; and international trade agreements.[268]

Documents produced by New York Life demonstrate the interactions between representatives of New York Life and Respondent and his staff, including, inter alia:

- April 21, 2005 meeting between Sternberg, Mathas, and Respondent. A briefing memorandum to Sternberg and Mathas states, "You should catch up with Charlie, especially on estate tax reform . . . It is also worth reminding him of our international operations."[269]

- June 19, 2006 fundraiser luncheon for Respondent attended by Sternberg, Colgate, Nichols, and several other representatives of New York Life. The briefing memorandum prepared for Sternberg suggested the agenda for the luncheon includes a thank you to Respondent for helping to fight estate tax repeal, a discussion of the status of the pension conference, free trade agreements, and the issue of tax reform.[270]

- March 12, 2007 meeting between Sternberg and Respondent on the issue of deferred compensation. A report of the meeting indicated that they also discussed trade, and that Respondent "made a big appeal for the private sector to step up and do more in terms of community investment, scholarships, health care recommendations, visa/essential worker issues, etc."[271]

- May 2007 meeting between Melvin Feinberg, a representative of New York Life, and Respondent as part of an AALU conference. Feinberg reported, "When I mentioned [to Respondent] that I was from New York Life, the Congressman told

[266] *See, e.g.*, Exhibit 463 (Lobbying Disclosure form filed by New York Life for the second quarter of 2008 indicating in-house lobbying expenses of $1.2 million).
[267] Exhibit 461.
[268] *Id.*
[269] Exhibit 544.
[270] Exhibit 450.
[271] Exhibit 453.

me to tell you he's working on your trade package. We spent more than an hour discussing insurance and tax issues with Congressman Rangel's staffer, Jonathon Sheiner."[272]

- May 2007 fundraiser for Respondent attended by Jon Paone, the head of New York Life's political action committee.[273] Paone reported that "I congratulated Charlie on his trade agreement with the WH. Charlie then told me that Sy needs to keep his end of the bargain and lobby just as hard to win approval for Korea and Columbia FTAs. Charlie then said that BRT needs to live up to its commitment by supporting education improvements (presumably increased funding). He pointedly asked me to deliver that message to SY and the BRT."[274]

- May 2007 ACLI breakfast fundraiser, at which Nichols introduced Respondent. At the fundraiser, Respondent discussed tax reform and ways to raise revenues as offsets to certain tax and programs such as Medicaid and SCHIP.[275]

- July 2007 letter from Sternberg to Respondent urging support of a free trade agreement with Columbia.[276]

x. AIG

1. Background on AIG

American International Group, Inc. (AIG) engages in a broad range of insurance and insurance-related activities both domestically and internationally. It also has significant activity in the financial services and asset management fields.[277] AIG received a substantial government bailout beginning in 2008.[278]

During the period at issue here, Ned Cloonan was the vice-president of corporate and international affairs at AIG.[279] He was responsible for the international side of the business and political affairs, including AIG's political action committee.[280] Cloonan was also a federally-

[272] Exhibit 454.
[273] Exhibit 455; Nichols Tr. at 23.
[274] Exhibit 455.
[275] Exhibit 456.
[276] Exhibit 458.
[277] Exhibit 505.
[278] *Id.*
[279] Cloonan Tr. at 50.
[280] *Id.*

registered lobbyist.[281] He oversaw the work of other federally-registered lobbyists for AIG.[282] Cloonan also led AIG's corporate giving program.[283]

2. Solicitations of AIG

In early 2006, Respondent suggested that Butler contact AIG about the Rangel Center.[284] After introducing AIG and CCNY, Respondent apparently followed the progress of their discussions. A May 2006 "Trip Report" from AIG lobbyists discussed a meeting with Rangel and his staff, noting that "George [Dalley] asked for occasional updates on our discussion on the Rangel Center."[285] A February 2007 "DC Trip Report" from AIG lobbyists indicated that Dalley again asked about the "CUNY/Rangel Center."[286]

The discussions between AIG and CCNY extended over a period of approximately two years. AIG was considering a gift of either $5 million or $10 million, and considered a number of uses for those funds, including funding the Rangel Center building.[287] AIG raised concerns early in the process about the potential headline risk of coupling a corporate name with a sitting politician.[288]

It appears that Respondent and his staff also had discussions with CCNY regarding the potential AIG contribution. Butler's notes from a meeting on August 2, 2006 with members of Respondent's staff contain some reference to AIG, with one of the notes stating "send them AIG proposal without names."[289] A later entry from those notes states, "Congressman wants whole $10 Million for Rangel Center."[290]

Respondent was aware that AIG had business before the Ways and Means Committee.[291] He expressed concern about that fact, indicating that he wanted to keep the legislative part separate from the Rangel Center.[292] In March 2007, Capel told Butler that it was acceptable to ask for a meeting for Williams and Butler, but not one that would include Respondent.[293]

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[281] *Id.* at 7-8.
[282] *Id.*
[283] *Id.* at 14.
[284] Exhibits 462, 468, and 109.
[285] Exhibit 467.
[286] Exhibit 481.
[287] *See, e.g.*, Exhibit 473.
[288] Exhibits 473, 474, 477.
[289] Exhibit 476.
[290] *Id.* There is no evidence to suggest that any other donor or potential donor Respondent solicited considered, in any serious way, a gift at the $10 million level for the Rangel Center.
[291] Exhibit 109.
[292] *Id.*
[293] *Id.* At that point, CCNY officials had already met with AIG representatives on several occasions. Exhibit 498.

Capel further instructed Butler not to send a letter to AIG.[294]

At some point in time, Butler began working with Dalley and Berger to schedule a meeting with Respondent and AIG, notwithstanding the earlier admonition not to schedule such a meeting.[295] After earlier attempts to schedule a meeting in late 2007, Butler raised the subject of a meeting with Respondent to Cloonan again in February 2008 stating that:

> Congressman Rangel has expressed a wish to meet with the folks from AIG together with President Williams about engaging AIG in the wonderful work of the Rangel Center. Dan Berger of Congressman Rangel's office will be contacting you about finding a time that is convenient for everyone.[296]

A meeting between Respondent, AIG officials, and CCNY officials was eventually scheduled for April 21, 2008.[297] In advance of that meeting, Butler prepared a briefing memo for Respondent.[298] That memo states that the objective of the meeting is to "Close $10M gift for the Rangel Center to create AIG Hall."[299]

Butler sent an email to Berger, Dalley, and Capel confirming the meeting with AIG, stating, "the Chairman doesn't need to make the case – we already have our proposal in. His presence is all that is needed – that will send the message."[300] Butler testified that she requested that Respondent attend the meeting because she "was hoping to jump start the gift."[301]

While CCNY thought it was close to closing the deal with AIG, the company had concerns, including headline risk.[302] Cloonan was concerned that AIG was being asked to give a significant amount of money to something that CCNY seemed to be "building on the fly."[303] AIG did not feel that the Rangel Center fit well with AIG's primary area of interest – math and science education.[304] Cloonan did not want to meet with Respondent regarding the Rangel Center, but, "out of respect for the Congressman and also for his position," he agreed to a meeting.[305]

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[294] Exhibit 109.
[295] Exhibit 490.
[296] Exhibit 497.
[297] Exhibit 499.
[298] Exhibit 499.
[299] *Id.*
[300] *Id.*
[301] Butler Tr. at 35.
[302] Exhibit 473.
[303] Cloonan Tr. at 50; Exhibit 473.
[304] Cloonan Tr. at 14, 24; Exhibit 473.
[305] Cloonan Tr. at 31.

Cloonan described the April 21, 2008 meeting with Respondent as "awkward."[306] He testified that at the beginning of the meeting, Respondent asked, "Well, Ned, are we here for a celebration or not?"[307]

Cloonan raised concerns, particularly about the headline risk and the fact that Respondent was the sitting Chairman of the Ways and Means Committee.[308]

Butler's notes from the meeting indicate that Respondent asked, at least twice, what do we need to do to get this done.[309] Respondent also reportedly said that he could handle the headline risk.[310] AIG did not contribute.[311]

3. AIG's interests and business before the House

Like the other major corporations, AIG routinely has an ongoing interest in legislation and oversight activities of Congress. During 2008, the year in which Respondent personally met with AIG regarding the Rangel Center, AIG was significantly affected by actions of the government, including Congress.[312]

Throughout the time period that discussions between CCNY and AIG were ongoing, lobbying disclosure forms demonstrate, as with other corporations, AIG spent millions of dollars to lobby Congress. For example, AIG's Lobbying Disclosure Statement for the second quarter of 2008 identifies 11 specific House bills lobbied on, as well as 10 specific Senate bills.[313] Issues lobbied on included, *inter alia*: financial services regulatory reform; housing foreclosure issues; tax issues including subpart F exemption; and numerous international trade issues.[314]

Documents produced by AIG further demonstrate AIG's relationship with Respondent and his staff:

- January 26, 2005, fax from AIG lobbyist Ed Lee transmitting a draft letter to the Prime Minister of Vietnam regarding trade issues and stating "we hope that Speaker Hastert and Congressman Rangel might consider signing off on."[315]

- October 3, 2005, written testimony to the Ways and Means Committee from an AIG executive regarding the United States-Bahrain Free Trade Agreement.[316]

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[306] *Id.*
[307] Cloonan Tr. at 32.
[308] *Id.*
[309] Exhibit 503.
[310] Cloonan Tr. at 67.
[311] Cloonan Tr. at 62-63.
[312] *See, generally*, Exhibit 505.
[313] Exhibit 504.
[314] *Id.*
[315] Exhibit 464.

- An AIG Corporate Affairs' Summary of Projects and Initiatives for the first quarter of 2007 included an entry for Respondent: "Charlie Rangel. Our long standing relationship with Rangel will help on tax and trade matters and in fact, we are sitting down with the Tax Department next week about their tax policy issues."[317]

- March 15, 2007, letter from Respondent to an AIG executive thanking him for meeting with Ways and Means Committee staff regarding a nonqualified deferred compensation provision contained in a pending bill.[318]

- June 26, 2007, memo to Cloonan from AIG lobbyists titled "Plane Ride to Ireland" states:

  > Charlie Rangel. Rangel is on an anti-China rant (not personal to AIG). George Daly [sic] said it was a "rhetorical tool". This stems from a private meeting with Wu Yi and how she disrespected Rangel. We have scheduled a fundraiser for Rangel in September.[319]

- July 2, 2007, AIG internal email regarding a free trade agreement with Korea and Respondent's announcement that he could not support the agreement as negotiated. The email raised the possibility of calling Tim Reif [then Chief Democratic Trade Counsel for Ways and Means] to see what could be done "to get Rangel back on board."[320]

- September 24, 2007, invitation to an AIG political fundraiser for respondent states:

  > Congressman Rangel is a good friend and frequent visitor to AIG. He is Chairman of the House Ways and Means Committee, one of the most powerful positions in Congress. This Committee has jurisdiction over a wide range of issues important to AIG including, taxes, trade and social security.[321]

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[316] Exhibit 466.
[317] Exhibit 478.
[318] Exhibit 482.
[319] Exhibit 485. The same memo references the "CCNY/Rangel Center" and states "$10M over five years. Part of the money can come from the OTS settlement."
[320] Exhibit 486.
[321] Exhibit 488.

- October 25, 2007, AIG internal email regarding the "Mother of All Tax Bills Update." One lobbyist informs another "If you have anything of concern regard Rangel, pls. let Ned know. He knows him personally."[322]

- November 9, 2007, AIG internal email regarding tax legislation recently proposed by Respondent that would have "significant impacts" on individual and corporate taxpayers.[323]

- January 18, 2008, letter from the Active Financing Working Group to leadership in the House and Senate, including Respondent, seeking the extension of subpart F rules applicable to financial services business income.[324]

II. Respondent's Financial Disclosure Statement and Income Tax Issues

Respondent's Financial Disclosure statements for the years 1998 through 2008 contained numerous errors and omissions, including failure to disclose rental and other unearned income, understating rental income and other unearned income, failure to disclose earned income, failure to disclose a liability, and failure to disclose a reportable position. Respondent's August 2009 amendments made over 200 changes to his previously filed Financial Disclosure statements for the years 1998 through 2007.

a. Punta Cana

Respondent purchased a villa at the Punta Cana Yacht Club in 1987.[325] Respondent withdrew funds from a retirement account to finance a down payment on the villa.[326] The remaining balance was financed by a mortgage, which required quarterly payments for seven years at 10½ percent interest.[327]

Respondent is entitled to use the villa for up to nine weeks per year.[328] For the remaining weeks, it can be rented out by the resort, with the proceeds from those rentals going into a rental pool.[329] The total rental pool is determined by taking all revenues from the gross rentals of all the units.[330] From that amount, deductions are made for agent commissions, Dominican Republic

[322] Exhibit 489.
[323] Exhibit 491.
[324] Exhibit 495.
[325] Exhibits 073, 067.
[326] Exhibit 073.
[327] *Id.*
[328] Exhibit 067.
[329] *Id.*
[330] Exhibit 070.

taxes, and a 10% maintenance fee.[331] From that balance, 53% is paid to Punta Cana and 47% is paid to the owners in the rental pool.[332] Each owner's share of the rental pool payments is determined on a point system, with a 3-bedroom beach villa receiving 3 points.[333] All of the owners' points are totaled, and each owner's share of the rental pool income is based on that owner's number of points as a percentage of all points.[334]

Initially, Respondent would write a check for the mortgage payment and send it to Punta Cana.[335] Once the resort became more fully operational, rental pool payments were applied to offset mortgage payments.[336] Respondent stopped sending checks to cover the required mortgage payments.[337] The rental pool payments were not sufficient to cover the amount of the required mortgage, so the mortgage was not paid off during the 7-year period as anticipated.[338] At some point in late 1992 or early 1993, the management of Punta Cana decided to eliminate any remaining interest due on the mortgages of Respondent and other early investors.[339] In 2009 Respondent's rental pool earnings paid off his original mortgage and the financing of a third bedroom addition.[340]

When Respondent first purchased the Punta Cana villa, he reported the purchase on his Financial Disclosure Statement for the year 1987, although he assigned an incorrect value to the property.[341] He neglected to report the distribution from his retirement account used to finance the down payment and the mortgage that he obtained on the property.[342] He submitted an amendment on June 10, 1988, re-categorizing the purchase.[343] Respondent issued a statement in February 1989 regarding his failure to include the Punta Cana-related items, stating that he "amended my Financial Disclosure to include these items as soon as the oversight was brought to my attention."[344] His statement acknowledged that retirement account distributions and the Punta Cana mortgage should have been disclosed on his Financial Disclosure Statement.[345]

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[331] *Id.*
[332] *Id.*
[333] Exhibit 069.
[334] *Id.*
[335] Exhibit 074.
[336] *See, e.g.*, Exhibit 77.
[337] Rangel Tr. at 23-28, 125.
[338] *Id.* at 18-19.
[339] *Id.* at 14-17.
[340] Rangel Tr. at 133-34.
[341] Exhibit 071.
[342] *Id.*
[343] *Id.*
[344] Exhibit 073. The June 10, 1988, letter amendment did not, in fact, disclose the retirement account distribution or the mortgage.
[345] Exhibit 073.

Beginning in 2003, Respondent's Financial Disclosure Statements did not include the mortgage on Punta Cana, despite the fact that the liability was not fully paid until 2009.[346]

Respondent reported income from Punta Cana on his Financial Disclosure Statements for some years, but not others. He did not report any Punta Cana income on his original income tax returns.[347] The following chart sets forth how the Punta Cana rental income was reported on the various filings:

	Original Financial Disclosure	Original Tax Returns	Amended Financial Disclosure	Amended Tax Returns
1998	None[348]	Not reported[349]	$5,001 - $15,000[350]	N/A[351]
1999	None[352]	Not reported[353]	$2,501 - $5,000[354]	N/A
2000	None per letter amendment[355]	Not reported[356]	$2,501 - $5,000[357]	N/A
2001	$5,001 - $15,000[358]	Not reported[359]	$2,501 - $5,000[360]	N/A
2002	$5,001 - $15,000[361]	Not reported[362]	$2,501 - $5,000[363]	N/A
2003	$5,001 - $15,000[364]	Not reported[365]	$2,500 - $5,000[366]	N/A
2004	$2,501 - $5,000[367]	Not reported[368]	$5,001 - $15,000[369]	$5,030[370]

[346] Exhibits 008, 009, 011, 012, 013.
[347] *Id.*
[348] The term "None" is used where Respondent specifically checked the box on his FD statements that the income produced by the asset was "None." *See, e.g.*, Exhibit 002.
[349] Exhibit 028.
[350] Exhibit 014.
[351] Respondent did not file amended tax returns for years prior to 2004.
[352] Exhibit 003.
[353] Exhibit 032.
[354] Exhibit 015.
[355] Exhibit 005.
[356] Exhibit 036.
[357] Exhibit 016.
[358] Exhibit 006.
[359] Exhibit 040.
[360] Exhibit 017.
[361] Exhibit 007.
[362] Exhibit 043.
[363] Exhibit 018.
[364] Exhibit 008.
[365] Exhibit 048.
[366] Exhibit 019.
[367] Exhibit 009.
[368] Exhibit 053.
[369] Exhibit 020.
[370] Exhibit 055.

	Original Financial Disclosure	Original Tax Returns	Amended Financial Disclosure	Amended Tax Returns
2005	$2,501 - $5,000[371]	Not reported[372]	$5,001 - $15,000[373]	$6,280[374]
2006	None[375]	Not reported[376]	$5,001 - $15,000[377]	$8,467[378]
2007	None[379]	$7,800[380]	$5,001 - $15,000[381]	$7,800[382]

Table 2 – Punta Cana Rental Income

When Respondent filed his initial Financial Disclosure Statement for the year 2000, he failed to check any box under the "amount of rental income" box for Punta Cana.[383] In June 2001, Respondent wrote a letter to the Standard's Committee amending his Financial Disclosure statement for the year 2000.[384] In that letter he stated:

> Thank you for calling to inform me of the omission in my recent Financial Disclosure Statement of information concerning the income derived during the year 2000 from the two properties in New York City and the Dominican Republic jointly owned by my wife and me and the New England Mutual Life Insurance policy listed by me as assets in the report. There was no income derived by us from these assets during the year 2000 and that fact should have been noted in my Financial Disclosure Statement.[385]

Dalley testified that Respondent made a decision to not include the income in the Financial Disclosure Statements and income tax returns:

> Mr. Rangel has always been consistent, and I'll state it because it may be relevant, in a feeling that there was no income generated

[371] Exhibit 011.
[372] Respondent did not file a Schedule E with his 2005 return.
[373] Exhibit 021.
[374] Exhibit 057.
[375] Exhibit 012.
[376] Respondent did not file a Schedule E with his 2006 return.
[377] Exhibit 022.
[378] Exhibit 060.
[379] Exhibit 013.
[380] Exhibit 060.
[381] Exhibit 023.
[382] Exhibit 063.
[383] Exhibit 004.
[384] Exhibit 005.
[385] *Id.*

> because he never received a check. That's been his point of view.[386]
>
> I didn't have any alternative information, and Mr. Rangel felt more comfortable with the statement that there was no income because he still had not received any checks.[387]
>
> The Rangels, I know this from conversation with them, were not settled in their own minds as to whether they owned the property and therefore had income to declare.[388]

Respondent likewise testified that, with respect to his income tax returns, he had a "misguided, inappropriate view" regarding the income because he had not received any check or direct income.[389] But when asked whether he realized the income should have been reported on his Financial Disclosure Statements, he testified that "[h]ad I paid attention to that, there is no question I would have come to that conclusion."[390] Neither Respondent nor Dalley ever requested guidance from the Standards Committee regarding the treatment of the income,[391] Nor did Respondent ever request assistance from his accountants.[392]

At one point, it was clear to Respondent that he was required to report the income. In January of 1993 he wrote to Rainieri at the resort, requesting information on his villa:

> I hope you can provide me with a copy of the contract we have with Punta Cana which includes the third bedroom addition, what equity has accrued and if there is an outstanding balance. As I mentioned to you, the House Ethics Committee requires the disclosure by members of Congress of any assets and unearned income and while I enjoy a good relationship with the Committee's Chairman it certainly would be politically embarrassing if I were unable to provide an accurate accounting of my holdings.[393]

Despite the fact that Respondent realized, in 1993, that he was required to report the income on his Financial Disclosure Statements, he could not identify any steps that he took on an

[386] Dalley Tr. (12/09/08) at 11.
[387] Dalley Tr. (12/09/08) at 11.
[388] Dalley Tr. (12/9/08) at 16.
[389] Rangel Tr. at 136.
[390] Rangel Tr. at 125-126.
[391] Dalley Tr. (12/09/09) at 16.
[392] Rangel Tr. at 136.
[393] Exhibit 076.

annual basis to ensure that he had that information.[394] While Respondent did disclose the income in some years, even those disclosures were inaccurate.[395]

Respondent has also claimed that a lack of documentation affected his reporting of Punta Cana income. Respondent initially said that he "received no communication for the income."[396] Documents produced by Respondent demonstrate numerous communications from the resort, including statements of account showing exactly how much income he had received the previous quarter.[397] In addition, Rainieri testified that the resort sent statements every six months showing the amount of income for the period immediately preceding the statement.[398] Respondent confirmed that he remembered receiving some of these statements.[399]

The documents show that statements sent to Respondent were predominantly in English, but did include some portions in Spanish.[400] In his testimony, Respondent focused on the Spanish portions of the statements, despite the fact that the statements contained the necessary information in English:

> Q: Is this one of the statements you referred to earlier [that] you would receive on occasion?
>
> A: Yes, ma'am. In Spanish.
>
> Q: Well, the first page is in English, correct?
>
> A: The second page is in Spanish.
>
> Q: On that first page, in the letter, it states that "Please find enclosed your statement of account as of June 30, 1996, for the CO owners' rental pool that shows a total net income of U.S. $3,294.95."
>
> A: That is what I omitted to file.[401]

Respondent made numerous errors in the reporting of Punta Cana, including errors and omissions in reporting rental income and failure to report the mortgage on the property.

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[394] Rangel Tr. at 136.
[395] *See* Table 2, *supra*.
[396] Exhibit 541.
[397] Exhibits 075-086.
[398] Rainieri Tr. at 28.
[399] Rangel Tr. at 141.
[400] *See, e.g.*, Exhibit 079.
[401] Rangel Tr. at 141.

b. Brownstone

Respondent was raised in a brownstone located in 74 West 132nd Street in New York ("Brownstone").[402] Prior to his marriage, Respondent converted the property into six apartments.[403] Respondent and his wife lived in one of the apartments and the remaining apartments became rental properties.[404] Respondent sold the Brownstone in 2004.[405]

Respondent reported rental income from the Brownstone on his Financial Disclosure Statements for some years, but not others.[406] For the years in which he did report rental income, he significantly understated the amount of income.[407] Respondent's original Federal income tax returns reported rental income that was significantly higher than reported on his FD statements, as illustrated by the following chart:

	Brownstone - Original Financial Disclosure	**Brownstone - Original Tax Returns**
1998	None[408]	$29,852[409]
1999	None[410]	$20,449[411]
2000	None[412]	$28,938[413]
2001	$2,501 - $5,000[414]	$21,416[415]
2002	$2,501 - $5,000[416]	$19,603[417]
2003	$2,501 - $5,000[418]	$23,036[419]
2004	None[420]	$3,406[421]

Table 3 – Brownstone Income

[402] Rangel Tr. at 118-119.
[403] Rangel Tr. at 152.
[404] Rangel Tr. at 153-154.
[405] Rangel Tr. at 154-155
[406] *See* Table 3, *infra*.
[407] *Id.*
[408] Exhibit 002.
[409] Exhibit 028.
[410] Exhibit 003.
[411] Exhibit 032.
[412] Exhibit 004.
[413] Exhibit 036.
[414] Exhibit 006.
[415] Exhibit 040.
[416] Exhibit 007.
[417] Exhibit 044.
[418] Exhibit 008.
[419] Exhibit 048.
[420] Exhibit 009.
[421] Exhibit 053.

When Respondent filed his initial Financial Disclosure Statement for the year 2000, he failed to check any box under the "amount of rental income" for the Brownstone.[422] In June 2001, Respondent wrote a letter to the Standard's Committee amending his Financial Disclosure statement for the year 2000.[423] In that letter he stated:

> Thank you for calling to inform me of the omission in my recent Financial Disclosure Statement of information concerning the income derived during the year 2000 from the two properties in New York City and the Dominican Republic jointly owned by my wife and me and the New England Mutual Life Insurance policy listed by me as assets in the report. There was no income derived by us from these assets during the year 2000 and that fact should have been noted in my Financial Disclosure Statement.[424]

In fact, the Brownstone had generated almost $29,000 in income during the year 2000.[425] That income was reported on Respondent's Federal income tax return for that year, indicating that records of that income were available to Respondent.[426]

c. Other Assets

Respondent's original Financial Disclosure Statements failed to disclose numerous other assets, including stock and mutual fund holdings. The following are examples of some of the omitted assets:

1) Respondent failed to disclose his holdings at Congressional Federal Credit Union ("CFCU") for the years 1998, 1999, 2000, 2004, 2005, 2006, and 2007.[427] Respondent disclosed his holdings for the years 2001, 2002, and 2003, but estimated the value of the accounts in the range of $15,001- $50,000.[428] The holdings at CFCU were, in fact, valued in the range of $100,001 - $250,000 for years 1998 through 2006, and valued in the range of $250,001 - $500,000 for the year 2007.[429] CFCU issued Fair Market Value Reports on an annual basis,

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[422] Exhibit 004.
[423] Exhibit 005.
[424] Exhibit 005.
[425] Exhibit 036.
[426] *Id.*
[427] Exhibits 002, 003, 004, 009, 011, 012, 013. The Congressional Federal Credit Union ("CFCU") is a federal credit union providing membership to Members of the House of Representatives and staff. It has offices in several locations within the Capitol grounds, including the Rayburn and Longworth office buildings. *See generally* Congressional Federal Credit Union, http://www.congressionalfcu.org (last visited November 4, 2010).
[428] Exhibits 006-008.
[429] Exhibits 014-023.

providing the fair market value of the account at year-end.[430] Respondent reported earnings related to the CFCU accounts on his Federal income tax returns for each of the years 1998 through 2007.[431]

2) Respondent failed to report holdings of stocks in corporations in various years including Bell Atlantic, BellSouth, Niagara Mohawk Holdings, Verizon Communications, PepsiCo, and Yum! Brands. Respondent reported earnings related to certain stock transactions on his related Federal income tax returns. For example, Respondent reported a capital gain associated with the sale of stock in BellSouth Corporation on his 1998 tax return.[432]

3) Respondent failed to report holdings of mutual funds in various years including Alliance Municipal Income Fund, Rochester Municipal Fund, ING Principal Protection Fund, and iShares Dow Jones Select Dividend Income Fund. Respondent reported earnings related to certain mutual fund holdings on his corresponding Federal income tax return. For example, Respondent reported a capital gain related his holdings in the ING Principal Protection Fund on his 2007 tax return.[433]

4) Respondent failed to disclose his holdings in Merrill Lynch Allianz Global Investors Fund in 2006 and 2007. The holding was purchased in 2006 with a value in the range of $250,001 - $500,000.[434] Respondent's tax returns for those years report interest and dividends from Merrill Lynch accounts, but do not identify specific funds.[435]

[430] *See, e.g.*, Exhibit 024.
[431] Exhibits 026, 030, 034, 038, 042, 046, 050, 056, 058, 061.
[432] Exhibit 027.
[433] Exhibit 062.
[434] Exhibits 058, 059, 061.
[435] Exhibits 058, 061.

d. Earned Income

Respondent did not report any earned income on his original Financial Disclosure statements for the years 1998 through 2007. On his amended statements, he reported earned income for most of those years related to retirement distributions from his IRAs as follows:

Year	Source	Amount
1998	Congressional FCU IRA	$13,333[436]
2000	Congressional FCU IRA	$6,144[437]
2001	Congressional FCU IRA	$8,693[438]
	Merrill Lynch IRA	$4,235[439]
2002	Congressional FCU IRA	$4,177[440]
2004	Congressional FCU IRA	$4,438[441]
2005	Congressional FCU IRA	$4,486[442]
2006	Congressional FCU IRA	$4,187[443]
2007	Congressional FCU IRA	$5,509[444]

Table 4 – Earned Income

This income was reported on some of Respondent's tax returns.[445] In his 1989 press statement regarding Punta Cana, Respondent acknowledged that a retirement account distribution should

[436] Exhibit 014.
[437] Exhibit 016.
[438] Exhibit 017.
[439] *Id.*
[440] Exhibit 018.
[441] Exhibit 020.
[442] Exhibit 021.
[443] Exhibit 022.
[444] Exhibit 023.
[445] *See, e.g.*, Exhibits 025, 037, 041, 049, 054.

have been reported on his Financial Disclosure Statement.[446] He knew of the reporting requirement, but failed to comply with that requirement.

e. Transactions

Respondent failed to report a substantial number of transactions on his Financial Disclosure Statements. Transactions that were not reported on Respondent's Financial Disclosure Statements include the following examples:

1) Respondent failed to disclose the sale of holdings in BellSouth in 1998.[447] Respondent reported a capital gain related to that transaction on his Federal income tax return for 1998.[448]

2) Respondent failed to disclose the purchase in 2002 of holdings in ING Principal Protection in the range of $50,001 - $100,000.[449]

3) Respondent failed to disclose the purchase and sale during 2004 of Calvert Tax Free Reserves, Eaton Vance Insured New York Municipal Bond Fund, and Nuveen New York Quality Income Municipal Fund.[450] Each of those transactions was valued in the range of $50,001 - $100,000.[451] Each was reported on Respondent's Federal income tax return for 2004.[452]

4) Respondent failed to disclose the purchase and sale of Merrill Lynch Institutional Tax-Exempt Fund during 2006 in the range of $250,001 - $500,000.[453] Respondent reported some interest on Merrill Lynch tax-exempt funds on his Federal income tax return for 2006, but the specific funds were not identified.[454]

f. Reportable Positions

The EIGA requires filers to disclose certain positions, including positions such as officer, director or trustee of an organization, including nonprofit organizations.[455] Respondent is a

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[446] Exhibit 073.
[447] Exhibit 002.
[448] Exhibit 027.
[449] Exhibit 007. There was no reporting of this fund on Respondent's 2002 income tax return, and reporting likely was not required if there was no income generated from the fund for that year.
[450] Exhibit 009.
[451] Exhibit 052.
[452] *Id.*
[453] Exhibit 012.
[454] Exhibit 058.
[455] EIGA at § 102(a)(1)(6)(A).

trustee of the Ann S. Kheel Charitable Trust, and has been since 2004.[456] Respondent reported a position with the Kheel Trust for the years 2004 through 2007.[457] He failed to report his position with the Kheel Trust on his Financial Disclosure Statement for the year 2008.[458] Respondent has yet to amend that filing to include his position with the Kheel Trust.

III. Respondent's Non-Conforming Use of a Residential Apartment for Campaign Purposes

a. Background of Lenox Terrace, Olnick Organization and Hampton Management

During the relevant period, 2003 through present, Respondent was a resident in the 40 West 135th Street building of the Lenox Terrace complex in Harlem, NY.[459] The Lenox Terrace complex was built in 1958 and consists of six buildings and over 1,700 apartments.[460] According to the 1961 Certificate of Occupancy for 40 West 135th Street, the building is located in a residence and retail use district.[461] The Lenox Terrace Building is located in a C-1 commercial overlay district.[462]

The Olnick Organization ("Olnick") is a developer of residential, commercial and hotel properties in New York City, including Lenox Terrace.[463] Hampton Management has provided property management services on behalf of the Olnick Organization for more than 40 years, including management of Lenox Terrace during the relevant period.[464]

b. Respondent's Tenancy in Lenox Terrace

Respondent has been a tenant at Lenox Terrace since 1988.[465] Respondent leased three residential apartments in the 40 West 135th Street building of the Lenox Terrace complex, apartment 16N-P, apartment 16M, and apartment 10U.[466] The standard leases used by Lenox Terrace direct tenants, "[y]ou shall use the Apartment for living purposes only.[467] Respondent has maintained apartment 16N-P and apartment 16M as his personal residence since signing the original leases.[468]

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[456] Exhibit 388.
[457] Exhibits 009, 011, 012, 013. Respondent used different names for the Kheel Trust, but presumably they all refer to the Ann S. Kheel Charitable Trust.
[458] Exhibit 064.
[459] Rangel Tr. at 180; *see also* Exhibit 536.
[460] Olnick Organization Home Page, http://www.olnick.com.
[461] Exhibit 507.
[462] Exhibit 532.
[463] Olnick Organization Home Page, http://www.olnick.com.
[464] Olnick Organization Home Page, http://www.olnick.com.
[465] Rangel Tr. at 176, 180.
[466] Rangel Tr. at 183, 187-88.
[467] *See e.g.*, Exhibit 508.
[468] Rangel Tr. at 177, 183, 192; *see also* Exhibit 536.

On October 16, 1996, Respondent signed a lease for the use of apartment 10U in the 40 West 135th Street building.[469] Respondent's tenancy in apartment 10U began on November 1, 1996.[470] The lease directs Respondent, "[y]ou shall use the Apartment for living purposes only. The Apartment may be occupied by the tenant or tenants named above and by the immediate family of the tenant or tenants and by occupants as defined in and only in accordance with Real Property Law §235-f."[471] The lease further states that Respondent, "cannot assign this Lease or sublet the Apartment without Owner's advance written consent in each instance to a request made by You in the manner required by Real Property Law §226-b. and in accordance with the provisions of the Rent Stabilization Code and Law, relating to subletting."[472] The lease also recognizes that owner's right to "refuse to consent to a lease assignment for any reason for any reason or no reason, but if Owner unreasonably refuses to consent to request for a Lease assignment properly made, at your request in writing, Owner will end this lease effective as of thirty days after your request."[473] Respondent's lease for apartment 10U was renewed until he moved out and the lease terminated on October 31, 2008.[474]

Respondent testified that he always used apartment 10U exclusively as a campaign office.[475] Throughout Respondent's tenancy in apartment 10U, rent was paid for the apartment on Rangel for Congress of National Leadership PAC checks.[476]

Walter Swett served as Executive Director for Respondent's campaign, Rangel for Congress, and his leadership political action committee, National Leadership PAC.[477] Documents provided by Olnick indicate that Swett periodically emailed Hampton management employees regarding maintenance requests for Respondent's campaign office in apartment 10U.[478] Rangel campaign staffers also periodically emailed Olnick President Bruce Simon to keep him abreast of campaign events and news.[479] Several of these email communications included an email signature "Walter Swett/Rangel Campaign/40 West 135th Street – Suite 10U/New York, NY 10037."[480] After newspaper articles surfaced regarding Respondent's use of

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[469] Exhibit 508.
[470] *Id.*
[471] *Id.*
[472] Exhibit 508.
[473] *Id.*
[474] *See* Exhibits 508-11, 515. Although Olnick did not provide a copy of a lease renewal form for 2004, Olnick documents indicate that Respondent was in possession of apartment 10U in both 2004 and 2005 (Exhibits 512 and 513) and that Respondent renewed his lease again in 2006 (Exhibit 515). The 2006 lease renewal form, dated June 24, 2006, indicated that Respondent's current lease would expire on October 31, 2006.
[475] Rangel Tr. at 187-189.
[476] *See e.g.*, Exhibit 527; *see also*, Exhibits 528, 329.
[477] Swett Tr. at 11.
[478] *See e.g.*, Exhibit 521; *see also* Exhibit 522.
[479] *See e.g.*, Exhibit 520; *see also* Exhibit 524.
[480] *See e.g.*, Exhibit 518; *see also* Exhibit 520.

apartment 10U as a campaign office, Respondent did not renew his lease for apartment 10U, allowing the lease to expire on October 31, 2008.[481]

c. Special Handling List

Documents provided by the Olnick Organization indicate that it maintained a "special handling" tenant list that was disseminated to Olnick employees responsible for the day-to-day management and operation of the Lenox Terrace buildings.[482] The "special handling" list included fifteen Lenox Terrace tenants such as Respondent, Respondent's District Director, James Capel, and Respondent's Deputy District Director, Melvin Norris.[483] Other notable individuals on the Lenox Resident List included David Paterson and Hazel Dukes.[484] Special handling tenants received courtesies that other tenants did not receive including favorable treatment regarding non-payment of rent. In an email dated February 16, 2005, to Olnick Organization employees, Lenox Terrace general manager Rankin states, "[a]s per Neil, attached is a listing of Lenox Residents and their respective apartments that should be flagged immediately. Please ensure that no legal or collection actions are initiated against any of these apartments without notifying me first in advance."[485] This e-mail was designated "Confidential" and of "High" importance.[486] Neil Rubler was the Chief Operating Officer for the Olnick Organization when this email was sent.[487]

d. Respondent's Interactions with Olnick in his Official Capacity

Documents provided by the Olnick Organization indicate that in 2005, Olnick spoke with Respondent regarding the future development of Lenox Terrace.[488] Olnick conveyed information to and asked for responses from various people that Olnick representatives identified as "opinion leaders within the community who we wanted to have understand and support the development concept."[489] Olnick also hired Rubenstein Associates to contact various public officials in 2005 including Respondent.[490] Respondent testified before the Investigative Subcommittee that "[o]n one occasion, a person who I cannot identify represented himself to be a representative of the owner."[491] This anonymous Olnick representative "asked whether he could talk with me and Jim Capel, to notify me that they had hoped in the future to put all the cars underground, put new stores up, and this fence, and upgrade the whole neighborhood."[492]

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[481] Swett Tr. at 59-61.
[482] Exhibit 513.
[483] *Id.*
[484] *Id.*
[485] *Id.*
[486] *Id.*
[487] Rubler Tr. (5/15/09) at 10.
[488] *Id.* at 53.
[489] *Id.*
[490] *Id.*
[491] Rangel. Tr. at 214.
[492] *Id.*

[O]ld tenants, if their view was blocked, they would be able to move."[493] According to Respondent, the purpose of the meeting was to notify him of their proposed measures, "as they said they were notifying other tenants so they could get support."[494]

Rubler confirmed that he met with Respondent in his congressional office to discuss a proposed redevelopment of the Lenox Terrace buildings.[495] Respondent was one of a variety of community leaders that Olnick representatives met with to gauge public opinion and build support for the proposal.[496] The proposal was to "redevelop areas of the property that are now being utilized now for the most part as single story retail and instead to improve them with a combination of retail and additional apartments."[497] Although Rubler testified that he wanted Respondent to do "[n]othing in particular," he noted that Respondent was part of a "laundry list" of "influential ... people with whom we met, both to get their feedback about what they liked and didn't like about the proposal, and to hopefully convince them that it was in the best interest of the community."[498] Rubler recalled meeting with Respondent, "years ago ... once he was certainly there, once I don't know that he did more than just pop his head in to say hello."[499] Rubler told the Investigative Subcommittee he thought Respondent "liked" their plan; Respondent "just generally smiled and indicated that he liked it and there wasn't -- he certainly didn't offer an expansive opinion one way or another. And it was a brief meeting ... So there wasn't a huge amount to respond to."[500]

Respondent's staff had other official meetings with Olnick employees. Respondent's District Director, James Capel, not only lived in the Lenox Terrace complex, but in his official capacity, was also tasked with resolving some constituent issues related to primary residency.[501] Capel interacted with Lenox Terrace General Manager Darryl Rankin because tenants were discussing going on strike.[502] Capel indicated that Rankin was "aggressive" compared to his predecessor Harold Griffel regarding evictions and other policies.[503] Capel said "[a]s I reflect on it now" primary residency was the issue where management seemed to want to "take advantage of every situation they could take advantage of. And they looked over and they scrutinized the rent rolls and tried to see what they could do to generate more revenues."[504] Capel didn't speak with Rankin "on a regular basis" but recalled speaking to him regarding the potential strike.[505] Tenants wanted "to try to influence the action of the owner or the management if they thought

[493] *Id.*
[494] *Id.* at 214-15.
[495] Rubler Tr. (7/14/09) at 5.
[496] *Id.* at 5-6.
[497] *Id.* at 6.
[498] *Id.*
[499] *Id.* at 6-7.
[500] *Id.* at 7-8.
[501] Capel. Tr. (7/30/09) at 50-51.
[502] *Id.*
[503] *Id.* at 64.
[504] *Id.* at 65.
[505] *Id.* at 50.

some actions were not being done in a way they thought it should be done. It could for a lot of different things. It could be for just disrespect."[506]

Argument

I. Conduct in Violation of the Solicitation and Gift Ban

a. Relevant Legal Standard

Congress enacted a government-wide ban on solicitation as part of the Ethics Reform Act of 1989, which, for the first time, limited the circumstances under which a government official could make solicitations.[507] Codified in Title 5 of the United States Code, section 7353 provides that no Member "shall solicit or accept anything of value from a person – (1) seeking official action from . . . the individual's employing entity; or (2) whose interests may be substantially affected by the performance or nonperformance of the individual's official duties."[508]

The statute prohibits solicitations of anything of value, regardless of whether the official personally benefits.[509] Impermissible solicitations include those made by another person in the name of a Member with the knowledge and acquiescence of that Member.[510]

Section 7353 has three components: (1) a solicitation or acceptance; (2) of anything of value; (3) from a person seeking official action from the House or whose interests may be substantially affected by the performance or nonperformance of the individual's official duties.

The term "solicitation" means "to ask."[511] The Federal Election Commission, in its regulations, defines "solicit" to mean:

> . . . [T]o ask, request, or recommend, explicitly or implicitly, that another person make a contribution, donation, transfer of funds, or otherwise provide anything of value. A solicitation is an oral or written communication that, construed as reasonably understood in the context in which it is made, contains a clear message asking, requesting, or recommending that another person make a contribution, donation, transfer of funds, or otherwise provide

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[506] *Id.* at 51.

[507] Ethics Reform Act, Pub. L. No. 101-194, 103 Stat. 1716 (1989) (as amended).

[508] 5 U.S.C. § 7353.

[509] *See* Comm. on Standards of Official Conduct, *Revised Solicitation Guidelines* (Apr. 4, 1995), *reprinted in* H.R. Rep. No. 104-886, at 28-32 (1997) ("1995 Solicitation Pink Sheet"). A copy of the 1995 Solicitation Pink Sheet has been marked as Exhibit 193.

[510] *See* Comm. on Standards of Official Conduct, *Solicitation by Members, Officers and Employees in General,* and *Political Fundraising Activity in House Offices* (Apr. 25, 1997) ("1997 Solicitation Pink Sheet"). A copy of the 1997 Solicitation Pink Sheet has been marked as Exhibit 194.

[511] Merriam-Webster, http://www.merriam-webster.com/dictionary/solicit (last visited November 3, 2010).

> anything of value. A solicitation may be made directly or indirectly. [512]

To determine whether a solicitation has occurred, the question is simply whether someone asked, explicitly or implicitly. If a Member asks, then the first element of the solicitation ban has been met. That element is also met where someone asks in the name of a Member, with the knowledge and acquiescence of that Member. [513] Under the solicitation ban, it is impermissible simply to ask.

The term "anything of value" has been interpreted synonymously with "thing of value."[514] As noted by the courts, "the pervasive use of [thing of value] in criminal statutes of both the states and the federal government has made it a term of art, covering intangible as well as tangible things."[515] The following are examples of "things of value": amusement, promise of sexual intercourse, promise to reinstate an employee, agreement not to run in a primary election, testimony of a witness, and content of a writing.[516] The term "value" "embodies notions of worth, utility, and importance generally."[517] In several cases, courts have held that the test of value is whether the recipient subjectively attaches value to the thing received.[518]

Money is something "of value" but "anything of value" is not limited to things of "monetary, commercial, objective, actual or tangible value."[519]

The language "seeking official action from . . . the individuals' employing entity; or (2) whose interests may be substantially affected by the performance or nonperformance of the individual's official duties" is, by its terms, broad,[520] and the Committee on Standards of Official Conduct (Standards Committee) has consistently, in unpublished advisory opinions, interpreted the language broadly.

The Select Committee on Ethics interpreted language which, while more narrow than the language of § 7353, provides guidance on the scope of § 7353. The Select Committee was interpreting the language "direct interest in legislation before the Congress" from former House

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[512] 11 C.F.R. § 300.2(m).

[513] *See* 1997 Solicitation Pink Sheet ("A solicitation made by another person in the name of a Member, officer or employee, and with the knowledge and acquiescence of that official, will likely be deemed a solicitation by that official").

[514] *United States v. Singleton*,144 F.3d 1343, 1349 (10th Cir. 1998), *vacated on other grounds*, 165 F.3d 1297 (10th Cir. 1999) (collecting cases).

[515] *Id.*

[516] *See United States v. Girard*, 601 F.2d 69 (2d Cir. 1979) (internal citations omitted).

[517] *Singleton*, 144 F.3d at 1348-49.

[518] *Id.* at 1349 (collecting cases).

[519] *Id.*

[520] *See United States v. Sun-Diamond Growers*, 526 U.S. 398, 410 (1999) (characterizing § 7353 as broad).

Rule LXIII, clause 4, and found that the following individuals and organizations were deemed to have a direct interest in legislation before the Congress:

> (1) (a) Any person, organization or corporation registered under the Federal Regulation of Lobbying Act of 1946, or any successor statute; and any person who is an officer or director of a registered lobbyist, or a person who has been employed or retained by a registered lobbyist, or a person who has been employed or retained by a registered lobbyist for the purpose of influencing legislation before the Congress;
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> (b) Any person, organization, or corporation which employs or retains a registered lobbyist;
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> (2) Any corporation, labor organization, or other organization which maintain a separate, segregated fund for political purposes (Political Action Committee as defined in the Federal Election Campaign Act of 1971 (2 U.S.C. 441b)); any subordinate or affiliated organization thereof; and the officers or directors of such organizations; and
>
> (3) Any other individual or organization which the Member, officer, or employee knows has a distinct or special interest in influencing or affecting the federal legislative process which sets such individual or organization apart from the general public.[521]

The Select Committee specifically rejected an interpretation of "before the Congress" that would require "an interest in a specific piece of legislation then pending before at least one subcommittee, or any other subdivision, of either House."[522] Instead, the Select Committee concluded that "the phrase . . . should be read broadly to include an ongoing special interest in affecting the legislative process."[523]

The Standards Committee was faced with the question of what constituted "direct interest in legislation before the Congress" in a number of matters under former House Rule XLIII. In one matter, the Standards Committee found that a Member violated the gift rule by accepting a flight from a Florida savings and loan institution, stating: "[i]t is clear that Florida Federal is an

[521] House Select Comm. on Ethics, *Advisory Opinion No. 10 (reprinted in* H. Rep. 95-1837), at 73.
[522] *Id.* at 75.
[523] *Id.* at 76.

entity with a 'direct interest in legislation' because it is federally regulated."[524] In another matter, the Standards Committee addressed whether an individual, Nelson Bunker Hunt, had a direct interest in legislation. The Committee found that Hunt's interest in matters before Congress was "open and notorious."[525] "Given his wide and varied interest in matters before the Congress and the direct impact which the actions of Congress have upon his business activities, Nelson Bunker Hunt obviously is a person with a direct interest in legislation within the definition and intent of that term."[526]

The language at issue in the Solicitation and Gift Ban is much broader than the language in former House Rule XLIII, clause 4. Any matter that would have constituted "direct interest in legislation before the Congress" will fall within the parameters of § 7353. But the § 7353 standards would also encompass many circumstances that the "direct interest in legislation" standard might not have reached.

A broad interpretation of the phrases "seeking official action from the House" and "interests may be substantially affected by" language comports with the underlying purpose of § 7353, as well as laws such as the Code of Ethics for Government Service, which cautions all government employees against "circumstances which might be construed by reasonable persons as influencing the performance of his governmental duties."[527]

Given the breadth of the Solicitation and Gift Ban, the relevant inquiry is not what business or interest or official action was pending at a particular point in time. And it certainly is not which Members of Congress spoke to which employees or lobbyists representing a particular entity about an issue. The relevant inquiry is whether the person solicited had an interest in affecting the legislative process. In some instances, that will be reflected by lobbying on particular pieces of legislation. In other instances, there might be a request for a Member to intervene with a government agency. But it also includes recognizing the fact that most entities, including multi-national corporations and large foundations, will always have some interest in matters within the ambit of Congress. The performance or nonperformance of a Member's official duties can affect the interests of those entities, and that effect can be substantial.

b. Standards Committee Exceptions

Section 7353 provides for a supervising ethics office to provide for reasonable exceptions pursuant to the rules and regulations established by that office.[528] But under no circumstances

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[524] Comm. on Standards of Official Conduct, *Investigation of Financial Transactions Participated In and Gifts of Transportation Accepted by Representative Fernand J. St. Germain*, H. Rep. 100-46, 100th Cong., 1st Sess., at 42 (Apr. 9, 1987).

[525] Comm. on Standards of Official Conduct, *In the Matter of Representative George V. Hansen*, H. Rep. 98-891, Vol. 1, 98th Cong., 2d Sess., at 325 (July 19, 1984).

[526] *Id.*

[527] 72 Stat., Part 2, B12 (1958), H. Res. 175, 85th Cong. (adopted July 11, 1958).

[528] 5 U.S.C. § 7353(b).

can a gift be accepted in exchange for being influenced in the performance of any official act.[529] The Standards Committee, acting pursuant to 5 U.S.C. § 7353(b), has three basic "blanket exceptions," two of which are not applicable here -- campaign or political contributions and the Congressional Art Competition.[530]

The Standards Committee has also determined that certain solicitations for organizations qualified under § 170(c) of the Internal Revenue Code are permissible, but those solicitations are subject to a number of restrictions.[531] If a Member violates any one of these restrictions, his actions would not fall within the general exception and would run afoul of the solicitation ban.

The Standards Committee has stated that "the major restrictions on such solicitations are that no official resources may be used in making them, no official endorsement by the House of Representatives may be implied, and no direct personal benefit may result to the soliciting official."[532] Further, solicitations are not permitted for organizations established or controlled by Members unless the organization's principal activities are unrelated to the Member's official duties.[533] The Committee has also noted that, pursuant to a House rule, registered lobbyists may not be solicited, although it is permissible to solicit a company, association or other entity that employs registered lobbyists to lobby only for itself or its members, provided that the solicitation is directed to an officer or employee who is not a lobbyist.[534]

A Member is generally allowed to solicit funds for a § 170(c) organization in his own name without using the public fisc, his position or his influence.[535] When those restrictions are not followed, the general exception to the solicitation ban is inapplicable. If a Member uses official resources in the solicitation, the exception does not apply.[536] Or if a Member uses congressional letterhead, the exception does not apply.[537] Or if a Member may receive a direct benefit, the exception does not apply.[538] Or if a Member solicits on the property of the House of Representatives, the exception does not apply.[539] Or if a Member targets a federally-registered lobbyist, the exception does not apply.[540]

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[529] 5 U.S.C. § 7353(b)(2)(B).

[530] *See* 1997 Solicitation Pink Sheet.

[531] 1997 Solicitation Pink Sheet; 1995 Solicitation Pink Sheet; 1990 Solicitation Pink Sheet.

[532] 1997 Solicitation Pink Sheet.

[533] *Id.*

[534] *Id.*

[535] *Id.*

[536] 1997 Solicitation Pink Sheet; 1995 Solicitation Pink Sheet; House Comm. on Standards of Official Conduct, "Solicitation Under the Ethics Reform Act of 1989," (Oct. 9, 1990) (reprinted in Comm. on Standards, *House Ethics Manual*, 102d Cong., 2d Sess. 1992, at 64-65) ("1990 Solicitation Pink Sheet"). A copy of the 1990 Solicitation Pink Sheet has been marked as Exhibit 192.

[537] 1995 Solicitation Pink Sheet; 1990 Solicitation Pink Sheet; House Rule XXIII, cl. 11.

[538] 1990 Solicitation Pink Sheet.

[539] The House Office Building Commission's Rules and Regulations Governing the House Office Buildings, House Garages and the Capitol Power Plant (Feb. 1999).

c. Respondent made improper solicitations in violation of the Solicitation and Gift Ban.

Respondent solicited, both in writing and in personal meetings, contributions and other support for the Rangel Center. Most of the letters sent by Respondent clearly refer to funding and enclosed a brochure requesting $30 million. Recipients of the letter clearly interpreted them as a request for donations. For example, the Rhodebeck Trust gave a $25,000 donation based upon the information sent by Respondent. Several foundations wrote letters back to Respondent, and those letters indicate the recipients perceived the letter as a solicitation.

Other, more personalized, letters sent by Respondent requested meetings to discuss the Rangel Center. Respondent met with three prominent individuals, with two of those meetings resulting in contributions to the Rangel Center. Respondent attended other meetings where contributions were requested, and even personally asked for contributions in some instances.

These solicitations were for things "of value." Solicitations for money involve a tangible value. But so too does a solicitation for advice and other undefined "support" in fundraising efforts. Consultants charge real money to provide those types of services. Receiving them free of charge is a tangible benefit.

The solicitation for things "of value" were made to persons whose interests could be substantially affected by the performance or nonperformance of Respondent's official duties, particularly in his role as Ranking Member and the Chairman of the House Ways and Means Committee. In some instances, the entities solicited were seeking specific official action from the House.

As previously discussed, private foundations and public charities can be substantially affected by congressional action, particularly the Ways and Means Committee. Large corporations have an ongoing and substantial interest in numerous legislative issues. In some instances, Respondent solicited the private foundations that serve as the philanthropic arm of such corporations, and, in some instances, Respondent solicited corporate representatives directly.

Respondent could have solicited on behalf of CCNY, a § 170(c) organization, to raise funds to help disadvantaged students, or to help develop a graduate-level program in public administration, or to help with any number of laudable goals. But in order to do so, he was required to follow the rules established by the Standards Committee.

Respondent did not follow those rules. From the beginning, he used official resources to solicit. His staff communicated and interacted regularly with CCNY fundraisers, including reviewing and editing of the Rangel Center brochures and letters sent by Respondent. CCNY

[540] House Rule XXV, cl. 5(e)(i); 1997 Solicitation Pink Sheet.

routinely requested assistance and information from Respondent's staff, and kept Respondent and his staff informed of the fundraising progress.

Respondent's staff drafted the solicitation letters sent by Respondent. This work was done on the property of the House of Representatives, using official House resources such as computers and printers. The letters were printed on congressional letterhead and sent using Respondent's frank.

The use of official resources, alone, would take Respondent's solicitations out of the § 170(c) exception to the Solicitation and Gift Ban. Respondent also used official letterhead, giving the impression of government sponsorship of the project. Further, Respondent targeted federally-registered lobbyists, making personal requests for contributions to the Rangel Center.

Respondent failed to follow the restrictions on solicitations. His conduct violated the Solicitation and Gift Ban.

II. Conduct in Violation of Clause 5 of the Code of Ethics For Government Service

a. Relevant Legal Standard

The House Rules and other standards governing Members' conduct prohibit a Member from using, or appearing to use, his official position for personal benefit.[541] Under the Code of Ethics for Government Service (Code of Ethics),[542] a federal official, including a Member, should:

> Never discriminate unfairly by dispensing of special favors or privileges to anyone, whether for remuneration or not; and never accept for himself or his family, favors or benefits under circumstances which might be construed by reasonable persons as influencing the performance of his governmental duties.[543]

Because the Code of Ethics measures a Member's conduct by "what might be construed by reasonable persons," a Member may violate this provision even if the Member would have taken the same official action without a potential personal benefit, if the Member's actions raise the appearance of impropriety.[544]

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[541] House Rule XXIII, clauses 2 and 3; Code of Ethics for Government Service, clause 5; *see also Sikes*, at 3; 2008 *House Ethics Manual*, at 187 ("One of the purposes of the rules and standards [of conduct relevant to use of a Member's office for personal benefit] is to preclude conflict of interest issues.").

[542] 72 Stat., Part 2, B12, H. Res. 175, 85th Cong. (adopted July 11, 1958).

[543] Code of Ethics for Government Service, clause 5.

[544] Comm. on Standards of Official Conduct, *In the Matter of Representative Mario Biaggi*, H. Rep. 100-56, 100th Cong. 2d Sess. 9 (Feb. 18, 1988).

The House has applied the prohibition on taking official action for personal benefit in situations where the potential personal benefit would accrue to an investment held by the Member.[545] For example, in the Standards Committee's report *In the Matter of a Complaint against Representative Robert L.F. Sikes*, the Standards Committee found that when Representative Sikes sought to purchase shares of a privately held bank "which he had been active in his official position in establishing" he failed to observe:

> The standard of ethical conduct . . . as is expressed in principle in Section 5 of the code of Ethics for Government Service, and which prohibits any person in Government service from accepting for "himself . . . benefits under circumstances which might be construed by reasonable persons as influencing the performance of his governmental duties[.]"[546]

The Standards Committee further found that Representative Sikes failed to observe "[t]he standard of ethical conduct that should be observed by Members of the House, as is expressed in principle in the Code of Ethics for Government Service, and which prohibits conflicts of interests and the use of an official position for any personal benefit," when he sponsored legislation to remove a reversionary interest and restrictions on land in which he had a personal financial interest.[547]

In another matter, the Standards Committee found that a Member violated this provision when he accepted gifts from an individual, on whose behalf he had intervened with business and government officials.[548] The Standards Committee report stated that:

> While the Committee does not argue, nor can it be determined, that Representative Biaggi would not have interceded on behalf of Coastal in the absence or because of Esposito's gratuities to the congressman, it is nevertheless clear that at a minimum, an appearance is raised that such was the case. Accordingly, the Committee concluded that such improper appearance supports a determination that Representative Biaggi violated clause 5 of the Code of Ethics for Government Service.[549]

Establishing a violation of clause 5 of the Code of Ethics for Government Service requires proving either:

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[545] 3 *Deschler's Precedents of the United States House of Representatives*, ch. 12 § 8.4, 1714 (1994).
[546] *Sikes*, at 3.
[547] *Id.* at 4.
[548] Comm. on Standards of Official Conduct, *In the Matter of Representative Mario Biaggi*, H. Rep. 100-56, 100th Cong. 2d Sess. at 9 (Feb. 18, 1988).
[549] *Id.* at 9.

(a) The subject Member dispensed special favors or privileges to someone, whether for remuneration or not; or

(b) The subject Member:

1. accepted favors or benefits either for himself or his family; and
2. the circumstances of the acceptance could be construed by reasonable persons as influencing the performance of the subject Member's governmental duties.

b. Respondent's improper solicitations created the appearance of impropriety in violation of the Code of Ethics for Government Service.

Donations to the Rangel Center were a favor or benefit to Respondent. Those donations certainly benefitted others as well, namely students who received scholarships or benefitted from the Rangel Center programming. But the simple fact is that many people gave money because Respondent, a Member of Congress, asked.

At a meeting with Respondent and David Rockefeller, Butler's notes state, "Mr. Rockefeller said that in tribute to the Congressman, he would give him $100,000 to put toward any program he wished and that it would be unrestricted as he believes in that."

Respondent met with Hank Greenberg, head of the C.V. Starr Foundation, on June 4, 2007. According to Butler's notes, there was no discussion of the Rangel Center. Yet, within hours of the meeting, the Starr Foundation decided to write up a recommendation for a $5 million grant. Starr's Board of Directors approved the $5 million grant the following week.

Respondent also received benefits for himself. He received a place to house his papers, including an archivist to collect and organize those papers. The Center was named after Respondent. The documents indicate that Respondent would get an office in the building housing the Rangel Center. In addition to those tangible benefits, all of this contributes to Respondent's legacy, which appears to be of value to Respondent.[550] Respondent referred to the Rangel Center as "a personal dream of mine," demonstrating its importance to him.

The donations and resulting benefits were accepted under circumstances which might be construed by reasonable persons as influencing the performance of Respondent's governmental duties. As previously discussed, most (if not all) of the persons who donated to the Rangel Center had interests and business before the House. In his testimony, Dalley recognized, in retrospect, the complications that could arise from charitable solicitations by Respondent:

> [W]e now recognize that certainly one can be seen as soliciting from people who have a very specific interest in winning Mr.

[550] *See, e.g.*, Exhibits 104, 105, 402, 140; Dalley Tr. (12/9/08) at 53.

> Rangel's favor. I think that's the greatest danger. And we now recognize more than we did before that the Ways and Means Committee has a very broad jurisdiction. Everybody in the country seems to have an interest in taxes one way or another.[551]

A Member of the House, and in particular, the Chairman of the Ways and Means Committee has the ability to impact the interests of many persons. With that broad power comes the responsibility to avoid situations that create the appearance that his official duties have been improperly influenced. Someone in that position must take great care to ensure that his actions do not create such an appearance.

Respondent asked for support for the Rangel Center from persons who have asked or will ask for his support on legislation and oversight. Some of those persons gave money, to the tune of several million dollars. Those circumstances might be construed by reasonable persons as the acceptance of favors or benefits that influenced the performance of Respondent's official duties. As such, Respondent's conduct violated clause 5 of the Code of Ethics for Government Service.

III. Conduct in Violation of the House Gift Rule

a. Relevant Legal Standard

Under the House Gift Rule, a Member may not knowingly accept a gift, unless it falls within one of the exceptions set forth in the rule.[552]

Except as permitted by the House Gift Rule, as interpreted and enforced by the Standards Committee, a "Member ... may not knowingly accept a gift except as provided" in the House Gift Rule.[553]

The term "gift" is broadly defined, and includes "anything of value,"[554] as well as a "gratuity, favor, discount, entertainment, hospitality, loan, forbearance, or other item having monetary value."[555] As previously discussed, the term "anything of value" is not limited to things of "monetary, commercial, objective, actual or tangible value."[556] The use of the phrase "or other item having monetary value" in the House Gift Rule, therefore, does not restrict the definition of a "gift" to only items of monetary value.[557]

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[551] Dalley Tr. (12/9/08) at 53.
[552] House Rule XXV, cl. 5(a)(1)(A)(i).
[553] *Id.*
[554] 5 U.S.C. § 7353(a).
[555] House Rule XXV, cl. 5(a)(2).
[556] *Id.*
[557] Notably, House Rule XXV, cl. 5(a)(2)(A), includes things for which it would be difficult to place a monetary value, including favors and hospitality.

Further, even gifts that do not create any financial conflict of interest are problematic. It is human nature that the recipient of a gift will be grateful for gifts, and that the donor may expect favorable treatment or consideration in return.[558] Even where neither the donor nor the recipient has an intent to influence or be influenced, concerns may arise about the appearance of impropriety related to a gift or gifts. The House Bipartisan Task Force on Ethics (101st Congress) noted this concern:

> Regardless of any actual corruption or undue influence upon a Member or employee of Congress, the receipt of gifts or favors from private interests may affect public confidence in the integrity of the individual and in the institution of the Congress. Legitimate concerns of favoritism or abuse of public position may be raised by disclosure of frequent or expensive gifts from representatives of special interests, or valuable gifts from anyone other than a relative or personal friend.[559]

Under House Rule XXIII, clause 2, a Member must "adhere to the spirit as well as the letter" of the House Rules.[560] House Rule XXIII, clause 2, was drafted to "provide the House the means to deal with infractions that rise to trouble it without burdening it with defining specific charges that would be difficult to state with precision."[561] The practical effect of House Rule XXIII, clause 2, has been to provide a device for construing other provisions of the Code of Conduct and House Rules.[562] This rule has been interpreted to mean that a Member or employee may not do indirectly what the Member or employee would be barred from doing directly.[563] In other words, the House Rules should be read broadly, and a narrow technical reading of the House Rules should not overcome its "spirit" and the intent of the House in adopting the rules.[564]

Members are prohibited, either directly or indirectly, from accepting gifts, except as authorized by the Standards Committee. An indirect gift occurs where a "gift is given with the knowledge and acquiescence of the Member ... and the Member ... has reason to believe the gift was given because of the [Member's] official position."[565] Thus, a donation to a charitable

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[558] *See* Paul H. Douglas, Ethics in Government 48-49 (1952).

[559] Bipartisan Task Force Report.

[560] House Rule XXIII, cl. 2.

[561] 114 *Cong. Rec.* 8778 (April 3, 1968); *see also* 114 *Cong. Rec.* 8799 (statement of Representative Teague, member of the House Comm. on Standards of Official Conduct, 90th Cong.).

[562] 2008 *House Ethics Manual*, at 17.

[563] House Select Comm. on Ethics, *Advisory Opinion 4*, H. Rep. No. 95-1837, 95th Cong., 2d Sess. 61-62 (1979).

[564] *Id.*

[565] House Rule XXV, cl. 5(a)(2)(B)(i); 5 U.S.C. § 7353(a); *see also* 5 CFR §§ 2635.203(e) (stating "[a] gift is solicited or accepted because of the employee's official position if it is from a person other than an employee and would not have been solicited, offered, or given had the employee not held the status, authority or duties associated with his Federal position) and 2635.203(f) (stating "[a] gift which is solicited or accepted indirectly includes a gift: ... (2) Given to any other person, including any charitable organization, on the basis of designation,

organization, including a public college or university, may, under certain circumstances, be considered a gift attributable to a Member who solicited the donation.

As noted above, the Solicitation and Gift Ban prohibits Members from soliciting and / or accepting gifts unless authorized by the Standards Committee.[566] The Standards Committee, as the supervising ethics office under the Solicitation and Gift Ban statute, is authorized to provide for reasonable exceptions pursuant to the ban.[567]

As previously discussed, a Member is generally allowed to solicit funds for a § 170(c) organization in his own name without using the public fisc, his position or his influence.[568] When those restrictions are not followed, the general exception to the solicitation ban is inapplicable. Therefore, if a Member uses official resources in the solicitation, the exception does not apply and the Member has violated the statute.[569] Similarly, if a Member uses congressional letterhead, the exception does not apply and the Member has violated the statute.[570] Likewise, if a Member solicits on the property of the House of Representatives, the exception does not apply and the Member has violated the statute.[571] In addition, if a Member may receive a direct benefit, the exception does not apply and the Member has violated the statute.[572] Further, if a Member targets a federally-registered lobbyist, the exception does not apply and the Member has violated the statute.[573]

Approval by the Standards Committee of an exception to the solicitation ban also serves as approval of an exception to the statute's ban on the acceptance of any gift to the proposed beneficiary resulting from the solicitation that may be attributable to the soliciting Member.[574] Where a soliciting Member has complied fully with the Standards Committee's guidance with respect to a permissible solicitation, no gifts to the proposed beneficiary of the solicitation will be attributed to the soliciting Member.

However, where a Member fails to comply with the Standards Committee's guidance, the exception to the Solicitation and Gift ban has been violated, any solicitation is improper, and any

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recommendation, or other specification by the employee"); OGE Advisory Letter 92x22 (July 31, 1992) (citing the proposed indirect gift rule and noting under precedent existing before promulgation of regulations implementing 5 U.S.C. § 7353 that "a contribution to a charity made at the behest or suggestion of a Federal employee would be considered a gift under existing precedent even though the employee did not personally receive the contribution").

[566] 5 U.S.C. § 7353.

[567] 5 U.S.C. § 7353(b). Under no circumstances may a Member accept a gift in exchange for being influenced in the performance of any official act. 5 U.S.C. § 7353(b)(2)(B).

[568] *Id.*

[569] 1997 Solicitation Pink Sheet; 1995 Solicitation Pink Sheet; 1990 Solicitation Pink Sheet.

[570] 1995 Solicitation Pink Sheet; 1990 Solicitation Pink Sheet; House Rule XXIII, cl. 11.

[571] The House Office Building Commission's Rules and Regulations Governing the House Office Buildings, House Garages and the Capitol Power Plant (February 1999).

[572] 1990 Solicitation Pink Sheet.

[573] House Rule XXV, cl. 5(e)(i); 1997 Solicitation Pink Sheet.

[574] 5 U.S.C. § 7353(b)(1).

gift solicited by the Member to the charitable organization may be attributed as a gift to the Member, particularly where the Member has used official resources or the imprimatur of his office in making the solicitation.[575]

b. Respondent knowingly accepted gifts in violation of the House Gift Rule.

As previously discussed regarding Count I, Respondent failed to comply with the Standards Committee's restrictions regarding solicitations. Because of this failure, any gift solicited by Respondent on behalf of CCNY may be attributed as a gift to Respondent.

Almost all of the donations to the Rangel Center resulted from solicitations by Respondent. In some instances, those solicitations were explicit such as sending letters on official letterhead to the Ford Foundation, the Verizon Foundation, and the Rhodebeck Charitable Trust. In others, the requests were more implicit, with Respondent attending meetings with CCNY fundraisers and prospective donors such as Gene Isenberg, David Rockefeller, the Starr Foundation, and donors attending the Ford Foundation luncheon.

Respondent and his staff were well aware of the fundraising progress, including donations that had been made. CCNY would inform them when a grant was made. Some donors, such as Verizon and NYCT, informed Respondent directly of their grants. Respondent knew that gifts were resulting from his fundraising efforts.

Donations to the Rangel Center were indirect gifts, attributable to Respondent. None of the exceptions to the House Gift Rule apply. As such, Respondent's conduct violated the House Gift Rule.

IV. Conduct in Violation of the Postal Service Laws and Franking Commission Regulations

The term "frank" refers to the autographic or facsimile signature of person authorized by statute to transmit matter through the mail without prepayment of postage.[576] Members of

[575] House Rule XXV, cl. 5(a)(2)(B)(i); 5 U.S.C. § 7353(a); *see also* 5 CFR §§ 2635.203(e) (stating "[a] gift is solicited or accepted because of the employee's official position if it is from a person other than an employee and would not have been solicited, offered, or given had the employee not held the status, authority or duties associated with his Federal position) and 2635.203(f) (stating "[a] gift which is solicited or accepted indirectly includes a gift: ... (2) Given to any other person, including any charitable organization, on the basis of designation, recommendation, or other specification by the employee"); OGE Advisory Letter 92x22 (July 31, 1992) (citing the proposed indirect gift rule and noting under precedent existing before promulgation of regulations implementing 5 U.S.C. § 7353 that "a contribution to a charity made at the behest or suggestion of a Federal employee would be considered a gift under existing precedent even though the employee did not personally receive the contribution").

[576] 39 U.S.C. § 3201.

Congress are authorized to use franked mail "in order to assist and expedite the conduct of official business, activities, and duties of the Congress of the United States."[577]

a. Relevant Legal Standard

The statutory provisions in Title 39 of the United States Code regarding the frank were enacted in 1973.[578] That bill also established a House Commission on Congressional Mailing Standards ("Franking Commission"). The Franking Commission is responsible for issuing regulations governing the proper use of the franking privilege, and the current version of those regulations was issued in 1998.[579]

Section 3215 of Title 39 provides that "a person entitled to use a Frank may not . . . permit its use by any person for the benefit or use of any committee, organization, or association." The Franking Regulations interpret this statute as prohibiting "the use of the Frank for the benefit of charitable organizations, political action committees, trade organizations, and so forth."[580]

The Franking Regulations provide specific examples of nonfrankable items, including "[n]o solicitations for funds for or on behalf of *any* organization or person."[581] The Franking Regulations further provide:

> "[n]o material that advertises, promotes, endorses or otherwise provides a benefit to an individual or organization not entitled to use the frank. This would include commercial, charitable, non-profit and political organizations as well as Congressional Member Organizations (CMO) and advisory boards or task forces."[582]

The Franking Regulations further reiterate, "[t]he solicitation of funds for or on behalf of a private organization, for example, for the purpose of supporting any charitable, education, religious or political program is not frankable."[583]

Misuse of the frank also constitutes a misdemeanor. The law provides that "whoever makes use of any official envelope, label, or indorsement [sic] authorized by law, to avoid the

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[577] 39 U.S.C. § 3210.

[578] Pub. L. No. 93-191.

[579] Comm'n on Cong. Mailing Standards, "Regulations on the Use of the Congressional Frank by Members of the House of Representatives (June 1998) ("Franking Regulations"). A copy of the Franking Regulations has been marked as Exhibit 195.

[580] Franking Regulations at 3.

[581] Franking Regulations at 7.

[582] Franking Regulations at 7-8.

[583] Franking Regulations at 12.

payment of postage or registry fee on his private letter, packet, package, or other matter in the mail, shall be fined under this title."[584]

The Standards Committee has previously cited a Member for misuse of the frank where the Member's office used the frank to send out letters promoting a cruise for senior citizens.[585]

b. Respondent permitted the use of his frank for unofficial business, in violation of the postal service laws and Franking Commission regulations.

The record evidences that Respondent used the frank to send out the initial solicitation package to foundations. The New York Stock Exchange Foundation retained copies of the envelope enclosing the solicitation letter and brochure, and that envelope bears Respondent's frank.

The evidence indicates that other mailings related to the Rangel Center were sent out under the frank. Dalley testified that he did not recall specifically using the franking privilege, but using the frank would have been consistent with the practice of the office.

The Franking Regulations are clear – the franking privilege may not be used for the benefit of charitable organizations.[586] Even if no solicitation is involved, the frank may not be used in support of such organizations.[587]

The Rangel Center mailings were not official business. They were not copies of the Congressional Record, or notice of town hall meetings, or photographs of missing children. They were not frankable material.[588] Because the franking privileged was used, neither Respondent nor CCNY had to pay for the postage on the mailings.[589]

Respondent's conduct violated 39 U.S.C. § 3215 and the Franking Regulations.

V. Conduct in Violation of the Franking Statute

a. Relevant Legal Standards

Section 1719 of title 18 provides:

> Whoever makes use of any official envelope, label, or indorsement [sic] authorized by law, to avoid the payment of postage or registry

[584] 18 U.S.C. § 1719.
[585] Comm. on Standards of Official Conduct, *In the Matter of Representative Newt Gingrich*, H.Rep., 101st Cong. 2d Sess. (March 7, 1990) at Attachment D.
[586] Franking Regulations at 3.
[587] *Id.*
[588] The Franking Regulations set forth specific examples of frankable material. *See* Franking Regulations at 8-9.
[589] Member's Handbook at 36-41.

> fee on his private letter, packet, package, or other matter in the mail, shall be fined under this title.[590]

Section 1719 does not explicitly identify the mental state ("*mens rea*"), if any, that is necessary to find a violation of the statute. Determining the *mens rea*, if any, required for a federal crime requires statutory construction and an inference of the intent of Congress.[591] Section 1719 does not explicitly identify the level of *mens rea*, if any, that is necessary to find a violation of the statute.

Where a statute is silent on *mens rea*, it does not necessarily mean that Congress intended to dispense with such a requirement.[592] *Means rea* is required under common law, and that principle is generally followed even for statutory crimes that are silent on the issue.[593] The Supreme Court has noted that offenses that require no *mens rea* are generally disfavored.[594] The Court has suggested that some indication of congressional intent is required to dispense with *mens rea* as an element of a crime.[595] But the Court has also pointed to cases where no *mens rea* was required where the statue was silent and the punishment is relatively small:

> In determining whether a criminal statute dispenses with *mens rea*, "the nature and extent of the penalty attached to the offence may be reasonably considered. There is nothing that need shock any mind in the payment of a small pecuniary penalty by a person who has unwittingly done something detrimental to the public interest."[596]

Section 1719 requires only the payment of a fine. A violation of § 1719 is classified as an "infraction" under the federal criminal code, with a maximum fine of $5,000.[597] That level of punishment falls well within the parameters courts have established as "relatively small" punishment.[598] It is reasonable to conclude that the statue contains no *mens rea* requirement.

Further, under the precedent of the Standards Committee, there is no requirement of adhering strictly to general criminal law standards that require proof of the requisite intent to

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[590] 18 U.S.C. § 1719.

[591] *United States v. Balint*, 258 U.S. 250, 253 (1922).

[592] *Staples v. United States*, 511 U.S. 600, 605 (1994).

[593] *Id.*

[594] *Id.* at 606.

[595] *Id.* at 606.

[596] *Staples v. United States*, 511 U.S. 600, 617 n. 13 (1994)(*quoting Queen v. Tolson*, 23 Q.B. at 177 (Wills, J.)). *See also Staples*, 511 U.S. at 618 n. 15 *(citing Holdridge v. United States*, 282 F.2d 302, 310 (8th Cir. 1960)).

[597] 18 U.S.C. § 3571.

[598] *See, e.g., United States v. Unser*, 165 F.3d 755, 763-64 (10th Cir. 1999) (maximum penalty of $5,000 fine, or imprisonment for not more than six months, or both fell within "relatively small" standard); *United States v. Ayo-Gonzalez*, 536 F.2d 652, 661 (5th Cir. 1976) (maximum penalty of $100,000 fine, or imprisonment for not more than one year, or both not so great as to indicate Congress must have intended some *mens rea* requirement).

establish a violation in the non-criminal disciplinary context.[599] "Members are expected to adhere to standards of conduct far more demanding than the bare minimum standards established by our criminal laws."[600]

b. Respondent permitted use of his frank for unofficial business, in violation of the franking statute.

As previously discussed regarding Count IV, the record is clear that the frank was used for unofficial purposes. A violation of the criminal franking statute, which would merely constitute a infraction, does not require any finding of Respondent's intent regarding use of the frank. The misuse of Respondent's frank is a violation of the franking statute, 18 U.S.C. § 1719.

VI. Conduct in Violation of the House Office Building Commission Regulations

a. Relevant Legal Standard

The House Office Building Commission is comprised of the Speaker of the House and two representatives appointed by the Speaker.[601] The Commission issues regulations on the use and occupancy of rooms and space in the House office buildings.[602] Those regulations provide that the "soliciting of alms and contributions . . . in any of the areas covered by these regulations is prohibited."[603]

b. Respondent solicited on House property, in violation of the House Office Building Commission Regulations

The solicitation packages were prepared on and sent from property of the House of Representatives. The list of potential donors was prepared by fellows at the direction of Dalley. Dalley reviewed the list of potential donors, and drafted the initial solicitation letters. Dalley testified that he supervised three different people working on this project, in addition to work performed by Capel and Berger in New York. Respondent personally signed each of the letters.

Respondent knew that the work on the solicitation letters was occurring on House property. He directed the staff to do this work. By doing so, he violated the House Office Building Commission's Rules and Regulations.

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[599] *See* Comm. on Standards of Official Conduct, *Manual of Offenses and Procedures Korean Influence Investigation*, pursuant to H. Res. 252, 95th Cong., 1st Sess. (June 1977) at 35; Comm. on Standards of Official Conduct, *In the Matter of Representative Fortney "Pete" Stark*, H. Rep. 111-409, 111th Cong., 2d Sess. (January 29, 2010) at 10.

[600] *Id.*

[601] 2 U.S.C. § 2001.

[602] *Id.*

[603] The House Office Building Commission's Rules and Regulations Governing the House Office Buildings, House Garages and the Capitol Power Plant (February 1999) at ¶ 4.

VII. Conduct in Violation of Purpose Law and Members Handbook

a. Relevant Legal Standard

The proper use of government funds was a concern of the Founders, who provided in the Constitution that "No money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law."[604] The Purpose Law provides that "[a]ppropriations shall be applied only to the objects for which the appropriations were made except as otherwise provided by law."[605]

The use of appropriated funds by Members and committees of the House is governed by chapter 3 of title 2 of the United States Code. Section 57(a)(1) of that title provides that:

> the Committee on House [Administration] of the House of Representatives may, by order of the Committee, fix and adjust the amounts, terms, and conditions of, and other matters relating to, allowances of the House of Representatives within the following categories:
>
> (1) For Members of the House of Representatives, the Member's Representational Allowance, including all aspects of official mail within the jurisdiction of the Committee under section 59e of this title.
>
> (2) For committees . . . allowances for official mail . . . stationary, and telephone and telegraph and other communications.

The Committee on House Administration sets forth the regulations governing the use of the Member's Representational Allowance ("MRA") in the Member's Congressional Handbook ("Member's Handbook"). The Member's Handbook provides that "[o]nly expenses the primary purpose of which are official and representational and which are incurred in accordance with the Handbook are reimbursable."[606]

The Standards Committee has previously exercised jurisdiction over Members for their misuse of appropriated funds. In one matter, a Member was reprimanded by the House related to the use of official House resources by his former law office.[607] In another matter, violations of

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[604] U.S. Constitution, Article I, section 9 clause 7.
[605] 31 U.S.C. §1301.
[606] Member's Handbook at p. 6.
[607] Comm. on Standards of Official Conduct, *In the Matter of Representative Austin J. Murphy*, H. Rep. 100-485, 100th Cong., 1st Sess. (Dec. 16, 1987).

§ 1301 and related regulations were charged by an investigative subcommittee in a Statement of Alleged Violation where a Member used official resources for personal benefit.[608] In another matter, the Standards Committee publicly released a letter it sent to a Member for misuse of an office fax machine and official letterhead to send out a press release critical of a prospective campaign opponent.[609]

b. Respondent improperly used official House resources, in violation of the Purpose Law and Regulations of the Committee on House Administration as published in the Member's Handbook.

As previously discussed, the Franking Regulations make clear that solicitations, even for charitable organizations, are not official business. As such, no House resources may be used, even for otherwise-permissible solicitations.

Respondent regularly used official House resources to support fundraising efforts for the Rangel Center. Those resources included: staff time; House telephones, computers, printers, and fax machines; stationary and other office supplies; and franking expenses.

Respondent's conduct violated the Purpose Law (31 U.S.C. § 1301) and the Members' Congressional Handbook.

VIII. Conduct in Violation of Letterhead Rule

a. Relevant Legal Standard

The House has addressed the use of congressional stationary for unofficial purposes in House Rule XXIII. The Rule provides that a Member "may not authorize or otherwise allow an individual, group, or organization not under the direction and control of the House to use the words "Congress of the United States," "House of Representatives," or "Official Business," or any combination of words thereof, on any letterhead or envelope.[610]

The Standards Committee has interpreted that Rule as prohibiting the use by Members of the words "Congress of the United States," "House of Representatives" or "Official Business" on any solicitation.[611] The purpose of the rule is to avoid the appearance that the project is endorsed by the government.[612]

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[608] Comm. on Standards of Official Conduct, *In the Matter of Representative Barbara-Rose Collins*, H. Rep. 104-876, 104th Cong., 2d Sess. (Jan. 2, 1997) at 85-86.
[609] Comm. on Standards of Official Conduct, *Summary of Activities, One Hundred Fourth Congress*, H. Rep. 104-886, 104th Cong., 2d Sess. 22 (1997).
[610] House Rule XXIII, cl. 11.
[611] 1995 Solicitation Pink Sheet.
[612] *See, e.g.*, 1990 Solicitation Pink Sheet, 1995 Solicitation Pink Sheet; 1997 Solicitation Pink Sheet.

The Standards Committee has previously cited a Member for misuse of congressional letterhead where the Member's office used that letterhead to send out letters promoting a cruise for senior citizens.[613] In another matter, an investigative subcommittee charged a Member with improper solicitation for soliciting contributions to sponsor a gala reception.[614] The subcommittee found that the solicitation violated the rules on three grounds, including the fact that it was made on congressional letterhead.[615]

b. Respondent improperly used congressional letterhead, in violation of the Letterhead Rule

As previously discussed, Respondent wrote letters regarding the Rangel Center, including solicitations, using letterhead bearing the words "Congress of the United States" and "House of Representatives." Letterhead was used on numerous occasions throughout 2005, 2006, and 2007.

Respondent's use of congressional letterhead for communications related to the Rangel Center violated clause 11 of House Rule XXIII.

IX. Conduct in Violation of Ethics in Government Act and House Rule XXVI

Every year, every Member of Congress and thousands of other government employees are required to file Financial Disclosure statements pursuant to the Ethics in Government Act ("EIGA").[616] Respondent has admitted that he did not give his Financial Disclosure Statements the appropriate attention.[617] He signed off on Financial Disclosure statements that contained numerous mistakes and omissions.

a. Relevant Legal Standard

As the Bipartisan Task Force on Ethics noted, the principal objectives of financial disclosure are "to inform the public about the financial interests of government officials in order to deter potential conflicts of interest and to increase public confidence in the integrity of government officials."[618] Those objectives cannot be met unless government officials provide complete and accurate information. As the Standards Committee has previously stated, "the

[613] *Gingrich* Report (1990) at Attachment D.
[614] *Collins* Report.
[615] *Id.* at 37.
[616] Title I, Ethics in Government Act of 1978 (5 U.S.C. app. 101-11).
[617] In his speech on the House floor on August 10, 2010, Respondent stated "Now when it comes to the negligence of the disclosures and the tax issues, there is absolutely no excuse that's there."
[618] Bipartisan Task Force Report.

timely filing of complete and accurate Financial Disclosure Statements is essential to the political process and is fundamental to the House ethics system."[619]

Title I of the EIGA sets forth the requirements for financial disclosure by government officials. The provisions of title I of the EIGA also constitute a Rule of the House.[620] Section 102 of the EIGA requires that each report "shall include a full and complete statement" with respect to several categories, including income, honoraria, income-producing assets, gifts, reimbursements for travel, interests in certain property, liabilities, transactions, and reportable positions.[621]

In a prior matter, a Member was reprimanded for omissions on his Financial Disclosure Statements.[622] The Member failed to report ownership of two stocks on his annual disclosure statement.[623] The Standards Committee noted that "[i]n neither instance does it appear that the failure to report was motivated by an effort to conceal the financial holding from the Members of the House or the public. But the Committee believes that the failure to report as required by Rule XLIV is deserving of a reprimand."[624]

In another matter, errors in a Member's Financial Disclosure Statements were brought to light in various media accounts following the Member's selection as a Vice Presidential running mate.[625] After a complaint was filed and an investigation initiated, the Member filed amendments to her Financial Disclosure Statements. The Committee found that most of the errors were technical violations, and did not take further action in light of the amendments.[626]

The Standards Committee subsequently issued guidance regarding the filing of amendments to Financial Disclosure Statements.[627] While the Committee recognized the need to amend Financial Disclosure Statements, it has adopted a policy of recognizing amendments to Financial Disclosure Statements only where there is a "need to clarify an earlier filing or to

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[619] Comm. on Standards of Official Conduct, *In the Matter of Representative Sam Graves*, H.R. 111-320, 111th Cong., 1st Sess. (Oct. 29, 2009), at 15.

[620] House Rule XXVI, par. 2.

[621] EIGA at § 102.

[622] Comm. on Standards of Official Conduct, *In the Matter of Representative Robert L. F. Sikes*, H. Rep. 94-1364, 94th Cong., 2d Sess. (July 23, 1976).

[623] *Id.* at 5.

[624] *Id.* at 5.

[625] Comm. on Standards of Official Conduct, *In the Matter of Representative Geraldine A. Ferraro*, H. Rep. 98-1169, 98th Cong., 2d Sess. (Dec. 4, 1984).

[626] *Ferraro* Report at 29. The Committee also did not take action on the Member's failure to disclose her husband's financial interests because an exemption claimed by the Member did have some ambiguity, which was clarified through the Committee's report.

[627] "Policy Regarding Amendments to Financial Disclosure Statements" (Apr. 23, 1986), reprinted in the *2008 House Ethics Manual*.

disclose information not known (or inadvertently omitted) at the time the original Financial Disclosure Statement was submitted."[628]

The Committee has an established policy governing the acceptance of amendments:

> [T]he Committee [has] a two-pronged test for determining whether an amendment is considered to be filed with a presumption of good faith: First, whether it is submitted within the appropriate amendment period (close-of-year); and second, a "circumstance" test addressing why the amendment is justified. In this latter regard, filers will be expected to submit with the amendment a brief statement on why the earlier FD is being revised. Thus, amendments meeting the two-pronged test will be accorded a rebuttable presumption of good faith and [the] Committee will have the burden to overcome such a presumption. Conversely, any amendment not satisfying both of the above-stated criteria will not be accorded the rebuttable presumption of good faith. In such a case, the burden will be on the filer to establish such a presumption.[629]

Therefore, "so long as a filer wishes to amend within the appropriate period of prescribed 'timeliness' and such amendments are not submitted as a result of, or in connection with, action by [the] Committee that may have the effect of discrediting the quality of the initial filing(s), then such amendments will be deemed to be presumptively good faith revisions to the filings."[630] In addition, an amendment is not considered timely if the submission is clearly intended to "paper over" an earlier mis/non filing or there is not a showing that the amendment was occasioned by either the prior unavailability of information or an inadvertent omission.[631] Appropriate amendments which are timely submitted are given a presumption of good faith, while those amendments falling outside the scope of timely amendments receive no such presumption.[632]

Following the issuance of that guidance, the Committee issued a letter of reproval to a Member for conduct including his failure to report liabilities to his campaign and liabilities to financial institutions.[633] That Member had borrowed funds from his campaign on eight occasions

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[628] *Id.* at 378.
[629] *Id.* at 379.
[630] *Id.*
[631] *Id.*
[632] *Id.*
[633] Comm. on Standards of Official Conduct, *In the Matter of Representative Charles G. Rose III*, H. Rep. 100-526, 100th Cong., 2d Sess. (Mar. 23, 1988).

between 1978 and 1985, none of which were reported on the Financial Disclosure Statements.[634] That Member also failed to report six liabilities to financial institutions.[635] There was no indication that the liabilities to the financial institutions were problematic; rather, the mere non-disclosure was the issue.[636] The Committee noted that the Member had filed amendments, but those amendments were not timely under the Committee's 1986 Pink Sheet, and did not prevent the Member from being sanctioned.[637]

b. Respondent failed to fully and accurately report numerous items on his financial disclosure forms, in violation of the Ethics in Government Act and House Rule XXVI.

It is undisputed that Respondent's Financial Disclosure Statements for the years 1998 through 2007 contain numerous errors and omissions. Respondent's filings did not "include a full and complete statement" as required by the EIGA. Accordingly, Respondent has violated § 102 of the EIGA and House Rule XXVI.

Respondent's violations of the EIGA are not the result of an isolated mistake. He made numerous errors and omissions over many years. And these mistakes were a substantial portion of his reportable items.

There is no dispute that Respondent signed the forms and is responsible for their contents. The Financial Disclosure Statements require the filer to certify that the Financial Disclosure is true, correct, and complete. The responsibility falls to the filer, not on others that might assist them. It is undisputed that Respondent's Financial Disclosure Statements were not a "full and complete statement" as required by the Ethics in Government Act.

X. Conduct in Violation of Code of Ethics for Government Service, Clause 5

a. Relevant Legal Standard

As previously discussed regarding Count II, the House Rules and other standards governing Members' conduct prohibit a Member from using, or appearing to use, his official position for personal benefit.[638]

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[634] *Rose* Report at 25.
[635] *Id.*.
[636] *See, e.g., Rose* Report at 20-22.
[637] *Rose* Report at 22.
[638] House Rule XXIII, clauses 2 and 3; Code of Ethics for Government Service, clause 5; *see also Sikes*, at 3; 2008 *House Ethics Manual*, at 187 ("One of the purposes of the rules and standards [of conduct relevant to use of a Member's office for personal benefit] is to preclude conflict of interest issues.").

b. Respondent's conduct related to the non-conforming use of a resident apartment for a campaign office created the appearance of impropriety in violation of the Code of Ethics for Government Service.

The evidence in the record makes clear that Respondent accepted a favor or benefit in the form of leasing a residential, rent-stabilized apartment for his campaign office in violation of the specific terms of his lease, New York City Zoning regulations, the New York City building code and the certificate of occupancy for Lenox Terrace. Respondent's acceptance of this favor from his landlord occurred "under circumstances which might be construed by reasonable persons as influencing the performance of his governmental duties" because Olnick owns several properties in Respondent's congressional district, is landlord to thousands of constituents in Respondent's congressional district and has met with Respondent and Respondent's staff regarding Olnick's interests as a property owner in the District and as landlord to Respondent's constituents.

Respondent accepted a favor or benefit from his landlord because he was allowed to use apartment 10U in the 40 West 135th Street building as his campaign office despite the explicit terms in his lease stating, "[y]ou shall use the Apartment for living purposes only." Respondent's landlord also allowed Respondent to use his apartment in violation of New York City Zoning regulations. As previously noted, Lenox Terrace is zoned in a C-1 commercial overlay district.[639] In a C-1 commercial overlay district, in any portion of a building occupied on one or more of its upper stories by residential uses, no non-residential uses shall be located above the first story ceiling.[640] The term "residential use" refers to "any use listed in Use Group 1 (single-family detached residences) or Use Group 2 (all other types of residential development).[641] By contrast, a commercial use includes "convenience retail or service establishments" and "offices, business, professional or governmental" operations.

At no time was the lease for apartment 10U modified to allow Respondent to use the unit for non-residential purposes. Respondent has never denied using apartment 10U exclusively as a campaign office; this fact was confirmed by his campaign's Executive Director, Walter Swett. Disbursement records for both Rangel for Congress and National Leadership PAC indicate that Respondent's campaign committee paid for the rent for apartment 10U throughout his tenancy in the unit. Likewise, Swett routinely sent out campaign emails listing the address for the campaign as apartment 10U.

Respondent's use of apartment 10U as a campaign office constituted a favor because he was granted a concession allowing his non-conforming use. The term "favor" means "a special privilege or right granted or conceded."[642] Under the lease terms for apartment 10U,[643] the New

[639] Exhibit 532.
[640] Exhibit 533.
[641] New York City Department of City Planning Glossary available at http://www.nyc.gov/html/dcp/html/zone/glossary.shtml (last visited November 4, 2010).
[642] Merriam-Webster, http://www.merriam-webster.com/dictionary/favor (last visited Nov. 2, 2010).

York City building code[644] and the certificate of occupancy for Lenox Terrace,[645] apartment 10U should have been used as a personal residence. It was not. Respondent admits using apartment 10U for commercial purposes, exclusively as a campaign office.[646] By doing so, Respondent's conduct ran afoul of the New York City building code, New York City zoning regulations, the certificate of occupancy for the 40 West 135th Street building and the express terms of his lease. His use of apartment 10U was open and notorious; Respondent paid the rent for apartment 10U using campaign and PAC checks and made no attempts to conceal his non-conforming use. Respondent was repeatedly allowed to renew the lease for apartment 10U despite consistently violating the terms of the lease and operating his apartment in a manner that placed Olnick that violated New York City laws and regulations. Olnick's tolerance of Respondent's nonconforming use was, at a minimum, a favor to him, if not an outright benefit, given the unit's rent stabilized status.

Respondent accepted a favor from his landlord "under circumstances which might be construed by reasonable persons as influencing the performance of his governmental duties." While Respondent operated his campaign office in violation of the terms of his lease and contrary to zoning regulations, Respondent and his staff also met with Olnick management in their official capacities. Respondent's District Director, James Capel, met with Lenox Terrace's General Manager Darryl Rankin on behalf of constituents in Respondent's congressional district who were planning to strike arising out of Olnick's primary residency policy.[647] Capel indicated that Rankin and Olnick aggressively pursued evictions and other policies.[648] Although there is no evidence that Rankin or Capel actually discussed Respondent's use of apartment 10U during their communications, Capel noted that primary residency was the issue where management seemed to want to "take advantage of every situation they could take advantage of. And they looked over and they scrutinized the rent rolls and tried to see what they could do to generate more revenues."[649] This fact is particularly troubling given that at the same time that Capel met with Rankin, Respondent was using his residential apartment 10U as a campaign office. During this period, there is no evidence that Olnick took any steps to pursue evicting Respondent from apartment 10U.

In addition to intervening in tenant issues, Respondent also met with representatives from Olnick to discuss a redevelopment project they proposed in Harlem. Both Respondent and Rubler acknowledged that Olnick representatives met with Respondent and his staff to discuss a proposed redevelopment of the Lenox Terrace buildings. Rubler noted that Respondent "was one of a variety of community leaders that we met with to basically gauge opinion and build support

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[643] Exhibit 508.
[644] *See* NYC Code § 28-118.3.2; NYC Code § 28-118.3.2; NYC Code § 28-212.1.
[645] Exhibit 507.
[646] Rangel. Tr. at 187-189.
[647] Capel Tr. (7/30/09) at 50-51.
[648] *Id.* at 64.
[649] *Id.* at 65.

for the proposal."[650] Olnick met with Respondent in his congressional district to secure "support" and "acceptance" of the redevelopment from Respondent. Reasonable persons could conclude that the concession Respondent received from Olnick related to the use of apartment 10U influenced his interactions with Olnick in his official capacity. Respondent's District Director testified that he assisted constituents on issues related to primary residency at the same time Respondent failed to comply with the residency provision of his own lease. Furthermore, reasonable persons could conclude that being allowed to maintain a campaign office in his apartment building not in conformity with the terms of his lease and applicable New York City zoning regulations might make Respondent more likely to take a meeting with representatives from Olnick, or to provide support for their proposed redevelopment project. Reasonable persons could also conclude that arranging this type of meeting is exactly the reason why Olnick management sought to keep and maintain a list of prominent political figures that lived in their buildings and offered specific instructions regarding taking legal or collection actions against such tenants.

Clause 5 of the Code of Ethics for Government Service does not require that a Member is actually influenced by any favor he or she received, but only that reasonable persons could look at the circumstances and might construe them as influencing the Member's official conduct. There is no evidence that Respondent was aware he received any favor from Olnick or that Olnick used its favor to influence Respondent, but neither element is necessary to prove a violation of clause 5 of the Code of Ethics for Government Service. Members of Congress must adhere to the "highest" moral and ethical principles, including avoiding even an "appearance of impropriety."[651] Olnick owns substantial property interests in Manhattan and is landlord to thousands of Respondent's constituents in Harlem. Because of those facts, Respondent should have taken care to comply with the terms of his lease and relevant zoning regulations in order to avoid the appearance of impropriety he created by interacting with Olnick in his official capacity. His failure to do so violated clause 5 of the Code of Ethics for Government Service.

XI. Conduct in Violation of Code of Ethics for Government Service, Clause 2

a. Relevant Legal Standard

When a government employee evades any provision of federal law, that conduct also violates the Code of Ethics for Government Service[652] which provides that:

> [A]ny person in Government service should:
>
> . . .

[650] Rubler Tr. (7/14/09) at 5-6.
[651] *See e.g.*, 2008 *House Ethics Manual* at 24, 71, 213 and 309.
[652] 72 Stat., Part 2, B12, H.Con. R. 175, 85th Cong. (1958).

> 2. Uphold the Constitution, laws, and legal regulations of the United States and all governments therein and never be a party to their evasion.

The term "evade" in this context means "to avoid the performance of: dodge, circumvent."[653] A Member that violates any federal or state laws or regulations may be found to have violated standards of conduct applicable to Members pursuant to the Code of Ethics for Government Service.

b. Respondent, by his conduct, evaded applicable laws and regulations, including his failure to report and pay taxes on income related to his villa at Punta Cana

As previously discussed, Respondent's conduct violated several laws and regulations, including the Solicitation and Gift Ban (5 U.S.C. § 7353), postal service laws (39 U.S.C. § 3215), the Franking Commission regulations, the criminal franking statute (18 U.S.C. § 1719), the Purpose Law (31 U.S.C. § 1301), Members Congressional Handbook, and the Ethics in Government Act.

Respondent also violated the tax laws by failing, for 17 years, to report, and pay tax on, rental income on a beach villa in Punta Cana, Dominican Republic.[654] Respondent has admitted that he should have reported the rental income on his taxes.[655]

Section 1 of Title 26 of the United States Code ("Internal Revenue Code") imposes a tax on the income of individuals. The Internal Revenue Code defines "gross income" to include "all income from whatever source derived. . . ."[656] The Supreme Court has repeatedly noted the "sweeping scope" of § 61 and its predecessors.[657] The Internal Revenue Code specifically identifies certain categories of items that constitute income including, *inter alia*, gross income derived from business, gains derived from dealings in property, rents, and income from discharge of indebtedness.

It is undisputed that Respondent's rental income from his investment at Punta Cana was taxable income. Respondent's failure to report the income he earned, and to pay the taxes owed on that income, violated the Internal Revenue Code.

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[653] Merriam-Webster, http://www.merriam-webster.com/dictionary/evade (last visited Nov. 2, 2010).

[654] *See* Exhibit 66; *See also* Table 2 – Punta Cana Rental Income.

[655] In a letter to Speaker Pelosi, Respondent wrote "the fact is that any reductions to the mortgage actually counted as income and should have been reported as such." Exhibit 540.

[656] 26 U.S.C. § 61.

[657] *Commissioner v. Schleier*, 515 U.S. 323, 327-28 (1995) and cases cited therein.

XII. Conduct in Violation of Code of Conduct: Letter and Spirit Of House Rules

a. Relevant Legal Standard

Members are obligated to follow not only the letter of the rules, but also the spirit of the rules.[658] A Member that violates a House Rule also violates the Code of Conduct.[659] The violation of the Code of Conduct occurs even where a House Rule is not technically violated, if the subject conduct violated the spirit of the Rule.

b. Respondent's conduct violated the letter and spirit of the House rules

Respondent's conduct violated clause 4 (Gift Rule) and clause 11 (Letterhead Rule) of House Rule XXIII and House Rule XVI. Because Respondent has violated these House Rules, he has also violated clause 2 for failure to adhere to the letter and the spirit of the rules.

XIII. Conduct Reflecting Discreditably on House

a. Relevant Legal Standard

Clause 1 of House Rule XXIII states that a Member "shall behave at all times in a manner that shall reflect creditably on the House." On numerous occasions, Members have been charged with violations of House Rule XXIII, clause 1.[660]

One of those matters involved a Member's failure to seek professional advice.[661] That matter involved the Member's use of a tax-exempt organization for purposes that potentially were not proper under the Internal Revenue Code.[662] The Committee did not make a determination regarding the actual propriety of the use of the organization, instead referring that issue to the Internal Revenue Service.[663] The Committee did find that, regardless of whether the use of the organization was permissible, the Member should have should have sought legal advice and his failure to do so did not reflect creditably on the House.[664]

In another matter, a Member was found to have violated clause 1 based upon a memorandum prepared by the Member, which contained misleading statements, and which he should have anticipated might be communicated to law enforcement officials, giving the

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[658] House Rule XXIII, cl. 2.
[659] *Id.*
[660] *See* Section V(C)(11), *supra*.
[661] Comm. on Standards of Official Conduct, *In the Matter of Representative Newt Gingrich*, H. Rep. 105-1, 105th Cong., 1st Sess. (January 17, 1997), at 58-63.
[662] *Gingrich* Report (1997) at 92.
[663] *Id.*
[664] *Id.*

appearance of an attempt to use political influence to affect the administration of an individual's probation.[665]

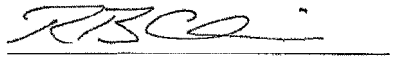
Another Member was found to have violated clause 1 for a pattern and practice of converting campaign funds for personal use.[666] The Committee did not address the intent of the Member. The Committee did note that clause 1 is "the most comprehensive provide of the Code of Official Conduct and was adopted in part so that the Committee, in applying the Code, would retain 'the ability to deal with any given act or accumulation of acts which, in the judgment of the committee, are severe enough to reflect discredit on the Congress.'"[667]

b. Respondent's conduct did not reflect creditably on the House

Respondent's actions and accumulation of actions reflected poorly on the institution of the House and, thereby, did not reflect creditably on the House, in violation of Clause 1 of the Code of Conduct.

WHEREFORE, Committee counsel respectfully requests that, for the above reasons, an Order be made herein granting each of the demands in the annexed Notice of Motion, and for such other relief as may be just and proper.

Dated: Washington, District of Columbia
November 8, 2010



R. Blake Chisam
Chief Counsel
Committee on Standards of Official Conduct
Room HT-2, The Capitol
Washington, D.C. 20515

[665] Comm. on Standards of Official Conduct, *In the Matter of Representative Barney Frank*, H. Rep. 101-610, 101st Cong., 2d Sess. (July 20, 1990).
[666] *In the Matter of Representative Earl F. Hilliard*, H. Rep. 107-130, 107th Cong., 1st Sess. (July 10, 2001).
[667] *Id.* (citing to the *House Ethics Manual* and *In the Matter of Representative Bud Shuster*, H. Rep. 106-979, 106th Cong., 2d Sess. (October 16, 2000) at 9).

APPENDIX B

ZOE LOFGREN, CALIFORNIA
CHAIR
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G. K. BUTTERFIELD, NORTH CAROLINA
KATHY CASTOR, FLORIDA
PETER WELCH, VERMONT
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COUNSEL TO THE CHAIR
R. BLAKE CHISAM,
CHIEF COUNSEL AND STAFF DIRECTOR

ONE HUNDRED ELEVENTH CONGRESS

U.S. House of Representatives

COMMITTEE ON STANDARDS OF
OFFICIAL CONDUCT

Washington, DC 20515–6328

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RANKING REPUBLICAN MEMBER
K. MICHAEL CONAWAY, TEXAS
CHARLES W. DENT, PENNSYLVANIA
GREGG HARPER, MISSISSIPPI
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July 22, 2010

CONFIDENTIAL
Representative Zoe Lofgren, Chair
Representative Jo Bonner, Ranking Republican Member
Committee on Standards of Official Conduct
The Capitol, Room HT-2
Washington, D.C. 20515

Re: Investigation of Representative Charles B. Rangel

Dear Chair Lofgren and Ranking Republican Member Bonner:

Pursuant to Standards Committee Rule 22(g), the Investigative Subcommittee concerning Representative Charles B. Rangel (Respondent) hereby transmits the following:

1. Statement of Alleged Violation adopted June 17, 2010;
2. Respondent's Motion for Bill of Particulars;
3. Investigative Subcommittee Order on Motion for Bill of Particulars and Memorandum in Support of Order;
4. Respondent's Motion to Dismiss;
5. Investigative Subcommittee Order on Motion to Dismiss and Memorandum in Support of Order; and
6. Investigative Subcommittee Report regarding Matters within its Jurisdiction on Issues Not Referenced in Statement of Alleged Violation.

On July 21, 2010, Respondent submitted "Respondent's Answer and Defenses to Statement of Alleged Violation." The submission was not signed under oath, as required by Committee Rule 22(a)(1), and, therefore, does not constitute an "answer" within the Committee rules. Respondent was provided an opportunity to cure the defective filing, but he did not. Pursuant to Committee

Rule 22(a)(1), Respondent's failure to file an answer shall be considered a denial of each count contained in the Statement of Alleged Violation.

The Investigative Subcommittee's Inquiry

The Statement of Alleged Violation was adopted following an extensive 21-month investigation. The Investigative Subcommittee and its staff took the following actions as part of its inquiry: (1) conducted 49 formal interviews of 41 witnesses, as well as additional informal interviews; (2) issued over 160 formal document requests and subpoenas, in addition to informal requests for documents; (3) reviewed over 28,000 pages of documents and testimony; and (4) held more than 60 investigative subcommittee meetings.

The Investigative Subcommittee was empaneled on September 24, 2008. The scope of the inquiry was whether Respondent had violated the Code of Official Conduct, or of a law, rule, regulation, or other standard of conduct applicable to the performance of official duties or the discharge of official responsibilities with respect to the following:

1. Using official resources to transmit letters in 2005, 2006, and 2007 to potential donors to the Charles B. Rangel Center for Public Service at the City College of New York;

2. Apartment units leased by Representative Charles B. Rangel in the Lenox Terrace apartment complex located in Harlem, New York;

3. Representative Charles B. Rangel's financing of his ownership interests in a guest unit within the Punta Cana Yacht Club located in Punta Cana in the Dominican Republic and his compliance with financial disclosure requirements regarding that property; and

4. Representative Charles B. Rangel's compliance with Committee on House Administration Rules regarding storage of a vehicle in a House garage, lot, or designated parking area.

The scope of the Investigative Subcommittee's inquiry was expanded on two occasions. On December 9, 2008, the scope was expanded to include:

> [C]ontributions of money or pledges of contributions of money to the Charles B. Rangel Center for Public Service at the City College of New York from any person or entity associated with Nabors Industries.

On October 8, 2009, the scope of the Investigative Subcommittee's inquiry was expanded to include "all Financial Disclosure Statements and all amendments filed in calendar year 2009 by or on behalf of Representative Charles B. Rangel pursuant to Title I of the Ethics in Government Act."

Delays in Investigative Subcommittee Inquiry

The inquiry was delayed in several instances by the actions of Respondent and his counsel, particularly with respect to the production of documents and a forensic accountant's report.

For example, on October 8, 2008, the Investigative Subcommittee made its first written request to Respondent for documents. The request had a return date of October 28, 2008. While Respondent did begin producing documents on that date, all of the responsive documents were not produced until December 11, 2008. In another instance, the Investigative Subcommittee requested documents from Respondent on April 15, 2010. Respondent, through his counsel, refused repeated requests for those documents, necessitating the need for service of a subpoena on Respondent. After the subpoena was served, the documents were produced on June 10, 2010. In several other instances, Respondent produced documents after the return date set by the Investigative Subcommittee. Even when the delay was not significant, Respondent's failure to abide by the deadlines set by the Investigative Subcommittee was troubling.

Another event that caused a significant delay in the investigation was Respondent's assertion of certain privileges, set forth in a 40-page privilege log. The log was not produced until May 29, 2009. After the Investigative Subcommittee and Respondent reached an agreement that permitted subcommittee counsel to review certain documents, subcommittee counsel reviewed certain documents for which privileges had been asserted. Upon review of the documents, counsel determined that many of the claims of privilege were, in fact, not valid. A review of those materials led to the interview of additional witnesses, which could have been completed earlier but for Respondent's improper claims of privilege as to those documents.

The inquiry was further delayed pending receipt of a forensic accountant's report, which Respondent volunteered to produce. In September 2008, Respondent publicly announced his intention to hire a forensic accountant. Respondent issued a press release on November 13, 2008, stating that he had retained a forensic accounting firm to review his Financial Disclosure Statements and tax returns. The accountant's report was not sent to the Investigative Subcommittee until May 12, 2009, six months after Respondent's public statements. Respondent submitted amended Financial Disclosure Statements for the calendar years 1998 through 2007, as well as his original Financial Disclosure Statement for calendar year 2008, on August 12,

2009, almost one year after Respondent publicly pledged to correct his Financial Disclosure Statements.

Summary of Results of Investigative Subcommittee Inquiry

Upon completion of the witness interviews, staff prepared a comprehensive memorandum for the Investigative Subcommittee in accordance with Standards Committee Rule 19(e). The Investigative Subcommittee met numerous times, often for several hours, to discuss the evidentiary record and potential charges. Ultimately, on May 25, 2010, the Investigative Subcommittee reached an agreement regarding a Statement of Alleged Violation that it intended to adopt. The proposed Statement of Alleged Violation, as well as the items required to be produced pursuant to Standards Committee Rules 25 and 26(c), was provided to Respondent on May 27, 2010, following execution by Respondent and his counsel of a non-disclosure agreement.

On June 17, 2010, the Investigative Subcommittee voted to adopt the Statement of Alleged Violation. The Statement of Alleged Violation is comprised of 13 counts. The charges in the Statement of Alleged Violation relate to four general subject matters: (1) solicitations and donations to the Rangel Center for Public Service at the City College of New York (CCNY); (2) errors and omissions on Respondent's Financial Disclosure Statements; (3) use of a rent-stabilized residential apartment by Respondent's campaign committees; and (4) failure to report and pay taxes on rental income on Respondent's Punta Cana beach villa.

With respect to the solicitations and donations to the Rangel Center, the Investigative Subcommittee determined that Respondent made both written and verbal solicitations on behalf of the Rangel Center for Public Service at CCNY. He did not follow Standards Committee guidance regarding solicitations on behalf of § 501(c)(3) organizations. Accordingly, the Investigative Subcommittee found a substantial reason to believe that Respondent's solicitations, as well as the resulting gifts, violated the Solicitation and Gift Ban (5 U.S.C. § 7353).

Respondent solicited both foundations and corporations. Both foundations and the solicited corporations had business and interests before the House during the period at issue. In some instances, lobbyists on behalf of the corporations were communicating with Respondent's staff about both legislative issues and potential donations to the Rangel Center. The resulting donations create an appearance of impropriety. The Investigative Subcommittee found a substantial reason to believe that Respondent's conduct "might be construed by reasonable persons as influencing the performance of his governmental duties" in violation of clause 5 of the Code of Ethics for Government Service.

The donors solicited by Respondent contributed in excess of $8 million to the Rangel Center. Although the contributions were made by the donors to the CCNY, the contributions benefited Respondent. The plans for the Rangel Center include a "well-furnished office for Congressman Rangel" and an archivist/librarian to organize and maintain Respondent's congressional papers. The donations provided benefits to Respondent, even if done indirectly, and Respondent knowingly accepted those benefits. The Investigative Subcommittee found a substantial reason to believe that Respondent's conduct violated the House gift rule (House Rule XXIII, clause 4).

Respondent's congressional staff prepared numerous solicitation letters, on congressional letterhead, which were mailed using Respondent's frank. In addition, Respondent's staff worked with CCNY on an ongoing basis, assisting with earmarks and meetings between Respondent and potential donors. The work was done on House property, using official resources such as staff time, official House telephones and email accounts, and other office equipment and supplies. The Investigative Subcommittee found a substantial reason to believe that the following were violated: (a) Postal Service Laws (39 U.S.C. §§ 3210, 3215) and Franking Commission Regulations; (b) the Franking Statute (18 U.S.C. § 1719); (c) House Office Building Commission's Regulations; (d) the Purpose Law (31 U.S.C. § 1301) and the Member's Congressional Handbook; and (e) the Letterhead Rule (House Rule XXIII, clause 11).

With respect to the errors and omissions on Respondent's Financial Disclosure Statements, the Amended Financial Disclosure Statements filed by Respondent in August 2009 demonstrate the numerous errors and omissions contained in his original Financial Disclosure Statements for calendar years 1998 through 2007. In addition, Respondent's Financial Disclosure Statement for calendar year 2008 failed to include a reportable position. Respondent chose not to file an amendment to that Financial Disclosure Statement, despite being informed of the omission by Standards Committee staff. The Investigative Subcommittee found a substantial reason to believe that Respondent's errors and omissions in his Financial Disclosure Statements for calendar years 1998 through 2008 violated the Ethics in Government Act (5 U.S.C. app. §§ 101-105) and House Rule XXVI.

With respect to the issues surrounding Respondent's use of rent-stabilized apartments at Lenox Terrace, the Investigative Subcommittee found substantial reason to believe that Respondent's non-conforming use of a rent-stabilized apartment for his campaign committees violated clause 5 of the Code of Ethics for Government Service. By accepting the rent-stabilized apartment for a non-conforming use, Respondent received a favor or benefit from the Olnick Organization, an entity with which Respondent had interactions in his official capacity.

The Investigative Subcommittee found, and Respondent has acknowledged, that he failed to report rental income from his Punta Cana villa on his Federal income tax returns for many years. The Internal Revenue Code requires the reporting of "all income from whatever source

derived . . . ." Respondent's failure to report, and pay tax on, the Punta Cana rental income violated the tax laws. Clause 2 of the Code of Ethics for Government Service provides that individuals in Government service should "uphold the Constitution, laws, and legal regulations of the United States and all governments therein and never be a party to their evasion." In addition to violating the tax laws, Respondent's conduct also violated the Solicitation and Gift Ban (5 U.S.C. § 7353), the Postal Service Laws (39 U.S.C. §§ 3210, 3215), the Franking Statute (18 U.S.C. § 1719), the Franking Commission Regulations, the House Office Building Commission Regulations, the Purpose Law (31 U.S.C. § 1301), the Member's Congressional Handbook, and the Ethics in Government Act (5 U.S.C. app. §§ 101-105). As such, the Investigative Subcommittee found substantial reason to believe that Respondent's conduct also violated clause 2 of the Code of Ethics for Government Service.

Clause 2 of the Code of Conduct requires Members to comply with the letter and the spirit of the House Rules. Respondent's conduct violated clause 4 of House Rule XXIII (gift rule), clause 11 of House Rule XXIII (letterhead rule), and House Rule XXVI (financial disclosures). The Investigative Subcommittee found substantial reason to believe that Respondent's conduct violated clause 2 of the Code of Conduct.

Respondent's pattern of indifference or disregard for the laws, rules and regulations of the United States and the House of Representatives is a serious violation. The Investigative Subcommittee found substantial reason to believe that Respondent's actions and accumulation of actions did not reflect creditably on the House in violation of clause 1 of the Code of Conduct.

Matters within the Jurisdiction of the Investigative Subcommittee but not addressed in the Statement of Alleged Violation

The Investigative Subcommittee's inquiry covered the six subject matters identified by the Standards Committee in its jurisdictional statements of September 24, 2008; December 9, 2008; and October 8, 2009. The Statement of Alleged Violation makes reference to five of those subject matters.

The remaining subject matter, Respondent's compliance with Committee on House Administration (House Administration) Rules regarding storage of a vehicle in House parking facilities, is not referenced in the Statement of Alleged Violation. The Investigative Subcommittee has adopted the enclosed report which addresses this subject matter. The report recommends to the Standards Committee that no further action be taken against Respondent regarding his compliance with House Administration Rules regarding storage of a vehicle. The report further recommends that the Standards Committee consider making a recommendation to House Administration that House Administration examine its rules regarding parking and enforcement of those rules.

Public Statements by Respondent

The Investigative Subcommittee was troubled by a number of public statements that Respondent made during the course of its investigation. Most notably, he made misleading statements on two recent occasions. Speaking to the press on June 6, 2010, Respondent stated:

> I would normally believe, being a former federal prosecutor, that if the allegations involve my conduct as a member of the House and there is a committee with Republicans and Democrats there, then that [sic] you refer to the committee. And if they're so confused after 18 months that they can't find anything, then that is a story.

That statement was made nine days after the Investigative Subcommittee had transmitted a copy of the proposed Statement of Alleged Violation to Respondent.

Respondent made another misleading statement on "Good Day New York" on July 7, 2010, when he stated, "There is no accusation against me doing something wrong except by the press." This statement was made 21 days after the Statement of Alleged Violation had been adopted by the Investigative Subcommittee and transmitted to Respondent.

Due to the Standards Committee rules regarding confidentiality, the Investigative Subcommittee was unable to publicly respond to these inaccurate comments.

Conclusion

The Statement of Alleged Violation is the result of the Investigative Subcommittee's 21-month investigation. The Investigative Subcommittee has spent a significant amount of time closely examining the factual and legal issues involved in this matter, and believes that it has made appropriate and justified determinations regarding those issues.

Sincerely,

Gene Green
Chairman

Jo Bonner
Ranking Republican Member

Enclosures: Statement of Alleged Violation adopted June 17, 2010
Respondent's Motion for Bill of Particulars
Investigative Subcommittee Order on Motion for Bill of Particulars and Memorandum in Support of Order
Respondent's Motion to Dismiss
Investigative Subcommittee Order on Motion to Dismiss and Memorandum in Support of Order
Investigative Subcommittee Report regarding Matters within its Jurisdiction on Issues Not Referenced in Statement of Alleged Violation

HOUSE OF REPRESENTATIVES

111TH CONGRESS

2d Session

COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT

INVESTIGATIVE SUBCOMMITTEE

IN THE MATTER OF REPRESENTATIVE CHARLES B. RANGEL

STATEMENT OF ALLEGED VIOLATION

Adopted June 17, 2010

STATEMENT OF ALLEGED VIOLATION

For each of the following alleged violations, the Investigative Subcommittee has determined there is "substantial reason to believe that a violation of the Code of Official Conduct, or of a law, rule, regulation, or other standard of conduct applicable to the performance of official duties or the discharge of official responsibilities by a Member, officer, or employee of the House of Representatives has occurred." *See* Rule 19(f), Rules of the Committee on Standards of Official Conduct.

At all times relevant to this Statement of Alleged Violation, Representative Charles B. Rangel ("Respondent") was a Member of the United States House of Representatives representing the Fifteenth District of New York. During the 109th Congress, Respondent was Ranking Minority Member of the House Committee on Ways and Means ("Ways and Means Committee") and was a member of the Joint Committee on Taxation. During the 110th and 111th Congresses, Respondent was Chairman of the Ways and Means Committee. During the first session of the 110th and 111th Congresses, Respondent was Chairman of the Joint Committee on Taxation. During the second session of the 110th and 111th Congresses, Respondent was Vice-Chairman of the Joint Committee on Taxation.

STATEMENT OF FACTS IN SUPPORT OF ALLEGED VIOLATIONS

I. SOLICITATION OF POTENTIAL DONORS TO THE CHARLES B. RANGEL CENTER FOR PUBLIC SERVICE AT THE CITY COLLEGE OF NEW YORK.

1. In 2004, Respondent became interested in creating an institution, similar to the Clinton Presidential Center, in part, to preserve Respondent's legacy.

2. Respondent discussed the idea with Gregory Williams, the president of City College of New York ("CCNY").

3. In December 2004, Respondent wrote Williams and stated:

> As I informed you, during our participation in the dedication of the William J. Clinton Presidential Center several colleagues encouraged me to begin to think of the creation of an institution that would preserve the work of my public life and make it available to the public, especially to students and scholars. I am receptive to this idea if it permits me to locate these aspects of my legacy in my home Harlem community at the City College. The creation of a Rangel Center at the City College of New York would permit me to continue my career long interest in the promotion of education and the motivation of young people towards careers in public service.

4. In the December 2004 letter to Williams, Respondent further stated that "I will be exploring with my Congressional colleagues how best to move this idea through the appropriations process . . . ."

5. In early 2005, fundraising efforts for the Charles B. Rangel Center at the City College of New York ("Rangel Center") began.

6. CCNY prepared a 20-page glossy brochure for use in fundraising for the Rangel Center. That brochure includes a description of the Rangel Center Building. It described the Rangel Center Building as including a library to house and archive the Respondent's congressional papers, an archivist/librarian, and a "well-furnished office for Congressman Rangel."

7. The brochure estimated the cost of the archivist/librarian to be $46,550 per year.

8. In April 2005, a memo to Respondent was prepared by Jim Capel, his district director, regarding the proposal prepared by CCNY for the Rangel Center. The memo states,

"[i]n the proposal, the last page is a request for $30 million or $6 million each year for the next five years. Do we need more to advance to our Appropriations process?"

9. In May 2005, Respondent sent letters to members of the Subcommittee on Transportation, Treasury and Housing and Urban Development requesting earmarks in the amount of $6 million "to help establish a Center for Public Service at the City College of New York in my Congressional District."

10. An earmark in the amount of approximately $445,000 to the City College of New York for the planning, design, and construction of the Center for Public Service was included in the Transportation, Treasury, and Housing and Urban Development, the Judiciary, District of Columbia, and Independent Agencies Appropriations Act, 2006, Pub. L. No. 109-115, 119 Stat. 2397 (2006). That bill became law on November 30, 2005.

11. In May 2005, Respondent sent letters regarding the Rangel Center to individuals who served as co-trustees of the Ann S. Kheel Charitable Trust ("Kheel Trust"). Each of the letters states, "Since we are developing a relationship between the Ann Kheel Charitable Trust and the City College and City University of New York, I want to make you aware, through this letter and the enclosed proposal, of the Rangel Center for Public Service as another promising development at the City College."

12. The May 2005 Kheel Trust letters were sent on congressional letterhead, bearing the words "Congress of the United States" and "House of Representatives."

13. Respondent has been a trustee of the Ann S. Kheel Charitable Trust since its inception in February 2004. The Kheel Trust is a private foundation as defined by 26 U.S.C. § 509(a).

14. The trustee agreement for Kheel Trust contains a prohibition against self-dealing. Respondent signed that agreement.

15. Members of Respondent's congressional staff worked with CCNY officials to obtain the grant from the Kheel Trust for the Ann S. Kheel Scholars Program.

16. Respondent knew his staff was working with CCNY officials to obtain funds from the Kheel Trust.

17. Respondent was present at all meetings of the Kheel Trust Board of Trustees from its first meeting on February 19, 2004, through June 3, 2005.

18. At various board meetings, the trustees of the Kheel Trust discussed the CCNY proposal and the Rangel Center.

19. The Kheel Trust Board of Trustees approved a grant to CCNY to fund the Ann S. Kheel Scholars on June 3, 2005.

20. The Ann S. Kheel Scholars Program has consistently been listed under the "Charles B. Rangel Center for Public Service" section of the CCNY web site.

21. CCNY officials consistently represented to Respondent and his staff, potential donors, and the public the donation from the Kheel Trust as a grant to the Rangel Center in its fundraising for the Rangel Center.

22. In 2005, Respondent directed that his congressional staff develop a list of potential donors to the Rangel Center. This work was done on property of the House of Representatives, on official House time, and with the use of official House resources.

23. In June 2005, Respondent's staff prepared a form letter (the "June 2005 letter") to be sent under Respondent's signature to potential donors to the Rangel Center. This work was

done on property of the House of Representatives, on official House time, and with the use of official House resources.

24. In the June 2005 letter Respondent stated, "I will be exploring with my Congressional colleagues how best to move this idea through the appropriations process and am optimistic about securing funds for the planning phase of the creation of the Center. I request your advice and assistance concerning how to approach the donor community, particularly private and corporate foundations interested in education. I look forward to entering into a dialogue with you on the funding of the Rangel Center concept in the coming weeks and months."

25. The June 2005 letter was sent to over 100 foundations, including, *inter alia*, the Verizon Foundation, New York Life Foundation, The Starr Foundation, Ford Foundation, AT&T Foundation, Citi Foundation, JPMorgan Chase Foundation, Merrill Lynch & Co. Foundation, MetLife Foundation, Bristol-Meyers Squibb Foundation, Goldman Sachs Foundation, and Wachovia Foundation.

26. The June 2005 letter was sent to several foundations that serve as the philanthropic arm of related corporations, including, *inter alia*, Verizon Communications, Inc. and New York Life Insurance Company.

27. Respondent personally signed each of the June 2005 letters.

28. The June 2005 letters were written on congressional letterhead bearing the words "United States Congress" and "House of Representatives." Enclosed with each of the letters was a 20-page glossy brochure that requested a gift of "$30,000,000 or $6,000,000/year for five years."

29. The June 2005 letters, with enclosed brochures, were sent through the United States mail using Respondent's frank.

30. In June 2005, the Ford Foundation expressed to Respondent its interest in learning more about the Rangel Center.

31. In August 2005, Respondent sent a letter to Roger Bahnik of The Bahnik Foundation regarding the Rangel Center (the "Bahnik letter").

32. The Bahnik letter was written on congressional letterhead. The letter stated, "[w]hile I am disappointed that you will not be able to fund the Charles B. Rangel Center for Public Service, I thank you for consideration of my request."

33. In August 2005, Respondent sent another round of letters (the "August 2005 letters") to foundations, which were similar in content to the June 2005 letters.

34. The August 2005 letters were written on congressional letterhead bearing the words "United States Congress" and "House of Representatives." Enclosed with each letter was a "presentation."

35. In September 2005, Respondent sent a letter to Senator Robert Byrd seeking an earmark in the amount of $3 million in order "to launch the Charles B. Rangel Center at the City College of the City University of New York."

36. In September 2005, Respondent sent a letter to Donald Trump (the "Trump letter") requesting a meeting to discuss the Rangel Center.

37. The Trump letter was sent on congressional letterhead bearing a substantial portion of the Great Seal of the United States and the words "House of Representatives."

38. In September 2005, Respondent sent letters to the Carnegie Corporation of New York and the Andrew W. Mellon Foundation (the "September 2005 letters"), which were similar in content to the June 2005 letters.

39. The September 2005 letters were sent on congressional letterhead bearing a substantial portion of the Great Seal of the United States and the words "House of Representatives." Enclosed with each letter was a "presentation."

40. In September 2005, a meeting occurred between Respondent, representatives of the Ford Foundation, and CCNY officials.

41. In December 2005, CCNY submitted a proposal to the Ford Foundation (the "December 2005 Ford Foundation proposal") regarding a potential contribution to the Rangel Center.

42. The December 2005 Ford Foundation proposal stated that "City College anticipates that the United States Congress will support this initiative with a seed grant."

43. The Ford Foundation tentatively scheduled a luncheon for other foundations regarding the Rangel Center for May 5, 2006.

44. In March 2006, the Ford Foundation postponed the luncheon due to concerns about the lack of funding, including congressional appropriations, for the Rangel Center.

45. In March 2006, Respondent sent letters to members of the Subcommittee on Transportation, Treasury and Housing and Urban Development requesting earmarks in the amount of $6 million "to help establish a Center for Public Service at the City College of New York in my Congressional District."

46. In March 2006, Respondent sent letters to members of the Subcommittee on Labor, Health and Human Services, and Education requesting earmarks in the amount of $6

million to "help establish a Center for Public Service at the City College of New York in my Congressional District."

47. In March 2006, Respondent sent letters to members of the Senate seeking support for an earmark in the amount of $6 million "to help establish a Center for Public Service at the City College of New York in my Congressional District."

48. In early 2006, Respondent suggested that CCNY officials contact AIG regarding the Rangel Center.

49. In July 2006, Respondent sent another letter (the "July 2006 letters") to approximately 47 of the foundations he previously solicited, including the Ford Foundation.

50. The July 2006 letters were prepared by Respondent's staff. This work was done on property of the House of Representatives, on official House time, and with the use of official House resources.

51. The July 2006 letters were also written on congressional letterhead bearing the words "United States Congress" and "House of Representatives." The letters informed potential donors that Respondent had secured earmarks of $3.6 million for the Charles B. Rangel Center project.

52. Respondent personally signed each of the July 2006 letters.

53. As of July 2006, Respondent had secured, in 2005, one earmark in the amount of $445,000 for the Rangel Center.

54. As of July 2006, earmarks in the total amount of $3,150,000 for the Rangel Center for fiscal year 2007 were included in appropriations bills coming out of the respective subcommittees of jurisdiction. Those earmarks were ultimately not included in any appropriations bills for fiscal year 2007.

55. In September 2006, Respondent met with CCNY officials and Eugene Isenberg, CEO of Nabors Industries, in the offices of Robert Morgenthau, then District Attorney for New York County to discuss the Rangel Center.

56. In November 2006, Isenberg pledged a personal contribution of $500,000 to the Rangel Center. Nabors Industries pledged a matching contribution of $500,000.

57. In February 2007, Respondent met with Eugene Isenberg and Kenneth Kies, a federally-registered lobbyist, at the Carlyle Hotel in New York. They discussed the issue of retroactivity of tax provisions related to inverted companies.

58. In June 2007, Respondent met with Eugene Isenberg at Respondent's office to again discuss the issue of retroactivity of tax provisions related to inverted companies.

59. In October 2006, CCNY officials represented to the Ford Foundation that they had obtained "the seed money the Congressman promised."

60. In October 2006, the Ford Foundation encouraged CCNY to submit a proposal for $1 million to fund academic programs at the Rangel Center.

61. In January 2007, the Ford Foundation hosted a luncheon (the "Ford Foundation lunch") to bring together Respondent and CCNY officials with other potential donors to the Rangel Center.

62. Respondent made a presentation about the Rangel Center at the Ford Foundation lunch.

63. Other potential donors that attended the Ford Foundation lunch included, *inter alia*, Verizon Foundation, New York Community Trust, and Rockefeller Brothers Fund.

64. In March 2007, the Ford Foundation approved a grant in the amount of $1,000,000 for the Rangel Center.

65. In March 2007, Respondent sent letters to Donald Trump, David Rockefeller, and Maurice "Hank" Greenberg (the "March 2007 letters") requesting meetings to discuss the Rangel Center.

66. The March 2007 letters were sent on congressional letterhead bearing a substantial portion of the Great Seal of the United States and the words "House of Representatives."

67. Respondent personally signed each of the March 2007 letters.

68. The March 2007 letters were prepared by Respondent's staff. This work was done on property of the House of Representatives, on official House time, and with the use of official House resources.

69. In March 2007, Respondent wrote a letter to the Chair of the Subcommittee on Labor, Health and Human Services, and Education requesting earmarks in the amount of $6 million "to help establish a Center for Public Service at the City College of New York in my Congressional District."

70. In March 2007, Respondent wrote a letter to the Chair of the Subcommittee on Transportation and Housing and Urban Development requesting an earmark "to make structural and rehabilitation work a [sic] Center for Public Service."

71. An earmark in the amount of approximately $245,000 for the City College of New York for "the planning, design, construction, renovation and buildout of a multipurpose educational facility" was included in the Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2008, Pub. L. No. 110-161, 121 Stat 1844 (2007).

72. An earmark in the amount of approximately $1.915 million for "the City College of New York for the Charles B. Rangel Center to prepare individuals for careers in public

service, which may include establishing an endowment, library, and archives for such center" was included in the Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2008, Pub. L. No. 110-161, 121 Stat. 1844 (2007).

73. In May 2007, Respondent spoke with Melvin Norris, a former House employee in Respondent's district office. Norris was then working as a New York state lobbyist for Verizon Communications, Inc. Respondent requested an update on the status of the Verizon Foundation donation to the Rangel Center.

74. In June 2007, Respondent spoke with George Nichols, a federally-registered lobbyist for New York Life Insurance Corporation, at a breakfast campaign fundraiser. Respondent requested that New York Life consider contributing to the Rangel Center.

75. On June 4, 2007, Respondent met with Hank Greenberg, Chairman of the Board of the Starr Foundation regarding a possible donation to the Rangel Center.

76. On June 12, 2007, the Starr Foundation approved a grant to the Rangel Center in the amount of $5,000,000.

77. In August 2007, Verizon Foundation approved a grant to the Rangel Center in the amount of $500,000. Norris informed Respondent that the grant had been approved.

78. In April 2008, Respondent met with CCNY officials and AIG officials (the "AIG meeting"), including Edward "Ned" Cloonan, a federally-registered lobbyist, regarding the Rangel Center. The briefing memo prepared for Respondent by CCNY stated the objective of the meeting was to "close $10M gift for the Rangel Center to create AIG Hall."

79. At the AIG meeting, a potential donation to the Rangel Center was discussed. AIG raised concerns about a potential donation, including the potential headline risk. Respondent asked AIG, at least twice, what was necessary to get this done.

80. On numerous occasions during 2005 through 2008, Respondent attended several meetings with CCNY officials and potential donors. These potential donors included Eugene Isenberg, Hank Greenberg, David Rockefeller, Donald Trump, the Ford Foundation, and AIG.

81. In addition to the contributions noted above, the following entities and individuals solicited by Respondent made pledges and contributions to the Rangel Center:

1) Rhodebeck Charitable Fund ($25,000);
2) David Rockefeller ($100,000);
3) New York Community Trust ($130,000); and
4) Rockefeller Brothers Fund ($50,000).

82. On numerous occasions during 2005 through 2008, Respondent and his staff used official House resources, including telephones, emails, and facsimile machines, to communicate with CCNY and others regarding fundraising for the Rangel Center.

83. During the relevant period, George Dalley, Jim Capel, and Dan Berger were House employees on Respondent's personal staff. Jon Sheiner was a House employee on the Ways and Means Committee staff.

84. During the relevant period, pursuant to the Internal Revenue Code of 1986, the duties of the Joint Committee on Taxation were the following: (1) to investigate the operation and effects of internal revenue taxes and the administration of such taxes; (2) to investigate measures and methods for the simplification of such taxes; (3) to make reports to the House Committee on Ways and Means and the Senate Committee on Finance (or to the House and the Senate) on the results of such investigations and studies and to make recommendations; and (4) to review any proposed refund or credit of income or estate and gift taxes or certain other taxes in excess of $2,000,000, as set forth in § 6405 of the Internal Revenue Code.

85. Pursuant to House Rule X, cl. 1(t)(8), the House Ways and Means Committee has jurisdiction over tax exempt foundations and charitable trusts.

86. Pursuant to House Rule X, cl. 1(t)(2), the House Ways and Means Committee has jurisdiction over reciprocal trade agreements.

87. Pursuant to House Rule X, cl. 1(t)(3), the House Ways and Means Committee has jurisdiction over revenue measures generally.

88. During the relevant period, issues before Congress affecting foundations included, *inter alia*, private foundation payout rules, excise tax rates on investment income, potential caps on foundation executive pay, IRA charitable rollover provisions, unrelated business income tax, and other charitable contribution and charitable governance issues.

89. During the relevant period, Nabors Industries lobbied members of the House of Representatives on tax issues, including retroactivity of corporate inversion tax treatment.

90. During the relevant period, Verizon lobbied members of the House of Representatives on numerous issues, including, *inter alia*, tax issues related to telecommunications.

91. During the relevant period, AIG lobbied members of the House of Representatives on numerous issues including, *inter alia*, subpart F of the Internal Revenue Code, treatment of income received by partners for performing investment management services, treatment of mortgage insurance premiums as interest, deferral of income on executives' domestic income, and several treaty and free trade agreement issues.

92. During the relevant period, New York Life Insurance Company lobbied members of Congress on numerous issues including, *inter alia*, international trade agreements, tax treatment of long term care insurance, tax treatment of estate assets and lifetime annuities, tax on insurance products, and executive compensation.

II. FINANCIAL DISCLOSURE STATEMENTS AND AMENDMENTS FILED IN CALENDAR YEAR 2009 BY OR ON BEHALF OF REPRESENTATIVE CHARLES B. RANGEL

93. Respondent filed an annual Financial Disclosure statement for calendar year 1998 on May 17, 1999.

94. Respondent filed an annual Financial Disclosure statement for calendar year 1999 on May 26, 2000.

95. Respondent filed an annual Financial Disclosure statement for calendar year 2000 on May 16, 2001.

96. Respondent submitted a letter, dated June 5, 2001, amending his Financial Disclosure statement for calendar year 2000.

97. Respondent filed an annual Financial Disclosure statement for calendar year 2001 on May 15, 2002.

98. Respondent filed an annual Financial Disclosure statement for calendar year 2002 on May 14, 2003.

99. Respondent filed an annual Financial Disclosure statement for calendar year 2003 on May 13, 2004.

100. Respondent filed an annual Financial Disclosure statement for calendar year 2004 on June 15, 2005. Respondent was granted an extension to file his Financial Disclosure statement for calendar year 2004 beyond the May 16, 2005 deadline, and filed within that extended deadline.

101. Respondent filed an amendment to his Financial Disclosure statement for calendar year 2004 on May 12, 2006.

102. Respondent filed an annual Financial Disclosure statement for calendar year 2005 on May 12, 2006.

103. Respondent filed an annual Financial Disclosure statement for calendar year 2006 on June 15, 2007. Respondent was granted an extension to file his Financial Disclosure statement for calendar year 2006 beyond the May 15, 2007 deadline, and filed within that extended deadline.

104. Respondent filed an amendment to his Financial Disclosure statement for the calendar year 2006 on December 26, 2007.

105. Respondent filed an annual Financial Disclosure statement for calendar year 2007 on May 14, 2008.

106. Respondent filed an annual Financial Disclosure statement for calendar year 2008 on August 12, 2009. Respondent was granted an extension to file his Financial Disclosure statement for calendar year 2008 beyond the May 15, 2009 deadline, and filed within that extended deadline.

107. Respondent's Financial Disclosure statements contained numerous errors and omissions, including failure to disclose rental and other unearned income, understating rental income and other unearned income, failure to disclose earned income, failure to disclose transactions, failure to disclose cancellation of debt income, and failure to disclose a reportable position.

108. Respondent's Financial Disclosure statements were prepared by members of his congressional staff.

109. Respondent personally signed each of his Financial Disclosure statements.

110. Respondent failed to ensure that the information reported on the Financial Disclosure Statements was accurate or complete.

111. Respondent filed amended Financial Disclosure statements for each of calendar years 1998 through 2007 on August 12, 2009.

112. Respondent personally signed each of his amended Financial Disclosure statements.

113. Respondent owned a brownstone rental unit, located at 74 West 132nd Street in New York ("Brownstone"). The Brownstone was sold in 2004.

114. Respondent disclosed ownership of the Brownstone on his original Financial Disclosure Statements for the calendar years 1998 through 2004.

115. Respondent failed to disclose his rental income from the Brownstone on his original Financial Disclosure Statements for calendar years 1998, 1999, 2000, and 2004.

116. For Respondent's original Financial Disclosure statements related to calendar years 1998 and 1999, the box for "none" under "amount of rental income" was checked. For calendar year 2000, the boxes under amount of rental income were left blank.

117. Respondent's original Financial Disclosure statements for calendar years 2001, 2002, and 2003 each listed the amount of income derived from the Brownstone rental in the range of $2,501 - $5,000.

118. Respondent's original Federal tax returns reported income from the Brownstone rental as follows:

	Brownstone - Original Tax Returns
1998	$29,852
1999	$20,449
2000	$28,938
2001	$21,416
2002	$19,603
2003	$23,036
2004	$3,406

119. Respondent purchased a rental villa at the Punta Cana Yacht Club in the Dominican Republic in March 1987. The purchase price of the Punta Cana villa was $82,750. Respondent made a down payment of $28,962.50, and financed the remaining portion of the purchase price.

120. Respondent financed the purchase through a mortgage. The mortgage was payable over 7 years at 10.5% interest.

121. Respondent reported the purchase of the Punta Cana villa on his initial Financial Disclosure statement for calendar year 1987, although he assigned an incorrect value to the property. Respondent submitted an amendment to that Financial Disclosure statement on June 10, 1988, re-categorizing the purchase.

122. Respondent issued a statement on February 2, 1989, regarding the incorrect valuation on his original Financial Disclosure statement for the Punta Cana villa, as well as the associated mortgage and distribution from his retirement account used to finance the down payment. Respondent stated that he "amended my Financial Disclosure to include these items as soon as the oversight was brought to my attention."

123. Respondent received income from a Punta Cana rental pool. The rental pool was determined by taking all revenues from the gross rentals of all the units. From that amount, deductions were made for agent commissions, Dominican Republic taxes, and a 10% maintenance fee. From that balance, 53% was paid to Punta Cana and 47% was paid to the owners in the rental pool. Each owner's share of the rental pool payments was determined on a point system, with a 3 bedroom beach villa receiving 3 points. All of the owner's points were totaled, and each owner's share of the rental pool income was based on that owner's number of points as a percentage of all points.

124. No later than February 1993, management of the Punta Cana Yacht Club informed Respondent that it was forgiving any remaining interest due on Respondent's mortgage.

125. Respondent failed to report the forgiveness of interest on his Financial Disclosure statements.

126. In January 1993, Respondent wrote to the Punta Cana Yacht Club requesting information about his unit. In that letter, he stated, "As I mentioned to you, the House Ethics Committee requires the disclosure by members of Congress of any assets and unearned income and while I enjoy a good relationship with the Committee's Chairman it certainly would be politically embarrassing if I were unable to provide an accurate accounting of my holdings."

127. Respondent did report ownership of the Punta Cana villa on his original Financial Disclosure statements for each of calendar years between 1998 through 2008.

128. Respondent failed to report any rental income from Punta Cana on his original Financial Disclosure statements for calendar years 1998, 1999, 2000, 2006, and 2007.

129. Respondent failed to report any rental income from Punta Cana on his original Federal income tax returns for calendar years between 1998 through 2006.

130. For Respondent's original Financial Disclosure statements related to calendar years 1998, 1999, 2006, and 2007, the box for "none" under amount of rental income was checked. For the year 2000, the boxes under amount of rental income were left blank.

131. In June 2001, Respondent wrote a letter to the Standards Committee amending his Financial Disclosure statement for calendar year 2000. In that letter he stated, "Thank you for calling to inform me of the omission in my recent Financial Disclosure Statement of information concerning the income derived during the year 2000 from the two properties in New York City

and the Dominican Republic jointly owned by my wife and me and the New England Mutual Life Insurance policy listed by me as assets in the report. There was no income derived by us from these assets during the year 2000 and that fact should have been noted in my Financial Disclosure Statement."

132. Respondent did report income from Punta Cana on his original Financial Disclosure statements for calendar years 2001 through 2005, but the amounts reported were incorrect.

133. Respondent reported income from Punta Cana on his original and amended Financial Disclosure statements, as well as his original and, where applicable, amended Federal income tax returns as follows:

	Original Financial Disclosure	**Original Tax Returns**	**Amended Financial Disclosure**	**Amended Tax Returns**
1998	None	Not reported	$5,001 - $15,000	N/A
1999	None	Not reported	$2,501 - $5,000	N/A
2000	None per letter amendment	Not reported	$2,501 - $5,000	N/A
2001	$5,001 - $15,000	Not reported	$2,501 - $5,000	N/A
2002	$5,001 - $15,000	Not reported	$2,501 - $5,000	N/A
2003	$5,001 - $15,000	Not reported	$1,001 - $2,500	N/A
2004	$2,501 - $5,000	Not reported	$5,001 - $15,000	$5,030
2005	$2,501 - $5,000	Not reported	$5,001 - $15,000	$6,280
2006	None	Not reported	$5,001 - $15,000	$8,467
2007	None	$7,800	$5,001 - $15,000	$7,800

134. Respondent failed to report earned income from IRA distributions on his original Financial Disclosure statements for calendar years 1998 through 2007.

135. Respondent earned income from IRA distributions in the following amounts:

Year	Source	Amount
1998	Congressional FCU IRA	$13,333
2000	Congressional FCU IRA	$6,144
2001	Congressional FCU IRA	$8,693
	Merrill Lynch IRA	$4,235
2002	Congressional FCU IRA	$4,177
2004	Congressional FCU IRA	$4,438
2005	Congressional FCU IRA	$4,486
2006	Congressional FCU IRA	$4,187
2007	Congressional FCU IRA	$5,509
2008	Congressional FCU IRA	$4,893

136. Respondent failed to disclose numerous assets and sources of unearned income on his original Financial Disclosure statements for calendar years 1998 through 2007, including, *inter alia*:

1) Respondent failed to disclose his holdings at Congressional Federal Credit Union ("CFCU") for calendar years 1998, 1999, 2000, 2004, 2005, 2006, and 2007. Respondent disclosed his holdings for the years 2001, 2002, and 2003, but estimated the value of the accounts in the range of $15,001- $50,000. The holdings at CFCU were, in fact, valued in the range of $100,001 - $250,000 for calendar years 1998 through 2006, and valued in the range of $250,001 - $500,000 for calendar year 2007. Respondent reported earnings related to the CFCU accounts on his Federal income tax returns for each of calendar years 1998 through 2007.

2) Respondent failed to report holdings of stocks in corporations in various years including, *inter alia*, Bell Atlantic, BellSouth, Niagara Mohawk Holdings, Verizon Communications, PepsiCo, and Yum! Brands. Respondent reported earnings related to certain stock transactions on his related Federal income tax returns. For example, Respondent reported a capital gain associated with the sale of stock in BellSouth

Corporation on his 1998 tax return. Respondent's amended Financial Disclosure statements reported the following valuations for the stocks listed above:

	Bell Atlantic	BellSouth	Niagara Mohawk Holdings	Verizon Comm	PepsiCo	Yum! Brands
1998	$15,001 - $50,000	None (sold in 1998)	$1,001 - $15,000	N/A	N/A	N/A
1999	$15,001 - $50,000	N/A	$1,001 - $15,000	N/A	$1,001 - $15,000	N/A
2000	N/A	N/A	$1,001 - $15,000	$15,001 - $50,000	$1,001 - $15,000	N/A
2001	N/A	N/A	$1,001 - $15,000	$1,001 - $15,000	$1,001 - $15,000	N/A
2002	N/A	N/A	N/A	N/A	$1,001 - $15,000	N/A
2003	N/A	N/A	N/A	N/A	$1,001 - $15,000	N/A
2004	N/A	N/A	N/A	N/A	$1,001 - $15,000	N/A
2005	N/A	N/A	N/A	N/A	$1,001 - $15,000	N/A
2006	N/A	N/A	N/A	N/A	$1,001 - $15,000	$1,001 - $15,000
2007	N/A	N/A	N/A	N/A	$15,001 - $50,000	$1,001 - $15,000

3) Respondent failed to report holdings of mutual funds in various years including, *inter alia*, Alliance Municipal Income Fund, Rochester Municipal Fund, ING Principal Protection Fund, and iShares Dow Jones Select Dividend Income Fund. Respondent reported earnings related to certain mutual fund holdings on his corresponding Federal income tax return. For example, Respondent reported a capital gain related to his holdings in the ING Principal Protection Fund on his 2007 tax return. Respondent's amended Financial Disclosure statements reported the following valuations for the mutual funds listed above:

	Alliance Municipal Income Fund/Alliance Bernstein (A)	Alliance Municipal Income Fund (B)	Rochester Municipal Fund	ING Principal Protection Fund	iShares Dow Jones Select Dividend Income Fund
1998	N/A	$1,001 - $15,000	$15,001 - $50,000	N/A	N/A
1999	$1,001 - $15,000	$1,001 - $15,000	$15,001 - $50,000	N/A	N/A
2000	$1,001 - $15,000	$1,001 - $15,000	$15,001 - $50,000	N/A	N/A
2001	$1,001 - $15,000	$15,001 - $50,000	$15,001 - $50,000	N/A	N/A
2002	$50,001 - $100,000	$50,001 - $100,000	$15,001 - $50,000	$50,001 - $100,000	N/A
2003	$50,001 - $100,000	$50,001 - $100,000	$15,001 - $50,000	$50,001 - $100,000	N/A
2004	$100,001 - $250,000	$50,001 - $100,000	$15,001 - $50,000	$50,001 - $100,000	$15,001 - $50,000
2005	$100,001 - $250,000	$50,001 - $100,000	$1,001 - $15,000	$50,001 - $100,000	$15,001 - $50,000
2006	$100,001 - $250,000	$50,001 - $100,000	$15,001 - $50,000	$50,001 - $100,000	None
2007	$100,001 - $250,000	$50,001 - $100,000	$15,001 - $50,000	$50,001 - $100,000	N/A

4) Respondent failed to disclose his holdings in Merrill Lynch Allianz Global Investors Fund for calendar years 2006 and 2007. The holding was purchased in 2006 with a value in the range of $250,001 - $500,000.

5) Respondent failed to disclose his ownership of vacant lots in New Jersey for calendar years 1998 through 2007. Respondent's amended Financial Disclosure statements for calendar years 1998 through 2007 reported the lots with a valuation in the range of $1,001 - $15,000.

137. Respondent failed to disclose numerous transactions on his original Financial Disclosure statements for calendar years 1998 through 2007, including, *inter alia*:

1) Respondent failed to disclose the sale of holdings in BellSouth in the amount of $6,709 in 1998. Respondent did report a capital gain in the amount of $2,738 related to that transaction on his Federal income tax return for 1998.

2) Respondent failed to disclose the purchase in 2002 of holdings in ING Principal Protection in the range of $50,001 - $100,000.

3) Respondent failed to disclose the purchase and sale during 2004 of Calvert Tax Free Reserves, Eaton Vance Insured New York Municipal Bond Fund, and Nuveen New York Quality Income Municipal Fund. Each of those transactions was valued in the range of $50,001 - $100,000.

4) Respondent failed to disclose the purchase and sale in 2006 of Merrill Lynch Institutional Tax-Exempt Fund in the range of $250,001 - $500,000.

138. In September 2008, Respondent filed amended Federal income tax returns for tax years 2004 through 2006.

139. Respondent subsequently filed a second amended Federal income tax return for 2006 and an amended Federal income tax return for 2007.

140. Amendments to Respondent's Federal income tax returns were necessary to correct errors in the original income tax returns, including failure to report the income related to Punta Cana and failure to report other items of income.

141. Respondent disclosed that he was a member of the Board of Directors of "the Kheel Foundation" or "the Ann Kheel Foundation" on his Financial Disclosure statements for calendar years 1998 through 2007.

142. Respondent did not disclose on his original Financial Disclosure Statement for calendar year 2008 that he was a trustee of the Ann S. Kheel Charitable Trust for calendar year 2008.

143. Respondent remained a trustee of the Ann S. Kheel Charitable Trust during 2008.

144. Respondent has not filed an amended Financial Disclosure Statement for calendar year 2008.

III. RENTAL OF LENOX TERRACE APARTMENT UNIT 10U FOR CAMPAIGN PURPOSES

145. The Olnick Organization ("Olnick") is a developer of residential, commercial and hotel properties in New York City.

146. The Olnick Organization's properties include the Lenox Terrace apartment complex and other properties in Respondent's congressional district and elsewhere throughout New York City.

147. The Hampton Management Company ("Hampton") is the property management company for Lenox Terrace. Hampton is an affiliate of Olnick.

148. In November 1988, Respondent signed a lease for the use of apartment 16N-P in the Lenox Terrace apartment complex.

149. In January 1997, Respondent signed a lease for the use of apartment 16M in the Lenox Terrace apartment complex.

150. Respondent signed an application for the use of apartment 10U in the Lenox Terrace apartment complex ("apartment 10U") indicating that his son, Steven Rangel, would occupy the apartment.

151. In October 1996, Respondent signed a lease for the use of apartment 10U in the Lenox Terrace apartment complex.

152. Apartment 10U was a rent stabilized apartment unit.

153. The lease for apartment 10U states, "You shall use the Apartment for living purposes only."

154. Steven Rangel never occupied apartment 10U for living purposes.

155. Respondent never occupied apartment 10U for living purposes.

156. Respondent's principal campaign committee, Rangel for Congress, and leadership PAC, National Leadership PAC, occupied apartment 10U as an office from November 1996 until October 2008.

157. Respondent did not enter into any written sublease with Rangel for Congress or National Leadership PAC.

158. No individual occupied apartment 10U for living purposes from November 1996 through October 2008.

159. There is no evidence that the management of Lenox Terrace permitted the use of any other rent stabilized apartments in the complex for solely non-residential purposes above the first floor.

160. In 2004, Olnick increased the number of legal actions it brought against tenants on primary residency, including those who improperly sublet their rent stabilized apartments.

161. Olnick brought no action against Respondent for the non-residential use of apartment 10U.

162. Respondent was included by Olnick on a "special handling list" on which he was identified as a Member of Congress.

163. Respondent's congressional office received complaints from constituents living in Lenox Terrace regarding legal actions brought against them by Olnick based on primary residency.

164. Respondent's staff, including his District Director, James Capel, worked with Lenox Terrace management to resolve constituent issues related to primary residency.

165. Lenox Terrace tenants discussed going on strike by refusing to pay rent until certain conditions were satisfied.

166. Capel met with a Lenox Terrace official regarding the potential rent strike.

167. In 2005, Respondent and his staff met with Olnick executives at least once regarding proposed construction projects for Lenox Terrace and other Olnick developments.

ALLEGED VIOLATIONS

Count I: Conduct in Violation of the Solicitation and Gift Ban

168. Paragraphs 1 through 167 are reincorporated as if set forth fully herein.

169. Section 7353 of Title 5 of the United States Code provides that no Member "shall solicit or accept anything of value from a person – (1) seeking official action from . . . the individual's employing entity; or (2) whose interests may be substantially affected by the performance or nonperformance of the individual's official duties."

170. The Committee on Standards of Official Conduct ("Standards Committee"), acting pursuant to 5 U.S.C. § 7353(b), has determined that certain solicitations for organizations qualified under § 170(c) of the Internal Revenue Code are permissible. Those solicitations are subject to the following restrictions:

1) No official resources may be used. Such official resources include House staff while working on official time, telephones, office equipment and supplies, and official mailing lists. *See* House Comm. on Standards of Official Conduct, "Solicitation Under the Ethics Reform Act of 1989," (Oct. 9, 1990) (reprinted in Comm. on Standards, *House Ethics Manual*, 102d Cong., 2d Sess. 1992, at 64-65) ("1990 Solicitation Pink Sheet"). *See also* House Comm. on Standards of Official Conduct, "Revised Solicitation Guidelines," (Apr. 4, 1995) (reprinted in H.R. Rep. No. 104-886, at 28-32 (1997) ("1995 Solicitation Pink Sheet"); House Comm. on Standards of Official Conduct, "Rules Governing (1) Solicitation by Members, Officers and Employees in General, and (2) Political Fundraising Activity in House Offices." (Apr. 25, 1997) ("1997 Solicitation Pink Sheet").

2) No official endorsement by the House of Representatives may be implied. Thus, no letterhead or envelope used in a solicitation may bear the words "Congress of the United States," "House of Representatives," or "Official Business," nor may the letterhead or envelope bear the Seal of the United States, the Congress, or the House. It is permissible for Members to identify themselves as a Member of Congress, Congressman, Congresswoman, or by using their leadership title. *See* 1990 Solicitation Pink Sheet; 1995 Solicitation Pink Sheet; House Rule XXIII, cl. 11; 18 U.S.C. § 713.

3) No direct benefits may result to the soliciting official. *See* 1990 Solicitation Pink Sheet.

4) Regulations of the House Office Building Commission generally prohibit soliciting and other nongovernmental activities in facilities of the House of Representatives. *See* 1995 Solicitation Pink Sheet; The House Office Building

Commission's Rules and Regulations Governing the House Office Buildings, House Garages and the Capitol Power Plant (February 1999) at ¶ 4.

5) No suggestion may be made either that donors will be assisting the individual in the performance of official duties or that they will receive favorable consideration from the individual in official matters. *See, e.g.*, Code of Ethics for Government Service (72 Stat., Part 2, B12 (1958), H.Con. R. 175, 85th Cong.) at ¶ 5.

6) Under a provision of the House gift rule, registered lobbyists or agents of foreign principals may not be targeted in any solicitation. Thus, no employee of a lobbying firm should be targeted in a solicitation. However, it is permissible to solicit a company, association, or other entity that employs registered lobbyists to lobby only for itself or its members, provided that the solicitation is directed to an officer or employee who is not a lobbyist. *See* House Rule XV, cl. 5(e)(i); 1997 Solicitation Pink Sheet.

171. Solicitations for charitable donations do not constitute official House business.

172. Between 2005 and 2008 Respondent engaged in a pattern of soliciting for donations and other things of value on behalf of the Charles B. Rangel Center for Public Policy at the City College of New York.

173. The entities solicited were seeking official action from the House and/or had interests that might be substantially affected by the performance or nonperformance of Respondent's official duties.

174. Respondent's conduct was not within the parameters established by the Standards Committee for solicitations on behalf of charitable organizations.

175. Respondent's conduct violated 5 U.S.C. § 7353.

Count II: Conduct in Violation of Code of Ethics for Government Service, cl. 5

176. Paragraphs 1 through 175 are reincorporated as if set forth fully herein.

177. The Code of Ethics for Government Service (72 Stat., Part 2, B12, H. Res. 175, 85th Cong.) (adopted July 11, 1958) provides:

> [A]ny person in Government service should:
>
> . . .
>
> 5. Never discriminate unfairly by the dispensing of special favors or privileges to anyone, whether for remuneration or not; and never accept for himself or his family, favors or benefits under circumstances which might be construed by reasonable persons as influencing the performance of his governmental duties.

178. As set forth above, Respondent made numerous requests for support of the Rangel Center. Those requests were directed at entities and individuals whose interests could be affected by the legislative and oversight activities of Respondent in his capacity as a Member of Congress.

179. Contributions were made by persons with interests before the Ways and Means Committee.

180. Contributions to the Rangel Center were made at the request of and as a favor to Respondent.

181. Contributions to the Rangel Center provided a benefit to Respondent.

182. Reasonable persons could construe contributions to the Rangel Center by persons with interests before the Ways and Means Committee as influencing the performance of Respondent's governmental duties.

183. Respondent's conduct violated clause 5 of the Code of Ethics for Government Service.

Count III: Conduct in Violation of the House Gift Rule

184. Paragraphs 1 through 183 are reincorporated as if set forth fully herein.

185. Clause 4 of House Rule XXIII states that a Member "may not accepts gifts except as provided by clause 5 of rule XXV."

186. House Rule XXV, cl. 5(a)(1)(A)(i) provides that a Member may not knowingly accept a gift except as provided in that clause.

187. House Rule XXV, cl. 5(a)(2) defines "gift" as "gratuity, favor, discount, entertainment, hospitality, loan, forbearance, or other item having monetary value."

188. Respondent solicited contributions for the Rangel Center and the Rangel Center did receive contributions.

189. Respondent has a personal interest in the Rangel Center in that it will provide him with an office, and allows him to perpetuate his legacy, including the storage and archiving of his papers.

190. Contributions to the Rangel Center constituted indirect gifts attributable to Respondent.

191. These indirect gifts do not fall within any exception of clause 5 of House Rule XXV.

192. Respondent's conduct violated clause 4 of House Rule XXIII.

Count IV: Conduct in Violation of Postal Service Laws and Franking Commission Regulations

193. Paragraphs 1 through 192 are reincorporated as if set forth fully herein.

194. Section 3215 of Title 39 provides that "a person entitled to use a Frank may not . . . permit its use by any person for the benefit or use of any committee, organization, or

association." The Regulations on the Use of the Congressional Frank by Members of the House of Representatives ("Franking Regulations") interpret this statute as prohibiting "the use of the Frank for the benefit of charitable organizations, political action committees, trade organizations, and so forth." Franking Regulations at 3.

195. Section 3210 of Title 39 provides for the use of franked mail "in order to assist and expedite the conduct of the official business, activities, and duties of the Congress of the United States."

196. The Franking Regulations provide specific examples of nonfrankable items, including the following: "No solicitations for funds for or on behalf of *any* organization or person" and "[n]o material that advertises, promotes, endorses or otherwise provides a benefit to an individual or organization not entitled to use the frank. This would include commercial, charitable, non-profit and political organizations as well as Congressional Member Organizations (CMO) and advisory boards or task forces." Franking Regulations at 7-8. The Regulations further provide that "[t]he solicitation of funds for or on behalf of a private organization, for example, for the purpose of supporting any charitable, education, religious or political program is not frankable." Franking Regulations at 12.

197. Respondent used his frank for the benefit of a charitable organization and for solicitation of funds.

198. Respondent's conduct violated 39 U.S.C. §§ 3210, 3215 and the Franking Commission Regulations.

Count V: Conduct in Violation of Franking Statute

199. Paragraphs 1 through 198 are reincorporated as if set forth fully herein.

200. Section 1719 of Title 18 provides that "whoever makes use of any official envelope, label, or indorsement [sic] authorized by law, to avoid the payment of postage or registry fee on his private letter, packet, package, or other matter in the mail, shall be fined under this title."

201. Respondent used his frank on materials that were not official business.

202. Respondent's conduct violated 18 U.S.C. § 1719.

Count VI: Conduct in Violation of House Office Building Commission's Regulations

203. Paragraphs 1 through 202 are reincorporated as if set forth fully herein.

204. The House Office Building Commission's Rules and Regulations Governing the House Office Buildings, House Garages and the Capitol Power Plant (Feb. 1999) at ¶ 4 provide that the "soliciting of alms and contributions . . . in any of the areas covered by these regulations is prohibited."

205. Respondent and his staff drafted solicitation letters and performed other work related to solicitations on property of the House of Representatives.

206. Respondent's conduct violated clause 4 of the House Office Building Commission's Regulations.

Count VII: Conduct in Violation of the Purpose Law and the Member's Congressional Handbook

207. Paragraphs 1 through 206 are reincorporated as if set forth fully herein.

208. Section 1301 of Title 31 of the United States Code provides that "[a]ppropriations shall be applied only to the objects for which the appropriations were made except as otherwise provided by law."

209. Section 57(a)(1) of Title 2 of the United States Code provides:

> [T]he Committee on House [Administration] of the House of Representatives may, by order of the Committee, fix and adjust the amounts, terms, and conditions of, and other matters relating to, allowances of the House of Representatives within the following categories:
>
> (1) For Members of the House of Representatives, the Member's Representational Allowance, including all aspects of official mail within the jurisdiction of the Committee under section 59e of this title.

210. The Committee on House Administration sets forth the regulations governing the use of the Member's Representational Allowance ("MRA") in the Member's Congressional Handbook ("Member's Handbook").

211. The Member's Handbook provides that "[o]nly expenses the primary purpose of which are official and representational and which are incurred in accordance with the Handbook are reimbursable." Member's Handbook at p. 6.

212. Respondent used House employees and other official House resources for work related to the Rangel Center.

213. Those resources included the use of staff time, use of telephones and House email accounts, other office equipment and supplies, and use of the frank. Those expenses were paid using the MRA.

214. The use of the MRA to pay expenses related to the Rangel Center was in violation of the Member's Handbook and 31 U.S.C. § 1301.

Count VIII: Conduct in Violation of the Letterhead Rule

215. Paragraphs 1 through 214 are reincorporated as if set forth fully herein.

216. Clause 11 of House Rule XXIII provides that a Member "may not authorize or otherwise allow an individual, group, or organization not under the direction and control of the

House to use the words "Congress of the United States," "House of Representatives," or "Official Business," or any combination of words thereof, on any letterhead or envelope.

217. Pursuant to regulations adopted pursuant to 5 U.S.C. § 7353(b), the Standards Committee has interpreted House Rule XXIII, cl. 11, as prohibiting the use by Members of the words "Congress of the United States," "House of Representatives" or "Official Business" on any solicitation. 1995 Solicitation Pink Sheet.

218. As set forth above, Respondent sent letters related to the Rangel Center on letterhead bearing the words "Congress of the United States" and "House of Representatives."

219. Respondent's conduct violated House Rule XXIII, cl. 11.

Count IX: Conduct in Violation of the Ethics in Government Act and House Rule XXVI

220. Paragraphs 1 through 219 are reincorporated as if set forth fully herein.

221. The Ethics in Government Act ("EIGA"), incorporated into the House Rules by House Rule XXVI, requires all Members to file Financial Disclosure statements. EIGA at § 101.

222. Section 102 of the EIGA requires a "full and complete statement" with respect to several categories, including generally: income and honoraria; unearned income including dividends, rents, interest and capital gains; gifts; property used in trade or business or held for investment or the production of income; liabilities; transactions; and reportable positions.

223. In 1986, the Standards Committee established a policy on the filing of amendments to Financial Disclosure statements:

> [T]he Committee [has] a two-pronged test for determining whether an amendment is considered to be filed with a presumption of good faith: First, whether it is submitted within the appropriate amendment period (close-of-year); and second, a "circumstance" test addressing why the amendment is justified. In this latter regard, filers will be expected to submit with the amendment a brief statement on why the earlier FD is being revised. Thus, amendments meeting the two-pronged test will be accorded a rebuttable presumption of good faith and [the] Committee

> will have the burden to overcome such a presumption. Conversely, any amendment not satisfying both of the above-stated criteria will not be accorded the rebuttable presumption of good faith. In such a case, the burden will be on the filer to establish such a presumption.

"Policy Regarding Amendments to Financial Disclosure Statements" (Apr. 23, 1986), reprinted in the *1992 House Ethics Manual* and *2008 House Ethics Manual*. The guidance further provides:

> [S]o long as a filer wishes to amend within the appropriate period of prescribed 'timeliness' and such amendments are not submitted as a result of, or in connection with, action by [the] Committee that may have the effect of discrediting the quality of the initial filing(s), then such amendments will be deemed to be presumptively good faith revisions to the filings.

224. Respondent engaged in a pattern of submitting Financial Disclosure statements that were incomplete and inaccurate.

225. Respondent failed to report numerous items required to be reported under the EIGA during the period 1998 through 2008.

226. Respondent erroneously reported numerous items required to be reported under the EIGA during the period 1998 through 2007.

227. Respondent's amendments to his Financial Disclosure statements for calendar years 1998 through 2007 were not filed within the close of the year in which the original filings were proffered. Respondent's amendments were not timely.

228. Respondent's amendments to his Financial Disclosure statements for calendar years 1998 through 2007 were filed after the Committee on Standards of Official Conduct ("Standards Committee") had established an investigative subcommittee with respect to Respondent's conduct, including his reporting of the Punta Cana villa on his Financial Disclosure Statements.

229. The pending action by the Standards Committee has the effect of discrediting the quality of his initial filings.

230. Respondent's amendments to his Financial Disclosure statements for calendar years 1998 through 2007 are not entitled to a rebuttable presumption of good faith.

231. Respondent has failed to establish that the amendments to his Financial Disclosure statements for calendar years 1998 through 2007 were submitted in good faith.

232. Respondent's conduct violated the EIGA.

Count X: Conduct in Violation of Code of Ethics for Government Service, cl. 5

233. Paragraphs 1 through 232 are reincorporated as if set forth fully herein.

234. The Code of Ethics for Government Service (72 Stat., Part 2, B12, H. Res. 175, 85th Cong.) (adopted July 11, 1958) provides:

> [A]ny person in Government service should:
>
> . . .
>
> 5. Never discriminate unfairly by the dispensing of special favors or privileges to anyone, whether for remuneration or not; and never accept for himself or his family, favors or benefits under circumstances which might be construed by reasonable persons as influencing the performance of his governmental duties.

235. Respondent received a rent stabilized residential apartment at Lenox Terrace, which he used as office space for Rangel for Congress and National Leadership PAC.

236. The terms of the lease for the rent stabilized apartment provided that the apartment was to be used "for living purposes only."

. 237. Respondent's acceptance of that rent-stabilized apartment for nonresidential purposes in contravention of the terms of the lease was a favor or benefit to him.

238. Respondent had interactions with Olnick in his official capacity.

239. Respondent accepted the favor or benefit from Olnick under circumstances that might be construed by reasonable persons as influencing the performance of his governmental duties.

240. Respondent's conduct violated clause 5 of the Code of Ethics for Government Service.

Count XI: Conduct in Violation of Code of Ethics for Government Service, cl. 2.

241. Paragraphs 1 through 240 are reincorporated as if set forth fully herein.

242. The Code of Ethics for Government Service (72 Stat., Part 2, B12 (1958), H.Con. R. 175, 85th Cong.) provides that:

> any person in Government service should:
> . . .
> 2. Uphold the Constitution, laws, and legal regulations of the United States and all governments therein and never be a party to their evasion.

243. Section 1 of Title 26 of the United States Code ("Internal Revenue Code") imposes a tax on the income of individuals.

244. Section 61 of the Internal Revenue Code defines "gross income" to include "all income from whatever source derived. . . ."

245. Respondent's failure to report rental income related to Punta Cana on his Federal income tax returns violated the Internal Revenue Code.

246. As set forth above, Respondent's conduct also violated 5 U.S.C. § 7353, 39 U.S.C. § 3210, 39 U.S.C. § 3215, 18 U.S.C. § 1719, Franking Regulations, House Office

Building Commission's Regulations, 31 U.S.C. § 1301, Member's Congressional Handbook, the Ethics in Government Act and the Internal Revenue Code.

247. Respondent's conduct violated clause 2 of the Code of Ethics for Government Service.

Count XII: Conduct in Violation of the Code of Conduct: Letter and Spirit of House Rules

248. Paragraphs 1 through 247 are reincorporated as if set forth fully herein.

249. Clause 2 of House Rule XXIII states that a Member "shall adhere to the spirit and the letter of the Rules of the House and to the rules of duly constituted committees thereof."

250. As set forth above, Respondent's conduct violated House Rule XXIII, clauses 4 and 11, and House Rule XXVI.

251. Respondent's conduct violated clause 2 of House Rule XXIII.

Count XIII: Conduct in Violation of the Code of Conduct: Conduct Reflecting Discreditably on the House

252. Paragraphs 1 through 251 are reincorporated as if set forth fully herein.

253. Clause 1 of House Rule XXIII states that a Member "shall behave at all times in a manner that shall reflect creditably on the House."

254. Respondent's improper solicitations of potential donors to the Rangel Center violated the Solicitation and Gift Ban, 5 U.S.C. § 7353.

255. Respondent's acceptance of favors and benefits from donors to the Rangel Center under circumstances which might be construed by reasonable persons as influencing the performance of his governmental duties violated clause 5 of the Code of Ethics for Government Service.

256. Respondent knowingly accepted indirect gifts from donors to the Rangel Center in violation of the House gift rule.

257. Respondent improperly used his franking privilege to send solicitations for the Rangel Center in violation of postal laws and the Franking Regulations. Respondent's use of the franking privilege also violated 18 U.S.C. § 1719, a misdemeanor.

258. Respondent's written solicitations for the Rangel Center were prepared on property of the House of Representatives, in violation of the House Office Building Commission Regulations.

259. Respondent's misuse of official House resources, including use of his congressional staff, official telephones and House email accounts, other office equipment and supplies, and the franking privilege, for work related to the Rangel Center was in violation of the Purpose Law, 31 U.S.C. § 1301, and the Member's Handbook.

260. Respondent's misuse of congressional letterhead for solicitations on behalf of the Rangel Center violated the Code of Conduct's letterhead rule, House Rule XXIII, clause 11.

261. Respondent failed, in his Financial Disclosure statements for calendar years 1998 through 2007, to set forth a full and complete statement of items required by the EIGA.

262. Respondent engaged in a pattern of submitting Financial Disclosure statements that were incomplete and inaccurate.

263. Respondent failed to ensure that his Financial Disclosure statements were complete or accurate.

264. Respondent's conduct violated the Ethics in Government Act.

265. Respondent failed to report rental income from Punta Cana on his Federal income tax returns for the years 1998 through 2006.

266. Respondent's conduct violated Title 26 of the United States Code.

267. Respondent received a rent stabilized residential apartment at Lenox Terrace, which he used as office space for Rangel for Congress and National Leadership PAC, when the terms of that lease provided that the apartment was to be used "for living purposes only."

268. Respondent's acceptance of a rent stabilized apartment for non-residential purposes was done under circumstances that might be construed by reasonable persons as influencing the performance of his governmental duties in violation of clause 5 of the Code of Ethics for Government Service.

269. Respondent's violation of the laws and regulations of the United States also constituted a violation of clause 2 of the Code of Ethics for Government Service.

270. Respondent's violation of the Rules of the House of Representatives also constituted a violation of clause 2 of the Code of Conduct, House Rule XXIII.

271. Respondent's pattern of indifference or disregard for the laws, rules and regulations of the United States and the House of Representatives is a serious violation.

272. Respondent's actions and accumulation of actions reflected poorly on the institution of the House and, thereby, brought discredit to the House.

273. Respondent violated clause 1 of House Rule XXIII.

UNITED STATES HOUSE OF REPRESENTATIVES
Committee on Standards of Official Conduct
Investigative Subcommittee

In the Matter of	)
Representative Charles B. Rangel	)

RESPONDENT'S MOTION FOR BILL OF PARTICULARS

Pursuant to Rule 22(b) of this Committee's Rules of Procedure, Respondent Charles B. Rangel, by counsel, respectfully moves the Investigative Subcommittee to furnish him with a bill of particulars as to the Statement of Alleged Violation ("SAV") served upon him on June 17, 2010 as follows:

1. With regard to the allegations in paragraphs 25-26, 31, 36, 38, 40-42, 49, 55, 61, 63, 65, 73, 74-75, 78, 81, 90-92, and 172-73 of the SAV, Respondent requests that the Investigative Subcommittee provide the following information with particularity:

   a. On what dates did each of the entities or individuals referenced in these paragraphs do business with the House, what was that business and during what period of time was that business pending?

   b. On what dates did each of these entities or individuals have interests that might be substantially affected by the performance or nonperformance of Respondent's official duties, what were those interests and during what period of time were those interests pending?

c. On what dates did each of these entities or individuals seek official action from the House, what was that official action and during what period of time was the request pending?

d. As to each of the foregoing identify the person or persons who communicated on behalf of the entity or person listed in the above-referenced paragraphs and identify the Member or Members of Congress and/or Committee and/or staff members with whom those communications occurred.

e. As to each letter or personal communication alleged in the above-reference paragraphs and/or alleged solicitation referenced in paragraph 188, identify each recipient's pending business before the House or request for official action or then existing interest that could be substantially affected by Respondent's performance of his official duties.

2. With respect to the allegation in paragraph 48, provide the date "in early 2006" on which you alleged Respondent suggested that CCNY officials contact AIG and for that date provide the information requested in paragraph 1.

3. With respect to the allegation in paragraph 80, state the dates of the meetings attended by Respondent, identify for each any others in attendance, and describe the substance of the communications.

4. For each issues listed in paragraph 88, specify when it was pending, how it was raised and by whom, and which entity or individual identify in the paragraphs cited in number 1 above were affected by the issue.

5. To what issues does paragraph 88 refer by the use of the term "inter alia" and provide for each the information requested in paragraph 4 above?

6. State the monetary value to Respondent of each direct or indirect "gratuity, favor, discount, entertainment, hospitality, loan, forbearance or other item having monetary value" alleged in paragraph 190.

MEMORANDUM OF POINTS AND AUTHORITIES

The grounds for this motion are set forth in Committee Rule 19(f) and the Due Process Clause of the Fifth Amendment to the United States Constitution together with principles of fundamental fairness. The requested information is necessary to give Respondent fair notice of the charges and a meaningful opportunity to prepare a defense.

Respectfully submitted,

Dated: June 22, 2010

/s/

Leslie B. Kiernan
Deborah J. Jeffrey
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ONE HUNDRED ELEVENTH CONGRESS

U.S. House of Representatives

COMMITTEE ON STANDARDS OF
OFFICIAL CONDUCT

Washington, DC 20515–6328

JO BONNER, ALABAMA
RANKING REPUBLICAN MEMBER
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June 23, 2010

CONFIDENTIAL
Leslie B. Kiernan, Esq.
Zuckerman Spaeder, LLP
1800 M Street, N.W., Suite 1000
Washington, D.C. 20036

Re: Investigation of Representative Charles B. Rangel

Dear Ms. Kiernan:

Enclosed please find the Investigative Subcommittee's response to Respondent's Motion for Bill of Particulars. Should you have any questions, please contact the Committee's Staff Director and Chief Counsel, R. Blake Chisam, at (202) 225-7103.

Sincerely,

Gene Green
Chairman

Jo Bonner
Ranking Republican Member

Enclosure

cc: Representative Charles B. Rangel

UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT
INVESTIGATIVE SUBCOMMITTEE

In the Matter of

REPRESENTATIVE CHARLES B. RANGEL,

Respondent.

ORDER

UPON CONSIDERATION OF Respondent's Motion for a Bill of Particulars, Memorandum of Points and Authorities, and the entire record herein, it is by the Investigative Subcommittee this 23rd day of June, 2010, ORDERED

That the Motion is DENIED.

Gene Green
Chair

Jo Bonner
Ranking Republican Member

Copies to:

Leslie B. Kiernan, Esq.
Zuckerman Spaeder, LLP
1800 M Street, N.W., Suite 1000
Washington, D.C. 20036

UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT
INVESTIGATIVE SUBCOMMITTEE

In the Matter of	)
REPRESENTATIVE CHARLES B. RANGEL,	)
Respondent.	)

MEMORANDUM IN SUPPORT OF ORDER

On June 22, 2010, Respondent submitted to the Investigative Subcommittee a Motion for Bill of Particulars with respect to the Statement of Alleged Violation adopted by the subcommittee on June 17, 2010. By a separate Order, the Investigative Subcommittee denied Respondent's Motion for Bill of Particulars on June 23, 2010. Through this Memorandum the Investigative Subcommittee sets forth the bases for its Order denying Respondent's motion and, although not required to do so, provides certain of the information requested in Respondent's Motion.

STANDARD OF REVIEW

A Statement of Alleged Violation must be sufficiently particularized to advise a Respondent of the allegations against him and to afford him a meaningful opportunity to respond to those allegations.[1] A Motion for a Bill of Particulars may be denied where the Investigative Subcommittee determines that its Statement of Alleged Violation meets this standard.[2]

ANALYSIS

For the reasons set forth below, the Investigative Subcommittee has found that the Statement of Alleged Violation adopted by the Investigative Subcommittee on June 17, 2010, provides Respondent with sufficient notice of the allegations against him and affords Respondent a meaningful opportunity to respond to those allegations. Therefore, Respondent's Motion for a Bill of Particulars is is denied. Although not required to do so, the Investigative Subcommittee, by and through this Memorandum, is providing certain additional information requested by Respondent.

[1] Comm. on Standards of Official Conduct, *In the Matter of Representative Jay Kim*, H. Rep. 105-797, 105th Cong., 2d Sess. at 806 (Oct. 8, 1998).
[2] *Id.*

With respect to each numbered request in Respondent's Motion for Bill of Particulars, the Investigative Subcommittee has found as follows:

Request No. 1

The Motion for Bill of Particulars first requests information regarding the business, interests, and requests for official action pending for persons solicited by Respondent, including specific dates on which such business, interests, and requests for official action were "pending." The request further asks for the identity of the individuals from each entity and each Member and/or staff who communicated with that entity regarding the business, interests, and official actions sought by those entities.

The Solicitation and Gift Ban[3] provides that no Member "shall solicit or accept anything of value from a person – (1) seeking official action from . . . the individual's employing entity; or (2) whose interests may be substantially affected by the performance or nonperformance of the individual's official duties." The language "seeking official action from . . . the individuals' employing entity; or (2) whose interests may be substantially affected by the performance or nonperformance of the individual's official duties" is, by its terms, broad,[4] and the Committee on Standards of Official Conduct (Standards Committee) has consistently, in unpublished advisory opinions, interpreted the language broadly.

The Select Committee on Ethics interpreted language which, while more narrow than the language of § 7353, provides guidance on the scope of § 7353. The Select Committee was interpreting the language "direct interest in legislation before the Congress" from former House Rule LXIII, clause 4, and found that the following individuals and organizations were deemed to have a direct interest in legislation before the Congress:

> (1) (a) Any person, organization or corporation registered under the Federal Regulation of Lobbying Act of 1946, or any successor statute; and any person who is an officer or director of a registered lobbyist, or a person who has been employed or retained by a registered lobbyist, or a person who has been employed or retained by a registered lobbyist for the purpose of influencing legislation before the Congress;
>
> (b) Any person, organization, or corporation which employs or retains a registered lobbyist;
>
> (2) Any corporation, labor organization, or other organization which maintain a separate, segregated fund for political purposes (Political Action Committee as defined in the Federal Election Campaign Act of 1971 (2 U.S.C. 441b)); any subordinate or affiliated organization thereof; and the officers or directors of such organizations; and

[3] 5 U.S.C. § 7353.
[4] *See United States v. Sun-Diamond Growers*, 526 U.S. 398, 410 (1999) (characterizing § 7353 as broad).

(3) Any other individual or organization which the Member, officer, or employee knows has a distinct or special interest in influencing or affecting the federal legislative process which sets such individual or organization apart from the general public.[5]

The Select Committee specifically rejected an interpretation of "before the Congress" that would require "an interest in a specific piece of legislation then pending before at least one subcommittee, or any other subdivision, of either House."[6] Instead, the Select Committee concluded that "the phrase . . . should be read broadly to include an ongoing special interest in affecting the legislative process."[7]

The Standards Committee was faced with the question of what constituted "direct interest in legislation before the Congress" in a number of matters under former House Rule XLIII. In one matter, the Standards Committee found that a Member violated the gift rule by accepting a flight from a Florida savings and loan institution, stating: "[i]t is clear that Florida Federal is an entity with a 'direct interest in legislation' because it is federally regulated."[8] In another matter, the Standards Committee addressed whether an individual, Nelson Bunker Hunt, had a direct interest in legislation. The Committee found that Hunt's interest in matters before Congress was "open and notorious."[9] "Given his wide and varied interest in matters before the Congress and the direct impact which the actions of Congress have upon his business activities, Nelson Bunker Hunt obviously is a person with a direct interest in legislation within the definition and intent of that term."[10]

The language at issue in the Solicitation and Gift Ban is much broader than the language in former House Rule XLIII, clause 4. Any matter that would have constituted "direct interest in legislation before the Congress" will fall within the parameters of § 7353. But the § 7353 standards would also encompass many circumstances that the "direct interest in legislation" standard might not have reached.

Congress intended for the Solicitation and Gift Ban to be broad, particularly with respect to Members of Congress. It used language that was more sweeping than it had in previous statutes, and that language seems to cover everyone, all the time. While the statute does not speak of business before a particular committee (as opposed to the House generally), it bears noting that the one committee that touches everyone is the Ways and Means Committee. There being no committee on death, the only other certain thing in life is covered within the jurisdiction of the Ways and Means Committee.

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[5] House Select Comm. on Ethics, *Advisory Opinion No. 10* (*reprinted in* H. Rep. 95-1837), at 73.
[6] *Id.* at 75.
[7] *Id.* at 76.
[8] Comm. on Standards of Official Conduct, *Investigation of Financial Transactions Participated In and Gifts of Transportation Accepted by Representative Fernand J. St. Germain*, H. Rep. 100-46, 100th Cong., 1st Sess., at 42 (Apr. 9, 1987).
[9] Comm. on Standards of Official Conduct, *In the Matter of Representative George V. Hansen*, H. Rep. 98-891, Vol. 1, 98th Cong., 2d Sess., at 325 (July 19, 1984).
[10] *Id.*

A broad interpretation of the phrases "seeking official action from the House" and "interests may be substantially affected by" language comports with the underlying purpose of § 7353, as well as laws such as the Code of Ethics for Government Service, which cautions all government employees against "circumstances which might be construed by reasonable persons as influencing the performance of his governmental duties."[11]

Given the breadth of the Solicitation and Gift Ban, the relevant inquiry is not what business or interest or official action was pending at a particular point in time. And it certainly is not which Members of Congress spoke to which employees or lobbyists representing a particular entity about an issue. The relevant inquiry is whether the person solicited had an interest in affecting the legislative process. In some instances, that will be reflected by lobbying on particular pieces of legislation. In other instances, there might be a request for a Member to intervene with a government agency. But it also includes recognizing the fact that most entities, including multi-national corporations and large foundations, will always have some interest in matters within the ambit of Congress. The performance or nonperformance of a Member's official duties can affect the interests of those entities, and that effect can be substantial.

Considering the relevant inquiry, the information provided to Respondent in the Statement of Alleged Violation is sufficiently particularized. The Statement of Alleged Violation lists numerous examples of issues on which the solicited entities were lobbying Members of Congress during the relevant time period. That information alone is sufficient to establish that the entities solicited had interest, business, or were seeking official action from Congress within the parameters of the Solicitation and Gift Ban. No further information is needed in order for Respondent to respond to the Statement of Alleged Violation.

Request No. 2

Respondent's second request asks for the same type of information as Request No. 1, but with respect to AIG. For the reasons set forth above, the Statement of Alleged Violation provides sufficient information regarding AIG.

In addition, Respondent requests the specific date on which Respondent suggested that CCNY officials contact AIG. Paragraph 48 of the Statement of Alleged Violation states that Respondent's suggestion was made in "early 2006." That description indicates the time period in which the conduct occurred, demonstrating that the conduct is within the jurisdiction of the investigative subcommittee. As previously discussed, the precise date on which a communication is made is not necessary for the investigative subcommittee to show that a violation of the Solicitation and Gift Ban, or any other violation set forth in the Statement of Alleged Violation, has occurred. Respondent has sufficient information from which to form a response to the Statement of Alleged Violation.

Request No. 3

Respondent requests further particularity with respect to paragraph 80 of the Statement of Alleged Violation, which states, "On numerous occasions during 2005 through 2008,

[11] 72 Stat., Part 2, B12 (1958), H. Res. 175, 85th Cong. (adopted July 11, 1958).

Respondent attended several meetings with CCNY officials and potential donors. These potential donors included Eugene Isenberg, Hank Greenberg, David Rockefeller, Donald Trump, the Ford Foundation, and AIG." Certain meetings between Respondent and potential donors are further detailed in paragraphs 40, 55, 61-63, 75, and 78-79 of the Statement of Alleged Violation. Although, for the reasons stated above, it is not necessary to respond to the allegations in the Statement of Alleged Violation, the investigative subcommittee provides the additional information:

- Respondent met with David Rockefeller on October 22, 2007.
- Respondent met with Donald Trump on October 7, 2005.
- Respondent met with Donald Trump on May 4, 2007.

No further detail about any meetings, including all attendees and the substance of the conversations, is necessary for Respondent to form a response to the Statement of Alleged Violation.

Requests No. 4 and No. 5

Respondent requests further particularity with respect to paragraph 88 of the Statement of Alleged Violation, which states:

> During the relevant period, issues before Congress affecting foundations included, inter alia, private foundation payout rules, excise tax rates on investment income, potential caps on foundation executive pay, IRA charitable rollover provisions, unrelated business income tax, and other charitable contribution and charitable governance issues.

Respondent first requests further information about each issue listed, including when the issue was pending, how it was raised and by whom, and which solicited persons were affected by the issue. For the reasons stated in response to Request No. 1, no further particularity is required in order for Respondent to respond to the Statement of Alleged Violation.

Respondent further requests a list of issues referred to by the use of the term "inter alia" in paragraph 88. Paragraph 88 does not attempt to list all issues that could possibly affect foundations, and, therefore, uses the term "inter alia." Paragraph 88 does identify with sufficient particularity the issues that the investigative subcommittee has identified and intends to rely upon in support of the Statement of Alleged Violation. Respondent can form a meaningful response to the Statement of Alleged Violation without further particularity as to paragraph 88.

Request No. 6

Respondent requests the monetary value to Respondent of each direct or indirect gift referenced in paragraph 190 of the Statement of Alleged Violation. Paragraph 190 states

"Contributions to the Rangel Center constituted indirect gifts attributable to Respondent." The Rules of the House of Representatives define a "gift" broadly as a "gratuity, favor, discount, entertainment, hospitality, loan, forbearance, or other item having monetary value."[12] While the definition includes items with a monetary value, there is no requirement that an item have monetary value in order to constitute a gift. As such, whether a gift has a monetary value, and the amount of that monetary value, is not information needed to respond to the Statement of Alleged Violation allegations charging a violation of the Gift Rule.

The Solicitation and Gift Ban applies to "anything of value." The term "anything of value" has been interpreted synonymously with "thing of value."[13] As noted by the courts, "the pervasive use of [thing of value] in criminal statutes of both the states and the federal government has made it a term of art, covering intangible as well as tangible things."[14] The following are examples of "things of value": amusement, promise of sexual intercourse, promise to reinstate an employee, agreement not to run in a primary election, testimony of a witness, and content of a writing.[15] The term "value" "embodies notions of worth, utility, and importance generally."[16] In several cases, courts have held that the test of value is whether the recipient subjectively attaches value to the thing received.[17] Given the broad definition of "anything of value," a specific monetary value is not necessary in order for Respondent to respond to the allegations in Statement of Alleged Violation charging a violation of the Solicitation and Gift Ban.

Respondent can, therefore, form a meaningful response to the Statement of Alleged Violation.

CONCLUSION

In light of the foregoing, the Investigative Subcommittee finds that Respondent's Motion for Bill of Particulars does not state a sufficient basis requiring further particularization of the Statement of Alleged Violation. Although not required to do so, the investigative subcommittee has provided certain additional information by this response. Accordingly, the Respondent's Motion for Bill of Particulars is denied.

Gene Green
Chair

Jo Bonner
Ranking Republican Member

[12] House Rule XXV, cl. 5(a)(2).
[13] *United States v. Singleton*,144 F.3d 1343, 1349 (10th Cir. 1998), *vacated on other grounds*, 165 F.3d 1297 (10th Cir. 1999) (collecting cases).
[14] *Id.*
[15] *See United States v. Girard*, 601 F.2d 69 (2d Cir. 1979) (internal citations omitted).
[16] *Singleton*, 144 F.3d at 1348-49.
[17] *Id.* at 1349 (collecting cases).

Copies to:

Leslie B. Kiernan, Esq.
Zuckerman Spaeder, LLP
1800 M Street, N.W., Suite 1000
Washington, D.C. 20036

UNITED STATES HOUSE OF REPRESENTATIVES
Committee on Standards of Official Conduct
Investigative Subcommittee

In the Matter of	)
Representative Charles B. Rangel	)

RESPONDENT'S MOTION TO DISMISS

Respondent, through counsel, hereby moves pursuant to Standards Committee Rule 22(c) to dismiss the counts and/or allegations of the Statement of Alleged Violation issued June 17, 2010 ("SAV") identified below. As grounds for this motion, Respondent states as follows:

1. The SAV fails to state facts that constitute a violation of the Member's Handbook or 31 U.S.C. § 1301 or the Code of Official Conduct (Count VII).

2. The SAV fails to state facts that constitute a violation of the Code of Ethics for Government Service, clause 5 (Count II).

3. The SAV fails to state facts that constitute a violation of the House Gift Rule (Count III).

4. The SAV fails to state facts that constitute a violation of the Ethics in Government Act and House Rule XXVI with respect to 2008 (Count IX).

5. The SAV fails to state facts that constitute a violation of 18 U.S.C. § 1719 (Count V).

6. The SAV fails to state facts that constitute a violation of Clause 5 of the Code of Ethics for Government Service with respect to Lenox Terrace (Count X).

7. The Committee lacks jurisdiction to consider the allegations contained in the SAV.

A Memorandum of Points and Authorities in Support of this Motion and a proposed Order granting this Motion are enclosed.

Respectfully submitted,

Dated: June 28, 2010

/s/ Leslie B. Kiernan
Leslie B. Kiernan
Deborah J. Jeffrey
Jason M. Knott
ZUCKERMAN SPAEDER LLP
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Attorneys for Respondent

UNITED STATES HOUSE OF REPRESENTATIVES
Committee on Standards of Official Conduct
Investigative Subcommittee

In the Matter of	)
Representative Charles B. Rangel	)

[PROPOSED] ORDER

Pursuant to Committee Rule 22(c)(2), the Investigative Subcommittee having considered Respondent's Motion to Dismiss and any further briefing and argument thereon, it is by the Investigative Subcommittee this ____ day of _____, 2010, ORDERED:

1. Count VII of the Statement of Alleged Violation issued June 17, 2010 (the "SAV") is hereby dismissed for failure to state facts that constitute a violation of the Member's Handbook or 31 U.S.C. § 1301 or the Code of Official Conduct.

2. Count II of the SAV is hereby dismissed for failure to state facts that constitute a violation of the Code of Ethics for Government Service, clause 5.

3. Count III of the SAV is hereby dismissed for failure to state facts that constitute a violation of the House Gift Rule.

4. With respect to Respondent's 2008 financial disclosure statement, Count IX of the SAV is hereby dismissed for failure to state facts that constitute a violation of the Ethics in Government Act and House Rule XXVI.

5. With respect to the allegation that Respondent violated 18 U.S.C. § 1719, Count V of the SAV is dismissed for failure to state facts that constitute a violation of that statute.

6. Count X of the SAV is hereby dismissed for failure to state facts that constitute a violation of the Code of Ethics for Government Service, clause 5.

7. With respect to the allegations that Respondent violated federal tax law and federal criminal law, the Committee lacks jurisdiction to consider and rule on those allegations, and they are hereby dismissed from the SAV.

Gene Green
Chair

Copies to:
Leslie B. Kiernan
Zuckerman Spaeder LLP
1800 M Street, N.W.
Washington, D.C. 20036

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ONE HUNDRED ELEVENTH CONGRESS

U.S. House of Representatives

COMMITTEE ON STANDARDS OF
OFFICIAL CONDUCT
Washington, DC 20515–6328

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June 30, 2010

CONFIDENTIAL
Leslie B. Kiernan, Esq.
Zuckerman Spaeder, LLP
1800 M Street, N.W., Suite 1000
Washington, D.C. 20036

Re: Investigation of Representative Charles B. Rangel

Dear Ms. Kiernan:

Enclosed please find the Investigative Subcommittee's response to Respondent's Motion to Dismiss. Should you have any questions, please contact the Committee's Staff Director and Chief Counsel, R. Blake Chisam, at (202) 225-7103.

Sincerely,

Gene Green
Chairman

Jo Bonner
Ranking Republican Member

Enclosures

cc: Representative Charles B. Rangel

UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT
INVESTIGATIVE SUBCOMMITTEE

In the Matter of	)
REPRESENTATIVE CHARLES B. RANGEL,	)
Respondent.	)

ORDER

UPON CONSIDERATION OF Respondent's Motion to Dismiss, Memorandum of Points and Authorities, and the entire record herein, it is by the Investigative Subcommittee this 30th day of June, 2010, ORDERED

That the Motion is DENIED.

Gene Green
Chair

Jo Bonner
Ranking Republican Member

Copies to:

Leslie B. Kiernan, Esq.
Zuckerman Spaeder, LLP
1800 M Street, N.W., Suite 1000
Washington, D.C. 20036

UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT
INVESTIGATIVE SUBCOMMITTEE

In the Matter of	)
REPRESENTATIVE CHARLES B. RANGEL,	)
Respondent.	)

MEMORANDUM IN SUPPORT OF ORDER

On June 28, 2010, Respondent submitted to the Investigative Subcommittee a Motion to Dismiss with respect to the Statement of Alleged Violation adopted by the subcommittee on June 17, 2010 (Statement of Alleged Violation). By a separate Order, the Investigative Subcommittee denied Respondent's Motion to Dismiss on June 30, 2010. Through this Memorandum the Investigative Subcommittee sets forth the bases for its Order denying Respondent's motion.

STANDARD OF REVIEW

Standards Committee Rule 22(c)(2) provides that a Respondent may file a motion to dismiss, which may be based on only two possible grounds: (1) that the Statement of Alleged Violation fails to state facts that constitute a violation of the Code of Official Conduct, or other applicable law, rule, regulation, or standard of conduct; or (2) that the Standards Committee lacks jurisdiction to consider the allegations contained in the Statement of Alleged Violation.

The Standards Committee's jurisdiction over Members of Congress originates from Article I, Section 5, clause 2 the Constitution, which provides that "Each House may determine the rules of its proceedings, punish its members for disorderly behavior, and, with the concurrence of two thirds, expel a member."[1]

Pursuant to House Rule XI, clause 3(a)(2), the Standards Committee:

> May investigate, subject to paragraph (b), an alleged violation by a Member . . . of the Code of Official Conduct or of a law, rule,

[1] U.S. Const. art. I, § 5, cl. 2.

> regulation, or other standard of conduct applicable to the conduct of such Member . . . in the performance of the duties or the discharge of the responsibilities of such individual.[2]

The Standards Committee may exercise its investigative authority when:

1. information offered as a complaint by a Member of the House of Representatives is transmitted directly to the Committee;

2. information offered as a complaint by an individual not a Member of the House is transmitted to the Committee, provided that a Member of the House certifies in writing that such Member believes the information is submitted in good faith and warrants the review and consideration of the Committee;

3. the Committee, on its own initiative, undertakes an investigation;

4. a Member, officer, or employee is convicted in a Federal, State, or local court of a felony;

5. the House of Representatives, by resolution, authorizes or directs the Committee to undertake an inquiry or investigation; or

6. a referral from the Board [of the Office of Congressional Ethics] is transmitted to the Committee.[3]

The Standards Committee "may not undertake an investigation of an alleged violation of a law, rule, regulation, or standard of conduct that was not in effect at the time of the alleged violation."[4] The Standards Committee also "may not undertake an investigation of such an alleged violation that occurred before the third previous Congress unless the Committee determines that the alleged violation is directly related to an alleged violation that occurred in a more recent Congress."[5]

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[2] Rules of the House of Representatives (House Rules), Rule XI, clause 3(a)(2).
[3] Standards Committee Rule 14(a) (*citing* House Rule XI, clause 3(b)).
[4] House Rule XI, clause 3(b)(3).
[5] *Id.*; *see also* Standards Committee Rule 15(i) ("The Committee shall not consider a complaint, nor shall any investigation be undertaken by the Committee, of any alleged violation which occurred before the third previous

Upon formation of an investigative subcommittee in this matter, the Standards Committee issued the following statement:

> The investigative subcommittee shall have jurisdiction to determine whether Representative Rangel violated the Code of Official Conduct or any law, rule, regulation, or other standard of conduct applicable to his conduct in the performance of his duties or the discharge of his responsibilities, with respect to
>
> (1) Using official resources to transmit letters in 2005, 2006, and 2007 to potential donors to the Charles B. Rangel Center for Public Service at the City College of New York;
>
> (2) Apartment units leased by Representative Charles B. Rangel in the Lenox Terrace apartment complex located in Harlem, New York;
>
> (3) Representative Charles B. Rangel's financing of his ownership interests in a guest unit within the Punta Cana Yacht Club located in Punta Cana in the Dominican Republic and his compliance with financial disclosure requirements regarding that property; and
>
> (4) Representative Charles B. Rangel's compliance with Committee on House Administration Rules regarding storage of a vehicle in a House garage, lot, or designated parking area.[6]

The scope of the investigative subcommittee's inquiry was expanded on two occasions. The inquiry was first expanded to include "contributions of money or pledges of contributions of money to the Charles B. Rangel Center for Public Service at City College of New York from any person or entity associated with Nabors Industries."[7] The inquiry was further expanded to include "all Financial Disclosure Statements and all amendments filed in calendar year 2009 by or on behalf of Representative Charles B. Rangel pursuant to Title I of the Ethics in Government Act."[8]

Congress unless the Committee determines that the alleged violation is directly related to an alleged violation which occurred in a more recent Congress.").

[6] Statement of the Acting Chairman and Ranking Republican Member of the Committee on Standards of Official Conduct, September 24, 2008.

[7] Statement of the Acting Chairman and Ranking Republican Member of the Committee on Standards of Official Conduct, December 9, 2008.

[8] Statement of the Chair and Ranking Republican Member of the Committee on Standards of Official Conduct, October 8, 2009.

ANALYSIS

For the reasons set forth below, the Investigative Subcommittee has found that the Statement of Alleged Violation adopted by the Investigative Subcommittee on June 17, 2010, sufficiently states facts that constitute violations of the Code of Official Conduct or other applicable laws, rules, regulations, or standards of conduct, and that the Standards Committee has jurisdiction to consider the allegations contained in each count of the Statement of Alleged Violation. Therefore, Respondent's Motion to Dismiss is denied.

A. The Standards Committee and the Investigative Subcommittee have jurisdiction over Respondent's violations of Federal tax law.

Respondent alleges that the Standards Committee lacks jurisdiction to consider the allegations contained in the Statement of Alleged Violation. In particular, Respondent contends that the Standards Committee lacks jurisdiction to allege that violations of Federal tax law implicate House ethics rules.

Respondent argues that errors on his personal taxes do not implicate discharge of his official responsibilities. Respondent appears to be operating under the erroneous belief that the only conduct subject to discipline is conduct directly relating to the discharge of his official responsibilities.

The Standards Committee may investigate any alleged violation of the Code of Official Conduct or of a law, rule, regulation, or other standard of conduct applicable to the conduct of a Member in the performance or discharge of the responsibilities of such individual.[9]

The House and Standards Committee rules setting forth the standards for a Statement of Alleged Violation use the phrase "applicable to the performance of official duties or the discharge of official responsibilities by a Member" only to qualify the term "other standard of conduct" and not "the Code of Official Conduct or of a law, rule, regulation" language.

Thus, the Standards Committee's jurisdiction to investigate matters is not limited to acts related to the Member's official duties. This interpretation of the rules is supported by the precedent of the House and the Standards Committee. The House Practice Manual provides:

> The conduct for which censure may be imposed is not limited to acts related to the Member's official duties. The power to censure

[9] House Rule XI, clause 3(a)(2).

> extends to any reprehensible conduct that brings the House into disrepute.[10]

The Practice Manual cites to a number of cases where censure or reprimand has been invoked against a member for conduct unrelated to the Member's official duties, including *Powell, Sikes, McFall, Roybal, Diggs, Wilson, Crane, Hansen, Murphy,* and *Frank.*[11] More recent cases involving conduct unrelated to official duties include *Rose, Kim,* and *Gingrich.*[12]

In light of the above, it is clear that a Member's failure to report income and pay Federal taxes is a matter within the investigative jurisdiction of the Standards Committee.[13]

Respondent points to the Investigative Subcommittee's jurisdictional statements in support of his argument that the Standards Committee lacks jurisdiction over violations of Federal tax law. To the extent that Respondent is arguing that the Investigative Subcommittee lacked jurisdiction to find violations of Federal tax laws, Respondent is incorrect.

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[10] House Practice Manual, Chapter 25, § 23.

[11] *See* Report to the Select Committee Pursuant to H.Res. 1, *In re Adam Clayton Powell*, H. Rep. 27, 90th Cong., 1st Sess. (February 23, 1967); Comm. on Standards of Official Conduct, *In the Matter of Representative Robert L. F. Sikes*, H. Rep. 94-1364, 94th Cong., 2d Sess. (July 23, 1976); Comm. on Standards of Official Conduct, *In the Matter of Representative John J. McFall*, H. Rep. 95-1742, 95th Cong., 2d Sess. (October 6, 1978); Comm. on Standards of Official Conduct, *In the Matter of Representative Edward R. Roybal*, H. Rep. 95-1743, 95th Cong., 2d Sess. (October 6, 1978); Comm. on Standards of Official Conduct, *In the Matter of Representative Charles H. Wilson*, H. Rep. 95-1741, 95th Cong., 2d Sess. (October 6, 1978); Comm. on Standards of Official Conduct, *In the Matter of Representative Charles C. Diggs, Jr.*, H. Rep. 96-351, 96th Cong., 1st Sess. (July 19, 1979); Comm. on Standards of Official Conduct, *In the Matter of Representative Daniel B. Crane*, H. Rep. 98-296, 98th Cong., 1st Sess. (July 14, 1983); Comm. on Standards of Official Conduct, *In the Matter of Representative George V. Hansen*, H. Rep. 98-891, Vol. 1, 98th Cong., 2d Sess. (July 19, 1984); Comm. on Standards of Official Conduct, *In the Matter of Representative Austin J. Murphy*, H. Rep. 100-485, 100th Cong., 1st Sess. (December 16, 1987); Comm. on Standards of Official Conduct, *In the Matter of Representative Barney Frank*, H. Rep. 101-610, 101st Cong., 2d Sess. (July 20, 1990).

[12] See Comm. on Standards of Official Conduct, *In the Matter of Representative Charles G. Rose III*, H. Rep. 100-526, 100th Cong., 2d Sess. (Mar. 23, 1988); Comm. on Standards of Official Conduct, *In the Matter of Representative Jay Kim*, H. Rep. 105-797, 105th Cong., 2d Sess. (October 8, 1998); Comm. on Standards of Official Conduct, *In the Matter of Representative Newt Gingrich*, H. Rep. 105-1, 105th Cong., 1st Sess. (January 17, 1997); Comm. on Standards of Official Conduct, *In the Matter of Representative Earl F. Hilliard*, H. Rep. 107-130, 107th Cong., 1st Sess. (July 10, 2001). To hold that the Standards Committee may not investigate matters unrelated to a Member's official duties would create tension with other rules of the House and the Standards Committee. For example, Committee rules require that the Standards Committee conduct inquiries in certain criminal matters, including all felony convictions. H. Res. 451, adopted on June 5, 2007, and extended in the 111th Congress by H. Res. 5, Section 4(e); Committee Rule 18(e). Those rules do not limit the inquiries to crimes related to a Member's official duties. Respondent's interpretation of the rules would lead to the incongruous result that the Standards Committee would be required to investigate a Member's felony conviction, but could not discipline that Member if his felony were unrelated to his official duties.

[13] It bears noting that, during the time Respondent failed to report the rental income on his tax returns, he was the Ranking Member and then Chairman of the Ways and Means Committee, which has jurisdiction over the nation's tax laws.

The Investigative Subcommittee was charged with investigating Respondent's financing of his ownership interest at Punta Cana and his related financial disclosures to determine whether Respondent violated "the Code of Official Conduct or *any* law, rule, regulation, or other standard of conduct applicable to his conduct applicable to his conduct in the performance of his duties or the discharge of his responsibilities" based on those issues. The jurisdictional statement did not specifically refer to tax issues, but it was not required to do so.

Facts discovered during the regular course of investigation may serve as the basis for allegations in a Statement of Alleged Violation.[14] To find otherwise would require the Investigative Subcommittee to seek Standards Committee approval to expand jurisdiction to specify the precise legal basis for each violation the subcommittee comes to believe may have been violated.

Here, the Investigative Subcommittee determined during the course of its investigation that Respondent failed to report, over many years, his Punta Cana rental income on his Federal income tax returns. Respondent's motion does not deny that he failed to pay his personal income taxes on the Punta Cana rental income or that he was required to do so.

The Statement of Alleged Violation alleges facts that constitute a violation of the tax laws and Clause 2 of the Code of Ethics for Government Service.

B. The Statement of Alleged Violation states facts constituting a violation of the Purpose Law and the Member's Congressional Handbook.

Respondent alleges that the Statement of Alleged Violation fails to state facts that constitute a violation of the Member's Handbook, 31 U.S.C. § 1301 (the "Purpose Law"), or the Code of Official Conduct.

The proper use of government funds was a concern of the Founders, who provided in the Constitution that "No money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law."[15] The Purpose Law provides that "[a]ppropriations shall be applied only to the objects for which the appropriations were made except as otherwise provided by law." [16]

The use of appropriated funds by Members and committees of the House is governed by chapter 3 of title 2 of the United States Code. Section 57(a)(1) of that title provides that:

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[14] Comm. on Standards of Official Conduct, *In the Matter of Representative Charles G. Rose III*, H. Rep. 100-526, 100th Cong., 2d Sess. at 4 (March 23, 1988).
[15] U.S. Constitution, Article I, section 9 clause 7.
[16] 31 U.S.C. §1301.

> the Committee on House [Administration] of the House of Representatives may, by order of the Committee, fix and adjust the amounts, terms, and conditions of, and other matters relating to, allowances of the House of Representatives within the following categories:
>
> (1) For Members of the House of Representatives, the Member's Representational Allowance, including all aspects of official mail within the jurisdiction of the Committee under section 59e of this title.
>
> (2) For committees . . . allowances for official mail . . . stationary, and telephone and telegraph and other communications.

The Committee on House Administration sets forth the regulations governing the use of the Member's Representational Allowance ("MRA") in the Members' Congressional Handbook ("Members' Handbook"). The Members' Handbook provides that "[o]nly expenses the primary purpose of which are official and representational and which are incurred in accordance with the Handbook are reimbursable."[17]

The Standards Committee has previously exercised jurisdiction over Members for their misuse of appropriated funds. In one matter, a Member was reprimanded by the House related to the use of official House resources by his former law office.[18] In another matter, violations of § 1301 and related regulations were charged by an investigative subcommittee in a Statement of Alleged Violation where a Member used official resources for personal benefit.[19]

The misappropriation of funds can rise to the level of a criminal violation. For example, one former Member pled guilty to violations of 18 U.S.C. § 1346, honest services fraud, related to his misuse of appropriated funds.[20] Another Member was prosecuted for embezzlement and conversion of public funds related to the misuse of appropriated funds.[21]

Respondent argues that, with respect to staff time, a violation occurs only where unofficial conduct interferes with the performance of official duties. Respondent points to the

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[17] Members' Handbook at 6.
[18] Comm. on Standards of Official Conduct, *In the Matter of Representative Austin J. Murphy*, H. Rep. 100-485, 100th Cong., 1st Sess. (December 16, 1987).
[19] Comm. on Standards of Official Conduct, *In the Matter of Representative Barbara-Rose Collins*, H. Rep. 104-876, 104th Cong., 2d Sess. (January 2, 1997) at 85-86.
[20] *See United States v. Rostenkowski*, 59 F.3d 1291 (D.C. Cir. 1995); *see generally* Criminal Docket for Case No. 1:94-cr-0226 (D.D.C.).
[21] *See United States v. Kolter*, 71 F.3d 425 (D.C. Cir. 1995). Kolter pleaded guilty to one count of conspiracy to violate the laws of the United States and to defraud the United States. *See generally* Criminal Docket for Case No. 1:94-cr-00404 (D.D.C.).

Gingrich case in which Representative Gingrich was not charged with a violation of then-House Rule XLIII, clause 8, for having congressional staff perform certain book-related work that may or may have not been official in nature.[22] Respondent fails to cite other precedent where violations were found for use of staff for nonofficial purposes, including the *Traficant* matter.[23]

Violations for the use of official resources include all resources paid for by the Member's Representational Allowance. In addition to staff, such resources also include use of the congressional frank, office equipment, such as copiers, computers, and paper, official House telephone and email accounts. Contrary to Respondent's statements in his submission, there is ample evidence that official resources were used. The Statement of Alleged Violation alleges that official House resources were utilized in connection with Respondent's solicitations for the Rangel Center.[24] The Statement of Alleged Violation states facts that constitute a violation of 31 U.S.C. § 1301, the Member's Congressional Handbook, and the Code of Official Conduct.

C. The Statement of Alleged Violation states facts that constitute a violation of clause 5 of the Code of Ethics for Government Service.

The Statement of Alleged Violation sets forth two counts for violations of clause 5 of the Code of Ethics for Government Service relating to Respondent's solicitations for the Rangel Center and Respondent's use of a residential rent-stabilized apartment for his campaign committees.

The House Rules and other standards governing Members' conduct prohibit a Member from using, or appearing to use, his official position for personal benefit.[25] Under the Code of Ethics for Government Service (Code of Ethics),[26] a federal official, including a Member, should:

> Never discriminate unfairly by dispensing of special favors or privileges to anyone, whether for remuneration or not; and never accept for himself or his family, favors or benefits under

[22] Comm. on Standards of Official Conduct, *Statement of the Committee on Standards of Official Conduct Regarding Complaints against Representative Newt Gingrich*, at 40 (Comm. Print March 8, 1990). The *Gingrich* case did not address the Purpose Law or the Member's Congressional Handbook.
[23] Comm. on Standards of Official Conduct, *In the Matter of Representative James A. Traficant, Jr.*, H. Rep. 107-594, 107th Cong., 2d Sess. (July 19, 2002). *See also* matters involving Representative Torricelli and Representative Zimmer at Comm. on Standards of Official Conduct, *Summary of Activities One Hundred Fourth Congress*, H. Rep. 104-886, 104th Cong., 2d Sess. (January 2, 1997).
[24] *See* Statement of Alleged Violation at ¶¶ 12, 15, 16, 22, 23, 28, 29, 32, 37, 39, 50, 51, 66, 82, 212, and 213.
[25] House Rule XXIII, clauses 2 and 3; Code of Ethics for Government Service, clause 5; *see also Sikes*, at 3; 2008 *House Ethics Manual*, at 187 ("One of the purposes of the rules and standards [of conduct relevant to use of a Member's office for personal benefit] is to preclude conflict of interest issues.").
[26] 72 Stat., Part 2, B12, H. Res. 175, 85th Cong. (adopted July 11, 1958).

> circumstances which might be construed by reasonable persons as influencing the performance of his governmental duties.[27]

Because the Code of Ethics measures a Member's conduct by "what might be construed by reasonable persons," a Member may violate this provision even if the Member would have taken the same official action without a potential personal benefit, if the Member's actions raise the appearance of impropriety.[28]

When assessing whether a Member has taken official action for personal benefit, the Standards Committee will take into consideration the nature of the benefit,[29] the people or entities that could benefit from the official action,[30] and the Member's motive in taking the action.[31] A Member may not take official action if the Member is motivated, or appears to be motivated, to take the action by the personal benefit that may accrue to the Member.[32] When assessing a Member's motive in taking official action, the Standards Committee asks whether there is "direct evidence that the congressman had any such improper motive[.]"[33]

The House has applied the prohibition on taking official action for personal benefit in situations where the potential personal benefit would accrue to an investment held by the Member.[34] For example, in the Standards Committee's report *In the Matter of a Complaint against Representative Robert L.F. Sikes*, the Standards Committee found that when Representative Sikes sought to purchase shares of a privately held bank "which he had been active in his official position in establishing" he failed to observe:

> The standard of ethical conduct . . . as is expressed in principle in Section 5 of the code of Ethics for Government Service, and which prohibits any person in Government service from accepting for "himself . . . benefits under circumstances which might be construed by reasonable persons as influencing the performance of his governmental duties[.]"[35]

The Standards Committee further found that Representative Sikes failed to observe "[t]he standard of ethical conduct that should be observed by Members of the House, as is expressed in

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[27] Code of Ethics for Government Service, clause 5.
[28] Comm. on Standards of Official Conduct, *In the Matter of Representative Mario Biaggi*, H. Rep. 100-56, 100th Cong. 2d Sess. 9 (Feb. 18, 1988).
[29] *See, e.g.*, Comm. on Standards of Official Conduct, *Investigation of Financial Transactions Participated in and Gifts Accepted by Representative Fernand J. St. Germain*, (hereinafter *St. Germain*) H. Rep. 100-46, 100th Cong., 1st Sess. 43 (1987).
[30] *Graves*, at 19; *Sikes*, at 28.
[31] *St. Germain*, at 43.
[32] *Id.*
[33] *Id.*
[34] 3 *Deschler's Precedents of the United States House of Representatives*, ch. 12 § 8.4, 1714 (1994).
[35] *Sikes*, at 3.

principle in the Code of Ethics for Government Service, and which prohibits conflicts of interests and the use of an official position for any personal benefit," when he sponsored legislation to remove a reversionary interest and restrictions on land in which he had a personal financial interest.[36]

In another matter, the Standards Committee found that a Member violated this provision when he accepted gifts from an individual, on whose behalf he had intervened with business and government officials.[37] The Standards Committee report stated that:

> While the Committee does not argue, nor can it be determined, that Representative Biaggi would not have interceded on behalf of Coastal in the absence or because of Esposito's gratuities to the congressman, it is nevertheless clear that at a minimum, an appearance is raised that such was the case. Accordingly, the Committee concluded that such improper appearance supports a determination that Representative Biaggi violated clause 5 of the Code of Ethics for Government Service.[38]

With respect to the solicitation violation, Respondent argues that the "charitable contributions cannot as a matter of law be construed as an improper favor or benefit to Respondent."[39] Respondent claims that in order for something to be a "favor or benefit" under clause 5, it must have some pecuniary benefit to the Member or his family. Respondent argues, citing *Gingrich*, that a benefit of only publicity does not constitute a gift or favor. The Investigative Subcommittee does not dispute that incidental publicity, such as that discussed in the *Gingrich* case cited by Respondent, does not constitute a favor or benefit.

However, the facts in the *Gingrich* case are not the facts of this case. Here, Respondent received something of value beyond mere incidental publicity.

Respondent's discussion of whether he had a financial interest in an earmark benefitting the Rangel Center has no bearing on the allegations in the Statement of Alleged Violation. Respondent attempts to equate a "financial interest" for purposes of House Rule XXIII, clause 17, with a "favor or benefit" for purposes of the Code of Ethics for Government Service.

Even if the standards were identical, Respondent's reliance on House action regarding the earmark would still be inappropriate. The Members of the House did not have the information regarding the Rangel Center that has been discovered by the Investigative Subcommittee. The

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[36] *Id.* at 4.
[37] Comm. on Standards of Official Conduct, *In the Matter of Representative Mario Biaggi*, H. Rep. 100-56, 100th Cong. 2d Sess. at 9 (Feb. 18, 1988).
[38] *Id.* at 9.
[39] Respondent's Memorandum at 2.

Investigative Subcommittee has an obligation to investigate and charge any violations by a Member, regardless of prior actions by the House. [40]

For example, the Investigative Subcommittee's inquiry in this matter found evidence that potential donors were essentially granting a favor to Respondent in considering donations and making those donations. Even if these donors were also motivated by a desire to fund the underlying objectives of the Rangel Center, the fact remains that Respondent asked them to donate, and the donors took that request into account.

The Investigative Subcommittee further found that the donations to establish the Rangel Center provided benefits to Respondent. The most tangible benefit to Respondent was the office. The evidence shows that Respondent knew an office was planned for him and he said nothing to correct any statements made by CCNY or dissuade CCNY from the notion of the "well-furnished office." [41]

The Statement of Alleged Violation alleges that Respondent received favors or benefits, including the promise of an office and donations that totaled in excess of $8 million.[42] The Statement of Alleged Violation states facts that support a violation of the clause 5 of the Code of Ethics for Government Service.

With respect to the Lenox Terrace issue, Respondent again alleges that the Statement of Alleged Violation fails to state facts that constitute a violation of clause 5. The Statement of Alleged Violation alleges that Respondent's continued acceptance of a residential, rent-stabilized apartment for nonresidential purposes was a favor or benefit to him.[43]

Respondent argues that it was not a favor or benefit to Respondent, but rather a business decision made by Olnick. Whether Olnick did, in fact, make such a decision is not relevant.[44]

Regardless of the landlord's knowledge or motivation, Respondent was not entitled to a residential, rent-stabilized apartment for use by his campaign committees. Olnick was not required to rent a rent-stabilized apartment to Respondent for non-residential purposes.

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[40] There could be many reasons the House takes a particular action. Attempts to characterize a particular House action as a "free pass" for all conduct related to that action would be misplaced. Respondent also appears to argue that it is incumbent upon each Member of the House to investigate and determine for each and every earmark whether it implicates a "financial interest" to the sponsoring Member in violation of House Rule XXIII, clause 17.

[41] Respondent argues at length regarding whether the archiving of papers can constitute a "favor or benefit." While Respondent's discussion contains errors in both its factual statements and analysis, the Investigative Subcommittee sees no need to correct those errors or otherwise respond to that discussion. The donations that were made as favors to Respondent, as well as the office are each sufficient, standing alone, to constitute a "favor or benefit."

[42] *See* Statement of Alleged Violation at ¶¶ 6, 19, 56, 64, 76, 77, 81, 180, and 181.

[43] *See* Statement of Alleged Violation at ¶¶ 235-237.

[44] Respondent's assertion that it was, in fact, a business decision is not supported by the record, given the standard of review applicable to a motion to dismiss.

Respondent's continued access to that apartment for a non-conforming use was a favor or benefit to Respondent.

Respondent further argues that he did not perform any official acts on behalf of Olnick. Respondent's argument misconstrues clause 5 of the Code of Ethics for Government Service. Unlike *quid pro quo*, clause 5 does not require any official action. It merely speaks to creating the appearance of impropriety. The facts alleged in the Statement of Alleged Violation are sufficient to establish circumstances that reasonable persons might construe as influencing the performance of his governmental duties.

D. The Statement of Alleged Violation states facts that constitute a violation of the House Gift Rule.

Respondent alleges that the Statement of Alleged Violation fails to state facts that constitute a violation of the House Gift Rule.[45] Contrary to Respondent's assertion, there is no requirement in the House Rule, in the Solicitation and Gift Ban, or the precedent of this Committee that an item have a monetary value in order to constitute a gift. In addition, where a Member fails to comply with the Standards Committee's guidance on solicitations for organizations qualified under § 170(c) of the Internal Revenue Code by using official resources or the imprimatur of his office in making the solicitation, the exception to the Solicitation and Gift Ban[46] does not apply and any gift solicited by the Member to the charitable organization may be attributed as a gift to the Member, particularly where the Member has used official resources or the imprimatur of his office in making the solicitation, as was done here.

House rules and a federal statute generally prohibit Members from accepting gifts.[47] Under the House Gift Rule, a Member may not knowingly accept a gift, unless it falls within one of the exceptions set forth in the rule.[48] The Solicitation and Gift Ban prohibits the solicitation and acceptance of gifts by Members unless authorized by the Standards Committee.[49] The Standards Committee has sole and exclusive jurisdiction over the interpretation and enforcement of the House Gift Rule and the Solicitation and Gift Ban.[50]

Except as permitted by the House Gift Rule, as interpreted and enforced by the Standards Committee:

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[45] House Rule XXIII, clause 4.
[46] 5 U.S.C. § 7353.
[47] House Rule XXIII, cl. 4 (stating that a Member "may not accepts gifts except as provided by clause 5 of rule XXV"); House Rule XXV, cl. 5 (House Gift Rule); 5 U.S.C. § 7353 (Solicitation and Gift Ban).
[48] House Rule XXV, cl. 5(a)(1)(A)(i).
[49] 5 U.S.C. § 7353.
[50] House Rule XXV, cl. 5(h); *see* 5 U.S.C. § 7353(b).

> (a) ... no Member of Congress ... shall solicit or accept anything of value from a person—
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> > (1) seeking official action from, doing business with, or (in the case of executive branch officers and employees) conducting activities regulated by, the individual's employing entity; or
> >
> > (2) whose interests may be substantially affected by the performance or nonperformance of the individual's official duties.

A "Member ... may not knowingly accept a gift except as provided" in the House Gift Rule.[51]

The term "gift" is broadly defined, and includes "anything of value,"[52] as well as a "gratuity, favor, discount, entertainment, hospitality, loan, forbearance, or other item having monetary value."[53]

The term "anything of value" has been interpreted synonymously with "thing of value."[54] As noted by the courts, "the pervasive use of [thing of value] in criminal statutes of both the states and the federal government has made it a term of art, covering intangible as well as tangible things."[55] The following are examples of "things of value": amusement, promise of sexual intercourse, promise to reinstate an employee, agreement not to run in a primary election, testimony of a witness, and content of a writing.[56] The term "value" "embodies notions of worth, utility, and importance generally."[57] In several cases, courts have held that the test of value is whether the recipient subjectively attaches value to the thing received.[58]

There is no requirement in the House Rule, in the Solicitation and Gift Ban, or in the precedent of the Standards Committee that an item have a monetary value to constitute a gift. The term "anything of value" is not limited to things of "monetary, commercial, objective, actual or tangible value."[59] The use of the phrase "or other item having monetary value" in the House Gift Rule, therefore, does not restrict the definition of a "gift" to only items of monetary value.[60]

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[51] House Rule XXV, cl. 5(a)(1)(A)(i).
[52] 5 U.S.C. § 7353(a).
[53] House Rule XXV, cl. 5(a)(2).
[54] *United States v. Singleton*,144 F.3d 1343, 1349 (10th Cir. 1998), *vacated on other grounds*, 165 F.3d 1297 (10th Cir. 1999) (collecting cases).
[55] *Id.*
[56] *See United States v. Girard*, 601 F.2d 69 (2d Cir. 1979) (internal citations omitted).
[57] *Singleton*, 144 F.3d at 1348-49.
[58] *Id.* at 1349 (collecting cases).
[59] *Id.*
[60] Notably, House Rule XXV, cl. 5(a)(2)(A), includes things for which it would be difficult to place a monetary value, including favors and hospitality.

Further, even gifts that do not create any financial conflict of interest are problematic. It is human nature that the recipient of a gift will be grateful for gifts, and that the donor may expect favorable treatment or consideration in return.[61] Even where neither the donor nor the recipient has an intent to influence or be influenced, concerns may arise about the appearance of impropriety related to a gift or gifts. The House Bipartisan Task Force on Ethics (101st Congress) noted this concern:

> Regardless of any actual corruption or undue influence upon a Member or employee of Congress, the receipt of gifts or favors from private interests may affect public confidence in the integrity of the individual and in the institution of the Congress. Legitimate concerns of favoritism or abuse of public position may be raised by disclosure of frequent or expensive gifts from representatives of special interests, or valuable gifts from anyone other than a relative or personal friend.[62]

Gifts to Members have long been a matter of concern to Congress. A 1951 report from a Senate subcommittee highlighted some of the concerns:

> When is it proper to offer [gifts to] public officials and what is it proper for them to receive? A cigar, a box of candy, a modest lunch . . .? Is any one of these improper? It is difficult to believe so. They are usually a courteous gesture, and expression of good will, or a simple convenience, symbolic rather than intrinsically significant. Normally they are not taken seriously by the giver nor do they mean very much to the receiver. At the point at which they do begin to mean something, however, do they not become improper? Even small gratuities can be significant if they are repeated and come to be expected. . . .
>
> Expensive gifts, lavish or frequent entertainment, paying hotel or travel costs, valuable services, inside advice as to investments, discounts and allowances in purchasing are in an entirely different category. They are clearly improper. . . . The difficulty comes in drawing the line between the innocent or proper and that which is designing or improper. At the moment a doubt arises as to propriety, the line should be drawn.[63]

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[61] *See* Paul H. Douglas, Ethics in Government 48-49 (1952).
[62] Bipartisan Task Force Report.
[63] Special Subcomm. on the Establishment of a Comm'n on Ethics in Gov't, Senate Comm. on Labor and Public Welfare, *Ethical Standards in Government*, 82d Cong., 1st Sess. 23 (Comm. Print 1951).

Under House Rule XXIII, clause 2, a Member must "adhere to the spirit as well as the letter" of the House Rules.[64] House Rule XXIII, clause 2, was drafted to "provide the House the means to deal with infractions that rise to trouble it without burdening it with defining specific charges that would be difficult to state with precision."[65] The practical effect of House Rule XXIII, clause 2, has been to provide a device for construing other provisions of the Code of Conduct and House Rules.[66] This rule has been interpreted to mean that a Member or employee may not do indirectly what the Member or employee would be barred from doing directly.[67] In other words, the House Rules should be read broadly, and a narrow technical reading of the House Rules should not overcome its "spirit" and the intent of the House in adopting the rules.[68]

Members are prohibited, either directly or indirectly, from soliciting and accepting gifts, except as authorized by the Standards Committee. An indirect gift occurs where a "gift is given with the knowledge and acquiescence of the Member ... and the Member ... has reason to believe the gift was given because of the [Member's] official position."[69] Thus, a donation to a charitable organization, including a public college or university, may, under certain circumstances, be considered a gift attributable to a Member who solicited the donation.

As noted above, the Solicitation and Gift Ban prohibits Members from soliciting and / or accepting gifts unless authorized by the Standards Committee.[70] The Standards Committee, as the supervising ethics office under the Solicitation and Gift Ban statute, is authorized to provide for reasonable exceptions pursuant to the ban.[71] The Standards Committee, acting pursuant to 5 U.S.C. § 7353(b), has provided for three basic "blanket exceptions," two of which are not applicable here – campaign or political contributions and the Congressional Art Competition.[72]

The third exception permits Members to solicit in their personal capacities, not using official resources or the imprimatur of their offices, on behalf of organizations qualified under § 170(c) of the Internal Revenue Code. However, such solicitations are subject to a number of

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[64] House Rule XXIII, cl. 2.
[65] 114 *Cong. Rec.* 8778 (April 3, 1968); *see also* 114 *Cong. Rec.* 8799 (statement of Representative Teague, member of the House Comm. on Standards of Official Conduct, 90th Cong.).
[66] 2008 *House Ethics Manual*, at 17.
[67] House Select Comm. on Ethics, *Advisory Opinion 4*, H. Rep. No. 95-1837, 95th Cong., 2d Sess. 61-62 (1979).
[68] *Id.*
[69] House Rule XXV, cl. 5(a)(2)(B)(i); 5 U.S.C. § 7353(a); *see also* 5 CFR §§ 2635.203(e) (stating "[a] gift is solicited or accepted because of the employee's official position if it is from a person other than an employee and would not have been solicited, offered, or given had the employee not held the status, authority or duties associated with his Federal position) and 2635.203(f) (stating "[a] gift which is solicited or accepted indirectly includes a gift: ... (2) Given to any other person, including any charitable organization, on the basis of designation, recommendation, or other specification by the employee"); OGE Advisory Letter 92x22 (July 31, 1992) (citing the proposed indirect gift rule and noting under precedent existing before promulgation of regulations implementing 5 U.S.C. § 7353 that "a contribution to a charity made at the behest or suggestion of a Federal employee would be considered a gift under existing precedent even though the employee did not personally receive the contribution").
[70] 5 U.S.C. § 7353.
[71] 5 U.S.C. § 7353(b). Under no circumstances may a Member accept a gift in exchange for being influenced in the performance of any official act. 5 U.S.C. § 7353(b)(2)(B).
[72] *See* 1997 Solicitation Pink Sheet.

restrictions.[73] If a Member violates any one of these restrictions, his actions would not fall within the general exception and would run afoul of the solicitation ban.

The Standards Committee has stated that "the major restrictions on such solicitations are that no official resources may be used in making them, no official endorsement by the House of Representatives may be implied, and no direct personal benefit may result to the soliciting official."[74] Further, solicitations are not permitted for organizations established or controlled by Members unless the organization's principal activities are unrelated to the Member's official duties.[75] The Standards Committee has also noted that, pursuant to a House rule, registered lobbyists may not be solicited, except as part of a solicitation directed to a broad category of persons.[76]

A Member is generally allowed to solicit funds for a § 170(c) organization in his own name without using the public fisc, his position or his influence.[77] When those restrictions are not followed, the general exception to the solicitation ban is inapplicable. Therefore, if a Member uses official resources in the solicitation, the exception does not apply and the Member has violated the statute.[78] Similarly, if a Member uses congressional letterhead, the exception does not apply and the Member has violated the statute.[79] Likewise, if a Member solicits on the property of the House of Representatives, the exception does not apply and the Member has violated the statute.[80] In addition, if a Member may receive a direct benefit, the exception does not apply and the Member has violated the statute.[81] Further, if a Member targets a federally-registered lobbyist, the exception does not apply and the Member has violated the statute.[82]

Approval by the Standards Committee of an exception to the solicitation ban also serves as approval of an exception to the statute's ban on the acceptance of any gift to the proposed beneficiary resulting from the solicitation that may be attributable to the soliciting Member.[83] Where a soliciting Member has complied fully with the Standards Committee's guidance with respect to a permissible solicitation, no gifts to the proposed beneficiary of the solicitation will be attributed to the soliciting Member.

However, where a Member fails to comply with the Standards Committee's guidance, the exception to the Solicitation and Gift ban may not apply and any gift solicited by the Member to

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[73] 1997 Solicitation Pink Sheet; 1995 Solicitation Pink Sheet; 1990 Solicitation Pink Sheet.
[74] 1997 Solicitation Pink Sheet.
[75] *Id.*
[76] *Id.*
[77] *Id.*
[78] 1997 Solicitation Pink Sheet; 1995 Solicitation Pink Sheet; 1990 Solicitation Pink Sheet.
[79] 1995 Solicitation Pink Sheet; 1990 Solicitation Pink Sheet; House Rule XXIII, cl. 11.
[80] The House Office Building Commission's Rules and Regulations Governing the House Office Buildings, House Garages and the Capitol Power Plant (February 1999).
[81] 1990 Solicitation Pink Sheet.
[82] House Rule XXV, cl. 5(e)(i); 1997 Solicitation Pink Sheet.
[83] 5 U.S.C. § 7353(b)(1).

the charitable organization may be attributed as a gift to the Member, particularly where the Member has used official resources or the imprimatur of his office in making the solicitation.[84]

As previously discussed, the contributions to the Rangel Center provided Respondent with favors and benefits, including funds for the establishment of the Rangel Center.[85] It is irrelevant for purposes of the gift rule whether those gifts had a monetary value.

In addition, Respondent's solicitations violated the Standards Committee's guidance on the solicitations for organizations qualified under § 170(c) of the Internal Revenue Code. His violations included, *inter alia*, the use of his Congressional letterhead and other official resources. Respondent knew that he had solicited donations for the Rangel Center and that he had used the imprimatur of his office in those solicitations. Respondent also knew that individuals and entities he solicited had donated to the Rangel Center and that the solicitations included information about items that would accrue to his benefit, including providing a well-appointed office for his use. Thus, Respondent received gifts indirectly from donors to the Rangel Center. Therefore, the Statement of Alleged Violation states facts that constitute a violation of the House Gift Rule and the Solicitation and Gift Ban.

E. The Statement of Alleged Violation states facts that constitute a violation of the Ethics in Government Act and House Rule XXVI.

Respondent alleges that the Statement of Alleged Violation fails to state facts that constitute a violation of the Ethics in Government Act and House Rule XXVI with respect to 2008.

Title I of the Ethics in Government Act (EIGA) sets forth the requirements for financial disclosure by government officials. The provisions of title I of the EIGA also constitute a Rule of the House.[86] Section 102 of the EIGA requires that each report "shall include a full and complete statement" with respect to several categories, including income, honoraria, income-producing assets, gifts, reimbursements for travel, interests in certain property, liabilities,

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[84] House Rule XXV, cl. 5(a)(2)(B)(i); 5 U.S.C. § 7353(a); *see also* 5 CFR §§ 2635.203(e) (stating "[a] gift is solicited or accepted because of the employee's official position if it is from a person other than an employee and would not have been solicited, offered, or given had the employee not held the status, authority or duties associated with his Federal position) and 2635.203(f) (stating "[a] gift which is solicited or accepted indirectly includes a gift: ... (2) Given to any other person, including any charitable organization, on the basis of designation, recommendation, or other specification by the employee"); OGE Advisory Letter 92x22 (July 31, 1992) (citing the proposed indirect gift rule and noting under precedent existing before promulgation of regulations implementing 5 U.S.C. § 7353 that "a contribution to a charity made at the behest or suggestion of a Federal employee would be considered a gift under existing precedent even though the employee did not personally receive the contribution").

[85] This would include a "well-furnished office" and an archivist. See, *supra*, note 42. These items have a monetary value.

[86] House Rule XXVI, par. 2.

transactions, and reportable positions.[87] Among the positions required to be reported is a trustee of any nonprofit organization.[88]

Respondent's submission makes statements suggesting that Standards Committee staff played a role in the decision not to amend his Financial Disclosure Statement for calendar year 2008.[89] At no point did Standards Committee staff advise Respondent not to file an amended Financial Disclosure Statement for calendar year 2008. Respondent was aware that the original Financial Disclosure statement contained an omission, and he chose not to amend that statement.[90]

The Statement of Alleged Violation alleges that Respondent was a trustee of the Ann S. Kheel Charitable Trust during calendar year 2008, and that position was not reported on his Financial Disclosure Statement for calendar year 2008.[91] The Statement of Alleged Violation states facts that constitute a violation of the EIGA and House Rule XXVI.

F. The Statement of Alleged Violation states facts that constitute a violation of 18 U.S.C. § 1719.

Respondent alleges that the Statement of Alleged Violation fails to state facts that constitute a violation of 18 U.S.C. § 1719. Respondent contends that the statute requires a showing that the franking privilege was used for the "specific purpose of avoiding payment of postage."[92]

The criminal franking statute provides:

> Whoever makes use of any official envelope, label, or indorsement [sic] authorized by law, to avoid the payment of postage or registry fee on his private letter, packet, package, or other matter in the mail, shall be fined under this title.[93]

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[87] EIGA at § 102.
[88] EIGA at § 102(a)(6)(A).
[89] Respondent also makes the erroneous statement that the omission was brought to the attention of Standards Committee staff. In fact, Standards Committee staff notified Respondent's counsel of the omission, to which Respondent's counsel replied that an amendment would be filed. *See* CSOC.CBR.00029388 (attached).
[90] To the extent that Respondent's counsel may have later informed Standards Committee counsel of a change in the expressed intent for amending while proceedings were pending, there was no ratification of that decision by Standards Committee counsel nor the Investigative Subcommittee.
[91] *See* Statement of Alleged Violation at ¶¶ 142-143.
[92] Respondent's Memo at 9.
[93] 18 U.S.C. § 1719.

Determining the mental state ("*mens rea*"), if any, required for a federal crime requires statutory construction and an inference of the intent of Congress.[94] Section 1719 does not explicitly identify the level of *mens rea*, if any, that is necessary to find a violation of the statute.

Where a statute is silent on *mens rea*, it does not necessarily mean that Congress intended to dispense with such a requirement.[95] *Means rea* is required under common law, and that principle is generally followed even for statutory crimes that are silent on the issue.[96] The Supreme Court has noted that offenses that require no *mens rea* are generally disfavored.[97] The Court has suggested that some indication of congressional intent is required to dispense with *mens rea* as an element of a crime.[98] But the Court has also pointed to cases where no *mens rea* was required where the statue was silent and the punishment is relatively small:

> In determining whether a criminal statute dispenses with *mens rea*, "the nature and extent of the penalty attached to the offence may be reasonably considered. There is nothing that need shock any mind in the payment of a small pecuniary penalty by a person who has unwittingly done something detrimental to the public interest."[99]

Section 1719 requires only the payment of a fine. A violation of § 1719 is classified as an "infraction" under the federal criminal code, with a maximum fine of $5,000.[100] That level of punishment falls well within the parameters courts have established as "relatively small" punishment.[101] It is reasonable to conclude that the statue contains no *mens rea* requirement.

Even assuming some level of intent is required, where a presumption of intent is applied to a statute it is usually "general intent" rather than "specific intent."[102] General intent requires only that the person have knowledge of the act ("*actus reus*"). For purposes of § 1719, applying a general intent standard would mean that the statute is violated when the person knew the frank was being used on a private letter. There is no requirement that the person intend to avoid the payment of postage, contrary to the position taken in Respondent's submission. Further, under

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[94] *United States v. Balint*, 258 U.S. 250, 253 (1922).
[95] *Staples v. United States*, 511 U.S. 600, 605 (1994).
[96] *Id.*
[97] *Id.* at 606.
[98] *Id.* at 606.
[99] *Staples v. United States*, 511 U.S. 600, 617 n. 13 (1994)(*quoting Queen v. Tolson*, 23 Q.B. at 177 (Wills, J.)). *See also Staples*, 511 U.S. at 618 n. 15 *(citing Holdridge v. United States*, 282 F.2d 302, 310 (8th Cir. 1960)).
[100] 18 U.S.C. § 3571.
[101] *See, e.g., United States v. Unser*, 165 F.3d 755, 763-64 (10th Cir. 1999) (maximum penalty of $5,000 fine, or imprisonment for not more than six months, or both fell within "relatively small" standard); *United States v. Ayo-Gonzalez*, 536 F.2d 652, 661 (5th Cir. 1976) (maximum penalty of $100,000 fine, or imprisonment for not more than one year, or both not so great as to indicate Congress must have intended some *mens rea* requirement).
[102] *See Carter v. United States*, 530 U.S. 255 (2000).

the precedent of the Standards Committee, the Investigative Subcommittee is not required to adhere strictly to general criminal law standards that require proof of the requisite intent to establish a violation to appropriately execute its responsibilities in the non-criminal disciplinary context.[103] "Members are expected to adhere to standards of conduct far more demanding than the bare minimum standards established by our criminal laws."[104]

The Statement of Alleged Violation alleges that Respondent used his frank on materials that were not official business.[105] The Statement of Alleged Violation states facts that constitute a violation of 18 U.S.C. § 1719.

CONCLUSION

In light of the foregoing, the Investigative Subcommittee finds that Respondent's Motion to Dismiss does not state adequate grounds to support dismissal of any counts in the Statement of Alleged Violation. Accordingly, the Respondent's Motion to Dismiss is denied.

Gene Green
Chair

Jo Bonner
Ranking Republican Member

Copies to:

Leslie B. Kiernan, Esq.
Zuckerman Spaeder, LLP
1800 M Street, N.W., Suite 1000
Washington, D.C. 20036

[103] *See* Comm. on Standards of Official Conduct, *Manual of Offenses and Procedures Korean Influence Investigation*, pursuant to H. Res. 252, 95th Cong., 1st Sess. (June 1977) at 35; Comm. on Standards of Official Conduct, *In the Matter of Representative Fortney "Pete" Stark*, H. Rep. 111-409, 111th Cong., 2d Sess. (January 29, 2010) at 10.
[104] *Id.*
[105] *See* Statement of Alleged Violation at ¶¶ 29, 201.

Morris, Deborah

From: Smith, Tonia
Sent: Monday, March 08, 2010 4:57 PM
To: Morris, Deborah
Cc: Kim, Morgan
Subject: FW: follow-up

From: Kiernan, Leslie Berger [redacted]
Sent: Thursday, September 10, 2009 11:25 AM
To: Smith, Tonia
Cc: Chisam, Blake
Subject: RE: follow-up

Hello Tonia --

Congressman Rangel has paid all taxes due on the two Glassboro lots. As I understand it the amount due was a total of approximately $160.

Congressman Rangel did serve as a trustee for the Ann S. Kheel Charitable Trust in 2008. This position was inadvertently left off the 2008 personal financial disclosure form. An amendment will be prepared and filed.

Regards,

Leslie Kiernan

From: Smith, Tonia [redacted]
Sent: Tuesday, September 08, 2009 4:52 PM
To: Kiernan, Leslie Berger
Subject: follow-up

Leslie:

I hope all is well. I am just touching base with you to find out if you have any additional information regarding the following:

1. Confirmation that Rep. Rangel paid the taxes on the two New Jersey lots.
2. Whether Rep. Rangel is a trustee on the Ann S. Kheel Charitable Trust. If yes, why wasn't it reported on his Financial Disclosure Statements?

Please contact me if you have any questions and/or concerns.

Thanks,

Tonia Smith, Counsel
Committee on Standards of
Official Conduct
Suite HT-2, The Capitol

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HOUSE OF REPRESENTATIVES

111TH CONGRESS

2d Session

COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT

INVESTIGATIVE SUBCOMMITTEE REPORT

IN THE MATTER OF REPRESENTATIVE CHARLES B. RANGEL REGARDING MATTERS WITHIN ITS JURISDICTION ON ISSUES NOT REFERENCED IN STATEMENT OF ALLEGED VIOLATION

JULY 21, 2010

The Committee on Standards of Official Conduct (Standards Committee) established an investigative subcommittee on September 24, 2008, to conduct an inquiry regarding Representative Charles B. Rangel. Among the items included in the investigative subcommittee's inquiry was Representative Rangel's compliance with Committee on House Administration Rules regarding storage of a vehicle in a House garage, lot, or designated parking area.

Pursuant to Standards Committee Rule 19(g), where an investigative subcommittee does not adopt a Statement of Alleged Violation, the subcommittee is required to transmit to the Standards Committee a report containing a summary of the information received in the inquiry, its conclusions and reasons therefore, and any appropriate recommendation.

The Investigative Subcommittee examined Representative Rangel's use of House parking facilities since January 2003.[1] The Investigative Subcommittee did not adopt any count in a Statement of Alleged Violation regarding Representative Rangel's compliance with Committee on House Administration Rules regarding storage of a vehicle in a House garage, lot, or designated parking area.

I. Background

A. Committee on House Administration Parking Policies

The Committee on House Administration (House Administration) has jurisdiction over the parking facilities of the House of Representatives.[2] At the beginning of each Congress, staff members with parking receive a "permit" which is affixed to the registered vehicle.[3] Each Member receives two "Member plates" which can be placed in the windshield of any car they are driving or being driven in.[4]

House Administration issues parking policies that govern parking facilities. During the relevant period, two parking policies were in effect – a March 1999 policy and a May 2005 policy (collectively, the "Parking Policies").[5]

The Parking Policies prohibited individuals from storing vehicles in House parking facilities. The March 1999 policy stated:

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[1] *See* Committee Rule 18(d) generally limiting inquiries to alleged violations that occurred within the three previous Congresses.
[2] House Rule X, clause 1(j)(13).
[3] Transcript of Investigative Subcommittee Interview of Roderick J. Myers, Director of the House Office of Parking and Garages Security (hereinafter Myers Tr.) at 8.
[4] Myers Tr. at 9.
[5] A new policy went into effect on January 3, 2009. *See* Exhibit 6 (CSOC.CBR.00027038-42).

> Vehicles may not be stored in unreserved spaces in House garages, lots, or designated on-street parking areas. "Stored" is defined as a vehicle continuously parked in an unreserved space for more than forty-five consecutive calendar days. Stored vehicles will be considered to be parked in violation of the applicable regulations stated herein.[6]

The May 2005 policy stated:

> Vehicles, including motorcycles and bicycles, may not be stored in unreserved spaces in House garages, lots, or designated on-street parking areas. "Stored" is defined as being continuously parked in an unreserved space for more than forty-five consecutive calendar days or a vehicle that does not display both a current parking permit and valid license plates.[7]

The Parking Policies permitted individuals with reserved parking spots to park in those spots indefinitely.[8] Members were permitted to have up to two reserved spots.[9] Unlike unreserved parking, reserved spots result in income being imputed, for tax purposes, to the holder of the reserved spot. The March 1999 policy stated:

> A person who reserves an indoor space incurs additional taxable income as a working condition fringe benefit. Under the tax code and IRS regulations, Members and their employees have imputed taxable income to the extent that the fair market value of Government-provided parking exceeds $175.00/month. The fair market value of an indoor space at the House of Representatives is $290.00/month and therefore the imputed taxable income is $115.00/month. These amounts are subject to change.[10]

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[6] Exhibit 1 (CSOC.CBR.00027026-29).

[7] Exhibit 2 (CSOC.CBR.00027034-37). Myers testified that it was not a violation of the parking policy for a Member to have expired license plates, and, even if it were a violation, no enforcement action would have been taken against a Member. Myers Tr. at 15-16, 23.

[8] Exhibit 1 at CSOC.CBR.00027028; Exhibit 2 at CSOC.CBR.27036.

[9] Myers Tr. at 18-19.

[10] Exhibit 1 at CSOC.CBR.00027029. The May 2005 policy contains similar language, with the amount of imputed taxable income set at $100.00/month. Exhibit 2 at CSOC.CBR.00027037. Pursuant to the tax laws, certain fringe benefits are considered taxable income, including some types of employer-provided parking. 26 U.S.C. § 132(a)(5). Where the value of the parking exceeds an amount set by the tax laws and regulations, that additional amount is considered imputed income, which is subject to tax. 26 U.S.C. § 132(f)(2)(B) (parking valued at less than $175/month is excluded from gross income). Because the value of a reserved parking space at House parking

When a violation of the parking policy occurred, the Parking Policies included procedures for notifying the individual.[11] These notifications included providing several forms of notice before taking any action.[12] These notifications, however, were only applied to staff, and not Members.[13]

A new parking policy was issued at the beginning of the 111th Congress. With respect to storage of vehicles, the policy provides:

> *Staff* vehicles, including motorcycles and bicycles, may not be stored in unreserved spaces in House garages, lots, or designated on-street parking areas. "Stored" is defined as being continuously parked in an unreserved space for more than fourteen (14) consecutive calendar days. A vehicle not displaying both a current parking permit and valid license plates will be considered a "stored" vehicle.[14]

The current parking policy, therefore, does not appear to prohibit Members from storing vehicles in unreserved parking.

B. Representative Rangel's Use of House Parking Garage

During the 108th Congress, Representative Rangel had two vehicles registered with House Parking, a PT Cruiser and a Mercedes.[15] In the 109th and 110th Congresses, Representative Rangel had only one vehicle registered with House Parking, the PT Cruiser.[16] Representative Rangel had reserved parking, which he used for the PT Cruiser.[17]

Representative Rangel also kept his Mercedes parked in a House garage for a number of years. Although the record does not clearly indicate how long the car was in the House garage or whether it was ever moved, it is likely that the car was stored for more than 45 consecutive days.

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facilities exceeds the amount set by the tax laws, that additional value results in imputed income to individuals with reserved parking.

[11] Exhibit 1 at CSOC.CBR.00027029; Exhibit 2 at CSOC.CBR.00027037.

[12] Exhibit 1 at CSOC.CBR.00027029; Exhibit 2 at CSOC.CBR.00027037.

[13] Myers Tr. at 13.

[14] Exhibit 6 at CSOC.CBR.00027040 (emphasis added).

[15] Exhibit 3 (CSOC.CBR.00029395).

[16] Exhibit 4 (CSOC.CBR.00029396); Exhibit 5 (CSOC.CBR.00028397). Representative Rangel, like all Members, was entitled to park a second car in the House parking facilities, using his second Member plate. *See* Myers Tr. at 17-18.

[17] Exhibit 4 (CSOC.CBR.00029396); Exhibit 5 (CSOC.CBR.00028397); Transcript of Investigative Subcommittee Interview of Representative Charles B. Rangel (hereinafter Rangel Tr.) at 223-24; Myers Tr. at 17.

Myers testified he had seen the car in the garage at least since 2003.[18] Myers further testified that, although he had been contacted once to jump-start the car, he had never seen it driven out of the garage.[19] Myers said that, although it "appeared that [the car] hadn't moved," he could not "prove" it because the parking service is only open for 16 hours and the car may have been moved between 11 p.m. and 7 a.m. when no one from his office was present.[20]

When asked if the Mercedes ever stayed in the parking garage more than forty-five days at a time, Representative Rangel responded, "I don't [sic] know where it was until someone told me that it was in the garage. I didn't see it. Well, at one time I knew it was near my car. And then another time some Member told me they saw the car."[21] Similarly, when asked if he knew how long the car stayed in the garage, Representative Rangel stated, "I don't know. I was reminded it was in the garage when I read it in the *New York Post*."[22] Similarly, Representative Rangel said "I don't really remember" when asked when he had last driven the car, continuing, "No one told me that – the car was there. I read it in the *Post*. I didn't know it was there. But no one told me that the car shouldn't be there. I had no notice and whatnot."[23]

II. Analysis

The applicable written Parking Policies prohibited the storage of vehicles in unreserved parking spots. The investigative subcommittee's inquiry found, however, that the written policy regarding storage was not enforced against Members. Under the current parking policy, Members are not prohibited from storing vehicles in unreserved parking spots.

While Representative Rangel appears to have stored his Mercedes for more than 45 days in violation of the written Parking Policies, the actual practice of the Parking Office was not to take action against parking violations by a Member. Because of that practice, the Parking Office did not provide any type of notice to Representative Rangel, as it would have to a staff member who was in violation of the Parking Policies.[24]

In light of these circumstances, the investigative subcommittee determined that Representative Rangel's conduct with respect to compliance with the Parking Policies did not rise to the level warranting charging it as a count in a Statement of Alleged Violation.

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[18] Myers Tr. at 25.
[19] *Id.* at 26, 29.
[20] *Id.* at 27.
[21] Rangel Tr. at 224.
[22] *Id.* at 225.
[23] *Id.*
[24] *See, e.g.*, Myers Tr. at 15.

III. Recommendations

The investigative subcommittee is concerned about the lack of enforcement of the parking policies established by House Administration. While it is within the purview of House Administration to determine what parking policies it deems appropriate, the policies adopted should be enforced. Further, to the extent that the value of storage of a vehicle by Members exceeds the fringe benefit limitation set by the tax laws and regulations, resulting in imputed income to the Members who are storing their vehicles in unreserved parking, House Administration should take appropriate steps to ensure that such income is attributed to those Members.

The subcommittee recommends the following:

1. The Standards Committee take no further action against Representative Charles B. Rangel with respect to his compliance with Committee on House Administration Rules regarding storage of a vehicle in a House garage, lot, or designated parking area; and

2. The Standards Committee consider making a recommendation to House Administration that House Administration examine its rules regarding parking and the enforcement of those rules.

Committee on House Administration
Parking Policy

March 10, 1999 IN EFFECT UNTIL 5/05

Parking Policy Overview

1. Parking in the United States House of Representatives garages, lots, and designated parking areas is for Members, staff, and authorized personnel in support of the House of Representatives. Parking in these areas shall be on a "permit only" basis.

2. All vehicles parked in House permit-only areas must display valid license plates and a parking permit from the inside windshield or on the dashboard. The parking permit must be clearly visible upon entry and remain visible while parked on House premises. In addition to a permit, all staff must display a valid Congressional ID (House ID, Senate ID for US Capitol Police, or Senate press ID) upon entering garages and lots.

3. The House will not be liable for any damage or theft caused to any motor vehicle, or contents thereof, while parked in a House parking garage or on a House parking lot, whether or not the lot or garage is attended.

4. A public parking lot is located at Washington Avenue and D Street, SW. This lot is available for visitor and tourist parking on Monday through Friday from 7:00 a.m. to 11:00 p.m. and on Saturdays from 8:00 a.m. to 5:00 p.m.

5. On weekends and holidays when the House is not in session, outside parking lots are available to the public on a first-come, first-served basis.

Permits

1. Parking permits must be obtained through the office of a House employing authority and are available only to current House Members and staff holding a valid Congressional ID (House ID, Senate ID for US Capitol Police, or Senate press ID). These shall be for the use of the permit holders authorized by the employing authority and are non-transferable among employing authorities.

2. Members and staff receiving a mass transit benefit are not eligible for parking permits.

3. Spouses of Members may park in any garage or lot, on a space available basis and will be issued temporary permits if they are not using the Member plate. In addition, spouses will be required to present a Spouse ID.

4. An employing office may reassign permits by submitting a letter, listing new users and vehicles, to the Director of House Garages and Parking Security. Upon termination of employment, staff must return their parking permit to their employing office. Employing

EXHIBIT 1

offices that fail to collect permits from departing staff will not receive replacement permits without authorization from the Committee on House Administration.

5. A police report and affidavit must be immediately filed with the Office of House Garages and Parking Security for any lost or stolen permit.

6. Temporary permits may be issued at the request of an office, on a space-available basis. Offices should submit requests on the office letterhead and provide the user's name and vehicle information (make, model, color, and license plate information). The maximum duration of temporary permits is two weeks.

7. Authorized permit holders who temporarily need to use an alternate vehicle should contact the Office of the House Garages and Parking Security for a temporary permit for that vehicle.

Multiple Vehicles/Multiple Users

1. Members and staff may register more than one vehicle to a single parking permit. In addition, multiple persons may be assigned to a single parking permit.

2. Staff with multiple vehicles should transfer their parking permit, as needed, to the vehicle to be driven and parked.

3. Requests for transferable permits to be used by more than one person must list all users and their vehicle information (make, model, color, and license plate information).

Unreserved Parking

1. Members of the House may choose their unreserved parking spaces from any available spaces in the various garages/lots.

2. Unreserved staff parking is available on a first-come, first-served basis in the designated parking areas assigned to the employing office.

3. Vehicles may not be stored in unreserved spaces in House garages, lots, or designated on-street parking areas. "Stored" is defined as a vehicle continuously parked in an unreserved space for more than forty-five consecutive calendar days. Stored vehicles will be considered to be parked in violation of the applicable regulations stated herein.

Reserved Parking

1. Members of the House may choose their reserved parking spaces from any unassigned spaces in the various garages/lots.

EXHIBIT 1

2. Staff must choose their reserved space from the designated parking areas indicated on their permit.

3. A person who reserves an indoor space incurs additional taxable income as a working condition fringe benefit. Under the tax code and IRS regulations, Members and their employees have imputed taxable income to the extent that the fair market value of Government-provided parking exceeds $175.00/month. As of January 1, 1999, the fair market value of an indoor space at the House of Representatives is $290.00/month and therefore the imputed taxable income is $115.00/month. These amounts are subject to change.

4. Individuals with reserved parking will be permitted to park their vehicles in their designated spaces for an indefinite period of time.

Member Parking Plates

Member parking plates are for the use of Member and spouse, as well as for immediate transportation of the Member by staff. Former Members will be permitted to park using either temporary permits or Member parking plates from previous Congresses, but must display former Member ID.

Carpool Parking

House employees interested in carpool parking should contact the Office of House Garages and Parking Security. Carpools must have a minimum of three employees from House employing offices. Each carpool will be issued a parking permit on a first-come, first-served basis, according to space available.

Evening and Night Parking

Off-hour parking for swing shift employees, i.e. 2:00 p.m. to 7:30 a.m., will be allowed in House lots and garages based on space availability. Evening parking permits must be obtained through a House employing authority. Offices interested in evening parking should contact the Office of House Garages and Parking Security.

Americans with Disabilities Act (ADA)

Staff authorized to park who require accessible parking based on ADA considerations will be accommodated on an as-needed basis in spaces clearly marked for handicapped use. Such permits will come from the pool of permits assigned to the office. Staff will be required to display the State-assigned handicap designation.

Group and Event Parking

EXHIBIT 1

Parking for morning and evening functions on the House side of the Capitol Hill complex will be permitted before 8:30 a.m. and after 5:30 p.m. for groups requesting such parking accommodations through a House Member. The request should be made, in writing, on the office letterhead of the Member, identifying the group, the date and time, the location of the function, and the approximate number of vehicles to be parked. Requests should be mailed or faxed to the Director of House Garages and Parking Security (fax no. x61950). Groups will be accommodated on an outside House lot (other than the East Plaza) located as conveniently as possible to the function, and based upon the space available.

Violations:

Violations include:

- Failure to display proper identification (license plates and parking permit or Member plate) while in a garage, lot, or designated on-street parking area
- Failure to park in the assigned space, garage, lot, or parking area
- Failure to park within marked spaces
- Improper use of a Member plate
- Unauthorized parking in reserved spaces
- Storing of a vehicle in any House garage, lot, or designated parking area

Permitted Vehicles in Garages/Lots/Street Parking:

First Occurrence – Placement of a written notice on the vehicle that further violations will result in ticketing and towing of the vehicle at the owner's expense.

Second Occurrence within sixty (60) days – Vehicle is ticketed. Form letter mailed to the employing office providing notice of previous violations and advising that the next occurrence will result in removal of the vehicle at the owner's expense. The House Garages and Parking Security office will follow-up with phone call to both the permit holder and employing office manager.

Third Occurrence within same sixty (60 days) – Notification to US Capitol Police and second telephone notification to both the permit holder and employing office manager. Vehicle will be cited for the relevant parking violation and removed at the owner's expense.

Except in cases of vehicles that pose a security risk or create a hazard, the time between first notification and towing will be no less than three weeks.

Non-Permitted Vehicles in Garages/Lots/Street Parking:

First Occurrence – Any unattended vehicle found inside a garage without a permit that cannot be identified by either the House Garage and Parking Security registry or the US Capitol Police and whose driver cannot be quickly located will be immediately ticketed and towed.

EXHIBIT 1

Committee on House Administration
Parking Policy
Revised May 2005

Parking Policy Overview

1. Parking in the United States House of Representatives garages, lots, and designated parking areas is for Members, staff, and authorized personnel in support of the House of Representatives. Parking in these areas shall be on a "permit only" basis.

2. All vehicles parked in House permit-only areas must display both valid license plates and a current parking permit. Current permits must be displayed on the front fork of motorcycles and on the seat support of bicycles. The parking permit must be clearly visible upon entry and remain visible while parked on House premises. In addition to a permit, all staff must display a valid Congressional ID upon entering garages and lots.

3. The House will not be liable for any damage or theft caused to any motor vehicle, or contents thereof, while parked in a House parking garage or on a House parking lot, whether or not the garage or lot is attended.

Permits

1. Parking permits must be authorized through the office of a House employing authority and are available only to current House Members and staff holding a valid Congressional ID. Permits shall be for the use of the permit holders as authorized by their employing authority only and are non-transferable among employing authorities.

2. Members and staff receiving a mass transit benefit are not eligible for parking permits. (This does not apply to bicycles. Members and staff who utilize mass transit benefits can obtain a bicycle permit for the outside bicycle racks).

3. Spouses of Members may park in any garage or lot, on a space available basis and will be issued temporary permits if they are not using the Member plate. In addition, spouses will be required to present a Spouse ID.

4. The Director of House Garages and Parking Security will reassign permits upon receipt of written notification on office letterhead and signed by employing authority of the new authorized users and vehicles. Upon termination of employment, staff must have their permits removed.

5. A police report and affidavit must be immediately filed with the Office of House Garages and Parking Security for any lost or stolen permit. If a permit is stolen, the permit holder must report the theft immediately to the U.S. Capitol Police and immediately thereafter file a copy of the police report and a U.S. House of Representatives (Stolen Parking Permit) Affidavit with the Office of House Garages and Parking Security (extension 5-6749).

6. Temporary permits may be issued at the request of an employing authority on a space available basis. Requests on the office letterhead signed by the employing authority and provide the user's name and vehicle information (make, model, color, and license plate information). The maximum duration of temporary permits is 14 days. An individual may not be issued temporary permits

EXHIBIT 2

which exceed 14 days in the aggregate in a six month period, unless otherwise authorized by the Committee on House Administration.

7. Authorized permit holders who temporarily need to use an alternate vehicle should contact the Office of House Garages and Parking Security for a temporary permit for that vehicle.

8. Temporary permits will be issued for outside parking as available. Any request for specific areas will be considered on a case-by-case basis.

Multiple Vehicles

1. Members and staff may register more than one vehicle to a single parking permit.

2. Staff with multiple vehicles should register their additional vehicle(s) with the Office of House Garages and Parking Security. Permits will be applied to each registered vehicle by the Office of House Garages and Parking Security (G2-28 Rayburn).

3. **Staff with multiple vehicles may have only one (1) vehicle parked in House permit-only areas at any one time.**

4. **Staff registering more than three (3) vehicles must show vehicle registrations for all vehicles as proof of ownership.**

Unreserved Parking

1. Members of the House may choose their unreserved parking space from any available space in the various garages/lots/streets.

2. Unreserved staff parking is available on a first-come, first-served basis in the designated parking areas assigned to the employing office.

3. Vehicles, including motorcycles and bicycles, may not be stored in unreserved spaces in House garages, lots, or designated on-street parking areas. "Stored" is defined as being continuously parked in an unreserved space for more than forty-five consecutive calendar days or a vehicle that does not display both a current parking permit and valid license plates.

Reserved Parking

1. Members of the House may choose their reserved parking spaces from any unassigned space in the various garages.

2. Staff must choose their reserved space from the designated parking areas indicated on their permit.

3. Each person who reserves or shares a reserved indoor space incurs additional taxable income as a working condition fringe benefit. Under the tax code and IRS regulations, Members and their employees have imputed taxable income to the extent that the fair market value of Government-provided parking exceeds $190.00/month. The fair market value of an indoor space at the House

EXHIBIT 2

of Representatives is $290.00/month and therefore, as of January 3, 2003, the imputed taxable income is $100.00/month. These amounts are subject to change. (Contact Human Resources for current rates at x5-2450)

4. Individuals with reserved parking will be permitted to park their vehicles in their designated spaces for an indefinite period of time with valid license plates.

Member Parking Plates

Member parking plates are for the use of Member and spouse, as well as for immediate transportation of the Member by staff. Former Members will be permitted to park using either temporary permits or Member parking plates from previous Congresses, but must also present a former Member ID.

Carpool Parking

House employees interested in carpool parking should contact the Office of House Garages and Parking Security (extension 5-6749). Carpools must have a minimum of two employees from House employing offices. Each carpool will be issued a parking permit on a first-come, first-served basis, according to space available.

Evening and Night Parking

Off-hour parking for swing shift employees, i.e. 2:00 p.m. to 7:30 a.m., will be allowed in House garages and lots based on space availability. Evening parking permits must be authorized through a House employing authority. Offices interested in evening parking should contact the Office of House garages and Parking Security (extension 5-6749).

Americans with Disabilities Act

Staff authorized a parking permit by their employing authority who require accessible parking based on ADA considerations will be accommodated on an as-needed basis in spaces clearly marked for handicapped use. Such permits will come from the pool of permits assigned to the office. Staff will be required to display the State-assigned handicap designation.

Group and Event Parking

Parking for morning and evening functions on the House side of the Capitol Hill complex will be permitted before 8:30 a.m. and after 5:30 p.m. on designated lots for groups requesting such parking accommodations through a House Member. The request should be made, in writing, on the office letterhead and signed by the Member, identifying the group, the date and time, the location of the function, and the appropriate number of vehicles to be parked. Requests should be mailed or faxed to the Director of House Garages and Parking Security (G2-28 Rayburn, fax 6-1950). Groups will be accompanied on a designated outside House lot (other than the East Plaza) located as conveniently as possible to the function, and based upon the space available.

Violations

Violations include, but are not limited to:

- Failure to display proper identification (license plates and parking permit or Member plate)

EXHIBIT 2

while in a garage, lot, or designated on-street parking area

- Failure to park in the assigned space, garage, lot, or parking area
- Failure to park within marked spaces
- Improper use of a Member plate
- Unauthorized parking in reserved spaces
- Storing of a vehicle in any House garage, lot, or designated parking area

Notice of violation(s) will be provided as follows:

1) Written notice, from House Garages and Parking Security, placed on vehicle;
2) Phone call to permit holder;
3) Letter giving notice of the violation(s), from House Garages and Parking Security, will be hand-delivered to the permit holder and their employing authority.
4) If the permit holder fails to take corrective actions within two days of the receipt of the letter, the Office of Garages and Parking Security will remove the permit from the vehicle.

Vehicles that are determined to be a security risk or create a hazard will be immediately towed.

EXHIBIT 2

BS20 PARKING PERMITS OFFICE

DATE: 04/15/2003 108TH CONGRESS PAGE: 333

OFFICE OF: REP. CHARLES B. RANGEL NY159301
RHOB 2354 PHONE: 54365

PERMIT NO	TEMP NO	ISSUED	R	M	OCCUPANT NAME	LICENSE	MAKE	COLOR
G3W0139		20030103	R	M	RANGEL, Charles	NY NYREP15	PT CRUISER	SILVER
G2W0355		20030103			Redacted			
G2W0355 1		20030305						
G3W0139 2		20030305	R		RANGEL, HON. CHARLES B.	NY USC15	MERCEDES	SILVER
G3W0165		20030103						
G3W0165 1		20030305						
G3W0216		20030103						
GWC0086		20030103						
GWD0073		20030103			Redacted			
GWD0073 1		20030305						
L040050		20030103						
L070158		20030103						

7 INSIDE SPACES

CBR 000468

EXHIBIT 3

CSOC.CBR.00029395

109
NY15

Parking Permits Office

Date: 1/27/2005

109TH Congress

Office of: REP. CHARLES B. RANGEL NY159381
RHOB 2354 54365

Permit No.	RSRVD	M	Last Name	First Name	State & License	Make	Model	Color
G2W0159	R	M	RANGEL	Charles	NY NYREP15	Chrysler	PT Cruiser	Gray
G2W0355								
G3W0165								
G3W0216								
GWC0088								
GWC0073								
L040060								
L070158								
6	Inside Spaces							
2	Outside Spaces							
0	Other Spaces							
8	Spaces assigned for	REP. CHARLES B. RANG						
6	Permits assigned							

Redacted

Redacted

CBR 000462

EXHIBIT 4

CSOC.CBR.00029396

110
NY15
Date: 2/26/2007

Parking Permits Office

110TH Congress

Office of: REP. CHARLES B. RANGEL
RHOB 2354

NY159301
64365

Update:

Permit No.	RESERVED	MEMBER	Last Name	First Name	State & License	Make	Model	Color
G3W0139	R	M	RANGEL	CHARLES	NY NYREP15	CHRYSLER		GRAY
G2W0335								
G3W0166								
G3W0216								
GWC0086								
GWD0073								
L040050								
L070158								
		6 Inside Spaces						
		2 Outside Spaces						
		5 Other Spaces						
		8 Spaces assigned for	REP. CHARLES B. RANG					
		8 Permits assigned						

Redacted

Redacted

CBR 000448

EXHIBIT 5

CSOC.CBR.00029397

COMMITTEE ON HOUSE ADMINISTRATION

Chairman Robert A. Brady

HOME | CHA ASSISTANCE | FRANKING | ABOUT CHA | NEWSROOM | HEARINGS & LEGISLATION | MINORITY SITE | CONTACT

COMMITTEE SCHEDULE

< 02/14/10 to 02/27/10 >

S	M	T	W	T	F	S
14	15	16	17	18	19	20
21	22	23	24	25	26	27

View Full Calendar



Next Live Feed:
02/03/2010
1:00:00 PM EST

Topic:
Defining the Future of Campaign Finance in an Age of Supreme Court Activism

Note: Please use Windows Media Player or a compatible player to view the live feed.

SIGNUP FOR E-MAIL UPDATES

GO

PRESS RELEASES

Brady Remarks on the Retirement of House Inspector General James J. Cornell

HOUSE PASSES RESOLUTION ACKNOWLEDGING THE ROLE OF SLAVE LABOR IN U.S. CAPITOL COMPLEX CONSTRUCTION

HOUSE ADMINISTRATION COMMITTEE ADVANCES LEGISLATION EXPANDING VOTER ACCESS

Home > CHA Assistance > Parking

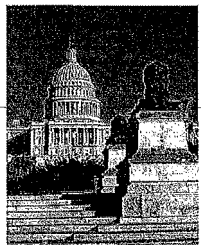
TRANSLATE A+ | A- | Reset

SITE SEARCH

GO

SITE MAP

Parking



COMMITTEE RESOLUTION 111-4

Resolved, that the Committee on House Administration Parking Policy is hereby adopted, as follows:

Committee on House Administration
Parking Policy
111th Congress
(Effective Date: January 3, 2009)

Parking Policy Overview

1. Parking in the United States House of Representatives garages, lots, and designated parking areas is for Members, staff, and authorized personnel in support of the House of Representatives. Parking in these areas shall be on a "permit only" basis.

2. All vehicles parked in House permit-only areas must display both valid license plates and current parking permits. Current permits must be displayed on the front fork of motorcycles and on the seat support of bicycles. The parking permit must be clearly visible upon entry and remain visible while parked on House premises. In addition to a permit, all staff must display a valid Congressional ID upon entering garages and lots.

3. The House will not be liable for any damage or theft caused to any motor vehicle, or contents thereof, while parked in a House parking garage or on a House parking lot, whether or not the garage or lot is attended.

Submit a Request Online
Permits
Multiple Vehicles
Unreserved Parking
Reserved Parking
Member Parking Plates
Carpool Parking
Evening and Night Parking
Americans with Disabilities Act
Group and Event Parking



HOT ISSUES

Wounded Warrior Program

2009 Summer Interns

HIGHLIGHTS

CVC Project Update

Clear the Capitol

SEARCH LEGISLATION (THOMAS)

GO

Bill Number
Word/Phrase

EXHIBIT 6

Violations

PERMITS

1. Parking permits must be authorized through the office of a House employing authority and are available only to current House Members and staff holding a valid Congressional ID and current license plate. Permits shall be for the use of the permit holders as authorized by their employing authority only and are non-transferable among employing authorities. See Violations.

2. Members and staff receiving a mass transit benefit are not eligible for parking permits. (This does not apply to bicycles. Members and staff who utilize mass transit benefits can obtain a bicycle permit for the permit-only bicycle racks).

3. Spouses of Members may park in any garage or lot, on a space available basis and will be issued temporary permits if they are not using the Member plate. In addition, spouses will be required to present a Spouse ID.

4. The Director of House Garages and Parking Security will reassign permits upon receipt of written notification on office letterhead and signed by employing authority of the new authorized users and vehicles. Upon termination of employment or retirement, staff must have their permits removed.

5. Employing offices whose terminated staff do not return their parking permits (decals) will be subject to a 30-day waiting period before re-assigning "irretrievable" permits. The 30-day waiting period begins when House Garages and Parking Security is notified by the employing office of an "irretrievable" permit. Note: Departing employees may receive a temporary parking permit for their last day(s) of employment in order for a permit to be removed in a timely manner.

6. Non-staff temporary permits may be issued at the request of an employing authority. The location will be determined by House Parking Security. Requests should be on the office letterhead, signed by the employing authority and provide the user's name and vehicle information (make, model, color, and license plate information). The maximum duration of temporary permits is 14 days. An individual may not be issued temporary permits which exceed 14 days in the aggregate in a six month period, unless otherwise authorized by the Committee on House Administration. Registered lobbyists may not receive temporary permits. Transit benefit recipients will only be granted temporary permits when approved by the Committee on House Administration.

7. Authorized permit holders who temporarily need to use an alternate vehicle should contact the Office of House Garages and Parking Security for a temporary permit for that vehicle.

MULTIPLE VEHICLES

1. Members and staff may register more than one vehicle to a single parking permit.

EXHIBIT 6

2. Staff with multiple vehicles should register their additional vehicle(s) with their employing office, which will notify the Office of House Garages and Parking Security. Parking permit decals will be applied to each registered vehicle by the Office of House Garages and Parking Security (G2-28 Rayburn).

3. Staff with multiple vehicles may have only one (1) vehicle parked in House permit-only areas at any one time. (See Violations)

4. Staff registering more than one (1) vehicle must show vehicle registration for all vehicles as proof of ownership.

UNRESERVED PARKING

1. Members of the House may choose their unreserved parking space from any available space in the various garages/lots/streets.

2. Unreserved staff parking is available on a first-come, first-served basis in the designated parking areas assigned to the employing office.

3. Staff vehicles, including motorcycles and bicycles, may not be stored in unreserved spaces in House garages, lots, or designated on-street parking areas. "Stored" is defined as being continuously parked in an unreserved space for more than fourteen (14) consecutive calendar days. A vehicle not displaying both a current parking permit and valid license plates will be considered a "stored" vehicle.

RESERVED PARKING

1. Members of the House may choose their reserved parking spaces from any unassigned space in the various garages.

2. Staff must choose their reserved space from the designated parking areas indicated on their permit.

3. Each person who reserves or shares a reserved indoor space incurs additional taxable income as a working condition fringe benefit. Under the tax code and IRS regulations, Members and their employees have imputed taxable income to the extent that the fair market value of Government-provided parking exceeds $215.00/month. The fair market value of a space at the House of Representatives is $290.00/month and therefore, as of January 3, 2007, the imputed taxable income is $75.00/month. These amounts are subject to change. (Contact Office of Payroll and Benefits for current rates at x51435.)

4. Individuals with reserved parking will be permitted to park their vehicles in their designated spaces for an indefinite period of time with valid license plates.

MEMBER PARKING PLATES

Member parking plates are for the use of Member and spouse, as well as for immediate transportation of the Member by staff. Former Members will be permitted to park using either temporary permits or Member parking plates

EXHIBIT 6

CSOC.CBR.00027040

from previous Congresses, but must also present a former Member ID. The privilege of parking for former Members will not extend to former Members who are also registered lobbyists.

CARPOOL PARKING

House employees interested in carpool parking should contact the Office of House Garages and Parking Security (extension 5-6749). Carpools must have a minimum of two employees from House employing offices.

If multiple vehicles associated with a carpool are found in the House parking areas at the same time, individuals associated with this carpool will lose their carpool privileges for the remainder of the current Congress.

EVENING AND NIGHT PARKING

Off-hour parking for swing shift employees, i.e., 2:00 pm to 7:30 am, will be allowed in House garages and lots based on space availability. Evening parking permits must be authorized through a House employing authority. Offices interested in evening parking should contact the Office of House Garages and Parking Security (extension 5-6749).

AMERICANS WITH DISABILITIES ACT

Staff authorized a parking permit by their employing authority who require accessible parking based on ADA considerations will be accommodated on an as-needed basis in spaces clearly marked for handicapped use. Such permits will come from the pool of permits assigned to the office. Staff will be required to display the State-assigned handicap designation.

GROUP AND EVENT PARKING

Parking for morning and evening functions on the House side of the Capitol Hill complex will be permitted before 8:30 am and after 5:30 pm on designated lots for groups requesting such parking accommodations through a House Member. The request should be made, in writing, on the office letterhead and signed by the Member, identifying the group, the date and time, the location of the function, and the approximate number of vehicles to be parked. Requests should be mailed or faxed to the Director of House Garages and Parking Security (G2-28 Rayburn, fax 6-1950). Groups will be accommodated on a designated outside House lot located as conveniently as possible to the function, based upon the space available.

VIOLATIONS

Violations include, but are not limited to:

- Failure to display proper identification (license plates and parking permit or Member plate) while in a garage, lot, or designated on-street parking area
- Failure to park in the assigned space, garage, lot, or parking area
- Failure to park within marked spaces
- Improper use of a Member plate
- Unauthorized parking in reserved spaces
- Storing of a vehicle in any House garage, lot, or designated parking area

EXHIBIT 6

Notice of violation(s) will be provided as follows:

1. First Violation: Written notice from House Garages and Parking Security placed on vehicle;
2. Second Violation: E-mail or letter to permit holder;
3. Third Violation: E-mail or letter to employing authority and permit holder;
4. Fourth Violation: Suspension of parking privileges for thirty (30) days. The employing authority may not issue this permit to another employee during the suspension.
5. Fifth Violation: Suspension of parking privileges for sixty (60) days. The employing authority may not issue this permit to another employee during the suspension.
6. Sixth Violation: Suspension of parking privileges for the remainder of the Congress or 180 days (whichever is greater). The employing authority may not issue this permit to another employee for 90 days.

Staff found to have multiple vehicles in House permit-only areas will have their parking privileges suspended for thirty (30) days and forfeit their multiple vehicle privileges for the remainder of the Congress.

Any permit user on the mass transit list with a vehicle in permit-only areas will have their permit immediately removed from their vehicle.

Vehicles that are determined to be a security risk or create a hazard, as determined by the U.S. Capitol Police, will be immediately towed.

Committee On House Administration • 1309 Longworth Building • Washington, DC 20515 • Telephone: 202-225-2061 • Fax: 202-226-2774

PRIVACY POLICY

EXHIBIT 6

APPENDIX C

RPTS COCHRAN

DCMN NORMAN

PENDING BUSINESS

Thursday July 29, 2010

House of Representatives,

Adjudicatory Subcommittee,

Committee on Standards

of Official Conduct,

Washington, D.C.

The adjudicatory subcommittee met, pursuant to call, at 2:00 p.m., in Room HVC-210, Capitol Visitor Center, Hon. Zoe Lofgren [chairwoman of the subcommittee] presiding.

Present: Representatives Lofgren, McCaul, Butterfield, Castor, Welch, Conaway, Dent, and Harper.

Also Present: Representatives Green and Bonner.

Staff present: Blake Chisam, Chief Counsel/Staff Director; Morgan Kim, Deputy Chief Counsel; Daniel J. Taylor, Counsel to the Chair; Todd Ungerecht, Counsel to the Ranking Republican Member; Sheria Clarke, Counsel; Tom Rust, Counsel; Marc Borodin, Counsel; and Deborah

Morris, Counsel.

The Chairwoman. This meeting of the adjudicatory subcommittee in the matter of Representative Charles B. Rangel will come to order.

I would ask, if possible, for the press to recede a little bit so we can see our two witnesses, and I would like to make a brief statement before I recognize the ranking member of the subcommittee.

The Constitution authorizes the House to discipline its Members, and the importance of that authority was described in the Federalist Papers by James Madison, who wrote, "The aim of every political constitution is or ought to be, first, to obtain rulers for men who possess most wisdom to discern and most virtue to pursue the common good of society, and in the next place to take the most effectual precautions for keeping them virtuous whilst they continue to hold their public trust." The Code of Public Ethics also states clearly that a public office is a public trust.

Now, we live in a time where public skepticism about the institutions in our country is very high. It has been the goal of our Ethics Committee throughout this Congress to, by our actions, rebuild and earn trust by the public and our colleagues. To do so, we have to date in every case acted unanimously, even though we all know we live in an intensely partisan environment and even though our committee is the only one in Congress that is evenly divided with five Democrats and five Republicans.

We are also a committee that operates with a professional nonpartisan staff. This staff was selected unanimously by the bipartisan committee and answers equally to all of us.

Bound as we are by the precedents of the House, our obligation is to act fairly and without bias or partisanship. To do anything else would dishonor this House and would be a disservice to our country.

In the House, the Committee on Standards of Official Conduct is charged with recommending and enforcing ethical standards that ensure that Members and staff act in a manner befitting the public trust. It is under that authority that we are meeting here today.

The purpose of this meeting is organizational. The agenda for today includes hearing from the investigative subcommittee in this matter. Representatives Gene Green and Jo Bonner, who led that subcommittee as chair and ranking member, will share with the members of this subcommittee a summary of what they learned during the course of their investigation.

First, though, I would like to provide an overview of how we got to this stage in the ethics process in this particular matter and what an adjudicatory subcommittee is and what our role is in the process.

Nearly 2 years ago, Representative Rangel asked the Ethics Committee to investigate various allegations that had been made regarding his conduct. After conducting a preliminary investigation, on September 24th of 2008 the committee voted to impanel an investigative subcommittee to conduct an investigation into his conduct. Representatives Gene Green, Doc Hastings, Bobby Scott and Jo Bonner were selected to served on the subcommittee. At that time, Representative Green was chair of the subcommittee, and Representative Hastings was its ranking member.

As the investigation took its course, the committee twice voted to expand the jurisdiction of the subcommittee, first on December 9th, 2008, and again on October 8th, 2009.

Over the course of the investigation, the investigative subcommittee found "substantial reason to believe that a violation of the Code of Official Conduct or of a law, rule, regulation, or other standard of conduct applicable to the performance or official duties or the discharge of official responsibilities by a Member has occurred."

Accordingly, on July 22nd of this year, the investigative subcommittee transmitted a statement of alleged violations, otherwise known as an SAV, to the committee, pursuant to committee rules, and pursuant to those rules. As chair of the committee, I then appointed the members of this adjudicatory subcommittee. That transmittal completed the work of the investigative subcommittee, with the exception of their report to us today.

I would like to take a moment to thank all four members of the investigative subcommittee. Over the course of 2 years, they gave substantial time and effort to this challenging task. On behalf of the rest of this subcommittee and the full committee, we do thank you.

With the investigative subcommittee's work completed, the work of the adjudicatory subcommittee begins. Since this phase of the ethics process is unfamiliar to many, I think it is important to briefly describe, for the benefit of our colleagues in the House and to the public, the role of this subcommittee.

The role of the adjudicatory subcommittee is to determine at a hearing whether any count in the statement of alleged violation has been proved by clear and convincing evidence. As part of this process, the subcommittee would make findings of fact. The Ethic Committee's nonpartisan professional staff would act as the moving party under those proceedings, making the case for the violations alleged by the investigative subcommittee. Mr. Rangel's counsel would present his side of the story.

The adjudicatory hearing may include witnesses and other evidence, and by rule the hearing would be open to the public unless the subcommittee determines that the hearing or any part of it should be closed.

At the conclusion of any such hearing, the subcommittee would determine by a vote of at least five members, which would necessarily be a bipartisan vote, whether each count or any of the counts in the statement of alleged violation has been proven. The findings of the subcommittee would then be reported to the committee. If the adjudicatory subcommittee were to find that any count in the statement had been proved, the committee would then proceed to a sanctions phase.

As a clarifying note, two of the members of the full Ethics Committee are not serving on this adjudicatory committee. First, our colleague and ranking member of the full committee, Jo Bonner, has served on the investigative subcommittee for the last 2 years, and accordingly, under our rules, may not serve on the adjudicatory subcommittee.

Second, ordinarily two members of the committee serve on the investigative subcommittee. Representative Green, who served as chair of the subcommittee, was acting chair of the full committee when he took on this assignment. Since then, his committee assignments have changed; he is no longer on the committee. With Mr. Bonner ineligible to serve, we would have an uneven 5-4 split between Democrats and Republicans on the subcommittee, and since we require an evenly balanced committee, I have designated four Democrats and four Republicans to serve.

These rules serve an important purpose. The point is to bifurcate the investigative portion of the ethics process from the adjudicative phase. One group of members leads an investigation to determine if there is a basis to believe that a violation may have occurred. When that subcommittee concludes that there is substantial reason to believe that a violation occurred, a separate group of members who were not involved in the investigation weighs the evidence, makes findings of fact, and determines whether any violation has been proven.

The eight of us did not learn of the substantive conclusions of the investigative subcommittee until it concluded its work last week and sent its statement of alleged violations to the full membership of the Ethics Committee last Thursday. The rules separate it out this way so we are not influenced by the proceedings of the investigative subcommittee whose work preceded ours. Furthermore, it is our obligation to decide, if facts are established, whether those facts make up a violation of the rules of the House.

The members of this subcommittee reflect the breadth and diversity of the House. My colleagues to either side of me, Representatives McCaul and Butterfield, are a former prosecutor and a former judge. However, as members of the adjudicatory subcommittee, we are neither accusers nor are we defenders of our colleague, Mr. Rangel. Our job is to act impartially as finders of fact and law. We are honor-bound to do so without regard to partisanship or bias of any sort. We are required to act honestly and fairly based on the evidence presented to us during this hearing.

As I noted earlier, a public office is a public trust. Our task is to determine whether Representative Rangel's conduct met that standard. As I chair these proceedings, I plan to do so in the fairest way possible to all parties involved, as well as to the House.

With that, I would now be pleased to recognize Congressman Mike McCaul, the ranking member of the adjudicatory subcommittee, for his opening statement.

Mr. McCaul. Thank you, Madam Chair. Thank you for holding this meeting.

This is an important day, both for Mr. Rangel and for the Ethics Committee, for the Congress, but most importantly, for the American people. As a member of this committee and a former Federal prosecutor in the Public Integrity Section of the Department of Justice, I take this responsibility very seriously.

For the committee, we have been presented by the investigative subcommittee with 13 very serious allegations relating to Mr. Rangel's

conduct. The committee has not held a public hearing like this since 2002 when it considered evidence against James Traficant who was convicted in Federal Court of multiple felony counts and subsequently served more than half a decade in prison.

For Mr. Rangel, these proceedings present a fair and public opportunity to be heard before his peers and address each of the serious allegations against him. These actions and these allegations, if proven, would violate multiple provisions of House rules and Federal statutes. This includes his alleged violation of the most fundamental code of conduct, which states: A Member of the House shall conduct himself at all times in a manner that shall reflect credibility on the House.

And credibility is exactly what is at stake here, the very credibility of the House of Representatives itself before the American people.

I am mindful, as are my colleagues, of the solemn responsibility we bear when we are called upon to hear allegations of misconduct against a fellow Member. We have an obligation to Mr. Rangel that he has his day in court, so to speak, to present his own version of the events. But we also have an obligation to the American people to protect the integrity and credibility of the House and present evidence supporting each of the 13 counts against him.

It is certainly not lost on any member of this subcommittee on the approval ratings of this body. With only 11 percent of the public having a positive view of this institution, the pressure is even greater

to ensure these proceedings are fair, open, and conducted in a strictly nonpartisan manner. In the mind of the American people, Congress has become completely self-serving and so tone deaf its Members somehow feel the rules just don't apply to them. We must regain the people's trust.

There has been talk in the media about Mr. Rangel negotiating a settlement. Let me be clear that Mr. Rangel under these rules was given opportunities to negotiate a settlement during the investigation phase. We are now in the trial phase and the American people deserve to hear the truth in this case and the charges against him, and that is precisely why we are having this meeting here today.

The Speaker herself has said that we are entering into an era of transparency and accountability. I agree. Let us begin today. Let justice be served.

The evidence to be evaluated by the investigative subcommittee must be presented to this subcommittee in the clearest and most straightforward way possible. Mr. Rangel must be allowed the opportunity to adequately defend himself against this evidence. There is no place for presumed guilt before innocence in this process, and there will not be in this case. Only this type of process will allow each member of this subcommittee to make an informed and independent determination as to whether clear and convincing evidence has been presented to prove each count alleged against Mr. Rangel.

Turning from process to substance for a moment, it is important to note that the allegations presented to us are nothing less than

serious. The investigative subcommittee found that Mr. Rangel solicited foundations and corporations with business before the Ways and Means Committee to fund a center bearing his name at the City College of New York. The allegations are that Mr. Rangel used his office staff and supplies at the taxpayers' expense, including the frank, to make solicitations, and personally met with corporate executives and lobbyists as part of his efforts to build the center bearing his name.

On the Lenox Terrace issue, the investigative subcommittee found that Mr. Rangel's landlord permitted Mr. Rangel for over a decade to use a rent-stabilized apartment in his residential apartment building for his campaign office.

The investigative subcommittee also looked at Mr. Rangel's financial disclosures and taxes. As a Member of Congress for nearly 40 years and chairman of the Ways and Means Committee which has jurisdiction over tax matters, Mr. Rangel, according to the charges, failed to report rental income on his Federal tax returns and on his villa in the Dominican Republic over a period of years.

According to the investigative subcommittee, over the course of nearly a decade, Mr. Rangel failed to report more than $600,000 on his financial disclosure statements for these periods. These actions, if proven, would demonstrate that Mr. Rangel violated multiple provisions of the House rules and Federal statutes.

As we prepare to hear the charges against one of our most tenured colleagues in the House, we need to ensure we have done everything to reassure to the American public as a whole that we will handle this

matter with the utmost professionalism and nonpartisanship that it deserves. We can never forget that public office is a public trust.

With that, I yield back.

The Chairwoman. Thank you, Mr. McCaul.

As I said earlier, we are here because the investigative subcommittee has transmitted to us a statement of alleged violations to the full committee.

Joining us today are Representative Gene Green, who chaired the subcommittee, the investigative subcommittee, joined by Representative Jo Bonner, who was the ranking member of the investigative subcommittee and who also serves as ranking member of the full Ethics Committee.

We have invited them to address the subcommittee today to summarize their findings, and the chair will recognize each of them for about 5 minutes.

So, first, Mr. Green, if you could proceed.

Mr. Green. Thank you, Madam Chair.

The investigative subcommittee recently concluded its 21-month-long investigative process and transmitted the statement of alleged violation, the SAV, in the matter of Mr. Charles B. Rangel to the full committee.

This investigation in the subcommittee began at the request of Mr. Rangel. None of the members of the investigative subcommittee volunteered for this assignment. I think it is safe to say that none of us enjoyed the assignment. No one wants to investigate their peers,

but we recognized this was a task that was requested of us, and the investigative subcommittee spent a significant amount of time closely examining the factual and legal issues involved in this matter.

The members and staff of the investigative subcommittee worked diligently throughout this investigation conducting approximately 50 depositions, as well as many informal interviews. One deposition was conducted with Mr. Rangel on December 15th of 2009. The investigative subcommittee also met with Mr. Rangel two additional times, including one meeting specifically requested by Mr. Rangel.

Throughout the course of the investigation, the subcommittee issued over 160 formal requests for documents, as well as many informal requests, reviewed over 28,000 pages of documents and testimony, and held more than 60 investigative subcommittee meetings.

The investigative subcommittee spent many hours together discussing at length the evidence and whether the evidence merited any charge in a statement of alleged violation. After weeks of discussion, the investigative subcommittee adopted an SAV on June 17th, 2010.

The charges in the statements of alleged violation relate to four general subject matters: One, solicitations and donations to the Rangel Center for Public Service at the City College of New York; two, errors and omissions on Representative Rangel's financial disclosure statements; three, use of a rent-subsidized residential apartment by respondent's campaign committees; and, four, failure to report and pay taxes on rental income on respondent's Punta Cana beach villa.

The 13 charges are as follows:

Count 1, conduct in violation of the solicitation and gift ban;

Count 2, conduct in violation of the Conduct of Ethics for Government Service, clause 5;

Count 3, conduct in violation of the House gift rules;

Count 4, conduct in violation of Postal Service laws and Franking Commission regulations;

Count 5, conduct in violation of the franking statute;

Count 6, conduct in violation of the House Office Building and Commissions Regulations;

Count 7, conduct in violation of the purpose law and the Members Congressional Handbook;

Count 8, conduct in violation of the letterhead rule;

Count 9, conduct in violation of the Ethics in Government Act and House Rule XXVI;

Count 10, conduct in violation of Code of Ethics for Government Service, clause 5;

Count 11, conduct in violation of the Code of Ethics for Government Service, clause 2.

Count 12, conduct in violation of Code of Conduct letter and spirit of the House rules;

Count 13, conduct in violation of the Code of Conduct, reflecting discredibility on the House.

These were adopted, each of these counts were adopted by majority vote of the investigative subcommittee.

For each of these subject matters, the investigative subcommittee

found a substantial reason to believe that Congressman Rangel's conduct merits the charges in the statement of the alleged violation.

The subcommittee was also tasked with investigating Mr. Rangel's compliance with House Administration rules regarding the storage of a vehicle in the House parking garage. The SAV does not make a recommendation regarding Mr. Rangel's compliance with parking rules. An additional report on the parking matter is enclosed with the SAV and the transmittal letter. The report and transmittal letter sent to the Standards Committee make a recommendation to House Administration to examine the current parking rulings and enforcement of these rules.

This has been a long process, longer than any of us would have liked. We have detailed some of the reasons for the length of the investigation in our transmittal letter to the committee.

Throughout the course of the investigation, there has been a lot of speculation and inaccuracies reported in the media about the investigation itself and what Mr. Rangel knew about the investigation. To say Mr. Rangel and his attorneys were unaware of the work of the subcommittee would be incorrect and a disservice to the members of this investigative subcommittee.

Due to the Standards Committee rules regarding confidentiality, the investigative subcommittee has been unable to publicly respond to these inaccurate comments. The transmittal letter to the full committee and the SAV shall give greater clarity to the actions of the subcommittee.

I would like to take this opportunity as chair of the subcommittee to submit a written response to Mr. Rangel's response to the SAV to the chair of the full committee.

I am thankful to say that the investigative subcommittee has now completed its work and I would like to thank both my colleague Congressman Jo Bonner, as well as the other members of the investigative subcommittee, Congressman Bobby Scott and Congressman Doc Hastings, for their service on the subcommittee.

One of the most difficult tasks assigned to a Member of Congress is to sit in judgment of a colleague. The task is even more difficult when the subject of the investigation has befriended and mentored so many new Members of Congress, myself being one of them. I am not envious of the role of the members of the adjudicatory subcommittee, and I know that all parties look forward to a final resolution to this matter.

Thank you, Madam Chairman.

The Chairwoman. Thank you, Mr. Green.

Now we would be pleased to recognize Representative Bonner for about 5 minutes.

Mr. Bonner. Thank you, Madam Chair, Ranking Member McCaul, and members of the adjudicatory subcommittee.

By the very nature of this rare but not unprecedented public meeting of this subcommittee, there are naturally many questions that many of our colleagues in Congress, and, I believe more importantly, many of the American people have as it relates to what is going on today

in Washington, D.C. In the 5 minutes that I have been given, allow me to attempt to answer some of those questions.

First, there is no doubt that Congressman Charles Rangel has a compelling story. He was a private, as his autobiography states, left to die on a battlefield in what is now North Korea. He earned the Purple Heart and the Bronze Star for bravery. He was a fatherless high school dropout who went from pushing a handtruck in the garden district of New York City to becoming one of the most powerful and, I believe it is safe to say, well-liked Members of Congress and public figures on Capitol Hill.

But Mr. Rangel's life story is not what we are discussing today. It is not why we are here. For in a very real way, every American has his or her own story to tell. Instead, Congressman Green and I are here to present to this subcommittee and to the American people a summary of a different story altogether.

We have a responsibility to submit evidence to the adjudicatory subcommittee that Mr. Rangel may have broken the rules of the House and brought discredit to this body at a time when the American people have such little faith in our ability as their elected representatives to do our job on their behalf.

As has been noted earlier, according to Article I, Section 4 of the United States Constitution, it is the duty of the House to punish its Members for disorderly behavior. As such, this is truly a sad day where no one, regardless of their partisan stripes, should rejoice.

I want to take another minute to explain how we got to where we

are. As has been noted, the investigation into Mr. Rangel's activities has been ongoing for almost 2 years. These matters are serious. And I believe the record will show that even before the Ethics Committee took the referral from Mr. Rangel in a formal setting, that these matters were being looked to in the informal process that is granted under rule 18(a) to the chair and the ranking member.

During the course of this investigation, Mr. Rangel was given multiple opportunities to settle this matter. Instead, he chose to move forward into this public trial phase.

Since the beginning of the investigation, the full committee has been led by three different chairpersons and two different ranking members. On the investigative subcommittee that today is presenting this statement of alleged violation, we have been well-served by Mr. Green of Texas as chair, while I have served as ranking member. As also has been noted, we have also been served in this bipartisan subcommittee by Mr. Scott of Virginia and Mr. Hastings of Washington State.

Madam Chair, I can say with certainty that each of us had every intention of completing this investigation before the end of 2008, but due in part to additional evidence that was submitted, multiple delays in receiving information we requested and subpoenaed, and an extension on two separate occasions of the investigative subcommittee's jurisdiction because of new facts that came before the subcommittee, this investigation has concluded just within the past few days.

Not everyone in this room, much less everyone watching at home

on TV, may know that the House Ethics Committee is the only truly bipartisan committee, with an equal number of Democrats and Republicans, the only one in the entire House. Five Democrats and five Republicans sit on this committee in judgment of our peers. Today, there are four Democrats and four Republicans, as has already been noted, none of whom volunteered for this duty, but who sit now with this responsibility of the adjudicatory phase.

While at times members of the investigative subcommittee disagreed on some of the counts ultimately included in the statement of alleged violation, the record should note that all supporting evidence was transmitted to the full committee with the unanimous support of the bipartisan investigative subcommittee. And while my role as ranking member of the investigative subcommittee now comes to an end, I want to thank Mr. Green, Mr. Scott, Mr. Hastings, and especially the committee staff, who have worked countless hours day and night over the span of almost 2 years devoted to this matter.

Whatever happens from this point forward, I believe it is incumbent upon each of us to do our part individually and collectively to take a measured step forward in the direction of helping to restore the trust that the American people have placed in us, in this, the people's House, where we are all privileged to serve.

Thank you very much.

The Chairwoman. Thank you very much, Mr. Bonner and Mr. Green.

As I noted at the outset, this is an organizational meeting of the subcommittee. The respondent, Representative Rangel, is not here

and he is not required to attend this session, as today's meeting is not a forum for the parties to make their case. Representative Rangel has submitted a written statement which will be accepted by this subcommittee.

The adjudicative subcommittee has received a number of documents from the investigative subcommittee, including the statement of alleged violations, various motions filed by the respondent, and the investigative subcommittee's orders responding to those motions.

In addition, as mentioned earlier, Mr. Rangel had submitted a written statement, which will be accepted along with Mr. Green's and Mr. Bonner's statement.

[The information follows:]

******** COMMITTEE INSERT ********

The Chairwoman. By committee rules and authorization of the full committee, those materials will be made public today. Our colleagues and members of the public can access those documents shortly on the committee's Web site, ethics.house.gov

The subcommittee will make additional public statements and notices of meetings and hearings, as necessary. And now this meeting is adjourned.

[Whereupon, at 2:28 p.m., the subcommittee was adjourned.]

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COMMITTEE ON THE JUDICIARY
• CHAIR – SUBCOMMITTEE ON IMMIGRATION, CITIZENSHIP, REFUGEES, BORDER SECURITY, AND INTERNATIONAL LAW
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CO-CHAIR, DIVERSITY & INNOVATION CAUCUS

CO-CHAIR, CONGRESSIONAL HAZARDS CAUCUS

Statement of Chairwoman Zoe Lofgren
Adjudicatory Subcommittee on the matter of Rep. Charles B. Rangel
July 29, 2010
(as prepared)

This meeting of the Adjudicatory Subcommittee in the Matter of Representative Charles B. Rangel will come to order.

The Constitution authorizes the House to discipline its members. The importance of that authority was described in the Federalist Papers by James Madison, who wrote:

> The aim of every political constitution is, or ought to be, first to obtain for rulers men who possess most wisdom to discern, and most virtue to pursue, the common good of society; and in the next place, to take the most effectual precautions for keeping them virtuous whilst they continue to hold their public trust.

The Code of Government Ethics also states clearly that a "public office is a public trust."

We live in a time where public skepticism about the institutions in our country is very high. It has been the goal of our Ethics Committee throughout this Congress to, by our actions, rebuild and earn trust by the public and our colleagues.

To do so we have to date in every case acted unanimously even though as we all know we live in an intensely partisan environment and even though our Committee is the only one in the Congress that is evenly divided, with 5 Democrats and 5 Republicans.

We are also a committee that operates with a professional non-partisan staff. This staff was selected unanimously by the bipartisan committee and answers equally to us all.

Bound as we are by the precedents of the House, our obligation is to act fairly and without bias or partisanship. To do anything less would dishonor this House and would be a disservice to our country.

In the House, the Committee on Standards of Official Conduct is charged with recommending and enforcing ethical standards that ensure that members and staff act in a manner befitting that public trust. It is under that authority that we are meeting here today.

PRINTED ON RECYCLED PAPER

The purpose of this meeting is organizational. The agenda for today includes hearing from the investigative subcommittee in this matter. Representatives Gene Green and Jo Bonner, who led that subcommittee as chair and ranking member, will share with the members of this subcommittee a summary of what they learned during the course of their investigation.

First, though, I would like to provide an overview of 1) how we got to this stage in the ethics process in this particular matter, and 2) what an adjudicatory subcommittee is, and what our role is in the process.

Rangel matter background

Nearly two years ago, Representative Rangel asked the Ethics Committee to investigate various allegations that had been made regarding his conduct. After conducting a preliminary investigation, on September 24, 2008, the Committee voted to empanel an investigative subcommittee to conduct an investigation into the conduct of Mr. Rangel. Representatives Gene Green, Doc Hastings, Bobby Scott, and Jo Bonner were selected to serve on the subcommittee. At that time, Representative Green was the chair of the subcommittee and Representative Hastings was its ranking member.

As the investigation took its course, the Committee twice voted to expand the jurisdiction of the subcommittee, first on December 9, 2008, and again on October 8, 2009.

Over the course of the investigation, the investigative subcommittee found "substantial reason to believe that a violation of the Code of Official Conduct, or of a law, rule, regulation, or other standard of conduct applicable to the performance of official duties or the discharge of official responsibilities by a Member" has occurred.

Accordingly, on July 22, 2010, the Investigative Subcommittee transmitted a Statement of Alleged Violation, or SAV, to the Committee. Pursuant to Committee rules, as the Chair of the Committee, I then appointed the members of this adjudicatory subcommittee.

That transmittal completed the work of the investigative subcommittee. I would like to take a moment to thank all four members of the investigative subcommittee. Over the course of two years, they gave substantial time and effort to this challenging task. On behalf of the rest of the Committee, thank you.

Role of adjudicatory subcommittee

With the investigative subcommittee's work completed, the work of the adjudicatory subcommittee begins. Since this phase of the ethics process is unfamiliar to many, I think it's important to briefly describe for the benefit of our colleagues in the House and to the public the role of this subcommittee.

The role of the adjudicatory subcommittee is to determine, at a hearing, whether any count in the Statement of Alleged Violation has been proved by clear and convincing evidence. As part of this process, the adjudicatory subcommittee would make findings of fact.

The Ethics Committee's non-partisan professional staff would act as the moving party under those proceedings, making the case for the violations alleged by the Investigative Subcommittee. Mr. Rangel's counsel would present his side of the story.

The adjudicatory hearing may include witness testimony and other evidence. By rule, the adjudicatory hearing would be open to the public, unless the subcommittee determines that the hearing, or any part of it, should be closed.

At the conclusion of the adjudicatory hearing, the adjudicatory subcommittee would determine, by a vote of at least five members, which would necessarily be a bipartisan vote, whether each count in the Statement of Alleged Violation has been proved.

The findings of the adjudicatory subcommittee would then be reported to the Committee. If the adjudicatory subcommittee finds that any count in the Statement of Alleged Violation has been proved, the Committee would proceed with the sanction phase in this matter.

As a clarifying note, two members of the Committee are not serving on the adjudicatory subcommittee. First, our colleague and the Ranking Member of the full Committee, Jo Bonner, served on the investigative subcommittee. Under our rules, members who serve on that subcommittee may not then serve on the adjudicatory subcommittee.

Second, ordinarily, two members of the Committee serve on an investigative subcommittee. Representative Green, who served as chair of the investigative subcommittee, was acting chair of the full Committee at the time he took on this assignment. Since then, his committee assignments have changed, and he is no longer on the committee. With Mr. Bonner ineligible to serve on the adjudicatory subcommittee, we would have an uneven 5-4 split between Democrats and Republicans on the subcommittee. Since our rules require balanced representation, I designated four Democrats and four Republicans to serve on the subcommittee.

These rules serve an important purpose. The point is to bifurcate the investigative portion of the ethics process from the adjudicative phase. One group of members leads an investigation, to determine if there's a basis to believe that a violation may have occurred. When that subcommittee concludes that there is a substantial reason to believe that a violation occurred, a separate group of members who were not involved in the investigation hears and weighs evidence, makes findings of fact, and determines whether any violation has been proved.

The eight of us did not learn of the substantive conclusions of the investigative subcommittee until it concluded its work last week and sent its Statement of Alleged Violations to the full membership of the Ethics Committee last Thursday.

The rules separate it out this way so that we are not influenced by the proceedings of the Investigative Subcommittee whose work preceded ours. Furthermore it is our obligation to decide, if facts are established, whether those facts make up a violation of the rules of the House.

The members of this subcommittee reflect the breadth and diversity of the House. My colleagues to either side of me, Representatives McCaul and Butterfield, are a former prosecutor and a former judge.

However, as members of the Adjudicatory Subcommittee we are neither accusers nor are we defenders of our colleague, Mr. Rangel. Our job is to act impartially as finders of fact and law. We are honor bound to do so without regard to partisanship or bias of any sort. We are required to act honestly and fairly based on the evidence presented to us during the adjudicatory hearing..

As I noted earlier, a "public office is a public trust." Our task is to determine whether Representative Rangel's conduct met that standard.

As I chair these proceedings, I plan to do so in the fairest way possible to all parties involved, as well as to the House.

Congressman Michael T. McCaul (R-TX)
Ranking Member, Adjudicatory Subcommittee
Committee on Standards of Official Conduct

Remarks as Delivered
July 29, 2010, 1:00pm EDT

Thank you, Madam Chair. Thank you for holding this hearing.

This is an important day, both for Mr. Rangel, for the Ethics Committee, for the Congress, but most importantly for the American People. As a Member of this Committee and a former federal prosecutor in the Public Integrity Section of the Department of Justice I take this responsibility very seriously.

For the Committee, we have been presented by the Investigative Subcommittee with 13 very serious allegations relating to Mr. Rangel's conduct. The Committee has not held a public hearing like this since 2002, when it considered evidence against James Traficant, who was convicted in federal court of multiple felony counts and subsequently served more than half a decade in prison.

For Mr. Rangel, these proceedings present a fair and public opportunity to be heard before his peers and address each of the serious allegations against him. These actions, if proven, would violate multiple provisions of House rules and federal statutes. This includes his alleged violation of the most fundamental code of conduct, which states "a Member… of the House shall conduct himself at all times in a manner that shall reflect credibility on the House."

And credibility is exactly what is at stake here. The very credibility of the House of Representatives itself before the American people. I am mindful, as are my colleagues, of the solemn responsibility we bear when we are called upon to hear allegations of misconduct against a fellow Member. We have an obligation to Mr. Rangel that he has his day in court - so to speak - to present his own version of the events. But we also have an obligation to the American people to protect the integrity and credibility of the House and present the evidence supporting each of the 13 counts against him.

It is certainly not lost on any member of this subcommittee on the approval ratings of this body. With only 11% of the public having a positive view of this institution, the pressure is even greater to ensure these proceedings are fair, open, and conducted in a strictly nonpartisan manner. In the mind of the American people Congress has become completely self-serving, and so tone-deaf, its members somehow feel the rules just don't apply to them. We must regain the people's trust.

There has been talk in the media about Mr. Rangel negotiating a settlement. Let me be clear that Mr. Rangel under these rules was given opportunities to negotiate a settlement during the investigation phase. We are now in the trial phase. And the American people deserve to hear the truth in this case and the charges against him. And that is precisely why we are having this hearing today. The Speaker has said we are entering into an era of transparency and accountability. I agree, let us begin today. Let justice be served.

The evidence to be evaluated by the investigative subcommittee must be presented to this subcommittee in the clearest and most straightforward way possible. Mr. Rangel must be allowed the opportunity to adequately defend himself against this evidence. There is no place for presumed guilt before innocence in this process and there will not be in this case.

Only this type of process will allow each Member of this subcommittee to make an informed and independent determination as to whether clear and convincing evidence has been presented to prove each count alleged against Mr. Rangel.

Turning from process to substance for a moment, it is important to note that the allegations presented to us are nothing less than serious.

- The Investigative Subcommittee found that Mr. Rangel solicited foundations and corporations with business before the Ways and Means Committee, to fund a center bearing his name at the City College of New York. That allegations are that Mr. Rangel used his office staff and supplies at the taxpayers expense, including the Frank, to make the solicitations and personally met with corporate executives as part of his efforts to build the Center bearing his name.
- On the Lenox Terrace issue, the Investigative Subcommittee found that Mr. Rangel's landlord permitted Mr. Rangel, for over a decade, to use a rent-stabilized apartment in his residential apartment building for his campaign office.
- The Investigative Subcommittee also looked at Mr. Rangel's financial disclosures and taxes.
- As a Member of Congress for nearly 40 years and Chairman of the Ways and Means Committee – which has jurisdiction over tax matters, Mr. Rangel, according to the charges, failed to report rental income on his federal tax returns and on his villa in the Dominican Republic over a period of years.
- According to the Investigative Subcommittee, over the course of nearly a decade, Mr. Rangel failed to report more than $600,000 on his financial disclosure statements for these periods.

These actions, if proven, would demonstrate that Mr. Rangel violated multiple provisions of the House rules and federal statutes.

As we prepare to hear the charges against one of our most tenured colleagues in the House, we need to ensure we have done everything to reassure to the American public as a whole – that we will handle this matter with the utmost professionalism and nonpartisanship that it deserves.

We can never forget that public office is a public trust. And with that I yield back.

(END REMARKS)

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Statement of Representative Gene Green, Chairman of Investigative Subcommittee in the Matter of Charles B. Rangel
Adjudicatory Subcommittee Meeting in the Matter of Charles B. Rangel
7/29/10

Thank you, Madame Chair.

The investigative subcommittee recently concluded its 21 month long investigative process and transmitted the Statement of Alleged Violation (SAV) in the matter of Mr. Charles B. Rangel to the Full Committee.

This investigation in the subcommittee began at the request of Mr. Rangel. None of the Members of the investigative subcommittee volunteered for this assignment.

I think it's safe to say that none of us enjoyed the assignment- no one wants to investigate their peers. But we recognize this was a task that was requested of us and the investigative subcommittee spent a significant amount of time closely examining the factual and legal issues involved in this matter.

The Members and staff of the investigative subcommittee worked diligently throughout this investigation conducting approximately 50 depositions, as well as many informal interviews.

One deposition was conducted with Mr. Rangel on December 15, 2009. The investigative subcommittee also met with Mr. Rangel two additional times including one meeting specifically requested by Mr. Rangel.

Throughout the course of the investigation, the subcommittee issued over 160 formal requests for documents, as well as many informal requests; reviewed over 28,000 pages of documents and testimony; and held more than 60 investigative subcommittee meetings.

The investigative subcommittee spent many hours together, discussing at length the evidence and whether the evidence merited any charges in a

Statement of Alleged Violation. After weeks of discussion, the investigative subcommittee adopted a SAV on June 17, 2010.

The charges in the Statement of Alleged Violation relate to four general subject matters:

(1) solicitations and donations to the Rangel Center for Public Service at the City College of New York;

(2) errors and omissions on Respondent's Financial Disclosure Statements;

(3) use of a rent-stabilized residential apartment by Respondent's campaign committees; and

(4) failure to report and pay taxes on rental income on Respondent's Punta Cana beach villa.

For each of these subject matters, the investigative subcommittee found a substantial reason to believe that Congressman Rangel's conduct merited charges in a Statement of Alleged Violation.

The subcommittee was also tasked with investigating Mr. Rangel's compliance with House Administration Rules regarding the storage of a vehicle in the House parking garage.

The SAV does not make recommendation regarding Mr. Rangel's compliance with parking rules. An additional report on the parking matter is enclosed with the SAV and transmittal letter.

The report and transmittal letter sent to the Standards Committee make a recommendation to House Administration to examine the current parking rules and the enforcement of those rules.

This has been a long process – longer than any of us would have liked. We have detailed some of the reasons for the length of the investigation in our transmittal letter to the Committee.

Throughout the course of this investigation, there has been a lot of speculation and inaccuracies reported in the media about investigation itself and what Mr. Rangel knew about the investigation.

To say Mr. Rangel and his attorneys were unaware of the work of the subcommittee would be incorrect and a disservice to the Members of the investigative subcommittee.

Due to the Standards Committee rules regarding confidentiality, the Investigative Subcommittee has been unable to publicly respond to these inaccurate comments. The transmittal letter to the full committee and the SAV should give greater clarity to the actions of the subcommittee.

I would also like to take this opportunity, as Chair of the subcommittee, to submit a written response to Mr. Rangel's response to the SAV, to the Chair of the full committee.

I am thankful to say that the investigative subcommittee has now completed its work. I would like to thank Congressman Jo Bonner, as well as the other Members of the Investigative Subcommittee, Congressman Bobby Scott and Congressman Doc Hastings for their service on the subcommittee.

One of the most difficult tasks assigned to a Member of Congress is to sit in judgment of a colleague. The task is even more difficult when the subject of the investigation has befriended and mentored so many new Members of Congress.

I am not envious of the role of the Members of the adjudicatory subcommittee, and I know that all parties look forward to a final resolution in this matter.

Written Statement of Representative Gene Green,
Chairman of the Investigative Subcommittee
in the Matter of Representative Charles B. Rangel

On June 17, 2010, the Investigative Subcommittee adopted a Statement of Alleged Violation (SAV) alleging that, with respect to each of the 13 counts contained in the SAV, the Investigative Subcommittee found a "substantial reason to believe that a violation of the Code of Official Conduct, or of a law, rule, regulation, or other standard of conduct applicable to the performance of official duties or the discharge of official responsibilities by a Member . . . has occurred." Following motions practice in connection with the SAV, Respondent submitted, on July 21, 2010, a document entitled "Respondent's Answer and Defenses to Statement of Alleged Violation," in which Respondent denied all counts alleged in the SAV and asserted numerous defenses.

Committee Rule 22(a)(1) permits a respondent "[w]ithin 30 days from the date of transmittal of a Statement of Alleged Violation" to "file with the investigative subcommittee an answer[.]." That same rule requires that a respondent's answer to an SAV be made "in writing and under oath, signed by respondent and respondent's counsel." Respondent's answer was due to be filed on July 19, 2010. The Investigative Subcommittee, at Respondent's request, extended the period for submission of an answer until July 21, 2010.

On July 21, 2010, Respondent's counsel submitted an eight-page document styled as "Respondent's Answer and Defenses to Statement of Alleged Violation" While signed by both Respondent and his counsel, the July 21, 2010, submission was not signed under oath.

As a result, the Investigative Subcommittee determined that Respondent's July 21, 2010, submission did not constitute an "answer" under Committee Rule 22(a)(1). Notwithstanding the deficiency in the July 21, 2010, submission, the Investigative Subcommittee provided Respondent with an opportunity to cure the defect in his submission. His counsel was notified, in writing, of the defect in your submission on July 21, 2010, and Respondent was given until 12:00 p.m. on July 22, 2010, to sign his July 21, 2010, submission under oath.

On July 22, 2010, Respondent's counsel sent, at 12:37 p.m., a different 35-page submission. This submission also failed to contain a proper oath.

The Investigative Subcommittee determined that Respondent's July 21, 2010, submission, which was never signed under oath, was not in the proper form, not timely, and, therefore, not in compliance with the requirements of Committee Rule 22(a).

By letter dated July 22, 2010, Respondent was notified of this determination and provided notice that the Committee considered his failure to file an answer in conformance with the requirements of Rule 22(a) as a denial of each count alleged in the SAV.

Following transmittal of the SAV, the Chair, after consulting with the Ranking Republican Member of the Adjudicatory Subcommittee, permitted Respondent to submit a written statement in response to the Statement of Alleged Violation. The Chair also invited the Chair and Ranking Republican Member of the Investigative Subcommittee to make a statement addressing that response.

As permitted by the Chair, Respondent filed a 32-page document styled as "Statement of Charles B. Rangel in Response to the Statement of Alleged Violation." Respondent's statement largely raises issues that were addressed by the Investigative Subcommittee in its Order on Respondent's Motion for Bill of Particulars and Memorandum in Support of Order and its Order on Respondent's Motion to Dismiss and Memorandum in Support of Order. The Investigative Subcommittee does find it appropriate to respond to certain procedural defenses that Respondent has asserted in his "First Defense." Those defenses are addressed below.

Respondent was provided a full and fair opportunity to respond

The Investigative Subcommittee provided Respondent with a full and fair opportunity to respond to the Statement of Alleged Violation and to present an adequate defense.

On May 25, 2010, the Investigative Subcommittee notified Respondent that it intended to adopt an SAV on June 17, 2010. Following execution of a non-disclosure agreement by Respondent and his counsel, a copy of the proposed SAV, along with the evidentiary record, was provided to Respondent on May 27, 2010. House and Standards Committee rules require that a respondent be provided a proposed SAV and the evidentiary record at least 10 days prior to the scheduled vote on the SAV. Respondent was provided these items 21 days prior to the scheduled vote – more than twice the amount of time required by House and Committee rules.

On June 17, 2010, the Investigative Subcommittee adopted the SAV. On that same date, the Chair of the Investigative Subcommittee, acting pursuant to Committee Rule 22(e)(2), entered an order setting forth deadlines for Respondent to file any motions (Order). In shortening certain deadlines, the Investigative Subcommittee took into consideration several factors. Included was the fact that Respondent had been provided a 40-page SAV, which was far more detailed than a typical SAV. Another consideration was the fact that Respondent had been provided a copy of the proposed SAV 21 days prior to the vote and more than twice the amount of time required by the rules. In addition, most of the evidentiary record had been provided to the Investigative Subcommittee by Respondent, and, no later than January 2010, Respondent had obtained copies of documents produced by certain third parties to the Investigative

Subcommittee. Respondent, accordingly, had access to much of the evidentiary record for several months before any motions or answer were due under the Order.

Also considered was the length of the investigation, including Respondent's repeated public statements regarding its length. These public statements were troubling to the Investigative Subcommittee, particularly in light of the fact that, in several instances, the actions of Respondent and his counsel caused significant delays. For example, on October 8, 2008, the Investigative Subcommittee made its first written request to Respondent for documents. The request had a return date of October 28, 2008. While Respondent did begin producing documents on that date, all of the responsive documents were not produced until December 11, 2008. In another instance, the Investigative Subcommittee requested documents from Respondent on April 15, 2010. Respondent, through his counsel, refused repeated requests for those documents, necessitating the need for service of a subpoena on Respondent. After the subpoena was served, the documents were produced on June 10, 2010. In several other instances, Respondent produced documents after the return date set by the Investigative Subcommittee.

Another event that caused a significant delay in the investigation was Respondent's assertion of certain privileges, set forth in a 40-page privilege log. The log was not produced until May 29, 2009. After the Investigative Subcommittee and Respondent reached an agreement that permitted subcommittee counsel to review certain documents, subcommittee counsel reviewed certain documents for which privileges had been asserted. Upon review of the documents, counsel determined that many of the claims of privilege were, in fact, not valid. A review of those materials led to the interview of additional witnesses, which could have been completed earlier but for Respondent's improper claims of privilege as to those documents.

The inquiry was further delayed pending receipt of a forensic accountant's report, which Respondent volunteered to produce. In September 2008, Respondent publicly announced his intention to hire a forensic accountant. Respondent issued a press release on November 13, 2008, stating that he had retained a forensic accounting firm to review his Financial Disclosure Statements and tax returns. The accountant's report was not sent to the Investigative Subcommittee until May 12, 2009, six months after Respondent's public statements. Respondent submitted amended Financial Disclosure Statements for the calendar years 1998 through 2007, as well as his original Financial Disclosure Statement for calendar year 2008, on August 12, 2009, almost one year after Respondent publicly pledged to correct his Financial Disclosure Statements.

The delays in the investigation caused by Respondent were a factor in the Investigative Subcommittee's determination that "special circumstances" existed under Committee Rule 22(e)(2). The Investigative Subcommittee's action in shortening certain deadlines was consistent with Committee rules, as well as Respondent's repeated public requests for the investigation to be completed.

In providing Respondent with a copy of the evidentiary record, the Investigative Subcommittee provided more evidence than required by Committee rules. For example, Committee Rule 26(c) requires the disclosure only of evidence that the subcommittee "intends to use to prove" the charges in the SAV. Committee rules permit testimony by deposition transcript in lieu of live witnesses "if the witness is unavailable." As such, there is no intention to use any deposition transcripts in lieu of testimony (which is subject to change if a witness becomes unavailable), and no obligation to provide any transcripts. The Investigative Subcommittee, in a spirit of full disclosure, nonetheless provided Respondent an extensive number of transcripts.

Respondent has been provided exculpatory documents

Respondent asserts that the investigative subcommittee violated "the rule requiring that it furnish Congressman Rangel with all exculpatory evidence and has impaired Congressman Rangel's ability to defend himself" by failing to produce a copy of a lease application for an apartment to be occupied by Steven Rangel which contains the handwritten notation "16M." The Investigative Subcommittee did not produce the lease application for Steven Rangel referenced in Respondent's Answer because the document is not exculpatory. Respondent has been charged with a non-conforming use of apartment 10U, a residential rent-stabilized apartment, for his campaign committees. The notation of "16M" on a lease application has no bearing on Respondent's use of apartment 10U.

Even if this document was exculpatory, the Investigative Subcommittee's failure to produce it has not "impaired" Respondent's defense. Respondent already has referred to that document in a submission to the Investigative Subcommittee dated January 8, 2010. Since Respondent has already used the subject document, his argument that his defense has been "impaired" is spurious.

Statement of Representative Jo Bonner
Ranking Member of the Investigative Subcommittee in the Matter of Charles B. Rangel

Adjudicatory Subcommittee Meeting in the Matter of Charles B. Rangel

July 29, 2010

Thank you, Madam Chair, Ranking Member McCaul and members of the Adjudicatory Subcommittee.

By the very nature of this rare – but not without precedent – public meeting of this Subcommittee, there are naturally many questions that are out there… questions by other Members of Congress about what is happening to one of our colleagues and, I believe, more importantly, questions by the American people.

In the five minutes I have been given, allow me attempt to answer some of these questions.

First, there is no doubt that Congressman Charles Rangel has a compelling story – he was a private – as his autobiography says, "left to die on a battlefield in what is now North Korea."

He earned the Purple Heart and Bronze Star for his bravery. He was a fatherless high school dropout who went from pushing a hand truck in the Garden District of New York City to becoming one of the most powerful – and well-liked – figures on Capitol Hill.

But Mr. Rangel's life story is not why we are here today for in a very real way, every American has their own unique story to tell.

Instead, Congressman Green and I are here to present to this Subcommittee – and the American people – a summary of different story altogether.

We have a responsibility to submit evidence to this Adjudicatory Subcommittee that Mr. Rangel may have broken the Rules of the House and brought discredit to this body at a time when the American people have such little faith in our ability – as their elected Representatives - to do our job.

In fact – according to Article 1, Section 4 of the United States Constitution – it is the duty of the House to "punish its Members for disorderly behavior."

As such, this is truly a sad day where no one – regardless of their partisan stripes – should rejoice.

I want to take another minute to explain how we got to where we are.

As has been noted, the investigation into Mr. Rangel's activities has been ongoing for almost two years. These matters are serious and I believe the record will show were being looked into by the Ethics Committee at the time Mr. Rangel wrote the Committee and requested a formal review.

During the course of the investigation, Mr. Rangel was given multiple opportunities to settle this matter. Instead, he chose to move forward to this public trial phase.

Since the beginning of this investigation, the Full Committee has been led by three different Chairpersons and 2 different Ranking Members. On the Investigative Subcommittee – that today is presenting the Statement of Alleged Violation – we have been served by Mr. Green of Texas as Chair, while I served as Ranking Member.

The other members of this bipartisan Subcommittee were Mr. Scott of Virginia and Mr. Hastings of Washington State.

Madam Chair, I can say with certainty that each of us had every intention of completing this investigation before the end of 2008.

But in part due to additional evidence that was submitted, multiple delays in receiving information we requested and subpoenaed, and an extension on two separate occasions of the Investigative Subcommittee's jurisdiction because of new facts that came before the Subcommittee, this investigation concluded just last week.

Not everyone in this room - or watching this at home on TV - may know that the House Ethics Committee is the only truly-bipartisan Committee with an equal number of Democrats and Republicans.

5 Democrats and 5 Republicans sit on the Full Committee, in judgment of our peers.

And today there are 4 Democrats and 4 Republicans – as has already been noted, none of whom volunteer for this duty – who sit on this Adjudicatory Subcommittee.

While at times some Members of the Investigative Subcommittee disagreed on some of the counts ultimately included in the Statement of Alleged Violation the record should note that all supporting evidence was transmitted to the Full Committee with the unanimous support of the bipartisan Investigative Subcommittee.

While my role as Ranking Member of the Investigative Subcommittee has now come to an end, I want to thank Mr. Green, Mr. Hastings, Mr. Scott and the Committee staff for their dedication and time devoted to this matter.

And whatever happens from this point forward I believe it is incumbent upon each of us to do our part – individually and collectively – to take a measured step in the direction of helping to restore the trust of the American people in this, "The People's House" where we are all privileged to serve .

Thank you, Madam Chair.

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July 28, 2010

BY ELECTRONIC MAIL

R. Blake Chisam
Staff Director and Chief Counsel
Committee on Standards of Official Conduct
U.S. House of Representatives
HT-2, The Capitol
Washington, DC 20515

Re: *In the Matter of Representative Charles B. Rangel*

Dear Blake:

Enclosed please find the Statement of Charles B. Rangel in Response to the Statement of Alleged Violation ("Statement") and the exhibits thereto. Please notify us immediately if the Adjudicatory Subcommittee determines that the Statement is not in conformance with the Committee's Rules so that we can cure immediately any defects and ensure a timely filing.

We also ask you to confirm in writing that: (1) the Statement has been accepted by the Adjudicatory Subcommittee; and (2) the Statement shall be included in any report of the Adjudicatory Subcommittee or Standards Committee to the same extent as the Statement of Alleged Violation to which it responds.

Please feel free to call me if you have any questions.

Sincerely,

Leslie B. Kiernan

Encls.

UNITED STATES HOUSE OF REPRESENTATIVES
Committee on Standards of Official Conduct
Adjudicatory Subcommittee

In the Matter of	)
Representative Charles B. Rangel	)

STATEMENT OF CHARLES B. RANGEL IN RESPONSE TO THE STATEMENT OF ALLEGED VIOLATION[1]

For forty years, Congressman Rangel has faithfully served the people of New York's Fifteenth District. He has at all times acted in his constituents' best interests and has brought them economic and educational opportunities, as exemplified by his tireless support for the City College of New York ("CCNY"). Congressman Rangel donated his official papers to CCNY, secured appropriations to support the College's academic program in public service, and promoted the program to education-minded philanthropists. The benefit Congressman Rangel received from this work was the satisfaction of fulfilling his obligations to his constituents. He did not profit economically, nor did he ever link his work for CCNY with matters before the Ways & Means Committee. The Statement of Alleged Violation ("SAV") in this case is deeply flawed in its factual premises and legal theories, not only with regard to CCNY, but also as to the other claims. The undisputed evidence in the record—assembled by the Investigative Subcommittee over its nearly two-year investigation—is that Congressman Rangel did not dispense any political favors, that he did not intentionally violate any law, rule or regulation, and that he did not misuse his public office for private gain.

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[1] This Response has been prepared by counsel and is submitted pursuant to Standards Committee Rule 7(f).

I. CCNY: CONGRESSMAN RANGEL'S ACTIVITIES ON BEHALF OF CCNY'S RANGEL CENTER DID NOT VIOLATE HOUSE RULES.[2]

Congressman Rangel helped a public college in his Congressional district to establish and fund an academic program in public service for disadvantaged students. To support that effort, he agreed to donate his official papers, allowed the school to name the program in his honor and introduced college officials to potential donors. Congressman Rangel is hardly the only member of the Congressional leadership to engage in such activity. Senate Minority Leader McConnell, for example, has donated his official papers, lent his name and raised millions of dollars from corporate donors to launch the McConnell Center for Political Leadership at the University of Louisville; former House Judiciary Committee Chairman Peter Rodino donated his papers to Seton Hall Law School, where they are housed in the Peter W. Rodino, Jr. archives, a division of the Peter W. Rodino Law Library.[3] Without pausing to consider, Congressman Rangel treated this effort as constituent service, in pursuit of not one, but two, important national priorities—providing educational opportunities for disadvantaged and minority students and promoting diversity in our nation's public service.

The charges in the SAV magnify an issue about the proper scope of Congressman Rangel's official duties into an attack on his integrity. The Congressman did not abuse his official position or enrich himself financially. He did not target for solicitation foundations, corporations or individuals with business before the Ways & Means Committee, nor did he offer or provide preferential treatment or favors to potential contributors. He received no prohibited benefit, direct or indirect, from his work on behalf of this program that violates the ethics rules.

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[2] Congressman Rangel responds herein to paragraphs 1-10 and 23-92 of the SAV. Paragraphs 11-22 are omitted from this section and addressed in a separate section, as they pertain to Congressman Rangel's service as a trustee of the Ann S. Kheel Charitable Trust and not to the Rangel Center.

[3] Senators Byrd, Lott and Helms are among the many Members of Congress to have established similar programs.

In retrospect he recognizes that the public would have been better served if he had consulted the Standards Committee staff in advance regarding his desire to help CCNY. If he mistakenly used the wrong letterhead or other modest resources in this worthy cause, the error was made in good faith.[4]

A. Congressman Rangel Has Consistently Supported Educational Programs like the Rangel Center as Part of His Official Responsibilities.

CCNY, located in the heart of Congressman Rangel's Congressional district, has a distinguished history of opening higher education to disadvantaged, minority and immigrant students. Congressman Rangel grew up four blocks from CCNY, is a lifelong resident of its Harlem neighborhood and has represented its Congressional district for forty years. As a high school dropout who completed his education through the G.I. Bill after the Korean War, the Congressman benefited from and enthusiastically advocates for educational opportunities for underserved students, particularly those designed to increase minority participation in public service.[5]

The idea for the Rangel Center originated with CCNY President Gregory Williams, following years of discussion with Congressman Rangel about "ways we could get more people of color involved in government service." Williams Tr. at 8-11 (CSOC.CBR.00017725-28). President Williams envisioned a Center for Public Service that would offer new undergraduate and master's degree programs, and would also house a conference center, library, and additional

[4] Members traditionally exercise broad discretion to determine what activities lie within the scope of their official duties. *See* 123 Cong. Rec. 5900 (daily ed. Mar. 2, 1977) (statement of Rep. Hamilton) ("There are essentially no rules and regulations" that define what is appropriately an official expense. "It is left up to the Members."). The Standards Committee does not second-guess the reasonable judgments of a Member, made in good faith, that particular communications lie within his role as the people's representative. Statement of the Committee on Standards of Official Conduct Regarding Complaints Against Rep. Newt Gingrich, at 63 (Comm. Print Mar. 8, 1990) (The Ethics Committee "is particularly sensitive when its actions might be viewed as limiting a Member's ability to speak publicly on issues").

[5] Long before CCNY founded the Rangel Center, the Congressman sponsored a two-year fellowship program operated jointly by Howard University and the U.S. State Department to promote the entrance of minorities in the Foreign Service. *See* http://www.howard.edu/rjb/rangelprogram_old.htm (last visited July 20, 2010).

programs to provide the training necessary to prepare young men and women for public service careers. *See* CSOC.CBR.00000291-317 (proposal to establish the Rangel Center). By naming the Center after Congressman Rangel and housing his official papers in its fledgling public service archive, CCNY hoped to enhance its ability to attract the necessary private and public funds to hire first-rate faculty and provide financial aid for needy students. *See* CSOC.CBR.00000311-14 (outlining initial budget elements). CCNY also planned to restore a vacant brownstone to be the Center's future home.

Congressman Rangel promoted the Rangel Center not only because of his longstanding personal commitment to creating opportunities for minority and economically disadvantaged students, but because diversifying the public service was an important official responsibility. He was simultaneously assisting a substantial institutional constituent, CCNY, which brings jobs to his district and has for generations made education available to people of limited means from Harlem and the surrounding area.

B. Congressman Rangel Did Not Target Persons with Business Before the Ways & Means Committee, nor Did He Offer or Extend Favorable Consideration in Official Matters to any Donor.

Section 7353 of Title 5 of the United States Code and related House ethics rules prohibit Members asking for anything of value from persons who seek official action from the House or have interests likely to be substantially affected by the performance of official duties. Subject to certain limitations, Members may, and many do, raise funds for tax-exempt non-profit educational and charitable organizations, so long as they do not receive a personal benefit or suggest that the donor will receive "favorable consideration in official matters." Ethics Manual at 348-49 ("As a general matter the Committee permits (without the need to seek prior Committee approval) Members . . . to solicit on behalf of [non-profit] organizations . . ."). These rules are intended to prevent Members from targeting solicitations to individuals or entities that

may feel obliged to make donations in order to protect their legislative interests or that may use charitable giving to influence a Member's official action.

Congressman Rangel's efforts on behalf of CCNY never targeted donors based on their legislative interests. Dalley Tr., Vol I., at 54 (CSOC.CBR. 00017590) (no effort to target people with Ways & Means business); *see also* Butler Tr., Vol. II, at 25 (CSOC.CBR.00027269) (testimony from CCNY's Vice President for Development and Institutional Advancement, who spearheaded fundraising for the Rangel Center, that neither the Congressman nor his staff ever discussed seeking donations from individuals or entities that might have business before the Ways & Means Committee). Instead, he wrote letters or reached out personally to foundations and business leaders with a demonstrated interest in educational philanthropy. At the direction of the Congressman's chief of staff, an unpaid fellow compiled from a Council on Foundations directory a mailing list of granting organizations with interests in education, public service or minority education.[6] *See* Dalley Tr., Vol. I, at 44 (CSOC.CBR.00017580). Prior to sending the letters, the Congressman reviewed the list of potential addressees and believed—based on his familiarity with the range of matters before the Ways & Means Committee—that none of the recipients were seeking official action or were likely to be substantially affected by the performance of his official duties. Rangel Tr. at 33-34 (CSOC.CBR.00027449-50).[7]

It was not Congressman Rangel, but Robert Morgenthau, the longtime District Attorney of New York and also a strong supporter of CCNY, who contacted his good friend Eugene

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[6] The recipients included individuals with demonstrated commitments to education, without regard to their legislative interests, such as Ivan Seidenberg, Chairman and CEO of Verizon. From a working class family in New York, after high school, Mr. Seidenberg worked as a telephone lineman. Following military service in Vietnam, he returned to school and earned his degree from CCNY's parent, the City University of New York. He went on to attend business school at Pace University, to which he donated $15 million. Mr. Seidenberg's rise from lineman to CEO and CUNY education made him a clear choice to receive a CCNY letter.

[7] Vague allegations that potential contributors lobbied unspecified "members of the House" during an undefined "relevant period" about a laundry list of issues (SAV ¶¶ 89-92) indicate nothing about what Congressman Rangel knew at the time that he reviewed the mailing list.

Isenberg, CEO of Nabors Industries, about the Rangel Center. Mr. Morgenthau invited Congressman Rangel and CCNY's leadership to meet with Mr. Isenberg because he believed Mr. Isenberg's past generosity to educational institutions made him a natural supporter for the Rangel Center. Morgenthau Tr. at 9 (CSOC.CBR.00027842) ("[S]ince I had helped Isenberg in two of his prior educational ventures . . . I thought [the Rangel Center] was something that would interest him."); *see also id.* at 14 (CSOC.CBR.00027847) ("Mr. Isenberg is very interested in the education of minorities."). At the meeting arranged by Mr. Morgenthau, the participants discussed their shared interest in enabling underprivileged students to become leaders in public life. Morgenthau Tr. at 13 (CSOC.CBR.00027846); Isenberg Tr. at 11 (CSOC. CBR.00017332). There was no discussion at the meeting of any legislative matter affecting Mr. Isenberg or his company. Morgenthau Tr. at 15 (CSOC.CBR.00027848); Isenberg Tr. at 11 (CSOC.CBR.00017332); Rangel Tr. at 48 (CSOC.CBR.00027464); Butler Tr., Vol. II, at 36 (CSOC.CBR.00027280). Importantly, Congressman Rangel did not take part in the subsequent discussions between CCNY and Mr. Isenberg that resulted in a substantial gift to the Center. Butler Tr., Vol. II, at 59 (CSOC.CBR.00027303); Isenberg Tr. at 11-12 (CSOC.CBR.00017332-33).

The uncontroverted evidence is that Congressman Rangel never suggested that any donor to the Rangel Center would receive favorable consideration in legislative matters and never gave preferential treatment to any contributor. Every witness who was asked confirmed this for the Subcommittee:

- John L. Buckley, Majority Chief Tax Counsel of the Ways & Means Committee testified that Congressman Rangel kept the Rangel Center separate from his work with the Ways & Means Committee. Indeed, Mr. Buckley testified that he did not learn about the Rangel Center until a New York Times reporter called him about it. Buckley Tr. at 46 (CSOC.CBR.00018233). He also testified that Nabors Industries did not receive any special treatment from Congressman Rangel. *Id.* at

53-54 (CSOC.CBR.00018240-41).

- Janice Mays, Chief Counsel & Staff Director of the Ways & Means Committee testified that she knew of no special treatment of anyone in connection with the Committee's work, and that Congressman Rangel generally keeps his work with the Committee separate from his work with his district and constituents. Mays Tr. 13 (CSOC.CBR.00017944). She also testified that there was no connection between any Ways & Means legislation and any donation by AIG to the Rangel Center. *Id.* at 13, 53 (CSOC.CBR.00017944, CSOC.CBR.00017984).

- Mr. Isenberg testified that he never sought nor received any special consideration from Congressman Rangel because of his donation to CCNY. Isenberg Tr. at 13 (CSOC.CBR.00017334); *see also* Kies Tr. at 22 (CSOC.CBR.00018390) (same). They did not discuss legislative matters in the September 2006 meeting arranged by Mr. Morgenthau about the Center, and did not discuss the Center in their brief communications about potential legislation in February and June 2007. Isenberg Tr. at 30-31 (CSOC.CBR.00017351-52); Kies Tr. at 17-18, 24-25 (CSOC.CBR.00018385-86, CSOC.CBR.00018392-93); *see also* Morgenthau Tr. at 15 (CSOC.CBR. 00027848).

- Susan Berresford, former President of the Ford Foundation, testified that in meetings with Congressman Rangel regarding the Rangel Center there was no discussion of legislative or policy issues. Berresford Tr. at 16 (CSOC.CBR. 00019131).

- Rachelle Butler and Gregory Williams of CCNY testified that Congressman Rangel did not discuss any Congressional action or Ways & Means Committee business at any of the meetings they attended with potential donors concerning the Rangel Center, including the meeting with Eugene Isenberg. Butler Tr., Vol. II, at 27, 35-36, 61 (CSOC.CBR.00027271, CSOC.CBR.00027279-80, CSOC.CBR.00027305); Williams Tr. at 18, 22 (CSOC.CBR.00017735, CSOC.CBR.00017739).

Although the SAV says much about the jurisdiction of Congressman Rangel's Committees and identifies certain issues before them, it fails to cite a single instance in which the Congressman catered to the interests of an actual or potential donor to the Center or failed to act solely on the merits of a matter before him. Thus, it is clear that Mr. Isenberg's contribution to the Rangel Center did *not* affect the Congressman's action on a tax inversion provision in minimum wage legislation in 2007. In his testimony, John Buckley, Chief Tax Counsel to the Ways & Means Committee, confirmed that the inversion provision never came before

Congressman Rangel or the Ways & Means Committee. On February 1, 2007, nearly two weeks before Mr. Isenberg and his company's lobbyist first contacted Congressman Rangel concerning possible tax legislation, the Committee staff had already drafted a bill that made the subject irrelevant, and that bill had been introduced on February 9, three days before Congressman Rangel learned of Nabors Industries' interest in tax inversion.[8] Ex. 1, Letter from John Buckley, Chief Tax Counsel, House Committee on Ways and Means, to Editors and Reporters, publicly released on Dec. 5, 2008 ("Buckley Ltr."); Buckley Tr. at 23-25 (CSOC.CBR. 00018210-12) (stating that the issue of tax inversion was never presented to Congressman Rangel); Mays Tr. at 25 (CSOC.CBR.00017956) ("Inversions were not discussed in our markup and weren't really discussed by the Members at all."). In fact, Congressman Rangel never gave Mr. Buckley any instructions regarding the inversion issue. Buckley Ltr. at 3; Buckley Tr. at 24-25 (CSOC.CBR.00018211-12) (Congressman Rangel's direction to Mr. Buckley was to work out a non-controversial bipartisan bill). In this and other matters, the record clearly establishes that Congressman Rangel kept his Ways & Means Committee business separate from his work on behalf of the Rangel Center.

C. Congressman Rangel Did Not Benefit Improperly from His Support for the Rangel Center.

The SAV's charge that Congressman Rangel received a gift or otherwise benefited improperly from money donated to CCNY or from the donation of his own official papers to

[8] The minimum wage bill passed by the Senate would have retroactively increased taxes for companies that had incorporated offshore in 2002 and 2003, but maintained the majority of their operations in the United States, a process known as "inversion." The inversion provision was one of many revenue offsets included in the Senate bill to pay for corporate tax cuts. Because the House bill did not contain the corporate tax cuts favored by the Senate, it did not require such revenue offsets. Instead, at the direction of then-Chairman Rangel and Ranking Member McCrery, the Ways & Means staff had prepared a bipartisan, non-controversial bill, which had been introduced three days before Mr. Isenberg mentioned the matter to Congressman Rangel. SAV ¶ 157. The House bill contained nothing about inversion. H.R. 976, 110th Cong. (2007). The Senate Finance Committee staff decided not to raise the issue when the bill went to conference. As a result, the inversion tax provision never came before the House when the final bill was enacted into law on May 25, 2007 as Pub. L. No. 110-28.

CCNY is not supported by the law.

Count III relies on House ethics rules and 5 U.S.C. § 7353, which prohibit a Member from receiving a gift, defined as a "gratuity, favor, discount, entertainment, hospitality, loan, forbearance, or other item having monetary value." Count II is based on Clause 5 of the Code of Ethics for Government Service ("CEGS"), which provides that a public official should "never accept for himself or his family, favors or benefits that might be construed as influencing the performance of governmental duties." As a matter of law, however, charitable contributions made to CCNY in connection with the Rangel Center cannot be construed as an improper favor or benefit to Congressman Rangel.

It is undisputed that every single charitable contribution in this case went to CCNY, a public educational institution, and *not* to the Congressman. The SAV charges that he benefited indirectly from contributions to CCNY for the Rangel Center because the Center preserved his legacy by naming the Center in his honor, providing an office for him, and storing and archiving his official papers. But these were not favors to Congressman Rangel; they were integral parts of the Center's academic program, and CCNY, not Congressman Rangel, was the beneficiary.

It was plainly permissible under House ethics rules for Congressman Rangel to allow CCNY to name the Center for him. The House Ethics Manual expressly encourages Members "to lend their names to legitimate charitable enterprises and otherwise promote charitable goals." Ethics Manual at 44 (internal quotations omitted); *see also* Ethics Manual at 347 ("Clause 11 of House Rule XXIII is not intended to restrict a Member's . . . ability to lend one's name in support of a private group."). These rules reflect a recognition that the naming is not for the benefit of the Member, but, as here, for the benefit of the organization.

To the extent that the naming of the Center can be viewed as an indirect reputational

benefit to the Congressman, it is a benefit authorized by the House ethics rules. The Standards Committee's parameters for solicitations on behalf of charitable organizations recognize that indirect benefits may properly accrue to Members. Indeed, the prohibition extends only to direct benefits: "No *direct* personal benefits may result [from charitable solicitations] to the soliciting official." Ethics Manual at 348 (emphasis added). A Member is, however, expressly permitted to accept non-monetary forms of recognition of his public service, even though the honor has the incidental effect of enhancing his reputation. Ethics Manual at 66, 76.[9] Whatever personal interest the Congressman may have in the "perpetuation of his legacy" (SAV ¶¶ 1, 189), contributions to a Center named in his honor do not violate CEGS or the gift rule.

The availability of an office at the Center similarly cannot as a matter of law be construed as a gift or favor to Congressman Rangel. First, its intended purpose was for the benefit of the students, to provide a place where they could meet with him as part of their academic program. Williams Tr. at 23 (CSOC.CBR.00017740). The undisputed testimony is that the Congressman did not seek such an office; it was proposed by CCNY. Butler Tr., Vol. II, at 28 (CSOC.CBR.00027272). Second, the undisputed testimony is that no office was actually set aside for his use and he will not receive it in the future because the idea was abandoned early on for space and funding reasons. *Id.*

The claim that the Congressman will benefit impermissibly from the archiving of his

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[9] Ethics Committee precedent establishes that for something to be a gift under House ethics rules or a "favor or benefit" under the CEGS, it must have some pecuniary benefit to the Member or his family. *See* H. Rep. 104-866 (Jan. 2, 1997), § IV.A.3. (free broadcasting of lectures in Rep. Gingrich's college course "did not constitute either a gift or a favor to Representative Gingrich within the meaning of House rules or applicable standards" because the benefit to Rep. Gingrich consisted only of publicity). Further, the Investigative Subcommittee's theory contradicts the plain meaning of the statute and the House gift rule. The use of the word "other" in the phrase "gratuity, favor, discount, entertainment, hospitality, loan, forbearance, or *other* item having monetary value," plainly signifies that the preceding terms are examples of items having monetary value. It is a basic rule of statutory interpretation that the phrase "A, B, or any other C" means that "A is a subset of C." *United States v. Williams-Davis*, 90 F.3d 490, 509 (D.C. Cir. 1996); *see also Dong v. Smithsonian Inst.*, 125 F.3d 877, 880 (D.C. Cir. 1997); *United States v. Delgado*, 4 F.3d 780, 786 (9th Cir. 1993).

official papers rests on the flawed premise that CCNY is providing a service to him. But the evidence is that Congressman Rangel agreed to *donate* the papers to CCNY, a routine practice by Members of Congress.[10] The Rangel papers are valuable property, which CCNY will archive not as a favor to Congressman Rangel but in order to preserve and maximize its value to the College. The Congressman will relinquish both the papers themselves and control over them.[11]

Other Members of Congress have donated their papers and raised funds for institutions bearing their names under virtually identical circumstances:

- Senator Mitch McConnell raised funds from corporate donors—including Humana Foundation, Ashland Inc., RJR Nabisco, Toyota and military contractor United Defense Industries—to launch the McConnell Center for Political Leadership at the University of Louisville, together with the McConnell-Chao Archives, which employs an archivist paid more than the budget for CCNY's archivist. Senator McConnell also secured an earmark for the building in which his archive is located. *See* University of Louisville video thanking Senator McConnell for his support for the University, available on YouTube at http://www.youtube.com/watch?v=koqh1unTqf8 (last visited on July 20, 2010); *see also* www.youtube.com/watch?v=RzYii5tBe7Y (dedication of McConnell-Chao archives) (last visited on July 20, 2010).

- Senator Robert Byrd donated his papers to the Byrd Center for Legislative Studies at Shepard University in Shepardstown, West Virginia. The Center includes archival research facilities, offices and classrooms. *See* www.byrdcenter.org (last visited on July 20, 2010).

- Senators Trent Lott and Jesse Helms established centers at universities during their respective tenure in Congress and participated in fundraising for them. Senator Lott appeared onstage at a Kennedy Center fundraiser that raised $10

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[10] The Manuscript Division of the Library of Congress stores and archives the papers of innumerable federal officials bound by CEGS and the gift rule, including nine hundred Members of Congress. http://www.loc.gov/rr/mss/mss_abt.html (last visited on July 19, 2010). We are unaware of any suggestion that the curation of the historically important documents donated by these officials should be treated as a personal benefit to the individual, rather than a service provided by the Library of Congress to the public. A comprehensive list of hundreds of congressional archives maintained at academic and other research institutions can be found at http://www.archives.gov/legislative/repository-collections/name.html (last visited on July 20, 2010).

[11] Moreover, the archivist will be a Rangel post-doctoral fellow—a student pursuing an advanced degree, not a professional librarian. *See* CSOC.CBR.00000300. The archivist will "provide assistance to the other scholars, CCNY students, and the Harlem community, while pursuing his/her own research in the papers." CSOC.CBR.00000300. Thus, the position provides much needed financial support for a post-doctoral student with an academic interest in the subject matter, as well as broader educational benefits to the scholarly community.

> million from corporate donors for one of the centers named for him. The center named for Senator Helms had a working office that was designated for his use after retirement, in addition to a replica of his office in the Dirksen Building.

We provide these examples, not as part of an "everyone does it" defense, but rather to demonstrate that these activities have never been regarded as creating an improper benefit to a Member.

The House conclusively determined in 2007 that funds for the Rangel Center did not provide an improper financial benefit to Congressman Rangel when it approved an appropriation for the Center. That decision forecloses these ethics charges. In an unsuccessful effort to eliminate a $1.9 million earmark for the Rangel Center, Congressman John Campbell of California read from a brochure describing the role of the archivist/librarian to "organize, index and preserve for posterity all documents, photographs and memorabilia relating to Congressman Rangel's career," and the office that CCNY contemplated providing. *See* 153 Cong. Rec. H8133 (daily ed. July 19, 2007). Speaking in support of the appropriation, Congressman Rangel described the Center's public purpose and his role in it, including his participation in fundraising. After floor debate on the issue, 316 Members voted in favor of the earmark. 153 Cong. Rec. H8133-35 (debate); H8163-64 (recorded vote) (daily ed. July 19, 2007). The overwhelming majority of Members thus concluded correctly that neither the archivist nor the office improperly benefited the Congressman or gave him an interest in financial support for the Center; such an interest would have rendered the earmark improper and required the Members to vote against it. House Rule XXIII, clause 17; Ethics Manual at 185, 239 (earmark prohibited if Member or spouse has a pecuniary interest, but is permitted notwithstanding "remote, inconsequential, or

speculative interests").[12]

And if, as the House plainly concluded in 2007, Congressman Rangel will not receive anything of value from CCNY by virtue of the archiving of his official papers (or the since-abandoned proposal for him to have an office at the Center), then he will not receive an "indirect gift" (SAV ¶ 190) from the charitable contributions that CCNY will use to fund that and other Center expenses. The Rangel Center is a *bona fide* academic program undertaken by CCNY to meet a critical social and educational need, not a vanity project for the Congressman, as the SAV implies, and CCNY is not, as the SAV alleges, a conduit for gifts to the Congressman. Whatever reservation the Subcommittee may have about Congressman Rangel's role in fundraising is properly analyzed as a solicitation issue, and not transmuted into a gift issue by unprecedented legal alchemy.

D. Congressman Rangel Did Not Violate Rules Concerning the Use of Official Resources.

Consistent with House ethics rules that permit Members to fundraise for charitable organizations,[13] the crux of Counts VII and VIII of the SAV is merely that the Congressman used the wrong letterhead, copying paper, office equipment, and the like. But for the inadvertent use of these resources, the charges recognize that there was nothing inherently wrong in his activities on behalf of the Rangel Center. The work related to a charitable endeavor on behalf of

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[12] The plethora of earmarks for projects named for Members reflects the recognition that the intangible reputational benefit of such honors is too remote, inconsequential and speculative to give rise to ethics concerns. Recent earmarks for educational institutions have supported the Robert C. Byrd National Technology Transfer Center at Wheeling Jesuit University, the Robert C. Byrd Technology Center at Alderson-Broaddus College, Pat Roberts Hall at Kansas State University, the Harkin Grants program for local school remodeling in Iowa, the Shelby Engineering and Computing Sciences building at the University of South Alabama, and the Thad R. Cochran Marine Aquaculture Center at the University of Southern Mississippi.

[13] The general ban on solicitation contains a broad exception for tax-exempt non-profit, educational and charitable organizations, on behalf of which Members may raise funds without prior Committee approval, provided they do not use official resources, receive a personal benefit, or suggest that the donor will receive "favorable consideration in official matters." Ethics Manual at 348-49 ("As a general matter the Committee permits (without the need to seek prior Committee approval) Members . . . to solicit on behalf of [non-profit] organizations . . .").

an important public institution in Congressman Rangel's district and the resources used were modest at best.

With respect to staff time, binding Ethics Committee precedent establishes as a matter of law that no ethics violation occurs unless the staff's unofficial activities interfere with the performance of their official duties. Thus, the Committee dismissed a complaint that Speaker Newt Gingrich improperly used the services of his congressional staff in writing one of his books. Although staff members had worked on the book, the Committee concluded that no violation took place because there was no evidence that this work caused them to neglect their official duties. *See* Statement of the Committee on Standards of Official Conduct Regarding Complaints Against Rep. Newt Gingrich, at 40 (Comm. Print Mar. 8, 1990) ("[D]ue to the irregular time frames in which the Congress operates, it is unrealistic to impose conventional work hours and rules on Congressional employees. . . . As long as employees complete those official duties required by the Member and for which they are compensated from public funds, they are generally free to engage in personal, campaign or other nonofficial activities.").

As in the *Gingrich* matter, nothing in the record here indicates that the modest time spent on activities related to the Rangel Center[14] interfered with any staff members' performance of their official duties. Furthermore, the work was done by an unpaid fellow, Dalley Tr., Vol. I, at 44 (CSOC.CBR.00017580), and had no effect on the office budget, the predicate for the claim that official resources were misused. SAV ¶¶ 210-14 (alleging misuse of the "Member's Representational Allowance," the office budget for staff, equipment and supplies, which is reserved solely for official expenses). There is similarly no evidence of what telephone, email or office equipment was utilized in connection with such activities. If Congressman Rangel used

[14] As Congressman Rangel testified, he spent very little personal time on this matter and believes the same is true of his staff. Rangel Tr. at 16-17, 63-64 (CSOC.CBR.00027431-32, CSOC.CBR.00027479-80).

the wrong resources in support of CCNY, the resources involved were modest, the policies underlying the House rules were upheld, and the goal of increasing minority representation in public service was well-meaning and praiseworthy.

E. Congressman Rangel Did Not Intentionally Misuse the Frank in Violation of 18 U.S.C. § 1719.

Section 1719 of Title 18 of the U.S. Code prohibits the use of the frank to "avoid the payment of postage." The statute by its very terms requires a showing that the franking privilege was used for the specific purpose of avoiding payment of postage. The user's intent is critical because merely mistaken use or misuse on a good faith belief that the mailing is official, the most that happened in this case, do not constitute violations of this statute. Under generally accepted principles of law, intent and knowledge cannot be read out of a provision of Title 18:

> The contention that an injury can amount to a crime only when inflicted by intention is no provincial or transient notion. It is as universal and persistent in mature systems of law as belief in freedom of the human will and a consequent ability and duty of the normal individual to choose between good and evil.

Morissette v. United States, 342 U.S. 246, 250 (1952).

Count V alleges only that Congressman Rangel "used his frank on materials that were not official business." SAV ¶ 201. There is no allegation that he did so in order to avoid paying postage that was legitimately due, and the record contains no evidence whatsoever to suggest such a specific intention. To the contrary, the Congressman and his staff believed in good faith that mailings concerning the Rangel Center fell within their official duties. *See, e.g.*, Dalley Tr., Vol. I, 51 (CSOC.CBR.00017587) ("[W]e thought of this as a legitimate use .... of the letterhead."); Rangel Tr. 22-23 (CSOC.CBR.00027438-39) ("I considered [sending the letters out] an official part of my responsibility."). They used the frank because they believed that doing so was proper, not improperly to avoid paying required postage. Accordingly, the SAV

does not allege, and the Subcommittee cannot prove, that Congressman Rangel violated 18 U.S.C. § 1719.

II. ANN S. KHEEL CHARITABLE TRUST: THE DONATIONS TO CCNY FOR THE ANN S. KHEEL SCHOLARSHIPS DID NOT BENEFIT THE RANGEL CENTER OR CONGRESSMAN RANGEL.

Congressman Rangel rejects the allegation that he benefited from the charitable activities of the Ann S. Kheel Charitable Trust ("Trust"), of which he serves as a trustee. The SAV suggests that the establishment by the Trust of a scholarship program at CCNY named for Mrs. Kheel somehow constituted "self-dealing" by Congressman Rangel. SAV ¶¶ 11-21. That theory is without any factual basis—undisputed evidence establishes that the gifts made by the Trust to CCNY for the Ann S. Kheel Scholars Program were neither directed to, nor spent on, the Rangel Center.

Ann Kheel, who died in 2003, devoted her life to civic activities in support of racial equality and opportunities for the disadvantaged and was deeply engaged in efforts to improve the lives of others, including through education. *See* Ex. 2 at ¶ 2 (Decl. of Ellen Jacobs, Mrs. Kheel's daughter and Executive Director of the Trust). To honor Mrs. Kheel's memory, her husband, Theodore Kheel, established the Trust to provide assistance to organizations that are dedicated to improving the lives of disadvantaged New Yorkers. *Id.* Congressman Rangel was a lifelong friend of Ann and Ted Kheel, and he has been honored to chair the Board of Trustees of the Trust. *See id.* at ¶ 4.

In December 2004, CCNY submitted a proposal to the Trust to create the Ann S. Kheel Scholars Program at CCNY. *See* CSOC.CBR.00009592-605. As envisioned by CCNY, the Program would provide scholarships to CCNY applicants "who demonstrate need, engage in public service to disadvantaged communities, make satisfactory progress, and maintain the College's required GPA throughout the four years." *See id.* at CSOC.CBR.00009600. The

trustees considered the proposal and approved a $440,000 multi-year commitment program for the program. Ex. 2 at ¶ 7.[15]

Before the trustees approved the contribution to CCNY, Congressman Rangel fully disclosed his connection to the Rangel Center and urged that any scholarship program approved by the Trust be independent of it. May 31, 2005 Minutes (CSOC.CBR.00009668-70). Accordingly, the Ann Kheel Scholarships are available to students at any of CCNY's programs or divisions, without regard to their affiliation with the Rangel Center. *See, e.g.*, June 3, 2005 Trust Minutes (CSOC.CBR.00009690-91). No Trust funds were directed for the Rangel Center, and no Trust donation has funded anyone associated with the Center. *See* Butler Tr., Vol. I, at 23-24 (CSOC.CBR.00027234-35) ("Q: And have any of the [Ann Kheel] grant moneys been allocated or used or appropriated to the Rangel Center? A: No."); Sept. 26, 2008 E-mail from Theodore Kheel to Ellen Jacobs (CSOC.CBR.00009755); Ex. 2 at ¶ 8. The only benefit that Congressman Rangel has derived from his service as a trustee is the personal satisfaction that Ann Kheel's values are being passed down to students who share her commitment to serving the community. Ex. 2 at ¶¶ 9-10 (Congressman Rangel did not receive any economic benefit from the establishment of the Ann S. Kheel Scholarship Program). The evidence contradicts any suggestion that he received any other benefit or that he used his position as a trustee to funnel support to the Rangel Center.

III. FINANCIAL DISCLOSURE STATEMENTS AND AMENDMENTS: RESPONDENT ACTED PROMPTLY TO CORRECT UNINTENTIONAL MISTAKES.

Nearly two years ago, Congressman Rangel acknowledged mistakes in his Financial Disclosures Statements relating to the financing of his Punta Cana unit. Having become aware

[15] The Trust has also funded scholarships at Hunter College and the National Urban League. Ex. 2 at ¶ 3.

of these errors, he publicly committed to undertake a review of prior Financial Disclosure Statements, to identify and correct any other, unrelated errors, for the sole purpose of ensuring compliance with House ethics standards. Thus, it was Congressman Rangel who alerted the Standards Committee to the very mistakes with which he is now charged, and which he corrected nearly one year ago in comprehensive amendments.

Even before the Investigative Subcommittee was formed at his request, the Congressman promised publicly to hire a forensic accountant to review his past Financial Disclosure Statements and to make whatever amendments this voluntary review showed to be necessary. Sept. 14, 2008 Press Statement. Preliminary drafts of the amendments prepared by the accountant were provided to Committee staff for review and comment in July 2009, and the staff's input was incorporated into the amended Financial Disclosure Statements filed on August 12, 2009.

In retrospect, Congressman Rangel did not devote sufficient personal attention to the preparation of his original annual financial disclosures. *See* Rangel Tr. at 98 (CSOC.CBR.00027514). Instead, he relied upon experienced staff, in particular his former Chief of Staff, George Dalley, to complete them. Rangel Tr. at 97 (CSOC.CBR.00027513). Mr. Dalley is a Columbia Law School graduate and experienced Hill staffer who served in various capacities with Respondent for nearly 30 years, until his retirement in June 2009. Respondent believed that Mr. Dalley had all of the information that he needed to complete the Financial Disclosure Statements. Rangel Tr. at 100 (CSOC.CBR.00027516). Mr. Dalley confirmed to the Investigative Subcommittee that he prepared the Financial Disclosure Statements, was "responsible for collecting the information" and assembled it principally from the Congressman's files and from Mrs. Rangel, who handled the family's financial affairs and

maintained their financial records. Dalley Tr., Vol. I, at 8 (CSOC.CBR.00017544). The process was flawed, and it resulted in incomplete reporting. The extraordinary measures voluntarily undertaken by the Congressman attest to his sincere regret, good faith and acceptance of responsibility for the mistakes that were made in his financial disclosures.

Congressman Rangel does, however, take issue with two allegations in the SAV relating to his amended financial disclosures: paragraph 125, alleging that he should have disclosed the forgiveness of mortgage interest on his Punta Cana unit, and paragraph 142, describing as a violation the inadvertent omission from the 2008 Statement of his service on the Board of the Ann Kheel Trust. As to the former, the Congressman's counsel addressed the issue with the staff on more than one occasion, providing Committee staff with the views of the Congressman's accountant on the issue. Neither then, nor in reviewing the draft amendments, did the staff suggest that they disagreed with the expert's analysis or that the information should be included in the amendments.[16] As to the latter, as soon as Congressman Rangel learned of the inadvertent mistake in the 2008 Statement, his counsel vetted with the staff the Congressman's intention to defer amending the disclosure solely because of the pendency of this proceeding. *See* Rangel Tr. at 233 (CSOC.CBR.00027649) (Committee counsel's confirmation of these conversations). The staff expressed no objection and made no suggestion that doing so would violate the ethics rules. In both cases, the Subcommittee's charge is thus inconsistent with the Congressman's consultations with the Committee's staff. At the very least, the Congressman should have been given notice of the staff's concerns and an opportunity to correct the 2008 filing prior to being charged with an ethics violation. *See* Ethics Manual p. 264.

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[16] *See, e.g.*, internal Committee note *available at* http://www.scribd.com/doc/23242405/Tiahrt-Ethics-Investigation# (last visited July 20, 2010) (showing that the staff had reviewed the draft amendments and concluding that the "drafts appear[ed] in good shape").

IV. CONGRESSMAN RANGEL HAS FULLY COMPLIED WITH HIS TAX OBLIGATIONS.

Congressman Rangel acknowledged publicly, prior to the establishment of the Investigative Subcommittee, that his tax returns omitted rental income derived from his investment in the Punta Cana resort located in the Dominican Republic and that he had filed amendments and paid additional taxes. Congressman Rangel has done everything within his power to fulfill his legal obligations in this regard, and to the best of his knowledge, nothing further is required.

V. LENOX TERRACE: THE USE OF APARTMENT 10U AS A CAMPAIGN OFFICE WAS NOT A PERSONAL BENEFIT OR FAVOR TO CONGRESSMAN RANGEL.

The owner of Lenox Terrace leased Apartment 10U to Congressman Rangel for use as a campaign office not as a favor to him, but rather to obtain a paying tenant for a long-vacant apartment. The campaign always paid the maximum rent allowed by law. Experts consulted by the Investigative Subcommittee and who are employed by the New York state agency that administers the rent stabilization laws testified that non-residential use of the apartment was permitted under those laws and did not affect the rent ceilings. The Congressman received no special benefits or favors from his landlord, and he took no official action on behalf of the landlord that was, or even appeared to be, influenced by the lease of Apartment 10U. Accordingly, Respondent did not violate Clause 5 of the Code of Ethics for Government Service. *See* Code of Ethics for Government Service, cl. 5 (violation requires acceptance of a favor or benefit "under circumstances which might be construed by reasonable persons as influencing the performance of his governmental duties").

Since 1989, Congressman Rangel and his wife have made their home in Lenox Terrace, an apartment complex in the heart of Harlem. In 1996, when the Congressman leased Apartment

10U as a fundraising office for his campaign, the un-air-conditioned and unrenovated unit had been vacant for several months, and the building had a 20 percent vacancy rate and was experiencing cash flow problems. *See* CSOC.CBR.00029357-58. The landlord's policy was to lease units on a first-come, first-served basis. *See* Simon Tr., Vol. I, at 26 (CSOC.CBR.00016542) ("It is usually first come, first served . . . [i]f you are there first to sign the lease and deliver your check, you would get the apartment."). Every witness associated with the landlord testified that at the inception of the lease for Apartment 10U, and for many years thereafter, ability to pay was essentially the landlord's only consideration. *See* Griffel Tr. at 38, 47, 52 (CSOC.CBR.00017785, CSOC.CBR.00017794, CSOC.CBR.00017799); Simon Tr., Vol. I, at 78-79 (CSOC.CBR. 00016594-95). There is no evidence that Congressman Rangel's status as a public official entered into the landlord's decision to lease a rent-stabilized unit to him.

The 10U lease was not a special concession to Congressman Rangel, as the campaign always paid the maximum rent permitted by law for the apartment. *See* Simon Tr., Vol. I, at 51 (CSOC.CBR.00016567) (Congressman Rangel "always paid the maximum lawful rent for the apartments he has leased in the Lenox Terrace."). Gerald Garfinkle, a New York State Housing official called by the Committee as an expert on rent-stabilization law, confirmed based on publicly available records that the maximum legal rent was paid each year. Garfinkle and Melnitsky Tr. at 36 (CSOC.CBR.00017701) ("Congressman Rangel was paying the same rent increases that any rent stabilized tenant would pay."). According to the former Chief Operating Officer of the landlord and its management company, a landlord is indifferent to the use of a unit, provided that the tenant pays the maximum rent and the use is not disruptive. *See generally* Rubler Tr. at 37-39 (CSOC.CBR.00018482-84); *see also* Simon Tr., Vol. I, at 78-79 (CSOC.CBR.00016594-95).

The record establishes that the landlord understood that Apartment 10U was being used as a campaign office, and not for residential purposes:

1. The landlord knew that the Rangels resided on the 16th floor of the building, where they had lived since 1988;

2. The rent for Apartment 10U was paid with checks issued by Congressman Rangel's campaign finance committee or leadership PAC, rather than the personal checks by which Congressman Rangel or his wife paid rent for their living units. Capel Tr., Vol. I, at 52 (CSOC.CBR.00018178); Swett Tr. at 27-28 (CSOC.CBR.00019171-72). As a matter of law, the repeated acceptance of those rent checks established the landlord's agreement to the use of Apartment 10U as the campaign's office. *See, e.g., Rose v. Spa Realty Assoc.*, 366 N.E.2d 1279, 1280-82, 397 N.Y.S.2d 922, 924-25 (1977); *see also* Simon Tr., Vol. I, at 79-81 (CSOC.CBR.00016595-97) (staff is expected to inquire if payor on rent checks suggests that unit is being used other than as expected);

3. The landlord approved in advance changes designed to outfit the unit as an office, including the addition of multiple phone lines and installation of built-in desks and shelves. *See* Soundias Tr. at 20 (CSOC.CBR.00019558).

4. The campaign staff regularly interacted with the landlord's building services and management personnel. Swett Tr. at 22-24 (CSOC.CBR.00019166-68); Rankin Tr., Vol. I, at 24-25 (CSOC.CBR.00017046-47); Soundias Tr. at 20-23 (CSOC.CBR.00019558-61);

5. The campaign committee received mail and deliveries at this location. Swett Tr. at 15-16 (CSOC.CBR.00019159-60);

6. The use of Apartment 10U as a campaign office was publicly disclosed in the Congressman's Federal Election Commission reports throughout the period. *See, e.g.*, 1996 and 1997 Year-End Rangel for Congress FEC Reports, *available at* www.fec.gov/disclosure.shtml (last visited on July 20, 2010); and

7. Peter Soundias, the Assistant Superintendent at Lenox Terrace for 27 years, testified that it was common knowledge in the Lenox Terrace community that Apartment 10U was a campaign office and that he saw the staff frequently. Soundias Tr. at 17-18, 21-23 (CSOC.CBR. 00019555-56, CSOC.CBR.00019559-61).

The original lease recited that Apartment 10U was to be used "for living purposes only" (SAV ¶ 153) not because the landlord misunderstood the intended use of the apartment, but because the rental agent as a matter of routine used the company's pre-printed standard lease

form. Indeed, witness after witness confirmed to the Subcommittee that they knew well before 2006 that the unit was being used by the campaign, yet the renewal lease executed that year nevertheless recites that it is subject to the prior terms and conditions. *See, e.g.*, CBR001500-01 (2006 renewal lease); Rankin Tr., Vol. I, at 22 (CSOC.CBR.00017044); Soundias Tr. at 17-18, 21-23 (CSOC.CBR.00019555-56, CSOC.CBR.00019559-61). The landlord plainly ratified the non-residential use of the apartment by renewing the lease on multiple occasions.

Congressman Rangel did not, as the SAV implies at paragraph 150, misrepresent in an application for Apartment 10U that his son Steven would occupy the apartment. Nothing in the application references Apartment 10U. *See* Application (CSOC.CBR.00004821) (line for "Apartment" on applicant form, which was "for office use only," is blank). The SAV omits the fact that the identical application appears in the landlord's file for Apartment 16M, except that this copy has a handwritten notation "for Apt. 16M," indicating that the Congressman submitted it in anticipation that his son would rent that unit. Ex. 3 (copy of application with handwritten notation). Steven Rangel discussed with his parents the possibility of renting Apartment 16M (S. Rangel Tr. at 10-11 (CSOC.CBR. 00019018-19)), a studio adjacent to his parents' apartment, and the Rangels ultimately rented that unit to expand their living quarters while Steven attended law school and lived at home. Since Steven never considered or discussed the possibility of renting Apartment 10U, S. Rangel Tr. at 40-41 (CSOC.CBR.00019048-49), it appears that a copy of an application for Apartment 16M was simply misfiled.

Nor were the renewals of the 10U lease a favor to Congressman Rangel. Although a landlord is not legally required to renew a non-residential lease at the end of its term, the landlord is free to do so as a matter of its business judgment. Garfinkle and Melnitsky Tr. at 11 (CSOC.CBR.00017676). At Lenox Terrace, the landlord accepted subleases (even, from time to

time, unauthorized subleases that violated the lease) when in its economic interest to do so. *See* Simon Tr., Vol. I, at 71, 94-95 (CSOC.CBR.00016587, CSOC.CBR.00016610-11); Griffel Tr. at 38 (CSOC.CBR.00017785); *see also* Rubler Tr. at 37-40 (CSOC.CBR.00018482-85). (unauthorized commercial use of residential apartment acceptable to landlord if non-disruptive tenant pays full legal rent). Ousting a tenant paying the maximum lawful rent makes economic sense only if the landlord can charge the next tenant substantially more by renovating the unit. Lenox Terrace's "very expensive renovation program" required the landlord to invest "a lot of money up front," on the order of $50,000, with an uncertain return on that investment. Simon Tr., Vol. I, at 49 (CSOC.CBR.00016565). Thus, business reasons dictate whether and when a landlord elects to dispossess a reliable tenant in order to renovate the unit. Simon Tr., Vol. I, at 51 (CSOC.CBR.00016567) (renovation decisions depend on market conditions, existing inventory and schedule of other renovations). In addition, this landlord generally focused its legal action against tenants who sublet their apartments for more than the stabilized rent and secretly pocketed the difference. *See* Simon Tr., Vol. I, at 92-93 (CSOC.CBR.00016608-09). But Apartment 10U was not an illegal sublet—the landlord had accepted its non-residential use—and the tenant was not secretly pocketing more rent than it was paying under the lease. *See* Capel Tr., Vol. II, at 98-99 (CSOC.CBR.00027406-07) (director of Rangel's district office did not consider 10U lease like an illegal sublet). Thus, the fact that the landlord declined to renew the leases of some tenants (SAV ¶ 160) does not prove that it renewed the lease for Apartment 10U because Congressman Rangel was a public official.

Nor did Congressman Rangel receive any preferential treatment from the landlord because his name appeared on a "special handling list" of prominent residents, as paragraph 162 of the SAV implies. This allegation ignores the undisputed testimony in the record that:

1. None of the residents, including Congressman Rangel, were informed that their names appeared on such a list. *See* Simon Tr., Vol. II, at 20 (CSOC.CBR.00016637); Rankin Tr., Vol. II, at 17 (CSOC.CBR.00017100);

2. The list was created for the purpose of identifying prominent tenants to ensure that the staff treated them courteously. *See* Soundias Tr. at 10 (CSOC.CBR. 00019548) (list was to let the staff know "don't piss them off");

3. The only courtesy extended to tenants on the list was the courtesy of a phone call, rather than written notice, if their rent checks were not received when due. Rankin Tr., Vol. II, at 15-17 (CSOC.CBR.00017098-100). *See generally* Simon Tr., Vol. II, at 14-15, 19-20 (CSOC.CBR.00016631-32, CSOC.CBR.00016636-37); Keene Tr. at 12-13 (CSOC.CBR.00017188-89); Rankin Tr., Vol. II, at 13-18 (CSOC.CBR.00017096-101).

Indeed, nine separate witnesses associated with the landlord or its management company testified that to their knowledge, Congressman Rangel never asked for special treatment:

- James Booker, Lenox Terrace Consultant, confirmed that the Rangels went through the same procedures as all other tenants. Booker Tr. at 10 (CSOC.CBR.00027138).

- Melissa Brown, Vice President of Residential Sales & Leasing for the Olnick Organization, owners of Lenox Terrace, said that she was never given any instructions to treat Congressman Rangel differently than anyone else. Brown Tr. at 23 (CSOC.CBR.00018437).

- Jennifer Filipelli, Operations Controller for Hampton Management, the management company, testified that Congressman Rangel was not treated "any differently" than any other tenant. Filippelli Tr., Vol. I, at 22 (CSOC.CBR.00018093).

- Harold Griffel, former Lenox Terrace Controller, stated that Congressman Rangel was accorded "no special privileges." Griffel Tr. at 7, 9, 67-68 (CSOC.CBR. 00017754, CSOC.CBR.00017756, CSOC.CBR.00017814-15) ("I didn't give him any special privileges.").

- Dion Keene, Lenox Terrace General Manager, affirmed that Congressman Rangel and Mrs. Rangel were not given any special treatment or treated differently than any other tenants. Keene Tr. at 9-13, 16 (CSOC.CBR.00017185-89, CSOC.CBR.00017192).

- Darryl Rankin, Vice President of the Residential Division for Hampton Management and former Lenox Terrace General Manager, said that the Rangels were treated the same as other tenants. Rankin Tr., Vol. II, at 63, 65, 68

(CSOC.CBR.00017146, CSOC.CBR.00017148, CSOC.CBR.00017151).

- Bruce S. Simon, President of the Olnick Organization, confirmed that no one has ever suggested that Congressman Rangel be given special treatment. Simon Tr., Vol. II, at 38-39 (CSOC.CBR.00016655-56).

- Peter Soundias, Assistant Superintendant of Lenox Terrace, said that he was provided no special instructions on how to treat the Rangels and that the Rangels followed the same procedures as everyone else in the building. Soundias Tr. at 6-7, 10-11 (CSOC.CBR.00019544-45, CSOC.CBR.00019548-49).

- Deborah Thompson, Lenox Terrace Leasing Agent, avowed that she was never given any instructions to treat the Rangels differently from anyone else. Thompson Tr. at 42-43 (CSOC.CBR.00019371-725).

Not a single witness testified that Congressman Rangel ever asked him or her for special treatment.

Paragraphs 163-67 of the SAV hint, but do not allege, that Congressman Rangel took official action for the benefit of the landlord. Both as alleged and as shown by the evidence, these contacts with the landlord were completely innocuous. *First*, Congressman Rangel's district director "worked with" Lenox Terrace management to resolve complaints from constituents who were the subject of eviction action. SAV ¶¶ 163-64. The testimony, however, stated clearly that the evictions were not unique to Lenox Terrace and identified only a single instance involving a Lenox Terrace tenant, whom the staff director declined to help because the sublet was clearly unauthorized. Capel Tr., Vol. II, at 39-43 (CSOC.CBR.00027347-51). There is no evidence that Congressman Rangel himself knew about this particular tenant. *Second*, with respect to the alleged rent strike (SAV ¶¶ 164-65), the record contains no evidence of any action by the Congressman, and does not even establish the subject of the tenants' complaints. Capel Tr., Vol. II, at 39-41 (CSOC.CBR.00027347-49). *Third*, paragraph 167 alleges that Congressman Rangel met with executives of Lenox Terrace's owner about proposed development plans. The record establishes that the presentation was merely informational, the

same briefing that was provided to groups of tenants, various community groups and other public officials. Rubler Tr. at 53-54 (CSOC.CBR.00018498-99). There is no evidence—or even an allegation—that Congressman Rangel took any action in response, was asked to favor, or even appeared to favor, the landlord in any official action. There is no basis to suggest that the lease of Apartment 10U in any way influenced the Congressman's official acts.

VI. SPECIFIC DEFENSES

FIRST DEFENSE

The Investigative Subcommittee has impaired Congressman Rangel's ability to present an adequate defense in violation of Committee Rule 22(e), Congressman Rangel's rights under the due process clause of the Fifth Amendment to the U.S. Constitution and principles of fundamental fairness. These violations include, but are not limited to, the following:

1. The Investigative Subcommittee entered a scheduling order on June 17, 2010 shortening the time for Congressman Rangel to file motions and his Answer without providing Congressman Rangel with notice or an opportunity to be heard. The Order failed to identify the "special circumstances" that purportedly justified denying Congressman Rangel the full time allowed by the rules in which to prepare his motions and Answer, and there were none.

2. The evidentiary record in this matter was provided to Congressman Rangel in a manner that substantially impaired his ability to prepare his defense. After devoting 21 months to its investigation, the Investigative Subcommittee allowed Congressman Rangel inadequate time to review the 51 witness transcripts and thousands of pages of documents that were presented in a scrambled and disorganized manner.

Although the Investigative Subcommittee compiled and numbered the exhibits for use when questioning witnesses, those numbered exhibits have not been provided to Congressman Rangel. Thus, unless a document is described in great detail in the transcripts—which is rarely

the case—the reader is left to guess at the document the witness is addressing. Even when the document's identity can be ascertained, the reader must nevertheless conduct a search of every document in every unnamed file folder to locate it. Consequently, without the numbered exhibits, the testimony is not complete. As a result, the full record has not been provided to Congressman Rangel, precluding the Investigative Subcommittee from relying on any testimony relating to any exhibit. Committee Rule 26(c) (Investigative Subcommittee must furnish to Congressman Rangel all portions of the record on which it intends to rely).[17] The Subcommittee declined to explain its failure to provide these materials and did not respond to correspondence dated June 2, 2010, requesting these materials and putting it on notice of the insufficiency of the record in their absence. Especially in light of the truncated deadlines established by the Investigative Subcommittee's June 17, 2010 Order, the harm to Congressman Rangel's defense may be irreparable.

3. The Investigative Subcommittee failed to provide Congressman Rangel with a copy of the apartment application referenced in paragraph 150 of the SAV that contains a handwritten notation "for Apt. 16M," indicating that Congressman Rangel submitted the application in anticipation that his son, Steven Rangel, would rent Apartment 16M, and not Apartment 10U. In failing to produce the copy of the apartment application with the "16M" notation, the Investigative Subcommittee violated the rule requiring that it furnish Congressman Rangel with all exculpatory evidence and has impaired Congressman Rangel's ability to defend himself against the allegation that he submitted an application stating that Steven Rangel would occupy Apartment 10U.

4. Congressman Rangel's access to witnesses has been impaired and, absent relief,

[17] Similarly, the failure to identify a document about which a witness gave favorable testimony constitutes the withholding of exculpatory evidence to which Congressman Rangel is entitled by Committee Rule 25.

will continue to be impaired by the Investigative Subcommittee's instructions to witnesses not to communicate with anyone regarding any aspect of the witnesses' testimony. *See, e.g.*, Garfinkel and Melnitsky Tr. at 52 (CSOC.CBR.00017717); Butler Tr., Vol. II, at 64 (CSOC.CBR.00027308). No legal authority permits such an instruction by the Investigative Subcommittee, and it is inconsistent with well-established principles of constitutional law and the D.C. Rules of Professional Conduct, which generally prohibit a lawyer from even requesting—let alone instructing—a witness to refrain from voluntarily giving relevant information to another party. *See, e.g.*, *Gregory v. United States*, 369 F.2d 185, 188-89 (D.C. Cir. 1966) (reversing conviction because instruction to fact witness not to cooperate with defense counsel denied defendant a fair trial); D.C. Bar Rule 3.4(f). The "quest [for truth] will more often be successful if both sides have an equal opportunity to interview the persons who have the information from which the truth may be determined." *Gregory*, 369 F.2d at 188. The Subcommittee's instruction hampered Congressman Rangel's ability to obtain evidence from witnesses during the investigative stage of this proceeding and will continue to do so unless that instruction is rescinded formally and in writing, making it clear that witnesses may communicate with his counsel without fear of reprisal from a congressional committee.

5. The Investigative Subcommittee failed to provide a complete and meaningful response to Congressman Rangel's Motion for a Bill of Particulars and Motion to Dismiss. *See, e.g.*, Mem. in Supp. of Order Denying Mot. to Dismiss at 11 (refusing to respond on issue of whether archiving of papers constitutes a "favor or benefit" to Congressman Rangel).

SECOND DEFENSE

Congressman Rangel realleges and incorporates by reference his Motion to Dismiss filed on June 28, 2010.

THIRD DEFENSE

The Investigative Subcommittee has acted beyond the scope of its authority and exceeded its jurisdiction under one or more of the Statements of Jurisdiction adopted by the Committee on Standards of Official Conduct.

FOURTH DEFENSE

The Statement of Alleged Violation purports to state violations of the Ethics in Government Act and House Rule XXVI with respect to Congressman Rangel's 2008 Financial Disclosure Statements. These allegations violate the House Ethics Manual, which requires that the Committee on Standards of Official Conduct notify the reporting individual of a potential problem and give that individual the opportunity to amend within a specified period. When consulted about the very matters charged in paragraphs 125 and 142 of the SAV as violations, the Committee staff took no objection and made no suggestion that additional disclosures were required, tacitly agreeing that none were necessary. The Committee on Standards of Official Conduct has not provided Congressman Rangel with the notice and opportunity required by the Manual.

FIFTH DEFENSE

The allegations in the Statement of Alleged Violation related to Congressman Rangel's 2008 Financial Disclosure Statements are barred by the doctrines of laches, estoppel, and waiver.

SIXTH DEFENSE

Congressman Rangel's assistance in launching CCNY's program to educate disadvantaged students at a public university for public service careers served important public purposes and constituted a service to constituents, which he believed in good faith to be within the scope of his official duties as an elected Congressman of CCNY's district.

SEVENTH DEFENSE

The fact that Congressman Rangel sought and received earmarks for the Rangel Center demonstrates that it was properly regarded as a matter of public concern and within his official duties. It is common for Members to request that appropriations designate funds for use in specific programs named for them that benefit their constituents and the public at large (*e.g.*, the Robert C. Byrd National Technology Transfer Center at Wheeling Jesuit University, and the Thad R. Cochran Marine Aquaculture Center at the University of Southern Mississippi).

EIGHTH DEFENSE

Congressman Rangel did not "solicit" donations for the Rangel Center within the meaning of 5 U.S.C. § 7353 and the ethics rules.

NINTH DEFENSE

The SAV's construction and application of the solicitation ban exceeds the scope of the statute and the guidelines set forth in the Ethics Manual.

TENTH DEFENSE

The work related to the Rangel Center was mainly performed by unpaid fellows. The time spent on the Rangel Center by paid staff did not interfere with the staff's official duties, an essential element of a charge based on the misuse of staff time.

ELEVENTH DEFENSE

Paragraphs 11-21 of the SAV related to the Ann S. Kheel Charitable Trust ("Trust") should be stricken from the SAV because they concern a matter not properly before the Subcommittee. No evidence supports the suggestion that Congressman Rangel misused his position as a member of the Board of the Trust to funnel support to the Rangel Center. The Trust did not direct its contribution to CCNY for the benefit of the Rangel Center, and no one

associated with the Rangel Center received funding from this program.

Pursuant to Committee Rule 22, Congressman Rangel denies each and every allegation of the Statement of Alleged Violation not expressly admitted herein.

By undersigned counsel, Congressman Rangel hereby gives notice that he reserves all of the protections of the Speech or Debate Clause of Article I, Section 6 of the U.S. Constitution in connection with this proceeding and the matters covered by it.

Dated: July 28, 2010

Respectfully submitted,



Leslie B. Kiernan
Steven M. Salky
Deborah J. Jeffrey
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Attorneys for Respondent

UNITED STATES HOUSE OF REPRESENTATIVES
Committee on Standards of Official Conduct
Investigative Subcommittee

In the Matter of	)
Representative Charles B. Rangel	)

STATEMENT OF CHARLES B. RANGEL IN RESPONSE TO THE STATEMENT OF ALLEGED VIOLATION

Exhibit Index

Exhibit 1	John Buckley Open Letter (Dec. 5, 2008)
Exhibit 2	Ellen Jacobs Declaration
Exhibit 3	Application

EXHIBIT 1

Open letter to Editors and Reporters:

The original New York Times article concerning Chairman Rangel's actions on the small business tax bill accompanying the minimum wage increase in 2007 and the reporter's response to his letter to the editor omits and misstates important facts. These are the facts missing from, or misstated in the Times pieces. I welcome any challenge to the accuracy of the following:

1. On February 9, 2007, Chairman Rangel finalized and introduced a bipartisan small business tax relief bill with Ways and Means Ranking Member Jim McCrery to facilitate the passage of a minimum wage increase. The introduction of the bill preceded the brief conversation on February 12, 2007 with the lobbyist. This bill was the result of directions to me from the Chairman to develop a non-controversial, bipartisan, small business tax bill. According to the records of the Joint Committee on Taxation, my first request for assistance in developing such a bill occurred on February 1, 2007, approximately two weeks before the conversation on February 12, 2007.

2. There was a difference between the House Republicans and their Republican colleague Senator Grassley on the merits of each of the major revenue offsets that were contained in the Senate small business tax bill. House Republicans opposed each of them. Only a partisan bill in the House could have retained any of those offsets. As a result, the offsets in the House bill were consensus items developed pursuant to agreements between me and the Ways and Means Republican staff.

3. On February 12, 2007, there was a pro-forma markup in the Committee that approved the bill introduced by Chairman Rangel and Representative Jim McCrery on the previous Friday.

4. Contrary to the assertions of Mr. Kocieniewski, the Senate small business bill did not "arrive" in the House of Representatives before the Ways and Means Committee markup on February 12, 2007. On February 1, 2007, the Senate "passed" the House minimum wage bill, H.R. 2, with a small business tax title attached. The Senate "passage" was the legislative equivalent of an empty gesture because of the constitutional requirement that revenue measures originate in the House of Representatives.

   As a result of that constitutional requirement, H.R. 2 is still on the Senate Floor and has never been sent to the House. Whether deliberate or not, the main thesis of the reporter's article, that Chairman Rangel stripped the inversion provision from the Senate bill during the Ways and Means markup, is factually incorrect.

5. The Senate small business tax bill was first received by the House on March 30, 2007 as an amendment to an appropriations bill. This bill was substantially different than the one "passed" in the Senate on February 1, 2007. Although neither Chairman Rangel, nor Chairman Baucus were named conferees on the final legislation, it was their responsibility to develop the final tax provisions.

   After agreeing on a $5 billion total for the final package, Chairmen Rangel and Baucus delegated authority to staff to develop a consensus package and report to them any differences that could not be resolved at the staff level. The agreement brought back from the staff did not include the inversion provision, nor did it include more than a dozen other revenue offsets included in the Senate bill. These provisions were dropped by Senate Finance Committee staff in conversations with me. As normal, all of the staff decisions were subject to review by the Members. Had the Senate been insistent on including the inversion provision, Chairman Baucus could have

objected to the staff decisions and conducted direct negotiations with Chairman Rangel on that issue. He did not.

Instead, the only issue he personally raised with Chairman Rangel was the inclusion of tax benefits for rural counties, something that had not been agreed to at the staff level. The question of including the inversion provision in the final legislation never came to Chairman Rangel.

I believe that all of Chairman Rangel's actions on the small business tax bill were driven by his desire to facilitate the enactment of an increase in the minimum wage. He felt that a non-controversial, bipartisan bill would accomplish that goal. The editorial page of the New York Times reached the same conclusion in an editorial on February 15, 2007. Now, the New York Times is condemning him for actions necessary to do what they praised at the time.

I would also like to emphasize that, at no time during the consideration of the small business tax bill was I aware of any donations to City College of New York, nor of any conversation between Chairman Rangel and the lobbyist for Nabors. In fact, Chairman Rangel never once mentioned the word "Nabors" to me in the entire process. Nor did I ever receive any specific instructions from him on the inversion issue.

The Times reporter has chosen to cast Chairman Rangel's actions in a different light. To do so, he had to omit and distort the facts pertaining to the consideration of the legislation in question.

Sincerely,

John Buckley, Chief Tax Counsel, House Committee on Ways and Means

EXHIBIT 2

DECLARATION OF ELLEN JACOBS

I, Ellen Jacobs, declare as follows:

1. I am a resident of the State of New York. I am over 18 years of age and under no legal disability. I have personal knowledge of the matters set forth, and this declaration reflects my best recollection of those events.

2. My mother, Ann Kheel, who died in 2003, devoted her life to civic activities in support of racial equality and opportunities for the disadvantaged and was deeply engaged in efforts to improve the lives of others, including promoting education. To honor her memory, my father, Theodore Kheel, established the Ann S. Kheel Charitable Trust (the "Trust") to provide assistance to organizations that are dedicated to improving the lives of disadvantaged New Yorkers in this manner.

3. The Trust has been pleased to provide scholarships at Hunter College and the City College of New York and to fund scholarships at the National Urban League. The Trust has also donated funds to the Bowery Mission.

4. Congressman Charles Rangel has been the chair of the Board of Trustees of the Trust. The other four members of the Board were and are prominent individuals with excellent standing in the community. From my perspective, all of the trustees are sophisticated individuals who evaluated critically, thoughtfully and with great conscience matters relating to the Trust. The trustees volunteer their time and do not receive payment for their service.

5. I have served as the Executive Director of the Trust since its founding in 2004. This is an unpaid position.

6. As Executive Director, I have observed and kept minutes of the meetings of the Board of Trustees of the Trust. To the best of my recollection, the minutes of the Trust's

meetings accurately reflect the discussions had and the decisions taken at each meeting, and I need not repeat in this declaration what the minutes state.

7. The $440,000 multi-year funding commitment for the Ann S. Kheel Scholarship Program in Community Service at CCNY was approved by the trustees. I do not recall any dissenting votes.

8. Thereafter, the Trust has sent checks to CCNY for Ann S. Kheel scholarships in my mother's memory. The Trust did not and has not contributed any funds to CCNY which the Trust allocated or attributed to the Rangel Center.

9. In 2008, I was advised by Rachelle Butler, Vice President of Development at CCNY, that the Trust donation had in fact been allocated to the Ann S. Kheel Scholars program at CCNY and that no Trust donation had funded anyone associated with the Rangel Center.

10. I am not aware of any fact or circumstance that would suggest that any trustee received any economic benefit from the establishment of the Ann S. Kheel Scholarship Program in Community Service.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Executed July 15, 2010.

Ellen Jacobs

EXHIBIT 3

INFORMATION CONCERNING APPLICANT (PLEASE PRINT)

REDACTED

SS# REDACTED SS# REDACTED

Name (Husband) CHARLES RANGEL (Wife)

Present Address 40 WEST 135 STREET

Number of Rooms at Present Address 5 No. of Persons at Present Address 3

Rent Paid $900 Length of Tenancy 54yrs Home Telephone REDACTED

Landlord's Name and Address HENOX TERRACE

Previous Address 74 WEST 132 ST

Landlords Name & Address owner

Length of Tenancy 60 yrs Rent Paid$

Occupation (Husband) US Congress Salary$ 130,000

Name of Company Wash DC 20515

Address 163 W. 125 St Length of Employment 28yrs

Company Telephone REDACTED Dep't Head

Occupation (Wife or Other Working Member of Family) Salary$

Name of Company

Address Length of Employment

Company Telephone Dep't Head

Additional Sources of Income other Than Employment: (Stocks, Pension, Etc.)

Number of Persons to Occupy Apartment

(1) Name Steven Rangel Relationship Son Age

(2) Name Relationship LAW STUDENT

(3) Name Relationship ST JOHNS Law School

Bank Account: Checking # Number Jamaica NY Bank Name & Address

Savings: # Number Bank Name & Address

SEE 40 W 135 ST APT 16MP

References: Personal 1. James Booker

2. Pres Bill Clinton

I hereby warrant that all of my representations set forth above are true. I further represent that I am not renting a room or an apartment under any other name nor have I ever been dispossessed from any apartment, nor am I now being dispossessed.

FOR OFFICE USE ONLY

Apartment ____ No of Rooms ____ Floor ____ Bldg. NO. ____ Rental $

SIGNATURE SIGNATURE

APPENDIX D

ZUCKERMAN SPAEDER LLP

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WASHINGTON, DC 20036-5807
202.778.1800 202.822.8106 fax www.zuckerman.com

Deborah J. Jeffrey
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August 2, 2010

Honorable Michael McCaul, Ranking Republican Member
Adjudicatory Subcommittee
Committee on Standards of Official Conduct
U.S. House of Representatives
The Capitol, HT-2
Washington, D.C. 20515

Re: In the Matter of Representative Charles B. Rangel

Dear Ranking Republican Member McCaul:

As you acknowledged last Thursday, the Adjudicatory Subcommittee must ensure that the proceedings involving Congressman Rangel are "fair, open and conducted in a strictly nonpartisan manner." Handling the matter objectively is essential in order that the public trust the ability of Congress to judge its own Members. Remarks of Rep. Michael T. McCaul as delivered at the opening hearing of the Adjudicatory Subcommittee, July 29, 2010. In that spirit, I write to you on behalf of Congressman Rangel pursuant to Standards Committee Rules 9(e) and 23(a) to respectfully request that you recuse yourself from further participation in this matter.

A substantial portion of the charges in the pending Statement of Alleged Violation ("SAV") issued June 17, 2010 relate to Congressman Rangel's efforts on behalf of the Charles B. Rangel Center for Public Service ("Rangel Center"). The SAV alleges that Congressman Rangel improperly solicited donations to the Rangel Center using official resources, that donations to the Rangel Center were an improper gift to Congressman Rangel and that his conduct violated the Code of Ethics for Government Service (Count II), the Gift Rule (Count III) and the remaining counts that incorporate such conduct (Counts XII and XIII).

Over the past two-plus years, you have repeatedly criticized the Rangel Center and Congressman Rangel's involvement in it, calling it, among other pejorative terms, a "Monument to Me" and an "egregious example[] of pure vanity." Your prior statements imply that a Member derives an improper (and, perhaps unlawful) benefit from an earmark to a program named in his or her honor. For example:

- In an April 19, 2008 op-ed in the Houston Chronicle, you called the Rangel Center "textbook wasteful spending," and a "'monument to me' earmark." Your op-ed described that earmark as the product of a system that ***"breeds corruption"*** and leads to ***"Members of Congress accepting illegal contributions to line their own pockets."*** Such earmarks, your op-ed contended, have "spiral[ed] out of control into a case study in self-serving and wasteful government spending, or worse, ***criminal behavior***." Reform is

necessary, you argued, in order to spare the taxpayers from "those who have ***corrupted the process for their personal gain***."[1] A copy of the op-ed is attached.

- In July 2008, you proposed an amendment to a military construction bill barring projects named for sitting Members. In the floor debate regarding the amendment, you stated: "One of the ***most egregious examples of pure vanity and arrogance*** that we see in Washington is the practice of naming projects after current Members of Congress, or, as I call them, monuments to me. . . . And a few examples I think illustrate this ***problem that we have with ethics today*** in the Congress. The Robert Byrd Center for Hospitality and Tourism, [etc. . . .] and the Charlie Rangel Center For Public Service."[2] The Standards Committee was considering Congressman's Rangel's request to have the Committee review his conduct regarding the Rangel Center at the time of these remarks by one of its Members.[3]

- In a January 9, 2009 letter posted to your website, you stated that you had just filed the "No Monument to Me" bill, to "end the practice of using taxpayers' money to fund projects named after members of Congress," citing as "[p]erhaps the most controversial example of such spending" "Rep. Charles Rangel's (D-NY) earmark for $1.9 million to help jump-start the 'Charles B. Rangel Center for Public Service' at the City College of New York, dubbed the 'Monument to Me'." The letter noted as a concern the common view that "projects in Congress bearing a sitting Member's name are more likely to receive government funding regardless of their legitimacy."[4] The obvious implication is that you question the legitimacy of Congressman Rangel's support for the Rangel Center.

- In a May 2009 floor debate over another amendment that you introduced to bar public funding of projects named for sitting Members, you stated: "I think it's the ***height of arrogance*** for us to name, at taxpayer expense, buildings after sitting Members of Congress, people in the Congress, currently serving, and that's what the American people resent about this institution. . . . [I]t is entirely inappropriate for a Member of Congress to use taxpayer dollars to name a building after himself or herself ***to glorify themselves***."[5]

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[1] Congressman Michael McCaul, *McCaul Op-Ed: No bridges to nowhere in my backyard*, Houston Chronicle (Apr. 19, 2008), *available* at http://mccaul.house.gov/index.cfm?sectionid=30&parentid=7&sectiontree=7,30&itemid=168 (emphasis added). This op-ed was published shortly after you introduced legislation to ban appropriations for projects named for sitting Members of Congress. *See* H.R. 5771, 110th Congress, 2d Session, introduced April 10, 2008.

[2] 154 Cong. Rec. 129, H7764 (daily ed. July 31, 2008) (emphasis added).

[3] Congressman Rangel's letter filed with Standards Committee regarding the Rangel Center at CCNY on July 22, 2008.

[4] The McCaul Minute, *No "Monuments to Me"*, (Jan. 9, 2009), *available at* mccaul.house.gov/uploads/mm%201-8-09.pdf.

[5] 155 Cong. Rec. 79, H5972 (daily ed. May 21, 2009) (emphasis added).

These statements reject in advance key elements of Congressman Rangel's defense. As set forth in his response to the SAV, the Congressman contends that: (1) he received no improper benefits from his support for the Rangel Center; (2) the Center was not a vanity project but a legitimate effort to bring educational and economic opportunities to his constituents and to diversify the public service; and (3) even if Congressman Rangel used official resources rather than personal ones in his charitable solicitations, he did not, to paraphrase your op-ed, corrupt the process for his personal gain or accept an illegal contribution to line his own pockets. Your prior statements thus give rise to an appearance that you have prejudged issues central to the case and are predisposed to find that Congressman Rangel's conduct in connection with CCNY did not comply with fundamental ethical obligations not to use public office for private gain. A Member who has repeatedly declared his firmly-held views on a matter cannot be expected to adjudicate that same matter objectively and impartially. As you observed at the outset of the first hearing, "There is no place for presumed guilt before innocence in this process."

With public approval of Congress so low, as your opening remarks noted, the credibility of the ethics process is particularly important. The proceedings must not only be, but must be seen to be, fair, open and nonpartisan in all respects. "[A]ny tribunal permitted by law to try cases and controversies not only must be unbiased but also must avoid even the appearance of bias." *Commonwealth Coatings Corp. v. Cont'l Cas. Co.*, 393 U.S. 145, 150 (1968) (vacating decision of arbitration panel because arbitrator had not disclosed circumstances giving rise to possible bias); *see also Haines v. Liggett Group Inc.*, 975 F.2d 81, 98 (3d Cir. 1992) ("Impartiality and the appearance of impartiality in a judicial officer are the sine qua non of the American legal system."). Regardless of a decision-maker's intention to act solely on the merits, there can be no appearance of impartiality if the decision-maker's prior statements suggest pre-formed views regarding those merits. *Haines, id.* (reassigning tobacco case from judge "well known and respected for magnificent abilities and outstanding jurisprudential and judicial temperament," and whom the appellate court believed could adjudicate the matter free from bias, because his prior statements made it otherwise "impossible . . . to vindicate the requirement of 'appearance of impartiality'"). Thus, considerations of fairness and due process of law sometimes require the disqualification of a judge who would do his very best to put aside preconceptions and weigh the scales of justice objectively, if the circumstances would influence the judgment of the average decision-maker. *Caperton v. A.T. Massey Coal Co.*, 129 S. Ct. 2252, 2263, 2264 (2009) (due process requires recusal of judge if, "under a realistic appraisal of psychological tendencies and human weakness," the circumstances "would offer a possible temptation to the average . . . judge to . . . lead him to not to hold the balance nice, clear and true.") (internal quotations and citations omitted).

Just as the Adjudicatory Subcommittee must assess how a reasonable person would regard Congressman Rangel's actions on behalf of the Rangel Center,[6] so too must its Members

[6] *See, e.g.*, Count II, alleging that, in connection with the Rangel Center, Congressman Rangel accepted benefits

consider how their own conduct will be viewed. How would a reasonable person in Congressman Rangel's position (or that of his constituents) view your fairness or objectivity in this most important matter? In the words of Supreme Court Justice Felix Frankfurter, "justice must satisfy the appearance of justice." *Offutt v. United States*, 348 U.S. 11, 14 (1954). As a former prosecutor, you are surely especially sensitive to the need to avoid raising unnecessary questions about the fairness of the adjudicatory process. We therefore respectfully request that you recuse yourself on the grounds that you cannot render an impartial and unbiased decision, in order to ensure that this hearing satisfies the appearance of impartiality.

Sincerely,

Deborah J. Jeffrey

Enclosure

cc: Honorable Zoe Lofgren, Chair
Honorable Charles B. Rangel
R. Blake Chisam, Staff Director and Chief Counsel
Leslie B. Kiernan, Esquire

"under circumstances which might be construed by reasonable persons as influencing the performance of his governmental duties." SAV ¶ 178.

McCaul Op-Ed: No bridges to nowhere in my backyard

April 19, 2008

Houston Chronicle

(Washington D.C.)- As a former Federal Prosecutor in the Public Integrity Section of the Department of Justice and a current member of the House Ethics Committee, holding all public officials to the highest ethical standards is not new to me. Doing the right thing for the American people, in opposition to the self-serving, business-as-usual policy in Washington, is also not new to me. I have been called upon by the people of the Tenth District of Texas to exercise common sense judgment on issues that matter; issues on which the average American feels Washington has become so completely self-serving and tone-deaf. Their repeated calls for someone to stand up and simply say enough is enough are outweighed by the addiction to bringing home the federal bacon. This is the system we operate in now and it is wrong.

Common sense is also knowing that the first step to breaking any addiction is admitting you have a problem. We have many problems in Congress, and one of the most undeniable is the earmark process. It is broken system which breeds corruption. This is not my opinion, but a fact, and a problem as inconspicuous to the American people as a two-ton pink elephant standing in their living room. They see with alarming clarity what those whom they have chosen to represent them have refused to see, or admit, which is that Members of Congress from both sides of the aisle bear the responsibility for letting a legitimate process, intended to directly fund worthy projects in their Congressional districts with Federal dollars, spiral out of control into a case study in self-serving and wasteful government spending, or worse, criminal behavior.

Admitting we have this problem does not mean all earmarks are bad. In fact, most are legitimate and submitted in an effort to help the largest number of people by funding meaningful and worthwhile requests. I, for one, voluntarily publish all of my earmark requests, and which requests are eventually funded, each year. However, their virtue has become overshadowed by the lack of complete transparency and accountability in the process. As the number of earmark requests continues to grow behind closed doors, this process continues to bloat already unprecedented government spending, and lead to well publicized abuses like the infamous Alaskan "bridge to nowhere" and Members of Congress accepting illegal contributions to line their own pockets instead of serving the American public. Enough is simply enough.

Since joining the House of Representatives in 2005, I have taken my responsibility to safeguard the taxpayers' money seriously and worked hard to ensure the projects I supported are both legitimate and worthy of taxpayer funding. However, due to some Members of Congress abusing this solemn privilege for their own benefit and destroying the taxpayers' trust, even the legitimate requests must be halted until the process is reformed. For this reason, earlier this year I joined 158 of my House Republican colleagues in cosponsoring legislation calling for a temporary ban on earmarks until the system can be reformed and made more transparent. The price of not funding worthy projects and programs that help improve the daily lives of my constituents is not insignificant, nor one that I take lightly. It is, however, a necessary price to pay to restore the public trust. Interestingly, despite almost unanimous agreement on both sides of the aisle that sunlight is the best disinfectant, the Majority leadership of the House of Representatives has yet to take up this bill.

It comes as no surprise that in the hometown of wanting to have your cake and eat it too, many of my colleagues who have called for a moratorium continue to perpetuate the broken process and request earmarks. I believe that actions speak louder than words, and this is why I have chosen to lead by example. Along with 35 of my House colleagues, both Republican and Democrat, I am not requesting earmarks until meaningful, common sense reforms are made. What are these reforms? At a minimum, they are to allow every earmark request the opportunity of an up or down vote on the House floor and be fully transparent as to its sponsor and benefactor. This is neither unrealistic nor unreasonable, except to those who have corrupted the process for their personal gain.

Speaker Nancy Pelosi said to the Wall Street Journal in July 2006, "Personally, myself, I'd get rid of all of them. None of them is worth the skepticism, the cynicism the public has... and the fiscal irresponsibility of it." Yet now that she has the power to enact meaningful reforms, she has declined to do so. She has declined to do so in the face of textbook wasteful spending like Rep. Charlie Rangel's (D-NY) earmark for the "Rangel Center for Public Service" and a $39 million provision for the National Drug Intelligence Center in Johnstown, PA, a duplicative center which has been accurately described as a "boondoggle." This is the type of calculated doublespeak which deservedly earns Congress' low approval rating.

I believe that earmarks, done properly, are an important tool for Members of Congress to help direct Federal funding to their districts. We should, after all, be infinitely better qualified than a Washington bureaucrat 2,000 miles away in a bloated Federal agency to make these decisions. Earmarks, however, should only be used when Congress has the people's trust. This is why I have decided to stand on principle rather than join the crowd to secure "my share" of the pork.

The following filing, Respondent's Motion to Disqualify Investigatory Attorneys from Counseling the Adjudicatory Subcommittee, was submitted by counsel for respondent on August 17, 2010, and withdrawn by counsel for respondent on August 18, 2010.

UNITED STATES HOUSE OF REPRESENTATIVES
Committee on Standards of Official Conduct
Adjudicatory Subcommittee

In the Matter of	)
Representative Charles B. Rangel	)

RESPONDENT'S MOTION TO DISQUALIFY INVESTIGATORY ATTORNEYS FROM COUNSELING THE ADJUDICATORY SUBCOMMITTEE

By undersigned counsel, Representative Charles B. Rangel hereby moves for an order prohibiting any attorney who counseled Members of the Investigatory Subcommittee regarding its investigation of his conduct from advising Members of the Adjudicatory Subcommittee with respect to the facts, law or merits of this matter.

In the Adjudicatory Subcommittee's opening hearing, Chairwoman Zoe Lofgren and Ranking Minority Member McCaul each emphasized the need for these proceedings to be transparent, impartial and free of bias. Counsel who advised Members of the Investigatory Subcommittee and assisted in developing the charges against Congressman Rangel have taken sides in an adversary process. They are not disinterested or impartial, and any assistance that they render to the Adjudicatory Subcommittee regarding the merits taints the impartiality of these proceedings; their *ex parte* communications with Members of the Adjudicatory Subcommittee undermine its transparency and objectivity. The Adjudicatory Subcommittee should forbid their participation in its proceedings in order to preserve the transparency, impartiality and fundamental fairness of the proceedings.

To ensure an impartial adjudication, Standards Committee rules dictate a strict separation between the role of prosecutor/investigator and the role of judge. To that end, Rule 23(a)

prohibits a Member who served on an Investigative Subcommittee from serving on an Adjudicatory Subcommittee in the same matter. As the Supreme Court has recognized in a different context, the party that levels charges has an interest in vindicating its work by securing a conviction. *In re Murchison*, 349 U.S. 133, 137 (1955) (due process prohibits trial by judge who acted as grand jury in investigating allegations and accusing defendant of misconduct, because that judge "cannot be, in the very nature of things, wholly disinterested in the conviction or acquittal of those accused").[1]

A staff lawyer who participates in an investigation likewise cannot render impartial or disinterested advice concerning the adjudication of charges resulting from the investigation. For this reason, conflict of interest rules forbid a judicial law clerk or staff attorney from assisting a judge in any controversy in which the clerk or staff attorney previously served as counsel. Code of Conduct for Judicial Employees, Canon 3(F)(2)(a)(ii) and (v) (to avoid conflict of interest, judicial law clerk or staff attorney "should not perform any official duties" for a judge in any controversy in which he previously participated as counsel or advisor, whether as a government employee or in private practice). Indeed, by law, a judge must recuse himself from any case in which he served as counsel or adviser at the investigatory and accusatory stage. *See, e.g.*, 28 U.S.C § 455(a) (2) and (3) (judge must recuse himself from case in which he served as counsel or adviser, whether in private practice or as a government employee).

For these reasons, Congressman Rangel respectfully requests that attorneys who advised or assisted Members of the Investigative Subcommittee with regard to the merits of the case be prohibited from communicating with, or otherwise assisting, Members of the Adjudicatory Subcommittee regarding the facts, law or merits of the case. Congressman Rangel further requests that the Adjudicatory Subcommittee (1) identify for him the attorneys who rendered

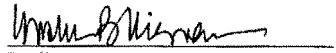
[1] The Investigatory Subcommittee likened its proceedings to a grand jury investigation. Rangel Tr. at 246.

advice and assistance to Members of the Investigatory Subcommittee; and (2) advise him whether there have been any *ex parte* communications between those attorneys and Members of the Adjudicatory Subcommittee, so that he may seek additional relief.

A proposed Order is attached.

Dated: August 17, 2010

Respectfully submitted,



Leslie B. Kiernan
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Attorneys for Respondent

UNITED STATES HOUSE OF REPRESENTATIVES
Committee on Standards of Official Conduct
Adjudicatory Subcommittee

In the Matter of	)
Representative Charles B. Rangel	)

[PROPOSED] ORDER

The Adjudicatory Subcommittee having considered Respondent's Motion to Disqualify Investigatory Attorneys from Counseling the Adjudicatory Subcommittee and any further briefing and argument thereon, it is by the Adjudicatory Subcommittee this ___ day of _____ 2010 ORDERED:

1. All attorneys who advised or assisted Members of the Investigative Subcommittee with regard to the merits of Congressman Rangel's case are prohibited from communicating with, or otherwise assisting, Members of the Adjudicatory Subcommittee regarding the facts, law or merits of the case.

2. Within 5 days of this Order, the Adjudicatory Subcommittee will (1) identify to Congressman Rangel the attorneys who rendered advice and assistance to the Investigatory Subcommittee with regard to the merits of his case; and (2) advise Congressman Rangel whether there have been any *ex parte* communications between those individuals and Members of the Adjudicatory Subcommittee.

_____
The Honorable Zoe Lofgren
Chair

Copies to:

Leslie B. Kiernan
Zuckerman Spaeder LLP
1800 M Street, N.W.
Washington, D.C. 20036

R. Blake Chisam
Staff Director
Committee on Standards of Official Conduct
HT-2, The Capitol
Washington, DC 20515

MICHAEL T. McCAUL
10TH DISTRICT, TEXAS

COMMITTEE ON
HOMELAND SECURITY
RANKING MEMBER, SUBCOMMITTEE ON
INTELLIGENCE, INFORMATION SHARING,
AND TERRORISM RISK ASSESSMENT

COMMITTEE ON FOREIGN AFFAIRS

COMMITTEE ON SCIENCE AND TECHNOLOGY

REPUBLICAN POLICY COMMITTEE

COMMITTEE ON
STANDARDS OF OFFICIAL CONDUCT

ASSISTANT REPUBLICAN WHIP

Congress of the United States
House of Representatives
Washington, DC 20515–4310

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(281) 255–8372

August 19, 2010

Ms. Deborah J. Jeffrey
Zuckerman Spaeder LLP
1800 M Street, NW Suite 1000
Washington, DC 20036-5807

Re: In the Matter of Representative Charles B. Rangel

Dear Ms. Jeffrey:

I write to respond to your letter sent to me (and copied to Chair Lofgren, Representative Rangel, and Blake Chisam, the Chief Counsel of the Committee) dated August 2, 2010. I note for the record that you are employed by the law firm retained by Representative Rangel in the adjudicatory proceedings currently before the adjudicatory panel of which I am a Member. I am filing a copy of your letter together with this letter to the Chair of the adjudicatory subcommittee, and the Chief Counsel of the Committee. This letter is to provide written notice pursuant to Committee Rule 11(a), which requires all communications and pleadings pursuant to committee rules to be filed with the Committee.

Before I address your letter, I want to reiterate my support for Representative Rangel's right, pursuant to Committee Rules 23 and 26(b) to an adjudicatory hearing on the allegations against him. Adjudicatory hearings of this nature are extremely rare and new ground is being broken which requires careful adherence to Committee and House Rules. I am sure you would agree that public adjudicatory hearings must properly present the evidence supporting the two year work of the bipartisan investigative subcommittee and each of the counts of the Statement of Alleged Violations that were presented to the public two weeks ago.

As you know, Representative Rangel last week called on the subcommittee to notify him about the hearing schedule so that he can properly prepare his own defense. During his remarks on the House floor, Representative Rangel made several statements requesting to know when he could expect the subcommittee to hold hearings. He stated: "I deserve and demand the right to be heard..." and "I am asking for exposure to the facts."

As I stated during my remarks at the opening hearing of the adjudicatory subcommittee, Representative Rangel deserves a fair and public opportunity to be heard before his peers and address each of the serious allegations against him, and the process does not presume guilt before innocence. In fairness to Representative Rangel, I agree that the adjudicatory subcommittee must agree on the dates of the hearings and notify Representative Rangel and his counsel as soon as possible. I and others have suggested to the Chair that public hearings should commence when the House reconvenes in September, with a goal of completing the hearings before the House adjournment in October. I have communicated my desire to work with the Chair of the subcommittee to schedule additional hearing days in October, if necessary, to complete our duties.

Turning specifically to your correspondence, as I stated during remarks before the first public meeting of the adjudicatory subcommittee on July 29, 2010, I served as a federal prosecutor in the Public Integrity Section of the United States Department of Justice, and I take my responsibilities on this panel very seriously. I also believe strongly that the American public expects and deserves that this matter will be handled with the utmost professionalism and nonpartisanship. I do not take lightly the inferences in your letter, but I remain completely confident in my ability to participate as an adjudicator in a fair and objective manner and, as Ranking Member, to work with the Chair to direct these hearings and ensure that the subcommittee completes its responsibilities under the committee's rules.

Your letter, in summary, asserts that policy positions and statements regarding my longstanding opposition to the use of congressional earmarks for federally-funded projects named after sitting Members of Congress gives rise to an "appearance" that I have prejudged the case and that I am "predisposed" to find that Representative Rangel didn't comply with his ethical obligations. Your letter refers specifically to several counts in the Statement of Alleged Violation transmitted by the investigative subcommittee to this Committee regarding the solicitation ban, and suggests that my legislative actions and related statements in 2008 and 2009 bring into question my ability to be a fair and objective member of this panel. On behalf of Mr. Rangel, you call on me to recuse myself from participating further in adjudicatory proceedings of this matter.

I recognize Representative Rangel is within his rights to object to my participation – or the participation of any other members of this subcommittee – under the Committee Rules. I have been among those that have defended his right to do so. To that end, and pursuant to Committee Rule 23(a), I respond to your letter as follows:

Findings of Fact and Conclusions of Law

1. With respect to the specific objections to my participation, Committee Rule 23(a), provides, in relevant part, that within 10 days after a notice of the list of Members designated to serve on the adjudicatory subcommittee is transmitted to a respondent, the respondent, in writing, may "object to the participation of any subcommittee member . . . on the grounds that the member cannot render an impartial and unbiased decision." Your letter dated August 2, 2010 on behalf of Mr. Rangel was filed on the 10th day after I and the other members of the

adjudicatory subcommittee were named as adjudicatory subcommittee members by Chair Lofgren, and therefore, the objection was timely filed with the Committee.

2. Committee Rule 23(a) further provides that the member against whom an objection is made "*shall* be the sole judge of any disqualification and *may* choose to seek disqualification from serving on the subcommittee pursuant to Rule 9(e)." (Emphasis added). Further, Committee Rule 9(e) provides that "a member of the Committee *may* seek disqualification from participating in any investigation of the conduct of a Member, officer, or employee of the House of Representatives upon the submission in writing and under oath of an affidavit of disqualification stating that the member cannot render an impartial and unbiased decision." (Emphasis added). The rules require that I act as the sole judge of the objection raised on behalf of Representative Rangel. Given the responsibility to determine whether or not I should disqualify myself from this proceeding, I choose not to do so for the reasons set forth below.

3. The objection to my service on the adjudicatory subcommittee is based on allegations that are without merit and are not germane to the matters before the adjudicatory subcommittee. The August 2nd letter improperly links votes taken by me --and a vast, bipartisan majority of Members serving in both the 110th and the 111th Congress – opposing federal funds being used for projects named after sitting Members of Congress, with the adjudicatory subcommittee's review of multiple counts that Representative Rangel improperly used official resources and solicited corporate and foundations with business before a House Committee he chaired. References to statements made were policy and legislative in nature, were not issues within the jurisdiction of the investigative subcommittee, and are completely unrelated to either the investigation or the Statement of Alleged Violations now or previously before the House Ethics Committee relating to Representative Rangel.

4. On July 31, 2008, I offered an amendment to H.R. 6599—the FY 2009 Military Construction and Veterans Affairs Appropriations Act. The amendment, as printed in the Congressional Record, prohibited the use of federal funds for "a project or program named for an individual then serving as a Member, Delegate, Resident Commissioner or Senator of the United States Congress." The amendment passed by a vote of 329 to 86 (Roll Call vote number 559, August 1, 2008). Of note, 186 Republicans and 143 Democrats supported the measure, including Representatives Castor, Lofgren, Welch, Conaway, Dent, and myself. 84 Democrats, including Representative Butterfield, voted in the negative. In other words, all members of the adjudicatory subcommittee except Representative Harper, who was not then a Member of Congress, took a position on this measure, and all but one agreed with my position.

   The editorial I authored dated April 19, 2008 focuses exclusively on my opposition to congressional earmarks and wasteful spending as a policy position. In it, I pledged not to request earmarks myself, and advocated reforms to the process including an up or down vote on every earmark to ensure transparency. The editorial cited the Rangel Center as an example --amongst many others -- of sitting Members of Congress naming projects after themselves. The editorial did *not* impugn Representative Rangel's work on behalf of the

Rangel Center or suggest that he personally had engaged in any unethical or criminal activity. I might add, both the editorial and the August 1, 2008 vote on the FY 2009 Military Construction and Veterans Affairs Appropriations Act amendment occurred *prior* to any announced decision by the Committee on Standards to investigate any allegation against Representative Rangel.

Further legislative actions cited, including the introduction of H.R. 420 on January 9, 2009, and the introduction and vote on May 21, 2009 on amendment 153 to H.R. 915 the FY 2009 FAA Reauthorization Act were entirely consistent with the August 1, 2008 amendment to prohibit the use of federal funds for projects named for Members of Congress or Senators. The May 21, 2009 amendment passed by a vote of 417 to 2 (Roll Call vote number 289, May 21, 2009) and every member of the Committee on Standards voted in the affirmative, with the exception of Representative Lofgren, who did not vote. Notably, Representative Rangel himself voted for this amendment. In addition, during remarks on the House floor between myself and Chairman Oberstar, I specifically stated that the amendment was not intended to be applied retroactively and it would not apply to any specific Member.

5. While the vast majority of Members from both sides of the aisle have taken the same position I have on multiple occasions on these purely legislative actions, on every occasion where votes on the House floor could be questioned relating to matters before the Committee on Standards of Official Conduct for which I have been a Member, including specific allegations relating to Representative Rangel, I have voted "present." For example, on July 31, 2008, the House voted on a motion to table H.Res. 1396—a privileged resolution declaring that Representative Rangel had dishonored himself and brought discredit to the House and merits its censure. The motion to table was approved by a vote of 254 to 138, with 34 voting present. All 10 of the then-Members of the Committee on Standards, including myself, voted present.

   On October 7, 2009, the House voted on a Motion to Refer H.Res. 805, that called for the removal of Representative Rangel as chairman of the Committee on Ways and Means pending completion of the investigation into his affairs by the Committee on Standards of Official Conduct. The Motion to Refer passed by a vote of 246 to 153, with 19 Members voting "present," including myself and every other Member of the Committee on Standards, except Chair Lofgren, who did not vote.

6. Prior to my taking the above mentioned legislative actions, and to make certain my actions were at all times construed properly and within the bounds of the ethics rules, I consulted with the Committee to confirm that not even the slightest appearance could be inferred or in any way compromise my responsibilities to be impartial as a member of the Committee.

7. Having the privilege to serve as a Member of Congress these past six years on behalf of my constituents, a number of those years serving as a Member on the Committee on Standards of Official Conduct, I understand the nature of the political process, and respect that differences of opinion on policy are more often the rule rather than the exception. However, I have no concern that any of my actions at any time have compromised my ability to be a fair and

objective participant in these proceedings, and as sole judge of this unusual circumstance, I respectfully DENY your request on behalf of Representative Rangel, and will consider the matter closed.

Sincerely,

Michael T. McCaul

Michael McCaul
Ranking Republican Member
Adjudicatory Subcommittee

cc: Blake Chisam
The Hon. Zoe Lofgren, Chair

ZUCKERMAN SPAEDER LLP

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Deborah J. Jeffrey
(202) 778-1827
djeffrey@zuckerman.com

September 15, 2010

Honorable Michael McCaul, Ranking Republican Member
Adjudicatory Subcommittee
Committee on Standards of Official Conduct
U.S. House of Representatives
The Capitol, HT-2
Washington, D.C. 20515

Re: In the Matter of Representative Charles B. Rangel

Dear Ranking Republican Member McCaul:

I write on behalf of Congressman Rangel to express his disappointment in your refusal to recuse yourself from the Adjudicatory Subcommittee. Your letter of August 19, 2010 mischaracterizes the basis for his request and disregards substantial evidence about your bias in this most important matter.

The statement in your letter that Congressman Rangel objects to your participation because of your votes on legislative matters is a straw man. As my letter of August 2, 2010 makes clear, he seeks your recusal not because you want to eliminate use of federal funds on projects named for sitting Members, but because you have repeatedly suggested that a Member derives an improper (and, perhaps, unlawful) benefit from financial support for a program named in his honor, using such phrases as "breeds corruption," "self-serving spending," "criminal behavior," and "Members of Congress accepting illegal contributions to line their own pockets." You have repeatedly singled out the Rangel Center as an example of an improper use of funds, identifying it as emblematic of an ethics problem in Congress. These inflammatory statements distinguish you from the other Members of the Adjudicatory Subcommittee who supported the same legislation; they did not impugn the integrity of Congressman Rangel in doing so, and as your letter notes, Congressman Rangel has not objected to their participation in the adjudicatory process. Your letter does not even acknowledge the statements that you have made, much less explain why they do not give rise to an appearance of bias.

Your remarks call your open-mindedness into question because, as explained in our letter of August 2, 2010 those comments reject in advance key elements of Congressman Rangel's defense, *i.e.*, (1) that he received no improper benefit from his support for the Rangel Center; (2) that the Center was a legitimate effort to bring educational and economic opportunities to his district, and not a vanity project; and (3) that, even if he erroneously used official resources in making a charitable solicitation, he did not corrupt the process for personal gain. Thus, your remarks are inconsistent with a fair and unbiased adjudication based solely on the evidence. You committed yourself to these views about corruption, ethics problems, and improper benefits well in advance of the start of any hearing, without seeing any evidence or hearing from a single witness.

Further compromising the impartiality of these proceedings is the fact that the individual who transmitted your response to me, identified in the email signature block as "Special Counsel to Ranking Member McCaul," previously served as counsel to Ranking Member Jo Bonner on the Investigatory Subcommittee. To ensure an impartial adjudication, Standards Committee rules dictate a strict separation between the role of prosecutor/investigator and the role of judge. To that end, Committee Rule 23(a), prohibits Ranking Member Bonner (and others who served on the Investigative Subcommittee) from adjudicating the charges that they developed against Congressman Rangel.

Like the Members of the Investigative Subcommittee, the Majority and Minority Counsel who advised them likewise assisted in developing the charges against Congressman Rangel, and they, too, are neither disinterested nor impartial. Any assistance that they render to the Adjudicatory Subcommittee regarding the facts, law or merits of the matter further taints the fairness of these proceedings, and the Adjudicatory Subcommittee should forbid those lawyers from participating in the adjudication of this matter.[1]

No respondent and no member of the public could expect an impartial and unbiased decision under the circumstances presented here. Congressman Rangel accordingly respectfully requests that you reconsider your decision to continue to serve on the Adjudicatory Subcommittee that will decide this important matter.

Sincerely,

Deborah J. Jeffrey

Deborah J. Jeffrey

Cc: Honorable Zoe Lofgren, Chair
Honorable Charles B. Rangel
R. Blake Chisam, Staff Director and Chief Counsel
Leslie B. Kiernan, Esquire

[1] As the Supreme Court has recognized, the party that levels charges has an interest in vindicating its work by securing a conviction. *In re Murchison*, 349 U.S. 133, 137 (1955) (due process prohibits trial by judge who acted as grand jury in investigating allegations and accusing defendant of misconduct, because that judge "cannot be, in the very nature of things, wholly disinterested in the conviction or acquittal of those accused"). Because of this conflict of interest, ethical norms prohibit an attorney from participating in a court's adjudication of charges that he investigated. *See* Code of Conduct for Judicial Employees, Canon 3(F)(2)(a)(ii) and (v) (to avoid conflict of interest, a judicial law clerk or staff attorney "should not perform any official duties" for a judge in any controversy in which he previously participated as counsel or advisor, including as a government employee).

ZOE LOFGREN, CALIFORNIA
CHAIR
BEN CHANDLER, KENTUCKY
G. K. BUTTERFIELD, NORTH CAROLINA
KATHY CASTOR, FLORIDA
PETER WELCH, VERMONT
DANIEL J. TAYLOR,
COUNSEL TO THE CHAIR
R. BLAKE CHISAM,
CHIEF COUNSEL AND STAFF DIRECTOR

ONE HUNDRED ELEVENTH CONGRESS

U.S. House of Representatives

COMMITTEE ON STANDARDS OF
OFFICIAL CONDUCT

Washington, DC 20515–6328

September 17, 2010

JO BONNER, ALABAMA
RANKING REPUBLICAN MEMBER
K. MICHAEL CONAWAY, TEXAS
CHARLES W. DENT, PENNSYLVANIA
GREGG HARPER, MISSISSIPPI
MICHAEL T. McCAUL, TEXAS
KELLE A. STRICKLAND,
COUNSEL TO THE RANKING
REPUBLICAN MEMBER
SUITE HT-2, THE CAPITOL
(202) 226-7103

CONFIDENTIAL

Leslie B. Kiernan, Esq.
Zuckerman Spaeder, LLP
1800 M Street, N.W., Suite 1000
Washington, D.C. 20036

Re: In the Matter of Representative Charles B. Rangel

Dear Ms. Kiernan:

On September 15, 2010, the Committee on Standards of Official Conduct ("Standards Committee") considered Representative Charles B. Rangel's August 2, 2010, request that Ranking Republican Member Michael T. McCaul recuse himself from participation in the adjudicatory subcommittee. The Standards Committee also considered your September 15, 2010, request for Ranking Republican Member to reconsider his August 19, 2010, decision to not recuse himself.

The Standards Committee voted unanimously to deny your motion for recusal.

If you have any questions, please have your counsel contact the Committee's Staff Director and Chief Counsel, R. Blake Chisam, at (202) 225-7103.

Sincerely,

Zoe Lofgren
Chair

Jo Bonner
Ranking Republican Member

cc: The Honorable Michael T. McCaul, Ranking Republican Member

APPENDIX E

ZOE LOFGREN, CALIFORNIA
CHAIR
BEN CHANDLER, KENTUCKY
G. K. BUTTERFIELD, NORTH CAROLINA
KATHY CASTOR, FLORIDA
PETER WELCH, VERMONT
DANIEL J. TAYLOR,
COUNSEL TO THE CHAIR
R. BLAKE CHISAM,
CHIEF COUNSEL AND STAFF DIRECTOR

ONE HUNDRED ELEVENTH CONGRESS

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JO BONNER, ALABAMA
RANKING REPUBLICAN MEMBER
K. MICHAEL CONAWAY, TEXAS
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GREGG HARPER, MISSISSIPPI
MICHAEL T. McCAUL, TEXAS
KELLE A. STRICKLAND,
COUNSEL TO THE RANKING
REPUBLICAN MEMBER
SUITE HT-2, THE CAPITOL
(202) 225-7103

July 22, 2010

CONFIDENTIAL
Representative Charles B. Rangel
2354 Rayburn House Office Building
Washington, DC 20515

Re: Investigation of Representative Charles B. Rangel

Dear Colleague:

On July 22, 2010, the Investigative Subcommittee transmitted a Statement of Alleged Violation to the Chair and Ranking Republican Member of the Committee on Standards of Official Conduct (Standards Committee). You failed to submit an answer that complied with Standards Committee rules. Pursuant to Standards Committee Rule 22(a)(1), your failure to file an answer shall be considered by the Committee as denial of each count.

Pursuant to Standards Committee Rule 23(a), I have designated the following Members to serve on the Adjudicatory Subcommittee:

Representative Zoe Lofgren, Chair
Representative Michael T. McCaul, Ranking Republican Member
Representative G.K. Butterfield
Representative K. Michael Conaway
Representative Kathy Castor
Representative Charles W. Dent
Representative Peter Welch
Representative Gregg Harper

Pursuant to Standards Committee Rule 23(a), you have 10 days after today to object to the participation of any subcommittee member. Any objection must be in writing and shall be on the grounds that the Member cannot render an impartial and unbiased decision. The Member against whom the objection is made shall be the sole judge of any disqualification.

The first public meeting of the Adjudicatory Subcommittee will be held on Thursday, July 29, 2010 at 1:00 p.m. in Room 1310, Longworth House Office Building.

Sincerely,

Zoe Lofgren
Chair

cc: Leslie Kiernan, Esq.

ZUCKERMAN SPAEDER LLP

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Leslie B. Kiernan
(202) 778-1848
lbkiernan@zuckerman.com

July 22, 2010

BY ELECTRONIC MAIL

Honorable Zoe Lofgren, Chair
Committee on Standards of Official Conduct
U.S. House of Representatives
The Capitol, Suite HT-2
Washington, D.C. 20515

Re: In the Matter of Representative Charles B. Rangel

Dear Representative Lofgren:

I am writing in response to your letter of July 22, 2010 to Congressman Rangel. In that letter, you indicate that the Answer submitted by Congressman Rangel does not comply with the Committee's Rules. We do not understand the basis for the Committee's conclusion. Congressman Rangel's Answer was signed under penalty of perjury and was filed with the Investigative Subcommittee in compliance with the Committee's Rues. Given the length of this investigation and the seriousness of this matter, we request that the Committee afford Congressman Rangel an opportunity to cure any defect, agree to accept his amended Answer and Defenses and transmit it to the Adjudicatory Subcommittee so that the Subcommittee will have before it Congressman Rangel's full response and defenses. Further, given that Congressman Rangel has been informed that the Committee intends to release a press statement at 4:00 p.m., we ask that the Committee expedite its response to Congressman Rangel's request and delay the release of its press statement to provide Congressman Rangel with the opportunity to cure any defect. To do otherwise, would leave the press with the misimpression that Congressman Rangel did not file an Answer, which is simply not true.

Thank you for your time and attention to this matter.

Sincerely,

Leslie B. Kiernan

ZOE LOFGREN, CALIFORNIA
CHAIR
BEN CHANDLER, KENTUCKY
G. K. BUTTERFIELD, NORTH CAROLINA
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MICHAEL T. McCAUL, TEXAS
KELLE A. STRICKLAND,
COUNSEL TO THE RANKING
REPUBLICAN MEMBER
SUITE HT-2, THE CAPITOL
(202) 225-7103

July 26, 2010

CONFIDENTIAL
Representative Charles B. Rangel
2354 Rayburn House Office Building
Washington, DC 20515

Re: In the Matter of Representative Charles B. Rangel

Dear Colleague:

This letter is in response to counsel's letter to the Committee on Standards of Official Conduct (Committee) dated July 22, 2010. As you are aware your answer to the Investigative Subcommittee's Statement of Alleged Violation was found not to have conformed with the requirements of Committee Rule 22(a).

Committee Rule 22(a)(1) permits a respondent "[w]ithin 30 days from the date of transmittal of a Statement of Alleged Violation" to "file with the investigative subcommittee an answer[.]." Under Committee Rule 22(e), the Chair of an investigative subcommittee may shorten or enlarge the time for filing an answer or other motions relating to an Statement of Alleged Violation. Committee Rule 22(a)(1) requires that a respondent's answer to a Statement of Alleged Violation be made "in writing and under oath, signed by respondent and respondent's counsel." Under that same rule, "failure to file an answer within the time prescribed shall be considered by the Committee as a denial of each count" alleged in the Statement of Alleged Violation.

On June 17, 2010, the Investigative Subcommittee adopted a Statement of Alleged Violation alleging that, with respect to each of the 13 counts contained in the Statement of Alleged Violation, the Investigative Subcommittee found a "substantial reason to believe that a violation of the Code of Official Conduct, or of a law, rule, regulation, or other standard of conduct applicable to the performance of official duties or the discharge of official responsibilities by a Member . . . has occurred." The Investigative Subcommittee transmitted the Statement of Alleged Violation to you on June 17, 2010. By order of the Investigative Subcommittee, your answer to the Statement of Alleged Violation was due on July 19, 2010. The Investigative Subcommittee, at your request, extended the time in which to file your answer until July 21, 2010.

On July 21, 2010, your counsel submitted an eight-page document styled as "Respondent's Answer and Defenses to Statement of Alleged Violation," in which you denied all counts alleged in the Statement of Alleged Violation and asserted numerous defenses. While signed by both you and your counsel, your July 21, 2010, submission was not signed under oath.

As a result, the Investigative Subcommittee determined that your July 21, 2010, submission did not constitute an "answer" under Committee Rule 22(a)(1). Notwithstanding the deficiency in your July 21, 2010, submission, the Investigative Subcommittee provided you with an opportunity to cure the defect in your submission. Your counsel was notified, in writing, of the defect in your submission on July 21, 2010, and you were given until 12:00 p.m. on July 22, 2010, to sign your July 21, 2010, submission under oath.

On July 22, 2010, your counsel sent, at 12:37 p.m., a new 35-page submission, which your counsel later described as an amended answer. This submission also failed to contain a proper oath.

The Investigative Subcommittee determined that your July 21, 2010, submission, which was never signed under oath, was not in the proper form, not timely, and, therefore, not in compliance with the requirements of Committee Rule 22(a).

By letter dated July 22, 2010, you were notified of this determination and provided notice that the Committee considered your failure to file an answer in conformance with the requirements of Rule 22(a) as a denial of each count alleged in the SAV.

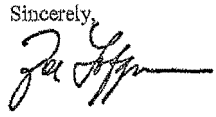
Pursuant to Committee Rule 23, an Adjudicatory Subcommittee was empanelled on July 22, 2010, for the purpose of holding a hearing "to determine whether any counts in the Statement of Alleged Violation have been proved by clear and convincing evidence," and to make findings of fact in this matter. As you are aware, the Adjudicatory Subcommittee will hold an organizational meeting on Thursday, July 29, 2010 at 1:00 p.m. in Room 1310, Longworth House Office Building. This meeting will be open to the public.

Although Committee rules do not require either your presence or that of your counsel at the meeting, you and your counsel are welcome to attend the Adjudicatory Subcommittee's meeting. If you or your counsel plan to attend the meeting, please notify counsel to the Committee so that seating may be reserved for you and your counsel.

In addition, you may, if you choose, submit a written statement in response to the Statement of Alleged Violation to the Adjudicatory Subcommittee for its consideration at its meeting on Thursday, July 29, 2010. Your submission may be released to the public by the Committee at such time as the Statement of Alleged Violation is required to be released under Committee Rule 7(f). If you choose to provide a statement in response to the Statement of Alleged Violation, please submit it to counsel to the Adjudicatory Subcommittee by 5 p.m. on Wednesday, July 28, 2010.

If you have any questions, please have your counsel contact the Committee's Staff Director and Chief Counsel, R. Blake Chisam, at (202) 225-7103.

Sincerely,



Zoe Lofgren
Chair

cc: Representative Michael T. McCaul, Ranking Republican Member
Leslie B. Kiernan, Esq.

ZOE LOFGREN, CALIFORNIA
CHAIR
BEN CHANDLER, KENTUCKY
G. K. BUTTERFIELD, NORTH CAROLINA
KATHY CASTOR, FLORIDA
PETER WELCH, VERMONT
DANIEL J. TAYLOR,
COUNSEL TO THE CHAIR
R. BLAKE CHISAM,
CHIEF COUNSEL AND STAFF DIRECTOR

ONE HUNDRED ELEVENTH CONGRESS

U.S. House of Representatives

COMMITTEE ON STANDARDS OF
OFFICIAL CONDUCT

Washington, DC 20515–6328

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RANKING REPUBLICAN MEMBER
K. MICHAEL CONAWAY, TEXAS
CHARLES W. DENT, PENNSYLVANIA
GREGG HARPER, MISSISSIPPI
MICHAEL T. McCAUL, TEXAS
KELLE A. STRICKLAND,
COUNSEL TO THE RANKING
REPUBLICAN MEMBER

SUITE HT-2, THE CAPITOL
(202) 225-7103

October 12, 2010

CONFIDENTIAL
Representative Charles B. Rangel
2354 Rayburn House Office Building
Washington, DC 20515

Re: In the Matter of Representative Charles B. Rangel

Dear Colleague:

As you are aware, an adjudicatory subcommittee of the Committee on Standards of Official Conduct (Committee) has been appointed in the above-referenced matter. The purpose of this letter is to inform you of the procedures applicable to proceedings before the adjudicatory subcommittee and to notify you of the expected schedule for those proceedings. In this regard, please find enclosed copies of:

1. The Committee's rules for the 111th Congress;
2. The Rules of the House of Representatives for the 111th Congress; and
3. The Statement of Alleged Violation in the above-referenced matter.

The purpose of an adjudicatory subcommittee is to "hold a hearing to determine whether any counts in the Statement of Alleged Violation have been proved by clear and convincing evidence and [to] make findings of fact, except where such violations have been admitted by respondent."[1] The hearing before the adjudicatory subcommittee is required to be open to the public and may only be closed, in whole or in part, by an affirmative vote of a majority of the adjudicatory subcommittee's members.[2] Any vote to close the hearing must be made in open session.[3]

The quorum required for the adjudicatory subcommittee to conduct "any business" is a majority plus one.[4] Therefore, the required quorum to conduct any business in this matter will consist of six members.

[1] Committee Rule 23(c).
[2] House Rule XI, cl. 3(c)(2); Committee Rule 23(e).
[3] House Rule XI, cl. 3(c)(2).
[4] Committee Rules 23(b) and 9(b).

Committee Rule 26(b) permits you to seek to waive your right to an adjudicatory proceeding. Any such request must be made in writing and be signed by you.[5] A request to waive your right to an adjudicatory hearing, or any part of such proceeding, would be subject to the acceptance of the adjudicatory subcommittee.[6]

The conduct of an adjudicatory hearing is governed generally by Committee Rule 23. In the absence of a waiver of a hearing, the adjudicatory subcommittee will proceed with a hearing pursuant to Committee Rule 23(c). The adjudicatory hearing will convene on **Monday, November 15, 2010** at **9:00 a.m.**

"At an adjudicatory hearing, the burden of proof rests on Committee counsel to establish the facts alleged in the Statement of Alleged Violation by clear and convincing evidence."[7] Committee counsel may, subject to subcommittee approval, enter into stipulations with you or your counsel as to facts that are not in dispute.[8] Committee counsel need not present any evidence regarding any fact stipulated or count that you admit.[9] Since subcommittee approval is required for any stipulations, you and your counsel and Committee counsel must jointly submit any proposed stipulations to the adjudicatory subcommittee in writing by **October 29, 2010.**

At any adjudicatory hearing, the adjudicatory subcommittee "may require, by subpoena or otherwise, the attendance and testimony of such witnesses and production of such books, records, correspondence, memoranda, papers, documents, and other items as it deems necessary."[10] The adjudicatory subcommittee may accept "[d]epositions, interrogatories, and sworn statements taken under any investigative subcommittee direction" into the record of the adjudicatory proceedings.[11]

More generally, Committee Rule 23(i)(1) provides that "[a]ny relevant evidence shall be admissible," unless it is privileged.[12] The Chair of the subcommittee is responsible for ruling on any question of admissibility or relevance of evidence, motion, procedure, or any other matter at an adjudicatory hearing.[13] A witness, witness counsel, or Member of the subcommittee may appeal any ruling to the Members present at that proceeding.[14] A majority vote of the Members present at such proceeding on such an appeal shall govern the question of admissibility and no appeal shall lie to the Committee.[15]

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[5] Committee Rule 26(b).
[6] *Id.*
[7] Committee Rule 23(n).
[8] Committee Rule 23(i)(4).
[9] Committee Rule 23(n).
[10] Committee Rule 23(d).
[11] *Id.*
[12] Committee Rule 23(i)(1). As provided in Committee Rule 23, the procedures set forth in House Rule XI, clause 2(g) and (k) apply to an adjudicatory hearing.
[13] Committee Rule 23(i)(2).
[14] *Id.*
[15] *Id.*

You and your counsel have the right to review the evidence that Committee counsel intends to present at the adjudicatory hearing.[16] Counsel will provide you a copy of these materials no later than **October 19, 2010.**

Pursuant to Committee Rule 23(i)(1), the parties[17] may object to the admissibility of evidence only on the grounds of relevance or privilege under the precedents of the House.[18] Any objections you may have to this evidence, including both exhibits and anticipated witness testimony, must be submitted in writing to the Chair of the adjudicatory subcommittee by **10:00 a.m. on October 26, 2010.** You should state the basis for any such objection as fully as possible. Objections not raised at that time will be waived.

Counsel for the Committee and counsel for the Respondent may prepare a joint exhibit list for those exhibits to which each party determines it has no objection.

If you intend to call witnesses as part of your case during the adjudicatory hearing, you must provide the adjudicatory subcommittee with a list of the witnesses you intend to call and summaries of those witnesses' expected testimony.[19] You must also provide copies of any documents or other evidence you will seek to introduce at the adjudicatory hearing. The list of witnesses, summaries of expected testimony, and copies of documents or other evidence you will seek to use during the hearing must be received by counsel no later than **10:00 a.m. on October 26, 2010.** Any objections Committee counsel may have to this evidence, including both exhibits and anticipated witness testimony, must be submitted in writing to the Chair of the adjudicatory subcommittee by **November 1, 2010.**

The admissibility of testimony by any witness is subject to the requirements of Committee Rule 23(i)(1), which provides that any relevant evidence "shall be admissible unless the evidence is privileged under the precedents of the House of Representatives." The Chair will make her initial determination regarding the admissibility of testimony by any witness you may seek to call based on the summaries of their expected testimony and any material you provide pursuant to Committee Rule 23(g). You should, therefore, be as detailed, specific, and thorough as possible in any summaries you provide of your witnesses' expected testimony and related materials.

Pursuant to Committee Rule 23(h), you may apply to the adjudicatory subcommittee to issue subpoenas "for the appearance of witnesses or the production of evidence." Any application for a subpoena "shall be granted upon a showing by the respondent that the proposed testimony or evidence is relevant and not otherwise available to respondent." If you choose to apply to the adjudicatory subcommittee for the issuance of a subpoena or subpoenas, your

[16] Committee Rule 23(f)(1).
[17] The term "parties" refers to the respondent and Committee counsel.
[18] The only privileges applicable to adjudicatory proceedings are those recognized under the precedents of the House. Please note that the applicable privileges do not include the Speech or Debate Privilege under Article I, section 6, clause 1 of the United States Constitution. The Speech or Debate Clause states that Senators and Representatives of the House "for any speech or debate in either House, they shall not be questioned in any other place." This privilege can only be asserted during inquires conducted by an entity other than the legislative branch.
[19] Committee Rule 23(g).

application should include a detailed, specific, and thorough summary of the expected testimony of any witnesses and the content and nature of any materials you seek to subpoena. The application for subpoenas "may be denied if not made at a reasonable time or if the testimony or evidence would be merely cumulative."[20] Any application by you for subpoenas must be submitted to the adjudicatory subcommittee by **12:00 p.m.** on **October 29, 2010.** A subpoena to a witness to appear at a hearing must be served sufficiently in advance of that witness' scheduled appearance to allow the witness a reasonable time, as determined by the Chair, to prepare for the hearing and employ counsel.[21] Any witnesses subpoenaed to testify must be served no later than **November 9, 2010.**

Prior to the start of the adjudicatory hearing, the adjudicatory subcommittee will meet with counsel for the Committee and counsel for the Respondent to address pre-hearing objections to evidence, stipulations proposed by the parties, and any other outstanding procedural issues. A pre-hearing conference, if necessary, will be held at **10:00 a.m.** on **November 4, 2010.**

Following the pre-hearing conference, each party will be required to provide the Members of the adjudicatory subcommittee with a copy of the party's exhibits that will be admitted into the record. Each party must provide copy of its exhibits to each Member of the adjudicatory subcommittee no later than **5:00 p.m.** on **November 5, 2010.**

The conduct of the adjudicatory hearing will proceed as set forth in Committee Rule 23(j). The Chair of the adjudicatory subcommittee will open the hearing.[22] The Chair will then recognize Committee counsel and your counsel, in turn, for the purposes of allowing each party to make an opening statement.[23] Opening statements will be limited to 1 hour for each side.

Pursuant to Committee Rule 23(j)(3), "whenever possible," witness testimony and other pertinent evidence shall be presented by Committee counsel first, followed by presentation of testimony and other evidence by the respondent. The Chair may allow rebuttal witnesses.[24] Any witness called at the adjudicatory hearing will be examined first by the party calling the witness, followed by cross-examination by the opposing party.[25] The Chair has the discretion to allow redirect examination and recross examination.[26] Members of the adjudicatory subcommittee may then question the witness under the five-minute rule, unless otherwise directed by the Chair.[27]

The Chair may, in her discretion, allow counsel for either side to describe or summarize evidence admitted in their case, other than the testimony of witnesses testifying in person at the hearing, and to respond to questioning from the members of the adjudicatory subcommittee regarding such evidence.

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[20] Committee Rule 23(h).
[21] Committee Rule 26(k).
[22] Committee Rule 23(j)(1).
[23] Committee Rule 23(j)(2).
[24] Committee Rule 23(j)(3)(iii).
[25] Committee Rule 23(j)(4).
[26] *Id.*
[27] *Id.*

At the conclusion of the presentation of evidence, both sides will be allowed 1 hour for closing arguments.[28] Committee counsel will be permitted to reserve time for rebuttal argument.[29]

Committee counsel and your counsel will each be allowed 10 hours to present their respective cases, inclusive of the time allotted for opening and closing arguments. The 10 hour limitation on presentation of each side's case is subject to reconsideration based upon a reasonable request for additional time. Any objections regarding the procedure for the adjudicatory hearing must be submitted to the adjudicatory subcommittee in writing by **October 15, 2010.**

As soon as practicable after the parties' closing arguments, the adjudicatory subcommittee will meet to "consider each count contained in the Statement of Alleged Violation and shall determine by a majority vote of its members whether each count has been proved,"[30] A count determined not to have been proved "shall be considered as dismissed by the subcommittee."[31] The adjudicatory subcommittee must report its findings to the Committee.[32]

The adjudicatory hearing will be conducted subject to the Rules of Decorum of the House.[33] Further, the Chair may require all participants to observe strictly and promptly all evidentiary, procedural or other rulings of the Chair and of the adjudicatory subcommittee. The adjudicatory subcommittee expects that any ruling it makes regarding the relevance of proffered evidence, or any line of questioning or argument will be promptly and strictly observed. Any breach of decorum by any of the participants is punishable by the Chair "by censure and exclusion from the hearings; and the committee may cite the offender to the House for contempt."[34]

If you have any questions, please have your counsel contact the Committee's Staff Director and Chief Counsel, R. Blake Chisam, at (202) 225-7103.

Sincerely,

Zoe Lofgren
Chair

[28] Committee Rule 23(j)(5).
[29] *Id.*
[30] Committee Rules 23(o) and 10(a)(4).
[31] *Id.*
[32] *Id.*
[33] *See* House Rule XVII and related commentary.
[34] House Rule XI, clause 2(k)(4); Committee Rule 26(m).

cc: Representative Michael T. McCaul, Ranking Republican Member
R. Blake Chisam, Chief Counsel, Committee on Standards of Official Conduct
Leslie B. Kiernan, Esq., Counsel for Respondent

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
JOINT COMMITTEE
ON TAXATION

GEORGE H. HENRY
CHIEF OF STAFF

JAMES G. CAPEL
DISTRICT DIRECTOR

Congress of the United States
House of Representatives

October 15, 2010

The Honorable Zoe Lofgren
Chairwoman,
Committee on Standards of Official Conduct
HT2 Capitol
Washington, DC 20515

Dear Chair Lofgren:

As you know, I am no longer represented by counsel in this matter, and am not in a position to address the substance of your letter (dated October 12, 2010) in a detailed manner at this time.

Under these circumstances, it would be impossible for me to meet the Committee's hearing schedule and deadlines.

Your letter requires that I object to the procedures by today, and this letter serves the purpose of preserving all my rights to object until I am able to prepare a defense. I am working diligently to see if I can secure new counsel and will not delay this effort.

Finally, the Committee's tight deadline schedule forces me to leave my re-election campaign in order to spend the last two weeks before the general election.

While I am very eager to have this matter heard, I need to have a fair opportunity to meet the Subcommittee's expectations and respond to the evidence that the Committee's counsel expects to introduce.

Sincerely,

Charles B. Rangel
Member of Congress

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WASHINGTON, DC 20515-3215
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FAX: (202) 225-0816

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ZOE LOFGREN, CALIFORNIA
CHAIR
BEN CHANDLER, KENTUCKY
G. K. BUTTERFIELD, NORTH CAROLINA
KATHY CASTOR, FLORIDA
PETER WELCH, VERMONT
DANIEL J. TAYLOR,
COUNSEL TO THE CHAIR
R. BLAKE CHISAM,
CHIEF COUNSEL AND STAFF DIRECTOR

ONE HUNDRED ELEVENTH CONGRESS

U.S. House of Representatives

COMMITTEE ON STANDARDS OF
OFFICIAL CONDUCT
Washington, DC 20515–6328

JO BONNER, ALABAMA
RANKING REPUBLICAN MEMBER
K. MICHAEL CONAWAY, TEXAS
CHARLES W. DENT, PENNSYLVANIA
GREGG HARPER, MISSISSIPPI
MICHAEL T. McCAUL, TEXAS
KELLE A. STRICKLAND,
COUNSEL TO THE RANKING
REPUBLICAN MEMBER

SUITE HT-2, THE CAPITOL
(202) 225-7103

October 22, 2010

CONFIDENTIAL

Representative Charles B. Rangel
U.S. House of Representatives
2354 Rayburn House Office Building
Washington, DC 20515

Re: In the Matter of Representative Charles B. Rangel

Dear Colleague:

As Chair of the Adjudicatory Subcommittee (ASC) in the Matter of Representative Charles B. Rangel, I am responding to your letter to me dated October 15, 2010. You stated in your letter that it would be "impossible for [you] to meet the Committee's hearing schedule and deadlines." You also said that by sending your letter, you intended to "preserv[e] all [your] rights to object until [you are] able to prepare a defense." In addition, you stated that you are "working diligently to see if [you] can secure new counsel and will not delay this effort."

Legal standard

Under Committee Rule 23(i)(2), the Chair "shall rule upon any question of admissibility or relevance of evidence, motion, procedure, or any other matter." By this letter, I am responding to the objection to the adjudicatory hearing schedule in your October 15 letter. Such rulings may be appealed by a "witness, witness counsel, or a member of the subcommittee."[1] In the event that a ruling of the Chair under this provision is appealed, a majority vote of the members present at the proceeding at which the ruling is appealed shall govern the question of admissibility, and no appeal shall lie to the Committee.[2] The Ranking Member of the ASC, Representative Michael McCaul, and the Committee Chief Counsel, R. Blake Chisam, will also be served copies of this letter.

ASC schedule

Under Committee Rule 5(e), a "subcommittee shall meet at the discretion of its Chair." Pursuant to Rule 5(e) and Rule 23(e) of the Committee and Clause 2(g)(3) of House Rule XI, the Chair of an ASC is required to make a public announcement in advance of an adjudicatory hearing.

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[1] Committee Rule 23(i)(2).
[2] *Id.*

On October 7, 2010, as Chair of the ASC in this matter, I issued a public statement announcing that the adjudicatory hearing in this matter will begin on November 15, 2010, at 9:00 a.m. At that time, I also noted that substantial actions must be taken before a public hearing can begin. Accordingly, I publicly stated that I would notify you and Committee counsel of the schedule and other procedural issues. On October 12, 2010, consistent with Committee precedent, I sent a letter to the parties scheduling various pre-hearing procedural deadlines.[3]

Throughout this matter, which has been ongoing for more than two years, you have been aware of your right to counsel, and have in fact been represented by counsel. You have also long had access to most of the evidentiary record developed during the ISC's investigation.

Since the ASC was designated in this matter, you have made numerous public statements calling on the Committee to expedite its resolution of this matter. Similarly, in your October 15 letter, you also state that you are "very eager to have this matter heard."

The adjudicatory subcommittee process is not complete upon the conclusion of an adjudicatory hearing. After the hearing, the members of the ASC must conduct deliberations, vote on each count alleged in the SAV, and send a report of findings to the full Committee. If the adjudicatory hearing in this matter were to be postponed or rescheduled, it would be unlikely that the Committee would be able to bring this matter to a resolution during this Congress.

Accordingly, in light of these factors, pursuant to Committee Rule 23(i)(2) I am hereby overruling your objection to the hearing schedule. The adjudicatory hearing in this matter will proceed on November 15, 2010, at 9:00 a.m. as previously scheduled and announced.

Adjustments to deadlines

As has been previously noted, you must be allowed the opportunity to adequately defend yourself against the evidence presented by Committee counsel. You have indicated that you are interested in retaining new counsel and that you are actively working to identify possible counsel. In addition, the previously scheduled deadline for Committee counsel to provide you with certain materials was stayed. Accordingly, although the adjudicatory hearing will proceed on November 15, I am hereby modifying certain deadlines established by the October 12 scheduling letter. Unless otherwise specified in this letter, all deadlines announced in the October 12 scheduling letter are unchanged and remain in effect for both parties.

As you have been previously advised, pursuant to Committee Rule 23(f)(1), Committee counsel are required to provide you with access to the evidence they intend to use as evidence against you at the adjudicatory hearing, the names of witnesses Committee counsel intend to call, and a summary of their expected testimony no less than 15 calendar days prior to the hearing. The October 12 scheduling letter established a deadline of October 19, 2010, for Committee counsel to provide those materials to you.

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[3] As you were still represented by your former counsel at that time, the letter was sent both to you and to your former counsel.

However, on October 19, 2010, I stayed the October 19 deadline, and directed Committee counsel to provide you with notice of that fact. I understand that Committee counsel were prepared to meet the deadline, but did not provide you with the materials per the stay of the deadline. By this letter, I am notifying both parties that the deadline for Committee counsel to provide you with copies of the evidence, their intended witness list, and a summary of the witnesses' expected testimony is rescheduled for today, **October 22, 2010.** It is my understanding that since Committee counsel were prepared to meet the October 19 deadline before I stayed that deadline, Committee counsel will be able to meet the rescheduled deadline.

Under the terms of the October 12 scheduling letter, you were required to submit any objections you may have pursuant to Committee Rule 23(i)(1) to the evidence provided to you by Committee counsel, including both exhibits and anticipated witness testimony, in writing to the Chair of the ASC by 10:00 a.m. on October 26, 2010. Per this letter, that deadline will be rescheduled to **12:00 p.m.** on **October 29, 2010**.

Under the terms of the October 12 scheduling letter, you were also required to submit copies of documents or other evidence you will seek to use during the hearing, a list of the witnesses you expect to call, and summaries of the witnesses' expected testimony to Committee counsel by 10:00 a.m. on October 26, 2010. Per this letter, that deadline will also be rescheduled to **12:00 p.m.** on **October 29, 2010**.

Under the terms of the October 12 scheduling letter, you were also required to submit any application by you for subpoenas, should you choose to request subpoenas, in writing to the ASC by 12:00 p.m. on October 29, 2010. Per this letter, that deadline will remain **12:00 p.m.** on **October 29, 2010.**

Under the terms of the October 12 scheduling letter, Committee counsel were required to submit any objections they may have pursuant to Committee Rule 23(i)(1) to the evidence provided to Committee counsel by you, including both exhibits and anticipated witness testimony, in writing to the Chair of the ASC by November 1, 2010. Per this letter, that deadline will be rescheduled to **November 2, 2010.**

Under the terms of the October 12 scheduling letter, since subcommittee approval is required for any stipulations, you and Committee counsel were required to jointly submit any proposed stipulations to the ASC in writing by October 29, 2010. Per this letter, that deadline will be rescheduled to **12:00 p.m.** on **November 3, 2010.**

Counsel

Committee counsel has informed me and the Ranking Republican Member of the ASC that since sending your October 15 letter to me, in a telephone conversation with the Committee's Chief Counsel you advised Committee counsel that you have had substantial discussions with at least one attorney about representing you in this matter. However, an agreement between you and prospective counsel had not yet been reached. Please provide the

ASC with written notice of whether you will be represented by counsel at the adjudicatory hearing or if you will appear *pro se* by **12:00 p.m.** on **October 29, 2010.**

Consistent with prior Committee precedent, you are advised that if you elect to proceed *pro se* at the adjudicatory hearing, any statements, questions, or arguments you make will not be considered as evidence in this matter, except to the extent that a statement made by you is under oath or affirmation and subject to the rules applicable to all witness testimony, including the requirement that you submit to cross-examination by Committee counsel.

Other procedures

Finally, given the relative infrequency with which aspects of the Committee's rules relating to the ASC process have been employed, it is possible – if not likely – that the parties may have questions about the ASC process and procedure. The consideration that such questions may not have been anticipated or resolved to date, in addition to other remaining pre-hearing procedural steps, was taken into account in setting the adjudicatory hearing schedule.

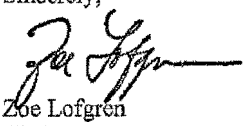
The parties are strongly encouraged to raise any questions that may arise from perceived ambiguities or other issues relating to ASC procedures with one another. To the extent that the parties may reach agreement between themselves about how to resolve a procedural question, the parties could submit a joint filing to the Chair for consideration. If either party wishes to raise a question regarding ASC procedure other than in a joint filing, that party should submit an appropriate motion to the Chair and serve the other party.

With that in mind, I would like to take this opportunity to address several specific aspects of hearing procedure. First, given the adversarial nature of the ASC process and its current posture, both parties should treat any pre-hearing filings as adversarial filings that should be both filed with the Chair and served on the opposing party.

Second, the parties will not be expected to file written responses to the opposing party's pre-hearing filings. To the extent that a party may wish to file such a written response and it is possible to do within the deadlines established by the October 12 scheduling letter, the modifications to the schedule announced in this letter, and any subsequent modifications or additions to the schedule, the parties may file such responses with the Chair. As noted above, such responses should be filed with the Chair, and also served on the opposing party.

Third, as noted in the October 12 scheduling letter, you and Committee counsel will each be allowed ten hours to present your respective cases, exclusive of the time allotted for opening and closing arguments. Time used by a party for raising or responding to objections or cross-examining witnesses will count against that party's overall allotted time of ten hours. Although your objection to the hearing schedule is overruled, the ten hour limitation on presentation of each side's case will remain subject to reconsideration based upon a reasonable request for additional time.

Sincerely,



Zoe Lofgren
Chair

cc: Representative Michael T. McCaul, Ranking Republican Member
R. Blake Chisam, Chief Counsel, Committee on Standards of Official Conduct

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
JOINT COMMITTEE
ON TAXATION



GEORGE N. HENRY
CHIEF OF STAFF

JAMES E. CAPEL
DISTRICT DIRECTOR

Congress of the United States
House of Representatives

October 25, 2010

The Honorable Zoe Lofgren
Chairwomen
Committee on Standards of Official Conduct
U.S. House of Representatives
Room HT-2, The Capitol
Washington, DC 20515

Dear Chairwomen Lofgren:

On October 14, 2010, you were sent a letter from my then-counsel, the law firm of Zuckerman Spaeder, indicating they had withdrawn from my representation. On October 15, 2010, I wrote to you indicating that their departure put me at an enormous disadvantage. The Committee wanted to begin a process in which my counsel and Committee counsel exchanged documents, designated exhibits, worked out evidentiary stipulations, agreed on witnesses, and worked towards a hearing process. These are steps in the hearing process which, if a Member is to be given his rights to a fair defense, require experienced counsel. The problem is that I am without any.

Over the past 2 years, I have had to respond to a series of allegations that have generated their own issues in the media and in my re-election campaign. I spent nearly every dollar I could raise on this effort, as legal fees alone have been over $2 million. As you know, a campaign is never inexpensive. Now that the Committee wants to go ahead on its schedule, I do not have sufficient funds to proceed when there is so much left to do. That leaves me with few choices:

I can proceed without counsel at this most critical stage. This would make any proceeding against me so one-sided as to call into question the fairness of the process and any result that would occur. This is not what I hope will happen and would send a terrible message about a Member's rights now and an equally bad precedent for the future.

As an alternative, I could seek counsel who would be able to represent me on a *pro bono* or reduced fee basis, and hope someone or some firm will agree to this arrangement (and be given reasonable time to prepare). Even then, the Committee has taken the position in the past that such representation itself amounted to a gift that could violate House rules. What a vicious cycle this then

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creates with the Committee getting the advantage of having counsel and staff while denying a Member the same ability.

So, by this letter, I am asking the Committee to approve my seeking such counsel without me or the counsel being accused of seeking, receiving or providing gift representation. In the alternative, the Committee can arrange for the House to pay for my counsel. The House often hired outside counsel to help in its legal proceedings. Right now, the Committee is relying on its own counsel and staff and is spending funds for that purpose. So, it would be fair for the Committee to make sure I can be properly and adequately represented. In an analogous situation, where charges are filed against any person in this country, an attorney would be appointed for someone who needs such representation and has no funds to pay for it.

I have not delayed seeking new counsel. Those with whom I have met or spoken realize that the record at this point involves over 20,000 pages of transcripts, thousands of documents, a witness list of over 15 people, and a great deal of work that still needs to be done. Competent and experienced counsel is, justifiably, reluctant to become involved and do the work that will be needed without any fees and without enough time to provide me the representation I seek.

I do not want to end up without counsel and be unable to defend myself against the charges that have been filed; I do not want to have to seek any additional help or time from the Committee; and I do not want to delay what has been the most difficult time I have had in almost 40 years in Congress. However, this is the reality.

In the name of basic fairness and due process, to give me the chance to defend myself, and to insure whatever proceedings occur are seen to be seeking justice and not just a steamroller result, I ask for the consideration of my request.

Sincerely,

Charles B. Rangel

Charles B. Rangel
Member of Congress

cc: The Honorable Michael T. McCaul, Ranking Republican Member
R. Blake Chisam, Chief Counsel, Committee on Standards of Official Conduct

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
JOINT COMMITTEE
ON TAXATION

GEORGE H. HENRY
CHIEF OF STAFF

JAMES E. CAPEL
DISTRICT DIRECTOR

Congress of the United States
House of Representatives

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2010 OCT 28 PM 4:10
COMMITTEE ON STANDARDS

October 28, 2010

The Honorable Zoe Lofgren
Chairwoman,
Committee on Standards of Official Conduct
HT2 Capitol
Washington, DC 20515

Dear Chairwoman Lofgren:

I am writing in response to your October 22, 2010 letter. I appreciate the intent and spirit of your letter -- to vacate or change dates for various procedures and deadlines -- because I presently do not have counsel. Yet in recognizing this fact, you have not provided any real relief or a viable alternative. I am no more able to respond and deal with the issues for a hearing on October 29, 2010, than I was on October 12, 2010.

In that vein, I wrote you on October 25, 2010, to ask for advice concerning my ability to obtain pro bono counsel or to have counsel paid for by the Committee. If the Committee does not think those are viable alternatives, then what would be? In circumstances like these in the law, people accused are given counsel. It is unfair for you and the Committee to insist that I proceed without adequate representation on a hearing schedule that is impossible for me to meet.

I understand, in the course of this prolonged investigation, that the Committee has accumulated a voluminous amount of documents, which consist of over 20,000 pages of transcripts and exhibits. There is no way for me to review them on my own in accordance with the schedule you have set. Moreover there are 17 people on the Committee's witness list but not all of them have been deposed. I, too, should have the right to interview them before the hearing, as I am sure your counsel and staff have done.

You refer to statements I have made in the past that I wanted an expeditious proceeding in the Committee. I assumed that I would be represented by legal counsel. However, under the current circumstance, it is impossible for me to proceed as scheduled.

A hearing on the merits with all the evidence that your staff has accumulated, is unfair and undermines my due process rights, and should not occur on November 15, 2010, without me having adequate legal representation. Allowing me the opportunity to obtain adequate legal representation to defend myself at the hearing is not only fair, but

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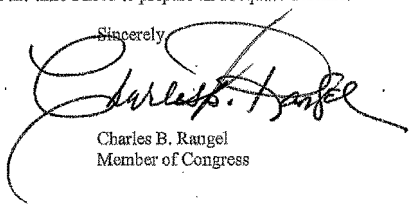
also not prejudicial to the Committee. I am convinced that the Committee wants me to exercise all of the due process and equal protections rights that I am entitled to show the American public that our system of justice works.

So, again, I ask that the Committee provide me with the ability to obtain counsel and give me and counsel the time I need to prepare an adequate defense.

Sincerely,



Charles B. Rangel
Member of Congress

cc: The Honorable Michael T. McCaul, Ranking Republican Member
R. Blake Chisam, Chief Counsel, Committee on Standards of Official Conduct

ZOE LOFGREN, CALIFORNIA
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COUNSEL TO THE CHAIR
R. BLAKE CHISAM,
CHIEF COUNSEL AND STAFF DIRECTOR

ONE HUNDRED ELEVENTH CONGRESS

U.S. House of Representatives

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October 28, 2010

CONFIDENTIAL

Representative Charles B. Rangel
U.S. House of Representatives
2354 Rayburn House Office Building
Washington, DC 20515

Re: In the Matter of Representative Charles B. Rangel

Dear Colleague:

As Chair of the Adjudicatory Subcommittee (ASC) in the Matter of Representative Charles B. Rangel, I am responding to your letters to me dated October 25 and 28, 2010. In your October 25 letter you stated "I am asking the Committee to approve my seeking . . . . counsel [on a *pro bono* or reduced fee basis] without me or the counsel being accused of seeking, receiving or providing gift representation." You also stated, "In the alternative, the Committee can arrange for the House to pay for my counsel."

Under rules of the Committee on Standards of Official Conduct (Committee), your request should be construed by the Committee as a request for an advisory opinion from the Committee's Office of Advice and Education.[1] Advisory opinion requests may be resolved by the Chair and Ranking Member of the full Committee.[2] The Committee is considering your October 25 letter as a request for an advisory opinion and will respond accordingly.

In the meantime, no further changes will be made to the adjudicatory hearing schedule at this time. On October 7, 2010, as Chair of the ASC in this matter, I issued a public statement announcing that the adjudicatory hearing in this matter will begin on November 15, 2010, at 9:00 a.m. On October 12, 2010, consistent with Committee precedent, I sent a letter to the parties scheduling various pre-hearing procedural deadlines.[3]

As you know, by letter on October 22, 2010, your objections to the schedule were overruled. However, in light of the withdrawal of your previous counsel in this matter, the schedule for several pre-hearing deadlines was modified to provide you with additional time to respond, including rescheduling several deadlines that apply to you as the respondent until tomorrow, October 29, 2010.

---

[1] *See* House Rule 11, cl. 3(a)(4); Committee Rule 3(b), 3(m).
[2] Committee Rule 3(i).
[3] As you were still represented by your former counsel at that time, the letter was sent both to you and to your former counsel.

The schedule as announced in the letter of October 12, 2010, and modified in the October 22 letter remains unchanged. The adjudicatory hearing in this matter will proceed on November 15, 2010, at 9:00 a.m. as previously scheduled and announced.

Sincerely,

Zoe Lofgren
Chair

cc: Representative Michael T. McCaul, Ranking Republican Member
R. Blake Chisam, Chief Counsel, Committee on Standards of Official Conduct

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
JOINT COMMITTEE
ON TAXATION



GEORGE H. HENRY
CHIEF OF STAFF

JAMES E. CAPEL
DISTRICT DIRECTOR

Congress of the United States
House of Representatives
November 1, 2010

The Honorable Zoe Lofgren
Chairwoman
Committee on Standards of Official Conduct
U.S. House of Representatives
Room HT-2, The Capitol
Washington, DC 20515

Dear Chairwoman Zofgren:

Thank you for your October 29, 2010 letter setting forth the ways in which I might secure counsel to advise me with respect to the scheduled proceedings.

I am grateful that the Committee has agreed that under the Rules (Rule 26(a)) and precedents that "a respondent in disciplinary proceedings before the Committee [has] the right to be represented by counsel." The question is how is it possible, under the present circumstances, for me to obtain counsel who could provide me with effective and meaningful assistance.

Today I am initiating the process of establishing a Legal Expense Fund, in accordance with your October 29, 2010, Advisory Opinion, on establishing a Fund consistent with the Committee's Regulations. I will seek a trustee or trustees who can carry out that function without conflict and establish a separate bank account to do so. We then will seek an in-kind or reduced fee contribution of legal services along with other solicitations. Under the best of circumstances, this process will require the expenditure of precious time.

Based on the Committee's Advisory Opinion that setting up a Fund is the only way for me to seek and obtain counsel on a reduced fee or pro bono basis, it would be impossible for me to meet the hearing schedule until I secure adequate representation after the Fund is in place, approved and operating. While I may be able to obtain counsel, such counsel could not, among other things, be expected to: review the record, secure additional testimony, exchange documents, and designate exhibits. It is without question that any counsel I might be able to secure must be afforded adequate time to prepare for the disciplinary proceeding. To afford me less, would, in my view, deny me of my right to receive procedural due process.

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My counsel, too, should have the right to interview the witnesses before the hearing and be afforded the opportunity to have the same level of understanding of the record as your counsel and staff. After two (2) years of this prolonged investigation, the Committee has interviewed close to 50 witnesses and accumulated a voluminous amount of documents, which consist of over 20,000 pages of transcripts and 547 exhibits. No one has a better understanding of the record than the Ethics Committee's counsel.

Therefore, in light of the Committee's letter acknowledging my right to obtain counsel and setting out the way for me to proceed, I am again asking the Committee to afford counsel the time to prepare a proper defense; otherwise, that right to counsel is not very meaningful.

I appreciate your continued attention to this matter.

Sincerely,

Charles B. Rangel
Member of Congress

cc: The Honorable Michael T. McCaul, Ranking Republican Member
R. Blake Chisam, Chief Counsel, Committee on Standards of Official Conduct

ZOE LOFGREN, CALIFORNIA
CHAIR
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COUNSEL TO THE CHAIR
R. BLAKE CHISAM,
CHIEF COUNSEL AND STAFF DIRECTOR

ONE HUNDRED ELEVENTH CONGRESS

U.S. House of Representatives

COMMITTEE ON STANDARDS OF
OFFICIAL CONDUCT

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MICHAEL T. McCAUL, TEXAS
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REPUBLICAN MEMBER
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November 2, 2010

CONFIDENTIAL

Representative Charles B. Rangel
U.S. House of Representatives
2354 Rayburn House Office Building
Washington, DC 20515

Re: In the Matter of Representative Charles B. Rangel

Dear Colleague:

As Chair of the Adjudicatory Subcommittee (ASC) in the Matter of Representative Charles B. Rangel, I am responding to your letter to me dated November 1, 2010. In your letter you state that effective November 1, you are "initiating the process of establishing a Legal Expense Fund." You further state that "it would be impossible for me to meet the hearing schedule until [you] secure adequate representation after the Fund is in place, approved and operating." Accordingly, you request that "the Committee afford counsel the time to prepare a proper defense."

As you know, you have made other previous requests to delay the hearing schedule in light of the withdrawal of your previous counsel on October 14, 2010, each of which has been denied. Letters sent to you on October 22, 2010, and October 28, 2010, set forth a number of reasons for denying those requests.

For example, throughout this matter, which has been ongoing for more than two years, you have been aware of your right to counsel, and have in fact been represented by counsel. You have also long had access to most of the evidentiary record developed during the Investigative Subcommittee's investigation. Since the ASC was designated in this matter, you have made numerous public statements calling on the Committee to expedite its resolution of this matter. In addition, in consideration of the withdrawal of your previous counsel in this matter, the schedule for several pre-hearing deadlines was modified to provide you with additional time to respond, including rescheduling several deadlines that apply to you as the respondent.

In addition to your prior requests for a delay of the hearing, on October 25, 2010, you requested Committee guidance on seeking and accepting *pro bono* or reduced-fee legal representation in connection with the disciplinary proceedings currently pending against you before the Committee. The Committee responded by providing you with an advisory opinion on October 29, 2010. You previously sought and received formal Committee guidance regarding payment of legal fees associated with this matter in September 2008 and March 2009.

In view of the considerations addressed in our previous exchanges on this issue, no further changes will be made to the adjudicatory hearing schedule at this time. The schedule as announced in the letter of October 12, 2010, and modified in the October 22 letter remains unchanged. The adjudicatory hearing in this matter will proceed on November 15, 2010, at 9:00 a.m. as previously scheduled and announced.

Sincerely,



Zoe Lofgren
Chair

cc: Representative Michael T. McCaul, Ranking Republican Member
R. Blake Chisam, Chief Counsel, Committee on Standards of Official Conduct

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
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JOINT COMMITTEE
ON TAXATION

GEORGE H. HENRY
CHIEF OF STAFF

JAMES E. CAPEL
DISTRICT DIRECTOR

Congress of the United States
House of Representatives

November 3, 2010

RECEIVED
2010 NOV -3 PM 5:57
COMMITTEE ON STANDARDS

The Honorable Zoe Lofgren
Chairwoman
Committee on Standards of Official Conduct
U.S. House of Representatives
Room HT-2, The Capitol
Washington, DC 20515

Dear Chairwoman Zofgren:

I am writing this letter in response to your November 2, 2010, letter indicating several objections to my request to reschedule the hearing. Your letter states that I have had the benefit of counsel during this inquiry. That is obviously true but it begs the point. It would be like telling someone accused of a crime to be grateful that he had counsel during the grand jury stage of an investigation but would have to stand alone once an indictment had been issued and a trial was scheduled. The work produced by my former counsel has some usefulness to me now, but it neither suffices nor substitutes for my capacity to answer and defend the actual allegations with actual hearing testimony.

Moreover, to say as you do that I have had access to "most of the evidentiary record" is not a fair way of addressing my issues. The review and knowledge my former counsel had to any of the evidence is not helpful to me now. There are over 20,000 pages of transcripts, thousands of pages of exhibits, 15 - 17 people witnesses to be interviewed (including some who have no transcripts), and my need to understand who the Committee is not calling and why (and then to consider calling them as my witnesses). Under these circumstances, I have no ability to do this myself; and any half competent attorney, to do even a marginally competent job, would need more than a few days to prepare.

You again quote earlier statements I had made asking for expedition in the Committee's proceedings. What I said and wanted then is what I want now. However, that was when I had counsel. My circumstances have changed drastically now. The Committee continues to have its staff and counsel and subpoenas and preparation, while I have none.

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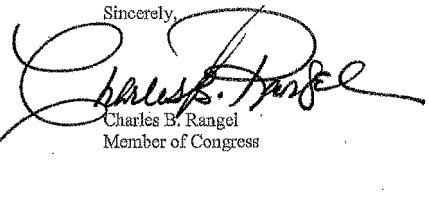
Apparently, there is nothing I can say or do that will persuade you to give me the time I need (even to do as the Committee instructed with respect to setting up a fund or means to get new counsel). Nevertheless, I am following the Committee's advice in its October 29, 2010 letter on how to set up a defense fund so that I can retain and have the benefit of counsel. In accordance with the Committee's advisory opinion of October 29, 2010, I am submitting the attached Charles B. Rangel Legal Expense Fund Trust for your review and approval. As you know, I am restricted from soliciting legal representation for my disciplinary hearing until a legal expense fund has been established and approved by the Committee. Without your approval of the Fund, it is impossible for me to exercise my due process and equal protection rights for a fair hearing.

So, again, I ask that you to give me sufficient amount of time to prepare an adequate defense.

Sincerely,



Charles B. Rangel
Member of Congress

cc: The Honorable Michael T. McCaul, Ranking Republican Member
R. Blake Chisam, Chief Counsel, Committee on Standards of Official Conduct

CHARLES B. RANGEL LEGAL EXPENSE TRUST AGREEMENT

Article 1: Creation of Trust

Section 1.1 Parties. This Trust Agreement is made by and between Charles B. Rangel ("Trustee") and David Dinkins ("Trustee"), establishes the Charles B. Rangel Legal Expense Trust. The Trustor hereby transfers and assigns to the Trustee certain property (the "trust estate"), in trust to be held, administered, and distributed as provided in this instrument. The beneficiary of this trust is the United States House Representative Charles B. Rangel. The Trustee certifies that he or she is independent from the beneficiary and does not have any family, business, or employment relationship with the beneficiary.

Section 1.2. Name of Trust. The trust created by this Agreement shall be known as the Charles B. Rangel Legal Expense Trust ("Trust").

Section 1.3 Purpose of Trust. The sole and exclusive purpose of the Trust is to provide a proper means for the acceptance of money, property and services, including, if necessary, pro bono legal services, to provide for all reasonable, necessary and appropriate legal fees or charges incurred by the Trustor in connection with his official duties and position in Congress, and matters bearing on his reputation or fitness for office. To such end, the Trust shall be available to pay all reasonable, necessary and appropriate expenses of the Trustor's counsel and such other and usual, customary expenses that have been or may be incurred in connection with the above stated purpose. The Trust may not be used to pay any legal expenses that arise in connection with a matter that is primarily personal in nature. Trust funds may be used for no purpose other than specifically provided herein.

Article 2: Trust Estate

Section 2.1 Definition of Trust Estate. The Trustor hereby transfers to the Trustee the sum of $10. All property subject to this instrument from time to time is referred to as the "trust estate" and shall be held, administered and distributed as provided in this instrument. The Trustee shall hold, administer, and distribute the property subject to this Trust, the income and proceeds attributable to all such property, in accordance with the provisions of this Trust Agreement.

Section 2.2 Prohibited Contributions. The Trustee is admonished to not knowingly accept any gift or donation prohibited by or in excess of the limits established by any other laws, rules or regulations governing such contributions as interpreted by the Committee on Standards of Official Conduct. In particular:

(a) The Trust shall not knowingly accept more than $5,000 in a calendar year from any individual or organization.

(b) The Trust shall not knowingly accept any contribution from a registered lobbyist or an agent of a foreign principal.

(c) The Trust may accept in-kind donations of free or discounted legal services in connection to disciplinary proceedings before the Ethics Committee.

If any prohibited contributions are accepted, the trustee shall as soon as practical after becoming aware of the prohibited nature of the contribution, return it in its entirety to the donor (if from a prohibited source) or return the excess of $5,000 to the donor (if prohibited because of the amount).

Article 3: Rights and Powers of the Trustor

Section 3.1 Irrevocability of Trust. This Trust is irrevocable. It may not be amended, revoked or terminated, in whole or in part, except as otherwise specified in this Agreement. Any amendment to the Agreement must be pre-approved in writing by the Committee on Standards of Official Conduct.

Article 4: Payments and Distributions

Section 4.1 Trust Estate. The Trustee shall hold the trust estate for the payment of the legal expenses including, but not limited to, legal fees and costs, court costs and fees, deposition costs and all litigation-related costs or fees, expert witness fees, and any settlement payments as a part thereof, arising in connection with any litigation, arbitration, or claims made or filed against the beneficiary hereof ("Legal Expenses"), related to the beneficiary's candidacy for or elect to federal office or the beneficiary's duties or position in Congress, matters bearing on the beneficiary's reputation or fitness for office or matters before the Committee on Standards of Official Conduct. Upon receipt of a written request made by the beneficiary, the trustee shall pay these Legal Expenses within five (5) days. The Trustee may pay the Legal Expenses requested directly to the party owed or may reimburse the beneficiary directly for Legal Expenses previously paid by the beneficiary, as the case may be. The Trustee shall also pay from the trust estate expenses incurred in soliciting for contributions and administering this Trust, including Trustee compensation and reimbursement of trustee expenses.

Section 4.2 Termination of Trust and Distribution of Excess Funds. This Trust shall terminate when (1) in the sole and absolute discretion of the Trustee, the purposes for which the Trust is created are fulfilled or no longer exist; or (2) after ten (10) years from the date this Trust is formed. The Trust period may be extended by obtaining approval from the Committee on Standards of Official Conduct. In the event the Trust has excess funds upon termination, such excess funds shall be returned to the contributors to the Trust. Under no circumstances shall trust funds be converted to any other purpose than as set out herein and as allowed by the applicable rules and regulations as promulgated by the Committee on Standards of Official Conduct or the United States House of Representatives.

Article 5: Trustee

Section 5. Definition of "Trustee". Reference in this Agreement to the "Trustee" shall be deemed a reference to the acting Trustee, and shall include alternate or successor trustees, unless the context requires otherwise.

Section 5.2 Successor Trustee. If the office of trustee becomes vacant for any reason, then the beneficiary shall within thirty (30) days name a successor trustee and request approval in writing of the successor trustee from the Committee on Standards of Official Conduct.

Section 5.3 Qualifications of the Trustee. The Trustee hereunder, or any successor Trustee appointed in accordance with this Agreement, if an individual, shall be at least 25 years of age. The Trustee shall not have any family, business, or employment relationship with the Trustor and shall not be a related or subordinate party, as to the Trustor, within the meaning of Section 672©) of the Internal Revenue Code of 1986, as amended. The Trustee herein named, and any successor Trustee, warrants and represents to the Trustor that he or she will at all times faithfully comply with the Legal Expense Fund Regulations issued by the House Committee on Standards of Official Conduct, with all applicable statutes of the United States and the State of California, and with the Rules of the House of Representatives. The Trustee herein named, and any successor, further warrants, represents, and recognizes that he or she will be acting in a fiduciary capacity and will be bound by the laws of the State of California regulating the conduct of such fiduciaries and by the strict terms of this instrument. It is understood that the powers, duties and rights of the Trustee are controlled by said laws and the terms of this instrument which are not inconsistent therewith.

Section 5.4 Liability of the Trustee and Bond Requirement. Neither the Trustee nor any successor trustee shall be required to give bond for the faithful and proper performance of the trustee duties as specified in this Agreement. The Trustee or successor trustee, may, however, in his or her absolute discretion, purchase a bond in such amount as the trustee or any successor trustee deems proper and pay the premium(s) from the Trust funds.

Section 5.5 Compensation of Trustee. The Trustee shall be compensated for services performed under this Agreement at the Trustee's usual and customary rate. The Trustee may be paid from either the principal or income of the Trust.

Section 5.6 General Powers of Trustee. To carry out the purposes of the trust created under this Agreement, and subject to the limitations stated elsewhere in this Agreement, the Trustee shall have all of the powers as set out now or hereafter conferred on trustees by law. The Trustee shall have the powers, which shall be exercised in a fiduciary capacity, to pay all the above reasonable, necessary, and appropriate expenses only in strict compliance with the rules set forth in this Agreement, including, but not limited to all fees and expenses reasonably related to any legal proceedings and all incurred costs of administering the Trust. The Trustee, without diminution or restriction of the powers vested in by law, or elsewhere in this instruction and subject to all other provisions of this Agreement, without the necessity of procuring any judicial authorization therefore, or approval thereof, shall be vested with, and in the application of his or her best judgment and discretion on behalf of the Trustor, shall be authorized to exercise, the powers specifically enumerated as follows:

a. During the Trustee's administration of the Trust and subject to all the other provisions of this Agreement, to receive all the assets of the Trust, and to have exclusive possession and control thereof; all such assets shall be maintained in an account or accounts, established for the exclusive purpose of administering the Trust, and segregated from the personal, political, or official funds of the Trustor;

b. To enter into contracts binding upon the Trust (but not upon the Trustee in his individual capacity) which are reasonably incident to the administration of the Trust, and which the Trustee in the exercise of his best judgment believes to be for the best interests of the Trust;

c. To settle, by compromise, or otherwise, claims or demands against the Trust, or held on behalf of the Trust;

d. To invest liquid assets of the Trust, and from time to time exchange or liquidate such assets, pending distribution thereof, if and when such investments, in the judgment of the Trustee will not impede or delay distribution thereof, pursuant to the provisions of this Agreement, or as otherwise required by law, and in the judgment of the Trustee are advisable and for the best interests of the Trust;

e. To pay federal, state, and local taxes, should any be deemed to exist which are incurred as a result of the creation, operation, or administration of the Trust.

f. To retain investments which initially come into the hands of the Trustee among the assets of the Trust, without liability for loss or depreciation or diminution in value resulting from such retention, so long as in the judgment of the Trustee it is

n. To exercise any and all powers to manage, maintain, improve, and preserve the Trust, paying reasonable, necessary and appropriate expenses incurred in soliciting, seeking or arranging for the acquisition of additional Trust property in accordance with the provisions of this Agreement. Such reasonable, necessary, and appropriate expenses may include expenses incurred by the Trustor, members of the Trustor's immediate family, and agents of the Trustor rendering services to the Trust or to the Trustee in furtherance of the Trustee's exercise of this power; provided, however, that no such expenses incurred by the Trustor, by any member of the immediate family of the Trustor, or by any agent of the Trustor may be paid by the Trustee unless the Trustee has authorized the expenses in advance and has received documentation of the expenses incurred in a manner or in a form which he deems appropriate and consistent with the purposes, terms and conditions of the Trust.

The exercise by the Trustee of any discretion granted by law or by this Agreement in good faith shall be binding on all persons.

Section 5.7 Accountings, Filings and Disclosures. An annual accounting shall be kept and prepared by the Trustee and such accountings shall be prepared as are required by the regulations of the Committee on Standards of Official Conduct. The accounting shall show the manner in which the Trust property is invested and all receipts, disbursements, and other transactions involving the Trust property. All such records and book of account shall be the property of the Trustee during the duration of the Trust and they, together with the Trust property and all reasonable evidence thereof, plus any accounts, shall not be made available to the Trustor during the Trust term except as provided in this Agreement or as required by applicable law. In addition, the Trustee shall provide the beneficiary, in a timely manner, all information necessary to allow the beneficiary to report to the Committee on Standards of Official Conduct on a quarterly basis, all donations and contributions to the Trust and all expenditures from the Trust, as is required.

Section 5.8 Grant of Specific Powers Not to Limit Exercise of General Powers. The enumeration of specific powers under this Trust shall not limit the Trustee from exercising any other power with respect to any trusts created by the Trust Agreement that may be necessary or appropriate for the Trustee to have and exercise in order to carry out the purposes of the trust or to permit the Trustee to fulfill the Trustee's responsibilities and duties with respect to the Trust.

Section 5.9 Trust Distributions Shall Not Be Used For Payment of Personal Legal Expenses or Obligations. Notwithstanding any other provision of this Trust Agreement, no income or principal of the Trust shall be used to discharge, in whole or in part, any legal expenses or obligations arising in connection with a matter that is primarily personal in nature with respect to the beneficiary, as prohibited by the regulations of the Committee on Standards of Official Conduct or the United States House of Representatives.

Section 5.95 Trustee's Right to Request Instructions. If at any time during the trust term, the Trustee is uncertain as to the proper administration of this Trust or the proper disbursement of trust funds as relates to the administration of a Legal Expense Fund Trust, the Trustee may request written instruction from the Committee on Standards of Official Conduct and/or the Federal Election Commission, prior to taking any such action.

Article 6: Concluding Provisions

Section 6.1 Number and Gender. As used in this Agreement, references in the feminine gender shall be deemed to include the masculine, and vice versa, and references to the singular shall be deemed to include the plural, and vice versa, wherever the context so permits.

Section 6.3 Severability Clause. If any provision of this Agreement is invalid, that provision shall be disregarded and the remainder of this Agreement shall be construed as if the invalid provision had not been included.

Section 6.4 California Law to Apply. All questions concerning the validity, interpretation, and administration of this Agreement, including the Trust created under this Agreement, shall be governed by the laws of the State of California, regardless of the domicile of any trustee or beneficiary.

Article 7: Signature and Execution

Section 7.1 Execution. We certify that we have read the foregoing Trust Agreement and that it correctly states the terms and conditions under which the trust estate is to be held, administered, and distributed. The Trustor approves this Trust Agreement in all particulars. The Trustee approves and accepts the Trust provided for in this Trust Agreement.

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Section 7.2 Counterparts. This instrument may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument.

TRUSTOR: DATE:

CHARLES B. RANGEL

TRUSTEE: DATE:

DAVID DINKINS

ZOE LOFGREN, CALIFORNIA
CHAIR
BEN CHANDLER, KENTUCKY
G. K. BUTTERFIELD, NORTH CAROLINA
KATHY CASTOR, FLORIDA
PETER WELCH, VERMONT
DANIEL J. TAYLOR,
COUNSEL TO THE CHAIR
R. BLAKE CHISAM,
CHIEF COUNSEL AND STAFF DIRECTOR

ONE HUNDRED ELEVENTH CONGRESS

U.S. House of Representatives

COMMITTEE ON STANDARDS OF
OFFICIAL CONDUCT

Washington, DC 20515–6328

JO BONNER, ALABAMA
RANKING REPUBLICAN MEMBER
K. MICHAEL CONAWAY, TEXAS
CHARLES W. DENT, PENNSYLVANIA
GREGG HARPER, MISSISSIPPI
MICHAEL T. McCAUL, TEXAS
KELLE A. STRICKLAND,
COUNSEL TO THE RANKING
REPUBLICAN MEMBER

SUITE HT-2, THE CAPITOL
(202) 225-7103

November 11, 2010

CONFIDENTIAL

Representative Charles B. Rangel
U.S. House of Representatives
2354 Rayburn House Office Building
Washington, DC 20515

Mr. R. Blake Chisam
Chief Counsel
Committee on Standards of Official Conduct
Suite HT-2, The Capitol
Washington, DC 20515

Re: In the Matter of Representative Charles B. Rangel

Dear Representative Rangel and Mr. Chisam:

As Chair of the Adjudicatory Subcommittee (ASC) in the Matter of Representative Charles B. Rangel, I am writing with regard to the adjudicatory hearing in this matter.

As the parties are aware from the October 7, 2010, public statement and several subsequent letters, the adjudicatory hearing in this matter will begin on Monday, November 15, 2010, at 9 a.m. The purpose of this letter is to confirm that the hearing will be held in the Committee on House Administration Hearing Room, Room 1310 in the Longworth House Office Building. The parties are advised that the hearing will begin promptly at 9:00 a.m.

On November 8, 2010, Committee counsel filed a notice of motion in this matter. If Committee counsel wish to proceed with this motion when the hearing begins, the Adjudicatory Subcommittee will first hear arguments from the parties on the motion. The parties will be allotted 20 minutes per side for argument on the motion. Members will then be allowed the opportunity to ask questions of the parties under the five-minute rule.

Following arguments on the motion, if any, the hearing will proceed according to Committee rules and the October 12, 2010, scheduling letter. The parties are reminded that they will each be allowed 10 hours to present their respective cases, inclusive of the time allotted for opening and closing arguments. Opening statements and closing arguments will be limited to 1 hour per side.

Unless otherwise specified in this letter, all deadlines announced in the October 12 scheduling letter as modified are unchanged and remain in effect for both parties.

Sincerely,

Zoe Lofgren
Chair

cc: Representative Michael T. McCaul, Ranking Republican Member

ZOE LOFGREN, CALIFORNIA
CHAIR
BEN CHANDLER, KENTUCKY
G. K. BUTTERFIELD, NORTH CAROLINA
KATHY CASTOR, FLORIDA
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KELLE A. STRICKLAND,
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REPUBLICAN MEMBER
SUITE HT-2, THE CAPITOL
(202) 225-7103

November 16, 2010

Representative Zoe Lofgren
U.S. House of Representatives
102 Cannon House Office Building
Washington, DC 20515

Representative Jo Bonner
U.S. House of Representatives
2236 Rayburn House Office Building
Washington, DC 20515

Re: In the Matter of Representative Charles B. Rangel

Dear Representatives Lofgren and Bonner:

As Chair and Ranking Republican Member of the Adjudicatory Subcommittee (ASC) in the Matter of Representative Charles B. Rangel, we are writing with regard to the findings of the ASC in this matter. Earlier today, the ASC concluded its deliberations regarding the Statement of Alleged Violation (SAV) in this matter and publicly announced an overview of its findings.

Pursuant to Rule 23(p) of the Committee on Standards of Official Conduct, we are transmitting a written report of the ASC's findings to the Chair and Ranking Republican Member of the Committee. As described in its findings, the ASC found that 11 of the 13 counts in the SAV were proven by clear and convincing evidence. Representative Rangel is copied on this letter and will also be provided a copy of the ASC's findings.

With the transmittal of these findings, the work of the ASC in this matter is complete.

Sincerely,

Zoe Lofgren
Chair

Michael McCaul
Ranking Republican Member

Enclosure

cc: Representative Charles B. Rangel

IN THE MATTER OF

REPRESENTATIVE CHARLES B. RANGEL

November 16, 2010: The Adjudicatory Subcommittee from the Committee on Standards of Official Conduct submitted the following:

REPORT

The Adjudicatory Subcommittee of the Committee on Standards of Official Conduct submits this report to the full Committee pursuant to Committee Rule 23(p). The Report summarizes the Adjudicatory Subcommittee's findings in *In the Matter of Representative Charles B. Rangel*. The Adjudicatory Subcommittee is transmitting with this report all motions, transcripts of evidence, correspondence, and other relevant items generated or received by the Adjudicatory Subcommittee during these proceedings.

PROCEDURAL HISTORY

On July 22, 2010, after receiving the Statement of Alleged Violation and associated pleadings and responses from the Investigative Subcommittee in this matter, and acting pursuant to Committee Rule 23, the Chair designated an Adjudicatory Subcommittee and Representative Rangel was informed of the designation. On October 7, 2010, by public statement the Chair of the Adjudicatory Subcommittee set November 15, 2010, at 9 a.m., as the date and time for the Adjudicatory Subcommittee to convene its public hearing. By letter to the parties on October 12, 2010, the Adjudicatory Subcommittee gave Representative Rangel and Committee Counsel notice of the schedule and procedures for the adjudicatory hearing as set forth in Committee Rule 23.

On November 15, 2010, pursuant to Committee Rule 23 and consistent with the other Committee and House Rules governing these proceedings, the Adjudicatory Subcommittee commenced a hearing to determine whether any counts in the Statement of Alleged Violation have been proven by clear and convincing evidence. Committee Counsel made motions to introduce exhibits and witness affidavits into the record, both of which were granted. Committee Counsel then made motions that there were no issues of material fact as to any of the thirteen counts alleged in the Statement of Alleged Violation and seeking to commit the matter to the Adjudicatory Subcommittee for its deliberation and vote. By unanimous vote the Adjudicatory Subcommittee granted those motions.

After the hearing was adjourned, the Adjudicatory Subcommittee began its deliberations in executive session. At the conclusion of several hours of deliberation, the Adjudicatory Subcommittee made the following findings with regard to the counts in the Statement of Alleged Violation, pursuant to the vote requirements of Committee Rule 23(o).

FINDINGS

Count I

The Adjudicatory Subcommittee found that Count I of the Statement of Alleged Violation was proven by clear and convincing evidence. The Adjudicatory Subcommittee found that between 2005 and 2008, Representative Rangel personally signed and sent form letters to over 100 foundations, including, *inter alia*, the Verizon Foundation, New York Life Foundation, The Starr Foundation, Ford Foundation, AT&T Foundation, Citi Foundation, JPMorgan Chase Foundation, Merrill Lynch & Co. Foundation, MetLife Foundation, Bristol-Meyers Squibb Foundation, Goldman Sachs Foundation, and Wachovia Foundation, soliciting donations to the

City College of New York (CCNY), an entity qualified under § 170(c) of the Internal Revenue Code, for the Charles B. Rangel Center for Public Service (Rangel Center). The Adjudicatory Subcommittee also found that Representative Rangel sent personal letters to David Rockefeller, Donald Trump, and Hank Greenberg seeking donations to CCNY for the Rangel Center. The Adjudicatory Subcommittee found that each of these entities and individuals had interests that could have been substantially affected by the performance or nonperformance of Representative Rangel's official duties as a Member of the United States House of Representatives and the Committee on Ways and Means in particular. These letters were written on congressional letterhead bearing the words "United States Congress" and "House of Representatives." Enclosed with many of the letters was a brochure that requested a gift of "$30,000,000 or $6,000,000/year for five years." Through this course of conduct, Representative Rangel violated the solicitation ban enumerated in 5 U.S.C. § 7353.

Count II

The Adjudicatory Subcommittee found that Count II of the Statement of Alleged Violation was proven by clear and convincing evidence. The Adjudicatory Subcommittee found that Representative Rangel solicited donations for the Rangel Center from individuals and entities with business before the House of Representatives and the Committee on Ways and Means and that many of these individuals and entities gave money to CCNY for the Rangel Center simply because Representative Rangel asked. The Adjudicatory Subcommittee also found that Representative Rangel solicited donations from individuals and entities during a period when Representative Rangel and his staff were also communicating with those persons' representatives about legislation that could impact their interests. The Adjudicatory Subcommittee found that these donations were a favor or benefit to Representative Rangel,

which may be construed by reasonable persons as influencing the performance of his official duties. Through this course of conduct, Representative Rangel violated the Code of Ethics for Government Service, clause 5.

Count III

A majority of the Adjudicatory Subcommittee was unable to find that Count III of the Statement of Alleged Violation was proven by clear and convincing evidence.

Count IV

The Adjudicatory Subcommittee found that Count IV of the Statement of Alleged Violation was proven by clear and convincing evidence. The Adjudicatory Subcommittee found that Representative Rangel used his Frank to send a letter and brochure to the New York Stock Exchange Foundation's Leon Panetta soliciting a donation to CCNY for the Rangel Center. The Adjudicatory Subcommittee also found evidence in the record that Representative Rangel used his Frank to send other mailings related to the Rangel Center based on his Chief of Staff George Dalley's uncontested testimony before the Investigative Subcommittee. The Adjudicatory Subcommittee found that Representative Rangel was a person entitled to use the Frank who permitted its use for the benefit or use of CCNY. Through this course of conduct, Representative Rangel violated Sections 3210 and 3215 of Title 39 of the United States Code, as well as the Franking regulations.

Count V

The conduct underlying Count V of the Statement of Alleged Violation is the same conduct underlying Count IV. The Adjudicatory Subcommittee is taking no action with regard

to Count V because the Adjudicatory Subcommittee believes the jurisdiction to charge and find a violation of this criminal statute more properly lies with the executive branch and judicial branch.

Count VI

The Adjudicatory Subcommittee found that Count VI of the Statement of Alleged Violation was proven by clear and convincing evidence. The Adjudicatory Subcommittee found that, between 2005 and 2008, Representative Rangel prepared more than 100 letters soliciting on behalf of CCNY for the Rangel Center from Representative Rangel's Washington, D.C., congressional office. Testimony provided by Representative Rangel's Chief of Staff indicates that these letters were stored in electronic form on computers owned by the House of Representatives and in hard copy in Representative Rangel's Washington, D.C., congressional office. Through this course of conduct, Representative Rangel violated the House Office Building Commission regulations.

Count VII

The Adjudicatory Subcommittee found that Count VII of the Statement of Alleged Violation was proven by clear and convincing evidence. Representative Rangel used official House resources to support fundraising efforts for the Rangel Center. Those resources included: staff time; House telephones, computers, printers, and fax machines; stationery and other office supplies; and franking expenses. Through this course of conduct, Representative Rangel violated the Purpose Law and Member's Handbook.

Count VIII

The Adjudicatory Subcommittee found that Count VIII of the Statement of Alleged Violation was proven by clear and convincing evidence. The Adjudicatory Subcommittee found that Representative Rangel wrote letters regarding the Rangel Center, including solicitations, using letterhead bearing the words "Congress of the United States" and "House of Representatives." Representative Rangel used his official letterhead to send these letters on numerous occasions throughout 2005, 2006, and 2007. The Adjudicatory Subcommittee found that Representative Rangel's conduct created the appearance that the Rangel Center was a project endorsed by the government. Through this course of conduct, Representative Rangel violated clause 11 of House Rule XXIII.

Count IX

The Adjudicatory Subcommittee found that Count IX of the Statement of Alleged Violation was proven by clear and convincing evidence. The Adjudicatory Subcommittee found that Representative Rangel's Financial Disclosure Statements for the years 1998 through 2008 contained numerous errors and omissions. As a result, Representative Rangel's filings did not "include a full and complete statement" as required by the Ethics in Government Act. Through this course of conduct, Representative Rangel violated § 102 of the Ethics in Government Act (5 U.S.C. app. 4 § 101 *et. seq.*) and House Rule XXVI.

Count X

The Adjudicatory Subcommittee found that Count X of the Statement of Alleged Violation was proven by clear and convincing evidence. The Adjudicatory Subcommittee found that the landlord's tolerance of Representative Rangel's use of an apartment as an office for his

campaign in violation of the terms of the lease and the New York City zoning regulations and building code was a favor or benefit to Representative Rangel, which may be construed by reasonable persons as influencing the performance of his official duties. Through this course of conduct, Representative Rangel violated the Code of Ethics for Government Service, clause 5.

Count XI

The Adjudicatory Subcommittee found that Count XI of the Statement of Alleged Violation was proven by clear and convincing evidence. The Adjudicatory Subcommittee found that Representative Rangel also violated tax laws by failing, for 17 years, to report, and pay tax on, rental income on a beach villa in Punta Cana, Dominican Republic. In addition, as discussed previously, Representative Rangel's conduct violated other laws and regulations including the solicitation ban (5 U.S.C. § 7353), postal service laws (39 U.S.C. § 3215), the Franking Commission regulations, the Purpose Law (31 U.S.C. § 1301), Member's Congressional Handbook, and the Ethics in Government Act (5 U.S.C. app. 4 § 101 *et. seq.*). Through this course of conduct, Representative Rangel violated the Code of Ethics for Government Service, clause 2.

Count XII

The Adjudicatory Subcommittee found that Count XII of the Statement of Alleged Violation was proven by clear and convincing evidence. The Adjudicatory Subcommittee found that Representative Rangel solicited donations for the Rangel Center from individuals and entities with business before the House of Representatives and the Committee on Ways and Means and that many of these individuals and entities gave money to CCNY for the Rangel Center simply because Representative Rangel asked.

Pursuant to House Rule XXIII, clause 4, a Member "may not accept gifts except as provided by clause 5 of rule XXV." House Rule XXV, clause 5(a)(1)(A)(1), provides that a Member "may not knowingly accept a gift as provided" in the House Gift Rule. Under the House Gift Rule, a "gift" is defined as "a gratuity, favor, discount, entertainment, hospitality, loan, forbearance, or any other item having monetary value." The House Gift Rule prohibits both direct gifts and indirect gifts. An indirect gift is one that is "given with the knowledge and acquiescence of the Member . . . and the Member . . . has reason to believe that the gift was given because of the Member's position."[1] Under the precedents of the House of Representatives, an indirect gift, when that gift has been made to a § 170(c) organization, has never been found where there was no direct financial benefit to the Member.

Although a majority of the Adjudicatory Subcommittee did not find that the House Gift Rule was violated by any contribution made to CCNY for the Rangel Center, the Adjudicatory Subcommittee is concerned that the contributions that resulted from the solicitations are suspect and they were given, in some instances, with the hope that the donation might influence Representative Rangel. Through this course of conduct, Representative Rangel failed to adhere to the spirit of the House Rules and the rules of duly constituted committees of the House in violation of clause 2 of the Code of Official Conduct (House Rule XXIII).

In addition, as set forth above, Representative Rangel violated applicable provisions of House Rule XXIII, clause 11; House Rule XXVI; the Franking Commission regulations; the House Office Building Commission regulations; and the Member's Handbook. Through this course of conduct, Representative Rangel failed to adhere to the spirit and letter of the House

[1] House Rule XXV, clause 5(a)(2)(B)(i).

Rules and the rules of committees of the House in violation of clause 2 of the Code of Official Conduct (House Rule XXIII).

Count XIII

Considering the violations found, a majority of the Adjudicatory Subcommittee concluded that the totality of Representative Rangel's conduct represented an ongoing pattern of behavior, as opposed to isolated incidents. In addition, the Adjudicatory Subcommittee notes that Representative Rangel served at various times in highly visible and influential positions as both Chairman and Ranking Member of the Ways and Means Committee. Indeed, as Representative Rangel himself has observed, because of the substantial responsibilities of his position, it is appropriate to hold him to a higher standard. Consequently, the Adjudicatory Subcommittee found that Count XIII was proven by clear and convincing evidence because Representative Rangel's actions and the accumulation of his actions reflected poorly on the institution of the House and, thereby, brought discredit to the House, in violation of clause 1 of the Code of Official Conduct (House Rule XXIII).

APPENDIX F

ZOE LOFGREN, CALIFORNIA
CHAIR
BEN CHANDLER, KENTUCKY
G. K. BUTTERFIELD, NORTH CAROLINA
KATHY CASTOR, FLORIDA
PETER WELCH, VERMONT
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MICHAEL T. McCAUL, TEXAS
KELLE A. STRICKLAND,
COUNSEL TO THE RANKING
REPUBLICAN MEMBER
SUITE H7–2, THE CAPITOL
(202) 225–7103

October 22, 2010

CONFIDENTIAL
Representative Charles B. Rangel
2354 Rayburn House Office Building
Washington, DC 20515

Re: In the Matter of Representative Charles B. Rangel

Dear Representative Rangel:

Pursuant to Committee on Standards of Official Conduct Rule 23(f)(1), Committee counsel hereby transmits the documents that counsel intends to use as evidence in the adjudicatory hearing. Enclosed are twelve binders containing Exhibits 1 through 547.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

R. Blake Chisam
Staff Director and Chief Counsel

Enclosures

cc (w/o encl.): Representative Zoe Lofgren, Chair
Representative Michael T. McCaul, Ranking Republican Member

ZOE LOFGREN, CALIFORNIA
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(202) 225-7103

October 22, 2010

CONFIDENTIAL
Representative Charles B. Rangel
2354 Rayburn House Office Building
Washington, DC 20515

Re: In the Matter of Representative Charles B. Rangel

Dear Representative Rangel:

Pursuant to Committee on Standards of Official Conduct Rule 23(f)(1), Committee counsel hereby transmits a list of the names of witnesses that it intends to call in the adjudicatory hearing, and a summary of their expected testimony.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

R. Blake Chisam
Staff Director and Chief Counsel

Enclosure

cc: Representative Zoe Lofgren, Chair
Representative Michael T. McCaul, Ranking Republican Member

UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT
ADJUDICATORY SUBCOMMITTEE

In the Matter of

REPRESENTATIVE CHARLES B. RANGEL,

Respondent.
_____/

Witness Summaries

Please take notice that, pursuant to Committee Rule 23(f), counsel for the Committee on Standards of Official Conduct identifies the following individuals that counsel intends to call at the adjudicatory hearing in the Matter of Representative Charles B. Rangel. To the extent any witness identified is not called, Committee rules do not provide for any adverse inferences to be drawn. For each witness, the testimony will include that individual's background and background on the entity identified.

Rachelle Butler
Employer: City College of New York (CCNY)
Position: Vice President, Development and Institutional Advancement Office

Summary of expected testimony:

- Background on the Rangel Center;
- Fundraising efforts on behalf of the Rangel Center;
- Communications and interactions with potential donors to the Rangel Center;
- Communications and interactions with Representative Rangel and his staff;
- Meetings where Representative Rangel and potential donors were present; and
- Actions taken by Representative Rangel and his staff related to fundraising for the Rangel Center.

George Dalley
Employer: Representative Charles B. Rangel (former employer)
Position: Chief of Staff

Summary of expected testimony:

- Background on the Rangel Center;
- Actions taken by Representative Rangel and his staff related to fundraising for the Rangel Center;
- Communications and interactions between CCNY officials and Representative Rangel or his staff regarding the Rangel Center;
- Appropriations sought for the Rangel Center;
- Donors and prospective donors to the Rangel Center, including their business and interests before the House of Representatives; and
- Preparation of Representative Rangel's financial disclosure statements.

James Capel
Employer: Representative Charles B. Rangel
Position: District Director

Summary of expected testimony:

- Background on the Rangel Center;
- Actions taken by Representative Rangel and his staff related to fundraising for the Rangel Center;
- Communications and interactions between CCNY officials and Representative Rangel or his staff regarding the Rangel Center;
- Donors and prospective donors to the Rangel Center, including their business and interests before the House of Representatives;
- Communications and interactions with members of the Olnick Organization in his official capacity; and
- Meetings between Representative Rangel, Rangel staff, and members of the Olnick Organization in Representative Rangel's official capacity.

Walter Swett
Employer: Rangel for Congress and National Leadership PAC
Position: Executive Director

Summary of expected testimony:

- Use of apartment 10U by Representative Rangel and his campaign committees; and
- Communications and meetings with employees of the Olnick Organization, Hampton Management or Fourth Lenox Terrace Associates.

Edward "Ned" Cloonan
Employer: American International Group, Inc. (AIG) (former employer)
Position: Vice President, Corporate and International Affairs

Summary of expected testimony:

- AIG's business and interests before the House of Representatives;
- AIG's general process for vetting potential grantees and awarding grants;
- Communications and meetings between AIG staff and CCNY staff regarding a grant to CCNY for the Rangel Center; and
- Communications and meetings between AIG staff and Representative Rangel or his congressional staff regarding potential donations from AIG for the Rangel Center.

George Nichols
Employer: New York Life Insurance Co.
Position: Senior Vice President in Charge of the Office of Governmental Affairs

Summary of expected testimony:

- New York Life's business and interests before the House of Representatives;
- Internal communications among New York Life employees regarding a potential donation to CCNY for the Rangel Center;
- Communications and meetings between New York Life staff and CCNY staff regarding a grant to CCNY for the Rangel Center; and
- Communications and meetings between New York Life staff and Representative Rangel or his congressional staff regarding potential donations from New York Life for the Rangel Center.

Roger Mott
Employer: Verizon Communications Inc.
Position: Vice President, Government Relations

Summary of expected testimony:

- Communications with Representative Rangel or his staff concerning the Verizon Foundation's grant to the Rangel Center;
- Communications between Verizon Communications and the Verizon Foundation regarding a grant to the Rangel Center; Verizon Communications' business and interests before the House of Representatives; and
- Communications with Representative Rangel or his staff regarding Verizon Communications' interest in legislative issues.

Ivan Seidenberg
Employer: Verizon Communications Inc.
Position: Chairman of the Board and Chief Executive Officer

Summary of expected testimony:

- Verizon Communications' business and interests before the House of Representatives;
- The origin of Verizon Foundation's pledged donation of $500,000 to CCNY in 2007; and
- Isenberg's decision to approve Verizon Foundation's $500,000 donation to CCNY for the Rangel Center.

Maurice "Hank" Greenberg
Employer: C.V. Starr & Co., Inc.
Position: Chairman and Chief Executive Officer

Summary of expected testimony:

- A general description of the C.V. Starr Foundation's work and connections to AIG and the C.V. Starr Co., Inc.
- A general description of C.V. Starr & Co.'s work;
- C.V. Starr Foundation's general process for vetting potential grantees and awarding grants;
- Communications and meetings between Greenberg and Representative Rangel regarding the Rangel Center;
- Internal communications among C.V. Starr Foundation employees and directors regarding a potential donation to CCNY for the Rangel Center; and
- C.V. Starr & Co., Inc.'s business and interests before the House of Representatives.

Donald J. Trump
Employer: The Trump Organization
Position: Chairman and President

Summary of expected testimony:

- Communications and meetings between Trump and Representative Rangel regarding the Rangel Center; and
- Trump and The Trump Organization's business and interests before the House of Representatives.

Marnie Pillsbury
Employer: David Rockefeller
Position: Philanthropic Associate

Summary of expected testimony:

- David Rockefeller's philanthropic contributions;
- David Rockefeller's process for taking meetings about making donations of his personal funds;
- David Rockefeller's contacts with Representative Rangel;
- Communications between David Rockefeller and Ms. Pillsbury regarding Mr. Rockefeller's potential donation to CCNY for the Rangel Center;
- Communications between Ms. Pillsbury and others regarding Mr. Rockefeller's potential donation to CCNY for the Rangel Center; and
- David Rockefeller's donation to CCNY for the Rangel Center.

Alison Bernstein
Employer: Ford Foundation (former employer)
Position: Vice President, Knowledge, Creativity & Freedom Program

Summary of expected testimony:

- The Ford Foundation's process for awarding grants;
- Representative Rangel's contacts with the Ford Foundation regarding the Rangel Center;
- CCNY representatives' contacts with the Ford Foundation regarding the Rangel Center;
- Luncheon hosted by the Ford Foundation for the Rangel Center; and
- The Ford Foundation's decision to donate to CCNY for the Rangel Center.

Lorie Slutsky
Employer: New York Community Trust (NYCT)
Position: President

Summary of expected testimony:

- Luncheon hosted by the Ford Foundation for the Rangel Center;
- NYCT's grant to the Rangel Center;
- Correspondence between NYCT and Representative Rangel;
- Background on associations such as the Council on Foundations and Independent Sector;

- Discussion of public charities and distinction between public charities and private foundations; and
- Issues before the House of Representatives potentially affecting public charities and private foundations, generally, and NYCT, specifically.

James Colgate or other representative from NYC Department of Buildings
Employer: New York City Department of Buildings
Position: Assistant Commissioner

Summary of expected testimony:

- The purpose and application of New York City Building Code;
- The agency's process for discovering Building Code violations;
- Enforcement of Building Code violations;
- Zoning and Building Code provisions applicable to Lenox Terrace; and
- Whether Representative Rangel's use of a residential apartment as a campaign office violated any provision of the New York Building Code.

Sheldon Melnitsky
Employer: New York State Department of Housing and Community Renewal (DHCR)
Position: Managing Attorney

Summary of expected testimony:

- The origins and purpose of the New York Rent Stabilization Code;
- Enforcement mechanisms and penalties for violations of the New York Rent Stabilization Code;
- Options available to landlords upon discovery of a tenant's non-conforming use of a rent-stabilized apartment;
- General trends in the conduct of landlords regarding non-conforming use of a rent-stabilized apartment; and
- Whether Representative Rangel's use of a rent-stabilized apartment as a campaign office violated any provision of the New York Rent Stabilization Code.

Neil Rubler
Employer: Olnick Organization (former employer)
Position: Chief Operating Officer

Summary of expected testimony:

- Organizational structure of the Olnick Organization, Hampton Management and Fourth Lenox Terrace Associates;
- Management of the Lenox Terrace complex;
- Creation of the Lenox Terrace "special handling" tenant list;
- Lenox Terrace policies related to rent-stabilized units;
- Internal Olnick Organization communications regarding Representative Rangel's rent-stabilized apartments;
- Communications and meetings between Olnick Organizations employees with Representative Rangel or Ms. Alma Rangel regarding Representative Rangel's rent-stabilized units; and
- Communications and meetings with Representative Rangel or his staff in his official capacity.

Respectfully submitted,

Date: 10/22/2010

R. Blake Chisam
Staff Director and Chief Counsel
Committee on Standards of Official Conduct

Copies to: Representative Charles B. Rangel
Representative Zoe Lofgren, Chair
Representative Michael McCaul, Ranking Republican Member

ZOE LOFGREN, CALIFORNIA
CHAIR
BEN CHANDLER, KENTUCKY
G.K. BUTTERFIELD, NORTH CAROLINA
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KELLE A. STRICKLAND,
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(202) 226-7103

October 29, 2010

CONFIDENTIAL
Representative Charles B. Rangel
2354 Rayburn House Office Building
Washington, DC 20515

Re: In the Matter of Representative Charles B. Rangel

Dear Representative Rangel:

On October 22, 2010, Committee counsel produced to you the documents it intends to use against you in the adjudicatory hearing, which were marked as Exhibits 1 through 547. Upon subsequent review of those documents, we identified two documents had been numbered incorrectly, and have renumbered those documents as follows:

- Exhibit 110 included two pages. Only the page marked CSOC.CBR.00007473 should have been included in that exhibit. The document marked CSOC.CBR.00024436 has now been marked as Exhibit 548.

- Exhibit 162 contained two pages which should not have been included in that exhibit. The pages marked CSOC.CBR.00007293-94 should have been designated as Exhibit 158. The pages marked CSOC.CBR.00007245-46 originally designated as Exhibit 158 have been discarded, as they are a duplicate of Exhibit 157.

No new documents have been added to the record. Should you have any questions, please do not hesitate to contact me.

Sincerely,

R. Blake Chisam
Staff Director and Chief Counsel

cc: Representative Zoe Lofgren, Chair
Representative Michael T. McCaul, Ranking Republican Member

ZOE LOFGREN, CALIFORNIA
CHAIR
BEN CHANDLER, KENTUCKY
G. K. BUTTERFIELD, NORTH CAROLINA
KATHY CASTOR, FLORIDA
PETER WELCH, VERMONT
DANIEL J. TAYLOR,
COUNSEL TO THE CHAIR
R. BLAKE CHISAM,
CHIEF COUNSEL AND STAFF DIRECTOR

ONE HUNDRED ELEVENTH CONGRESS

U.S. House of Representatives

COMMITTEE ON STANDARDS OF
OFFICIAL CONDUCT

Washington, DC 20515–6328

JO BONNER, ALABAMA
RANKING REPUBLICAN MEMBER
K. MICHAEL CONAWAY, TEXAS
CHARLES W. DENT, PENNSYLVANIA
GREGG HARPER, MISSISSIPPI
MICHAEL T. McCAUL, TEXAS
KELLE A. STRICKLAND,
COUNSEL TO THE RANKING
REPUBLICAN MEMBER
SUITE HT–2, THE CAPITOL
(202) 225–7103

November 5, 2010

CONFIDENTIAL
Representative Charles B. Rangel
2354 Rayburn House Office Building
Washington, DC 20515

Re: In the Matter of Representative Charles B. Rangel

Dear Representative Rangel:

In the course of preparing for the adjudicatory hearing, Committee counsel discovered that your Amended Financial Disclosure Statement for calendar year 2001 was not included in the exhibits produced to you.

In the interest of completeness, we believe the 2001 amendment should be included as part of the record. You previously produced a copy of the 2001 amendment to the investigative subcommittee.

Committee counsel views the 2001 amendment as information favorable to you, and, accordingly, is producing the document pursuant to Committee Rule 25. The document will be Bates-stamped and marked as Exhibit 549.

Sincerely,

R. Blake Chisam
Staff Director and Chief Counsel

Enclosure

Copies to: Representative Zoe Lofgren, Chair
Representative Michael T. McCaul, Ranking Republican Member

Amendment to CY 2001 FD

HAND DELIVERED

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK
DEPUTY WHIP
COMMITTEE
WAYS AND MEANS
RANKING MEMBER
SUBCOMMITTEE ON TRADE
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-3215
TELEPHONE: (202) 225-4365

DISTRICT OFFICES:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900

2110 FIRST AVENUE
NEW YORK, NY 10029
TELEPHONE: (212) 348-8839

PLEASE RESPOND TO
OFFICE CHECKED

June 18, 2002

Committee on Standards of Official Conduct
US House of Representatives
HT-2, The Capitol
Washington, DC 20515

RECEIVED
2002 JUN 19 PM 5:14
OFFICE OF THE CLERK
U.S. HOUSE OF REPRESENTATIVES
LEGISLATIVE RESOURCE CENTER

Dear Members of the Committee:

I am filing an amendment to my financial disclosure statement for 2001 in order to specify the assets held in the Merrill Lynch account jointly owned by my wife Alma and me. A revised schedule III identifies the mutual funds and cash/money accounts managed for us by Merrill Lynch.

I also file a schedule IV to reflect the purchase of the Merrill Lynch managed assets and other equities by us in 2001.

RECEIVED
2002 JUN 26 PM 4:20
COMMITTEE ON STANDARDS

Sincerely,

CHARLES B. RANGEL
Member of Congress

CBR:gad

HAND DELIVERED

LEGISLATIVE RESOURCE CENTER
2002 JUN 19 PM 5:16
OFFICE OF THE CLERK
U.S. HOUSE OF REPRESENTATIVES
(Office Use Only)

UNITED STATES HOUSE OF REPRESENTATIVES

FINANCIAL DISCLOSURE STATEMENT FOR CALENDAR YEAR 2001

FORM A
For use by Members, officers, and employees

Congressman Charles Bernard Rangel
(Full Name)
2354 U.S. House of Representatives
(Mailing Address)
Washington, D.C. 20515
Daytime Telephone: (202) 225-4365

Filer Status	☒ Member of the U.S. House of Representatives	State: NEW YORK District: 15	☐ Officer or Employee	Employing Office:
Report Type	☐ Annual (May 15)	☒ Amendment to 5/15/02 Report	☐ Termination	Termination Date:

A *$200 penalty* shall be assessed against anyone who files more than 30 days late.

PRELIMINARY INFORMATION — ANSWER EACH OF THESE QUESTIONS

I. Did you or your spouse have "earned" income (e.g., salaries or fees) of $200 or more from any source in the reporting period? **If yes, complete and attach Schedule I.**	Yes ☐	No ☐	VI. Did you, your spouse, or a dependent child receive any reportable gift in the reporting period (i.e., aggregating more than $260 and not otherwise exempt)? **If yes, complete and attach Schedule VI.**	Yes ☐	No ☐
II. Did any individual or organization make a donation to charity in lieu of paying you for a speech, appearance, or article in the reporting period? **If yes, complete and attach Schedule II.**	Yes ☐	No ☐	VII. Did you, your spouse, or a dependent child receive any reportable travel or reimbursements for travel in the reporting period (worth more than $260 from one source)? **If yes, complete and attach Schedule VII.**	Yes ☐	No ☐
III. Did you, your spouse, or a dependent child receive "unearned" income of more than $200 in the reporting period or hold any reportable asset worth more than $1,000 at the end of the period? **If yes, complete and attach Schedule III.**	Yes ☒	No ☐	VIII. Did you hold any reportable positions on or before the date of filing in the current calendar year? **If yes, complete and attach Schedule VIII.**	Yes ☐	No ☐
IV. Did you, your spouse, or dependent child purchase, sell, or exchange any reportable asset in a transaction exceeding $1,000 during the reporting period? **If yes, complete and attach Schedule IV.**	Yes ☒	No ☐	IX. Did you have any reportable agreement or arrangement with an outside entity? **If yes, complete and attach Schedule IX.**	Yes ☐	No ☐
V. Did you, your spouse, or a dependent child have any reportable liability (more than $10,000) during the reporting period? **If yes, complete and attach Schedule V.**	Yes ☐	No ☐	**Each question in this part must be answered and the appropriate schedule attached for each "Yes" response.**		

EXCLUSION OF SPOUSE, DEPENDENT, OR TRUST INFORMATION — ANSWER EACH OF THESE QUESTIONS

TRUSTS—Details regarding "Qualified Blind Trusts" approved by the Committee on Standards of Official Conduct and certain other "excepted trusts" need not be disclosed. Have you excluded from this report details of such a trust benefiting you, your spouse, or dependent child?	Yes ☐	No ☐
EXEMPTION—Have you excluded from this report any other assets, "unearned" income, transactions, or liabilities of a spouse or dependent child because they meet all three tests for exemption?	Yes ☐	No ☐

CERTIFICATION — THIS DOCUMENT MUST BE SIGNED BY THE REPORTING INDIVIDUAL AND DATED

This Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended. The Statement will be available to any requesting person upon written application and will be reviewed by the Committee on Standards of Official Conduct or its designee. Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file this report may be subject to civil penalties and criminal sanctions (*See* 5 U.S.C. app. 4, § 104 and 18 U.S.C. §1001).

Certification	Signature of Reporting Individual	Date (Month, Day, Year)
I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge and belief.	Charles B. Rangel	6/19/'02

SCHEDULE IV — TRANSACTIONS

Name Charles Bernard Rangel | Page 3 of 3

Report any purchase, sale, or exchange by you, your spouse, or dependent child during the reporting year of any real property, stocks, bonds, commodities futures, or other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Do not report a transaction between you, your spouse, or your dependent child, or the purchase or sale of your personal residence, unless it is rented out.

SP, DC, JT	Asset	Type of Transaction			Date	Amount of Transaction									
		PURCHASE	SALE	EXCHANGE	(MO/DAY/YR)	B $1,001–$15,000	C $15,001–$50,000	D $50,001–$100,000	E $100,001–$250,000	F $250,001–$500,000	G $500,001–$1,000,000	H $1,000,001–$5,000,000	I $5,000,001–$25,000,000	J $25,000,001–$50,000,000	K Over $50,000,000
SP	*Example:* Mega Corporation Common Stock				10–12–01		X								
JT	AIM Global Telecommunications and Technology Fund	X			1-2-01	X									
	AIM Principal Protection Fund	X			1-2-01		X								
	Alliance Municipal Income Fund	X			1-2-01	X									
	New York Port Authority Class A	X			1-2-01	X									
	Merrill Lynch Money Account	X			1-2-01					X					
	Essex National Securities	X			1-2-01		X								
	Pepsico, Inc.	X			1-2-01	X									

Name Charles Bernard Rangel Page 1 of 3

SCHEDULE III — ASSETS AND "UNEARNED" INCOME

BLOCK A — Asset and/or Income Source

Identify (a) each asset held for investment or production of income with a fair market value exceeding $1,000 at the end of the reporting period, and (b) any other asset or source of income which generated more than $200 in "unearned" income during the year. For rental property or land, provide an address. Provide full names of any mutual funds. For a self-directed IRA (i.e., one where you have the power to select the specific investments), provide information on *each asset* in the account that exceeds the reporting threshold, and the income earned for the account. For an IRA or retirement plan that is not self-directed, name the institution holding the account and provide its value at the end of the reporting period. For an active business that is not publicly traded, in Block A state the nature of the business and its geographic location. For additional information, see the instruction booklet for the reporting year.

Exclude: Your personal residence(s) (unless there is rental income); any debt owed to you by your spouse, or by your or your spouse's child, parent, or sibling; any deposits totalling $5,000 or less in personal savings accounts; any financial interest in or income derived from U.S. Government retirement programs.

If you so choose, you may indicate that an asset or income source is that of your spouse (SP) or dependent child (DC) or is jointly held (JT), in the optional column on the far left.

BLOCK B — Value of Asset

at close of reporting year.
If you use a valuation method other than fair market value, please specify the method used.
If an asset was sold and is included only because it generated income, the value should be "None."

BLOCK C — Type of Income

BLOCK D — Amount of Income

For retirement plans or accounts that do not allow you to choose specific investments, you may write "NA" for income. For all other assets, indicate the category of income by checking the appropriate box below. Dividends, even if reinvested, should be listed as income.

BLOCK E — Transaction

Indicate if asset was purchased (P), sold (S), or exchanged (E) in reporting year.

	BLOCK A		BLOCK B										BLOCK C					BLOCK D									BLOCK E
			A None	B $1 - $1,000	C $1,001 – $15,000	D $15,001 – $50,000	E $50,001 – $100,000	F $100,001 – $250,000	G $250,001 – $500,000	H $500,001 – $1,000,000	I $1,000,001 – $5,000,000	J $5,000,001 – $25,000,000	K $25,000,001 – $50,000,000	L Over $50,000,000	DIVIDENDS	RENT	INTEREST	CAPITAL GAINS	EXCEPTED TRUST	QUALIFIED BLIND TRUST	Other Type of Income (Specify; For Example, Partnership Income or Farm Income)	I None	II $1 – $200	III $201 – $1,000	IV $1,001 – $2,500	V $2,501 – $5,000	VI $5,001 – $15,000	VII $15,001 – $50,000	VIII $50,001 – $100,000	IX $100,001 – $1,000,000	X $1,000,001 – $5,000,000	XI Over $5,000,000	P, S, E
SP, DC, JT	*Examples:*	SP	Mega Corp. Stock				X								X															P
		DC	Simon & Schuster			Indefinite															Royalties								X		
		JT	1st Bank of Paducah, KY accounts					X									X														
JT	Merrill Lynch Account:																													
	Aim Global Telecomm + Technology Fund				X										X								X							P
	Ivis Principal Protection Fund					X									X								X							P
C	Alliance Muni Income Fd				X										X								X							P

SCHEDULE III — ASSETS AND "UNEARNED" INCOME

Continuation Sheet (If needed)

Name Charles Bernard Rangel | Page 2 of 3

SP, DC, JT	BLOCK A Asset and/or Income Source	BLOCK B Year-End Value of Asset										BLOCK C Type of Income					BLOCK D Amount of Income							BLOCK E Transaction
		A None	B	C $1,001 – $15,000	D	E $50,001 – $100,000	F	G $250,001 – $500,000	H	I $1,000,001 – $5,000,000	J	K $25,000,001 – $50,000,000	L Over $50,000,000	DIVIDENDS	RENT	INTEREST	CAPITAL GAINS	EXCEPTED TRUST	QUALIFIED BLIND TRUST	Other Type of Income (Specify)	I None	II $201 – $1,000	III $1,001 – $2,500	IV $2,501 – $5,000	V $5,001 – $15,000	VI $15,001 – $50,000	VII $50,001 – $100,000	VIII $100,001 – $1,000,000	IX $1,000,001 – $5,000,000	X $5,000,001 – $25,000,000	XI Over $25,000,000	P, S, E
JT	New York Post Authority Class A Cash/Money Accounts			X										X								X									P
								X						X		X								X								P

ZOE LOFGREN, CALIFORNIA
CHAIR
BEN CHANDLER, KENTUCKY
G. K. BUTTERFIELD, NORTH CAROLINA
KATHY CASTOR, FLORIDA
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COMMITTEE ON STANDARDS OF
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MICHAEL T. McCAUL, TEXAS
KELLE A. STRICKLAND,
COUNSEL TO THE RANKING
REPUBLICAN MEMBER
SUITE HT-2, THE CAPITOL
(202) 225-7103

November 10, 2010

CONFIDENTIAL
Representative Charles B. Rangel
2354 Rayburn House Office Building
Washington, DC 20515

Re: In the Matter of Representative Charles B. Rangel

Dear Representative Rangel:

On October 22, 2010, Committee counsel provided you with a list of 16 witnesses that it intended to call at the adjudicatory hearing. Counsel is hereby notifying you that we intend to offer affidavits in lieu of live testimony for the following witnesses, each of whom was identified in the October 22, 2010 letter:

1. Maurice Greenberg;
2. Ivan Seidenberg;
3. Lorie Slutsky; and
4. Neil Rubler.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

R. Blake Chisam
Staff Director and Chief Counsel

cc: Representative Zoe Lofgren, Chair
Representative Michael T. McCaul, Ranking Republican Member

APPENDIX G

RPTS JOHNSON

DCMN HERZFELD

IN THE MATTER OF REPRESENTATIVE

CHARLES B. RANGEL

Monday, November 15, 2010

House of Representatives,

Adjudicatory Subcommittee,

Committee on Standards

of Official Conduct,

Washington, D.C.

The adjudicatory subcommittee met, pursuant to call, at 9:05 a.m., in Room 1310, Longworth House Office Building, Hon. Zoe Lofgren [chairwoman of the adjudicatory subcommittee] presiding.

Present: Representatives Lofgren, Butterfield, Castor, Welch, McCaul, Conaway, Dent and Harper.

Staff present: Blake Chisam, Chief Counsel/Staff Director; Deborah Morris, Counsel; Donald Sherman, Counsel.

Chairwoman Lofgren. If everyone would please be seated. The committee will come to order. I would like the record to reflect that all eight members of the subcommittee are present.

This hearing of the adjudicatory subcommittee of the Committee on Standards of Official Conduct in the matter of Representative Charles B. Rangel will come to order.

The Constitution authorizes the House of Representatives to discipline its Members. In the House, the Committee on Standards of Official Conduct is charged with recommending and enforcing ethical standards that ensure that Members and staff act in a manner befitting that public trust. It is under that authority that we are meeting here today. This hearing is authorized by House rule 11, clause 3, and committee rule 23.

The purpose of this hearing is to determine whether any of the 13 counts included in the Statement of Alleged Violation in the matter of Representative Charles B. Rangel have been proved by clear and convincing evidence. On June 17, 2010, a bipartisan investigative subcommittee of the Committee on Standards of Official Conduct adopted a Statement of Alleged Violation in the matter of Representative Charles B. Rangel. Representative Gene Green chaired the investigative subcommittee. The ranking member of the full committee, Representative Jo Bonner, served as

the subcommittee's ranking member. Representative Bobby Scott and Doc Hastings also served on the subcommittee. The investigative subcommittee adopted a Statement of Alleged Violations which includes 13 counts. For each count, the investigative subcommittee concluded that there was substantial reason to believe that Representative Rangel violated the code of conduct or a law, rule, regulation, or other standard of conduct applicable to Representative Rangel's performance of his official duties or the discharge of his official responsibilities as a Member of the House of Representatives.

The role of an adjudicatory subcommittee is to determine at a hearing whether any count of the Statement of Alleged Violation has been proved by clear and convincing evidence. The purpose of this adjudicatory hearing is to do that. However, it is important to bear in mind that the proceeding is a hearing, not a trial. Attorneys from the committee's nonpartisan professional staff are the moving party in these proceedings. Their role is to make a case for the Statement of Alleged Violation adopted by the investigative subcommittee. At the adjudicatory hearing, the burden of proof rests with committee counsel to establish the facts alleged in each count of the Statement of Alleged Violation by clear and convincing evidence.

Representative Rangel will have an opportunity to

present his side of the story should he wish to do so. A respondent is not required to present a case in his defense. And should Representative Rangel choose not to present a case, the subcommittee will not and may not draw a negative inference from that fact.

As members of the adjudicatory subcommittee, we are neither accusers, nor are we defenders of our colleague Mr. Rangel. It is our job and our duty to act impartially as finders of fact and law. We are honor-bound to do so without regard to bipartisanship or bias of any sort. We are required to act honestly and fairly, based upon the evidence presented to us during the adjudicatory hearing. In light of that role, I remind my colleagues that while this hearing is in progress, and while the ethics process continues for this matter, we should continue to refrain from commenting on the facts, the law, or any other aspect of this matter.

In conducting this hearing, the adjudicatory subcommittee will follow the procedures established by the rules of the committee. The quorum required for the adjudicatory subcommittee to conduct any business is a majority plus one, or six Members. If at any time the subcommittee does not have a quorum, the Chair may recess the hearing and may direct the clerk to contact the Members who are not present. In addition, the Chair can recess the hearing at any time as needed.

The order of the adjudicatory hearing will be as follows: First, the subcommittee will hear argument on a motion noticed by committee counsel. Each party will have 20 minutes for argument. I would note that unless he is under oath, any statements, questions, and arguments that Representative Rangel makes will not be considered evidence in this matter. Members of the subcommittee will then have an opportunity to ask questions of the parties, should they choose, under the 5-minute rule. Following a ruling on the motion, committee counsel and Representative Rangel will each be allowed 10 hours to present their case, including the time allotted for opening statements and closing arguments. The order is established by committee rules.

First, I would recognize committee counsel and then Representative Rangel, who, I gather, since he is sitting by himself at the table, may be representing himself, for any opening statements they wish to make. Each party will be limited to 1 hour for their opening statements. Each party would then present their case.

The order for receiving testimony from witnesses and other pertinent evidence is also established by rule. Committee counsel will present their evidence and call witnesses first. Representative Rangel will have the opportunity to cross-examine witnesses called by committee counsel should he wish do so. Next, Representative Rangel

will have the opportunity to present evidence and call witnesses should he choose to do so. Committee counsel will have the opportunity to cross-examine any witnesses Mr. Rangel calls in his defense. After Representative Rangel finishes his case, committee counsel may ask to present rebuttal witnesses, as permitted by the Chair. Members of the subcommittee will also have the opportunity to ask questions of each party's witnesses under the 5-minute rule, unless otherwise directed by the Chair.

After all testimony and evidence has been presented, committee counsel and Representative Rangel will each be permitted to make a closing argument. Each party will be limited to 1 hour for their closing argument. Members of the subcommittee will then have the opportunity to ask questions of the parties under the 5-minute rule unless otherwise directed by the Chair.

At that time, members of the adjudicatory subcommittee will then meet in Executive Session to consider each count included in the Statement of Alleged Violation. The subcommittee will determine by a majority vote of its members whether each count has been proved.

The adjudicatory subcommittee would then report its findings to the full committee. If no count is proved, the full committee will prepare a report to the House based upon the report of this subcommittee. On the other hand, if any 1

or more of the 13 counts in the Statement of Alleged Violations are proved, the full committee will conduct a sanctions hearing to determine what sanction, if any, the committee should recommend to the House.

The allegations included of the Statement of Alleged Violations are significant, and we take seriously our obligation to conduct these proceedings fairly, impartially, and with the dignity and decorum befitting any proceeding before the House of Representatives. This is a forum to discharge our responsibilities and our duties as set forth in the rules of the House and the rules of the committee. The adjudicatory hearing will be conducted subject to the rules of decorum of the House of Representatives, and all participants will be required to observe strictly and promptly all evidentiary, procedural, and other rules of the committee and rulings issued in this hearing.

As I chair these proceedings, I plan do so in the fairest way possible to all parties involved, as well as to the House.

At this time, I recognize Representative Mike McCaul, the ranking member of the subcommittee, for his brief opening remarks.

Mr. McCaul. Thank you, Madam Chair.

As I stated at the opening hearing last July, this is an important day both for Mr. Rangel, for this committee, for

the Congress, but, most importantly, for the American people. And let me be clear, no member of this committee asked for this assignment. Sitting in judgment of a fellow Member and colleague is a very difficult thing for all of us to do. But we accept our responsibility here today. We serve for no other reason than to protect the honor, integrity, and credibility of this institution, often referred to as the People's House.

The American people's confidence in us is at an historic low. They want their elected Representatives held accountable for their actions, just as they are held accountable as private citizens. It is my sincere hope that these public, televised hearings will help increase transparency and accountability and restore much-needed trust to the House as an institution.

Our responsibility as judges in this matter is to be fair and impartial. There is no place for presumed guilt before innocence in this process, and there will not be in this case. Hearings of this kind are rare and historic. These hearings follow a 21-month long bipartisan investigation, an investigation that received sworn testimony from nearly 50 witnesses and over 28,000 pages of documents, an investigation that produced a 13-count Statement of Alleged Violations, and over 500 exhibits that have been placed on the committee's Web site. These allegations, if

proven, would demonstrate that Mr. Rangel violated multiple provisions of the House rules and Federal statutes. As judges we must determine whether these allegations are proven by clear and convincing evidence.

On numerous occasions the respondent, Mr. Rangel, has requested public hearings, a right that he is afforded under the committee rules. Today this hearing affords him the opportunity to be heard. And as judges in this matter, it is our responsibility to make sure the process is both fair and dignified. And as a former Federal prosecutor in the Public Integrity Section at the Department of Justice, due process is nothing new to me. It is guaranteed by our Constitution, and it is a responsibility I take very seriously. So as we prepare to hear the evidence against one of our most tenured colleagues in the House, we need to ensure we have done everything we can to assure the American public that we will handle this matter with the utmost professionalism and nonpartisanship that it deserves. We cannot forget that public office is a public trust.

With that, I yield back.

Chairwoman Lofgren. The gentleman yields back.

Before proceeding, we see that committee counsel is present.

Mr. Rangel, are you represented by counsel here today, or are you representing yourself?

Mr. Rangel. Madam Chair, I would like the opportunity to make a brief statement as to why I am here without counsel. And I recognize that -- I appreciate that none of you Members have asked for this very awkward and sometimes embarrassing responsibility. And I truly believe that the Constitution requires that we have a standard of conduct that is expected of Members of Congress no matter how long they have served.

The reason I asked for this proceeding to be delayed or postponed is because I am without counsel. This committee has suggested to me by letter that it would be possible for me to set up a legal defense fund, but this was 2 weeks ago, and now the procedure is moving forward before we have had an opportunity to set up that fund. But more important than that to me is the question of due process not just for me, but for any Member of Congress who has been accused of anything. They should have a lawyer.

On several occasions I have spoken with chief counsel, I have spoken to the Chair, and I have inquired. On October 22nd, the chairlady sent me a letter and basically denied me an opportunity to get a lawyer for three reasons: One, because this matter has been going on for over 2 years, and because during this period of time I had counsel. Well, that is true, but it is not my fault that it took 2 years before this Statement of Alleged Violation was reported. And

I would like to add that during this period of time, my lawyers were trying to meet while you were investigating. When the charges of counsel became over $2 million and I could not convince them that I will be able to pay for what one of the lawyers said could be a million dollars for the hearing, they withdrew. The committee knew that they withdrew. So the argument that this has been going for 2 years is accurate, but I don't see how it relates to me not being able to have counsel before you today.

The second issue that has been raised, and I think Mr. McCaul, who has had criminal experience, knows, I have been asked asking for this matter to be here. I have been begging that my colleagues in the Congress, that my constituents, that my family have the opportunity to hear this. My family has caught hell as a result of what has been out there. All I asked was when can we develop these charges? When can people be exposed to what it is? And this really meant with counsel.

You have said, Mr. McCaul, that there has been 40 witnesses that you have called. You have indicated that there are 30,000 pages of testimony. I have not been able to explain my position ever because of rules of confidentiality, because I have been restricted. But each time that I have asked for a hearing, do any of you believe that I was asking for a hearing without counsel? And all I am doing is asking

for the opportunity to have counsel. I still feel strongly that the Congress and the community should know what I have been charged with and what the testimony is. But by the same token, I had hoped that you would do it before the Democratic primary. It would have been helpful if you had done it before the general election. But for whatever reason, when I made my plea on the floor when I had counsel, that was not done.

I might even add that when my opponent and critics were charging me with corruption and allegations of crime, I really had hoped and thought that this committee was not just there to find wrongdoing, but would say that one of your colleagues, there was no evidence of criminal activity, there was no self-dealing, there was no bribery. I just thought fairness would dictate that this would be said. Maybe I am not entitled to it, but I certainly didn't get it.

And so the whole idea that I am denied counsel because I have been screaming for a hearing, that really doesn't take away from the argument that I am being denied the right to have a lawyer right now because I don't have the opportunity to have a legal defense fund set up, and because I can't afford another million dollars and can't even promise that to counsel.

But quite frankly, committee members, it is the third reason that the Chair has given to me that pains me the most

as to why I am not entitled to a delay, I am not entitled to a postponement: Because this matter perhaps could not be resolved before the end of this session of Congress. Can you tell me under what theory of fairness would dictate that I be denied due process, that I be denied an attorney because there is going to be the end of this session, when we know that I would be entitled if we had more time? That is what you are saying. What does it mean that we have a Thanksgiving and Christmas and perhaps congressional trips preparing for the next Congress? How far does this go to a person not having counsel, not having due process because we don't have time?

Well, I think we ought to find the time. I am prepared to stay here, to get counsel, and to have a hearing on this. What prevents us from doing it?

And then to add to that, as I stand before you, I have no idea as to how counsel intends to proceed. A week ago 80 pages of what could be considered summary judgment, I think, would indicate that this committee may not be prepared to call witnesses, that this committee would ask that a judgment be made based on admissions and exhibits. I have had no lawyer to look at this. But to me, it just sounds unfair to say that because of limitations of time, we won't even go through the process of calling witnesses.

I hope that you interrupt me and tell me, counsel, that

this is not so. But on the other hand, if it didn't want to have the appearance of fairness, Mr. McCaul said that you have spoken with 40 witnesses or more, that there is 30,000 pages of testimony. Am I entitled to know what they testified to? I have been given deadlines in terms of how to respond, what witnesses I would want to subpoena. But I have been denied that opportunity.

Chairwoman Lofgren. Mr. Rangel.

Mr. Rangel. If the Chair is suggesting that I conclude my remarks, then I would do that. But I would want you to know that I don't think it is fair that I participate in any type of proceeding if, in fact, what you are basically telling me is that the political calendar will not allow you enough time to allow me to get a lawyer at this crucial point in my life. Fifty years of public service is on the line. I truly believe that I am not being treated fairly, and that history will dictate that, notwithstanding the political calendar, I am entitled to a lawyer during this proceeding.

I want to thank you for your courtesy. There is a lot of pain that I feel because I fought in the wars. I have prosecuted in the U.S. Attorney's Office. I have served as a legislator in the State. I am so proud of my record in the Congress. I love this Congress. I love this country. I think I am entitled to more than what is being suggested today.

Thank you so much for this courtesy.

Chairwoman Lofgren. Thank you, Mr. Rangel.

Before turning to committee counsel, I would just note for the record, and I will put into the record the exchange referred to by Mr. Rangel so this will not be a mystery to the public, but I would note that we were advised that Mr. Rangel's counsel withdrew a little over a month ago, and, further, counsel has not been retained, and that the committee has indicated an intent to proceed today.

[The information follows:]

******** COMMITTEE INSERT ********

Mr. Butterfield. Madam Chair, would it be appropriate to ask you a question?

Chairwoman Lofgren. Certainly.

Mr. Butterfield. Are you going to construe Mr. Rangel's statements over the last 10 minutes -- and I listened to what he had to say very carefully, and let me say that it also troubles me that he is before the committee today without counsel. Are we going to consider his statement as a motion to continue this hearing?

Chairwoman Lofgren. Is that a motion to continue, Mr. Rangel?

Mr. Rangel. I don't know whether -- first of all, my role here is as a respondent, and I am not here representing myself. I have been a lawyer long enough to know that it is very, very unwise for any person, a lawyer or a judge, to be his own lawyer at a proceeding like this. So I am not in a position to make a motion unless we are talking about fairness, unless we are talking about someone contradicting everything I said, unless any Member has any question to ask of me.

Chairwoman Lofgren. Thank you.

Mr. Rangel. And notwithstanding the fact that you are submitting your letter for the record, if there is anything I have said about that letter and all of the conversations we have had, I would think that notwithstanding procedure, Judge

Butterfield, that fairness would allow you to say that this is a statement of how I feel as a person, as a Member of Congress, and as a citizen that is begging for due process. You can call it a motion, and I can't quite frankly answer that question.

Chairwoman Lofgren. We appreciate that, Mr. Rangel.

We will turn now to committee counsel Mr. Chisam to introduce your team and to make your motion for the admission of evidence.

Mr. Chisam. Madam Chair, Ranking Member McCaul, members of the subcommittee, Representative Rangel, my name is Blake Chisam. I am the chief counsel for the committee. To my right is Deborah Morris, counsel to the committee. And to my left is Donald Sherman, also counsel to the committee.

At this time, Madam Chair, I would move to introduce Exhibits 1 through 549 into the record.

Chairwoman Lofgren. Is there objection?

Mr. Rangel. Well, Madam Chair, if it pleases, with all due respect, I am not in a position to pass judgment on what counsel is about to do. I have never known that this proceeding even existed as summary judgment, if that is what he is about to do. Any lawyers that I have talked with have said that this committee has no history at all --

Chairwoman Lofgren. If I may interrupt, Mr. Rangel.

Mr. Rangel. Yes.

Chairwoman Lofgren. Just to clarify this, we were noticed, as were you, of this motion. I would like to make clear, however, that we will hear the motion, the argument from the committee counsel and whatever argument you may choose to make, but that if you wish to be heard in an opening statement, if you wish to proceed with witnesses, we will hold any ruling on that motion in abeyance so that if you wish to be heard, we will hear you.

Mr. Rangel. I appreciate the Chair saying that. Would that include the right for me to have a lawyer?

Chairwoman Lofgren. You may hire whoever you wish as a lawyer. That is up to you.

Mr. Rangel. Well, all I am -- you have seen the record. Two million already. And I have been advised that this hearing could cost me another million. You have offered me the opportunity to have a legal defense fund, which would allow perhaps a lawyer to come into the case. If that is what you are saying, there is nothing I would not yield to for that purpose. But you know that if you are saying that we can't move forward, then that restricts me from getting a lawyer not only financially, but the legal defense fund that you suggest that I would have would have no meaning at all.

If what you are saying -- if there is anything I can do within the rules of the committee that would allow me to move forward with this, not to object to just the procedure, but I

did not know until a week ago that this 80-page would be the way you intended to judge my conduct. A week ago. So I can listen to what he is saying, but does this mean that he is going into this procedure that I don't have counsel to guide me?

Chairwoman Lofgren. If I may, Mr. Rangel, if you could be seated. For clarification, the respondent has inquired of the committee whether a fund could be created where contributions could be made for legal representation and has been advised by the committee that that is permissible; however, the retention of counsel is up to the respondent. Whether you are to hire it at your own expense, through your campaign committee, or through a fund is your decision, not the committee's decision.

Mr. Rangel. All I am asking -- and I agree with you 100 percent, Madam Chair -- all I am asking is the time to get counsel. I have lawyers from Washington, D.C., and New York who are willing to give me free counsel, to be able to come here because they don't think I have been treated fairly, and yet they say that if they do, that is a gift and violates all of the laws. I heard that perhaps they can do it at reduced fees or fair fees if only we had time to develop the committee. You tell me that I don't have time to do that. And so while you tell me that, yes, I can hire anybody, get anybody, not have a lawyer, you also are saying,

and that is the very part of your letter, that time does not permit this matter to be concluded before the end of this session. And that is the nuts and bolts of what we are talking about. You tell me all of the things I could do, but you are not going to give me time do it. I think no one can say that that is not the way this ends up. Yes, I can do these things, but you have to conclude this now and the next day. And my reputation, 50 years of public service, has to suffer because this committee has concluded that you must conclude this matter before this Congress ends. And all I am asking for is time to get counsel, time to get counsel. And you are saying now, I think, that you denied it before, and you are denying it now.

Chairwoman Lofgren. I gather that you do not object to the admission of the evidence that has been proffered by committee counsel. And therefore the --

Mr. Rangel. I object to the proceeding. And I, with all due respect, since I don't have counsel to advise me, I am going to have to excuse myself from these proceedings, because I have no idea what this man has put together over 2 years that was given to me last week. And I just hope that the history of this committee, in terms of fairness, would be judged for what it is.

So with all due respect, and recognizing how awkward it is for the members of this committee, as colleagues, and

someone that would like to preserve the right of Members to be judged by their peers with counsel, I respectfully remove myself from these hearings.

Mr. Butterfield. Madam Chair, before the respondent leaves, may I ask the Chair an additional question?

Chairwoman Lofgren. Certainly.

Mr. Butterfield. Even though the respondent did not specifically make a motion to continue this hearing, I deem his comments to be a motion to continue. And I would like this committee to seriously consider a motion to continue. I would like for us to do it in Executive Session and discuss among ourselves what the respondent has said, because I take his contentions very seriously. I served as a judge in my State for 15 years, and I know the importance of counsel, especially in this environment. So I am going to ask that we deem his statements to be a motion to continue, and that we discuss it in Executive Session.

Chairwoman Lofgren. All right. That is a request from one member to have a discussion on the -- well, it would be your motion --

Mr. Butterfield. I will make a motion to continue the matter, and ask that we take it up in Executive Session.

Mr. Conaway. Second.

Chairwoman Lofgren. We will go into our closed session and have a brief discussion, and then we will return.

Mr. Butterfield. Was there a second to the motion?

Chairwoman Lofgren. Yes, there was.

Mr. Butterfield. There was a second to the motion. All right.

[Whereupon, at 9:35 a.m., the subcommittee proceeded in Executive Session.]

RPTS MERCHANT

DCMN NORMAN

[10:22 a.m.]

[Resuming Open Session.]

Chairwoman Lofgren. The subcommittee has been meeting on the motion made by Mr. Butterfield and seconded by Mr. Conaway to consider a continuance of this matter. And the committee has decided not to continue this matter.

I would like to make just a couple of comments regarding that decision. Mr. Rangel has repeatedly sought and received committee guidance on how he may pay his legal fees in this matter. Mr. Rangel asked for formal advice from the committee in September of 2008, in March of 2009, again in October of 2010, and again in November of 2010, and received informal advice on that in August. Each time the committee responded and provided Mr. Rangel with formal guidance about how he could pay for legal fees in this matter relative to contributions. And of course there is no prohibition on an individual using their own fees to retain counsel. It is not required that those fees be paid for by others.

Under current House rules it is not possible for Mr. Rangel to accept pro bono representation, nor is it possible for the committee to compel Mr. Rangel's former counsel to represent him here today. We are extremely troubled that they -- that his former counsel withdrew shortly after this

hearing was noticed.

I would note that these matters have been underway for quite some time. The investigative subcommittee completed its work, and Mr. Rangel, the respondent, was provided with all of the evidence and material on June 17th of this year and again with the Notice of Alleged Violations formally on July 22nd of this year.

We are prepared to proceed today. We recognize that Mr. Rangel has indicated that he does not intend to participate, and it is his right not to participate in this matter. As mentioned earlier, no conclusions as to the facts of this matter can be drawn by the fact that Mr. Rangel has decided not to participate in this hearing. Unless there are further matters at this point I would like to turn --

Mr. McCaul. Madam Chair, may I make a comment?

Chairwoman Lofgren. Certainly.

Mr. McCaul. First of all, since the first hearing opened in July, the ranking member of the full committee, Jo Bonner, myself, and Minority, have repeatedly asked that this committee proceed with this hearing as expeditiously as possible, as requested by the respondent. It is unfortunate in my view that that did not occur, and we are where we are here today.

And I would also agree with Madam Chair that it is also unfortunate that the law firm of Zuckerman, for whatever

reason, is not here today to represent Mr. Rangel and somehow got off the case after the notice of hearing was scheduled. And with that, I will yield back.

Chairwoman Lofgren. Thank you for those comments. At this point I would ask our counsel, Mr. Chisam, if he has some --

Mr. Welch. Madam Chair.

Chairwoman Lofgren. Yes, sir.

Mr. Welch. I just would like, if I may.

Chairwoman Lofgren. You certainly would be heard.

Mr. Welch. Well, I would like to agree with Mr. McCaul. It is an astonishing display of professional irresponsibility, in my view, for a law firm to be representing an individual, whether it is before this tribunal or another tribunal, to essentially drain the resources available to pay the firm, to do this for 2 years. We are told that it is in the range of $2 million that Mr. Rangel has paid for services. And then literally on the eve of the hearing, where his fate is in peril, they withdraw.

And it reminds me of Bleak House where the Dickens character at the very beginning of this epic novel is an estate lawyer. And at the beginning there is a very large estate. And the book ends when all the resources of the estate have been drained by the estate lawyer. None of the problems of the estate have been resolved. This is an

astonishing thing.

Now, I understand that our rules prohibit us from taking action on that. But if this were a court of law, and a month before the capital case came to trial, after 2 years of preparation, the lawyer withdrew, a judge would not permit that to happen.

So I want to agree with Mr. McCaul in expressing my astonishment at Zuckerman Spaeder for taking the money, draining the money, and then kicking their client to the side of the road when it came time for the actual hearing. Thank you.

Mr. Butterfield. Madam Chair, I would like to be recognized.

Chairwoman Lofgren. Certainly, Mr. Butterfield.

Mr. Butterfield. I too, Madam Chair, would like to associate my comments with Mr. Welch and Mr. McCaul. I agree that it is fundamentally unfair to the respondent for counsel to, after learning of the date of this hearing, I believe the date of the hearing was announced by the chair --

Chairwoman Lofgren. On October 7th.

Mr. Butterfield. And on October 14th we didn't get a communication from the lawyer asking permission to withdraw, they simply gave notice that they were off the case. That is fundamentally unfair. It would not have happened in my courtroom when I was a trial judge, and it should not have

happened here.

I think we need to at the very least look at promulgating a rule that will prohibit this from happening in the future. And also we might want to look at where we can make sure that this firm explains their conduct to the committee. I yield back.

Chairwoman Lofgren. The gentleman yields back. Unless there are further members wishing to be heard, we will turn now to Mr. Chisam who has a motion regarding the introduction of evidence into the record.

Mr. Chisam. Thank you, Madam Chair. I would renew my motion to introduce exhibits 1 through 549 at this time.

Chairwoman Lofgren. There is a motion. And unless there is objection from any party or member of the committee, those items will be entered into the record.

[The information follows:]

******** COMMITTEE INSERT ********

Chairwoman Lofgren. Do you have additional motions?

Mr. Chisam. I do, Madam Chair. At this time I would like to introduce what have been marked as Exhibits 550, 551, 552 and 553. These are four affidavits. Exhibit 550 is the affidavit of Maurice Greenberg; 551 is the exhibit of Neil Rubler; 552, the exhibit -- Exhibit 552, the affidavit of Lorie Slutsky; Exhibit 553, an affidavit from Ivan Seidenberg.

Madam Chair, we are prepared to call witnesses in this matter, and we would be able to call or would call 12 additional witnesses. Throughout the course of preparation and in recent days we have entered into -- well, witnesses have offered affidavits. The respondent was given notice of those, he was provided copies and in fact, in at least one of these instances, suggested changes to the language which we negotiated and which we agreed to.

At this time I would move the admission of those affidavits in lieu of the live testimony of those witnesses.

Chairwoman Lofgren. There is a motion to put those affidavits into the record. Is there an objection? If not, then the items, by unanimous consent, will be put into the record.

[The information follows:]

******** COMMITTEE INSERT ********

Chairwoman Lofgren. I would note also for the record that we have received this morning a letter from Congressman Bobby Scott, along with a document entitled "Minority Viewpoint." And without objection, those items will also be placed into the record.

[The information follows:]

******** COMMITTEE INSERT ********

Chairwoman Lofgren. Mr. Chisam.

Mr. Chisam. Madam Chair, at this time I would like to call up and proceed with the motion that we noticed on November 8, 2010.

Chairwoman Lofgren. The motion is a motion for summary judgment. As indicated earlier, each side has 20 minutes to argue this motion with the opportunity, if necessary, for extension of time on either side. At this point we will ask, Mr. Chisam, if you would like to begin your argument on this motion.

Mr. Chisam. I would. Thank you.

Madam Chair, Ranking Member McCaul, and members of the subcommittee, the motion before you is in fact 13 separate but nearly identical motions. Those motions say quite simply that it is time for you to vote. The affirmation supporting our motion states our case at length, and it argues that, based on the uncontested facts in this record, each of the 13 counts in the Statement of Alleged Violation is ripe for a vote.

More than 6 months ago the respondent was provided notice of the intended charges against him. More than 5 months ago he was given the investigative subcommittee's documentary record as well as transcripts of testimony. On October 22, 2010, by direction of the chair, committee counsel provided its exhibits to respondent. He was afforded

an opportunity to object to those exhibits and he did not.

Also on October 22, 2010, respondent was notified of the names of witnesses we intended to call. He was given summaries of their expected testimony. He was provided an opportunity to object and he did not.

Respondent was given the opportunity to provide notice of any evidence that he intends to offer and any witnesses, including himself, that he intends to call. He gave no such notice. Though provided the opportunity, respondent has not contested the evidence, nor has he indicated that he intends to put on a case.

Put simply, the record before you is the record, the facts are the facts, and the counts are ripe for a vote. There are 13 counts charged in the Statement of Alleged Violation:

In short they are, Count 1, improper solicitation.

Count 2, violation of clause 5 of the Code of Ethics for Government Service relating to the respondent's receipt of favors or benefits from private donors under circumstances that reasonable persons might construe as influencing the respondent's duties.

Count 3, a violation of the gift rule for respondent's receipt of indirect gifts from private donors who gave to the Rangel Center at the behest of the respondent.

Count 4, violation of Postal Service laws and Franking

Commission regulation for using his frank to solicit private donations.

Count 5, a violation of the Federal franking statute.

Count 6, a violation of House Office Building Commission regulations for soliciting private donations on House property.

Count 7, violation of the purpose law and House Administration Committee regulations for misusing official resources to solicit private donations.

Count 8, violation of the letterhead rule.

Count 9, violation of the Ethics in Government Act and House rule 26 for failing to file full and complete financial disclosure statements.

Count 10, violation of clause 5 of the Code of Ethics for Government Service for accepting a favor or benefit from his landlord in the form of his landlord's tolerance of respondent's nonconforming use of a residential rent-stabilized apartment for campaign purposes.

Count 11, a violation of clause 2 of the Code of Ethics for Government Service for failing to uphold Federal tax laws and other laws and legal regulations.

Count 12, a failure to adhere to both the letter and to the spirit of the House's rules.

And Count 13, conduct not reflecting creditably on the House. The solicitations for the Rangel Center at the City

College of New York.

Counts 1 through 8 all relate to respondent's solicitations for the Rangel Center at the City College of New York. The law here is really quite simple. Members of Congress may not solicit unless they follow rules established by the House Ethics Committee. The respondent could have lawfully solicited donations for the Rangel Center by doing so only in his personal capacity, but he did not. Indeed, the respondent has admitted that he used official letterhead to solicit.

[Video clip shown.]

Mr. Chisam. In addition to misusing his official congressional letterhead, the uncontested evidence in this case shows clearly that respondent sent over 100 letters on official letterhead that included a brochure requesting $30 million for the Rangel Center. He sent letters on official letterhead that were by themselves taken as solicitations by donors and potential donors. At least one donor to the Rangel Center, the Rhodebeck Charitable Trust, gave $25,000 based solely on respondent's letter. He used staff time and other official resources to create a list of potential donors from which he sent letters. He used staff time and official resources to draft those letters and to schedule appointments with potential donors to discuss funding for the Rangel Center. He used his congressional

frank to send solicitation letters. He created and mailed solicitation letters from his D.C. congressional office. He solicited donations to the Rangel Center from individuals, from businesses, and from foundations with business and interest before the House, as well as the Ways and Means Committee. Many of those entities contacted him and his staff about legislative and other official matters during the period in which he solicited.

In one case with respect to AIG, respondent said that it would not be appropriate for him to meet with AIG representatives to discuss Rangel Center funding. He later met with AIG officials to close that deal. AIG did not donate because of the perceived headline risk.

The respondent solicited a gift to the Rangel Center from David Rockefeller who donated $100,000 from his personal funds in tribute to the respondent. The respondent indirectly received gifts from private entities and individuals when they donated money to the Rangel Center, at his request and in his honor.

The respondent received updates from both the City College and his staff on the status of funding for the Rangel Center. He kept track of what was going on. He focused his energies and his time on private sector fundraising for the Rangel Center, particularly after a $3 million earmark that he requested fell through, along with other earmarks, in

2006.

These facts are uncontested and they are in the record before you. They clearly and convincingly establish that the respondent violated counts 1 through 8 in the Statement of Alleged Violation. His financial disclosure and tax issues.

The uncontested evidence in this record establishes that the respondent repeatedly did not get his financial disclosure statements and tax filings correct. He has admitted as much.

[Video clip shown.]

Mr. Chisam. The papers before you show his errors and omissions. The facts here are the facts. The omissions are the omissions. The inaccuracies are the inaccuracies. These facts are uncontested and they are in the record. They clearly and convincingly establish that respondent violated counts 9 and 11 in the Statement of Alleged Violation as nonconforming use of an apartment as a campaign office.

The uncontested facts show that the respondent leased an apartment in the Lenox Terrace complex in Harlem in his district in 1996. The lease for that apartment stated that he was to use it for living purposes only. He did not. Instead, he used it solely and exclusively as a fundraising office for his campaign committees. The commercial use of that property violated the terms of his lease. More significantly, the commercial use of that property violated

building code regulations and zoning laws.

The respondent made no secret about his use of the apartment as a campaign office. He paid the rent with campaign checks, his staff sent e-mails to the landlord's in-house counsel who oversaw evictions, with his apartment address for the campaign office clearly noted. At the same time the landlord was evicting other tenants at an increased rate on the grounds of nonprimary residence. Some of the tenants complained to respondent's congressional office. That office contacted the tenants and the landlord. The landlord had representatives who also met with the respondent about a new development project.

The landlord's tolerance of respondent's nonconforming use of his rent-stabilized apartment was a favor or a benefit to the respondent, particularly during the time the landlord was evicting other tenants for not using their apartments as primary residences. The respondent's interactions with his landlord as part of his official duties may have created an appearance of impropriety. The respondent has said as much himself.

[Video clip shown.]

Mr. Chisam. Again, these facts are uncontested and they are in the record before you. They clearly and convincingly establish that the respondent violated count 10 of the Statement of Alleged Violation.

Counts 12 and 13 allege that respondent's acts and his accumulations of acts violated both the letter and the spirit of House rules and other laws and that his conduct did not reflect creditably on this House. The uncontested records -- the uncontested facts in the record before you clearly and convincingly establish that the respondent violated both counts 12 and 13 of the Statement of Alleged Violation.

Finally, the respondent himself has noted that the allegations are serious, indeed very serious matters, and that his conduct violated the rules.

[Video clip shown.]

Mr. Chisam. For these reasons and for those stated more fully in our written motion, we submit to you that there are no genuine issues as to any material facts in this case. As a result, the case is ripe for decision. We simply request that you grant each of the 13 motions listed in our notice of motion and that you commit the matter forthwith to the subcommittee for its deliberation and for a vote on each count as alleged. Thank you.

Congresswoman Lofgren. Thank you, Mr. Chisam.

I would note that this motion and all of the documents entered into evidence are posted on the committee's Web site in the effort to be fully transparent. At this time, Mr. Rangel would have been recognized to argue against the motion, but he is not present and had indicated earlier his

intention not to further participate. So at this time, members of the committee who have questions will be recognized under the 5 minute rule. Do any members of the committee have questions at this time? Mr. McCaul.

Mr. McCaul. Thank you, Madam Chair. It is our role as judges to determine as a matter of law in this motion we need to look as to whether there is a material issue of fact in dispute.

Perhaps the most serious allegations put forth in the SAV have to do with the respondent's alleged violations of the Tax Code, particularly given the respondent's position as chairman of the Ways and Means Committee, the committee charged with writing the tax laws for the Nation.

In your motion for summary judgment on page 77, Mr. Chisam, you say, Respondent also violated the tax laws by failing for 17 years to report and pay on rental income on a beach villa in Punta Cana, Dominican Republic. Respondent has admitted that he should have reported the rental income. And from there on you say that it is undisputed and that he violated the Internal Revenue Code.

I went to look at some exhibits that you attached to see whether there is any material issue of fact in dispute. On pages 38 and 39 you provide a chart.

Chairwoman Lofgren. Could you suspend for a minute? We have the opportunity to put exhibits on display if members

have questions about them. So perhaps we can let that happen. Do you need time to do that? Give the exhibit number and they can go with that. I'm sorry for interrupting.

Mr. McCaul. You did provide a chart, Mr. Chisam, on the income on the Punta Cana. And it essentially indicated that he failed to report on original tax returns between the years of 1998 to 2006. Interestingly, he sent a letter in 1993 to the Dominican Republic requesting a contract on this villa where he says, "As I mentioned to you, the House Ethics Committee requires disclosures by Members of Congress of any assets and unearned income. And while I enjoy a good relationship with the committee's chairman, it certainly would be politically embarrassing if I were unable to provide an accurate accounting of my holdings."

And yet when he testified before the investigative subcommittee on the issue of his tax returns, he stated that he had a misguided, inappropriate view -- quote, unquote -- regarding the income because he had not received a check or direct income.

However, when the president of Punta Cana testified, he stated that the resort sent statements every 6 months showing this income. And if we could put up Exhibit Number 82 on the screen, this is a letter to Mr. Rangel from the resort. And in the first paragraph it says, This statement shows a total

net income of $2,604.

Next I would like to put up Exhibit Number 540. Now, this appears to be a letter written from Mr. Rangel to the Speaker, Nancy Pelosi. And in this letter he states, Until this year I have not received any personal cash proceeds from the rentals of the unit. That is of September 2008. I have not personally received proceeds in cash.

And then he goes on to say that as chairman of the Ways and Means Committee, I am held to a higher standard of propriety.

If the committee would turn to Exhibit Number 87. While he states that he did not receive this income, I found, as the judge, interesting Exhibit Number 87 that he sent a letter under his signature to the Punta Cana Yacht Club asking them, Please send the income check for beach villa 412 Punta Cana to the account of Charles and Alma Rangel.

There seems to be in my view some discrepancy in the record as to whether -- when we talked about earned income and whether this should be reported, the document seemed in my view to indicate another matter.

And lastly, Exhibit Number 89, if that could be put up on the screen. He said he never received cash; yet when I was reviewing the exhibits, I found this wire transfer directly from the Punta Cana Yacht Club to Mr. Rangel as far back as 2002.

The statements from there in terms of the earned income, as to my understanding, were sent every 6 months. And so I guess my question is -- and these letters were written on official stationery -- for Mr. Chisam, on the one hand I think the documents seem to be uncontroverted, and yet Mr. Rangel seems to have some explanation as to why this was not earned income. Can you explain that discrepancy?

Mr. Chisam. Ranking Member McCaul, the paper governs. It governs quite simply the respondent did not report on his tax returns income that he received. These documents, Exhibits 86 and 87, show -- and Exhibit 95 -- show clearly that the respondent was told that he had income and that he requested of Punta Cana and told them where to send that money. That is unequivocal. He did make statements at some point, that were not sworn, in a letter to the Speaker that he read, that suggested that he didn't know. Frankly, there is no doubt that he did. The evidence in this record, again, which is in fact the paper here, shows that he knew and that he failed repeatedly to report his income.

I would also note Exhibit Number 5. This was in 2000 and the respondent did not report income for Punta Cana on his tax return. His amended financial disclosure indicated that there was between $2,500 and $5,000 worth of income. We don't have an amended tax return for that year. But this letter, Exhibit Number 5, if you will look at the highlighted

portion, "There was no income derived by us from these assets during the year 2000, and that fact should have been noted in my financial disclosure statement."

Mr. McCaul. And so the committee actually worked with him to identify this, but it seems it appears from the record that he continued to deny that his income was to be reported?

Mr. Chisam. That is right. He affirmatively stated that he did not have income and the documents indicate that he did.

Mr. McCaul. And let me close, Madam Chair, and I know our time is limited, that I agree with Mr. Rangel in his letter to the Speaker that, as chairman of the Ways and Means Committee, he should be held to a higher stand. With that I yield back.

Chairwoman Lofgren. The gentleman's time is expired. Do other members have questions at this time? Mr. Butterfield.

Mr. Butterfield. Thank you very much, Madam Chair. Let me go back to the question of counsel, if I can do that very briefly, Mr. Chisam. Did you have any contact with the Zuckerman law firm, which is the law firm that represented Mr. Rangel, prior to October 7th about this case, about the preparation of this case?

Mr. Chisam. Congressman, I would say that in the ordinary course of events in my job, I regularly talk to

opposing counsel, and that was the case here. I would note that --

Mr. Butterfield. The fact is you had extensive contact with his lawyers; is that right?

Mr. Chisam. We discussed the case regularly. I want to be careful in what I say simply because most, if not all, of those discussions were covered under the blanket of settlement negotiations and largely would be considered as such.

Mr. Butterfield. I am not asking what they said to you or you to them, but you did have extensive contact with his counsel. That wouldn't be privileged, would it?

Mr. Chisam. Yes, sir.

Mr. Butterfield. Is it true that the law firm simply withdrew from this case without asking permission from the committee to do so?

Mr. Chisam. Congressman, they filed a letter with the committee that withdrew --

Mr. Butterfield. They just basically filed a letter saying, We are out of here, we are not representing this man any longer?

Mr. Chisam. They gave me the courtesy of a phone call shortly before they sent it.

Mr. Butterfield. And that was after the date of this hearing was announced by the chair?

Mr. Chisam. I am trying to think. I believe so, yes. It was close in time.

Mr. Butterfield. Let me now speak to the summary judgment motion. Where specifically in our rules is a motion for summary judgment addressed?

Mr. Chisam. Congressman, I know we like to talk about this as a motion for summary judgment. I want to kind of put that little matter to rest. I think that is the closest analogy there is in the rules of civil procedure for what this is, but it is not really the same thing as a motion for summary judgment.

What we are saying is the facts are not in dispute and that you should be able to fulfill your role and go vote. I am not asking for a judgment as a matter of law that we have proven the counts. So that is one distinction.

But where does it say -- of course, as many things go with our rules, the rules don't say anything. They are in fact sort of silent on this issue about what types of motions. However, the committee's rules do talk about that at these hearings the chair may consider rulings on evidence, and it specifically says motions. Now, those motions are really at the discretion of the committee or the subcommittee as to what may lie. We believe that this motion does that.

Mr. Butterfield. So you feel it is the inherent authority of this committee to entertain this motion?

Mr. Chisam. That is correct, sir.

Mr. Butterfield. And did I understand you to say that Mr. Rangel did not respond to your motion for summary judgment?

Mr. Chisam. He has not responded in writing and not orally either.

Mr. Butterfield. During your investigation of this matter, could you with some certainty determine who maintained Mr. Rangel's financial records, whether it was his chief of staff or his wife or an accountant, who actually maintained his records?

Mr. Chisam. There were several places, Congressman. Certainly his -- within his family the records were kept most likely by his wife. He did have an accountant at times for his tax matters. And his chief of staff, when his chief of staff returned in 2000, helped him with his financial disclosure reports. And then he had help from his staff before that. So there were multiple sources.

Mr. Butterfield. Is it clear that different people performed different functions in his financial life? In other words, one person may have prepared his disclosure form or helped him prepare it and another person prepared his tax returns?

Mr. Chisam. I think that is a fair statement.

Mr. Butterfield. In all of your investigation of this

matter, do you see any evidence of personal financial benefit or corruption?

Mr. Chisam. I see no evidence of corruption. It is hard to answer the question, personal financial benefit. I think the short answer is probably no. Do I believe based on this record that Congressman Rangel took steps to enrich himself based on his position in Congress? I do not. I believe that the Congressman, quite frankly, was overzealous in many of the things that he did and at least sloppy in his financial -- his personal finances.

With respect to the Rangel Center, I think what is ironic to me is that he could have done this without seeking permission, without having to come to the committee and ask permission. If he had only followed a few simple rules. The committee allows a blanket waiver for solicitations of 501(c)(3) organizations without having to ask us for permission. Both the college and its fundraising foundation are 501(c)(3)s, so he could have done this right.

Mr. Butterfield. If he sought the waiver and not used official resources, he could have done this?

Mr. Chisam. That is correct, sir.

Mr. Butterfield. My last question, Mr. Chisam, is this. There was some questions to earned income from IRAs and other instruments, that Mr. Rangel received actual income. And from what I can gather, that income was reported on his tax

return, it was simply not reported on his financial disclosures?

Mr. Chisam. I am going to go with "some times" on that.

Mr. Butterfield. I didn't hear you.

Mr. Chisam. Some times. There were variances throughout the entire period with respect to both what and how accurately amounts were reported.

Mr. Butterfield. Thank you. Thank you, Madam Chair. I yield back.

Chairwoman Lofgren. The gentleman yields become. Are there additional questions? Mr. Conaway is recognized for 5 minutes.

Mr. Conaway. Thank you, Madam Chair. I appreciate that.

Mr. Chisam, the -- pull up Exhibit 22, please. Part of the issue is that Mr. Rangel repeatedly left off -- page 5 of that, I think, 4 and 5 -- repeatedly left off assets off his financial disclosure of a material nature. Back up one page, please. Focus in on the bottom. There is an ING Russia Fund that was on this amended financial disclosure but is not on his original. The next page, there are two other accounts, ING Principal Protection and Congressional IRA. Both of those are on his amended return which was done by his forensic accountant, not on his original return. If you take the high-low range, it is somewhere between $400,00 and

$850,000 in assets. Were those considered to be material to his financial statement?

Mr. Chisam. In general, Congressman, I think that under the structure of the House rules, assets by definition are considered material. They are to be reported.

Mr. Conaway. Did Mr. Rangel give any reason during their conversations over the 2-1/2, 2 years of investigation as to why these were left off?

Mr. Chisam. I think there were various statements. In general I think he would, if you asked him, likely attribute it to sloppiness.

Mr. Conaway. Do we know the source of where these funds came from? This is a gentleman who has been in Congress all these years and from his tax returns doesn't appear to be super wealthy. But the brownstone apartment that he inherited from his family and leased for a number of years, clearly the records were available to report that on his income tax return, any rationale as to why those same records weren't used to prepare his financial statement?

Mr. Chisam. There is absolutely no indication as to why those same records were not used, why they didn't cross over. In answer to your first question, there appear to have been, just for what it is worth, an uptick in assets that probably resulted from the sale of his brownstone in 2004.

Mr. Conaway. Thank you. That makes sense. Thank you.

His forensic accountants went back and computed what the taxes would have been on the Punta Cana deal. Do we know for sure that he filed the amended tax returns?

Mr. Chisam. We know that he filed amended tax returns from 2004 forward.

Mr. Conaway. And, I assume, paid the taxes associated with that?

Mr. Chisam. We know that he attempted to pay the taxes, but as you know the IRS has a unique ability to not accept money.

Mr. Conaway. The forensic accountant's report, which is Exhibit 66 -- we don't need to go into it -- shows most of that taxable income came in the years that we are told by a statute of limitations protection that all of us enjoyed. Did Mr. Rangel avail himself of that statute of limitations as tolling and not file amended returns for those years that were no longer open?

Mr. Chisam. I understand they did not have -- they didn't have adequate records for the years that he did not file.

Mr. Conaway. But he didn't pay the back taxes prior to years that were no longer open under the statute? The protection supported all of us, but nevertheless --

Mr. Chisam. The short answer is no.

Mr. Conaway. In your conversation or in your

discussion, you and your investigators, did you conclude as Mr. Rangel would have us believe, that all of these cumulative repeated errors with deficiencies in his financial statement were simply inadvertent or unintentional? Did you conclude that?

Mr. Chisam. I have no reason to believe, Congressman, that he went out of his way to try to mess this up.

Mr. Conaway. So you are saying then, sir, that sloppiness is a defense?

Mr. Chisam. I don't believe it is a defense at all. In fact, I believe that it is a violation of the rules.

Mr. Conaway. Pull up Exhibit 541, please. And it would be page 3699. This is a transcript from a press conference done by Mr. Rangel in the House gallery press -- House press gallery. We are going to be looking near the bottom of the page on 3699. There we go.

Let me just read that. No, ma'am, that is not it. Let me see. Is it 3699? That was it, I am sorry. Let me just read that. "In conclusion, let me say" -- this is Charlie speaking, or Mr. Rangel, excuse me, speaking at the press conference. "In conclusion let me say this. I did not expect any special treatment because I am a member of Congress. Whatever mistakes, if any, I have made I am prepared to make certain that the record is set straight. As a matter of fact, I truly believe that Members of Congress

and those in the public service really have a higher obligation, than people who vote for them, to set an example." It is a twisted final phrase.

Is this a true and correct copy of the transcript from that press conference?

Mr. Chisam. That is my understanding. To the best of our knowledge, that is a true and accurate copy.

Mr. Conaway. But it is your exhibit?

Mr. Chisam. Yes.

Mr. Conaway. Yes or no? Why are you wavering?

Mr. Chisam. Because I am a lawyer, Congressman.

Mr. Conaway. So if Mr. Rangel's lawyer were in here and he said this is not a true and correct copy of this transcript, would we toss it out? What would we do?

Mr. Chisam. Congressman, Mr. Rangel produced this document to us.

Mr. Conaway. All right. Thank you. I yield back.

Chairwoman Lofgren. The gentleman yields back. Do other members have questions they wish to ask? Mr. Dent.

Mr. Dent. Thank you, Madam Chair. I am going to confine my questions to Mr. Chisam as it relates to the Lenox Terrace issue. A few things.

On page 74 of your summary judgment motion, you state that the evidence in the record makes clear that the respondent accepted a favor or benefit in the form of leasing

a residential rent-stabilized apartment for his campaign office and that this violated the terms of his lease, New York City's zoning regulations, the New York City building code, and the certificate of occupancy of Lenox Terrace.

Could you describe more specifically the zoning and building regulations that were violated by Mr. Rangel's use of a campaign office in a residential building? And also, secondarily, what is the significance in the Lenox Terrace building about the commercial units above the first floor?

Mr. Chisam. The lease that was provided was for living purposes only. And I think that was for a reason. And the reason that lease provides that is that every building in New York, particularly of this size, has what is called a certificate of occupancy. It tells you what you can use a building for. And that certificate of occupancy for this building refers to different zoning laws, and the bottom line comes to this: Every unit above the first floor of that building had to be used for residential purposes. And if it wasn't, it would have violated the zoning restriction as well as the building code, and that gets you to the certificate of occupancy.

And there are certain exceptions. There is some permissibility to use a residential unit for a business so long as you don't use more than 25 percent of the space for the business and you don't bring people in to work in there.

So there is absolutely no circumstance that Mr. Rangel's use of this particular apartment would not have violated some law in New York.

Mr. Dent. And about the first floor issue?

Mr. Chisam. The first floor issue, these buildings -- there is about six of them, and it is designed like many old buildings in New York; so you can live, you can live and shop in the same place. It is a large, tall building, and on the ground floor you can go to the dry cleaners or either a restaurant.

Mr. Dent. And other questions, too. If you could put up Exhibit Number 508. It is a copy of the original lease for the apartment 10U that Representative Rangel signed for his campaign office. On the first page Charles Rangel is typed as the tenant. And paragraph 1 states that the tenant shall use the apartment for living purposes only and could only be occupied by either the tenant named in the lease or by the immediate family. And it is quite clear that -- it seems clear anyway that the respondent did not live in that particular unit.

Mr. Chisam. As best -- well, it is absolutely clear based on everything that we know that he used that unit solely and exclusively as a campaign office. He had his staff go in there, they worked in there. No one ever -- I mean, no one from his family slept in there. He did not use

it. And he was quite rather open and notorious about it.

Mr. Dent. If you can also put up Exhibit Number 530. It is a copy of the rental application form.

Again, to Mr. Chisam, did the evidence and testimony confirm that this application form was used for the campaign office unit?

Mr. Chisam. Before the investigative subcommittee, my recollection and my staff's recollection is that a witness indicated that this appeared to have come from the file for that unit.

Mr. Dent. You also note that the person named in the line to occupy that unit is Steven Rangel, Mr. Rangel's son. Is there any evidence that Mr. Rangel's son ever lived in that unit?

Mr. Chisam. There is absolutely no evidence that he lived in that unit. To the extent that his son lived with the Rangels during the relevant time period, he lived on the 16th floor.

Mr. Dent. Thank you for that response. And I have a series of questions that I intended to ask of Mr. Rangel's counsel, or Mr. Rangel in the absence of counsel, which I will not do here, but I would be happy to submit them for the record, Madam Chair.

Chairwoman Lofgren. All right. Then those questions will be submitted for the record.

[The information follows:]

******** COMMITTEE INSERT ********

Mr. Dent. I yield back.

Chairwoman Lofgren. The gentleman yields back. Do additional members have questions? Whoever wants. Mr. Harper, do you have questions?

Mr. Harper. Yes, Madam Chair. Thank you very much.

Mr. Chisam, earlier you were asked by Mr. Butterfield if Mr. Rangel had received any personal financial benefit or the issue of corruption. And I would like to pull up the summary judgment, if I could, page 59. Is that available on the screen?

Congresswoman Lofgren. I don't think we have that.

Mr. Harper. Well, Mr. Chisam, if you could refer, and members of the committee, refer to page 59 of your motion for summary judgment. The first full paragraph, the first sentence says, "Donations to the Rangel Center were a favor or benefit to the respondent." And then if I could drop down to the fourth paragraph on page 59 it said, "Respondent also received benefits for himself. He received a place to house his papers, including an archivist to collect and organize these papers."

So I would ask, do those things just referred to, just in that paragraph, did those have value?

Mr. Chisam. Well, in my judgment, to answer your question directly, they do have value, that is to be sure. I can tell you that those -- the center is, the physical

location for the center has never been built. He has never actually received and he has never done it in his papers because he is still in Congress, so nothing has actually ever been received.

Do I think it has value? I absolutely think it has value. But in some respects, its perspective is a little hard to measure at the moment. But I do believe those would have had value.

Mr. Harper. Sure. And if we were talking about, you know, cash or monetary contributions, that has an exact value, we know what that is. But obviously this indeed does personally benefit Mr. Rangel, does it not?

Mr. Chisam. It would have.

Mr. Harper. If I could refer you to Exhibit 113. And Exhibit 113, just by way of information, is an e-mail stream that is dated December 26, 2006 between Shelly Butler at the Rangel Center and George Dalley, Rangel's former chief of staff, and a number of other House staff. And of course it is a lengthy list.

But I would ask you on that lengthy list of foundations that was faxed to the Rangel, that was used -- congressional stationery was used on these contacts; is that correct?

Mr. Chisam. Can I just take a look and see what this e-mail is before I answer that question?

Mr. Harper. Sure.

Mr. Chisam. Congressman, I am having a little -- I don't want to mess this up. Exactly the question is -- I just didn't understand the question.

Mr. Harper. Okay. And certainly let me clear it up. And of course in looking at, and I apologize, let's look at Exhibit 136. And that is what we are on, isn't it -- are we at 136 -- how many letters were sent regarding the Rangel Center? And then I want to know if they were all sent on congressional letterhead, and were they all sent using the House frank? And so if you need to review that for a moment, then please do.

Mr. Chisam. This exhibit shows a list of foundations, to our knowledge. And I think the record is pretty clear on this. Everybody on that list got a letter and it was on official letterhead. And we know that, at least in the case of the New York Stock Exchange to Leon Panetta, we have evidence that the frank was used.

Mr. Harper. All right. One concern as we look at how we are going to proceed here on this motion, whether we call it summary judgment or however you want to phrase it, while it is not specifically within the rules, Mr. Chisam, what is the precedent for a motion like this being offered in lieu of an adjudicatory hearing involving a House Member?

Mr. Chisam. Congressman, the way that I believe the motion is styled is not actually in lieu of a hearing. I

think it would be more in lieu of taking live testimony. In terms of not taking live public testimony, I think there is ample precedent before the committee.

But this is the hearing, this is offered at the hearing. The evidence is admitted at the hearing. We are essentially having a hearing. And the motion simply states that based on the record before you, you can decide, you can decide today and you can go back and talk about this case, you can deliberate on it, you can argue about it, you can agree on it, but you can right now get to a vote based on what you have before you.

Mr. Harper. So it is your opinion as chief counsel, this is sufficient, with the evidence that has been admitted along with the argument on the summary judgment motion, that we are able to make a decision?

Mr. Chisam. Congressman, the facts that we have stated are not all the facts in this case. We believe that they are the material facts in this case, and they are ample, ample to allow you to decide, in our judgment, favorably; meaning in favor of the counts in the SAV on all 13 counts.

Mr. Harper. With that, I yield back, Madam Chair.

RPTS JOHNSON

DCMN NORMAN

[11:20 a.m.]

Chairwoman Lofgren. The gentleman yields back. Are there further questions? Mr. Welch?

Mr. Welch. Thank you. Mr. Chisam, did you investigate, for comparison purposes, other Members of Congress who had raised funds for an educational institution?

Mr. Chisam. Congressman, the jurisdiction of the subcommittee and of this committee, this subcommittee, so both the investigative and the adjudicatory subcommittee was limited to Congressman Rangel.

Mr. Welch. Here is the question. Other Members of Congress have raised money for an educational institution that has been named after them, correct?

Mr. Chisam. Yes.

Mr. Welch. So you have no information about what Members have done that and under what circumstances it has been done?

Mr. Chisam. I don't find it relevant.

Mr. Welch. All right. So the basic issue, if I understood what you are saying, it is permissible for a Member of Congress to raise funds for an educational institute that will then be named after the Member of Congress.

Mr. Chisam. That is correct. So long as they do not use official resources, their letterhead, and the host of things explained.

Mr. Welch. All right. So a person -- I mean this may not be a great idea for us to allow in Congress, but an individual in Congress is allowed to solicit funds, and that includes from campaign donors or from individuals who actually may have interests before their committee, in order to establish a nonprofit educational institution that will be named after them under existing rules in the House of Representatives and in the U.S. Senate. That is permissible for Members of Congress to do?

Mr. Chisam. Under the committee's general waiver for solicitations for exactly the type of entities you are talking about, that is generally true. The one caveat I would put on that is you cannot directly solicit a lobbyist.

Mr. Welch. And the question here with respect to Mr. Rangel is the way in which he did that, rather than what it is he actually did; is that correct?

Mr. Chisam. The purpose here could have been --

Mr. Welch. Just a yes or no on this. Right?

Mr. Chisam. You are exactly correct.

Mr. Welch. Okay. So basically, if a Member wants to solicit funds, they have got to, A, get permission, and B, use the right letterhead. They cannot use congressional

letterhead. Right?

Mr. Chisam. That is right.

Mr. Welch. But they can send that letter to a corporation, to an individual, whoever they seek to solicit funds from; correct?

Mr. Chisam. On their personal letterhead, sure.

Mr. Welch. All right. And the fact that that person or that individual may have interests before the committee of jurisdiction on which they sit or chair is not a bar to them making that solicitation in the first place; correct?

Mr. Chisam. In that circumstance, if it is a 501(c)3 or a 170(c) organization, that is correct.

Mr. Welch. All right. On the question of rent control, I understand that Mr. Rangel had his own family apartment in the building in question; correct?

Mr. Chisam. He had multiple units on the 16th floor of the same building.

Mr. Welch. All right. And my understanding is that in this investigation about what I think most people think is a pretty Byzantine process of rent control in New York City, that the apartment that is the subject of this inquiry was vacant for several months before Mr. Rangel rented it.

Mr. Chisam. That is correct.

Mr. Welch. And is it the case that Mr. Rangel did in fact, or his campaign did in fact pay the highest rate that

was allowed under the existing law?

Mr. Chisam. That is correct. The units themselves are stabilized under New York law. He paid the maximum rent-stabilized rate.

Mr. Welch. And did you inquire as to whether the Olnick Corporation, his landlord, had a coherent policy as to how it treated its rent-controlled apartments?

Mr. Chisam. That process changed over time throughout the relevant period in how they dealt with their stabilized units.

Mr. Welch. All right. So basically, what we have here is a situation where Mr. Rangel, his campaign, paid maximum rate under law for a rent-controlled apartment that had been left vacant for several months before his campaign rented it. Is that right?

Mr. Chisam. That is correct. He didn't violate the rent stabilization laws. Neither did the landlord. This is violations of the building code and the zoning regulations.

Mr. Welch. Okay. Thank you. I have no other questions. I yield back.

Chairwoman Lofgren. I have just a few questions, if I can. Representative Rangel was represented by counsel for a substantial period of time, more than 2 years. And one of the things they did was file a motion to dismiss the SAV at an earlier stage in the proceedings. And in their written

brief -- I would add that that motion was denied by the ISC. But in their motion, they argued that the charitable contributions made to the City College of New York in connection with the Rangel Center cannot be construed as an improper favor or benefit to Congressman Rangel. And they went on to argue that the indirect benefits were not favors, they were integral parts of the center's academic program. And CCNY, not Congressman Rangel, the City College was the beneficiary, not Mr. Rangel.

Now, if Mr. Rangel had gotten permission and had solicited these donations in accordance with committee rules, would you argue that it was a benefit to Mr. Rangel?

Mr. Chisam. Had he complied with committee rules, I do not believe that the donations he solicited from private entities would have been attributable to him.

Chairwoman Lofgren. So the argument is really twofold: that the process of solicitation was defective, and I think you have amply made that case in your motion; but that in some kind of transmogrification, because of the error in solicitation, it became a gift. And I am having trouble following that. Do you have citations to support that position?

Mr. Chisam. I do. They are actually listed in the motion. But I would flip it a little bit. The statute and the House rule basically -- 5 U.S.C. 7353 and the House rule

on gifts essentially prohibit all gifts to Members. It is blanket. There are exceptions.

Now, the solicitation ban is likewise a nearly absolute prohibition on soliciting donations. The House rule specifically provides that if somebody else gives money to somebody else, but the Member knew about it and requested it, that that gift is attributable to the Member. It is the indirect gift rule. So that is under the House rule and it is explicit.

Chairwoman Lofgren. I understand that. But if it is an indirect gift, it would be an indirect gift if you followed the rules and solicitation as well by your logic. So all of the people we have approved that solicit for charities are also violating the rule, according to your argument.

Mr. Chisam. And Madam Chair, the letters that you so very often sign on that contain language that talk about how when the solicitation is approved, either by the general waiver or by a waiver issued by the committee, that the corresponding gift problem -- that gift won't be attributed so long as the solicitation is proper.

Chairwoman Lofgren. Let me ask you another question regarding the allegation that he received an improper gift because of the promise that he would have an office and there would be the archiving of his papers and attendance to that. In the House, this is something actually I have never agreed

with, but it is in our rules. If you receive something from a public entity it is specifically not a gift in violation of the gift rules. So that if you go to the UCLA-USC game, if you sit with USC you have to pay for your tickets; if you sit with UCLA you do not.

City College of New York is a public entity. They were going to provide this to Mr. Rangel. How could this violate the gift rule if the gift rule specifically excludes benefits coming from the public sector?

Mr. Chisam. Again, Madam Chair, this is the indirect part of this gift. It is not the provision directly of the office, it is how you get the money for the office. And here Congressman Rangel solicited I think explicitly Gene Isenberg, who gave about a million dollars in a matched contribution for the purpose of naming that office and essentially constructing that office. I think whether you do it under the letter and spirit of the rules or under the indirect gift rule, I think it is abundantly clear that that gift ought to be attributed to Representative Rangel and would not, in my judgment, be considered a gift when it happened from the university.

Chairwoman Lofgren. Let me just ask a final question. I am just about out of time. The Statement of Alleged Violation alleges that Mr. Rangel violated clause 5 of the Code of Ethics for Government Service. What does committee

counsel interpret the legal standard, and specifically the reasonable person aspect of the standard to be? Specifically, is the benefit that Mr. Rangel allegedly received with respect to the Lenox Terrace apartments subject to the reasonable person, or how do we read that statute?

Mr. Chisam. Madam Chair, the text of that reads as follows: Never discriminate unfairly by dispensing of special favors or privileges to anyone, whether for remuneration or not, and never accept for himself or his family favors or benefits under circumstances which might be construed by reasonable persons as influencing the performance of his governmental duties.

Chairwoman Lofgren. So the reasonable person really relates to the second.

Mr. Chisam. Everything after the semicolon.

Chairwoman Lofgren. All right. Thank you very much for that. I don't have additional questions. Mr. Conaway, did you have a follow-up you wanted?

Mr. Conaway. Not a follow-up question. I needed to clarify something. My comments were referenced to some assets that were on the amended financial statement but left off the original one.

Chairwoman Lofgren. I am sorry, I didn't hear the beginning of your statement.

Mr. Conaway. I just need to clarify something.

Chairwoman Lofgren. Okay.

Mr. Conaway. My question was about assets that were not on his original financial statement. I mentioned the ING Russia Fund. That was a different issue. It was actually on both the original financial statement at a value of $1,000 to $15,000. It is on the amended financial statement at $15,000 to $50,000. So it was a different issue. And I didn't mean to confuse the --

Chairwoman Lofgren. Thank you for that clarification. At this point really what is before us is not a proposal that we adopt the SAV, but counsel's motion is that we decide that there are no material facts in dispute. And that motion is something that I think we will want to discuss in closed session. We have heard the arguments. We have had an opportunity to ask our questions. And unless there are further matters to come before us on that -- yes, sir, Mr. McCaul?

Mr. McCaul. Thank you, Madam Chair. Just a point of clarification. I am hopeful this committee will be able to come to a consensus on all 13 counts. However, if the committee cannot, that means there is an issue of fact remaining on those certain counts we can't agree on. Would that proceed -- if that scenario happens, do we proceed with the hearing with the live witness testimony?

Chairwoman Lofgren. Well, I think the motion before us

is really to accept as proven all of the facts in the SAV. Now, there are two questions before us, the facts and the law. How we apply the law to those facts is a separate question that is not covered by the motion before us. Is that clear?

Mr. McCaul. But I do think if there are counts that we cannot agree on, that we may need to consider having further evidence, having this trial or hearing proceed on those remaining counts.

Chairwoman Lofgren. Well, I think if we do not -- if the motion to accept that the facts are as proven were to fail, then you would be correct. If we accept that none of the facts are in dispute, then we need to match those facts to the SAV and see whether as a matter of law the facts support the allegations sent to us by the ISC.

Mr. McCaul. Okay. I understand. Thank you.

Chairwoman Lofgren. All right. If there is nothing further then, we will recess to discuss this motion. We will recess at least until 1:00. And we will try and give notice to the respondent and everyone else of at least 15 minutes or so before we come out into public session, out of fairness. So with that, we stand in recess.

[Whereupon, at 11:34 a.m., the committee proceeded in Executive Session.]

RPTS KESTERSON

DCMN NORMAN

[2:35 p.m.]

[Resuming Open Session.]

Chairwoman Lofgren. The adjudicatory subcommittee is back in session pursuant to my authority as chair of the subcommittee under rule 23(i)(2) of the rules of the Committee on Standards of Official Conduct. I find, and I will say the subcommittee finds, that there is no genuine issue of material fact with respect to any of the counts in the Statement of Alleged Violations. Accordingly, this matter should be immediately submitted to the subcommittee to determine whether any of the counts have been proved as a matter of law.

This ruling does not constitute a ruling that any of the 13 counts have been proved. It is only a holding that no material fact is in dispute. Accordingly, it is appropriate for the subcommittee to determine, based on the uncontested factual record, whether any of the counts have been proved as a matter of law.

The subcommittee will meet in Executive Session to consider each of the 13 counts contained in the Statement of Alleged Violations. In its deliberations, the subcommittee will consider all evidence that was properly entered into the record in these proceedings.

I note that the record includes a number of materials prepared by Representative Rangel's former counsel in this matter. Those materials include a motion for a bill of particulars and a motion to dismiss, both of which were considered by the investigative subcommittee and denied. In addition, the record includes a written statement of Representative Rangel transmitted to this subcommittee. All of those materials were prepared with the assistance of counsel and all have been publicly available on the committee's Web site since July 29th of this year.

The motion submitted by committee counsel is also publicly available on the committee's Web site along with the entire record. The record includes more than 550 exhibits and totals more than 4,200 pages. The subcommittee will determine by a majority vote of its members whether each count has been proved by clear and convincing evidence based on the material facts that have been found not to be in dispute.

The subcommittee will then report its findings to the full committee. If no count is proved, the full committee will prepare a report to the House based upon the report of the subcommittee. If any one of the 13 counts in the Statement of Alleged Violations is proved, the full committee will conduct a separate hearing to determine what sanction, if any, the committee should recommend to the House of

Representatives.

I would like to take this opportunity to thank all of the participants involved in this proceeding for their time and attention as well as the Committee on House Administration chairman, Bob Brady, for his staff in the use of this hearing room.

I would now recognize the ranking member for any additional comments he may have. If there is no further business, then, we will recess into Executive Session to deliberate upon the 13 counts before us. Mr. Dent.

Mr. Dent. Just a quick question. I am not a lawyer and I know a lot of people watching this proceeding probably are not lawyers either.

The Chairwoman. Hopefully not.

Mr. Dent. So I just want to get one little piece of clarification. I know we received about 550 exhibits, but we have not received the witness testimony, and the decision is that none of those facts in the documents are in dispute or being disputed. And I guess the only main point is will there be any kind of a public process to determine if the facts prove violations by clear and convincing evidence?

The Chairwoman. We will deliberate in Executive Session on that point and we will return to public session for a report and whatever further discussion the committee deems appropriate. We are in recess now.

[Whereupon, at 2:38 p.m., the subcommittee recessed, to proceed in Executive Session.]

ADJUDICATORY SUBCOMMITTEE HEARING

IN THE MATTER OF REPRESENTATIVE CHARLES B. RANGEL

OPENING STATEMENT OF CHAIR ZOE LOFGREN

NOVEMBER 15, 2010

CHAIR: The Committee will come to order. I would like the record to reflect that all eight members of the Subcommittee are present.

This hearing of the Adjudicatory Subcommittee of the Committee on Standards of Official Conduct in the Matter of Representative Charles B. Rangel will come to order.

The Constitution authorizes the House of Representatives to discipline its members.

In the House, the Committee on Standards of Official Conduct is charged with recommending and enforcing ethical standards that ensure that members and staff act in a manner befitting that public trust. It is under that authority that we are meeting here today.

This hearing is authorized by House Rule XI, Clause 3, and Committee Rule 23. The purpose of this hearing to determine whether any of the 13 counts included in the Statement of Alleged Violation in the Matter of Representative Charles B. Rangel have been proved by clear and convincing evidence.

On June 17, 2010, a bipartisan Investigative Subcommittee of the Committee on Standards of Official Conduct adopted a Statement of Alleged Violation in the Matter of Representative Charles B. Rangel. Representative Gene Green chaired the Investigative Subcommittee. The Ranking Member of the full Committee, Representative Jo Bonner, served as the Subcommittee's Ranking Member. Representatives Bobby Scott and Doc Hastings also served on the Subcommittee.

The Investigative Subcommittee adopted a Statement of Alleged Violation which includes 13 separate counts. For each count, the Investigative Subcommittee concluded that there is substantial reason to believe that Representative Rangel violated the Code of Official Conduct, or a law, rule, regulation, or other standard of conduct applicable to Representative Rangel's performance of his official duties or the discharge of his official responsibilities as a member of the House of Representatives.

The role of an Adjudicatory Subcommittee is to determine, at a hearing, whether any count of the Statement of Alleged Violation has been proved by clear and convincing evidence. The purpose of this adjudicatory hearing is to do just that. However, it is important to bear in mind that this proceeding is a hearing, not a trial.

Attorneys from the Committee's non-partisan, professional staff are the moving party in these proceedings. Their role is to make a case for the Statement of Alleged Violation adopted by the Investigative Subcommittee.

At the adjudicatory hearing, the burden of proof rests with Committee counsel to establish the facts alleged in each count of the Statement of Alleged Violation by clear and convincing evidence.

Representative Rangel will have an opportunity to present his side of the story, should he wish to do so. A respondent is not required to present a case in his defense, and should Representative Rangel choose not to present a case, the Subcommittee will not and may not draw a negative inference from that fact.

As members of the Adjudicatory Subcommittee, we are neither accusers nor are we defenders of our colleague, Mr. Rangel. Our job is to act impartially as finders of fact and law. We are honor bound to do so without regard to partisanship or bias of any sort. We are required to act honestly and fairly based on the evidence presented to us during the adjudicatory hearing.

In light of that role, I remind my colleagues that while this hearing is in progress, and while the ethics process continues for this matter, we should continue to refrain from commenting on the facts, the law, or any other aspect of this matter.

In conducting this hearing, the Adjudicatory Subcommittee will follow the procedures established by the rules of the Committee.

The quorum required for the Adjudicatory Subcommittee to conduct any business is a majority plus one, or six members. If at any time the Subcommittee does not have a quorum, the Chair may recess the hearing, and may direct the Clerk to contact the Members who are not present. In addition, the Chair can recess the hearing at any time as needed.

The order of the adjudicatory hearing will be as follows. First, the Subcommittee will hear argument on a motion noticed by Committee counsel. Unless he is under oath, any statements, questions, or arguments that Representative Rangel makes will not be considered evidence in this matter. Each party will have 20 minutes for argument. Members of the Subcommittee will then have an opportunity to ask questions of the parties, should they choose, under the five-minute rule.

Following a ruling on the motion, Committee counsel and Representative Rangel will each be allowed 10 hours to present their case, including the time allotted for opening statements and closing arguments. The order is established by Committee rules.

First, I will recognize Committee counsel and Representative Rangel or counsel for Representative Rangel, for any opening statements they may wish to make. Each party will be limited to one hour for their opening statement.

Each party will then present their case. The order for receiving testimony from witnesses and other pertinent evidence is also established by rule.

Committee counsel will present their evidence and call witnesses first. Representative Rangel will have the opportunity to cross-examine witnesses called by Committee counsel, should he wish to do so.

Next, Representative Rangel will have the opportunity to present evidence and call witnesses, should he choose to do so. Committee counsel will have the opportunity to cross-examine any witnesses Mr. Rangel calls in his defense.

After Representative Rangel finishes his case, Committee counsel may ask to present rebuttal witnesses, as permitted by the Chair.

Members of the Subcommittee will also have the opportunity to ask questions of each party's witnesses under the five-minute rule, unless otherwise directed by the Chair.

After all testimony and evidence has been presented, Committee counsel and Representative Rangel will each be permitted to make a closing argument. Each party will be limited to one hour for their closing argument.

Members of the Subcommittee will then have the opportunity to ask questions of the parties under the five-minute rule, unless otherwise directed by the Chair.

At that time, the members of the Adjudicatory Subcommittee will then meet in executive session to consider each count included in the Statement of Alleged Violation. The Subcommittee will determine by a majority vote of its members whether each count has been proved. The Adjudicatory Subcommittee will then report its findings to the full Committee.

If no count is proved, the full Committee will prepare a report to the House, based upon the report of this Subcommittee.

On the other hand, if any 1 or more of the 13 counts in the Statement of Alleged Violation are proved, the full Committee will conduct a sanctions hearing to determine what sanction, if any, the Committee should recommend to the House.

The allegations included in the Statement of Alleged Violation are significant. We take seriously our obligation to conduct these proceedings fairly, impartially, and with the dignity and decorum befitting any proceedings before the House of Representatives. This is a forum to discharge our responsibilities as set forth in the Rules of the House and the rules of the Committee.

The adjudicatory hearing will be conducted subject to the rules and the decorum of the House of Representatives. All participants will be required to observe strictly and promptly all evidentiary, procedural, and other rules of the Committee and rulings issued in this hearing.

All participants will be required to avoid unruly behavior and inappropriate language. I expect all parties to these proceedings to conduct themselves at all times in a manner that reflects creditably on the House of Representatives. Any breach of decorum by participants or attendees may result in a determination by the Subcommittee to close the remainder of the adjudicatory hearing and to proceed in executive session as permitted by Rule 23(e).

As I chair these proceedings, I plan to do so in the fairest way possible to all parties involved, as well as to the House.

At this time, I recognize Representative Michael McCaul, Ranking Member on the Subcommittee, for his brief opening remarks.

###

Congressman Michael T. McCaul (R-TX)
Ranking Member, Adjudicatory Subcommittee
Committee on Standards of Official Conduct

Opening Remarks as Prepared
November 15, 2010, 9:00am EDT

As I stated at the opening hearing last July, this is an important day, both for Mr. Rangel, for this Committee, for the Congress, but most importantly for the American people. Let me be clear, no member of this committee asked for this assignment. Sitting in judgment of a fellow member and colleague is very difficult for all of us. But we accept our responsibility here today. We serve for no other reason than to protect the honor, integrity and credibility of this institution often referred to as the People's House.

The American people's confidence in us is at historic lows. They want their elected representatives held accountable for their actions just as they are held accountable as private citizens. It is my sincere hope that these public, televised hearings will help increase transparency and accountability and restore much needed trust in the House as an institution.

Our responsibility as Judges in this matter is to be fair and impartial. There is no place for presumed guilt before innocence in this process and there will not be in this case.

Hearings of this kind are rare and historic. These hearings follow a 21 month long bi-partisan investigation. An investigation that received sworn testimony from nearly 50 witnesses, and over 28,000 pages of documents. An investigation that produced a 13 Count Statement of Alleged Violations. And over 500 exhibits that have been placed on the Committee's website.

These allegations, if proven, would demonstrate that Mr. Rangel violated multiple provisions of the House Rules and federal statutes. As Judges we must determine whether these allegations were proven by "clear and convincing evidence."

On numerous occasions the Respondent, Mr. Rangel, has requested public hearings, a right that he is afforded under the Committee Rules. Today, this hearing affords him the opportunity to be heard. And as Judges in this matter it is our responsibility to make sure the process is both fair and dignified. As a former federal prosecutor in the Public Integrity Section at the Department of Justice due process is nothing new to me. It is guaranteed by our Constitution, and it is a responsibility I take very seriously.

So as we prepare to hear the evidence against one of our most tenured colleagues in the House, we need to ensure we have done everything we can to reassure the American public that we will handle this matter with the utmost professionalism and nonpartisanship that it deserves.

We can never forget that public office is a public trust. And with that I yield back.

###

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Congress of the United States
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August 12, 2010

COMMITTEE ON THE JUDICIARY
CHAIRMAN, SUBCOMMITTEE ON CRIME, TERRORISM AND HOMELAND SECURITY
SUBCOMMITTEE ON THE CONSTITUTION, CIVIL RIGHTS AND CIVIL LIBERTIES
SUBCOMMITTEE ON COMMERCIAL AND ADMINISTRATIVE LAW

COMMITTEE ON EDUCATION AND LABOR
SUBCOMMITTEE ON EARLY CHILDHOOD, ELEMENTARY AND SECONDARY EDUCATION
SUBCOMMITTEE ON HEALTHY FAMILIES AND COMMUNITIES

COMMITTEE ON THE BUDGET

The Honorable Zoe Lofgren, Chair
Committee on Standards of Official Conduct
HT-2, The Capitol
Washington, DC 20515

Dear Chair Lofgren:

Attached are my views dissenting from those expressed by a majority of the investigative subcommittee in the Statement of Alleged Violation and other now public documents in *In the Matter of Representative Charles B. Rangel*. While I agree with my colleagues that Representative Rangel violated various House Rules and other applicable standards, I believe that the record lacks evidence creating a "substantial reason to believe" that Representative Rangel engaged in conduct in violation of clause 5 of the Code of Ethics for Government Service, the House gift rule, or the criminal Franking statute. These counts should not have been charged in the Statement of Alleged Violation and cannot be proven by the higher "clear and convincing evidence" standard at trial. Based on the sanctions levied against Members by the Standards Committee and the House of Representatives in prior cases, a letter of reproval is the appropriate sanction for Representative Rangel's conduct. However, the investigative subcommittee's commitment to including counts involving corrupt and criminal conduct in the Statement of Alleged Violation and insisting on excessive sanction of reprimand prevented the prompt and appropriate resolution of this matter.

The record is clear that Representative Rangel engaged in irresponsible conduct over the course of several years that resulted in numerous violations of House Rules and other applicable standards. Representative Rangel's conduct was not, however, corrupt or criminal, as explicitly and implicitly alleged in the Statement of Alleged Violation and does not warrant a sanction of reprimand. Representative Rangel has a long history of working to expand educational opportunities for disadvantaged minority youth and believed that doing so was part of his official duties to represent the 15th congressional district of New York. In his zeal to support CCNY's efforts to establish the Rangel Center for Public Service, Representative Rangel failed to comply with the congressional solicitation rules. Representative Rangel's solicitations on behalf of CCNY would have been permissible under House Rules if he had followed these instructions. The Standards

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Committee has never issued any public guidance that failure to comply with the solicitation rules will also result in a violation of the House gift rule. The investigative subcommittee did not find any evidence that Representative Rangel was engaged in any *quid pro quo* relationship with Nabors Industries, Nabors Industries CEO Eugene Isenberg or any other foundation or corporate parent that donated to CCNY for the Rangel Center or that Representative Rangel otherwise violated the federal bribery or illegal gratuity statute. Despite this fact, the Statement of Alleged Violation now seeks to convert donations to CCNY for the Rangel Center to benefit disadvantaged minority youth into impermissible and corrupt gifts to Representative Rangel.

Representative Rangel also made numerous errors in his Financial Disclosure statements and tax returns. This conduct is particularly troubling given Representative Rangel's leadership positions on the House Committee on Ways and Means during the relevant period. The Standards Committee has recommended and the House of Representatives has imposed a reprimand against Members who omitted information on their Financial Disclosure statements that was evidence of corruption, such as a conflict of interest, a financial interest in legislation or gifts of substantial value from individuals under investigation by the Standards Committee. The investigative subcommittee has not made any such finding regarding Representative Rangel. Representative Rangel also failed to check the box on his Financial Disclosure statements to indicate the fact that he had received non-cash income related to his vacation property in the Dominican Republic. The investigative subcommittee reviewed this business deal and did not find that Representative Rangel received any impermissible benefit. Although Representative Rangel failed to include on his taxes technical income attributable to non-cash transactions, such as forgiveness of interest and reduction of principle, during the course of this investigation Representative Rangel hired a forensic accountant to resolve his back taxes and has since paid the maximum amount. Members of Congress routinely make errors on their Financial Disclosure statements and are allowed to correct these mistakes without sanction. Here, however, the sheer number of errors and the large amount of money involved with Representative Rangel's deficient Financial Disclosure statements and taxes warrant a sanction of a letter of reproval.

Representative Rangel's use of a rent-stabilized apartment as a campaign office also did not violate House Rules. Based largely on the testimony of attorneys from the New York Department of Housing and Community Renewal (DHCR), the investigative subcommittee did not find that Representative Rangel violated any laws related to his tenancy in the apartment. Representative Rangel rented the apartment after it had remained vacant for several months; he did not pass over anyone else on a waiting list. Even if Representative Rangel's landlord allowed his non-conforming use of apartment 10U, the Olnick Organization never had a coherent policy on the issue and allowed other tenants to use rent-stabilized units for business purposes. An Olnick representative and a New York DHCR official each testified that Representative Rangel paid the maximum rent allowed under the law for his campaign office and that renting the apartment as a campaign office was not illegal. Representative Rangel made no effort to hide the fact that he was using the apartment in this

way; his rent for the campaign office was paid for using campaign checks. Representative Rangel's use of a rent-stabilized apartment as a campaign office may be politically embarrassing, but it was not illegal. Members of Congress often face public relations implications arising from their private conduct, such as when a Member purchases a foreign car. Despite this fact, as long a Member is paying market value or commercially reasonable terms for the item or service without discount, he or she should be exempt from review by the Standards Committee. Representative Rangel should have been afforded the same treatment.

I do not condone improper conduct by any Member of the House, but the circumstances of this case are not consistent with the precedents of the Standards Committee where a Member has received or the Committee has recommended a reprimand. There is no evidence that Representative Rangel attempted to conceal a conflict of interest or engaged in any of the corrupt conduct that has traditionally warranted a reprimand. Representative Rangel's conduct is the result of good faith mistakes and misunderstandings of legal standards and the scope of his official duties. His violations of House Rules were caused by his sloppy and careless recordkeeping, but were not criminal or corrupt. Representative Rangel has already relinquished his position as Chairman of the House Committee on Ways and Means as a result of these allegations. By contrast, when Representative Newt Gingrich was reprimanded by the House of Representatives, he continued to serve as Speaker of the House. Furthermore, Representative Rangel did not submit false statements during the course of the investigative subcommittee's work that delayed the investigation or wasted House resources, which was an aggravating factor in the *Gingrich* matter. The Standards Committee should also consider Representative Rangel's decision to hire a forensic accountant to assist him in amending his Financial Disclosure statements and other mitigating factors. The Standards Committee's precedents are replete with examples of Members who engaged in more serious conduct than Representative Rangel, but have not suffered as significant consequences as he has already endured.

Representative Rangel has acknowledged his numerous mistakes on his taxes, Financial Disclosure statements and in his solicitations on behalf of CCNY. It is unfair to force Representative Rangel to defend himself against allegations of criminal law, corruption and gift taking which are unlikely to be proven in a public trial. The investigative subcommittee did not find evidence of bribery, an illegal gratuity, a conflict of interest or the use of his official position for personal financial gain. Representative Rangel should not accept an excessive punishment for alleged violations that he did not commit and which should not have been charged. Members of Congress must adhere to the highest moral and ethical principles. However, those moral and ethical principles must be applied fairly and uniformly to all Members, including Representative Rangel. For these reasons and those outlined in the attached submission, I must respectfully dissent from the views expressed by a majority of the investigative subcommittee in the Statement of Alleged Violation and other now public documents in *In the Matter of Representative Charles B. Rangel.*

Although I understand that Standards Committee rules may not explicitly authorize dissenting views from Members of the investigative subcommittee to the adjudicatory subcommittee, I feel compelled to express my views at this time, as I now believe that Committee rules do not prohibit me from doing so.

Sincerely,



Robert C. "Bobby" Scott

Member of Congress

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COMMITTEE ON THE JUDICIARY
Chairman, Subcommittee on Crime, Terrorism and Homeland Security
Subcommittee on the Constitution, Civil Rights and Civil Liberties
Subcommittee on Commercial and Administrative Law

COMMITTEE ON EDUCATION AND LABOR
Subcommittee on Early Childhood, Elementary and Secondary Education
Subcommittee on Healthy Families and Communities

COMMITTEE ON THE BUDGET

November 4, 2010

The Honorable Zoe Lofgren, Chair
The Honorable Jo Bonner, Ranking Member
Committee on Standards of Official Conduct
HT-2, The Capitol
Washington, DC 20515

Dear Chair Lofgren and Ranking Member Bonner:

Attached are a cover letter and my views dissenting from those expressed by a majority of the Investigative Subcommittee in the Statement of Alleged Violation and other now public documents in *In the Matter of Representative Charles B. Rangel*. I provided preliminary drafts of these documents to Committee counsel in July and would now like to make my complete views available to the Members of the Adjudicatory Subcommittee. Members can contact the Standards Committee's Chief Counsel, Blake Chisam if they would like to obtain a copy of my complete views.

On July 29, 2010, the Investigative Subcommittee transmitted the evidence it gathered in this matter to the Standards Committee. The attached document provides my analysis of that same evidence based on my review of the applicable legal standards and the precedents of both the Standards Committee and the House of Representatives. Members of the Rangel Adjudicatory Subcommittee should be afforded the opportunity read and consider the conclusions reached by both the majority of the Investigative Subcommittee, as reflected in the forty-one page Statement of Alleged Violation, and the conclusions reached by a minority of the Investigative Subcommittee, as reflected in the views I drafted. The Statement of Alleged Violation outlines the facts and legal authority underlying the counts charged by the majority of the Investigative Subcommittee. Fairness dictates that the Members of the Adjudicatory Subcommittee consider the facts and legal authority supporting my dissenting views; these due process concerns are heightened by Representative Rangel's lack of legal counsel. After reflecting on the both the majority and the minority views of the Investigative Subcommittee, as well as the public submissions provided by Representative

Rangel, the Adjudicatory Subcommittee will be better equipped to evaluate the evidence and arguments presented by Committee counsel and Representative Rangel during an adjudicatory hearing.

I further request that my attached views be made public along with the Investigative Subcommittee's Statement of Alleged Violation and other documents made available to the public on July 29, 2010. During the Adjudicatory Subcommittee's organizational meeting, Ranking Member Bonner made a public statement suggesting that Members of the Investigative Subcommittee ultimately reached unanimous agreement as to the counts in the SAV. Investigative Subcommittee Chairman Green also made statements to the media that the Investigative Subcommittee would have recommended that Representative Rangel receive a sanction of reprimand for his conduct. Both of these public statements misconstrue the Investigative Subcommittee's proceedings and fairness demands that my views be included in the public record. Committee counsel responsible for prosecuting the Statement of Alleged Violation have already had an opportunity to review my dissenting views. If my views are not made available to the public, then Representative Rangel should at least be afforded the same opportunity to review them as Committee counsel. Thank you in advance for your consideration.

Sincerely,

Robert C. "Bobby" Scott

Member of Congress

cc: The Honorable G.K. Butterfield

The Honorable Kathy Castor

The Honorable Ben Chandler

The Honorable K. Michael Conaway

The Honorable Charles Dent

The Honorable Gregg Harper

The Honorable Michael McCaul

The Honorable Peter Welch

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HOUSE OF REPRESENTATIVES

111TH CONGRESS

2d Session

COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT

INVESTIGATIVE SUBCOMMITTEE

IN THE MATTER OF REPRESENTATIVE CHARLES B. RANGEL

MINORITY VIEWPOINT OF

REPRESENTATIVE ROBERT C. "BOBBY" SCOTT

August 12, 2010

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I respectfully dissent from the views expressed by a majority of the investigative subcommittee in the Statement of Alleged Violation and other public documents arising from *In the Matter of Representative Charles B. Rangel.* While in many cases, minority views have been brief, I believe a more lengthy explanation is appropriate here both because of the numerous and complex issues involved and because of the long duration of this investigation. The following explains how my views differ from that of my colleagues on the investigative subcommittee, as well as provides the factual and legal bases for those differences.

I. Introduction

I agree with my colleagues on the investigative subcommittee that Representative Rangel's violations of various House Rules and other applicable standards warrant a serious sanction. However, based on the facts of this case and the sanctions levied against Members by the House of Representatives and the Committee on Standards of Official Conduct (the Standards Committee) in prior cases, a letter of reproval, rather than a reprimand, is the appropriate sanction for Representative Rangel's conduct. The Standards Committee has consistently relied on prior Committee reports and findings to determine appropriate sanctions for a Member's violation of House Rules.[1] I certainly do not condone improper conduct by any Member of the House, but the circumstances of this particular case are not consistent with the prior precedents of the Standards Committee where a Member has received or the Committee has recommended a reprimand.

I also agree with my colleagues that the evidence in this matter shows that Representative Rangel violated House Rules and other standards related to his solicitation of donations for the City College of New York's (CCNY) Rangel Center, as well as the Ethics in Government Act and House Rule XXVI related to errors and omissions on his Financial Disclosure statements and taxes. These violations are particularly troubling given Representative Rangel's leadership position on the House Committee on Ways and Means throughout the relevant period of this investigation. The totality of this conduct failed to "reflect creditably on the House."[2] However, this extensive investigation has also left me with doubts and questions that I believe, in all fairness, should be resolved in favor of Representative Rangel. Many of the counts listed in the Statement of Alleged Violation are duplicative of other counts or lacked sufficient evidence to charge. Specifically, I believe the record lacks evidence creating a "substantial reason to believe"[3] that Representative Rangel committed the following counts included in the investigative subcommittee's adopted and transmitted Statement of Alleged Violation:

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[1] *See e.g.*, House Comm. on Standards of Official Conduct, *In the Matter of Representative Robert L.F. Sikes*, H. Rep. 94-1364, 94th Cong., 2d Sess. (July 23, 1976); *see also* House Comm. on Standards of Official Conduct, *In the Matter of Representative George V. Hansen*, H. Rep. 98-891, 98th Cong., 2d Sess. (1984).

[2] House Rule XXIII, cl. 1.

[3] Committee on Standards of Official Conduct Rule 19(f).

1. Count II: Conduct in Violation of Code of Ethics for Government Service, cl. 5 (related to Representative Rangel's solicitations on behalf of the City College of New York)
2. Count III: Conduct in Violation of the House Gift Rule
3. Count V: Conduct in Violation of the Criminal Franking Statute
4. Count X: Conduct in Violation of Code of Ethics for Government Service, cl. 5 (related to Representative Rangel's use of a rent-stabilized apartment as a campaign office)

These counts should not have been charged in the Statement of Alleged Violation and cannot be proven by the higher "clear and convincing evidence" standard at trial.

In addition to the counts of the Statement of Alleged Violation that are not sustained by the evidence in the record, I also write to express my opposition to the general tone of the Statement of Alleged Violation and other investigative subcommittee documents made public in this matter. The central facts to this investigation are that Representative Rangel sought to facilitate the creation of an academic program that would inspire disadvantaged minority youth to pursue a career in public service. He believed his involvement in this process was part of his official duties. In his zeal to assist CCNY in building the Rangel Center for Public Service, Representative Rangel failed to adhere to the Standards Committee's guidance regarding how to permissibly solicit on behalf of a 501(c)(3) organization. Members are allowed to solicit on behalf of 501(c)(3) organizations, even using their "personal titles" such as "Member of Congress," "Representative," "Congressman," "Congresswoman," "chair or ranking member of a full committee, or as a member of the House leadership" to do so.[4] In fact, Members are permitted to solicit charitable donations from executives and officers of companies that have business before the House of Representatives as long as they follow the rules listed in the House Ethics Manual. The Statement of Alleged Violation now seeks to characterize Representative Rangel's efforts to expand educational opportunities for young, poor people in his district as an impermissible and corrupt gift simply because he failed to follow all of the Standards Committee's instructions on how to solicit.

Throughout his tenure in Congress, Representative Rangel has left personal matters, such as the filing of his taxes and his Financial Disclosure statements to his wife and members of his staff to handle. Representative Rangel admitted that he made fulfilling these responsibilities less of a priority than his work on behalf of his constituents and expressed regret that he did not exercise sufficient care to ensure that he filed accurate tax returns and Financial Disclosure statements from year to year.[5] Traditionally, mistakes on Financial Disclosure statements are

[4] 2008 *House Ethics Manual* at 181.
[5] Interview of Charles B. Rangel (hereinafter Rangel Int. Tr.) at 164.

corrected without sanction,[6] but because of the scope and amount of Representative Rangel's mistakes, the formal sanction of a letter of reproval is appropriate.

Finally, Representative Rangel leased a rent-stabilized apartment in Harlem's Lenox Terrace complex after it had been vacant for several months[7] and began using it as a campaign office. State officials testified before the investigative subcommittee that Representative Rangel's exclusive use of apartment 10U as a campaign office was permitted under the rent stabilization code.[8] Landlords have the ultimate right to enforce lease terms or pursue legal actions for non-conforming uses. Representative Rangel's landlord had no policy in place for dealing with non-conforming uses and had rational business reasons to allow tenants, including Representative Rangel and others, to maintain their non-conforming use. The fact is that Representative Rangel paid the maximum legal rent for apartment 10U and did not violate any of New York's rent stabilization laws. The sanction of reprimand is usually reserved for corrupt or criminal conduct; the investigative subcommittee made no such finding here.

While Representative Rangel's conduct was disturbing, it was not corrupt. Representative Rangel's violations of House Rules concerning solicitations and other applicable standards were based on his erroneous belief that soliciting donations on behalf of CCNY's Rangel Center were a part of his official congressional duties. These rules do not have an intent element. The investigative subcommittee has also made no allegation that Representative Rangel was engaged in any *quid pro quo* relationship with Nabors Industries, Nabors Industries CEO Eugene Isenberg or any other foundation or corporate parent that donated to CCNY for the Rangel Center. The investigative subcommittee found no evidence that Representative Rangel violated the federal bribery or illegal gratuity statutes. Likewise, Representative Rangel's errors and omissions in his federal tax returns and Financial Disclosure statements were the result of his failure to properly review documents prepared by his wife and members of his congressional staff, but do not reflect an intention to conceal information from the Standards Committee or the Internal Revenue Service. Representative Rangel has taken great effort and expense to correct these errors over the course of this investigation, including paying back his taxes. The investigative subcommittee has not accused Representative Rangel of violating the False Statements Act or committing tax evasion, nor has any indictment alleging violations of these statutes been issued against Representative Rangel. Finally, although I do not agree that Representative Rangel's use of a rent-stabilized apartment as a campaign office violated any House Rules, even if it did, such conduct was predicated on Representative Rangel's justifiable belief that his conduct did not violate any laws, a belief also held by Representative Rangel's landlord and attorneys for the New York State Department of Housing and Community Renewal. Representative Rangel's conduct is mitigated by both the fact that the unit had previously been vacant for several months

[6] *See* House Comm. on Standards of Official Conduct, *In the Matter of Representative Geraldine A. Ferraro*, H. Rep. 98-1169, 98th Cong., 2d Sess. (1984).
[7] *See* CSOC.CBR.00000004, CSOC.CBR.00000008.
[8] Interview of Gerald Garfinkle and Sheldon D. Melnitsky (hereinafter Garfinkle and Melnitsky Int. Tr.) at 31.

and the fact that he paid the maximum legal rent that his landlord could have collected if the landlord rented the unit to someone else.

In reviewing Representative Rangel's conduct, there is no evidence that his conduct had the intention to circumvent applicable legal standards, to achieve personal financial gain or to defraud the public. Representative Rangel's conduct was sloppy and careless, but it was not corrupt. The Statement of Alleged Violation's discussion of Representative Rangel's meetings with representatives of Nabors Industries, service on the board of the Ann S. Kheel Charitable Trust and his ownership interest in the Punta Cana development creates the impression that Representative Rangel engaged in impropriety when no such finding was made. Representative Rangel simply failed to adequately report facts that he was required to disclose and has admitted to such conduct. The magnitude of these failures compels a response from this Committee and that appropriate response is the sanction of a letter of reproval, not a reprimand. Counts XI and XII of the Statement of the Alleged Violation, Conduct in Violation of Code of Ethics for Government Service, cl. 2 and Conduct in Violation of the Code of Conduct: Letter and Spirit of House Rules respectively, are duplicative of counts already charged. The investigative subcommittee should have given more consideration to these facts in drafting its Statement of Alleged Violation and public documents as well as in recommending an excessive sanction of reprimand. The Standards Committee should consider these facts now. The "spirit" rule does not absolve Committee counsel from meeting its burden of proving the "letter" of each count of the Statement of Alleged Violation by "clear and convincing evidence" at an adjudicatory hearing.

II. Sanctions

A. A Public Letter of Reproval is the Appropriate Sanction in this Matter

A public letter of reproval from the Standards Committee is a significant sanction "intended to be a rebuke of a Member's conduct issued by a body of that Member's peers acting, as the Standards Committee, on behalf of the House of Representatives."[9] Based on Representative Rangel's conduct in this matter and the prior precedents of the Standards Committee, a public letter of reproval is the appropriate sanction in this matter. Sanctions should be determined based on a "well-established" approach "guided by several important considerations-the nature of the violation and factors in mitigation."[10] The Standards Committee acknowledges that "it has been the *character* of the offenses ... which establish the level of punishment imposed, not the cumulative nature of the offenses."[11] The Committee recommended the sanction of reprimand where Members were found to have had inappropriate sexual

[9] *See e.g.*, House Comm. on Standards of Official Conduct, *In the Matter of Representative E.G. "Bud" Shuster*, H. Rep. 106-979, 106th Cong., 2d Sess. at 113 (2000).
on Standards of Official Conduct, *In the Matter of Representative Earl F. Hilliard*, H. Rep. 107-130, 107th Cong., 1st Sess. at xi-xii (2001).
[10] House Comm. on Standards of Official Conduct, *In the Matter of Representative Richard H. Stallings*, H. Rep. 100-382, 100th Cong., 1st Sess. at 4 (1987).
[11] House Comm. on Standards of Official Conduct, *In the Matter of Representative George V. Hansen*, H. Rep. 98-891, 98th Cong., 2d Sess. 390 (1984).

relationships with House pages.[12] The "character" of Representative Rangel's conduct is not of comparable severity to the conduct in those matters or others where the Committee has recommended a reprimand, but does warrant Committee action in the form of a letter of reproval.

1. The Standards Committee has Imposed the Lesser Sanction of An Admonishment Under Circumstances Involving Conduct More Serious than that Involving Representative Rangel

The Standards Committee has publicly admonished Members for a wide range of violations, including conduct more serious than that engaged in by Representative Rangel here. In 2003, Representative Nick Smith made several public allegations regarding the conduct of Members during a floor vote for the Medicare Prescription Drug Act.[13] Among them was that "he was offered $100,000 for his son's congressional campaign to succeed him in exchange for his vote in favor of the Medicare bill." [14] After an extensive review of these claims, an investigative subcommittee found that many of Representative Smith's allegations of bribery were "overstated"[15] and that his overstatement could support a violation of House Rule XXIII, Clause 1, as tending to impugn the House as an institution.[16] The investigative subcommittee also found that then Majority Leader Tom DeLay offered to trade his endorsement of Representative Nick Smith's son's congressional candidacy "in exchange for Representative Nick Smith's vote in favor of the Medicare Prescription Drug Act."[17] Representative Candice Miller made "a specific and unprovoked threat of retaliation against Representative Smith because of his vote in opposition to the Medicare Prescription Drug Act."[18] The Committee concluded Representative Miller's statements were improper and contributed to the public airing of alleged misconduct related to the Medicare Prescription drug vote, which "risked impugning the reputation of the House of Representatives."[19] Representatives Smith and Miller, as well as Majority Leader DeLay, were each publicly admonished regarding their conduct in this matter.[20]

The Standards Committee has also admonished a Member for conduct related to impermissible campaign solicitations under circumstances suggesting corruption after the Member received an explicit warning from the Committee to avoid such conduct. In 2004, the Committee issued a public letter admonishing then Majority Leader Tom DeLay for participating

[12] House Comm. on Standards of Official Conduct, *In the Matter of Representative Gerry E. Studds*, H. Rep. 98-295, 98th Cong., 1st Sess. at 1 (1983); *see also*, House Comm. on Standards of Official Conduct, *In the Matter of Representative Daniel Crane*, H. Rep. 98-296, 98th Cong., 1st Sess. at 1 (1983).
[13] House Comm. on Standards of Official Conduct, *Investigation of Certain Allegations Related to Voting on the Medicare Prescription Drug, Improvement, And Modernization Act of 2003*, H. Rep. 108-722, 108th Cong., 2d Sess. at (2004).
[14] *Id.* at 39.
[15] *Id.*
[16] *Id.* at 40.
[17] *Id.* at 37.
[18] *Id.* at 41.
[19] *Id.*
[20] *Id.* at 44.

in and facilitating an energy company fundraiser, which created an appearance that "donors were being provided special access to [him] regarding the then-pending energy legislation."[21] The fundraiser "took place just as the House-Senate conference on major energy legislation, H.R. 4, was about to get underway."[22] Throughout the duration of the golf fundraiser, an executive from Westar Energy, Inc. spent the day sharing a golf cart with one of Representative DeLay's aides and discussed the company's interest in legislation with the aide.[23] The Standards Committee noted that the legislation "was of critical importance to the [fundraiser's] attendees" and cited "the fact that [DeLay was] in a position to significantly influence the conference, both as a member of the House leadership and, by action taken about a week and a half after the fundraiser, your appointment as one of the conferees" created the appearance of "impermissible special treatment or access."[24] Representative DeLay was also cited for his "intervention in a partisan conflict in the Texas House of Representatives using the resources of a Federal agency, the Federal Aviation Administration."[25] Despite Representative DeLay's conduct and leadership position, a public letter of reproval was deemed the appropriate sanction.

The ethical standards at issue regarding Representative DeLay were the impermissible solicitation and receipt of campaign contributions in return for legislative assistance, the use of corporate political contributions in violation of state law, and the improper use of official resources for political purposes.[26] Prior to that, during the 105th Congress, the Standards Committee dismissed a complaint that Representative DeLay improperly linked campaign contributions to official actions and improper political favors for his brother, a registered lobbyist.[27] In this earlier matter, the Standards Committee sent Representative DeLay a private letter and advised him not to create the impression that he would consider an individual's request for access or for official action based on campaign contributions.[28] The Standards Committee deemed a public admonishment of Representative DeLay as the appropriate response to his conduct violating House Rules related to campaign solicitations and contravening the Committee's previous private mandate to him. Representative Rangel's conduct in this matter did not involve any exchange of favors for official action or access; the investigative subcommittee did not find that Representative Rangel's engaged in any *quid pro quo* or other conduct implicating the bribery or illegal gratuities statute. Representative DeLay's conduct was exacerbated by his leadership position in the House of Representatives, but he was not asked or required to relinquish this position as part of any sanction; Representative Rangel has already stepped down as Chair of the House Ways and Means Committee as a result of this investigation.

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[21] Public Statement, dated October 6, 2004, from Committee on Standards of Official Conduct regarding Representative Tom DeLay, available at http://ethics.house.gov/Investigations/Default.aspx?Section=16.
[22] *Id.*
[23] *Id.*
[24] *Id.*
[25] *Id.*
[26] *Id.* A separate allegation was deferred due to an open state grand jury investigation.
[27] House Comm. on Standards of Official Conduct, *Summary of Activities One Hundred Fifth Congress*, H. Rep. 105-848, 105th Cong., 2d Sess. at 9-10 (1999).
[28] *Id.*

2. The Standards Committee has Recommended a Letter of Reproval Under Similar and More Serious Circumstances than are Involved in this Matter

The Standards Committee has issued a letter of reproval in matters involving equally and more serious and extensive violations of House Rules, federal laws and applicable standards than are at issue here. During the 107th Congress, the Standards Committee imposed a letter of reproval on a Member who misappropriated campaign funds for personal use over the course of several years. In *In the Matter of Representative Earl F. Hilliard*,[29] the Standards Committee concluded that Representative Hilliard used campaign funds to make loans to individuals that were not attributable to any bona fide campaign or political purpose, pay salary and benefits for individuals who performed work for corporations owned by Representative Hilliard and his family between 1992 and 1996, and repay personal and corporate debts. Representative Hilliard also used campaign funds to pay rent in excess of fair market value to corporations that he and his family owned.[30] The Standards Committee noted that Representative Hilliard attempted to conceal many of these violations, but was unable to find that he failed to comply with financial disclosure requirements because the financial documents for Representative Hilliard's companies were poorly maintained and inconclusive.[31]

Despite these numerous violations over the course of several years, the Standards Committee found that a letter of reproval was an appropriate sanction in part because Representative Hilliard agreed to settle the matter.[32] In so doing, Representative Hilliard admitted to all of the allegations in the Statement of Alleged Violation and "acknowledged that he violated House Rules and that he engaged in a pattern and practice of conduct that did not reflect creditably on the House of Representatives."[33] The Standards Committee also noted that, "[i]n concluding that a letter of reproval is an appropriate sanction here, the Investigative Subcommittee also gave considerable weight to the fact that its detailed findings regarding the conduct of Representative Hilliard would be fully, clearly and, most importantly, publicly aired."[34] However, "[t]he four Members of the Investigative Subcommittee also unanimously agreed that, absent a settlement, the violations to which Representative Hilliard admitted constituted the type of serious conduct that could merit the imposition of a reprimand as a sanction."[35] This conclusion was based on factors "including the demonstrated systematic and deliberate conversion of campaign funds by Representative Hilliard to personal use, and by what the Investigative Subcommittee found to be the lack of complete cooperation and candor by Representative Hilliard and his counsel during the investigative conclusion."[36] Although

[29] House Comm. on Standards of Official Conduct, *In the Matter of Representative Earl F. Hilliard*, H. Rep. 107-130, 107th Cong., 1st Sess. (2001).
[30] *Id.* at 13, 34, and 39.
[31] *Id.* at 100-101.
[32] *Id.* at 99-102.
[33] *Id.* at 102.
[34] *Id.* at 101.
[35] *Id.* at 101.
[36] *Id.*

Representative Rangel and the investigative subcommittee were unable to reach a settlement of this matter, none of the factors in the *Hilliard* matter that would have escalated the sanction to more than a letter of reproval apply to Representative Rangel. Furthermore, I believe that Representative Rangel would have settled this matter if he had been offered a letter of reproval, which is generally the appropriate sanction for conduct which is not criminal or corrupt.

Representative Rangel's conduct may have violated numerous House Rules and other applicable standards, but none of it demonstrated the malicious intent that led the *Hilliard* investigative subcommittee to believe a reprimand may be appropriate. Representative Rangel's admittedly careless conduct was not found to be and cannot be described as "systematic" or "deliberate." Representative Rangel's failure to comply with House Rules regarding solicitations on behalf of a charitable organization was based on his mistaken belief that raising money for a public university was consistent with his official duties. Representative Rangel's violations related to his taxes and Financial Disclosure statements were certainly negligent, but there was no conclusion that he intentionally filed inaccurate documents to conceal information. The investigative subcommittee did not consider or charge Representative Rangel with a violation of the False Statements Act. Representative Rangel's use of apartment 10U as a campaign office throughout his tenancy in the unit did not violate New York's rent-stabilization laws. The Statement of Alleged Violation does not allege that Representative Rangel violated any provision of the "impenetrable"[37] rent-stabilization code and he was paying the maximum rent allowable under the rent-stabilization code. Unlike Representative Hilliard, Representative Rangel did not violate House Rules and other applicable standards for personal financial gain, such as paying off personal and corporate debts.[38]

Representative Rangel also voluntarily complied with several requests for documents and testified before the investigative subcommittee. There is no allegation that Representative Rangel gave untruthful testimony in this matter or attempted to conceal information from the investigative subcommittee at any point. The factors that lead the Standards Committee to consider a sanction greater than a letter of reproval in the *Hilliard* matter are not present here. Representative Rangel did not and should not have to admit to each count of the excessive Statement of Alleged Violation, but like the *Hilliard* matter, was willing to "acknowledge that he violated House Rules and that he engaged in a pattern and practice of conduct that did not reflect creditably on the House of Representatives."[39] As such, a letter of reproval is the appropriate sanction.

In 1988, the Standards Committee issued a letter of reproval to Representative Charles G. Rose, III for conduct including his failure to report liabilities to his campaign and liabilities to

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[37] *89 Christopher, Inc. v. Joy*, 318 N.E.2d 776, 780 (N.Y. 1974).
[38] House Comm. on Standards of Official Conduct, *In the Matter of Representative Earl F. Hilliard*, H. Rep. 107-130, 107th Cong., 1st Sess. at 4-6 (2001).
[39] *Id.* at 102.

financial institutions.[40] Representative Rose had borrowed funds from his campaign on eight occasions between 1978 and 1985, none of which were reported on the Financial Disclosure Statements.[41] The Standards Committee also found that Representative Rose failed to report six liabilities to financial institutions.[42] There was no indication that the liabilities to the financial institutions were problematic; rather, the mere non-disclosure was the issue.[43] Appropriate amendments which are timely submitted are given a presumption of good faith, while those amendments falling outside the scope of timely amendments receive no such presumption.[44] The Standards Committee noted that the Member had filed amendments, but those amendments were not timely under the Standards Committee's 1986 Pink Sheet, and did not prevent the Member from being sanctioned.[45]

The Standards Committee recommended that Representative Rose "be issued a formal and public letter of reproval from this Committee," noting the "mitigating circumstances which prevent these violations from rising to the level of a recommendation of sanction to the full House of Representatives."[46] These circumstances included his "admissions and corrective action" related to his financial disclosures.[47] Unlike the *Rose* matter, there is no evidence in the record here that Representative Rangel received any personal financial benefit from any of his alleged or admitted conduct. In addition, Representative Rangel took "corrective action"[48] to address his financial disclosure errors by hiring a forensic accountant and submitting amendments. Although Representative Rangel's financial disclosure statements contained numerous errors and omissions, the totality of the circumstances, including mitigating factors, indicate that a letter of reproval is appropriate.

The Standards Committee has also deemed a letter of reproval appropriate where a Member was found to have accepted personal gifts of a trip, had improper contact directly with a lobbyist, and allowed staff to work for his campaign "to the apparent detriment of the time they were required to spend in [his] congressional office."[49] In *In the Matter of Representative E.G. "Bud" Shuster*,[50] the Standards Committee found that Representative Shuster violated former House Rules XLIII and XLV by knowingly allowing a former employee-turned-lobbyist to

[40] House Comm. on Standards of Official Conduct, *In the Matter of Representative Charles G. Rose III*, H. Rep. 100-526, 100th Cong., 2d Sess. (1988).
[41] *Id.* at 25.
[42] *Id.*
[43] *Id.* at 20-22.
[44] "Policy Regarding Amendments to Financial Disclosure Statements" (Apr. 23, 1986), reprinted in the *2008 House Ethics Manual* at 379.
[45] House Comm. on Standards of Official Conduct, *In the Matter of Representative Charles G. Rose III*, H. Rep. 100-526, 100th Cong., 2d Sess. at 22 (1988).
[46] *Id.* at 26.
[47] *Id.* at 22.
[48] *Id.*
[49] House Comm. on Standards of Official Conduct, *In the Matter of Representative E.G. "Bud" Shuster*, H. Rep. 106-979, 106th Cong., 2d Sess. at 3E (2000).
[50] House Comm. on Standards of Official Conduct, *In the Matter of Representative E.G. "Bud" Shuster*, H. Rep. 106-979, 106th Cong., 2d Sess. (2000).

communicate with or appear before him in the twelve months following her resignation, to influence Representative Shuster's schedule and to give him advice pertaining to his congressional office.[51] Representative Shuster also violated the House gift rule in connection with a trip to Puerto Rico with several members of his family by accepting reimbursement for trip expenses where the primary purpose of the trip was recreational.[52] Representative Shuster violated House rules by routinely using congressional staff for campaign purposes over the course of several years.[53] In addition to Representative Shuster's inadequate record-keeping practices, the number of and dollar amount expended for Representative Shuster's campaign related expenditures created an appearance that former House Rule XVI, Clause 6 was violated.[54]

The investigative subcommittee in the *Shuster* matter "determined that the violations to which Representative Shuster admitted could constitute the type of serious conduct meriting the imposition of a reprimand," based on several factors including "the duration of the conduct engaged in by Representative Shuster and the repetitive nature of the conduct."[55] However, the investigative subcommittee ultimately deemed a letter of reproval appropriate because Representative Shuster admitted to the charges and "acknowledged that his conduct did not reflect creditably on the House."[56] The Standards Committee adopted the investigative subcommittee's recommended sanction, issuing a public letter of reproval. The Standards Committee concluded "that the five separate areas of misconduct [Representative Shuster] admitted to in Statement of Alleged Violation constitute a significant violation of former Rule 43, Clause 1 of the House of Representatives."[57] Likewise, Representative Shuster's conduct resulted in various direct personal benefits to him and his family, including, accepting expenses from private companies associated with a family trip to Puerto Rico.[58] Representative Rangel did not receive any direct personal benefits related to any of his conduct in this matter.

The Standards Committee also noted that the misconduct that Representative Shuster "admitted to constituted misconduct which cannot be described accurately either as technical or *de minimis*."[59] Here, Representative Rangel's conduct in violation of congressional solicitation rules was not *de minimis*, but it could be described accurately as a "technical" violation of the rule. Members are allowed to solicit donations on behalf of 501(c)(3) organizations such as the City College of New York. Generally, the Standards Committee permits Members to make such requests "without the need to seek prior Committee approval."[60] Members can identify

[51] *Id.* at 9-13, 19-31.
[52] *Id.* at 14-16.
[53] *Id.* at 51-64.
[54] *Id.* at 64-79.
[55] *Id.* at 113.
[56] *Id.* at 114.
[57] *Id.* at 3E.
[58] *Id.* at 6, 43.
[59] *Id.*
[60] 2008 *House Ethics Manual* at 348.

themselves as a Member of Congress or use their leadership title on any such solicitation.[61] Members can even solicit from the chief executive officers of companies with business before the House of Representatives as long as they follow the other rules outlined in the House Ethics Manual.[62]

Representative Rangel failed to adhere to some of the "restrictions" required for permissible solicitations, including that official resources may not be used and that such activity may not take place in facilities of the House of Representatives.[63] Representative Rangel admits that he failed to comply with these and other restrictions. This failure was based on his mistaken, but genuinely held belief that facilitating the building of the Rangel Center for Public Service at CCNY would benefit disadvantaged youth in his district, and was part of his official congressional duties. Because Representative Rangel's solicitation on behalf of a public university would have been permissible had he followed the proper procedures identified in the 2008 House Ethics Manual, such conduct can reasonably be described as "technical." The investigative subcommittee should have considered this fact in recommending an appropriate sanction for Representative Rangel's conduct, as the full Committee did in the *Shuster* matter. The technical nature of Representative Rangel's violation of the congressional solicitation rules suggests that a letter of reproval, rather than a reprimand, is the appropriate sanction, particularly since he received no personal benefit.

3. The Standards Committee should Consider the Numerous Mitigating Factors Present in this Matter in Recommending a Sanction

In the 100th Congress, the Standards Committee found that Representative Richard H. Stallings violated House Rules by improperly converting campaign funds to personal use in order to purchase a personal automobile and by authorizing his campaign to make loans to his administrative assistant. [64] The Standards Committee acknowledged that House Rules do not "specify the sanction to be imposed upon a finding that a Member failed to adhere to the Code of Official Conduct."[65] However, the Standards Committee found that the mitigating factors involved in the *Stallings* case were sufficient enough that it was unnecessary to recommend that the House of Representatives render a sanction such as reprimand or censure. Instead, the Standard Committee concluded that "the better course is to formally and publicly reprove Representative Stallings for his violations."[66] The Standards Committee should consider the various mitigating factors in this matter in determining the appropriate sanction for Representative Rangel's conduct.

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[61] *Id.*
[62] *Id.* at 348-349.
[63] *Id.*
[64] House Comm. on Standards of Official Conduct, *In the Matter of Representative Richard H. Stallings*, H. Rep. 100-382, 100th Cong., 1st Sess. (1987).
[65] *Id.* at 4 (citing *Manual of Offenses and Procedures, Korean Influence Investigation*, June 1977 at 31).
[66] *Id.* at 6.

The most obvious of the mitigating factors here is that Representative Rangel has already voluntarily submitted to a sanction arising from this investigation by stepping down from his position as Chairman of the House Committee on Ways and Means on March 3, 2010. Revocation of congressional leadership positions is a significant sanction that has only been considered and actually implemented in the rarest occasions. Representative Adam Clayton Powell was excluded from the House of Representatives and his seniority was reduced after a finding that he used official resources for non-official travel.[67] There was also was a "strong presumption" his wife did not perform services for which she was paid with congressional funds.[68] Representative William J. Jefferson was also forced to step down as a Member of the House Committee on Ways and Means because of allegations of corrupt conduct, but before the issuance of any indictment against him. It is significant that these are the only situations I am aware of where such a penalty has occurred without the issuance of an indictment or at least the commencement of a formal public criminal investigation against the subject Member.[69] Representative Rangel voluntarily relinquished his position with the House Committee on Ways on Means despite the fact that none of his alleged conduct in this matter or the conduct arising from the Standards Committee's "Investigation into Officially Connected Travel of House Members to Attend the Carib News Foundation Multi-National Business Conferences in 2007 and 2008" involved an abuse of Representative Rangel's official position for personal financial gain, bribery or any other corrupt conduct. It is also noteworthy that the investigative subcommittee did not find any criminal conduct for which Representative Rangel is likely to be indicted.

Even a Member that engaged in conduct more serious than Representative Rangel was able to maintain his leadership position. In 1980, an investigative subcommittee found that Representative Charles H. Wilson accepted money from a person with direct interest in legislation, kept an individual on his congressional payroll that was not performing duties commensurate with his or her pay, and converted campaign funds to personal use.[70] Representative Wilson accepted more than $10,000 in "loans" that were deemed gifts from an individual who engaged in numerous direct communications with Representative Wilson about legislation introduced in the House just months later.[71] Although the Standards Committee recommended a sanction of censure and the denial of Representative Wilson's committee chairmanship,[72] he was able to negotiate an amendment deleting the denial of his chairmanship from the sanction. Representative Wilson was censured by a voice vote. Representative Rangel agreed to step down as Chairman of the House Committee on Ways and Means based on

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[67] *See* H. Rep. 2349, 89th Cong. 2d Sess. (1966); H. Rep. 27, 90th Cong., 1st Sess. (1967).
[68] *Id.*
[69] Although Representative Jefferson was not a chairman, he was removed from the House Committee on Ways and Means, eviscerating any seniority he earned on the Committee, before an indictment was issued against him.
[70] House Comm. on Standards of Official Conduct, *In the Matter of Representative Charles H. Wilson*, H. Rep. 96-930, 96th Cong., 2d Sess. (1980).
[71] *Id.* at 2.
[72] *Id.*

allegations and conduct that in no way involved personal financial gifts from individuals with interests before the House. This factor should mitigate any potential sanction that the Standards Committee considers levying against Representative Rangel.

The Standards Committee has heretofore identified several mitigating factors that it will consider in determining that a letter of reproval is an appropriate sanction for a Member's conduct in violation of House Rules and other applicable standards. In the *Stallings* matter, the Standards Committee first noted "there was no evidence of any improper intent on the part of Congressman Stallings either to conceal the subject transactions or to act in violation of the constraints imposed by [now, former] House Rule XLIII, clause 6 — the two loans were fully disclosed on the appropriate F.E.C. reports."[73] A second mitigating factor was that "the violations arose out of Representative Stallings' mistaken assumption that the loans were governed exclusively by the Federal Election Campaign Act."[74] Another mitigating factor considered in the *Stallings* matter was that as soon as Representative Stallings "became aware of his oversight of the controlling restriction under House Rules, [he] took corrective action on his own initiative."[75] Each of these mitigating factors is present in the matter involving Representative Rangel's conduct and points to a letter of reproval as the appropriate sanction. Subsequent Standards Committee reports confirm that mitigating factors should be considered when determining a sanction for violations of House Rules and other applicable rules.[76]

Despite the allegations that Representative Rangel committed numerous violations, there was no evidence of any improper intent on the part of Representative Rangel to conceal any of the subject conduct at any point during its commission or the investigative subcommittee's work. In fact, Representative Rangel himself wrote then Standards Committee Chair Stephanie Tubbs-Jones and then Acting Chair Gene Green requesting that the Committee "review" "[his] apartments in New York," "[his] efforts to assist City College of New York in establishing a Center for Public Service in my congressional district in Harlem," "issues relating to [his] investment in a guest unit at the Punta Cana Hotel in the Dominican Republic and errors that [he] may have inadvertently made in tax and House financial disclosure form filings."[77] Representative Rangel did not try to hide the fact that he was soliciting donations on behalf of CCNY for the Rangel Center; to the contrary, he secured an earmark for the project and defended his use of the earmark process for the Rangel Center on the House floor.[78] Likewise,

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[73] House Comm. on Standards of Official Conduct, *In the Matter of Representative Richard H. Stallings*, H. Rep. 100-382, 100th Cong., 1st Sess. at 5 (1987).
[74] *Id.*
[75] *Id.*
[76] *See* House Comm. on Standards of Official Conduct, *In the Matter of Representative Charles G. Rose, III*, H. Rep. 100-526, 100th Cong., 2d Sess. (1988); *see also* House Comm. on Standards of Official Conduct, *In the Matter of Representative Jim Bates*, H. Rep. 101-293, 101st Cong., 1st Sess. (1989).
[77] Letter from Representative Charles B. Rangel to Standards Committee Chair Representative Stephanie Tubbs-Jones, dated July 24, 2008; *see also* Letter from Representative Charles B. Rangel to Standards Committee Acting Chairman Representative Gene Green, dated September 9, 2008.
[78] 153 Cong. Rec. H8134 (daily ed. July 19, 2007).

Representative Rangel's use of apartment 10U in Lenox Terrace was open and notorious. The evidence in the record shows that apartment 10U remained vacant for several months prior Representative Rangel agreeing to enter a lease agreement for the unit.[79] Several Olnick employees who worked directly at the Lenox Terrace property testified that it was common knowledge among building residents and staff that Representative Rangel used apartment 10U as a campaign office.[80] Representative Rangel also made no attempt to hide or conceal his prior failures to submit accurate Financial Disclosure statements or tax documents. During the course of this investigation, Representative Rangel amended both his Financial Disclosure statements and his federal and state income taxes. He has already paid the maximum amount in back taxes. The record is clear that despite the breadth of Representative Rangel's numerous errors and omissions, he did not intend to conceal any information about his alleged conduct. This fact should mitigate any potential sanction the Standards Committee considers levying against Representative Rangel.

The record is also clear that Representative Rangel's violations were primarily the result of good faith misunderstandings about the law and other unintentional errors. Representative Rangel has consistently maintained that his solicitations on behalf of CCNY for the Rangel Center were based on his "mistaken assumption"[81] that assisting a public university in his congressional district to implement a program aimed at disadvantaged minority youth was part of his official duties as Congressman for the 15th congressional district of New York. The Rangel Center was created as part of Representative Rangel's legacy of public service and work to provide educational opportunities for minority youth.[82] Representative Rangel's assumption that his efforts on behalf of CCNY were part of his official duties was bolstered by the fact that Representative Rangel was able to secure an earmark of federal funds in support of CCNY's Rangel Center for Public Service. The Rangel Center earmark even overcame an amendment aimed at eradicating the disbursement of federal funds for the project because it was named for a sitting Member of Congress.[83] Floor speeches regarding this amendment disclosed that CCNY's Rangel Center would include a "well-furnished office" and an archivist/librarian, but it was still defeated by a significant margin.[84]

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[79] CSOC.CBR.00000004; CSOC.CBR.00000008.
[80] *See e.g.,* Interview Transcript of Dion Keene (hereinafter Keene Int. Tr.) at 15; Interview Transcript of Darryl Rankin, May 14, 2009 (hereinafter Rankin Int. Tr. 5/14/09) at 56-7; Interview Transcript of Peter Soundias (hereinafter Soundias Int. Tr.) at 7.
[81] House Comm. on Standards of Official Conduct, *In the Matter of Representative Richard H. Stallings*, H. Rep. 100-382, 100th Cong., 1st Sess. at 5 (1987).
[82] *See* Letter from Representative Charles Rangel to Gregory Williams, dated December 7, 2004. CSOC.CBR.00002978- CSOC.CBR.00002979.
[83] 153 Cong. Rec. H8133-35; H8163-64 (daily ed. July 19, 2007).
[84] 153 Cong. Rec. H8133; H8163-64 (daily ed. July 19, 2007).

Members and employees of the House of Representatives are "prohibited from using official House resources for any *private* purpose."[85] Despite this warning, the Manual further advises that Members normally have the authority to determine what is official; "[t]he decision whether to define an event as official (or not) generally lies within the discretion of the Member."[86] Likewise, Representative Rangel's decision that assisting a public university in his congressional district to establish a program to help minority students enter into public service was part of his official duties should be given some deference. The Standards Committee has acknowledged that "it is difficult to define comprehensively what is and is not official activity."[87] The Committee also noted in its statement "Regarding Complaints Against Representative Newt Gingrich," "[t]here may, of course, be some debate as to what 'official' congressional duties entail. Members may assume various public, political and official roles in connection with their position in Congress. It is 'simply impossible' to draw and enforce 'a perfect line' between official and related activities."[88] The definition of official activities or duties is even more difficult to resolve where the Member's conduct is in support of a *public* institution rather than a "*private* purpose,"[89] as described in the House Ethics Manual. Upon further review, the investigative subcommittee concluded that Representative Rangel's solicitations of donations for the Rangel Center were not official and, as a result of that one conclusion, actions which would have been appropriate as official duties became violations, such as the use of official resources, the Frank, and public facilities. However, Representative Rangel's charitable efforts on behalf of disadvantaged youth in his district should not be converted into corrupt conduct which warrants a reprimand. Even if Representative Rangel's solicitations on behalf of CCNY's Rangel Center cannot be considered part of his official duties, at the very least, his "mistaken assumption"[90] that it was official conduct should mitigate any sanction levied against him.

Representative Rangel also believed that his use of a rent-stabilized unit as a campaign office was not in violation of New York rent-stabilization laws; a review of the rent-stabilization code and significant testimony before the investigative subcommittee supports this conclusion.[91] New York rent stabilization laws give landlords the authority to determine how to address non-conforming uses of rent-stabilized units or violations of lease terms. Throughout his occupancy of apartment 10U, Representative Rangel openly and notoriously used the unit as a campaign

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[85] 2008 *House Ethics Manual* at 335 (citing 31 U.S.C. § 1301(a)) (emphasis added). The statute, 31 U.S.C. § 1301(a), which is cited in the Statement of Alleged Violation, requires that "appropriations shall be applied only to the objects for which the appropriations were made except as otherwise provided by law."
[86] 2008 *House Ethics Manual* at 335.
[87] *Statement of the Committee on Standards of Official Conduct Regarding Complaints Against Representative Newt Gingrich* at 58, 62 (Comm. Print Mar. 8, 1990).
[88] *Id.* at 41.
[89] 2008 *House Ethics Manual* at 335 (emphasis added).
[90] House Comm. on Standards of Official Conduct, *In the Matter of Representative Richard H. Stallings*, H. Rep. 100-382, 100th Cong., 1st Sess. at 5 (1987).
[91] *See e.g.*, Interview Transcript of Neil Rubler, July 14, 2009 (hereinafter Rubler Int. Tr. 7/14/09) at 32-33; Rankin Int. Tr. 5/14/09 at 61.

office. Building staff and residents were aware of this use. Representative Rangel paid his rent for apartment 10U using checks from his campaign or the National Leadership PAC. The investigative subcommittee did not conclude that Representative Rangel's use of apartment 10U violated any laws; at worst Representative Rangel's conduct may be politically embarrassing. The fact is that Representative Rangel rented a long vacant apartment and paid the highest rent allowed under the rent-stabilization code. The investigative subcommittee failed to demonstrate how this private commercial transaction between Representative Rangel and his landlord could possibly result in a sanction reserved for corrupt and illegal conduct.

There is evidence in the record that Representative Rangel attempted to avoid violating House Rules and to correct his rules violations upon discovery. As previously noted, Representative Rangel himself requested that the Standards Committee begin an inquiry into his conduct related to the Rangel Center. Although Representative Rangel's conduct on behalf of CCNY violated congressional solicitation rules and other House Rules, the evidence indicates that Representative Rangel's staff and CCNY stopped sending out the Rangel Center brochure containing the request for donations and the language about a "well-furnished office" along with the letters.[92] Representative Rangel was careful to ensure that communications he and CCNY representatives made regarding the Rangel Center were separate from any discussions that he and his staff had about pending legislation with entities with interests before the House Committee on Ways and Means.[93] According to the notes of CCNY fundraiser Rachelle Butler, she spoke with Representative Rangel's District Director Jim Capel on March 9, 2007, who indicated that "AIG had gone down to DC to talk with [Capel] about legislation and Charlie wants to keep that completely separate from the Rangel Center."[94] Butler's notes also indicate that Capel said it was "ok" for Butler to ask AIG representatives for a meeting with CCNY officials, but because of AIG's contact with Representative Rangel's office about its legislative interests, "not one that includes Charlie, nor should [CCNY] send a letter there at this time."[95] Representative Rangel did not agree to meet with representatives of AIG about CCNY's Rangel Center until more than a year later, in April of 2008. Representative Rangel also attempted to correct the numerous errors and omissions in his tax returns and Financial Disclosure statements by hiring a forensic accountant, filing amended tax returns and filing amended Financial Disclosure statements for each of the calendar years 1998 through 2007. The Standards Committee should consider these attempts to avoid rules violations and other remedial actions as a mitigating factor in determining an appropriate sanction.

A letter of reproval is the appropriate sanction for Representative Rangel's conduct. Although the Standards Committee has traditionally recommended no sanction for "technical"

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[92] Interview Transcript of Rachelle Butler, November 14, 2008 (hereinafter Butler Int. Tr. 11/14/08) at 28.
[93] *See e.g.*, CSOC.CBR.00024418.
[94] *Id.*
[95] *Id.*

Financial Disclosure violations,[96] Representative Rangel's violations of the procedures for permissible solicitations on behalf of a 501(c)(3) organization, coupled with repeated errors and omissions on his federal tax returns and Financial Disclosure statements, warrant a response from the Standards Committee. As evidenced by the *Shuster*, *Hilliard*, and *Stallings* matters, a letter of reproval is the appropriate response. The Standards Committee should consider the various mitigating factors that support a sanction of a public letter of reproval rather than a reprimand including Representative Rangel's intent, his "mistaken assumption" about what conduct constitutes his official duties, his attempts to take corrective action and the fact that he has already surrendered his leadership position on the House Committee on Ways and Means. Not only was Representative Rangel paying the maximum legal rent for apartment 10U, once Representative Rangel suspected that his tenancy in the unit *might* conflict with the purpose of the rent-stabilization laws, he sought clarification and initiated plans to move his office out of the building.[97] In a letter dated July 14, 2008 on "Rangel for Congress" letterhead, Walter Swett, Executive Director of Rangel for Congress, informed Darryl Rankin of Olnick that "Congressman Rangel has decided to relocate his fundraising office as soon as possible," allowing the lease to expire in October of 2008.[98] Based on these facts, the investigative subcommittee should have recommended a public letter of reproval issued by the Standards Committee, on behalf of the House of Representatives, rebuking Representative Rangel's conduct in violation of House Rules and other applicable standards. A letter of reproval is the appropriate sanction in this matter; a reprimand is not.

B. The Sanction of Reprimand is Inappropriate

Since the establishment of the Standards Committee, the House of Representatives has only reprimanded a Member nine times. In two other cases, the House rejected the Standards Committee's recommendation of reprimand and voted to censure Members. Based on the prior precedents of the House of Representatives and the Standards Committee, a reprimand is an inappropriate sanction here. A reprimand is a more severe measure than has been taken in prior matters where Members were found to have engaged in similar conduct to Representative Rangel. A letter of reproval is the appropriate sanction for Representative Rangel's conduct, which includes failures to follow Standards Committee instructions related to solicitations on behalf of a public university located in his congressional district, failure to adequately review financial records, which led to omitting required information on Representative Rangel's Financial Disclosure Statements and under reporting income on his federal tax returns in numerous years.

Generally, the Standards Committee and House of Representatives have found that a Member's conduct in violation of House Rules and other applicable standards warrants a

[96] *See* House Comm. on Standards of Official Conduct, *In the Matter of Representative Geraldine A. Ferraro*, H. Rep. 98-1169, 98th Cong., 2d Sess. (1984).
[97] CSOC.CBR.00000581.
[98] *Id.*

reprimand only where the conduct involves serious criminal activity, the indication of corruption or a significant abuse of power.[99] The Standards Committee has recommended a reprimand of Members who failed to disclose gifts or donations under circumstances that suggested a specific intent to conceal information, an actual conflict of interest, or if items of significant value were received from an individual already under investigation by the Committee because of concerns about corruption.[100] The Standards Committee has also recommended reprimand of a Member who committed numerous violations after receiving direct guidance that such conduct may violate the law and then submitted false information to the Standards Committee during the investigation into these violations.[101]

By contrast, Representative Rangel's violations were largely based on carelessness and ignorance of the applicable standards. Representative Rangel's violations of the solicitation statute and related rules were based on his sincere, albeit mistaken, belief that facilitating the creation of the City College of New York's Rangel Center was official business on behalf of a public institution of higher learning located in his District and on behalf of the numerous constituents in his district who would benefit from the Center's existence. Representative Rangel's violations of the Ethics in Government Act and the Internal Revenue Code were largely based on his failure to adequately review financial records and tax documents that were prepared for him. Representative Rangel's conduct does not rise to the level of corruption, an abuse of power, use of official position for personal financial benefit or ignorance of clearly articulated standards that warrant a reprimand by the House. Representative Rangel cooperated with the investigative subcommittee and did not submit false statements during the course of this investigation that caused additional delays and costs to the House.[102] The Standards Committee should conclude that a public letter of reproval is a sufficient and appropriate sanction.

1. Reprimand Cases Involving Incomplete or Inaccurate Financial Disclosure Statements

The Standards Committee has recommended the sanction of reprimand in matters where a Member has failed to submit accurate Financial Disclosure statements. However, unlike Representative Rangel's conduct, these cases also involved allegations of a corrupt conflict of

[99] *See e.g.*, House Comm. on Standards of Official Conduct, *In the Matter of Representative George V. Hansen*, H. Rep. 98-891, 98th Cong., 2d Sess. at 390 (1984); *see also* House Comm. on Standards of Official Conduct, *In the Matter of Representative Barney Frank*, H. Rep. 101-610, 101st Cong., 2d Sess. at 3-4 (1990); House Comm. on Standards of Official Conduct, *In the Matter of Representative Gerry E. Studds*, H. Rep. 98-295, 98th Cong., 1st Sess. at 1 (1983).

[100] *See* e.g., House Comm. on Standards of Official Conduct, *In the Matter of Representative George V. Hansen*, H. Rep. 98-891, 98th Cong., 2d Sess. at 390 (1984); *see also* House Comm. on Standards of Official Conduct, *In the Matter of Representative Robert L.F. Sikes*, H. Rep. 94-1364, 94th Cong., 2d Sess. at 4 (1976); House Comm. on Standards of Official Conduct, *In the Matter of Representative Edward R. Roybal*, H. Rep. 95-1743, 95th Cong., 2d Sess. at 1 (1978).

[101] House Comm. on Standards of Official Conduct, *In the Matter of Representative Newt Gingrich*, H. Rep. 105-1, 105th Cong., 1st Sess. at 1 (1997).

[102] House Comm. on Standards of Official Conduct, *In the Matter of Representative Newt Gingrich*, H. Rep. 105-1, 105th Cong., 1st Sess. at 1 (1997).

interest or the specific intent to conceal information suggesting corruption. A reprimand is appropriate for "serious violations" based on the "character of the offenses."[103] The Standards Committee has found that the "character" of conduct related to financial disclosure statements warranting a reprimand included those instances where the omission is connected to some other impropriety such as a Member possessing a direct financial interest in legislation he or she has introduced. Here, Representative Rangel admits that he did not exercise sufficient care in reviewing and submitting his financial disclosure statements. These violations were careless, but did not conceal the existence of a financial interest in any legislation and were not purposeful attempts to hide information. Based on these facts, a reprimand is not appropriate.

a. In the Matter of Representative George V. Hansen

Representative George V. Hansen was reprimanded by the Standards Committee after he was found guilty of violating the Ethics in Government Act and the False Statements Act for failing to disclose four separate transactions on his financial disclosure statements totaling $322,000, including a loan from Nelson Bunker Hunt, an individual the Committee found to have numerous interests before the House because of his considerable wealth.[104]

The Standards Committee noted that the sanction of reprimand was appropriate against Representative Hansen because the matter involved "the receipt of loans and interest payments by Congressman Hansen from persons he was assisting before federal departments" which violated various House Rules.[105] Representative Hansen also committed violations of Standards Committee guidance regarding solicitations and with his wife, "transferred solicited funds to a joint account from which monies were drawn by Congressman Hansen for his personal use."[106] The Standards Committee noted that all of the laws and House Rules that Representative Hansen violated "were disclosure-related."[107] Specifically, the Standards Committee considered that "Special Counsel found that it was to avoid explaining his relationship with Nelson Bunker Hunt and the Virginia men that Congressman Hansen failed to list various transactions."[108] The Standards Committee considered recommending the sanction of censure, but found that prior precedent was more consistent with a reprimand.[109]

Representative Hansen received a reprimand after being convicted under the False Statements Act. In order to prove a violation of this statute, the government must show that the defendant either knew the relevant statements were false or that the defendant acted with a

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[103] House Comm. on Standards of Official Conduct, *In the Matter of Representative George V. Hansen*, H. Rep. 98-891, 98th Cong., 2d Sess. at 390 (1984).
[104] House Comm. on Standards of Official Conduct, *In the Matter of Representative George V. Hansen*, H. Rep. 98-891, 98th Cong., 2d Sess. at 3 (1984).
[105] House Comm. on Standards of Official Conduct, *In the Matter of Representative George V. Hansen*, H. Rep. 98-891, 98th Cong., 2d Sess. 388 (1984).
[106] *Id.* at 390.
[107] *Id.*
[108] *Id.*
[109] *Id.*

"conscious purpose" to avoid learning the truth of the statements.[110] The investigative subcommittee did not find that Representative Rangel violated the False Statements Act. Representative Rangel admits that his Financial Disclosure statements contained numerous errors and omissions, including failure to disclose income derived from the Punta Cana investment which involved complex calculations of imputed rental income, cancellation of debt income and other non-cash, technical forms of income. Despite this admission, there are no facts in the record indicating that Representative Rangel acted with a "conscious purpose" to avoid publicity of the truth of the statements. The Statement of Alleged Violation acknowledges that Representative Rangel's Financial Disclosure statements were prepared by members of his congressional staff and that he failed to ensure that the information reported on the Financial Disclosure Statements was accurate or complete. Such conduct does not constitute a violation of the False Statements Act. Although Representative Rangel's financial disclosure statements included numerous errors and omissions, these mistakes were due to carelessness and a failure to take appropriate efforts to ensure their accuracy. There is no evidence that Representative Rangel engaged in any knowing or willful attempt to conceal information from the Internal Revenue Service, the Standards Committee or the public. As such, a letter of reproval, rather than a reprimand is the appropriate sanction.

b. In the Matter of A Complaint Against Representative Robert L.F. Sikes

The Standards Committee has also recommended the sanction of reprimand where a Member failed to disclose financial information despite apparent "conflicts of interests and the use of an official position for any personal benefit."[111] The Standards Committee concluded that Representative Sikes committed numerous violations of House Rules, including:

> (1) The failure to report the ownership of stock in Fairchild Industries, Inc. for the years 1968 through 1973 and the First Navy Bank for the year 1974, as required by House Rule XLIV.
> (2) The purchase of [2,500 shares of] stock in the First Navy Bank during the period of its organization and following active efforts in his official capacity to obtain a charter and federal insurance of deposits.
> (3) The sponsorship of legislation in 1961 to remove restrictions on land without disclosing to the Congress the fact he had a beneficial interest in the land affected by the legislation.[112]

The Standards Committee found that Representative Sikes' failures to disclose ownership of stock were not made in bad faith or "motivated by an effort to conceal the financial holding from

[110] *See e.g., U.S. v. Dick*, 744 F.2d 546 (7th Cir. 1984); *see also, U. S. v. West*, 666 F.2d 16 (2d. Cir. 1981).
[111] House Comm. on Standards of Official Conduct, *In the Matter of Representative Robert L.F. Sikes*, H. Rep. 94-1364, 94th Cong., 2d Sess. at 4 (1976).
[112] *Id.*

the Members of the House or the public."[113] However, the Committee found that the failure to report as required by former Rule XLIV is "deserving of a reprimand."[114] In addition, the Standards Committee deemed the sanction of reprimand appropriate because Representative Sikes violated clause 5 of the Code of Ethics for Government Service by "approaching organizers of the [First Navy] Bank, inquiring about the possibility of buying stock in the Bank, and then purchasing 2,500 shares of the Bank's privately held stock following the active and continuing involvement on his part as shown by the record before the Committee in establishing the Bank."[115]

Finally, the Standards Committee noted "the action of Representative Sikes in sponsoring legislation in 1961 [impacting his property interest on Santa Rosa Island] which created an obvious and significant conflict of interest."[116] The primary goal of the legislation "was to remove a reversionary interest and restrictions on property which were inhibiting its commercial development, and Representative Sikes failed to disclose his substantial interest in the affected property."[117] The Standards Committee "declined to make a recommendation of formal punishment on this issue because it occurred fifteen years prior to the Committee's report, some of the facts were known to Representative Sikes' constituents and he had been subsequently reelected.[118]

The purpose of Financial Disclosure statements is to identify conflicts of interests. The Standards Committee has found reprimand to be an appropriate sanction where a Member has failed to disclose information *and* conflicts of interests or other potential impropriety suggesting corruption is involved. Under federal law and regulations, the term "conflict of interest" "is limited in meaning; it denotes a situation in which an official's conduct of his office conflicts with his private economic affairs."[119] Representative Rangel was admittedly careless in reviewing and submitting his Financial Disclosure statements over the course of numerous years, but the investigative subcommittee did not find any evidence that Representative Rangel's errors and omissions were intended to or did in fact conceal a conflict of interest or the use of an official position for any personal financial benefit. The 2008 *House Ethics Manual* describes the *Sikes* matter as a case where "[t]he House reprimanded [Sikes] based on charges concerning his use of his official position for pecuniary gain and receipt of benefits under circumstances that might have been construed as influencing official duties. There the Member took official actions that enhanced the value of his personal financial holdings."[120] Sikes violated the prohibition on the use of one's official position for personal gain by seeking "benefits from an organization

[113] *Id.*
[114] *Id.*
[115] *Id.* at 21.
[116] *Id.* at 4.
[117] *Id.*
[118] *Id.* at 5.
[119] 2008 *House Ethics Manual* at 187 (citing Robert S. Getz, *Congressional Ethics* 3 (1967)); *see also* Bayless Manning, *Federal Conflict of Interest Laws* 2-5 (1964); *Black's Law Dictionary* 319 (8th ed. 2004).
[120] 2008 *House Ethics Manual* at 20.

after he had actively promoted the establishment of that organization in his official capacity."[121] Here, there investigative subcommittee was not presented with any evidence that "denotes a situation in which [Representative Rangel's] conduct of his office conflicts with his private economic affairs."[122] As such, a letter of reproval, rather than a reprimand, is the appropriate sanction for Representative Rangel's conduct.

2. Reprimand Cases Involving Other Failures to Report Accurate Information

Although Members have received a reprimand from the House in matters where the Member has failed to make other disclosures required by law, or made inaccurate statements to the Standards Committee or other government agency, those instances have involved concerns about government corruption that are not present here. Representatives Edward Roybal, John J. McFall, and Charles H. Wilson were each reprimanded for failing to disclose gifts on their financial disclosure statements or making false statements about the gifts they received. Those gifts were provided to Representatives Sikes, Roybal and Wilson from Tongsun Park, an individual who was a subject of the Standards Committee's *Korean Influence Investigation*.[123] Park, a struggling businessman, devised a scheme to become a conduit for providing Members of Congress with money and other gifts to influence their policies towards the Republic of Korea (ROK) Government.[124]

a. *Korean Influence Investigation*

In furtherance of the Standards Committee's *Korean Influence Investigation*, the Committee sent a questionnaire to each individual who had served as a Member of the House of Representatives during the relevant period of the investigation.[125] The questionnaire asked about Members' contacts with Park and other individuals relevant to the investigation including "innocuous contacts such as attendance at parties hosted by the named individuals and travel to Korea, as well as gifts of substantial value,"[126] defined as anything in excess of $100.[127] Members and former Members were advised that "the purpose of the questionnaire was not only to learn of any improper activities, but to determine the extent of Korean lobbying activities, including legal activities."[128]

At the conclusion of its investigation, the Standards Committee found:

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[121] *Id.* at 249.
[122] *Id.* at 187; *supra* note 118.
[123] House Comm. on Standards of Official Conduct, *Korean Influence Investigation*, H. Rep. 95-1817, 95th Cong., 2d Sess. at 9 (1978).
[124] *Id.* at 9-10.
[125] *Id.* at 2.
[126] *Id.* at 3.
[127] *Id.* at 177.
[128] *Id.* at 3.

> Park proposed a plan to the ROK Government under which the ROK Government would force U.S. rice sellers to name Park as their agent in connection with rice purchases by the ROK; under which Park would then earn very large commissions on such purchases (in fact amounting to over $9 million during the period 1969-75); and under which he would give part of the proceeds to Members of Congress so that they would become supporters of Korea on important issues such as military and economic aid. ... Although Park to some degree made efforts to influence Congress on legislation affecting the ROK and undoubtedly made some payments in part for that purpose, it appears that he was far more interested in paying Congressman who would help him maintain his status as a rice agent rather than help the ROK on legislative issues affecting it.[129]

Several Members were found to have violated House Rules as a result of their contacts with Park and/or their failure to accurately report any such contacts. Park testified that he also made contributions to several former Members and candidates. The Standards Committee found that the former Members and candidates were "beyond the jurisdiction of the House" to adjudicate and sanction.[130]

b. Representative Edward R. Roybal

In a separate report, the Standards Committee found by clear and convincing evidence that Representative Roybal "failed to report a $1,000 cash contribution he received from Tongsun Park on or about August 22, 1974," converted Park's contribution to his own personal use, and "gave 'testimony which he did not believe to be true', when he denied under oath that he received the contribution."[131] The Standards Committee recommended censuring Representative Roybal, but the House voted to reprimand him.[132]

c. Representative John J. McFall

The Standards Committee investigated allegations that Representative McFall failed to disclose a $3,000 campaign contribution from Park to the Clerk of the House.[133] On these facts, the Standards Committee found by clear and convincing evidence that Representative McFall conducted "himself in a manner which did not reflect creditably on the House of Representatives and with violating Federal election laws by failing to report $3,000 received in October 1974, as

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[129] *Id.* at 10.
[130] *Id.* at 59.
[131] House Comm. on Standards of Official Conduct, *In the Matter of Representative Edward R. Roybal*, H. Rep. 95-1743, 95th Cong., 2d Sess. at 1 (1978).
[132] House Comm. on Standards of Official Conduct, *Korean Influence Investigation*, H. Rep. 95-1817, 95th Cong., 2d Sess. at 58 (1978).
[133] House Comm. on Standards of Official Conduct, *In the Matter of Representative John J. McFall*, H. Rep. 95-1742, 95th Cong., 2d Sess. at 9 (1978).

a campaign contribution from Tongsun Park."[134] Although Representative McFall was exonerated of charges that he converted Park's contribution to his personal use and that he accepted gifts and favors from Park including cash and a tea set "under circumstances which might be construed by reasonable persons as influencing the performance of his Government duties," the Standards Committee recommended that he receive a formal reprimand from the House.[135] Representative McFall was reprimanded by voice vote on October 13, 1978.

d. Representative Charles H. Wilson

Representative Wilson was reprimanded by the House after the Standards Committee found that he "falsely den[ied] that he received a $1,000 cash wedding present from Park."[136] In response to the Standards Committee's questionnaire regarding the *Korean Influence Investigation*, Representative Wilson "stated that he had not received anything of a value greater than $100 from Mr. Tongsun Park."[137] In reality, Representative Wilson had received U.S. and foreign currency from Park valued at approximately $1,000. Based on these facts, the Standards Committee found that "Representative Wilson had made 'a false statement in writing' when in his July 28, 1977, response to the committee's questionnaire he denied receiving anything of a value greater than $100 from Tongsun Park and that Representative Wilson 'then and there knew that' that statement was false."[138] Although the Standards Committee recommended a sanction of censure,[139] the House rejected that recommendation and voted to reprimand Representative Wilson.

These cases involve facts that are highly distinguishable from the conduct engaged in by Representative Rangel here. There are no facts in the record that Representative Rangel attempted to conceal his solicitations on behalf of CCNY or the donors to CCNY for the Rangel Center or that he consciously and knowingly made false statements about his income, transactions or any other disclosable asset. To the contrary, Representative Rangel announced on the floor of the House of Representatives that through his efforts on behalf of CCNY,

> We have corporat[e] people making contributions. The school does not exist. It will be announced in October. And I hope my Federal Government is a part of that, as I know my city and State are going to be a part of it, not because my name is on it. I would feel just as strongly about this if it wasn't.[140]

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[134] *Id.* at 1.
[135] *Id.* at 3.
[136] House Comm. on Standards of Official Conduct, *Korean Influence Investigation*, H. Rep. 95-1817, 95th Cong., 2d Sess. at 58 (1978).
[137] House Comm. on Standards of Official Conduct, *In the Matter of Representative Charles H. Wilson of California*, H. Rep. 95-1741, 95th Cong., 2d Sess. at 1 (1978).
[138] *Id.*
[139] *Id.* at 12.
[140] 153 Cong. Rec. H8134 (daily ed. July 19, 2007).

Representative Rangel also admitted that, as characterized in the Statement of Alleged Violation, he personally signed each of his Financial Disclosure statements which contained numerous errors and omissions. Representative Rangel expressed remorse before the Committee testifying, "I have learned my lesson and I overly relied on people for taking care of my personal things as I dedicated myself 7 days a week to my job."[141] Unlike prior cases that warranted a reprimand, Representative Rangel's underlying conduct did not involve intentionally concealing information, nor did he try to do so during the course of this investigation.

3. Other Reprimand Cases

A Member has received the sanction of reprimand in several other cases, but none of the facts involved in these matters are sufficiently similar to Representative Rangel's conduct to warrant the sanction of reprimand.

a. Representative Gerry E. Studds and Representative Daniel Crane

In the 98th Congress, the Standards Committee recommended that the House reprimand two Members as result of their "improper or illegal sexual conduct" with House pages.[142] The Standards Committee found that Representative Studds engaged in a sexual relationship with a 17-year old male House page and made sexual advances to two other pages 10 years earlier in 1973.[143] The Standards Committee also found that Representative Crane had a sexual relationship with a 17-year old female House page in 1980.[144] The Standards Committee noted that a "sexual relationship between a Member of the House of Representatives and a congressional page, or any sexual advance by a Member to a page represents a serious breach of the duty owed by the House and its individual Members to the young people who serve the House as pages."[145] The House of Representatives rejected the Standards Committee's recommendation of reprimand and voted to censure both Members by a vote of 421-3.

b. Representative Austin J. Murphy

The House of Representatives voted to reprimand Representative Murphy based on the Standards Committee's finding that he violated several House Rules by failing "to take steps necessary to prevent unauthorized use of his voting card or to disavow the votes that were cast in his name" among other conduct.[146] The Standards Committee also found that over a nine-year

[141] Rangel Int. Tr. at 164.
[142] House Comm. on Standards of Official Conduct, *In the Matter of Representative Gerry E. Studds*, H. Rep. 98-295, 98th Cong., 1st Sess. at 1 (1983).
[143] House Comm. on Standards of Official Conduct, *In the Matter of Representative Gerry E. Studds*, H. Rep. 98-295, 98th Cong., 1st Sess. at 1 (1983).
[144] House Comm. on Standards of Official Conduct, *In the Matter of Representative Daniel Crane*, H. Rep. 98-296, 98th Cong., 1st Sess. at 1 (1983).
[145] House Comm. on Standards of Official Conduct, *In the Matter of Representative Gerry E. Studds*, H. Rep. 98-295, 98th Cong., 1st Sess. at 1 (1983).
[146] House Comm. on Standards of Official Conduct, *In the Matter of Representative Austin J. Murphy*, H. Rep. 100-485, 100th Cong., 1st Sess. at 3 (1987).

period Representative Murphy "permitted official resources to be diverted from his district office in Charleroi, Pennsylvania, to the law firm of Murphy & France for the private business of the law firm," in violation of 31 U.S.C § 1301(a) requiring appropriations to be applied only to the objects for which the appropriations were made, and clause 5 of the Code of Ethics for Government Service.[147] Representative Murphy was a former partner in the law firm.[148] Representative Murphy also employed a staffer, Michael Corbett, "notwithstanding the fact that Mr. Corbett did not perform duties commensurate with the compensation he received," in violation of House rules.[149] Although Representative Murphy did not receive a financial benefit, his former law firm received a substantial financial benefit, saving $20,000 in photocopying charges, and more than $30,000 because Representative Murphy allowed a receptionist on his congressional staff to serve in the same capacity for the law firm.[150]

c. Representative Barney Frank

The Standards Committee recommended a reprimand of Representative Frank after finding that he violated House Rules by preparing a memo which contained false statements to the Commonwealth Attorney in Alexandria responsible for his associate's probation in a criminal matter.[151] The memorandum stated that his associate was "scrupulous about meeting his probation requirements," even though at the time, Representative Frank knew his associate was engaging in prostitution while on probation, and thus not abiding by the probation requirement that he obey all laws.[152] The Standards Committee noted that the memorandum Representative Frank "reasonably should have anticipated ... might be communicated to all enforcement officials" contained "misleading statements [which] could be perceived as an attempt to use political influence to affect the administration of [his associate's] probation."[153] Representative Frank also accepted administrative dismissal of 33 parking tickets that he and the associate incurred that were not connected to official business.[154] Between 1985 and 1987, 67 tickets were assessed to Representative Frank's car for non-moving violations.[155] Forty-four of the tickets were dismissed without Representative Frank's knowledge or request.[156] The Standards Committee found that although Representative Frank did not actively seek dismissal of the tickets, he did receive a financial benefit due to having the fines waived.[157] Representative Frank was directed to make full restitution to the District of Columbia government for the amount of

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[147] *Id.* at 4.
[148] *Id.* at 86.
[149] *Id.* at 5.
[150] *Id.* at 87.
[151] House Comm. on Standards of Official Conduct, *In the Matter of Representative Barney Frank*, H. Rep. 101-610, 101st Cong., 2d Sess. at 3-4 (1990).
[152] *Id.* at 25-26.
[153] *Id.* at 56.
[154] *Id.* at 32-33.
[155] *Id.*
[156] *Id.* at 33.
[157] *Id.* at 55.

the 33 tickets waived.[158] The Standards Committee dismissed allegations that Representative Frank allowed the use of his personal residence for prostitution and engaged in sexual activity in the House gymnasium.[159]

d. Representative Newt Gingrich

During the 105th Congress, the Standards Committee recommended a reprimand of Representative Newt Gingrich for a number of violations which included the use of official resources in support of programs and courses with the American Opportunities Workshop and Renewing American Civilization that were not in accordance with those organizations' status under IRC § 501(c)(3).[160] The Standards Committee found that Representative Gingrich "engaged in activity involving 501(c)(3) organizations that was substantially motivated by partisan, political goals."[161] The Standards Committee further noted that while the American Opportunities Workshop program "was educational, the citizens' movement was also considered a tool to recruit non-voters and people who were apolitical to the Republican Party."[162] Likewise, Representative Gingrich "intended that a 'Republican majority' would be the heart of the [Renewing American Civilization] movement and that the movement would 'professionalize' House Republicans."[163]

In determining what the appropriate sanction should be, the *Gingrich* Investigative "Subcommittee and Special Counsel considered the seriousness of the conduct, the level of care exercised by Mr. Gingrich, the disruption caused to the House by the conduct, the cost to the House in having to pay for an extensive investigation and the repetitive nature of the conduct."[164] Representative Gingrich was held accountable for the Standards Committee's "extensive" investigation because "[w]hen the Committee specifically focused Mr. Gingrich's attention on that issue and questions concerning GOPAC's involvement in the course, his response was not accurate."[165] Although Representative Gingrich "did not intend to mislead the Committee and apologized for his conduct," his "inaccurate statements" prevented the matter from being "resolved as expeditiously as it could have been."[166] This delay "caused a controversy over the matter to arise and last for a substantial period of time, it disrupted the operations of the House, and it cost the House a substantial amount of money in order to determine the facts."[167] Among the other factors leading the *Gingrich* investigative subcommittee to recommend a reprimand was that "the violation [did] not represent only a single instance of reckless conduct. Rather, over

[158] *Id.*
[159] *Id.* at 4.
[160] House Comm. on Standards of Official Conduct, *In the Matter of Representative Newt Gingrich*, H. Rep. 105-1, 105th Cong., 1st Sess. at 1 (1997).
[161] *Id.* at 4.
[162] *Id.*
[163] *Id.* at 5.
[164] *Id.* at 94.
[165] *Id.* at 91.
[166] Id.
[167] *Id.*

a number of years and in a number of situations, Mr. Gingrich showed a disregard and lack of respect for the standards of conduct that applied to his activities."[168] Although the record is clear that Representative Rangel violated House Rules over the course of several years, there are numerous distinguishing factors between the facts in the *Gingrich* matter and the conduct engaged in by Representative Rangel.

The Standards Committee concluded that Representative Gingrich's conduct warranted a reprimand because "there were significant and substantial warning signals to Mr. Gingrich that he should have heeded prior to embarking on these projects. Despite these warnings, Mr. Gingrich did not seek any legal advice to ensure his conduct conformed with the provisions of 501(c)(3)."[169] The Standards Committee found that:

> Prior to embarking on these projects, Mr. Gingrich had been involved with another organization that had direct experience with private benefit prohibition in a political context, the American Campaign Academy. In a 1989 Tax Court opinion issued less than a year before Mr. Gingrich set the AOW/ACTV project into motion, the Academy was denied its exemption under 501(c)(3) because, although educational, it conferred an impermissible private benefit on Republican candidates and entities. ... Taking into account Mr. Gingrich's background, experience, and sophistication with respect to tax-exempt organizations, and his status as a Member of Congress obligated to maintain high ethical standards, the Subcommittee concluded that Mr. Gingrich should have known to seek appropriate legal advice to ensure that his conduct in regard to the AOW/ACTV and Renewing American Civilization projects was in compliance with 501(c)(3).[170]

Representative Rangel did not have any such warning. Reprimand was recommended in the *Gingrich* matter because Representative Gingrich received a clear directive less than a year prior to his involvement with AOW/ACTV and Renewing American Civilization that the organizations could not provide private benefits to political parties, but did not seek any additional advice or attempt to mitigate the conduct. Furthermore, during the investigation, Representative Gingrich made "inaccurate" statements to the Committee.[171]

Although the House Ethics Manual advises that Members must meet certain requirements if they plan to fundraise on behalf of a 501(c)(3), Representative Rangel has stated on numerous occasions that he believed his efforts on behalf of the City College of New York to be a part of his official congressional duties. Representative Rangel has assisted the public university in

[168] *Id.* at 94.
[169] *Id.* at 92.
[170] *Id.* at 8.
[171] *Id.* at 91.

numerous capacitates throughout his tenure as the Member of Congress representing the 15th congressional district of New York. CCNY's Rangel Center was not just a 501(c)(3) organization; it was a project run by a public university in Representative Rangel's district, serving disadvantaged minority youth who also resided in Representative Rangel's district. Representative Rangel testified:

> I considered it an official part of my responsibility, and I didn't see where I was soliciting for anything except helping a public institution that had over a hundred years of history of educating poor folks. I probably put out a press release at government expense. I was so proud of the fact that I was involved in expanding the services that were rendered by the City College. This is a public college. They were public, I was public. I considered it a public effort I was making.[172]

Unlike Representative Gingrich, Representative Rangel did not have any specific guidance from the Standards Committee or any other body that his work on behalf of a public university such as CCNY was not a part of his official duties prior to engaging in the offending conduct. Representative Rangel erroneously believed that his solicitation of donations on behalf of CCNY was an official function, but he had no direct guidance to undermine this conclusion. Neither the 1992 nor the 2008 editions of House Ethics Manual provides any definition of "official conduct" or "official duties" which specifically address Representative Rangel's understanding regarding soliciting on behalf of public universities such as CCNY.

Another distinguishing factor between the *Gingrich* matter and Representative Rangel's conduct are Representative Rangel's attempts to comply with House Rules or mitigate the severity of his violations. Representative Rangel did not submit "inaccurate statements" which resulted in a delay of the investigative subcommittee's work or disrupt the operations of the House.[173] Instead, he attempted to identify and remedy his conduct that violated House Rules. Representative Rangel asked the Standards Committee to investigate his conduct. The Standards Committee should also consider that Representative Rangel hired a forensic accountant and filed amended Financial Disclosure statements for each of calendar years 1998 through 2007 on August 12, 2009. These corrective measures set Representative Rangel further apart from Members who have received a sanction of reprimand.

Representative Rangel's conduct also does not demonstrate the willful "ignorance of or disregard for House Rules and various legal standards applicable to the conduct of Members' official duties" noted in the *Gingrich* matter.[174] The record demonstrates that Representative Rangel attempted, albeit ineffectively, to ensure that the letters he sent to potential donors to

[172] Rangel Int. Tr. at 20-21.
[173] House Comm. on Standards of Official Conduct, *In the Matter of Representative Newt Gingrich*, H. Rep. 105-1, 105th Cong., 1st Sess. at 91 (1997).
[174] *Id.* at 94.

CCNY for the Rangel Center were not solicitations for donations. The letters did not request money, but merely "advice and assistance concerning how to approach the donor community, particularly private and corporate foundations interested in education" as well as "a dialogue with you on funding of the Rangel Center."[175] Representative Rangel testified:

> I went out of my way to make certain that I didn't solicit on official stationery. I think all of the letters, you'll see that I never asked anyone for money, even though it was my hope that the foundations will take interest in this educational project, which is as important today as it ever has been in the past, and that CCNY would have to sell this project, because it would be self serving for me to say, Support Rangel.[176]

Although some of the letters were accompanied by a brochure requesting the recipient to "consider a gift of $30,000,000 or $6,000,000/year over five years," CCNY ceased using the brochure midway through its fundraising process.[177]

While reasonable persons could certainly conclude that the combination of Representative Rangel's form letter and CCNY's Rangel Center brochure comprised a solicitation, it is also noteworthy that neither the House Ethics Manual nor 5 U.S.C. § 7353 defines the term "solicit" or what conduct constitutes a "solicitation." Furthermore, Representative Rangel had previously received guidance from the Standards Committee that it was permissible to use official House Resources to forward to other Members a request for donations to a private individual's educational fund. The Committee advised Representative Rangel that pursuant to 31 U.S.C § 1301:

> The solicitation of funds for this educational fund by use of government resources, such as congressional stationary and staff members' work time, would constitute an impermissible subsidization of a private enterprise with official funds.
>
> Upon review of the cover letter you propose to send to your colleagues, the Committee notes that you make no request that the Members make donations to this fund. You merely pass along the Ambassador's letter for their consideration. Therefore, it is the Committee's view that sending out this "Dear Colleague" letter will not place you in violation of any House rules or states.[178]

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[175] *See e.g.*, Letter from Charles Rangel to John L. Damonti, Bristol-Myers Squibb Foundation, dated June 13, 2005. CSOC.CBR.00002869- CSOC.CBR.00002870.
[176] Rangel Int. Tr. at 14-15.
[177] Butler Int. Tr. 11/14/08 at 28.
[178] Letter from Standards Committee Chairman Representative Julian C. Dixon and Ranking Minority Member Floyd D. Spence to Representative Charles B. Rangel, dated August 3, 1987. CSOC.CBR.00029317-CSOC.CBR.00029318.

"Dear Colleague" letters must be sent on official House letterhead and are routinely prepared by congressional staff. Representative Rangel's letters on behalf of CCNY did not request money, but forwarded CCNY's brochure which indicated the funds required to make the Rangel Center possible. It is also understandable that Representative Rangel did not consider CCNY, a public educational institution located in his congressional district, to be a "private enterprise."

While none of these factors negate the fact that Representative Rangel committed numerous violations arising from his solicitation of donations to CCNY for the Rangel Center and his inaccurate Financial Disclosure statements, the Standards Committee should consider the measures Representative Rangel took as mitigating factors when recommending a sanction. As noted, a letter of reproval is a formal and public "rebuke of a Member's conduct issued by a body of that Member's peers acting, as the Standards Committee, on behalf of the House of Representatives." By contrast, "reprimand is appropriate for serious violations"[179] and despite the number of violations involved, "it has been the *character* of the offenses ... which establish the level of punishment imposed, not the cumulative nature of the offenses."[180] The character of Representative Rangel's conduct does not reach the level of gravity that the Standards Committee and the House of Representatives have previously found to warrant the sanction of reprimand.

III. Substantive Counts of the Statement of Alleged Violation

The evidence in this matter is clear that Representative Rangel violated various House Rules and other applicable standards. Specifically, once the conclusion is made that solicitations related to CCNY's Rangel Center were not technically "official business," then it follows that Representative Rangel's conduct constitutes a violation of the House Rules regarding solicitations, Franking Commission regulations, House Office Building Commission regulations, the purpose law, the Member's Congressional Handbook, and the letterhead rule.

I agree with my colleagues that Representative Rangel's failures to provide a "full and complete statement" of his income, unearned income transactions and reportable positions is a violation of the Ethics in Government Act and House Rule XXVI. The totality of these violations constituted behavior which fails to "reflect creditably on the House."[181] However, it is my belief that the record in this case lacked sufficient evidence to create a "substantial reason to believe"[182] that Representative Rangel committed the following counts included in the adopted and transmitted Statement of Alleged Violation:

1. Count II: Conduct in Violation of Code of Ethics for Government Service, cl. 5

[179] Committee on Standards of Official Conduct Rule 24(g).
[180] House Comm. on Standards of Official Conduct, *In the Matter of Representative George V. Hansen*, H. Rep. 98-891, 98th Cong., 2d Sess. 390 (1984).
[181] House Rule XXIII, cl. 1.
[182] Committee on Standards of Official Conduct Rule 19(f).

2. Count III: Conduct in Violation of the House Gift Rule
3. Count V: Conduct in Violation of the Criminal Franking Statute
4. Count X: Conduct in Violation of Code of Ethics for Government Service, cl. 5

These counts should have not been charged in the Statement of Alleged Violation and cannot be sustained by the higher "clear and convincing evidence" standard at trial.

In addition, the following counts in the Statement of Alleged Violation are duplicative of other counts and should not have been charged, most notably:

1. Count XI: Conduct in Violation of Code of Ethics for Government Service, cl. 2
2. Count XII: Conduct in Violation of the Code of Conduct: Letter and Spirit of House Rules

A. Alleged Violations Related to the Receipt of an Impermissible Gratuity, Favor or Gift in Violation of the House Gift Rule or the Code of Ethics for Government Service

The record in this matter lacks sufficient evidence to create a substantial reason to believe that Representative Rangel violated the House gift rule (Count II) or clause 5 of the Code of Ethics for Government Service (Count III) related to his solicitations on behalf of CCNY's Rangel Center. Clause 4 of House Rule XXIII states that a Member "may not accepts gifts except as provided by clause 5 of rule XXV." House Rules provide that a Member may not knowingly accept a gift except as provided in that clause.[183] A "gift" is defined as "gratuity, favor, discount, entertainment, hospitality, loan, forbearance, or other item having monetary value."[184] The Code of Ethics for Government Service[185] states:

> [A]ny person in Government service should:
>
> . . .
>
> 5. Never discriminate unfairly by the dispensing of special favors or privileges to anyone, whether for remuneration or not; and never accept for himself or his family, favors or benefits under circumstances which might be construed by reasonable persons as influencing the performance of his governmental duties.

The investigative subcommittee found that Representative Rangel solicited contributions for the City College of New York for the Rangel Center and CCNY did receive contributions from many of the entities that received Representative Rangel's letters. Despite this fact, Representative Rangel did not violate House Rules or the Code of Ethics for Government

[183] House Rule XXV, cl. 5(a)(1)(A)(i)
[184] House Rule XXV, cl. 5(a)(2).
[185] 72 Stat., Part 2, B12, H. Res. 175, 85th Cong. (adopted July 11, 1958).

Service because he did not receive any gift, gratuity favor or other thing of value from any of the entities he solicited. Furthermore, the "indirect gift" rule does not apply to these facts. Representative Rangel's efforts on behalf of CCNY were motivated by his desire to inspire underprivileged young people in his congressional district and should not be converted into an impermissible gift simply because he failed to fully comply with the Standards Committee's instructions related to permissible solicitations. The investigative subcommittee did not find that Representative Rangel violated either the bribery or illegal gratuities statute. Although Representative Rangel's conduct violated congressional rules regarding solicitations, he did not violate the Code of Ethics for Government Service, because Representative Rangel did not receive any illegal or impermissible benefits.

Representative Rangel has consistently demonstrated a commitment to creating and expanding access to education for minority youth. Howard University created the Charles B. Rangel International Affairs Fellowship Program which "seeks to attract and educate outstanding young people who desire a career in the Foreign Service."[186] Congressman Rangel's goal in helping to establish this program was "to create an excellent and diverse U.S. Foreign Service that represents the rich range of talents and expertise of the American people."[187] The program is "funded by the U.S. Department of State and managed by the Ralph J. Bunche International Affairs Center at Howard University; these Fellowships prepare students to enter exciting and rewarding careers in public service as Foreign Service Officers."[188] The Rangel Fellowship Program at Howard University encourages minority students and students with financial need to participate and ultimately pursue careers in international affairs.[189]

Likewise, Representative Rangel's interest in facilitating CCNY's creation of the Rangel Center was motivated by his desire to provide educational opportunities to minority and economically disadvantaged youth in his congressional district. According to Representative Rangel's Chief of Staff during the relevant period:

> Mr. Rangel has always had an interest, even a passion, for public service and for introducing underprivileged young people to the benefits of public service, the rewards being not always financial, but the rewards being, in his experience, just tremendously beneficial to one's own self esteem and self image and what the community can benefit from somebody giving back. So he's had a consistent desire to open up those doors of opportunity. ...
>
> [H]e regards City College as sort of a jewel in his community and has always sought to get the college involved in what he regards as the

[186] Available at http://www.howard.edu/rjb/rangelprogram_old.htm.
[187] *Id.*
[188] *Id.*
[189] *Id.*

> greatest challenge he's ever faced, and that is the current generation where we're suffering a graduation rate among black and Hispanic males in New York City and in his community very specifically of less than 50 percent.
> ...
>
> So exposure to people in professions is important for people who come from really poor circumstances, and he has always and in recent years, particularly as we've seen in the appointments of well, from our own community, Ron Brown by President Clinton to be Commerce Secretary. Ron grew up in the Harlem community and made Charlie realize that his appointment would make more people from the community maybe think about what they may be able to achieve since they hadn't seen any of our kids, as you are well aware, see tremendous success in entertainment and basketball and other endeavors that are not within reach of most of the kids. So part of this has always been to try to get role models who really prove that they made it through education and through efforts that most people can apply themselves to as opposed to being physically or otherwise gifted.[190]

This characterization is consistent with Representative Rangel's own statements about his interest in CCNY's Rangel Center. In successfully defending an earmark request for CCNY for the Rangel Center on the House floor, Representative Rangel described his commitment to education in this way: "[a]nd in my community, where only four out of 10 kids manage to finish high school, I've devoted my entire life [to] working with the public and private sector in trying to keep our kids in school, and giving them the opportunity to get an education."[191] The Statement of Alleged Violation now attempts to portray mistakes in how Representative Rangel solicited on behalf of a public university's program to educate disadvantaged youth as corrupt conduct.

1. Representative Rangel Did Not Receive Any Direct Benefits from Donations to CCNY to Create the Rangel Center

The record is clear that the direct benefits of the donations to CCNY's Rangel Center inure to CCNY and the students who participate in the Rangel Center's educational programs and not to Representative Rangel. The Statement of Alleged Violation in this matter indicates that Representative Rangel violated House Rules because the Rangel Center "provide[d] him with an office" and because the Rangel Center included "the storage and archiving of his papers." The "well furnished office" listed in the brochure for the Rangel Center cannot be considered a gift or other direct personal benefit to Representative Rangel. The record is clear that the office in the Rangel Center was not for Representative Rangel's personal use, but rather

[190] Interview of George Dalley, December 8, 2008 (hereinafter Dalley Int. Tr. 12/8/08) at 36-39.
[191] 153 Cong. Rec. H8133-34.

a venue so that Representative Rangel could further the aims of the Rangel Center. Representative Rangel testified before the investigative subcommittee, that he "would have no idea what I would do with [an office]."[192] Former CCNY President Gregory Williams testified that the intended purpose of the "well furnished office" in the Rangel Center was to provide students a place to meet Representative Rangel as part of their academic experience.[193] Furthermore, the office was an idea proposed by CCNY and ultimately abandoned by CCNY as well.[194] Based on these facts, the well furnished office mentioned in the Rangel Center brochure cannot be characterized as a direct personal benefit to Representative Rangel.

The allegation that Representative Rangel would receive an improper benefit from CCNY archiving his official congressional papers defies logic and common sense. Representative Rangel not only chose to donate his papers to CCNY, a public university located in his congressional district, but did so at the expense of several other prestigious universities located in New York City including Columbia University and New York University. Courts have consistently held that "Congress uses words in a statute as they are commonly understood."[195] Interpreting Representative Rangel's donation as an impermissible benefit or gift would be akin to finding that a Member received a gift because a homeless shelter agreed to come to a Member's home and pick up donations of clothes, thus saving the Member the cost of disposing of the clothes in some other way.

To characterize Representative Rangel's decision to donate his papers to CCNY as anything other than a gift *from* Representative Rangel *to* CCNY is completely inconsistent with the ordinary and plain meaning of the word gift. An overwhelming majority of the House of Representatives indicated their belief that neither the "well furnished office" nor the archivist/librarian to "organize, index and preserve for posterity all documents, photographs and memorabilia relating to Congress Rangel's career" were direct benefits by voting against an attempt to eliminate an earmark designated for CCNY for the Rangel Center.[196] Representative John Campbell of California argued from the floor of the House that the Rangel Center provided direct personal benefits to Representative Rangel.[197] After the floor debate, which included a rebuttal from Representative Rangel, 316 of the 435 Members of the House voted against Representative Campbell's "amendment (No. 62 printed in the Congressional Record of July 17, 2007) that sought to prohibit funds from being used for the Charles B. Rangel Center for Public Service, City College of New York, NY of the earmark."[198] This vote demonstrates that Congress' commonly understood meaning of the word "gift" excluded Representative Rangel's proposed office and the archiving of his papers.

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[192] Rangel Int. Tr. at 16.
[193] Interview Transcript of Gregory H. Williams, May 15, 2009 (hereinafter Williams Int. Tr.) at 23-24.
[194] Butler Int. Tr. 11/14/08 at 28.
[195] *Morissette v. U.S.*, 342 U.S. 246 (1952).
[196] *See* 153 Cong. Rec. H8133-35 (daily ed. July 19, 2007).
[197] *Id.*
[198] 153 Cong. Rec. H8133-35; H8163-64 (daily ed. July 19, 2007).

Likewise, the naming of the Rangel Center does not constitute a direct personal benefit to Representative Rangel. The 2008 House Ethics Manual contemplates that Members will "'lend their names to legitimate charitable enterprises and otherwise promote charitable goals,'"[199] because the Members' names add value to the event. Even where a Member's affiliation with a charitable event enhances his reputation, the Committee has previously found that "[t]he receipt of an incidental benefit of publicity does not constitute 'something of value' under 5 U.S.C. Sec. 7353."[200] Any benefit that Representative Rangel could possibly have received from his solicitations on behalf of CCNY would be intangible and of no meaningful value. Furthermore, any such benefit could not be considered a gift under the House gift rule because it was provided by CCNY, a local government agency.[201]

2. The "Indirect Gift" Rule Does Not Apply to Representative Rangel's Conduct Related to CCNY

The "indirect gift" rule does not apply to Representative Rangel's conduct in this matter because the alleged gift rule violation is predicated on Representative Rangel's failure to properly solicit donations on behalf of CCNY pursuant to the guidance in the 2008 House Ethics Manual. As such, the investigative subcommittee should have referred to the restrictions placed on solicitations to determine whether Representative Rangel received a gift. Those limitations note that "no *direct* benefits may result to the soliciting official."[202] The Manual does not provide any such restriction on indirect benefits resulting to the soliciting official.[203] Representative Rangel did not receive any direct benefits as a result of his solicitation for donations on behalf of the Rangel Center, only the publicity associated with its naming. That basis alone cannot constitute a gift under an "indirect gift" rule theory.

Fundamental fairness also dictates that the "indirect gift" rule should not apply to Representative Rangel's conduct related to CCNY's Rangel Center. Although generally, the publication of a statute alone affords "adequate notice to the public at large,"[204] 5 U.S.C. § 7353 authorizes the Standards Committee, as the supervising ethics office for the House, "to issue rules or regulations implementing the provisions of this section and providing for such reasonable exceptions as may be appropriate."[205] Thus, the statute alone cannot provide sufficient notice of the requirements regarding solicitations and gifts. The House gift rule notes "[a]ll the provisions of this clause [the gift rule] shall be interpreted and enforced solely by the

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[199] 2008 *House Ethics Manual* at 44 (citing H. Rep. 337, 104th Cong., 1st Sess. 12 (1995)).
[200] House Comm. on Standards of Official Conduct, *Summary of Activities–One Hundred Fourth Congress*, H. Rep. 104-886, 104th Cong., 2d Sess. § IV.A.3 (1997).
[201] House Rule 25, clause 5(a)(3)(O); *see also* 2008 *House Ethics Manual* at 55-6.
[202] 2008 *House Ethics Manual* at 348.
[203] *Id.* at 347-49.
[204] *U.S. v. Denis*, 297 F.3d 25, 28 (1st Cir. 2002)(citing *Roberts v. Maine*, 48 F.3d 1287, 1300 (1st Cir.1995) (Cyr, J., concurring)).
[205] 5 U.S.C. § 7353(b)(1).

Committee on Standards of Official Conduct."[206] The Standards Committee is "authorized to issue guidance on any matter contained in this clause."[207] The Office of Government Ethics[208] and the Judicial Conference Committee on Codes of Conduct[209] are the supervising ethics offices for the executive and judicial branches respectively; only the Standards Committee's guidance is binding on Members and employees of the House of Representatives.[210] As such, notice of violations of an "indirect gift" rule pursuant to 5 U.S.C. § 7353 and the House gift rule must be published to Members by the Standards Committee before they can be held accountable for such conduct.[211] The investigative subcommittee now holds that where a Member or House employee has not complied fully with the Committee's guidance with respect to a permissible solicitation, a gift to the proposed beneficiary of the solicitation will be attributed to the soliciting Member or House employee. If the investigative subcommittee now seeks to convert violations of the congressional solicitation rules into violations of the House gift rule under an "indirect gift" theory, it should publicly communicate that interpretation to Members before seeking to hold Representative Rangel accountable.

The House Rules make no mention of an "indirect gift" theory under the gift rule or that failure to comply with the restrictions on permissible solicitations on behalf of a 501(c)(3) organization, particularly a public university, will result in a gift rule violation. House Rule XXV, cl. 5(a)(2)(B)(i) only addresses "[a] gift to a family member of a Member ... or a gift to any other individual." The term "individual" very commonly denotes "a private or natural person as distinguished from a partnership, corporation or association."[212] Although "this restrictive signification is not necessarily inherent in the word," the Committee has advised Members that the indirect gift rule theory was meant to apply to spouses or dependents.[213] The only guidance in the House rules related to donations to charitable organizations relates to "A Member ... who designates or recommends a contribution to a charitable organization in lieu of an honorarium."[214] An honorarium is not considered a gift if it is reported according to the provisions outlined in a subsequent clause.[215] However, this guidance does not relate to solicitations or exceptions to the congressional solicitation rules.

The Standards Committee has not provided Members with sufficient notice that failure to follow the specific restrictions placed on solicitations on behalf of non-profit organizations can result in a violation of the House gift rule. The 1992 House Ethics Manual, which was the most current edition of the House Ethics Manual in circulation between 1992 and 2008, addressed

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[206] House Rule XXV, cl. 5(b).
[207] *Id.*
[208] Available at http://www.usoge.gov/about/background_mission.aspx.
[209] Available at http://www.uscourts.gov/rulesandpolicies/CodesOfConduct.aspx.
[210] Available at http://www.usoge.gov/about/matters_outside.aspx.
[211] *Id.*
[212] BLACK'S LAW DICTIONARY 533 (Abridged 6th ed. 1991).
[213] *See* 1992 *House Ethics Manual* at 35.
[214] House Rule XXV, cl. 5(f).
[215] *Id.*

"indirect gifts," advising Members that "[t]he word 'indirectly' has principal reference to gifts to the spouse or dependent of a Member."[216] The 1992 version of the Manual includes a "Summary Opinion" related to "indirect gifts," noting that "[g]ifts to a spouse or dependent are considered indirect gifts to the Member, officer, or employee for purposes of [then] House Rule XLIII, clause 4, unless such gifts are prompted by some consideration unrelated to the Member, officer, or employee."[217] The 1992 House Ethics Manual also reminded Members that the Franking regulations prohibit "'the use of the frank for the benefit of charitable organizations'" but does not explain that failure to comply with this rule could also constitute a violation of the "indirect gift" rule outlined elsewhere in the Manual.[218]

The 1992 House Ethics Manual also includes an explanation of then, House Rule XLIII, clause 11, prohibiting Members from "authoriz[ing] or otherwise allow[ing] a non-House individual, group, or organization to use the words 'Congress of the United States', 'House of Representatives', or 'official business', or any combination of words thereof, on any letterhead or envelope."[219] However, the entire list of restrictions and explanations regarding permissible solicitations found in the 2008 House Ethics Manual is not included in the 1992 version.[220] In addition, the 1992 House Ethics Manual does not include any language explaining to Members, officers and employees of the House that failure to comply with the restrictions on using the Frank on behalf of charitable organizations can result in a violation of the gift rule. The guidance related to "indirect gifts" specifically states that the provision is meant to "apply the gifts provision to spouses and dependents."[221]

Guidance on how to comply with House Rules and other ethical guidelines, as noted in the House gift rule, are also conveyed to Members, staff and the public in "Memorand[a] for All Members Officers and Employees" (Pink Sheets) which are transmitted to Members and available to public. In addition, the Standards Committee issues "Dear Colleague" letters which are distributed to all Members and their offices, but may or may not be available to the general public. The Standards Committee has issued numerous "Dear Colleague" letters and Pink Sheets since 1992, when the previous version of the House Ethics Manual was published. This guidance has covered numerous topics related to solicitations and the gift rule including "Summary of

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[216] 1992 *House Ethics Manual* at 75.
[217] *Id.* at 77. In 2000, the Standards Committee released a supplemental document entitled "Rules of the U.S. House of Representatives on Gifts and Travel" (106th Cong. 2d Sess. April 2000). This document also addresses the applicability of the House gift rule to "Spouses, Family Members and Others," but does not advise Members that failure to properly follow the Committee's guidance regarding permissible solicitations on behalf of 501(c)(3) organizations could result in a violation of the House gift rule. *Rules of the U.S. House of Representatives on Gifts and Travel* at 15-6 (106th Cong. 2d Sess. April 2000).
[218] *Id.* at 227.
[219] *Id.* at 325 (citing Committee on Standards of Official Conduct Advisory Opinion No. 5, issued April 4, 1979 and former House Rule XLIII, clause 11).
[220] Compare 2008 *House Ethics Manual* at 348-49 to 1992 *House Ethics Manual* at 319-320.
[221] 2008 *House Ethics Manual* at 76.

New Restrictions on Solicitation;"[222] "Rules Governing (1) Solicitation by Members, Officers and Employees in General, and (2) Political Fundraising Activity in House Offices;"[223] "Amendment of the House Gift Rule;"[224] and "Recent Gift Rule Amendments."[225] None of the "Dear Colleague" letters sent to all Members and staff or the publicly available Pink Sheets advises Members that failure to properly adhere to the restrictions for permissible solicitations on behalf of a 501(c)(3) organization can result in not only a violation of congressional solicitation rules, but also a violation of the gift rule.

The Standards Committee has also issued guidance in collaboration with the Committee on House Administration regarding solicitations on behalf of 501(c)(3) organizations in the aftermath of national and international tragedies. After the terrorist attacks of September 11, 2001, Hurricane Katrina in 2005, and the 2010 earthquake in Haiti, the Standards Committee or the Committee on House Administration have reminded Members that they cannot use official House resources to solicit on behalf of 501(c)(3) organizations, even to support charitable efforts of this grand magnitude. This guidance, however, makes no mention that failure to properly follow the restrictions on solicitations will result in an impermissible gift being attributed to the soliciting Member or staff person. On September 14, 2001, the Commission on Congressional Mailing Standards advised Members:

> While we understand the good intentions of those making such inquiries, we must remind all Members that it is a violation of law to use the frank to solicit contributions in support of any charitable organization or purpose. This prohibition also extends to solicitations of goods or services, including food and clothing.[226]

This letter does not advise Members that failure to properly follow the restrictions on solicitations will result in an impermissible gift being attributed to the soliciting Member.

On September 2, 2005, the Committee on House Administration advised Members:

> While we understand the good intentions of those making such inquiries, we must remind all Members that it is a violation of law to use the frank to solicit anything in support of any charitable organization or purpose. Members should also not use their websites to solicit anything. More

[222] Memorandum for All Members, Officers and Employees, from Committee on Standards of Official Conduct, dated April 4, 1995.
[223] Memorandum for All Members, Officers and Employees, from Committee on Standards of Official Conduct, dated April 25, 1997.
[224] Memorandum for All Members, Officers and Employees, from Committee on Standards of Official Conduct, dated January 22, 1999.
[225] Memorandum for All Members, Officers and Employees, from Committee on Standards of Official Conduct, dated April 11, 2003.
[226] Dear Colleague letter from Representative Robert W. Ney and Representative Steny Hoyer, dated September 14, 2001.

> broadly, regulations of the Committee on Standards of Official Conduct prohibit the use of any official resources to solicit funds for charitable organizations or purposes and prohibit Members from implying that such organizations or purposes have been endorsed by the House of Representatives. To summarize, Members and staff may not use official resources to solicit anything for charities.[227]

This letter does not advise Members that failure to properly follow the restrictions on solicitations will result in an impermissible gift being attributed to the soliciting Member.

On January 20, 2010, the Chair and Ranking Members of the Standards Committee and the Committee on House Administration issued a joint "Dear Colleague" letter regarding "Helping the Victims of the Haiti Earthquake." This letter noted:

> Members have asked to what extent they may use their official resources to solicit or collect donations of goods, funds, or services on behalf of charities and other private organizations involved in relief efforts.
>
> We understand the good intentions of those making such inquiries, but the rules of the House preclude Members from using official resources for any purpose other than in support of the conduct of the Member's official and representational duties on behalf of the district which he or she currently represents. This has, in the past, been interpreted to mean that charitable solicitations using official resources are not permitted.[228]

None of the "Dear Colleague" letters or Pink Sheets distributed to all Members, officers, and staff of the House regarding solicitations or the gift rule advises Members that failure to properly follow the restrictions on solicitations will result in an impermissible gift being attributed to the soliciting individual.

Like the 1992 edition published before it, the 2008 House Ethics Manual discusses the applicability of the House gift rule "to spouses, family members and others"[229] but makes no mention of the investigative subcommittee's conclusion that failure to follow the Standards Committee's guidance on soliciting on behalf of non-profit organizations is also a gift rule violation. Likewise, the Manual's section regarding permissible solicitations on behalf of non-profit organizations does not address an "indirect gift" rule.[230] This portion of the Manual includes a lengthy discussion about areas of overlap between the congressional solicitation rules

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[227] Dear Colleague letter from Representative Robert W. Ney and Representative Juanita Millender-McDonald, dated September 2, 2005.
[228] Dear Colleague letter from Representative Robert A. Brady, Representative Daniel E. Lungren, Representative Zoe Lofgren and Representative Jo Bonner, dated January 20, 2010.
[229] 2008 *House Ethics Manual* at 33.
[230] *Id.* at 349.

and the gift rule, but makes no mention of "indirect gifts." Likewise, the Members' Handbook does not address areas of overlap between the congressional solicitation rules and the House gift rule at all.

Despite the lack of prior guidance in the House Rules, "Dear Colleague" letters, Pink Sheets, the House Ethics Manual or the Members' Handbook about the overlap between the congressional solicitation rules and an "indirect gift" rule violation, the Statement of Alleged Violation now proposes that approval by the Standards Committee of an exception to the solicitation rules also serves as approval of an exception to the ban on the acceptance of any gift to the proposed beneficiary resulting from the solicitation that may be attributable to the soliciting Member or House employee. None of this guidance advised Representative Rangel that his work on behalf of a public university was not a part of his official duties. The investigative subcommittee's Statement of Alleged Violation serves as public notice of this new interpretation of the gift rule, but fairness and justice require that such notice does not come at the expense of a Member, here Representative Rangel, who also lacked prior guidance on this issue. Because the Standards Committee is responsible for issuing regulations and guidance related to compliance with 5 U.S.C. § 7353, the statute alone is not sufficient guidance regarding this application of the "indirect gift" rule.

3. Even if the "Indirect Gift" Rule Applied to this Set of Facts, There is Insufficient Evidence in the Record to Show that Representative Rangel Violated this Rule

Under the "indirect gift" rule, "a gift to a family member or another individual will be deemed to be a gift to the official when two circumstances are present:

- The gift was given with the knowledge and acquiescence of the Member or staff person; and
- The Member or staff person has —reason to believe the gift was given because of his official position— with the House."[231]

The example provided in the House Ethics Manual is illustrative of how the "indirect gift" rule should be applied:

> A Member is throwing a graduation party for her daughter. A lobbyist who does not know the Member's daughter offers to buy the daughter a television. The television would be considered a gift to the Member and must be declined.[232]

Although Representative Rangel's letters asked for an opportunity to "dialogue" on how to fund the Rangel Center, Representative Rangel had no reason to believe that such donations were

[231] House Rule XXV cl. 5(a)(2)(B)(i); *see also* 2008 *House Ethics Manual* at 33.
[232] 2008 *House Ethics Manual* at 33-34.

given because of his official position. While Representative Rangel sent one or more letters to over one hundred private foundations, only a handful of them agreed to donate to CCNY's Rangel Center. The overwhelming majority of the foundations that received Representative Rangel's letter either refused to donate to CCNY's Rangel Center or simply did not reply at all. These facts indicate that Representative Rangel would be reasonable in presuming that his official position was not the reason that foundations decided to donate to the Rangel Center.

The organizations that did make donations to the Rangel Center were known for their commitment to education and diversity. For example, the Verizon Foundation's core initiatives include "education and literacy." In 2004, the Verizon Foundation "concentrated on educational, community & innovative organizations that are 501(c)(3) exempt status,"[233] donating over $4.9 million to its top grantee, 100 Black Men of America.[234] The facts in the record indicate that the Verizon Foundation was familiar with the City College of New York prior to Representative Rangel's solicitations on their behalf. Verizon Inc. Chief Executive Officer Ivan Seidenberg is a 1972 graduate of CCNY's parent institution, the City University of New York. In 2004, the Verizon Foundation donated $1,320 to the City College Fund. Verizon Foundation's 2004 donation to CCNY indicates that the foundation deemed CCNY a worthy grant recipient prior to Representative Rangel's solicitation of donations on behalf of the college. The Verizon Foundation's $500,000 pledged donation to CCNY was also comparable in size to several other donations the foundation made during the same period.

Likewise, the Starr Foundation identifies education as its top priority. The Starr Foundation's website states, "[t]raditionally education has been one of the largest areas of giving for the Foundation, because of Mr. Starr's personal interest in providing scholarships to deserving students. The Foundation has endowed C.V. Starr Scholarship Funds at more than 100 colleges and universities and selected secondary schools."[235] In 2004, the Starr Foundation donated $1.25 million to Claremont University Center[236] and nearly $2 million to Columbia University in New York.[237] Because the organizations that Representative Rangel solicited and that ultimately donated to the Rangel Center had an established history of making donations to educational and diversity programs, he did not have reason to believe that their donations to CCNY for the Rangel Center were given because of his official position.

The sole basis for the investigative subcommittee's conclusion that Representative Rangel's conduct violated the second element of the "indirect gift" rule is that he did not abide by the parameters listed for permissible solicitations on behalf of a 501(c)(3) organization. However, Members are allowed to lend their names to such solicitations; in fact, "[i]t is

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[233] Calendar Year 2004 Form 990-PF for the Verizon Foundation, at 9, available at http://foundation.verizon.com/about/financials/vz990_04.pdf.
[234] *Id.* at 9.
[235] Available at http://www.starrfoundation.org/priorities.html.
[236] Calendar Year Form 990-PF for the Starr Foundation, at 86 available at http://dynamodata.fdncenter.org//990pf_pdf_archive/136/136151545/136151545_200412_990PF.pdf.
[237] *Id.* at 86-87.

permissible for Members to identify themselves as a Member of Congress, Congressman, Congresswoman, Representative, or by using their leadership title" in a solicitation letter.[238] There is no evidence that Representative Rangel made a conscious choice to use official resources because he believed doing so would compel organizations to donate to CCNY for the Rangel Center. There is also no evidence that potential donors to CCNY for the Rangel Center were in fact influenced by Representative Rangel's use of official letterhead and resources. Representative Rangel could have written potential donors using his personal letterhead using his leadership title, which is permissible under House Rules, and the impact would have been the same. Representative Rangel admitted that his use of official resources to solicit on behalf of CCNY was a mistake based on his belief that doing so was a part of his official duties. That error, however, is already addressed in Counts I, IV, VI, VII, and VIII of the Statement of Alleged Violation.

Furthermore, the Statement of Alleged Violation in this matter incorrectly states that "[c]ontributions to the Rangel Center constituted indirect gifts attributable to Respondent ... These indirect gifts do not fall within any exception of clause 5 of House Rule XXV." House Rules explicitly exclude "[a]nything that is paid for by the Federal Government, by a State or local government, or secured by the Government under a Government contract," from the term "gift."[239] Public universities, such as CCNY, are considered state agencies under this rule.[240] This provision is a "broad" one "which extends to tangible items of all kinds, as well as meals, services, and travel."[241] The exception's "'paid for by' language ... is especially important. Thus, under this provision, Members and staff may not accept a gift from a government agency when the gift was donated to the agency by a third party, and the agency is merely acting as a conduit."[242] Here, however, CCNY is not acting as a conduit for donations from contributors to the Rangel Center to Representative Rangel; CCNY has not provided Representative Rangel with money or any other direct tangible benefit, as explained above. The Rangel Center has not and will not provide Representative Rangel with any item of value other than the indirect benefit of publicity because the Center bears his name. Because the "paid for by ... local government" exception applies here, Representative Rangel cannot be found to be in violation of the House gift rule. The Standards Committee has traditionally permitted private companies to donate to charities at events honoring Members of Congress or to charities headed by a Member's spouse or close associates. If donations to charities which have a close affiliation with a particular Member or Members of Congress become subject to ethics violations, such a decision would set a disturbing precedent.

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[238] 2008 *House Ethics Manual* at 348.
[239] House Rule XXV, cl. 5(a)(3)(O).
[240] *See* 2008 *House Ethics Manual* at 56 (***Example 39.*** A state university in a Member's district offers the Member tickets to an upcoming home game of one of its teams. The Member may accept the tickets under this provision.")(emphasis supplied).
[241] 2008 *House Ethical Manual* at 55.
[242] *Id.* at 56.

Despite my colleagues' application of the "indirect gift" rule in the Statement of Alleged Violation, there is no reason to go through such extensive legal gymnastics to show that Representative Rangel violated applicable standards related to his letters on behalf of CCNY, a public university in his congressional district. Pursuant to 5 U.S.C. § 7353 and the exceptions outlined in the House Ethics Manual, Members are prohibited from making solicitations on behalf of non-profit organizations unless they follow very specific rules. Representative Rangel did not follow these rules. Neither of the examples of impermissible "indirect gifts" identified in the House Ethics Manual is applicable to Representative Rangel's conduct. In addition to the graduation party example above, the Manual further provides:

> A lawyer offers tickets to a sporting event to a Member without charge. The Member does not want the tickets, and he suggests instead that the lawyer give them to a friend of the Member. In these circumstances, a gift of the tickets to the Member's friend would be deemed a gift to the Member himself and would be permissible only if the Member himself could accept the tickets under the gift rule.[243]

There is no evidence that any of the organizations solicited by Representative Rangel offered him any benefit that he then suggested they transfer to CCNY. Representative Rangel solicited donations on behalf of CCNY in a manner which did not meet the Standards Committee's guidance for permissible solicitations, which is why I voted in favor of Counts I, IV, VI, VII and VIII in this Statement of Alleged Violation. It is unnecessary to try to bootstrap violations of the House gift rule and clause 5 of the Code of Ethics for Government Service onto this conduct.

B. Alleged Violation of the Criminal Franking Statute

The record in this matter lacks sufficient evidence to create a substantial reason to believe that Representative Rangel violated the criminal Franking statute codified at 18 U.S.C. § 1719. The statute states, "[w]hoever makes use of any official envelope, label, or indorsement authorized by law, to avoid the payment of postage or registry fee on his private letter, packet, package, or other matter in the mail, shall be fined under this title."[244] While it is clear that Representative Rangel misused the Frank by using it to send letters soliciting donations on behalf of CCNY, that fact alone cannot constitute a violation of the criminal Franking statute. This interpretation is required because criminal statutes, unlike, civil statutes and regulations, generally have a *mens rea* or "mental state" requirement even if the statute is silent on the issue.[245] The Supreme Court has noted that offenses that require no *mens rea* are generally disfavored,[246] because "[t]he existence of a mens rea is the rule of, rather than the exception to,

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[243] *Id.* at 34.
[244] 18 U.S.C. § 1719.
[245] *Staples v. United States*, 511 U.S. 600, 605 (1994).
[246] *Id.* at 606.

the principles of Anglo-American criminal jurisprudence."[247] Although in some cases, the Court has looked to statutory construction and made inferences about the intent of Congress regarding *mens rea*, the plain language of the statute is "the starting place in our inquiry."[248] The criminal Franking statute provides explicit guidance in this case.[249]

In construing and applying any statute, courts "must first look to the plain meaning of the statute itself;" review of legislative history is unnecessary if the statute is unambiguous.[250] The plain language of the criminal Franking statute is clear. In order to find that Representative Rangel violated the statute, the evidence must also show that he misused the Frank "to avoid the payment of postage or registry fee on his private letter."[251] Courts often determine the plain meaning of words in a statute by referring to dictionaries; [252] the Standards Committee has also adopted this practice.[253] The use of the word "to" in the criminal Franking statute creates a criminal violation only if the accused uses the Frank for the purpose of avoiding the payment of postage. According to the Merriam Webster's Dictionary, the word "to" is used "for expressing aim, purpose, or intention, [as in] going to the rescue."[254] "To" is also "[u]sed as a function word to indicate purpose, intention, tendency, result or end," as in "came to our aid" or "drank to his health."[255] "To" can also mean "[f]or the purpose of" as in "went out to lunch."[256]

Another fundamental tenet of statutory interpretation is that "[i]t is the duty of the court to give effect, if possible, to every clause and word of a statute, avoiding, if it may be, any construction which implies that the legislature was ignorant of the meaning of the language it employed."[257] Courts have consistently held "every part of a statute be presumed to have some effect, and not be treated as meaningless unless absolutely necessary."[258] The criminal Franking statute requires a showing that the accused intended to avoid the payment of postage because to interpret the statute otherwise would eviscerate the effect or meaning of the word "to" and the phrase "to avoid the payment of postage or registry fee on his private letter." We must "assume,

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[247] *United States v. United States Gypsum Co.*, 438 U.S. 422, 436 (1978).
[248] *See Staples*, 511 U.S. at 605 (citing *Connecticut Nat. Bank v. Germain*, 503 U.S. 249, 253-254 (1992)).
[249] *Id.*
[250] *Solis-Ramirez v. United States Department of Justice*, 758 F.2d 1426, 1430 (11th Cir. 1985); *see also Paul Revere Ins. Group v. U.S.*, 500 F.3d 957 (9th Cir. 2007).
[251] 18 U.S.C. § 1719.
[252] *See e.g., Fruitt v. Astrue*, 604 F.3d 1217, 1220 (10th Cir. 2010); *see also Energy East Corp. v. U.S.*, 92 Fed.Cl. 29, 34 (Fed. Cl. 2010)("When a common term is not defined by the statute, it is appropriate to consult a dictionary to determine its plain meaning.")
[253] *See* House Comm. on Standards of Official Conduct, *In the Matter of Representative John J. McFall*, H. Rep. 95-1742, 95th Cong., 2d Sess. at 20 (1978).
[254] WEBSTER'S NINTH NEW COLLEGIATE DICTIONARY (9th ed. 1990).
[255] Available at http://dictionary.reference.com/browse/TO.
[256] *Id.*
[257] *DataMill, Inc. v. U.S.*, 91 Fed.Cl. 740, 755 (2010); *see also Global Computer Enterprises, Inc. v. U.S.*, 88 Fed.Cl. 350, 412 (2009).
[258] *Raven Coal Corp. v. Absher*, 153 Va. 332 (1929); *see also U.S. v. Frank*, 599 F.3d 1221, 1234 (11th Cir. 2010)(The Third Circuit Court of Appeals "interpret[s] words that are not defined in a statute 'with their ordinary and plain meaning because we assume that Congress uses words in a statute as they are commonly understood; we give each provision full effect.'")(citing *United States v. Veal*, 153 F.3d 1233, 1245 (11th Cir.1998)).

for example, that every word in a statute has meaning and avoid interpreting one part of a statute in a manner that renders another part superfluous."[259]

The criminal Franking statute creates a violation that is different than those available under the postal service laws and Franking commission regulations. Section 3215 of Title 39 provides that "a person entitled to use a Frank may not . . . permit its use by any person for the benefit or use of any committee, organization, or association."[260] The Regulations on the Use of the Congressional Frank by Members of the House of Representatives ("Franking Regulations") interpret this statute as prohibiting "the use of the Frank for the benefit of charitable organizations, political action committees, trade organizations, and so forth."[261] A person violates the postal service laws and the Franking regulations simply by using the Frank for the benefit of a non-profit organization. However, proving a violation of the criminal Franking statute requires facts which are not in evidence.

The record is clear that Representative Rangel did not use the Frank for the purpose of avoiding paying for postage. The suggestion that Representative Rangel committed a criminal act to avoid paying for a relatively small amount worth of stamps does not make sense. Representative Rangel testified that he used official resources to solicit donations on behalf of CCNY because he believed that doing so was consistent with his official duty to represent the 15th congressional district of New York. Although Representative Rangel's letters were not Frankable items, Representative Rangel mistakenly thought they were permissible items to send using the Frank. Representative Rangel has admitted to violating the civil postal service laws and Franking regulations. Based on the facts in the record, there is not a substantial reason to believe that Representative Rangel also violated the criminal Franking statute codified at 18 U.S.C. § 1719. Likewise, this charge cannot be sustained by the higher "clear and convincing evidence" standard at trial.

C. Alleged Violation Related to Representative Rangel's Tenancy in Lenox Terrace

The record in this matter lacks sufficient evidence to create a "substantial reason to believe" that Representative Rangel violated clause 5 of the Code of Ethics for Government Service related to his use of a rent-stabilized apartment in the Lenox Terrace building complex as a campaign office. This charge cannot be sustained by the higher "clear and convincing evidence" standard at trial. The Code of Ethics for Government Service (72 Stat., Part 2, B12, H. Res. 175, 85th Cong.) (adopted July 11, 1958) provides:

> [A]ny person in Government service should:
>
> . . .

[259] *Disabled in Action of Pennsylvania v. Southeastern Pennsylvania Transp. Authority*, 539 F.3d 199, 211 (3d Cir. 2008).
[260] 39 U.S.C. § 3215.
[261] Franking Regulations at 3.

> 5. Never discriminate unfairly by the dispensing of special favors or privileges to anyone, whether for remuneration or not; and never accept for himself or his family, favors or benefits under circumstances which might be construed by reasonable persons as influencing the performance of his governmental duties.

Representative Rangel used a rent-stabilized apartment (apartment 10U) at Lenox Terrace, as an office for Rangel for Congress and National Leadership PAC. The terms of the lease for the rent stabilized apartment provided that the apartment was to be used "for living purposes only."[262]

Despite these facts, there is not a substantial reason to believe that Representative Rangel's conduct violated clause 5 of the Code of Ethics for Government Service because Representative Rangel did not receive a "favor" or "benefit" from his landlord, the Olnick Organization (Olnick). The evidence in the record indicates that Representative Rangel paid the maximum rent allowable under New York's rent-stabilization laws and that his use of apartment 10U as a campaign office did was permitted under the code. Although there is evidence that the Olnick employees who worked in the Lenox Terrace complex were aware that Representative Rangel was using apartment 10U as a campaign office, there is inconclusive evidence in the record about whether Olnick management was aware of Representative Rangel's use of apartment 10U. Olnick could not have given Representative Rangel a favor or benefit it was not aware it was providing. Olnick could not have provided Representative Rangel with a favor or benefit related to his use of a rent-stabilized apartment for nonresidential purposes because Olnick allowed other tenants to do the same, never had an established policy regarding such conduct and because doing so was a rational business decision by Olnick. In addition, Representative Rangel has never offered to or actually provided Olnick with any benefit and his legislative work does not have any direct relationship to Olnick.

1. There is Insufficient Evidence to Create a Substantial Reason to Believe that Olnick Provided Representative Rangel with a Gratuity, Favor or Benefit
    a. Representative Rangel Did Not Violate Rent-Stabilization Laws

The investigative subcommittee did not find that Representative Rangel violated any of New York's rent stabilization laws. The New York City Rent Stabilization Law (RSL) of 1969 is the principal statute that established rent stabilization regulation in New York City. The Rent Stabilization Code (Code), issued by the New York State Division of Housing and Community Renewal (DHCR), is a codification of the laws and procedures of the RSL. "An acknowledged purpose of the Code is to secure from eviction during a period of scarcity in rental accommodations, those tenants who actually require and actively use their apartments for dwelling purposes," but New York law does not actually require a landlord to either evict a tenant or seek to destabilize a rent stabilized apartment for a non-residential use.[263] Although the

[262] CSOC.CBR.00006136.
[263] *Sommer v. Ann Turkel, Inc.* (137 Misc. 2d 7, 10).

policy reasons for providing rent-stabilization protection include preserving the availability of low-income housing for tenants, the statutory language indicates that "low-income" currently includes individuals whose annual income is as much as $175,000 and previously $250,000.[264]

When Sheldon Melnitsky, managing attorney of the New York State Department of Housing and Community Renewal, was asked if the laws governing rent stabilized units permits them to be "used for business or non-residential purposes," he replied, "Yes, it does."[265] He noted, "[t]here is nothing in the law which requires an owner to use these units for residential purposes. And, as a matter of fact, based upon New York case law, there would be the potential constitutional issue is we actually compelled an owner to use these units for residential purposes."[266] Melnitsky further explained that if a landlord is aware at the time of leasing or lease renewal that the tenant does not intend to use the rent-stabilized unit for a personal residence, the landlord can still lawfully continue to lease the unit because "[a]t any time subsequent, he can pursue this nonprimary residence proceeding."[267] The Code does not require that a landlord seek repossession of the apartment, nor does the apartment automatically become destabilized.[268] However, if a tenant is not using a rent stabilized apartment as a primary residence, a landlord has discretion not to renew the lease.[269] New York rent stabilization laws empower a landlord to use his or her best business judgment and discretion to decide how to address tenants who are not using a rent stabilized unit as their primary residence.[270]

b. The Evidence in the Record Demonstrates that Representative Rangel Was Not Given a Preferential Rent Payment

Representative Rangel could not have received a favor or benefit from his landlord because he was paying the highest legal rent allowable for apartment 10U. Representative Rangel's rent was comparable to that of his neighbors in other U-line apartments. Representative Rangel began renting apartment 10U in 1996 at $500.19.[271] At that time, the rents for the other U-line units in 40 West 135th Street ranged from $430.84 through $503.42.[272] Likewise, when Representative Rangel moved out of apartment 10U in 2008, his monthly rent was $682.56.[273] In 2008, the rents for the other U-line apartments ranged from $637.22 through $902.42.[274] Jennifer Filippelli, who was responsible for lease renewals for rent-stabilized apartments, rent-collections, landlord-tenant court including luxury deregulations, and security deposit refunds at Lenox

[264] 9 NYCRR §§ 2531.3 and 2531.4.
[265] Garfinkle and Melnitsky Int. Tr. at 31.
[266] *Id.*
[267] *Id.* at 34.
[268] 9 NYCRR §§ 2520.6(u) and 2524.4(c).
[269] 9 NYCRR § 2524.4.
[270] Garfinkle and Melnitsky Int. Tr. at 32-33.
[271] *See* CSOC.CBR.00006136; *see also* CSOC.CBR.00029308.
[272] *See* CSOC.CBR.00029314.
[273] *Id.*
[274] *Id.*

Terrace,[275] reviewed Representative Rangel's tenant files and testified that he was paying the maximum allowable rent under New York's rent stabilization guidelines.[276] Attorneys from the New York Department of Housing and Community Renewal also reviewed relevant documents and determined that Representative Rangel did not receive preferential rent.[277]

c. The Record is Unclear Regarding Whether Olnick Management Knew Representative Rangel was Using Apartment 10U as a Campaign Office

The record is unclear as to whether Representative Rangel's landlord knew that he was using apartment 10U as a campaign office. Olnick management's knowledge is relevant because Representative Rangel's landlord cannot give a gratuity it does not know it is giving. The documents suggest that Olnick management should have known about Representative Rangel's use of apartment 10U as a campaign office, but was not actually aware of this fact. While Representative Rangel paid the rent for apartments 16N-P and 16M from his personal funds, many of the rent checks for apartment 10U came from Rangel for Congress.[278] Maintenance requests for apartment 10U came from Rangel campaign staff, rather than from Representative Rangel himself.[279] Indeed, the assistant superintendent for Lenox Terrace indicated that he knew Representative Rangel's campaign staffer, Walter Swett, and that the doormen were also familiar with campaign staff.[280] Although members of the Olnick management structure claimed that they did not know about Representative Rangel's non-conforming use of apartment 10U until after the media reports regarding Representative Rangel's use of the apartment in 2008, their subordinates that worked in the building were well aware.

The numerous witnesses interviewed by the investigative subcommittee possessed varying degrees of knowledge about Representative Rangel's use of apartment 10U as a campaign office. Most of the Lenox Terrace maintenance and building management staff including Dion Keene and Peter Soundias knew that Representative Rangel was using apartment 10U as a campaign office.[281] Walter Swett indicated that everyone in the building knew who he was and that he worked for Representative Rangel.[282] Furthermore, Swett said that the building doormen knew who he was and allowed him to enter the building unannounced.[283] Darryl Rankin, who served as General Manager of the property was aware that apartment 10U was a campaign office and spoke with Representative Rangel's campaign staff about maintenance.[284]

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[275] Filippelli Int. Tr. 11/21/08 at 5-6.
[276] *Id.* at 26.
[277] Garfinkle Memo at 2. CSOC.CBR00026908-10.
[278] *See e.g.*, CSOC.CBR.00000997
[279] Interview Transcript of Darryl Rankin, November 18, 2008 (hereinafter Rankin Int. Tr. 11/18/08) at 22-23.
[280] Soundias Int. Tr. at 23.
[281] Keene Int. Tr. at 15; Soundias Int. Tr. at 7.
[282] Interview of Walter Swett (hereinafter Swett Int. Tr.) at 26-27.
[283] *Id.* at 26; 72.
[284] Rankin Int. Tr. 11/18/08 at 22-23.

There is also no evidence that the Lenox Terrace staff interviewed by the investigative subcommittee informed their superiors in Olnick about Representative Rangel's use of apartment 10U as a campaign office. Some of the Lenox Terrace staff did not believe that using a rent-stabilized apartment as an office was a non-conforming use because they were familiar with other tenants who operated businesses from their apartments.[285]

The testimony provided by witnesses who served in management positions within Olnick provided an equally convoluted picture. Olnick President Simon said that he did not know the specifics of Representative Rangel's occupancy at Lenox Terrace and had no knowledge of a campaign office prior to the news reports in 2008.[286] Former Chief Operating Officer Rubler was interviewed twice in this matter and on both occasions, testified that he was unaware that Representative Rangel was using apartment 10U as a campaign office.[287] However, Robert Rissetto, Olnick's Vice President of Management and Leasing until from September 2001 until June 2007,[288] testified that he informed Rubler of Representative Rangel's non-conforming use of apartment 10U in either 2004 or 2005.[289] Rissetto indicated that although he was aware of Representative Rangel's use of apartment 10U as a campaign office, he deferred to Rubler to make a decision about how to proceed.[290] The evidence indicates Representative Rangel's use of apartment 10U as a campaign office was open and notorious; his rent for the apartment was paid by Representative Rangel's campaign checks. Given Rubler and Simon's statements to the investigative subcommittee, the lack of specificity in Rissetto's testimony about his exchange with Rubler and the absence of any documentary evidence to resolve the inconsistency in the witnesses' testimony, there is insufficient evidence to establish that Olnick knew Representative Rangel was using apartment 10U as a campaign office.

d. There is Evidence in the Record Indicating that Olnick Allowed Tenants other than Representative Rangel to Use Rent-Stabilized Units as a Business or Office

Olnick could not have provided Representative Rangel with a gratuity, favor or benefit in allowing him to use apartment 10U as a campaign office if that same privilege was "offered to members of a group or class in which membership is unrelated to congressional employment,"[291] such as the larger Lenox Terrace tenant population. The evidence in the record suggests that Olnick did just that. Regardless of whether Olnick management had knowledge of Representative Rangel's use of apartment 10U as a campaign office, the record is clear that

[285] *See e.g.*, Soundias Int. Tr. at 17-19; *see also* Rankin Int. Tr. 5/14/09 at 57.
[286] Interview Transcript of Bruce Simon, December 8, 2008 (hereinafter Simon Int. Tr. 12/8/08) at 40.
[287] Interview Transcript of Neil Rubler, May 15, 2009 (hereinafter Rubler Int. Tr. 5/15/09) at 29; Rubler Int. Tr. 7/14/09 at 24.
[288] Interview Transcript of Robert Rissetto (hereinafter Rissetto Int. Tr.) at 8-9.
[289] *Id.* at 83.
[290] *Id.* at 82-83.
[291] House Rule XXV, cl. 5(a)(3)(R); *see also* 2008 *House Ethics Manual* at 67.

Olnick did not have a coherent policy on the use of rent-stabilized apartments as offices or for commercial purposes prior to news reports of Representative Rangel's alleged conduct in 2008.

Various witnesses testified that there was no official policy regarding the use of rent stabilized apartments as offices or other non-residential purposes and tenants other than Representative Rangel were allowed to do so. The only written statement regarding the use of these units was the form language included in tenant leases about "living purposes." However, Rubler said, "I suspect, although don't know, that there were other apartments that were being used as offices at Lenox, but the reason I say I don't know is because I wouldn't have any way of knowing."[292] When asked if he would "have any reason to care," Rubler said, "No."[293] Rubler also told the investigative subcommittee that there may be economic reasons to allow the non-conforming use of a rent stabilized apartment.[294] He agreed that, "to the extent that he was paying the full legal rent on the apartment [] that was the legal rent on the apartment," there is an argument that [a landlord] had no business interest in what he was using it for."[295]

Lenox Terrace General Manager Darryl Rankin was also vague about Olnick's policy regarding the use of rent-stabilized apartments as an office. An Olnick representative explained the difference between incompatible use and non-conforming use – so long as the use was compatible with other tenants' uses, there was little concern about whether or not it was technically "non-conforming."[296] When asked if management would have allowed Representative Rangel to maintain a campaign office in apartment 10U, Rankin said, "I guess it depends ... I think it depends on is it a campaign office like this office here where people are coming in now or is it a campaign office where somebody is sitting at a desk in an empty apartment making phone calls."[297] Rankin believed that the latter example was permissible.[298]

Witnesses testified that Representative Rangel was not the only Lenox Terrace tenant to use a rent stabilized apartment as an office or a business. According to Rankin, "there's a lot of people that have [businesses in their apartments], there's people that press CDs out of their apartments, there's a DJ guy that I know has a van and he uses his apartment as a business address because it's on his cards. I think there's [sic] a lot of people that use their residences."[299] Rankin did not believe that running a business out of a rent-stabilized apartment was against the policies of Hampton Management.[300] Rankin noted that Lenox Terrace management did little to curb these activities; "I think 20, 30 years ago the landlord was more concerned about filling apartments than they cared about what the use was of the apartment. These people had rent

[292] Rubler Int. Tr. 5/15/09 at 34-35.
[293] *Id.* at 35.
[294] *Id.* at 34.
[295] *Id.*
[296] Rankin Int. Tr. 5/14/09 at 70-72.
[297] *Id.* at 61.
[298] *Id.*
[299] Rankin Int. Tr. 5/14/09 at 64-65.
[300] *Id.* at 68-69.

stabilized apartments which were not located on the first floor of the building."[301] Representative Rangel also recalled commercial businesses in the building other than those on the ground floor. Specifically, Representative Rangel recalled that "[o]ne was a restaurant. It had a big sign what the menu was every day. Of course, there [were] doctors and lawyers that are still there. Other people -- the doorman was passed -- anybody that was checking this out [could] ask the doorman."[302] Representative Rangel testified that another tenant was operating a carry-out business in their apartment. He believed that the landlord and the doormen knew about this business because "if he ever visited, there was a sign in the public area. They didn't hide it. You could smell what was going on."[303]

e. The Evidence in the Record Demonstrates that if Olnick Allowed Representative Rangel to Use a Rent-Stabilized Units as a Business or Office, Doing so Was a Rational Business Decision Rather than Special Treatment

Even if Olnick management did know that Representative Rangel was using his rent stabilized apartment as a campaign office, the facts in the record indicate that allowing Representative Rangel's non-conforming use was a rational business decision rather than special treatment. Former Olnick Chief Operating Officer Rubler noted the potential financial benefits of allowing a tenant to maintain a rent stabilized apartment as a non-primary residence if they could receive as much income from the current tenant as a new one.[304] Building manager Rankin agreed that deciding to allow a tenant to renew his rent stabilized apartment despite a non-conforming use was "a business decision."[305] Although Olnick was unable to provide reliable documents related to the average vacancy rates in Lenox Terrace during the period of Representative Rangel's tenancy, Olnick employees verified that there were large numbers of vacancies in Lenox Terrace during the relevant period. Rankin testified, "Our goal is to rent the apartments in the building. And 20 years ago when Lenox had perpetual 10, 15, 20 years ago, when they had perpetual failure to meet the cash flow to pay the bills they would lease whatever they could to whoever they could just to get the money in."[306] According to Peter Soundias, who served as a painter, painter supervisor, painting manager, and currently assistant superintendent in Lenox Terrace, in 1988 approximately 80 to 100 apartments were vacant each month.[307] Soundias was unsure of the average number of vacancies in 1996, when Representative Rangel

[301] *Id.* at 65.
[302] Rangel Int. Tr. at 207.
[303] *Id.* at 208.
[304] Rubler Int. Tr. 5/15/09 at 34-35.
[305] Rankin Int. Tr. 5/14/09 at 71-72.
[306] *Id.* at 75.
[307] Soundias Int. Tr. at 8-9.

began renting apartment 10U.[308] However, apartment 10U was vacant for at least four months before Representative Rangel first entered into a lease agreement to rent the unit.[309]

Counsel for Olnick, Robert Morvillo explained that his client did not seek to remove tenants who used their units in the manner Representative Rangel used apartment 10U. When asked if rent stabilization is for primary residence, Morvillo responded, "No, no, you're wrong. ... it is not illegal or improper to rent for an other than primary residence point of view."[310] According to Morvillo, "if the landlord discovers that [a rent stabilized apartment is] not a primary residence, the landlord under the rent stabilization law has the power but not the obligation to evict the client because it's not a primary residence."[311] There is however, "no requirement, legal requirement, that it be for a primary residence."[312] If a rent stabilized unit is being used for a non-residential purpose, "the landlord can decline to rent [the unit as] a rent stabilized apartment."[313] Morvillo acknowledged that "the fundamental point is rent stabilization is for primary residence, and the landlord has certain, under certain conditions leeway in which to deal with that,"[314] but noted that a landlord can "either accept it or you can reject it," and given economic realities, "generally most landlords want to fill their buildings."[315]

Morvillo maintained that because apartments rather than tenants are rent-stabilized, if a landlord chooses not to renew the lease of a tenant who is using their rent stabilized apartment as an office, the landlord would not be entitled to more rent by renting the unit to a tenant used the apartment as a primary residence.[316] Morvillo stated that from management's perspective, "this building always had vacancies in it. It is in the economic interest of the organization to fill their vacancies. If you want to fill your vacancy with somebody that's not going to cause a problem you have the right to do that."[317] Even though a landlord may allow a tenant to rent a rent stabilized apartment and use it as an office, rather than a primary residence, "[y]ou also have the right if you don't like what they're doing in that apartment to evict because it's not a primary residence."[318]

Sheldon Melnitsky, managing attorney of the New York State Department of Housing and Community Renewal and deputy counsel of the New York City Downstate Office of Legal Affairs, confirmed that rational business interests may compel a landlord to allow a rent-stabilized tenant to remain in his or her apartment despite a non-conforming use.[319] If there are

[308] *Id.* at 8.
[309] CSOC.CBR.00000004; CSOC.CBR.00000008.
[310] Rankin Int. Tr. 5/14/09 at 69-70.
[311] *Id.* at 70.
[312] *Id.*
[313] *Id.*
[314] *Id.* at 70.
[315] *Id.* at 70-71.
[316] *Id.*
[317] *Id.*
[318] *Id.*
[319] Garfinkle and Melnitsky Int. Tr. at 14-15.

no complaints about the tenant's conduct, the tenant pays the rent, and the landlord accepts the rent, then landlords sometimes actually allow the non-conforming use to continue.[320] According to Melnitsky, "a lot of times it is favorable for owners not to bring one of these cases if the rent is decent and it is a decent tenant, you know, because the alternative is the eviction of this person and a more uncertain situation afterwards."[321] The evidence is clear that Representative Rangel paid the maximum allowable rent under the rent-stabilization laws.

Melnitsky indicated that another business rationale for allowing a rent stabilized tenant to continue a non-conforming use was avoiding litigation in matters involving rent-stabilized apartments.[322] He explained to the investigative subcommittee that "[i]t takes quite a while, actually [to resolve primary residence cases]. These are heavily litigated cases within the Housing Court."[323] Melnitsky said he was told by "a tenant's attorney on the outside that depositions as to the various indicia of whether you live there or not can run $10,000 and $15,000, even before you get to Housing Court."[324] Despite these upfront costs, "once you get to Housing Court, it is a trial that is basically a very extensive examination of not only the intention of the tenant, but what else he is doing with his time."[325] This conclusion is consistent with testimony provided by Olnick employee Jennifer Filippelli regarding the length of such litigation.[326] Melnitsky noted "yes, once somebody goes through one of these notices, it takes an extensive period of time for actually the courts to return a determination. And they are heavily fact based."[327] Melnitsky advised the investigative subcommittee that landlords are "under absolutely no obligation to bring one of these cases, and if he fails to, then a tenant can remain, but he remains subject to rent-stabilization."[328]

2. Clause 5 of the Code of Ethics for Government Service Does Not Apply to Representative Rangel's Use of Apartment 10U as an Office

a. In Order to Find a Violation of Clause 5, There Must Be Evidence of An Intent to Influence A Member's Official Duties or to Conceal the Alleged Benefit

Prior Standards Committee decisions indicate that Representative Rangel's tenancy in apartment 10U does not create a violation of clause 5 of the Code of Ethics for Government Service. To prove a clause 5 violation, the evidence must show not only that a Member received a gift or thing of value, but there must also be evidence that the circumstances under which the Member accepted the thing of value would lead a reasonable person to believe that the gift

[320] *Id.*
[321] *Id.*
[322] *Id.* at 12-13.
[323] *Id.*
[324] *Id.* at 13.
[325] *Id.*
[326] Interview Transcript of Jennifer Filippelli, December 8, 2008 (hereinafter Filippelli Int. Tr. 12/8/08) at 50-51.
[327] Garfinkle and Melnitsky Int. Tr. at 13.
[328] *Id.* at 14.

influenced the Member's performance of his governmental duties. Those facts have generally included some evidence of intent by the donor to use the alleged benefit to influence the recipient or some effort by the recipient to conceal the alleged gift or benefit.[329] For example, in the *Sikes* matter the Standards Committee found that Representative Sikes violated clause 5 related to the performance of his governmental duties in support of the First Navy Bank at the Pensacola Naval Air Station, which also resulted in substantial personal financial benefits.[330] Representative Sikes "approach[ed] organizers of the Bank and inquir[ed] about the possibility of purchasing stock in a bank which he had been active in his official position in establishing."[331] By contrast, the Standards Committee has also found that the fact that a donor has business before the House cannot, by itself, sustain a violation of clause 5 of the Code of Government Ethics.[332]

In *In the Matter of Mario Biaggi*, the Standards Committee found that Representative Biaggi violated clause 5 of the Code of Ethics for Government Service after he was found guilty by a jury of having accepted illegal gratuities in violation of 18 U.S.C. § 201(g).[333] Representative Biaggi received gifts and gratuities from Meade Esposito, an executive for an insurance brokerage firm after assisting Coastal Dry Dock and Repair Corporation (Coastal), a large client of the firm, which was experiencing financial difficulties.[334] In 1984, Esposito "caused the payment of Representative Biaggi's round trip air fare to St. Maarten.[335] In 1984 and 1985, Biaggi caused letters to be sent to the Mayor of New York City regarding Coastal and met with Coastal executives with Esposito and other elected officials on more than one occasion.[336] In addressing the clause 5 count of the Statement of Alleged Violation, the Committee wrote:

> While the Committee does not argue, nor can it be determined, that Representative Biaggi would not have interceded on behalf of Coastal in the absence of or because of Esposito's gratuities to the congressman, it is nevertheless clear that at a minimum, an appearance is raised that such was the case.[337]

The illegal gratuity statute differs from the non-criminal solicitation and gift statute codified at 5 U.S.C. § 7353, in that the former is designed to prevent actual, rather than apparent, *quid pro quo* arrangements. The Supreme Court has held that a bribe or illegal gratuity is distinguishable from

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[329] *See generally*, House Comm. on Standards of Official Conduct, *In the Matter of Representative Mario Biaggi*, H. Rep. 100-506, 100th Cong., 2d Sess. at 1 (1988); *see also*

[330] House Comm. on Standards of Official Conduct, *In the Matter of Representative Robert L.F. Sikes*, H. Rep. 94-1364, 94th Cong., 2d Sess. at 3-46 (July 23, 1976).

[331] *Id.* at 3.

[332] House Comm. on Standards of Official Conduct, *In the Matter of Representative Charles H. Wilson*, H. Rep. 96-930, 96th Cong., 2d Sess. at 2 (1980).

[333] House Comm. on Standards of Official Conduct, *In the Matter of Representative Mario Biaggi*, H. Rep. 100-506, 100th Cong., 2d Sess. at 1 (1988).

[334] *Id.* at 3-4.

[335] *Id.* at 4.

[336] *Id.* at 5.

[337] *Id.* at 9.

a "mere gift" because receipt of the thing of value relates to an official act; a gift is generally defined as "a 'voluntary transfer' of property, made 'without consideration.'"[338] "A bribe induces an official act; an illegal gratuity rewards or seeks to elicit favorable official action; a gift has no connection to any official act."[339]

The Standards Committee has also found that a Member does not violate clause 5 of the Code of Ethics for Government Service merely by "receiv[ing] gifts of substantial value from a person with a direct interest in legislation (a violation of [former] House Rule XLIII, clause 4)."[340] In the 1980 *Wilson* matter, the Standards Committee amended three counts of the Statement of Alleged Violation "by striking the reference to a violation of Rule 5 of the Code of Ethics for Government Service, but leaving intact references to violations of House Rule XLIII, clauses 1 and 4, by votes of 11 ayes and 0 nays."[341] This decision,

> resulted from the fact that the evidence failed to show that the receipts [of gifts] in fact occurred "under circumstances which might be construed by reasonable persons as influencing the performance of his governmental duties."
> Indeed the original charge did not accuse Representative Wilson of in fact being influenced in his official duties, by a person interested in legislation before the Congress. It merely charged that he received gifts from such a person.[342]

The Standards Committee determined that Lee Rogers gave Representative Wilson a total of $10,500 between June 1971 and December 1972 without any of the "normal indicia of a loan, such as a written loan agreement or note, interest, maturity date, [or] demand or offer of repayment."[343] Based on these facts, the Standards Committee concluded that the money was not a loan, but an "improper gift."[344] Mr. Rogers' interest before the House were demonstrated by "a series of correspondence among Mr. Rogers, [his attorney], and Representative Wilson, concerning H.R. 5838, 93rd Congress, 1st Session (Committee Hearing Exhibit No. 15), and correspondence between Mr. George Gould and Mr. Rogers concerning postal rates and classification (Committee Hearing Exhibit No. 16)."[345] HR 5838 was introduced in the House of Representatives on March 20, 1973.[346] Despite the proximity in time between the payments and introduction of the bill, Representative Wilson's conduct did not constitute a clause 5 violation.

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[338] 2008 *Senate Ethics Manual* at 58 (quoting Black's Law Dictionary 688 (6th ed. 1990)).
[339] *United States v. Sun-Diamond Growers of California*, 526 U.S. 398 (1999).
[340] House Comm. on Standards of Official Conduct, *In the Matter of Representative Charles H. Wilson*, H. Rep. 96-930, 96th Cong., 2d Sess. at 2 (1980).
[341] *Id.* at 4.
[342] *Id.* at 5.
[343] *Id.* at 4.
[344] *Id.*
[345] *Id.* at 6.
[346] *Id.* at 330.

This interpretation of clause 5 of the Code of Ethics for Government Service is confirmed by the Standards Committee's conduct *In the Matter of Representative John J. McFall.* The proposed facts in this case noted, that McFall "received things of value [including money] from Tongsun Park under circumstances which a reasonable person might construe as influencing the performance of his duties."[347] Park testified before the Standards Committee that his goal was to be a conduit for providing gifts to Members in order to influence their policies towards to the Government of Korea.[348] In addition, "[t]he situation is substantially aggravated by the form in which the money was handled. The money was all paid in cash. It was untraceable." [349] The report continues, "although both the 1972 gift of $1,000 in cash and the 1974 gift of $3,000 in cash were offered as a campaign contribution which would have had to be reported, McFall received each into his [congressional] office account."[350] These and other facts evidenced McFall's "desire to keep Park's and certain other similar contributions from public view."[351] While he accepted these gifts, "McFall was aware not only that Park had an interest in the rice, but also an interest in aid to Korea."[352] Finally, the proposed findings of fact advised, "the Committee may find that McFall knew that the receipt of large amounts of cash from Tongsun Park might have appeared to a reasonable person as being related to acts performed by McFall which helped Park." Despite the facts in the record, the Standards Committee decided, by a 4 to 7 vote, that a violation of clause 5 of the Code of Ethics for Government Service was not sustained by clear and convincing evidence.[353]

b. Olnick's Proposed Development Project

Representative Rangel's conduct related to Olnick and his use of a rent-stabilized apartment as a campaign office is not consistent with prior cases where the Standards Committee has found a Member violated clause 5 of the Code of Ethics for Government Service. Although Representative Rangel has had some contact with Olnick management in the course of conducting his official duties, none of these interactions would lead a reasonable person to believe that Representative Rangel's use of apartment 10U as a campaign office was an attempt to or did in fact "influenc[e] the performance of his governmental duties." Representative Rangel's use of apartment 10U as a campaign office did not violate any of New York's rent-stabilization laws. Representative Rangel did not get a preferential rent,[354] but paid the maximum rent allowable for apartment 10U after it had remained vacant for months.[355] The fact that Olnick

[347] House Comm. on Standards of Official Conduct, *In the Matter of Representative John J. McFall,* H. Rep. 95-1742, 95th Cong., 2d Sess. at 24 (1978).
[348] House Comm. on Standards of Official Conduct, *Korean Influence Investigation,* H. Rep. 95-1817, 95th Cong., 2d Sess. at 10 (1978).
[349] *Id.* at 26
[350] *Id.*
[351] *Id.* at 27.
[352] *Id.* at 30.
[353] *Id.* at 4.
[354] Garfinkle Memo at 2, CSOC.CBR.00026908-10.
[355] CSOC.CBR.00000004; CSOC.CBR.00000008.

did not have a clear or consistent policy regarding the use of apartments above the first floor for non-residential purposes and allowed tenants besides Representative Rangel to engage in such conduct undermines the theory that Olnick was attempting to or did in fact influence the performance of Representative Rangel's official duties. The record is also clear that Representative Rangel did not perform any task or do any work that could be perceived as a concession to Olnick in exchange for renting apartment 10U and using it as a campaign office.

During the course of his 20 year tenancy in Lenox Terrace, Representative Rangel has attended two meetings regarding construction projects proposed by Olnick for Lenox Terrace.[356] Representative Rangel said that "[o]n one occasion, a person who I cannot identify represented himself to be a representative of the owner."[357] This Olnick representative "asked whether he could talk with me and Jim Capel, to notify me that they had hoped in the future to put all the cars underground, put new stores up, and this fence, and upgrade the whole neighborhood. And old tenants would be able, if their view was blocked, .they would be able to move."[358] Representative Rangel indicated "I don't think much progress has been made on that" because of opposition by the tenants' association.[359] According to Representative Rangel, the purpose of the meeting was to notify him of their proposed measures, "as they said they were notifying other tenants so they could get support. But no one ever asked me for my support, and nothing has ever been done. And it wasn't 'Congressman,' it was 'the tenant.'"[360] The meeting was about five or ten minutes; Representative Rangel said, "I wouldn't know the guy if my life depended on it."[361]

Former Olnick Chief Operating Officer Neil Rubler told the investigative subcommittee that he met with Representative Rangel "on a couple of occasions" in his Congressional office to discuss a proposed redevelopment of the Lenox Terrace buildings.[362] These meetings took place in Representative Rangel's congressional district office on 125th Street in Harlem, NY, not in Representative Rangel's campaign office in apartment 10U.[363] Representative Rangel "was one of a variety of community leaders that we met with to basically gauge opinion and build support for the proposal."[364] The proposal was to "redevelop areas of the property that are now being utilized now for the most part as single story retail and instead to improve them with a combination of retail and additional apartments, you know."[365] Although Rubler said that he wanted Representative Rangel to do "[n]othing in particular," he noted that Representative Rangel was part of a "laundry list" of "influential ... people with whom we met, both to get their

[356] Rangel Int. Tr. at 213-14.
[357] *Id.* at 214.
[358] *Id.*
[359] *Id.*
[360] *Id.* at 214-15.
[361] *Id.* at 215.
[362] Rubler Int. Tr. 7/14/09 at 5.
[363] *Id.*
[364] *Id.* at 5-6.
[365] *Id.* at 6.

feedback about what they liked and didn't like about the proposal, and to hopefully convince them that it was in the best interest of the community."[366] Rubler recalled meeting with Representative Rangel twice, "years ago ... once he was certainly there, once I don't know that he did more than just pop his head in to say hello."[367] Rubler told the investigative subcommittee he thought Representative Rangel "liked" their plan; he "just generally smiled and indicated that he liked it and there wasn't -- he certainly didn't offer an expansive opinion one way or another. And it was a brief meeting ... So there wasn't a huge amount to respond to."[368]

The record here indicates that although Representative Rangel met with Olnick twice about a development project, he was not asked to do anything in support of the project, did not offer to do anything in support of the project and there is no evidence that Representative Rangel had the capacity to assist in the development project at all. There are no facts in the record that Olnick representatives exploited Representative Rangel's use of apartment 10U as a campaign office to gain favor with him at any point during his tenancy in the unit. Representative Rangel's meetings with Olnick representatives regarding the potential development of Lenox Terrace do not appear to have been aimed at influencing the performance of his governmental duties; Olnick did not make any requests regarding federal legislation or any other task under his purview. There is also no indication that Olnick's representatives in the meetings mentioned Representative Rangel's tenancy in apartment 10U during the meetings. Furthermore, although he would eventually move out of apartment 10U under increased media scrutiny, there is no evidence that Representative Rangel attempted to conceal his use of apartment 10U as a campaign office from his landlord or the public. Representative Rangel paid his rent for apartment 10U using campaign checks and his campaign staff moved freely in and out of the Lenox Terrace complex. As such, the factors that have generally led the Standards Committee to find a violation of clause 5 of the Code of Ethics for Government Service are not present.

c. Representative Rangel's Constituent Work Related to Lenox Terrace

Representative Rangel's District Director, James Capel, was familiar with primary residency issues in rent-stabilized apartments in part because of his work resolving some constituent issues related to primary residency.[369] Capel had occasion to interact with Lenox Terrace General Manager Darryl Rankin because tenants were discussing going on strike.[370] Capel indicated that Rankin was "aggressive" compared to his predecessor Harold Griffel regarding evictions and other policies.[371] Capel noted that he didn't speak with Rankin "on a regular basis" but may have spoken to him regarding the proposed strike.[372] Tenants wanted "to

[366] *Id.*
[367] *Id.* at 7.
[368] *Id.* at 8.
[369] Interview of James Capel, July 30, 2009 (hereinafter Capel Int. Tr. 7/30/09) at 36-39.
[370] *Id.* at 50-51.
[371] *Id.* at 64.
[372] *Id.* at 50.

try to influence the action of the owner or the management if they thought some actions were not being done in a way they thought it should be done. It could for a lot of different things. It could be for just disrespect."[373]

Based on these facts, there is not sufficient evidence to lead a reasonable person to believe that Representative Rangel's use of apartment 10U as a campaign office was an attempt to or did in fact "influenc[e] the performance of his governmental duties." There is no evidence in the record regarding the specifics of the interactions between Capel and Rankin other than a discussion of tenants' rights when the tenants considered a rent strike. There is also no evidence that Representative Rangel was directly involved in any of these communications or that either Capel or Rankin made any requests or suggestions for official action. Without any such evidence, a reasonable person cannot conclude that there is a substantial reason to believe that either Representative Rangel or Capel was influenced in the performance of his governmental duties, nor can this count of the Statement of Alleged Violation be sustained by clear and convincing evidence at trial.

3. Representative Rangel's Use of Apartment 10U as a Campaign Office Should Not Result in a Violation of House Rules or Any other Applicable Standards

Representative Rangel's conduct related to his tenancy in Lenox Terrace should not be a matter before the Standards Committee. The evidence in the record indicates that Representative Rangel was paying the maximum rent allowable under New York's rent-stabilization code. Although Representative Rangel's use of a rent-stabilized apartment as a campaign office may be politically embarrassing, his conduct did not violate any of New York's rent-stabilization laws. This conclusion is based in large part on the testimony of New York Department of Housing and Community Renewal attorneys who stated that Mr. Rangel's conduct was not illegal. If there was any appearance problem at all, it was one caused by the public's understandable confusion about whether Representative Rangel's use of apartment 10U as a campaign office violated the rent-stabilization laws. Such confusion is unsurprising given the complexity of the Rent Stabilization Code. The testimony offered by Olnick representatives as well as an attorney from the New York State Division of Housing and Community Renewal indicate that a technically non-conforming use was not illegal; the landlord was just not obligated by law to renew the lease. The decision to renew the lease for such a tenant was up to the landlord. In this case, Olnick was receiving the maximum rent allowable for apartment 10U under the rent-stabilization code, a unit which had been vacant for several months prior to Representative Rangel's tenancy.

The Court of Appeals of New York described the Rent Stabilization Code in this way:

> The patchwork of rent-control legislation in recent years has created an impenetrable thicket, confusing not only to laymen but to lawyers. Most

[373] *Id.* at 51.

> important, under legitimate political pressures and the stress of economic and social tensions, the rational resolution of policy considerations vital to the well-being of the people in the City of New York have been handled on a day-to-day basis, and often by temporary makeshifts. As a consequence, the legislation contains serious gaps, not readily filled by interpretation based on intention, because there was none, or even by judicial construction to make reasonable and workable schemes that are self-abortive as designed. There is a limit to which courts may or should go in rectifying such statutory gaps. Because of the significant policies involved, they should be resolved by legislative action at the local or State level.[374]

Members of Congress may face negative public relations implications whenever they engage in any number of everyday activities such as purchasing a foreign car, or selecting a private school for their children. Private commercial transactions where a Member pays the market value[375] or commercially reasonable[376] terms without discount should not invite scrutiny from the Standards Committee. Here, Representative Rangel paid the highest rent allowed under the law for apartment 10U.[377] If Members can come under the scrutiny of the Standards Committee for such politically embarrassing foibles, then every Member will be susceptible to having their good name slandered despite no evidence of wrongdoing such as in cases when a Member purchases an automobile or a home at a price that is below the "sticker price."

New York DHCR's attorney and Bureau Chief confirmed that even today, the Rent Stabilization Code is still "a complicated statute. The statutes have been described by our own Court of Appeals [as] three times as an impenetrable thicket confusing to both lawyers and landlords."[378] Olnick's lack of a coherent policy regarding non-conforming uses and the Lenox Terrace employees' ignorance about whether using a rent-stabilized apartment for commercial purposes is a clear example of this confusion. When Representative Rangel wanted to move his campaign office to another apartment in the Lenox Terrace complex because apartment 10U was too small and had a faulty air conditioning system, the building staff showed his campaign staff apartment 10K and began discussions about signing a lease agreement.[379] Olnick management only became concerned about Representative Rangel's non-conforming use of apartment 10U after receiving negative press coverage for a rational business decision that experts agree other landlords make on a regular basis. Representative Rangel's use of apartment 10U as a campaign office did not implicate any of the ethical guidelines related to the performance of his

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[374] *89 Christopher, Inc. v. Joy*, 318 N.E.2d 776, 780 (N.Y. 1974).
[375] House Rule XXV, cl. 5(a)(3)(A); *see* 2008 *House Ethics Manual* at 38.
[376] 2008 *House Ethics Manual* at 68.
[377] Interview Transcript of Jennifer Filippelli, November 21, 2008 (hereinafter Filippelli Int. Tr. 11/21/08) at 26; Garfinkle Memo at 2. CSOC.CBR.00026908-10.
[378] Garfinkle and Melnitsky Int. Tr. at 7.
[379] Swett Int. Tr. at 42-43.

governmental duties. There is no evidence in the record that Representative Rangel provided any benefits to Olnick or that Olnick used his tenancy in apartment 10U to gain any benefits. The adjudicatory subcommittee should find that any alleged violation of House Rules and other applicable standards arising from Representative Rangel's use of apartment 10U cannot be sustained by clear and convincing evidence.

D. Duplicative and Unnecessary Counts in the Statement of Alleged Violation

There are several counts in the Statement of Alleged Violation that are duplicative of other counts and the narrative in the Statement of Alleged Violation incorrectly suggests that Representative Rangel's conduct in this matter was corrupt. Specifically, Count XI of the Statement of Alleged Violation is superfluous because it does not refer to any separate substantive violations of House Rules or other applicable standards. Each actual or potential substantive violation arising from Representative Rangel's conduct listed in the Statement of Alleged Violation is by definition a failure to "[u]phold the Constitution, laws, and legal regulations of the United States."[380] Likewise, Count XII of the Statement of Alleged Violation is an unnecessary addition already reflected in the substantive counts. House Rule XXIII, clause 2 states, "A Member ... of the House shall adhere to the spirit and the letter of the Rules of the House and to the rules of duly constituted committees thereof." The House Ethics Manual states:

> With regard to the applicable provisions of the House rules, Members and staff should bear in mind that under House Rule [XXIII], clause 2 they are obligated to adhere to not only the letter, but also the spirit of those rules. This provision has been interpreted to mean that Members and staff may not do indirectly what they are barred from doing directly.[381]

This rule is designed to prevent Members from relying on a "narrow" interpretation of a House Rule in order to escape responsibility for violating the stated purpose of the provision. This interpretation is confirmed by the fact that "spirit" is listed before "letter" in the rule; violations of the "letter" of House Rules are enforced pursuant to the specific rule violated. Here, Representative Rangel has not violated the spirit of the rules; he has violated the letter of House Rules in the various counts related to his efforts on behalf of CCNY and his various errors and omissions on Financial Disclosure statements and tax forms. Those allegations are not predicated on violating the "purpose" of applicable standards, thus making Count XII of the Statement of Alleged Violation unnecessary and duplicative. The "spirit" rule should not be used to absolve Committee counsel from meeting their burden to prove the "letter" of a charged offense.

The investigative subcommittee's Statement of Alleged Violation also discusses conduct which did not amount to substantive violations of House ethical rules beyond the basic disclosure rules already discussed above. Representative Rangel's service on the board of the Ann S. Kheel

[380] Code of Ethics for Government Service (72 Stat., Part 2, B12 (1958), H.Con. R. 175, 85th Cong.).
[381] 2008 *House Ethics Manual* at 122.

Charitable Trust ("Kheel Trust") and his ownership interest in the development in Punta Cana, Dominican Republic, are unrelated to any of his legislative work. The evidence in the record does not indicate that Representative Rangel sought, secured or offered any improper benefits to or from the Kheel Trust or related to the Punta Cana resort. However, the investigative subcommittee's decision to address these issues in the Statement of Alleged Violation creates an impression that Representative Rangel may have had a conflict of interest or committed some other impropriety when the investigative subcommittee made no such finding. The investigative subcommittee should have taken greater care to exclude matters from its Statement of Alleged Violation that were not at the heart of the substantive allegations but could prove politically damaging or embarrassing to a Member who is under its jurisdiction.

The duplicative counts as well as the general narrative of the Statement of Alleged Violation and other now public investigative subcommittee documents create an erroneous impression that Representative Rangel's conduct was corrupt. For example, despite the fact that the investigative subcommittee made no finding that Representative Rangel violated the self-dealing statute or any other obligations related to the Kheel Trust's grant to create the Ann S. Kheel Scholarships at CCNY, the Statement of Alleged Violation and other public documents suggest that the Internal Revenue Service may find that Representative Rangel violated the self-dealing statute. The Kheel Trust's Trust Agreement requires trustees to comply with the same statute.[382] Representative Rangel did not violate the self-dealing statute or any other applicable standards related to his service as a trustee for the Kheel Trust. The record demonstrates that the idea for the Ann S. Kheel Scholars program predated any conversations about the Rangel Center with CCNY or Trust officials. During 2004, months before Representative Rangel's communications with CCNY President Gregory Williams about the Rangel Center, the Kheel trustees made plans to create an Ann S. Kheel Scholarship program for disadvantaged students at the City University of New York and the New York Urban League.[383] In December 2004, President Williams sent Representative Rangel a letter thanking him for the "opportunity to submit a proposal to the Ann S. Kheel Charitable Trust to create the Ann S. Kheel Scholars Program" at CCNY.[384] Months later, Representative Rangel also wrote his fellow Kheel Trust trustees at their home addresses and suggested that they maintain their relationship with CCNY by donating to the Rangel Center.[385] Representative Rangel fully disclosed to his colleagues that his name was attached to the Rangel Center before they voted to make another donation to CCNY for the Rangel Center.[386] Even if the Ann S. Kheel Scholars program later became a part of the Rangel Center, neither donation constitutes a violation of the self-dealing statute or the Kheel Trust Trust Agreement because Representative Rangel did not receive any direct benefits as a result of the donation.

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[382] *See* 26 U.S.C. § 4941; CSOC.CBR.00009867, 9869.
[383] CSOC.CBR.00009628-29; CSOC.CBR.00009636-38; CSOC.CBR.00009647-48.
[384] CSOC.CBR.00009592-05.
[385] CSOC.CBR.00003633 (letter to Gabe Pressman); CSOC.CBR.00003637 (letter to Veronica Kelly); CSOC.CBR.00003639 (letter to Luis Alvarez Vila).
[386] CSOC.CBR.00009668; CSOC.CBR.00009691.

The investigative subcommittee ignores clear precedent in order to suggest that Representative Rangel's conduct related to the Kheel Trust was corrupt and violated the self-dealing statute. The regulations regarding self-dealing explain, "[t]he fact that a disqualified person receives only an incidental or tenuous benefit from the transaction will not, by itself, make such use an act of self-dealing."[387] Guidance from the Internal Revenue Service (IRS) addresses the exact factual situation here; in a revenue ruling, the IRS allowed a foundation to make a grant to a charity contingent upon changing the name of the charity to that of the foundation's founder.[388] The public recognition the disqualified person received from the charitable act and the renaming of the charity, were considered "incidental" benefits under the regulations.[389] Here, although the Rangel Center is obviously named for Representative Rangel, that benefit is "incidental" and permissible under the self-dealing statute and applicable regulations. This interpretation is consistent with the Standards Committee's own guidance which allows Members "to lend their names to legitimate charitable enterprises and otherwise promote charitable goals,"[390] such as providing educational opportunities to disadvantaged minority youth.

The investigative subcommittee also misinterprets CCNY's decision to employ an archivist to organize and assist visitors in reviewing Representative Rangel's donated congressional papers as some type of benefit to him. This conclusion is inconsistent with any common or plain meaning of the words "gift" or "benefit." Representative Rangel's donated papers are for the benefit of CCNY and the Rangel Center's students and guests. Likewise, staff hired to facilitate that process do not provide any benefit to Representative Rangel. Representative Rangel's conduct related to the Kheel Trust was not corrupt and did not violate the self-dealing statute. This fact is confirmed by the investigative subcommittee's inability to find a violation. However, the narrative in the Statement of Alleged Violation attempts to convert Representative Rangel's efforts to secure donations from the Kheel Trust to CCNY on behalf of disadvantaged youth into a corrupt violation of the law. That conclusion cannot be supported by the evidence in the record or the applicable legal standards.

The investigative subcommittee also did not find that Representative Rangel violated either the bribery or illegal gratuities statute. There was no evidence in the record that Representative Rangel was engaged in a *quid pro quo* relationship with Nabors Industries or Nabors Industries CEO Eugene Isenberg. Likewise, the investigative subcommittee did not find that Representative Rangel entered into a *quid pro quo* relationship with any foundation that donated to CCNY for the Rangel Center or with those foundation's parent companies. Representative Rangel has stated that he did not follow the congressional solicitation rules in his efforts to assist CCNY, but these failures were not corrupt.

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[387] 26 C.F.R. § 53.4941(d)-2(f)(2).
[388] Rev. Rul. 73-407, 1973-2 C.B. 383.
[389] *Id.*
[390] H. Rep. 337, 104th Cong., 1st Sess. 12 (1995); *see* 2008 *House Ethics Manual* at 44.

While Representative Rangel engaged in serious and irresponsible conduct that violated House Rules and other applicable standards, none of his conduct was done intentionally to circumvent the ethical guidelines or to use his official position for personal financial gain. The investigative subcommittee should have made this fact sufficiently clear in its now public Statement of Alleged Violation or transmittal letter to the full Standards Committee. In denying a Member's motion to dismiss, the Standards Committee wrote:

> The Committee, unlike a jury in a court of law, can strike any part of a particular count which has not been proven by the evidence ... [The Committee combined separate standards into various counts] fully cognizant of the potentially devastating impact of any Statement of Alleged Violations, to spare respondent the added embarrassment of an extremely large number of counts.[391]

The counts in the Statement of Alleged Violation against Representative Rangel do not reflect due consideration of the "devastating impact" of a Statement of Alleged Violation or the "embarrassment" of the voluminous counts contained therein.[392] As noted, Counts XI and XII of the Statement of Alleged Violation do not refer to any substantive counts that Representative Rangel has not already been alleged to have committed. Furthermore, the Statement of Alleged Violation accuses Representative Rangel of violating the criminal Franking statute when that charge simply cannot be sustained by the facts in the record despite also including Count IV: Conduct in Violation of Postal Service Laws and Franking Commission Regulations which clearly apply to Representative Rangel's conduct. Members of Congress must adhere to the "highest" moral and ethical principles. However, those moral and ethical principles must be applied fairly and uniformly to all Members, including Representative Rangel.

IV. Conclusion

I agree with my colleagues that Representative Rangel engaged in conduct that violated various House Rules and other applicable standards of conduct. Representative Rangel's conduct related to CCNY's Rangel Center all resulted from *one* mistake – it was not allowable as a part of his official duties. Based on that one mistake, Representative Rangel violated the congressional solicitation rules, Franking Commission regulations, House Office Building Commission regulations, the purpose law, the Member's Congressional Handbook, and the letterhead rule. Representative Rangel's failures to provide a "full and complete statement" of his income, unearned income transactions and reportable positions constitute violations of the Ethics in Government Act and House Rule XXVI. I also agree with my colleagues that the scope and totality of Representative Rangel's conduct, as well as his leadership position on the House

[391] House Comm. on Standards of Official Conduct, *In the Matter of Representative Charles H. Wilson*, H. Rep. 96-930, 96th Cong., 2d Sess. at 53 (1980).
[392] *Id.*

Committee on Ways and Means during the relevant period, lead these violations to constitute behavior which fails to "reflect creditably on the House."[393]

Despite Representative Rangel's serious conduct, I disagree that a reprimand is an appropriate sanction in this matter. Representative Rangel's conduct did not involve corruption, personal financial gain, an abuse of power, or disregard of clear precedent, the factors that have characterized prior cases where the Standards Committee has recommended or the House of Representatives has voted to impose a reprimand. Representative Rangel's conduct is more consistent with cases where a Member has been sanctioned with a public letter of reproval. When Members omit information from their Financial Disclosure statements, they are usually allowed to amend these forms with no sanction. The amount of money and the number of errors involved with Representative Rangel's Financial Disclosure statements, however, require the Standards Committee to respond; a letter of reproval is the appropriate response. Standards Committee precedents direct the Committee to consider the numerous mitigating factors that speak to the appropriateness of the sanction of a letter of reproval, including the absence of any evidence of an improper intent on the part of Representative Rangel to conceal any of the subject conduct at any point during its commission or the investigative subcommittee's work, his honest, but mistaken understanding of the rules related to his solicitations on behalf of CCNY and the lack of any evidence that Representative Rangel used his official position to obtain personal financial benefits. The Committee should also consider that Representative Rangel has already submitted to a significant sanction by relinquishing his position as Chairman of the House Committee on Ways and Means as a result of this pending investigation and the Standards Committee's admonishment of his conduct in another matter, a sanction virtually without precedent in the absence of a pending indictment or formal public criminal investigation.

Finally, I believe that the evidence in this case does not create even a "substantial reason to believe" that Representative Rangel committed several counts of the Statement of Alleged Violation including allegations that Representative Rangel violated the House gift rule, clause 5 of the Code of Ethics for Government Service or the criminal Franking statute. Several of the counts included in the now publicly available Statement of Alleged Violation should not have been charged because they were duplicative of other counts or lacked sufficient evidence to be charged. As such, the Statement of Alleged Violation will have an unnecessarily "devastating impact" on and cause undue "embarrassment" to Representative Rangel.[394] The investigative subcommittee's insistence upon including alleged violations suggesting corruption and involving criminal conduct understandably hindered the prompt resolution of this matter. Despite this fact, I have concluded that Representative Rangel's conduct in this matter constituted violations of applicable ethical standards, did not reflect creditably on the House of Representatives and merits a letter of reproval, but not a reprimand.

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[393] House Rule XXIII, cl. 1.

[394] House Comm. on Standards of Official Conduct, *In the Matter of Representative Charles H. Wilson*, H. Rep. 96-930, 96th Cong., 2d Sess. at 53 (1980).

Congressman Dent Motion for Summary Judgment Questions

Campaign Office in Rent Stabilized, Residential Unit/Appearance of Impropriety
For Blake: On p. 74 of your Summary Judgment Motion, you state that "the evidence in the record makes clear that the Respondent accepted a favor or benefit in the form of leasing a residential, rent-stabilized apartment for his campaign office, and this violated the terms of his lease, New York City Zoning regulations, the New York City building code, and the certificate of occupancy for Lenox Terrace.

Q: Can you describe more specifically the zoning and building regulations that were violated by Mr. Rangel's use of a campaign office in a residential building? What is significant in the Lenox Terrace building about commercial units above the first floor?

Q: Can you please put up Exhibit 508--a copy of the original lease for the apartment 10U Rep. Rangel signed for his campaign office? On the first page, 'Charles Rangel' is typed as the tenant, and paragraph 1 states the tenant "shall use the apartment for living purposes only, and could only be occupied by either the tenant named in the lease or by the tenant's immediate family.

Q: Can you put up Exhibit 530—a copy of a rental application form. Did the evidence and testimony confirm that this application form was used for the campaign office unit? I note that the person named on the line to occupy the unit is "Steven Rangel," Mr. Rangel's son. Is there any evidence that Mr. Rangel's son ever lived in the unit?

For Rangel: . .

Q: Do you dispute that you never used apartment 10U as a residence, even though the lease and zoning regulations required it to be a residential unit?

Q: Do you dispute Committee counsel's evidence on p. 50 of their Motion that your District Director assisted constituents on issues relating to their residency in the Lenox Terrace building at the same time you were not in compliance with the residency provisions of your lease of 10U?

Q: Why did your campaign office seek to move out of Lenox Terrace building in July 2008, as Exhibit 536 states, "because of events"?

Q: Is your campaign office now located in a residential or rent-stabilized unit? Is it your understanding that you could rent a residential apartment again in a New York building for a campaign office now if you wanted to? If not, why not?

"Special Handling Tenant List"
For Rangel
Q: Please pull up Exhibit 536–a copy of a Statement issued by you or your office on July 16, 2008. In the 7th paragraph, you state that "for all [your] years at Lenox Terrace, you "have not been treated different from any other tenant living in a stabilized apartment."

Could you please pull up Exhibit 519?
Q: Do you recognize the individuals on this list? Do you believe you or any of the other individuals on the list have been treated differently than other tenants in the building?

Q: Are you aware of other tenants in Lenox Terrace above the first floor who have been allowed to rent residential, rent stabilized units for commercial purposes?

Q: Do you dispute the evidence presented by Committee counsel on p. 49 of their Motion that "special handling tenants received courtesies that other tenants did not receive, including favorable treatment regarding non-payment of rent? Did you receive such a courtesy at any time during your tenancy?

Meeting with Lenox Terrace executives regarding redevelopment
For Rangel:
Q: Committee counsel's cited on p. 49 of their Motion, your testimony that you met with a representative of the Olnick Corporation that owns the Lenox Terrace building to discuss their proposed redevelopment of the Lenox Terrace buildings at the time you lived in one of the buildings.

U.S. House of Representatives

COMMITTEE ON STANDARDS OF
OFFICIAL CONDUCT

Washington, DC 20515

March 17, 2009

Mr. Phu Huynh
Oldaker, Belair & Wittie, LLP
818 Connecticut Avenue, NW
Suite 100
Washington, DC 20006

Dear Mr. Huynh:

This responds to your letters of January 14, February 26 and March 6, 2009 on behalf of Congressman Charles Rangel, seeking guidance on whether Congressman Rangel may use funds from his principal campaign committee to pay certain legal expenses for himself as well as legal expenses for certain current and former members of his personal staff, campaign staff, and Ways & Means committee staff in connection with an ongoing Committee on Standards investigation into certain conduct related to his official duties. The Committee has long advised Members to consult with the Committee prior to using campaign funds for legal expenses to ensure that the legal services are ones that the Member may properly pay with campaign funds.

Question 1: May Congressman Rangel use campaign funds to pay legal expenses incurred related to two additional matters under Committee investigation?

As you know, on September 26, 2008 the Committee approved Congressman Rangel's use of campaign funds for his own legal expenses in connection with three matters:

1. A Committee investigation regarding the use of Congressional letterhead with regard to the Charles B. Rangel Center for Public Service at the City College of New York;
2. A Committee investigation and an FEC review of allegations with respect to certain apartment units that Congressman Rangel leased for personal and campaign use; and
3. A Committee investigation into past House Financial Disclosure statements regarding the income earned through investment in a guest unit at the Punta Cana Yacht Club in the Dominican Republic and related federal and state income tax authority matters.

Your March 6, 2008 letter attached two public statements from the Committee regarding the areas of investigation into Congressman Rangel's official duties. Specifically, your letter now asks the Committee to approve Congressman Rangel's use of principal campaign committee funds for

his legal expenses related to the following two additional areas of inquiry which were not included in the Committee's September 26, 2008 approval letter:

1. A Committee investigation into Congressman Rangel's compliance with Committee on House Administration Rules regarding storage of a vehicle in a House garage, lot, or designated parking area; and
2. A Committee investigation regarding Congressman Rangel's conduct with regard to contributions of money or pledges of contributions of money to the Charles B. Rangel Center for Public Service at the City College of New York from any person or entity associated with Nabors Industries.

The provision relevant to your inquiry is House Rule 23, clause 6, which provides as follows:

> A Member, Delegate, or Resident Commissioner—
> (a) shall keep his campaign funds separate from his personal funds;
> (b) may not convert campaign funds to personal use in excess of an amount representing reimbursement for legitimate and verifiable campaign expenditures; and
> (c) except as provided in clause 1(b) of rule XXIV, may not expend funds from his campaign account that are not attributable to bona fide campaign or political purposes.

While the rule permits the use of campaign funds for "bona fide campaign or political purposes," it does not define that phrase. The Committee has long advised that Members have wide discretion to determine whether any particular expenditure would serve such purposes, provided that the Member does not convert campaign funds to personal or official uses (other than as permitted by House Rule 24, clause 1(b)). Put another way, the rule is not interpreted "to limit the use of campaign funds strictly to a Member's reelection campaign," but instead is interpreted "broadly to encompass the traditional politically-related activities of Members of Congress."[1]

In accordance with these principles, the Committee has determined that it is generally permissible under House rules for a Member to use campaign funds to pay for the Member's own legal fees that arise in connection with the Member's campaign, election, or the performance of official duties. The basis for this determination is that the protection of a Member's presumption of innocence in such actions is a valid political purpose.[2]

Based on the information provided, we conclude that it is within Congressman Rangel's discretion to use his campaign funds for his legal expenses arising from both the additional areas of

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[1] House Select Comm. on Ethics, *Final Report*, H. Rep. 95-1837, 95th Cong., 2d Sess. (1979) at 16.

[2] *See 2008 House Ethics Manual* at 154.

inquiry included in your March 6, 2009 letter.[3] The Committee investigation of Congressman Rangel's compliance with applicable parking rules of the House arose in connection with the performance of Congressman Rangel's official duties. Similarly, the Committee investigation of Congressman Rangel's conduct with regard to the solicitations for the City College of New York is linked to the rules regarding use of official resources and rules of conduct based on Congressman Rangel's official position. This authority extends to expenditure of funds from Congressman Rangel's principal campaign committee for his own legal expenses resulting from the current review of these two matters by the Committee.

Question 2: May Congressman Rangel use campaign funds to pay legal expenses incurred by members of his staff in connection with the ongoing Committee investigation?

For the reasons set forth below, we conclude that, as a general matter, Congressman Rangel may use funds from his principal campaign committee to pay legal expenses incurred by certain current and former members of his personal staff, campaign staff, and Ways & Means committee staff in connection with the ongoing Committee investigation. We emphasize, however, as set forth in more detail below, that any such use of campaign funds to pay such expenses may implicate a number of House rules and standards of conduct, and Congressman Rangel should keep those rules and standards in mind as he considers whether to pay such expenses.

General Principles Applicable to Payment of Staff Legal Expenses. The Committee routinely advises Members to avoid situations that may cause the appearance of impropriety. *See* House Rule 23, cl. 1 (requiring the conduct of a Member at all times to reflect creditably on the House). Depending on the circumstances presented, an appearance of impropriety may arise from using campaign funds to pay the legal expenses of congressional staff.

Specifically, the payment of staff legal expenses may be perceived as an action that may influence the testimony or cooperation of the staff involved. This concern is heightened if the Member is in the position to consider the Member's own legal situation when making determinations as to (1) which staff would have their legal expenses paid, and (2) the amount and nature of the legal expenses eligible for reimbursement.

It is not possible to set forth all of the circumstances that may bear on the propriety of payment of staff legal expenses in any specific context. However, based on the representations in your letters and phone conversations with Committee counsel, we have identified a number of facts that we conclude are material in addressing this concern and determining whether Congressman Rangel's payment of staff legal fees serves a "bona fide campaign or political purpose" under House Rule 23. You have represented the following conditions to be true:

1. Any staff member who wishes to seek reimbursement is free to choose their own counsel without influence from Congressman Rangel or his counsel;

[3] This analysis does not in any way affect the Committee's review of the merits of the underlying matters that are the subject of your request for use of campaign funds for legal expenses. The Committee will respond to those issues separately.

2. Legal fees will be paid for all staff who request reimbursement of legal fees, regardless of their choice of legal counsel; and

3. Neither Congressman Rangel nor his counsel will choose among staffers as to who is entitled to payment of fees, or as to what fees should be paid.

Payment of Legal Expenses with Campaign Funds. As discussed above, the use of campaign funds by House Members is governed by House Rule 23, clause 6 of the Code of Official Conduct.

The Committee has already interviewed current and former staff from Congressman Rangel's Washington D.C. office, district office, campaign office, and the Ways & Means Committee in connection with the Committee investigation described above. Your March 6, 2009 letter makes it clear that Congressman Rangel is seeking Committee approval for the use of his campaign funds to pay legal expenses for staff in connection with all five areas of inquiry in the Committee investigation for which the Committee has approved Congressman Rangel's use of campaign funds for his own legal expenses. The Committee concludes, consistent with our approvals regarding Congressman Rangel's own legal expenses, that any relevant knowledge Congressman Rangel's staff may have regarding the subject of the Committee investigation in these five areas of inquiry results exclusively from his position and conduct as a Member. Therefore, Congressman Rangel's payment of legal expenses for members of his staff could properly be considered connected to his official duties and could also serve a valid political purpose with regard to Congressman Rangel's cooperation with the Committee's investigation.

We therefore conclude that it is within Congressman Rangel's discretion to use campaign funds to pay the legal fees in connection with the Committee investigation into the five investigative points noted above for involved staff, subject to the representations in your letter that the staff's ability to choose their own counsel and that reimbursement for staff expenses will be made to all who request such payment regardless of their choice of counsel. In addition to the factual representations made in your letters regarding the conditions that have already been imposed, we recommend that Congressman Rangel identify the names of the staff members whose legal expenses are paid from campaign funds in FEC filings disclosing the fact of such payments. Lastly, Congressman Rangel must promptly notify the Committee if he stops paying all or part of staff legal expenses and explain the reasons for that decision.

* * *

Pursuant to the Federal Election Campaign Act, the FEC administers a separate set of restrictions on the use of campaign funds. Because we understand that the FEC has not squarely addressed the question you present, we strongly encourage Congressman Rangel to consult with the FEC to determine whether the proposed payment of staff legal expenses under the conditions described in this letter is permissible under all applicable FEC laws and regulations.

If you have any further questions, please contact the Committee's Office of Advice and Education at extension 5-7103.

Sincerely,

Zoe Lofgren
Chair

Jo Bonner
Ranking Republican Member

ZL/JB:pgp

ZOE LOFGREN, CALIFORNIA
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ONE HUNDRED ELEVENTH CONGRESS

U.S. House of Representatives

COMMITTEE ON STANDARDS OF
OFFICIAL CONDUCT

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October 8, 2009

Mr. Phu Huynh
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Washington, DC 20006

Dear Mr. Huynh:

This responds to your September 18, 2009, letter on behalf of Representative Charles Rangel seeking guidance on whether Representative Rangel may use funds from his principal campaign committee to pay certain legal expenses for himself as well as legal expenses for certain current and former members of his personal staff in connection with an investigation by the Committee on Standards of Official Conduct of privately-sponsored, officially-connected travel by Members of Congress, including Representative Rangel, to two conferences hosted by Carib News/Carib News Foundation during 2007 and 2008. The Committee has long advised Members to consult with the Committee prior to using campaign funds for legal expenses to ensure that the legal services are ones that the Member may properly pay with campaign funds.

Question 1: May Representative Rangel use campaign funds to pay his own legal expenses incurred related to the Committee Investigation of the Carib News/Carib News Foundation 2007 and 2008 Conferences?

As you know, on September 26, 2008, and March 17, 2009, the Committee approved Representative Rangel's use of campaign funds for his own legal expenses in connection with five matters currently under Committee investigation. Your September 18, 2009, letter identifies a new and unrelated Committee investigation. Although this investigation is separate and unrelated to the Committee's ongoing investigation referred to in the September 26, 2008, and March 17, 2009 letters, the underlying guidance in the two previous letters approving the use of campaign funds for Representative Rangel's legal expenses as well as his former or current staff's legal expenses is applicable. The provision relevant to your inquiry is House Rule 23, clause 6 which provides as follows:

> A Member, Delegate, or Resident Commissioner—
>
> (a) shall keep the campaign funds of such individual separate from the personal funds of such individual;

> (b) may not convert campaign funds to personal use in excess of an amount representing reimbursement for legitimate and verifiable campaign expenditures; and
>
> (c) except as provided in clause 1(b) of rule XXIV, may not expend funds from a campaign account[] of such individual that are not attributable to bona fide campaign or political purposes.

Without repeating all relevant guidance previously provided in the September 26, 2009, and March 17, 2009, letters, we reiterate that the Committee has determined that it is generally permissible under House rules for a Member to use campaign funds to pay for the Member's own legal fees which arise in connection with the Member's campaign, election, or the performance of official duties.

Based on the information provided, we conclude that it is within Representative Rangel's discretion to use campaign funds for his legal expenses arising from the area of investigation identified in your September 18, 2009, letter. [1] The Committee investigation of Representative Rangel's participation in the Carib News Foundation Conferences arose in connection with the performance of Representative Rangel's official duties. This authority extends to expenditure of funds from Representative Rangel's principal campaign committee for his own legal expenses resulting from the current review of this matter by the Committee.

Question 2: May Representative Rangel use campaign funds to pay legal expenses incurred by members of his staff in connection with the ongoing Committee investigation?

As noted in the Committee's letter of March 17, 2009, as a general matter, Representative Rangel may use funds from his principal campaign committee to pay legal expenses incurred by certain current and former members of his personal staff of his personal staff, campaign staff, and Ways & Means committee staff in connection with the ongoing Committee investigation. We reemphasize, however, as set forth in more detail in our letter of March 17, 2009, any such use of campaign funds to pay such expenses may implicate a number of House rules and standards of conduct, and Representative Rangel should keep those rules and standards in mind as he considers whether to pay such expenses.

Depending on the circumstances presented, an appearance of impropriety may arise from using campaign funds to pay the legal expenses of congressional staff. As noted in our letter of March 17, 2009, Representative Rangel may address the possibility that payment of staff legal expenses would create an appearance of impropriety by abiding by the following conditions:

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[1] This analysis does not in any way affect the Committee's review of the merit of the underlying matter that is the subject of your request for use of campaign funds for legal expenses. The Committee will respond to that issue separately.

1. Any staff member who wishes to seek reimbursement is free to choose their own counsel without influence from Representative Rangel or his counsel;

2. Legal fees will be paid for all staff who request reimbursement of legal fees, regardless of their choice of legal counsel; and

3. Neither Representative Rangel nor his counsel will choose among staffers as to who is entitled to payment of fees, or as to what fees should be paid.

Your September 18, 2009, letter and communication with Committee staff indicate you are seeking Committee approval for the use of Representative Rangel's campaign funds to pay legal expenses for his staff in connection with the Committee's Carib News Foundation investigation. The Committee concludes, consistent with our approval regarding Representative Rangel's own legal expenses, that any relevant knowledge Representative Rangel's staff may have regarding the subject of the Committee investigation in this new area of inquiry results exclusively from Representative Rangel's position and conduct as a Member. Therefore, Representative Rangel's payment of legal expenses for members of his staff could properly be considered connected to his official duties and could also serve a valid political purpose with regard to Representative Rangel's cooperation with the Committee's investigation.

As a result, it is within Representative Rangel's discretion to use campaign funds to pay the legal fees in connection with the Committee's Carib News Foundation investigation for involved staff, subject to the representations you have made that Representative Rangel's staff is able to choose their own counsel and that reimbursement for staff expenses will be made to all who request such payment regardless of their choice of counsel. In addition to the factual representations you made regarding the conditions that have already been imposed, we recommend that Representative Rangel identify the names of the staff members whose legal expenses are paid from campaign funds in FEC filings disclosing the fact of such payments. Lastly, Representative Rangel must promptly notify the Committee if he stops paying all or part of staff legal expenses and explain the reasons for that decision.

As noted in our letter of March 17, 2009, the Federal Election Commission (FEC) administers a separate set of restrictions on the use of campaign funds pursuant to the Federal Election Campaign Act. Thus we recommend that you consult with the FEC to determine whether this proposed expenditure is permissible under the applicable law and regulations, if you have not already done so.

If you have any further questions, please contact the Committee's Office of Advice and Education at extension 5-7103.

Sincerely,

Zoe Lofgren
Chair

Jo Bonner
Ranking Republican Member

ZL/JB:sac

ZOE LOFGREN, CALIFORNIA
CHAIR
BEN CHANDLER, KENTUCKY
G. K. BUTTERFIELD, NORTH CAROLINA
KATHY CASTOR, FLORIDA
PETER WELCH, VERMONT
DANIEL J. TAYLOR,
COUNSEL TO THE CHAIR
R. BLAKE CHISAM,
CHIEF COUNSEL AND STAFF DIRECTOR

ONE HUNDRED ELEVENTH CONGRESS
U.S. House of Representatives
COMMITTEE ON STANDARDS OF
OFFICIAL CONDUCT
Washington, DC 20515–6328

JO BONNER, ALABAMA
RANKING REPUBLICAN MEMBER
K. MICHAEL CONAWAY, TEXAS
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(202) 225-7103

September 7, 2010

Mr. Phu Huynh
Oldaker, Biden & Belair, LLP
818 Connecticut Avenue, NW
Suite 100
Washington, DC 20006

Dear Mr. Huynh:

This responds to your letters of August 16 and 17, 2010, on behalf of Representative Charles Rangel seeking guidance on whether Representative Rangel may use funds from his principal campaign committee to pay certain legal expenses for himself as well as legal expenses for certain current and former members of his personal staff and Ways and Means Committee staff in connection with an investigation by the Department of Justice of privately-sponsored, officially-connected travel by Members of Congress, including Representative Rangel, to two conferences hosted by Carib News/Carib News Foundation during 2007 and 2008. The Committee has long advised Members to consult with the Committee prior to using campaign funds for legal expenses to ensure that the legal services are ones that the Member may properly pay with campaign funds.

Question 1: May Representative Rangel use campaign funds to pay his own legal expenses incurred related to the Justice Department Investigation of the Carib News/Carib News Foundation 2007 and 2008 Conferences?

As you know, on September 26, 2008, March 17, 2009, and October 8, 2009, the Committee approved Representative Rangel's use of campaign funds for his own legal expenses in connection with matters previously under Committee investigation, some of which are currently being adjudicated by the Committee. Your August 2010 letters identify a related Justice Department investigation. The underlying guidance provided in the three previous letters approving the use of campaign funds for Representative Rangel's legal expenses as well as his former or current staff's legal expenses is applicable. The provision relevant to your inquiry is House Rule 23, clause 6 which provides as follows:

A Member, Delegate, or Resident Commissioner—

> (a) shall keep the campaign funds of such individual separate from the personal funds of such individual;
>
> (b) may not convert campaign funds to personal use in excess of an amount representing reimbursement for legitimate and verifiable campaign expenditures; and
>
> (c) except as provided in clause 1(b) of rule XXIV, may not expend funds from a campaign account[] of such individual that are not attributable to bona fide campaign or political purposes.

Without repeating all relevant guidance previously provided in the 2009 letters, the Committee has determined that it is generally permissible under House rules for a Member to use campaign funds to pay for the Member's own legal fees which arise in connection with the Member's campaign, election, or the performance of official duties.

Based on the information provided, we conclude that it is within Representative Rangel's discretion to use campaign funds for his legal expenses arising from the area of investigation identified in your August 2010 letters. The Justice Department investigation of Representative Rangel's participation in the Carib News Foundation Conferences arose in connection with the performance of Representative Rangel's official duties. This authority extends to expenditure of funds from Representative Rangel's principal campaign committee for his own legal expenses resulting from the current review of this matter by the Committee.

Question 2: May Representative Rangel use campaign funds to pay legal expenses incurred by members of his staff in connection with the Justice Department investigation?

As noted in the Committee's letters of March 17, 2009, and October 8, 2009, as a general matter, Representative Rangel may use funds from his principal campaign committee to pay legal expenses incurred by certain current and former members of his personal staff, campaign staff, and Ways & Means committee staff in connection with the Justice Department investigation. We reemphasize, however, as set forth in more detail in our letter of March 17, 2009, that any such use of campaign funds to pay such expenses may implicate a number of House rules and standards of conduct, and Representative Rangel should keep those rules and standards in mind as he considers whether to pay such expenses.

The Committee routinely advises Members to avoid situations that may cause the appearance of impropriety. *See* House Rule 23, cl. 1 (requiring the conduct of a Member at all times to reflect creditably on the House). Depending on the circumstances presented, an appearance of impropriety may arise from using campaign funds to pay the legal expenses of congressional staff. Specifically, the payment of staff legal expenses may be perceived as an action that may influence the testimony or cooperation of the staff involved. This concern is

heightened if the Member is in the position to consider the Member's own legal situation when making determinations as to: (1) which staff would have their legal expenses paid; and (2) the amount and nature of the legal expenses eligible for reimbursement.

It is not possible to set forth all of the circumstances that may bear on the propriety of payment of staff legal expenses in any specific context. However, we have formulated a number of guidelines with which you should comply to address the foregoing concerns about your payment of staff legal expenses. In addition to the House rules, these guidelines reflect attorney ethical obligations regarding dual representation and payment of legal expenses by a third party in the American Bar Association's Model Rules of Professional Conduct. *See* Model Rules 1.7 and 1.8 (enclosed for your reference). Compliance with the following guidelines will help you avoid the appearance of impropriety:

1. Any members of your staff should avoid being represented by any counsel who simultaneously represents you, or who is employed by the same law firm as any counsel who has been engaged to represent you.
2. While you, or your attorney, may recommend or suggest the hiring of a particular counsel to your staff, you may only use campaign funds to pay staff legal expenses if each staff member is free to engage counsel of his or her choosing, regardless of your recommendation.
3. Should any staff member choose to be represented by the same counsel and/or law firm which represents you, we suggest that you and that individual execute a written agreement consenting to dual representation consistent with the ABA Model Rules.
4. While you are not required to use your campaign funds to pay the legal expenses of every employee requesting such reimbursement, you should exercise caution and apply uniform standards in determining whose legal expenses to reimburse in order to avoid any appearance of impropriety.
5. You should obtain guidance from the Federal Election Commission (FEC) and follow the requirements of such guidance before using your campaign funds to pay legal expenses for any staff members.
6. The identity of any staff members whose legal expenses are paid from campaign funds should be identified in filings made with the FEC disclosing the fact of such payments.
7. Any staff for whom you intend to offer to pay legal expenses should be furnished with a copy of this letter and encouraged to contact the Committee with any questions or concerns regarding this guidance.

Your August 16, 2010, letter and communications with Committee staff indicate you are seeking Committee approval for the use of Representative Rangel's campaign funds to pay legal expenses for his staff in connection with the Justice Department's Carib News Foundation

investigation. The Committee concludes, consistent with our approval regarding Representative Rangel's own legal expenses, that any relevant knowledge Representative Rangel's staff may have regarding the subject of the Justice Department's investigation results exclusively from Representative Rangel's position and conduct as a Member. Therefore, Representative Rangel's payment of legal expenses for members of his staff could properly be considered connected to his official duties and could also serve a valid political purpose with regard to Representative Rangel's cooperation with the Justice Department's investigation.

As a result, it is within Representative Rangel's discretion to use campaign funds to pay the legal fees in connection with the Justice Department's Carib News Foundation investigation for involved staff, subject to the representations you have made that Representative Rangel's staff is able to choose their own counsel and that reimbursement for staff expenses will be made to all who request such payment regardless of their choice of counsel. In addition to the factual representations you made regarding the conditions that have already been imposed, we recommend that Representative Rangel identify the names of the staff members whose legal expenses are paid from campaign funds in the Federal Election Commission (FEC) filings disclosing the fact of such payments. Lastly, Representative Rangel must promptly notify the Committee if he stops paying all or part of staff legal expenses and explain the reasons for that decision.

As noted in our letters of March 17, 2009, and October 8, 2009, the FEC administers a separate set of restrictions on the use of campaign funds pursuant to the Federal Election Campaign Act. Thus we recommend that you consult with the FEC to determine whether this proposed expenditure is permissible under the applicable law and regulations, if you have not already done so.

If you have any further questions, please contact the Committee's Office of Advice and Education at extension 5-7103.

Sincerely,

Zoe Lofgren
Chair

Jo Bonner
Ranking Republican Member

ZL/JB:haj

ZOE LOFGREN, CALIFORNIA
CHAIR
BEN CHANDLER, KENTUCKY
G. K. BUTTERFIELD, NORTH CAROLINA
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MICHAEL T. McCAUL, TEXAS
KELLE A. STRICKLAND,
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SUITE HT-2, THE CAPITOL
(202) 225-7103

ONE HUNDRED ELEVENTH CONGRESS

U.S. House of Representatives

COMMITTEE ON STANDARDS OF
OFFICIAL CONDUCT
Washington, DC 20515–6328

October 29, 2010

The Honorable Charles B. Rangel
U.S. House of Representatives
2354 Rayburn House Office Building
Washington, DC 20515

Dear Colleague:

This responds to your letter of October 25, 2010, requesting Committee guidance on seeking and accepting *pro bono* or reduced-fee legal representation in connection with the disciplinary proceedings currently pending against you before the Committee.

In your letter, you state, "I am asking the Committee to approve my seeking . . . counsel [on a *pro bono* or reduced fee basis] without me or the counsel being accused of seeking, receiving or providing gift representation." You also state, "In the alternative, the Committee can arrange for the House to pay for my counsel." We have construed your request as a request for an advisory opinion from the Committee's Office of Advice and Education.[1]

While House Rules authorize the Committee to consider requests for advisory opinions, such authority is limited to "the general propriety of any current or proposed conduct" of the inquiring individual.[2] Moreover, in providing written responses to requests for an opinion, the Committee has a long-established policy of addressing "the conduct only of the inquiring individual, or of persons for whom the inquiring individual is responsible as [the] employing authority."[3]

Because your letter does not provide specific details about how or from whom you would seek legal representation, we cannot definitively address whether the activities described in your letter are permissible under applicable House rules, laws, regulations or other applicable standards of conduct. We can, however, offer you some general guidance on the rules and standards of conduct applicable to Members of the House that are relevant to your inquiry.

I. FACTUAL BACKGROUND

According to your letter and publicly-available materials, the background on this matter is as follows. The Committee has been conducting formal disciplinary proceedings into allegations that

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[1] *See* House Rule 11, cl. 3(a)(4); Committee Rule 3(b).

[2] House Rule 11, cl. 3(a)(4).

[3] Committee Rule 3(d).

you violated House rules, laws, regulations, or other applicable standards of conduct. On July 22, 2010, an investigative subcommittee transmitted a Statement of Alleged Violation (SAV) to the full Committee. You are currently scheduled to appear before an adjudicatory subcommittee on November 15, 2010, for an adjudicatory hearing on the allegations charged in the SAV.

During the course of the proceedings, you were represented by the Washington, D.C., law firm of Zuckerman Spaeder. To date, this representation has generated legal bills of over $2 million. To date, you have largely used funds from your principal campaign committee to pay those expenses. However, as of October 14, 2010, Zuckerman Spaeder withdrew from serving as your counsel. As of the date of your letter, you have been unable to secure new counsel to represent you in this matter.

Your October 25, 2010, letter inquires about the permissibility of two options for securing and accepting legal assistance: (1) having the House pay for your counsel; or (2) allowing you to solicit private counsel to represent you on a *pro bono* (free) or reduced-fee basis. The remainder of this letter provides general guidance on each of these options in turn.

II. LEGAL AUTHORITY AND ANALYSIS

A. Counsel Paid by the House

Your first proposal is that the Committee or the House of Representatives as a whole pay for any further legal costs incurred in connection with the adjudication of this matter. A provision in the Committee's rules provides a respondent in disciplinary proceedings before the Committee with the right to be represented by counsel.[4] However, the rule also expressly provides that any such representation is "to be provided at the respondent's own expense."[5] Thus, the Committee, in promulgating its rules, has weighed and rejected the option of the government paying for legal representation for individuals whom the Committee is investigating.

A federal statute also restricts the use of House funds to the purposes for which those funds were appropriated.[6] Pursuant to this statute, any funds of the House may be used only to perform, or pay for, the official governmental duties of the Member, committee, or other office to whom the funds were appropriated. Because your legal representation for purposes of the disciplinary proceedings before the Committee is a matter wholly related to your own official duties, no funds of the House other than funds appropriated to your congressional office for the conduct of official congressional business (*i.e.*, your Member's Representational Allowance, or MRA) could be expended for that purpose under the statute. However, we note that the Committee on House Administration, rather than this Committee, has jurisdiction over the approval of reimbursements from your MRA.[7]

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[4] Committee Rule 26(a).

[5] *Id.*

[6] 31 U.S.C. §1301(a).

[7] We understand that the Committee on House Administration has determined that the cost of legal representation of a Member in a Committee adjudicatory proceeding is not reimbursable from the Member's official funds because such expenses are not considered to be "ordinary and necessary" expenses. *See* Comm. on House Admin., *Member's Handbook*, at 1 ("*Ordinary and necessary expenses* incurred by the Member . . . in support of the

In sum, it appears that Committee rules, House regulations, and a federal statute would prohibit the House from providing you with legal representation for the remaining phases of the disciplinary proceedings before the Committee.[8]

B. Soliciting or Accepting Free or Reduced-Fee Legal Services

The second option addressed in your letter involves you seeking private counsel to represent you on a no-cost or reduced fee basis. This proposal implicates ethics provisions governing both acceptance of gifts and solicitation of things of value.

House rules define the term "gift" to mean:

> a gratuity, favor, discount, entertainment, hospitality, loan forbearance, or other item having monetary value. The term includes gifts of services, training, transportation, lodging, and meals, whether provided in kind, by purchase of a ticket, payment in advance, or reimbursement after the expense has been incurred.[9]

The definition of gift expressly includes gifts of services. Thus, the value of legal services provided to a Member at no cost would be deemed to be a gift under the gift rule.[10] Members may not accept any gift, except as specifically permitted by House rules.[11]

One of the permissible exceptions to the prohibition on gifts is for contributions to a legal expense fund by someone other than a registered lobbyist or agent of a foreign principal.[12] This exception provides that a Member, officer, or employee may accept "a contribution or other payment to a legal expense fund established for the benefit of a Member, ... officer, or employee of the House that is otherwise lawfully made in accordance with the restrictions and disclosure requirements of the Committee on Standards of Official Conduct."[13] The Committee has expressly stated that such a fund is permissible for legal expenses that arise in connection with a matter concerning "[t]he individual's duties or position in Congress (including a matter before the Standards Committee)."[14] If you did establish a valid legal expense trust in relation to this matter, you would be permitted to solicit donations to the trust of money or in-kind services (including free or discounted legal services), provided such solicitations and donations were

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Member's official and representational duties to the district from which elected are reimbursable . . . .") (emphasis added).

[8] General ethics principles for the legal profession also may restrict the House from serving as counsel to both the Committee and counsel to the defense in this matter. *See, e.g.*, ABA, Model Rules of Professional Conduct R. 1.7.

[9] House Rule 25, cl. 5(a)(2)(A).

[10] As a general matter, the amount of any discount on the cost of legal fees offered to a Member based on that individual's official status would be deemed a gift for purposes of the gift rule. *See* House Rule 25, cl. 5(a)(2)(A).

[11] House Rule 25, cl. 5(a)(1)(A)(i); *see also* House Rule 23, cl. 4.

[12] *See* House Rule 25, cl. 5(a)(3)(E).

[13] *Id.*

[14] *2008 House Ethics Manual* at 64.

made in compliance with Committee regulations regarding legal expense trusts. [15] The rules for establishing, maintaining, and providing public disclosure about such a fund are contained in the appendices to the *2008 House Ethics Manual*.[16]

In addition, because an important aspect of a Member's responsibility is representing the interests of his constituents in matters in which the federal government has an interest, the Committee has determined that *pro bono* assistance to participate in certain actions involving the federal government falls within the gift rule exception for contributions to legal expense funds.[17] Specifically, as stated in the *2008 House Ethics Manual*, a Member may accept *pro bono* legal assistance, without limit, for the following purposes:

- To file an amicus brief in his or her capacity as a member of Congress;
- To participate in a civil action challenging the validity of any federal law or regulation; or
- To participate in a civil action challenging the lawfulness of an action of a federal agency, or an action of a federal official taken in an official capacity, provided that the action concerns a matter of public interest, rather than a matter that is personal in nature.[18]

The Committee has permitted the acceptance of *pro bono* legal services for the purposes listed above because such services would be to enable a Member to fulfill his official duties as an advocate for the greater good of his constituents due to the subject matter of the litigation.[19] That principle of serving the greater good would not be met through providing legal services to defend an individual Member against allegations of misconduct by an individual Member in a disciplinary action by the Committee.[20]

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[15] *See* Comm. on Standards of Official Conduct, "Legal Expense Fund Regulations" ¶ 1 (June 10, 1996), *reprinted in 2008 House Ethics Manual* at 394.

[16] *See generally id., reprinted in 2008 House Ethics Manual* at pages 394-96.

[17] *See 2008 House Ethics Manual* at 65.

[18] *Id.*

[19] *See id.* at 64, 65; *see also Black's Law Dictionary*, 8th ed. (West 1999) at 1240-41 (defining "pro bono" as "[b]eing or involving uncompensated legal services performed [especially] for the public good").

[20] Because your letter does not provide specific details about how or from whom you would seek such representation, we cannot, as noted above, definitively address whether any other exceptions to the House gift rule may potentially apply in this matter. *See* House Rule 25, cl. 5. For example, we note that the Committee has, in the past, approved an unsolicited reduced fee arrangement offered by a law firm to a Member. However, it should be noted that the approved arrangement involved a fee structure regularly offered to other clients of the firm in similar circumstances. We also note that the Committee has permitted House employees to accept unsolicited *pro bono* legal representation in personal matters based on the personal friendship exception to the gift rule. *See* House Rule 25, cl. 5(a)(3)(D).

In any case, a federal statute prohibits Members and House staff from soliciting anything of value.[21] This statute gives this Committee, as the supervising ethics office for the House, the authority to issue rules or regulations providing for reasonable exceptions to this prohibition.[22] Under this authority, the Committee has permitted Members to solicit for a legal expense fund that has been established and approved by the Committee in accordance with the Legal Expense Fund Regulations.[23] The Committee has never approved the solicitation of *pro bono* legal services incurred in connection with a disciplinary matter before the Committee, unless the solicitation was for the donation of goods or services to a valid legal expense trust established for that purpose.

Based on the foregoing authority and precedent, because the subject matter of the Committee investigation concerns your conduct, rather than the actions of the federal government, it would not be permissible for you to solicit or accept *pro bono* or reduced-fee legal representation in connection with the ongoing disciplinary proceedings, absent the establishment of a legal expense fund for such purpose.

III. CONCLUSION

Accordingly, as explained more fully above, House and Committee rules and the applicable federal statutes would prohibit the House from paying for your legal representation. In addition, it is likely that, absent the establishment of a valid legal expense fund for that purpose, you may not solicit or accept *pro bono* or reduced-fee representation related to the disciplinary proceedings before the Committee. While not proposed as an option in your letter, it would be permissible for you to establish a legal expense fund to accept contributions of: (1) money that could be used to defray any legal expenses incurred in connection with the ongoing Committee disciplinary proceedings; or (2) in-kind donations of free or discounted legal services for the same purpose. As stated above, any such legal expense fund would have to be established and maintained in accordance with the Committee's Legal Expense Fund Regulations.

IV. LIMITATIONS

The response above constitutes an advisory opinion concerning the application of House Rule 11, clause 3; House Rule 23, clause 4; House Rule 25, clause 5; Committee Rule 3; Committee Rule 26; the Legal Expense Fund Regulations, 5 U.S.C. § 7353; and 31 U.S.C. § 1301. The following limitations apply to this opinion:

- This advisory opinion is issued only to Representative Charles B. Rangel, the requestor of this opinion. This advisory opinion cannot be relied upon by any other individual or entity.

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[21] *See* 5 U.S.C. § 7353(a).

[22] *See id.* § 7353(b)(1).

[23] *See* Legal Expense Fund Regulations, *reprinted in 2008 House Ethics Manual* at 394-96; *see also 2008 House Ethics Manual* at 63-64.

- This advisory opinion is limited to the provisions of House rules and regulations and federal statute specifically noted above. No opinion is expressed or implied herein regarding the application of any other federal, state, or local statute, rule, regulation, ordinance, or other law that may be applicable to the proposed conduct described in this letter.

- This advisory opinion will not bind or obligate any entity other than the Committee on Standards of Official Conduct of the United States House of Representatives.

- This advisory opinion is limited in scope to the specific proposed conduct described in this letter and does not apply to any other conduct, including that which appears similar in nature or scope to that described in this letter.

The Committee will take no adverse action against you in regard to any conduct that you undertake, or have undertaken, in good faith reliance upon this advisory opinion, so long as you have presented a complete and accurate statement of all material facts relied upon herein, and the proposed conduct in practice conforms with the information you provided, as addressed in this opinion.

Changes or other developments in the law (including, but not limited to, the Code of Official Conduct, House rules, Committee guidance, advisory opinions, statutes, regulations or case law) may affect the analysis or conclusions drawn in this advisory opinion. The Committee reserves the right to reconsider the questions and issues raised in this advisory opinion and to rescind, modify, or terminate this opinion if required by the interests of the House. However, the Committee will rescind an advisory opinion only if relevant and material facts were not completely and accurately disclosed to the Committee at the time the opinion was issued. In the event that this advisory opinion is modified or terminated, the Committee will not take any adverse action against you with respect to any action taken in good faith reliance upon this advisory opinion so long as such conduct or such action was promptly discontinued upon notification of the modification or termination of this advisory opinion.

* * *

If you have any further questions, including further information on establishing a legal defense fund, please contact the Committee's Office of Advice and Education at extension 5-7103.

Sincerely,

Zoe Lofgren
Chair

Jo Bonner
Ranking Republican Member

ZL/JB:ced

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October 14, 2010

Honorable Zoe Lofgren, Chair
Committee on Standards of Official Conduct
U.S. House of Representatives
The Capitol, Suite HT-2
Washington, D.C. 20515

Re: Representation of Congressman Charles B. Rangel

Dear Chairwoman Lofgren:

I write to notify the Committee that this firm no longer represents Congressman Rangel and we are withdrawing our appearance as counsel to him in all matters before this Committee. We will assist in the transition of the matter to successor counsel or to the Congressman personally. Until further notice, please direct future communications regarding this matter to Congressman Rangel personally.

Sincerely,

Leslie B. Kiernan

c: Honorable Charles B. Rangel
Honorable Michael McCaul, Ranking Republican Member
R. Blake Chisam, Staff Director and Chief Counsel

APPENDIX H

RPTS DEAN

DCMN HOFSTAD

PENDING BUSINESS

Tuesday, November 16, 2010

House of Representatives,

Committee on Standards

of Official Conduct,

Adjudicatory Subcommittee,

Washington, D.C.

The adjudicatory subcommittee met, pursuant to call, at 11:50 a.m., in Room 1310, Longworth House Office Building, Hon. Zoe Lofgren [chairwoman of the subcommittee] presiding.

Present: Representatives Lofgren, Butterfield, Castor, Welch, McCaul, Conaway, Dent, and Harper.

Staff present: Heather Jones, Counsel; Todd Ungerecht, Counsel; Daniel Taylor, Counsel to the Chair; Amelia Johnson, Staff Assistant; Joanne White, Administrative Staff Director; Deborah Bethea, Senior Financial Disclosure Manager; Donald Sherman, Counsel; Blake Chisam, Chief Counsel and Staff Director; and Deborah Morris, Counsel.

Chairwoman Lofgren. The adjudicatory subcommittee has met for a number of hours to consider the 13 counts forwarded to us in the Statement of Alleged Violations and has reached a conclusion that we are reporting at this time.

Count I, conduct in violation of the solicitation and gift ban, has been proved by clear and convincing evidence.

Count II, conduct in violation of the Code of Ethics for Government Services, has been proved by clear and convincing evidence.

Count III, conduct in violation of the House gift rule: The committee was unable to reach a conclusion by clear and convincing evidence and divided on a 4 to 4 vote.

Count IV, conduct in violation of the Postal Service laws and Franking Commission regulations: The committee found a violation by clear and convincing evidence.

Count V, conduct in violation of the franking statute: The committee found that that conduct was completely covered by the conviction in count IV, and the interpretation of the statute was more properly before the executive and judicial branches.

Count VI, conduct in violation of the House Office Building Commission regulations: We found a violation by clear and convincing evidence.

Count VII, conduct in violation of the purpose law and the Member's Handbook: We found a violation by clear and

convincing evidence.

Count VIII, conduct in violation of the letterhead rule: The committee found that was proven by clear and convincing evidence.

Count IX, conduct in violation of the Ethics in Government Act and House Rule XXVI, the financial disclosure provisions: We found a violation by clear and convincing evidence.

Count X, conduct in violation of the Code of Ethics for Government Services relating to Lenox Terrace: The committee found a conviction by clear and convincing evidence.

Count XI, conduct in violation of the Code of Ethics for Government Services, clause 2: We found a conviction by clear and convincing evidence.

Count XII, conduct in violation of the Code of Conduct: Letter and Spirit of House rules: The committee found that to be proved by clear and convincing evidence.

Count XIII, conduct in violation of the Code of Conduct, reflecting discreditably upon the House: We found -- a majority found that to be proven by clear and convincing evidence on a vote 7 to 1.

I would note that that does conclude the deliberations of the administrative subcommittee.

I would note that our deliberations are covered by Rule 7 of the Committee on Standards of Official Conduct, which

prohibit discussion of our deliberations publicly and require us to keep the confidentiality of our session. And I would ask members of the public to respect our obligations relative to the rules.

Before asking the ranking member if he would like to make a brief comment, I would just like to conclude by saying that none of the members of this committee are volunteers. This has been a difficult assignment, time-consuming. And we have approached our duties diligently, and that includes every member of this subcommittee. We have tried to act with fairness, led only by the facts and the law. And I believe that we have accomplished that mission.

And I do give thanks to each of the Members who have worked so hard to do the right thing, as well as the staff, who have worked extraordinarily hard and many, many hours to present this case to us.

With that, I would like to turn to the ranking member, Mr. McCaul, for any brief comments he may have.

Mr. McCaul. Thank you, Madam Chair.

Just let me say first that, as you mentioned, no one asked for this assignment. Sitting in judgment of a fellow Member, a colleague, is a very difficult task. But I believe that you, Madam Chair, and all the members of this subcommittee have handled yourselves in a very nonpartisan, professional manner and dignified manner, which I hope will

restore credibility to the House of Representatives.

As you mentioned, Madam Chair, we were able to reach consensus on 12 of the 13 counts, with count III being a split vote, 4 to 4.

When we look at count XIII, it talks about reflecting credibility on the House and discussing dishonor. I am hopeful as we move forward with this matter into the next phase that, at the end of the day, we will be able to begin an era of transparency and accountability, a new era of ethics that will restore the credibility of this House, the people's House.

And, with that, I yield back.

Chairwoman Lofgren. Thank you.

The gentleman yields back.

And I would note just technically, it was 11 of 13 because we rolled V into IV.

I would just like to note the next procedures. We will be meeting briefly just to approve the brief report that goes to the full committee. After we recess from this session, I will be contacting the ranking member of the full committee so that we can schedule the sanction hearing that is the next step in this process under our rules. And we will certainly give notice of that.

Mr. McCaul. Madam Chair, may I make just one clarification?

Chairwoman Lofgren. Certainly.

Mr. McCaul. We did achieve consensus, though.

Chairwoman Lofgren. We did -- we did achieve consensus; you are correct.

With that, we will recess to the closed session this afternoon to briefly go through the language.

And thanks to all of you.

[Whereupon, at 11:56 a.m., the subcommittee was adjourned, to be reconvened in closed session later this same day.]

APPENDIX I

ZOE LOFGREN, CALIFORNIA
CHAIR
BEN CHANDLER, KENTUCKY
G. K. BUTTERFIELD, NORTH CAROLINA
KATHY CASTOR, FLORIDA
PETER WELCH, VERMONT
DANIEL J. TAYLOR,
COUNSEL TO THE CHAIR
R. BLAKE CHISAM,
CHIEF COUNSEL AND STAFF DIRECTOR

ONE HUNDRED ELEVENTH CONGRESS

U.S. House of Representatives

COMMITTEE ON STANDARDS OF
OFFICIAL CONDUCT

Washington, DC 20515–6328

JO BONNER, ALABAMA
RANKING REPUBLICAN MEMBER
K. MICHAEL CONAWAY, TEXAS
CHARLES W. DENT, PENNSYLVANIA
GREGG HARPER, MISSISSIPPI
MICHAEL T. McCAUL, TEXAS
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COUNSEL TO THE RANKING
REPUBLICAN MEMBER
SUITE HT-2, THE CAPITOL
(202) 225-7103

November 16, 2010

Representative Charles B. Rangel
U.S. House of Representatives
2354 Rayburn House Office Building
Washington, DC 20515

Mr. R. Blake Chisam
Chief Counsel
Committee on Standards of Official Conduct
Suite HT-2, The Capitol
Washington, DC 20515

Re: In the Matter of Representative Charles B. Rangel

Dear Representative Rangel and Mr. Chisam:

As Chair of the Committee on Standards of Official Conduct (Committee), I am writing with regard to the adjudicatory hearing in the Matter of Representative Charles B. Rangel.

As the parties are aware, on November 16, 2010, the Adjudicatory Subcommittee (ASC) in the Matter of Representative Charles B. Rangel determined that 11 of the 13 counts in the Statement of Alleged Violation in this matter were proven by clear and convincing evidence.

Pursuant to Committee Rule 24, the members of the full Committee will determine by majority vote what action should be taken with respect to possible sanctions in this matter. Under Committee Rule 24(b), the Committee shall hold a sanction hearing to receive information from the parties regarding their recommendations for appropriate sanctions. By this letter, the parties are hereby provided notice that a sanction hearing in this matter will be held on **Thursday, November 18, 2010**, at **12:00 p.m.** in the Committee on House Administration Hearing Room, Room 1310 in the Longworth House Office Building. By rule, the hearing will be open to the public unless a majority of the Committee's members votes to close the hearing.[1]

The parties are advised that, pursuant to Committee rules, the Committee may receive oral and/or written submissions from Committee counsel and the respondent (or counsel for respondent).[2] Witness testimony may not be heard "except by written request and vote of a majority of the Committee."[3]

[1] Committee Rule 5(d).
[2] Committee Rule 24(b).
[3] *Id.*

The parties will each be allotted 30 minutes to make an oral presentation to the Committee at the sanction hearing. Pursuant to Committee Rule 26(a), a respondent has "the right to be represented by counsel, to be provided at the respondent's own expense." Following the hearing, the Committee "shall consider and vote on a motion to recommend to the House of Representatives that the House take disciplinary action."[4]

As with other aspects of the disciplinary process, the respondent may seek to waive this procedural step.[5] Any such waiver "must be in writing, signed by the respondent, and must detail what procedural steps the respondent seeks to waive."[6]

A copy of the Committee's rules is enclosed for your reference.

Sincerely,

Zoe Lofgren
Chair

cc: Representative Jo Bonner, Ranking Republican Member

[4] Committee Rule 24(c).
[5] Committee Rule 26(b).
[6] *Id.*

APPENDIX I

ZOE LOFGREN, CALIFORNIA
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Zoe Lofgren
Chair

cc: Representative Jo Bonner, Ranking Republican Member

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[5] Committee Rule 26(b).
[6] *Id.*

APPENDIX J

RPTS KESTERSON

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PENDING BUSINESS

Thursday, November 18, 2010

House of Representatives,

Committee on Standards

of Official Conduct,

Washington, D.C.

The committee met, pursuant to call, at 12:08 p.m., in Room 1310, Longworth House Office Building, Hon. Zoe Lofgren [chairwoman of the committee] presiding.

Present: Representatives Lofgren, Chandler, Butterfield, Castor, Welch, Bonner, McCaul, Conaway, Dent, and Harper.

Staff present: Blake Chisam, Chief Counsel/ Staff Director; Dan Taylor, Counsel to the Chair; Kelle Strickland, Counsel to the Ranking Republican Member; Amelia Johnson, Investigative Clerk; Heather Jones, Counsel; Deborah Morris, Counsel; Donald Sherman, Counsel; and Joanne White, Administrative Staff Director.

The Chairwoman. The Standards Committee will come to order.

I would like the record to reflect that all 10 members of the committee are present and to note also that the chair is authorized to recess the committee at any time.

This hearing of the Committee on Standards of Official Conduct in the matter of Representative Charles B. Rangel will come to order.

When I designated the members of the adjudicatory subcommittee to consider the Statement of Alleged Violations in this matter, I noted that the code of government ethics states clearly that a public office is a public trust.

It was our responsibility to determine whether Representative Rangel's conduct met that standard. It was our obligation to act impartially as finders of fact and law. And the members of the subcommittee fulfilled that responsibility and met that obligation. We did so fairly, honestly and without bias.

The subcommittee did not prejudge the allegations against Representative Rangel. Indeed, the subcommittee did not find all of the alleged counts to be proven. But, ultimately, we found that his conduct failed to meet the ethical standards that apply to all Members of the House. Those standards apply equally to those of us who have the privilege of representing our communities in the House for

the first time and to our most senior colleagues.

On November 16th of this year, the subcommittee in the matter of Representative Rangel determined that 11 of the 13 counts in the Statement of Alleged Violations in this matter were proven by clear and convincing evidence. Under committee rules, when a subcommittee concludes that one or more counts have been proven, it becomes the responsibility of the full committee to determine whether to recommend disciplinary action regarding Representative Rangel and, if so, what form of sanction would be appropriate.

The committee has the option to take disciplinary action on its own initiative or to recommend that the full House do so. The purpose of this hearing is to allow both Representative Rangel and committee counsel to share their views with the members of the committee as to what sanction would be appropriate in this matter, if any.

As we begin, it is important to bear in mind that the purpose of the ethics process is not punishment, but accountability and credibility; accountability for the respondent and credibility for the House itself. When a Member has been found by his colleagues to have violated our ethical standards, that Member must be held accountable for the conduct. But it is perhaps equally important that the outcome demonstrate the credibility of the House of Representatives.

By investigating credible allegations of misconduct and sanctioning conduct that is proven to violate that standard, we maintain the integrity of the House and the trust of the public in this institution.

The committee may recommend a range of sanctions. Our rules provide some general guidelines to follow in recommending a sanction. For example, a letter of reproval may be issued by the committee on its own initiative. Other sanctions require action by the full House. Among these, our rules indicate that reprimand is appropriate for serious violations; censure is appropriate for more serious violations; and expulsion is appropriate for the most serious violations.

Further, both the committee and the House itself are guided by the precedents of the House. For example, the House has in its history expelled only five Members; three for disloyalty to the Union during the Civil War and two after they were convicted of felonies.

Our rules are clear, that findings of violations alone should not be the basis for recommending a sanction. Instead, we are required to provide both the respondent and committee counsel with an opportunity to share their views about disciplinary action.

In reaching our decision, it is imperative that we act in a fair and even-handed manner. I note that today's

hearing is open to the public. And although our deliberations take will place in executive session, our colleagues and the public will have the opportunity to hear the views of the parties regarding an appropriate sanction at this hearing.

Both Representative Rangel and committee counsel have previously been advised of the guidelines for this hearing. And as with any other phase of this process, the respondent may seek to waive this procedural step if he chooses. He is not required to be here or to address the committee.

Representative Rangel has chosen to be here today, and he has the right to share his views on the appropriate sanction with us. And should he wish to do so, we will hear him out or his representative and take his opinion into consideration in our deliberations.

The parties will be each allowed 30 minutes to present their views to the committee. Although they are not required to do so, they may submit written briefs for the committee's consideration; and if they do so, those findings will be included in the record.

As a general rule, witnesses are not permitted in this phase. However, if a written request for a witness is made, witness testimony may be allowed by a majority vote of the committee. Neither party has to this point filed a written request to seeking to permit witness testimony.

After we have heard from the parties, members will be permitted, under the 5-minute rule, to ask any questions they may have following the presentations. We will then adjourn to executive session, where we will deliberate and, by majority vote, decide what disciplinary action to recommend.

Our decision will be announced publicly, and the basis for our conclusions will also be explained in a public report to the House of Representatives.

With that, I would ask my colleague, the ranking member, Jo Bonner, whether he would like to make a brief opening statement.

Mr. Bonner.

Mr. Bonner. Thank you, Madam Chair, for the opportunity to say a few words.

We are nearing the end of what has been a long, difficult and unpleasant task. And let me speak for just a moment about what makes this so unpleasant.

I know for a fact that many a newly-elected Member of Congress on both sides of the aisle have been welcomed to Capitol Hill by that bigger than life, gravelly voice of Charlie Rangel, who would put his hand on their shoulder and say, "Welcome to Capitol Hill."

So before I go any further, I would personally like to thank you, Madam Chair, Ranking Member McCaul, and all of the members of the adjudicatory subcommittee for the work that

you completed earlier this week.

Special thanks are also in order for the entire committee staff, as well as those who were involved in the investigative phase of this matter, which, regretfully but unavoidably, lasted for almost 2 years.

Individually and collectively we have shown what the chairwoman stated on Tuesday was our moral obligation, to act with fairness, led only by the facts and the law, as we attempt to discharge our duties. As most everyone in this room knows, the work of this committee is often mundane and almost always done out of sight.

We give advice and education to Members of Congress and their staffs so that they can know what they can and can't do to be in compliance with the Rules of the House. We look into matters that have come to our attention to see whether or not a Member has crossed any inappropriate line.

And as the American people have witnessed this week and in recent months, as these rare but not unprecedented public proceedings have occurred, we have, once again, demonstrated that your elected Representatives can deal with an obviously uncomfortable but absolutely necessary charge that comes to us from the Constitution itself, which requires that each House of Congress maintains the responsibility to punish its Members for breaking either the Rules of the House or the laws of our land, for disorderly behavior, and for bringing

discredit to this, the People's House.

As an aside, I found it especially ironic and troublesome that on the very day that almost 100 newly-elected Members of the 112th Congress were arriving in Washington for their freshmen orientation, in another room just a few steps away was a man who once wielded one of the most powerful gavels in town and at one time was one of our most highly regarded colleagues. And yet he was showing so little regard and respect either for the institution that he has claimed to love or for the people of his district in New York that he has claimed to proudly represent for more than 40 years.

Now, I don't pretend to speak for Mr. Rangel's constituents. They have re-elected him, often without opposition, more times than many of the Members of Congress have actually been alive. But while Mr. Rangel has tried repeatedly this week to claim the unfairness of what has happened to him, in my mind, the most unfair thing of all was that his constituents were denied an opportunity to know the findings of fact as determined by eight of his colleagues, four Republicans and four Democrats before they, the voters in the 15th District of New York, had an opportunity to choose their Representative earlier this year.

This process could have and should have been concluded earlier, and as such, it is my view that the committee failed

the people of Harlem and the 15th District of New York for this reason alone.

Before he marched out of the hearing on Monday but even after the subcommittee's conviction by clear and convincing evidence on Tuesday, Mr. Rangel stated that this panel should now take into account his entire 40 years of service to the Congress as well as his military record.

Let me be clear, his distinguished military service is not up for debate, nor is it a relevant part, in my view, of this deliberation. For when the American people bestow upon us the privilege of being their representative, it is both a matter of tradition and protocol that the position also carries with it the title of honorable.

Sadly, Madam Chair, it is my unwavering view that the actions, decision, and behavior of our colleague from New York can no longer reflect either honor or integrity.

As I noted earlier, I cannot speak for the people of Mr. Rangel's district, but I do know this, for the tenants who qualified for a rent-stabilized apartment in New York or any American city but couldn't get one because a powerful man had four, there is something wrong with that.

For the small businesswoman who didn't pay her taxes for 17 years and had the IRS breathing down her back, I can only imagine how she would have liked to have had the chance to help write the Tax Code of this country and make it less

burdensome and simpler for everyone else.

And for the still relatively new Member of Congress, from California, who just a couple of years ago questioned whether or not it was appropriate to be building a monument to me, I will never forget the arrogance of the response. I was on the floor that day. "I would have a problem if you did it," Mr. Rangel said to Mr. Campbell on the House floor of July 19, 2007, "because I don't think you have been around long enough to have your name on something to inspire a building like this."

Madam Chair, it is painful for me to say this to a man I personally respect, but Mr. Rangel can no longer blame anyone other than himself for the position he now finds himself in; not this committee, not his staff or family, not the accountants or lawyers, not the press. Mr. Rangel should only look into the mirror if he wants to know who to blame.

While I am not an attorney, as most of the members of this committee are, as well as the respondent himself, I know and I believe we all know that it should not take either a law degree or a legal dictionary to tell us the difference between right and wrong. It is now up to each one of us to determine the appropriate measure of punishment for the discredit Mr. Rangel has brought to this House. And I thank the chairwoman for this opportunity to offer a few heartfelt observations and yield back my time.

The Chairwoman. The gentleman's time has expired.

Mr. McCaul. Madam Chair, I have an opening statement that I had intended to deliver. And as ranking member of the subcommittee that brought this forward, I would simply ask that this be entered into the record.

The Chairwoman. The gentleman asks unanimous consent that his statement be submitted into the record.

And without objection, it is so entered.

[The statement of Mr. McCaul follows:]

******** COMMITTEE INSERT ********

The Chairwoman. And I would note that other members of the committee who would like to submit opening statements will have 5 legislative days to do so.

With that, I now would ask Mr. Chisam to make his presentation on the issue of sanctions to the committee.

You will have 30 minutes to make that presentation beginning now.

Mr. Chisam.

Mr. Chisam. Thank you, Madam Chair, Ranking Member Bonner, members of the committee, the House's authority to discipline its own Members is explicit in the Constitution. Article 1, Section 5, provides each House may punish its Members for disorderly behavior and, with the concurrence of two-thirds, expel a Member.

When a Member has been found to have violated the standards that govern his conduct, it falls to this committee to recommend to the full body an appropriate sanction.

Charges of unethical conduct can be evaluated only on a case-by-case basis. It was for the very purpose of evaluating particular situations against existing standards and of weeding out baseless charges from legitimate ones that this committee was created.

The respondent, on his own initiative, came to this committee and asked it to evaluate his conduct. The committee has.

Before you today are the findings of the adjudicatory subcommittee in the matter of Representative Charles B. Rangel. That subcommittee found that 11 counts in the statement of alleged violation were proven by clear and convincing evidence. The 11 counts relate to four general areas of misconduct: Respondent's improper solicitation of individuals and entities with business and interests before the House to fund the Charles B. Rangel Center For Public Service at the City College of New York and his misuses of official resources to make those solicitations; respondent's failure to file full and complete financial disclosure statements for the years 1998 through 2008; respondent's acceptance of a favor or benefit from his landlord related to his use of a residential rent-stabilized apartment as a campaign office under circumstances that created an appearance of impropriety; and respondent's failure to report and pay taxes on his Dominican villa.

The subcommittee found that respondent's actions and accumulations of actions reflected poorly on the institution of the House and thereby brought discredit to the House.

Based on the subcommittee's findings, this committee must now determine the appropriate sanction to recommend. The committee's rules provide at least some guidance in determining sanctions. Under those rules, the range of punishment is a reprimand, a censure, or expulsion. The

committee may also recommend a fine or the denial or limitation of any right, power, privilege or immunity of the Member if, under the Constitution, the House of Representatives may impose such denial or limitation.

The rules say that a reprimand is appropriate for serious violations; a censure for more serious violations; and expulsion for the most serious violations.

This committee, in its 43-year history, has recommended that the House impose sanctions 16 times. Four times the committee has recommended expulsion, the most recent being former Representative Traficant in 2002. Three times the committee has recommended censure, the most recent being former Representative Charles H. Wilson in 1980. Nine times that committee has recommended reprimand, the most recent being former Speaker of the House Gingrich in 1997.

On three occasions, the full House has declined to follow the recommendation of the committee. In two cases in which the committee recommended reprimand, the House determined to censure the Members. In one case, the committee recommended censure, but the House instead imposed a reprimand.

During the history of this committee, only eight Members have been reprimanded. Only four have been censured. In the committee's history, it has issued five public letters of reproval. Two of those have been issued since 1997.

The committee's precedents do not draw a clear line to determine an appropriate sanction in this case. On two counts, respondent has been found to have violated Clause 5 of the Code of Ethics For Government Service.

The committee also found violations of Clause 5 in the matter of Representative Robert Sikes. In that matter, Representative Sikes was active in promoting the establishment of a bank, including his intervention with State and Federal officials. During the time he was assisting with the bank's establishment, he also purchased 2,500 shares of the bank's privately held stock. Based on that conduct, the committee recommended that Representative Sikes be reprimanded.

Respondent has been found have violated the financial disclosure requirements. The committee also found violations of financial disclosure requirements in the matter of Representative George Hansen. Representative Hansen had failed to report nearly $334,000 in loans and profits from 1978 to 1981 and had been convicted of four counts of making false statements. In that matter, the committee recommended a reprimand.

The committee also found violations of financial disclosure requirements in the matter of representative Robert Sikes. In that matter, Representative Sikes failed to disclose ownership of two stocks. The committee specifically

stated that in neither instance does it appear that the failure to report was motivated by an effort to conceal the financial holding from the Members of the House for the public. Nonetheless, the committee stated that a failure to report was deserving of a reprimand.

Respondent has been found to have violated laws and regulations pertaining to the misuse of official resources. This committee also found violations for misuses of official resources in the matter of Representative Austin Murphy. In that matter, the committee found that Representative Murphy permitted official resources to be diverted from his district office to his former law firm. The committee also found that ghost voting had occurred and that representative Murphy retained a staffer who did not perform duties commensurate with his pay. Based on those violations, the committee recommended a reprimand.

The committee also found violations for misuse of official resources in the matter of Representative James Traficant. Among numerous other violations found against Representative Traficant, the committee found that he had directed members of his congressional staff to perform personal labor and services related to his boat and his farm. Taking into account all of Representative Traficant's violations, including bribery, the committee recommended that Representative Traficant be expelled.

Respondent has been found to have violated tax laws. The committee also found violations for tax-related conduct in the matter of Representative Newt Gingrich. Representative Gingrich failed to seek and follow legal advice, thus failing to ensure that the activities of his organizations were in accordance with Section 501(c)(3) of the Internal Revenue Code. The committee also found that Representative Gingrich should have known that information transmitted to the committee was inaccurate, incomplete, and unreliable. Based on that conduct, the committee recommended that Representative Gingrich be reprimanded.

The committee also found violations for tax-related conduct in matter of representative James Traficant. Representative Traficant failed to report and pay income tax for 2 years. Representative Traficant had been convicted of filing false tax returns. The committee recommended that Representative Traficant be expelled, based on numerous violations, including underlying criminal conduct.

Respondent used the imprimatur and resources of his office to solicit money from individuals and entities with business and interests before the Congress and before the Ways and Means Committee, in particular. He was soliciting to create and establish a center that would encourage young minority students to consider entering public service, a noble goal and an admirable project.

Imagine for a moment how it would feel to be a startup nonprofit struggling to find the funding needed to keep going. You have great ideas, but you need the money to fund them. You are not really sure of the best way to approach potential donors. You send letters to big foundations, to corporations, to well-known philanthropists. You don't get your foot in the door, and your ideas don't get anywhere.

And then you see Congressman Rangel sending letters out, using taxpayer money, in an attempt to raise money for his cause. He gets advice. He gets meeting. He gets donations for a center named after him. How would that feel?

Think also about the students at the Rangel Center. They have an interest in going into public service. They want to do good to make this country a better place. But what they come to learn is that respondent, to raise money to create a center that was about public service, did not follow the standards expected of public servants. What kind of example was that of what public service ought to be?

But it is more than all of that. Respondent's position in Congress mattered, and everyone knew it. His staff understood it. The college understood it. The donors understood it. Even those who did not give understood it.

Before the November 2006 election, there was only one significant private donation to the Rangel Center, a $25,000 contribution that came in solely because respondent wrote a

letter. At that time, things looked bleak. The college was worried they would have to shut the project down, particularly after a major earmark respondent requested fell through.

But they all said, in one form or another, that when respondent became chairman, it would help raise private money. After the 2006 election, after it was clear respondent would become chairman of the ways and means committee, the college started to get larger contributions. The donors, they had business or interests before the Congress.

Just the appearance of that alone is striking, and how does it help ensure trust in government?

The adjudicatory subcommittee found that respondent's use of an apartment as an office for his campaign in violation of the terms of his lease and New York City's zoning regulations and its building code was a favor or a benefit to respondent that created an appearance of impropriety.

Think for one moment about one of respondent's neighbors and constituents, one who may not have been as fortunate as him. Maybe she lived in Lenox Terrace for 30 years and had a rent-stabilized apartment. Their landlord was seeking to evict her because they claimed she wasn't using the apartment as her primary residence. Faced with the choice to buy

groceries or pay to fight the lawsuit, she simply decides to pack up and leave. Imagine, a few months later, she discovers that respondent had an apartment in the building that he didn't use as his primary residence. She also learns that Lenox Terrace staff knew about the office and that the landlord got rent checks and e-mails with "Rangel for Congress" on them. She also learns that management put respondent's name on a list of special-handling tenants. She learns that respondent and his staff met with the landlord about a potential new real estate development deal, and she learns that when the press wrote about respondent's use of the apartment, he moved his campaign office somewhere else, almost immediately. How would that influence her faith in government?

The Supreme Court has said taxes are the lifeblood of government and their prompt and certain availability an imperious need. Imagine how it feels to be one of your constituents who dutifully pays her taxes. Maybe she is a waitress who earns much of her pay from tips; preparing her tax return is a real pain. It takes a lot of time. She can't afford an accountant, and she sure doesn't like to file. She doesn't like paying either, but she does it. And she reports all of her income, including those cash tips she gets. One night, after a long day on her feet, she turns on the television and she sees the chairman of the House Ways

and Means Committee. He is responsible for writing the tax laws. And she learns that he hasn't been paying taxes on his Dominican beach villa for 17 years; a Member of Congress, who has a CPA to help him prepare and file his taxes, and still he didn't get it right. How would she feel about that?

The purpose of financial disclosure is to inform the public about the financial interests of government officials in order to increase public confidence in the integrity of government and to deter potential conflicts of interest. Every Member of Congress and thousands of government employees are required to complete these forms every year, taking the time, which can be significant, to complete the forms completely and accurately. The forms are important, as this committee has recognized and reiterated repeatedly. Financial disclosure is about the public's trust, being able to see potential conflicts of interest between a Member's private interests and his official duties is essential to helping the public have faith that its representatives are working to serve the public interest, not their personal interests.

Respondent from 1998 to 2008 failed to file accurate financial disclosure statements. This deprived the voters in his district of the opportunity to view and test his personal financial holdings against his duties as their Representative in Congress.

In addition, respondent is a senior Member of the House. He held positions of trust, authority, and power. As ranking member and later chairman of the Ways and Means Committee, he had significant influence over critical and intricate policy areas that touched the lives of millions of Americans. From taxes to Medicare, Social Security to trade, the Ways and Means Committee's work has an effect on virtually every American.

What does it say to the public when they learn that their tax laws, health care policies and retirement incomes were, in large measure, overseen by someone who showed such sloppiness and such carelessness in preparing and filing his own financial disclosure statements? What would that alone do to the public's trust in government?

Inscribed over a door in the Capitol is a line by George Washington. It reads: This government, the offspring of our own choice, uninfluenced and unawed, has a just claim to your confidence and support. It is essential that the public have faith in this institution. The public must be able to trust those who govern them.

As former Speaker of the House Henry Clay said, government is a trust. And the officers of the government are trustees, and both the trust and the trustees are created for the benefit of the people. Public office is a public trust.

Respondent violated that trust.

A Member who has been found to have violated the House's ethics rules has breached the public's trust. When a Member of Congress violates the terms of that trust, he is subject to discipline by his colleagues. As trustees of the public trust, each of you must consider the best interests of this institution and the people it represents. You should consider whether the conduct of a Member who has violated the rules undermines the public's trust in its government.

Committee counsel submits that respondent's conduct, which violated House rules, laws, regulations and other applicable standards of conduct, undercut the public's ability to have faith and trust in this institution. The subcommittee found that respondent's conduct reflected poorly on the institution of the House and thereby brought discredit to the House.

Disciplinary action in this matter is necessary. As to what that sanction should be, the question is whether the precedents adequately reflect the standards expected of Members today. At least with regard to individual counts, a reprimand would not be inconsistent with the precedent. A lawyer's fealty to precedent serves a purpose, in this case both to the law and to the institution.

However, the fact is that the subcommittee's findings show that respondent's course of conduct demonstrated a lack

of attention and carelessness over a broad range of issues, over a lengthy period of time. His actions and his accumulation of actions, as the subcommittee found, brought discredit to the House. His conduct served to undermine public trust in this institution.

The subcommittee's findings, the nature of his misconduct, and the effect his actions and accumulation of actions had on the public's trust, when weighed against the precedents of this committee, suggest that something more than a reprimand but less than a censure would not be inappropriate.

That said, we cannot ignore the fact that respondent was at relevant times either the chairman or ranking member of the Ways and Means Committee. Nor can we look past the fact that so many elements of his conduct intersected so overtly with his stature and his position.

As a result, I respectfully submit that this committee should recommend to the full House that it take disciplinary action against respondent and that this committee recommend respondent be censured by the House.

The Chairwoman. Have you concluded, Mr. Chisam?

Mr. Chisam. Yes, Madam Chair.

The Chairwoman. We will now turn to Mr. Rangel.

And I see you have our colleague, Mr. Lewis, sitting next to you.

And I would invite you to address us now.

Mr. Rangel. Thank you.

First, let me say, I can imagine the awkwardness that this committee has had in its deliberations over the years. And I know none of you would have volunteered for this service, nor would you have believed that this case would have taken as long as it did take. And I understand that.

The second thing I would like to say that I hope Mr. Bonner in his statement did not imply my lack of love for my country or this Congress. One of the reasons that this has taken so long is because, when people were talking about settlement, never was the evidence that was not founded as relates to the allegations ever mentioned.

As a matter of fact, one of the reasons why I was insisting on having the witnesses to testify in front of the investigatory committee was because they may not have changed the facts, they may not have been giving excuses for my behavior, but clearly, in view of some of the things that have been said today by counsel and Mr. Bonner, they would have given an explanation for my faulty behavior as it relates to the very serious charge, charges of violating the House Rules.

I look at myself every morning, Mr. Bonner, and I have never blamed staff, my family, or anyone for my irresponsible behavior as it relates to violation of the House Rules. As a

matter of fact, I have said it publicly, and you had clips of this, as to what I have said.

And I, no matter what sanction you finally reach, I will dedicate my life in trying to let younger Members and other Members know that these rules are not there to punish; they are there to guide the Members, to protect the character and the integrity of this Congress. And whether they are new Members or older Members, they have a responsibility to do just that.

I would have hoped however that the atmosphere in which I dealt with the landlord at 40 West on 35th Street, that I dealt with those people that listed foundations that could make recommendations for City College to receive a grant, that they would have been able -- or that they were able and did testify that in all of this, there was no request or suggestion that I would receive any personal gain. There would not be even the suggestion of corruption.

And had there been some suggestion when we were negotiating as to whether or not we could have avoided this hearing, if someone had said to me that they were willing, as I am really asking this committee to do, to say what was not found even though it was alleged and still is being alleged by newspaper reporters, by television reporters, as it deals with Rangel being a crook, Rangel being corrupt, Rangel gaining, just -- I don't see any reason why if this committee

pointed out those things. Yes, I wanted my community to know what I had done. I wanted to be judged publicly, and I admitted wrongdoing to my committee. And it wasn't my fault that this committee decided to have this hearing on the eve of my primary or the eve of the general election.

But God knows, there was enough derogatory things said about me that I don't think, Mr. Bonner, that you have to feel sorry for my constituents not knowing. The press took care of it, and I don't see where this committee or anyone did anything to clear the record as to what I did not do, even though I humbly recognize that what I did do was serious enough for this committee to continue its investigations.

You know, I am not here to retry the case. But even you, Mr. Bonner, might think it would be fair to point out that the record would indicate that the landlord solicited me for that fourth apartment, that the apartment had been vacant, as other apartments had been throughout the building, and that, with the exception of the zoning law mentioned by counsel, it was determined there was no violations of any agreements since the person that the lease was made to said that he wanted me there and that my leaving there would have destabilized the apartment.

But again, since you refer to the appears of favoritism, I cannot get into that subjective feeling about the appearances of people. I did not know I was on a special

list, and I don't think anyone has said, what did I gain as a result of being on that list, because if there was appearances, it was with the staff.

In any event, again, the fact that for 17 years, taxes were paid to the Dominican Republic has nothing to do with the facts in this case as it relates to my conduct. But I would believe that the accountant that testified would have shared with you how mistakes were made that I assume responsibility for because, whether it is a lawyer or a CPA or an accountant, I signed the paper.

But had I had the opportunity to listen to the witnesses that Mr. Chisam heard, I think that perhaps the atmosphere would not be that I was a bad person, but more in line with what was said when Mr. Butterfield asked a question of Blake Chisam, the ethics chief counsel, do you have any evidence of personal financial benefit or corruption? Blake Chisam asked, I see no evidence of corruption, said Blake Chisam, in response to Representative Butterfield's question. Do you believe that, based on the record, that Congressman Rangel took steps to benefit himself based on his position in Congress? No, I believe that the Congressman, quite frankly, was overzealous in many of the things he did and sloppy in his personal finances.

This statement is nothing for me to be proud of. This statement makes me believe that a lot should have been done,

and I recognize that, and I admitted that. But it would really help, and I don't think it is out of line, if the committee didn't say it before, that you could put in that report, no matter what you agree the sanctions should be, that your Member was not corrupt and did not seek and did not gain anything personally for the bad conduct that I have had.

That is all I have ever asked when I referred this whole thing to this committee. All I asked was that you make a point of investigating everything. I volunteered to have a forensic accountant for 20 years to look over taxes, to look over all of the things that should have been done and corrected all of them. But that is not an example that I would want to set for other Members of Congress.

And quite frankly, even though I came in here prepared not to deal with the question of censure and the options that you heard, I think that Mr. Chisam's list of when this committee has saw fit to give reprimands -- well, I assume that when you go into executive session you would compare how other Members were treated under circumstances where they were personally enriched and where there was no question that the corruption existed.

I have brought my friend here, John Lewis, because I wanted him to share who I was. I felt awkward in giving self-serving statements as to how I have dedicated my life to my country and to this Congress and to my community.

And I know that if I had counsel here, that they would say one thing, don't antagonize any of the members of this committee.

But, Mr. Bonner, I really was surprised that you could deal with questions that dealt with my love for my Congress and my country and my district as well to talk about testimony that you found as factual that was not disputed by me, but by the same token, the surrounding circumstances of would I have left that apartment, would there have been a subsidized apartment left there, the answer is no. These people that would have been looking for a subsidized apartment certainly weren't looking for it there. The apartments were vacant, and I didn't try to hide anything from anybody. But again, that doesn't deal with how it appears, even though there is an account there saying that I gave the appearance that I was receiving a gift.

And again, with the CCNY, I was overzealous because I have dedicated my life to trying to make certain that those people that were not exposed to the proper education could get it, and there is the Rangel fellowship that the State Department runs. There are scholarships in my name and those not in my name because I know that the only thing between me as a high school dropout in Korea and becoming chairman of the awesome and respectable Ways and Means Committee was the GI Bill on education.

So overzealous is not an excuse, but I appreciate Mr. Chisam demonstrating that it is an explanation and not an excuse for my behavior. And I hope you take that into consideration because it is not just the years I have been in Congress; it is the years that I expect my grandchildren to be looking at, my community, and I hope you take all of those things into consideration.

And I ask now that you give an opportunity for John Lewis, perhaps, to share some views of the over 50 years of friendship that we have enjoyed.

The Chairwoman. By unanimous consent, Mr. Lewis is now recognized.

Mr. Lewis of Georgia. Thank you, Madam Chair.

Mr. Ranking Member, members of the committee, I want to first state that I am here to say just a few words about my dear friend, my colleague, my brother, Charlie Rangel.

I must state upfront that I don't know the facts in this case. I have known Mr. Rangel for more than 50 years. He is a committed and dedicated, hardworking patriotic American. He fought in Korea for our country. He returned home and got an education and went off to law school.

He served the City of New York and the State of New York. He is a hardworking public servant. When the call went out in 1965 to come to Selma, Alabama, to help people who had been standing in an unmovable line who could not

register to vote, he came to Selma, and he walked with many of us, including Dr. Martin Luther King, Jr., all the way from Selma to Montgomery, Alabama, for the right to vote.

He sponsored and passed progressive legislation to end the vicious and evil system in South Africa. He has always been a champion for those who have been left out and left behind. He has traveled the length and breadth of America for those who did not have a voice.

My colleagues, I must tell you that Charlie Rangel is a good and decent man. I know this man. I think I know his heart.

I want to thank you, Madam Chair, Mr. Ranking Member, and members of the committee for allowing me an opportunity to say just a few words.

The Chairwoman. Thank you, Mr. Lewis.

Mr. Rangel. I have completed my statement.

If there are any members of the committee that have any questions, I would be more than glad to attempt to respond.

The Chairwoman. Thank you.

The gentleman has yielded back his time.

I would turn now to the committee for guidance. The Democrats have been noticed that we have a recorded vote.

Oh, so that has been postponed. All right. I retract that statement. Our recorded vote has now been rolled. So we will now go to the time in our proceedings when members

may, under the 5-minute rule, ask questions that they may have.

I will turn first to the ranking member, Mr. Bonner, for his 5 minutes.

Mr. Bonner. Madam Chair, I will defer questions to my colleagues.

But I want to respond directly to Mr. Rangel about two matters that he raised in his statement.

Mr. Lewis referenced the fact that, as a young man, Mr. Rangel volunteered and came and marched with him in Selma, Alabama, to help bring civil rights and justice for all. I was born in Selma before that march. But I want you to know that that is one of the many proud parts of your legacy. And as someone who was born in Selma, I am grateful that you came and did what you did to make America a better place.

I want to make it perfectly clear, though, that in my statement -- and I just rechecked the facts -- I did not nor would I ever question your love of country and I didn't question your love of the institution. I said that you have so long proclaimed to love this institution, and I also made it crystal clear that I am not qualified to speak for the people of Harlem and the 15th District of New York. I also noted that no one can take away the proud and dedicated service you rendered to your country and the honors and the

medals that you earned.

Mr. Rangel. I would like to thank you, Mr. Bonner.

Mr. Bonner. I do want to point out, though, and while it was clearly your prerogative on Monday to make a statement about the lack of counsel and the frustration of not being able to set up an account and to do what needed to be done so that you would be represented, I do want to point out that the adjudicatory subcommittee, of which I was not a member, had the responsibility and, it was my understanding, the intent to conduct a trial, to allow those witnesses that could have defended your record and your views to have come in a public setting to have made those arguments for you or for the record.

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Mr. Bonner. And while I was not here that day and you chose to leave after you came, I just want the record to be clear that that was a choice that was made to not call witnesses and to not represent yourself or to have legal counsel represented for you. And I just didn't want that -- that assertion that the record could not have been more complete. That was a decision that I certainly had no role in.

Mr. Rangel. Madam Chair, could I respond?

Mr. Bonner. I am through.

The Chairwoman. Are you through with the question?

Mr. Bonner. Absolutely.

The Chairwoman. Mr. Rangel is represented.

Mr. Rangel. I don't necessarily believe those remarks are correct. As I said in my remarks, the only reason I wanted counsel and wanted a hearing was so that the witnesses would be able to come forward and the questions as to corruption and self-interest could be answered, that the landlord could tell you that he solicited me. He wasn't doing me any favor.

Having said all of that, it is not true that I had the option of having witnesses called. That was denied me. They created a summary judgment, and saying that there was no need

for witnesses because Rangel had admitted for wrongdoing with the disclosure and the facts as related to other issues was established.

So I don't know whether, Mr. Bonner, you were not on the committee. But if you have any information that I had the opportunity to call witnesses, you are making one big mistake. That was denied.

Mr. Bonner. Thank you.

The Chairwoman. The gentleman's time has expired.

I would just note that the record will indicate that, although a motion was filed, the chair did indicate that if the Member wished to be heard that the ruling on the motion would be held in abeyance.

Do other members have questions? Mr. McCaul.

Mr. McCaul. Thank you, Madam Chair.

Let me say first I was at a tribute last night, Mr. Lewis, to you; and I want to commend both of you and echo the sentiments of Mr. Bonner, your courageous acts during the civil rights movement.

Moving on to this matter, I think a lot has been made of the issue of self-interest and corruption; and the chief counsel or prosecutor, if you will, has gotten widely criticized for his comments that there was no corruption in this case. And I guess I am a little confused. I guess it depends how you define corruption.

Mr. Rangel, in your letter to Speaker Pelosi you stated, as chairman of Ways and Means, I am held to a higher standard of propriety. And I agree with that statement. Sitting on one of the most powerful committees as chairman to solicit corporations, foundations, lobbyists with business before the committee, to raise money for what I call "monument to me," and an institute to be named after yourself, I believe, is of value and is of benefit and is self-interested.

People donate millions of dollars to have institutions named after themselves. And, in fact, Mr. Chisam, in your motion you say the donations and resulting benefits were accepted under circumstances which might be construed by reasonable persons as influencing the performance of respondent's governmental duties. Is that not corruption?

I guess it is how you define corruption here. I think reasonable people may disagree on that interpretation.

And with all due -- I have great respect for you, sir, but the failure to pay taxes for 17 years, what is that? What is that tantamount to when we are all expected to pay our taxes? And you, of all people as chairman of the Tax Committee writing laws for the country, what is the difference between that and Mr. Traficant who didn't pay taxes for 2 years, who was expelled from the Congress? And then censured -- Charles Wilson, one of the more recent cases, received improper gifts and was censured.

Mr. Chisam, it is my understanding that your recommendation here today is for censure?

Mr. Chisam. That is correct.

Mr. McCaul. I want to make one thing clear. There is a misunderstanding, I think, in the opinion of the American people that we have the authority somehow to put people in jail or so forth. That is within a court of law. That is not within the jurisdiction of this committee.

But, in fairness to you, Mr. Rangel, the respondent, and Mr. Chisam, I would like some clarification, and I think the American people would like some clarification as to how soliciting monies in an improper way from entities that have businesses before your committee, including lobbyists, to build a monument to me, how that's not self-interest and how that is not in some way defined as corruption.

Mr. Bonner. Is that a question to counsel?

Mr. McCaul. That's a question to both Mr. Chisam and to Mr. Rangel.

Mr. Rangel. I would like to respond. Yes.

Had the witnesses been called, Mr. Chisam would have told you that the City College came to me. They were looking for the ability to use my name in raising funds for the school.

Had the witnesses been here, it would have been made abundantly clear that I was not trying to criminally hide

anything from the IRS or from the Congress.

If you looked at the records of disclosure, you would see sloppiness that would have shown that I wasn't hiding anything. It just wasn't properly recorded.

And if intent is involved with corruption, then I think he is -- listen, there is nothing that I can imagine that anyone who has been making a contribution to the City College, that somehow or other that matter would not be one that could possibly come before the Congress. It is impossible.

And so you and I discussing corruption, I am satisfied with the record that the investigatory committee established. And that would lead you to believe, as a former prosecutor, that never, but never, was there an attempt to hide anything from my constituents or from the IRS.

And so, to me, if you have got to kick this up to -- from not properly abiding by the rules, which I admit are serious enough, that's serious enough. But I really think that it is a stretch to -- well, I don't want to get into a discussion if -- like you said, is it objective and there are a lot of things that have happened in life that I would think that someone's conduct is corrupt, and that is something.

But I am just glad that you raised these issues to emphasize that I wanted the people to know before the election exactly what I have done and to allow them the

opportunity to make the decision whether their Congress person was corrupt or overzealous.

The Chairwoman. Mr. McCaul's time has expired.

Mr. McCaul. Well, I would like Mr. Chisam to respond; and, to that point, Mr. Rangel, we did on this side of the aisle did try repeatedly to get this matter handled before the elections.

The Chairwoman. The gentleman's time has expired. I would ask unanimous consent to give Mr. Chisam an additional minute to respond to Mr. McCaul's question, and that's so ordered.

Mr. Chisam. Thank you.

Congressman, the other day I answered a question. I answered it based on my reading of the record, the interviews that I have conducted, the people I have talked to. It was my opinion, mine. I do not presume to speak for anyone else, nor did I intend to. I do think it comes to the question of intent at the end of the day, and that's how I interpreted Mr. Butterfield's question.

The Chairwoman. The gentleman's time has again expired.

Do other members have questions?

Mr. Conaway.

Mr. Conaway. Thank you, Madam Chairman.

I just have two -- actually, I had one about your comments, Mr. Rangel, just to make sure I understood it. The

City College of New York came up with the idea of the Rangel Center for Public Service and they approached you with that idea, is that what you just told us?

Mr. Rangel. I had left the Clinton Library with a Member of Congress on the Appropriations Committee, and I was sharing that experience with the president of City College, and he asked me whether or not I would -- what I was going to do with my papers or something to that effect.

And I told him that since Colin Powell had something there that I could put my papers there, and in the course of the conversation he said that would be a great -- and I think the record is clear in the investigating committee, even though I have not talked with the president since and I have not reread his testimony and my lawyer told me that I shouldn't read the testimony of the witnesses because that would confuse me --

Mr. Conaway. Mr. Rangel, yes, sir.

Mr. Rangel. -- witness. And I am saying they wanted me more there than I wanted to go to City College.

And there is also a question of a gift there. And I know counsel will say this, that the record would indicate no one at City College told me about a gift of an office. The last thing in the world I needed was an office. They put it in, and they took it out, and that was considered to be part of the gift.

Mr. Conaway. Reclaiming my time, reclaiming my time, Madam Chairman.

Mr. Rangel. I am sorry.

Mr. Conaway. Mr. Rangel, I am perfectly satisfied with the clarification the way the thing came together, that started.

You retained a forensic accountant to go through not only your financial disclosures but also your tax returns for those 17 years, and they estimated what your taxes would have been as best they could with the records available had you filed your tax returns during that timeframe.

Mr. Rangel. Yes.

Mr. Conaway. Most of that taxes owed was told by the statute of limitations, in other words, beyond the opportunity for the IRS to compel you to pay those taxes. Did you or have you given any consideration to voluntarily paying those back taxes to square yourself with the IRS?

Mr. Rangel. I certainly have. Because the question would have been, had the taxes been paid and the deductions be made for the taxes and depreciation of the property in the Dominican Republic, my accountant tells me it would have been minimum.

And the only reason I did not expose and go beyond that, because I wanted the case closed as it related to coming before the committee.

If a part of your adjudication would be a responsibility to do it, I just did not want to get involved legally in doing something in front of this committee since they made it abundantly clear.

Every obligation I had -- you know, this wasn't reported. This is what I referred to the committee, and I was prepared to do whatever the committee suggested to show that I had no intent to evade or avoid the law.

Mr. Conaway. So, just to be clear, those taxes from the early 1990s up through 2004 you have not yet paid those. That estimate of the accountant that you retained and you paid, to your credit.

Mr. Rangel. I paid whatever my accountant told me to pay to make certain --

Mr. Conaway. Okay.

Mr. Rangel. -- that I was not behind in any taxes that I owed.

Mr. Conaway. Thank you, sir. I yield back.

The Chairwoman. The gentleman yields back.

Any other member wish to be -- Mr. Dent.

Mr. Dent. Thank you, Madam Chairman. I have a few questions.

This is as it relates to the issue of corruption. I don't think it is the place for either Mr. Chisam or Mr. Rangel to determine the corruption of Mr. Rangel. I think

ultimately the judge and jury will be the American people on that question.

What we are here to deal with today are the various violations of the counts, the 13 counts, and the adjudicatory subcommittee said 11 of those 13 counts had been proven. And we are here today to deal with the issue of sanctions, whether it be a censure, a reprimand, or a fine, whatever.

My question to Mr. Chisam, you did not recommend a fine; and I am just curious, too, for Mr. Rangel if, when you paid those delinquent taxes, did you pay fines and penalties and interest at the time?

Mr. Rangel. I paid whatever the accountant told me to pay. I have always had an accountant. I have had one in New York, and whatever they said that I should do to amend returns, I have done, and that is true of disclosure as well as the IRS.

And of those accounts, and if I just might add, as a former prosecutor, Mr. McCaul, you know that out of the 13 allegations, I think four or five of them derives directly from the fact that I improperly used congressional stationery and with the intent that it was the right and proper thing to do. Then all of the things about it happening on government property, that it was franking that was done, that it was government --

Mr. Dent. Reclaiming my time.

Mr. Rangel. I am sorry.

Mr. Dent. Thank you, Mr. Rangel.

Mr. Chisam, can I ask why you did not recommend a fine in this particular situation. Recommended censure but not a fine?

Mr. Chisam. Congressman, my ultimate recommendation is the censure. In historical terms, I think that that would be remarkably significant on its own.

However, I also noted in my remarks that, under the precedence, the case could fall between a reprimand and a censure and that it would not be inappropriate to find a sanction in that range.

I think it is obvious, given the committee's rules, that there are limited options for how you would get between a reprimand and a censure. And a fine would certainly be within the province of the committee if compliant within the committee's rules.

Mr. Dent. Thank you, and when recommending a sanction is it appropriate to consider the fact that Mr. Rangel refused to participate in the proceedings the other day? For example, I had a number of questions that I wanted to ask the respondent as it related to Lenox Terrace that I had submitted for the record. But can the committee consider his refusal to participate in determining an appropriate sanction?

Mr. Chisam.

Mr. Chisam. I think that this is an institution that judges itself, and that your conscience -- each Member's conscience and the variables that reflect on this institution may be considered as you see fit. Obviously, I deal -- I deal with the charges that have been found. I deal with the proceedings. And based solely on those charges and what was found, it is my recommendation for censure.

Mr. Dent. In the history of this institution, has a Member ever been disciplined for such a large number of violations as in this case? And, if so, what's the case history?

Mr. Chisam. I think my recollection is that in the matter of Diggs there were eight found counts -- I am sorry, no, Wilson, Charles H. Wilson.

Mr. Dent. That's the most you are aware of?

Mr. Chisam. Yes.

Mr. Dent. Thank you. At this time I yield back.

The Chairwoman. The gentleman yields back.

Do other members have questions or wish to be heard?

Mr. Harper. Yes, sir.

Mr. Rangel. Madam Chairman --

The Chairwoman. Yes, sir.

Mr. Rangel. On the question of not participating, I would like to respond.

The Chairwoman. Well, if I could, Mr. Rangel, if we could ask the questions. And I would also note before recognizing Mr. Harper that the chair did note during the hearing that the respondent is not, under our rules, required to participate.

Mr. Rangel. But he asked counsel, and since I don't have counsel, I thought I could also respond.

The Chairwoman. By unanimous consent, Mr. Dent is given another minute so that Mr. Rangel can answer that.

Mr. Dent. The question was about refusing -- when you left the hearing, when you walked out of the hearing, I had some questions on Lenox Terrace that I was going to ask you, or your counsel, and you left, and I was unable to ask them.

Mr. Rangel. I want to make it clear, one, it was understood, as the chair said, that I did not have to come here during the proceeding.

Two, no one challenges the fact that I had expected to have counsel here.

Thirdly, nobody could possibly suggest that I submit myself to examination without a lawyer here.

And, fourth, I am prepared now to answer any questions that you would want as relates to anything that you think might influence your decision to the sanction, whether it is Lenox Terrace or not.

The Chairwoman. Thank you, Mr. Rangel.

The gentleman's time has again expired, and we would ask Mr. Harper to ask his questions.

Mr. Harper. Thank you, Madam Chairman.

Mr. Chisam, I just want to make sure that we are clear and hope that Mr. Rangel understands. When we were set for the hearing the other day, the witnesses were here and under subpoena; is that correct?

Mr. Chisam. Real quickly, Mr. Harper, I want to say I think I misspoke a minute ago. Traficant, I believe, was nine found counts. So I just wanted to clarify that for the record.

And to you, Mr. Harper, yes, we had witnesses here and available and were very prepared to proceed.

Mr. Harper. And it is my understanding had Mr. Rangel not walked out that those witnesses would have been called and we would have heard that testimony, am I correct on that? And this motion, the motion for summary judgment, would have been held in abeyance?

Mr. Chisam. That was my understanding.

Mr. Rangel. Would it please the court, could I have unanimous consent to ask counsel what I was told as relates to this hearing? Counsel told me he was going to move for summary judgment. Counsel moved for summary judgment. You voted on summary judgment. How in the world would I have had a chance to cross-examine witnesses?

The Chairwoman. If I may, we are going to let Mr. Harper finish his questions. I will give a brief interplay, with the indulgence of the members on that point. Then we will recess to vote. These are the last votes of the day. We will return, finish our questions, and then go into deliberation.

Mr. Harper, finish if you could.

Mr. Harper. Mr. Chisam, as you look at the allegations in the SAV, excluding the ones that dealt at the end with violating the letter and spirit of the House rules and conduct reflecting discredibility on the House, of the others that were proven by clear and convincing evidence, is there any one or two that stood out as more serious in your consideration of recommending censure?

Mr. Chisam. I think there were three. The financial disclosure count, the count relating to the nonpayment of taxes, and the solicitation count and the circumstances in which those solicitations were made, particularly the uses of -- misuses of official resources weighed heavily in my decision.

Mr. Harper. And of those three that you just mentioned, was there any one that stood out more than the other two?

Mr. Chisam. I think, as I said, the financial disclosure and the tax pieces, together, given his position as the chairman. Ways and Means and the effect that that

would have had -- did have on the public's trust militated in favor of a recommendation of censure, in my judgment.

Mr. Harper. Mr. Chisam, if I could also ask, as you considered what were counts XII and XIII in the SAV, count XII being the one charge of violating the letter and spirit of the House rules and XIII, conduct reflecting discreditability on the House, how did you weigh those counts in your consideration of your recommendation?

Mr. Chisam. The finding that respondent's conduct reflected discreditably on the House -- at the end of the day, I think if you look back at the history of the committee and the way cases typically settle or are disposed of, this is about the institution, Congressman, and the ultimate test for the institution is whether Members behave creditably. That thirteenth count, at least as a perception and someone who loves the institution, was fundamental.

Mr. Harper. Madam Chairman, with that, I yield back.

The Chairwoman. The gentleman yields back.

I would just note -- and we will come back after these votes -- that, just to clarify, we did have all the subpoenaed witnesses upstairs in a horrible little building, little room. As I indicated on the record, we were prepared to proceed with the hearing if Mr. Rangel chose to do so and not rule on the motion that was offered when he declined, as was his right, not to participate. Mr. McCaul and I went up

to tell the witnesses that they could go home, and that is the way that happened.

At this point, the committee will be in recess until after the votes, and I would ask members to promptly return after the votes are concluded.

[Recess.]

The Chairwoman. The Standards Committee will come back to order.

When we left for votes we were in a questioning mode under the 5-minute rule, and I think Mr. Harper had just finished his questions. I would now ask, would any other members seek to ask questions?

Mr. Chandler is recognized for 5 minutes.

Mr. Chandler. Thank you, Madam Chair.

I know that protecting the integrity of this institution is extremely important, although I must say that most surveys that I am aware of would put in question whether there's much integrity left to protect. And I think that probably refers to one party as much as it does the other.

That being said, I think that the people this country have an abiding sense of fairness and justice; and while they want to see their institutions protected, they also want to see justice done, and I think that's a very important matter to most Americans that I know.

And while it is easy, I think, to sit in judgment and

criticize, it's a bit more difficult to actually find justice, and we have got to, in this case, since this is a hearing on sanctions, it's very important that we find justice, and it's justice to the institution, it's justice to the people of this country, but it's also justice to someone who has been accused and found guilty.

That being said, I want like to ask counsel, it is my understanding, based upon some testimony that I have heard, that there has been no finding that the respondent was guilty of any intent or factual instance of having personal gain; is that correct, Counsel? I am asking you about the findings.

Mr. Chisam. Right. With respect to the findings, that's correct.

Mr. Chandler. Okay. Now, in our jurisprudence system, in order to find justice, one of the best ways that we have -- maybe the best way that we have to determine what constitutes justice is the system of precedents and what precedents have been set, what went before us, what previous Congresses have done in similar circumstances.

Do I understand it that there have been four instances of censure in the past; is that correct?

Mr. Chisam. No. The numbers that I gave earlier all relate -- are matters that came out of the committee itself.

There are a number of more censures in the history of the House dating back to the 19th century.

Mr. Chandler. Well, let's talk about this committee then. This committee has found four instances of censure?

Mr. Chisam. Has recommended, I believe that's right.

Mr. Chandler. And which of those did not contain some element of personal gain, of those four?

Mr. Chisam. Just give me one second, I am sorry.

The matters -- the recommendations for censure were Edward Roybal in 1978, failing to report a $1,000 cash contribution he received. Representative Charles Diggs was convicted of 11 counts of mail fraud and 18 counts of false statements. Charles H. Wilson accepted loans of more than $10,000 from a person with direct interest in legislation.

Mr. Chandler. Personal gain in all of those instances.

Mr. Chisam. Oh, and then the other two matters, which there were two other matters in which the committee recommended reprimand in which the House censured, and those were both for having sex with pages.

Mr. Chandler. Well, we won't get into that.

Those other three, which sound as close to this case as any, had personal gain involved in them; correct?

I guess what I am asking you, in essence, is, are we -- if we find censure in this case, would we be setting a precedent or would we be following a previous precedent?

Mr. Chisam. You know, as I said, I don't think that the precedent of the committee demarcates a very clear line.

There aren't any cases that are truly squarely on point here. You can pick and choose certain counts and line those up with different recommendations, but there really is not a case in the committee's past that you can line up well with this case.

To the extent that precedent, and it should be the guide, and I believe it ought to be respected -- I also think, however, as I noted, that the times may be different than previous times in which the committee has considered different sanctions.

Mr. Chandler. Which takes you into the realm of subjectivity.

Mr. Chisam. Yes, it does.

The Chairwoman. The gentleman's time has expired.

Does any other member wish to ask a question?

Mr. Butterfield is recognized for 5 minutes.

Mr. Butterfield. Let me thank you, Madam Chair, and let me thank the members of the subcommittee and the committee and the staff. All of your hard work does not go unnoticed, and I thank you very much.

I have heard said this week that this is a difficult case, and difficult it is. It is difficult for me, first of all, because I have not had staff nor counsel to advise me as a member of this committee. All of us on this committee know that the staff works for and with the chair and the ranking

member. In fact, members of this committee are even instructed that we cannot discuss this matter or any matter pending before the committee with our personal staffs. And so we are left to sort of fend for ourselves, and that has made me very uncomfortable.

When I was on the Supreme Court in my State, I had two law clerks and an executive assistant who worked with me and for me every day, and I depended upon them greatly. But I have not had that type of support in this case, and that has placed me at a tremendous disadvantage.

The other thing that has made this case difficult for me is that we are asking not only a colleague but a man who is 80 years of age, has spent 40 years of his life -- that's one half of his life -- in this institution.

I did not know until a few meetings ago -- I was eating a chicken salad sandwich next to the chair in the cloakroom in the House of Representatives; and, fortuitously, I looked up on the wall and there was a picture of Congressman Rangel that has been up there for several years, which was depicting his service when he was in the Korean War. And I looked up and read that, and at the conclusion of the article it talked about his being awarded a Purple Heart and a Bronze Star, and so that's the type of individual that we are judging.

It has also troubled me in this case that we are dealing with a respondent who has no legal counsel, and that troubles

me greatly. It troubles me that his lawyers, after this hearing was announced, the date of this hearing was announced, after that his counsel decided to withdraw from the case. I don't know their reasons for withdrawing. I can tell you that when I was a trial judge in my State, never, ever would I have allowed counsel to withdraw on the eve of trial. And so that has troubled me greatly.

If Mr. Rangel had counsel today and earlier this week, there are arguments that could have been made by counsel, but those arguments have not been made, and it's not my responsibility as a member of this committee to make those arguments for Mr. Rangel, but there are certainly arguments that could have been made. Those arguments would have had a bearing on the censure that we will ultimately impose in this case.

The precedents of the House, which is what my friend from Kentucky alluded to a moment ago, the precedents of the House are critically important, and skilled counsel could have highlighted and compared other cases that the committee has dealt with.

It is my hope, Madam Chair, that we will decide the sanction based on precedence, not based on politics or expediency or public opinion or even the lack of a lawyer. The facts of this case do not, do not warrant a censure, in my opinion.

I respect counsel's right to make such a recommendation, but even counsel himself has acknowledged that the punishment decision is difficult and ranges from reprimand to censure, and I suggest that any conflict between these two punishments must be resolved in favor of the respondent.

Censure is extreme. It should be reserved for intentional conduct where the Member has derived a personal financial benefit. That is not this case.

We are judges, Madam Chairman. We are bound by the law of the case. In response to my question on Monday, Committee counsel clearly stated that the evidence does not suggest corruption.

Counsel has lived with the case. He knows it inside and out. He has a distinguished career of public service, and he, based on my observations, is a legal scholar. If he saw corruption in this case, he would have said so.

The law of the case establishes no corruption and, as judges, we should be bound by this fact. We must not insert any legal conclusions that would supplant the conclusions of the parties and the adjudicatory subcommittee. We are judges. We are judges. We are not advocates.

Finally, we must not lose sight -- in fact, Members of the House solicit charitable donations for their charities every day. It happens every day. Mr. Rangel fell short only because he failed to get permission to do so and because he

used official resources in making the solicitations.

With respect to the failure to disclose, it is clear that Mr. Rangel was sloppy. He has acknowledged that, embarrassingly so. He was sloppy in his reporting and recordkeeping, but this record that we have before us, Madam Chairman, does not establish that his failing to disclose was intentional and done for an improper purpose.

I look forward to our deliberation and trust that justice and fairness and precedent will be our guiding star. Thank you, Madam Chair.

The Chairwoman. Thank you.

Mr. Butterfield yields back. Does any other member wish to ask a question?

Mr. Welch.

Mr. Welch. Thank you, Madam Chairman. Thank you, ranking member and my colleagues.

This is an extraordinarily important case for the institution and, of course, for Mr. Rangel. As complicated as it was, the facts are relatively simple. There was improper solicitation. Mr. Rangel should not have used his frank, should not have used his staff, should not have used his office to solicit funds, even though the funds being solicited were for a private -- nonprofit educational institution, something he has acknowledged.

He should not have been soliciting from entities that

had business before his committee in Congress where it was very much -- there would be an appearance of conflict. But I want to come back to that in a moment. The rent stabilization was something he was not entitled to and he benefited by. The taxes, obviously, were due the Federal Government. He did not pay them.

Mr. Rangel, as I understand it, has candidly acknowledged in each case that his recordkeeping was sloppy, that he breached his responsibility; and his defense is essentially not a defense. Because failing to do so, to meet your obligation, whether it's out of accident, bad recordkeeping, inattention, is not a defense to your responsibilities to meet your obligations. What he is saying, and counsel, as I understand it, is agreeing, that he did not seek and solicit any money for his personal benefit.

Also, as Mr. Butterfield indicated, Members of this body do solicit for educational institutions that are named after themselves, a practice, I think, that should never have been allowed in this Congress, but it was the manner in which Mr. Rangel did it that got him into this trouble.

So these are serious concerns, and the process by which we got here was long and complicated, and I thought it caused a lot of concern on the part of the American public. But that is really essentially what happened.

The question that we face is now sanction. And. As Mr.

Chandler said, we have an obligation to the institution and we have an obligation to be judges and fair to Mr. Rangel. The sanctions can be serious, whatever it is, and this committee is going to make its recommendation and the whole body is going to make its decision, and that is rare that a Member of Congress is hauled before the committee and then stands in front of the entire body, whether it be reprimand or censure, and has read before the Congress of this United States and the people of the United States a recommendation of a public -- of public penalty.

But I would caution -- we are going to make our decision on that. But I would caution those of us on this committee, and all of us in Congress, that this is not the end of it for the American people. Because when we have a system where, in fact, corporations, individuals, contribute money to each and every one of us because of who we are, because of the position we occupy, and we try to make very fine, calibrated distinctions between what is legitimate and what isn't, where you draw that line is in the eye of the beholder.

And what the American people have a sense of is that with the enormous amount of money in politics that the fix is in one way or the other. We have to act, as a body, to do everything we can to uphold the rules, regulations, and ethical standards of this institution. That requires us to be very strict and in adherence to those obligations and call

this as we see as far as Mr. Rangel is concerned and that may do something to restore public credibility.

But it will not be the end of it. Because people who are working as hard as you said, Mr. Bonner, and they are trying to pay their bills and they are looking at those of us who have high positions of responsibility and who receive donations and where money is so big a part of the process, Republican and Democrat, independent, they question whether what it is this body is doing is meeting its highest goal and that is work on their behalf.

Mr. Rangel, I want to give you one opportunity, because I know this is important to you. You led an extraordinary life. You were born on the wrong side of the tracks, and you fought your way over to the right side of the tracks. You had no opportunities when you were young. Your way out was to enlist in the United States military. Then you were in a brutal war. You spent the coldest winter, nearly died in Korea.

When you came home, it was colder still. You couldn't get a job because of the color of your skin. You didn't get discouraged. You pushed a cart down lower Manhattan. You got married. You have a wonderful marriage and a great family. You earned the respect and esteem of the people of Harlem.

You have been an inspiration to generations of people,

and you find yourself now having lost the prize that you sought for so long, the chairmanship of the Ways and Means Committee of this United States Congress. You find yourself sitting where you wish you never were before the Ethics Committee and you know you will soon be standing before the entire Congress going back to that.

And I just want to give you an opportunity to express whatever it is you want to say to the people of your district that I know you care so much about and who looked up to you for so long.

Mr. Rangel. Let me apologize for putting many in this awkward position. And I was spared in Korea. Whatever else God has given me, I am deeply appreciative of and honored with the opportunity to serve. And I don't know how much longer I have to live, but it always will be to try to help people and to thank God for what he has given to me and hopefully I would share it with others.

I leave the censure to sanction as it relates to all of you and call for fairness and apologize for any difficulty this has caused you, and I hope that no matter what you decide in the sanctions that you put in that report that Charles Rangel never sought any personal gain. I have been overpaid in terms of the satisfaction I have gotten for everything that I have ever done.

Please make certain that my name, notwithstanding the

information that some people may have, that there's no way to stretch this that I was a corrupted individual or that I would bring shame to me family, to my community, to this Congress, and certainly to the country.

I can -- I will let it up to you in terms of what is fair in terms of sanction, and I recognize that you cannot deal with issues that's not before this committee or what the press has done to me in my community and my family is just totally unfair. Counsel knows it. All of you know it. And it's not your responsibility to correct them, but they will continue to call me a crook and charge me with being corrupt.

I do hope, no matter what you decide in the sanction, that you might see your way clear to see this Member that's honored to serve with all of you was not corrupt and there was no excuse on my behavior and there was no intent for me ever to go beyond what has been given to me as a salary.

I never attempted to enrich myself and that I will walk away, no matter what your decision, grateful that I had this opportunity to serve and recognize that, had it not been for God's gift in saving my life, I would not even be here today to talk with you.

I thank you for this awkward opportunity to express myself, and I apologize for any embarrassment I have caused you individually or collectively as a Member of the greatest institution in the country and in the world.

The Chairwoman. Thank you.

The gentleman's time has expired. There are no further requests for questions.

Mr. Conaway. Madam Chairman, just a point of clarification.

The Chairwoman. Yes, sir.

Mr. Conaway. Based on the comments of the last three speakers, it appears we have moved into the deliberation phase of what we are going to do. If we go back behind that door, then nothing said back there will be known. And I am a little confused. We are either half a loaf or a whole loaf. I mean, we have had statements, one position, sanctions, and I am not sure what to do with it.

The Chairwoman. To answer the gentleman's question, we have had a number of statements made by Members throughout the day.

At this point, we will recess to Executive Session to deliberate as indicated at the beginning of the hearing. Thank you.

[Whereupon, at 3:00 p.m., the committee proceeded in Executive Session.]

RPTS KESTERSON

DCMN SECKMAN

The Chairwoman. The Committee on Standards will reconvene simply to report that after much deliberation, the committee voted 9-1 to recommend that Mr. Rangel be censured by the House and to be required to pay restitution for any unpaid taxes as referenced in Exhibit 66 in our report and to transmit to the full House these recommendations.

That concludes the committee's deliberations and obligations in this matter. I would just like to say this, that we have worked hard together in this matter in a way that has been actually heart-wrenching, and we are satisfied to be concluded.

And we do thank all the staff and all the Members and Mr. Rangel for being here as well.

Unless there are further comments to be made at this time, I will recognize Mr. Rangel.

Mr. Rangel. Madam Chairperson and Ranking Member, I know how much discussion went into this decision. But as I started out earlier, I hope that you can see your way clear on the record to make it abundantly clear in the record to indicate that any action taken by me was not with the intention to bring any disgrace on the House or to enrich myself personally or considered by counsel to be corrupt. That would be of great help to my family and my community.

The Chairwoman. Thank you, Mr. Rangel.

And I note that our report will be on the committee Web site later this evening.

And with that, there are no further comments. The committee is adjourned, with thanks to all who participated.

[Whereupon, at 6:02 p.m., the committee was adjourned.]

COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT

SANCTION HEARING

IN THE MATTER OF REPRESENTATIVE CHARLES B. RANGEL

OPENING STATEMENT OF CHAIR ZOE LOFGREN

NOVEMBER 18, 2010

CHAIR: The Committee will come to order. I would like the record to reflect that all ten members of the Committee are present. The Chair is authorized to recess the Committee at any time.

This hearing of the Committee on Standards of Official Conduct in the Matter of Representative Charles B. Rangel will come to order.

When I designated the members of the adjudicatory subcommittee to consider the Statement of Alleged Violation in this matter, I noted that the Code of Government Ethics states clearly that a "public office is a public trust."

It was our responsibility to determine whether Representative Rangel's conduct met that standard. It was our obligation to act impartially as finders of fact and law. The members of the subcommittee fulfilled that responsibility and met that obligation. We did so fairly, honestly, and without bias.

The subcommittee did not prejudge the allegations against Representative Rangel. Indeed, the subcommittee did not find all of the alleged counts proven.

But ultimately, we found that his conduct failed to meet the ethical standards that apply to all Members of the House. Those standards apply equally to those of us who have the privilege of representing our communities in the House for the first time and to our most senior colleagues.

On November 16, 2010, the subcommittee in the Matter of Representative Charles B. Rangel determined that 11 of the 13 counts in the Statement of Alleged Violation in this matter were proven by clear and convincing evidence.

Under Committee rules, when a subcommittee concludes that one or more counts have been proved, it becomes the responsibility of the full Committee to determine whether to recommend disciplinary action regarding Representative Rangel and, if so, what form of sanction would be appropriate.

The Committee has the option to take disciplinary action on its own initiative, or to recommend that the full House do so.

The purpose of this hearing is to allow both Representative Rangel and Committee counsel to share their views with the members of the Committee as to what sanction would be appropriate in this matter.

As we begin, it is important to bear in mind that the purpose of the ethics process is not punishment, but accountability and credibility: accountability for the respondent, and credibility for the House itself.

Where a member has been found by his colleagues to have violated our ethical standards, that member must be held accountable for his conduct.

But it is perhaps equally important that the outcome demonstrate the credibility of the House of Representatives. By investigating credible allegations of misconduct and sanctioning conduct that is proven to violate an ethical standard, we maintain the integrity of the House and the trust of the public in this institution.

The Committee may recommend a range of sanctions.

Our rules provide some general guidelines to follow in recommending a sanction. For example, a letter of reproval may be issued by the Committee on its own initiative.

Other sanctions require action by the full House. Among these, our rules indicate that reprimand is appropriate for "serious violations," censure is appropriate for "more serious violations," and expulsion is appropriate for the "most serious violations."

Further, both the Committee and the House itself are guided by the precedents of the House. For example, the House has in its history expelled only five Members, three for disloyalty to the Union during the Civil War and two after they were convicted of felonies.

Our rules are clear that findings of violations alone should not be the basis for recommending a sanction. Instead, we are required to provide both the respondent and Committee counsel with an opportunity to share their views about disciplinary action.

In reaching our decision, it is imperative that we act in a fair and even-handed manner. I note that today's hearing is open to the public. Although our deliberations will take place in executive session, our colleagues and the public will have the opportunity to hear the views of the parties regarding an appropriate sanction.

Both Representative Rangel and Committee counsel have previously been advised of the guidelines for this hearing.

As with any other phase of the disciplinary process, the respondent may seek to waive this procedural step. He is not required to be here or to address the Committee.

Representative Rangel has chosen to be here today. He has the right to share his views on an appropriate sanction with us. Should he wish to do, we will hear him out, and take his opinion into consideration in our deliberations.

The parties will each be allotted 30 minutes to present their views to the Committee. Although they are not required to do so, they may submit written briefs for the Committee's consideration. If they do so, those filings will be included in the record.

As a general rule, witnesses are not permitted in this phase. However, if a written request for a witness is made, witness testimony may be allowed by a majority vote of the Committee. Neither party has, to this point, filed a written request seeking to permit witness testimony.

After we have heard from the parties, the Committee will deliberate in executive session. We will then determine, by majority vote, what disciplinary action we will recommend.

Our decision will be announced publicly, and the basis for our conclusions will also be explained in a public report to the House.

With that, I would ask my colleague, Ranking Member Jo Bonner, whether he would like to make a brief opening statement.

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Comments by Honorable Jo Bonner

November 18, 2010

Thank you, Madam Chair, for the opportunity to offer a few words.

We are nearing the end of what has been a long, difficult and unpleasant task.

And let me speak for just a moment about what makes this so unpleasant.

I know for a fact that many a newly-elected Member of Congress – on both sides of the aisle – have been welcomed to Capitol Hill by that bigger than life, gravelly voice of Charlie Rangel… who would often be one of the first senior members to take a lowly freshman aside and say "welcome."

So before I go any further, I would personally like to thank you, Madam Chair, Ranking Member McCaul, and the other members of the Adjudicatory Subcommittee for the work you completed earlier this week.

Special thanks are also in order for the entire Committee staff as well as those who were involved in the Investigative phase of this matter which regretfully, but unavoidably, lasted for almost two years.

Individually and collectively, we have shown what the chairwoman stated on Tuesday was our moral obligation, *"to act with fairness, led only by the facts and the law"* as we attempt to discharge our duties.

As most everyone in this room knows, the work of this committee is often mundane and almost always done out of sight.

We give advice and education to Members of Congress and their staffs on what they can – and can't do – to be in compliance with the rules of the House.

We look into matters that have come to our attention to see whether or not a Member has crossed any inappropriate lines.

And as the American people have witnessed this week and in recent months at these rare – but not unprecedented – public proceedings, we have once again demonstrated that your elected representatives can deal with an obviously uncomfortable – *but absolutely necessary* charge that comes to us from the Constitution, itself, which requires that each House of Congress maintains the responsibility to punish its members for breaking either the rules of the House or the laws of our land, for disorderly behavior and for bringing discredit to this, the People's House.

As an aside, I found it especially ironic – and troublesome – that on the very day that almost 100 newly-elected members of the 112th Congress were arriving in Washington for their freshman orientation, in another room only a few steps away, a man who once wielded one of the most powerful gavels in town – and at one time was one of our most highly regarded colleagues

– was showing so little regard and respect either for the Institution he has long proclaimed to love or to the people of the 15th District of New York, whom he has claimed to proudly represent for some 40 years.

Now I don't pretend to speak for Mr. Rangel's constituents. They have reelected him – often without opposition – more times than many of the members of Congress have been alive.

But while Mr. Rangel has tried repeatedly this week to claim the *"unfairness"* of what was happening to him, in my mind the most unfair thing of all was that his constituents were denied the opportunity to know these findings of fact – as determined by eight of his colleagues – four Republicans and four Democrats – before they, the voters in Harlem, had an opportunity to choose their representative earlier this year.

This process could have – and should have – been concluded earlier and as such, it is my view this committee failed the people of the 15th District of New York for this reason alone.

Before he marched out of the hearing on Monday, but even *after* the Subcommittee's conviction by "clear and convincing evidence" on Tuesday, Mr. Rangel stated that this panel should now take into account his entire 40 years of service to the Congress – as well as his military record.

Let me be clear… his distinguished military service is not up for debate, nor is it a relevant part of this deliberation, as far as I am concerned.

For when the American people bestow upon us the privilege of being their "Representative," it is both a matter of tradition – and protocol – that the position also carries with it the title of "honorable."

Sadly, Madam Chair, it is my unwavering view that the actions, decisions and behavior of our colleague from New York can no longer reflect either honor or integrity.

As I noted earlier, I can't speak for the people in Mr. Rangel's district.

But I do know this: for the tenants who qualified for a rent-stabilized apartment in some American city but couldn't get one because a powerful man had four… there is something wrong.

For the small businesswoman who didn't pay her taxes for 17 years and had the IRS breathing down her back, I can only imagine how she would have liked to have had a chance to make the tax code simpler – and less burdensome – for everyone else.

And for the still relatively new member of Congress from California who some time ago questioned whether or not it was appropriate to be building a "monument to me," I will never forget the arrogance of the response: *"I would have a problem if you did it,"* Mr. Rangel said to Mr. Campbell on the House floor on July 19, 2007, *"because I don't think that you've been around long enough to have your name on something to inspire a building like this."*

Madam Chair, it is painful for me to say this but Mr. Rangel can no longer blame anyone other than himself for the place he now finds himself… not this committee, not his staff or

family, not his accountants or lawyers, not the press… Mr. Rangel should only look into the mirror when he wants to know who to blame.

While I am not an attorney – as are most of the Members of this Committee, as well as the respondent himself – I know – we all know – that it should not take either a law degree or a legal Dictionary to tell us the difference between right and wrong.

It is now up to each one of us to determine the appropriate measure of punishment for the discredit Mr. Rangel has brought to this House.

I thank the Chairwoman for this opportunity to offer a few heartfelt observations and I yield back my time.

Congressman Michael T. McCaul (R-TX)
Ranking Member, Adjudicatory Subcommittee
Committee on Standards of Official Conduct

Remarks as Prepared for Delivery Prior to Announcement of Sanctions
November 18, 2010

Thank you, Madam Chair.

Today we have an opportunity to help restore honor and trust in this institution known as the People's House.

In my opinion, serving as a Member of Congress and as a public servant is the highest privilege, and all of us in this body should be held to a higher standard. That is why it is essential to the integrity and credibility of this institution that we hold our own members accountable to the fullest extent when they break the rules of the House. The rules are there to ensure ethical behavior and the public trust. Violating them violates the trust of the American people.

While sitting in judgment of a fellow Member is difficult, it is our duty. It sends a message to the American people that corruption in any form will not be tolerated and that that elected officials can police themselves, as the Constitution provides.

Earlier this week, those of us appointed to pass judgment on Mr. Rangel agreed unanimously on the disposition of 12 of the 13 counts against him—finding that Mr. Rangel violated multiple rules of the House of Representatives, several of which incorporate violations of federal rules and statutes.

The undisputed evidence included public statements from Mr. Rangel himself maintains that he must be held to a higher standard. That is exactly what we are attempting to do, and the American people are entitled to nothing less.

In considering the sanctions to impose against Mr. Rangel it should be taken into account that until recently he has shown little remorse or acceptance of responsibility for his actions. To the contrary, the exhibits demonstrate that on multiple occasions, he publicly stated his conduct did not violate House rules. In addition, when this hearing began on Monday Mr. Rangel chose to walk out of the proceedings.

Under House rules the Ethics Committee can consider a range of sanctions. The Committee cannot send a member to prison, as this is not a court of law.
The most extreme punishment is expulsion from the House. Historically this has been reserved exclusively for members convicted of crimes. Three occurred during the Civil War. One occurred in 1980 for a bribery conviction. Another in 2002, for convictions on charges that included bribery and fraud.

Another option is Censorship. In modern times members have been censured for criminal offenses but also for violations of House rules including the receipt of improper gifts.

As we deliberate in this matter Mr. Rangel needs to be held accountable and responsible not only to this committee or to this institution but also to the American people.

I sincerely hope that at the end of the day we will be able to begin an era of transparency and accountability, a new era of ethics that will restore the credibility of this House.

With that I yield back.

###

APPENDIX K

INSTRUCTIONS

FOR COMPLETING

FINANCIAL DISCLOSURE STATEMENT

REQUIRED BY

ETHICS IN GOVERNMENT ACT OF 1978

FOR USE BY

MEMBERS, OFFICERS, CERTAIN EMPLOYEES
OF THE LEGISLATIVE BRANCH,
AND CANDIDATES FOR THE HOUSE OF REPRESENTATIVES

COMMITTEE ON STANDARDS OF
OFFICIAL CONDUCT
U.S. HOUSE OF REPRESENTATIVES

JANUARY 1992

U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1992

EXHIBIT
Exhibit 001

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GENERAL INFORMATION

INTRODUCTION

Title I of the Ethics in Government Act of 1978, as amended (5 U.S.C. app. 6, §101 et seq.) requires Members, officers, certain employees of the U.S. House of Representatives and related offices, and candidates for the House of Representatives to file Financial Disclosure Statements with the Clerk of the House of Representatives. The Committee on Standards of Official Conduct, which administers the statute in the House, has prepared these instructions for individuals who are required to file a Financial Disclosure Statement on either FORM A or FORM B. (Sample forms are printed in the Appendix.)

The Commission on Administrative Review of the 95th Congress, in recommending broader financial disclosure requirements, stated: "The objectives of financial disclosure are to inform the public about the financial interests of government officials in order to increase public confidence in the integrity of government and to deter potential conflicts of interest." *Financial Ethics*, House Document No. 95–73, page 6. Financial Disclosure Statements are not intended as net worth statements, nor are they well suited to that purpose.

Questions concerning the reporting requirements and proper completion of the Financial Disclosure Statement should be directed to the Committee on Standards of Official Conduct, Suite HT–2, The Capitol, Washington, D.C. 20515, (202) 225–7103. Additional forms may be obtained from the Committee.

Those who wish further information about standards of conduct that apply in the House may obtain from the Committee its *Ethics Manual for Members, Officers, and Employees of the U.S. House of Representatives*. Copies of the Committee's *Rules* will also be provided upon request.

REPORTING CHANGES

The Ethics Reform Act of 1989 mandated substantial changes to the form and content of Financial Disclosure Statements, beginning with reports filed in 1991. For Statements filed in 1992 and thereafter, Federal law requires a few more changes. In addition, the Committee on Standards of Official Conduct has modified the forms and clarified reporting policy based on its experience to date.

Members, officers, and employees were prohibited from receiving any honoraria beginning January 1, 1991. However, payments in lieu of honoraria may be directed to charitable organizations. Such payments must be made directly by the sponsor of the activity and may not exceed $2,000 for any speech, appearance, or article. In addition, such payments must be disclosed.

The following changes have been made to the forms:

- A separate page is included as Part IB of FORM A for reporting the source, activity, date, and amount of any payments made to charity in lieu of honoraria.
- An envelope is included in Members' packages for transmitting to the Committee on Standards of Official Conduct a *separate, confidential list* of the charities that received such payments. Other filers may request an envelope or use their own. This report will not be publicly disclosed, except in the unlikely event that the information is included in a report of an official Committee investigation.
- More space has been added to FORM A for reporting transactions, liabilities, and travel.
- Space has been added to both FORMS A and B to allow filers to indicate more clearly that an asset had no value as of the end of the year or other reporting period (as would be the case if the asset had been sold during the year), or that an asset generated no income.

The Committee has clarified its reporting policy in a number of other areas:

- Only the year-end value must be shown for IRA's and other retirement plans, not income or roll-overs, as long as the plan is not self-directed.
- Money market brokerage and similar accounts that work like bank accounts are to be treated in the same manner as bank accounts

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— there is no need to report deposits and withdrawals as transactions.

- Neither the cash value nor income from life insurance policies needs to be disclosed.
- For limited partnerships, filers need only show their total income, not their share of items such as capital gains and interest.
- Service as a trustee or executor for an individual (or an individual's estate) need not be listed as a "Position."
- Holdings of an estate need not be listed if one only serves as executor, receiving no income and having no beneficial interest in the estate.

Who Must File and When

Individuals required by the Act to file a Financial Disclosure Statement on FORM A are as follows:

MEMBERS: Members of the House of Representatives, Delegates to Congress, and the Resident Commissioner of Puerto Rico must file a Financial Disclosure Statement on or before May 15 of each calendar year.

OFFICERS AND EMPLOYEES OF THE LEGISLATIVE BRANCH: Individuals compensated at or above 120 percent of the Executive Branch GS–15 level ("above GS–15") for more than 60 days in a calendar year, must file a Financial Disclosure Statement on or before May 15 of the succeeding calendar year, even if no longer paid at the above GS–15 rate. The rate triggering disclosure was $72,298 from January 1 until May 3, 1991, and $73,972 for the balance of the year. The 1992 threshold is projected to be $77,080. The Committee on Standards of Official Conduct can verify the rate for other years. Annuities paid by the United States, as well as payments such as overtime and night differential payments, are not considered in calculating whether an employee is compensated at the above GS–15 rate.

For purposes of these Instructions, the Legislative Branch includes the House of Representatives, Congressional Budget Office, Library of Congress, Architect of the Capitol, United States Botanic Garden, Government Printing Office, Copyright Royalty Tribunal, and any other legislative agency or commission established in an odd numbered year, unless otherwise provided by law.

PRINCIPAL ASSISTANTS: A Member is required to designate at least one principal assistant to file a Financial Disclosure Statement if the Member does not have an employee paid at the above GS–15 level. An employee of a Member who has been so designated must have been employed in the Member's office for a period in excess of 60 days in the calendar year covered by the report. Thus, at least one individual in each Member's office who was an employee for more than 60 days in the year covered by the report (either an above GS–15 employee or principal assistant) must file a Financial Disclosure Statement by May 15. (See Appendix B, Interpretive Ruling No. 1.)

The Clerk of the House will notify those Members who are required to designate a principal assistant. The Act is silent regarding the position in the Member's office which such an employee should hold. There are no uniform job descriptions in the House, and this is an area in which the employing Member has broad discretion. As the Committee first stated in its 1969 financial disclosure instructions, the designated individual will *usually* be an employee whose relationship with the Member permits the person, under some circumstances, to act in the Member's name or with the Member's authority. A Member is also free to designate more than one individual to file Financial Disclosure Statements.

TERMINATION FILERS: Most Members, officers, and employees who are otherwise required to file a Financial Disclosure Statement but terminate employment with the Government, must file a termination report within 30 days of leaving. No termination report need be filed by an individual who assumes another Government position requiring the filing of a Financial Disclosure Statement. In addition, an individual who files only because he or she has been designated as a principal assistant, rather than because of pay level, does not have to file a termination report. A new principal assistant must be designated in the individual's place. A termination report does not satisfy the requirement that at least one person in each Member's office besides the Member must file.

Candidates for the House of Representatives and certain new officers and employees of the Legislative Branch must file FORM B Financial Disclosure Statements, as provided below.

CANDIDATES: A candidate for the House of Representatives must file a Financial Disclosure Statement within 30 days of becoming a candidate or on or before May 15 of the calendar year in which he or she becomes a candidate, whichever is later. A candidate must file no later than 30 days prior to an election in which the individual is participating, unless the candidacy does not occur until within that 30-day period. In that case, filing a Financial Disclo-



sure Statement should coincide with qualification as a candidate.

An election means a general, special, primary, or run-off election, or a convention or caucus of a political party which has authority to nominate a candidate.

The term "candidate" for the purposes of the Act is the same found in section 301(2) of the Federal Election Campaign Act of 1971. "Candidate" means an individual other than a Member of the House—

"who seeks nomination for election, or election, to Federal office, and for the purposes of this paragraph, an individual shall be deemed to seek nomination for election, or election—

"(A) if such individual has received contributions aggregating in excess of $5,000 or has made expenditures aggregating in excess of $5,000; or

"(B) if such individual has given his or her consent to another person to receive contributions or make expenditures on behalf of such individual and if such person has received such contributions aggregating in excess of $5,000 or has made such expenditures aggregating in excess of $5,000."

Thus, a candidate need not file a Financial Disclosure Statement unless the campaign raises or spends more than $5,000.

In each subsequent year in which an individual continues to be a candidate, a new report must be filed by May 15th. Some of the information in earlier filings may be repeated in the subsequent reports.

Even though the campaign may have to continue filing reports required by the Federal Election Campaign Act, a losing candidate need not file subsequent annual Financial Disclosure Statements unless he or she runs for a new vacancy, in which case a report must be filed on or before May 15 of each year in which the individual continues to be a candidate.

An individual who takes action that is recognized under applicable State law as legally sufficient to withdraw as a candidate before the date on which his or her Financial Disclosure Statement is due need not file a Financial Disclosure Statement. However, if the individual withdraws as a candidate on or after the date on which the Financial Disclosure Statement was due, then a Financial Disclosure Statement must still be filed, even though the individual is no longer seeking nomination or election.

NEW OFFICERS AND EMPLOYEES: A new officer or employee of the Legislative Branch must file a FORM B Financial Disclosure Statement within 30 days of assuming the new position if (A) he or she is compensated at the above GS–15 rate or greater, or (B) he or she is designated as a principal assistant by a new Member of the House of Representatives. A principal assistant of a Member first taking office on January 3 has until May 15 of that calendar year to file a Financial Disclosure Statement.

Except for principal assistants to newly elected Members, the requirement to file FORM B does not apply to individuals who are employed in the Legislative Branch immediately before assuming the new position described above. Thus, an employee who receives a promotion or raise that lifts that individual to the above GS–15 salary level need not file FORM B within 30 days of the increase. The requirement to file FORM B also does not apply to an individual who left any Federal Government position requiring the filing of a Financial Disclosure Statement within 30 days prior to assuming the new position.

Where to File and Number of Copies

The Financial Disclosure Statement (including any amendment) must be filed with the Clerk of the House of Representatives, Office of Records and Registration, Room 1036 Longworth House Office Building, Washington, D.C. 20515. Members and candidates should submit three completed Financial Disclosure Statements. Officers and employees should submit two completed Financial Disclosure Statements. Only one must be an original with an original signature. Others may be photocopies.

Timeliness of Filing

Reports shall be deemed to have been filed in a timely manner if they are *received or postmarked* on or before the due date. If the date on which a report is required to be filed falls on a weekend or holiday, the filing deadline shall be the next business day. Note, as is discussed below, that this differs from the policy on extension requests.

Financial Disclosure Statements may NOT be filed via facsimile machine.

Extensions

The Committee on Standards of Official Conduct may grant reasonable extensions of time for the filing of any Financial Disclosure Statement (including an amendment). The total of such extensions for one individual in a calendar year may not exceed 90 days. In no event will an extension be granted which authorizes a candidate's report to be filed later than 30 days prior to a primary or general election in which the reporting individual is a candidate.



Extension requests must be directed to the Chairman of the Committee on Standards of Official Conduct in writing and state the reason the extension is necessary. Any such request should be *received* by the Committee no later than the business day on which the report in question is due.

Late Filing Fee

Any individual who files a Financial Disclosure Statement or other report more than 30 days after the later of (1) the date the report is required to be filed, or (2) is the last day of any filing extension period that has been granted, shall pay a late filing fee of $200. The fee shall be paid by check or money order made out to the United States Treasury, submitted to the Clerk at the filing address along with the Financial Disclosure Statement. Payment of the fee does not preclude the Committee on Standards of Official Conduct from taking other action authorized by law and Rules of the House of Representatives.

The Committee is authorized to waive the fee in exceptional circumstances. Waiver requests must be directed in writing to the Chairman of the Committee and should state the circumstances believed to justify the waiver.

Any late report that is submitted without a required filing fee shall be deemed procedurally deficient and not properly filed.

Reporting Period

For Members and current officers and employees required to file FORM A, the Financial Disclosure Statement must include information for the entire preceding calendar year, unless otherwise indicated. However, gifts or reimbursements received during any period in the calendar year when the reporting individual was not a Member, officer, or employee need not be disclosed.

For candidates and new officers or employees required to file FORM B, the Financial Disclosure Statement must include information with respect to income for the preceding calendar year *and* the current calendar year to the date of filing. In addition, the first Financial Disclosure Statement filed by each such individual must identify all sources paying compensation in excess of $5,000 to the individual in the *two* calendar years prior to the year of filing. A brief description of the duties performed or the services rendered must also be given.

FORM B information concerning property holdings and liabilities must be current as of a date which is less than 31 days before the filing date. This date, chosen by the reporting individual, must be indicated in the space provided on page B–2 of the form. Information concerning nongovernmental positions and, in the case of new employees, future employment agreements or continued benefits, must cover the current calendar year through the date of filing.

A termination report submitted after the May 15 Financial Disclosure Statement has been filed must cover the calendar year in which termination occurs through the date of termination. If a May 15 report has not been filed, then the termination report must cover *both* the calendar year in which termination occurs and the preceding calendar year.

Category of Value

Certain financial interests must be disclosed by exact dollar amount; for other interests a category of value will suffice. The Act defines "value" as "a good faith estimate of the dollar value if the exact value is neither known nor easily obtainable by the reporting individual." In any instance where the Act calls for a category of value the reporting individual may indicate an exact dollar amount if he or she so desires. This may be done on the form itself or an attachment.

The following items must be disclosed by exact dollar amount: The reporting individual's earned income from all sources; payments in lieu of honoraria made to charity; honoraria received by the spouse of the reporting individual; and gifts other than transportation, food, lodging, and entertainment.

Real and personal property held for investment or production of income, liabilities, and transactions must be disclosed using the following categories of value (unless exact dollar amount is preferred):

None;	
Category A	Less than $1,001;
Category B	$1,001–$15,000;
Category C	$15,001–$50,000;
Category D	$50,001–$100,000;
Category E	$100,001–$250,000;
Category F	$250,001–$500,000;
Category G	$500,001–$1,000,000;
Category H	More than $1,000,000.

Income such as dividends, interest, rent, royalties, and capital gains ("unearned" income) must be disclosed using the following categories of value:

None;	
Category I	Less than $201;
Category II	$201–$1000;
Category III	$1,001–$2,500;
Category IV	$2,501–$5,000;

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Category V	$5,001–$15,000;
Category VI	$15,001–$50,000;
Category VII	$50,001–$100,000;
Category VIII	$100,001–$1,000,000;
Category IX	Over $1,000,000.

For any part of the report, a computer printout may be attached in lieu of using the face of the form. All required information must be included in any attachment and the face of the form should indicate "See Attachment" or similar language.

SPOUSE AND DEPENDENT DISCLOSURE

The reporting individual is required to include on the Financial Disclosure Statement information concerning his or her spouse and dependent children. It is the responsibility of the reporting individual to ascertain whether a spouse or dependent child has, or had, the following reportable financial interests, income, or liabilities:

Earned income: Only the source of a spouse's earned income need be reported, except for honoraria, in which case the source *and* amount is to be shown. Neither the source nor amount of a dependent child's earned income need be reported.

Holdings, unearned income, transactions, and liabilities: The same level of detail must be included for interests of a spouse and dependent children as for those of the reporting individual. The filer need not identify particular interests as being those of a spouse or dependent child unless he or she wants to do so. Identical interests of the reporting individual, a spouse, and dependent child may be combined and reported together. *For example*, there need not be separate listings for all accounts at the same bank, or separate interests in the same stock.

Gifts, travel, and reimbursements: The same level of detail must be reported for items received by a spouse or dependent child from nonrelatives *unless* circumstances indicate that the gift was totally independent of the recipient's relationship to the reporting individual. *For example*, if it is clear that an item was received because of the relationship to the reporting individual, it should be disclosed. However, if it is apparent that the item would have been offered regardless of the spouse's or child's relationship to the reporting individual, then it need not be disclosed.

Positions, agreements, and compensation in excess of $5,000: No information is required regarding a spouse or dependent child.

The term "dependent child" means any individual who is a son, daughter, stepson, or stepdaughter and who (A) is unmarried, under age 21 and is living in the household of the reporting individual, or (B) is a "dependent" of the reporting individual within the meaning of section 152 of the Internal Revenue Code of 1986.

In listing information, a reporting individual may, if he or she desires, indicate that a financial interest is that of a spouse or dependent child or is jointly held. That is done by marking "S," "DC," or "JT" in the column reserved for that purpose. However, such a designation is *not* required. The column may be left blank. Identical financial interests may be combined in any way the reporting individual desires, as long as all assets and their value are disclosed as required.

A reporting individual is not required to disclose financial information about a spouse from whom he or she has separated with the intention of terminating the marriage or providing for a permanent separation. In addition, no reporting is required with respect to any income or obligations arising from the dissolution of the reporting individual's marriage or the permanent separation from a spouse.

EXEMPTION FROM DISCLOSURE IN RARE CIRCUMSTANCES

An individual need not disclose financial interests and liabilities of a spouse or dependent child if, and only if, *all three* of the following criteria are met: (1) The item is the sole financial interest or responsibility of the spouse or dependent child and the reporting individual has no knowledge of the item; (2) The item was not, in any way, past or present, derived from the income, assets, or activities of the reporting individual; *and* (3) The reporting individual neither derives, nor expects to derive any financial or economic benefit from the item. If the reporting individual does not disclose certain financial interests or liabilities of a spouse or dependent child because these three circumstances are met, he or she must so indicate on the last page of the Financial Disclosure Statement by checking the box marked "Yes" in response to the question: "Have you omitted any assets or liabilities of a spouse or dependent child because they meet the three tests for exemption?"

An explanation of the three criteria for exemption follows.

(1) The "knowledge test" means that the reporting individual has no detailed or specific knowledge of a financial interest or responsibility of the spouse or dependent child. *For example*, if the reporting individual knows that his or her spouse has inherited stock in a number of different corporations, but does not know the



identity of the corporations or the extent of the stock holdings, the individual would be considered to have no knowledge of those financial interests for purposes of this exemption. If the other standards are met, there is no obligation on the part of the reporting individual to disclose the financial interests of the spouse. Knowledge would be presumed, however, if the reporting individual filed a joint tax return which included information regarding the assets in question.

(2) The "independence test" means that the financial interest or liability is solely that of the spouse, and was obtained through the spouse's own activities or financial resources or, *for example*, through a bequest, inheritance, gift, or other means totally unrelated to the reporting individual. If any part of the reporting individual's income, financial interests, or activities contributed in any way to the acquisition or disposition of the item, then the item would not satisfy the independence test.

(3) The "benefit test" that must be met should be interpreted very broadly. This standard for exemption requires that the reporting individual "neither derives nor expects to derive, any financial or economic benefit from the item." The reporting individual would benefit if income from the holdings of the spouse or dependent was used, *for example*, for vacations, the education of their dependents, or the maintenance of a home. In addition, the potential receipt of benefits from interests held by a spouse or dependent would apply if the reporting individual had the possibility of an inheritance from the interest. Thus, the benefit test should be construed liberally.

Only in rare circumstances will a reporting individual be able to meet all three criteria for exemption from reporting the liabilities, holdings, and transactions of a spouse or dependent child. Reporting individuals should confer with the staff of the Committee on Standards of Official Conduct before claiming the exemption.

Certain trust assets and income are also exempt from disclosure. See pages 15–16 of these Instructions for further detail.

Committee Review

The Committee on Standards of Official Conduct is required to review all Financial Disclosure Statements to determine whether they are filed in a timely manner, appear substantially accurate and complete, and comply with applicable conflict of interest laws and rules. If the review indicates a possible problem, then the reporting individual will be notified in writing of the additional information believed to be required, or of the law or rule with which the individual does not appear to be in compliance. A due date for response also will be provided.

If the reporting individual concurs with the notification, then necessary action should be taken and an *amendment* to the Financial Disclosure Statement *filed with the Clerk*. An amendment may be in the form of a revised Financial Disclosure Statement or an explanatory letter addressed to the Clerk. If the reporting individual does not agree with the Committee that an amendment is needed, an *explanation* should be provided *to the Committee*. In all cases, the Committee shall be the final arbiter of whether any report needs clarification or amendment. No communications between the Committee and the reporting individual will be publicly released by the Committee.

The Committee is also authorized under the Act to render advisory opinions interpreting the disclosure requirements to any person required to file a Financial Disclosure Statement. Any person who acts in good faith in accordance with a written advisory opinion shall not be subject to any sanction under the Act.

Failure to File or Filing False Disclosure Statements

The Ethics in Government Act of 1978, as amended, provides that the Attorney General may seek a civil penalty of up to $10,000 against an individual who knowingly and willfully falsifies or fails to file or report any information required by the Act (5 U.S.C. app. 6, §104). Similarly, 18 U.S.C. §1001 authorizes fines of up to $10,000 or imprisonment for up to five years for knowingly and willfully falsifying or concealing any material fact in a statement to the Government. This section has been applied to Ethics in Government Act filings.

House Rule XLIV provides that title I of the Ethics in Government Act of 1978 shall be deemed to be a rule of the House as it pertains to Members, officers, and employees. The House, acting on the recommendation of the Committee on Standards of Official Conduct, may impose penalties on Members, officers, and employees in addition to those noted above.

Public Access

The Clerk of the House of Representatives will make financial disclosure reports available for public inspection within 30 days of filing. The Clerk is also required to send a copy of each report filed by a Member or a candidate to the appropriate State officer in the State rep-



resented by the Member or in which the individual is a candidate. Pursuant to House Rule XLIV, annual reports filed by Members must be compiled into a public document by August 1 of each year.

Reports filed with the Clerk are made available for public inspection in the Office of Records and Registration, Room 1036 Longworth House Office Building, Washington, D.C. 20515. The Clerk may not make any reports available to any person, or provide a copy of any report to any person, except upon written application by such person stating:

(A) That person's name, occupation, and address;

(B) The name and address of any other person or organization on whose behalf the inspection or copy is requested; and

(C) That such person is aware of the prohibitions on the obtaining or use of the report.

All applications for inspection of reports shall be made available to the public. In addition, any person requesting a copy of a report may be required to pay a reasonable fee to cover the cost of reproduction or mailing.

All Financial Disclosure Statements shall be made available for public inspection for six years after receipt, except that in the case of a candidate who was not subsequently elected, the report shall remain available for one year after the individual ceases to be a candidate.

UNLAWFUL USE

It is unlawful for any person to obtain or use a Financial Disclosure Statement: (1) For any unlawful purpose; (2) For any commercial purpose, other than by news and communications media for dissemination to the general public; (3) For determining or establishing the credit rating of any individual; or (4) For use, directly or indirectly, in the solicitation of money for any political, charitable, or other purpose.

The Attorney General may bring a civil action against any person who obtains or uses a report for any of the prohibited purposes mentioned above. The court may assess a penalty not to exceed $10,000.

EXHIBIT
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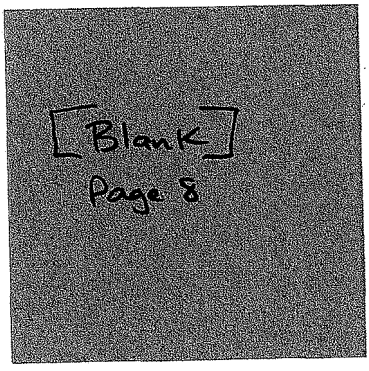
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SPECIFIC REPORTING INSTRUCTIONS

INTRODUCTION

The following sections correspond in order with the sections on FORM A, the Financial Disclosure Statement to be filed by current Members, officers, and employees of the Legislative Branch. Candidates and new employees should note that the sections and numbering on FORM B are somewhat different since those individuals are not required to disclose gifts, reimbursements, or transactions, and only individuals using FORM B must report compensation over $5,000 paid by one source in the two years prior to filing.

These specific reporting instructions refer primarily to the disclosure requirements applicable to the reporting individual. Additional information regarding the disclosure requirements applicable to the spouse and dependent children may be found beginning on page 4 in the General Information section of these Instructions.

The basic statutory disclosure requirement is printed at the beginning of each section of the Instructions, followed by specific reporting instructions and where applicable, exclusions and definitions as provided in the statute. The term "preceding calendar year" used in the cited statutory provisions actually may refer to a longer period in the case of individuals filing FORM B or termination reports on FORM A. Further guidance is included in the detailed instructions as appropriate.

Examples are provided throughout these Instructions and on the Financial Disclosure Statements themselves. The examples are included in an effort to provide as much guidance as possible to reporting individuals. The examples are not intended to add requirements to those stated in the instructions.

The Forms are perforated along the left edge so that they may be separated for greater ease of completion. The filer's name must appear on each page submitted. There is also space at the bottom of each page to indicate the page number and total pages in the filing. In all sections, please type or print clearly in black ink. Where there is no information to report regarding a particular part, be certain to check the box marked "NONE" for that part.

PRELIMINARY FILER INFORMATION

[ALL FILERS: TOP OF PAGE 1, FORM A and FORM B]

At the top of the first page of both FORM A and FORM B is a block for the name and status of the filer. Every reporting individual must give his or her full name and mailing address. Space is also provided for inclusion of a telephone number. This provides Committee staff with a point of contact in case questions arise during the review process. If an individual other than the filer should be contacted at the number shown (such as an accountant), that person's name should also be given.

The filer's name must appear at the top of each subsequent page in the box provided for that purpose. If any additional pages are attached, the filer's name must also appear prominently on the top of every page submitted with the report. At the bottom of each page there is space to indicate the page number and total page count.

FORM A filers must next check the box indicating their status. Members must identify the State and Congressional District represented. Officers and employees must state the office in which employed. FORM A filers must also check one of the three boxes indicating the type of report that is being filed: the annual report due on or before May 15; an amendment; or a termination report. Amendments may be made by submitting a revised Financial Disclosure Statement (checking the appropriate box), or filing a letter addressed to the Clerk of the House containing additional or corrected information. Termination reports must be filed within 30 days of an individual leaving his or her Government position; the date of termination must be included in the space provided.

Above the name and address block is a space for FORM B filers to indicate the period covered by the report. Financial Disclosure Statements filed by candidates must include information regarding both the preceding calendar year and the current year to a date within 31 days of filing. The filer shall indicate this date on page B–2. The filing period should be stated at the



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top of the form (*for example*, "1991 and 1992 through April 30").

After completing the name and address blocks, FORM B filers must check the box indicating their filing status. Candidates must identify the State and District in which they are seeking election and the election date. The election specified should be the next primary, runoff, special, or general election (or convention authorized to nominate a candidate) in which the candidate is participating. A candidate is required to file no later than 30 days before such an election, unless not qualified as a candidate by that date.

New employees filing FORM B must identify their employing offices. Both candidates and new employees should check the designated box if the report is an amendment. Amendments may made by submitting a revised Financial Disclosure Statement (checking the appropriate box), or filing a letter addressed to the Clerk of the House containing additional or corrected information.

EARNED INCOME, INCLUDING HONORARIA

[ALL FILERS: PART I, FORM A and FORM B]

The source, type, and amount of [earned] income from any source (other than from current employment by the United States Government), and the source, date, and amount of honoraria from any source, received during the preceding calendar year, aggregating $200 or more in value and, effective January 1, 1991, the source, date, and amount of payments made to charitable organizations in lieu of honoraria. The reporting individual shall simultaneously file with the applicable supervising ethics office, on a confidential basis, a corresponding list of recipients of all such payments, together with the dates and amounts of such payments.

The source of items of earned income earned by a spouse from any person which exceed $1,000 and the source and amount of any honoraria received by a spouse, except that, with respect to earned income (other than honoraria), if the spouse is self-employed in business or a profession, only the nature of such business or profession need be reported.

GENERAL INSTRUCTIONS

The term "income" is intended to be all-inclusive, as defined in the Act (see below). For reporting purposes, "income" is divided into two categories, earned income and "unearned" income. Earned income refers to earnings from employment or compensation for personal efforts. Such income, when it aggregates $200 or more from any one source must be disclosed in Part IA of FORM A and Part I FORM B.

Earned income should be reported as to its source, type, and dollar amount. The source of the income should be identified by stating the name of the organization, corporation, or other entity making the payment. It is not necessary that individual clients of a business be named, only that the business be named. *For example*, an attorney would report his or her law firm as the source of legal fees, not the clients for whom the work was performed. The type of income should be identified as salary, commissions, fees, pension, etc. However, income derived from U.S. Government retirement programs and benefits received under the Social Security Act need not be disclosed.

The exact gross dollar amount of earned income received by the reporting individual must be shown. FORM A filers would normally indicate any earned income (other than their current U.S. Government compensation) in the preceding calendar year. FORM B filers should report earned income for both the preceding year and, separately, the current year up to the filing date. If payments are received in the form of salary or fees, then such payments would be the gross amount. If earned income is in the form of income derived from a business such as a sole proprietorship, then the gross income of the business must be reported. The net income may be reported in addition to, but not in place of, the gross income figure.

Except for honoraria, only the source and type of a spouse's earned income need be reported on the Financial Disclosure Statement, not the amount. The source *and* amount of any honoraria aggregating $200 or more from one source received by the individual's spouse in a calendar year must be disclosed. No information is required to be disclosed regarding the earned income of a dependent child.

The earned income of Members of the House has been limited for a number of years. Beginning with calendar year 1991, all Members, officers, and employees paid at the above GS–15 level became subject to an annual earned income limit of 15 percent of the Executive Level



II salary. For calendar year 1991, that figure was $18,765. For 1992 the projected limit is $19,425. The Committee on Standards of Official Conduct can inform affected individuals of the exact dollar amount of the limit for other years. Earned income in excess of the limitation may be donated to any qualified charitable organization described in 26 U.S.C. §170(c). Any income donated to charity should be indicated on the Financial Disclosure Statement.

Certain types of earned income, such as pensions from prior employers or deferred compensation for services rendered prior to current legislative employment, do not count against the earned income limit. Nonetheless, such income must be reported on the Financial Disclosure Statement. The reporting individual may wish to note parenthetically that such income is not subject to the outside earned income limit. A more detailed discussion of the outside earned income limit is included in the *Ethics Manual for Members, Officers, and Employees of the U.S. House of Representatives* issued by the Committee on Standards of Official Conduct.

Honoraria and Payments to Charity

Calendar year 1990 was the last year in which Members, officers, and employees could legally receive honoraria. Since January 1, 1991, receipt of payments for speeches, appearances, and articles has been prohibited by both Federal law and House rules. Even with the prohibition, however, payments in lieu of honoraria may continue to be made directly to qualified charities by sponsors of speeches, appearances, and articles. Such payments, however, may no longer be made through the Member, officer, or employee, but must be made directly by the sponsor of the event to the charity. (The maximum that can be directed to charity for any one speech, appearance, or article is $2,000, and no payments may be made to an organization from which the Member, officer, or employee, or a parent, sibling, spouse, child, or dependent relative of that individual derives any financial benefit.)

Confidential Report of Recipient Charities

When the reporting individual knows that a payment has been made to charity on account of a speech, appearance, or article, he or she must report that fact in Part IB of the Financial Disclosure Statement, even though the sponsor of the event makes the donation directly. No reporting is required on the Statement itself of the recipient charities. However, with respect to any such payments made on or after January 1, 1991, the Act requires that the reporting individual simultaneously submit to the Committee on Standards of Official Conduct a confidential list of the charities receiving the payments, including the dates and amounts of such payments.

A separate form has not been prepared by the Committee for the reporting of charities that received payments in lieu of honoraria. Instead, Members, officers, and employees are free to use any format that is compatible with their individual record-keeping. The report should include the filer's name, the year, the names of each charity *known* to have received payments because of speeches, appearances, and articles by the filer, the amount, the entity making the payment to charity, and the date the payment was made or requested (or the date of the event, if it is not known when a payment was made).

The Committee recognizes that the filer may not always know that a charity has received a payment. *For example*, an individual may have requested that a payment be made, but not have received confirmation that the request was honored. Another individual may have a policy of suggesting that the sponsor of an event choose from among several charities, but not know which organization is the actual recipient. Where the recipient charity is not known, the reporting individual should indicate in the confidential report what request was made of the sponsor (i.e., the names of the charities), but state that he or she does not know which charity received the payment, or whether the requested payment was made.

The Committee has included in Members' filing packages a special envelope to use for submitting the confidential report. In the appropriate place, the reporting individual should indicate his or her name and where employed. (If a Member, indicate the State and District.) Officers and employees may obtain an envelope upon request or use their own envelopes. After enclosing the confidential report, seal the envelope and send it to the Committee on Standards of Official Conduct, HT–2, the Capitol, Washington, D.C. 20515. The Committee will then retain the envelope in its files. It will be unsealed only if the Committee determines that examination of the information is essential to an official investigation by the Committee.

Exclusions

Income from current U.S. Government employment, Federal retirement programs, and benefits received under the Social Security Act



need not be disclosed. Life insurance proceeds need not be shown. Except for honoraria, report only the source and type, but not the amount, of a spouse's earned income which exceeds $1,000. Earned income of a dependent child need not be reported.

DEFINITIONS

The term "income" means all income from whatever source derived, including but not limited to the following items: Compensation for services, including fees, commissions, and similar items; gross income derived from business (and net income if the individual elects to include it); gains derived from dealings in property; interest; rents; royalties; dividends; annuities; pensions; income from discharge of indebtedness; distributive share of partnership income; and income from an interest in an estate or trust.

The term "honorarium" means a payment of money or any thing of value for an appearance, speech, or article by a Member, officer, or employee, excluding any actual and necessary travel expenses incurred by such individual (and one relative) to the extent that such expenses are paid or reimbursed.

ASSETS AND "UNEARNED" INCOME

[ALL FILERS: PARTS II AND III, FORM A AND FORM B]

The identity and category of value of any interest in property held during the preceding calendar year in a trade or business, or for investment or the production of income, which has a fair market value which exceeds $1,000 as of the close of the preceding calendar year, excluding any personal liability owed to the reporting individual by a spouse, or by a parent, brother, sister, or child of the reporting individual or of the reporting individual's spouse, or any deposits aggregating $5,000 or less in a personal savings account. For purposes of this paragraph a personal savings account shall include any certificate of deposit or any other form of deposit in a bank, savings and loan association, credit union, or similar financial institution.

The source and type of income which consists of items such as dividends, rents, interest, and capital gains, received during the preceding calendar year which exceeds $200 in amount or value, and an indication of which category the amount or value of such item of income is within.

GENERAL INSTRUCTIONS

"Unearned" income consists of rents, royalties, dividends, interest, capital gains, and similar amounts received as a return on investment. Filers of both FORM A and FORM B must disclose the following in Parts II and III of the Financial Disclosure Statement: Real and personal property held for investment or production of income and valued at more than $1,000 at the close of the preceding calendar year, together with the value of the asset; a description of any such asset that generated income of more than $200 during the reporting period, together with its value; and the type (*e.g.*, dividends, rent, interest, etc.) and category of value of income derived from each such asset. FORM A filers must indicate in the Transaction column whether the asset was purchased, sold or exchanged during the reporting period.

Filers need not disclose personal property that is not principally held for investment or the production of income (*e.g.*, household goods and furniture, automobiles, jewelry, and paintings). Thus a painting in a home would not have to be listed, even though the painting when sold might produce substantial income. However, if a reporting individual is in the business of buying and selling paintings for profit, that individual must disclose the paintings and their category of value. Other nonreportable items include non-interest bearing checking accounts, the cash value of or income from a life insurance policy, and interests in Federal retirement programs.

Real and personal property are treated in the same manner. Thus, only real property held in a trade or business, for investment, or for the production of income must be reported. A personal residence need not be disclosed unless any part of the residence produces rental income. A summer home or other property that is held purely for recreational purposes and is not rented at any time during the year need not be reported.

Reportable items include business interests, stocks and bonds, real estate, savings accounts, trust assets (see below), loans to others (except to a spouse, or to a parent, brother, sister, or child of the reporting individual or of the reporting individual's spouse), and any other investment or income-producing property. Reportable holdings also include interests in property which are less than actual ownership, such as a life estate or a remainder interest.

Any interest in property held during the calendar year must be listed if the value at the close of the reporting period was greater than $1,000, or if the asset generated more than $200

EXHIBIT
Exhibit 001

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in income in the reporting period. If the property is no longer worth more than $1,000 because all or part of it was sold during the year, then any sale valued at more than $1,000 must be reported by FORM A filers as a "Transaction" under Part IV. Where an asset disclosed in a previous year has decreased in value to below the reporting threshold without any sale or exchange, FORM A filers may wish to mention this fact on the Financial Disclosure Statement.

A box is included on the form to indicate that an asset had no value at the end of the reporting period. This might be the case, for example, if an asset was sold, but generated income during the reporting period.

As part of the review process, the Committee on Standards of Official Conduct compares the previous year's filing with the current year's. If an asset is no longer reported and the reason is not obvious from the face of the form, then the Committee may contact the reporting individual to make certain that the item was not inadvertently omitted.

If the reporting individual has widely diversified stock interests through an investment trust or mutual fund, where the holdings of the trust or fund are a matter of public record (or the fund is publicly traded) and the individual has no ability to exercise control over the specific holdings, he or she may simply disclose the name of the trust or mutual fund and the category of value of the interest held. Similarly, if the reporting individual holds different types of securities issued by the same authority, such as U.S. Treasury obligations or municipal bonds, it is not necessary to provide an itemized list of each security worth over $1,000. Rather, the reporting individual may simply report the aggregate value of the securities issued by the same authority and identify the type of securities (*for example*, "U.S. Treasury bonds and notes;" "New York Port Authority Bonds").

If the reporting individual has an interest in a partnership or corporation that is actively engaged in a trade or business, it is not necessary to provide an itemized list of the assets of the business. Where, *for example*, a reporting individual lists such items as "farm equipment," "store inventory," or "office equipment," the value of each underlying asset need not be reported. Similarly, if an individual reports the value of his or her ownership of a trade or business, the components comprising the business need not be separately listed and valued. *For example*, an individual holding an interest in an accounting firm need only list the firm and the value of his or her interest in it; such items as "office equipment" need not be separately disclosed.

If, however, the reporting individual has an interest in a partnership or corporation that is not actively engaged in a trade or business, but instead is operated for investment purposes, the reporting individual must also disclose those underlying assets. *For example*, if a partnership is entered into for the purpose of buying and selling securities and real property, then the reporting individual's interest in each security or property must be disclosed separately.

Limited partnerships are entities which possess attributes of both corporations and regular partnerships. The liability of limited partners is generally limited to the amount invested, but income and losses flow directly to the partners. A limited partner generally receives a Schedule K–1 (IRS Form 1065) at the end of each tax year summarizing the partner's share income, deductions, and credits. On a Financial Disclosure Statement, a filer holding a limited partnership interest need not report separately each type of income in which he or she shared (e.g., "ordinary income," "portfolio income," "capital gain," and "investment income"). Instead, the filer may combine the income types and report the total as "Partnership Income." This total will be the gross amount shown in boxes K(c) and (d) of Schedule K–1. The partner's share of income must be reported even if funds are not physically received. On the other hand, withdrawals and distributions from the individual's capital account need not be reported.

While financial interests in U.S. Government retirement programs, including the Thrift Savings Plan, are explicitly excluded from reporting, there is no such exclusion for other types of retirement programs in the Act as amended by the Ethics Reform Act of 1989. Thus such assets as non-Federal retirement programs (including State government programs), Individual Retirement Accounts (IRAs), and Keogh plans, must be reported. The Committee has determined, however, that it is not necessary to show the income which has accumulated during the reporting period for a retirement plan that is not self-directed. In such a case, only the value at the end of the reporting period need be shown and "NA" can be stated for income.

If the retirement program is with a financial institution, brokerage house, or similar entity, and the reporting individual has no discretion regarding purchases or sales of assets in the account, then such underlying assets need not be separately listed. However, where the reporting individual has discretion regarding the specific stocks or other items in the account (such as in

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a self-directed IRA), then those specific items must be listed. Income must be reported even though it may not be subject to Federal taxation. The movement of money into or out of a retirement plan need not be reported as a transaction unless a purchase or sale of shares is involved.

Interest bearing savings accounts must be reported only if they exceed $5,000 as of the end of the reporting period. The $5,000 threshold does *not* mean that any account of less than $5,001 need not be reported. Instead, all personal savings accounts at every institution should be added together; if they total more than $5,000, then reporting is required for each account valued at more than $1,000 as of the end of the reporting period. Reporting is also required if an account generated more than $200 in interest in a year, even if it was valued at less than $1,001 at the close of a period.

The Committee considers money market brokerage and similar accounts that function as bank accounts to be the same as bank accounts. Thus, there is no need to report each deposit or withdrawal over $1,000 even though these transactions may technically be purchases and sales of shares in the account.

All accounts at one institution, including those of a spouse or dependent child, may be combined as one entry. Certificates of deposit, money market savings accounts, and other deposits in banks, savings and loans, credit unions, and similar institutions are treated like accounts. Thus, *for example*, a checking account, savings account, certificate of deposit, and IRA at the same institution could be reported by listing "[Organization name] accounts," together with the combined year-end value and interest earned.

Completing the Form

FORM A and FORM B elicit similar information on assets and "unearned" income. The main difference is that FORM B filers must give information regarding income for both the preceding year and current year to the filing date. FORM B filers do not, however, have to provide the transaction information required of those who submit FORM A. Each form is arranged so that each asset need only be listed once, with the value of the asset and income from it reported on the same line of the Financial Disclosure Statement. A discussion of each column on the forms follows:

Spouse, Dependent Child, or Joint: As discussed previously, information regarding the assets and "unearned" income of a spouse or dependent child must usually be reported in the same degree of detail as the information regarding the reporting individual. The asset or income need not be identified as that of the spouse or dependent child. In fact, identical assets of different individuals in the family may be combined as one entry. However, those individuals who desire to indicate that an item is that of a spouse or dependent child, or is jointly held, may do so by including an "S," "DC,"or "JT" in the first column.

Identity of Assets and Income Sources (Block A): Each asset listing should provide clear information regarding its identity, including the nature of the holding and its location, where appropriate.

For real property, give a brief description (such as number of acres and indication of any improvements), including its location (street or postal address, town or city, and state). Identifying information used when the property is recorded with local officials will suffice. Larger pieces of property whose identity is generally known need not be described in as much detail. *For example*, a rental house should include the town and address; a large office building or shopping center may just be identified by name ("Chrysler Building, New York, New York").

The specific property must be disclosed even when it is held in partnership or by another for the reporting individual's benefit. *For example*, if a reporting individual owns an interest in a limited partnership established to purchase real estate, the property should be identified, as well as the partnership ("Tysons Limited Partnership, owning Tysons Corner Center, Tysons, Virginia"). An exception to the requirement that underlying holdings be disclosed is large public partnerships which are often publicly traded, and which have interests in many properties ("Carlyle 1991 Limited Real Estate Partnership").

The identity of a personal property holding should include the name of the corporation, partnership, financial institution, trust, or other entity in which the interest is held, and the type of interest (such as common stock, bonds, savings account, sole beneficiary, etc.) The reporting individual may disclose his or her percentage ownership interest (*e.g.*, "¼ interest," "51%"), but that is not required.

When listing securities, the name of each company in which stock worth over $1,000 is held must be reported separately. If the shares are not publicly traded, provide the city and state where the issuing company has its principal place of business or the state of incorpora-



tion. The number of shares need not be reported.

For banks and savings institutions, give the location if not apparent from the name (*e.g.*, "1st National Bank of Milwaukee;" "First National Bank and Trust, Minneapolis, Minnesota"). Only the names of national brokerage houses need be given, while brokers operating in a limited area should be identified in greater detail (*e.g.*, "Merrill Lynch Money Market Account;" "Money Market Account, Smith Investments, McLean, Virginia").

Valuation of Assets (Block B): The fair market value of an item as of the end of the year or other reporting period should be indicated by marking with an "X" the appropriate category, designated A through H. These categories are the same as used in most other places on the Financial Disclosure Statement except for "unearned" income, where the categories are entirely different. When it is difficult to determine an approximate fair market value without an appraisal, the reporting individual may make a good-faith estimate or use any recognized indication of value provided that the "method of valuation" is fully described. (See Definitions at the end of this section.) When an alternative valuation method is used, an "X" must be made in the designated column. An explanation of any alternative valuation method utilized should be attached to the Financial Disclosure Statement. A "None" box is included to indicate an asset which may have been sold after generating income in the reporting period.

In determining the fair market value of rental property or other real estate, the fair market value does *not* reflect any mortgage on such property. A mortgage should be shown under "Liabilities" later in the Financial Disclosure Statement.

Income (Block C): "Unearned" income is derived from the assets and other income sources listed in Block A. It includes but is not limited to such items as interest, rents, dividends, and capital gains. Such income, together with its source, must be reported on the Financial Disclosure Statement when it aggregates more than $200 in a calendar year from any one source. As is the case in reporting the value of assets, the amount or value of income is indicated by making an "X" in the appropriate category. Note that **the categories for reporting "unearned" income are different from those used elsewhere on the form.** Thus, they are identified by Roman numerals (I through IX) rather than letters. There is also a "None" category.

In reporting income (including that from a business), the gross dollar amount or value must be used. The one exception is in the case of capital gains, where the net gain over basis is shown in Part III, while the gross value of the sale is shown in Part IV as a transaction. The reporting individual may also report the net value separately if he or she so desires. This may be done on a line immediately after the required entry.

If the filer so desires, the exact dollar amount may be used in lieu of the category of value. In addition, the filer may use a computer printout or similar listing (*e.g.*, monthly brokerage statements), provided all of the information required by the Financial Disclosure Statement is included. Filers may not, however, submit copies of tax forms in lieu of a Financial Disclosure Statement.

FORM B filers have two sets of category columns to complete — one for the current year to date, and the second for the preceding calendar year. A date within 31 days of the filing date must be selected as the date as of which information is current, and this date indicated in the space provided immediately after the instructions on page B–2 of the form.

Transaction (Block D): If a listed asset was purchased, sold, or exchanged during the year, filers of FORM A should so indicate by marking an "X" in the designated space, then report the details of the transaction in the next section of the Financial Disclosure Statement.

Holdings in Trust or Other Financial Arrangements

If the reporting individual, spouse, or dependent child receives income from or has a beneficial interest in principal or income in a trust or other financial arrangement, each asset held by the trust during the preceding calendar year which had a fair market value of more than $1,000 at the end of the year must be reported. If the reporting individual is not the sole beneficiary, this may be done one of two ways. He or she may report each asset of the trust in which an interest held exceeded $1,000. *For example*, an individual with a one-fifth interest would disclose all assets worth in excess of $5,000, together with a category of value that reflects the value of the interest held. Alternatively, an individual who holds a fractional interest in a trust may disclose each asset of the trust that has a value in excess of $1,000, and indicate his or her percentage of interest in the trust or other financial arrangement. Holdings of an estate or trust for which the reporting individual is *only*



administrator or executor, receiving no income and having no beneficial interest in the corpus, need not be reported.

There are three circumstances where disclosure of trust assets is not required. The first exception is for trusts that meet the following criteria: (1) The trust was not created directly by the reporting individual, spouse, or any dependent; and (2) None of these individuals has specific knowledge of the holdings or sources of income of the trust.

The second exception from disclosure of trust assets is for trusts which are "qualified blind trusts" under section 102(f)(3) of the Ethics in Government Act (5 U.S.C. app. 6, §102(f)(3)). In summary, such a trust must meet the following requirements: (1) The trustee is an independent financial institution, lawyer, certified public accountant, broker, or investment adviser; (2) There are no restrictions on the disposition of the trust assets; (3) The trust instrument restricts communications between the trustee and interested parties sufficiently to avoid disclosure of assets; and (4) The trust instrument and trustee are approved by the Committee on Standards of Official Conduct. In the event that a newly formed trust is approved by the Committee as a qualified blind trust, all assets transferred to the trust upon its creation and at anytime thereafter must be identified, valued, and made available to the public in the same manner as are Financial Disclosure Statements. The Ethics in Government Act itself should be consulted for the specific requirements concerning a qualified blind trust (see Appendix A).

The third exception from disclosure of trust assets is for a "qualified diversified trust" as described in section 102(f)(4)(B) of the Ethics in Government Act (5 U.S.C. app. 6, §102(f)(4)(B)). Because the reporting individual must give up almost total control of his or her finances, the use of such a financial arrangement will be rare. A qualified diversified trust created for the benefit of the reporting individual, the spouse, or a dependent child must consist of a well-diversified portfolio of readily marketable securities. None of the assets may consist of securities of entities having substantial activities in the area of the reporting individual's primary area of responsibility. The trust instrument must prohibit the trustee from making public or informing any interested party of the sale of any securities. The trustee must be given power of attorney to prepare the personal income tax returns of the individual and similar returns which may contain information relating to the trust. As with a qualified blind trust, the trustee and trust instrument must be approved in advance by the Committee on Standards of Official Conduct.

In those circumstances where the disclosure of assets in a trust is not required, the reporting individual must disclose the category of value of the "unearned" income received by the individual, spouse, or dependents. (The total value of the holdings of the trust need not be disclosed.) In addition, if the reporting individual does not disclose the holdings of a trust because the trust is a qualified blind trust or meets the other standards for exemption, he or she must so indicate on the last page of the Financial Disclosure Statement in the space marked "YES" after the question on the last page of the form: "Do you, your spouse or dependent child receive income from or have a beneficial interest in a trust or other financial arrangement whose holdings were not reported because the trust is a "qualified blind trust" or other excepted trust?"

EXCLUSIONS

Personal liabilities owed to the reporting individual by a spouse, or by a parent, brother, sister, or child of the reporting individual or of the reporting individual's spouse, need not be disclosed. (This is narrower than the exclusion under prior law for debts owed by all relatives.)

Deposits in personal savings accounts need not be disclosed unless all accounts total more than $5,000 as of the close of the calendar year, in which case all accounts valued at more than $1,000 must be reported. A personal savings account includes any certificate of deposit or any other form of deposit in a bank, savings and loan association, credit union, or similar financial institution.

A personal residence, including a vacation home, need not be disclosed unless it generates rental income. Personal property that is not principally held for investment or the production of income (*e.g.*, household goods and furniture, automobiles, jewelry, and paintings) does not have to be reported.

Financial interests in or income derived from any Federal retirement system, including a Thrift Savings Plan, need not be reported.

DEFINITIONS

"Value" means a good faith estimate of the dollar value if the exact value is neither known nor easily obtainable by the reporting individual.

The alternative "methods of valuation" that may be used if the current value of an interest in property is not ascertainable without an appraisal are as follows:



Real property—

(A) The purchase price and date of purchase; or

(B) The assessed value for tax purposes, adjusted, if necessary, to reflect the fair market value if the assessed value is computed at less than 100 percent of market value.

If either of these two methods is used, exact purchase price or adjusted assessed value must be disclosed in lieu of the category of value.

Personal property—

(A) The book value of a corporation whose stock is not publicly traded;

(B) The net worth of a business partnership;

(C) The equity value of an individually owned business; or

(D) The assessed value for tax purposes, adjusted, if necessary, to reflect the fair market value if the assessed value is computed at less than 100 percent of market value.

The reporting individual may use any other recognized indication of value, provided that a full and complete description of the method used is included with the Financial Disclosure Statement.

TRANSACTIONS

[FORM A FILERS ONLY: PART IV]

A brief description, the date, and category of value of any purchase, sale, or exchange during the preceding calendar year which exceeds $1,000—

(A) in real property, other than property used solely as a personal residence of the reporting individual or his spouse; or

(B) in stocks, bonds, commodities futures, and other forms of securities.

Reporting is not required under this paragraph of any transaction solely by and between the reporting individual, his spouse, or dependent children.

General Instructions

Each purchase, sale, or exchange of real property or securities by the reporting individual and his or her spouse and dependent children should be reported when the category of value of a transaction, or series of transactions in one type of property, exceeds $1,000 in a calendar year. The property should be identified in the same manner as for the reporting of assets and income sources in Part II of the Financial Disclosure Statement. On the same line, mark the appropriate box as to the type of transaction, state the date (or dates), and mark the appropriate category of value.

The amount to be reported is the value of the total purchase price or total sales price (or the fair market value in the case of an exchange). The value of the transaction is not related to any capital gain or loss on the transaction.

For stocks, stock options, and most other securities, the transaction date is generally the settlement date. If during the calendar year there are two or more of the same type of transaction in the same security which together totaled more than $1,000, then the aggregate category of value of all the transactions should be reported. The manner in which the date is reported depends upon the quantity of transactions. Where there are only a few transactions, each date should be stated separately (*e.g.*, "May 5 and November 6, 1990," for two purchases of XYZ Company Stock). When the same item is both purchased and sold in the course of the year, the item may be identified once on a single line. In such an instance, both the purchase and sale boxes should be checked, but the date for the purchase and sale should be given separately (*e.g.*, "6/18/91 — purchase; 11/27/91 — sale").

If there are multiple transactions throughout the year involving the same asset, it is adequate to state the number of transactions, without all of the dates (*e.g.*, "Monthly dividend reinvestment," to purchase shares of XYZ Company; or, "18 times on various dates throughout the year" for purchase of S&P 500 call options). When there is a significant volume of transactions, the filer may find it more convenient to attach brokerage firm printouts to the Financial Disclosure Statement.

Stock and commodity options, futures contracts, and bonds (both corporate and government) are considered types of securities. Transactions in these items are thus reportable on FORM A of the Financial Disclosure Statement.

If the reporting individual has an interest in a partnership that is organized for investment or the production of income and that is not actively engaged in a trade or business, then the transactions of the partnership which exceed $1,000 in value should be disclosed in the same manner as any other property transaction.

Exclusions

Any purchase or sale of property used solely as a personal residence of the reporting individual or spouse need not be reported, including a secondary residence not used for rental purposes.



Any transactions solely by and between the reporting individual, spouse, or dependent children are excluded.

The opening or closing of bank or similar accounts (such as money market funds), deposits to and withdrawals from such accounts, the purchase or sale of certificates of deposit, and contributions to or the rollover of IRAs and other retirement plans (except to purchase individual stocks) need not be reported.

LIABILITIES

[ALL FILERS: FORM A, PART V; FORM B, PART IV]

The identity and category of value of the total liabilities owed to any creditor other than a spouse, or a parent, brother, sister, or child of the reporting individual or of the reporting individual's spouse which exceed $10,000 at any time during the preceding calendar year, excluding—

(A) any mortgage secured by real property which is a personal residence of the reporting individual or his spouse; and

(B) any loan secured by a personal motor vehicle, household furniture, or appliance, which loan does not exceed the purchase price of the item which secures it.

With respect to revolving charge accounts, only those with an outstanding liability which exceeds $10,000 as of the close of the preceding calendar year need be reported under this paragraph.

General Instructions

All personal obligations of the reporting individual, spouse, and dependent children aggregating over $10,000 *at any time* during the year, whether secured or not, and regardless of the repayment terms or interest rates, must be listed. Thus, a loan which had over $10,000 in principal due at some point in the year, but was paid off or paid below that amount, must be listed. (The reporting individual is free to include additional information, such as the fact that the loan was satisfied during the year.)

All information regarding a single creditor may be reported on a single line. If the reporting individual has more than one liability owed to the same creditor, the loans should be aggregated to determine if the $10,000 threshold has been met.

The identity of the creditor should include the name of the person or organization to which the liability is owed. Where necessary to avoid confusion among similarly named institutions, the city and state should also be indicated (*e.g.*, "First National Bank, Milwaukee, Wisconsin").

Following the name of the creditor, the reporting individual should list the type of liability. Examples are "personal loan," "business loan," "demand note," "margin account," and "mortgage on rental property." When there are several of the same type of loan, further information should be provided. Thus, if only one rental property is shown as an asset, "mortgage on rental property" is sufficient. If on the other hand, there are multiple rental properties, the reporting individual should state the property to which it relates together with the type of liability (*e.g.*, "Mortgage on 182 Main Street, Dover, Del.").

In most cases, the category of value should be the largest amount owed during the calendar year. The one exception is revolving charge accounts, where the year-end balance is used to determine if the threshold of more than $10,000 has been met. In the case of more than one loan from the same creditor, all should be aggregated and the largest total owed during the year reported. An "X" should be made in the box which corresponds to the category of value. The categories to report liabilities are the same as those for reporting the value of assets and transactions, except that they begin with Category B and $10,001, since loans below that amount need not be reported.

Exclusions

Any contingent liability, such as that of a guarantor, endorser, or surety, and the liabilities of a business in which the reporting individual has an interest need not be listed. Loans secured by the cash value of a life insurance policy, and any tax deficiencies also need not be disclosed on the Financial Disclosure Statement.

The Act specifically excludes the following from the disclosure requirements:

Liabilities owed to a spouse, or a parent, brother, sister, or child of the reporting individual or of the reporting individual's spouse (narrower than the prior law exclusion of debts owed to all relatives);

Any mortgage secured by real property which is a personal residence of the reporting individual or his spouse, including a secondary residence not used for rental purposes; and

Any loan secured by a personal motor vehicle, household furniture, or appliance, which loan does not exceed the purchase price of the item which secures it.



TANGIBLE GIFTS

[FORM A FILERS ONLY: PART VI]

The identity of the source, a brief description, and the value of all gifts other than transportation, lodging, food, or entertainment aggregating $100 or more in value received from any source other than a relative of the reporting individual during the preceding calendar year, except that any gift with a fair market value of $75 or less need not be aggregated.

Tangible gifts aggregating $100 or more from any source other than a relative must be disclosed in this section.

The terms "gift" and "relative" are defined in the Act and certain categories of gifts are specifically exempted from disclosure (see below). Gifts from third parties to a spouse or dependent child must be disclosed in the same detail as gifts to the reporting individual unless the gifts are totally independent of the recipient's relationship to the reporting individual. No reporting is required for gifts received during a period when the reporting individual was not a Member, officer, or employee of the Legislative Branch.

A "tangible" gift is anything other than meals, lodging, transportation, or entertainment. The value of all gifts from the same source received during the calendar year must be totaled to determine if the reporting threshold of $100 has been met, except that any gift with a fair market value of $75 or less need not be counted. *For example*, if the reporting individual received a $140 gift and a $70 item from the same source, only the $140 item would be disclosed. If two $60 gifts were received, no reporting would be required, since each fell below $75 and did not have to be counted toward the reporting threshold.

If the reporting individual, spouse, and dependent child each receive gifts from the same source, all those gifts would be tallied to determine if the reporting threshold has been met. *For example*, if an employee and spouse each received $80 items from the same source, these gifts would total to $160 in value and must be reported.

In disclosing tangible gifts, it is not necessary that exact dollar figures be reported in every case. If the exact value of a gift is neither known nor easily obtainable by the reporting individual, a good-faith estimate and a brief description of the gift is sufficient for disclosure purposes.

The Committee on Standards of Official Conduct may, in an unusual case, grant a written request for a waiver from the requirement to aggregate and report a gift. Waivers are generally granted for weddings and in other instances where it is determined that the relationship between the recipient and the donor, and the motivation for the gift, are purely personal, and there is no countervailing public purpose requiring the disclosure of the nature, source, and value of the gift. The request for such a waiver must be made publicly available.

Note: House Rule XLIII, clause 4, provides that Members, officers, and employees of the House of Representatives shall not accept in any calendar year gifts (other than the personal hospitality of an individual or with a fair market value of $75 or less) aggregating more than $200, directly or indirectly, from any source other than a relative. The $75 threshold for aggregation is the same for both financial disclosure and the House gift rule. However, tangible gifts aggregating between $100 and $200, while acceptable, must be reported on the Financial Disclosure Statement. The Committee on Standards of Official Conduct is authorized to grant waivers to permit acceptance of gifts aggregating more than $200 from one source in "exceptional circumstances." When a reporting individual receives permission to accept an otherwise excessive gift, but must report it, he or she may wish to indicate on the Financial Disclosure Statement that a waiver was obtained.

EXCLUSIONS

Gifts from relatives are exempted. Gifts with a fair market value of $75 or less need not be counted towards the $100 disclosure threshold for tangible gifts.

Political campaign contributions are specifically exempted, as are gifts received in a period when the reporting individual was not an officer or employee of the Federal Government.

Gifts to a spouse or dependent child need not be reported if they are totally independent of the recipient's relationship with the reporting individual. If a spouse or dependent child received a gift because of the relationship to the reporting individual, the gift should be disclosed. However, if it is apparent that the item would have been offered regardless of the spouse's or child's relationship to the reporting individual, then it need not be disclosed.

DEFINITIONS

Although reported separately, the following definitions apply to both tangible gifts and gifts



of food, travel, lodging, and entertainment reported in Section VII of FORM A.

"Gift" means a payment, advance, forbearance, rendering, or deposit of money, or any thing of value, unless consideration of equal or greater value is received by the donor, but does not include—

(A) bequests and other forms of inheritance;

(B) suitable mementos of a function honoring the reporting individual;

(C) food, lodging, transportation, and entertainment provided by a foreign government within a foreign country or by the United States Government, the District of Columbia, or a State or local government or political subdivision;

(D) food and beverages which are not consumed in connection with a gift of overnight lodging;

(E) communications to the offices of a reporting individual, including subscriptions to newspapers and periodicals; or

(F) consumable products provided by home-State businesses to the offices of a reporting individual who is an elected official, if those products are intended for consumption by persons other than such reporting individual.

"Dependent child" means, when used with respect to any reporting individual, any individual who is a son, daughter, stepson, or stepdaughter and who

(A) is unmarried and under age 21 and is living in the household of such reporting individual; or

(B) is a dependent of such reporting individual within the meaning of section 152 of the Internal Revenue Code of 1986.

"Relative" means an individual who is related to the reporting individual, as father, mother, son, daughter, brother, sister, uncle, aunt, great aunt, great uncle, first cousin, nephew, niece, husband, wife, grandfather, grandmother, grandson, granddaughter, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother, half sister, or who is the grandfather or grandmother of the spouse of the reporting individual, and the fiance or fiancee of the reporting individual.

"REIMBURSEMENTS" AND GIFTS OF TRANSPORTATION, LODGING, MEALS, AND ENTERTAINMENT

[FORM A FILERS ONLY: PART VII]

The identity of the source and a brief description (including a travel itinerary, dates, and nature of expenses provided) of reimbursements received from any source aggregating $250 or more in value and received during the preceding calendar year.

The identity of the source and a brief description (including a travel itinerary, dates, and nature of expenses provided) of any gifts of transportation, lodging, food, or entertainment aggregating $250 or more in value received from any source other than a relative of the reporting individual during the preceding calendar year, except that any food, lodging, or entertainment received as personal hospitality of an individual need not be reported, and any gift with a fair market value of $75 or less need not be aggregated for purposes of this subparagraph.

GENERAL INSTRUCTIONS: "REIMBURSEMENTS"

This requires disclosure of travel-related expenses provided by nongovernmental sources for such activities as speaking engagements, conferences, or fact-finding events related to official duties. **Such expenses should be disclosed as "reimbursements" whether the expenses were actually reimbursed to the reporting individual or paid directly by the sponsoring organization.** Only actual and necessary travel expenses (transportation, food, and lodging) received in connection with such activities would be disclosed as reimbursements. Travel-related expenses provided for the personal benefit of the reporting individual (*for example*, a vacation or entertainment provided while on a fact-finding tour), or reimbursements in excess of necessary travel expenses should be disclosed as gifts.

In disclosing reimbursements aggregating $250 or more from one source in a calendar year, it is not necessary to include exact dollar figures or to provide an itemized accounting of the expenses provided. Only the name of the organization providing the travel, together with the dates of travel and a brief description of the itinerary and nature of expenses, is required.

In prior years, the Committee requested in its Instructions that the duration of travel be provided. Now, the inclusive dates of the travel are required by statute. In listing the itinerary, the starting point, destination, and return location (if different from departure) should be included. If travel expenses are provided to permit a spouse or other family member to accompany the reporting individual, the Financial Disclosure Statement must so state. *For example*, typical listings in this section would be: "XYZ



Trade Association, August 4–8, round-trip airfare between Washington, D.C. and Chicago, Illinois, plus lodging and meals;" "International Visitors Board, August 8–16, New York to Paris to Geneva to Washington, travel, food, and lodging for self and spouse." The reporting individual may also wish to describe the purpose of the reimbursement by indicating that it was provided in connection with a speaking engagement, legislative conference, fact-finding tour, etc.

In some instances, stating the beginning and ending dates of travel may suggest that the reporting individual accepted expenses for a longer period of time than was actually the case. If any part of travel time was spent at the reporting individual's own expense, it may be useful to clarify that fact. *For example*: "Citizens' Power, August 1–3, Washington, D.C. to Phoenix, 3 days food and lodging; returned August 9 after continuing travel at own expense."

All travel, food, and lodging expenses received from one source in a calendar year must be counted in determining whether the $250 threshold is met. Unlike the treatment of gifts, there is no $75 threshold for counting travel reimbursements. Thus, if the reporting individual received airfare and lodging worth $220 on one occasion from one source, and on a separate occasion received lodging worth $60 from that same source, he or she must report both reimbursements and include a brief description of the expenses provided.

In determining the value of transportation provided on a private aircraft, the reporting individual should use the equivalent commercial first class airfare for the same flight. In other circumstances where the value of travel and related expenses is not readily ascertainable, the reporting individual may make a good faith estimate of the dollar value to determine whether the $250 threshold has been met. It is not necessary to include exact dollar figures in disclosing reimbursements.

Note: Members, officers, and employees of the House of Representatives should refer to Advisory Opinions Numbers 2 and 8 (included as Appendices C and D to these Instructions), issued by the Select Committee on Ethics of the 95th Congress, for an explanation of the circumstances under which travel expenses may be accepted as "reimbursements" and would not be subject to the gift limitations in House Rule XLIII, clause 4. The Ethics Reform Act of 1989 imposed limitations on privately paid travel occurring on or after January 1, 1990. In the case of travel within the continental United States, a maximum of four consecutive days (including travel days) may be accepted without prior written approval of the Committee on Standards of Official Conduct. In the case of foreign travel, a maximum of seven consecutive days (excluding travel days) may be accepted without prior written approval of the Committee.

GENERAL INSTRUCTIONS: GIFTS OF TRANSPORTATION, LODGING, MEALS, AND ENTERTAINMENT

The same information required of reimbursements is required for gifts of transportation, lodging, meals, and entertainment. Unlike reimbursements, however, only such gifts valued at more than $75 need be aggregated toward the $250 threshold for reporting. *For example*, if an employee and spouse each received $90 tickets to a play from the same source, these gifts would aggregate $180. A gift of one more ticket of this same value would aggregate $270, requiring reporting. (This third ticket would also exceed the acceptable gift limit.) However, "simultaneous" gifts to a reporting individual and spouse or dependent child with a value of $75 or less should be treated as separate gifts. *For example*, in the situation described above, where $180 worth of gifts which count towards the disclosure threshold have been received, an additional $45 ticket given to each of the employee and spouse for another event would be considered separate $45 gifts, each falling under the $75 exemption, and thus not aggregated.

In disclosing gifts aggregating $250 or more from one source in a calendar year, it is not necessary to include exact dollar figures or to provide an itemized accounting of the expenses provided. Only the name of the donor, together with the dates, and a brief description of the itinerary (where appropriate) and nature of expenses, is required. Gifts should be differentiated from "reimbursements" by marking an "X" in the last column of Part VII of the Financial Disclosure Statement.

Note: Members, officers, and employees of the House of Representatives should not have accepted in 1991 gifts aggregating more than $200 from the same source unless a waiver was obtained from the Committee on Standards of Official Conduct. Both tangible gifts and gifts of transportation, lodging, meals, and entertainment are counted together for the purposes of the House gift rule. The limit on acceptance will increase to $250 in 1992. Beginning with reports filed in 1993, all gifts will be reported together. For reports filed in 1992, tangible gifts are reported in a different section of the Financial Disclosure Statement. Where a gift or gifts



exceeding the applicable limit are accepted pursuant to a waiver but disclosed, the reporting individual may wish to indicate the fact that a waiver has been obtained.

EXCLUSIONS

Gifts from relatives and gifts of personal hospitality, as defined in the Act (see below) are exempt, and gifts with a fair market value of $75 or less need not be counted towards the $250 disclosure threshold for disclosure of gifts of travel food, lodging, and entertainment.

The personal hospitality exemption is limited to food, lodging, and entertainment provided for a nonbusiness purpose at the personal residence or other property of the individual host. It would not extend, *for example,* to hotel lodging, hospitality paid for by a corporation or other organization, or to air travel to get to the location where the hospitality is provided. For this exception to apply, the host may not take a tax deduction on account of the visit, nor have his or her expenses of the hospitality reimbursed by another source.

The Ethics Reform Act of 1989 imposes an obligation on House Members and staff to confirm that hospitality truly is personal if a visit lasts more than 4 days or 3 nights. Personal hospitality of an individual for more than 30 days in a calendar year can only be accepted with prior written approval of the Committee on Standards of Official Conduct.

"Reimbursements" and gifts to a spouse or dependent child need not be reported if they are totally independent of the recipient's relationship with the reporting individual. If it is clear that an item was received because of the relationship to the reporting individual, the "reimbursement" or gift should be disclosed. However, if it is apparent that the item would have been offered regardless of the spouse's or child's relationship to the reporting individual, then it need not be disclosed.

No reporting is required for gifts or reimbursements provided on an official basis by Federal, State, or local governments, or for travel provided by a foreign government which is separately reportable pursuant to the Foreign Gifts and Decorations Act (5 U.S.C. §7342).

Political campaign travel need not be reported, nor are gifts or "reimbursements" received in a period when the reporting individual was not an officer or employee of the Federal Government.

Local meals (i.e., food and beverages not consumed in connection with a gift of overnight lodging) need not be aggregated towards the reporting threshold. A business luncheon, *for example,* is not considered a gift for the purposes of either financial disclosure or the House gift rule.

DEFINITIONS

"Reimbursement" means any payment or other thing of value received by the reporting individual, other than gifts, to cover travel-related expenses of such individual other than those which are—

(A) provided by the United States Government, the District of Columbia, or a State or local government or political subdivision thereof;

(B) required to be reported by the reporting individual under section 7342 of title 5, United States Code; or

(C) required to be reported under section 304 of the Federal Election Campaign Act of 1971 (2 U.S.C. §434).

The definitions of "gift", "dependent child," and "relative," included in the previous section of these Instructions dealing with tangible gifts also apply to gifts of food, transportation, lodging, and entertainment.

"Personal hospitality of an individual" means hospitality extended for a nonbusiness purpose by an individual, not a corporation or organization, at the personal residence of that individual or his family or on property or facilities owned by that individual or his family.

POSITIONS

[ALL FILERS: FORM A, PART VIII; FORM B, PART V]

The identity of all positions held on or before the date of filing during the current calendar year (and, for the first report filed by any individual, during the two year period preceding such calendar year) as an officer, director, trustee, partner, proprietor, representative, employee, or consultant of any corporation, company, firm, partnership, or other business enterprise, any nonprofit organization, any labor organization, or any educational or other institution other than the United States. This subparagraph shall not require the reporting of positions held in any religious, social, fraternal, or political entity and positions solely of an honorary nature.

GENERAL INSTRUCTIONS

This provision requires the reporting of nongovernmental positions with organizations,



whether compensated or uncompensated, held by the reporting individual. FORM A filers must report such positions held at any time during the current calendar year up to the date of filing. FORM B filers must report positions held at any time during the current calendar year up to the date of filing, plus the *two* prior calendar years. If a position is no longer held, the reporting individual may wish to so indicate.

The reporting individual should report the title or nature of the position, and the name of the organization. No reporting of any monetary value is required in this part. However, if any income over $200 is received as a result of the holding of such position, that income would be reported in Part II of the Financial Disclosure Statement.

EXCLUSIONS

Positions held in any religious, social, fraternal, or political entity, and positions solely of an honorary nature are excluded. The exemption for honorary positions applies, *for example*, where the individual is the honorary chairman of some organization but does not actively participate in the organization's operations. However, if the individual is on the board of directors and attends directors' meetings or has operational responsibilities for the organization, the position must be reported. Service as a trustee or executor need not be listed as a position unless it is for an organization.

Only positions held by the reporting individual need be reported. Positions held by a spouse or dependent child need not be reported.

AGREEMENTS

[FORM A FILERS, PART IX; ONLY FORM B FILERS WHO ARE NEW EMPLOYEES, PART V]

A description of the date, parties to, and terms of any agreement or arrangement with respect to: (A) future employment; (B) a leave of absence during the period of the reporting individual's Government service; (C) continuation of payments by a former employer other than the United States Government; and (D) continuing participation in an employee welfare or benefit plan maintained by a former employer.

INSTRUCTIONS

This provision applies to Members, officers, and employees, who file FORM A, and new officers and employees who file FORM B. It does not apply to candidates. It requires the reporting, *for example*, of a contract between a House employee and his or her former employer that upon leaving the Government at any time within the next five years, that employee can return to his former employer at a specified salary. Continued payments or benefits from a former employer would include interest in or contributions to a pension fund, profit-sharing plan, or life and health insurance; buyout agreements; severance payments, etc.

COMPENSATION IN EXCESS OF $5,000 PAID BY ONE SOURCE

[FORM B FILERS ONLY: PART VII]

If any person, other than the United States Government, paid a nonelected reporting individual compensation in excess of $5,000 in any of the two calendar years prior to the calendar year during which the individual files his first report under this title, the individual shall include in the report

(i) the identity of each source of such compensation; and

(ii) a brief description of the nature of the duties performed or services rendered by the reporting individual for each such source.

The preceding sentence shall not require any individual to include in such report any information which is considered confidential as a result of a privileged relationship, established by law, between such individual and any person nor shall it require an individual to report any information with respect to any person for whom services were provided by any firm or association of which such individual was a member, partner, or employee unless such individual was directly involved in the provision of such services.

INSTRUCTIONS

New officers and employees, as well as candidates, are required to include in their first report the identity of sources that paid the individual more than $5,000 in either of the two prior calendar years for services provided directly by the reporting individual. The city and state (or country) where the entity making the payment is located should also be stated. Compensation from the United States need not be shown.

Besides the source of the compensation, the nature of the duties generating the compensation from each source must be indicated.



This may be in general terms. The specific matter to which the services related need not be disclosed. *For example*, "Legal Services" would be sufficient; it would not be necessary to elaborate further on the type of legal services or to indicate a proceeding to which the services related.

To the extent information is considered confidential as a result of a privileged relationship recognized by law, it may be excluded. The amount of the compensation received need not be disclosed. No reporting is required regarding a spouse or a dependent child in this section.

ADDITIONAL INFORMATION AND CERTIFICATION

[ALL FILERS: FORM A, PART X; FORM B, PART VIII]

In this section, there are two questions which must be answered by checking the appropriate boxes. In addition, the individual must sign and date the Financial Disclosure Statement here. If any of these sections are not completed, the Statement will be deemed deficient and returned to the reporting individual.

Trust Disclosure

Do you, your spouse or dependent child receive income from or have a beneficial interest in a trust or other financial arrangement whose holdings were not reported because the trust is a "Qualified Blind Trust" or other excepted trust?

As discussed previously in these Instructions, the reporting individual is required to disclose holdings in trust in which he or she, or a spouse or dependent child, has a beneficial interest. The only exception is in the case of a qualified blind trust, another excepted trust, or a qualified diversified trust. If a trust exists not requiring the disclosure of assets, then the reporting individual should check the box marked "YES." Only the income of a trust need be disclosed. If no such trust or financial arrangement exists, trust holdings and income, if any, must be disclosed in the same detail as other assets. Where full disclosure of all assets is made, the box marked "NO" should be checked. Some individuals may prefer to use the box marked "NA" ("Not Applicable") if they have no trusts or have no spouse or dependent child. This response has the same legal effect as indicating "NO."

For further information, see pages 15–16 of these Instructions.

Spouse and Dependent Disclosure Exemption

Have you omitted any assets or liabilities of a spouse or dependent child because they meet the three tests for exemption?

This provision asks the reporting individual to indicate if he or she has not reported any information concerning a spouse or dependent child because the three statutory standards for exemption are met, as discussed previously in these Instructions. In those rare instances where information is omitted, the box marked "YES" should be checked. If all information is included, then the box marked "NO" should be checked. Some individuals may prefer to use the box marked "NA" ("Not Applicable") if they have no spouse or dependent child. This response has the same legal effect as indicating "NO."

For further information, see pages 4–6 of these Instructions.

Signature Block

The reporting individual must sign and date the Financial Disclosure Statement after it is completed. In signing the Statement, the reporting individual is certifying that it is accurate and complete. Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file a required Financial Disclosure Statement may be subject to civil penalties pursuant to 5 U.S.C. app. 6 §104, and criminal sanctions under 18 U.S.C. §1001.

Three copies of the Financial Disclosure Statement are to be filed by Members and candidates with the Clerk of the House of Representatives. Two copies are to be filed by officers and employees. Each should bear the signature of the reporting individual, although only one signature must be an original. Photocopies suffice for the additional copies.

BEFORE FILING

Before filing, please double check to make certain that the following have been done:

- All parts have been completed, including the box marked "NONE" checked for each part where there is no information to report.
- Each question above the signature line has been answered by checking the appropriate box. The name of the filer has been included at the top of every page filed.
- The Form has been signed and dated.
- The correct number of forms have been prepared:

Members and candidates should submit *three* completed Statements; officers and



employees should submit *two* completed Statements. In each instance, the reporting individual need submit only one original with an original signature; the others may be photocopies.



EXHIBIT

Exhibit 002

UNITED STATES HOUSE OF REPRESENTATIVES	FORM A
FINANCIAL DISCLOSURE STATEMENT FOR CALENDAR YEAR 1998	For use by Members, officers, and employees

99 MAY 17 PM 12:35

OFFICE OF THE CLERK
U.S. HOUSE OF REPRESENTATIVES

Charles Bernard Rangel (Full Name)

2354 Rayburn House Office Bldg. (Mailing Address) (Daytime Telephone)

Washington, D.C. 20515

HAND DELIVERED (Office Use Only)

Filer Status	Member of the U.S. House of Representatives	Officer or Employee	Employing Office:
	[XX]	[ ]	

Report Type	Annual (May 15)	Amendment	Termination	Termination Date:
	[XX]	[ ]	[ ]	

A $200 penalty shall be assessed against anyone who files more than 30 days late.

PRELIMINARY INFORMATION — ANSWER EACH OF THESE QUESTIONS

I. Did you or your spouse have "earned" income (e.g., salaries or fees) of $200 or more from any source in the reporting period? If yes, complete and attach Schedule I.	Yes [ ]	No [X]	VII. Did you, your spouse, or a dependent child receive any reportable gift in the reporting period (i.e., aggregating more than $250 and not otherwise exempt)? If yes, complete and attach Schedule VII.	Yes [ ]	No [XX]
II. Did any individual or organization make a donation to charity in lieu of paying you for a speech, appearance, or article in the reporting period? If yes, complete and attach Schedule II.	Yes [ ]	No [XX]	VII. Did you, your spouse, or a dependent child receive any reportable travel or reimbursements for travel in the reporting period (worth more than $250 from one source)? If yes, complete and attach Schedule VII.	Yes [XX]	No [ ]
III. Did you, your spouse, or a dependent child receive "unearned" income of more than $200 in the reporting period or hold any reportable asset worth more than $1,000 at the end of the period? If yes, complete and attach Schedule III.	Yes [XX]	No [ ]	VIII. Did you hold any reportable positions on or before the date of filing in the current calendar year? If yes, complete and attach Schedule VIII.	Yes [XX]	No [ ]
IV. Did you, your spouse, or dependent child purchase, sell, or exchange any reportable asset in a transaction exceeding $1,000 during the reporting period? If yes, complete and attach Schedule IV.	Yes [ ]	No [XX]	IX. Did you have any reportable agreement or arrangement with an outside entity? If yes, complete and attach Schedule IX.	Yes [ ]	No [XX]
V. Did you, your spouse, or a dependent child have any reportable liability (more than $10,000) during the reporting period? If yes, complete and attach Schedule V.	Yes [XX]	No [ ]	Each question in this part must be answered and the appropriate schedule attached for each "Yes" response.		

EXCLUSION OF SPOUSE, DEPENDENT, OR TRUST INFORMATION — ANSWER EACH OF THESE QUESTIONS

TRUSTS—Details regarding "Qualified Blind Trusts" approved by the Committee on Standards of Official Conduct and certain other "excepted trusts" need not be disclosed. Have you excluded from this report details of such a trust benefiting you, your spouse, or dependent child?	Yes [ ]	No [XX]
EXEMPTION—Have you excluded from this report any other assets, "unearned" income, transactions, or liabilities of a spouse or dependent child because they meet all three tests for exemption?	Yes [ ]	No [XX]

CERTIFICATION — THIS DOCUMENT MUST BE SIGNED BY THE REPORTING INDIVIDUAL AND DATED

This Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended. The Statement will be available to any requesting person upon written application and will be reviewed by the Committee on Standards of Official Conduct or its designee. Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file this report may be subject to civil penalties and criminal sanctions (See 5 U.S.C. app. 4, §104 and 18 U.S.C. §1001).

SIGNATURE OF REPORTING INDIVIDUAL: Charles B. Rangel

DATE (Month/Day/Year): May 12, 1999

3537

CBR 001609

CSOC.CBR.00006250

718

EXHIBIT

Exhibit 002

PENGAD 800-631-6989

SCHEDULE III — ASSETS AND "UNEARNED" INCOME

Name Charles Bernard Rangel | Page 2 of 5

BLOCK A — Asset and/or Income Source

Identify (a) each asset held for investment or production of income with a fair market value exceeding $1,000 at the end of the reporting year, and (b) any other asset or source of income which generated more than $200 in "unearned" income during the year. For rental property or land, provide an address. Provide full names of any mutual funds. For an IRA or retirement plan over which you have investment power, provide the required information on each underlying asset that exceeds the value or income reporting threshold. For an IRA or retirement plan that is not self-directed, name the institution holding the account and provide its value at the end of the reporting year.

Exclude: Your personal residence(s) (unless there is rental income); any debt owed to you by your spouse, or by your or your spouse's child, parent, or sibling; any deposits totaling $5,000 or less in personal savings accounts; any financial interests in or income derived from U.S. Government retirement programs.

If you so choose, you may indicate that an asset or income source is that of your spouse (SP) or dependent child (DC) or is jointly held (JT), in the optional column on the far left.

BLOCK B — Value of Asset

at close of reporting year. If you use a valuation method other than fair market value, please specify the method used. If an asset was sold and is included only because it generated income, the value should be "None."

BLOCK C — Type of Income

BLOCK D — Amount of Income

For IRA's and retirement plans that are not self-directed, you may write in "NA" for income.

BLOCK E — Transaction

Indicate if asset was purchased (P), sold (S), or exchanged (E) in reporting year.

				A	B	C	D	E	F	G	H	I	J	K	L																		
				None	$1 – $1,000	$1,001 – $15,000	$15,001 – $50,000	$50,001 – $100,000	$100,001 – $250,000	$250,001 – $500,000	$500,001 – $1,000,000	$1,000,001 – $5,000,000	$5,000,001 – $25,000,000	$25,000,001 – $50,000,000	Over $50,000,000	DIVIDENDS	RENT	INTEREST	CAPITAL GAINS	EXCEPTED TRUST	QUALIFIED BLIND TRUST	Other Type of Income (Specify: For Example, Partnership Income or Farm Income)	None	$1 – $200	$201 – $1,000	$1,001 – $2,500	$2,501 – $5,000	$5,001 – $15,000	$15,001 – $50,000	$50,001 – $100,000	$100,001 – $1,000,000	$1,000,001 – $5,000,000	Over $5,000,000	P, S, E
SP		SP	Mega Corp. Stock					X								X									X								P
DC	Examples:		Shoes & Schooler		Indicates																	Depositors								X			
JT			1st Bank of Paducah, KY Issuers						X									X									X						
	74 West 132nd St, NY, NY							X															X										
	Punta Cana Beach Villa, Dom Rep							X															X										
	New England Mutual Life Boston, MA						X																										

CBR 001610

CSOC.CBR.00006251

its value at the end of the reporting year.

Exclude: Your personal residence(s) (unless there is rental income); any debt owed to you by your spouse, or by your or your spouse's child, parent, or sibling; any deposits totalling $5,000 or less in personal savings accounts; any financial interests in or income derived from U.S. Government retirement programs.

If you so choose, you may indicate that an asset or income source is that of your spouse (SP) or dependent child (DC) or is jointly held (JT), in the optional column on the far left.

SP, DC, JT	Examples:		None	$1 – $1,000	$1,001 – $15,000	$15,001 – $50,000	$50,001 – $100,000	$100,001 – $250,000	$250,001 – $500,000	$500,001 – $1,000,000	$1,000,001 – $5,000,000	$5,000,001 – $25,000,000	$25,000,001 – $50,000,000	Over $50,000,000	DIVIDENDS	RENT	INTEREST	CAPITAL GAINS	EXCEPTED TRUST	QUALIFIED BLIND TRUST	Other Type of Income (Specify for Example, Partnership Income or Farm)	None	$1 – $200	$201 – $1,000	$1,001 – $2,500	$2,501 – $5,000	$5,001 – $15,000	$15,001 – $50,000	$50,001 – $100,000	$100,001 – $1,000,000	$1,000,001 – $5,000,000	Over $5,000,000	P, S, E
SP, DC, JT	Examples:	SP Mega Corp. Stock					X								X																		
		Simon & Schuster																															
		1st Bank of Peabody, NY Accounts						X									X										X						
	74 West 132nd St, NY, NY						X															X											
	Punta Cana Beach Villa, Dom Rep						X															X											
	New England Mutual Life Boston, MA					X																											

For additional assets and unearned income, use next page.

Name: Charles Bernard Rangel Page 2 of 2

SCHEDULE V — LIABILITIES

Report liabilities of over $10,000 owed to any one creditor at any time during the reporting period by you, your spouse, or dependent child. Mark the highest amount owed during the year. Exclude: Any mortgage on your personal residence (unless it is rented out); loans secured by automobiles, household furniture, or appliances; and liabilities owed to a spouse, or the child, parent, or sibling of you or your spouse. Report revolving charge accounts only if the balance at the end of the reporting period exceeded $10,000.

SP, DC, JT	Creditor	Type of Liability	Amount of Liability: B $10,001 – $15,000	C $15,001 – $50,000	D $50,001 – $100,000	E $100,001 – $250,000	F $250,001 – $500,000	G $500,001 – $1,000,000	H $1,000,001 – $5,000,000	I $5,000,001 – $25,000,000	J $25,000,001 – $50,000,000	K Over $50,000,000
	Example: First Bank of Wilmington, Delaware	Mortgage on 123 Main St., Dover, Del.				X						
	Citibank, New York, NY	mortgage on 74 W 132nd St New York, NY			X							
	Punta Cana Beach Villa, Dom Rep			X								

SCHEDULE VI — GIFTS

Report the source, a brief description, and the value of all gifts totalling more than $250 received by you, your spouse, or a dependent child from any source during the year. Exclude: Gifts from relatives, gifts of personal hospitality of an individual, local meals, and gifts to a spouse or dependent child that are totally independent of his or her relationship to you. Gifts with a value of $100 or less need not be added towards the $250 disclosure threshold.

Note: The gift rule (House Rule 51, re-numbered as clause 5 of House Rule 26 in the 106th Congress) prohibits gifts except as specifically provided in the rule.

Source	Description	Value
Example: Mr. Joseph H. Smith, Anytown, Anystate	Silver Platter (determination on personal friendship received from Committee on Standards)	$270
N/A		

Use additional sheets if more space is required.

EXHIBIT

Exhibit 002

PERGAD 002-021-0006

CBR 001611

CSOC.CBR.00006252

EXHIBIT

Exhibit 002

CBR 001612

CSOC.CBR.00006253

SCHEDULE VII—TRAVEL PAYMENTS AND REIMBURSEMENTS

Name Charles Bernard Rangel | Page 4 of 5

Identify the source and list travel itinerary, dates, and nature of expenses provided for travel and travel-related expenses totalling more than $250 received by you, your spouse, or a dependent child during the reporting period. Indicate whether a family member accompanied the traveler at the sponsor's expense, and the amount of time, if only, that was not at the sponsor's expense. Disclosure is required regardless of whether the expenses were reimbursed or paid directly by the sponsor.

Exclude: Travel-related expenses provided by federal, state, and local governments, or by a foreign government required to be separately reported under the Foreign Gifts and Decorations Act (5 U.S.C. § 7342); travel paid for by a Federal political committee; travel provided to a spouse or dependent child that is totally independent of his or her relationship to you.

Source	Date(s)	Point of Departure—Destination—Point of Return	Lodging? (Y/N)	Food? (Y/N)	Was a Family Member Included? (Y/N)	Any time not at sponsor's expense
Examples: Chicago Chamber of Commerce	May 2	Wash., D.C.—Chicago—Wash., D.C.	N	N	N	N
Raycroft Corporation	Aug. 8–10	Wash., D.C.—Las Angeles—Cleveland	Y	Y	Y	4 Days
Federation of Korean Industries Seoul, Korea	May 22-25	New York - Seoul - New York	Y	Y	N	N

This page may be copied if more space is required.

SCHEDULE VIII — POSITIONS

Report all positions, compensated or uncompensated, held during the current calendar year as an officer, director, trustee of an organization, partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise, any nonprofit organization, any labor organization, or any educational or other institution other than the United States.

Exclude: Positions held in any religious, social, fraternal, or political entities; positions solely of an honorary nature; and positions listed on Schedule I.

Position	Name of Organization
Chairman of the Board	Apollo Theatre Foundation
Board Member	Harlem Community Development Corporation

SCHEDULE IX — AGREEMENTS

Identify the date, parties to, and general terms of any agreement or arrangement with respect to: future employment; a leave of absence during the period of government service; continuation or deferral of payments by a former or current employer other than the U.S. Government; or continuing participation in an employee welfare or benefit plan maintained by a former employer.

Date	Parties To	Terms of Agreement
	N/A	

OGE Form 278 (Rev. 01-99) Page

Use additional sheets if more space is required

EXHIBIT

Exhibit 002

CBR 001613

CSOC.CBR.00006254

EXHIBIT
Exhibit 003

PENGAD 800-631-6989

UNITED STATES HOUSE OF REPRESENTATIVES
FINANCIAL DISCLOSURE STATEMENT FOR CALENDAR YEAR 1999

FORM A
For use by Members, officers, and employees

00 MAY 26 PM 4:44
OFFICE OF THE CLERK
HOUSE OF REPRESENTATIVES

(5)

Charles Bernard Rangel (Full Name)
2354 Rayburn House Office Building (Mailing Address)
Washington, D.C. 20515 (Daytime Telephone)

MC HAND BELIVERED (Office Use Only)

Filer Status	[XX] Member of the U.S. House of Representatives	State: District:	[ ] Officer or Employee	Employing Office:	A $200 penalty shall be assessed against anyone who files more than 30 days late.
Report Type	[XX] Annual (May 15)	[ ] Amendment	[ ] Termination	Termination Date:	

PRELIMINARY INFORMATION — ANSWER EACH OF THESE QUESTIONS

I. Did you or your spouse have "earned" income (e.g., salaries or fees) of $200 or more from any source in the reporting period? If yes, complete and attach Schedule I.	Yes [ ]	No [XX]	VI. Did you, your spouse, or a dependent child receive any reportable gifts in the reporting period (i.e., aggregating more than $260 and not otherwise exempt)? If yes, complete and attach Schedule VI.	Yes [ ]	No [XX]
II. Did any individual or organization make a donation to charity in lieu of paying you for a speech, appearance, or article in the reporting period? If yes, complete and attach Schedule II.	Yes [ ]	No [XX]	VII. Did you, your spouse, or a dependent child receive any reportable travel or reimbursements for travel in the reporting period (worth more than $260 from one source)? If yes, complete and attach Schedule VII.	Yes [XX]	No [ ]
III. Did you, your spouse, or a dependent child receive "unearned" income of more than $200 in the reporting period or hold any reportable asset worth more than $1,000 at the end of the period? If yes, complete and attach Schedule III.	Yes [XX]	No [ ]	VIII. Did you hold any reportable positions on or before the date of filing in the current calendar year? If yes, complete and attach Schedule VIII.	Yes [XX]	No [ ]
IV. Did you, your spouse, or dependent child purchase, sell, or exchange any reportable asset in a transaction exceeding $1,000 during the reporting period? If yes, complete and attach Schedule IV.	Yes [ ]	No [XX]	IX. Did you have any reportable agreement or arrangement with an outside entity? If yes, complete and attach Schedule IX.	Yes [ ]	No [XX]
V. Did you, your spouse, or a dependent child have any reportable liability (more than $10,000) during the reporting period? If yes, complete and attach Schedule V.	Yes [XX]	No [ ]	Each question in this part must be answered and the appropriate schedule attached for each "Yes" response.		

EXCLUSION OF SPOUSE, DEPENDENT, OR TRUST INFORMATION — ANSWER EACH OF THESE QUESTIONS

TRUSTS—Details regarding "Qualified Blind Trusts" approved by the Committee on Standards of Official Conduct and certain other "excepted trusts" need not be disclosed. Have you excluded from this report details of such a trust benefiting you, your spouse, or dependent child?	Yes [ ]	No [XX]
EXEMPTION—Have you excluded from this report any other assets, "unearned" income, transactions, or liabilities of a spouse or dependent child because they meet all three tests for exemption?	Yes [ ]	No [XX]

CERTIFICATION — THIS DOCUMENT MUST BE SIGNED BY THE REPORTING INDIVIDUAL AND DATED

This Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended. The Statement will be available to any requesting person upon written application and will be reviewed by the Committee on Standards of Official Conduct or its designee. Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file this report may be subject to civil penalties and criminal sanctions (See 5 U.S.C. app. 4, § 104 and 18 U.S.C. §1001).

Certification	Signature of Reporting Individual	Date (month, day, year)
I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge and belief.	[signature]	May 22, 2000

3670

CBR 001614

CSOC.CBR.00006255

EXHIBIT

Exhibit 003

CSOC.CBR.00006256

CBR 001615

III. Did you, your spouse, or a dependent child receive "unearned" income of more than $200 in the reporting period or hold any reportable asset worth more than $1,000 at the end of the period? If yes, complete and attach Schedule III.	Yes XX	No	VII. Did you hold any reportable positions on or before the date of filing in the current calendar year? If yes, complete and attach Schedule VII.	Yes XX	No
IV. Did you, your spouse, or dependent child purchase, sell, or exchange any reportable asset in a transaction exceeding $1,000 during the reporting period? If yes, complete and attach Schedule IV.	Yes	No XX	IX. Did you have any reportable agreement or arrangement with an outside entity? If yes, complete and attach Schedule IX.	Yes	No XX
V. Did you, your spouse, or a dependent child have any reportable liability (more than $10,000) during the reporting period? If yes, complete and attach Schedule V.	Yes XX	No	Each question in this part must be answered and the appropriate schedule attached for each "Yes" response.		

EXCLUSION OF SPOUSE, DEPENDENT, OR TRUST INFORMATION — ANSWER EACH OF THESE QUESTIONS

TRUSTS—Details regarding "Qualified Blind Trusts" approved by the Committee on Standards of Official Conduct and certain other "excepted trusts" need not be disclosed. Have you excluded from this report details of such a trust benefiting you, your spouse, or dependent child?	Yes	No XX
EXEMPTION—Have you excluded from this report any other assets, "unearned" income, transactions, or liabilities of a spouse or dependent child because they meet all three tests for exemption?	Yes	No XX

CERTIFICATION — THIS DOCUMENT MUST BE SIGNED BY THE REPORTING INDIVIDUAL AND DATED

This Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended. The Statement will be available to any requesting person upon written application and will be reviewed by the Committee on Standards of Official Conduct or its designee. Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file this report may be subject to civil penalties and criminal sanctions (See 5 U.S.C. app. 4, § 104 and 18 U.S.C. §1001).

Certification	Signature of Reporting Individual	Date (Month, Day, Year)
I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge and belief.		May 22, 2000

3670

SCHEDULE III — ASSETS AND "UNEARNED" INCOME

Name Charles Bernard Rangel — Page 2 of 3

BLOCK A: Asset and/or Income Source	BLOCK B: Value of Asset	BLOCK C: Type of Income	BLOCK D: Amount of Income	BLOCK E: Transaction
Identify (a) each asset held for investment or production of income with a fair market value exceeding $1,000 at the end of the reporting period, and (b) any other asset or source of "unearned" income exceeding more than $200 in income during the year. For rental property or land, identify address. Provide full names of any mutual funds. For a self-directed IRA (i.e., one where you have the power to direct the specific investments), provide information on each asset in the account that exceeds the reporting thresholds, and the income earned for the position. For an IRA or retirement plan that is not self-directed, name the institution holding the account and provide its value at the end of the reporting period. For active business, that is not publicly traded, see Block A case the nature of the business and its geographic location. For additional information, see the instruction booklet for this reporting year.	at close of reporting year. If you use a valuation method other than fair market value, please specify the method used. If an asset was sold and is included only because it generated income, the value should be "None."		For retirement plans or accounts that do not allow you to choose specific investments, you may write "NA" for income. For all other assets, indicate the category of income by checking the appropriate box below. Dividends, even if reinvested, should be listed as income.	Indicate if asset was purchased (P), sold (S), or exchanged (E) in reporting year.

Excludes: Your personal residence(s) (unless there is rental income); any debt owed to you by your spouse, or by your or your spouse's child, parent, or sibling; any deposits totaling $5,000 or less in personal savings accounts; any financial interest in or income derived from U.S. Government retirement programs.

If you so choose, you may indicate that an asset or income source is that of your spouse (SP) or dependent child (DC) or is jointly held (JT), in the optional column on the far left.

		A None	B $1 – $15,000	C $15,001 – $50,000	D $50,001 – $100,000	E $100,001 – $250,000	F $250,001 – $500,000	G $500,001 – $1,000,000	H $1,000,001 – $5,000,000	I $5,000,001 – $25,000,000	J $25,000,001 – $50,000,000	K Over $50,000,000	L Unknown	DIVIDENDS	RENT	INTEREST	CAPITAL GAINS	TRUST DISTRIBUTION	QUALIFIED BLIND TRUST	Other Type of Income (Partnership Income, Farm Income)	I None	II $1 – $200	III $201 – $1,000	IV $1,001 – $2,500	V $2,501 – $5,000	VI $5,001 – $15,000	VII $15,001 – $50,000	VIII $50,001 – $100,000	IX $100,001 – $1,000,000	X Over $1,000,000	XI	
SP					X									X											X						P
DC	Examples:		Indefinite																	Dividends											P
JT							X													Royalties							X				
	74 West 132nd St, NY, NY				XX																										
	Punta Cana Beach Villa, Dom Rep				XX																										
	New England Mutual Life Boston, MA			XX																											

For additional assets and unearned income, use next page.

3671

724

EXHIBIT
Exhibit 003

Name Charles Bernard Rangel | Page 3 of 5

SCHEDULE V — LIABILITIES

Report liabilities of over $10,000 owed to any one creditor at any time during the reporting period by you, your spouse, or dependent child. Mark the highest amount owed during the year. Exclude: Any mortgage on your personal residence (unless it is rented out); loans secured by automobiles, household furniture, or appliances; and liabilities owed to a spouse, or the child, parent, or sibling of you or your spouse. Report revolving charge accounts only if the balance at the close of the preceding calendar year exceeded $10,000.

SP, DC, JT	Creditor	Type of Liability	Amount of Liability B ($10,001–$15,000)	C ($15,001–$50,000)	D ($50,001–$100,000)	E ($100,001–$250,000)	F ($250,001–$500,000)	G ($500,001–$1,000,000)	H ($1,000,001–$5,000,000)	I ($5,000,001–$25,000,000)	J ($25,000,001–$50,000,000)	K Over $50,000,000
	Example: First Bank of Wilmington, Delaware	Mortgage on 123 Main St., Dover, Del.				X						
	Citibank, New York, NY	mortgage on 74 W 132nd St New York, NY			XX							
	Punta Cana Beach Villa, Dom Rep	mortgage on Punta Cana condo		X								

SCHEDULE VI — GIFTS

Report the source, a brief description, and the value of all gifts totalling more than $260 received by you, your spouse, or a dependent child from any source during the year.

Exclude: Gifts from relatives; gifts of personal hospitality of an individual, local meals, and gifts to a spouse or dependent child that are totally independent of his or her relationship to you. Gifts with a value of $100 or less need not be added towards the $260 disclosure threshold.

Note: The gift rule (House Rule 26, clause 5) prohibits gifts except as specifically provided in the rule.

Source	Description	Value
Example: Mr. Joseph K. Smith, Anytown, Anystate	Silver Platter (commission on personal friendship received from Committee on Standards)	$270

Use additional sheets if more space is required.

3672

CBR 001616

CSOC.CBR.00006257

EXHIBIT
Exhibit 003
CBR 001617
CSOC.CBR.00006258

| | | |

EXHIBIT
Exhibit 003

CBR 001618

CSOC.CBR.00006259

SCHEDULE VIII — POSITIONS

Report all positions, compensated or uncompensated, held during the current calendar year as an officer, director, trustee of an organization, partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise, any nonprofit organization, any labor organization, or any educational or other institution other than the United States.

Exclude: Positions held in any religious, social, fraternal, or political entities; positions solely of an honorary nature; and positions listed on Schedule I.

Position	Name of Organization
Chairman of the Board	Apollo Theatre Foundation
Board Member	Harlem Community Development Corporation

SCHEDULE IX — AGREEMENTS

Identify the date, parties to, and general terms of any agreement or arrangement with respect to: future employment; a leave of absence during the period of government service; continuation of deferral of payments by a former or current employer other than the U.S. Government; or continuing participation in an employee welfare or benefit plan maintained by a former employer.

Date	Parties To	Terms of Agreement

OGE Form 278 (Rev. 6-92)

Use additional sheets if more space is required.

EXHIBIT

Exhibit 004

CBR 001619

CSOC.CBR.00006260

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HAND DELIVERED

LEGISLATIVE RESOURCE CENTER

2001 MAY 16 AM 9:02

OFFICE OF THE CLERK
HOUSE OF REPRESENTATIVES

(Office Use Only)

UNITED STATES HOUSE OF REPRESENTATIVES

FINANCIAL DISCLOSURE STATEMENT FOR CALENDAR YEAR 2000

FORM A
For use by Members, officers, and employees

Charles Bernard Rangel
(Full Name)

2354 Rayburn House Office Building
(Mailing Address)

Washington, D.C. 20515

Daytime Telephone:

Filer Status	[XX] Member of the U.S. House of Representatives	State: District:	[ ] Officer or Employee	Employing Office:
Report Type	[XX] Annual (May 15)	[ ] Amendment	[ ] Termination	Termination Date:

A $200 penalty shall be assessed against anyone who files more than 30 days late.

PRELIMINARY INFORMATION — ANSWER EACH OF THESE QUESTIONS

I. Did you or your spouse have "earned" income (e.g., salaries or fees) of $200 or more from any source in the reporting period? If yes, complete and attach Schedule I. — Yes [ ] No [XX]

II. Did any individual or organization make a donation to charity in lieu of paying you for a speech, appearance, or article in the reporting period? If yes, complete and attach Schedule II. — Yes [ ] No [XX]

III. Did you, your spouse, or a dependent child receive "unearned" income of more than $200 in the reporting period or hold any reportable asset worth more than $1,000 at the end of the period? If yes, complete and attach Schedule III. — Yes [XX] No [ ]

IV. Did you, your spouse, or dependent child purchase, sell, or exchange any reportable asset in a transaction exceeding $1,000 during the reporting period? If yes, complete and attach Schedule IV. — Yes [ ] No [XX]

V. Did you, your spouse, or a dependent child have any reportable liability (more than $10,000) during the reporting period? If yes, complete and attach Schedule V. — Yes [XX] No [ ]

VI. Did you, your spouse, or a dependent child receive any reportable gift in the reporting period (i.e., aggregating more than $260 and not otherwise exempt)? If yes, complete and attach Schedule VI. — Yes [ ] No [XX]

VII. Did you, your spouse, or a dependent child receive any reportable travel or reimbursements for travel in the reporting period (worth more than $250 from one source)? If yes, complete and attach Schedule VII. — Yes [XX] No [ ]

VIII. Did you hold any reportable positions on or before the date of filing in the current calendar year? If yes, complete and attach Schedule VIII. — Yes [XX] No [ ]

IX. Did you have any reportable agreement or arrangement with an outside entity? If yes, complete and attach Schedule IX. — Yes [ ] No [XX]

Each question in this part must be answered and the appropriate schedule attached for each "Yes" response.

EXCLUSION OF SPOUSE, DEPENDENT, OR TRUST INFORMATION — ANSWER EACH OF THESE QUESTIONS

TRUSTS—Details regarding "Qualified Blind Trusts" approved by the Committee on Standards of Official Conduct and certain other "excepted trusts" need not be disclosed. Have you excluded from this report details of such a trust benefiting you, your spouse, or dependent child? — Yes [ ] No [XX]

EXEMPTION—Have you excluded from this report any other assets, "unearned" income, transactions, or liabilities of a spouse or dependent child because they meet all three tests for exemption? — Yes [ ] No [XX]

CERTIFICATION — THIS DOCUMENT MUST BE SIGNED BY THE REPORTING INDIVIDUAL AND DATED

This Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended. The Statement will be available to any requesting person upon written application and will be reviewed by the Committee on Standards of Official Conduct or its designee. Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file this report may be subject to civil penalties and criminal sanctions (See 5 U.S.C. app. 4, § 104 and 18 U.S.C. §1001).

Certification	Signature of Reporting Individual	Date (Month, Day, Year)
I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and	[signature]	

EXHIBIT

Exhibit 004

PERCAD 800-631-6989

CBR 001620

CSOC.CBR.00006261

4092

I. Did you or your spouse have "earned" income (e.g., salaries or fees) of $200 or more from any source in the reporting period? If yes, complete and attach Schedule I.	Yes ☐	No ☒	VI. Did you, your spouse, or a dependent child receive any reportable gift in the reporting period (i.e., aggregating more than $260 and not otherwise exempt)? If yes, complete and attach Schedule VI.	Yes ☐	No ☒
II. Did any individual or organization make a donation to charity in lieu of paying you for a speech, appearance, or article in the reporting period? If yes, complete and attach Schedule II.	Yes ☐	No ☒	VII. Did you, your spouse, or a dependent child receive any reportable travel or reimbursements for travel in the reporting period (worth more than $260 from one source)? If yes, complete and attach Schedule VII.	Yes ☒	No ☐
III. Did you, your spouse, or a dependent child receive "unearned" income of more than $200 in the reporting period or hold any reportable asset worth more than $1,000 at the end of the period? If yes, complete and attach Schedule III.	Yes ☒	No ☐	VIII. Did you hold any reportable positions on or before the date of filing in the current calendar year? If yes, complete and attach Schedule VIII.	Yes ☒	No ☐
IV. Did you, your spouse, or dependent child purchase, sell, or exchange any reportable asset in a transaction exceeding $1,000 during the reporting period? If yes, complete and attach Schedule IV.	Yes ☐	No ☒	IX. Did you have any reportable agreement or arrangement with an outside entity? If yes, complete and attach Schedule IX.	Yes ☐	No ☒
V. Did you, your spouse, or a dependent child have any reportable liability (more than $10,000) during the reporting period? If yes, complete and attach Schedule V.	Yes ☒	No ☐	Each question in this part must be answered and the appropriate schedule attached for each "Yes" response.		

EXCLUSION OF SPOUSE, DEPENDENT, OR TRUST INFORMATION — ANSWER EACH OF THESE QUESTIONS

TRUSTS—Details regarding "Qualified Blind Trusts" approved by the Committee on Standards of Official Conduct and certain other "excepted trusts" need not be disclosed. Have you excluded from this report details of such a trust benefiting you, your spouse, or dependent child?	Yes ☐	No ☒
EXEMPTION—Have you excluded from this report any other assets, unearned income, transactions, or liabilities of a spouse or dependent child because they meet all three tests for exemption?	Yes ☐	No ☒

CERTIFICATION — THIS DOCUMENT MUST BE SIGNED BY THE REPORTING INDIVIDUAL AND DATED

This Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended. The Statement will be available to any requesting person upon written application and will be reviewed by the Committee on Standards of Official Conduct or its designee. Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file this report may be subject to civil penalties and criminal sanctions (*See* 5 U.S.C. app. 4, § 104 and 18 U.S.C. §1001).

Certification	Signature of Reporting Individual	Date (Month, Day, Year)
I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and		

4093

729

SCHEDULE III — ASSETS AND "UNEARNED" INCOME

Name: Charles Bernard Rangel — Page 2 of 5

BLOCK A: Asset and/or Income Source	BLOCK B: Value of Asset (at close of reporting year)	BLOCK C: Type of Income	BLOCK D: Amount of Income	BLOCK E: Transaction
Identify (a) each asset held for investment or production of income with a fair market value exceeding $1,000 at the end of the reporting period, and (b) any other asset or source of income which generated more than $200 in "unearned" income during the year. For rental property or land, provide an address. Provide full names of any mutual funds. For a self-directed IRA (i.e., one where you have the power to select the specific investments), provide information on each asset in the account that exceeds the reporting threshold, and the income earned by the account. For an IRA or retirement plan that is not self-directed, name the institution holding the account and provide its value at the end of the reporting period. For an active business that is not publicly traded, in Block A state the nature of the business and its geographic location. For additional information, see the instruction booklet for the reporting year. Exclude: Your personal residence(s) (unless there is rental income) any debt owed to you by your spouse, or by your or your spouse's child, passed, or abiding any deposits totaling $5,000 or less in personal savings accounts; any financial interest in or income derived from U.S. Government retirement programs. If you so choose, you may indicate that an asset or income source is that of your spouse (SP) or dependent child (DC) or is jointly held (JT), in the optional column on the far left.	None ☐ / A ☐ $1,001 – $15,000 / B ☐ $15,001 – $50,000 / C ☐ $50,001 – $100,000 / D ☐ $100,001 – $250,000 / E ☐ $250,001 – $500,000 / F ☐ $500,001 – $1,000,000 / G ☐ $1,000,001 – $5,000,000 / H1 ☐ $5,000,001 – $25,000,000 / H2 ☐ Over $25,000,000	None ☐ / J ☐ Interest / K ☐ Dividends / L ☐ Capital Gains / M ☐ Rents and Royalties / N ☐ Other (Type of Income, Specify) For Example, Partnership Income or Farm Income	None ☐ / I ☐ $1,001 – $2,500 / II ☐ $2,501 – $5,000 / III ☐ $5,001 – $15,000 / IV ☐ $15,001 – $50,000 / V ☐ $50,001 – $100,000 / VI ☐ $100,001 – $1,000,000 / VII ☐ $1,000,001 – $5,000,000 / VIII ☐ Over $5,000,000	Indicate if asset was purchased (P), sold (S), or exchanged (E) in reporting year.
SP / DC / JT — Examples: Mega Corp. Stock — Bruce & Schuster	Institution	X	Royalties	P
JT — 1st Bank of Pekin, KY accounts	JT	X		
74 West 132nd St., NY, NY	JT	X		
Puerta Cana Beach Villa, Dom Rep		X		
New England Mutual Life Boston, MA				

EXHIBIT

Exhibit 004

Name Charles Bernard Rangel — Page 3 of 5

SCHEDULE V — LIABILITIES

Report liabilities of over $10,000 owed to any one creditor *at any time* during the reporting period by you, your spouse, or dependent child. Mark the highest amount owed during the year. Exclude: Any mortgage on your personal residence (unless it is rented out); loans secured by automobiles, household furniture, or appliances; and liabilities owed to a spouse, or the child, parent, or sibling of you or your spouse. Report *revolving charge accounts* only if the balance at the close of the preceding calendar year exceeded $10,000.

SP, DC, JT	Creditor	Type of Liability	Amount of Liability: C $15,001 – $50,000	E $100,001 – $250,000	G $250,001 – $500,000	I $1,000,001 – $5,000,000	K Over $50,000,000
Example	First Bank of Wilmington, Delaware	Mortgage on 123 Main St., Dover, Del.		X			
	Citibank, New York, NY	mortgage on 74 West 132nd St New York, NY					
	Punta Cana Beach Villa, Dom Rep	mortgage on Punta Cana condo	XX				

SCHEDULE VI — GIFTS

Report the source, a brief description, and the value of all gifts totalling more than $260 received by you, your spouse, or a dependent child from any source during the year.

Exclude: Gifts from relatives, gifts of personal hospitality of an individual, food/ meals, and gifts to a spouse or dependent child that are totally independent of his or her relationship to you. Gifts with a value of $100 or less need not be added towards the $260 disclosure threshold.

Note: The gift rule (House Rule 25, clause 5) prohibits acceptance of gifts except as specifically provided in the rule.

Source	Description	Value
Example: Mr. Joseph H. Smith, Anytown, Anystate	Silver Plater (determination on personal friendship received from Committee on Standards)	$270

4094

CBR 001621

CSOC.CBR.00006262

EXHIBIT
Exhibit 004

SCHEDULE VI — GIFTS

Report the source, a brief description, and the value of all gifts totalling more than $260 received by you, your spouse, or a dependent child from any source during the year.
Exclude: Gifts from relatives, gifts of personal hospitality of an individual, local meals, and gifts to a spouse or dependent child that are totally independent of his or her relationship to you. Gifts with a value of $100 or less need not be added towards the $260 disclosure threshold.
Note: The gift rule (House Rule 25, clause 5) prohibits acceptance of gifts except as specifically provided in the rule.

Source	Description	Value
Example: Mr. Joseph H. Smith, Anytown, Anystate	Silver Plate (determination on personal standards received from Committee on Standards)	$270

Name Charles Bernard Rangel | Page 4 of 5

SCHEDULE VII —TRAVEL PAYMENTS AND REIMBURSEMENTS

Identify the source and list travel itinerary, dates, and nature of expenses provided for travel and travel-related expenses totalling more than $260 received by you, your spouse, or a dependent child during the reporting period. Indicate whether a family member accompanied the traveler at the sponsor's expense, and the amount of time, if any, that was not at the sponsor's expense. Disclosure is required regardless of whether the expenses were reimbursed or paid directly by the sponsor.
Exclude: Travel-related expenses provided by federal, state, and local governments, or by a foreign government required to be separately reported under the Foreign Gifts and Decorations Act (5 U.S.C. § 7342); political travel that is required to be reported under the Federal Election Campaign Act; travel provided to a spouse or dependent child that is totally independent of his or her relationship to you.

Source	Date(s)	Point of Departure—Destination—Point of Return	Lodging? (Y/N)	Food? (Y/N)	Was a Family Member Included? (Y/N)	Any time not at sponsor's expense
Examples: Chicago Chamber of Commerce	Mar. 2	Wash., D.C.—Chicago—Wash., D.C.	N	N	N	N
Roycroft Corporation	Aug. 6–11	Wash., D.C.—Los Angeles—Cleveland	Y	Y	Y	2 Days
New York Carib News	Nov. 9 - 12	New York - Jamaica - New York	Y	Y	Y	N

CBR 001622
CSOC.CBR.00006263

EXHIBIT
Exhibit 004

CSOC.CBR.00006264

CBR 001623

Name Charles Bernard Rangel | Page 5 of 5

SCHEDULE VIII — POSITIONS

Report all positions, compensated or uncompensated, held during the current calendar year as an officer, director, trustee of an organization, partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise, any nonprofit organization, any labor organization, or any educational or other institution other than the United States.

Exclude: Positions held in any religious, social, fraternal, or political entities; positions solely of an honorary nature; and positions listed on Schedule I.

Position	Name of Organization
Board Member	Apollo Theatre Foundation

SCHEDULE IX — AGREEMENTS

Identify the date, parties to, and general terms of any agreement or arrangement with respect to: future employment; a leave of absence during the period of government service; continuation or deferral of payments by a former or current employer other than the U.S. Government; or continuing participation in an employee welfare or benefit plan maintained by a former employer.

Date	Parties To	Terms of Agreement

SCHEDULE IX — AGREEMENTS

Identify the date, parties to, and general terms of any agreement or arrangement with respect to future employment; a leave of absence during the period of government service; continuation or deferral of payments by a former or current employer other than the U.S. Government; or continuing participation in an employee welfare or benefit plan maintained by a former employer.

Date	Parties To	Terms of Agreement

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
New York
Dean's Office
COMMITTEE
WAYS AND MEANS
Subcommittee
SUBCOMMITTEE ON TRADE
JOINT COMMITTEE ON TAXATION

INSIDE MAIL

Congress of the United States
House of Representatives
Washington, DC 20515–3215

2354 Rayburn House Office Building
Washington, DC 20515-3215
Telephone: (202) 225-4365
DISTRICT OFFICES:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR
163 West 125th Street
New York, NY 10027
Telephone: (212) 663-7900
2115 Fort Avenue
New York, NY 10039
Telephone: (212) 246-4830
PLEASE RESPOND TO
OFFICE CHECKED

LEGISLATIVE RESOURCE CENTER
2001 JUN -8 PM 3:59
OFFICE OF THE CLERK
U.S. HOUSE OF REPRESENTATIVES

June 5, 2001

Clerk of the House
Att. Rob Walker, Counsel
Committee on Standards of Official Conduct
Room HT 2
The Capitol
Washington, DC 20515

Dear Mr. Walker:

Thank you for calling to inform me of the omission in my recent Financial Disclosure Statement of information concerning the income derived during the year 2000 from the two properties in New York City and the Dominican Republic jointly owned by my wife and me and the New England Mutual Life Insurance policy listed by me as assets in the report.

There was no income derived by us from these assets during the year 2000 and that fact should have been noted in my Financial Disclosure Statement.

I appreciate this opportunity to clarify my filing.

Sincerely,

Charles B. Rangel
Member of Congress

CBR/gad

EXHIBIT
Exhibit 005

CBR 001624

EXHIBIT

Exhibit 006

HAND DELIVERED

UNITED STATES HOUSE OF REPRESENTATIVES

FORM A

FINANCIAL DISCLOSURE STATEMENT FOR CALENDAR YEAR 2001

For use by Members, officers, and employees

Charles Bernard Rangel

2354 Rayburn H.O.B., U.S. House of Representatives

Washington, D.C. 20515

2002 MAY 15 PM 2:49

Filer: Status — Member of the U.S. House of Representatives; State: New York; District: 15; Officer or Employee; Employing Office:

Report Type: Annual (May 15); Amendment; Termination; Termination Date:

A $200 penalty shall be assessed against anyone who files more than 30 days late.

PRELIMINARY INFORMATION — ANSWER EACH OF THESE QUESTIONS

I. Did you or your spouse have "earned" income (e.g., salaries or fees) of $200 or more from any source in the reporting period? If yes, complete and attach Schedule I. — Yes ☐ No ☒

II. Did any individual or organization make a donation to charity in lieu of paying you for a speech, appearance, or article in the reporting period? If yes, complete and attach Schedule II. — Yes ☐ No ☒

III. Did you, your spouse, or a dependent child receive "unearned" income of more than $200 in the reporting period or hold any reportable asset worth more than $1,000 at the end of the period? If yes, complete and attach Schedule III. — Yes ☒ No ☐

IV. Did you, your spouse, or dependent child purchase, sell, or exchange any reportable asset in a transaction exceeding $1,000 during the reporting period? If yes, complete and attach Schedule IV. — Yes ☐ No ☒

V. Did you, your spouse, or a dependent child have any reportable liability (more than $10,000 during the reporting period? If yes, complete and attach Schedule V. — Yes ☒ No ☐

VI. Did you, your spouse, or a dependent child receive any reportable gift in the reporting period (i.e., aggregating more than $250 and not otherwise exempt)? If yes, complete and attach Schedule VI. — Yes ☐ No ☒

VII. Did you, your spouse, or a dependent child receive any reportable travel or reimbursements for travel in the reporting period (worth more than $250 from one source)? If yes, complete and attach Schedule VII. — Yes ☒ No ☐

VIII. Did you hold any reportable positions on or before the date of filing in the current calendar year? If yes, complete and attach Schedule VIII. — Yes ☐ No ☒

IX. Did you have any reportable agreement or arrangement with an outside entity? If yes, complete and attach Schedule IX. — Yes ☐ No ☒

Each question in this part must be answered and the appropriate schedule attached for each "Yes" response.

EXCLUSION OF SPOUSE, DEPENDENT, OR TRUST INFORMATION — ANSWER EACH OF THESE QUESTIONS

TRUSTS—Details regarding "Qualified Blind Trusts" approved by the Committee on Standards of Official Conduct and certain other "exempted trusts" need not be disclosed. Have you excluded from this report details of such a trust benefiting you, your spouse, or dependent child? — Yes ☐ No ☒

EXEMPTION—Have you excluded from this report any other assets, "unearned" income, transactions, or liabilities of a spouse or dependent child because they meet all three tests for exemption? — Yes ☐ No ☒

CERTIFICATION — THIS DOCUMENT MUST BE SIGNED BY THE REPORTING INDIVIDUAL AND DATED

This Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended. The Statement will be available to any requesting person upon written application and will be reviewed by the Committee on Standards of Official Conduct or its designee. Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file this report may be subject to civil penalties and criminal sanctions (See 5 U.S.C. app. 4, § 104 and 18 U.S.C. §1001).

Certificate	Signature of Reporting Individual	Date (Month, Day, Year)
I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge and belief.	C. Rangel	May 15, 2002

SCHEDULE III — ASSETS AND "UNEARNED" INCOME

Name: Charles Bernard Rangel Page 1 of 4

4220

CBR 001625

CSOC.CBR.00006266

EXHIBIT

Exhibit 006

FORM D0-634-0000

CBR 001626

CSOC.CBR.00006267

4220

4221

735

Amendment | Termination | 30 days late.

PRELIMINARY INFORMATION — ANSWER EACH OF THESE QUESTIONS

I. Did you or your spouse have "earned" income (e.g., salaries or fees) of $200 or more from any source in the reporting period? If yes, complete and attach Schedule I. — Yes ☐ No ☒

II. Did any individual or organization make a donation to charity in lieu of paying you for a speech, appearance, or article in the reporting period? If yes, complete and attach Schedule II. — Yes ☐ No ☒

III. Did you, your spouse, or a dependent child receive "unearned" income of more than $200 in the reporting period or hold any reportable asset worth more than $1,000 at the end of the period? If yes, complete and attach Schedule III. — Yes ☒ No ☐

IV. Did you, your spouse, or dependent child purchase, sell, or exchange any reportable asset in a transaction exceeding $1,000 during the reporting period? If yes, complete and attach Schedule IV. — Yes ☐ No ☒

V. Did you, your spouse, or a dependent child have any reportable liability (more than $10,000) during the reporting period? If yes, complete and attach Schedule V. — Yes ☒ No ☐

VI. Did you, your spouse, or a dependent child receive any reportable gift in the reporting period (i.e., aggregating more than $296) and not otherwise exempt? If yes, complete and attach Schedule VI. — Yes ☐ No ☒

VII. Did you, your spouse, or a dependent child receive any reportable travel or reimbursements for travel in the reporting period (worth more than $250) from one source? If yes, complete and attach Schedule VII. — Yes ☒ No ☐

VIII. Did you hold any reportable positions on or before the date of filing in the current calendar year? If yes, complete and attach Schedule VIII. — Yes ☐ No ☒

IX. Did you have any reportable agreement or arrangement with an outside entity? If yes, complete and attach Schedule IX. — Yes ☐ No ☒

Each question in this part must be answered and the appropriate schedule attached for each "Yes" response.

EXCLUSION OF SPOUSE, DEPENDENT, OR TRUST INFORMATION — ANSWER EACH OF THESE QUESTIONS

TRUSTS—Details regarding "Qualified Blind Trusts" approved by the Committee on Standards of Official Conduct and certain other "excepted trusts" need not be disclosed. Have you excluded from this report details of such a trust benefiting you, your spouse, or dependent child? — Yes ☐ No ☒

EXEMPTION—Have you excluded from this report any other assets, "unearned" income, transactions, or liabilities of a spouse or dependent child because they make up three tests for exemption? — Yes ☐ No ☒

CERTIFICATION — THIS DOCUMENT MUST BE SIGNED BY THE REPORTING INDIVIDUAL AND DATED

This Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended. The Statement will be available to any requesting person upon written application and will be reviewed by the Committee on Standards of Official Conduct or its designee. Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file this report may be subject to civil penalties and criminal sanctions (See 5 U.S.C. app. 4, § 104 and 18 U.S.C. §1001).

Certification | Signature of Reporting Individual | Date (Month, Day, Year)

I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge and belief. — Charles Rangel — May 15, 2002

Name Charles Bernard Rangel Page 1 of 4

SCHEDULE III — ASSETS AND "UNEARNED" INCOME

BLOCK A **Asset and/or Income Source** Identify: (a) each asset held for investment or production of income which exceeded $1,000 at the close of the reporting period or the end of the reporting period; and (b) any other asset or source of income which generated more than $200 in "unearned" income during the year. For rental property or land, provide an address. Provide full names of any mutual funds. For a self-directed IRA (i.e., one where you have the power to select the specific investments), provide information on each asset in the account that exceeds $1,000 at the end of the reporting period or that produced more than $200 in income for the account. For an IRA or retirement plan that is not self-directed, name the institution holding the account and provide its value at the end of the reporting period. For an active business that is not publicly traded, in Block A state the nature of the business and its geographic location. For additional information, see the instruction booklet for the reporting year. Exclude: Your personal residence(s) (unless there is rental income); any asset owned by you by your spouse, or by your or your spouse's child, parent, or sibling; any deposits totaling $5,000 or less in personal savings accounts; any financial interest in or income derived from U.S. Government retirement programs. If you so choose, you may indicate that an asset or income source is that of your spouse (SP) or dependent child (DC) or is jointly held (JT), in the optional column on the far left.	BLOCK B **Value of Asset** at close of reporting year. If you use a valuation method other than fair market value, please specify the method used. If an asset was sold and is included only because it generated income, the value should be "None."	BLOCK C **Type of Income**	BLOCK D **Amount of Income** For retirement plans or accounts that do not allow you to choose specific investments, you may write "N/A" for income. For all other assets, indicate the category of income by checking the appropriate box below. Dividends, even if reinvested, should be listed as income.	BLOCK E **Transaction** Indicate if asset was purchased (P), sold (S), or exchanged (E) in reporting year.
SP DC JT Examples: SP — Maple Corp. Stock JT — Brown & Schneider Tenants by the entirety, IRA account	A B C D E F G H I J K L None $1 – $1,000 $1,001 – $2,500 $2,501 – $5,000 $5,001 – $15,000 $15,001 – $50,000 $50,001 – $100,000 $100,001 – $250,000 $250,001 – $500,000 $500,001 – $1,000,000 $1,000,001 – $5,000,000 $5,000,001 – $25,000,000 $25,000,001 – $50,000,000 Over $50,000,000 Indefinite	DIVIDENDS RENT INTEREST CAPITAL GAINS EXCEPTED TRUST QUALIFIED BLIND TRUST Royalties Other Type of Income (Specify, for Example, Partnership Income or Farm Income)	I J K L M N O P Q R S T U V VI VII VIII IX X None $1 – $200 $201 – $1,000 $1,001 – $2,500 $2,501 – $5,000 $5,001 – $15,000 $15,001 – $50,000 $50,001 – $100,000 $100,001 – $1,000,000 Over $1,000,000	m M N P
74 Wall Street Apt. 32A New York City, New York		X	X	
Puerto Rican Bank & Trust Co.		X	X	
The Dominican Republic		X	X	
Metropolitan Life Insurance		X	X	
Chase Manhattan Bank		X	X	

For additional assets and unearned income, use next page.

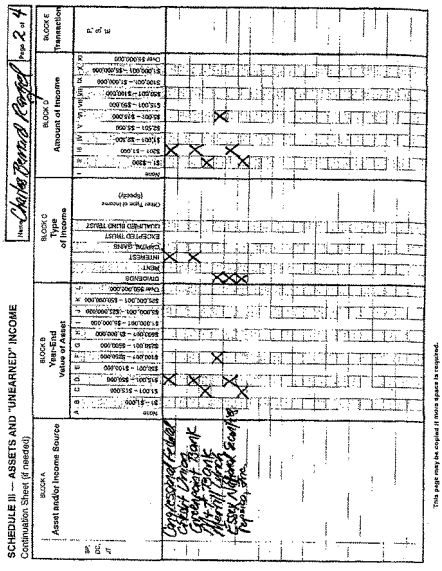

EXHIBIT
Exhibit 006

CBR 001627

EXHIBIT
Exhibit 006
PENGAD 800-631-6989

CBR 001628
CSOC.CBR.00006269

	None	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000	DIVIDENDS	INTEREST	CAPITAL GAINS	RENT/ROYALTIES	Other (Specify)	None	$1 - $200	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	Over $100,000
Compass Bank		X								X								X				
Credit Union																						
Grandpoint Bank		X								X												
Wells Fargo																						
Merrill Lynch									X													
Essex National Securities									X													
Prepaid, Inc.		X									X											

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SCHEDULE V — LIABILITIES

Name Charles Bernard Rangel Page 3 of 4

Report liabilities of over $10,000 owed to any one creditor at any time during the reporting period by you, your spouse, or dependent child. Mark the highest amount owed during the year. Exclude: Any mortgage on your personal residence (unless it is rented out); loans secured by automobile, household furniture, or appliances; and liabilities owed to a spouse, or the child, parent, or sibling of you or your spouse. Report revolving charge accounts only if the balance at the close of the preceding calendar year exceeded $10,000.

SP, DC, JT	Creditor	Type of Liability	Amount of Liability B $10,001 - $15,000	C $15,001 - $50,000	D $50,001 - $100,000	E $100,001 - $250,000	F $250,001 - $500,000	G $500,001 - $1,000,000	H $1,000,001 - $5,000,000	I $5,000,001 - $25,000,000	J $25,000,001 - $50,000,000	K Over $50,000,000
Example:	First Bank of Wilmington, Delaware	Mortgage on 123 Main St., Dover, Del.				X						
	Citicorp Mortgage	Mortgage on 3 Apt. 13W 2 Apt. 14A 1 Apt. 17D			X							
	Punta Cana Beach Villas, Inc.	Mortgage on Punta Cana Beach Villa Condominium			X							

SCHEDULE VI — GIFTS

Report the source, a brief description, and the value of all gifts totalling more than $285 received by you, your spouse, or a dependent child from any source during the year. Exclude: Gifts from relatives, gifts of personal hospitality of an individual, food and gifts too spouse or dependent child that are totally independent of his or her relationship to you. Gifts with a value of $104 or less need not be added towards the $350 disclosure threshold.

Note: The gift rule (House Rule 25, clause 5) prohibits acceptance of gifts except as specifically provided in the rule.

Source	Description	Value
Example: Mr. Joseph H. Smith, Anytown, Anystate	Silver Plaque (Commendation on personal standards received from Committee on Standards)	$250
N/A		

Use additional sheets if more space is required.

4224

Name Charles Bernard Rangel | Page 4 of 4

SCHEDULE VII —TRAVEL PAYMENTS AND REIMBURSEMENTS

Identify the source and list travel itinerary, dates, and nature of expenses provided for travel and travel-related expenses totalling more than $260 received by you, your spouse, or a dependent child during the reporting period. Indicate whether a family member accompanied the traveler at the sponsor's expense, and the amount of time, if any, that was not at the sponsor's expense. Disclosure is required regardless of whether the expenses were reimbursed or paid directly by the sponsor.

Exclude: Travel-related expenses provided by federal, state, and local governments, or by a foreign government required to be separately reported under the Foreign Gifts and Decorations Act (5 U.S.C. § 7342); political travel that is required to be reported under the Federal Election Campaign Act; travel provided to a spouse or dependent child that is totally independent of his or her relationship to you.

Source	Date(s)	Point of Departure—Destination—Point of Return	Lodging? (Y/N)	Food? (Y/N)	Was a Family Member Included? (Y/N)	Any time not at sponsor's expense
Examples: Chicago Chamber of Commerce	Mar. 2	Wash., D.C.—Chicago—Wash., D.C.	N	N	N	N
Royorch Corporation	Aug. 8–11	Wash., D.C.—Los Angeles—Cleveland	Y	Y	Y	2 Days
Punta Cana Beach Resort	March 16-19	Newark - Punta Cana - Newark	Y	Y	N	N
Chinese National Association for Industry and Commerce	August 11-17	Newark - Taiyuan - Newark	Y	Y	N	N

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EXHIBIT

Exhibit 006

CBR 001629

CSOC.CBR.00006270

EXHIBIT
Exhibit 007

ED STATES HOUSE OF REPRESENTATIVES
ICIAL DISCLOSURE STATEMENT FOR CALENDAR YEAR 2002

FORM A
For use by Members, officers, and employees

HAND DELIVERED
LEGISLATIVE RESOURCE CENTER
2003 MAY 14 PM 2:39
OFFICE OF THE CLERK
U.S. HOUSE OF REPRESENTATIVES

Charles Bernard Rangel (Full Name)
40 West 135th Street Apt 16NP (Mailing Address) (202) 225-4365 (Daytime Telephone)
New York City, New York 10037

Filer Status	☒ Member of the U.S. House of Representatives	State: New York District: 15	☐ Officer or Employee	Employing Office:
Report Type	☒ Annual (May 15)	☐ Amendment	☐ Termination	Termination Date:

A *$200 penalty* shall be assessed against anyone who files more than 30 days late.

PRELIMINARY INFORMATION — ANSWER EACH OF THESE QUESTIONS

I. Did you or your spouse have "earned" income (e.g., salaries or fees) of $200 or more from any source in the reporting period? **If yes, complete and attach Schedule I.**	Yes ☐	No ☒	VI. Did you, your spouse, or a dependent child receive any reportable gift in the reporting period (i.e., aggregating more than $285 and not otherwise exempt)? **If yes, complete and attach Schedule VI.**	Yes ☐	No ☒
II. Did any individual or organization make a donation to charity in lieu of paying you for a speech, appearance, or article in the reporting period? **If yes, complete and attach Schedule II.**	Yes ☐	No ☒	VII. Did you, your spouse, or a dependent child receive any reportable travel or reimbursements for travel in the reporting period (worth more than $285 from one source)? **If yes, complete and attach Schedule VII.**	Yes ☒	No ☐
III. Did you, your spouse, or a dependent child receive "unearned" income of more than $200 in the reporting period or hold any reportable asset worth more than $1,000 at the end of the period? **If yes, complete and attach Schedule III.**	Yes ☒	No ☐	VIII. Did you hold any reportable positions on or before the date of filing in the current calendar year? **If yes, complete and attach Schedule VIII.**	Yes ☐	No ☒
IV. Did you, your spouse, or dependent child purchase, sell, or exchange any reportable asset in a transaction exceeding $1,000 during the reporting period? **If yes, complete and attach Schedule IV.**	Yes ☐	No ☒	IX. Did you have any reportable agreement or arrangement with an outside entity? **If yes, complete and attach Schedule IX.**	Yes ☐	No ☒
V. Did you, your spouse, or a dependent child have any reportable liability (more than $10,000) during the reporting period? **If yes, complete and attach Schedule V.**	Yes ☒	No ☐	**Each question in this part must be answered and the appropriate schedule attached for each "Yes" response.**		

EXCLUSION OF SPOUSE, DEPENDENT, OR TRUST INFORMATION — ANSWER EACH OF THESE QUESTIONS

TRUSTS—Details regarding "Qualified Blind Trusts" approved by the Committee on Standards of Official Conduct and certain other "excepted trusts" need not be disclosed. Have you excluded from this report details of such a trust benefiting you, your spouse, or dependent child?	Yes ☐	No ☒
EXEMPTION—Have you excluded from this report any other assets, "unearned" income, transactions, or liabilities of a spouse or dependent child because they meet all three tests for exemption?	Yes ☐	No ☒

CERTIFICATION — THIS DOCUMENT MUST BE SIGNED BY THE REPORTING INDIVIDUAL AND DATED

This Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended. The Statement will be available to any requesting person upon written application and will be reviewed by the Committee on Standards of Official Conduct or its designee. Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file this report may be subject to civil penalties and criminal sanctions (*See* 5 U.S.C. app. 4, § 104 and 18 U.S.C. § 1001).

Certification	Signature of Reporting Individual	Date (Month, Day, Year)
I **CERTIFY** that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge and belief.		MAY 14, 2003

CBR 001630

CSOC.CBR.00006271

EXHIBIT

Exhibit 007

FD-ETHICS-000-0000

ED STATES HOUSE OF REPRESENTATIVES

CIAL DISCLOSURE STATEMENT FOR CALENDAR YEAR 2002

FORM A

For use by Members, officers, and employees

HAND DELIVERED

LEGISLATIVE RESOURCE CENTER

2003 MAY 14 PM 2:39

OFFICE OF THE CLERK
U.S. HOUSE OF REPRESENTATIVES

(5)

Charles Bernard Rangel (Full Name)

40 West 135th Street, Apt 16NP (Mailing Address) (202) 225-4365 Daytime Telephone

New York City, New York 10037

Filer Status	☒ Member of the U.S. House of Representatives	State: New York District: 15	☐ Officer or Employee	Employing Office:
Report Type	☒ Annual (May 15)	☐ Amendment	☐ Termination	Termination Date:

A *$200 penalty* shall be assessed against anyone who files more than 30 days late.

PRELIMINARY INFORMATION — ANSWER EACH OF THESE QUESTIONS

I. Did you or your spouse have "earned" income (e.g., salaries or fees) of $200 or more from any source in the reporting period? **If yes, complete and attach Schedule I.**	Yes ☐	No ☒	VI. Did you, your spouse, or a dependent child receive any reportable gift in the reporting period (i.e., aggregating more than $285 and not otherwise exempt)? **If yes, complete and attach Schedule VI.**	Yes ☐	No ☒
II. Did any individual or organization make a donation to charity in lieu of paying you for a speech, appearance, or article in the reporting period? **If yes, complete and attach Schedule II.**	Yes ☐	No ☒	VII. Did you, your spouse, or a dependent child receive any reportable travel or reimbursements for travel in the reporting period (worth more than $285 from one source)? **If yes, complete and attach Schedule VII.**	Yes ☒	No ☐
III. Did you, your spouse, or a dependent child receive "unearned" income of more than $200 in the reporting period or hold any reportable asset worth more than $1,000 at the end of the period? **If yes, complete and attach Schedule III.**	Yes ☒	No ☐	VIII. Did you hold any reportable positions on or before the date of filing in the current calendar year? **If yes, complete and attach Schedule VIII.**	Yes ☐	No ☒
IV. Did you, your spouse, or a dependent child purchase, sell, or exchange any reportable asset in a transaction exceeding $1,000 during the reporting period? **If yes, complete and attach Schedule IV.**	Yes ☐	No ☒	IX. Did you have any reportable agreement or arrangement with an outside entity? **If yes, complete and attach Schedule IX.**	Yes ☐	No ☒
V. Did you, your spouse, or a dependent child have any reportable liability (more than $10,000) during the reporting period? **If yes, complete and attach Schedule V.**	Yes ☒	No ☐	**Each question in this part must be answered and the appropriate schedule attached for each "Yes" response.**		

EXCLUSION OF SPOUSE, DEPENDENT, OR TRUST INFORMATION — ANSWER EACH OF THESE QUESTIONS

TRUSTS—Details regarding "Qualified Blind Trusts" approved by the Committee on Standards of Official Conduct and certain other "excepted trusts" need not be disclosed. Have you excluded from this report details of such a trust benefiting you, your spouse, or dependent child?	Yes ☐	No ☒
EXEMPTION—Have you excluded from this report any other assets, "unearned" income, transactions, or liabilities of a spouse or dependent child because they meet all three tests for exemption?	Yes ☐	No ☒

CERTIFICATION — THIS DOCUMENT MUST BE SIGNED BY THE REPORTING INDIVIDUAL AND DATED

This Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended. The Statement will be available to any requesting person upon written application and will be reviewed by the Committee on Standards of Official Conduct or its designee. Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file this report may be subject to civil penalties and criminal sanctions (*See* 5 U.S.C. app. 4, § 104 and 18 U.S.C. § 1001).

Certification	Signature of Reporting Individual	Date (Month, Day, Year)
I **CERTIFY** that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge and belief.	Charles Rangel	MAY 14, 2003

CBR 001630

CSOC.CBR.00006271

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EXHIBIT

Exhibit 007

SCHEDULE III — ASSETS AND "UNEARNED" INCOME

Name Charles B. Rangel Page 1 of 4

BLOCK A **Asset and/or Income Source** Identify (a) each asset held for investment or production of income with a fair market value exceeding $1,000 at the end of the reporting period, and (b) any other asset or source of income which generated more than $200 in "unearned" income during the year. For rental property or land, provide an address. Provide full names of any mutual funds. For a self-directed IRA (i.e., one where you have the power to select the specific investments), provide information on *each asset* in the account that exceeds the reporting threshold, and the income earned for the account. For an IRA or retirement plan that is not self-directed, name the institution holding the account and provide its value at the end of the reporting period. For an active business that is not publicly traded, in Block A state the nature of the business and its geographic location. For additional information, see the instruction booklet for the reporting year. **Exclude:** Your personal residence(s) (unless there is rental income); any debt owed to you by your spouse, or by your or your spouse's child, parent, or sibling; any deposits totaling $5,000 or less in personal savings accounts; any financial interest in or income derived from U.S. Government retirement programs. If you so choose, you may indicate that an asset or income source is that of your spouse (SP) or dependent child (DC) or is jointly held (JT), in the optional column on the far left.	BLOCK B **Value of Asset** at close of reporting year. If you use a valuation method other than fair market value, please specify the method used. If an asset was sold and is included only because it generated income, the value should be "None."	BLOCK C **Type of Income**	BLOCK D **Amount of Income** For retirement plans or accounts that do not allow you to choose specific investments, you may write "NA" for income. For all other assets, indicate the category of income by checking the appropriate box below. Dividends, even if reinvested, should be listed as income.	BLOCK E **Transaction** Indicate if asset was purchased (P), sold (S), or exchanged (E) in reporting year.

			A None	C $1,001 – $15,000	E $15,001 – $50,000	G $50,001 – $100,000	I $100,001 – $250,000	K $250,001 – $500,000	$500,001 – $1,000,000	$1,000,001 – $5,000,000	$5,000,001 – $25,000,000	$25,000,001 – $50,000,000	DIVIDENDS	INTEREST	RENTS AND ROYALTIES	EXCEPTED TRUST	Other Type of Income (Specify: For Example, Partnership Income or Farm Income)	I None	III $201 – $1,000	V $1,001 – $2,500	VII $2,501 – $5,000	IX $5,001 – $15,000	XI $15,001 – $50,000	$50,001 – $100,000	$100,001 – $1,000,000	Over $1,000,000	P, S, E
SP, DC, JT	*Examples:*	SP	Mega Corp. Stock			X							X														P
			Simon & Schuster		Indefinite												Royalties										
			1st Bank of Paducah, KY accounts											X											X		
JT	74 West 132nd St. New York City, NY						X						X							X							
JT	Punta Cana Beach Villa, Dominican Republic						X						X							X							
JT	Metropolitan Life Ins.				X								X						X								
JT	Chase Manhattan				X									X					X								

For additional assets and unearned income, use next page.

CBR 001631

CSOC.CBR.00006272

EXHIBIT

Exhibit 007

DULE III — ASSETS AND "UNEARNED" INCOME

ation Sheet (if needed)

Name Charles B. Rangel

BLOCK A Asset and/or Income Source	SP, DC, JT	BLOCK B Year-End Value of Asset: A None	C $1,001 – $15,000	E $15,001 – $100,000	G $250,001 – $500,000	I $1,000,001 – $5,000,000	K $25,000,001 – $50,000,000	BLOCK C Type of Income: DIVIDENDS	INTEREST	EXCEPTED TRUST	Other Type of Income (Specify)	BLOCK D Amount of Income: I None	III $201 – $1,000	V $2,501 – $5,000	VII $15,001 – $50,000	IX $100,001 – $1,000,000	XI Over $5,000,000	BLOCK E Transaction: P, S, E
JT Congressional Federal Credit Union			X						X				X					
JT Greenpoint Bank				X					X				X					
JT M+T Bank			X						X			X						
JT Merrill Lynch Account: 1																		
ESSEX National Securities				X				X					X					
Fiduciary, Inc.			X					X				X						
AMT Global Technology			X					X					X					
IRA Principal Protection Fund				X				X					X					
Alliance Multi Income Fund			X					X					X					
New York Dorm Authority Class 4 Bonds			X					X					X					
Cash/Money accounts					X				X					X				

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EXHIBIT
Exhibit 007

Name Charles B. Rangel Page 3 of 15

SCHEDULE V — LIABILITIES

Report liabilities of over $10,000 owed to any one creditor ***at any time*** during the reporting period by you, your spouse, or dependent child. Mark the highest amount owed during the year. **Exclude:** Any mortgage on your personal residence (unless it is rented out); loans secured by automobiles, household furniture, or appliances; and liabilities owed to a spouse, or the child, parent, or sibling of you or your spouse. Report ***revolving charge accounts*** only if the balance at the close of the preceding calendar year exceeded $10,000.

SP, DC, JT	Creditor	Type of Liability	Amount of Liability C $15,001–$50,000	E $100,001–$250,000	G $500,001–$1,000,000	I $5,000,001–$25,000,000	K Over $50,000,000
	Example: First Bank of Wilmington, Delaware	Mortgage on 123 Main St., Dover, Del.		X			
JT	Citicorp Mortgage	Mortgage on 74 West 132nd Street, New York City, NY 10037			X		
JT	Punta Cana Beach Villas, Inc.	Mortgage on Punta Cana Beach Villa Condominium	X				

SCHEDULE VI — GIFTS

Report the source, a brief description, and the value of all gifts totalling more than $285 received by you, your spouse, or a dependent child from any source during the year.

Exclude: Gifts from relatives, gifts of personal hospitality of an individual, local meals, and gifts to a spouse or dependent child that are totally independent of his or her relationship to you. Gifts with a value of $114 or less need not be added towards the $285 disclosure threshold.

Note: The gift rule (House Rule 25, clause 5) prohibits acceptance of gifts except as specifically provided in the rule.

Source	Description	Value
Example: Mr. Joseph H. Smith, Anytown, Anystate	Silver Platter (determination on personal friendship received from Committee on Standards)	$290
None		

Use additional sheets if more space is required.

CBR 001633
CSOC.CBR.00006274

EXHIBIT
Exhibit 007

Name Charles Bernard Rangel Page 4 of 4

E VII —TRAVEL PAYMENTS AND REIMBURSEMENTS

Identify the source and list travel itinerary, dates, and nature of expenses provided for travel and travel-related expenses totalling more than $285 received by you, your spouse, or a dependent child during the reporting period. Indicate whether a family member accompanied the traveler at the sponsor's expense, and the amount of time, if any, that was not at the sponsor's expense. Disclosure is required regardless of whether the expenses were reimbursed or paid directly by the sponsor.

Exclude: Travel-related expenses provided by federal, state, and local governments, or by a foreign government required to be separately reported under the Foreign Gifts and Decorations Act (5 U.S.C. § 7342); political travel that is required to be reported under the Federal Election Campaign Act; travel provided to a spouse or dependent child that is totally independent of his or her relationship to you.

Source	Date(s)	Point of Departure—Destination—Point of Return	Lodging? (Y/N)	Food? (Y/N)	Was a Family Member Included? (Y/N)	Any time not at sponsor's expense
Examples: Chicago Chamber of Commerce	Mar. 2	Wash., D.C.—Chicago—Wash., D.C.	N	N	N	N
Roycroft Corporation	Aug. 6–11	Wash., D.C.—Los Angeles—Cleveland	Y	Y	Y	2 Days
Sian Kaan Conservation foundation	April 12-15	New York City-Havana-New York City	Y	Y	Y	N
American Airlines	June 15-17	New York City-Punta Cana, Dom. Rep.-New York City	N	Y	N	2 days
New York Carib News	Nov. 7-10	New York City-St. Maarten-New York City	Y	Y	N	N
Chinese International Cooperation Assoc.	Dec. 12-18	New York City-Taiwan-New York City	Y	Y	N	N

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CBR 001634

CSOC.CBR.00006275

EXHIBIT
Exhibit 008

ATES HOUSE OF REPRESENTATIVES

DISCLOSURE STATEMENT FOR CALENDAR YEAR 2003

FORM A
For use by Members, officers, and employees

HAND DELI

(3)

LEGISLATIVE RESOURCE CENTER
2004 MAY 13 PM 4:05
(Office Use Only)

CHARLES BERNARD RANGEL (Full Name)
40 WEST 135th STREET, APT. 16NP (Mailing Address) (202) 225-4365 Daytime Telephone:
NEW YORK CITY, NY 10037

Filer Status	☒ Member of the U.S. House of Representatives	State: NEW YORK District: 15	☐ Officer or Employee	Employing Office:
Report Type	☒ Annual (May 15)	☐ Amendment	☐ Termination	Termination Date:

A *$200 penalty* shall be assessed against anyone who files more than 30 days late.

PRELIMINARY INFORMATION — ANSWER EACH OF THESE QUESTIONS

I. Did you or your spouse have "earned" income (e.g., salaries or fees) of $200 or more from any source in the reporting period? **If yes, complete and attach Schedule I.**	Yes ☐ No ☒	VI. Did you, your spouse, or a dependent child receive any reportable gift in the reporting period (i.e., aggregating more than $285 and not otherwise exempt)? **If yes, complete and attach Schedule VI.**	Yes ☐ No ☒
II. Did any individual or organization make a donation to charity in lieu of paying you for a speech, appearance, or article in the reporting period? **If yes, complete and attach Schedule II.**	Yes ☐ No ☒	VII. Did you, your spouse, or a dependent child receive any reportable travel or reimbursements for travel in the reporting period (worth more than $285 from one source)? **If yes, complete and attach Schedule VII.**	Yes ☒ No ☐
III. Did you, your spouse, or a dependent child receive "unearned" income of more than $200 in the reporting period or hold any reportable asset worth more than $1,000 at the end of the period? **If yes, complete and attach Schedule III.**	Yes ☒ No ☐	VIII. Did you hold any reportable positions on or before the date of filing in the current calendar year? **If yes, complete and attach Schedule VIII.**	Yes ☐ No ☒
IV. Did you, your spouse, or dependent child purchase, sell, or exchange any reportable asset in a transaction exceeding $1,000 during the reporting period? **If yes, complete and attach Schedule IV.**	Yes ☐ No ☒	IX. Did you have any reportable agreement or arrangement with an outside entity? **If yes, complete and attach Schedule IX.**	Yes ☐ No ☒
V. Did you, your spouse, or a dependent child have any reportable liability (more than $10,000) during the reporting period? **If yes, complete and attach Schedule V.**	Yes ☒ No ☐	**Each question in this part must be answered and the appropriate schedule attached for each "Yes" response.**	

EXCLUSION OF SPOUSE, DEPENDENT, OR TRUST INFORMATION — ANSWER EACH OF THESE QUESTIONS

TRUSTS—Details regarding "Qualified Blind Trusts" approved by the Committee on Standards of Official Conduct and certain other "excepted trusts" need not be disclosed. Have you excluded from this report details of such a trust benefiting you, your spouse, or dependent child?	Yes ☐ No ☒
EXEMPTION—Have you excluded from this report any other assets, "unearned" income, transactions, or liabilities of a spouse or dependent child because they meet all three tests for exemption?	Yes ☐ No ☒

CERTIFICATION — THIS DOCUMENT MUST BE SIGNED BY THE REPORTING INDIVIDUAL AND DATED

This Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended. The Statement will be available to any requesting person upon written application and will be reviewed by the Committee on Standards of Official Conduct or its designee. Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file this report may be subject to civil penalties and criminal sanctions (*See* 5 U.S.C. app. 4, § 104 and 18 U.S.C. § 1001).

Certification	Signature of Reporting Individual	Date (Month, Day, Year)
I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge and belief.	[signature]	5-13-04

CBR 001640
CSOC.CBR.00006281

745

EXHIBIT

Exhibit 008

III — ASSETS AND "UNEARNED" INCOME

Name CHARLES B. RANGEL Page 1 of 1

BLOCK A **Asset and/or Income Source** Identify (a) each asset held for investment or production of income with a fair market value exceeding $1,000 at the end of the reporting period, and (b) any other asset or source of income which generated more than $200 in "unearned" income during the year. For rental property or land, provide an address. Provide full names of any mutual funds. For a self-directed IRA (i.e., one where you have the power to select the specific investments), provide information on *each asset* in the account that exceeds the reporting threshold, and the income earned for the account. For an IRA or retirement plan that is not self-directed, name the institution holding the account and provide its value at the end of the reporting period. For an active business that is not publicly traded, in Block A state the nature of the business and its geographic location. For additional information, see the instruction booklet for the reporting year. **Exclude:** Your personal residence(s) (unless there is rental income); any debt owed to you by your spouse, or by your or your spouse's child, parent, or sibling; any deposits totaling $5,000 or less in personal savings accounts; any financial interest in or income derived from U.S. Government retirement programs. If you so choose, you may indicate that an asset or income source is that of your spouse (SP) or dependent child (DC) or is jointly held (JT), in the optional column on the far left.			BLOCK B **Value of Asset** at close of reporting year. If you use a valuation method other than fair market value, please specify the method used. If an asset was sold and is included only because it generated income, the value should be "None."											BLOCK C **Type of Income**						BLOCK D **Amount of Income** For retirement plans or accounts that do not allow you to choose specific investments, you may write "NA" for income. For all other assets, indicate the category of income by checking the appropriate box below. Dividends, even if reinvested, should be listed as income.										BLOCK E **Transaction** Indicate if asset was purchased (P), sold (S), or exchanged (E) in reporting year.
			A None	B $1 – $1,000	C $1,001 – $15,000	D $15,001 – $50,000	E $50,001 – $100,000	F $100,001 – $250,000	G $250,001 – $500,000	H $500,001 – $1,000,000	I $1,000,001 – $5,000,000	J $5,000,001 – $25,000,000	K $25,000,001 – $50,000,000	L Over $50,000,000	DIVIDENDS	RENT	INTEREST	CAPITAL GAINS	EXCEPTED TRUST	QUALIFIED BLIND TRUST	Other Type of Income (Specify; For Example, Partnership Income or Farm Income)	I None	II $201 – $1,000	III $1,001 – $2,500	IV $2,501 – $5,000	V $5,001 – $15,000	VI $15,001 – $50,000	VII $50,001 – $100,000	VIII $100,001 – $1,000,000	IX $1,000,001 – $5,000,000	X $5,000,001 – $25,000,000	XI Over $25,000,000	P, S, or E
SP,		SP	Mega Corp. Stock				X								X																		P
DC,	*Examples.*		Simon & Schuster			Indefinite															Royalties												
JT			1st Bank of Paducah, KY accounts					X								X														X			
JT	74 West 132nd St. New York City, NY								X						X									X									
JT	Punta Cana Beach Villa, Punta Cana, The Dominican Republic								X						X									X									
JT	Metropolitan Life Ins.					X								X									X									

For additional assets and unearned income, use next page.

CBR 001641

CSOC.CBR.00006282

EXHIBIT

Exhibit 008

III — ASSETS AND "UNEARNED" INCOME

Sheet (if needed)

Name CHARLES B. RANGEL | Page 2 of 4

	BLOCK A	BLOCK B											BLOCK C					BLOCK D										BLOCK E
	Asset and/or Income Source	Year-End Value of Asset											Type of Income					Amount of Income										Transaction
SP, DC, JT		A None	B $1 – $1,000	C $1,001 – $15,000	D $15,001 – $50,000	E $50,001 – $100,000	F $100,001 – $250,000	G $250,001 – $500,000	H $500,001 – $1,000,000	I $1,000,001 – $5,000,000	J $5,000,001 – $25,000,000	K $25,000,001 – $50,000,000	L Over $50,000,000	DIVIDENDS	RENT	INTEREST	CAPITAL GAINS	EXCEPTED TRUST	QUALIFIED BLIND TRUST	Other Type of Income (Specify)	I None	II $1 – $200	III $201 – $1,000	IV $1,001 – $2,500	V $2,501 – $5,000	VI $5,001 – $15,000	VII $15,001 – $50,000	VIII $50,001 – $100,000	IX $100,001 – $1,000,000	X $1,000,001 – $5,000,000	XI Over $5,000,000	P, S, E
JT	CHASE MANHATTAN				X										X							X						
JT	CONGRESSIONAL FEDERAL CREDIT UNION				X										X							X						
JT	GREENPOINT BANK				X										X						X							
JT	M+T BANK			X											X						X							
JT	MERRILL LYNCH ACCOUNT:																											
	ESSEX National Securities				X									X							X							
	Pepsico, Inc.			X										X							X							
	AMI Global Technology			X										X								X						
	ING Principal Protection Fund				X									X								X						
	Alliance Muni Income Fund			X										X								X						
	New Jersey Hsg Authority Class A Bonds			X										X								X						
	Cash/Money accounts							X							X									X				

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CBR 001642

CSOC.CBR.00006283

EXHIBIT
Exhibit 008

E V — LIABILITIES

Name CHARLES B. RANGEL | Page 3 of 4

Report liabilities of over $10,000 owed to any one creditor ***at any time*** during the reporting period by you, your spouse, or dependent child. Mark the highest amount owed during the year. **Exclude:** Any mortgage on your personal residence (unless it is rented out); loans secured by automobiles, household furniture, or appliances; and liabilities owed to a spouse, or the child, parent, or sibling of you or your spouse. Report ***revolving charge accounts*** only if the balance at the close of the preceding calendar year exceeded $10,000.

SP, DC, JT	Creditor	Type of Liability	Amount of Liability: B $10,001–$15,000	C $15,001–$50,000	D $50,001–$100,000	E $100,001–$250,000	F $250,001–$500,000	G $500,001–$1,000,000	H $1,000,001–$5,000,000	I $5,000,001–$25,000,000	J $25,000,001–$50,000,000	K Over $50,000,000
	Example: First Bank of Wilmington, Delaware	Mortgage on 123 Main St., Dover, Del.				X						
JT	Citicorp Mortgage	Mortgage on 74 West 132nd St, New York City NY 10037			X							

SCHEDULE VI — GIFTS

Report the source, a brief description, and the value of all gifts totalling more than $285 received by you, your spouse, or a dependent child from any source during the year.

Exclude: Gifts from relatives, gifts of personal hospitality of an individual, local meals, and gifts to a spouse or dependent child that are totally independent of his or her relationship to you. Gifts with a value of $114 or less need not be added towards the $285 disclosure threshold.

Note: The gift rule (House Rule 25, clause 5) prohibits acceptance of gifts except as specifically provided in the rule.

Source	Description	Value
Example: Mr. Joseph H. Smith, Anytown, Anystate	Silver Platter (determination on personal friendship received from Committee on Standards)	$290
None		

Use additional sheets if more space is required.

EXHIBIT
Exhibit 008

Name CHARLES B. RANGEL | Page 4 of 4

E VII —TRAVEL PAYMENTS AND REIMBURSEMENTS

Identify the source and list travel itinerary, dates, and nature of expenses provided for travel and travel-related expenses totalling more than $285 received by you, your spouse, or a dependent child during the reporting period. Indicate whether a family member accompanied the traveler at the sponsor's expense, and the amount of time, if any, that was not at the sponsor's expense. Disclosure is required regardless of whether the expenses were reimbursed or paid directly by the sponsor.

Exclude: Travel-related expenses provided by federal, state, and local governments, or by a foreign government required to be separately reported under the Foreign Gifts and Decorations Act (5 U.S.C. § 7342); political travel that is required to be reported under the Federal Election Campaign Act; travel provided to a spouse or dependent child that is totally independent of his or her relationship to you.

Source		Date(s)	Point of Departure—Destination—Point of Return	Lodging? (Y/N)	Food? (Y/N)	Was a Family Member Included? (Y/N)	Any time not at sponsor's expense
Examples:	Chicago Chamber of Commerce	Mar. 2	Wash., D.C.—Chicago—Wash., D.C.	N	N	N	N
	Roycroft Corporation	Aug. 6–11	Wash., D.C.—Los Angeles—Cleveland	Y	Y	Y	2 Days
New York Labor Day Carnival Committee		Feb. 28 to Mar. 4	New York City - Port au Prince - Washington, D.C.	Y	Y	N	N
Dominican American National Roundtable		April 23-28	New York - Santo Domingo - Punta Cana - New York	Y	Y	N	3 days
U.S. Conference of Mayors		June 8-9	New York - Denver - Washington, D.C.	Y	Y	N	N
New York Carib News		May 6-9	New York City - Nassau, The Bahamas - New York City	Y	Y	N	N

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CBR 001644
CSOC.CBR.00006285

EXHIBIT
Exhibit 009

STATES HOUSE OF REPRESENTATIVES
AL DISCLOSURE STATEMENT FOR CALENDAR YEAR 2004

FORM A
For use by Members, officers, and employees

HAND DELIVERED

LEGISLATIVE RESOURCE CENTER
2005 JUN 15 PM 3:50
U.S. HOUSE OF REPR. (Office Use Only)

6
MC

CHARLES B. RANGEL
(Full Name)
40 WEST 135th STREET, APT. 16NP
(Mailing Address)
NEW YORK CITY, NY 10037
Daytime Telephone: (212) 663-3900

Filer Status	[X] Member of the U.S. House of Representatives	State: New York District: 15	[ ] Officer or Employee — Employing Office:
Report Type	[X] Annual (May 15)	[ ] Amendment	[ ] Termination — Termination Date:

A *$200 penalty* shall be assessed against anyone who files more than 30 days late.

PRELIMINARY INFORMATION — ANSWER EACH OF THESE QUESTIONS

I. Did you or your spouse have "earned" income (e.g., salaries or fees) of $200 or more from any source in the reporting period? **If yes, complete and attach Schedule I.**	Yes [ ]	No [X]	VI. Did you, your spouse, or a dependent child receive any reportable gift in the reporting period (i.e., aggregating more than $285 and not otherwise exempt)? **If yes, complete and attach Schedule VI.**	Yes [ ]	No [X]
II. Did any individual or organization make a donation to charity in lieu of paying you for a speech, appearance, or article in the reporting period? **If yes, complete and attach Schedule II.**	Yes [ ]	No [X]	VII. Did you, your spouse, or a dependent child receive any reportable travel or reimbursements for travel in the reporting period (worth more than $285 from one source)? **If yes, complete and attach Schedule VII.**	Yes [X]	No [ ]
III. Did you, your spouse, or a dependent child receive "unearned" income of more than $200 in the reporting period or hold any reportable asset worth more than $1,000 at the end of the period? **If yes, complete and attach Schedule III.**	Yes [X]	No [ ]	VIII. Did you hold any reportable positions on or before the date of filing in the current calendar year? **If yes, complete and attach Schedule VIII.**	Yes [X]	No [ ]
IV. Did you, your spouse, or dependent child purchase, sell, or exchange any reportable asset in a transaction exceeding $1,000 during the reporting period? **If yes, complete and attach Schedule IV.**	Yes [X]	No [ ]	IX. Did you have any reportable agreement or arrangement with an outside entity? **If yes, complete and attach Schedule IX.**	Yes [ ]	No [X]
V. Did you, your spouse, or a dependent child have any reportable liability (more than $10,000) during the reporting period? **If yes, complete and attach Schedule V.**	Yes [ ]	No [X]	**Each question in this part must be answered and the appropriate schedule attached for each "Yes" response.**		

EXCLUSION OF SPOUSE, DEPENDENT, OR TRUST INFORMATION — ANSWER EACH OF THESE QUESTIONS

TRUSTS—Details regarding "Qualified Blind Trusts" approved by the Committee on Standards of Official Conduct and certain other "excepted trusts" need not be disclosed. Have you excluded from this report details of such a trust benefiting you, your spouse, or dependent child?	Yes [ ]	No [X]
EXEMPTION—Have you excluded from this report any other assets, "unearned" income, transactions, or liabilities of a spouse or dependent child because they meet all three tests for exemption?	Yes [ ]	No [X]

CERTIFICATION — THIS DOCUMENT MUST BE SIGNED BY THE REPORTING INDIVIDUAL AND DATED

This Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended. The Statement will be available to any requesting person upon written application and will be reviewed by the Committee on Standards of Official Conduct or its designee. Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file this report may be subject to civil penalties and criminal sanctions (*See* 5 U.S.C. app. 4, § 104 and 18 U.S.C. § 1001).

Certification	Signature of Reporting Individual	Date (Month, Day, Year)
I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge and belief.	C B Rangel	6/14/'05

CBR 001654
CSOC.CBR.00006295

EXHIBIT
Exhibit 009

Name Charles B. Rangel Page 1 of 5

ULE III — ASSETS AND "UNEARNED" INCOME

BLOCK A — Asset and/or Income Source

Identify (a) each asset held for investment or production of income with a fair market value exceeding $1,000 at the end of the reporting period, and (b) any other asset or source of income which generated more than $200 in "unearned" income during the year. For rental property or land, provide an address. Provide full names of any mutual funds. For a self-directed IRA (i.e., one where you have the power to select the specific investments), provide information on *each asset* in the account that exceeds the reporting threshold, and the income earned for the account. For an IRA or retirement plan that is not self-directed, name the institution holding the account and provide its value at the end of the reporting period. For an active business that is not publicly traded, in Block A state the nature of the business and its geographic location. For additional information, see the instruction booklet for the reporting year.

Exclude: Your personal residence(s) (unless there is rental income); any debt owed to you by your spouse, or by your or your spouse's child, parent, or sibling; any deposits totaling $5,000 or less in personal savings accounts; any financial interest in or income derived from U.S. Government retirement programs.

If you so choose, you may indicate that an asset or income source is that of your spouse (SP) or dependent child (DC) or is jointly held (JT), in the optional column on the far left.

BLOCK B — Value of Asset

at close of reporting year.
If you use a valuation method other than fair market value, please specify the method used.
If an asset was sold and is included only because it generated income, the value should be "None."

BLOCK C — Type of Income

BLOCK D — Amount of Income

For retirement plans or accounts that do not allow you to choose specific investments, you may write "NA" for income. For all other assets, indicate the category of income by checking the appropriate box below. Dividends, even if reinvested, should be listed as income.

BLOCK E — Transaction

Indicate if asset was purchased (P), sold (S), or exchanged (E) in reporting year.

			A None	B $1 – $1,000	C $1,001 – $15,000	D $15,001 – $50,000	E $50,001 – $100,000	F $100,001 – $250,000	G $250,001 – $500,000	H $500,001 – $1,000,000	I $1,000,001 – $5,000,000	J $5,000,001 – $25,000,000	K $25,000,001 – $50,000,000	L Over $50,000,000	DIVIDENDS	RENT	INTEREST	CAPITAL GAINS	EXCEPTED TRUST	QUALIFIED BLIND TRUST	Other Type of Income (Specify: For Example, Partnership Income or Farm Income)	I None	II $1 – $200	III $201 – $1,000	IV $1,001 – $2,500	V $2,501 – $5,000	VI $5,001 – $15,000	VII $15,001 – $50,000	VIII $50,001 – $100,000	IX $100,001 – $1,000,000	X $1,000,001 – $5,000,000	XI Over $5,000,000	P, S, E
SP,	Examples:	SP Mega Corp. Stock					X								X										X								P
DC,		Simon & Schuster		Indefinite																	Royalties									X			
JT		1st Bank of Paducah, KY accounts						X									X										X						
		Punta Cana Beach Villa							X							X										X							
		Punta Cana, D.R.																															
		301 174th St #2217					X									X						X											P
		Sunny Isles, FL 33160																															
		Equities																															
		Shares Trust Dow Jones				X									X									X									P

For additional assets and unearned income, use next page.

EXHIBIT
Exhibit 009

ULE III — ASSETS AND "UNEARNED" INCOME
tion Sheet (if needed)

Name Charles B. Rangel | Page 2 of 5

BLOCK A		BLOCK B											BLOCK C							BLOCK D										BLOCK E
Asset and/or Income Source	SP, DC, JT	A None	B $1 – $1,000	C $1,001 – $15,000	D $15,001 – $50,000	E $50,001 – $100,000	F $100,001 – $250,000	G $250,001 – $500,000	H $500,001 – $1,000,000	I $1,000,001 – $5,000,000	J $5,000,001 – $25,000,000	K $25,000,001 – $50,000,000	L Over $50,000,000	DIVIDENDS	RENT	INTEREST	CAPITAL GAINS	EXCEPTED TRUST	QUALIFIED BLIND TRUST	Other Type of Income (Specify)	I None	II $1 – $200	III $201 – $1,000	IV $1,001 – $2,500	V $2,501 – $5,000	VI $5,001 – $15,000	VII $15,001 – $50,000	VIII $50,001 – $100,000	IX $100,001 – $1,000,000	X $1,000,001 – $5,000,000	XI Over $5,000,000	P, S, E
Nasdaq 100 Tr. Unit Ser 1					X									X									X							
Standard + Poors					X									X							X										P
CASH + MONEY MKTS.																															
NY Institutional Tax				X																											
EXEMPT EQUITY FUNDS																															
TAX Managed Protection Fund						X								X										X							P
FIXED INCOME FUNDS																															
Alliance Bernstein Muni							X							X							X										P
Los Ad New York Cl A																															
Pullman New York div Gr							X							X							X										P
Muni II																															

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CBR 001656
CSOC.CBR.00006297

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EXHIBIT
Exhibit 009

SCHEDULE IV — TRANSACTIONS

Name Charles B. Rangel | Page 3 of 5

Report any purchase, sale, or exchange by you, your spouse, or dependent child during the reporting year of any real property, stocks, bonds, commodities futures, or other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Do not report a transaction between you, your spouse, or your dependent child, or the purchase or sale of your personal residence, unless it is rented out.

SP, DC, JT	Asset	Type of Transaction: PURCHASE	SALE	EXCHANGE	Date (MO/DAY/YR)	Amount of Transaction: B ($1,001–$15,000)	C ($15,001–$50,000)	D ($50,001–$100,000)	E ($100,001–$250,000)	F ($250,001–$500,000)	G ($500,001–$1,000,000)	H ($1,000,001–$5,000,000)	I ($5,000,001–$25,000,000)	J ($25,000,001–$50,000,000)	K (Over $50,000,000)
SP	*Example:* Mega Corporation Common Stock	X			10–12–04		X								
	74 West 132nd Street New York City, NY 10037		X		2/04					X					
	301 174th Street #3217 Sunny Isles, FL 33160	X			3/04				X						

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CBR 001657
CSOC.CBR.00006298

EXHIBIT
Exhibit 009

Name Charles B. Rangel | Page 4 of 5

SCHEDULE VII —TRAVEL PAYMENTS AND REIMBURSEMENTS

Identify the source and list travel itinerary, dates, and nature of expenses provided for travel and travel-related expenses totalling more than $285 received by you, your spouse, or a dependent child during the reporting period. Indicate whether a family member accompanied the traveler at the sponsor's expense, and the amount of time, if any, that was not at the sponsor's expense. Disclosure is required regardless of whether the expenses were reimbursed or paid directly by the sponsor.

Exclude: Travel-related expenses provided by federal, state, and local governments, or by a foreign government required to be separately reported under the Foreign Gifts and Decorations Act (5 U.S.C. § 7342); political travel that is required to be reported under the Federal Election Campaign Act; travel provided to a spouse or dependent child that is totally independent of his or her relationship to you.

	Source	Date(s)	Point of Departure—Destination—Point of Return	Lodging? (Y/N)	Food? (Y/N)	Was a Family Member Included? (Y/N)	Any time not at sponsor's expense
Examples:	Chicago Chamber of Commerce	Mar. 2	Wash., D.C.—Chicago—Wash., D.C.	N	N	N	N
	Roycroft Corporation	Aug. 6–11	Wash., D.C.—Los Angeles—Cleveland	Y	Y	Y	2 Days
	Democratic Pacific Assembly Conference	8/11-15	New York-Taipei-NY	Y	Y	Y	N
	Fujie University	8/16-18	Taipei-Tokyo	Y	Y	Y	N
	Fukuta Corporation	8/18-22	Tokyo-Taipei	N	N	Y	N
	Democratic Pacific Assembly Conf	8/22	Taipei-New York	N	N	Y	N
	New York Giants Meeting	11/3-7	New York-St Kitts-New York	Y	Y	N	N

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CBR 001658

CSOC.CBR.00006299

EXHIBIT
Exhibit 009

ULE VIII — POSITIONS

Report all positions, compensated or uncompensated, held during the current calendar year as an officer, director, trustee of an organization, partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise, any nonprofit organization, any labor organization, or any educational or other institution other than the United States.

Exclude: Positions held in any religious, social, fraternal, or political entities; positions solely of an honorary nature; and positions listed on Schedule I.

Position	Name of Organization
Member of the Board	New York Empowerment Zone
Member of the Board	The Rheed Foundation

SCHEDULE IX — AGREEMENTS None

Identify the date, parties to, and general terms of any agreement or arrangement with respect to: future employment; a leave of absence during the period of government service; continuation or deferral of payments by a former or current employer other than the U.S. Government; or continuing participation in an employee welfare or benefit plan maintained by a former employer.

Date	Parties To	Terms of Agreement

GPO: 2005 98-729 (mac)

Use additional sheets if more space is required.

CBR 001659
CSOC.CBR.00008300

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
RANKING MEMBER

JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–3215
TELEPHONE: (202) 225-4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900

PLEASE RESPOND TO
OFFICE CHECKED

May 12, 2006

HAND DELIVERED

Karen Haas, Clerk
US House of Representatives
Legislative Resource Center
Room B-106 Cannon
Washington, DC 20510

MC

LEGISLATIVE RESOURCE CENTER
2006 MAY 12 PM 3:37
OFFICE OF THE CLERK
U.S. HOUSE OF REPRESENTATIVES

Dear Ms. Haas:

I am writing to clarify and amend my financial statement for calendar year 2004 to describe the reason for the difference in the assets identified in Schedule III of my financial disclosure report for calendar year 2003 and those disclosed in my report for calendar year 2004.

My wife Alma and I jointly own an investment portfolio that is managed by the Merrill Lynch Private Client Group. The portfolio during the calendar year 2004 and at present contains as assets cash/money accounts, fixed income instruments, mutual funds, and equities. Our instructions to our manager at Merrill Lynch fund manager are to make conservative decisions which protect our assets and provide steady income. We are passive investors and accept the decisions of Merrill Lynch on the management of our portfolio.

During 2004 the fund manager made decisions in furtherance of our goals to dispose of some assets and acquire others. As a result of these decisions equity holdings in Essex National Securities, PepsiCo, Inc., New York Port Authorities and AIM Global Technology were apparently disposed of and equity holdings in Dow Jones Shares Trust, NASDAQ 100 Trust Units, Standard and Poor's, ML Institutional Tax and Putnam New York Investment Grad Municipal Trust were apparently acquired. Certain holdings were retained, including the ING Principal Protection Fund and Alliance Bernstein Municipal Income Fund.

I listed only the real estate transactions in which we were involved in calendar year 2004 on the transactions schedule because I was not aware of such details as the date and magnitude of the transactions involving our securities holdings in the Merrill Lynch account. The intent of this letter is to disclose these transactions in amendment of the Financial Disclosure Statement for Calendar Year 2004.

Sincerely,

Charles B. Rangel

CHARLES B. RANGEL
Member of Congress

EXHIBIT
Exhibit 010

CBR 001646

CSOC.CBR.00006287

EXHIBIT
Exhibit 010

FORM A (REV. 6/2000 GAO)

TATES HOUSE OF REPRESENTATIVES
DISCLOSURE STATEMENT FOR CALENDAR YEAR ~~2005~~ 2004

FORM A
For use by Members, officers, and employees

HAND DELIVERED
LEGISLATIVE RESOURCE CENTER
2006 MAY 12 PM 3:37
OFFICE OF THE CLERK
U.S. HOUSE OF REPRESENTATIVES

CHARLES B. RANGEL
(Full Name)
40 West 135th St. Apt. 16NP
(Mailing Address)
New York City, NY 10037
Daytime Telephone: (202) 225-4365

Filer Status	☐ Member of the U.S. House of Representatives	State: NY District: 15	☐ Officer or Employee	Employing Office:	
Report Type	☐ Annual (May 15)	☒ Amendment 2004	☐ Termination	Termination Date:	

A *$200 penalty* shall be assessed against anyone who files more than 30 days late.

PRELIMINARY INFORMATION — ANSWER EACH OF THESE QUESTIONS

I. Did you or your spouse have "earned" income (e.g., salaries or fees) of $200 or more from any source in the reporting period? **If yes, complete and attach Schedule I.**	Yes ☐ No ☒	VI. Did you, your spouse, or a dependent child receive any reportable gift in the reporting period (i.e., aggregating more than $305 and not otherwise exempt)? **If yes, complete and attach Schedule VI.**	Yes ☐ No ☒
II. Did any individual or organization make a donation to charity in lieu of paying you for a speech, appearance, or article in the reporting period? **If yes, complete and attach Schedule II.**	Yes ☐ No ☒	VII. Did you, your spouse, or a dependent child receive any reportable travel or reimbursements for travel in the reporting period (worth more than $305 from one source)? **If yes, complete and attach Schedule VII.**	Yes ☒ No ☐
III. Did you, your spouse, or a dependent child receive "unearned" income of more than $200 in the reporting period or hold any reportable asset worth more than $1,000 at the end of the period? **If yes, complete and attach Schedule III.**	Yes ☒ No ☐	VIII. Did you hold any reportable positions on or before the date of filing in the current calendar year? **If yes, complete and attach Schedule VIII.**	Yes ☒ No ☐
IV. Did you, your spouse, or dependent child purchase, sell, or exchange any reportable asset in a transaction exceeding $1,000 during the reporting period? **If yes, complete and attach Schedule IV.**	Yes ☒ No ☐	IX. Did you have any reportable agreement or arrangement with an outside entity? **If yes, complete and attach Schedule IX.**	Yes ☐ No ☒
V. Did you, your spouse, or a dependent child have any reportable liability (more than $10,000) during the reporting period? **If yes, complete and attach Schedule V.**	Yes ☐ No ☒	**Each question in this part must be answered and the appropriate schedule attached for each "Yes" response.**	

EXCLUSION OF SPOUSE, DEPENDENT, OR TRUST INFORMATION — ANSWER EACH OF THESE QUESTIONS

TRUSTS—Details regarding "Qualified Blind Trusts" approved by the Committee on Standards of Official Conduct and certain other "excepted trusts" need not be disclosed. Have you excluded from this report details of such a trust benefiting you, your spouse, or dependent child?	Yes ☐ No ☒
EXEMPTION—Have you excluded from this report any other assets, "unearned" income, transactions, or liabilities of a spouse or dependent child because they meet all three tests for exemption?	Yes ☐ No ☒

CERTIFICATION — THIS DOCUMENT MUST BE SIGNED BY THE REPORTING INDIVIDUAL AND DATED

This Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended. The Statement will be available to any requesting person upon written application and will be reviewed by the Committee on Standards of Official Conduct or its designee. Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file this report may be subject to civil penalties and criminal sanctions (*See* 5 U.S.C. app. 4, § 104 and 18 U.S.C. § 1001).

Certification	Signature of Reporting Individual	Date (Month, Day, Year)
I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge and belief.	Charles B. Rangel	5-12-06

CBR 001647
CSOC.CBR.00006288

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EXHIBIT
Exhibit 011

TED STATES HOUSE OF REPRESENTATIVES
ANCIAL DISCLOSURE STATEMENT FOR CALENDAR YEAR 2005

FORM A
For use by Members, officers, and employees

HAND DELIVERED
LEGISLATIVE RESOURCE CENTER
2006 MAY 12 PM 3:36
OFFICE OF THE CLERK
U.S. HOUSE OF REPRESENTATIVES

CHARLES B. RANGEL
(Full Name)
40 WEST 135th STREET APT. 16NP
(Mailing Address)
NEW YORK CITY, NY 10037
Daytime Telephone:

Filer Status	☒ Member of the U.S. House of Representatives	State: NEW YORK District: 15	☐ Officer or Employee	Employing Office:
Report Type	☒ Annual (May 15)	☐ Amendment	☐ Termination	Termination Date:

A *$200 penalty* shall be assessed against anyone who files more than 30 days late.

PRELIMINARY INFORMATION — ANSWER EACH OF THESE QUESTIONS

I. Did you or your spouse have "earned" income (e.g., salaries or fees) of $200 or more from any source in the reporting period? **If yes, complete and attach Schedule I.**	Yes ☐	No ☒	VI. Did you, your spouse, or a dependent child receive any reportable gift in the reporting period (i.e., aggregating more than $305 and not otherwise exempt)? **If yes, complete and attach Schedule VI.**	Yes ☐	No ☒
II. Did any individual or organization make a donation to charity in lieu of paying you for a speech, appearance, or article in the reporting period? **If yes, complete and attach Schedule II.**	Yes ☐	No ☒	VII. Did you, your spouse, or a dependent child receive any reportable travel or reimbursements for travel in the reporting period (worth more than $305 from one source)? **If yes, complete and attach Schedule VII.**	Yes ☒	No ☐
III. Did you, your spouse, or a dependent child receive "unearned" income of more than $200 in the reporting period or hold any reportable asset worth more than $1,000 at the end of the period? **If yes, complete and attach Schedule III.**	Yes ☒	No ☐	VIII. Did you hold any reportable positions on or before the date of filing in the current calendar year? **If yes, complete and attach Schedule VIII.**	Yes ☒	No ☐
IV. Did you, your spouse, or dependent child purchase, sell, or exchange any reportable asset in a transaction exceeding $1,000 during the reporting period? **If yes, complete and attach Schedule IV.**	Yes ☒	No ☐	IX. Did you have any reportable agreement or arrangement with an outside entity? **If yes, complete and attach Schedule IX.**	Yes ☐	No ☒
V. Did you, your spouse, or a dependent child have any reportable liability (more than $10,000) during the reporting period? **If yes, complete and attach Schedule V.**	Yes ☐	No ☒	**Each question in this part must be answered and the appropriate schedule attached for each "Yes" response.**		

EXCLUSION OF SPOUSE, DEPENDENT, OR TRUST INFORMATION — ANSWER EACH OF THESE QUESTIONS

TRUSTS—Details regarding "Qualified Blind Trusts" approved by the Committee on Standards of Official Conduct and certain other "excepted trusts" need not be disclosed. Have you excluded from this report details of such a trust benefiting you, your spouse, or dependent child?	Yes ☐	No ☒
EXEMPTION—Have you excluded from this report any other assets, "unearned" income, transactions, or liabilities of a spouse or dependent child because they meet all three tests for exemption?	Yes ☐	No ☒

CERTIFICATION — THIS DOCUMENT MUST BE SIGNED BY THE REPORTING INDIVIDUAL AND DATED

This Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended. The Statement will be available to any requesting person upon written application and will be reviewed by the Committee on Standards of Official Conduct or its designee. Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file this report may be subject to civil penalties and criminal sanctions (*See* 5 U.S.C. app. 4, § 104 and 18 U.S.C. § 1001).

Certification	Signature of Reporting Individual	Date (Month, Day, Year)
I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge and belief.	C B Rangel	5/12/06

CBR 001660
CSOC.CBR.00006301

758

EXHIBIT

Exhibit 011

PERKINS BOX#1-4888

Name CHARLES B. RANGEL Page 2 of 6

LE III — ASSETS AND "UNEARNED" INCOME

BLOCK A **Asset and/or Income Source** Identify (a) each asset held for investment or production of income with a fair market value exceeding $1,000 at the end of the reporting period, and (b) any other asset or source of income which generated more than $200 in "unearned" income during the year. For rental property or land, provide an address. Provide full names of any mutual funds. For a self-directed IRA (i.e., one where you have the power to select the specific investments), provide information on *each asset* in the account that exceeds the reporting threshold, and the income earned for the account. For an IRA or retirement plan that is not self-directed, name the institution holding the account and provide its value at the end of the reporting period. For an active business that is not publicly traded, in Block A state the nature of the business and its geographic location. For additional information, see the instruction booklet for the reporting year. **Exclude:** Your personal residence(s) (unless there is rental income); any debt owed to you by your spouse, or by your or your spouse's child, parent, or sibling; any deposits totaling $5,000 or less in personal savings accounts; any financial interest in or income derived from U.S. Government retirement programs. If you so choose, you may indicate that an asset or income source is that of your spouse (SP) or dependent child (DC) or is jointly held (JT), in the optional column on the far left.	BLOCK B **Value of Asset** at close of reporting year. If you use a valuation method other than fair market value, please specify the method used. If an asset was sold and is included only because it generated income, the value should be "None."												BLOCK C **Type of Income** Check all columns that apply. Leave blank if asset did not generate any income during the calendar year.							BLOCK D **Amount of Income** For retirement plans or accounts that do not allow you to choose specific investments, you may write "NA" for income. For all other assets, indicate the category of income by checking the appropriate box below. Dividends, even if reinvested, should be listed as income. Check "None" if no income was received.											BLOCK E **Transaction** Indicate if asset was purchased (P), sold (S), or exchanged (E) in reporting year.
	A None	B $1 – $1,000	C $1,001 – $15,000	D $15,001 – $50,000	E $50,001 – $100,000	F $100,001 – $250,000	G $250,001 – $500,000	H $500,001 – $1,000,000	I $1,000,001 – $5,000,000	J $5,000,001 – $25,000,000	K $25,000,001 – $50,000,000	L Over $50,000,000	DIVIDENDS	RENT	INTEREST	CAPITAL GAINS	EXCEPTED TRUST	QUALIFIED BLIND TRUST	Other Type of Income (Specify; For Example, Partnership Income or Farm Income)	I None	II $1 – $200	III $201 – $1,000	IV $1,001 – $2,500	V $2,501 – $5,000	VI $5,001 – $15,000	VII $15,001 – $50,000	VIII $50,001 – $100,000	IX $100,001 – $1,000,000	X $1,000,001 – $5,000,000	XI Over $5,000,000	P, S, E
SP, DC, JT *Examples:* SP Mega Corp. Stock						X							X										X							P
DC, JT Simon & Schuster		Indefinite																	Royalties						X						
JT 1st Bank of Paducah, KY accounts						X								X										X							
Punta Cana Villa Punta Cana, D.R.							X							X									X								
301 174th St. #217 Sunny Isles, Florida 33160							X							X						X											

For additional assets and unearned income, use next page.

759

CBR 001661

CSOC CBR 00006302

EXHIBIT
Exhibit 011

LE III — ASSETS AND "UNEARNED" INCOME
on Sheet (if needed)

Name CHARLES B. RANGEL

Page 3 of 6

SP, DC, JT	BLOCK A Asset and/or Income Source	BLOCK B Year-End Value of Asset: A None	B $1 – $1,000	C $1,001 – $15,000	D $15,001 – $50,000	E $50,001 – $100,000	F $100,001 – $250,000	G $250,001 – $500,000	H $500,001 – $1,000,000	I $1,000,001 – $5,000,000	J $5,000,001 – $25,000,000	K $25,000,001 – $50,000,000	L Over $50,000,000	BLOCK C Type of Income: DIVIDENDS	RENT	INTEREST	CAPITAL GAINS	EXCEPTED TRUST	QUALIFIED BLIND TRUST	Other Type of Income (Specify)	BLOCK D Amount of Income: I None	II $1 – $200	III $201 – $1,000	IV $1,001 – $2,500	V $2,501 – $5,000	VI $5,001 – $15,000	VII $15,001 – $50,000	VIII $50,001 – $100,000	IX $100,001 – $1,000,000	X $1,000,001 – $5,000,000	XI Over $5,000,000	BLOCK E Transaction: P, S, E
	Equities																															
	Shares Trust Dow Jones				X									X									X									
	Select Divid Index Funds																															
	Nasdaq 100 Tr Unit				X									X								X										S(part)
	Ser 1																															
	Standard + Poors				X									X									X									
	Dep Rc pt																															
	ING Principal Protection					X								X										X								
	Fund II CLB																															
	Municipal Funds																															
	Alliance Bernstein Muni						X							X											X							
	Inc FD New York PT CL A																															
	Metro Transn Auth				X											X											X					P
	NY Rev Muni-Steps CPN																															
	BDA MBIA																															

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EXHIBIT
Exhibit 011

ULE IV — TRANSACTIONS

Name CHARLES B. RANGEL | Page 4 of 6

Report any purchase, sale, or exchange by you, your spouse, or dependent child during the reporting year of any real property, stocks, bonds, commodities futures, or other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Do not report a transaction between you, your spouse, or your dependent child, or the purchase or sale of your personal residence, unless it is rented out.

SP, DC, JT	Asset	Type: PURCHASE	Type: SALE	Type: EXCHANGE	Date (MO/DAY/YR)	Amount of Transaction: B ($1,001–$15,000)	C ($15,001–$50,000)	D ($50,001–$100,000)	E ($100,001–$250,000)	F ($250,001–$500,000)	G ($500,001–$1,000,000)	H ($1,000,001–$5,000,000)	I ($5,000,001–$25,000,000)	J ($25,000,001–$50,000,000)	K (Over $50,000,000)
SP	*Example:* Mega Corporation Common Stock	X			10–12–05		X								
	Putnam New York Inv Gr Muni Tr Remarketed Preferred		X		4/25/05		X								
	NASDAQ 100 Tr Unit Ser 1		X		9/27/05	X									
	Metro Transn Auth NY Rev Mun-SP/S	X			2/9/05		X								
	CPD BDA MBIA														

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CBR 001663
CSOC.CBR.00006304

761

EXHIBIT
Exhibit 011

Name CHARLES B. RANGEL | Page 5 of 6

SCHEDULE VII --TRAVEL PAYMENTS AND REIMBURSEMENTS

Identify the source and list travel itinerary, dates, and nature of expenses provided for travel and travel-related expenses totalling more than $305 received by you, your spouse, or a dependent child during the reporting period. Indicate whether a family member accompanied the traveler at the sponsor's expense, and the amount of time, if any, that was not at the sponsor's expense. Disclosure is required regardless of whether the expenses were reimbursed or paid directly by the sponsor.

Exclude: Travel-related expenses provided by federal, state, and local governments, or by a foreign government required to be separately reported under the Foreign Gifts and Decorations Act (5 U.S.C. § 7342); political travel that is required to be reported under the Federal Election Campaign Act; travel provided to a spouse or dependent child that is totally independent of his or her relationship to you.

Source		Date(s)	Point of Departure—Destination—Point of Return	Lodging? (Y/N)	Food? (Y/N)	Was a Family Member Included? (Y/N)	Number of days not at sponsor's expense
Examples:	Chicago Chamber of Commerce	Mar. 2	Wash., D.C.—Chicago—Wash., D.C.	N	N	N	None
	Roycroft Corporation	Aug. 6–11	Wash., D.C.—Los Angeles—Cleveland	Y	Y	Y	2 Days
DEMOCRATIC PACIFIC ASSEMBLY CONFERENCE		Aug. 12-16	New York - Taipei - New York	Y	Y	N	N
New York Carib News		Nov. 11-13	New York-St. Thomas-New York	Y	Y	N	N

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CBR 001664
CSOC.CBR.00006305

792

EXHIBIT
Exhibit 011

LE VIII — POSITIONS

Report all positions, compensated or uncompensated, held during the current calendar year as an officer, director, trustee of an organization, partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise, any nonprofit organization, any labor organization, or any educational or other institution other than the United States.

Exclude: Positions held in any religious, social, fraternal, or political entities; positions solely of an honorary nature; and positions listed on Schedule I.

Position	Name of Organization
Member of the Board	New York City Empowerment Zone
Member of the Board	The Kheel Foundation

SCHEDULE IX — AGREEMENTS NONE

Identify the date, parties to, and general terms of any agreement or arrangement with respect to: future employment; a leave of absence during the period of government service; continuation or deferral of payments by a former or current employer other than the U.S. Government; or continuing participation in an employee welfare or benefit plan maintained by a former employer.

Date	Parties To	Terms of Agreement

GPO: 2006 25-628 (mac)

Use additional sheets if more space is required.

CBR 001665
CSOC.CBR.00006306

EXHIBIT
Exhibit 012

TED STATES HOUSE OF REPRESENTATIVES
FINANCIAL DISCLOSURE STATEMENT

FORM A
For use by Members, officers, and employees

HAND DELIVERED
[illegible] RESOURCE CENTER
2007 JUN 15 AM 10:41
[illegible] CLERK
U.S. HOUSE OF REPRESENTATIVES
(Office Use Only)

CHARLES B. RANGEL
(Full Name)
40 West 135th Street, Apt. 16NP
(Mailing Address)
New York City, N.Y. 10037
Daytime Telephone: (202) 225-4365

Filer Status	☒ Member of the U.S. House of Representatives	State: New York District: 13	☐ Officer or Employee	Employing Office:
Report Type	☒ Annual (May 15)	☐ Amendment	☐ Termination	Termination Date:

A *$200 penalty* shall be assessed against anyone who files more than 30 days late.

PRELIMINARY INFORMATION — ANSWER EACH OF THESE QUESTIONS

I. Did you or your spouse have "earned" income (e.g., salaries or fees) of $200 or more from any source in the reporting period? ***If yes, complete and attach Schedule I.***	Yes ☐	No ☒	VI. Did you, your spouse, or a dependent child receive any reportable gift in the reporting period (i.e., aggregating more *than $305 and not otherwise exempt*)? **If yes, complete and attach Schedule VI.**	Yes ☐	No ☒
II. Did any individual or organization make a donation to charity in lieu of paying you for a speech, appearance, or article in the reporting period? **If yes, complete and attach Schedule II.**	Yes ☐	No ☒	VII. Did you, your spouse, or a dependent child receive any reportable travel or reimbursements for travel in the reporting period (worth more than $305 from one source)? **If yes, complete and attach Schedule VII.**	Yes ☒	No ☐
III. Did you, your spouse, or a dependent child receive "unearned" income of more than $200 in the reporting period or hold any reportable asset worth more than $1,000 at the end of the period? **If yes, complete and attach Schedule III.**	Yes ☒	No ☐	VIII. Did you hold any reportable positions on or before the date of filing in the current calendar year? **If yes, complete and attach Schedule VIII.**	Yes ☒	No ☐
IV. Did you, your spouse, or dependent child purchase, sell, or exchange any reportable asset in a transaction exceeding $1,000 during the reporting period? **If yes, complete and attach Schedule IV.**	Yes ☒	No ☐	IX. Did you have any reportable agreement or arrangement with an outside entity? **If yes, complete and attach Schedule IX.**	Yes ☐	No ☒
V. Did you, your spouse, or a dependent child have any reportable liability (more than $10,000) during the reporting period? ***If yes, complete and attach Schedule V.***	Yes ☐	No ☒	**Each question in this part must be answered and the appropriate schedule attached for each "Yes" response.**		

EXCLUSION OF SPOUSE, DEPENDENT, OR TRUST INFORMATION — ANSWER EACH OF THESE QUESTIONS

TRUSTS—Details regarding "Qualified Blind Trusts" approved by the Committee on Standards of Official Conduct and certain other "excepted trusts" need not be disclosed. Have you excluded from this report details of such a trust benefiting you, your spouse, or dependent child?	Yes ☐	No ☒
EXEMPTION—*Have you excluded from this report any other assets, "unearned" income, transactions, or liabilities of a spouse or dependent child because they meet all three tests for exemption?*	Yes ☐	No ☒

CERTIFICATION — THIS DOCUMENT MUST BE SIGNED BY THE REPORTING INDIVIDUAL AND DATED

This Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended. The Statement will be available to any requesting person upon written application and will be reviewed by the Committee on Standards of Official Conduct or its designee. Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file this report may be subject to civil penalties and criminal sanctions (*See* 5 U.S.C. app. 4, §104 and 18 U.S.C. §1001).

Certification	Signature of Reporting Individual	Date (Month, Day, Year)
I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge and belief.	Charles B. Rangel	6/15/07

CBR 001677
CSOC.CBR.00006318

764

EXHIBIT
Exhibit 012

PERCAD 800-631-6989

EDULE III — ASSETS AND "UNEARNED" INCOME

Charles B. Rangel 2-9-6

BLOCK A — Asset and/or Income Source

...y (a) each asset held for investment or production of income with a fair market value exceeding $1,000 at the end of the reporting period, and (b) any other asset or source of income which generated more than $200 in "unearned" income during the year. For rental property or land, provide an address. Provide full names of any mutual funds. For a self-directed IRA (i.e., one where you have the power to select the specific investments), provide information on *each asset* in the account that exceeds the reporting threshold, and the income earned for the account. For an IRA or retirement plan that is not self-directed, name the institution holding the account and provide its value at the end of the reporting period. For an active business that is not publicly traded, in Block A state the name of the business, the nature of the business, and its geographic location. For additional information, see the instruction booklet for the reporting year.

Exclude: Your personal residence(s) (unless there is rental income); any debt owed to you by your spouse, or by your or your spouse's child, parent, or sibling; any deposits totaling $5,000 or less in personal savings accounts; any financial interest in or income derived from U.S. Government retirement programs.

If you so choose, you may indicate that an asset or income source is that of your spouse (SP) or dependent child (DC) or is jointly held (JT), in the optional column on the far left.

BLOCK B — Value of Asset

at close of reporting year.

If you use a valuation method other than fair market value, please specify the method used.

If an asset was sold and is included only because it generated income, the value should be "None."

BLOCK C — Type of Income

Check all columns that apply.

Check "None" if asset did not generate any income during the calendar year.

BLOCK D — Amount of Income

For retirement plans or accounts that do not allow you to choose specific investments, you may write "NA" for income. For all other assets, indicate the category of income by checking the appropriate box below. Dividends, even if reinvested, should be listed as income. Check "None" if no income was received.

BLOCK E — Transaction

Indicate if the asset had purchases (P), sales (S), or exchanges (E) exceeding $1000 in reporting year.

			A None	B $1 – $1,000	C $1,001 – $15,000	D $15,001 – $50,000	E $50,001 – $100,000	F $100,001 – $250,000	G $250,001 – $500,000	H $500,001 – $1,000,000	I $1,000,001 – $5,000,000	J $5,000,001 – $25,000,000	K $25,000,001 – $50,000,000	L Over $50,000,000	NONE	DIVIDENDS	RENT	INTEREST	CAPITAL GAINS	EXCEPTED/BLIND TRUST	Other Type of Income (Specify: For Example, Partnership Income or Farm Income)	I None	II $1 – $200	III $201 – $1,000	IV $1,001 – $2,500	V $2,501 – $5,000	VI $5,001 – $15,000	VII $15,001 – $50,000	VIII $50,001 – $100,000	IX $100,001 – $1,000,000	X $1,000,001 – $5,000,000	XI Over $5,000,000	P, S, E
SP, DC, JT	Examples:	SP: Mega Corp. Stock					X								X										X								P
		Simon & Schuster		Indefinite																	Royalties									X			
		1st Bank of Paducah, KY accounts						X									X										X						
	Punta Cana Villa							X							X							X											
	Punta Cana, Dom Rep																																

For additional assets and unearned income, use next page.

CBR 001678

CSOC.CBR.00006319

EXHIBIT

Exhibit 012

ation Sheet (if needed)

Name CHARLES B. RANGEL Page 3 of 6

BLOCK A Asset and/or Income Source	SP, DC, JT	BLOCK B Year-End Value of Asset												BLOCK C Type of Income						BLOCK D Amount of Income										BLOCK E Transaction	
		A None	B $1 – $1,000	C $1,001 – $15,000	D $15,001 – $50,000	E $50,001 – $100,000	F $100,001 – $250,000	G $250,001 – $500,000	H $500,001 – $1,000,000	I $1,000,001 – $5,000,000	J $5,000,001 – $25,000,000	K $25,000,001 – $50,000,000	L Over $50,000,000	NONE	DIVIDENDS	RENT	INTEREST	CAPITAL GAINS	EXCEPTED/BLIND TRUST	Other Type of Income (Specify)	I None	II $1 – $200	III $201 – $1,000	IV $1,001 – $2,500	V $2,501 – $5,000	VI $5,001 – $15,000	VII $15,001 – $50,000	VIII $50,001 – $100,000	IX $100,001 – $1,000,000	X $1,000,001 – $5,000,000	XI Over $5,000,000	P, S, E
MUTUAL FUNDS																															
Blackrock Equity Dividend Fund					X									X								X								
Cohen + Steers Intl. Realty Fund CLA					X									X								X								
Federated Market Opportunity Fund Class A					X									X								X								
Hartford Capital Appreciation CLA				X										X							X									
TAG Russia Fund CLA			X											X						X										
JP Morgan US Real Estate Fund CLA				X										X								X								
JP Morgan Fleming European				X										X							X									
Van Eck Global A				X										X						X										
Alliance Bernstein Mun					X									X										X						
Franklin Cust. Fd. Fr. Ser				X										X									X							
Loomis Sayles Strategic				X										X								X								
Oppenheimer Intl.				X										X								X								
Pimco Emerging Market Bnd				X										X								X								

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CBR 001679

CSOC.CBR.00006320

EXHIBIT
Exhibit 012

HEDULE IV — TRANSACTIONS

Name CHARLES B. RANGEL | Page 4 of 6

port any purchase, sale, or exchange by you, your spouse, or dependent child during the reporting year of any real property, stocks, bonds, commodities futures, or other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Provide a brief description of any exchange transaction. Do not report a transaction between you, your spouse, or your dependent child, or the purchase or sale of your personal residence, unless it is rented out.

SP, DC, JT	Asset	Type of Transaction: PURCHASE	SALE	EXCHANGE	Date (MO/DAY/YR)	Amount of Transaction: B ($1,001–$15,000)	C ($15,001–$50,000)	D ($50,001–$100,000)	E ($100,001–$250,000)	F ($250,001–$500,000)	G ($500,001–$1,000,000)	H ($1,000,001–$5,000,000)	I ($5,000,001–$25,000,000)	J ($25,000,001–$50,000,000)	K (Over $50,000,000)
SP	*Example:* Mega Corporation Common Stock	X			10–12–06		X								
	301 174th St., Unit #217 Sunny Isles, FL 33160		X		7-21-07					X					

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EXHIBIT
Exhibit 012

Name CHARLES B. RANGEL Page 5 of 10

HEDULE VII —TRAVEL PAYMENTS AND REIMBURSEMENTS

tify the source and list travel itinerary, dates, and nature of expenses provided for travel and travel-related expenses totaling more than $305 received by , your spouse, or a dependent child during the reporting period. Indicate whether a family member accompanied the traveler at the sponsor's expense, and the amount of time, if any, that was not at the sponsor's expense. Disclosure is required regardless of whether the expenses were paid directly by the sponsor or were paid by you and reimbursed by the sponsor.

Exclude: Travel-related expenses provided by federal, state, and local governments, or by a foreign government required to be separately reported under the *Foreign Gifts and Decorations Act* (5 U.S.C. § 7342); political travel that is required to be reported under the Federal Election Campaign Act; travel provided to a spouse or dependent child that is totally independent of his or her relationship to you.

Source	Date(s)	City of Departure—Destination—City of Return	Lodging? (Y/N)	Food? (Y/N)	Was a Family Member Included? (Y/N)	Number of days not at sponsor's expense
Examples: Chicago Chamber of Commerce	Mar. 2	DC—Chicago—DC	N	N	N	None
Roycroft Corporation	Aug. 6–11	DC—Los Angeles—Cleveland	Y	Y	Y	2 Days
New York Carib News	Nov. 9-12	New York City - Portland City - New York City	Y	Y	Y	None

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CBR 001681
CSOC.CBR.00006322

Name Charles S. Kenyon Page 6 of 6

SCHEDULE VIII — POSITIONS

Report all positions, compensated or uncompensated, held during the current calendar year as an officer, director, trustee of an organization, partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise, any nonprofit organization, any labor organization, or any educational or other institution other than the United States.

Exclude: Positions held in any religious, social, fraternal, or political entities; positions solely of an honorary nature; and positions listed on *Schedule I*.

Position	Name of Organization
Member of the Board of Directors	The Ann Kheel Foundation

SCHEDULE IX — AGREEMENTS

Identify the date, parties to, and general terms of any agreement or arrangement with respect to: future employment; a leave of absence during the period of government service; continuation or deferral of payments by a former or current employer other than the U.S. Government; or continuing participation in an employee welfare or benefit plan maintained by a former employer.

Date	Parties To	Terms of Agreement

GPO: 2007 33-427 (mac)

Use additional sheets if more space is required.

CBR 001682
CSOC.CBR.00006323

EXHIBIT

Exhibit 013

HAND DELIVERED

2008 MAY 14 PM 4:00

OFFICE OF THE CLERK
HOUSE OF REPRESENTATIVES

(Office Use Only)

NITED STATES HOUSE OF REPRESENTATIVES
08 FINANCIAL DISCLOSURE STATEMENT
r 2007 Calendar Year Reporting Period

Form A
For use by Members, officers, and employees

CHARLES B RANGEL (Full Name)

(202)225-4365 (Daytime Telephone)

Filer Status	☒ Member of the U.S. House of Representatives	State: New York District: 15	☐ Officer or Employee	Employing Office:
Report Type	☒ Annual (May 15)	☐ Amendment	☐ Termination	Termination Date:

A $200 penalty shall be assessed against anyone who files more than 30 days late.

PRELIMINARY INFORMATION — ANSWER EACH OF THESE QUESTIONS

I. Did you or your spouse have "earned" income (e.g., salaries or fees) of *$200 or more from any source in the reporting period?* **If yes, complete and attach Schedule I.**	Yes ☐	No ☒	VI. Did you, your spouse, or a dependent child receive any reportable gift in the reporting period (i.e., aggregating more than $305 and not otherwise exempt)? **If yes, complete and attach Schedule VI.**	Yes ☐	No ☒
II. Did any individual or organization make a donation to charity in lieu of paying you for a speech, appearance, or article in the reporting period? **If yes, complete and attach Schedule II.**	Yes ☐	No ☒	VII. Did you, your spouse, or a dependent child receive any reportable travel or reimbursements for travel in the reporting period (worth more than $305 from one source)? **If yes, complete and attach Schedule VII.**	Yes ☐	No ☒
III. Did you, your spouse, or a dependent child receive "unearned" income of more than $200 in the reporting period or hold any reportable asset worth more than $1,000 at the end of the period? **If yes, complete and attach Schedule III.**	Yes ☒	No ☐	VIII. Did you hold any reportable positions on or before the date of filing in the current calendar year? **If yes, complete and attach Schedule VIII.**	Yes ☐	No ☒
IV. Did you, your spouse, or a dependent child purchase, sell, or exchange any reportable asset in a transaction exceeding $1,000 during the reporting period? **If yes, complete and attach Schedule IV.**	Yes ☒	No ☐	IX. Did you have any reportable agreement or arrangement with *an outside entity?* **If yes, complete and attach Schedule IX.**	Yes ☐	No ☒
V. Did you, your spouse, or a dependent child have any reportable liability (more than $10,000) during the reporting period? **If yes, complete and attach Schedule V.**	Yes ☐	No ☒	**Each question in this part must be answered and the appropriate schedule attached for each "Yes" response.**		

EXCLUSION OF SPOUSE, DEPENDENT, OR TRUST INFORMATION — ANSWER EACH OF THESE QUESTIONS

TRUSTS—Details regarding "Qualified Blind Trusts" approved by the Committee on standards of Official Conduct and certain other "excepted trusts" need not be disclosed. Have you excluded from this report details of such a trust benefiting you, your spouse, or dependent child?	Yes ☐	No ☒
EXEMPTION—Have you excluded from this report any other assets, "unearned" income, transactions, or liabilities of a spouse or dependent child because they meet all three tests for exemption?	Yes ☐	No ☒

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CBR 001683

CSOC.CBR.00006324

EXHIBIT

Exhibit 013

Name CHARLES B. RANGEL Page 2 of 6

SCHEDULE III—ASSETS AND "UNEARNED" INCOME

BLOCK A **Asset and/or Income Source**	BLOCK B **Value of Asset**	BLOCK C **Type of Income**	BLOCK D **Amount of Income**	BLOCK E **Transaction**
Identify (a) each asset held for investment or production of income with a fair market value exceeding $1,000 at the end of the reporting period, and (b) any other asset or sources of income which generated more than $200 in "unearned" income during the year. For rental property or land, provide a complete address. Provide full names of stocks and mutual funds (do not use ticker symbols). For ***all IRAs*** and other retirement plans (such as 401(k) plans) that are self directed (*i.e., plans in which you have the power, even if not exercised,* to select the specific investments), provide the value and income information on ***each asset*** in the account that exceeds the reporting threshold. For retirement plans that are not self-directed, name the institution holding the account and its value at the end of the reporting period. *For an active business that is not publicly traded,* state the name of the business, the nature of its activities, and its geographic location in Block A. For additional information, see the instruction booklet. **Exclude:** Your personal residence(s) (unless there is rental income); any debt owed to you by your spouse, or by you or your spouse's child, parent, or sibling; any deposits totalling $5,000 or less in personal savings accounts; any financial interest in or income derived from U.S. Government retirement programs. If you so choose, you may indicate that an asset or income source is that of your spouse (SP) or dependent child (DC) or is jointly held (JT), in the optional column on the far left.	Indicate value of asset at close of reporting year. If you use a valuation method other than fair market value, please specify the method used. If an asset was sold during the reporting year and is included only because it generated income, the value should be "None."	Check all columns that apply. For retirement plans or accounts that do not allow you to choose specific investments, you may write "NA." For all other assets ***including all IRAs,*** indicate the type of income by checking the appropriate box below. **Dividends and interest, even if reinvested, should be listed as income.** Check "None" if asset did not generate any income during calendar year.	For retirement plans or accounts that do not allow you to choose specific investments, you may write "NA" for income. For all other assets, ***including all IRAs,*** indicate the category of income by checking the appropriate box below. **Dividends and interest, even if reinvested, should be listed as income.** Check "None" if no income was received.	Indicate if the asset had purchases (P), sales (S), or exchanges (E) exceeding $1000 in reporting year. If only a portion of an asset is sold, please indicate as follows: (S) (partial) See below for example. P S E

			A	B	C	D	E	F	G	H	I	J	K	L	DIVIDENDS	RENT	INTEREST	CAPITAL GAINS	EXCEPTED FILING TRUST	Other Type of Income (Specify: For Example, Partnership Income or Farm Income)	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	
			None	$1 – $1,000	$1,001 – $15,000	$15,001 – $50,000	$50,001 – $100,000	$100,001 – $250,000	$250,001 – $500,000	$500,001 – $1,000,000	$1,000,001 – $5,000,000	$5,000,001 – $25,000,000	$25,000,001 – $50,000,000	Over $50,000,000	NONE							None	$1 – $200	$201 – $1,000	$1,001 – $2,500	$2,501 – $5,000	$5,001 – $15,000	$15,001 – $50,000	$50,001 – $100,000	$100,001 – $1,000,000	$1,000,001 – $5,000,000	Over $5,000,000		
SP																																
DC	*Examples:*	SP	Mega Corp. Stock				X								X			X					X									S (partial)
JT			Simon & Schuster			Indefinite										X				Royalties												
			1st Bank of Paducah, KY Accounts				X																										
			Federated Market Opportunity Funds			X									X								X										
			JP Morgan U.S. Real Estate Fund			X									X								X										
			Cohen & Steers Intl. Realty Fund			X									X								X										
			Van Eck Global Hard Assets Fund			X									X																		
			Loomis Sayles Strategic Income Fund			X									X								X										

For additional assets and unearned income, use next page.

CBR 001684

CSOC.CBR.00006325

EXHIBIT
Exhibit 013

CHEDULE III—ASSETS AND "UNEARNED" INCOME
ntinuation Sheet (if needed)

Name CHARLES B. RANGEL | Page 3 of 6

SP, DC, JT	BLOCK A Asset and/or Income Source	BLOCK B Year-End Value of Asset: A None	B $1 – $1,000	C $1,001 – $15,000	D $15,001 – $50,000	E $50,001 – $100,000	F $100,001 – $250,000	G $250,001 – $500,000	H $500,001 – $1,000,000	I $1,000,001 – $5,000,000	J $5,000,001 – $25,000,000	K $25,000,001 – $50,000,000	L Over $50,000,000	BLOCK C Type of Income: NONE	DIVIDENDS	RENT	INTEREST	CAPITAL GAINS	EXCEPTED/BLIND TRUST	Other Type of Income (Specify)	BLOCK D Amount of Income: I None	II $1 – $200	III $201 – $1,000	IV $1,001 – $2,500	V $2,501 – $5,000	VI $5,001 – $15,000	VII $15,001 – $50,000	VIII $50,001 – $100,000	IX $100,001 – $1,000,000	X $1,000,001 – $5,000,000	XI Over $5,000,000	BLOCK E Transaction P, S, E
	Oppenheimer Intl. Bond Fund				X										X								X									
	JP Morgan Fleming			X											X							X										
	Intrepid European Cl A																															
	Pimco Emerging Mkts				X										X									X								
	Bond Fund Cl A																															
	Hartford Capital				X										X							X										
	Appreciation Cl. A																															
	Alliance Bernstein						X								X										X							
	Muni Inc. Fd. New York																															
	Pt Cl A																															
	CMA NY Municipal Money		X											X							X											
	Blackrock Equity Dividend				X										X								X									
	Fund Instl.																															
	Franklin Cust. Fd.				X										X									X								
	Inc. Ser Class A																															
	ING Russia Fund				X										X																	
	Punta Cana Villa-time							X								X					X											
	Share, Punta Cana, D.R																															

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EXHIBIT
Exhibit 013

Name CHARLES B. RANGEL | Page 4 of 6

LE IV— TRANSACTIONS

purchase, sale, or exchange by you, your spouse or dependent child during the reporting year of any real property, stocks, bonds, commodities futures, or other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Provide a brief description of any exchange transaction. Do not report a transaction between you, your spouse, or your dependent child, or the purchase or sale of your personal residence, unless it is rented out. **If only a portion of an asset is sold, please so indicate (i.e., "partial sale").** See example below.

SP, DC, JT	Asset	Type of Transaction: PURCHASE	SALE	EXCHANGE	Date (MO/DAY/YR) or Quarterly, Monthly, or Bi-weekly, if applicable	Amount of Transaction: B $1,001-$15,000	C $15,001-$50,000	D $50,001-$100,000	E $100,001-$250,000	F $250,001-$500,000	G $500,001-$1,000,000	H $1,000,001-$5,000,000	I $5,000,001-$25,000,000	J $25,000,001-$50,000,000	K Over $50,000,000
SP	*Example:* Mega Coporation Common Stock (partial sale)		X		10-12-07		X								
	Federated Market Opportunity Fund			X	8/31/07										
	JP Morgan U.S. Real Estate Fund			X	8/31/07										
	Cohen & Steers Intl. Realty Fund			X	7/12/07										
	JP Morgan Fleming Intrepid European			X	8/31/07										
	ING Russia Fund CLA			X	8/31/07										
	Alliance Bernstein Muni Inc. Fd.			X	4/10/07										
	Blackrock Equity Fund Intl.			X	8/31/07										
	301 174th St. Unit # 2217		X						X						
	Sunny Isles, Florida 33160														

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EXHIBIT
Exhibit 013

SCHEDULE VII — TRAVEL PAYMENTS AND REIMBURSEMENTS

Identify the source and list travel itinerary, dates, and nature of expenses provided for travel and travel-related expenses totalling more than $305 received by you, your spouse, or a dependent child during the reporting period. Indicate whether a family member accompanied the traveler at the sponsor's expense, and the amount of time, if any, that was not at the sponsor's expense. Disclosure is required regardless of whether the expenses were paid directly by the sponsor or were paid by you and reimbursed by the sponsor.

Exclude: Travel-related expenses provided by federal, state, and local governments, or by a foreign government required to be separately reported under the Foreign Gifts and Decorations Act (5 U.S.C. §7342); political travel that is required to be reported under the Federal Election Campaign Act; travel provided to a spouse or dependent child that is totally independent of his or her relationship to you.

	Source	Date(s)	City of Departure—Destination—City of Return	Lodging? (Y/N	Food? (Y/N	Was a Family Member Included? (Y/N)	Number of days not at sponsor's expense
Examples.	Chicago Chamber of Commerce	Mar. 2	DC—Chicago—DC	N	N	N	None
	Roycroft Corporation	Aug. 6–11	DC—Los Angeles—Cleveland	Y	Y	Y	2 Days
	N.Y CARIB NEWS FOUNDATION	NOV 8-11	NY- Antigua and Barbuda - NY	Y	Y	N	None

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CBR 001687
CSOC.CBR.00006328

EXHIBIT
Exhibit 013

SCHEDULE VIII—POSITIONS

Report all positions, compensated or uncompensated, held during the current calendar year as an officer, director, trustee of an organization, partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise, any non profit organization, any labor organization, or any educational or other institution other than the United States.

Exclude: Positions listed on Schedule I; positions held in any religious, social, fraternal, or political entities; and positions solely of an honorary nature.

Position	Name of Organization
Member of the Board	New York City Empowerment Zone
Member of the Board	The Kheel Foundation

SCHEDULE IX—AGREEMENTS

Identify the date, parties to, and general terms of any agreement or arrangement with respect to: future employment; a leave of absence during the period of government service; continuation or deferral of payments by a former or current employer other than the U.S. Government; or continuing participation in an employee welfare or benefit plan maintained by a former employer.

Date	Parties To	Terms of Agreement
	None	

Use additional sheets if more space is required.

CBR 001688
CSOC.CBR.00006329



CBR 003737
CSOC.CBR.00025904

UNITED STATES HOUSE OF REPRESENTATIVES

ETHICS IN GOVERNMENT ACT

CALENDAR YEAR 1998 FINANCIAL DISCLOSURE STATEMENT

Please provide the following information. Your address and signature WILL NOT be made available to the public.

Charles B. Rangel	REDACTED - CONFIDENTIAL PERSONAL INFORMATION
(Print Full Name)	(Daytime Telephone)

(Complete Address -- Office or Home)

CERTIFICATION THIS DOCUMENT MUST BE SIGNED BY THE REPORTING INDIVIDUAL AND DATED

The attached Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended. The Statement will be available to any requesting person upon written application and will be reviewed by the Committee on Standards of Official Conduct or its designee. Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file the attached report may be subject to civil penalties and criminal sanctions (See U.S.C. app. 4, § 104 and 18 U.S.C. § 1001).

Certification	Signature of Reporting Individual	Date (Month, Day, Year)
I CERTIFY that the statements I have made on the attached financial disclosure statement and all attached schedules are true, complete, and correct to the best of my knowledge and belief.		

EXHIBIT

Exhibit 014

CBR 003738

CSOC.CBR.00025905

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UNITED STATES HOUSE OF REPRESENTATIVES

CALENDAR YEAR 1998 FINANCIAL DISCLOSURE STATEMENT

FORM A

For use by Members, officers, and employees

Charles B. Rangel
(Full Name)

REDACTED - CONFIDENTIAL PERSONAL INFORMATION
(Daytime Telephone)

(Office Use Only)

Filer Status	X Member of the U.S. State: NY House of Representative District: 15	Officer Or Employee — Employing Office:	**A $200 penalty shall be assessed against anyone who files more than 30 days late.**
Report Type	Annual (May 15) X Amendment	Termination — Termination Date:	

PRELIMINARY INFORMATION -- ANSWER EACH OF THESE QUESTIONS

I.	Did you or your spouse have "earned" income (e.g., salaries or fees) of $200 or more from any source in the reporting period? If yes, complete and attach Schedule I.	Yes X	No	VI.	Did you, your spouse, or a dependent child receive any reportable gift in the reporting period (i.e., aggregating more than $335 and not otherwise exempt)? If yes, complete and attach Schedule VI.	Yes	No X
II.	Did any individual or organization make a donation to charity in lieu of paying you for a speech, appearance, or article in the reporting period? If yes, complete and attach Schedule II.	Yes	No X	VII.	Did you, your spouse, or a dependent child receive any reportable travel or reimbursements for travel in the reporting period (worth more than $335 from one source)? If yes, complete and attach Schedule VII.	Yes X	No
III.	Did you, your spouse, or a dependent child receive "unearned" income of more than $200 in the reporting period or hold any reportable asset worth more than $1,000 at the end of the period? If yes, complete and attach Schedule III.	Yes X	No	VIII.	Did you hold any reportable positions on or before the date of filing in the current calendar year? If yes, complete and attach Schedule VIII.	Yes X	No
IV.	Did you, your spouse, or dependent child purchase, sell, or exchange any reportable asset in a transaction exceeding $1,000 during the reporting period? If yes, complete and attach Schedule IV.	Yes X	No	IX.	Did you have any reportable agreement or arrangement with an outside entity? If yes, complete and attach Schedule IX.	Yes	No X
V.	Did you, your spouse, or a dependent child have any reportable liability (more than $10,000) during the reporting period? If yes, complete and attach Schedule V.	Yes X	No		**Each question in this part must be answered and the appropriate schedule attached for each "Yes" response.**		

EXCLUSION OF SPOUSE, DEPENDENT, OR TRUST INFORMATION -- ANSWER EACH OF THESE QUESTIONS

Trusts-	Details regarding "Qualified Blind Trusts" approved by the Committee on Standards of Official Conduct and certain other "excepted trusts" need not be disclosed. Have you excluded from this report details of such a trust benefiting you, your spouse, or dependent child?	Yes	No X
Exemptions-	Have you excluded from this report any other assets, "unearned" income, transactions, or liabilities of a spouse or dependent child because they meet all three tests for exemption? Do not answer "yes" unless you have first consulted with the Committee on Standards of Official Conduct.	Yes	No X

EXHIBIT
Exhibit 014

CALENDAR YEAR 1998 FINANCIAL DISCLOSURE STATEMENT

SCHEDULE I - EARNED INCOME

List the source, type, and amount of earned income from any source (other than the filer's current employment by the U.S. Government) totaling $200 or more during the preceding calendar year. For a spouse, list the source and amount of any honoraria; list only the source for other spouse earned income exceeding $1,000. See examples below.

Exclude: Military pay (such as National Guard or Reserve pay), federal retirement programs, and benefits received under the Social Security Act.

	Source	Type	Amount
Examples	Keene State	Approved Teaching Fee	$6,000
	State of Maryland	Legislative Pension	$9,000
	Civil War Roundtable (Oct. 2nd)	Spouse Speech	$1,000
	Ontario County Board of Education	Spouse Salary	NA
Congressional FCU-IRA		Retirement Distribution	$ 13,333

For payments to charity in lieu of honoraria, use Schedule II.

CBR 003739
CSOC.CBR.00025906

EXHIBIT

Exhibit 014

SCHEDULE III - ASSETS AND "UNEARNED" INCOME

BLOCK A — Asset and/or Income Source

Identify (a) each asset held for investment or production of income with a fair market value exceeding $1,000 at the end of the reporting period, and (b) any other asset or sources of income which generated more than $200 in "unearned" income during the year. For rental property or land, provide a complete address. Provide full names of stocks and mutual funds (do not use ticker symbols). For all IRAs and other retirement plans (such as 401(k) plans) that are *self directed* (i.e., plans in which you have the power, even if not exercised, to select the specific investment), provide the value and income information on each asset in the account that exceeds the reporting threshold. For retirement plans that are not self-directed, name the institution holding the account and its value at the end of the reporting period. For an active business that is not publicly traded, state the name of the business, the nature of its activities, and its geographic location in Block A. For additional information, see the instruction booklet.

Exclude: Your personal residence(s) (unless there is rental income); any debt owed to you by your spouse, or by you or your spouse's child, parent, or sibling; any deposits totaling $5,000 or less in personal savings accounts; any financial interest in or income derived from U.S. Government retirement programs.

If you so choose, you may indicate that an asset or income source is that of your spouse (SP) or dependent child (DC) or is jointly held (JT), in the optional column on the far left.

BLOCK B — Value of Asset

Indicate value of asset at close of reporting year. If you use a valuation method other than fair market value, please specify the method used.

If an asset was sold during the reporting year and included only because it generated income, the value should be "None."

BLOCK C — Type of Income

Check all columns that apply. For retirement plans or accounts that do not allow you to choose specific investments, you may write "NA." For all other assets *including all IRAs* indicate the type of income by checking the appropriate box below. **Dividends and interest, even if reinvested, should be listed as income.** Check "None" if asset did not generate any income during calendar year.

BLOCK D — Amount of Income

For retirement plans or accounts that do not allow you to choose specific investments, you may write "NA" for income. For all other assets, **including all IRAs**, indicate the category of income by checking the appropriate box below. **Dividends and interest, even if reinvested, should be listed as income.** Check "None" if no income was received.

BLOCK E — Transaction

Indicate if the asset had purchases (P), sales (S), or exchanges (E) exceeding $1,000 in reporting year.

			BLOCK A	A None	B $1 - $1,000	C $1,001 - $15,000	D $15,001 - $50,000	E $50,001 - $100,000	F $100,001 - $250,000	G $250,001 - $500,000	H $500,001 - $1,000,000	I $1,000,001 - $5,000,000	J $5,000,001 - $25,000,000	K $25,000,001 - $50,000,000	Over $50,000,000	BLOCK C: NONE	DIVIDENDS	RENT	INTEREST	CAPITAL GAINS	EXEMPT FROM INCOME TAX	Other types of income (Specify if not taxable, if dividends are income or if from trust)	BLOCK D: I None	II $1 - $200	III $201 - $1,000	IV $1,001 - $2,500	V $2,501 - $5,000	VI $5,001 - $15,000	VII $15,001 - $50,000	VIII $50,001 - $100,000	IX $100,001 - $1,000,000	X $1,000,001 - $5,000,000	XI Over $5,000,000	BLOCK E
SP, DC, JT	*Examples:*	SP	Mega Corp. Stock					X									X			X														S (partial)
			Simon & Schuster			Indefinite																Royalties									X			
			1st Bank of Paducah, KY Accounts						X									X										X						
			74 West 132nd Street, NY, NY 10037 (Nov 1965 $61,753 + Improvements)					X										X										X						
			Punta Cana Beach Villa, Punta Cana, Dom Rep (March 1987 - $82,750 + improvements)						X									X										X						
			Empty Lots, Glassboro, New Jersey (tax assessment $3,000)			X										X							X											
			Chase Manhattan Bank			X													X						X									
			Greenpoint Bank				X												X							X								

For additional assets and unearned income, use next page.

CBR 003740

CSOC.CBR.00025907

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EXHIBIT
Exhibit 014

CBR 003741
CSOC.CBR.00025908

SCHEDULE III - ASSETS AND "UNEARNED" INCOME

Name **Charles B. Rangel**

Continuation Sheet (if needed)

BLOCK A		BLOCK B Year-End Value of Asset											BLOCK C Type of Income					BLOCK D Amount of Income								BLOCK E Transaction
SP, DC, JT	Asset and/or Income Source	A None	B $1 - $1,000	C $1,001 - $15,000	D $15,001 - $50,000	E $50,001 - $100,000	F $100,001 - $250,000	G $250,001 - $500,000	H $500,001 - $1,000,000	I $1,000,001 - $5,000,000	J $5,000,001 - $25,000,000	K $25,000,001 - $50,000,000	L Over $50,000,000	NONE	DIVIDENDS	RENT	CAPITAL GAINS	INTEREST/DIVIDENDS	Other types of income (Specify)	I None	II $1 - $200	III $201 - $1,000	IV $1,001 - $2,500	V $2,501 - $5,000	VI $5,001 - $15,000	VII $15,001 - $50,000	VIII $50,001 - $100,000	IX $100,001 - $1,000,000	X $1,000,001 - $5,000,000	XI Over $5,000,000	P, S, E
	Congressional FCU-IRA, Checking						X												Int./Dv.											
	Essex National Securities, Inc., Money Market		X																			X								
	Consolidated Edison, Inc.	X													X							X								S
	Alliance North American Govt. Income Trust	X													X															S
	Alliance Municipal Incm Fd-New York Port CL B			X																										
	Bell Atlantic Corporation				X										X							X								
	BellSouth Corporation.	X													X				Div./C Gain					X						S
	Merrill Lynch IRA-Alliance Balanced Shrs A,B (roll over)			X											X							X								
	U.S. Treasury Bonds			X										X						X										
	Philip Morris Companies, Inc.			X											X							X								P
	Niagara Mohawk Hldgs Inc			X										X						X										
	Rochester Municipal Fund Class C				X										X							X								P
	AIM Global Telecom & Technology Fd CL B			X													X													

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EXHIBIT
Exhibit 014

CALENDAR YEAR 1998 FINANCIAL DISCLOSURE STATEMENT

SCHEDULE IV - TRANSACTIONS

Name **Charles B. Rangel**

Report any purchase, sale, or exchange by you, your spouse or dependent child during the reporting year of any real property, stocks, bonds, commodities futures, or other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Provide a brief description of any exchange transaction. Do not report a transaction between you, your spouse, or your dependent child, or the purchase or sale of your personal residence, unless it is rented out. **If only a portion of an asset is sold, please so indicate (i.e., "partial sale").** See example below.

SP, DC, JT	Asset	Type of Transaction: PURCHASE	SALE	EXCHANGE	Date (MO/DAY/YR) or Quarterly, Monthly, or Bi-weekly, if applicable	Amount of Transaction: A $1,001-$15,000	C $15,001-$50,000	D $50,001-$100,000	E $100,001-$250,000	F $250,001-$500,000	G $500,001-$1,000,000	H $1,000,001-$5,000,000	I $5,000,001-$25,000,000	J $25,000,001-$50,000,000	K Over $50,000,000
SP	*Example:* Mega Corporation Common Stock (partial sale)		X		10-12-07		X								
	Alliance North American Govt Income Trust		X		08-17-98										
	BellSouth Company		X		08-18-98										
	Philip Morris Companies, Inc.	X			08-13-98										
	AIM Global Telecom & Technology Fd CL B	X			08-13-98										
	Gibraltar Steel		X		08-18-98										
	Rochester Municipal Fund Class C	X			10-01-98		X								
	Consolidated Edison, Inc.		X		1998										

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CBR 003742
CSOC.CBR.00025909

EXHIBIT

Exhibit 014

CALENDAR YEAR 1998 FINANCIAL DISCLOSURE STATEMENT

SCHEDULE V - LIABILITIES

Name **Charles B. Rangel**

Report of liabilities over $10,000 owed to any one creditor ***at any time*** during the reporting period by you, your spouse, or dependent child. Mark the highest amount owed during the year. **Exclude:** Any mortgage on your personal residence (unless it is rented out); loans secured by automobiles, household furniture, or appliances; liabilities of a business in which you own an interest; and liabilities owed to a spouse, or the child, parent, or sibling of you or your spouse. Report ***revolving charge accounts*** (i.e., credit cards) only if the balance at the close of the preceding calendar year exceeded $10,000.

SP, DC, JT	Creditor	Type of Liability	Amount of Liability									
			B $10,001-$15,000	C $15,001-$50,000	D $50,001-$100,000	E $100,001-$250,000	F $250,001-$500,000	G $500,001-$1,000,000	H $1,000,001-$5,000,000	I $5,000,001-$25,000,000	J $25,000,001-$50,000,000	K Over $50,000,000
	Example: First Bank of Wilmington, Delaware	Mortgage on 123 Main St., Dover, Del.				X						
	Citibank	Mortgage on 74 West 132nd St, NY, NY 10037-3313										
	Punta Cana Beach Villa, Dominican Republic	Mort- on Punta Cana Beach Villa Condo		X								

CBR 003743

CSOC.CBR.00025910



CALENDAR YEAR 1998 FINANCIAL DISCLOSURE STATEMENT

FOOTNOTES Name **Charles B. Rangel** Page 7 of 7

Number	Section/Schedule	Footnote	This note refers to the following item
1	Schedule III, IV	Good faith estimates of values were used because bank or brokerage statements were unavailable.	Chase Manhattan Bank, Greenpoint Bank, Congressional FCU - IRA, Checking, Rochester Municipal Fund Class C, Consolidated Edison

CBR 003744
CSOC.CBR.00025911

EXHIBIT
Exhibit 015

CBR 003821
CSOC.CBR.00025912

UNITED STATES HOUSE OF REPRESENTATIVES

ETHICS IN GOVERNMENT ACT

CALENDAR YEAR 1999 FINANCIAL DISCLOSURE STATEMENT

Please provide the following information. Your address and signature WILL NOT be made available to the public.

Charles B. Rangel	REDACTED - CONFIDENTIAL PERSONAL INFORMATION
(Print Full Name)	(Daytime Telephone)

(Complete Address -- Office or Home)

CERTIFICATION THIS DOCUMENT MUST BE SIGNED BY THE REPORTING INDIVIDUAL AND DATED

The attached Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended. The Statement will be available to any requesting person upon written application and will be reviewed by the Committee on Standards of Official Conduct or its designee. Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file the attached report may be subject to civil penalties and criminal sanctions (See U.S.C. app. 4, § 104 and 18 U.S.C. § 1001).

Certification	Signature of Reporting Individual	Date (Month, Day, Year)
I CERTIFY that the statements I have made on the attached financial disclosure statement and all attached schedules are true, complete, and correct to the best of my knowledge and belief.		

EXHIBIT

Exhibit 015

CBR 003822

CSOC.CBR.00025913

UNITED STATES HOUSE OF REPRESENTATIVES

CALENDAR YEAR 1999 FINANCIAL DISCLOSURE STATEMENT

FORM A

For use by Members, officers, and employees

Charles B. Rangel
(Full Name)

REDACTED - CONFIDENTIAL PERSONAL INFORMATION
(Daytime Telephone)

(Office Use Only)

Filer Status	X Member of the U.S. State: NY House of Representative District: 15	Officer Or Employee	Employing Office:
Report Type	Annual (May 15) X Amendment	Termination	Termination Date:

A $200 penalty shall be assessed against anyone who files more than 30 days late.

PRELIMINARY INFORMATION -- ANSWER EACH OF THESE QUESTIONS

I.	Did you or your spouse have "earned" income (e.g., salaries or fees) of $200 or more from any source in the reporting period? **If yes, complete and attach Schedule I.**	Yes	No X	VI.	Did you, your spouse, or a dependent child receive any reportable gift in the reporting period (i.e., aggregating more than $335 and not otherwise exempt)? **If yes, complete and attach Schedule VI.**	Yes	No X
II.	Did any individual or organization make a donation to charity in lieu of paying you for a speech, appearance, or article in the reporting period? **If yes, complete and attach Schedule II.**	Yes	No X	VII.	Did you, your spouse, or a dependent child receive any reportable travel or reimbursements for travel in the reporting period (worth more than $335 from one source)? **If yes, complete and attach Schedule VII.**	Yes X	No
III.	Did you, your spouse, or a dependent child receive "unearned" income of more than $200 in the reporting period or hold any reportable asset worth more than $1,000 at the end of the period? **If yes, complete and attach Schedule III.**	Yes X	No	VIII.	Did you hold any reportable positions on or before the date of filing in the current calendar year? **If yes, complete and attach Schedule VIII.**	Yes X	No
IV.	Did you, your spouse, or dependent child purchase, sell, or exchange any reportable asset in a transaction exceeding $1,000 during the reporting period? **If yes, complete and attach Schedule IV.**	Yes X	No	IX.	Did you have any reportable agreement or arrangement with an outside entity? **If yes, complete and attach Schedule IX.**	Yes	No X
V.	Did you, your spouse, or a dependent child have any reportable liability (more than $10,000) during the reporting period? **If yes, complete and attach Schedule V.**	Yes X	No		**Each question in this part must be answered and the appropriate schedule attached for each "Yes" response.**		

EXCLUSION OF SPOUSE, DEPENDENT, OR TRUST INFORMATION -- ANSWER EACH OF THESE QUESTIONS

Trusts-	Details regarding "Qualified Blind Trusts" approved by the Committee on Standards of Official Conduct and certain other "excepted trusts" need not be disclosed. Have you excluded from this report details of such a trust benefiting you, your spouse, or dependent child?	Yes	No X
Exemptions-	Have you excluded from this report any other assets, "unearned" income, transactions, or liabilities of a spouse or dependent child because they meet all three tests for exemption? Do not answer "yes" unless you have first consulted with the Committee on Standards of Official Conduct.	Yes	No X

EXHIBIT

Exhibit 015

CALENDAR YEAR 1999 FINANCIAL DISCLOSURE STATEMENT

SCHEDULE III - ASSETS AND "UNEARNED" INCOME

Name **Charles B. Rangel**

BLOCK A — Asset and/or Income Source

Identify (a) each asset held for investment or production of income with a fair market value exceeding $1,000 at the end of the reporting period, and (b) any other asset or sources of income which generated more than $200 in "unearned" income during the year. For rental property or land, provide a complete address. Provide full names of stocks and mutual funds (do not use ticker symbols). For all IRAs and other retirement plans (such as 401(k) plans) that are self directed (i.e., plans in which you have the power, even if not exercised, to select the specific investment), provide the value and income information on each asset in the account that exceeds the reporting threshold. For retirement plans that are not self-directed, name the institution holding the account and its value at the end of the reporting period. For an active business that is not publicly traded, state the name of the business, the nature of its activities, and its geographic location in Block A. For additional information, see the instruction booklet.

Exclude: Your personal residence(s) (unless there is rental income); any debt owed to you by your spouse, or by you or your spouse's child, parent, or sibling; any deposits totaling $5,000 or less in personal savings accounts; any financial interest in or income derived from U.S. Government retirement programs.

If you so choose, you may indicate that an asset or income source is that of your spouse (SP) or dependent child (DC) or is jointly held (JT), in the optional column on the far left.

BLOCK B — Value of Asset

Indicate value of asset at close of reporting year. If you use a valuation method other than fair market value, please specify the method used.

If an asset was sold during the reporting year and included only because it generated income, the value should be "None."

BLOCK C — Type of Income

Check all columns that apply. For retirement plans or accounts that do not allow you to choose specific investments, you may write "NA." For all other assets *including all IRAs* indicate the type of income by checking the appropriate box below. **Dividends and interest, even if reinvested, should be listed as income.** Check "None" if asset did not generate any income during calendar year.

BLOCK D — Amount of Income

For retirement plans or accounts that do not allow you to choose specific investments, you may write "NA" for income. For all other assets, **including all IRAs**, indicate the category of income by checking the appropriate box below. **Dividends and interest, even if reinvested, should be listed as income.** Check "None" if no income was received.

BLOCK E — Transaction

Indicate if the asset had purchases (P), sales (S), or exchanges (E) exceeding $1000 in reporting year.

	Asset and/or Income Source		Value of Asset										Type of Income					Amount of Income							Transaction
			A None	B $1 - $1,000	C $1,001 - $15,000	D $15,001 - $50,000	E $50,001 - $100,000	F $100,001 - $250,000	G $250,001 - $500,000	H $500,001 - $1,000,000	I $1,000,001 - $5,000,000	J $5,000,001 - $25,000,000	K $25,000,001 - $50,000,000	L Over $50,000,000	NONE	DIVIDENDS	RENT	INTEREST	CAPITAL GAINS	EXCEPTED INVESTMENT INCOME	Other types of Income (Specify; For Example, Partnership Income or Farm Income)	I None	II $1,000 - $200	III $201 - $1,000	IV $1,001 - $2,500	V $2,501 - $5,000	VI $5,001 - $15,000	VII $15,001 - $50,000	VIII $50,001 - $100,000	IX $100,001 - $1,000,000	X $1,000,001 - $5,000,000	XI Over $5,000,000	If only a portion of an asset is sold, please indicate as follows: (S) (partial) See below for example. P, S, E
SP, DC, JT	*Examples:*	SP	Mega Crop. Stock				X									X			X												S (partial)
			Simon & Schuster			Indefinite															Royalties									X		
			1st Bank of Paducah KY Accounts				X										X									X						
	74 West 132nd Street, NY, NY 10037 (Nov 1965 $61,753 + Improvements)						X										X														
	Punta Cana Beach Villa, Punta Cana, Dom Rep (March 1987 - $62,750 + improvements)						X										X														
	Empty Lots, Glassboro, New Jersey (tax assessment $3,000)				X										X							X									
	Chase Manhattan Bank					X																			X						
	Greenpoint Bank					X																			X						

For additional assets and unearned income, use next page.

CBR 003823

CSOC.CBR.00025914

EXHIBIT

Exhibit 015

CALENDAR YEAR 1999 FINANCIAL DISCLOSURE STATEMENT

SCHEDULE III - ASSETS AND "UNEARNED" INCOME

Name **Charles B. Rangel**

Continuation Sheet (if needed)

SP, DC, JT	BLOCK A Asset and/or Income Source	BLOCK B Year-End Value of Asset											BLOCK C Type of Income					BLOCK D Amount of Income									BLOCK E Transaction
		A None	B $1 - $1,000	C $1,001 - $15,000	D $15,001 - $50,000	E $50,001 - $100,000	F $100,001 - $250,000	G $250,001 - $500,000	H $500,001 - $1,000,000	I $1,000,001 - $5,000,000	J $5,000,001 - $25,000,000	K $25,000,001 - $50,000,000	L Over $50,000,000	NONE	DIVIDENDS	RENT	CAPITAL GAINS	INTEREST AND/OR TRUST	Other types of Income (Specify)	I None	II $1 - $200	III $201 - $1,000	IV $1,001 - $2,500	V $2,501 - $5,000	VI $5,001 - $15,000	VII $15,001 - $50,000	VIII $50,001 - $100,000	IX $100,001 - $1,000,000	X $1,000,001 - $5,000,000	XI Over $5,000,000	P, S, or E
	Congressional FCU-IRA, Checking																		Int./Dv.											
	PepsiCo, Inc.			X											X											X				P
	Bell Atlantic Corporation			X											X											X				
	Merrill Lynch IRA-Alliance Balanced Shrs A,B			X											X											X				
	Alliance Municipal Incm Fd-New York Port CL A			X											X															P
	Alliance Municipal Incm Fd-New York Port CL B			X											X															
	AIM Global Telecom & Technology Fd CL B			X														X								X				
	Nasdaq 100 TR Unit SER 1			X									X							X										P
	Philip Morris Companies, Inc.	X													X											X				S
	Standard & Poors Dep RCPT			X											X											X				P
	U.S. Treasury bonds			X									X							X										
	Niagara Mohawk Holdings, Inc.			X									X							X										
	Rochester Municipal Fund Class C			X											X											X				P
	Meditrust Corp. Paired Certificates			X														X				X								P

CBR 003824

CSOC.CBR.00025915

EXHIBIT

Exhibit 015

CALENDAR YEAR 1999 FINANCIAL DISCLOSURE STATEMENT

CBR 003825

CSOC.CBR.00025916

788

SCHEDULE IV - TRANSACTIONS

Name **Charles B. Rangel**

Report any purchase, sale, or exchange by you, your spouse or dependent child during the reporting year of any real property, stocks, bonds, commodities futures, or other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Provide a brief description of any exchange transaction. Do not report a transaction between you, your spouse, or your dependent child, or the purchase or sale of your personal residence, unless it is rented out. **If only a portion of an asset is sold, please so indicate (i.e., "partial sale").** See example below.

SP, DC, JT	Asset	Type of Transaction: PURCHASE	SALE	EXCHANGE	Date (MO/DAY/YR) or Quarterly, Monthly, or Bi-weekly, if applicable	Amount of Transaction: B $1,001-$15,000	C $15,001-$50,000	D $50,001-$100,000	E $100,001-$250,000	F $250,001-$500,000	G $500,001-$1,000,000	H $1,000,001-$5,000,000	I $5,000,001-$25,000,000	J $25,000,001-$50,000,000	K Over $50,000,000
SP	*Example:* Mega Corporation Common Stock (partial sale)		X		10-12-07		X								
	Meditrust Corp. Paired Certificates	X			10-29-99										
	Nasdaq 100 TR Unit SER 1	X			03-16-99										
	Standard & Poors Dep RCPTS	X			03-16-99										
	Alliance Municipal Incm Fd-New York Port CL A	X			06-30-99										
	PepsiCo, Inc.	X			1999										
	Philip Morris Companies, Inc.		x		10-29-99										
	Rochester Municipal Fund Class C	X			Monthly Div. Reinv.										

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EXHIBIT

Exhibit 015

CALENDAR YEAR 1999 FINANCIAL DISCLOSURE STATEMENT

SCHEDULE V - LIABILITIES

Name **Charles B. Rangel**

Report of liabilities over $10,000 owed to any one creditor ***at any time*** during the reporting period by you, your spouse, or dependent child. Mark the highest amount owed during the year. **Exclude:** Any mortgage on your personal residence (unless it is rented out); loans secured by automobiles, household furniture, or appliances; liabilities of a business in which you own an interest; and liabilities owed to a spouse, or the child, parent, or sibling of you or your spouse. Report ***revolving charge accounts*** (i.e., credit cards) only if the balance at the close of the preceding calendar year exceeded $10,000.

SP, DC, JT	Creditor	Type of Liability	Amount of Liability									
			B $10,001-$15,000	C $15,001-$50,000	D $50,001-$100,000	E $100,001-$250,000	F $250,001-$500,000	G $500,001-$1,000,000	H $1,000,001-$5,000,000	I $5,000,001-$25,000,000	J $25,000,001-$50,000,000	K Over $50,000,000
	Example: First Bank of Wilmington, Delaware	Mortgage on 123 Main St., Dover, Del.				X						
	Citibank	Mortgage on 74 West 132nd St, NY, NY 10037-3313										
	Punta Cana Beach Villa, Dominican Republic	Mort- on Punta Cana Beach Villa Condo										
	Merrill Lynch	Margin Account		X								

CBR 003826

CSOC.CBR.00025917

EXHIBIT
Exhibit 015

CALENDAR YEAR 1999 FINANCIAL DISCLOSURE STATEMENT

FOOTNOTES | Name **Charles B. Rangel** | Page 6 of 6

Number	Section/Schedule	Footnote	This note refers to the following item
1	Schedule III, IV	Good faith estimates of values were used because bank or brokerage statements were unavailable.	Chase Manhattan Bank, Greenpoint Bank, Rochester Municipal Fund Class C, Alliance Municipal Incm Fd-New York Port CL A PepsiCo, Inc. Rochester Municipal Fund Class C

CBR 003827
CSOC.CBR.00025918

EXHIBIT
Exhibit 016

CBR 003875
CSOC.CBR.00025919

UNITED STATES HOUSE OF REPRESENTATIVES

ETHICS IN GOVERNMENT ACT

CALENDAR YEAR 2000 FINANCIAL DISCLOSURE STATEMENT

Please provide the following information. Your address and signature WILL NOT be made available to the public.

Charles B. Rangel (Print Full Name)

REDACTED - CONFIDENTIAL PERSONAL INFORMATION

(Daytime Telephone)

(Complete Address -- Office or Home)

CERTIFICATION THIS DOCUMENT MUST BE SIGNED BY THE REPORTING INDIVIDUAL AND DATED

The attached Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended. The Statement will be available to any requesting person upon written application and will be reviewed by the Committee on Standards of Official Conduct or its designee. Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file the attached report may be subject to civil penalties and criminal sanctions (See U.S.C. app. 4, § 104 and 18 U.S.C. § 1001).

Certification	Signature of Reporting Individual	Date (Month, Day, Year)
I CERTIFY that the statements I have made on the attached financial disclosure statement and all attached schedules are true, complete, and correct to the best of my knowledge and belief.		

EXHIBIT

Exhibit 016

FEDERAL 800-631-6989

CBR 003876

CSOC.CBR.00025920

UNITED STATES HOUSE OF REPRESENTATIVES

CALENDAR YEAR 2000 FINANCIAL DISCLOSURE STATEMENT

FORM A

For use by Members, officers, and employees

Charles B. Rangel
(Full Name)

REDACTED - CONFIDENTIAL PERSONAL INFORMATION
(Daytime Telephone)

(Office Use Only)

Filer Status	X Member of the U.S. State: NY House of Representative District: 15	Officer Or Employee — Employing Office:	**A $200 penalty shall be assessed against anyone who files more than 30 days late.**
Report Type	Annual (May 15) X Amendment	Termination — Termination Date:	

PRELIMINARY INFORMATION -- ANSWER EACH OF THESE QUESTIONS

I.	Did you or your spouse have "earned" income (e.g., salaries or fees) of $200 or more from any source in the reporting period? **If yes, complete and attach Schedule I.**	Yes X	No	VI.	Did you, your spouse, or a dependent child receive any reportable gift in the reporting period (i.e., aggregating more than $335 and not otherwise exempt)? **If yes, complete and attach Schedule VI.**	Yes	No X
II.	Did any individual or organization make a donation to charity in lieu of paying you for a speech, appearance, or article in the reporting period? **If yes, complete and attach Schedule II.**	Yes	No X	VII.	Did you, your spouse, or a dependent child receive any reportable travel or reimbursements for travel in the reporting period (worth more than $335 from one source)? **If yes, complete and attach Schedule VII.**	Yes X	No
III.	Did you, your spouse, or a dependent child receive "unearned" income of more than $200 in the reporting period or hold any reportable asset worth more than $1,000 at the end of the period? **If yes, complete and attach Schedule III.**	Yes X	No	VIII.	Did you hold any reportable positions on or before the date of filing in the current calendar year? **If yes, complete and attach Schedule VIII.**	Yes X	No
IV.	Did you, your spouse, or dependent child purchase, sell, or exchange any reportable asset in a transaction exceeding $1,000 during the reporting period? **If yes, complete and attach Schedule IV.**	Yes X	No	IX.	Did you have any reportable agreement or arrangement with an outside entity? **If yes, complete and attach Schedule IX.**	Yes	No X
V.	Did you, your spouse, or a dependent child have any reportable liability (more than $10,000) during the reporting period? **If yes, complete and attach Schedule V.**	Yes X	No		**Each question in this part must be answered and the appropriate schedule attached for each "Yes" response.**		

EXCLUSION OF SPOUSE, DEPENDENT, OR TRUST INFORMATION -- ANSWER EACH OF THESE QUESTIONS

Trusts-	**Details regarding "Qualified Blind Trusts" approved by the Committee on Standards of Official Conduct and certain other "excepted trusts" need not be disclosed. Have you excluded from this report details of such a trust benefiting you, your spouse, or dependent child?**	Yes	No X
Exemptions-	**Have you excluded from this report any other assets, "unearned" income, transactions, or liabilities of a spouse or dependent child because they meet all three tests for exemption? Do not answer "yes" unless you have first consulted with the Committee on Standards of Official Conduct.**	Yes	No X

EXHIBIT
Exhibit 016

CALENDAR YEAR 2000 FINANCIAL DISCLOSURE STATEMENT

CBR 003877
CSOC.CBR.00025921

SCHEDULE I - EARNED INCOME

Name **Charles B. Rangel**

List the source, type, and amount of earned income from any source (other than the filer's current employment by the U.S. Government) totaling $200 or more during the preceeding calendar year. For a spouse, list the source and amount of any honoraria; list only the source for other spouse earned income exceeding $1,000. See examples below.

Exclude: Military pay (such as National Guard or Reserve pay), federal retirement programs, and benefits received under the Social Security Act.

Source		Type	Amount
Examples	Keene State	Approved Teaching Fee	$6,000
	State of Maryland	Legislative Pension	$9,000
	Civil War Roundtable (Oct. 2nd)	Spouse Speech	$1,000
	Ontario County Board of Education	Spouse Salary	NA
Congressional FCU-IRA		Retirement Distribution	$ 6,144

For payments to charity in lieu of honoraria, use Schedule II.

EXHIBIT
Exhibit 016

CALENDAR YEAR 2000 FINANCIAL DISCLOSURE STATEMENT

SCHEDULE III - ASSETS AND "UNEARNED" INCOME

Name **Charles B. Rangel**

BLOCK A — Asset and/or Income Source

Identify (a) each asset held for investment or production of income with a fair market value exceeding $1,000 at the end of the reporting period, and (b) any other asset or sources of income which generated more than $200 in "unearned" income during the year. For rental property or land, provide a complete address. Provide full names of stocks and mutual funds (do not use ticker symbols). For all IRAs and other retirement plans (such as 401(k) plans) that are self directed (i.e., plans in which you have the power, even if not exercised, to select the specific investment), provide the value and income information on each asset in the account that exceeds the reporting threshold. For retirement plans that are not self-directed, name the institution holding the account and its value at the end of the reporting period. For an active business that is not publicly traded, state the name of the business, the nature of its activities, and its geographic location in Block A. For additional information, see the instruction booklet.

Exclude: Your personal residence(s) (unless there is rental income); any debt owed to you by your spouse, or by you or your spouse's child, parent, or sibling; any deposits totaling $5,000 or less in personal savings accounts; any financial interest in or income derived from U.S. Government retirement programs.

If you so choose, you may indicate that an asset or income source is that of your spouse (SP) or dependent child (DC) or is jointly held (JT), in the optional column on the far left.

BLOCK B — Value of Asset

Indicate value of asset at close of reporting year. If you use a valuation method other than fair market value, please specify the method used.

If an asset was sold during the reporting year and included only because it generated income, the value should be "None."

BLOCK C — Type of Income

Check all columns that apply. For retirement plans or accounts that do not allow you to choose specific investments, you may write "NA." For all other assets *including all IRAs* indicate the type of income by checking the appropriate box below. **Dividends and interest, even if reinvested, should be listed as income.** Check "None" if asset did not generate any income during calendar year.

BLOCK D — Amount of Income

For retirement plans or accounts that do not allow you to choose specific investments, you may write "NA" for income. For all other assets, **including all IRAs**, indicate the category of income by checking the appropriate box below. **Dividends and interest, even if reinvested, should be listed as income.** Check "None" if no income was received.

BLOCK E — Transaction

Indicate if the asset had purchases (P), sales (S), or exchanges (E) exceeding $1,000 in reporting year.

			A None	B $1 - $1,000	C $1,001 - $15,000	D $15,001 - $50,000	E $50,001 - $100,000	F $100,001 - $250,000	G $250,001 - $500,000	H $500,001 - $1,000,000	I $1,000,001 - $5,000,000	J $5,000,001 - $25,000,000	K $25,000,001 - $50,000,000	L Over $50,000,000	NONE	DIVIDENDS	RENT	INTEREST	CAPITAL GAINS	EXCEPTED BLIND TRUST	Other types of Income (Specify: For Example, Retirement Income or Pension Income)	I None	II $1 - $200	III $201 - $1,000	IV $1,001 - $2,500	V $2,501 - $5,000	VI $5,001 - $15,000	VII $15,001 - $50,000	VIII $50,001 - $100,000	IX $100,001 - $1,000,000	X $1,000,001 - $5,000,000	XI Over $5,000,000	If only a portion of an asset is sold, please indicate as follows: "(S) (partial)" See below for example. P, S, E
SP, DC, JT	Examples:	SP Mega Corp. Stock					X									X			X														S (partial)
		Simon & Schuster			Indefinite																Royalties									X			
		1st Bank of Paducah, KY Accounts						X									X										X						
		74 West 132nd Street, NY, NY 10037 (Nov 1965 $61,753 + Improvements)					X										X											X					
		Punta Cana Beach Villa, Punta Cana, Dom Rep (March 1987 - $82,750 + improvements)						X									X									X							
		Chase Manhattan Bank			X													X						X									
		Congressional FCU-IRA, Checking						X													Int./Dv.						X						
		Merrill Lynch Cash & Money Accts							X						X							X											
		Merrill Lynch IRA-Alliance Balanced Shrs A,B			X											X								X									

For additional assets and unearned income, use next page.

CBR 003878
CSOC.CBR.00025922

EXHIBIT
Exhibit 016

CALENDAR YEAR 2000 FINANCIAL DISCLOSURE STATEMENT

SCHEDULE III - ASSETS AND "UNEARNED" INCOME

Name **Charles B. Rangel** | Page 4 of 7

Continuation Sheet (if needed)

SP, DC, JT	BLOCK A Asset and/or Income Source	BLOCK B Year-End Value of Asset: A None	B $1 - $1,000	C $1,001 - $15,000	D $15,001 - $50,000	E $50,001 - $100,000	F $100,001 - $250,000	G $250,001 - $500,000	H $500,001 - $1,000,000	I $1,000,001 - $5,000,000	J $5,000,001 - $25,000,000	K $25,000,001 - $50,000,000	L Over $50,000,000	BLOCK C Type of Income: NONE	DIVIDENDS	RENT	INTEREST	CAPITAL GAINS	EXCEPTED BLIND TRUST	Other types of Income (Specify)	BLOCK D Amount of Income: I None	II $1 - $200	III $201 - $1,000	IV $1,001 - $2,500	V $2,501 - $5,000	VI $5,001 - $15,000	VII $15,001 - $50,000	VIII $50,001 - $100,000	IX $100,001 - $1,000,000	X $1,000,001 - $5,000,000	XI Over $5,000,000	BLOCK E Transaction P, S, E
	Greenpoint Bank				X												X							X								
	Empty Lots, Glassboro, New Jersey (tax assessment $3,000)			X										X							X											
	Standard & Poors Dep RCPT			X											X							X										
	Verizon Communications Co. (formerly Bell At.)				X										X								X									
	Alliance Municipal Incm Fd-New York Port CL A			X											X								X									
	Alliance Municipal Incm Fd-New York Port CL B			X											X							X										
	AIM Global Telecom & Technology Fd CL A (split from B)			X														X					X									
	AIM Global Telecom & Technology Fd CL B			X														X					X									
	Niagara Mohawk Hldgs Inc			X										X							X											
	Nasdaq 100 TR Unit SER 1			X										X							X											
	U.S. Treasury bonds			X										X							X											
	PepsiCo, Inc.			X											X							X										
	Rochester Municipal Fund Class C				X										X									X								P
	AIM Floating Rate Fund				X										X									X								P

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CBR 003879

CSOC.CBR.00025923

EXHIBIT
Exhibit 016

SCHEDULE IV - TRANSACTIONS

Name **Charles B. Rangel**

Report any purchase, sale, or exchange by you, your spouse or dependent child during the reporting year of any real property, stocks, bonds, commodities futures, or other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Provide a brief description of any exchange transaction. Do not report a transaction between you, your spouse, or your dependent child, or the purchase or sale of your personal residence, unless it is rented out. **If only a portion of an asset is sold, please so indicate (i.e., "partial sale").** See example below.

SP, DC, JT	Asset	Type of Transaction: PURCHASE	SALE	EXCHANGE	Date (MO/DAY/YR) or Quarterly, Monthly, or Bi-weekly, if applicable	Amount of Transaction: A $1,001-$15,000	C $15,001-$50,000	D $50,001-$100,000	E $100,001-$250,000	F $250,001-$500,000	G $500,001-$1,000,000	H $1,000,001-$5,000,000	I $5,000,001-$25,000,000	J $25,000,001-$50,000,000	K Over $50,000,000
SP	*Example:* Mega Corporation Common Stock (partial sale)		X		10-12-07		X								
	Meditrust Corp. Paired Certificates		X		03-14-00										
	AIM Floating Rate Fund	X			03-8-00 P, Div. Reinv. P		X								
	Rochester Municipal Fund Class C	X			Monthly Div. Reinv.										

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CBR 003880
CSOC.CBR.00025924

EXHIBIT
Exhibit 016

CALENDAR YEAR 2000 FINANCIAL DISCLOSURE STATEMENT

SCHEDULE V - LIABILITIES | Name **Charles B. Rangel** |

Report of liabilities over $10,000 owed to any one creditor ***at any time*** during the reporting period by you, your spouse, or dependent child. Mark the highest amount owed during the year. **Exclude:** Any mortgage on your personal residence (unless it is rented out); loans secured by automobiles, household furniture, or appliances; liabilities of a business in which you own an interest; and liabilities owed to a spouse, or the child, parent, or sibling of you or your spouse. Report ***revolving charge accounts*** (i.e., credit cards) only if the balance at the close of the preceding calendar year exceeded $10,000.

SP, DC, JT	Creditor	Type of Liability	Amount of Liability B: $10,001-$15,000	C: $15,001-$50,000	D: $50,001-$100,000	E: $100,001-$250,000	F: $250,001-$500,000	G: $500,001-$1,000,000	H: $1,000,001-$5,000,000	I: $5,000,001-$25,000,000	J: $25,000,001-$50,000,000	K: Over $50,000,000
	Example: First Bank of Wilmington, Delaware	Mortgage on 123 Main St., Dover, Del.				X						
	Citibank	Mortgage on 74 West 132nd St, NY, NY 10037-3313			X							
	Punta Cana Beach Villa, Dominican Republic	Mort- on Punta Cana Beach Villa Condo										

CBR 003881
CSOC.CBR.00025925

EXHIBIT
Exhibit 016

CALENDAR YEAR 2000 FINANCIAL DISCLOSURE STATEMENT

FOOTNOTES

Number	Section/Schedule	Footnote	This note refers to the following item
1	Schedule III, IV	Good faith estimates of values were used because bank or brokerage statements were unavailable.	Chase Manhattan Bank, Greenpoint Bank, Congressional FCU - IRA, Checking, Rochester Municipal Fund Class C
2	Schedule III	In 2000, a personal residence was sold and invested in Merrill Lynch Accounts	Merrill Lynch Cash Money Accounts

CBR 003882
CSOC.CBR.00025926



CBR 003978
CSOC.CBR.00025927

UNITED STATES HOUSE OF REPRESENTATIVES

ETHICS IN GOVERNMENT ACT

CALENDAR YEAR 2001 FINANCIAL DISCLOSURE STATEMENT

Please provide the following information. Your address and signature WILL NOT be made available to the public.

Charles B. Rangel — REDACTED - CONFIDENTIAL PERSONAL INFORMATION — (Daytime Telephone)

(Print Full Name)

(Complete Address -- Office or Home)

CERTIFICATION THIS DOCUMENT MUST BE SIGNED BY THE REPORTING INDIVIDUAL AND DATED

The attached Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended. The Statement will be available to any requesting person upon written application and will be reviewed by the Committee on Standards of Official Conduct or its designee. Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file the attached report may be subject to civil penalties and criminal sanctions (See U.S.C. app. 4, § 104 and 18 U.S.C. § 1001).

Certification	Signature of Reporting Individual	Date (Month, Day, Year)
I CERTIFY that the statements I have made on the attached financial disclosure statement and all attached schedules are true, complete, and correct to the best of my knowledge and belief.		

EXHIBIT

Exhibit 017

CBR 003979

CSOC.CBR.00025928

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UNITED STATES HOUSE OF REPRESENTATIVES

CALENDAR YEAR 2001 FINANCIAL DISCLOSURE STATEMENT

FORM A

For use by Members, officers, and employees

Charles B. Rangel (Full Name)

REDACTED - CONFIDENTIAL PERSONAL INFORMATION (Daytime Telephone)

(Office Use Only)

Filer Status	X Member of the U.S. State: NY House of Representative District: 15	Officer Or Employee — Employing Office:	**A $200 penalty shall be assessed against anyone who files more than 30 days late.**
Report Type	Annual (May 15) X Amendment	Termination — Termination Date:	

PRELIMINARY INFORMATION -- ANSWER EACH OF THESE QUESTIONS

I.	Did you or your spouse have "earned" income (e.g., salaries or fees) of $200 or more from any source in the reporting period? **If yes, complete and attach Schedule I.**	Yes X	No	VI.	Did you, your spouse, or a dependent child receive any reportable gift in the reporting period (i.e., aggregating more than $335 and not otherwise exempt)? **If yes, complete and attach Schedule VI.**	Yes	No X
II.	Did any individual or organization make a donation to charity in lieu of paying you for a speech, appearance, or article in the reporting period? **If yes, complete and attach Schedule II.**	Yes	No X	VII.	Did you, your spouse, or a dependent child receive any reportable travel or reimbursements for travel in the reporting period (worth more than $335 from one source)? **If yes, complete and attach Schedule VII.**	Yes X	No
III.	Did you, your spouse, or a dependent child receive "unearned" income of more than $200 in the reporting period or hold any reportable asset worth more than $1,000 at the end of the period? **If yes, complete and attach Schedule III.**	Yes X	No	VIII.	Did you hold any reportable positions on or before the date of filing in the current calendar year? **If yes, complete and attach Schedule VIII.**	Yes	No X
IV.	Did you, your spouse, or dependent child purchase, sell, or exchange any reportable asset in a transaction exceeding $1,000 during the reporting period? **If yes, complete and attach Schedule IV.**	Yes X	No	IX.	Did you have any reportable agreement or arrangement with an outside entity? **If yes, complete and attach Schedule IX.**	Yes	No X
V.	Did you, your spouse, or a dependent child have any reportable liability (more than $10,000) during the reporting period? **If yes, complete and attach Schedule V.**	Yes X	No	**Each question in this part must be answered and the appropriate schedule attached for each "Yes" response.**			

EXCLUSION OF SPOUSE, DEPENDENT, OR TRUST INFORMATION -- ANSWER EACH OF THESE QUESTIONS

Trusts-	Details regarding "Qualified Blind Trusts" approved by the Committee on Standards of Official Conduct and certain other "excepted trusts" need not be disclosed. Have you excluded from this report details of such a trust benefiting you, your spouse, or dependent child?	Yes	No X
Exemptions-	Have you excluded from this report any other assets, "unearned" income, transactions, or liabilities of a spouse or dependent child because they meet all three tests for exemption? Do not answer "yes" unless you have first consulted with the Committee on Standards of Official Conduct.	Yes	No X

EXHIBIT
Exhibit 017

CALENDAR YEAR 2001 FINANCIAL DISCLOSURE STATEMENT

SCHEDULE I - EARNED INCOME

List the source, type, and amount of earned income from any source (other than the filer's current employment by the U.S. Government) totaling $200 or more during the preceeding calendar year. For a spouse, list the source and amount of any honoraria; list only the source for other spouse earned income exceeding $1,000. See examples below.
Exclude: Military pay (such as National Guard or Reserve pay), federal retirement programs, and benefits received under the Social Security Act.

Source		Type	Amount
Examples	Keene State	Approved Teaching Fee	$6,000
	State of Maryland	Legislative Pension	$9,000
	Civil War Roundtable (Oct. 2nd)	Spouse Speech	$1,000
	Ontario County Board of Education	Spouse Salary	NA
Congressional FCU-IRA		Retirement Distribution	$ 8,693
Merrill Lynch IRA-Alliance Balanced Shrs A,B		Retirement Distribution	$ 4,235

For payments to charity in lieu of honoraria, use Schedule II.

CBR 003980
CSOC.CBR.00025929

EXHIBIT

Exhibit 017

PE-NAD 500-631-1989

CALENDAR YEAR 2001 FINA[illegible]IAL DISCLOSURE STATEMENT

SCHEDULE III - ASSETS AND "UNEARNED" INCOME

Name **Charles B. Rangel**

BLOCK A — Asset and/or Income Source

Identify (a) each asset held for investment or production of income with a fair market value exceeding $1,000 at the end of the reporting period, and (b) any other asset or sources of income which generated more than $200 in "unearned" income during the year. For rental property or land, provide a complete address. Provide full names of stocks and mutual funds (do not use ticker symbols). For all IRAs and other retirement plans (such as 401(k) plans) that are self directed (i.e., plans in which you have the power, even if not exercised, to select the specific investment), provide the value and income information on each asset in the account that exceeds the reporting threshold. For retirement plans that are not self-directed, name the institution holding the account and its value at the end of the reporting period. For an active business that is not publicly traded, state the name of the business, the nature of its activities, and its geographic location in Block A. For additional information, see the instruction booklet.

Exclude: Your personal residence(s) (unless there is rental income); any debt owed to you by your spouse, or by you or your spouse's child, parent, or sibling; any deposits totaling $5,000 or less in personal savings accounts; any financial interest in or income derived from U.S. Government retirement programs.

If you so choose, you may indicate that an asset or income source is that of your spouse (SP) or dependent child (DC) or is jointly held (JT), in the optional column on the far left.

BLOCK B — Value of Asset

Indicate value of asset at close of reporting year. If you use a valuation method other than fair market value, please specify the method used.

If an asset was sold during the reporting year and included only because it generated income, the value should be "None."

BLOCK C — Type of Income

Check all columns that apply. For retirement plans or accounts that do not allow you to choose specific investments, you may write "NA." For all other assets *including all IRAs* indicate the type of income by checking the appropriate box below. **Dividends and interest, even if reinvested, should be listed as income.** Check "None" if asset did not generate any income during calendar year.

BLOCK D — Amount of Income

For retirement plans or accounts that do not allow you to choose specific investments, you may write "NA" for income. For all other assets, including all IRAs, indicate the category of income by checking the appropriate box below. **Dividends and interest, even if reinvested, should be listed as income.** Check "None" if no income was received.

BLOCK E — Transaction

Indicate if the asset had purchases (P), sales (S), or exchanges (E) exceeding $1,000 in reporting year.

			BLOCK A	A None	B $1 - $1,000	C $1,001 - $15,000	D $15,001 - $50,000	E $50,001 - $100,000	F $100,001 - $250,000	G $250,001 - $500,000	H $500,001 - $1,000,000	I $1,000,001 - $5,000,000	J $5,000,001 - $25,000,000	K $25,000,001 - $50,000,000	L Over $50,000,000	BLOCK C: NONE	DIVIDENDS	RENT	INTEREST	CAPITAL GAINS	EXEMPT FROM TAX	Other types of Income (Specify: Partnership, Subchapter S or Trust Income)	BLOCK D: I None	II $1,001 - $200	III $201 - $1,000	IV $1,001 - $2,500	V $2,501 - $5,000	VI $5,001 - $15,000	VII $15,001 - $50,000	VIII $50,001 - $100,000	IX $100,001 - $1,000,000	X $1,000,001 - $5,000,000	XI Over $5,000,000	BLOCK E: If only a portion of an asset is sold, please indicate as follows: "(S) (partial)" See below for example. P, S, E
SP, DC, JT	*Examples:*	SP	Mega Corp. Stock					X									X			X													S (partial)
		DC	Simon & Schuster				Indefinite															Royalties								X				
		JT	1st Bank of Paducah, KY Accounts					X										X									X							
			74 West 132nd Street, NY, NY 10037 (Nov 1985 $61,753 + Improvements)					X										X		X								X						
			Punta Cana Beach Villa, Punta Cana, Dom Rep (March 1987 - $82,750 + improvements)					X										X		X								X						
			Chase Manhattan Bank				X													X				X										
			Congressional FCU-IRA, Checking					X												X		Int./Dv.						X						
			Merrill Lynch Cash & Money Accts						X											X		Int./Dv.												
			Greenpoint Bank																	X														

For additional assets and unearned income, use next page.

CBR 003981

CSOC.CBR.00025930

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EXHIBIT

Exhibit 017

CALENDAR YEAR 2001 FINANCIAL DISCLOSURE STATEMENT

SCHEDULE III - ASSETS AND "UNEARNED" INCOME

Name **Charles B. Rangel**

Continuation Sheet (if needed)

SP, DC, JT	BLOCK A Asset and/or Income Source	BLOCK B Year-End Value of Asset											BLOCK C Type of Income					BLOCK D Amount of Income									BLOCK E Transaction
		A None	B $1 - $1,000	C $1,001 - $15,000	D $15,001 - $50,000	E $50,001 - $100,000	F $100,001 - $250,000	G $250,001 - $500,000	H $500,001 - $1,000,000	I $1,000,001 - $5,000,000	J $5,000,001 - $25,000,000	K $25,000,001 - $50,000,000	L Over $50,000,000	NONE	DIVIDENDS	RENT	INTEREST	CAPITAL GAINS	EXCEPTED BLIND TRUST	Other types of income (Specify)	I None	II $1 - $200	III $201 - $1,000	IV $1,001 - $2,500	V $2,501 - $5,000	VI $5,001 - $15,000	VII $15,001 - $50,000	VIII $50,001 - $100,000	IX $100,001 - $1,000,000	X $1,000,001 - $5,000,000	XI Over $5,000,000	P, S, E
	Niagara Mohawk Hldgs Inc			X										X							X									
	Alliance Municipal Incm Fd-New York Port CL A			X											X								X							
	Standard & Poors Dep RCPT			X											X															P
	Nasdaq 100 TR Unit SER 1			X										X							X									P
	Verizon Communications Company			X										X									X							
	U.S. Treasury bonds			X										X							X									
	Alliance Municipal Incm Fd-New York Port CL B				X										X									X						P
	AIM Floating Rate Fund				X										X									X						P
	Rochester Municipal Fund Class C				X										X									X						P
	PepsiCo, Inc.			X																										
	Empty Lots, Glassboro, New Jersey (tax assessment $3,000)			X										X							X									

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CBR 003982

CSOC.CBR.00025931

803

EXHIBIT

Exhibit 017

CALENDAR YEAR 2001 FINANCIAL DISCLOSURE STATEMENT

CBR 003983

CSOC.CBR.00025932

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SCHEDULE IV - TRANSACTIONS

Name **Charles B. Rangel**

Report any purchase, sale, or exchange by you, your spouse or dependent child during the reporting year of any real property, stocks, bonds, commodities futures, or other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Provide a brief description of any exchange transaction. Do not report a transaction between you, your spouse, or your dependent child, or the purchase or sale of your personal residence, unless it is rented out. **If only a portion of an asset is sold, please so indicate (i.e., "partial sale").** See example below.

SP, DC, JT	Asset	Type of Transaction: PURCHASE	SALE	EXCHANGE	Date: (MO/DAY/YR) or Quarterly, Monthly, or Bi-weekly, if applicable	Amount of Transaction: B $1,000 - $15,000	C $15,001 - $50,000	D $50,001 - $100,000	E $100,001 - $250,000	F $250,001 - $500,000	G $500,001 - $1,000,000	H $1,000,001 - $5,000,000	I $5,000,001 - $25,000,000	J $25,000,001 - $50,000,000	K Over $50,000,000
SP	*Example:* Mega Corporation Common Stock (partial sale)		X		10-12-07		X								
	Standard & Poors Dep RCPT	X			03-13-01										
	Alliance Municipal Incm Fd-New York Port CL B	X			10-09-01 P, Div. Reinv. P		X								
	Nasdaq 100 TR Unit SER 1	X			03-13-01										
	AIM Floating Rate Fund	X			Monthly Div. Reinv.										
	Rochester Municipal Fund Class C	X			Monthly Div. Reinv.										

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EXHIBIT
Exhibit 017

CALENDAR YEAR 2001 FINANCIAL DISCLOSURE STATEMENT

SCHEDULE V - LIABILITIES

Name **Charles B. Rangel**

Report of liabilities over $10,000 owed to any one creditor ***at any time*** during the reporting period by you, your spouse, or dependent child. Mark the highest amount owed during the year. **Exclude:** Any mortgage on your personal residence (unless it is rented out); loans secured by automobiles, household furniture, or appliances; liabilities of a business in which you own an interest; and liabilities owed to a spouse, or the child, parent, or sibling of you or your spouse. Report ***revolving charge accounts*** (i.e., credit cards) only if the balance at the close of the preceding calendar year exceeded $10,000.

SP, DC, JT	Creditor	Type of Liability	Amount of Liability									
			B $10,000 - $15,000	C $15,001 - $50,000	D $50,001 - $100,000	E $100,001 - $250,000	F $250,001 - $500,000	G $500,001 - $1,000,000	H $1,000,001 - $5,000,000	I $5,000,001 - $25,000,000	J $25,000,001 - $50,000,000	K Over $50,000,000
	Example: First Bank of Wilmington, Delaware	Mortgage on 123 Main St., Dover, Del.				X						
	Citibank	Mortgage on 74 West 132nd St, NY, NY 10037-3313		X								
	Punta Cana Beach Villa, Dominican Republic	Mort- on Punta Cana Beach Villa Condo										

CBR 003984
CSOC.CBR.00025933

EXHIBIT

Exhibit 017

CALENDAR YEAR 2001 FINANCIAL DISCLOSURE STATEMENT

FOOTNOTES

Name **Charles B. Rangel**

Number	Section/Schedule	Footnote	This note refers to the following item
1	Schedule III	Good faith estimates of values were used because bank or brokerage statements were unavailable.	Chase Manhattan Bank, Greenpoint Bank

CBR 003985

CSOC.CBR.00025934



UNITED STATES HOUSE OF REPRESENTATIVES

ETHICS IN GOVERNMENT ACT

CALENDAR YEAR 2002 FINANCIAL DISCLOSURE STATEMENT

Please provide the following information. Your address and signature WILL NOT be made available to the public.

Charles B. Rangel (Print Full Name)

REDACTED - CONFIDENTIAL PERSONAL INFORMATION

(Daytime Telephone)

(Complete Address -- Office or Home)

CERTIFICATION THIS DOCUMENT MUST BE SIGNED BY THE REPORTING INDIVIDUAL AND DATED

The attached Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended. The Statement will be available to any requesting person upon written application and will be reviewed by the Committee on Standards of Official Conduct or its designee. Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file the attached report may be subject to civil penalties and criminal sanctions (See U.S.C. app. 4, § 104 and 18 U.S.C. § 1001).

Certification	Signature of Reporting Individual	Date (Month, Day, Year)
I CERTIFY that the statements I have made on the attached financial disclosure statement and all attached schedules are true, complete, and correct to the best of my knowledge and belief.		

CBR 004083

CSOC.CBR.00025935

EXHIBIT

Exhibit 018



UNITED STATES HOUSE OF REPRESENTATIVES CALENDAR YEAR 2002 FINANCIAL DISCLOSURE STATEMENT	FORM A For use by Members, officers, and employees

Charles B. Rangel (Full Name) — REDACTED - CONFIDENTIAL PERSONAL INFORMATION (Daytime Telephone) — (Office Use Only)

Filer Status	X Member of the U.S. State: NY House of Representative District: 15	Officer Or Employee — Employing Office:	A $200 penalty shall be assessed against anyone who files more than 30 days late.
Report Type	Annual (May 15) X Amendment	Termination — Termination Date:	

PRELIMINARY INFORMATION -- ANSWER EACH OF THESE QUESTIONS

I.	Did you or your spouse have "earned" income (e.g., salaries or fees) of $200 or more from any source in the reporting period? If yes, complete and attach Schedule I.	Yes X No	VI.	Did you, your spouse, or a dependent child receive any reportable gift in the reporting period (i.e., aggregating more than $335 and not otherwise exempt)? If yes, complete and attach Schedule VI.	Yes No X
II.	Did any individual or organization make a donation to charity in lieu of paying you for a speech, appearance, or article in the reporting period? If yes, complete and attach Schedule II.	Yes No X	VII.	Did you, your spouse, or a dependent child receive any reportable travel or reimbursements for travel in the reporting period (worth more than $335 from one source)? If yes, complete and attach Schedule VII.	Yes X No
III.	Did you, your spouse, or a dependent child receive "unearned" income of more than $200 in the reporting period or hold any reportable asset worth more than $1,000 at the end of the period? If yes, complete and attach Schedule III.	Yes X No	VIII.	Did you hold any reportable positions on or before the date of filing in the current calendar year? If yes, complete and attach Schedule VIII.	Yes No X
IV.	Did you, your spouse, or dependent child purchase, sell, or exchange any reportable asset in a transaction exceeding $1,000 during the reporting period? If yes, complete and attach Schedule IV.	Yes X No	IX.	Did you have any reportable agreement or arrangement with an outside entity? If yes, complete and attach Schedule IX.	Yes No X
V.	Did you, your spouse, or a dependent child have any reportable liability (more than $10,000) during the reporting period? If yes, complete and attach Schedule V.	Yes X No		Each question in this part must be answered and the appropriate schedule attached for each "Yes" response.	

EXCLUSION OF SPOUSE, DEPENDENT, OR TRUST INFORMATION -- ANSWER EACH OF THESE QUESTIONS

Trusts-	Details regarding "Qualified Blind Trusts" approved by the Committee on Standards of Official Conduct and certain other "excepted trusts" need not be disclosed. Have you excluded from this report details of such a trust benefiting you, your spouse, or dependent child?	Yes	No X
Exemptions-	Have you excluded from this report any other assets, "unearned" income, transactions, or liabilities of a spouse or dependent child because they meet all three tests for exemption? Do not answer "yes" unless you have first consulted with the Committee on Standards of Official Conduct.	Yes	No X



CALENDAR YEAR 2002 FINANCIAL DISCLOSURE STATEMENT

SCHEDULE I - EARNED INCOME | Name **Charles B. Rangel** |

List the source, type, and amount of earned income from any source (other than the filer's current employment by the U.S. Government) totaling $200 or more during the preceeding calendar year. For a spouse, list the source and amount of any honoraria; list only the source for other spouse earned income exceeding $1,000. See examples below.

Exclude: Military pay (such as National Guard or Reserve pay), federal retirement programs, and benefits received under the Social Security Act.

	Source	Type	Amount
Examples	Keene State	Approved Teaching Fee	$6,000
	State of Maryland	Legislative Pension	$9,000
	Civil War Roundtable (Oct. 2nd)	Spouse Speech	$1,000
	Ontario County Board of Education	Spouse Salary	NA
Congressional FCU-IRA		Retirement Distribution	$ 4,177

For payments to charity in lieu of honoraria, use Schedule II.

CBR 004085
CSOC.CBR.00025937

EXHIBIT
Exhibit 018

CALENDAR YEAR 2002 FINANCIAL DISCLOSURE STATEMENT

Name **Charles B. Rangel**

SCHEDULE III - ASSETS AND "UNEARNED" INCOME

BLOCK A — Asset and/or Income Source

Identify (a) each asset held for investment or production of income with a fair market value exceeding $1,000 at the end of the reporting period, and (b) any other asset or sources of income which generated more than $200 in "unearned" income during the year. For rental property or land, provide a complete address. Provide full names of stocks and mutual funds (do not use ticker symbols). For all IRAs and other retirement plans (such as 401(k) plans) that are self directed (i.e., plans in which you have the power, even if not exercised, to select the specific investment), provide the value and income information on each asset in the account that exceeds the reporting threshold. For retirement plans that are not self-directed, name the institution holding the account and its value at the end of the reporting period. For an active business that is not publicly traded, state the name of the business, the nature of its activities, and its geographic location in Block A. For additional information, see the instruction booklet.

Exclude: Your personal residence(s) (unless there is rental income); any debt owed to you by your spouse, or by you or your spouse's child, parent, or sibling; any deposits totaling $5,000 or less in personal savings accounts; any financial interest in or income derived from U.S. Government retirement programs.

If you so choose, you may indicate that an asset or income source is that of your spouse (SP) or dependent child (DC) or is jointly held (JT), in the optional column on the far left.

BLOCK B — Value of Asset

Indicate value of asset at close of reporting year. If you use a valuation method other than fair market value, please specify the method used.

If an asset was sold during the reporting year and included only because it generated income, the value should be "None."

BLOCK C — Type of Income

Check all columns that apply. For retirement plans or accounts that do not allow you to choose specific investments, you may write "NA." For all other assets *including all IRAs* indicate the type of income by checking the appropriate box below. Dividends and interest, even if reinvested, should be listed as income. Check "None" if asset did not generate any income during calendar year.

BLOCK D — Amount of Income

For retirement plans or accounts that do not allow you to choose specific investments, you may write "NA" for income. For all other assets, **including all IRAs**, indicate the category of income by checking the appropriate box below. **Dividends and interest, even if reinvested, should be listed as income.** Check "None" if no income was received.

BLOCK E — Transaction

Indicate if the asset had purchases (P), sales (S), or exchanges (E) exceeding $1,000 in reporting year.

			BLOCK A	A None	B $1 - $1,000	C $1,001 - $15,000	D $15,001 - $50,000	E $50,001 - $100,000	F $100,001 - $250,000	G $250,001 - $500,000	H $500,001 - $1,000,000	I $1,000,001 - $5,000,000	J $5,000,001 - $25,000,000	K $25,000,001 - $50,000,000	L Over $50,000,000	BLOCK C: NONE	DIVIDENDS	RENT	INTEREST	CAPITAL GAINS	EXCEPT RETIREMENT ACCTS	Other types of income (Specify: For Rentals, Partnership Income or Farm Income)	BLOCK D: I None	II $1 - $200	III $201 - $1,000	IV $1,001 - $2,500	V $2,501 - $5,000	VI $5,001 - $15,000	VII $15,001 - $50,000	VIII $50,001 - $100,000	IX $100,001 - $1,000,000	XX $1,000,001 - $5,000,000	XI Over $5,000,000	BLOCK E	If only a portion of an asset is sold, please indicate as follows: "(S) (partial)" See below for example. S, P, E
SP,	*Examples:*	SP	Mega Corp. Stock					X									X			X														S (partial)
DC,			Simon & Schuster				Indefinite															Royalties									X				
JT			1st Bank of Paducah, KY Accounts					X									X																		
			74 West 132nd Street, NY, NY 10037 (Nov 1965 $91,753 + improvements)					X									X												X						
			Punta Cana Beach Villa, Punta Cana, Dom Rep (March 1987 - $82,750 + improvements)					X									X																		
			Chase Manhattan Bank					X																	X										
			Greenpoint Bank					X																	X										
			Congressional FCU-IRA, Checking																			Int./Dv.												
			PepsiCo, Inc.			X											X																		

For additional assets and unearned income, use next page.

CBR 004086
CSOC.CBR.00025938

EXHIBIT

Exhibit 018

CALENDAR YEAR 2002 FINANCIAL DISCLOSURE STATEMENT

SCHEDULE III - ASSETS AND "UNEARNED" INCOME

Name **Charles B. Rangel**

Continuation Sheet (if needed)

SP, DC, JT	BLOCK A Asset and/or Income Source	BLOCK B Year-End Value of Asset										BLOCK C Type of Income					BLOCK D Amount of Income								BLOCK E Transaction
		A None	B $1 - $1,000	C $1,001 - $15,000	D $15,001 - $50,000	E $50,001 - $100,000	F $100,001 - $250,000	G $250,001 - $500,000	H $500,001 - $1,000,000	I $1,000,001 - $5,000,000	J $5,000,001 - $25,000,000	K $25,000,001 - $50,000,000	L Over $50,000,000	NONE	DIVIDENDS	RENT	INTEREST	CAPITAL GAINS	TAX-DEFERRED EARNINGS	Other types of Income (Specify)	I None	II $1,200	III $201 - $1,000	IV $1,001 - $2,500	V $2,501 - $5,000	VI $5,001 - $15,000	VII $15,001 - $50,000	VIII $50,001 - $100,000	IX $100,001 - $1,000,000	X $1,000,001 - $5,000,000	XI Over $5,000,000	
	ING Principal Protection Fund II CL B					X									X												P
	Alliance Municipal Incm Fd-New York Port CL A					X									X												P
	Merrill Lynch Cash & Money Accts							X												Int./Div								
	Empty Lots, Glassboro, New Jersey (tax assessment $3,000)			X										X							X							
	Nasdaq 100 TR Unit SER 1			X										X							X							
	Standard & Poors Dep RCPT			X											X													
	U.S. Treasury bonds			X										X							X							
	Rochester Municipal Fund Class C				X										X												P
	Alliance Municipal Incm Fd-New York Port CL B					X									X												P
	AIM Floating Fund	X													X							X					S

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CBR 004087

CSOC.CBR.00025939

EXHIBIT
Exhibit 018

CALENDAR YEAR 2002 FINANCIAL DISCLOSURE STATEMENT

SCHEDULE IV - TRANSACTIONS

Name **Charles B. Rangel**

Report any purchase, sale, or exchange by you, your spouse or dependent child during the reporting year of any real property, stocks, bonds, commodities futures, or other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Provide a brief description of any exchange transaction. Do not report a transaction between you, your spouse, or your dependent child, or the purchase or sale of your personal residence, unless it is rented out. **If only a portion of an asset is sold, please so indicate (i.e., "partial sale").** See example below.

SP, DC, JT	Asset	Type of Transaction: PURCHASE	SALE	EXCHANGE	Date (MO/DAY/YR) or Quarterly, Monthly, or Bi-weekly, if applicable	Amount of Transaction: B $1,001 - $15,000	C $15,001 - $50,000	D $50,001 - $100,000	E $100,001 - $250,000	F $250,001 - $500,000	G $500,001 - $1,000,000	H $1,000,001 - $5,000,000	I $5,000,001 - $25,000,000	J $25,000,001 - $50,000,000	K Over $50,000,000
SP	*Example:* Mega Corporation Common Stock (partial sale)		X		10-12-07		X								
	Niagara Mohawk Hldgs Inc		X		02-01-02										
	Verizon Communications Com		X		01-30-02										
	Alliance Municipal Incm Fd-New York Port CL A	X			Various, Div. Reinv.		X								
	ING Principal Protection Fund II CL B	X			01-30-02			X							
	Rochester Municipal Fund Class C	X			Monthly Div. Reinv.										
	Alliance Municipal Incm Fd-New York Port CL B	X			Monthly Div. Reinv.										
	AIM Floating Fund		X		08-06-02		X								

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CBR 004088

CSOC.CBR.00025940

EXHIBIT
Exhibit 018

CALENDAR YEAR 2002 FINANCIAL DISCLOSURE STATEMENT

SCHEDULE V - LIABILITIES

Name **Charles B. Rangel**

Report of liabilities over $10,000 owed to any one creditor ***at any time*** during the reporting period by you, your spouse, or dependent child. Mark the highest amount owed during the year. **Exclude:** Any mortgage on your personal residence (unless it is rented out); loans secured by automobiles, household furniture, or appliances; liabilities of a business in which you own an interest; and liabilities owed to a spouse, or the child, parent, or sibling of you or your spouse. Report ***revolving charge accounts*** (i.e., credit cards) only if the balance at the close of the preceding calendar year exceeded $10,000.

SP, DC, JT	Creditor	Type of Liability	Amount of Liability									
			B $10,001- $15,000	C $15,001- $50,000	D $50,001- $100,000	E $100,001- $250,000	F $250,001- $500,000	G $500,001- $1,000,000	H $1,000,001- $5,000,000	I $5,000,001- $25,000,000	J $25,000,001- $50,000,000	K Over $50,000,000
	Example: First Bank of Wilmington, Delaware	Mortgage on 123 Main St., Dover, Del.				X						
	Citibank	Mortgage on 74 West 132nd St, NY, NY 10037-3313		X								

CBR 004089

CSOC.CBR.00025941

EXHIBIT
Exhibit 018

CALENDAR YEAR 2002 FINANCIAL DISCLOSURE STATEMENT

FOOTNOTES

Name **Charles B. Rangel**

Number	Section/Schedule	Footnote	This note refers to the following item
1	Schedule III	Good faith estimates of values were used because bank or brokerage statements were unavailable.	Chase Manhattan Bank, Greenpoint Bank

CBR 004090

CSOC.CBR.00025942



UNITED STATES HOUSE OF REPRESENTATIVES

ETHICS IN GOVERNMENT ACT

CALENDAR YEAR 2003 FINANCIAL DISCLOSURE STATEMENT

Please provide the following information. Your address and signature WILL NOT be made available to the public.

Charles B. Rangel (Print Full Name)

REDACTED - CONFIDENTIAL PERSONAL INFORMATION

(Daytime Telephone)

(Complete Address -- Office or Home)

CERTIFICATION THIS DOCUMENT MUST BE SIGNED BY THE REPORTING INDIVIDUAL AND DATED

The attached Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended. The Statement will be available to any requesting person upon written application and will be reviewed by the Committee on Standards of Official Conduct or its designee. Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file the attached report may be subject to civil penalties and criminal sanctions (See U.S.C. app. 4, § 104 and 18 U.S.C. § 1001).

Certification	Signature of Reporting Individual	Date (Month, Day, Year)
I CERTIFY that the statements I have made on the attached financial disclosure statement and all attached schedules are true, complete, and correct to the best of my knowledge and belief.		

CBR 004183

CSOC.CBR.00025943

EXHIBIT
Exhibit 019

UNITED STATES HOUSE OF REPRESENTATIVES CALENDAR YEAR 2003 FINANCIAL DISCLOSURE STATEMENT	FORM A For use by Members, officers, and employees

Charles B. Rangel (Full Name) — REDACTED - CONFIDENTIAL PERSONAL INFORMATION (Daytime Telephone)

(Office Use Only)

Filer Status	X Member of the U.S. State: NY House of Representative District: 15	Officer Or Employee — Employing Office:	A $200 penalty shall be assessed against anyone who files more than 30 days late.
Report Type	Annual (May 15) X Amendment	Termination — Termination Date:	

PRELIMINARY INFORMATION -- ANSWER EACH OF THESE QUESTIONS

I.	Did you or your spouse have "earned" income (e.g., salaries or fees) of $200 or more from any source in the reporting period? If yes, complete and attach Schedule I.	Yes	No X	VI.	Did you, your spouse, or a dependent child receive any reportable gift in the reporting period (i.e., aggregating more than $335 and not otherwise exempt)? If yes, complete and attach Schedule VI.	Yes	No X
II.	Did any individual or organization make a donation to charity in lieu of paying you for a speech, appearance, or article in the reporting period? If yes, complete and attach Schedule II.	Yes	No X	VII.	Did you, your spouse, or a dependent child receive any reportable travel or reimbursements for travel in the reporting period (worth more than $335 from one source)? If yes, complete and attach Schedule VII.	Yes X	No
III.	Did you, your spouse, or a dependent child receive "unearned" income of more than $200 in the reporting period or hold any reportable asset worth more than $1,000 at the end of the period? If yes, complete and attach Schedule III.	Yes X	No	VIII.	Did you hold any reportable positions on or before the date of filing in the current calendar year? If yes, complete and attach Schedule VIII.	Yes	No X
IV.	Did you, your spouse, or dependent child purchase, sell, or exchange any reportable asset in a transaction exceeding $1,000 during the reporting period? If yes, complete and attach Schedule IV.	Yes X	No	IX.	Did you have any reportable agreement or arrangement with an outside entity? If yes, complete and attach Schedule IX.	Yes	No X
V.	Did you, your spouse, or a dependent child have any reportable liability (more than $10,000) during the reporting period? If yes, complete and attach Schedule V.	Yes X	No		Each question in this part must be answered and the appropriate schedule attached for each "Yes" response.		

EXCLUSION OF SPOUSE, DEPENDENT, OR TRUST INFORMATION -- ANSWER EACH OF THESE QUESTIONS

Trusts-	Details regarding "Qualified Blind Trusts" approved by the Committee on Standards of Official Conduct and certain other "excepted trusts" need not be disclosed. Have you excluded from this report details of such a trust benefiting you, your spouse, or dependent child?	Yes	No X
Exemptions-	Have you excluded from this report any other assets, "unearned" income, transactions, or liabilities of a spouse or dependent child because they meet all three tests for exemption? Do not answer "yes" unless you have first consulted with the Committee on Standards of Official Conduct.	Yes	No X

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CBR 004184

CSOC.CBR.00025944

EXHIBIT
Exhibit 019

CALENDAR YEAR 2003 FINANCIAL DISCLOSURE STATEMENT

SCHEDULE III - ASSETS AND "UNEARNED" INCOME

Name **Charles B. Rangel**

BLOCK A — Asset and/or Income Source

Identify (a) each asset held for investment or production of income with a fair market value exceeding $1,000 at the end of the reporting period, and (b) any other asset or sources of income which generated more than $200 in "unearned" income during the year. For rental property or land, provide a complete address. Provide full names of stocks and mutual funds (do not use ticker symbols). For all IRAs and other retirement plans (such as 401(k) plans) that are self directed (i.e., plans in which you have the power, even if not exercised, to select the specific investment), provide the value and income information on each asset in the account that exceeds the reporting threshold. For retirement plans that are not self-directed, name the institution holding the account and its value at the end of the reporting period. For an active business that is not publicly traded, state the name of the business, the nature of its activities, and its geographic location in Block A. For additional information, see the instruction booklet.

Exclude: Your personal residence(s) (unless there is rental income); any debt owed to you by your spouse, or by you or your spouse's child, parent, or sibling; any deposits totaling $5,000 or less in personal savings accounts; any financial interest in or income derived from U.S. Government retirement programs.

If you so choose, you may indicate that an asset or income source is that of your spouse (SP) or dependent child (DC) or is jointly held (JT), in the optional column on the far left.

BLOCK B — Value of Asset

Indicate value of asset at close of reporting year. If you use a valuation method other than fair market value, please specify the method used.

If an asset was sold during the reporting year and included only because it generated income, the value should be "None."

BLOCK C — Type of Income

Check all columns that apply. For retirement plans or accounts that do not allow you to choose specific investments, you may write "NA." For all other assets *including all IRAs* indicate the type of income by checking the appropriate box below. **Dividends and interest, even if reinvested, should be listed as income.** Check "None" if asset did not generate any income during calendar year.

BLOCK D — Amount of Income

For retirement plans or accounts that do not allow you to choose specific investments, you may write "NA" for income. For all other assets, **including all IRAs**, indicate the category of income by checking the appropriate box below. **Dividends and interest, even if reinvested, should be listed as income.** Check "None" if no income was received.

BLOCK E — Transaction

Indicate if the asset had purchases (P), sales (S), or exchanges (E) exceeding $1000 in reporting year.

				A None	B $1 - $1,000	C $1,001 - $15,000	D $15,001 - $50,000	E $50,001 - $100,000	F $100,001 - $250,000	G $250,001 - $500,000	H $500,001 - $1,000,000	I $1,000,001 - $5,000,000	J $5,000,001 - $25,000,000	K $25,000,001 - $50,000,000	L Over $50,000,000	NONE	DIVIDENDS	RENT	INTEREST	CAPITAL GAINS	SALE OF DEPRECIATION	Other types of income (Specify: For Example, Partnership Income or Farm Income)	I None	II $1 - $200	III $201 - $1,000	IV $1,001 - $2,500	V $2,501 - $5,000	VI $5,001 - $15,000	VII $15,001 - $50,000	VIII $50,001 - $100,000	IX $100,001 - $1,000,000	X $1,000,001 - $5,000,000	XI Over $5,000,000	If only a portion of an asset is sold, please indicate as follows: (S) (partial) See below for example. P, S, E
SP,	*Examples:*	SP	Mega Crop, Stock					X											X							X								S (partial)
DC,			Simon & Schuster			Indefinite															Royalties									X			
JT			1st Bank of Paducah KY Accounts						X								X											X					
	74 West 132nd Street, NY, NY 10037 (Nov 1985 $61,753 + improvements)							X									X											X					
	Punta Cana Beach Villa, Punta Cana, Dom Rep (March 1987 - $82,750 + improvements)								X								X									X							
	Chase Manhattan Bank					X																											
	Greenpoint Bank						X																X										
	Congressional FCU-IRA, Checking								X												Int./Dv.					X							
	M&T Bank					X																											

For additional assets and unearned income, use next page.

EXHIBIT
Exhibit 019

CALENDAR YEAR 2003 FINANCIAL DISCLOSURE STATEMENT

SCHEDULE III - ASSETS AND "UNEARNED" INCOME

Name **Charles B. Rangel**

Continuation Sheet (if needed)

BLOCK A: Asset and/or Income Source	SP, DC, JT	BLOCK B: Year-End Value of Asset A: None	B: $1 - $1,000	C: $1,001 - $15,000	D: $15,001 - $50,000	E: $50,001 - $100,000	F: $100,001 - $250,000	G: $250,001 - $500,000	H: $500,001 - $1,000,000	I: $1,000,001 - $5,000,000	J: $5,000,001 - $25,000,000	K: $25,000,001 - $50,000,000	L: Over $50,000,000	BLOCK C: Type of Income: NONE	RENT	INTEREST	CAPITAL GAINS	DIVIDEND	Other types of Income (Specify)	BLOCK D: Amount of Income I: None	II: $1 - $1,000	III: $1,001 - $2,500	IV: $2,501 - $5,000	V: $5,001 - $15,000	VI: $15,001 - $50,000	VII: $50,001 - $100,000	VIII: $100,001 - $1,000,000	IX: $1,000,001 - $5,000,000	XI: Over $5,000,000	BLOCK E: Transaction P, S, or m
PepsiCo, Inc.				X											X						X								
Merrill Lynch Cash & Money Accts								X																					
ING Principal Protection Fund II CL B						X																X							
Alliance Bernstein Muni Inc Fd New York CL A (formerly Alliance Municipal Income Fd NY Cl A)						X																		X					P
Empty Lots, Glassboro, New Jersey (tax assessment $3,000)				X										X							X								
Nasdaq 100 TR Unit SER 1				X											X														
Standard & Poors Dep RCPT				X											X								X						
U.S. Treasury bonds				X										X							X								
Rochester Municipal Fund Class C															X														P, S(partial)
Alliance Municipal Incm Fd-New York Port CL B						X									X									X					P

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CBR 004186

CSOC.CBR.00025946

EXHIBIT
Exhibit 019

CALENDAR YEAR 2003 FINANCIAL DISCLOSURE STATEMENT

SCHEDULE IV - TRANSACTIONS

Name **Charles B. Rangel**

Report any purchase, sale, or exchange by you, your spouse or dependent child during the reporting year of any real property, stocks, bonds, commodities futures, or other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Provide a brief description of any exchange transaction. Do not report a transaction between you, your spouse, or your dependent child, or the purchase or sale of your personal residence, unless it is rented out. **If only a portion of an asset is sold, please so indicate (i.e., "partial sale").** See example below.			Type of Transaction			Date	Amount of Transaction									
			PURCHASE	SALE	EXCHANGE	(MO/DAY/YR) or Quarterly, Monthly, or Bi-weekly, if applicable	B $1,001 - $15,000	C $15,001 - $50,000	D $50,001 - $100,000	E $100,001 - $250,000	F $250,001 - $500,000	G $500,001 - $1,000,000	H $1,000,001 - $5,000,000	I $5,000,001 - $25,000,000	J $25,000,000 - $50,000,000	K Over $50,000,000
SP, DC, JT	Asset															
SP	*Example:*	Mega Corporation Common Stock (partial sale)		X		10-12-07		X								
	Rochester Municipal Fund		X	X		04-03-03, Div. Reinv.		X								
	Alliance Municipal Incm Fd-New York Port CL B		X			Monthly Div. Reinv.										
	Alliance Bernstein Muni Inc Fd New York CL A		X			Monthly Div. Reinv.										

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CBR 004187
CSOC.CBR.00025947

SCHEDULE V - LIABILITIES | Name **Charles B. Rangel** |

Report of liabilities over $10,000 owed to any one creditor *at any time* during the reporting period by you, your spouse, or dependent child. Mark the highest amount owed during the year. **Exclude:** Any mortgage on your personal residence (unless it is rented out); loans secured by automobiles, household furniture, or appliances; liabilities of a business in which you own an interest; and liabilities owed to a spouse, or the child, parent, or sibling of you or your spouse. Report ***revolving charge accounts*** (i.e., credit cards) only *if* the balance at the close of the preceding calendar year exceeded $10,000.

SP, DC, JT	Creditor	Type of Liability	Amount of Liability											
			B $10,000 - $15,000	C $15,001 - $50,000	D $50,001 - $100,000	E $100,001 - $250,000	F $250,001 - $500,000	G $500,001 - $1,000,000	H $1,000,001 - $5,000,000	I $5,000,001 - $25,000,000	J $25,000,001 - $50,000,000	K Over $50,000,000
	Example: First Bank of Wilmington, Delaware	Mortgage on 123 Main St., Dover, Del.				X						
	Citibank	Mortgage on 74 West 132nd St, NY, NY 10037-3313		X								

CBR 004188
CSOC.CBR.00025948

CALENDAR YEAR 2003 FIN[illegible]IAL DISCLOSURE STATEMENT

FOOTNOTES

Name **Charles B. Rangel**

Number	Section/Schedule	Footnote	This note refers to the following item
1	Schedule III	Good faith estimates of values were used because bank or brokerage statements were unavailable.	Chase Manhattan Bank

CBR 004189
CSOC.CBR.00025949



UNITED STATES HOUSE OF REPRESENTATIVES

ETHICS IN GOVERNMENT ACT

CALENDAR YEAR 2004 FINANCIAL DISCLOSURE STATEMENT

Please provide the following information. Your address and signature WILL NOT be made available to the public.

Charles B. Rangel — (Print Full Name)

REDACTED - CONFIDENTIAL PERSONAL INFORMATION — (Daytime Telephone)

(Complete Address -- Office or Home)

CERTIFICATION THIS DOCUMENT MUST BE SIGNED BY THE REPORTING INDIVIDUAL AND DATED

The attached Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended. The Statement will be available to any requesting person upon written application and will be reviewed by the Committee on Standards of Official Conduct or its designee. Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file the attached report may be subject to civil penalties and criminal sanctions (See U.S.C. app. 4, § 104 and 18 U.S.C. § 1001).

Certification	Signature of Reporting Individual	Date (Month, Day, Year)
I CERTIFY that the statements I have made on the attached financial disclosure statement and all attached schedules are true, complete, and correct to the best of my knowledge and belief.		

CBR 004276
CSOC.CBR.00025951

EXHIBIT
Exhibit 020

UNITED STATES HOUSE OF REPRESENTATIVES
CALENDAR YEAR 2004 FINANCIAL DISCLOSURE STATEMENT

FORM A
For use by Members, officers, and employees

Charles B. Rangel
(Full Name)

REDACTED - CONFIDENTIAL PERSONAL INFORMATION
(Daytime Telephone)

(Office Use Only)

Filer Status	X Member of the U.S. State: NY House of Representative District: 15	Officer Or Employee Employing Office:	A $200 penalty shall be assessed against anyone who files more than 30 days late.
Report Type	Annual (May 15) X Amendment	Termination Termination Date:	

PRELIMINARY INFORMATION -- ANSWER EACH OF THESE QUESTIONS

I.	Did you or your spouse have "earned" income (e.g., salaries or fees) of $200 or more from any source in the reporting period? If yes, complete and attach Schedule I.	Yes X	No	VI.	Did you, your spouse, or a dependent child receive any reportable gift in the reporting period (i.e., aggregating more than $335 and not otherwise exempt)? If yes, complete and attach Schedule VI.	Yes	No X
II.	Did any individual or organization make a donation to charity in lieu of paying you for a speech, appearance, or article in the reporting period? If yes, complete and attach Schedule II.	Yes	No X	VII.	Did you, your spouse, or a dependent child receive any reportable travel or reimbursements for travel in the reporting period (worth more than $335 from one source)? If yes, complete and attach Schedule VII.	Yes X	No
III.	Did you, your spouse, or a dependent child receive "unearned" income of more than $200 in the reporting period or hold any reportable asset worth more than $1,000 at the end of the period? If yes, complete and attach Schedule III.	Yes X	No	VIII.	Did you hold any reportable positions on or before the date of filing in the current calendar year? If yes, complete and attach Schedule VIII.	Yes X	No
IV.	Did you, your spouse, or dependent child purchase, sell, or exchange any reportable asset in a transaction exceeding $1,000 during the reporting period? If yes, complete and attach Schedule IV.	Yes X	No	IX.	Did you have any reportable agreement or arrangement with an outside entity? If yes, complete and attach Schedule IX.	Yes	No X
V.	Did you, your spouse, or a dependent child have any reportable liability (more than $10,000) during the reporting period? If yes, complete and attach Schedule V.	Yes X	No		Each question in this part must be answered and the appropriate schedule attached for each "Yes" response.		

EXCLUSION OF SPOUSE, DEPENDENT, OR TRUST INFORMATION -- ANSWER EACH OF THESE QUESTIONS

Trusts-	Details regarding "Qualified Blind Trusts" approved by the Committee on Standards of Official Conduct and certain other "excepted trusts" need not be disclosed. Have you excluded from this report details of such a trust benefiting you, your spouse, or dependent child?	Yes	No X
Exemptions-	Have you excluded from this report any other assets, "unearned" income, transactions, or liabilities of a spouse or dependent child because they meet all three tests for exemption? Do not answer "yes" unless you have first consulted with the Committee on Standards of Official Conduct.	Yes	No X

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CBR 004277

CSOC.CBR.00025952

EXHIBIT
Exhibit 020

CALENDAR YEAR 2004 FINA IAL DISCLOSURE STATEMENT

SCHEDULE I - EARNED INCOME

Name **Charles B. Rangel**

List the source, type, and amount of earned income from any source (other than the filer's current employment by the U.S. Government) totaling $200 or more during the preceeding calendar year. For a spouse, list the source and amount of any honoraria; list only the source for other spouse earned income exceeding $1,000. See examples below.

Exclude: Military pay (such as National Guard or Reserve pay), federal retirement programs, and benefits received under the Social Security Act.

	Source	Type	Amount
Examples	Keene State	Approved Teaching Fee	$6,000
	State of Maryland	Legislative Pension	$9,000
	Civil War Roundtable (Oct. 2nd)	Spouse Speech	$1,000
	Ontario County Board of Education	Spouse Salary	NA
Congressional FCU-IRA		Retirement Distribution	$ 4,438

For payments to charity in lieu of honoraria, use Schedule II.

CBR 004278
CSOC.CBR.0002953

EXHIBIT

Exhibit 020

CALENDAR YEAR 2004 FINA[illegible]IAL DISCLOSURE STATEMENT

SCHEDULE III - ASSETS AND "UNEARNED" INCOME

Name **Charles B. Rangel**

BLOCK A — Asset and/or Income Source

Identify (a) each asset held for investment or production of income with a fair market value exceeding $1,000 at the end of the reporting period, and (b) any other asset or sources of income which generated more than $200 in "unearned" income during the year. For rental property or land, provide a complete address. Provide full names of stocks and mutual funds (do not use ticker symbols). For all IRAs and other retirement plans (such as 401(k) plans) that are self-directed (i.e., plans in which you have the power, even if not exercised, to select the specific investment), provide the value and income information on each asset in the account that exceeds the reporting threshold. For retirement plans that are not self-directed, name the institution holding the account and its value at the end of the reporting period. For an active business that is not publicly traded, state the name of the business, the nature of its activities, and its geographic location in Block A. For additional information, see the instruction booklet.

Exclude: Your personal residence(s) (unless there is rental income); any debt owed to you by your spouse, or by you or your spouse's child, parent, or sibling; any deposits totaling $5,000 or less in personal savings accounts; any financial interest in or income derived from U.S. Government retirement programs.

If you so choose, you may indicate that an asset or income source is that of your spouse (SP) or dependent child (DC) or is jointly held (JT), in the optional column on the far left.

BLOCK B — Value of Asset

Indicate value of asset at close of reporting year. If you use a valuation method other than fair market value, please specify the method used.

If an asset was sold during the reporting year and included only because it generated income, the value should be "None."

BLOCK C — Type of Income

Check all columns that apply. For retirement plans or accounts that do not allow you to choose specific investments, you may write "NA." For all other assets *including all IRAs* indicate the type of income by checking the appropriate box below. **Dividends and interest, even if reinvested, should be listed as income.** Check "None" if asset did not generate any income during calendar year.

BLOCK D — Amount of Income

For retirement plans or accounts that do not allow you to choose specific investments, you may write "NA" for income. For all other assets, **including all IRAs**, indicate the category of income by checking the appropriate box below. **Dividends and interest, even if reinvested, should be listed as income.** Check "None" if no income was received.

BLOCK E — Transaction

Indicate if the asset had purchases (P), sales (S), or exchanges (E) exceeding $1,000 in reporting year.

			BLOCK A	A None	B $1 - $1,000	C $1,001 - $15,000	D $15,001 - $50,000	E $50,001 - $100,000	F $100,001 - $250,000	G $250,001 - $500,000	H $500,001 - $1,000,000	I $1,000,001 - $5,000,000	J $5,000,001 - $25,000,000	K $25,000,001 - $50,000,000	L Over $50,000,000	BLOCK C: NONE	RENT	CAPITAL GAINS	Other types of income (Specify) For Example, Partnership Income or Farm Income	BLOCK D: I None	II $1 - $200	III $201 - $1,000	IV $1,001 - $2,500	V $2,501 - $5,000	VI $5,001 - $15,000	VII $15,001 - $50,000	VIII $50,001 - $100,000	IX $100,001 - $1,000,000	X $1,000,001 - $5,000,000	XI Over $5,000,000	BLOCK E: If only a portion of an asset is sold, please indicate as follows: "(S) (partial)" See below for example. P, S, E
SP, DC, JT	*Examples:*	SP	Mega Corp. Stock					X										X												S (partial)
			Simon & Schuster				Indefinite												Royalties								X			
			1st Bank of Paducah, KY Accounts					X									X							X						
	74 West 132nd Street, NY, NY 10037 (Nov 1965 $61,753 + Improvements)			X															Rent, C. Gain											S
	Punta Cana Beach Villa, Punta Cana, Dom Rep (March 1987 - $82,750 + Improvements)							X									X													
	Ishares Trust Dow Jones Select Divid Index Fd							X														X								P
	Nasdaq 100 TR Unit SER 1							X														X								P
	Standard & Poors Dep RCPT							X														X								P
	ING Principal Protection Fund II OL B								X																					P

For additional assets and unearned income, use next page.

CBR 004279

CSOC.CBR.00025954

EXHIBIT
Exhibit 020

SCHEDULE III - ASSETS AND "UNEARNED" INCOME

Name **Charles B. Rangel**

Continuation Sheet (if needed)

BLOCK A: Asset and/or Income Source	SP, DC, JT	BLOCK B: Year-End Value of Asset A: None	B: $1 - $1,000	C: $1,001 - $15,000	D: $15,001 - $50,000	E: $50,001 - $100,000	F: $100,001 - $250,000	G: $250,001 - $500,000	H: $500,001 - $1,000,000	I: $1,000,001 - $5,000,000	J: $5,000,001 - $25,000,000	K: $25,000,001 - $50,000,000	L: Over $50,000,000	BLOCK C: Type of Income: INCOME	RENT	CAPITAL GAINS	Other types of Income (Specify)	BLOCK D: Amount of Income I: None	II: $201 - $1,000	V: $1,001 - $2,500	VI: $2,501 - $5,000	VII: $5,001 - $15,000	VIII: $15,001 - $50,000	IX: $50,001 - $100,000	X: $100,001 - $1,000,000	XI: Over $1,000,000	BLOCK E: Transaction P, S, E
Alliance Bernstein Muni Inc Fd New York CL A						X								X						X							P
Putnam New York Investment Grade Muni TR						X								X						X							P
Merrill Lynch Cash & Money Accts				X													Int./Dv.			X							
Congressional FCU-IRA, Checking						X											Int./Dv.										
Greenpoint Bank						X																					
M&T Bank				X																							
Chase Manhattan Bank				X																							
Claymore NY Muni		X																		X							P,S
Empty Lots, Glassboro, New Jersey (tax assessment $3,000)				X										X				X									
Calvert Tax Free Reserve Limited Term Portfolio		X																		X							P,S
U.S. Treasury bonds				X										X				X									
Rochester Municipal Fund Class C						X													X								
Alliance Municipal Incm Fd-New York Port CL B						X																					P
PepsiCo, Inc.				X																							

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CBR 004280
CSOC.CBR.00025955



SCHEDULE IV - TRANSACTIONS

Name **Charles B. Rangel**

Report any purchase, sale, or exchange by you, your spouse or dependent child during the reporting year of any real property, stocks, bonds, commodities futures, or other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Provide a brief description of any exchange transaction. Do not report a transaction between you, your spouse, or your dependent child, or the purchase or sale of your personal residence, unless it is rented out. **If only a portion of an asset is sold, please so indicate (i.e., "partial sale").** See example below.			Type of Transaction			Date	Amount of Transaction									
			PURCHASE	SALE	EXCHANGE	(MO/DAY/YR) or Quarterly, Monthly, or Bi-weekly, if applicable	A $1,000 - $15,000	C $15,001 - $50,000	D $50,001 - $100,000	E $100,001 - $250,000	F $250,001 - $500,000	G $500,001 - $1,000,000	H $1,000,001 - $5,000,000	I $5,000,001 - $25,000,000	J $25,000,001 - $50,000,000	K Over $50,000,000
SP, DC, JT	Asset															
SP	*Example:*	Mega Corporation Common Stock (partial sale)		X		10-12-07		X								
	74 West 132 St, New York City, NY 10037			X		02-03-04										
	Ishares Trust Dow Jones Select Divid Index Fd (6/23/04 P; 9/20/04 P)		X			Various		X								
	Nasdaq 100 TR Unit SER 1 (6/23/04 P; 9/20/04 P)		X			Various		X								
	Standard & Poors Dep RCPT (6/24/04 P; 9/20/04 P)		X			Various		X								
	Putnam New York Investment Grade Muni TR		X			06-24-04										
	Eaton Vance INSD NY Muni (7/6/04 P; 10/5/04 S)		X	X		10-05-04										
	NUV NY City Income (6/24/04 P; 8/13/04 S; 9/30/04 S)		X	X		Various										
	Claymore NY Muni (8/18/04, P; 10/15/04 S)		X	X		Various		X								
	Alliance Bernstein Muni Inc Fd New York Cl. A		X			Various, Div Reinv.		X								
	Calvert TF RSV - 4 transactions (06-23-04 through 09-28-04)		X	X		Various										
	Alliance Municipal Incm Fd-New York Port Cl. B		X			Monthly Div. Reinv.										
	ING Principal Protection Fund II CL B		X			Monthly Div. Reinv.										

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CBR 004281
CSOC.CBR.00025956

EXHIBIT
Exhibit 020

CALENDAR YEAR 2004 FINA IAL DISCLOSURE STATEMENT

SCHEDULE V - LIABILITIES

Name **Charles B. Rangel**

Report of liabilities over $10,000 owed to any one creditor ***at any time*** during the reporting period by you, your spouse, or dependent child. Mark the highest amount owed during the year. **Exclude:** Any mortgage on your personal residence (unless it is rented out); loans secured by automobiles, household furniture, or appliances; liabilities of a business in which you own an interest; and liabilities owed to a spouse, or the child, parent, or sibling of you or your spouse. Report ***revolving charge accounts*** (i.e., credit cards) only if the balance at the close of the preceding calendar year exceeded $10,000.

SP, DC, JT	Creditor	Type of Liability	Amount of Liability									
			B $1,001 - $15,000	C $15,001 - $50,000	D $50,001 - $100,000	E $100,001 - $250,000	F $250,001 - $500,000	G $500,001 - $1,000,000	H $1,000,001 - $5,000,000	I $5,000,001 - $25,000,000	J $25,000,001 - $50,000,000	K Over $50,000,000
	Example: First Bank of Wilmington, Delaware	Mortgage on 123 Main St., Dover, Del.				X						
	Punta Cana Beach Villa, Dominican Republic	Mort- on Punta Cana Beach Villa Condo		X								

CBR 004282
CSOC.CBR.00025957

EXHIBIT
Exhibit 020

CALENDAR YEAR 2004 FINANCIAL DISCLOSURE STATEMENT

FOOTNOTES

Name **Charles B. Rangel**

Number	Section/Schedule	Footnote	This note refers to the following item
1	Schedule III	Good faith estimates of values were used because bank or brokerage statements were unavailable.	M&T Bank, Chase Manhattan Bank
2	Schedule IV	In 2004 the 74 West 132nd Street, NY, NY 10037 property was sold. Proceeds from that sale and other investment transactions disclosed were used to purchase a personal residence in Florida which does not require disclosure.	74 West 132nd Street, NY, NY

CBR 004283
CSOC.CBR.0002958



UNITED STATES HOUSE OF REPRESENTATIVES

ETHICS IN GOVERNMENT ACT

CALENDAR YEAR 2005 FINANCIAL DISCLOSURE STATEMENT

Please provide the following information. Your address and signature WILL NOT be made available to the public.

REDACTED - CONFIDENTIAL PERSONAL INFORMATION	
Charles B. Rangel	
(Print Full Name)	(Daytime Telephone)

(Complete Address -- Office or Home)

CERTIFICATION THIS DOCUMENT MUST BE SIGNED BY THE REPORTING INDIVIDUAL AND DATED

The attached Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended. The Statement will be available to any requesting person upon written application and will be reviewed by the Committee on Standards of Official Conduct or its designee. Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file the attached report may be subject to civil penalties and criminal sanctions (See U.S.C. app. 4, § 104 and 18 U.S.C. § 1001).

Certification	Signature of Reporting Individual	Date (Month, Day, Year)
I CERTIFY that the statements I have made on the attached financial disclosure statement and all attached schedules are true, complete, and correct to the best of my knowledge and belief.		

CBR 004284
CSOC.CBR.00025959

EXHIBIT
Exhibit 021

CALENDAR YEAR 2005 FINANCIAL DISCLOSURE STATEMENT

SCHEDULE V - LIABILITIES

Name **Charles B. Rangel**

Report of liabilities over $10,000 owed to any one creditor ***at any time*** during the reporting period by you, your spouse, or dependent child. Mark the highest amount owed during the year. **Exclude:** Any mortgage on your personal residence (unless it is rented out); loans secured by automobiles, household furniture, or appliances; liabilities of a business in which you own an interest; and liabilities owed to a spouse, or the child, parent, or sibling of you or your spouse. Report ***revolving charge accounts*** (i.e., credit cards) only if the balance at the close of the preceding calendar year exceeded $10,000.

SP, DC, JT	Creditor	Type of Liability	Amount of Liability									
			B $10,001-$15,000	C $15,001-$50,000	D $50,001-$100,000	E $100,001-$250,000	F $250,001-$500,000	G $500,001-$1,000,000	H $1,000,001-$5,000,000	I $5,000,001-$25,000,000	J $25,000,001-$50,000,000	K Over $50,000,000
	Example: First Bank of Wilmington, Delaware	Mortgage on 123 Main St., Dover, Del.				X						
	Punta Cana Beach Villa, Dominican Republic	Mort- on Punta Cana Beach Villa Condo		X								

CBR 004379
CSOC.CBR.00025965

FOOTNOTES

Name **Charles B. Rangel**

Number	Section/Schedule	Footnote	This note refers to the following item
1	Schedule III	Rental amount is residual income received after sale of property.	74 West 132nd St. NY

CBR 004380

CSOC.CBR.00025966

EXHIBIT

Exhibit 021

UNITED STATES HOUSE OF REPRESENTATIVES CALENDAR YEAR 2005 FINANCIAL DISCLOSURE STATEMENT	FORM A For use by Members, officers, and employees

Charles B. Rangel (Full Name) — REDACTED - CONFIDENTIAL PERSONAL INFORMATION (Daytime Telephone)

			(Office Use Only)
Filer Status	X Member of the U.S. State: NY House of Representative District: 15	Officer Or Employee Employing Office:	A $200 penalty shall be assessed against anyone who files more than 30 days late.
Report Type	Annual (May 15) X Amendment	Termination Date: Termination	

PRELIMINARY INFORMATION -- ANSWER EACH OF THESE QUESTIONS

I.	Did you or your spouse have "earned" income (e.g., salaries or fees) of $200 or more from any source in the reporting period? If yes, complete and attach Schedule I.	Yes X No	VI.	Did you, your spouse, or a dependent child receive any reportable gift in the reporting period (i.e., aggregating more than $335 and not otherwise exempt)? If yes, complete and attach Schedule VI.	Yes No X
II.	Did any individual or organization make a donation to charity in lieu of paying you for a speech, appearance, or article in the reporting period? If yes, complete and attach Schedule II.	Yes No X	VII.	Did you, your spouse, or a dependent child receive any reportable travel or reimbursements for travel in the reporting period (worth more than $335 from one source)? If yes, complete and attach Schedule VII.	Yes X No
III.	Did you, your spouse, or a dependent child receive "unearned" income of more than $200 in the reporting period or hold any reportable asset worth more than $1,000 at the end of the period? If yes, complete and attach Schedule III.	Yes X No	VIII.	Did you hold any reportable positions on or before the date of filing in the current calendar year? If yes, complete and attach Schedule VIII.	Yes X No
IV.	Did you, your spouse, or dependent child purchase, sell, or exchange any reportable asset in a transaction exceeding $1,000 during the reporting period? If yes, complete and attach Schedule IV.	Yes X No	IX.	Did you have any reportable agreement or arrangement with an outside entity? If yes, complete and attach Schedule IX.	Yes No X
V.	Did you, your spouse, or a dependent child have any reportable liability (more than $10,000) during the reporting period? If yes, complete and attach Schedule V.	Yes X No		Each question in this part must be answered and the appropriate schedule attached for each "Yes" response.	

EXCLUSION OF SPOUSE, DEPENDENT, OR TRUST INFORMATION -- ANSWER EACH OF THESE QUESTIONS

Trusts-	Details regarding "Qualified Blind Trusts" approved by the Committee on Standards of Official Conduct and certain other "excepted trusts" need not be disclosed. Have you excluded from this report details of such a trust benefiting you, your spouse, or dependent child?	Yes No X
Exemptions-	Have you excluded from this report any other assets, "unearned" income, transactions, or liabilities of a spouse or dependent child because they meet all three tests for exemption? Do not answer "yes" unless you have first consulted with the Committee on Standards of Official Conduct.	Yes No X

CBR 004374

CSOC.CBR.00025960

SCHEDULE I - EARNED INCOME

Name **Charles B. Rangel**

List the source, type, and amount of earned income from any source (other than the filer's current employment by the U.S. Government) totaling $200 or more during the preceeding calendar year. For a spouse, list the source and amount of any honoraria; list only the source for other spouse earned income exceeding $1,000. See examples below.

Exclude: Military pay (such as National Guard or Reserve pay), federal retirement programs, and benefits received under the Social Security Act.

	Source	Type	Amount
Examples	Keene State	Approved Teaching Fee	$6,000
	State of Maryland	Legislative Pension	$9,000
	Civil War Roundtable (Oct. 2nd)	Spouse Speech	$1,000
	Ontario County Board of Education	Spouse Salary	NA
Congressional FCU-IRA		Retirement Distribution	$ 4,486

For payments to charity in lieu of honoraria, use Schedule II.

CBR 004375

CSOC.CBR.00025961

EXHIBIT
Exhibit 021

CALENDAR YEAR 2005 FINANCIAL DISCLOSURE STATEMENT

SCHEDULE III - ASSETS AND "UNEARNED" INCOME

Name **Charles B. Rangel**

BLOCK A — Asset and/or Income Source

Identify (a) each asset held for investment or production of income with a fair market value exceeding $1,000 at the end of the reporting period, and (b) any other asset or sources of income which generated more than $200 in "unearned" income during the year. For rental property or land, provide a complete address. Provide full names of stocks and mutual funds (do not use ticker symbols). For all IRAs and other retirement plans (such as 401(k) plans) that are self directed (i.e., plans in which you have the power, even if not exercised, to select the specific investment), provide the value and income information on each asset in the account that exceeds the reporting threshold. For retirement plans that are not self-directed, name the institution holding the account and its value at the end of the reporting period. For an active business that is not publicly traded, state the name of the business, the nature of its activities, and its geographic location in Block A. For additional information, see the instruction booklet.

Exclude: Your personal residence(s) (unless there is rental income); any debt owed to you by your spouse, or by you or your spouse's child, parent, or sibling; any deposits totaling $5,000 or less in personal savings accounts; any financial interest in or income derived from U.S. Government retirement programs.

If you so choose, you may indicate that an asset or income source is that of your spouse (SP) or dependent child (DC) or is jointly held (JT), in the optional column on the far left.

BLOCK B — Value of Asset

Indicate value of asset at close of reporting year. If you use a valuation method other than fair market value, please specify the method used.

If an asset was sold during the reporting year and included only because it generated income, the value should be "None."

BLOCK C — Type of Income

Check all columns that apply. For retirement plans or accounts that do not allow you to choose specific investments, you may write "NA." For all other assets *including all IRAs* indicate the type of income by checking the appropriate box below. **Dividends and interest, even if reinvested, should be listed as income.** Check "None" if asset did not generate any income during calendar year.

BLOCK D — Amount of Income

For retirement plans or accounts that do not allow you to choose specific investments, you may write "NA" for income. For all other assets, **including all IRAs**, indicate the category of income by checking the appropriate box below. **Dividends and interest, even if reinvested, should be listed as income.** Check "None" if no income was received.

BLOCK E — Transaction

Indicate if the asset had purchases (P), sales (S), or exchanges (E) exceeding $1,000 in reporting year.

				A None	B $1-$15,000	C $15,001 - $50,000	D $50,001 - $100,000	E $100,001 - $250,000	F $250,001 - $500,000	G $500,001 - $1,000,000	H $1,000,001 - $5,000,000	I $5,000,001 - $25,000,000	J $25,000,001 - $50,000,000	K $50,000,001 - $100,000,000	L Over $100,000,000	NONE	DIVIDENDS	RENT	INTEREST	CAPITAL GAINS	EXCEPTED FUND RECEIPT	Other types of Income (Specify: For Example, Partnership Income or Farm Income)	I None	II $1-$1,000	III $1,001 - $2,500	IV $2,501 - $5,000	V $5,001 - $15,000	VI $15,001 - $50,000	VII $50,001 - $100,000	VIII $100,001 - $1,000,000	IX $1,000,001 - $5,000,000	X Over $5,000,000	XI Over $5,000,000	If only a portion of an asset is sold, please indicate as follows: "(S) (partial)" See below for example. P, S, E
SP, DC, JT	Examples:	SP	Mega Corp. Stock					X									X			X						X								S (partial)
			Simon & Schuster			Indefinite															Royalties									X			
			1st Bank of Paducah, KY Accounts						X									X																
	Punta Cana Beach Villa, Punta Cana, Dom Rep (March 1987 - $82,750 + Improvements)																	X																
	Metro Transn Auth NY Rev																																	P
	Ishares Trust Dow Jones Select Divid Index Fd						X																	X										
	Nasdaq 100 TR Unit SER 1																																	S (partial)
	Standard & Poors Dep RCPT						X																	X										
	ING Principal Protection Fund II CL B							X																										P

For additional assets and unearned income, use next page.

CBR 004376

CSOC.CBR.00025962

EXHIBIT
Exhibit 021

CALENDAR YEAR 2005 FINANCIAL DISCLOSURE STATEMENT

SCHEDULE III - ASSETS AND "UNEARNED" INCOME

Name **Charles B. Rangel**

Continuation Sheet (if needed)

SP, DC, JT	BLOCK A Asset and/or Income Source	BLOCK B Year-End Value of Asset										BLOCK C Type of Income				BLOCK D Amount of Income							BLOCK E Transaction
		A None	B $1 - $1,000	C $1,001 - $15,000	D $15,001 - $50,000	E $50,001 - $100,000	F $100,001 - $250,000	G $250,001 - $500,000	H $500,001 - $1,000,000	I $1,000,001 - $5,000,000	J $5,000,001 - $25,000,000	K $25,000,001 - $50,000,000	L Over $50,000,000	NONE	RENT/LS	INTEREST	CAPITAL GAINS	Other types of Income (Specify)	I None	II $1 - $1,000	III $1,001 - $2,500	V $2,501 - $5,000	VI $5,001 - $15,000	VII $15,001 - $50,000	IX $50,001 - $100,000	X $100,001 - $1,000,000	XI Over $1,000,000	P, S, PE
	Alliance Bernstein Muni Inc Fd New York CL A						X															X					P
	Merrill Lynch Cash & Money Accts			X														Int./Dv.									
	Putnam New York Investment Grade Muni TR																										S (partial)
	74 West 132nd Street, NY, NY 10037	X														X											
	Congressional FCU-IRA, Checking																	Int./Dv.				X					
	Empty Lots, Glassboro, New Jersey (tax assessment $3,000)			X									X						X								
	North Fork Bank (formerly Greenpoint Bank)			X																							
	U.S. Treasury bonds			X									X						X								
	PepsiCo, Inc.			X																							
	Rochester Municipal Fund Class C			X																		X					S (partial)
	Alliance Municipal Incm Fd-New York Port CL B					X																					P

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CBR 004377
CSOC.CBR.00025963

EXHIBIT
Exhibit 021

SCHEDULE IV - TRANSACTIONS

Name **Charles B. Rangel**

Report any purchase, sale, or exchange by you, your spouse or dependent child during the reporting year of any real property, stocks, bonds, commodities futures, or other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Provide a brief description of any exchange transaction. Do not report a transaction between you, your spouse, or your dependent child, or the purchase or sale of your personal residence, unless it is rented out. **If only a portion of an asset is sold, please so indicate (i.e., "partial sale").** See example below.

SP, DC, JT	Asset	Type of Transaction: PURCHASE	SALE	REDEMPTION	Date: (MO/DAY/YR) or Quarterly, Monthly, or Bi-weekly, if applicable	Amount of Transaction: A	C $15,001- $50,000	D $50,001- $100,000	E $100,001- $250,000	F $250,001- $500,000	G $500,001- $1,000,000	H $1,000,001- $5,000,000	I $5,000,001- $25,000,000	J $25,000,001- $50,000,000	K Over $50,000,000
SP	*Example:* Mega Corporation Common Stock (partial sale)		X		10-12-07		X								
	Putnam New York Investment Grade Muni TR		X		04-28-05		X								
	Nasdaq 100 TR Unit SER 1		X		09-27-05										
	Metro Trans Auth NY Rev	X			02-09-05		X								
	Rochester Municipal Fund Class C		X		2005										
	ING Principal Protection Fund II CL B	X			Monthly Div. Reinv.										
	Alliance Bernstein Muni Inc Fd New York CL A	X			Monthly Div. Reinv.										
	Alliance Municipal Incm Fd-New York Port CL B	X			Monthly Div. Reinv.										

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CBR 004378
CSOC.CBR.00025964



UNITED STATES HOUSE OF REPRESENTATIVES

ETHICS IN GOVERNMENT ACT

CALENDAR YEAR 2006 FINANCIAL DISCLOSURE STATEMENT

Please provide the following information. Your address and signature WILL NOT be made available to the public.

Charles B. Rangel — REDACTED - CONFIDENTIAL PERSONAL INFORMATION — _____

(Print Full Name) (Daytime Telephone)

_____ _____

(Complete Address -- Office or Home)

CERTIFICATION THIS DOCUMENT MUST BE SIGNED BY THE REPORTING INDIVIDUAL AND DATED

The attached Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended. The Statement will be available to any requesting person upon written application and will be reviewed by the Committee on Standards of Official Conduct or its designee. Any individual who knowingly and wilfully falsifies, or who knowingly and willfully fails to file the attached report may be subject to civil penalties and criminal sanctions (See U.S.C. app. 4, § 104 and 18 U.S.C. § 1001).

Certification	Signature of Reporting Individual	Date (Month, Day, Year)
I CERTIFY that the statements I have made on the attached financial disclosure statement and all attached schedules are true, complete, and correct to the best of my knowledge and belief.		

CBR 004484

CSOC.CBR.00025967

EXHIBIT

Exhibit 022

UNITED STATES HOUSE OF REPRESENTATIVES

CALENDAR YEAR 2006 FINANCIAL DISCLOSURE STATEMENT

FORM A

For use by Members, officers, and employees

Charles B. Rangel (Full Name)

REDACTED - CONFIDENTIAL PERSONAL INFORMATION (Daytime Telephone)

(Office Use Only)

Filer Status	X Member of the U.S. State: NY House of Representative District: 15	Officer Or Employee	Employing Office:
Report Type	Annual (May 15) X Amendment	Termination	Termination Date:

A $200 penalty shall be assessed against anyone who files more than 30 days late.

PRELIMINARY INFORMATION -- ANSWER EACH OF THESE QUESTIONS

I.	Did you or your spouse have "earned" income (e.g., salaries or fees) of $200 or more from any source in the reporting period? If yes, complete and attach Schedule I.	Yes X No	VI.	Did you, your spouse, or a dependent child receive any reportable gift in the reporting period (i.e., aggregating more than $335 and not otherwise exempt)? If yes, complete and attach Schedule VI.	Yes No X
II.	Did any individual or organization make a donation to charity in lieu of paying you for a speech, appearance, or article in the reporting period? If yes, complete and attach Schedule II.	Yes No X	VII.	Did you, your spouse, or a dependent child receive any reportable travel or reimbursements for travel in the reporting period (worth more than $335 from one source)? If yes, complete and attach Schedule VII.	Yes X No
III.	Did you, your spouse, or a dependent child receive "unearned" income of more than $200 in the reporting period or hold any reportable asset worth more than $1,000 at the end of the period? If yes, complete and attach Schedule III.	Yes X No	VIII.	Did you hold any reportable positions on or before the date of filing in the current calendar year? If yes, complete and attach Schedule VIII.	Yes X No
IV.	Did you, your spouse, or dependent child purchase, sell, or exchange any reportable asset in a transaction exceeding $1,000 during the reporting period? If yes, complete and attach Schedule IV.	Yes X No	IX.	Did you have any reportable agreement or arrangement with an outside entity? If yes, complete and attach Schedule IX.	Yes No X
V.	Did you, your spouse, or a dependent child have any reportable liability (more than $10,000) during the reporting period? If yes, complete and attach Schedule V.	Yes X No		Each question in this part must be answered and the appropriate schedule attached for each "Yes" response.	

EXCLUSION OF SPOUSE, DEPENDENT, OR TRUST INFORMATION -- ANSWER EACH OF THESE QUESTIONS

Trusts-	Details regarding "Qualified Blind Trusts" approved by the Committee on Standards of Official Conduct and certain other "excepted trusts" need not be disclosed. Have you excluded from this report details of such a trust benefiting you, your spouse, or dependent child?	Yes No X
Exemptions-	Have you excluded from this report any other assets, "unearned" income, transactions, or liabilities of a spouse or dependent child because they meet all three tests for exemption? Do not answer "yes" unless you have first consulted with the Committee on Standards of Official Conduct.	Yes No X

CBR 004485

CSOC.CBR.00025968



SCHEDULE I - EARNED INCOME | Name **Charles B. Rangel** |

List the source, type, and amount of earned income from any source (other than the filer's current employment by the U.S. Government) totaling $200 or more during the preceeding calendar year. For a spouse, list the source and amount of any honoraria; list only the source for other spouse earned income exceeding $1,000. See examples below.

Exclude: Military pay (such as National Guard or Reserve pay), federal retirement programs, and benefits received under the Social Security Act.

	Source	Type	Amount
Examples	Keene State	Approved Teaching Fee	$6,000
	State of Maryland	Legislative Pension	$9,000
	Civil War Roundtable (Oct. 2nd)	Spouse Speech	$1,000
	Ontario County Board of Education	Spouse Salary	NA
Congressional FCU-IRA		Retirement Distribution	$ 4,187

For payments to charity in lieu of honoraria, use Schedule II.

CBR 004486
CSOC.CBR.00025969

EXHIBIT
Exhibit 022

SCHEDULE III - ASSETS AND "UNEARNED" INCOME

Name **Charles B. Rangel**

BLOCK A — Asset and/or Income Source

Identify (a) each asset held for investment or production of income with a fair market value exceeding $1,000 at the end of the reporting period, and (b) any other asset or sources of income which generated more than $200 in "unearned" income during the year. For rental property or land, provide a complete address. Provide full names of stocks and mutual funds (do not use ticker symbols). For all IRAs and other retirement plans (such as 401(k) plans) that are self directed (i.e., plans in which you have the power, even if not exercised, to select the specific investment), provide the value and income information on each asset in the account that exceeds the reporting threshold. For retirement plans that are not self-directed, name the institution holding the account and its value at the end of the reporting period. For an active business that is not publicly traded, state the name of the business, the nature of its activities, and its geographic location in Block A. For additional information, see the instruction booklet.

Exclude: Your personal residence(s) (unless there is rental income); any debt owed to you by your spouse, or by you or your spouse's child, parent, or sibling; any deposits totaling $5,000 or less in personal savings accounts; any financial interest in or income derived from U.S. Government retirement programs.

If you so choose, you may indicate that an asset or income source is that of your spouse (SP) or dependent child (DC) or is jointly held (JT), in the optional column on the far left.

BLOCK B — Value of Asset

Indicate value of asset at close of reporting year. If you use a valuation method other than fair market value, please specify the method used.

If an asset was sold during the reporting year and included only because it generated income, the value should be "None."

BLOCK C — Type of Income

Check all columns that apply. For retirement plans or accounts that do not allow you to choose specific investments, you may write "NA." For all other assets *including all IRAs* indicate the type of income by checking the appropriate box below. **Dividends and interest, even if reinvested, should be listed as income.** Check "None" if asset did not generate any income during calendar year.

BLOCK D — Amount of Income

For retirement plans or accounts that do not allow you to choose specific investments, you may write "NA" for income. For all other assets, **including all IRAs**, indicate the category of income by checking the appropriate box below. **Dividends and interest, even if reinvested, should be listed as income.** Check "None" if no income was received.

BLOCK E — Transaction

Indicate if the asset had purchases (P), sales (S), or exchanges (E) exceeding $1,000 in reporting year.

			BLOCK A	A None	B $1 - $15,000	C $15,001 - $50,000	D $50,001 - $100,000	E $100,001 - $250,000	G $250,001 - $500,000	H $500,001 - $1,000,000	I $1,000,001 - $5,000,000	J $5,000,001 - $25,000,000	K $25,000,001 - $50,000,000	L Over $50,000,000	INCOME	DIVIDENDS	RENT	INTEREST	CAPITAL GAINS	TAX-EXEMPT INTEREST	Other types of income (Specify: Partnership Income or Farm Income)	I None	III $1 - $200	IV $201 - $1,000	V $1,001 - $2,500	VI $2,501 - $5,000	VII $5,001 - $15,000	IX $15,001 - $50,000	X $50,001 - $100,000	XI $100,001 - $1,000,000	Over $1,000,000	BLOCK E If only a portion of an asset is sold, please indicate as follows: "(S) (partial)" See below for examples. P, S, E
SP, DC, JT	*Examples:*	SP	Mega Corp. Stock					X								X			X												S (partial)
			Simon & Schuster				Indefinite														Royalties								X			
		JT	1st Bank of Paducah, KY Accounts					X									X															
	Punta Cana Beach Villa, Punta Cana, Dom Rep (March 1987 - $82,750 + improvements)															X															
	Blackrock Equity Dividend Fund Instl															X							X								P
	Cohen & Steers Int'l Realty Fund CL. A															X							X								P
	Federated Market Opportunity Fund CL A															X							X								P
	Hartford Capital Appreciation CL A					X										X							X								P
	ING Russia Fund CL A															X							X								P

For additional assets and unearned income, use next page.

CBR 004487
CSOC.CBR.00025970

EXHIBIT
Exhibit 022

CALENDAR YEAR 2006 FIN[illegible]IAL DISCLOSURE STATEMENT

SCHEDULE III - ASSETS AND "UNEARNED" INCOME

Name **Charles B. Rangel**

Continuation Sheet (if needed)

BLOCK A: Asset and/or Income Source	SP, DC, JT	BLOCK B: Year-End Value of Asset										BLOCK C: Type of Income					BLOCK D: Amount of Income							BLOCK E: Transaction
		A None	B $1,000 or less	C $1,001 - $15,000	D $15,001 - $50,000	E $50,001 - $100,000	F $100,001 - $250,000	G $250,001 - $500,000	H $500,001 - $1,000,000	I $1,000,001 - $5,000,000	J $5,000,001 - $25,000,000	K $25,000,001 - $50,000,000	L Over $50,000,000	NONE	DIVIDEND	RENT	INTEREST	CAPITAL GAINS	OTHER (Specify)	I None	II $201 - $1,000	III $1,001 - $2,500	IV $2,501 - $5,000	V $5,001 - $15,000	VI $15,001 - $50,000	VII $50,001 - $100,000	VIII $100,001 - $1,000,000	IX $1,000,001 - $5,000,000	X Over $5,000,000	P, S, S
JP Morgan US Real Estate Fund CL A				X											X								X					P
JP Morgan Fleming Intrepid European CL A					X										X							X						P
Van Eck Global Hard Assets Fund				X											X								X					P
Alliance Bernstein Muni Inc Fd New York CL A					X										X						X							P
Franklin Cust. Fd Inc. Ser CL A				X											X						X							P
Loomis Sayles Strategic Income Fund CL A				X											X								X					P
Oppenheimer Int'l Bond Fd CL A				X											X					X								P
Pimco Emerging Mkts Bond Fund CL A				X											X						X							P
Standard & Poors Dep RCPT		X													X				Div/Cgain									S
ING Principal Protection Fund II CL B						X									X													P
Putnam New York Investment Grade Muni TR		X													X													S
Metro Transn Auth NY Rev		X													X				Int./Class	X								S
Merrill Lynch Cash & Money Accts															X				Int./Dv.									
Congressional FCU-IRA, Checking															X				Int./Dv.									

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CBR 004488

CSOC.CBR.0025971

EXHIBIT
Exhibit 022

CALENDAR YEAR 2006 FINANCIAL DISCLOSURE STATEMENT

SCHEDULE III - ASSETS AND "UNEARNED" INCOME

Name **Charles B. Rangel**

Continuation Sheet (if needed)

SP, DC, JT	BLOCK A Asset and/or Income Source	BLOCK B Year-End A	B	C	D	E	F	G	H	I	J	K	L	BLOCK C Type NONE	DIVIDENDS	RENT	CAPITAL GAINS	INTEREST	Other types of Income (Specify)	BLOCK D Amount of Income I	II	III	IV	V	VI	VII	VIII	IX	X	XI	BLOCK E Transaction
		None	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000								None	$1 - $200	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	$1,000,001 - $5,000,000	Over $5,000,000	P, S, PS
	Empty Lots, Glassboro, New Jersey (tax assessment $3,000)		X											X						X										
	North Fork Bank (formerly Greenpoint 883)																													
	U.S. Treasury bonds	X																												S
	Merrill Lynch Instl Tax-Exempt Fund	X																												P,S
	PepsiCo, Inc.			X																		X								
	Yum! Brands			X																		X								P
	Alliance Municipal Incm Fd-New York Port CL B				X																									P
	Rochester Municipal Fund Class C				X																	X								
	ML Allianz Global Investors Consults Diversified Port III						X												Div/Int/Gain											P,S (partial)
	Ishares Trust Dow Jones Select Divid Index Fd	X																	Div/Gain											S

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CBR 004489

CSOC.CBR.00025972

EXHIBIT
Exhibit 022

SCHEDULE IV - TRANSACTIONS

Name **Charles B. Rangel**

Report any purchase, sale, or exchange by you, your spouse or dependent child during the reporting year of any real property, stocks, bonds, commodities futures, or other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Provide a brief description of any exchange transaction. Do not report a transaction between you, your spouse, or your dependent child, or the purchase or sale of your personal residence, unless it is rented out. **If only a portion of an asset is sold, please so indicate (i.e., "partial sale").** See example below.			Type of Transaction			Date	Amount of Transaction									
			PURCHASE	SALE	EXCHANGE	(MO/DAY/YR) or Quarterly, Monthly, or Bi-weekly, if applicable	A $1,001 - $15,000	C $15,001 - $50,000	D $50,001 - $100,000	E $100,001 - $250,000	F $250,001 - $500,000	G $500,001 - $1,000,000	H $1,000,001 - $5,000,000	I $5,000,001 - $25,000,000	J $25,000,001 - $50,000,000	K Over $50,000,000
SP, DC, JT	Asset															
SP	*Example:*	Mega Corporation Common Stock (partial sale)		X		10-12-07		X								
	Ishares Trust Dow Jones			X		08-16-06		X								
	Nasdaq 100 TR Unit Ser 1			X		08-16-06		X								
	Standard & Poors Dep Rcpt			X		08-16-06		X								
	Metro Transn Auth NY Rev			X		08-24-06		X								
	Blackrock Equity Dividend Fund Instl		X			8/28/2006 P, Div. Reinv. P		X								
	Cohen & Steers Int'l Realty Fund CL A		X			8/28/2006 P, Div. Reinv. P		X								
	Federated Market Opportunity Fund CL A		X			8/28/2006 P, Div. Reinv. P		X								
	Hartford Capital Appreciation CL A		X			8/28/2006 P, Div. Reinv. P										
	ING Russia Fund CL A		X			8/28/2006 P, Div. Reinv. P		X								
	JP Morgan US Real Estate Fund CL A		X			8/28/2006 P, Div. Reinv. P		X								
	JP Morgan Fleming Intrepid European CL A		X			8/28/2006 P, Div. Reinv. P		X								
	Van Eck Global Hard Assets Fund		X			10-26-06										
	Franklin Cust. Fd Inc. Ser CL A		X			10-12-06		X								

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CBR 004490

CSOC.CBR.00025973

EXHIBIT
Exhibit 022

SCHEDULE IV - TRANSACTIONS

Name **Charles B. Rangel**

Report any purchase, sale, or exchange by you, your spouse or dependent child during the reporting year of any real property, stocks, bonds, commodities futures, or other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Provide a brief description of any exchange transaction. Do not report a transaction between you, your spouse, or your dependent child, or the purchase or sale of your personal residence, unless it is rented out. **If only a portion of an asset is sold, please so indicate (i.e., "partial sale").** See example below.

SP, DC, JT	Asset	Type of Transaction: PURCHASE	SALE	EXCHANGE	Date (MO/DAY/YR) or Quarterly, Monthly, or Bi-weekly, if applicable	Amount of Transaction: B $1,001-$15,000	C $15,001-$50,000	D $50,001-$100,000	E $100,001-$250,000	F $250,001-$500,000	G $500,001-$1,000,000	H $1,000,001-$5,000,000	I $5,000,001-$25,000,000	J $25,000,001-$50,000,000	K Over $50,000,000
SP	*Example:* Mega Corporation Common Stock (partial sale)		X		10-12-07		X								
	Loomis Sayles Strategic Income Fund CL A	X			8/28/2006 P, Div. Reinv. P										
	Oppenheimer Int'l Bond Fd CL A	X			8/28/2006 P, Div. Reinv. P										
	Pimco Emerging Mkts Bond Fund CL A	X			8/28/2006 P, Div. Reinv. P										
	Putnam New York Investment Grade Muni TR		X		09-14-06										
	U.S. Treasury bonds		X		05-05-06		X								
	Merrill Lynch Instl Tax-Exempt Fund	X			05-25-06										
	Merrill Lynch Instl Tax-Exempt Fund		X		09-15-06										
	Yum! Brands	X			2006										
	ML Allianz Global Investors Consults Diversified Port III		X		09-06-06 & after										
	ML Allianz Global Investors Consults Diversified Port III	X			09-06-06 & after										
	Alliance Bernstein Muni Inc Fd New York CL A	X			Monthly Div. Reinv.										
	ING Principal Protection Fund II CL B	X			Monthly Div. Reinv.										
	Alliance Municipal Incm Fd-New York Port CL B	X			Monthly Div. Reinv.										

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CBR 004491
CSOC.CBR.00025974

EXHIBIT
Exhibit 022

CALENDAR YEAR 2006 FINANCIAL DISCLOSURE STATEMENT

SCHEDULE V - LIABILITIES

Name **Charles B. Rangel**

Report of liabilities over $10,000 owed to any one creditor ***at any time*** during the reporting period by you, your spouse, or dependent child. Mark the highest amount owed during the year. **Exclude:** Any mortgage on your personal residence (unless it is rented out); loans secured by automobiles, household furniture, or appliances; liabilities of a business in which you own an interest; and liabilities owed to a spouse, or the child, parent, or sibling of you or your spouse. Report ***revolving charge accounts*** (i.e., credit cards) only if the balance at the close of the preceding calendar year exceeded $10,000.

SP, DC, JT	Creditor	Type of Liability	Amount of Liability								
			B $10,001-$15,000	C $15,001-$50,000	D $50,001-$100,000	E $100,001-$250,000	F $250,001-$500,000	G $500,001-$1,000,000	H $1,000,001-$5,000,000	I $5,000,001-$25,000,000	K Over $50,000,000
	Example: First Bank of Wilmington, Delaware	Mortgage on 123 Main St., Dover, Del.				X					
	Punta Cana Beach Villa, Dominican Republic	Mort- on Punta Cana Beach Villa Condo									

EXHIBIT
Exhibit 022

CALENDAR YEAR 2006 FINANCIAL DISCLOSURE STATEMENT

FOOTNOTES

Name **Charles B. Rangel**

Number	Section/Schedule	Footnote	This note refers to the following item
1	Schedule III, IV	In 2006, the personal residence in Florida, which does not require disclosure, was sold. Proceeds from the sale and other investment transactions disclosed were used to invest in the Merrill Lynch Allianz Global Investors Consults Diversified Portfolio III (Multi-Firm CDP III).	ML Allianz Global Investors Consults Diversified Port III
2	Schedule IV	Good faith estimates of values were used because bank or brokerage statements were unavailable.	Yum! Brands

CBR 004493
CSOC.CBR.00025976



UNITED STATES HOUSE OF REPRESENTATIVES

ETHICS IN GOVERNMENT ACT

CALENDAR YEAR 2007 FINANCIAL DISCLOSURE STATEMENT

Please provide the following information. Your address and signature WILL NOT be made available to the public.

Charles B. Rangel (Print Full Name)

REDACTED - CONFIDENTIAL PERSONAL INFORMATION

(Daytime Telephone)

(Complete Address -- Office or Home)

CERTIFICATION THIS DOCUMENT MUST BE SIGNED BY THE REPORTING INDIVIDUAL AND DATED

The attached Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended. The Statement will be available to any requesting person upon written application and will be reviewed by the Committee on Standards of Official Conduct or its designee. Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file the attached report may be subject to civil penalties and criminal sanctions (See U.S.C. app. 4, § 104 and 18 U.S.C. § 1001).

Certification	Signature of Reporting Individual	Date (Month, Day, Year)
I CERTIFY that the statements I have made on the attached financial disclosure statement and all attached schedules are true, complete, and correct to the best of my knowledge and belief.		

CBR 004716

CSOC.CBR.00025977

EXHIBIT

Exhibit 023

UNITED STATES HOUSE OF REPRESENTATIVES
CALENDAR YEAR 2007 FINANCIAL DISCLOSURE STATEMENT

FORM A
For use by Members, officers, and employees

Charles B. Rangel
(Full Name)

REDACTED - CONFIDENTIAL PERSONAL INFORMATION
(Daytime Telephone)

(Office Use Only)

Filer Status	X Member of the U.S. State: NY House of Representative District: 15	Officer Or Employee	Employing Office:
Report Type	Annual (May 15) X Amendment	Termination	Termination Date:

A $200 penalty shall be assessed against anyone who files more than 30 days late.

PRELIMINARY INFORMATION -- ANSWER EACH OF THESE QUESTIONS

I.	Did you or your spouse have "earned" income (e.g., salaries or fees) of $200 or more from any source in the reporting period? If yes, complete and attach Schedule I.	Yes X	No	VI.	Did you, your spouse, or a dependent child receive any reportable gift in the reporting period (i.e., aggregating more than $335 and not otherwise exempt)? If yes, complete and attach Schedule VI.	Yes	No X
II.	Did any individual or organization make a donation to charity in lieu of paying you for a speech, appearance, or article in the reporting period? If yes, complete and attach Schedule II.	Yes	No X	VII.	Did you, your spouse, or a dependent child receive any reportable travel or reimbursements for travel in the reporting period (worth more than $335 from one source)? If yes, complete and attach Schedule VII.	Yes X	No
III.	Did you, your spouse, or a dependent child receive "unearned" income of more than $200 in the reporting period or hold any reportable asset worth more than $1,000 at the end of the period? If yes, complete and attach Schedule III.	Yes X	No	VIII.	Did you hold any reportable positions on or before the date of filing in the current calendar year? If yes, complete and attach Schedule VIII.	Yes X	No
IV.	Did you, your spouse, or dependent child purchase, sell, or exchange any reportable asset in a transaction exceeding $1,000 during the reporting period? If yes, complete and attach Schedule IV.	Yes X	No	IX.	Did you have any reportable agreement or arrangement with an outside entity? If yes, complete and attach Schedule IX.	Yes	No X
V.	Did you, your spouse, or a dependent child have any reportable liability (more than $10,000) during the reporting period? If yes, complete and attach Schedule V.	Yes	No X		Each question in this part must be answered and the appropriate schedule attached for each "Yes" response.		

EXCLUSION OF SPOUSE, DEPENDENT, OR TRUST INFORMATION -- ANSWER EACH OF THESE QUESTIONS

Trusts-	Details regarding "Qualified Blind Trusts" approved by the Committee on Standards of Official Conduct and certain other "excepted trusts" need not be disclosed. Have you excluded from this report details of such a trust benefiting you, your spouse, or dependent child?	Yes	No X
Exemptions-	Have you excluded from this report any other assets, "unearned" income, transactions, or liabilities of a spouse or dependent child because they meet all three tests for exemption? Do not answer "yes" unless you have first consulted with the Committee on Standards of Official Conduct.	Yes	No X

CBR 004717

CSOC.CBR.00025978



CALENDAR YEAR 2007 FINANCIAL DISCLOSURE STATEMENT

SCHEDULE I - EARNED INCOME | Name **Charles B. Rangel** |

List the source, type, and amount of earned income from any source (other than the filer's current employment by the U.S. Government) totaling $200 or more during the preceeding calendar year. For a spouse, list the source and amount of any honoraria; list only the source for other spouse earned income exceeding $1,000. See examples below.

Exclude: Military pay (such as National Guard or Reserve pay), federal retirement programs, and benefits received under the Social Security Act.

	Source	Type	Amount
Examples	Keene State	Approved Teaching Fee	$6,000
	State of Maryland	Legislative Pension	$9,000
	Civil War Roundtable (Oct. 2nd)	Spouse Speech	$1,000
	Ontario County Board of Education	Spouse Salary	NA
Congressional FCU-IRA		Retirement Distribution	$ 5,509

For payments to charity in lieu of honoraria, use Schedule II.

CBR 004718
CSOC.CBR.00025979

EXHIBIT
Exhibit 023

CALENDAR YEAR 2007 FINANCIAL DISCLOSURE STATEMENT

Name **Charles B. Rangel**

SCHEDULE III - ASSETS AND "UNEARNED" INCOME

BLOCK A — Asset and/or Income Source

Identify (a) each asset held for investment or production of income with a fair market value exceeding $1,000 at the end of the reporting period, and (b) any other asset or sources of income which generated more than $200 in "unearned" income during the year. For rental property or land, provide a complete address. Provide full names of stocks and mutual funds (do not use ticker symbols). For all IRAs and other retirement plans (such as 401(k) plans) that are self directed (i.e., plans in which you have the power, even if not exercised, to select the specific investment), provide the value and income information on each asset in the account that exceeds the reporting threshold. For retirement plans that are not self-directed, name the institution holding the account and its value at the end of the reporting period. For an active business that is not publicly traded, state the name of the business, the nature of its activities, and its geographic location in Block A. For additional information, see the instruction booklet.

Exclude: Your personal residence(s) (unless there is rental income); any debt owed to you by your spouse, or by you or your spouse's child, parent, or sibling; any deposits totaling $5,000 or less in personal savings accounts; any financial interest in or income derived from U.S. Government retirement programs.

If you so choose, you may indicate that an asset or income source is that of your spouse (SP) or dependent child (DC) or is jointly held (JT), in the optional column on the far left.

BLOCK B — Value of Asset

Indicate value of asset at close of reporting year. If you use a valuation method other than fair market value, please specify the method used.

If an asset was sold during the reporting year and included only because it generated income, the value should be "None."

BLOCK C — Type of Income

Check all columns that apply. For retirement plans or accounts that do not allow you to choose specific investments, you may write "NA." For all other assets *including all IRAs*, indicate the type of income by checking the appropriate box below. **Dividends and interest, even if reinvested, should be listed as income.** Check "None" if asset did not generate any income during calendar year.

BLOCK D — Amount of Income

For retirement plans or accounts that do not allow you to choose specific investments, you may write "NA" for income. For all other assets, **including all IRAs**, indicate the category of income by checking the appropriate box below. **Dividends and interest, even if reinvested, should be listed as income.** Check "None" if no income was received.

BLOCK E — Transaction

Indicate if the asset had purchases (P), sales (S), or exchanges (E) exceeding $1,000 in reporting year.

| | | | | A | B | C | D | E | F | G | H | I | J | K | L | | | |

EXHIBIT
Exhibit 023

CALENDAR YEAR 2007 FINANCIAL DISCLOSURE STATEMENT

SCHEDULE III - ASSETS AND "UNEARNED" INCOME

Name **Charles B. Rangel**

Continuation Sheet (if needed)

SP, DC, JT	BLOCK A Asset and/or Income Source	BLOCK B Year-End Value of Asset: A None	B $1 - $1,000	C $1,001 - $15,000	D $15,001 - $50,000	E $50,001 - $100,000	F $100,001 - $250,000	G $250,001 - $500,000	H $500,001 - $1,000,000	I $1,000,001 - $5,000,000	J $5,000,001 - $25,000,000	K $25,000,001 - $50,000,000	L $50,000,001 - $100,000	BLOCK C Type of Income: NONE	DIVIDENDS	RENT	INTEREST	CAPITAL GAINS	EXCEPTED/BLIND TRUST	Other types of Income (Specify)	BLOCK D Amount of Income: I None	II $1 - $1,000	III $1,001 - $2,500	IV $2,501 - $5,000	V $5,001 - $15,000	VI $15,001 - $50,000	VII $50,001 - $100,000	IX $100,001 - $1,000,000	X $1,000,001 - $5,000,000	XI Over $5,000,000	BLOCK E Transaction P, S, E
	JP Morgan Fleming Intrepid European CL A			X																Div/Cgain											P,S (partial)
	Pimco Emerging Mkts Bond Fund CL A				X										X																P
	Hartford Capital Appreciation CL A				X										X																P
	Alliance Bernstein Muni Inc Fd New York CL A						X								X										X						P,S (partial)
	Merrill Lynch Cash & Money Accts				X										X																
	Blackrock Equity Dividend Fund Instl				X										X																P,S (partial)
	Franklin Gust. Fd Inc. Ser CL A				X										X																P
	ING Russia Fund CL A				X															Div/Cgain											P,S (partial)
	Punta Cana Beach Villa, Punta Cana, Dom Rep (March 1987 - $82,750 + improvements)															X															
	ING Principal Protection Fund II CL B					X														Div/Cgain			X								P,S (partial)
	Congressional FCU-IRA, Checking							X												Int./Dv.											
	North Fork Bank (formerly Greenpoint 853)				X																		X								
	Empty Lots, Glassboro, New Jersey (tax assessment $3,000)			X										X							X										
	PepsiCo, Inc.				X										X								X								
	Yum! Brands			X											X																

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EXHIBIT

Exhibit 023

CALENDAR YEAR 2007 FINANCIAL DISCLOSURE STATEMENT

SCHEDULE III - ASSETS AND "UNEARNED" INCOME

Name **Charles B. Rangel** | Page 5 of 7

Continuation Sheet (if needed)

SP, DC, JT	BLOCK A: Asset and/or Income Source	BLOCK B: Year-End										BLOCK C: Type				BLOCK D: Amount of Income							BLOCK E: Transaction
		A None	B $1 - $1,000	C $1,001 - $15,000	D $15,001 - $50,000	E $50,001 - $100,000	F $100,001 - $250,000	G $250,001 - $500,000	H $500,001 - $1,000,000	I $1,000,001 - $5,000,000	J $5,000,001 - $25,000,000	K $25,000,001 - $50,000,000	L Over $50,000,000	NONE	RENT	INTEREST	CAPITAL GAINS	DIVIDENDS / TRUST	Other types of income (Specify)	I None	II $1 - $200	III $201 - $1,000	IV $1,001 - $2,500	V $2,501 - $5,000	VI $5,001 - $15,000	VII $15,001 - $50,000	VIII $50,001 - $100,000	IX $100,001 - $1,000,000	X $1,000,001 - $5,000,000	XI Over $5,000,000	P, S, E
	Alliance Municipal Incm Fd-New York Port CL B					X																							P
	Rochester Municipal Fund Class C																												
	ML Allianz Global Investors Consults Diversified Port III							X											Div/Int/Cgain										P,S (partial)

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CBR 004721

CSOC.CBR.00025982

853

EXHIBIT
Exhibit 023

CALENDAR YEAR 2007 FINANCIAL DISCLOSURE STATEMENT

SCHEDULE IV - TRANSACTIONS

Name **Charles B. Rangel**

Report any purchase, sale, or exchange by you, your spouse or dependent child during the reporting year of any real property, stocks, bonds, commodities futures, or other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Provide a brief description of any exchange transaction. Do not report a transaction between you, your spouse, or your dependent child, or the purchase or sale of your personal residence, unless it is rented out. **If only a portion of an asset is sold, please so indicate (i.e., "partial sale").** See example below.

SP, DC, JT	Asset	Type of Transaction: PURCHASE	SALE	EXCHANGE	Date (MO/DAY/YR) or Quarterly, Monthly, or Bi-weekly, if applicable	Amount of Transaction: B $1,001-$15,000	C $15,001-$50,000	D $50,001-$100,000	E $100,001-$250,000	F $250,001-$500,000	G $500,001-$1,000,000	H $1,000,001-$5,000,000	I $5,000,001-$25,000,000	J $25,000,001-$50,000,000	K Over $50,000,000
SP	*Example:* Mega Corporation Common Stock (partial sale)		X		10-12-07		X								
	Federated Market Opportunity Fund		X		08-31-07										
	JP Morgan US Real Estate Fund CL A		X		08-31-07										
	Cohen & Steers Int'l Realty Fund	X	X		07-12-07 S , Div. Reinv. P		X								
	JP Morgan Fleming Intrepid European CL A	X	X		8/31/2007 S, Div. Reinv.P										
	ING Russia Fund CL A	X	X		08-31-07 S, Div. Reinv. P		X								
	Blackrock Equity Fund Int'l	X	X		08-31-07 S, Div. Reinv. P										
	ING Principal Protection Fund II CL B	X	X		07-03-07 S, Div. Reinv. P										
	ML Allianz Global Investors Consults Diversified Port III		X		Various				X						
	ML Allianz Global Investors Consults Diversified Port III	X			Various				X						
	Van Eck Global Hard Assets Fund	X			Monthly Div. Reinv.										
	Oppenheimer Int'l Bond Fd CL A	X			Monthly Div. Reinv.										
	Pimco Emerging Mkts Bond Fund CL A	X			Monthly Div. Reinv.										
	Hartford Capital Appreciation CL A	X			Monthly Div. Reinv.										

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CBR 004722
CSOC.CBR.00025983

EXHIBIT
Exhibit 023



CALENDAR YEAR 2007 FINANCIAL DISCLOSURE STATEMENT

SCHEDULE IV - TRANSACTIONS

Name **Charles B. Rangel**

Report any purchase, sale, or exchange by you, your spouse or dependent child during the reporting year of any real property, stocks, bonds, commodities futures, or other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Provide a brief description of any exchange transaction. Do not report a transaction between you, your spouse, or your dependent child, or the purchase or sale of your personal residence, unless it is rented out. **If only a portion of an asset is sold, please so indicate (i.e., "partial sale").** See example below.

SP, DC, JT	Asset	Type of Transaction: PURCHASE	SALE	EXCHANGE	Date (MO/DAY/YR) or Quarterly, Monthly, or Bi-weekly, if applicable	Amount of Transaction: B $1,000-$15,000	C $15,001-$50,000	D $50,001-$100,000	E $100,001-$250,000	F $250,001-$500,000	G $500,001-$1,000,000	H $1,000,001-$5,000,000	I $5,000,001-$25,000,000	J $25,000,001-$50,000,000	K Over $50,000,000
SP	*Example:* Mega Corporation Common Stock (partial sale)		X		10-12-07		X								
	Alliance Bernstein Muni Inc Fd New York CL A	X	X		04-10-07 S, Div. Reinv. P										
	Franklin Cust. Fd Inc. Ser CL A	X			Monthly Div. Reinv.										
	Alliance Municipal Incm Fd-New York Port CL B	X			Monthly Div. Reinv.										

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CBR 004723

CSOC.CBR.00025984

TRUSTEE'S or ISSUER'S name, street address, city, state, and ZIP code

CONGRESSIONAL FEDERAL CREDIT UNION
P.O. BOX 23267
WASHINGTON, DC 20026 3267

WRI-L-ATM-19730

(703)-934-

TRUSTEE'S or ISSUER'S Federal identification no. | PARTICIPANT'S social security number

PARTICIPANT'S name, street address, city, state, and ZIP code

CHARLES B RANGEL

Account number (optional)

1998 IRA Contribution Information

FAIR MARKET VALUE REPORT

4 Fair Market Value of account as of 12/31

$ 91056.58

Form **U5498 - FMV**

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PERSONAL INFORMATION

TRUSTEE'S or ISSUER'S name, street address, city, state, and ZIP code

CONGRESSIONAL FEDERAL CREDIT UNION
P.O. BOX 23267
WASHINGTON, DC 20026 3267

WRI-L-ATM-19731

(703)-934-

TRUSTEE'S or ISSUER'S Federal identification no. | PARTICIPANT'S social security number

PARTICIPANT'S name, street address, city, state, and ZIP code

ALMA E RANGEL

Account number (optional)

1998 IRA Contribution Information

FAIR MARKET VALUE REPORT

4 Fair Market Value of account as of 12/31

$ 11540.57

Form **U5498 - FMV**

EXHIBIT
Exhibit 024

CBR 003789

CSOC.CBR.00025998

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Use Only - Do not write or staple in this space.

Form 1040 Department of the Treasury Internal Revenue Service U.S. Individual Income Tax Return 1998 (99)

For the year Jan. 1-Dec. 31, 1998, or other tax year beginning 1998, ending 19 OMB No.

Label (See instructions on page 18.) Use the IRS label. Otherwise, please print or type.

	Your first name and initial	Last name	Your social security number
	CHARLES B	RANGEL	
	If a joint return, spouse's first name and initial	Last name	Spouse's social security number
	ALMA E	RANGEL	
	Home address (number and street). If you have a P.O. box, see page 18.	Apt. no.	▲ IMPORTANT! ▲ You must enter your SSN(s) above.
	City, town or post office, state, and ZIP code. If you have a foreign address, see page 18.		

	Yes	No	Note: Checking "Yes" will not change your tax or reduce your refund.
Presidential Election Campaign (See page 18.) Do you want $3 to go to this fund?		X	
If a joint return, does your spouse want $3 to go to this fund?		X	

Filing Status Check only one box.

1 [ ] Single
2 [X] Married filing joint return (even if only one had income)
3 [ ] Married filing separate return. Enter spouse's social security no. above and full name here. ▶
4 [ ] Head of household (with qualifying person). (See page 18.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶
5 [ ] Qualifying widow(er) with dependent child (year spouse died ▶ 19). (See page 18.)

Exemptions

6a [X] Yourself. If your parent (or someone else) can claim you as a dependent on his or her tax return, do not check box 6a
b [X] Spouse
c Dependents:

(1) First name Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) ✓ if qualifying child for child tax credit (see page 19)

If more than six dependents, see page 19.

d Total number of exemptions claimed

No. of boxes checked on 6a and 6b: 2
No. of your children on 6c who: • lived with you • did not live with you due to divorce or separation (see page 19):
Dependents on 6c not entered above:
Add numbers entered on lines above ▶: 2

Income Attach Copy B of your Forms W-2, W-2G, and 1099-R here. If you did not get a W-2, see page 20. Enclose, but do not staple, any payment. Also, please use Form 1040-V. Stmt 3

7	Wages, salaries, tips, etc. Attach Form(s) W-2 ... See. Statement. 1.		7	129,620.
8a	Taxable interest. Attach Schedule B if required		8a	4,247.
b	Tax-exempt interest. DO NOT include on line 8a	8b		
9	Ordinary dividends. Attach Schedule B if required		9	779.
10	Taxable refunds, credits, or offsets of state and local income taxes (see page 21)		10	
11	Alimony received		11	
12	Business income or (loss). Attach Schedule C or C-EZ		12	
13	Capital gain or (loss). Attach Schedule D		13	-3,000.
14	Other gains or (losses). Attach Form 4797		14	
15a	Total IRA distributions 15a	b Taxable amount (see page 22)	15b	
16a	Total pensions and annuities 16a	b Taxable amount (see page 22)	16b	13,333.
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E		17	4,257.
18	Farm income or (loss). Attach Schedule F		18	
19	Unemployment compensation		19	
20a	Social security benefits 20a 9,043.	b Taxable amount (see page 24)	20b	7,687.
21	Other income. List type and amount - see page 24		21	
22	Add the amounts in the far right column for lines 7 through 21. This is your total income ▶		22	156,923.

Adjusted Gross Income If line 33 is under $30,095 (under $10,030 if a child did not live with you), see EIC inst. on page 36.

23	IRA deduction (see page 25)	23		NONE
24	Student loan interest deduction (see page 27)	24		
25	Medical savings account deduction. Attach Form 8853	25		
26	Moving expenses. Attach Form 3903	26		
27	One-half of self-employment tax. Attach Schedule SE	27		
28	Self-employed health insurance deduction (see page 28)	28		
29	Keogh and self-employed SEP and SIMPLE plans	29		
30	Penalty on early withdrawal of savings	30		
31a	Alimony paid b Recipient's SSN ▶	31a		
32	Add lines 23 through 31a		32	NONE
33	Subtract line 32 from line 22. This is your adjusted gross income ▶		33	156,923.

CBR 005622

JSA 8A1210 1.000 **For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see page 51.** Form 1040 (1998)

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EXHIBIT Exhibit 025

CSOC.CBR.00026886

REDACTED - CONFIDENTIAL PERSONAL INFORMATION

Schedules A&B (Form 1040) 1998 OMB No. [redacted] Page 2

Name(s) shown on Form 1040. Do not enter name and social security number if shown on other side. | Your social security number

CHARLES B RANGEL & ALMA E RANGEL

Schedule B - Interest and Ordinary Dividends

Attachment Sequence No. 08

Part I Interest

(See pages 20 and B-1.)

Note: If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

Note: If you had over $400 in taxable interest income, you must also complete Part III.

	1 List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see page B-1 and list this interest first. Also, show that buyer's social security number and address ▶		Amount
	CHASE MANHATTAN BANK	1	429.
	CITICORP MORTGAGE		33.
	GreenPoint Bank		1,172.
	GreenPoint Bank		2,298.
	CONGRESSIONAL FEDERAL CREDIT UNION		283.
	M&T BANK		20.
	Essex National Securities Inc.		12.
2	Add the amounts on line 1	2	4,247.
3	Excludable interest on series EE U.S. savings bonds issued after 1989 from Form 8815, line 14. You MUST attach Form 8815 to Form 1040	3	
4	Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a ▶	4	4,247.

Part II Ordinary Dividends

(See pages 21 and B-1.)

Note: If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

Note: If you had over $400 in ordinary dividends, you must also complete Part III.

	5 List name of payer. Include only ordinary dividends. Report any capital gain distributions in Schedule D, line 13 ▶		Amount
	CON EDISON	5	318.
	Merill Lynch		461.
6	Add the amounts on line 5. Enter the total here and on Form 1040, line 9 ▶	6	779.

Part III Foreign Accounts and Trusts

(See page B-2.)

	You must complete this part if you (a) had over $400 of interest or ordinary dividends; (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.	Yes	No
7a	At any time during 1998, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See page B-2 for exceptions and filing requirements for Form TD F 90-22.1		X
b	If "Yes," enter the name of the foreign country ▶		
8	During 1998, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520 or 926. See page B-2		X

For Paperwork Reduction Act Notice, see Form 1040 Instructions. Schedule B (Form 1040) 1998

JSA 8A1600 1.000 2L006D F253 04/14/19 .01 KOUR 19

EXHIBIT Exhibit 026

CBR 005625

CSOC.CBR.00026007

SCHEDULE D (Form 1040)
Department of the Treasury Internal Revenue Service (99)

Capital Gains and Losses

▶ Attach to Form 1040. ▶ See Instructions for Schedule D (Form 1040).
▶ Use Schedule D-1 for more space to list transactions for lines 1 and 8.

OMB No.
1998
Attachment Sequence No. 12

Name(s) shown on Form 1040 — Your social security number

CHARLES B RANGEL & ALMA E RANGEL

REDACTED CONFIDENTIAL PERSONAL INFORMATION

Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-6)	(e) Cost or other basis (see page D-6)	(f) GAIN or (LOSS) Subtract (e) from (d)
1					
2 Enter your short-term totals, if any, from Schedule D-1, line 2		2			
3 **Total short-term sales price amounts.** Add column (d) of lines 1 and 2		3			
4 Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824				4	
5 Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1				5	
6 Short-term capital loss carryover. Enter the amount, if any, from line 8 of your 1997 Capital Loss Carryover Worksheet				6	( )
7 **Net short-term capital gain or (loss).** Combine lines 1 through 6 in column (f) ▶				7	

Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-6)	(e) Cost or other basis (see page D-6)	(f) GAIN or (LOSS) Subtract (e) from (d)	(g) 28% RATE GAIN or (LOSS) *(see instr. below)
sBell South Corp.	03/28/1998	08/18/1998	6,709.	3,971.	2,738.	
Gibraltar Steel	03/28/1996	08/18/1998	1,961.	15,114.	-13,153.	
Alliance North American	11/24/1993	08/17/1998	5,959.	6,771.	-812.	
9 Enter your long-term totals, if any, from Schedule D-1, line 9		9				
10 **Total long-term sales price amounts.** Add column (d) of lines 8 and 9		10	14,629.			
11 Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824				11		
12 Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1				12		
13 Capital gain distributions. See page D-2 Stmt. 8				13	116.	
14 Long-term capital loss carryover. Enter in both columns (f) and (g) the amount, if any, from line 13 of your 1997 Capital Loss Carryover Worksheet				14	( )	( )
15 Combine lines 8 through 14 in column (g)				15		
16 **Net long-term capital gain or (loss).** Combine lines 8 through 14 in column (f) ▶				16	-11,111.	

Next: Go to Part III on the back.

*28% Rate Gain or Loss includes all "collectibles gains and losses" (as defined on page D-6) and up to 50% of the eligible gain on qualified small business stock (see page D-5).

CBR 005626

For Paperwork Reduction Act Notice, see Form 1040 Instructions. Schedule D (Form 1040) 1998

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EXHIBIT
Exhibit 027

CSOC.CBR.00026008

SCHEDULE E (Form 1040)
Department of the Treasury
Internal Revenue Service (99)

Supplemental Income and Loss

(From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)

▶ Attach to Form 1040 or Form 1041. ▶ See instructions for Schedule E (Form 1040).

OMB No. 1998
Attachment Sequence No. 13

Name(s) shown on return

CHARLES B RANGEL & ALMA E RANGEL

REDACTED - CONFIDENTIAL PERSONAL INFORMATION

Your social security number

Part I Income or Loss From Rental Real Estate and Royalties Note: *Report income and expenses from your business of renting personal property on Schedule C or C-EZ (see page E-1). Report farm rental income or loss from Form 4835 on page 2, line 39.*

1 Show the kind and location of each rental real estate property:

A RENTAL PROPERTY
74 WEST 132ND STREET

B

C

2 For each rental real estate property listed on line 1, did you or your family use it during the tax year for personal purposes for more than the greater of:
- 14 days, or
- 10% of the total days rented at fair rental value?
(See page E-1.)

	Yes	No
A		X
B		X
C		

Income:		Properties A	Properties B	Properties C	Totals (Add columns A, B, and C.)
3 Rents received	3	29,582.			29,582.
4 Royalties received	4				
Expenses:					
5 Advertising	5				
6 Auto and travel (see page E-2)	6				
7 Cleaning and maintenance	7				
8 Commissions	8				
9 Insurance	9	1,583.			
10 Legal and other professional fees	10				
11 Management fees	11				
12 Mortgage interest paid to banks, etc. (see page E-2)	12	5,113.			5,113.
13 Other interest	13				
14 Repairs	14	4,303.			
15 Supplies	15				
16 Taxes	16	5,334.			
17 Utilities	17	7,575.			
18 Other (list) ▶	18				
19 Add lines 5 through 18	19	23,908.			23,908.
20 Depreciation expense or depletion (see page E-3)	20	1,417.			1,417.
21 Total expenses. Add lines 19 and 20	21	25,325.			
22 Income or (loss) from rental real estate or royalty properties. Subtract line 21 from line 3 (rents) or line 4 (royalties). If the result is a (loss), see page E-3 to find out if you must file Form 6198	22	4,257.			
23 Deductible rental real estate loss. Caution: *Your rental real estate loss on line 22 may be limited. See page E-3 to find out if you must file* Form 8582. *Real estate professionals must complete line 42 on page 2*	23	( )	( )	( )	
24 **Income.** Add positive amounts shown on line 22. Do not include any losses					24 4,257.
25 **Losses.** Add royalty losses from line 22 and rental real estate losses from line 23. Enter the total losses here					25 ( )
26 Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 39 on page 2 do not apply to you, also enter this amount on Form 1040, line 17. Otherwise, include this amount in the total on line 40 on page 2					26 4,257.

For Paperwork Reduction Act Notice, see Form 1040 instructions. Schedule E (Form 1040) 1998

JSA 8X1300 4.000 2LO06D F253 04/14/199 .01 KOUR 22

EXHIBIT Exhibit 028

CBR 005628

CSOC.CBR.00026009

Redacted – Confidential Personal Information

Redacted – Confidential Personal Information

Form **1040** Department of the Treasury—Internal Revenue Service **U.S. Individual Income Tax Return** **1999** (99) IRS Use Only - Do not write or staple in this space.

For the year Jan. 1-Dec. 31, 1999, or other tax year beginning 1999, ending OMB No.

Label (See instructions on page 18.) Use the IRS label. Otherwise, please print or type.

	Your first name and initial	Last name	Your social security number
LABEL HERE	CHARLES B	RANGEL	
	If a joint return, spouse's first name and initial	Last name	Spouse's social security number
	ALMA E	RANGEL	
	Home address (number and street). If you have a P.O. box, see page 18.	Apt. no.	▲ IMPORTANT! ▲ You must enter your SSN(s) above.
	City, town or post office, state, and ZIP code. If you have a foreign address, see page 18.		

		Yes	No	Note: Checking "Yes" will not change your tax or reduce your refund.
Presidential Election Campaign (See page 18.)	Do you want $3 to go to this fund?		X	
	If a joint return, does your spouse want $3 to go to this fund?		X	

Filing Status Check only one box.

1 [ ] Single
2 [X] Married filing joint return (even if only one had income)
3 [ ] Married filing separate return. Enter spouse's social security no. above and full name here. ▶
4 [ ] Head of household (with qualifying person). (See page 18.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶
5 [ ] Qualifying widow(er) with dependent child (year spouse died ▶ 19). (See page 18.)

Exemptions

6a [X] Yourself. If your parent (or someone else) can claim you as a dependent on his or her tax return, do not check box 6a . . . . . No. of boxes checked on 6a and 6b: 2
b [X] Spouse . . . . . No. of your children on 6c who:
c Dependents: (1) First name, Last name | (2) Dependent's social security number | (3) Dependent's relationship to you | (4) ✓ if qualifying child for child tax credit (see page 19)
- a lived with you
- b did not live with you due to divorce or separation (see page 19)

If more than six dependents, see page 19.

Dependents on 6c not entered above:

d Total number of exemptions claimed . . . . . Add numbers entered on lines above ▶ 2

Income Attach Copy B of your Forms W-2 and W-2G here. Also attach Form 1099-R if tax was withheld. If you did not get a W-2, see page 20. Enclose, but do not staple, any payment. Also, please use Form 1040-V. Stmt 2	7	Wages, salaries, tips, etc. Attach Form(s) W-2 . . . See Statement 1.	7	129,865.
	8a	Taxable interest. Attach Schedule B if required	8a	3,293.
	b	Tax-exempt interest. DO NOT include on line 8a . . . 8b		
	9	Ordinary dividends. Attach Schedule B if required	9	1,324.
	10	Taxable refunds, credits, or offsets of state and local income taxes (see page 21)	10	
	11	Alimony received	11	
	12	Business income or (loss). Attach Schedule C or C-EZ	12	
	13	Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ [ ]	13	-3,000.
	14	Other gains or (losses). Attach Form 4797	14	
	15a	Total IRA distributions . . . 15a	b Taxable amount (see page 22) 15b	
	16a	Total pensions and annuities 16a	b Taxable amount (see page 22) 16b	
	17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	-3,961.
	18	Farm income or (loss). Attach Schedule F	18	
	19	Unemployment compensation	19	
	20a	Social security benefits . . . 20a 9,163.	b Taxable amount (see page 24) 20b	7,789.
	21	Other income. List type and amount (see page 24)	21	
	22	Add the amounts in the far right column for lines 7 through 21. This is your total income ▶	22	135,310.
Adjusted Gross Income	23	IRA deduction (see page 26) 23		
	24	Student loan interest deduction (see page 28) 24		
	25	Medical savings account deduction. Attach Form 8853 25		
	26	Moving expenses. Attach Form 3903 26		
	27	One-half of self-employment tax. Attach Schedule SE 27		
	28	Self-employed health insurance deduction (see page 28) 28		
	29	Keogh and self-employed SEP and SIMPLE plans 29		
	30	Penalty on early withdrawal of savings 30		
	31a	Alimony paid b Recipient's SSN ▶ 31a		
	32	Add lines 23 through 31a	32	
	33	Subtract line 32 from line 22. This is your adjusted gross income ▶	33	135,310.

JSA 9A1210 1.000 For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see page 54. Form 1040 (1999)

2LO06D F253 10/03/2000 14:23:41 V9.09.01 KOUR 13

EXHIBIT
Exhibit 029

CBR 005662A

CSOC.CBR.00028776

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PERSONAL INFORMATION

Schedules A&B (Form 1040) 1999 OMB No. Page 2

Name(s) shown on Form 1040. Do not enter name, social security number if shown on other side. Your social security number

CHARLES B RANGEL & ALMA E RANGEL

Schedule B - Interest and Ordinary Dividends

Attachment Sequence No. 08

Note: If you had over $400 in taxable interest, you must also complete Part III.

Part I Interest

(See page B-1 and the instructions for Form 1040, line 8a.)

Note: If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

			Amount
1	List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see page B-1 and list this interest first. Also, show that buyer's social security number and address ▶		
	CHASE MANHATTAN BANK	1	778.
	CITICORP MORTGAGE		38.
	CONGRESSIONAL FEDERAL CREDIT UNION		296.
	GreenPoint Bank		1,027.
	GreenPoint Bank		959.
	M&T BANK		17.
	GREENPOINT BANK		178.
2	Add the amounts on line 1	2	3,293.
3	Excludable interest on series EE or I U.S. savings bonds issued after 1989 from Form 8815, line 14. You MUST attach Form 8815	3	
4	Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a ▶	4	3,293.

Note: If you had over $400 in ordinary dividends, you must also complete Part III.

Part II Ordinary Dividends

(See page B-1 and the instructions for Form 1040, line 9.)

Note: If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

			Amount
5	List name of payer. Include only ordinary dividends. If you received any capital gain distributions, see the instructions for Form 1040, line 13. ▶	5	
6	Add the amounts on line 5. Enter the total here and on Form 1040, line 9 ▶	6	1,324.

Part III Foreign Accounts and Trusts

(See page B-2.)

		Yes	No
	You must complete this part if you (a) had over $400 of interest or ordinary dividends; (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.		
7a	At any time during 1999, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See page B-2 for exceptions and filing requirements for Form TD F 90-22.1		X
b	If "Yes," enter the name of the foreign country ▶		
8	During 1999, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See page B-2		X

For Paperwork Reduction Act Notice, see Form 1

Schedule B (Form 1040) 1999

EXHIBIT
Exhibit 030

0 1.000 2L006D F253 10/03/20 .01 KOUR

CBR 005667

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CSOC.CBR.00026010

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SCHEDULE D (Form 1040)
Department of the Treasury
Internal Revenue Service (99)

Capital Gains and Losses

▶ Attach to Form 1040. ▶ See instructions for Schedule D (Form 1040).
▶ Use Schedule D-1 for more space to list transactions for lines 1 and 8.

OMB No. 1999
Attachment Sequence No. 12

Name(s) shown on Form 1040 — Your social security number

CHARLES B RANGEL & ALMA E RANGEL

Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-5)	(e) Cost or other basis (see page D-5)	(f) GAIN or (LOSS) Subtract (e) from (d)
1					
2 Enter your short-term totals, if any, from Schedule D-1, line 2	2				
3 **Total short-term sales price amounts.** Add column (d) of lines 1 and 2	3				
4 Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824				4	
5 Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1				5	
6 Short-term capital loss carryover. Enter the amount, if any, from line 8 of your 1998 Capital Loss Carryover Worksheet				6	( )
7 **Net short-term capital gain or (loss).** Combine lines 1 through 6 in column (f) ▶				7	

Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-5)	(e) Cost or other basis (see page D-5)	(f) GAIN or (LOSS) Subtract (e) from (d)	(g) 28% RATE GAIN or (LOSS) * (see instr. below)
8 PHILIP MORRIS	08/13/1998	10/26/1999	4,382.	7,273.	-2,891.	
9 Enter your long-term totals, if any, from Schedule D-1, line 9	9					
10 **Total long-term sales price amounts.** Add column (d) of lines 8 and 9	10	4,382.				
11 Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824				11		
12 Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1				12		
13 Capital gain distributions. See page D-1				13		
14 Long-term capital loss carryover. Enter in both columns (f) and (g) the amount, if any, from line 13 of your 1998 Capital Loss Carryover Worksheet				14	(-8,111)	(-8,111)
15 Combine lines 8 through 14 in column (g)				15		-8,111
16 **Net long-term capital gain or (loss).** Combine lines 8 through 14 in column (f) ▶				16	-11,002.	

Next: Go to Part III on the back.

*28% Rate Gain or Loss includes **all** "collectibles gains and losses" (as defined on page D-5) and up to 50% of the eligible gain on qualified small business stock (see page D-4).

For Paperwork Reduction Act Notice, see Form 1040 instructions. Schedule D (Form 1040) 1999

EXHIBIT
Exhibit 031

CBR 005668

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CSOC.CBR.00026011

SCHEDULE E (Form 1040)

Department of the Treasury Internal Revenue Service (99)

Name(s) shown on return

Supplemental Income and Loss

(From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)

▶ Attach to Form 1040 or Form 1041. ▶ See instructions for Schedule E (Form 1040).

OMB No. [redacted]

1999

Attachment Sequence No. 13

Your social security number

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CHARLES B RANGEL & ALMA E RANGEL

Part I Income or Loss From Rental Real Estate and Royalties **Note:** *Report income and expenses from your business of renting personal property on* Schedule C or C-EZ *(see page E-1). Report farm rental income or loss from* Form 4835 *on page 2, line 39.*

	1 Show the kind and location of each rental real estate property:	2 For each rental real estate property listed on line 1, did you or your family use it during the tax year for personal purposes for more than the greater of: • 14 days, or • 10% of the total days rented at fair rental value? (See page E-1.)	Yes	No
A	RENTAL PROPERTY 74 WEST 132ND STREET	A		X
B		B		X
C		C		

Income:		Properties A	B	C	Totals (Add columns A, B, and C.)
3 Rents received	3	20,449.			20,449.
4 Royalties received	4				
Expenses:					
5 Advertising	5				
6 Auto and travel (see page E-2)	6				
7 Cleaning and maintenance	7	9,651.			
8 Commissions	8				
9 Insurance	9	1,676.			
10 Legal and other professional fees	10				
11 Management fees	11				
12 Mortgage interest paid to banks, etc. (see page E-2)	12	3,831.			3,831.
13 Other interest	13				
14 Repairs	14				
15 Supplies	15				
16 Taxes	16	4,523.			
17 Utilities	17	1,586.			
18 Other (list) ▶ See expense stmt.	18	2,000.			
19 Add lines 5 through 18	19	23,267.			23,267.
20 Depreciation expense or depletion (see page E-3)	20	1,143.			1,143.
21 Total expenses. Add lines 19 and 20	21	24,410.			
22 Income or (loss) from rental real estate or royalty properties. Subtract line 21 from line 3 (rents) or line 4 (royalties). If the result is a (loss), see page E-3 to find out if you must file Form 6198	22	-3,961.			
23 Deductible rental real estate loss. Caution: *Your rental real estate loss on line 22 may be limited. See page E-3 to find out if you must file* Form 8582. *Real estate professionals must complete line 42 on page 2*	23	(3,961.)	( )	( )	
24 Income. Add positive amounts shown on line 22. Do not include any losses					24
25 Losses. Add royalty losses from line 22 and rental real estate losses from line 23. Enter the total losses here					25 (3,961.)
26 Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 39 on page 2 do not apply to you, also enter this amount on Form 1040, line 17. Otherwise, include this amount in the total on line 40 on page 2					26 -3,961.

For Paperwork Reduction Act Notice, see Form 1040 instructions. Schedule E (Form 1040) 1999

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EXHIBIT Exhibit 032

CBR 005670 21

CSOC.CBR.00026012

Redacted – Confidential Personal Information

Redacted – Confidential Personal Information

Form **1040** Department of the Treasury - Internal Revenue Service **U.S. Individual Income Tax Return 2000** (99) IRS Use Only - Do not write or staple in this space.

For the year Jan. 1-Dec. 31, 2000, or other tax year beginning , 2000, ending , 20 OMB No.

Label (See instructions on page 19.) Use the IRS label. Otherwise, please print or type.

	Your first name and initial	Last name	Your social security number
LABEL	CHARLES B	RANGEL	
	If a joint return, spouse's first name and initial	Last name	Spouse's social security number
	ALMA E	RANGEL	
HERE	Home address (number and street). If you have a P.O. box, see page 19.	Apt. no.	▲ Important! ▲ You must enter your SSN(s) above.
	City, town or post office, state, and ZIP code. If you have a foreign address, see page 19.		You Spouse

Presidential Election Campaign (See page 19.) Note. Checking "Yes" will not change your tax or reduce your refund. Do you, or your spouse if filing a joint return, want $3 to go to this fund? ▶ [X] Yes [ ] No [X] Yes [ ] No

Filing Status Check only one box.

1 [ ] Single
2 [X] Married filing joint return (even if only one had income)
3 [ ] Married filing separate return. Enter spouse's social security no. above and full name here. ▶
4 [ ] Head of household (with qualifying person). (See page 19.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶
5 [ ] Qualifying widow(er) with dependent child (year spouse died ▶). (See page 19.)

Exemptions

6a [X] Yourself. If your parent (or someone else) can claim you as a dependent on his or her tax return, do not check box 6a
b [X] Spouse
c Dependents:

(1) First name / Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) ✓ if qualifying child for child tax credit (see page 20)

If more than six dependents, see page 20.

d Total number of exemptions claimed

No. of boxes checked on 6a and 6b: 2
No. of your children on 6c who: ■ lived with you ■ did not live with you due to divorce or separation (see page 20):
Dependents on 6c not entered above:
Add numbers entered on lines above ▶: 2

Income Attach Forms W-2 and W-2G here. Also attach Form(s) 1099-R if tax was withheld.

If you did not get a W-2, see page 21.

Enclose, but do not attach, any payment. Also, please use Form 1040-V. Stmt 2

7	Wages, salaries, tips, etc. Attach Form(s) W-2 . . . . See. Statement. 1.		7	133,871.
8a	Taxable interest. Attach Schedule B if required		8a	4,454.
b	Tax-exempt interest. Do not include on line 8a	8b		
9	Ordinary dividends. Attach Schedule B if required		9	565.
10	Taxable refunds, credits, or offsets of state and local income taxes (see page 22)		10	2,504.
11	Alimony received		11	
12	Business income or (loss). Attach Schedule C or C-EZ		12	
13	Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ [ ]		13	-3,000.
14	Other gains or (losses). Attach Form 4797		14	
15a	Total IRA distributions 15a	b Taxable amount (see page 23)	15b	
16a	Total pensions and annuities . 16a	b Taxable amount (see page 23)	15b	
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E		17	2,938.
18	Farm income or (loss). Attach Schedule F		18	
19	Unemployment compensation		19	
20a	Social security benefits . . . . 20a 9,379.	b Taxable amount (see page 25)	20b	7,972.
21	Other income. List type and amount (see page 25)		21	
22	Add the amounts in the far right column for lines 7 through 21. This is your total income ▶		22	149,304.

Adjusted Gross Income

23	IRA deduction (see page 27)	23	NONE	
24	Student loan interest deduction (see page 27)	24		
25	Medical savings account deduction. Attach Form 8853	25		
26	Moving expenses. Attach Form 3903	26		
27	One-half of self-employment tax. Attach Schedule SE	27		
28	Self-employed health insurance deduction (see page 29)	28		
29	Self-employed SEP, SIMPLE, and qualified plans	29		
30	Penalty on early withdrawal of savings	30		
31a	Alimony paid b Recipient's SSN ▶	31a		
32	Add lines 23 through 31a		32	NONE
33	Subtract line 32 from line 22. This is your adjusted gross income ▶		33	149,304.

JSA For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see page 56. 0A1210 1.000 Form **1040** (2000)

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EXHIBIT
Exhibit 033

CBR 005699A

CSOC.CBR.00028777

REDACTED - CONFIDENTIAL PERSONAL INFORMATION

Schedules A&B (Form 1040) 2000 — OMB No. [redacted] — Page 2

Name(s) shown on Form 1040. Do not enter name and social security number if shown on other side. — Your social security number

CHARLES B RANGEL & ALMA E RANGEL

Schedule B - Interest and Ordinary Dividends

Attachment Sequence No. 08

Part I Interest

(See page B-1 and the instructions for Form 1040, line 8a.)

Note: If you had over $400 in taxable interest, you must also complete Part III.

1 List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see page B-1 and list this interest first. Also, show that buyer's social security number and address ▶

		Amount
J	CHASE MANHATTAN BANK	964.
T	CITICORP MORTGAGE	38.
S	CONGRESSIONAL FEDERAL CREDIT UNION	1,593.
S	GREENPOINT BANK	1,655.
S	M&T BANK	31.
S	CREDIT UNION	45.
	INTEREST INCOME ON FEDERAL TAX REFUND(S)	128.

Note: If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

1

2 Add the amounts on line 1 . . . . . 2 4,454.

3 Excludable interest on series EE or I U.S. savings bonds issued after 1989 from Form 8815, line 14. You must attach Form 8815 3

4 Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a . . . . ▶ 4 4,454.

Part II Ordinary Dividends

See page B-1 and the instructions for Form 1040, line 9.)

Note: If you had over $400 in ordinary dividends, you must also complete Part III.

5 List name of payer. Include only ordinary dividends. If you received any capital gain distributions, see the instructions for Form 1040, line 13 ▶

		Amount
J	Merill Lynch	565.

Note: If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

5

6 Add the amounts on line 5. Enter the total here and on Form 1040, line 9 . . . . . ▶ 6 565.

Part III Foreign Accounts and Trusts

(See page B-2.)

You must complete this part if you (a) had over $400 of interest or ordinary dividends; (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.

		Yes	No
7a	At any time during 2000, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See page B-2 for exceptions and filing requirements for Form TD F 90-22.1		X
b	If "Yes," enter the name of the foreign country ▶		
8	During 2000, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See page B-2		X

For Paperwork Reduction Act Notice, see Form 1040 instructions. — Schedule B (Form 1040) 2000

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EXHIBIT
Exhibit 034

CBR 005702

CSOC.CBR.00026013

SCHEDULE D (Form 1040)
Department of the Treasury
Internal Revenue Service (99)

Capital Gains and Losses

▶ Attach to Form 1040. ▶ See Instructions for Schedule D (Form 1040).
▶ Use Schedule D-1 for more space to list transactions for lines 1 and 8.

OMB No.
2000
Attachment Sequence No. 12

Name(s) shown on Form 1040 | Your social security number

CHARLES B RANGEL & ALMA E RANGEL

REDACTED - CONFIDENTIAL PERSONAL INFORMATION

Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-6)	(e) Cost or other basis (see page D-6)	(f) Gain or (loss) Subtract (e) from (d)
1MEDITR CRP DEL PAIRD	10/26/1999	03/14/2000	1,232.	4,409.	-3,177.

2	Enter your short-term totals, if any, from Schedule D-1, line 2	2	
3	**Total short-term sales price amounts.** Add column (d) of lines 1 and 2	3	1,232.
4	Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824	4	
5	Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1	5	
6	Short-term capital loss carryover. Enter the amount, if any, from line 8 of your 1999 Capital Loss Carryover Worksheet	6	( )
7	**Net short-term capital gain or (loss).** Combine column (f) of lines 1 through 6 ▶	7	-3,177.

Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-6)	(e) Cost or other basis (see page D-6)	(f) Gain or (loss) Subtract (e) from (d)	(g) 28% rate gain or (loss) * (see instr. below)

9	Enter your long-term totals, if any, from Schedule D-1, line 9	9		
10	**Total long-term sales price amounts.** Add column (d) of lines 8 and 9	10		
11	Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824	11		
12	Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1	12		
13	Capital gain distributions. See page D-1 Stmt. 5	13	784.	
14	Long-term capital loss carryover. Enter in both columns (f) and (g) the amount, if any, from line 13 of your 1999 Capital Loss Carryover Worksheet	14	(-8,002)	(-8,002)
15	Combine column (g) of lines 8 through 14	15		-8,002.
16	**Net long-term capital gain or (loss).** Combine column (f) of lines 8 through 14 ▶ Next: Go to Part III on the back.	16	-7,218.	

* **28% rate gain or loss** includes all "collectibles gains and losses" (as defined on page D-6) and up to 50% of the eligible gain on qualified small business stock (see page D-4).

For Paperwork Reduction Act Notice, see Form 1040 Instructions. Schedule D (Form 1040) 2000

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EXHIBIT
Exhibit 035

CBR 005703

CSOC.CBR.00026014

SCHEDULE E (Form 1040)

Department of the Treasury Internal Revenue Service (99)

Supplemental Income and Loss

(From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)

▶ Attach to Form 1040 or Form 1041. ▶ See Instructions for Schedule E (Form 1040).

OMB No. [redacted]

2000

Attachment Sequence No. 13

Name(s) shown on return

CHARLES B RANGEL & ALMA E RANGEL

REDACTED - CONFIDENTIAL PERSONAL INFORMATION

Your social security number

Part I Income or Loss From Rental Real Estate and Royalties Note. Report income and expenses from your business of renting personal property on Schedule C or C-EZ (see page E-1). Report farm rental income or loss from Form 4835 on page 2, line 39.

1 Show the kind and location of each rental real estate property:

A RENTAL PROPERTY
74 WEST 132ND STREET

B

C

2 For each rental real estate property listed on line 1, did you or your family use it during the tax year for personal purposes for more than the greater of:
- 14 days, or
- 10% of the total days rented at fair rental value? (See page E-1.)

	Yes	No
A		X
B		X
C		

Income:		Properties A	B	C	Totals (Add columns A, B, and C.)
3 Rents received	3	28,938.			3 28,938.
4 Royalties received	4				4
Expenses:					
5 Advertising	5				
6 Auto and travel (see page E-2)	6				
7 Cleaning and maintenance	7	6,600.			
8 Commissions	8				
9 Insurance	9	1,676.			
10 Legal and other professional fees	10				
11 Management fees	11				
12 Mortgage interest paid to banks, etc. (see page E-2)	12	3,145.			12 3,145.
13 Other interest	13				
14 Repairs	14				
15 Supplies	15				
16 Taxes	16	6,258.			
17 Utilities	17	1,592.			
18 Other (list) ▶ See expense stmt.	18	5,586.			
19 Add lines 5 through 18	19	24,857.			19 24,857.
20 Depreciation expense or depletion (see page E-3)	20	1,143.			20 1,143.
21 Total expenses. Add lines 19 and 20	21	26,000.			
22 Income or (loss) from rental real estate or royalty properties. Subtract line 21 from line 3 (rents) or line 4 (royalties). If the result is a (loss), see page E-3 to find out if you must file Form 6198	22	2,938.			
23 Deductible rental real estate loss. Caution. Your rental real estate loss on line 22 may be limited. See page E-3 to find out if you must file Form 8582. Real estate professionals must complete line 42 on page 2	23	( )	( )	( )	
24 Income. Add positive amounts shown on line 22. Do not include any losses					24 2,938.
25 Losses. Add royalty losses from line 22 and rental real estate losses from line 23. Enter total losses here					25 ( )
26 Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 39 on page 2 do not apply to you, also enter this amount on Form 1040, line 17. Otherwise, include this amount in the total on line 40 on page 2					26 2,938.

For Paperwork Reduction Act Notice, see Form 1040 Instructions. Schedule E (Form 1040) 2000

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EXHIBIT Exhibit 036

CBR 005705

CSOC.CBR.00026015

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CONFIDENTIAL
PERSONAL INFORMATION

Form 1040 U.S. Individual Income Tax Return 2001

Department of the Treasury - Internal Revenue Service (99) IRS Use Only - Do not write or staple in this space.

For the year Jan. 1-Dec. 31, 2001, or other tax year beginning 2001, ending OMB No

Label (See instructions on page 19.) Use the IRS label. Otherwise, please print or type.

	Your first name and initial	Last name	Your social security number
	CHARLES B	RANGEL	
If a joint return, spouse's first name and initial		Last name	Spouse's social security number
	ALMA E	RANGEL	
Home address (number and street). If you have a P.O. box, see page 19.		Apt. no.	▲ Important! ▲ You must enter your SSN(s) above.
City, town or post office, state, and ZIP code. If you have a foreign address, see page 19.			You / Spouse

Presidential Election Campaign (See page 19.) Note. Checking "Yes" will not change your tax or reduce your refund. Do you, or your spouse if filing a joint return, want $3 to go to this fund? ▶ [X] Yes [ ] No [X] Yes [ ] No

Filing Status Check only one box.

1 [ ] Single
2 [X] Married filing joint return (even if only one had income)
3 [ ] Married filing separate return. Enter spouse's social security no. above and full name here. ▶
4 [ ] Head of household (with qualifying person). (See page 19.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶
5 [ ] Qualifying widow(er) with dependent child (year spouse died ▶). (See page 19.)

Exemptions

6a [X] Yourself. If your parent (or someone else) can claim you as a dependent on his or her tax return, do not check box 6a . . . . . No. of boxes checked on 6a and 6b: 2
b [X] Spouse . . . . . No. of your children on 6c who:
c Dependents: (1) First name, Last name | (2) Dependent's social security number | (3) Dependent's relationship to you | (4) ✓ if qualifying child for child tax credit (see page 20)
If more than six dependents, see page 20.
e did not live with you due to divorce or separation (see page 20)
Dependents on 6c not entered above
Add numbers entered on lines above ▶ 2
d Total number of exemptions claimed 2

Income Attach Forms W-2 and W-2G here. Also attach Form(s) 1099-R if tax was withheld.

If you did not get a W-2, see page 21.

Enclose, but do not attach, any payment. Also, please use Form 1040-V.

Stmt 2

7	Wages, salaries, tips, etc. Attach Form(s) W-2 . . See. Statement. 1.		7	136,606
8a	Taxable interest. Attach Schedule B if required		8a	7,670
b	Tax-exempt interest. Do not include on line 8a	8b		
9	Ordinary dividends. Attach Schedule B if required		9	8,931
10	Taxable refunds, credits, or offsets of state and local income taxes (see page 22)		10	3,834
11	Alimony received		11	
12	Business income or (loss). Attach Schedule C or C-EZ		12	
13	Capital gain or (loss). Attach Schedule D if required. If not required, check here . . . ▶ [ ]		13	-3,000
14	Other gains or (losses). Attach Form 4797		14	
15a	Total IRA distributions . . . . 15a 8,694.	b Taxable amount (see page 23)	15b	4,199
16a	Total pensions and annuities . 16a	b Taxable amount (see page 23)	16b	
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E		17	NON
18	Farm income or (loss). Attach Schedule F		18	
19	Unemployment compensation		19	
20a	Social security benefits . . . . 20a 29,993.	b Taxable amount (see page 25)	20b	25,494
21	Other income. List type and amount (see page 27)		21	
22	Add the amounts in the far right column for lines 7 through 21. This is your total income . ▶		22	183,734

Adjusted Gross Income

23	IRA deduction (see page 27)	23		
24	Student loan interest deduction (see page 28)	24		
25	Archer MSA deduction. Attach Form 8853	25		
26	Moving expenses. Attach Form 3903	26		
27	One-half of self-employment tax. Attach Schedule SE	27		
28	Self-employed health insurance deduction (see page 30)	28		
29	Self-employed SEP, SIMPLE, and qualified plans	29		
30	Penalty on early withdrawal of savings	30		
31a	Alimony paid b Recipient's SSN ▶	31a		
32	Add lines 23 through 31a		32	
33	Subtract line 32 from line 22. This is your adjusted gross income . . . . . ▶		33	183,73

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see page 72. Form 1040 (20

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EXHIBIT Exhibit 037

CBR 005736

CSOC.CBR.00028778

REDACTED - CONFIDENTIAL PERSONAL INFORMATION

Schedules A&B (Form 1040) 2001 — OMB No. [redacted] — Page 2

Name(s) shown on Form 1040. Do not enter name and social security number if shown on other side. — Your social security number

CHARLES B RANGEL & ALMA E RANGEL

Schedule B - Interest and Ordinary Dividends

Attachment Sequence No. 08

Part I Interest

(See page B-1 and the instructions for Form 1040, line 8a.)

Note. If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

	1 List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see page B-1 and list this interest first. Also, show that buyer's social security number and address ▶		Amount
J	CHASE MANHATTAN BANK		918.
T	CITICORP MORTGAGE		41.
S	CONGRESSIONAL FEDERAL CREDIT UNION		780.
S	GREENPOINT BANK		552.
J	M&T BANK	1	17.
J	GREENPOINT BANK		790.
J	MERRILL LYNCH		4,572.
	2 Add the amounts on line 1	2	7,670.
	3 Excludable interest on series EE and I U.S. savings bonds issued after 1989 from Form 8815, line 14. You must attach Form 8815	3	
	4 Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a ▶	4	7,670.

Note. If line 4 is over $400, you must complete Part III.

Part II Ordinary Dividends

(See page B-1 and the instructions for Form 1040, line 9.)

Note. If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

	5 List name of payer. Include only ordinary dividends. If you received any capital gain distributions, see the instructions for Form 1040, line 13 ▶		Amount
J	MERRILL LYNCH		8,416.
J	PEPSICO,INC.(200 SH.)		114.
S	ESSEX NATIONAL SECURITIES,INC.		372.
T	METLIFE	5	29.
	6 Add the amounts on line 5. Enter the total here and on Form 1040, line 9 ▶	6	8,931.

Note. If line 6 is over $400, you must complete Part III.

Part III Foreign Accounts and Trusts

(See page B-2.)

	You must complete this part if you (a) had over $400 of taxable interest or ordinary dividends; (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.	Yes	No
7a	At any time during 2001, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See page B-2 for exceptions and filing requirements for Form TD F 90-22.1		X
b	If "Yes," enter the name of the foreign country ▶		
8	During 2001, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," see page B-2		X

EXHIBIT Exhibit 038

SCHEDULE D (Form 1040)
Department of the Treasury Internal Revenue Service (99)

Capital Gains and Losses

▶ Attach to Form 1040. ▶ See Instructions for Schedule D (Form 1040).
▶ Use Schedule D-1 to list additional transactions for lines 1 and 8.

OMB No. 2001
Attachment Sequence No. 12

Name(s) shown on Form 1040: CHARLES B RANGEL & ALMA E RANGEL
Your social security number

REDACTED - CONFIDENTIAL PERSONAL INFORMATION

Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less

	(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-5 of the instructions)	(e) Cost or other basis (see page D-5 of the instructions)	(f) Gain or (loss) Subtract (e) from (d)
1						
2	Enter your short-term totals, if any, from Schedule D-1, line 2	2				
3	**Total short-term sales price amounts.** Add lines 1 and 2 in column (d)	3				
4	Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824				4	
5	Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1				5	
6	Short-term capital loss carryover. Enter the amount, if any, from line 8 of your 2000 Capital Loss Carryover Worksheet				6	(177.)
7	**Net short-term capital gain or (loss).** Combine lines 1 through 6 in column (f)				7	-177.

Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year

	(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-5 of the instructions)	(e) Cost or other basis (see page D-5 of the instructions)	(f) Gain or (loss) Subtract (e) from (d)	(g) 28% rate gain or (loss) * (see instr. below)
8							
9	Enter your long-term totals, if any, from Schedule D-1, line 9	9					
10	**Total long-term sales price amounts.** Add lines 8 and 9 in column (d)	10					
11	Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824				11		
12	Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1				12		
13	Capital gain distributions. See page D-1 of the instructions				13		
14	Long-term capital loss carryover. Enter in both columns (f) and (g) the amount, if any, from line 13 of your 2000 Capital Loss Carryover Worksheet				14	(7,218.)	(7,218.)
15	Combine lines 8 through 14 in column (g)				15		-7,218.
16	**Net long-term capital gain or (loss).** Combine lines 8 through 14 in column (f)				16	-7,218.	

Next: Go to Part III on the back.

* **28% rate gain or loss** includes **all** "collectibles gains and losses" (as defined on page D-6 of the instructions) and up to 50% of the eligible gain on qualified small business stock (see page D-4 of the instructions).

For Paperwork Reduction Act Notice, see Form 1040 instructions. Schedule D (Form 1040) 2001

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EXHIBIT Exhibit 039

CSOC.CBR.00026017

REDACTED - CONFIDENTIAL PERSONAL INFORMATION

SCHEDULE E (Form 1040)

Department of the Treasury Internal Revenue Service (99)

Name(s) shown on return

Supplemental Income and Loss

(From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)

▶ Attach to Form 1040 or Form 1041. ▶ See Instructions for Schedule E (Form 1040).

OMB No.

2001

Attachment Sequence No. 13

Your social security number

CHARLES B RANGEL & ALMA E RANGEL

Part I Income or Loss From Rental Real Estate and Royalties Note. If you are in the business of renting personal property, use Schedule C or C-EZ (see page E-1). Report farm rental income or loss from Form 4835 on page 2, line 39.

	1 Show the kind and location of each rental real estate property:	2 For each rental real estate property listed on line 1, did you or your family use it during the tax year for personal purposes for more than the greater of: • 14 days or • 10% of the total days rented at fair rental value? (See page E-1.)	Yes	No
A	RENTAL PROPERTY 74 WEST 132ND STREET	A		X
B		B		X
C		C		

Income:		Properties A	B	C	Totals (Add columns A, B, and C.)
3 Rents received	3	21,416.			21,416.
4 Royalties received	4				
Expenses:					
5 Advertising	5				
6 Auto and travel (see page E-2)	6				
7 Cleaning and maintenance	7				
8 Commissions	8				
9 Insurance	9				
10 Legal and other professional fees	10				
11 Management fees	11				
12 Mortgage interest paid to banks, etc. (see page E-2)	12	3,942.			3,942.
13 Other interest	13				
14 Repairs	14				
15 Supplies	15				
16 Taxes	16	5,673.			
17 Utilities	17				
18 Other (list) ▶ See expense stmt.	18	20,186.			
19 Add lines 5 through 18	19	29,801.			29,801.
20 Depreciation expense or depletion (see page E-3)	20	1,143.			1,143.
21 Total expenses. Add lines 19 and 20	21	30,944.			
22 Income or (loss) from rental real estate or royalty properties. Subtract line 21 from line 3 (rents) or line 4 (royalties). If the result is a (loss), see page E-3 to find out if you must file Form 6198	22	-9,528.			
23 Deductible rental real estate loss. Caution. Your rental real estate loss on line 22 may be limited. See page E-3 to find out if you must file Form 8582. Real estate professionals must complete line 42 on page 2	23	(NONE)	( )	( )	
24 Income. Add positive amounts shown on line 22. Do not include any losses					24
25 Losses. Add royalty losses from line 22 and rental real estate losses from line 23. Enter total losses here					25 (NONE)
26 Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 39 on page 2 do not apply to you, also enter this amount on Form 1040, line 17. Otherwise, include this amount in the total on line 40 on page 2					26 NONE

For Paperwork Reduction Act Notice, see Form 1040 instructions. Schedule E (Form 1040) 2001

JSA 1X1300 2.000

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EXHIBIT Exhibit 040

CSOC.CBR.00026018

REDACTED - CONFIDENTIAL PERSONAL INFORMATION

1040 Department of the Treasury - Internal Revenue Service **U.S. Individual Income Tax Return 2002** (99) IRS 20

For the year Jan. 1-Dec. 31, 2002, or other tax year beginning 01/01 2002, ending 12/31 2002 OMB No.

Label	Your first name and initial	Last name	Your social security number
	CHARLES B	RANGEL	
	If a joint return, spouse's first name and initial	Last name	Spouse's social security number
	ALMA E	RANGEL	
	Home address (number and street). If you have a P.O. box, see page 21.	Apt. no.	▲ Important! ▲ You must enter your SSN(s) above.
	City, town or post office, state, and ZIP code. If you have a foreign address, see page 21.		

Presidential Election Campaign (See page 21.) — Note. Checking "Yes" will not change your tax or reduce your refund. Do you, or your spouse if filing a joint return, want $3 to go to this fund? ▶ You: [X] Yes [ ] No Spouse: [X] Yes [ ] No

Filing Status Check only one box.
1 [ ] Single
2 [X] Married filing jointly (even if only one had income)
3 [ ] Married filing separately. Enter spouse's SSN above and full name here. ▶
4 [ ] Head of household (with qualifying person). (See page 21.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶
5 [ ] Qualifying widow(er) with dependent child (year spouse died ▶). (See page 21.)

Exemptions
6a [X] Yourself. If your parent (or someone else) can claim you as a dependent on his or her tax return, do not check box 6a
b [X] Spouse
c Dependents:

(1) First name / Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) ✓ if qualifying child for child tax credit (see page 22)

If more than five dependents, see page 22.

d Total number of exemptions claimed

No. of boxes checked on 6a and 6b: ___
No. of children on 6c who: e lived with you: ___ e did not live with you due to divorce or separation (see page 22): ___
Dependents on 6c not entered above: ___
Add numbers on lines above ▶: 2

Income Attach Forms W-2 and W-2G here. Also attach Form(s) 1099-R if tax was withheld. If you did not get a W-2, see page 23. Enclose, but do not attach, any payment. Also, please use Form 1040-V.

7	Wages, salaries, tips, etc. Attach Form(s) W-2 . See. Statement. 1.			7	140,942.
8a	Taxable interest. Attach Schedule B if required			8a	4,599.
b	Tax-exempt interest. Do not include on line 8a . Stmt. 1.	8b	2,455.		
9	Ordinary dividends. Attach Schedule B if required			9	4,735.
10	Taxable refunds, credits, or offsets of state and local income taxes (see page 24)			10	320.
11	Alimony received			11	
12	Business income or (loss). Attach Schedule C or C-EZ			12	
13	Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ [ ]			13	4,111.
14	Other gains or (losses). Attach Form 4797			14	
15a	IRA distributions	15a	4,887.	b Taxable amount (see page 25) 15b	2,825.
16a	Pensions and annuities	16a		b Taxable amount (see page 25) 16b	
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E			17	NONE
18	Farm income or (loss). Attach Schedule F			18	
19	Unemployment compensation			19	
20a	Social security benefits	20a	31,184.	b Taxable amount (see page 27) 20b	26,506.
21	Other income. List type and amount (see page 29)			21	
22	Add the amounts in the far right column for lines 7 through 21. This is your total income ▶			22	184,038.

Stmt 2

Adjusted Gross Income

23	Educator expenses (see page 29)	23	
24	IRA deduction (see page 29)	24	
25	Student loan interest deduction (see page 31)	25	
26	Tuition and fees deduction (see page 32)	26	
27	Archer MSA deduction. Attach Form 8853	27	
28	Moving expenses. Attach Form 3903	28	
29	One-half of self-employment tax. Attach Schedule SE	29	
30	Self-employed health insurance deduction (see page 33)	30	
31	Self-employed SEP, SIMPLE, and qualified plans	31	
32	Penalty on early withdrawal of savings	32	
33a	Alimony paid b Recipient's SSN ▶	33a	
34	Add lines 23 through 33a	34	
35	Subtract line 34 from line 22. This is your adjusted gross income ▶	35	184,038.

EXHIBIT Exhibit 041

CBR 005775

CSOC.CBR.00028779

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CONFIDENTIAL
PERSONAL INFORMATION

Schedules A&B (Form 1040) 2002 OMB No. Page 2

Name(s) shown on Form 1040. Do not enter name and social security number if shown on other side. Your social security number

CHARLES B RANGEL & ALMA E RANGEL

Schedule B - Interest and Ordinary Dividends

Attachment Sequence No. 08

Part I Interest

(See page B-1 and the instructions for Form 1040, line 8a.)

Note. If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

1 List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see page B-1 and list this interest first. Also, show that buyer's social security number and address ▶

		Amount
J	CHASE MANHATTAN BANK	362.
T	CITICORP MORTGAGE	43.
T	CONGRESSIONAL FEDERAL CREDIT UNION	675.
S	GREENPOINT BANK	47.
S	GREENPOINT BANK	235.
J	M&T BANK	16.
J	MERRILL LYNCH	3,221.

1

2 Add the amounts on line 1 . . . . . 2 4,599.

3 Excludable interest on series EE and I U.S. savings bonds issued after 1989 from Form 8815, line 14. You must attach Form 8815 3

4 Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a . . . . ▶ 4 4,599.

Note. If line 4 is over $1,500, you must complete Part III.

Part II Ordinary Dividends

(See page B-1 and the instructions for Form 1040, line 9.)

Note. If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

5 List name of payer. Include only ordinary dividends. If you received any capital gain distributions, see the instructions for Form 1040, line 13 ▶

		Amount
J	MERRILL LYNCH	4,587.
T	METLIFE	30.
J	PEPSICO, INC. (200 SH.)	118.

5

6 Add the amounts on line 5. Enter the total here and on Form 1040, line 9 . . . . ▶ 6 4,735.

Note. If line 6 is over $1,500, you must complete Part III.

Part III Foreign Accounts and Trusts

(See page B-2.)

You must complete this part if you (a) had over $1,500 of taxable interest or ordinary dividends; OR (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.

		Yes	No
7a	At any time during 2002, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See page B-2 for exceptions and filing requirements for Form TD F 90-22.1		X
b	If "Yes," enter the name of the foreign country ▶		
8	During 2002, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See page B-2		X

EXHIBIT
Exhibit 042

REDACTED - CONFIDENTIAL PERSONAL INFORMATION

Capital Gains and Losses

OMB No. 2002

▶ Attach to Form 1040. ▶ See Instructions for Schedule D (Form 1040).
▶ Use Schedule D-1 to list additional transactions for lines 1 and 8.

Attachment Sequence No. 12

Form 1040 (99)

Your social security number

B RANGEL & ALMA E RANGEL

Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-5 of the instructions)	(e) Cost or other basis (see page D-5 of the instructions)	(f) Gain or (loss) Subtract (e) from (d)
RRILL LYNCH (CD IBJ WHITEHALL BK & T	04/16/2001	01/25/2002	95,000.	95,000.	NONE

2	Enter your short-term totals, if any, from Schedule D-1, line 2	2		
3	**Total short-term sales price amounts.** Add lines 1 and 2 in column (d)	3	95,000.	
4	Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824	4		
5	Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1	5		
6	Short-term capital loss carryover. Enter the amount, if any, from line 8 of your 2001 Capital Loss Carryover Worksheet	6	( )	
7	**Net short-term capital gain or (loss).** Combine lines 1 through 6 in column (f)	7	NONE	

Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-5 of the instructions)	(e) Cost or other basis (see page D-5 of the instructions)	(f) Gain or (loss) Subtract (e) from (d)	(g) 28% rate gain or (loss) * (see instr. below)
8 NIAGARA MOHAWK HLDGS INC	03/22/1999	02/01/2002	2,040.	1,616.	424.	
VERIZON COMMUNICATIONS	07/07/2000	01/30/2002	13,789.	5,707.	8,082.	

9	Enter your long-term totals, if any, from Schedule D-1, line 9	9			
10	**Total long-term sales price amounts.** Add lines 8 and 9 in column (d)	10	15,829.		
11	Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824	11			
12	Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1	12			
13	Capital gain distributions. See page D-1 of the instructions	13			
14	Long-term capital loss carryover. Enter in both columns (f) and (g) the amount, if any, from line 13 of your 2001 Capital Loss Carryover Worksheet	14	(4,395)	(4,395.	
15	Combine lines 8 through 14 in column (g)	15		-4,395.	
16	**Net long-term capital gain or (loss).** Combine lines 8 through 14 in column (f)	16	4,111.		

Next: Go to Part III on the back.

* **28% rate gain or loss** includes **all** "collectibles gains and losses" (as defined on page D-6 of the instructions) and up to 50% of the eligible gain on qualified small business stock (see page D-4 of the instructions).

)ULE E
1040)
ent of the Treasury
Revenue Service (99)
s) shown on return

Supplemental Income and Loss
(From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)
▶ Attach to Form 1040 or Form 1041. ▶ See Instructions for Schedule E (Form 1040).

OMB No.
2002
Attachment Sequence No. 13

Your social security number

RLES B RANGEL & ALMA E RANGEL — REDACTED - CONFIDENTIAL PERSONAL INFORMATION

Income or Loss From Rental Real Estate and Royalties Note. If you are in the business of renting personal property, use Schedule C or C-EZ (see page E-3). Report farm rental income or loss from Form 4835 on page 2, line 39.

Show the kind and location of each rental real estate property:
RENTAL PROPERTY
74 WEST 132ND STREET

2 For each rental real estate property listed on line 1, did you or your family use it during the tax year for personal purposes for more than the greater of:
- 14 days or
- 10% of the total days rented at fair rental value? (See page E-3.)

	Yes	No
A		X
B		X
C		

ncome:		Properties A	B	C	Totals (Add columns A, B, and C)
3 Rents received	3	19,603.			19,603.
4 Royalties received	4				
Expenses:					
5 Advertising	5				
6 Auto and travel (see page E-4)	6				
7 Cleaning and maintenance	7	850.			
8 Commissions	8				
9 Insurance	9	2,708.			
10 Legal and other professional fees	10				
11 Management fees	11				
12 Mortgage interest paid to banks, etc. (see page E-4)	12	3,308.			3,308.
13 Other interest	13				
14 Repairs	14	750.			
15 Supplies	15				
16 Taxes	16	6,216.			
17 Utilities	17				
18 Other (list) ▶ See expense stmt.	18	6,255.			
19 Add lines 5 through 18	19	20,087.			20,087.
20 Depreciation expense or depletion (see page E-4)	20	1,143.			1,143.
21 Total expenses. Add lines 19 and 20	21	21,230.			
22 Income or (loss) from rental real estate or royalty properties. Subtract line 21 from line 3 (rents) or line 4 (royalties). If the result is a (loss), see page E-5 to find out if you must file Form 6198	22	-1,627.			
23 Deductible rental real estate loss. Caution. Your rental real estate loss on line 22 may be limited. See page E-5 to find out if you must file Form 8582. Real estate professionals must complete line 42 on page 2	23	(NONE)	( )	( )	
24 **Income.** Add positive amounts shown on line 22. **Do not** include any losses					24
25 **Losses.** Add royalty losses from line 22 and rental real estate losses from line 23. Enter total losses here					25 (NONE)
26 **Total rental real estate and royalty income or (loss).** Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 39 on page 2 do not apply to you, also enter this amount on Form 1040, line 17. Otherwise, include this amount in the total on line 40 on page 2					26 NONE

For Paperwork Reduction Act Notice, see Form 1040 Instructions. Schedule E (Form 1040) 2002

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EXHIBIT
Exhibit 044

CSOC.CBR.00026022

Form 1040 — Department of the Treasury - Internal Revenue Service — U.S. Individual Income Tax Return 2003

(99) IRS Use Only - Do not write or staple in this space.

For the year Jan. 1-Dec. 31, 2003, or other tax year beginning 01/01, 2003, ending 12/31, 2003. OMB No.

REDACTED - CONFIDENTIAL PERSONAL INFORMATION

Your first name and initial: CHARLES B	Last name: RANGEL	Your social security number
If a joint return, spouse's first name and initial: ALMA E	Last name: RANGEL	Spouse's social security number
Home address (number and street). If you have a P.O. box, see page 19.	Apt. no.	▲ Important! ▲ You must enter your SSN(s) above.
City, town or post office, state, and ZIP code. If you have a foreign address, see page 19.		

Label (See instructions on page 19.) Use the IRS label. Otherwise, please print or type.

Presidential Election Campaign (See page 19.) — Note. Checking "Yes" will not change your tax or reduce your refund. Do you, or your spouse if filing a joint return, want $3 to go to this fund? You: [X] Yes [ ] No Spouse: [X] Yes [ ] No

Filing Status (Check only one box.)

1 [ ] Single
2 [X] Married filing jointly (even if only one had income)
3 [ ] Married filing separately. Enter spouse's SSN above and full name here. ▶
4 [ ] Head of household (with qualifying person). (See page 20.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶
5 [ ] Qualifying widow(er) with dependent child. (See page 20.)

Exemptions

6a [X] Yourself. If your parent (or someone else) can claim you as a dependent on his or her tax return, do not check box 6a
b [X] Spouse
No. of boxes checked on 6a and 6b: 2
No. of children on 6c who: • lived with you • did not live with you due to divorce or separation (see page 21)
Dependents on 6c not entered above
Add numbers on lines above ▶ 2

c Dependents:

(1) First name / Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) ✓ if qualifying child for child tax credit (see page 21)
If more than five dependents, see page 21.			

d Total number of exemptions claimed: 2

Income

Attach Forms W-2 and W-2G here. Also attach Form(s) 1099-R if tax was withheld.

If you did not get a W-2, see page 22.

Enclose, but do not attach, any payment. Also, please use Form 1040-V.

7	Wages, salaries, tips, etc. Attach Form(s) W-2	Stmt 1		7	142,764.
8a	Taxable interest. Attach Schedule B if required			8a	3,945.
b	Tax-exempt interest. Do not include on line 8a	Stmt 1	3,793.		
9a	Ordinary dividends. Attach Schedule B if required			9a	2,858.
b	Qualified dividends (see page 23)	Stmt 2	378.		
10	Taxable refunds, credits, or offsets of state and local income taxes (see page 23)			10	55.
11	Alimony received			11	
12	Business income or (loss). Attach Schedule C or C-EZ			12	
13a	Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ [ ]			13a	17.
b	If box on 13a is checked, enter post-May 5 capital gain distributions 13b				
14	Other gains or (losses). Attach Form 4797			14	
15a	IRA distributions 15a		b Taxable amount (see page 25)	15b	
16a	Pensions and annuities 16a		b Taxable amount (see page 25)	16b	
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E			17	-181.
18	Farm income or (loss). Attach Schedule F			18	
19	Unemployment compensation			19	
20a	Social security benefits 20a 32,099.		b Taxable amount (see page 27)	20b	27,284.
21	Other income. List type and amount (see page 27)			21	
22	Add the amounts in the far right column for lines 7 through 21. This is your total income ▶			22	176,742.

Stmt 3

Adjusted Gross Income

23	Educator expenses (see page 29)	23	
24	IRA deduction (see page 29)	24	
25	Student loan interest deduction (see page 31)	25	
26	Tuition and fees deduction (see page 32)	26	
	Moving expenses. Attach Form 3903	27	
	One-half of self-employment tax. Attach Schedule SE	28	
	Self-employed health insurance deduction (see page 33)	29	
	Self-employed SEP, SIMPLE, and qualified plans	30	
	Penalty on early withdrawal of savings	31	
32a	Alimony paid b Recipient's SSN ▶	32a	
	Add lines 23 through 32a	33	
	Subtract line 33 from line 22. This is your adjusted gross income ▶	34	176,742.

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For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see page 2. 3A1210 2.000 Form 1040 (2003)

RS 2LO06D F253 07/27/2004 KOUR 12

EXHIBIT Exhibit 045

CBR 005813

CSOC.CBR.00028780

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Schedules A&B (Form 1040) 2003 — OMB No. — Page 2

Name(s) shown on Form 1040. Do not enter name and social security number if shown on other side. — Your social security number

CHARLES B RANGEL & ALMA E RANGEL

Schedule B - Interest and Ordinary Dividends

Attachment Sequence No. 08

Part I Interest

(See page B-1 and the instructions for Form 1040, line 8a.)

Note. If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

	1 List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see page B-1 and list this interest first. Also, show that buyer's social security number and address ▶		Amount
J	CHASE MANHATTAN BANK		50.
T	CONGRESSIONAL FEDERAL CREDIT UNION		2,803.
S	CONGRESSIONAL FEDERAL CREDIT UNION		617.
S	GREENPOINT BANK		459.
J	M&T BANK		16.
J	MERRILL LYNCH	1	NONE
	ROCHESTER MUNICIPAL FUND		1,247.
	ALLIANCE MUNICIPAL INCOME		2,546.
	SUBTOTAL		7,738.
	LESS:		
	TAX-EXEMPT INTEREST		(3,793.)
	2 Add the amounts on line 1	2	3,945.
	3 Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815	3	
	4 Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a ▶	4	3,945.

Note. If line 4 is over $1,500, you must complete Part III.

Part II Ordinary Dividends

(See page B-1 and the instructions for Form 1040, line 9a.)

Note. If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

	5 List name of payer ▶		Amount
J	MERRILL LYNCH		2,701.
T	METLIFE		33.
J	PEPSICO, INC. (200 SH.)		124.
		5	
	6 Add the amounts on line 5. Enter the total here and on Form 1040, line 9a ▶	6	2,858.

Note. If line 6 is over $1,500, you must complete Part III.

Part III Foreign Accounts and Trusts

(See page B-2.)

		Yes	No
	You must complete this part if you (a) had over $1,500 of taxable interest or ordinary dividends; or (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.		
7a	At any time during 2003, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See page B-2 for exceptions and filing requirements for Form TD F 90-22.1		X
b	If "Yes," enter the name of the foreign country ▶		
8	During 2003, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See page B-2		X

For Paperwork Reduction Act Notice, see Form 1040 Instructions. — Schedule B (Form 1040) 2003

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EXHIBIT Exhibit 046

CSOC.CBR.00026021

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SCHEDULE D (Form 1040)
Department of the Treasury Internal Revenue Service (99)

Capital Gains and Losses

▶ Attach to Form 1040. ▶ See Instructions for Schedule D (Form 1040).
▶ Use Schedule D-1 to list additional transactions for lines 1 and 8.

OMB No. 1545-0074
2003
Attachment Sequence No. 12

Name(s) shown on Form 1040 | Your social security number

CHARLES B RANGEL & ALMA E RANGEL

Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-6 of the instructions)	(e) Cost or other basis (see page D-6 of the instructions)	(f) Gain or (loss) for the entire year Subtract (e) from (d)	(g) Post-May 5 gain or (loss)* (see below)
1 ROCHESTER MUNICIPAL FUND		04/03/2003	19,987.	20,000.	-13.	

2	Enter your short-term totals, if any, from Schedule D-1, line 2	2			
3	**Total short-term sales price amounts.** Add lines 1 and 2 in column (d)	3	19,987.		
4	Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824			4	
5	Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1			5	
6	Short-term capital loss carryover. Enter the amount, if any, from line 8 of your 2002 Capital Loss Carryover Worksheet			6 ( )	
7a	Combine lines 1 through 5 in column (g). If the result is a loss, enter the result. Otherwise, enter -0-. **Do not** enter more than zero			7a	( )
b	**Net short-term capital gain or (loss).** Combine lines 1 through 6 in column (f)			7b	-13.

Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-6 of the instructions)	(e) Cost or other basis (see page D-6 of the instructions)	(f) Gain or (loss) for the entire year Subtract (e) from (d)	(g) Post-May 5 gain or (loss)* (see below)
8 INVESCO TECHNOLOGY		11/26/2003	30.		30.	30.

9	Enter your long-term totals, if any, from Schedule D-1, line 9	9			
10	**Total long-term sales price amounts.** Add lines 8 and 9 in column (d)	10	30.		
11	Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824			11	
12	Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1			12	
13	Capital gain distributions. See page D-2 of the instructions			13	
14	Long-term capital loss carryover. Enter the amount, if any, from line 13 of your 2002 Capital Loss Carryover Worksheet			14 ( )	
15	Combine lines 8 through 13 in column (g). If zero or less, enter -0-			15	30.
16	**Net long-term capital gain or (loss).** Combine lines 8 through 14 in column (f)			16	30.

Next: Go to Part III on the back.

*If you sold an asset reported on line 1, 2, 8, or 9 in column (g), enter the post-May 5 gain or (loss) in column (g). Otherwise, leave column (g) blank. Post-May 5 gain or (loss) is the gain or (loss) attributable to the sale or exchange of the asset after May 5, 2003. However, **do not** include gain attributable to unrecaptured section 1250 gain, "collectibles gains and losses" (as defined on page D-8 of the instructions) or eligible gain on qualified small business stock (see page D-4 of the instructions).

For Paperwork Reduction Act Notice, see Form 1040 instructions. Schedule D (Form 1040) 2003

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EXHIBIT
Exhibit 047

CSOC.CBR.00026023

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SCHEDULE E (Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Name(s) shown on return

Supplemental Income and Loss

(From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)

▶ Attach to Form 1040 or Form 1041. ▶ See Instructions for Schedule E (Form 1040).

OMB No.

2003

Attachment Sequence No. 13

Your social security number

CHARLES B RANGEL & ALMA E RANGEL

Part I Income or Loss From Rental Real Estate and Royalties Note. If you are in the business of renting personal property, use Schedule C or C-EZ (see page E-2). Report farm rental income or loss from Form 4835 on page 2, line 40.

1	Show the kind and location of each rental real estate property:	2 For each rental real estate property listed on line 1, did you or your family use it during the tax year for personal purposes for more than the greater of: • 14 days or • 10% of the total days rented at fair rental value? (See page E-3.)		Yes	No
A	RENTAL PROPERTY 74 WEST 132ND STREET		A		X
B			B		X
C			C		

Income:		Properties A	Properties B	Properties C		Totals (Add columns A, B, and C.)
3 Rents received	3	23,036.			3	23,036.
4 Royalties received	4				4	
Expenses:						
5 Advertising	5					
6 Auto and travel (see page E-4)	6					
7 Cleaning and maintenance	7					
8 Commissions	8					
9 Insurance	9	3,612.				
10 Legal and other professional fees	10					
11 Management fees	11					
12 Mortgage interest paid to banks, etc. (see page E-4)	12	2,942.			12	2,942.
13 Other interest	13					
14 Repairs	14					
15 Supplies	15					
16 Taxes	16					
17 Utilities	17	8,144.				
18 Other (list) ▶ See expense stmt.	18	8,806.				
19 Add lines 5 through 18	19	23,504.			19	23,504.
20 Depreciation expense or depletion (see page E-4)	20	1,090.			20	1,090.
21 Total expenses. Add lines 19 and 20	21	24,594.				
22 Income or (loss) from rental real estate or royalty properties. Subtract line 21 from line 3 (rents) or line 4 (royalties). If the result is a (loss), see page E-4 to find out if you must file Form 6198	22	-1,558.				
23 Deductible rental real estate loss. Caution. Your rental real estate loss on line 22 may be limited. See page E-4 to find out if you must file Form 8582. Real estate professionals must complete line 43 on page 2	23	(181.)	( )	( )		
24 **Income.** Add positive amounts shown on line 22. Do not include any losses					24	
25 **Losses.** Add royalty losses from line 22 and rental real estate losses from line 23. Enter total losses here					25	(181.)
26 **Total rental real estate and royalty income or (loss).** Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17. Otherwise, include this amount in the total on line 41 on page 2					26	-181.

For Paperwork Reduction Act Notice, see Form 1040. Schedule E (Form 1040) 2003

EXHIBIT
Exhibit 048

1.000 2LO06D F253 07/27/2004 KOUR CBR 005822 21

CSOC.CBR.00026024

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Form 1040 U.S. Individual Income Tax Return 2004

Department of the Treasury - Internal Revenue Service (99) IRS Use Only - Do not write or staple in this space.

Label (See instructions on page 16.) Use the IRS label. Otherwise, please print or type.

For the year Jan. 1-Dec. 31, 2004, or other tax year beginning 01/01 2004, ending 12/31 2004 OMB No.

Your first name and initial	Last name	Your social security number
CHARLES B	RANGEL	
If a joint return, spouse's first name and initial	Last name	Spouse's social security number
ALMA E	RANGEL	

Home address (number and street). If you have a P.O. box, see page 16. Apt. no.

City, town or post office, state, and ZIP code. If you have a foreign address, see page 16.

▲ Important! ▲ You must enter your SSN(s) above.

	You	Spouse
Presidential Election Campaign (See page 16.) Note. Checking "Yes" will not change your tax or reduce your refund. Do you, or your spouse if filing a joint return, want $3 to go to this fund?	X Yes ☐ No	X Yes ☐ No

Filing Status Check only one box.

1 ☐ Single
2 X Married filing jointly (even if only one had income)
3 ☐ Married filing separately. Enter spouse's SSN above and full name here. ▶
4 ☐ Head of household (with qualifying person). (See page 17.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶
5 ☐ Qualifying widow(er) with dependent child (see page 17)

Exemptions

6a X Yourself. If someone else can claim you as a dependent, do not check box 6a
b X Spouse
c Dependents:

(1) First name / Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) ✓ if qualifying child for child tax credit (see page 18)

If more than four dependents, see page 18.

Boxes checked on 6a and 6b: 2
No. of children on 6c who:
• lived with you
• did not live with you due to divorce or separation (see page 18)
Dependents on 6c not entered above
Add numbers on lines above ▶ 2

d Total number of exemptions claimed

Income

Attach Form(s) W-2 here. Also attach Form(s) W-2G and 1099-R if tax was withheld.

If you did not get a W-2, see page 19.

Enclose, but do not attach, any payment. Also, please use Form 1040-V.

Stmt 3

7	Wages, salaries, tips, etc. Attach Form(s) W-2 Stmt 1			7	140,043.
8a	Taxable interest. Attach Schedule B if required			8a	309.
b	Tax-exempt interest. Do not include on line 8a Stmt 1	8b	3,717.		
9a	Ordinary dividends. Attach Schedule B if required			9a	3,040.
b	Qualified dividends (see page 20) Stmt 2	9b	1,396.		
10	Taxable refunds, credits, or offsets of state and local income taxes (see page 20)			10	779.
11	Alimony received			11	
12	Business income or (loss). Attach Schedule C or C-EZ			12	
13	Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ ☐			13	359,646.
14	Other gains or (losses). Attach Form 4797			14	NONE
15a	IRA distributions 15a 5,191.	b Taxable amount (see page 22)		15b	3,113.
16a	Pensions and annuities 16a	b Taxable amount (see page 22)		16b	
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E			17	-17,198.
18	Farm income or (loss). Attach Schedule F			18	
19	Unemployment compensation			19	
20a	Social security benefits 20a 33,257.	b Taxable amount (see page 24)		20b	28,268.
21	Other income. List type and amount (see page 24)			21	
22	Add the amounts in the far right column for lines 7 through 21. This is your total income ▶			22	518,000.

Adjusted Gross Income

23	Educator expenses (see page 26)	23			
24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ	24			
25	IRA deduction (see page 26)	25			
26	Student loan interest deduction (see page 28)	26			
27	Tuition and fees deduction (see page 29)	27			
28	Health savings account deduction. Attach Form 8889	28			
29	Moving expenses. Attach Form 3903	29			
30	One-half of self-employment tax. Attach Schedule SE	30			
31	Self-employed health insurance deduction (see page 30)	31			
32	Self-employed SEP, SIMPLE, and qualified plans	32			
33	Penalty on early withdrawal of savings	33			
34a	Alimony paid b Recipient's SSN ▶	34a			
35	Add lines 23 through 34a			35	
36	Subtract line 35 from line 22. This is your adjusted gross income ▶			36	518,000.

EXHIBIT Exhibit 049

CBR 005855

CSOC.CBR.00026887

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Schedules A&B (Form 1040) 2004 OMB No. [redacted] Page 2

Name(s) shown on Form 1040. Do not enter name and social security number if shown on other side. | Your social security number

CHARLES B RANGEL & ALMA E RANGEL

Schedule B - Interest and Ordinary Dividends

Attachment Sequence No. 08

Part I Interest

(See page B-1 and the instructions for Form 1040, line 8a.)

Note. If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

	1 List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see page B-1 and list this interest first. Also, show that buyer's social security number and address ▶		Amount
J	CONGRESSIONAL FEDERAL CREDIT UNION		176.
J	MERRILL LYNCH		109.
J	DEPARTMENT OF TREASURY		24.
	ALLIANCE MUNICIPAL INCOME		2,421.
	ROCHESTER MUNICIPAL FUND		874.
	MERRILL LYNCH	1	201.
	ESSEX NATIONAL SECURITIES		80.
	ALLIANCE MUNICIPAL NY FUND		141.
	SUBTOTAL		4,026.
	LESS:		
	TAX-EXEMPT INTEREST		(3,717.)
	2 Add the amounts on line 1	2	309.
	3 Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815	3	
	4 Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a ▶	4	309.

Note. If line 4 is over $1,500, you must complete Part III.

Part II Ordinary Dividends

(See page B-2 and the instructions for Form 1040, line 9a.)

Note. If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

	5 List name of payer ▶		Amount
J	MERRILL LYNCH	5	3,040.
	6 Add the amounts on line 5. Enter the total here and on Form 1040, line 9a ▶	6	3,040.

Note. If line 6 is over $1,500, you must complete Part III.

Part III Foreign Accounts and Trusts

(See page B-2.)

	You must complete this part if you (a) had over $1,500 of taxable interest or ordinary dividends; or (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.	Yes	No
7a	At any time during 2004, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See page B-2 for exceptions and filing requirements for Form TD F 90-22.1		X
b	If "Yes," enter the name of the foreign country ▶		
8	During 2004, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See page B-2		X

For Paperwork Reduction Act Notice, see Form 1040 instructions. Schedule B (Form 1040) 2004

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EXHIBIT
Exhibit 050

CBR 005860

CSOC.CBR.00026025

SCHEDULE D (Form 1040)
Department of the Treasury Internal Revenue Service (99)

Capital Gains and Losses

▶ Attach to Form 1040. ▶ See Instructions for Schedule D (Form 1040).
▶ Use Schedule D-1 to list additional transactions for lines 1 and 8.

OMB No. 1
2004
Attachment Sequence No. 12

CONFIDENTIAL PERSONAL INFORMATION

Name(s) shown on Form 1040 | Your social security number

CHARLES B RANGEL & ALMA E RANGEL

Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less

	(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-6 of the instructions)	(e) Cost or other basis (see page D-6 of the instructions)	(f) Gain or (loss) Subtract (e) from (d)
1						
2	Enter your short-term totals, if any, from Schedule D-1, line 2			273,826.		-1,647.
3	Total short-term sales price amounts. Add lines 1 and 2 in column (d)			273,826.		
4	Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824					
5	Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1					
6	Short-term capital loss carryover. Enter the amount, if any, from line 8 of your Capital Loss Carryover Worksheet on page D-6 of the instructions					( )
7	Net short-term capital gain or (loss). Combine lines 1 through 6 in column (f)					-1,647.

Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year

	(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-6 of the instructions)	(e) Cost or other basis (see page D-6 of the instructions)	(f) Gain or (loss) Subtract (e) from (d)
8	INVESCO TECH	08/13/1998	06/23/2004	678.	1,964.	-1,286.
9	Enter your long-term totals, if any, from Schedule D-1, line 9					
10	Total long-term sales price amounts. Add lines 8 and 9 in column (d)			678.		
11	Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824					362,579.
12	Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1					
13	Capital gain distributions. See page D-1 of the instructions					
14	Long-term capital loss carryover. Enter the amount, if any, from line 13 of your Capital Loss Carryover Worksheet on page D-6 of the instructions					( )
15	Net long-term capital gain or (loss). Combine lines 8 through 14 in column (f). Then go to Part III on the back					361,293.

For Paperwork Reduction Act Notice, see Form 1040 instructions. Schedule D (Form 1040) 2004

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EXHIBIT
Exhibit 051

CBR 005861

CSOC.CBR.00026026

SCHEDULE D-1 (Form 1040)
Department of the Treasury Internal Revenue Service (99)

Continuation Sheet for Schedule D (Form 1040)

▶ See instructions for Schedule D (Form 1040).
▶ Attach to Schedule D to list additional transactions for lines 1 and 8.

OMB No.
2004
Attachment Sequence No. 12A

Name(s) shown on Form 1040 | Your social security number

CHARLES B RANGEL & ALMA E RANGEL | REDACTED - CONFIDENTIAL PERSONAL INFORMATION

Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-6 of the instructions)	(e) Cost or other basis (see page D-6 of the instructions)	(f) Gain or (loss) Subtract (e) from (d)
1EATON VANCE INSD NY MUNI	07/06/2004	10/05/2004	50,000.	50,000.	NONE
NUV NY QLTY INCOME	06/24/2004	09/30/2004	75,000.	75,000.	NONE
CALVERT TF RSV	09/24/2004	09/28/2004	479.	479.	NONE
CLAYMORE NY MUNI	08/18/2004	10/15/2004	48,420.	50,000.	-1,580.
CALVERT TF RSV	06/23/2004	09/28/2004	99,330.	99,994.	-664.
INVESCO TECH	11/28/2004	06/23/2004	597.		597.

SCHEDULE E (Form 1040)

Department of the Treasury Internal Revenue Service (99)

Supplemental Income and Loss

(From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)

▶ Attach to Form 1040 or Form 1041. ▶ See instructions for Schedule E (Form 1040).

OMB No. 2004

Attachment Sequence No. 13

REDACTED - CONFIDENTIAL PERSONAL INFORMATION

Name(s) shown on return: CHARLES B RANGEL & ALMA E RANGEL

Your social security number:

Part I Income or Loss From Rental Real Estate and Royalties

Note. If you are in the business of renting personal property, use Schedule C or C-EZ (see page E-3). Report farm rental income or loss from Form 4835 on page 2, line 40.

1 List the type and location of each rental real estate property:

A RENTAL PROPERTY
74 WEST 132ND STREET

B

C

2 For each rental real estate property listed on line 1, did you or your family use it during the tax year for personal purposes for more than the greater of:
- 14 days or
- 10% of the total days rented at fair rental value?

(See page E-3.)

	Yes	No
A		X
B		X
C		

Income:		Properties A	Properties B	Properties C		Totals (Add columns A, B, and C.)
3 Rents received	3	3,406.			3	3,406.
4 Royalties received	4				4	
Expenses:						
5 Advertising	5					
6 Auto and travel (see page E-4)	6					
7 Cleaning and maintenance	7					
8 Commissions	8					
9 Insurance	9					
10 Legal and other professional fees	10					
11 Management fees	11					
12 Mortgage interest paid to banks, etc. (see page E-4)	12	551.			12	551.
13 Other interest	13					
14 Repairs	14					
15 Supplies	15					
16 Taxes	16	1,097.				
17 Utilities	17	6,342.				
18 Other (list) ▶	18					
19 Add lines 5 through 18	19	7,990.			19	7,990.
20 Depreciation expense or depletion (see page E-4)	20	82.			20	82.
21 Total expenses. Add lines 19 and 20	21	8,072.				
22 Income or (loss) from rental real estate or royalty properties. Subtract line 21 from line 3 (rents) or line 4 (royalties). If the result is a (loss), see page E-4 to find out if you must file Form 6198	22	-4,666.				
23 Deductible rental real estate loss. Caution. Your rental real estate loss on line 22 may be limited. See page E-4 to find out if you must file Form 8582. Real estate professionals must complete line 43 on page 2	23	(17,198)	( )	( )		
24 Income. Add positive amounts shown on line 22. Do not include any losses					24	
25 Losses. Add royalty losses from line 22 and rental real estate losses from line 23. Enter total losses here					25	(17,198.)
26 Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17. Otherwise, include this amount in the total on line 41 on page 2					26	-17,198.

For Paperwork Reduction Act Notice, see Form 1040 instructions.

Schedule E (Form 1040) 2004

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EXHIBIT
Exhibit 053

CBR 005869

CSOC.CBR.00026028

Form **1040** Department of the Treasury - Internal Revenue Service **U.S. Individual Income Tax Return** **2005** (99) IRS Use Only - Do not write or staple in this space.

For the year Jan. 1-Dec. 31, 2005, or other tax year beginning 01/01 , 2005, ending 12/31 , 2005 OMB No.

Label (See instructions on page 16.) Use the IRS label. Otherwise, please print or type.

Your first name and initial	Last name	Your social security number
CHARLES B	RANGEL	REDACTED - CONFIDENTIAL PERSONAL INFORMATION
If a joint return, spouse's first name and initial	Last name	Spouse's social security number
ALMA E	RANGEL	
Home address (number and street). If you have a P.O. box, see page 16.	Apt. no.	You must enter your SSN(s) above.
City, town or post office, state, and ZIP code. If you have a foreign address, see page 16.		Checking a box below will not change your tax or refund.

Presidential Election Campaign ▶ Check here if you, or your spouse if filing jointly, want $3 to go to this fund (see page 16) ▶ [X] You [X] Spouse

Filing Status Check only one box.

1 [ ] Single
2 [X] Married filing jointly (even if only one had income)
3 [ ] Married filing separately. Enter spouse's SSN above and full name here. ▶
4 [ ] Head of household (with qualifying person). (See page 17.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶
5 [ ] Qualifying widow(er) with dependent child (see page 17)

Exemptions

6a [X] Yourself. If someone can claim you as a dependent, do not check box 6a
b [X] Spouse
c Dependents:

(1) First name / Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) ✓ if qualifying child for child tax credit (see page 18)
If more than four dependents, see page 19			

Boxes checked on 6a and 6b: 2
No. of children on 6c who:
• lived with you
• did not live with you due to divorce or separation (see page 20)
Dependents on 6c not entered above
Add numbers on lines above ▶ 2

d Total number of exemptions claimed

Income Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld. If you did not get a W-2, see page 22. Enclose, but do not attach, any payment. Also, please use Form 1040-V.

7	Wages, salaries, tips, etc. Attach Form(s) W-2	Stmt 1		7	137,793.
8a	Taxable interest. Attach Schedule B if required			8a	2,125.
b	Tax-exempt interest. Do not include on line 8a	Stmt 1	8b 5,251.		
9a	Ordinary dividends. Attach Schedule B if required			9a	8,683.
b	Qualified dividends (see page 23)	Stmt 2	9b 3,182.		
10	Taxable refunds, credits, or offsets of state and local income taxes (see page 23)			10	
11	Alimony received			11	
12	Business income or (loss). Attach Schedule C or C-EZ			12	
13	Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ [ ]			13	-1,754.
14	Other gains or (losses). Attach Form 4797			14	
15a	IRA distributions	15a 5,288.	b Taxable amount (see page 25)	15b	3,213.
16a	Pensions and annuities	16a	b Taxable amount (see page 25)	16b	
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E			17	
18	Farm income or (loss). Attach Schedule F			18	
19	Unemployment compensation			19	
20a	Social security benefits	20a 34,660.	b Taxable amount (see page 27)	20b	29,461.
21	Other income. List type and amount (see page 29) Stmt 3			21	
22	Add the amounts in the far right column for lines 7 through 21. This is your total income ▶			22	179,521.

Adjusted Gross Income

23	Educator expenses (see page 29)	23	
24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ	24	
25	Health savings account deduction. Attach Form 8889	25	
26	Moving expenses. Attach Form 3903	26	
27	One-half of self-employment tax. Attach Schedule SE	27	
28	Self-employed SEP, SIMPLE, and qualified plans	28	
29	Self-employed health insurance deduction (see page 30)	29	
30	Penalty on early withdrawal of savings	30	
31a	Alimony paid b Recipient's SSN ▶	31a	
32	IRA deduction (see page 31)	32	
33	Student loan interest deduction (see page 33)	33	
34	Tuition and fees deduction (see page 34)	34	
35	Domestic production activities deduction. Attach Form 8903	35	
36	Add lines 23 through 31a and 32 through 35		36
37	Subtract line 36 from line 22. This is your adjusted gross income ▶		37 179,521.

EXHIBIT Exhibit 054

SCHEDULE E (Form 1040)

Department of the Treasury Internal Revenue Service (99)

Supplemental Income and Loss

(From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)

▶ Attach to Form 1040 or Form 1041. ▶ See Instructions for Schedule E (Form 1040).

OMB No. 2004

Attachment Sequence No. 13

Name(s) shown on return

CHARLES B RANGEL & ALMA E RANGEL

REDACTED - CONFIDENTIAL PERSONAL INFORMATION

Your social security number

Part I Income or Loss From Rental Real Estate and Royalties Note. If you are in the business of renting personal property, use Schedule C or C-EZ (see page E-3). Report farm rental income or loss from Form 4835 on page 2, line 40.

1 List the type and location of each rental real estate property:

A RENTAL PROPERTY
74 WEST 132ND STREET

B

C Punta Cana
PUNTA CANA, DOMINICAN REPUBLIC

2 For each rental real estate property listed on line 1, did you or your family use it during the tax year for personal purposes for more than the greater of:
- 14 days or
- 10% of the total days rented at fair rental value?
(See page E-3.)

	Yes	No
A		X
B		X
C		X

Income:		Properties A	Properties B	Properties C		Totals (Add columns A, B, and C.)
3 Rents received	3	3,406.		5,030.	3	8,436.
4 Royalties received	4				4	
Expenses:						
5 Advertising	5					
6 Auto and travel (see page E-4)	6					
7 Cleaning and maintenance	7					
8 Commissions	8					
9 Insurance	9					
10 Legal and other professional fees	10					
11 Management fees	11					
12 Mortgage interest paid to banks, etc. (see page E-4)	12	551.			12	551.
13 Other interest	13					
14 Repairs	14					
15 Supplies	15					
16 Taxes	16	1,097.				
17 Utilities	17	6,342.				
18 Other (list) ▶	18					
19 Add lines 5 through 18	19	7,990.			19	7,990.
20 Depreciation expense or depletion (see page E-4)	20	82.		2,584.	20	2,666.
21 Total expenses. Add lines 19 and 20	21	8,072.		2,584.		
22 Income or (loss) from rental real estate or royalty properties. Subtract line 21 from line 3 (rents) or line 4 (royalties). If the result is a (loss), see page E-4 to find out if you must file Form 6198	22	-4,666.		2,446.		
23 Deductible rental real estate loss. Caution. Your rental real estate loss on line 22 may be limited. See page E-4 to find out if you must file Form 8582. Real estate professionals must complete line 43 on page 2	23	(4,666.)	( )	( )		
24 Income. Add positive amounts shown on line 22. Do not include any losses					24	2,446.
25 Losses. Add royalty losses from line 22 and rental real estate losses from line 23. Enter total losses here					25	(4,666.)
26 Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17. Otherwise, include this amount in the total on line 41 on page 2					26	-2,220.

For Paperwork Reduction Act Notice, see Form 1040 Instructions. Schedule E (Form 1040) 2004

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EXHIBIT Exhibit 055

CSOC.CBR.00026029

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CONFIDENTIAL
PERSONAL INFORMATION

Schedules A&B (Form 1040) 2005 OMB No. [redacted] Page 2

Name(s) shown on Form 1040. Do not enter name and social security number if shown on other side. | Your social security number

CHARLES B RANGEL & ALMA E RANGEL

Schedule B - Interest and Ordinary Dividends

Attachment Sequence No. 08

Part I Interest

(See page B-1 and the instructions for Form 1040, line 8a.)

Note. If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

1 List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see page B-1 and list this interest first. Also, show that buyer's social security number and address ▶

			Amount
T	CONGRESSIONAL FEDERAL CREDIT UNION		1,951.
S	CONGRESSIONAL FEDERAL CREDIT UNION		272.
J	M&T BANK		17.
J	MERRILL LYNCH		174.
S	NORFOLK BANK		157.
S	MERRRILL LYNCH	1	174.
	MERRILL LYNCH		1,506.
S	MERRRILL LYNCH - TAX EXEMPT		1,275.
S	NFB - TAX EXEMPT		2,470.
	SUBTOTAL		7,376.
	LESS:		
	TAX-EXEMPT INTEREST		(5,251.)
		2	2,125.

2 Add the amounts on line 1 . . . . . 2 2,125.

3 Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815 3

4 Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a . . . . ▶ 4 2,125.

Note. If line 4 is over $1,500, you must complete Part III.

Part II Ordinary Dividends

(See page B-1 and the instructions for Form 1040, line 9a.)

Note. If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

5 List name of payer ▶

			Amount
S	ESSEX NATIONAL SECURITIES, INC.		3,100.
J	MERRILL LYNCH		2,744.
T	METLIFE (143 shares)		74.
S	MERRRILL LYNCH		2,744.
S	NFB		21.
		5	

6 Add the amounts on line 5. Enter the total here and on Form 1040, line 9a. . . . ▶ 6 8,683.

Note. If line 6 is over $1,500, you must complete Part III.

Part III Foreign Accounts and Trusts

(See page B-2.)

You must complete this part if you (a) had over $1,500 of taxable interest or ordinary dividends; or (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.

		Yes	No
7a	At any time during 2005, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See page B-2 for exceptions and filing requirements for Form TD F 90-22.1.		X
b	If "Yes," enter the name of the foreign country ▶		
8	During 2005, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See page B-2		X

For Paperwork Reduction Act Notice, see Form 1040 Instructions. Schedule B (Form 1040) 2005

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EXHIBIT
Exhibit 056

CBR 005947

CSOC.CBR.00026030

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CONFIDENTIAL
PERSONAL INFORMATION

Form **1116**

Department of the Treasury
Internal Revenue Service (99)

Foreign Tax Credit

(Individual, Estate, or Trust)

▶ Attach to Form 1040, 1040NR, 1041, or 990-T.

▶ See separate instructions.

OMB No.

2005

Attachment Sequence No. 19

Name: CHARLES B RANGEL
ALMA E RANGEL

Identifying number as shown on page 1 of your tax return

Use a separate Form 1116 for each category of income listed below. See Categories of Income on page 3 of the instructions. Check only one box on each Form 1116. Report all amounts in U.S. dollars except where specified in Part II below.

a	☐	Passive income	d	☐	Shipping income	g	☐	Lump-sum distributions
b	☐	High withholding tax interest	e	☐	Dividends from a DISC or former DISC	h	☐	Section 901(j) income
			f	☐	Certain distributions from a foreign sales corporation (FSC) or former FSC	i	☐	Certain income re-sourced by treaty
c	☐	Financial services income				j	☒	General limitation income

k Resident of (name of country) ▶ UNITED STATES

Note: *If you paid taxes to only one foreign country or U.S. possession, use column A in Part I and line A in Part II. If you paid taxes to more than one foreign country or U.S. possession, use a separate column and line for each country or possession.*

Part I Taxable Income or Loss From Sources Outside the United States (for Category Checked Above)

	Foreign Country or U.S. Possession A	B	C		Total (Add cols. A, B, and C)
1 Enter the name of the foreign country or U.S. possession ▶	Dominican Republic				
1a Gross income from sources within country shown above and of the type checked above (see page 13 of the instructions)	6,280.			1	6,280.
Deductions and losses (*Caution: See pages 13 and 14 of the instructions*):					
2 Expenses definitely related to the income on line 1 (attach statement)	2,455.				See Sourcing Statement
3 Pro rata share of other deductions not definitely related:					
a Certain itemized deductions or standard deduction (see instructions)	62,677.				
b Other deductions (attach statement)					
c Add lines 3a and 3b	62,677.				
d Gross foreign source income (see instructions)	6,280.				
e Gross income from all sources (see instructions)	189,879.				
f Divide line 3d by line 3e (see instructions)	0.03307369				
g Multiply line 3c by line 3f	2,073.				
4 Pro rata share of interest expense (see instructions):					
a Home mortgage interest (use worksheet on page 13 of the instructions)					
b Other interest expense					
5 Losses from foreign sources					
6 Add lines 2, 3g, 4a, 4b, and 5	4,528.			6	4,528.
7 Subtract line 6 from line 1. Enter the result here and on line 14, page 2 ▶				7	1,752.

Part II Foreign Taxes Paid or Accrued (see page 14 of the instructions)

Country	Credit is claimed for taxes (you must check one): (m) ☒ Paid (n) ☐ Accrued	(o) Date paid or accrued	Foreign taxes paid or accrued — In foreign currency: (p) Dividends	(q) Rents and royalties	(r) Interest	(s) Other foreign taxes paid or accrued	In U.S. dollars: (t) Dividends	(u) Rents and royalties	(v) Interest	(w) Other foreign taxes paid or accrued	(x) Total foreign taxes paid or accrued (add cols. (t) through (w))
								1,746.			1,746.
C											
8 Add lines A through C, column (x). Enter the total here and on line 9, page 2 ▶										8	1,746.

EXHIBIT
Exhibit 057

CONFIDENTIAL PERSONAL INFORMATION

SCHEDULE D (Form 1040)
Department of the Treasury Internal Revenue Service (99)

Capital Gains and Losses

▶ Attach to Form 1040. ▶ See Instructions for Schedule D (Form 1040).
▶ Use Schedule D-1 to list additional transactions for lines 1 and 8.

OMB No. 2005
Attachment Sequence No. 12

Name(s) shown on Form 1040 | Your social security number

CHARLES B RANGEL & ALMA E RANGEL

Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-6 of the instructions)	(e) Cost or other basis (see page D-6 of the instructions)	(f) Gain or (loss) Subtract (e) from (d)
150,000 PUTNAM NEW YORK MUNI TRUST	06/24/2004	04/28/2005	50,000.	50,000.	NONE
272 SHARES NFB INVESTMENTS	12/31/2005	10/24/2001	5,020.	2,696.	2,324.
PUTNAM NEW YORK	06/24/2004	04/28/2005	50,000.	50,000.	NONE
			↑ Duplicate		

2	Enter your short-term totals, if any, from Schedule D-1, line 2	2	
3	Total short-term sales price amounts. Add lines 1 and 2 in column (d)	3	105,020.
4	Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824	4	
5	Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1	5	
6	Short-term capital loss carryover. Enter the amount, if any, from line 8 of your Capital Loss Carryover Worksheet on page D-6 of the instructions	6	( )
7	Net short-term capital gain or (loss). Combine lines 1 through 6 in column (f)	7	2,324.

Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-6 of the instructions)	(e) Cost or other basis (see page D-6 of the instructions)	(f) Gain or (loss) Subtract (e) from (d)
8140 NASDAQ 100 TRUST	03/11/1999	09/27/2005	5,268.	7,307.	-2,039.
NASDAQ 100	03/11/1999	09/27/2005	5,268.	7,307.	-2,039.
			↑		

9	Enter your long-term totals, if any, from Schedule D-1, line 9	9	
10	Total long-term sales price amounts. Add lines 8 and 9 in column (d)	10	10,536.
11	Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824	11	
12	Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1	12	
13	Capital gain distributions. See page D-1 of the instructions	13	
14	Long-term capital loss carryover. Enter the amount, if any, from line 13 of your Capital Loss Carryover Worksheet on page D-6 of the instructions	14	( )
15	Net long-term capital gain or (loss). Combine lines 8 through 14 in column (f). Then go to Part III on the back	15	-4,078.

For Paperwork Reduction Act Notice, see Form 1040 Instructions. Schedule D (Form 1040) 2005

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EXHIBIT
Exhibit 057

CSOC.CBR.00026031

REDACTED - CONFIDENTIAL PERSONAL INFORMATION

Schedules A&B (Form 1040) 2006 OMB No. Page 2

Name(s) shown on Form 1040. Do not enter name and social security number if shown on other side. Your social security number

CHARLES B RANGEL & ALMA E RANGEL

Schedule B - Interest and Ordinary Dividends

Attachment Sequence No. 08

Part I Interest

(See page B-1 and the instructions for Form 1040, line 8a.)

Note. If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

	1 List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see page B-1 and list this interest first. Also, show that buyer's social security number and address ▶		Amount
T	CONGRESSIONAL FEDERAL CREDIT UNION		2,856.
J	M&T BANK		19.
S	NORFOLK BANK		458.
J	MERRILL LYNCH		222.
J	MERRILL LYNCH		714.
J	MERRILL LYNCH - TAX EXEMPT	1	945.
S	NFB - TAX EXEMPT		2,297.
S	NFB - TAX EXEMPT		644.
J	MERRILL LYNCH - TAX EXEMPT		6,638.
	SUBTOTAL		14,793.
	LESS:		
	TAX-EXEMPT INTEREST		(11,238.)
	2 Add the amounts on line 1	2	3,555.
	3 Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815	3	
	4 Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a ▶	4	3,555.

Note. If line 4 is over $1,500, you must complete Part III.

Part II Ordinary Dividends

(See page B-1 and the instructions for Form 1040, line 9a.)

Note. If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

	5 List name of payer ▶		Amount
T	METLIFE (143 shares)		84.
J	PEPSICO, INC. (200 SH.)		224.
J	YUMI BRANDS		21.
J	MERRRILL LYNCH		1,456.
J	MERRILL LYNCH		5,012.
		5	
	6 Add the amounts on line 5. Enter the total here and on Form 1040, line 9a ▶	6	6,797.

Note. If line 6 is over $1,500, you must complete Part III.

Part III Foreign Accounts and Trusts

(See page B-2.)

		Yes	No
	You must complete this part if you (a) had over $1,500 of taxable interest or ordinary dividends; or (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.		
7a	At any time during 2006, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See page B-2 for exceptions and filing requirements for Form TD F 90-22.1		X
b	If "Yes," enter the name of the foreign country ▶		
8	During 2006, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See page B-2		X

For Paperwork Reduction Act Notice, see Form 1040. Schedule B (Form 1040) 2006

JSA 6A1600 4.000

EXHIBIT Exhibit 058

CBR 006012

CSOC.CBR.00026033

SCHEDULE D (Form 1040)
Department of the Treasury
Internal Revenue Service (99)

Capital Gains and Losses

▶ Attach to Form 1040 or Form 1040NR. ▶ See instructions for Schedule D (Form 1040).
▶ Use Schedule D-1 to list additional transactions for lines 1 and 8.

OMB No. 2006
Attachment Sequence No. 12

Name(s) shown on return

Your social security number

CHARLES B RANGEL & ALMA E RANGEL

CONFIDENTIAL PERSONAL INFORMATION

Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-6 of the instructions)	(e) Cost or other basis (see page D-7 of the instructions)	(f) Gain or (loss) Subtract (e) from (d)
1					
2 Enter your short-term totals, if any, from Schedule D-1, line 2		2			
3 Total short-term sales price amounts. Add lines 1 and 2 in column (d)		3			
4 Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824				4	
5 Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1				5	
6 Short-term capital loss carryover. Enter the amount, if any, from line 10 of your Capital Loss Carryover Worksheet on page D-7 of the instructions				6	( )
7 Net short-term capital gain or (loss). Combine lines 1 through 6 in column (f)				7	

Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-6 of the instructions)	(e) Cost or other basis (see page D-7 of the instructions)	(f) Gain or (loss) Subtract (e) from (d)
8 PUTNAM NEW YORK	06/24/2004	09/14/2006	50,000.	50,000.	NONE
METRO TRANSPORTATION AUTH	02/09/2005	08/24/2006	47,832.	50,000.	-2,168.
MERRILL LYNCH SCHEDULE			92,024.	86,137.	5,887.
Sale of Residence	10/29/2004	07/21/2006	405,000.	362,357.	42,643.
9 Enter your long-term totals, if any, from Schedule D-1, line 9		9			
10 Total long-term sales price amounts. Add lines 8 and 9 in column (d)		10	594,856.		
11 Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824				11	
12 Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1				12	
13 Capital gain distributions. See page D-2 of the instructions Stmt. 9				13	5,560.
14 Long-term capital loss carryover. Enter the amount, if any, from line 15 of your Capital Loss Carryover Worksheet on page D-7 of the instructions				14	( )
15 Net long-term capital gain or (loss). Combine lines 8 through 14 in column (f). Then go to Part III on the back				15	51,922.

For Paperwork Reduction Act Notice, see Form 1040 or Form 1040NR Instructions. Schedule D (Form 1040) 2006

JSA
6A2911 2.000

EXHIBIT
Exhibit 059

CBR 006013

CSOC.CBR.00026034

SCHEDULE E (Form 1040)

Department of the Treasury Internal Revenue Service (99)

Name(s) shown on return

Supplemental Income and Loss

(From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)

▶ Attach to Form 1040, 1040NR, or Form 1041. ▶ See Instructions for Schedule E (Form 1040).

OMB No. 2006

Attachment Sequence No. 13

Your social security number

CONFIDENTIAL PERSONAL INFORMATION

CHARLES B RANGEL & ALMA E RANGEL

Part I Income or Loss From Rental Real Estate and Royalties Note. If you are in the business of renting personal property, use Schedule C or C-EZ (see page E-3). Report farm rental income or loss from Form 4835 on page 2, line 40.

1 List the type and location of each rental real estate property:	2 For each rental real estate property listed on line 1, did you or your family use it during the tax year for personal purposes for more than the greater of: • 14 days or • 10% of the total days rented at fair rental value? (See page E-3.)	Yes	No
A		A	X
B PUNTA CANA DOMINICAN REPUBLIC		B	X
C		C	

Income:		Properties A	Properties B	Properties C	Totals (Add columns A, B, and C.)	
3 Rents received	3		8,467.		3	8,467.
4 Royalties received	4				4	
Expenses:						
5 Advertising	5					
6 Auto and travel (see page E-4)	6					
7 Cleaning and maintenance	7					
8 Commissions	8					
9 Insurance	9					
10 Legal and other professional fees	10					
11 Management fees	11					
12 Mortgage interest paid to banks, etc. (see page E-4)	12				12	
13 Other interest	13					
14 Repairs	14					
15 Supplies	15					
16 Taxes	16					
17 Utilities	17					
18 Other (list) ▶	18					
19 Add lines 5 through 18	19				19	
20 Depreciation expense or depletion (see page E-4)	20		2,422.		20	2,422.
21 Total expenses. Add lines 19 and 20	21		2,422.			
22 Income or (loss) from rental real estate or royalty properties. Subtract line 21 from line 3 (rents) or line 4 (royalties). If the result is a (loss), see page E-5 to find out if you must file Form 6198	22		6,045.			
23 Deductible rental real estate loss. Caution. Your rental real estate loss on line 22 may be limited. See page E-5 to find out if you must file Form 8582. Real estate professionals must complete line 43 on page 2	23	( )	( )	( )		
24 Income. Add positive amounts shown on line 22. Do not include any losses					24	6,045.
25 Losses. Add royalty losses from line 22 and rental real estate losses from line 23. Enter total losses here					25	( )
26 Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17, or Form 1040NR, line 18. Otherwise, include this amount in the total on line 41 on page 2					26	6,045.

For Paperwork Reduction Act Notice, see page E-7 of the instructions. Schedule E (Form 1040) 2006

JSA 6X1300 1.000

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EXHIBIT Exhibit 060

CSOC.CBR.00026035

REDACTED - CONFIDENTIAL PERSONAL INFORMATION

1040) 2007 OMB No. Page 2

orm 1040. Do not enter name and social security number if shown on other side. Your social security number

J RANGEL & ALMA E RANGEL

Schedule B - Interest and Ordinary Dividends

Attachment Sequence No. 08

			Amount
1	List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see page B-1 and list this interest first. Also, show that buyer's social security number and address ▶		
	S NORFOLK BANK		391.
	J CONGRESSIONAL FEDERAL CREDIT UNION		1,684.
	J M &T BANK (RENTAL DEPOSIT)		19.
	CAPITAL ONE		12.
	J MERRILL LYNCH - TAX EXEMPT		4,903.
	SUBTOTAL	1	7,009.
	LESS:		
	TAX-EXEMPT INTEREST		(4,903.)
2	Add the amounts on line 1	2	2,106.
3	Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815	3	
4	Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a ▶	4	2,106.

Note. If line 4 is over $1,500, you must complete Part III.

Part II Ordinary Dividends

(See page B-1 and the instructions for Form 1040, line 9a.)

Note. If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

			Amount
5	List name of payer ▶		
	T METLIFE (143 SHARES)		106.
	J PEPSICO, INC. (200 SH.)		270.
	J YUMI BRANDS		42.
	J MERRILL LYNCH		9,272.
	J MERRRILL LYNCH		207.
		5	
6	Add the amounts on line 5. Enter the total here and on Form 1040, line 9a ▶	6	9,897.

Note. If line 6 is over $1,500, you must complete Part III.

Part III Foreign Accounts and Trusts

(See page B-2.)

		Yes	No
	You must complete this part if you (a) had over $1,500 of taxable interest or ordinary dividends; or (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.		
7a	At any time during 2007, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See page B-2 for exceptions and filing requirements for Form TD F 90-22.1		X
b	If "Yes," enter the name of the foreign country ▶		
8	During 2007, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See page B-2		X

For Paperwork Reduction Act Notice, see Form 1040 Instructions. Schedule B (Form 1040) 2007

JSA 7A1600 1.000

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EXHIBIT Exhibit 061

CBR 006118

CSOC.CBR.00026036

REDACTED - CONFIDENTIAL PERSONAL INFORMATION

Capital Gains and Losses

▶ Attach to Form 1040 or Form 1040NR. ▶ See Instructions for Schedule D (Form 1040).
▶ Use Schedule D-1 to list additional transactions for lines 1 and 8.

OMB No. 2007 Attachment Sequence No. 12

Shown on ... m: RANGEL & ALMA E RANGEL

Your social security number

...rt-Term Capital Gains and Losses - Assets Held One Year or Less

...escription of property ...mple: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-7 of the instructions)	(e) Cost or other basis (see page D-7 of the instructions)	(f) Gain or (loss) Subtract (e) from (d)
...CHEDULE ATTACHED			29,639.	25,544.	4,095.

Enter your short-term totals, if any, from Schedule D-1, line 2	2		
3 Total short-term sales price amounts. Add lines 1 and 2 in column (d)	3	29,639.	
4 Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824	4		
5 Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1	5		
6 Short-term capital loss carryover. Enter the amount, if any, from line 10 of your Capital Loss Carryover Worksheet on page D-7 of the instructions	6	( )	
7 Net short-term capital gain or (loss). Combine lines 1 through 6 in column (f)	7	4,095.	

...art II Long-Term Capital Gains and Losses - Assets Held More Than One Year

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-7 of the instructions)	(e) Cost or other basis (see page D-7 of the instructions)	(f) Gain or (loss) Subtract (e) from (d)
8 SEE SCHEDULE ATTACHED			26,204.	22,078.	4,126.
ING IDX PLS	01/30/2002	07/03/2007	1,014.	1,000.	14.

9 Enter your long-term totals, if any, from Schedule D-1, line 9	9		
10 Total long-term sales price amounts. Add lines 8 and 9 in column (d)	10	27,218.	
11 Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824	11		
12 Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1	12		
13 Capital gain distributions. See page D-2 of the instructions STMT. 7	13	8,462.	
14 Long-term capital loss carryover. Enter the amount, if any, from line 15 of your Capital Loss Carryover Worksheet on page D-7 of the instructions	14	( )	
15 Net long-term capital gain or (loss). Combine lines 8 through 14 in column (f). Then go to Part III on the back	15	12,602.	

...or Paperwork Reduction Act Notice, see Form 1040 or Form 1040NR instructions.

Schedule D (Form 1040) 2007

JSA
7A2011 3.000

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EXHIBIT
Exhibit 062

CBR 006119

CSOC.CBR.00026037

SCHEDULE E (Form 1040)
Department of the Treasury Internal Revenue Service (99)

Supplemental Income and Loss

(From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)

▶ Attach to Form 1040, 1040NR, or Form 1041. ▶ See Instructions for Schedule E (Form 1040).

OMB No. [redacted]
2007
Attachment Sequence No. 13

Name(s) shown on return

Your social security number

REDACTED - CONFIDENTIAL PERSONAL INFORMATION

CHARLES B RANGEL & ALMA E RANGEL

Part I Income or Loss From Rental Real Estate and Royalties Note. If you are in the business of renting personal property, use Schedule C or C-EZ (see page E-3). If you are an individual, report farm rental income or loss from Form 4835 on page 2, line 40.

1 List the type and location of each rental real estate property:
A PUNTA CANA DOMINICAN REPUBLIC
B
C

2 For each rental real estate property listed on line 1, did you or your family use it during the tax year for personal purposes for more than the greater of:
• 14 days or
• 10% of the total days rented at fair rental value?
(See page E-3)

	Yes	No
A		X
B		
C		

Income:		Properties A	B	C	Totals (Add columns A, B, and C.)
3 Rents received	3	7,800.			3 7,800.
4 Royalties received	4				4
Expenses:					
5 Advertising	5				
6 Auto and travel (see page E-4)	6				
7 Cleaning and maintenance	7				
8 Commissions	8				
9 Insurance	9				
10 Legal and other professional fees	10				
11 Management fees	11				
12 Mortgage interest paid to banks, etc. (see page E-4)	12				12
13 Other interest	13				
14 Repairs	14				
15 Supplies	15				
16 Taxes	16				
17 Utilities	17				
18 Other (list) ▶	18				
19 Add lines 5 through 18	19				19
20 Depreciation expense or depletion (see page E-5)	20	3,543.			20 3,543.
21 Total expenses. Add lines 19 and 20	21	3,543.			
22 Income or (loss) from rental real estate or royalty properties. Subtract line 21 from line 3 (rents) or line 4 (royalties). If the result is a (loss), see page E-5 to find out if you must file Form 6198	22	4,257.			
23 Deductible rental real estate loss. Caution. Your rental real estate loss on line 22 may be limited. See page E-5 to find out if you must file Form 8582. Real estate professionals must complete line 43 on page 2	23	( )	( )	( )	
24 **Income.** Add positive amounts shown on line 22. Do not include any losses					24 4,257.
25 **Losses.** Add royalty losses from line 22 and rental real estate losses from line 23. Enter total losses here					25 ( )
26 **Total rental real estate and royalty income or (loss).** Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17, or Form 1040NR, line 18. Otherwise, include this amount in the total on line 41 on page 2					26 4,257.

For Paperwork Reduction Act Notice, see page E-7 of the instructions. Schedule E (Form 1040) 2007

JSA 7X1380 2.000

2LO06D F253 04/07/2008 KOUR 21

EXHIBIT Exhibit 063

CBR 006170

CSOC.CBR.00026040

UNITED STATES HOUSE OF REPRESENTATIVES

ETHICS IN GOVERNMENT ACT

CALENDAR YEAR 2008 FINANCIAL DISCLOSURE STATEMENT

Please provide the following information. Your address and signature WILL NOT be made available to the public.

Charles B. Rangel	REDACTED - CONFIDENTIAL PERSONAL INFORMATION
(Print Full Name)	**(Daytime Telephone)**

(Complete Address -- Office or Home)

CERTIFICATION -- THIS DOCUMENT MUST BE SIGNED BY THE REPORTING INDIVIDUAL AND DATED

The attached Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended. The Statement will be available to any requesting person upon written application and will be reviewed by the Committee on Standards of Official Conduct or its designee. Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file the attached report may be subject to civil penalties and criminal sanctions (See U.S.C. app. 4, § 104 and 18 U.S.C. § 1001).

Certification	Signature of Reporting Individual	Date *(Month, Day, Year)*
I CERTIFY that the statements I have made on the attached financial disclosure statement and all attached schedules are true, complete, and correct to the best of my knowledge and belief.		

CBR 004999

EXHIBIT

Exhibit 064

CSOC.CBR.00026891

UNITED STATES HOUSE OF REPRESENTATIVES
CALENDAR YEAR 2008 FINANCIAL DISCLOSURE STATEMENT

FORM A — Page 1 of 9
For use by Members, officers, and employees

Charles B. Rangel (Full Name)

REDACTED - CONFIDENTIAL PERSONAL INFORMATION (Daytime Telephone)

(Office Use Only)

Filer Status	☑ Member of the U.S. House of Representative	State: NY District: 15	☐ Officer Or Employee — Employing Office:
Report Type	☑ Annual (May 15) ☐ Amendment	☐ Termination	Termination Date:

A $200 penalty shall be assessed against anyone who files more than 30 days late.

PRELIMINARY INFORMATION -- ANSWER EACH OF THESE QUESTIONS

I. Did you or your spouse have "earned" income (e.g., salaries or fees) of $200 or more from any source in the reporting period? Yes ☑ No ☐
If yes, complete and attach Schedule I.

II. Did any individual or organization make a donation to charity in lieu of paying you for a speech, appearance, or article in the reporting period? Yes ☐ No ☑
If yes, complete and attach Schedule II.

III. Did you, your spouse, or a dependent child receive "unearned" income of more than $200 in the reporting period or hold any reportable asset worth more than $1,000 at the end of the period? Yes ☑ No ☐
If yes, complete and attach Schedule III.

IV. Did you, your spouse, or dependent child purchase, sell, or exchange any reportable asset in a transaction exceeding $1,000 during the reporting period? Yes ☑ No ☐
If yes, complete and attach Schedule IV.

V. Did you, your spouse, or a dependent child have any reportable liability (more than $10,000) during the reporting period? Yes ☐ No ☑
If yes, complete and attach Schedule V.

VI. Did you, your spouse, or a dependent child receive any reportable gift in the reporting period (i.e., aggregating more than $335 and not otherwise exempt)? Yes ☐ No ☑
If yes, complete and attach Schedule VI.

VII. Did you, your spouse, or a dependent child receive any reportable travel or reimbursements for travel in the reporting period (worth more than $335 from one source)? Yes ☑ No ☐
If yes, complete and attach Schedule VII.

VIII. Did you hold any reportable positions on or before the date of filing in the current calendar year? Yes ☑ No ☐
If yes, complete and attach Schedule VIII.

IX. Did you have any reportable agreement or arrangement with an outside entity? Yes ☐ No ☑
If yes, complete and attach Schedule IX.

Each question in this part must be answered and the appropriate schedule attached for each "Yes" response.

EXCLUSION OF SPOUSE, DEPENDENT, OR TRUST INFORMATION -- ANSWER EACH OF THESE QUESTIONS

Trusts-- Details regarding "Qualified Blind Trusts" approved by the Committee on Standards of Official Conduct and certain other "excepted trusts" need not be disclosed. Have you excluded from this report details of such a trust benefiting you, your spouse, or dependent child? Yes ☐ No ☑

Exemptions-- Have you excluded from this report any other assets, "unearned" income, transactions, or liabilities of a spouse or dependent child because they meet all three tests for exemption? Do not answer "yes" unless you have first consulted with the Committee on Standards of Official Conduct. Yes ☐ No ☑

CBR 005000

EXHIBIT
Exhibit 064

CSOC.CBR.00026892

SCHEDULE I - EARNED INCOME

Name Charles B. Rangel

List the source, type, and amount of earned income from any source (other than the filer's current employment by the U.S. Government) totaling $200 or more during the preceding calendar year. For a spouse, list the source and amount of any honoraria; list only the source for other spouse earned income exceeding $1,000.

Source	Type	Amount
Congressional FCU-IRA	Retirement Distribution	$4,893

CBR 005001



SCHEDULE III - ASSETS AND "UNEARNED" INCOME Name Charles B. Rangel Page 3 of 9

BLOCK A **Asset and/or Income Source** Identify (a) each asset held for investment or production of income with a fair market value exceeding $1,000 at the end of the reporting period, and (b) any other assets or sources of income which generated more than $200 in "unearned" income during the year. For rental property or land, provide a complete address. Provide full names of stocks and mutual funds (do not use ticker symbols). For all IRAs and other retirement plans (such as 401(k) plans) that are self directed (i.e., plans in which you have the power, even if not exercised, to select the specific investments), provide the value and income information on each asset in the account that exceeds the reporting threshold. For retirement plans that are not self-directed, name the institution holding the account and its value at the end of the reporting period. For an active business that is not publicly traded, state the name of the business, the nature of its activities, and its geographic location in Block A. For additional information, see the instruction booklet. Exclude: Your personal residence(s) (unless there is rental income); any debt owed to you by your spouse, or by your or your spouse's child, parent or sibling; any deposits totaling $5,000 or less in personal savings accounts; any financial interest in or income derived from U.S. Government retirement programs. If you so choose, you may indicate that an asset or income source is that of your spouse (SP) or dependent child (DC) or is jointly held (JT), in the optional column on the far left.	BLOCK B **Year-End Value of Asset** at close of reporting year. If you use a valuation method other than fair market value, please specify the method used. If an asset was sold and is included only because it is generated income, the value should be "None."	BLOCK C **Type of Income** Check all columns that apply. For retirement plans or accounts that do not allow you to choose specific investments, you may write "NA". For all other assets including all IRAs, indicate the type of income by checking the appropriate box below. Dividends and interest, even if reinvested, should be listed as income. Check "None" if asset did not generate any income during the calendar year.	BLOCK D **Amount of Income** For retirement plans or accounts that do not allow you to choose specific investments, you may write "NA" for income. For all other assets, including all IRAs, indicate the category of income by checking the appropriate box below. Dividends and interest, even if reinvested, should be listed as income. Check "None" if no income was earned or generated.	BLOCK E **Transaction** Indicate if asset had purchases (P), sales (S), or exchanges (E) exceeding $1,000 in reporting year.
Alliance Bernstein Muni Inc. Fd. New York CL A	None	DIVIDENDS	$2,501 - $5,000	S,P
Alliance Municipal Inc. Fd. New York Port	$50,001 - $100,000	DIVIDENDS	$2,501 - $5,000	P
Blackrock Equity Dividend Fund Instl.	None	DIVIDENDS	$201 - $1,000	S,P
Capital One Checking (former North Fork Bank)	$15,001 - $50,000	INTEREST	$1 - $200	
Congressional Federal Credit Union	$250,001 - $500,000	INTEREST/DIVIDENDS	$5,001 - $15,000	
Empty Lots, Glassboro, New Jersey (tax assessment $3,000)	$1,001 - $15,000	NONE	NONE	

CBR 005002

EXHIBIT
Exhibit 064

CSOC.CBR.00026894

SCHEDULE III - ASSETS AND "UNEARNED" INCOME

Name Charles B. Rangel

	Federated Market Opportunity Fund CL A	None	DIVIDENDS	$201 - $1,000	S,P
	Franklin Cust. Fd. Inc. Ser. CL A	None	DIVIDENDS	$1,001 - $2,500	S,P
	ING Index Plus Large Cap Class B (former Princ. Prot.)	$15,001 - $50,000	DIVIDENDS	$1 - $200	
	Ishares Barclays TIPS BO Prot. Sec. Fd.	$100,001 - $250,000	None	NONE	P
	JP Morgan US Real Estate Fund CL A	None	DIVIDENDS	$201 - $1,000	S,P
	Loomis Sayles Strategic Income Fund CL A	None	DIVIDENDS	$1,001 - $2,500	S,P
	Merrill Lynch Cash & Money Accts	$100,001 - $250,000	INTEREST	$1,001 - $2,500	
	ML Allianz Global Investors Consults Diversified Port III	None	DIVIDENDS/INTEREST	$15,001 - $50,000	S,P
	Oppenheimer Int'l Bond Fd. CL A	None	DIVIDENDS	$201 - $1,000	S,P
	PepsiCo, Inc.	$1,001 - $15,000	DIVIDENDS	$201 - $1,000	
	Pimco Emerging Mkts Bond Fund CL A	None	DIVIDENDS	$201 - $1,000	S,P
	PIMCO GNMA Fd. CL A	$100,001 - $250,000	DIVIDENDS	$1 - $200	P
	PIMCO Total Return Fd. CL A	$100,001 - $250,000	DIVIDENDS	$201 - $1,000	P

CBR 005003

EXHIBIT

Exhibit 064

SCHEDULE III - ASSETS AND "UNEARNED" INCOME Name Charles B. Rangel

	Punta Cana Beach Villa, Punta Cana, Dominican Republic (March 1987 - $82,750 + Improvements)	$100,001 - $250,000	RENT	$5,001 - $15,000	
	Rochester Municipal Fund Class C	$1,001 - $15,000	DIVIDENDS	$201 - $1,000	
	Yum! Brands	$1,001 - $15,000	DIVIDENDS	$1 - $200	

CBR 005004



SCHEDULE IV - TRANSACTIONS

Name Charles B. Rangel

Report any purchase, sale, or exchange by you, your spouse, or dependent child during the reporting year of any real property, stocks, bonds, commodities futures, or other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Provide a brief description of any exchange transaction. Do not report a transaction between you, your spouse, or your dependent child, or the purchase or sale of your personal residence, unless it is rented out. If only a portion of an asset is sold, please so indicate (i.e., "partial sale"). See example below.

SP, DC, JT	Asset	Type of Transaction	Date	Amount of Transaction
	Alliance Bernstein Muni Inc Fd New York CL A	S,P	10-29-08 S, Div. Reinv. P	$100,001 - $250,000
	Alliance Municipal Inc. Fd. New York Port	P	Div. Reinv.	$1,001 - $15,000
	Blackrock Equity Dividend Fund Instl	S,P	9-4-08 S, 10-29-08 S, Div. Reinv. P	$1,001 - $15,000
	Cohen & Steers International Realty Fund CL A	S,P	10-29-08 S, Div. Reinv. P	$1,001 - $15,000
	Federated Market Opportunity Fund CL A	S,P	9/4/08 S, 10-29-08 S, Div. Reinv P	$15,001 - $50,000
	Franklin Cust. Fd Inc. Ser CL A	S,P	10-29-08 S, Div. Reinv P	$15,001 - $50,000
	Hartford Capital Appreciation CL A	S	10-29-08	$1,001 - $15,000
	ING Russia Fund CL A	S	10-29-08	$1,001 - $15,000
	Ishares Barclays TIPS BO Prot Sec FD	P	12-22-08	$100,001 - $250,000
	JP Morgan Fleming Intrepid European CL A	S	10-29-08	$1,001 - $15,000
	JP Morgan US Real Estate Fund CL A	S,P	9-4-08 S, 10-29-08 S, Div. Reinv. P	$1,001 - $15,000

CBR 005005

EXHIBIT

Exhibit 064

CSOC.CBR.00026897

SCHEDULE IV - TRANSACTIONS

Name Charles B. Rangel

Report any purchase, sale, or exchange by you, your spouse, or dependent child during the reporting year of any real property, stocks, bonds, commodities futures, or other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Provide a brief description of any exchange transaction. Do not report a transaction between you, your spouse, or your dependent child, or the purchase or sale of your personal residence, unless it is rented out. If only a portion of an asset is sold, please so indicate (i.e., "partial sale"). See example below.

SP, DC, JT	Asset	Type of Transaction	Date	Amount of Transaction
	Loomis Sayles Strategic Income Fund CL A	S,P	9-4-08 S, 10-29-08 S, 11-7-08 S, Div. Reinv. P	$1,001 - $15,000
	ML Allianz Global Investors Consults Diversified Port III	S	Various	$500,001 - $1,000,000
	ML Allianz Global Investors Consults Diversified Port III	P	Various	$250,001 - $500,000
	Oppenheimer Int'l Bond Fd CL A	S,P	9-4-08 S, 10-29-08 S, Div. Reinv. P	$15,001 - $50,000
	Pimco Emerging Mkts Bond Fund CL A	S,P	9-4-08 S, 10-29-08 S, Div. Reinv. P	$15,001 - $50,000
	PIMCO GNMA FD CL A	P	12-22-08	$100,001 - $250,000
	PIMCO Total Return FD CL A	P	12-22-08	$100,001 - $250,000
	Van Eck Global Hard Assets FD CL A	S	10-29-08	$1,001 - $15,000

CBR.005006

EXHIBIT
Exhibit 064

CSOC.CBR.00026898

SCHEDULE VII - TRAVEL PAYMENTS AND REIMBURSEMENTS Name Charles B. Rangel

Identify the source and list travel itinerary, dates, and nature of expenses provided for travel and travel-related expenses totaling more than $335 received by you, your spouse, or a dependent child during the reporting period. Indicate whether a family member accompanied the traveler at the sponsor's expense, and the amount of time, if any, that was not at the sponsor's expense. Disclosure is required regardless of whether the expenses were reimbursed or paid directly by the sponsor. Exclude: Travel-related expenses provided by federal, state, and local governments, or by a foreign government required to be separately reported under the Foreign Gifts and Decorations Act (5 U.S.C § 7342); political travel that is required to be reported under the Federal Election Campaign Act; travel provided to a spouse or dependent child that is totally independent of his or her relationship to you.

Source	Date(s)	Point of Departure--Destination--Point of Return	Lodging? (Y/N)	Food? (Y/N)	Was a Family Member Included? (Y/N)	Days not at sponsor's expense
Carib News Foundation	Nov. 7-9, 2008	NY-St. Maarten-NY	Y	Y	N	None

CBR 005007

EXHIBIT
Exhibit 064

SCHEDULE VIII - POSITIONS

Name Charles B. Rangel

Report all positions, compensated or uncompensated, held during the current calendar year as an officer, director, trustee of an organization, partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or any business enterprise, any nonprofit organization, any labor organization, or any educational or other institution other than the United States. Exclude: Positions held in any religious, social, fraternal, or political entities; positions solely of an honorary nature; and positions listed on Schedule I.

Position	Name of Organization
Member of the Board	New York Empowerment Zone

CBR 005008

EXHIBIT

Exhibit 064

CSOC.CBR.00026900

Form **990-PF**
Department of the Treasury
Internal Revenue Service

Return of Private Foundation
or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation

Note. The foundation may be able to use a copy of this return to satisfy state reporting requirements.

OMB No [redacted]
2008

For calendar year 2008, or tax year beginning , and ending

G Check all that apply: ☐ Initial return ☐ Final return ☐ Amended return ☐ Address change ☐ Name change

Use the IRS label. Otherwise, print or type. See Specific Instructions.

Name of foundation: ANN S KHEEL CHARITABLE TRUST

Number and street (or P O box number if mail is not delivered to street address): C/O PHIL WEINPER 20 S.BAYLES AVE.

Room/suite:

City or town, state, and ZIP code: PORT WASHINGTON, NY 11050

A Employer identification number: [redacted]

B Telephone number: 516-883-[redacted]

C If exemption application is pending, check here ▶ ☐

D 1. Foreign organizations, check here ▶ ☐
2. Foreign organizations meeting the 85% test, check here and attach computation ▶ ☐

H Check type of organization: ☒ Section 501(c)(3) exempt private foundation
☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation

E If private foundation status was terminated under section 507(b)(1)(A), check here ▶ ☐

I Fair market value of all assets at end of year (from Part II, col. (c), line 16) ▶$ 575,319. (Part I, column (d) must be on cash basis.)

J Accounting method: ☒ Cash ☐ Accrual ☐ Other (specify)

F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ▶ ☐

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a).)

		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc , received			N/A	
	2 Check ▶ ☒ if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments	11,546.			STATEMENT 1
	4 Dividends and interest from securities				
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10				
	b Gross sales price for all assets on line 6a				
	7 Capital gain net income (from Part IV, line 2)		0.		
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances				
	b Less Cost of goods sold				
	c Gross profit or (loss)				
	11 Other income				
	12 Total. Add lines 1 through 11	11,546.	0.		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc	0.	0.		0.
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees				
	b Accounting fees				
	c Other professional fees				
	17 Interest				
	18 Taxes				
	19 Depreciation and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses STMT 2	3,215.	3,000.		215.
	24 Total operating and administrative expenses. Add lines 13 through 23	3,215.	3,000.		215.
	25 Contributions, gifts, grants paid	155,000.			155,000.
	26 Total expenses and disbursements. Add lines 24 and 25	158,215.	3,000.		155,215.
	27 Subtract line 26 from line 12:				
	a Excess of revenue over expenses and disbursements	<146,669.>			
	b Net investment income (if negative, enter -0-)		0.		
	c Adjusted net income (if negative, enter -0-)			N/A	

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815
OGDEN, UT

SCANNED AUG 19 2009

LHA For Privacy Act and Paperwork Reduction Act Notice, see the instructions. Form **990-PF** (2008)

823501
01-02-09

13 Gift

EXHIBIT
Exhibit 065

Form 990-PF (2008) ANN S KHEEL CHARITABLE TRUST Page 2

Part II Balance Sheets Attached schedules and amounts in the description column should be for end-of-year amounts only

		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash - non-interest-bearing	378.	163.	163.
	2 Savings and temporary cash investments	721,610.	575,156.	575,156.
	3 Accounts receivable ▶			
	Less allowance for doubtful accounts ▶			
	4 Pledges receivable ▶			
	Less allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons			
	7 Other notes and loans receivable ▶			
	Less allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments - U S and state government obligations			
	b Investments - corporate stock			
	c Investments - corporate bonds			
	11 Investments - land, buildings, and equipment basis ▶			
	Less accumulated depreciation ▶			
	12 Investments - mortgage loans			
	13 Investments - other			
	14 Land, buildings, and equipment. basis ▶			
	Less accumulated depreciation ▶			
	15 Other assets (describe ▶)			
	16 Total assets (to be completed by all filers)	721,988.	575,319.	575,319.
Liabilities	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable			
	22 Other liabilities (describe ▶)			
	23 Total liabilities (add lines 17 through 22)	0.	0.	
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ▶ ☐ and complete lines 24 through 26 and lines 30 and 31.			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ [X] and complete lines 27 through 31.			
	27 Capital stock, trust principal, or current funds	0.	0.	
	28 Paid-in or capital surplus, or land, bldg., and equipment fund	0.	0.	
	29 Retained earnings, accumulated income, endowment, or other funds	721,988.	575,319.	
	30 Total net assets or fund balances	721,988.	575,319.	
	31 Total liabilities and net assets/fund balances	721,988.	575,319.	

Part III Analysis of Changes in Net Assets or Fund Balances

1	Total net assets or fund balances at beginning of year - Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	721,988.
2	Enter amount from Part I, line 27a	2	<146,669.>
3	Other increases not included in line 2 (itemize) ▶	3	0.
4	Add lines 1, 2, and 3	4	575,319.
5	Decreases not included in line 2 (itemize) ▶	5	0.
6	Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	575,319.

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EXHIBIT
Exhibit 065

Form 990-PF (2008) ANN S KHEEL CHARITABLE TRUST [redacted] Page 3

Part IV Capital Gains and Losses for Tax on Investment Income

	(a) List and describe the kind(s) of property sold (e g , real estate, 2-story brick warehouse, or common stock, 200 shs. MLC Co)	(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo , day, yr)	(d) Date sold (mo , day, yr)
1a				
b	NONE			
c				
d				
e				

	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a				
b				
c				
d				
e				

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

	(i) F M V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col (j), if any	(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
a				
b				
c				
d				
e				

2	Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 / If (loss), enter -0- in Part I, line 7 }	2	
3	Net short-term capital gain or (loss) as defined in sections 1222(5) and (6) If gain, also enter in Part I, line 8, column (c) If (loss), enter -0- in Part I, line 8	3	

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income)

If section 4940(d)(2) applies, leave this part blank.

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? . . ☐ Yes ☒ No

If "Yes," the foundation does not qualify under section 4940(e) Do not complete this part

1 Enter the appropriate amount in each column for each year, see instructions before making any entries.

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col (b) divided by col (c))
2007	170,210.	785,037.	.216818
2006	150,355.	922,311.	.163020
2005	119,743.	1,030,926.	.116151
2004	0.	1,058,085.	.000000
2003			

2	Total of line 1, column (d)	2	.495989
3	Average distribution ratio for the 5-year base period - divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	.123997
4	Enter the net value of noncharitable-use assets for 2008 from Part X, line 5	4	638,924.
5	Multiply line 4 by line 3	5	79,225.
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	0.
7	Add lines 5 and 6	7	79,225.
8	Enter qualifying distributions from Part XII, line 4	8	155,215.

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI Instructions

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EXHIBIT
Exhibit 065

Form 990-PF (2008) ANN S KHEEL CHARITABLE TRUST Page 4

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 - see instructions)

1a	Exempt operating foundations described in section 4940(d)(2), check here ▶ ☐ and enter "N/A" on line 1. Date of ruling letter _____ (attach copy of ruling letter if necessary-see instructions)		
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ▶ ☒ and enter 1% of Part I, line 27b	1	0.
c	All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b)		
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)	2	0.
3	Add lines 1 and 2	3	0.
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)	4	0.
5	**Tax based on investment income.** Subtract line 4 from line 3 If zero or less, enter -0-	5	0.
6	Credits/Payments		
a	2008 estimated tax payments and 2007 overpayment credited to 2008 — 6a		
b	Exempt foreign organizations - tax withheld at source — 6b		
c	Tax paid with application for extension of time to file (Form 8868) — 6c		
d	Backup withholding erroneously withheld — 6d		
7	Total credits and payments Add lines 6a through 6d	7	0.
8	Enter any **penalty** for underpayment of estimated tax Check here ☐ if Form 2220 is attached	8	
9	**Tax due.** If the total of lines 5 and 8 is more than line 7, enter **amount owed** ▶	9	0.
10	**Overpayment.** If line 7 is more than the total of lines 5 and 8, enter the **amount overpaid** ▶	10	
11	Enter the amount of line 10 to be **Credited to 2009 estimated tax** ▶ **Refunded** ▶	11	

Part VII-A Statements Regarding Activities

			Yes	No
1a	During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	1a		X
b	Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see instructions for definition)? *If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.*	1b		X
c	Did the foundation file Form 1120-POL for this year?	1c		X
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year (1) On the foundation ▶ $ 0. (2) On foundation managers ▶ $ 0.			
e	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers ▶ $ 0.			
2	Has the foundation engaged in any activities that have not previously been reported to the IRS? *If "Yes," attach a detailed description of the activities.*	2		X
3	Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? *If "Yes," attach a conformed copy of the changes*	3		X
4a	Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a		X
b	If "Yes," has it filed a tax return on Form 990-T for this year? N/A	4b		
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year? *If "Yes," attach the statement required by General Instruction T.*	5		X
6	Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6	X	
7	Did the foundation have at least $5,000 in assets at any time during the year? *If "Yes," complete Part II, col. (c), and Part XV.*	7	X	
8a	Enter the states to which the foundation reports or with which it is registered (see instructions) ▶ NY			
b	If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by *General Instruction G? If "No," attach explanation*	8b	X	
9	Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2008 or the taxable year beginning in 2008 (see instructions for Part XIV)? *If "Yes," complete Part XIV*	9		X
10	Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses	10		X

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EXHIBIT
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CSOC.CBR.00026164

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Part VII-A Statements Regarding Activities *(continued)*

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	11		X
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	X	

Website address ▶ N/A

14 The books are in care of ▶ TAXPAYER Telephone no ▶ 516-883-7711

Located at ▶ SAME AS MAILING ADDRESS ZIP+4 ▶

15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here ▶ ☐ and enter the amount of tax-exempt interest received or accrued during the year ▶ 15 N/A

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

			Yes	No
	File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.			
1a	During the year did the foundation (either directly or indirectly)			
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person? ☐ Yes [X] No			
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? ☐ Yes [X] No			
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? ☐ Yes [X] No			
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? ☐ Yes [X] No			
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? ☐ Yes [X] No			
	(6) Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.) ☐ Yes [X] No			
b	If any answer is "Yes" to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 20 of the instructions)? N/A Organizations relying on a current notice regarding disaster assistance check here ▶ ☐	1b		
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2008?	1c		X
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5))			
a	At the end of tax year 2008, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2008? ☐ Yes [X] No If "Yes," list the years ▶ _____, _____, _____, _____			
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement - see instructions.) N/A	2b		
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ▶ _____, _____, _____, _____			
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? ☐ Yes [X] No			
b	If "Yes," did it have excess business holdings in 2008 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969, (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest, or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? *(Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2008.)* N/A	3b		
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a		X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2008?	4b		X

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EXHIBIT
Exhibit 065

Form 990-PF (2008) ANN S KHEEL CHARITABLE TRUST Page 6

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required *(continued)*

5a	During the year did the foundation pay or incur any amount to:			
	(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?	☐ Yes ☒ No		
	(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive?	☐ Yes ☒ No		
	(3) Provide a grant to an individual for travel, study, or other similar purposes?	☐ Yes ☒ No		
	(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)?	☐ Yes ☒ No		
	(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals?	☐ Yes ☒ No		
b	If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)?	N/A	5b	
	Organizations relying on a current notice regarding disaster assistance check here	▶ ☐		
c	If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? N/A	☐ Yes ☐ No		
	If "Yes," attach the statement required by Regulations section 53.4945-5(d).			
6a	Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	☐ Yes ☒ No		
b	Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		6b	X
	If you answered "Yes" to 6b, also file Form 8870.			
7a	At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?	☐ Yes ☒ No		
b	If yes, did the foundation receive any proceeds or have any net income attributable to the transaction?	N/A	7b	

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

1 List all officers, directors, trustees, foundation managers and their compensation.

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
SEE STATEMENT 3		0.	0.	0.

2 Compensation of five highest-paid employees (other than those included on line 1). If none, enter "NONE."

(a) Name and address of each employee paid more than $50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
NONE				

Total number of other employees paid over $50,000 ▶ 0

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EXHIBIT
Exhibit 065

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Part VIII **Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors** *(continued)*

3 Five highest-paid independent contractors for professional services. If none, enter "NONE."

(a) Name and address of each person paid more than $50,000	(b) Type of service	(c) Compensation
NONE		

Total number of others receiving over $50,000 for professional services ▶ 0

Part IX-A **Summary of Direct Charitable Activities**

List the foundation's four largest direct charitable activities during the tax year Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc	Expenses
1 N/A	
2	
3	
4	

Part IX-B **Summary of Program-Related Investments**

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1 N/A	
2	
All other program-related investments See instructions 3	
Total. Add lines 1 through 3 ▶	0.

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EXHIBIT
Exhibit 065

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Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see instructions.)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc , purposes		
a	Average monthly fair market value of securities	1a	
b	Average of monthly cash balances	1b	648,654.
c	Fair market value of all other assets	1c	
d	Total (add lines 1a, b, and c)	1d	648,654.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation) — 1e: 0.		
2	Acquisition indebtedness applicable to line 1 assets	2	0.
3	Subtract line 2 from line 1d	3	648,654.
4	Cash deemed held for charitable activities Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	9,730.
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3 Enter here and on Part V, line 4	5	638,924.
6	**Minimum investment return.** Enter 5% of line 5	6	31,946.

Part XI Distributable Amount (see instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here ▶ ☐ and do not complete this part)

1	Minimum investment return from Part X, line 6		1	31,946.
2a	Tax on investment income for 2008 from Part VI, line 5	2a		
b	Income tax for 2008. (This does not include the tax from Part VI)	2b		
c	Add lines 2a and 2b		2c	0.
3	Distributable amount before adjustments Subtract line 2c from line 1		3	31,946.
4	Recoveries of amounts treated as qualifying distributions		4	0.
5	Add lines 3 and 4		5	31,946.
6	Deduction from distributable amount (see instructions)		6	0.
7	**Distributable amount as adjusted** Subtract line 6 from line 5 Enter here and on Part XIII, line 1		7	31,946.

Part XII Qualifying Distributions (see instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes		
a	Expenses, contributions, gifts, etc. - total from Part I, column (d), line 26	1a	155,215.
b	Program-related investments - total from Part IX-B	1b	0.
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	**Qualifying distributions.** Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4	4	155,215.
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment Income Enter 1% of Part I, line 27b	5	0.
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	155,215.

Note. The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years

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01-02-09

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CSOC.CBR.00026168

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Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2007	(c) 2007	(d) 2008
1 Distributable amount for 2008 from Part XI, line 7				31,946.
2 Undistributed income, if any, as of the end of 2007				
a Enter amount for 2007 only			0.	
b Total for prior years. _____, _____, _____		0.		
3 Excess distributions carryover, if any, to 2008:				
a From 2003				
b From 2004				
c From 2005 22,984.				
d From 2006 104,239.				
e From 2007 130,958.				
f Total of lines 3a through e	258,181.			
4 Qualifying distributions for 2008 from Part XII, line 4 ▶ $ 155,215.				
a Applied to 2007, but not more than line 2a			0.	
b Applied to undistributed income of prior years (Election required - see instructions)		0.		
c Treated as distributions out of corpus (Election required - see instructions)	0.			
d Applied to 2008 distributable amount				31,946.
e Remaining amount distributed out of corpus	123,269.			
5 Excess distributions carryover applied to 2008 (If an amount appears in column (d), the same amount must be shown in column (a).)	0.			0.
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	381,450.			
b Prior years' undistributed income. Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0.		
d Subtract line 6c from line 6b. Taxable amount - see instructions		0.		
e Undistributed income for 2007 Subtract line 4a from line 2a Taxable amount - see instr			0.	
f Undistributed income for 2008. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2009				0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3)	0.			
8 Excess distributions carryover from 2003 not applied on line 5 or line 7	0.			
9 Excess distributions carryover to 2009. Subtract lines 7 and 8 from line 6a	381,450.			
10 Analysis of line 9:				
a Excess from 2004				
b Excess from 2005 22,984.				
c Excess from 2006 104,239.				
d Excess from 2007 130,958.				
e Excess from 2008 123,269.				

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01-02-09

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CSOC.CBR.00026169

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Part XIV Private Operating Foundations (see instructions and Part VII-A, question 9) N/A

1 a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2008, enter the date of the ruling ▶

b Check box to indicate whether the foundation is a private operating foundation described in section ☐ 4942(j)(3) or ☐ 4942(j)(5)

	Tax year (a) 2008	Prior 3 years (b) 2007	(c) 2006	(d) 2005	(e) Total
2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon a "Assets" alternative test - enter (1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test - enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test - enter (1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part XV Supplementary Information (Complete this part only if the foundation had $5,000 or more in assets at any time during the year-see the instructions.)

1 **Information Regarding Foundation Managers:**

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than $5,000) (See section 507(d)(2))

NONE

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.

NONE

2 **Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:**

Check here ▶ ☐ if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds If the foundation makes gifts, grants, etc. (see instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d.

a The name, address, and telephone number of the person to whom applications should be addressed

PHIL WEINPER 20 SOUTH BAYLES AVENUE PORT WASHINGTON, NY 11050

b The form in which applications should be submitted and information and materials they should include:

N/A

c Any submission deadlines.

N/A

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors:

N/A

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Part XV Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a *Paid during the year*				
CITY COLLEGE OF NEW YORK, NEW YORK, NY		PUBLIC CHARITY	CHARITABLE	90,000.
HUNTER COLLEGE RESEARCH FOUNDATION, NEW YORK, NY		PUBLIC CHARITY	CHARITABLE	65,000.
Total			▶ 3a	155,000.
b *Approved for future payment*				
NONE				
Total			▶ 3b	0.

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CSOC.CBR.00026171

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.	Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income
	(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	
1 Program service revenue:					
a					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments			14	11,546.	
4 Dividends and interest from securities					
5 Net rental income or (loss) from real estate:					
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income					
8 Gain or (loss) from sales of assets other than inventory					
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue					
a					
b					
c					
d					
e					
12 Subtotal Add columns (b), (d), and (e)		0.		11,546.	0.
13 Total. Add line 12, columns (b), (d), and (e)				13	11,546.

(See worksheet in line 13 instructions to verify calculations.)

Part XVI-B Relationship of Activities to the Accomplishment of Exempt Purposes

Line No. ▼	Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes (other than by providing funds for such purposes)
	N/A

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Part XVII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

		Yes	No
1	Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?		
a	Transfers from the reporting foundation to a noncharitable exempt organization of:		
	(1) Cash	1a(1)	X
	(2) Other assets	1a(2)	X
b	Other transactions:		
	(1) Sales of assets to a noncharitable exempt organization	1b(1)	X
	(2) Purchases of assets from a noncharitable exempt organization	1b(2)	X
	(3) Rental of facilities, equipment, or other assets	1b(3)	X
	(4) Reimbursement arrangements	1b(4)	X
	(5) Loans or loan guarantees	1b(5)	X
	(6) Performance of services or membership or fundraising solicitations	1b(6)	X
c	Sharing of facilities, equipment, mailing lists, other assets, or paid employees	1c	X

d If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received.

(a) Line no	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements
		N/A	

2a Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ☐ Yes ☒ No

b If "Yes," complete the following schedule.

(a) Name of organization	(b) Type of organization	(c) Description of relationship
N/A		

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than taxpayer or fiduciary) is based on all informa

Sign Here — Signature of officer or trustee [redacted] D

Paid Preparer's Use Only — Preparer's signature PHIL WEINPER

Firm's name (or yours if self-employed), address, and ZIP code PHIL WEINPER, CPA
20 SOUTH BAYLES AVENUE
PT. WASHINGTON,N.Y. 1105

823822
01-02-09

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CSOC.CBR.00026173

ANN S KHEEL CHARITABLE TRUST

FORM 990-PF INTEREST ON SAVINGS AND TEMPORARY CASH INVESTMENTS STATEMENT 1

SOURCE	AMOUNT
NY TAX FREE MONEY FUND	11,546.
TOTAL TO FORM 990-PF, PART I, LINE 3, COLUMN A	11,546.

FORM 990-PF OTHER EXPENSES STATEMENT 2

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
INVESTMENT MANAGEMENT FEES	3,000.	3,000.		0.
PUBLICATION FEE	115.	0.		115.
DEPT OF LAW FEE	100.	0.		100.
TO FORM 990-PF, PG 1, LN 23	3,215.	3,000.		215.

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STATEMENT(S) 1, 2

ANN S KHEEL CHARITABLE TRUST

FORM 990-PF PART VIII - LIST OF OFFICERS, DIRECTORS TRUSTEES AND FOUNDATION MANAGERS STATEMENT 3

NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN-SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
CHARLES RANGEL 163 WEST 125TH STREET ROOM 737 NEW YORK, NY 10027	TRUSTEE 0.00	0.	0.	0.
GABRIEL S. PRESSMAN 322 CENTRAL PARK WEST NEW YORK, NY 10025	TRUSTEE 0.00	0.	0.	0.
GAIL SHEEHY 39 WEST 67TH STREET APT. 302 NEW YORK, NY 10023	TRUSTEE 0.00	0.	0.	0.
VERONICA KELLY 375 SOUTH END AVENUE APT. 16A NEW YORK, NY 10280	TRUSTEE 0.00	0.	0.	0.
LUIS ALVAREZ 24 MONROE PLACE APT. 3B NEW YORK, NY 11201	TRUSTEE 0.00	0.	0.	0.
ELLEN JACOBS C/O PHIL WEINPER 20 SOUTH BAYLES AVENUE PORT WASHINGTON, NY 11050	EXECUTIVE DIRECTOR 0.00	0.	0.	0.
TOTALS INCLUDED ON 990-PF, PAGE 6, PART VIII		0.	0.	0.



Watkins, Meegan, Drury
& Company, L.L.C.
Certified Public Accountants
Business and Financial Advisors

May 12, 2009

Report of Results of Rangel Review

I was retained by Congressman Charles B. Rangel and his legal counsel, Leslie Berger Kiernan of Zuckerman Spaeder, LLP, to conduct a thorough and complete review, exercising my independent judgment consistent with the AICPA standards governing forensic accounting services and other applicable professional standards, relating to the taxation of Congressman Rangel's interest in the Punta Cana Yacht Club located in the Dominican Republic. I was assisted by my colleague, Richard Westerman, CPA, CFE, CFF.

In addition to determining the tax implications of Congressman Rangel's ownership and rental of the three-bedroom condominium unit (the "Rangel Unit") that he owned jointly with his wife at Punta Cana Yacht Club, I was also asked to conduct an extensive review of Congressman and Mrs. Rangel's personal income tax returns to determine if there were any other potential errors and/or omissions with those returns, and make recommendations for any amendments that should be made. I have also been asked to review Congressman Rangel's House of Representatives Financial Disclosure Statement Forms ("PFD"), to ensure their accuracy and prepare any amendments to those forms that are necessary.

Congressman Rangel cooperated in full by providing requested documents and the authority to interview anyone who could provide relevant information to us, including providing me with an IRS Form 2848, Power of Attorney, which authorized me to contact the Internal Revenue Service to obtain any additional information relating to his personal tax returns. We also verified financial information with third parties.

Documents Reviewed

In the performance of our work, we obtained and reviewed documents and information from the following sources:

- Congressman Charles B. Rangel
- Alma E. Rangel
- John Baiardi, CPA of Mitchell & Titus, LLP (tax return preparer)
- Punta Cana Resort
- Internal Revenue Service
- Lawyers from Zuckerman Spaeder, LLP
- Public Record Search
- Real estate records
- Banks
- Investment brokers

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- Review of articles and information relating to Punta Cana and investments on the Internet
- House of Representatives Financial Disclosure Forms from 1985 to the present
- Congressman and Mrs. Rangel's federal and New York state income tax returns from 1998 to 2007
- Instructions Guide for Completing Financial Disclosure Statement Form A
- Internal Revenue Code and Regulations

Summary of Conclusions

Congressman Rangel disclosed the ownership in the property at the Punta Cana Resort & Club at the time of its purchase on his 1987 PFD. A Sale/Purchase Memorandum of Understanding to purchase a condominium unit was signed by Charles Rangel as the buyer in 1987 for $82,750 (U.S.). The ownership of the Rangel Unit was consistently reported on his PFD from 1987 through 2007.

Income earned by renting the Punta Cana property was not reported on the Rangel's income tax returns. The income was reported on the PFDs in eight years out of eighteen in which income was generated by the Rangel Unit: 1990 through 1992 and 2001 through 2005. Our calculation of the total amount of unpaid taxes associated with the attributed income generated by the Rangel Unit for the years 1989 through 2006 is $16,775.

Based upon our review of information received, including information obtained from the Internal Revenue Service, the accountant's work papers that were used to prepare the Rangels' individual income tax returns from 1998 through 2007, and the original House of Representatives PFDs, we identified various errors that were made in the filing of the personal income tax returns and the PFDs, and recommended correcting amendments to various PFDs and tax returns that had previously been filed by the Rangels. Congressman Rangel accepted all of our recommendations for amendments which were made consistent with his instructions to correct any error on any or all forms that we discovered as a result of our review. As a consequence, the following amended filings are in process or have been completed:[1]

> Amended Draft PFDs are being submitted to the Ethics Committee Financial Disclosure Review Staff from 1998 through 2007.
>
> Forms 1040X, Amended U.S. Individual Income Tax Returns, were submitted to the Internal Revenue Service for years ended December 31, 2006 and 2007, and we have recommended that the Rangels amend their return for 2004.
>
> We have recommended that Forms IT-150-X, Amended Resident Income Tax Return, for New York State and New York City, be filed for 2004, 2006, and 2007.

Section I of this report summarizes the results of our review of the tax implications of the Rangel Unit at Punta Cana. Section II summarizes our findings concerning other errors found in the tax returns that are available for review. Section III summarizes our findings concerning Congressman Rangel's PFDs.

---

[1] In September of 2008, Congressman and Mrs. Rangel's accountants Mitchell & Titus, LLP had previously filed amended returns for the tax years 2004-2006.

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Page 3

I. Tax Implications of Congressman Rangel's Unit at Punta Cana Yacht Club, S.A. (Punta Cana)

A. History of Purchase

Punta Cana Yacht Club, S.A. (Seller), entered into a Sales Contract (Installment Purchase in U.S. Dollars) with Charles and Alma Rangel (Buyer) for a Residential Unit in a condominium development. The purchase price of the condominium unit was $82,750.00 (U.S.) with a down payment of $28,962.50 and the balance of $53,787.50 being paid in equal installments of $2,737.78 with interest at 10.5 percent per annum, payable quarterly for ten years. A provision included in the purchase documents required that the Residential Unit "is solely intended for tourist purposes" and could not be used as a residential unit. As a consequence, the Unit could only be used personally by the Buyer for nine weeks per calendar year. The Rangel Unit was purchased in 1987, but was not held out for rent until 1989 when the construction of the unit was complete.

The following is a history of the purchase and improvements, as verified by the documentation we have reviewed:

		Costs	Repairs
1987	Rangel Unit (Placed in Service in 1989)	$ 82,750	
1-01-91	Stone Façade	2,500	
12-18-96	Third Room	16,182	$1,985
12-18-96	Furnishings	3,850	
10-01-98	Hurricane Renovations	5,000	
6-01-02	Major Renovation	22,338	
Total		$132,620	$1,985

B. Management Company

A Condominium Management Contract was signed by Charles Rangel (Owner) authorizing the Punta Cana Operating Company, S.A. (Operator), to rent his residential unit to tourists. This agreement authorized the Operator to manage and operate the Rangel Unit. The arrangement provided that the Rangel Unit would be included as a participant in a rental pool of all owners of the project's residential units in which all revenue from gross rents would be accumulated. Specific expenses for managing the property and paying for the general upkeep of the facility would be deducted prior to the owner receiving any benefit, or income, from the pooled income. The essential terms of the Management Contract may be summarized as follows:

Pooled Income from all Residential Units, less:

1. Commissions paid to agents referring guests to the project
2. Taxes
3. 10% set aside for maintenance, furniture and equipment
4. From the balance:
   - 53% Paid to the Operator
   - 47% Allocated to the Owner

EXHIBIT
Exhibit 066

Each owner's share of the rental pool was prorated into a point system. The Rangels purchased a 2-room unit that had a 2-point allocation (this later became a 3-point allocation in 1996 when a third room was added to the Rangel Unit). The Operator paid for all the utilities, insurance, cleaning, and security.

Because the Punta Cana Operating Company was not operating within the United States, it was not required to issue Congressman and Mrs. Rangel an IRS Form 1099, and never did so. The Rangels did receive sporadic statements from Punta Cana that showed their rental pool income, but these were apparently not provided by the Operator with any regularity.

C. Pooled Income

Rental pools are common rental arrangements utilized by many vacation home owners who, like the Rangels, rent their homes to various third parties. Typically, a rental pool is any arrangement whereby two or more dwelling units within a community are made available for rent and the owners agree to share at least a substantial part of the rent income from the units without regard to the actual use of the various units. *See*, Proposed Income Tax Reg. § 1.280A-3(e)(2). By pooling their units, the owners have a chance to share in the rental pool income, even if their particular unit is not rented or is rented less often than other units in the pool. Owners are typically allowed a set number of days that they can personally use their unit each year. The properties in the pool are managed by a third-party management company. These arrangements are specifically addressed in Proposed Income Tax Reg. § 1.280A-3(e), which provides the framework for using rental pools to properly report income and deductions from vacation rental property under Internal Revenue Code § 280A(c)(3).[2]

D. Punta Cana Loan

As mentioned above, the Punta Cana property was purchased for $82,750 with $28,962.50 down payment with the balance $53,787.50 paid with a note. Under the note, the first payment was due March 15, 1989. The first payment on the note was paid by Congressman Rangel with all future payments being paid from the pooled income fund. The Operator did not send any of the pooled income payments, which were allocated semiannually, directly to the Rangels except on two occasions.[3]

---

[2] IRC § 280A was originally enacted as part of the Tax Reform Act of 1976 (Pub. L. 94-455, Sec. 601, 90 Stat. 1569) to prohibit taxpayers from deducting certain business expenses related to a dwelling unit used by the taxpayer during the taxable year as a residence. *See*, Preamble to Proposed Income Tax Regs., 45 Fed. Reg. 52399 (Aug. 7, 1980). However, IRC § 280A(c)(3) specifically exempts taxpayers who rent their dwelling units to third-parties from this rule.

[3] During the period under review, there were only two occasions when the Punta Cana Yacht Club made distributions of the rental income to the Rangels. A June 30, 2001, payment of $1,433.58 was received by the Rangels in 2001 and reported by them as income to their tax return preparer. The preparer did not include the income on the tax return and was unable to recall the transaction when I interviewed him. The second payment of $661.02 related to the December 30, 2001, pooled income was received by the Rangels in 2002. There was no indication that this payment was reported to the tax preparer. All other payments were applied to the principal of the note by the Operator.

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E. Forgiveness of Debt

A letter dated February 5, 1993, from the Controller of Punta Cana to Congressman Rangel stated that the interest charges on the loan were eliminated and the resulting balance due was not subject to interest computations. As a consequence of this action, all of the pooled income allocated to the Rangel Unit was applied directly to principal from the inception of the loan. As confirmed by correspondence from the Operator, the forgiveness of debt in 1993 was part of an adjustment made in the purchase price for over fifteen units at the Punta Cana Yacht Club for the benefit of "pioneer" investors (the very first foreign owners) of the condominium units, "to bring the installment payments of the deferred purchase price more in line with expected rental pool payments" (CBR001697).

The waiver of interest by Punta Cana did not generate any taxable income for the Rangels. That is because the cancellation of debt (COD) for the interest forgiven would be offset by the interest expense deduction from the passive rental activity. The interest income and expense nets to zero and is therefore not reflected on the Punta Cana net income schedule which is attached as Exhibit A.

Specifically, Internal Revenue Code Section 108(e)(2) provides that discharge of a liability that would have given rise to a deduction by the debtor does not result in the cancellation of indebtedness income. Rev. Rul. 92-92, 1992 CB 103, 11/9/92, addresses the characterization of the COD income for the purposes of the passive activity rules under Section 469. The Service ruled that "COD income is characterized as income from a passive activity to the extent that, at the time the indebtedness is discharged, the debt is allocated to passive activity expenditure." The Service stated "it is generally appropriate to allocate the income in the way in which the regulations Section 1.163-8T allocates the debt, and to treat the income allocated to expenditure as income from the activity to which the expenditure relates."

F. Taxes Paid on the Punta Cana Rental Income

Although the relevant statutes of limitations have passed for most of the tax years in question (all tax years before 2004, see footnote 4 below), Congressman Rangel requested a computation of the tax implications of the unreported income derived from the Rangel Unit for the full period of time that the rental has been in service. Given the passage of time, and the unavailability of tax returns and other applicable records for that full period, the computation of this amount necessarily has required me to make certain estimates. Our instructions in making these estimates from Congressman Rangel were to make a "conservative estimate." By "conservative estimate," we understood that we should employ a methodology that errs on the side of overstating the possible amount of unpaid tax (i.e., favors the government), as opposed to an alternative reasonable accounting estimate that might yield a lower computation of underpaid taxes.

A summary of the net income from the pooled income attributable to the Rangel Unit is attached as Exhibit A. Federal taxes, New York State and City taxes are estimated based upon the marginal tax rates that applied directly to the Rangels' taxable income for each year. Even though the Rangels did not pay United States taxes on the Punta Cana net income during the period under review, Dominican Republic taxes were withheld from the Rangels' pooled income by the Operator. These withholdings are reflected in the Operator's statements beginning in 1998, and were, consistent with U.S. tax law, used to reduce the U.S federal tax associated with the Rangel Unit in our calculations.



The total taxes attributable to the Punta Cana Rental (1989 through 2006) are as follows:

Federal	$11,402
NY State and City	5,373
Total	$16,775

In preparing this schedule and determining the proper amount of depreciation to be allowed for the rental property, we had to apply a reasonable estimate of the amount of time that the Rangels utilized their unit at Punta Cana for personal purposes during the years 1990 through 2002. Estimates had to be used for those years because there were no actual records of the amount of personal usage for the years prior to 2003. Punta Cana was able to provide personal and rental use days for the "Business Use Percentage" computations from 2003 through 2008. The Resort did not maintain occupancy records prior to 2003. In keeping with our instructions to adopt a "conservative" approach, we have therefore used a Business Use Percentage for years prior to 2003 assuming 5-6 weeks of personal usage per year and assuming 300 days of business use per year. That amount of personal usage is substantially higher than any year for which actual records are available, and results in a Business Use Percentage that is lower than any year for which records are available. In our opinion, this "conservative estimate" is likely to understate the actual amount of allowable business expenses available to the Rangels for the period of 1990 to 2002, and, therefore, tends to overstate the amount of unpaid federal and state taxes associated with the Punta Cana rental.

II. Review of Income Tax Returns for Additional Issues and Recommended Amendments

As noted above, Congressman Rangel requested that, in the process of my review of the tax implications of the Punta Cana income, I also reviewed all of the Rangels' available tax returns for any other possible errors or omissions. Although the normal statute of limitations for filing amended tax returns is three years after the due date of the return (including extensions),[4] we conducted a review of all his returns from 1998 to 2007. Because the tax returns and records associated with the years 1990 through 1997 are no longer available, we were unable to examine them for any potential errors which would have either increased or decreased the actual tax liability for those years. The unpaid tax associated with the Punta Cana income for that seven-year period was $14,530.

Our review of the closed years for which the Rangels' returns are available (1998 through 2003) found that there were small errors on the returns that would have increased (or decreased) the taxes owed as reflected on the returns. The net amount of these errors, together with the previously unreported Punta Cana income was an underpayment of tax in the amount of $1,500 over that six-year period.

[4] The only years currently open by the three-year statute are years ended December 31, 2005 (statute date is 8-15-09), December 31, 2006, December 31, 2007, and December 31, 2008 (on extension). An amended return can be filed for refund for year ended December 31, 2004, only within two years of the payment made with the amended return. There is a six-year statute of limitations if income of more than 25 percent is omitted from the return, but the income derived from Punta Cana does not approach this threshold.



The original tax return in 2004 properly reflected the passive loss carry forward from the Rangels' New York rental property as offsetting passive income from the sale of the property. When the Mitchell & Titus accountants previously amended the tax return to report the Punta Cana income, they conservatively estimated that the passive losses might have been used in prior years to offset passive income from the Punta Cana rental. The loss was therefore added back to income on the amended return that they filed.

After tracing the rental income and losses through all years for both the New York property and Punta Cana, it was determined that the loss would be allowed in 2004 and should not have been added back into income on the amended return that was filed. The 2004 return can be amended again to allow the passive loss from the New York rental property. The correct tax treatment of this passive loss carry forward should result in a refund to the Rangels of $4,660 for the 2004 tax year, and we have recommended that the Rangels amend their 2004 return accordingly.

Pursuant to our recommendation, the 2006 federal return was amended a second time to correctly report $34,198 of investment income that had been reported by the Rangels to their accountant, but was mistakenly omitted from the return. In addition, the Punta Cana net income was adjusted for depreciation. The return was also amended to include income and capital gains from a Merrill Lynch statement for an account of Mrs. Alma Rangel's that was omitted from the original returns. This resulted in a total additional tax obligation by the Rangels of $12,882, which was paid with the amended return.

The 2007 federal return, as originally filed, reported the income derived from the Punta Cana property. Pursuant to our recommendation, the 2007 return was amended to report an adjustment to the depreciation related to Punta Cana and include the income from the Merrill Lynch account of Mrs. Alma Rangel that was omitted from the original returns. This resulted in a total additional tax obligation by the Rangels of $8,559, which was paid with the amended return.

III. Personal Financial Disclosures

As noted above, Congressman Rangel requested that we review his Financial Disclosure Statements ("PFDs") for the years 1998 through 2007 that have been filed with the Clerk of the House of Representatives to identify any inaccuracies in those statements and prepare recommended corrections. In performing this task, we were guided by the disclosure instructions that are detailed in the Instructions Guide for Completing Financial Disclosure Statement Form A (Instructions Guide). Our analysis and recommended amendments were limited to assets, income, transactions, and liabilities requiring disclosure on Schedules I, III, IV, and V.

To analyze the disclosures, we reviewed available tax information and performed a public records search to obtain descriptions of assets or liabilities, income type and amounts, as well as financial transactions. Because tax returns primarily illustrate income and generally do not list asset values, liabilities, or certain tax exempt income, we were required to obtain information beyond that reflected from the Rangels' tax records. We requested additional information, including bank and brokerage statements, and property values. While we were provided many bank and brokerage statements, due to the length of time that has passed since the earlier PFDs under review were filed, we were not able to



obtain all bank and brokerage statements. We were, however, able to make reasonable accounting estimates based on the documentation we received and analyzed. In preparing the draft amended PFDs, when we have made use of accounting estimates, we identified those estimates on the forms with footnotes. With respect to Schedule IV Transactions, we did not obtain monthly brokerage statements illustrating transactions. Instead, we reviewed transaction summaries illustrated in brokerage tax statements and analyzed changes in transactions from year to year to identify transactions requiring disclosure.

As a result of our work, we identified various items that were not on the PFDs that were originally filed. We therefore prepared draft amended PFDs to be submitted and reviewed by the ethics committee staff prior to filing.

Mary Lou Gervie, CPA, CFE, CFF

Richard Westerman, CPA, CFE, CFF

cc: Congressman Charles B. Rangel

Attachments



Punta Cana
Rental Income/ Depreciation Schedule
1989 through 2006

	Pooled Income Unit 412	Depreciation	Expenses	Business Use %age	Allowable Business Exp.	Net Rental Income	Federal Tax	NYS & City Tax	Total Taxes
1989		(2,069)		none	none	none			
1990	$ 4,828.83	(2,069)	*	84.62%	(1,751)	3,078	1,016	378	1,394
1991	$ 6,223.73	(2,131)	*	86.67%	(1,847)	4,377	1,357	537	1,894
1992	$ 6,590.93	(2,131)	*	86.67%	(1,847)	4,744	1,471	582	2,053
1993	$ 7,329.61	(2,131)	*	86.67%	(1,847)	5,482	1,700	673	2,373
1994	$ 7,037.91	(2,131)	*	86.67%	(1,847)	5,191	1,453	637	2,090
1995	$ 7,635.05	(2,131)	*	86.67%	(1,847)	5,788	1,764	694	2,458
1996	$ 5,604.55	(2,201)	(1,985) *	86.67%	(3,628)	1,977	554	228	782
1997	$ 6,348.43	(2,964)	*	86.67%	(2,569)	3,780	1,058	428	1,486
1998	$ 5,126.97	(3,076)	*	86.67%	(2,666)	2,461	144	287	431
1999	$ 3,228.05	(3,412)	*	86.67%	(2,957)	271	21	30	51
2000	$ 3,205.32	(3,412)	*	86.67%	(2,957)	249	21	27	48
2001	$ 2,910.45	(3,412)	*	86.67%	(2,957)	(46)	None	None	-
2002	$ 1,931.81	(3,737)	*	86.67%	(3,239)	(1,307)	None	None	-
2003	$ 4,523.09	(3,970)		97.25%	(3,861)	662	(137)	None	(137)
2004	$ 5,030.05	(3,970)	(1,165)	96.32%	(4,946)	84	7	10	17
2005	$ 6,280.59	(3,934)		92.68%	(3,646)	2,634	400	286	686
2006	$ 8,467.47	(3,542)		87.17%	(3,088)	5,380	573	576	1,149
Totals	$ 92,302.84	$ (52,421.74)	$ (3,150.32)		$ (47,498.65)	$44,804.19	$11,402.00	$5,373.00	$ 16,775.00

2007 All income and expenses related to Punta Cana were reported on the original return.

* Business use is based upon a conservative extimate from 1990 through 2002. Actual use was provided by Punta Cana from 2003 to the present

EXHIBIT A

EXHIBIT
Exhibit 066

CSOC.CBR.00025993

Punta Cana
Rental Income/ Depreciation Schedule
1989 through 2006

Depreciation:
The condo was not placed in service in 1987 - the year it was purchased.
The first year it was placed in service was 1989

			Cost	Depreciation	1989 and 1990	1991 thru 1995	1996	1997	1998	1999 thru 2001	2002
1/1/1989	Placed in Service		$ 82,750								
40 year life	Depreciation	SL		2,069	2,068.75	2,069	2,068.75	2,069	2,069	2,069	2,069
1/1/1991	Stone Façade		$ 2,500								
40 year life	1991 forward	SL		63		63	62.50	63	63	63	63
12/18/1996	3rd bedroom		$ 16,182								
40 year life	1996	SL		34			33.72				
	1997 forward			405				405	405	405	405
12/18/1996	Furnishings										
9 year SL			$ 3,850								
	1996			36			35.65				
	1997 forward			428				428	428	428	428
10/1/1998	Hurricane Renovations										
40 year life		SL	$ 1,250								
10/1/1998	1998			8					8		
	1999 forward			31						31	31
9 year SL	Hurricane Renovat		$ 3,750								
10/1/1998	1998			104					104		
	1999 forward			417						417	417
6/1/2002	Major Renovation		$ 22,338								
40 year life	2002			326							326
	2002 forward			558							
Total Depreciation					$ 2,069	$ 2,131	$ 2,201	$ 2,964	$ 3,076	$ 3,412	$ 3,737

EXHIBIT A

EXHIBIT
Exhibit 066

CSOC.CBR.00025994

Punta Cana yacht club

Santo Domingo, D.N.
March 17th, 1987.

The Honorable
Charles Rangel
House of Representatives
Washington, D.C. 20515

Dear Charles:

I am delighted that you have decided to buy a villa at Punta Cana Yacht Club. It is a pleasure doing business with you.

I am enclosing a Memorandum of Understanding with all the details about your villa (type, number and price).

I would very much appreciate that you send me back a signed copy, in order to keep it in our files.

Sincerely,

Frank R. Rainieri
President

FRR/cmm

CBR 000556

EXHIBIT
Exhibit 067

Apartado Postal 1083, Santo Domin[illegible]ls. 565-0011, 565-3077. Telex TREISA 346-0415



SALE/PURCHASE

MEMORANDUM OF UNDERSTANDING*

PUNTA CANA YACHT CLUB, S. A., a corporation organized under the laws of the Dominican Republic (SELLER), hereby acknowledges receipt of US$28,962.50 from CHARLES RANGEL (BUYER) as down payment for the purchase of:

Villa/~~Apartment~~ number TWO (2) / TYPE III (UNIT), a condominium Unit of Punta Cana Yacht Club (RESORT) in the Provincia La Altagracia, Dominican Republic.

The agreed price of the UNIT is US$82,750.00.

The unpaid balance shall be paid in cash at closing, subject, at BUYER's election, to financing now being arranged.

All the taxes pertaining to the transfer of the title shall be paid by the BUYER.

SELLER and BUYER acknowledge that the RESORT shall be operated as a tourist hotel by a professional operator (OPERATOR), that an Operation Agreement shall be executed jointly with the Sales Agreement, that the BUYER shall have the right to use the UNIT for nine

. . . .

* This Memorandum is subject to a definitive Sales Agreement to be executed by the parties prior to closing.

CBR 000557

EXHIBIT
Exhibit 067

SALE/AGREEMENT

MEMORANDUM OF UNDERSTANDING

Page 2

(9) nine weeks per calendar year in accordance with standard regulations to be promulgated, that the UNIT shall be entered into a rental pool for the remaining weeks, and that the BUYER shall share proportionately in the gross rentals of the UNITS managed by the OPERATOR.

Santo Domingo, Dominican Republic, this sixteenth (16) day of March, 1987.

Charles Rangel
BUYER

Frank R. Rainieri
SELLER

cmm

CBR 000558

EXHIBIT
Exhibit 067

SALES CONTRACT

(Installment Purchase in U.S. Dollars)

Concluded between:

Punta Cana Yacht Club, S.A., a business corporation duly organized under the laws of the Dominican Republic, whose legal domicile and corporate seat are located on Avenida Tirandentes and John F. Kennedy Avenida, in the City of Santo Domingo, Dominican Republic, herein duly represented by FRANK R. RAINIERI, its President, who is of legal age, a Dominican national, legally domiciled and residing in Santo Domingo, Dominican Republic, the bearer of personal identity document number 118709, series 1 and who shall hereinafter be called the "Seller";

and

CHARLES B. RANGEL and ALMA RANGEL
4807 Colorado Avenue, N.W.
Washington, D.C.

who shall hereinafter be called the "Buyer".

WHEREAS, the Seller owns land on which he is developing a condominium resort project (the "Project") called "Punta Cana Yacht Club" and located on part of parcel No. 65 on Land



Property District (Distrito Catastral) No. 11/2 in the Township of Higuey, the province of La Altagracia; and

WHEREAS, the Buyer hereby proposes to buy and the Seller to sell the residential unit (the "Residential Unit") of the Project identified below with a proportionate Common Interest in the Common Elements of the Project; and

WHEREAS, the Residential Unit is subject to a Declaration of Condominium ("Condominium Regime") established pursuant to Law No. 5038 of 1958 of the Dominican Republic, a duly signed copy of which has been duly submitted to the Superior Land Court and is attached as an addendum to this Contract and made an integral part hereof; and

WHEREAS, the Buyer recognizes that the Project has been granted tax benefits under a Dominican law designed to encourage tourism and that, in consequence, he must agree to use his Residential Unit for not more than nine (9) weeks a year and to make it available for occupancy by Tourists for not less than forty-three (43) weeks a year; and

WHEREAS, the Buyer recognizes that the Seller has heretofore entered into a Contract (the "Project Management Contract") with the Punta Cana Operating Company (the "Opera-



PCYC 000064

CSOC.CBR.00004463

tor") to manage and operate the Special Units of the Project as part of the entire Project; and

WHEREAS, the Buyer has agreed, pursuant to a contract (the "Condominium Management Contract") he is signing herewith, that the Operator shall manage his Residential Unit and proportionate Common Interest in the Common Elements of the Project and to rent his Residential Unit to Tourists when he is not using it;

NOW THEREFORE, and with the understanding that the above preamble constitutes an integral part of this Contract, the parties

HAVE AGREED TO AND COVENANTED THE FOLLOWING:

FIRST: The Seller hereby sells, transfers and conveys, together with any and all guarantees which the law prescribes, to the Buyer, who accepts same, the Residential Unit identified as Villa No. 3-IV-B of the Project and a proportionate Common Interest in the Common Elements of the Project.

SECOND: The above-described Residential Unit constitutes a part of the Project, constructed on a part of plot



PCYC 000065

CSOC.CBR.00004464

No. 65A, of Land Property District (Distrito Catastral) No. 11/2 in the Township of Higuey, the Province of La Altagracia, in accordance with a plan approved by the Directorate of Tourist Development by a resolution dated July 9, 1986. The Residential Unit is furnished as described in an inventory hereby made a part of this Contract. The Seller proved his ownership rights to the Residential Unit by having constructed the Project of which it is a part with his own financial resources in his capacity as the owner thereof and warrants that it is free of any and all encumbrances, as evidence by Title Deed No. 74-164 issued by the Registrar of Deeds of the Department of El Seybo.

THIRD: The price of this sale has been agreed by the parties to be the sum of U.S.$82,750 to be paid in the following manner:

A down payment of U.S.$28,962.50 and the balance, being the sum of U.S.$53,787.50 in equal consecutive installments of U.S. $2,737.78 with interest at 10 1/2% per annum, payable quarterly for 7 years commencing on the 90th day after the Residential Unit is made available for occupancy and continuing until the unpaid balance is fully paid at which time title to the Residential Unit shall be conveyed to the Buyer. Such installments shall be made at the location designated by the Seller, and shall be credited upon receipt



PCYC 000066

CSOC.CBR.00004465

The Buyer hereby irrevocably consents that the Operator may make direct payments to the Seller, on behalf of the Buyer, out of revenues derived from the rentals of his Residential Unit as described in the Condominium Management Contract in the amount of the installments, or any portion thereof set forth above, in the currency referred to above, a condition without which the Seller would not have consented to the sale provided for herein, but without implication that but for those payments the Buyer would be relieved of the obligation to make the agreed upon payments in the form agreed upon herein. The Seller reserves the right not to consent to the registration of this sale in the applicable Registry of Title until he has received payment in full of the sales price.

FOURTH: The Buyer hereby grants a Security interest to the Seller in and to the Residential Unit described in Paragraph FIRST of this Contract, thereby vesting in the Seller the Privilege of an Unpaid Seller in accordance with Article 2101 of the Civil Code of the Dominican Republic with respect to the unpaid sum with interest as provided by law. The Buyer's failure to pay two installments when due under this Contract shall give the Seller the right to foreclose upon the Buyer's Residential Unit without being required to post a bond or to comply with any other judicial or extrajudicial



formality, the privilege provided for herein being of a self-executing nature.

FIFTH: This Contract includes the right of the Buyer not o ly to use of (a) his Residential Unit and appurtenancies thereto but also (b) the Common Elements and Special Units of the Project as described in the Declaration of Condominium.

SIXTH: The Buyer shall, at the time title is passed, pay to the appropriate governmental agencies the transfer taxes prescribed by law and, when due, any and all other taxes or payments the law may impose upon him. The costs of supplying the Residential Unit with electrical energy, gas, drinking water, waste collecting services, cleaning and security are to be paid by the Operator as set forth in the Condominium Management Contract, or individually by the Buyer if the Condominium Management Contract is terminated.

SEVENTH: Since the Project includes a series of buildings in harmony with each other, the Buyer obligates himself not to make any modifications to the interior or exterior of his Residential Unit which would substantially alter either the architectural arrangement or appearance of the Project. For the purposes stated hereabove, a substantial alteration shall, without limitation, mean the construction of additions



of any kind to the Residential Unit or to its surroundings, such as the affixing of awnings and other artifacts to the windows or balcony of the Residential Unit or any change in the interior or exterior paint.

EIGHTH: It is understood that the Residential Unit is solely intended for tourist purposes and that, consequently, the Buyer may not use his Residential Unit for commercial or any other purposes.

NINTH: The Buyer, having acknowledged the tourist purposes of the Residential Unit as part of the Project, obligates himself to make his Residential Unit available for rental to Tourists for a period of not less than forty-three (43) weeks each year through the Operator with whom, as recited above, he has signed a Condominium Management Contract jointly with this Contract.

TENTH: The Seller elects as his legal domicile the one stated in the preamble of this Contract and the Buyer, as his domicile, the Residential Unit acquired through this Contract and, if necessary, the office of the District Attorney of the Judicial District of Higuey.

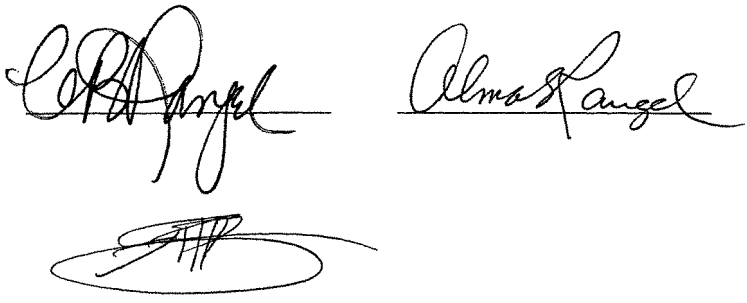
DONE AND SIGNED in good faith, on two (2) original copies, both of the same tenor and effectiveness, one for



PCYC 000069

CSOC.CBR.00004468

each of the parties hereto, in Santo Domingo, the National District, the Dominican Republic on the day of the month of , nineteen hundred and eighty (198-).





PCYC 000070

CSOC.CBR.00004469

CONDOMINIUM MANAGEMENT CONTRACT

Concluded between

The Punta Cana Operating Company, S.A., a business corporation duly organized under the laws of the Dominican Republic, whose legal domicile and corporate seat are located on Avenida Tirandentes and John F. Kennedy Avenida, in the City of Santo Domingo, Dominican Republic, herein duly represented by FRANK R. RAINIERI, its President, who is of legal age, a Dominican national, legally domiciled and residing in Santo Domingo, Dominican Republic, the bearer of personal identity document number 118709, series 1, and who shall hereinafter be called the "Operator";

and:

CHARLES B. RANGEL AND ALMA RANGEL
4807 Colorado Avenue, N.W.
Washington, D.C.

who shall hereinafter be called the "Owner".

WHEREAS, the Owner acquired residential unit (the "Residential Unit") identified as Villa No. 3-IV-B as well as a proportionate Common Interest in the Common Elements of the Punta Cana Yacht Club (the "Project") located on part of parcel No. 65 on Land Property District (Distrito Catastral) No. 11/2 in the Municipality of Higuey, the Province of La Altagracia; and



WHEREAS, according to the terms of the Sales Contract entered into this day by the Punta Cana Yacht Club, S.A (the "Seller") and the Owner, the latter may use his Residential Unit for a period not in excess of nine (9) weeks a year and must authorize a qualified company to rent his Residential Units to Tourists for at least forty-three weeks a year; and

WHEREAS, the Operator has the ability, experience, facilities and personnel to operate the Residential Units, Common Elements and Special Units of the Project and is willing to provide his services therefor and to rent Residential Units of the Project to Tourists; and

WHEREAS, the Owner desires, through the Operator, to rent his Residential Unit to Tourists and to enjoy use of the services and facilities of the Project while occupying his Residential Unit under the conditions set forth hereunder; and

WHEREAS, the Operator acknowledges that he has read the Declaration of Condominium (Condominium Regime) and By-Laws therein contained and recognizes that its relevant provisions take precedence under Dominican law over the terms of this Contract.



PCYC 000054

CSOC.CBR.00004453

NOW, THEREFORE, and with the understanding that the above preamble constitutes a part of this contract, the parties

HAVE AGREED AND COVENANTED AS FOLLOWS:

FIRST: The Owner herewith authorizes the Operator to manage and operate his Residential Unit (as furnished) as well as his proportionate Common Interest in the Common Elements as described in the Declaration of Condominium which is attached to this Contract and constitutes an integral part of same.

SECOND: The Owner herewith authorizes the Operator to rent his Residential Unit to Tourists in accordance with the terms of this Contract during such periods as he himself does not occupy the Residential Unit at the prices and under the conditions in effect at the Project, to receive the rentals, to pay the Seller or such person as he may designate such monthly amounts, if any, as he shall be entitled to receive pursuant to the terms of the Sales Contract and to pay the Owner or his designee the payments out of rentals due under this Contract. All such payments and any other payments or taxes imposed pursuant to the Declaration of Condominium, shall be made in the currency of the Sales Contract.



PCYC 000055

CSOC.CBR.00004454

THIRD: The respective shares of the Operator and the Owner of the revenues from the rentals of the Dwelling Unit shall be determined as follows:

1. All Owners of the Project's Residential Units shall participate in a rental pool (the "Rental Pool") in which all revenues from the gross rentals of the Residential Units shall be accumulated and out of which shall be deducted the commisions paid to agents referring guests to the Project as well as such taxes and payments as the laws of the Dominican Republic require. In addition, ten percent (10%) of the gross rentals after deduction of commissions and taxes shall be set aside for the maintenance of the Residential Units, furniture and equipment therein contained and for replacement thereof. From the balance, fifty-three percent (53%) shall be paid to the Operator while forty-seven percent (47%) shall be alloted to the Owners to be divided as set forth below. If it becomes evident upon proof duly submitted that such percentages are insufficient to attain the aims and purposes of the Project or if extraodinary circumstances make extraordinary contributions indispensable, the percentages set aside for maintenance and replacement may be increased providing prior notice is duly given to the Owners.



PCYC 000056

CSOC.CBR.00004455

2. Each Owner's share of the Rental Pool shall be prorated among the Owners according to the following point system:

Units	Points
Studios	1
Junior Suites	1.50
Apartments or Suites	1.75
2-room Tennis Villa	2
3-room Tennis Villa	2.50
2-room Beach Villa	2.75
3-room Beach Villa	3

3. The total number of points for all of the Residential Units shall be added up and each Owner's share shall be based on the number of his points as a percentage of all points.

4. The Owner herewith acknowledges that the payments from the Project's operations set forth herein are the only payments he is entitled to receive.

FOURTH: It is understood between the parties that for the purpose of determining duration of occupancy of the Residential Units for computation of the percentage of rentals due each Owner as provided in Paragraph THREE of this Con-

EXHIBIT
Exhibit 069

PCYC 000057

CSOC.CBR.00004456

tract, same shall be calculated by weeks of occupancy, a week being understood to mean each week or fraction of a week of actual occupancy.

FIFTH: The cost of supplying the Residential Unit with electrical energy, gas, drinking water, waste collecting services, cleaning and security shall be paid by the Operator as long as this Contract is in full force and effect.

SIXTH: The Operator agrees to guarantee and save the Owner free and harmless from any and all complaints, judgments, claims, damages, losses, costs and any and all other expenses which shall or may arise by reason of damage, injury or harm to property or to one or more persons within or in the surroundings of the Residential Unit which may be caused by the Operator in carrying out the provisions of this Contract. The Operator shall, as a charge to his account, purchase one or more insurance policies from insurance companies authorized to operate in the Dominican Republic to cover the abovementioned risks with coverage against damage affecting more than one person in any one incident.

SEVENTH: The Operator shall also purchase an insurance policy or policies on all Residential Units covering them against fires, earthquakes or disasters due to natural causes.



PCYC 000058

CSOC.CBR.00004457

In proportions based on the points set forth in Paragraph THREE hereof, the Owner shall pay the cost for his Residential Unit of such policy or policies covering it against fires, earthquakes or disasters due to natural causes.

EIGHTH: The Owner reserves to himself the use of his Residential Unit for a period of nine (9) weeks during each calendar year, which period may be divided into several smaller periods, and he may occupy it either himself or have it occupied by such other person(s) as he shall designate as "Guest(s) of the Owner." The Owner shall, within such prior notification periods as are prescribed by the Rules and Regulations, as described in Paragraph TENTH below, inform the Operator in writing of the date(s) on which he elects to occupy his Residential Unit.

NINTH: The Owner shall not occupy his Residential Unit for more than four (4) weeks during the height of the tourism season in the Caribbean, that is to say, between December 16 and April 15 of each year. If the Operator is unable to accomodate the Owner during a period he elects, the Operator shall provide the Owner with a comparable unit for that period.



PCYC 000059

CSOC.CBR.00004458

TENTH: The Operator shall, in accordance with sound practices of the hotel industry, promulgate such Rules and Regulations as he shall deem to be necessary to govern use of the Residential Units and Common Elements as well as the Special Units of the Project and prescribe the standards which users must observe, it being understood that the Owner shall be entitled to the same services and privileges provided guests of the Project and, upon payment of the established rates and prices, to enter upon and to use any and all of the Project's Common Elements and Special Units, such as swimming pools, tennis courts, shops, restaurant, beach club and similar facilities. Furthermore, such Rules and Regulations shall set forth the prior notification periods for occupying Residential Units which the Owner must give the Operator.

ELEVENTH: If the Owner wishes to occupy his Residential Unit during periods over and above the nine (9) weeks described in Paragraph EIGHTH herein, he may do so pursuant to the terms and be entitled to the discounts set forth in the Rules and Regulations.

TWELFTH: The Owner, as well as his guests, while using the Residential Unit, must, upon entering or leaving the Project, comply with any and all registration requirements, and pay for any goods or services the Operator provides during their stay that are not covered by this Contract.



PCYC 000060

CSOC.CBR.00004459

THIRTEENTH: The number of persons who may occupy the Residential Unit simultaneously shall be governed by the criteria set forth for such purpose in the Rules and Regulations.

FOURTEENTH: This Contract shall remain in full force and effect for ten (10) years from the date hereof and shall be renewed automatically for additional periods of three (3) years unless cancelled in writing by either party on one hundred and eighty (180) days notice before the end of each extended three (3) year period.

FIFTEENTH: The parties agree that any and all differences between them regarding the interpretation or application of this Contract shall be resolved in accordance with the laws of the Dominican Republic. The parties also agree that, prior to initiating any judicial action, they will submit any and all differences to three (3) arbitrators appointed, one by the Owner, another by the Operator and the third by both parties, whose decision shall be final and binding.

SIXTEENTH: In the absence of the Owner or a person granted a proxy for such purpose, the Operator, as the owner's representative, may attend meetings of the Punta Cana Yacht Club Condominium called for any purpose including the



election or ratification of the Operator's appointment to operate the Project and, if such be necessary, to vote in the Owner's name.

SEVENTEENTH: The Operator may assign the rights granted him under this Contract to another firm qualified to operate the Project. In such event, he shall guarantee that the obligations he assumed as Operator shall be fulfilled by the Assignee. In addition, the Assignee shall likewise agree to be bound by the terms of this Contract.

EIGHTEENTH: The Operator elects as his legal domicile the one stated in the preamble of this Contract and the Owner the Residential Unit acquired through his purchase and, if necessary, the office of the District Attorney of the Judicial District of Higuey.

Done and signed in good faith in two (2) original copies, of the same tenor and effectiveness, one to each party, in Santo Domingo, the National District, the Dominican Republic, on the day of the month of , in the year nineteen hundred and eighty- (198-).

THE OPERATOR

THE OWNER

EXHIBIT
Exhibit 069

PCYC 000062

CSOC.CBR.00004461

Explanatory Statement

The Punta Cana Yacht Club is a Condominium Hotel Project (the "Project") whose fully furnished Dwelling Units (villas, studios, apartments and suites) are owned by the persons who buy them. These persons also acquire a proportionate Common Interest in the Common Elements and Facilities of the Project, namely, the land (420,000 meters), swimming pools, tennis courts and the like.

The Project is sponsored by the Punta Cana Yacht Club Company (the "Sponsor") which is building the Project in two phases, the first of which becomes (became) operational on July 1, 1988. The second phase will be completed in 1989. The Sponsor has also built an administration building with shops and a restaurant, a Beach Club with dining facilities and an electrical plant. It owns and will operate these elements for the benefit of the Project.

The Project is being developed under a law of the Dominican Republic designed to encourage tourism. Pursuant thereto, the Project has been granted substantial tax benefits. In consideration thereof, the Owners of the Dwelling Units must agree to occupy them for not more than nine (9) weeks a year and to make them available to tourists for not less than forty-three (43) weeks a year.



To provide the Owners of the Dwelling Units and the guests of the Project with hotel services by the date of its opening, the Sponsor organized and entered into a ten year contract (subject to cancellation for cause) with a Dominican corporation known as the Punta Cana Operating Company (the "Operator"). The Operator, who has been financed by the Sponsor and staffed with qualified personnel, is solely responsible, under the Management Contract, for the management and operation of the Project and the marketing of the Dwelling Units to tourists.

In consideration of the obligations the Operator assumed under the Management Contract, the Operator will be compensated for his services by sharing the gross rentals of the Project with the Owners on the following terms: gross rentals from all Dwelling Units less commissions to travel agents (approximately twenty (20) percent), hotel occupancy taxes (six (6) percent) and service charges imposed by law (ten (10) percent) shall be placed in a pool out of which ten (10) percent (the "Reserve Fund") shall be set aside for maintenance, repair, renovation and replacement of the Dwelling Units and furnishings and equipment therein and the Common Elements and Facilities.

The Reserve Fund may be adjusted from time to time, if necessary, to attain the aims and purposes of the Project. But it is estimated that the Reserve Fund will be sufficient



to relieve the Owners of any individual charges in the absence of extraordinary circumstances. Consequently, in light of the tax benefits the Project has been granted, the Owners will be subject to no Dominican taxes on the income they receive from the Project and no property taxes on their Dwelling Units. The Owners will, in addition, receive full hotel service while occupying their Dwelling Units.

Of the amount remaining in the pool after the foregoing deductions, fifty-three (53) percent shall be paid to the Operator who will receive no other payments for his services and expenses while forty-seven (47) percent will be divided among the Owners in accordance with a point system described in the Condominium Documents and Management Contract signed concurrently with the Sales Contract.

Law No. 5038 of the Dominican Republic governs the organization and administration of the Condominium. It requires the Sponsor to issue a Declaration of Condominium (the "Declaration") creating an association of the Owners to conduct the affairs of the Condominium. The Sponsor issued the Declaration on . It provides that the association created pursuant thereto, a legal entity comparable under Dominican Law to a corporation, shall be known as the Punta Cana Yacht Club Condominium (the "Condominium"). Immediately upon buying a Dwelling Unit, the Owner becomes a member of the Condominium.



Included in the Declaration are the By-Laws of the Condominium and Rules and Regulations governing the use of the Dwelling Units and Common Elements and Facilities of the Project. The By-Laws of the Condominium provide that the Project shall be administered by a Board of Managers (the "Condominium Board") which shall be elected by the Owners of the Dwelling Units at an annual meeting or General Assembly of the Owners. Since the Sponsor, necessarily, entered into the contract with the Operator to manage and operate the Project before the Condominium Board was organized, provision has been made in the Management Contract for the Owner to affirm and adopt the contract in behalf of himself individually and as a member of the Condominium and to vote to have the Condominium adopt the Management Contract as soon as the Board of Managers is organized.



2722

P.O. BOX 1357 RICHMOND, VIRGINIA 23211
804/649-2311

Wheat First Securities

OFFICES IN VIRGINIA, NORTH CAROLINA, SOUTH CAROLINA, WEST VIRGINIA, MARYLAND, DELAWARE, WASHINGTON, D.C., NEW YORK, BOSTON, AND SAN FRANCISCO

DUPLICATE

YOUR ACCOUNT NO	18-73645 315
TYPE OF ACCOUNT	MARGIN
DATE BUY/SELL/TRADE	2

NICK JOE RAHALL II
307 BAIR BUILDING
BECKLEY WV 25801

YOU	QUANTITY	PRICE	PRINCIPAL	
SOLD	500 MARRIOTT CORPORATION	34.000	INTEREST	17,000.00
			COMMISSION	303.25
			STATE TAX	
			S.E.C. FEE	.57
			MAILING	
			CERT. FEES	
	BILLING DATE			
	01/19/87			
	TRADE DATE			
	01/19/87			
	SETTLEMENT DATE			
	01/27			

2723

98070232394

UNITED STATES HOUSE OF REPRESENTATIVES

HAND DELIVERED

Committee on Standards of Official Conduct

RECEIVED
OFFICE OF THE CLERK
1988 MAY 16 PM 2:29
HOUSE OF REPRESENTATIVES

ETHICS IN GOVERNMENT ACT—FINANCIAL DISCLOSURE STATEMENT FOR 1987

FORM A—For use by Members, officers, and employees

Charles Bernard Rangel
(Full Name)

2330 Rayburn House Office Bldg.
(Mailing Address)

Washington, D. C. 20515

MC (Office Use Only)

Check the appropriate box and fill in the blanks.

☒ Member of the U.S. House of Representatives—District 16 State New York

☐ Officer or Employee—Employing Office _____

☐ Check if amended Statement.

GENERAL INFORMATION

WHO MUST FILE AND WHEN:

- Each Member in office on May 15, 1988 must file a Financial Disclosure Statement on or before May 15, 1988.
- Any officer or employee of the Legislative Branch compensated at a rate equal to or in excess of the annual rate of basic pay in effect for grade GS-16, $83,135, as of January 1, 1987, for a period in excess of 60 days in calendar year 1987 shall file a Financial Disclosure Statement on or before May 15, 1988, if he or she continues to be such an officer or employee on May 15, 1988, and receives compensation equal to or in excess of the annual rate of basic pay in effect for grade GS-16, $84,297, as of May 15, 1988.
- Any employee of a Member who has been designated as a principal assistant for purposes of the Ethics in Government Act of 1978 and who performs the duties of his or her position for a period in excess of 60 days in calendar year 1987 shall file a Financial Disclosure Statement on or before May 15, 1988, if he or she continues to be such an employee on May 16, 1988.

WHERE TO OBTAIN ASSISTANCE: Committee on Standards of Official Conduct, U.S. House of Representatives, Room HT-2, Capitol Building, Washington, D.C. 20515. Telephone No. (202) 225-7103. Additional forms and instruction booklets may be obtained from the Committee office.

REPORTING INSTRUCTIONS

NOTE: Please read instructions carefully. Sign this form where indicated. Attach additional sheets if needed; identify each sheet by showing your name and the section being continued. For some categories of disclosure, a filer may attach a computer (or other) printout listing assets, and transactions, sales, etc. Such information may be obtained from financial investment (or other) organizations. In cases where such "print-outs" are used, the material should be attached with an appropriate notation in the response area provided. Complete all parts. (If NONE, so indicate.) Please type or print.

REPORTING PERIOD: The period covered by this Disclosure Statement is calendar year 1987 unless otherwise indicated. *Gifts or reimbursements received during any period in the calendar year when the reporting individual was not a Member or employee need not be disclosed.*

I. SPOUSE AND DEPENDENT DISCLOSURE EXEMPTION

In general, the reporting individual is required to include financial information concerning his or her spouse or dependent children. However, in RARE CIRCUMSTANCES, WHERE ONE OR MORE FINANCIAL INTERESTS of a spouse or dependent child meets the three standards listed below, such interest need not be disclosed. Non-disclosure MUST be indicated by checking the space marked "YES". If all spousal and dependent children's financial interests are disclosed, "NO" should be checked in the space marked.

STANDARDS FOR EXEMPTION

(1) (a) The item is the sole interest or responsibility of the spouse or dependent child, and the reporting individual has NO KNOWLEDGE of the item; and
(2) The item was not in any way, past or present, DERIVED FROM THE INCOME, ASSETS, OR ACTIVITIES of the reporting individual; and
(3) The reporting individual neither DERIVES, NOR EXPECTS TO DERIVE, any financial or economic benefit from the item.

NOTE: Only financial interests meeting the standards are exempted from disclosure, all other interests must be reported.

ARE YOU AWARE OF ANY INTERESTS IN PROPERTY OR LIABILITIES OF A SPOUSE OR DEPENDENT CHILD OR PROPERTY TRANSACTIONS BY A SPOUSE OR DEPENDENT CHILD WHICH YOU HAVE NOT REPORTED BECAUSE THEY MEET THE THREE STANDARDS FOR EXEMPTION?	YES _____ NO XX NA _____

For more information, see detailed Instruction Booklet at page 7.

EXHIBIT
Exhibit 071

CBR 001537

CSOC.CBR.00006178

0 8 0 7 0 ? 3 2 ; 9 5

II. INCOME

GENERAL GUIDELINES:

EARNED INCOME is represented by earnings from employment, or personal efforts; such income when it exceeds $100 from any one source must be disclosed at Part II-A, as to its SOURCE, TYPE, AND GROSS AMOUNT. In reporting honoraria, do not include amounts accepted for actual travel and subsistence expenses for yourself and your spouse, or aide, and amounts paid or incurred for any agent's fees or commissions; the DATE OF RECEIPT must be indicated. Earned income by Members is LIMITED to 30% of the Congressional salary they receive in a calendar year. THE 1987 LIMIT FOR MEMBERS IS $25,824.99 for incumbent Members and $23,676.49 for Members first taking office in January 1987. Earned income in excess of the limitation may be donated to any organization described in 26 U.S.C. 170(c). ANY honorarium, or other earned income, assigned to a charity (in whole or part) should be noted under "DISPOSITION". IF NONE, SO STATE.

EXCLUSIONS: Income from current U.S. Government employment need not be reported. Report the SOURCE, AND TYPE, but not the AMOUNT, of a spouse's earned income which exceeds $1,000. Income of a dependent child need not be reported.

For more information, see detailed Instruction Booklet at page 7.

A. SOURCE	TYPE	AMOUNT	DISPOSITION
Pfizer 1/11/87	honoraria	1,000.	
New York Life 1/18/87	"	2,000.	
The Tax Council 1/29/87	"	500.	
Assn of Private Pension & Welfare Plans Inc. 2/19/87	"	500.	

UNEARNED INCOME includes, but is not limited to, earnings derived from assets or investments such as interest, rents and dividends. Unearned income must be disclosed at Part II-B when it exceeds $100 in value from any source during calendar year 1987. The unearned income of a spouse or dependent child must also be reported under this part. Filer may use a computer printout or similar listing, if so desired. Only the category of value of such income need be disclosed. Category A—not more than $1,000; B—$1,001–$2,500; C—$2,501–$5,000; D—$5,001–$15,000; E—$15,001–$50,000; F—$50,001–$100,000; G—over $100,000.

B. SOURCE	TYPE	CATEGORY
New England Mutual Life	interest	A
The Bowery Savings Bank	"	A
Wright Patman Cong. Federal Credit Union	"	A

NOTE: For Parts III, IV, and V below, indicate Category of Value, as follows: Category A—not more than $5,000; B—$5,001–$15,000; C—$15,001–$50,000; D—$50,001–$100,000; E—$100,001–$250,000; F—over $250,000.

III. HOLDINGS

GENERAL GUIDELINES:

ASSETS: Stocks and bonds, real estate, savings accounts, and any other investment or property held for the production of income, during calendar year 1987, including business interests, that had a fair market value exceeding $1,000 as of the end of the year, must be reported by category of value. In listing the category of value of any item where it is difficult to determine an approximate fair market value, any recognized indication of value may be used provided that the method of valuation is included on the Disclosure Statement. (See Instruction Booklet at page 9 for methods of valuation.) **In listing securities, the name of each company in which stock worth over $1,000 is held must be listed separately. In reporting real property holdings, a brief description of the property (such as number of acres and indication of any improvements), and its location should be included. Filer may use a computer printout or similar listing, if so desired. IF NONE, SO STATE.**

TRUSTS: Except for assets held in a Qualified Blind Trust, described below, the holdings of and income derived from a trust or other financial arrangement in which a beneficial interest in principal or income is held by the reporting individual, his spouse, or any dependent children must be disclosed. (See, Exclusions)

EXCLUSIONS: Any deposits aggregating $5,000 or less in personal savings accounts as of the end of the year, and any personal liability owed to the reporting individual by a relative. A personal residence would not be reported UNLESS any part of the residence produces rental income. The cash value of a life insurance policy need not be reported. The reporting individual need only report the category of the amount of income received by him, his spouse, or dependents from: (1) a trust which was not created directly by such individual, his spouse, or any dependent, and with respect to which such individual, his spouse, and dependents have no knowledge of the holdings or sources of income of the trust; or (2) a "QUALIFIED BLIND TRUST," as defined in section 102(f)(3) of the Act. Such a trust must be approved by the COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT before it will be deemed a qualified blind trust under the Act. (Check the appropriate box below.)

DO YOU, YOUR SPOUSE OR DEPENDENT CHILD RECEIVE INCOME FROM OR HAVE A BENEFICIAL INTEREST IN A TRUST OR OTHER FINANCIAL ARRANGEMENT WHOSE HOLDINGS WERE NOT REPORTED BECAUSE THE TRUST IS A "QUALIFIED BLIND TRUST" OR OTHER EXCEPTED TRUST? YES ____ NO XX NA ____

For more information, see detailed Instruction Booklet at page 8.

IDENTITY	CATEGORY
74 West 132nd Street, New York, NY 10037 (a brownstone containing six apartments, one of which is my residence)	D

EXHIBIT
Exhibit 071

3 8 0 7 0 2 3 2 3 9 5

II. INCOME

nted by earnings from employment, or personal efforts; such income when it exceeds
ust be disclosed at Part II–A, as to its SOURCE, TYPE, AND GROSS AMOUNT.
ot include amounts accepted for actual travel and subsistence expenses for yourself
nd amounts paid or incurred for any agent's fees or commissions; the DATE OF
ed. Earned income by Members is LIMITED to 30% of the Congressional salary
year. THE 1987 LIMIT FOR MEMBERS IS $25,884.99 for incumbent Members
first taking office in January 1987. Earned income in excess of the limitation may
on described in 26 U.S.C. 170(c). ANY honorarium, or other earned income, assigned
art) should be noted under "DISPOSITION". IF NONE, SO STATE.

urrent U.S. Government employment need not be reported. Report the SOURCE,
MOUNT, of a spouse's earned income which exceeds $1,000. Income of a dependent

struction Booklet at page 7.

	TYPE	AMOUNT	DISPOSITION
	honoraria	1,000.	
/87	"	2,000.	
29/87	"	500.	
usion & Welfare Plans	"	500.	

s, but is not limited to, earnings derived from assets or investments such as interest,
ned income must be disclosed at Part II-B when it exceeds $100 in value from any
r 1987. The unearned income of a spouse or dependent child must also be reported
se a computer printout or similar listing, if so desired. Only the category of value
solected. Category A—not more than $1,000; B—$1,001–$2,500; C—$2,501–$5,000;
001–$50,000; F—$50,001–$100,000; G—over $100,000.

	TYPE	CATEGORY
Life	interest	A
Bank	"	A
Federal Credit Union	"	A

f below, indicate Category of Value, as follows: Category A—not more than $5,000;
001–$50,000; D—$50,001–$100,000; E—$100,001–$250,000; F—over $250,000.

III. HOLDINGS

al estate, savings accounts, and any other investment or property held for the
g calendar year 1987, including business interests, that had a fair market value
nd of the year, must be reported by category of value. In listing the category of
difficult to determine an approximate fair market value, any recognized indication
ided that the method of valuation is included on the Disclosure Statement. (See
9 for methods of valuation.) In listing securities, the name of each company
$1,000 is held must be listed separately. In reporting real property holdings,
property (such as number of acres and indication of any improvements), and
luded. Filer may use a computer printout or similar listing, if so desired.

d in a Qualified Blind Trust, described below, the holdings of and income derived
ial arrangement in which a beneficial interest in principal or income is held by the
ouse, or any dependent children must be disclosed. (See, Exclusions)

aggregating $5,000 or less in personal savings accounts as of the end of the year,
ved to the reporting individual by a relative. A personal residence would not be
t of the residence produces rental income. The cash value of a life insurance policy
porting individual need only report the category of the amount of income received
dents from: (1) a trust which was not created directly by such individual, his spouse,
respect to which such individual, his spouse, and dependents have no knowledge
income of the trust; or (2) a "QUALIFIED BLIND TRUST" as defined in section
rust must be approved by the COMMITTEE ON STANDARDS OF OFFICIAL
deemed a qualified blind trust under the Act. (Check the appropriate box below.)

PENDENT CHILD RECEIVE INCOME FROM OR HAVE A BENEFICIAL INTEREST IN A
ERANGEMENT WHOSE HOLDINGS WERE NOT REPORTED BECAUSE THE TRUST IS
OR OTHER EXCEPTED TRUST? YES ____ NO ____ NA ____

struction Booklet at page 8.

	CATEGORY
t, New York, NY 10037	D
ining six apartments, one of	
ncal)	

3 8 0 7 0 2 3 2 3 9 5

IV. TRANSACTIONS

GENERAL GUIDELINES:

A brief description, the date, and category of value of any PURCHASE, SALE, OR EXCHANGE during calendar year 1987, which exceeds $1,000 in real property, stocks, bonds, commodities futures, or other forms of securities. The amount to be reported in disclosing transactions in real property or securities is the category of value of the total purchase price or total sales price, and is NOT related to any CAPITAL GAIN or LOSS on the transaction. INDICATE WHETHER THE PROPERTY WAS PURCHASED, SOLD, OR EXCHANGED. IF NONE, SO STATE.

EXCLUSIONS: Any purchase or sale of a personal residence, and any transactions solely by and between the reporting individual, his spouse, or dependent children.

NOTE: A computer printout may be attached to this form if it contains the information requested.

For more information, see detailed Instruction Booklet at page 10.

BRIEF DESCRIPTION	DATE	CATEGORY
Punta Cana Yacht Club - purchase	5/15/87	E

V. LIABILITIES

GENERAL GUIDELINES:

All personal obligations aggregating over $10,000 owed to one creditor AT ANY TIME during 1987, whether secured or not, and regardless of the repayment terms or interest rates, MUST be listed. The identity of this liability should include the name of the individual or organization to which the liability is owed, and the amount disclosed should be the category of value of the largest amount owed during the calendar year. Any contingent liability, such as that of a guarantor or endorser, or the liabilities of a business in which the reporting individual has an interest need not be listed. IF NONE, SO STATE.

EXCLUSIONS: Any mortgage secured by the PERSONAL RESIDENCE of the reporting individual or spouse (including a second residence or vacation home) that is NOT held for the PRODUCTION OF INCOME; any loan secured by a PERSONAL MOTOR VEHICLE, or household furniture or appliances, provided such loan does not exceed the purchase price of the item; and any liability owed to a relative.

For more information, see detailed Instruction Booklet at page 10.

IDENTITY	CATEGORY
NONE	

VI. GIFTS

GENERAL GUIDELINES:

The term "gift" means a payment, advance, forbearance, rendering, or deposit of money, or any thing of value, unless consideration of equal or greater value is received by the donor. IF NONE, SO STATE.

EXCLUSIONS: Gifts from relatives, and gifts of personal hospitality of an individual, and political campaign contributions need not be reported. Gifts with a value of $35 or less need not be aggregated towards the $100 or $250 disclosure threshold.

HOUSE RULE XLIII, clause 4, prohibits acceptance of gifts aggregating $100 or more in value from any source having a "direct interest in legislation" before the Congress, or from a foreign national. Thus, this disclosure requirement applies primarily to gifts from personal friends, constituents, and other individuals or groups that do not have a "direct interest in legislation".

For more information, see detailed Instruction Booklet at page 11.

A. The source and a brief description of gifts of transportation, lodging, food, or entertainment aggregating $250 or more in value received from any source during calendar year 1987.

SOURCE	BRIEF DESCRIPTION
NONE	

B. The source, a brief description, and value of all other gifts aggregating $100 or more in value received from any source during calendar year 1987.

SOURCE	BRIEF DESCRIPTION	VALUE
NONE		

EXHIBIT
Exhibit 071
CBR 001539
CSOC.CBR.00006180

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VII. REIMBURSEMENTS

GENERAL GUIDELINES:

PART VII, includes items such as travel expenses provided in connection with a SPEAKING ENGAGEMENT or FACT-FINDING EVENT related to official duties, whether those expenses were REIMBURSED to the individual or PAID DIRECTLY by the sponsoring organization. Only a brief description of the itinerary and the nature of the expenses aggregating $250 or more in value received from any source during calendar year 1987, is required rather than exact dollar figures. **IF NONE, SO STATE.**

EXCLUSIONS: Travel-related expenses provided by federal, state, and local governments, or by a foreign government within a foreign country, and reimbursements paid from campaign funds, need not be reported.

For more information, see detailed Instruction Booklet at page 12.

The source and a brief description of reimbursements aggregating $250 or more in value received from any source during calendar year 1987.

SOURCE	BRIEF DESCRIPTION
NONE	

VIII. POSITIONS

GENERAL GUIDELINES:

The identity of all positions held on or before the date of filing during the current calendar year as an officer, director, trustee, partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise, any nonprofit organization, any labor organization, or any educational or other institution. **IF NONE, SO STATE.**

EXCLUSIONS: Positions held in any religious, social, fraternal, or political entities, and positions solely of an honorary nature.

For more information, see detailed Instruction Booklet at page 13.

POSITION	NAME OF ORGANIZATION
NONE	

IX. AGREEMENTS

GENERAL GUIDELINES:

A description of the date, parties to, and terms of any agreement or arrangement with respect to: future employment; leave of absence during period of government service; continuation of payments by a former employer other than the U.S. Government; and continuing participation in an employee welfare or benefit plan maintained by a former employer. **IF NONE, SO STATE.**

For more information, see detailed Instruction Booklet at page 13.

DATE	PARTIES TO.	TERMS OF AGREEMENT
NONE		

This Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended (2 U.S.C. 4701 et seq.). The Statements will be made available to any requesting person upon written application and will be reviewed by the Committee on Standards of Official Conduct. Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file this report may be subject to civil and criminal sanctions (see 2 U.S.C. 4705 and 18 U.S.C. §1001).

	Date
[signature]	May 13, 1988

WHERE TO FILE:

RETURN COMPLETED STATEMENT (WITH TWO COPIES) TO:

The Clerk, U.S. House of Representatives
Office of Records and Registration
1036 Longworth House Office Building
Washington, D.C. 20515

EXTENSIONS: The Committee on Standards of Official Conduct may grant reasonable extensions of time for filing any Disclosure Statement. An extension request must be in writing, and should state the reason the extension is necessary, and be directed to the Chairman of the Committee, Representative Julian C. Dixon.

U.S. GOVERNMENT PRINTING OFFICE: 1988 [illegible]

EXHIBIT
Exhibit 071

CBR 001540

CSOC.CBR.00006181

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VII. REIMBURSEMENTS

)ELINES:

ludes items such as travel expenses provided in connection with a SPEAKING ENGAGEMENT IG EVENT related to official duties, whether those expenses were REIMBURSED to the in- DIRECTLY by the sponsoring organization. Only a brief description of the itinerary and the nces aggregating $250 or more in value received from any source during calendar year 1987, than exact dollar figures. IF NONE, SO STATE.

ravel-related expenses provided by federal, state, and local governments, or by a foreign govern- foreign country, and reimbursements paid from campaign funds, need not be reported.

see detailed Instruction Booklet at page 12.

escription of reimbursements aggregating $250 or more in value received from any source during calendar year 1987.

BRIEF DESCRIPTION

VIII. POSITIONS

LINES:

l positions held on or before the date of filing during the current calendar year as an officer, tner, proprietor, representative, employee, or consultant of any corporation, firm, partner- e enterprise, any nonprofit organization, any labor organization, or any educational or other E, SO STATE.

tions held in any religious, social, fraternal, or political entities, and positions solely of an

detailed Instruction Booklet at page 12.

NAME OF ORGANIZATION

IX. AGREEMENTS

INES:

date, parties to, and terms of any agreement or arrangement with respect to: future employ- during period of government service; continuation of payments by a former employer other ent; and continuing participation in an employee welfare or benefit plan maintained by a ONE, SO STATE.

tailed Instruction Booklet at page 12.

PARTIES TO	TERMS OF AGREEMENT

Disclosure Statement is required by the Ethics in Government Act of 1978, U.S.C. §701 et seq.). The Statements will be made available to any requesting ritten application and will be reviewed by the Committee on Standards of ct. Any individual who knowingly and wilfully falsifies, or who knowingly ails to file this report may be subject to civil and criminal sanctions (see 2 4 18 U.S.C. §1001).

Date May 13, 1988

WHERE TO FILE:

RETURN COMPLETED STATEMENT
(WITH TWO COPIES) TO:

The Clerk, U.S. House of Representatives
Office of Records and Registration
1036 Longworth House Office Building
Washington, D.C. 20515

nittee on Standards of Official Conduct may grant reasonable extensions of time for itement. An extension request must be in writing, and should state the reason the ex- d be directed to the Chairman of the Committee, Representative Julian C. Dixon.

U.S. GOVERNMENT PRINTING OFFICE: 1987 [illegible]

2727

3 8 0 7 0 2 3 2 3 9 8

Page 2 of 2

ETHICS IN GOVERNMENT ACT—FINANCIAL DISCLOSURE STATEMENT

Charles Bernard Rangel
(Name)

Continuation Sheet

Part	Source, Type, Amount, Category, Description or Value. (As Applicable)		
II.A.	Washington Non-Profit Tax Conference 3/6/87	honoraria	2,000.
	Coalition for Publicly Traded Limited Partnerships 3/19/87	"	1,500.
	Council of State Housing Agencies 3/24/87	"	1,000.
	New York University 4/6/87	"	1,000.
	The Fertilizer Institute 4/29/87	"	1,000.
	Distilled Spirits Council of US 5/6/87	"	2,000.
	Applied Education Associates, LTD. 5/19/87	"	2,000.
	Alliance for Capital Access 6/2/87	"	1,000.
	Nat'l Assn of Black Accountants 6/20/87	"	2,000.
	Securities Industry Assn 6/30/87	"	2,000.
	The Tobacco Institute 7/8/87	"	1,000.
	RJReynolds Industries, Inc. 7/15/87	"	2,000.
	Nat'l Assn of Beverage Importers 7/20/87	"	1,000.
	E.Bruce Harrison Co.-Seminar 7/29/87	"	2,000.
	American Society of Assn Executives 8/26/87	"	2,000.-charity
	Missouri Legislative Black Caucus 8/29/87	"	2,000.-charity
	Int'l Council of Shopping Centers 9/16/87	"	2,000.-charity
	PepsiCo 9/22/87	"	2,000.-charity
	Republic National Bank 9/29/87	"	2,000.-charity
	Morgan Stanley 10/26/87	"	2,000.-charity
	Lester L. Wolff Consulting Co. (spouse)		

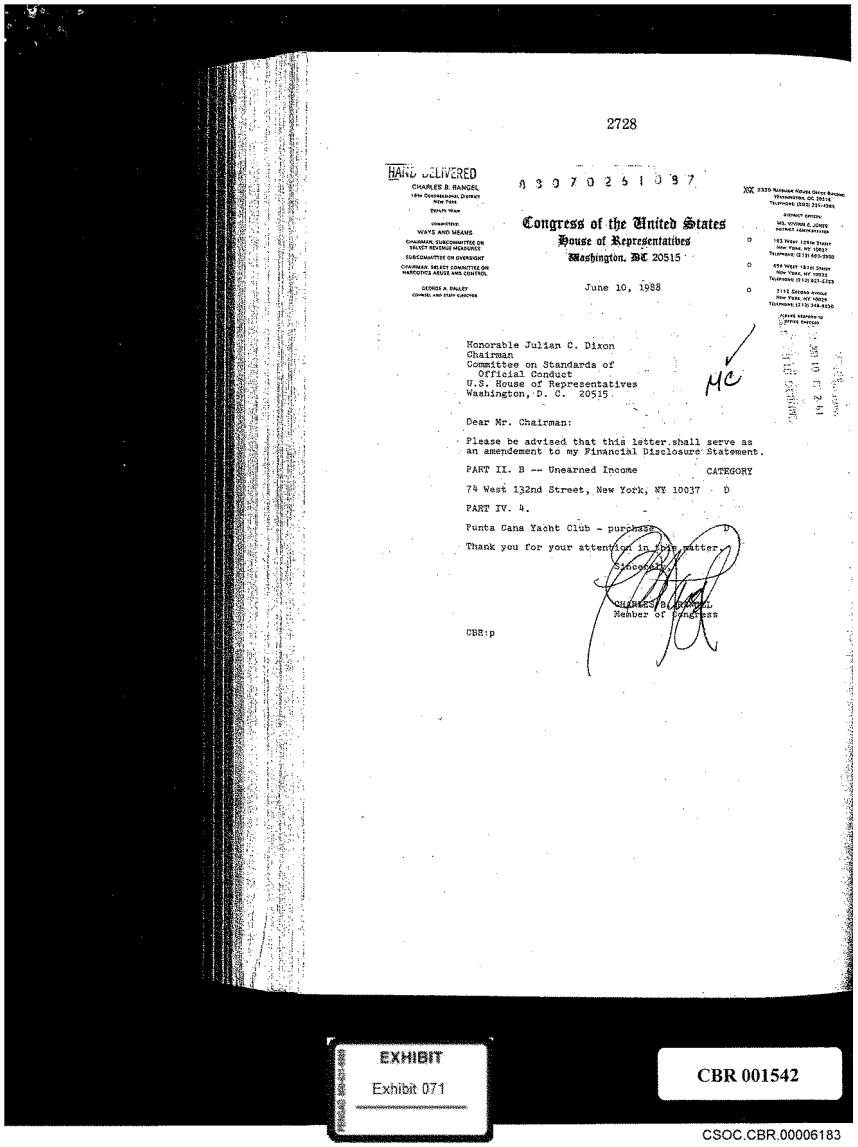
GPO: 1987 [illegible]

86-611 - 88 - 27

EXHIBIT
Exhibit 071

CBR 001541

CSOC.CBR.00006182



2728

HAND DELIVERED

CHARLES B. RANGEL
18TH CONGRESSIONAL DISTRICT
NEW YORK
DEPUTY WHIP
COMMITTEE:
WAYS AND MEANS
CHAIRMAN, SUBCOMMITTEE ON SELECT REVENUE MEASURES
SUBCOMMITTEE ON OVERSIGHT
CHAIRMAN, SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL
GEORGE A. BAILEY
COUNSEL AND STAFF DIRECTOR

0 3 0 7 0 2 6 1 0 9 7

Congress of the United States
House of Representatives
Washington, DC 20515

XX 2330 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
TELEPHONE: (202) 225-4365

DISTRICT OFFICES:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900

659 WEST 181ST STREET
NEW YORK, NY 10033
TELEPHONE: (212) 923-2323

2112 SEDGWICK AVENUE
NEW YORK, NY 10025
TELEPHONE: (212) 348-8330

PLEASE RESPOND TO
OFFICE CHECKED

June 10, 1988

Honorable Julian C. Dixon
Chairman
Committee on Standards of
Official Conduct
U.S. House of Representatives
Washington, D. C. 20515

MC

Dear Mr. Chairman:

Please be advised that this letter shall serve as an amendement to my Financial Disclosure Statement.

PART II. B -- Unearned Income CATEGORY

74 West 132nd Street, New York, NY 10037 D

PART IV. 4.

Punta Cana Yacht Club - purchase D

Thank you for your attention in this matter.

Sincerely,

CHARLES B. RANGEL
Member of Congress

CBR:p

EXHIBIT
Exhibit 071

CBR 001542

CSOC.CBR.00006183

Punta Cana
yacht club

February 1rst., 1989

Mr. Charles B. Rangel
House of Representatives
Washington , D.C. 20515

Dear Owner:

We are pleased to inform you that the Punta Cana Beach Resort (now the trade name of our Hotel) opened for business on December 15, 1989 and that your Residential Unit became available for occupancy, within the meaning of our Sales Contract, on January 1, 1989. You can begin now, in consequence, to use your unit for nine weeks during the calendar year in accordance with the provisions of the Condominium Management Contract. We look forward to the pleasure of serving you at our Hotel. Please advise us when you or your designated guests will be coming to visit us.

Pursuant to the Sales Contract, you are now obligated to commence, as of April 1, 1989, quarterly payment (amortization) with interest of the unpaid balance on your unit and, pursuant to the Management Contract, you are now entitled to receive payment of your proportionate share (based on the point system set forth in that Contract) of 47% of net rentals as defined therein. Such payments will be made semiannually commencing as of July 1, 1989. Your payment of principal and interest which is due on April 1, 1989 is set forth in the attached financial statement.

We cannot, obviously, predict what your share of net rentals will be in 1989. It will, of course, be less than in future years. But based on the assumptions of occupancy listed below, it is our belief (not commitment) that you will at least receive for each point you own the following amounts for the year 1989:

1- US$3,800 if the occupancy averages 45% in 1989;
2- US$4,650 if the average is 55%; and
3- US$5,500 if it is 65%.

Hoping to see you soon, I am,

Sincerely yours,

Fernando Fariña
Controller

FF/jss

Enclosure

CBR 000561

EXHIBIT
Exhibit 072

Punta Cana yacht club

NAME: Mr. Charles Rangel and Mrs. Alma Rangel

UNIT: Beach Villa No.3

FINANCIAL STATEMENT

- Selling Price of your Unit: US$82,750.00
- Advance Received as of today: 28,962.50
- Remaining Balance: US$53,737.50

- Rate: 10.5%
- Time: Seven (7) years

Payment's days are as follows:

PAYMENT DATE	CAPITAL	INTEREST	TOTAL
March 15, 1989	US$ 1,921.00	US$ 816.78	US$ 2,737.78
June 15, 1989	1,921.00	816.78	2,737.78
September 15, 1989	1,921.00	816.78	2,737.78
December 15, 1989	1,921.00	816.78	2,737.78

We will appreciate if you send a wire transference to:

REPUBLIC NATIONAL BANK
150 S.E., 2nd. Avenue
Miami, Florida
ACCOUNT NUMBER: [redacted]

FAX NUMBER: (305) 358-[redacted]

AUTHORIZED BY:

Fernando Fariña
Controller

CBR 000562

EXHIBIT
Exhibit 072

February 22, 1989

FACTS ON THE PUNTA CANA YACHT CLUB PURCHASE
Statement by Cong. Charles B. Rangel

The Punta Cana Yacht Club is a condominium Hotel Project whose fully furnished dwelling units are owned by the persons who buy them. These persons also acquire a proportionate common interest in the common elements and facilities of the project, namely, the land, swimming pools, tennis courts and the like.

The project is sponsored by the Punta Cana Yacht Club Company, which is building the project in two phases, the first of which became operational on July 1, 1988. The second phase will be completed in 1989. My friend Ted Kheel is a principal shareholder in the Punta Cana Yacht Club Company.

In 1987 Ted Kheel approached my wife and me with an offer to invest in the Punta Cana Yacht Club development. Because of our friendship with Ted Kheel and high regard for his business acumen, we decided to invest in the project, which at the time had not been commenced. Accordingly, on March 16, 1987 we entered into contract for the purchase of a villa condominium unit in the development. The agreed purchase price of the unit was $82,750. We made a down payment of $28,962.50, funds I derived from cashing in a portion of my retirement account with the U.S. House of Representatives and refinancing of my Washington, D. C. home.

In my initial 1987 Financial Disclosure to the House, I failed to include the proceeds from my retirement account, which I used for the down payment on the condominium, and the mortgage, in the amount of $53,737.50, for 10.5 per cent for seven years for which I am liable



to the Republic National Bank of Miami, Florida, to complete the purchase of the condominium. I amended my Financial Disclosure to include these items as soon as the oversight was brought to my attention.



CHARLES B. RANGEL
16TH CONGRESSIONAL DISTRICT
NEW YORK
DEPUTY WHIP
COMMITTEES:
WAYS AND MEANS
CHAIRMAN, SUBCOMMITTEE ON SELECT REVENUE MEASURES
SUBCOMMITTEE ON OVERSIGHT
CHAIRMAN, SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL
GEORGE A. DALLEY
COUNSEL AND STAFF DIRECTOR

2252 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
TELEPHONE: (202) 225-4365
DISTRICT OFFICES:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR
163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900
601 WEST 181ST STREET
NEW YORK, NY 10033
TELEPHONE: (212) 927-8333
2110 FIRST AVENUE
NEW YORK, NY 10029
TELEPHONE: (212) 348-9830
PLEASE RESPOND TO
OFFICE CHECKED

Congress of the United States
House of Representatives
Washington, DC 20515

April 30, 1989

PERSONAL &
UNOFFICIAL

Mr. Fernando Farina
Punta Cana Yacht Club
Edificio Chase
5to Piso, Av. John F. Kennedy
esq. Av. Tiradentes
Apartado Postal 1083
Santo Domingo, Republica Dominicana

Dear Mr. Farina:

Enclosed please find a check in the amount of $2737.78 which represents the March payment on Beach Villa No. 3.

Please send to me the new contract that would include the addition of the third bedroom as well as the other improvements that were agreed upon. Thank you very much and I look forward to receiving that information.

Sincerely,

CHARLES B. RANGEL
Member of Congress

Enclosure
CBR/bs

cc: Frank R. Rainieri
Ted Kheel

EXHIBIT
Exhibit 074

PCYC 000093

CSOC.CBR.00004494

MEMORANDUM--June 20 1990

TO: Frank Rainieri
FR: Cong. Charles B. Rangel
RE: Punta Cana Corporation

I would appreciate your forwarding to me as soon as possible a copy of my updated contract with the Punta Cana Corporation. My accountants need to know the status of the contract. Thank you

In the event you have any questions or need additional information please contact Ms. Patricia Bradley at 202 225 [redacted] or you may FAX your message to 202 225 [redacted]

cc: Mr. Theodore Kheel

EXHIBIT
Exhibit 075

PCYC 000017

CSOC.CBR.00004416

CHARLES B. RANGEL
16TH CONGRESSIONAL DISTRICT
NEW YORK
DEPUTY WHIP
COMMITTEES:
WAYS AND MEANS
CHAIRMAN, SUBCOMMITTEE ON SELECT REVENUE MEASURES
SUBCOMMITTEE ON OVERSIGHT
CHAIRMAN, SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL

Congress of the United States
House of Representatives
Washington, DC 20515-3216

2252 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-3216
TELEPHONE: (202) 225-4365
DISTRICT OFFICES:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR
163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900
801 WEST 181ST STREET
NEW YORK, NY 10033
TELEPHONE: (212) 927-5333
2110 FIRST AVENUE
NEW YORK, NY 10029
TELEPHONE: (212) 348-3630
PLEASE RESPOND TO OFFICE CHECKED

January 28, 1993

Esta es el original de la carta que les envié.

Mr. Frank R. Rainieri
Punta Cana Yacht Club
Edificio Chase
5to Piso, Av. John F. Kennedy
esq. Av. Tiradentes
Apartado Postal 1083
Santo Domingo, Republica Dominicana

Dear Frank:

I really enjoyed seeing you and Ted Kheel last week.

I will be writing Brigadier General Rafael Guerrero Peralto of the Dominican National Police to set out the problems we are presently facing with drug dealers who find safe haven in the Dominican Republic.

Again, I hope you can provide me with a copy of the contract we have with Punta Cana which includes the third bedroom addition, what equity has accrued and if there is an outstanding balance. As I mentioned to you, the House Ethics Committee requires the disclosure by members of Congress of any assets and unearned income and while I enjoy a good relationship with the Committee's Chairman it certainly would be politically embarrassing if I were unable to provide an accurate accounting of my holdings.

EXHIBIT
Exhibit 076

PCYC 000022

CSOC.CBR.00004421

I look forward to hearing from you soon.

Sincerely,

CHARLES B. RANGEL
Member of Congress

CBR/pob

cc: Ted Kheel

P.S. I completely forgot that our friend General Rafael Guerrero Peralto became Chief of Police and, in fact, I sent him the enclosed letter when he was promoted.



[illegible] PUNTA CANA B. RESORT

Punta Cana
yacht club

TELECOPIER TRANSMITAL

THE FOLLOWING TRANSMITAL CONSIST OF 4 PAGES INCLUDING THIS COVER SHEET.

PLEASE DIRECT TO: Fax No. (202) 225-[redacted]

Honorable Charles Rangel
U.S. House of Representatives

COMMENTS/MESSAGES:

Please refer to the enclosed letter

THIS TRANSMITTAL/FACSIMILE IS BEING SENT BY: José Olivi

DATE SENT: Feb 9/93 TIME SENT: 4:00 PM

IF THERE ARE ANY PROBLEMS WITH THIS TRANSMISSION, PLEASE CALL TO (809) 541-[redacted] or 565-[redacted]. OUR TELECOPIER/FACSIMILE NUMBER IS (809) 541[redacted].

THANK YOU.

CBR 000850

EXHIBIT
Exhibit 077

CSOC.CBR.00004339

Punta Cana
yacht club

February 5, 1993

The Honorable
Mr. Charles Rangel
U.S. House of Representatives
2330 Rayburn Office Building
Washington, D.C. 20515

Dear Mr. Rangel:

As per your request, we are pleased to submit an up dated statement of your account with Punta Cana Yacht Club, S.A. as of January 31, 1993 (Refer to exhibit I) together with an estimated construction cost budget to add a third bedroom plus furnishing to your beach villa No. 412 (Refer to exhibit II).

Please note that as per instructions received from Mr. Frank R. Rainieri, all interests charges from your loan were eliminated and resulting balance due is not subject to interests computation.

Should you need further information, do not hesitate to contact us.

Sincerely,

José Oliva
Corporate Controller

JO/jss

EXHIBIT
Exhibit 077

CBR 000851

CSOC.CBR.00004340

Punta Cana yacht club

EXHIBIT I

STATEMENT OF ACCOUNT FOR
MR. CHARLES RANGEL
BEACH VILLA 412
AS OF JANUARY 31, 1993

Original selling price	US$	82,750.00
Less: Down payment - June'87		(28,962.50)
Sub-Total		53,787.50
Less other payments:		
Cash payment - March'89		(2,737.78)
Payment from Pool-June'90		(2,769.57)
" " " -Dec'90		(2,059.26)
" " " -June'91		(2,420.56)
" " " -Dec'91		(3,803.17)
" " " -June'92		(3,261.39)
Balance Due	US$	36,735.77 *

* Pool payment for December/92 is now under computation and review. When ready, will be applied to this balance.

EXHIBIT
Exhibit 077

CBR 000852

CSOC.CBR.00004341

EXHIBIT II

Punta Cana yacht club

ESTIMATED CONSTRUCTION COST BUDGET
TO ADD A THIRD BEDROOM PLUS FURNISHING
TO BEACH VILLA NO. 412

Construction of 40.0M^2 at $ 400.00	US$	16,000.00
Furnishing:		
2 Beds & 2 Night tables		800.00
Side table with drawers, mirror & Chair		450.00
20" Color TV with R/C 7 table		600.00
Air Conditioner		1,300.00
Curtains		400.00
Wall mirrors and pictures		200.00
2 nights lamps		100.00
Labor costs, decoration, transportation and other expenses		1,985.00
Total	US$	21,835.00

EXHIBIT
Exhibit 077

CBR 000853

CSOC.CBR.00004342

Punta Cana
BEACH RESORT

July 31, 1995

The Honorable
Mr Charles Rangel
Member of Congress
House of Representatives
Washington, DC 20515-3215

Dear Mr. Rangel:

As per your request of July 14, 1995, we are pleased to enclosed the financial status of your villa as of June 30, 1995. **Please refer to exhibit I.**

As to the third room to be added to your villa, back on February 5, 1993, we sent you a proposal budget for this new room plus the furnishing. At that time, the total cost was estimated in US$21,835.00 as shown in **exhibit II.** This work was not executed because we did not receive any instruction from you.

However, if you are still interested in building this third room, please add 10% to the above US$21,835.00 just to cover the cumulative effect of inflation computed from February 5, 1993 up to today.

Please let us know your instructions as soon as possible and keep in mind that construction process will take approximately two (2) months and would be executed at low season.

Sincerely,

Lic. José Oliva
Assistent to the President

CC: Mr. Frank R. Rainieri

Enclosures: as cited

EXHIBIT
Exhibit 078

CBR 000841

CSOC.CBR.00004330



EXHIBIT I

PUNTA CANA YACHT CLUB, S.A.

STATEMENT OF ACCOUNT

BEACH VILLA NO. 412

MR. CHARLES RANGEL

JUNE 30, 1995

ORIGINAL SALES PRICE		US$	82,750.00
CASH ADVANCE RECEIVED			(28,962.50)
AMOUNT TO BE FINANCED			53,787.50
LESS: PAYMENTS RECEIVED:			
R.I. NO. 070	31-05-89		(2,737.78)
POOL	30-06-90		(2,769.57)
POOL	31-12-90		(2,059.26)
POOL	30-06-91		(2,420.56)
POOL	31-12-91		(3,803.17)
POOL	30-06-92		(3,261.39)
POOL	31-12-92		(3,329.54)
POOL	30-06-93		(4,534.00)
POOL	31-12-93		(2,795.61)
POOL	30-06-94		(3,627.08)
POOL	31-12-94		(3,410.83)
NET BALANCE PENDING		US$	19,038.71 *

* PENDING TO APPLY POOL PAYMENT FOR PERIOD JANUARY - JUNE 30, 1995.

CBR 000842



EXHIBIT II



ESTIMATED CONSTRUCTION COST BUDGET
TO ADD A THIRD BEDROOM PLUS FURNISHING
TO BEACH VILLA NO. 412

Construction of 40.0M² at $ 400.00	US$	16,000.00
Furnishing:		
2 Beds & 2 Night tables		800.00
Side table with drawers, mirror & Chair		450.00
20" Color TV with R/C 7 table		600.00
Air Conditioner		1,300.00
Curtains		400.00
Wall mirrors and pictures		200.00
2 nights lamps		100.00
Labor costs, decoration, transportation and other expenses		1,985.00
Total	US$	21,835.00

CBR 000843





Punta Cana
yacht club

May 20, 1996

VIA FAX: 202/225

The Honorable
Charles Rangel B., M. C.
US House of Representative
2354 Rayburn HOB
Washington, DC 20515

REF. STATEMENT OF ACCOUNT BEACH VILLA 412

Dear Mr. Rangel:

Enclosed to this letter I am sending your Statement of Account from the Rental Pool for the period of July 1 - December 31, 1995 from your beach villa 412 (Enclosure No. 1). This statement shows a balance of RD$49,929.05 (US$3,885.53) which has been applied to your financing.

I am also enclonsing for your files a Statement for the financing of you beach villa (Enclosure No. 2) showing a pending balance of US$11,403.66.

In case you need further information please do not hesitate to call me at 800/972- or by fax at 809/547

Sincerely,

Ingrid M. Sabater

Ingrid M. Sabater de Bonetti
Co Owner Services

Enclosure

CBR 000838

Aven da A... ...aralso • Apartado Postal 1083
... 14/15 - 565-0011 • Santo Domingo, República Dominicana

EXHIBIT
Exhibit 079

ENCLOSJRE NO. 1

ESTADO DE CUENTA
RENTAL POOL
PERIODO JULIO 1 - DICIEMBRE 31, 1995

NOMBRE: CHARLES RANGEL
INMUEBLE: VILLA DE PLAYA Num. 412

Ingreso por Punto Pool de Propietarios y Arrendatarios al 31/12/95	17,983.34
Valor en Puntos del Inmueble	2.75
TOTAL INGRESO BRUTO	49,454.18
MENOS:	
Seguro por cobrar (RD$ 1,000.00 por Punto)	2,750.00
No ingresos por uso de Propiedad:	
TOTAL DESCUENTOS	2,750.00
MAS:	
Bonificacion por no uso de propiedad Julio-Diciembre/95	3,224.87
	3,224.87
TOTAL INGRESO NETO	49,929.05

AUTORIZADO POR: _____
Lic. Gregorio Abreu
Contralor Corporativo

PAGADO CON EL CHEQUE NO.: _____

FECHA: _____

RECIBO POR : _____

EXHIBIT
Exhibit 079

CBR 000839

CSOC.CBR.00004328

ENCLOSURE No. 2

PUNTA CANA YACHT CLUB, S. A.

Statement of Account

Charles Rangel

March 15, 1996

In US$ Dollars

Original Price:	US$82,750.00
Advance:	28,962.50
Balance for Financing	US$53,787.50

RI No. 070	31/05/89	US$ 2,737.78
Rental Pool	30/06/90	2,769.57
	31/12/90	2,059.26
	30/06/91	2,420.56
	31/12/91	3,803.17
	30/06/92	3,261.39
	31/12/92	3,329.54
	30/06/93	4,534.00
	31/12/93	2,795.61
	30/06/94	3,627.08
	31/12/94	3,410.83
	30/06/95	3,749.52
	31/12/95	3,885.53
	Pending Balance	US$11,403.66



CBR 000840

CSOC.CBR.00004329

Punta Cana yacht club

August 29, 1996

The Honorable
Charles Rangel B., M. C.
US House of Representarive
2354 Rayburn Hob
Washington, DC 20515

REF.: STATEMENT OF ACCOUNT BEACH VILLA 412

Dear Mr. Rangel:

Please find enclosed your Statement of Account as of June 30, 1996, for the CO Owner's Rental Pool that shows a total net income of US$3,294.95 (Enclosure 1). This balance has been applied to the financing you have with us.

I am also sending you a Statement of Account for the Financing you have with Punta Cana Yacht Club. The pending balance id US$8,108.71 (Enclosure 2).

If you need further assistance, please do not hesitate to contact me at 800/972-[illegible] or by fax at 809/547-[illegible].

Sincerely,

Ninoska Suárez de Córdova
Ninoska Suárez de Córdova
CO Owner Services

CBR 000698

Avenida Abraha[illegible] • Apartado Postal 1083
Telefax: (809) 541-2286 • Telex ITT (346) 0415 [illegible]5 - 565-0011 • Santo Domingo, República Dominicana

EXHIBIT
Exhibit 080

CSOC.CBR.00004187

Estado de Cuenta

Rental Pool

Periodo : Enero 1 - Junio 30, 1996 Anexo No. 1

Nombre : Charles Rangel
Inmueble : VILLA DE PLAYA II Número :412

Ingreso por Punto Pool de Propietarios y Arrendatarios al 30/06/96	16,777.48
Valor en Puntos del Inmueble	2.75
TOTAL INGRESO BRUTO	46,138.07
Más :	
Bonificacion por no uso	2,345.00
TOTAL INGRESOS	48,483.07
Menos :	
Seguro por Cobrar (RD$ 1,000.00 Por Punto)	2,750.00
No ingresos por uso de propiedad :	
Del 16/02/96 Al 18/02/96	1,385.29
Del 19/02/96 Al 23/02/96	2,067.69
TOTAL DESCUENTOS	6,142.98
VALOR NETO	42,340.09

AUTORIZADO POR : _____
Lic. Gregorio Abreu
Contralor Corporativo

PAGADO CON CHEQUE NO. : _____
FECHA : _____
RECIBIDO POR : _____

EXHIBIT
Exhibit 080

CBR 000699

CSOC.CBR.00004188

PUNTA CANA YACHT CLUB
ESTADO DE CUENTA
AL 15/06/96

Anexo 2

Original Price:		US$82,750.00
Advance:		28,962.50
Balance for Financing:		US$53,787.50

RI No. 070	31/05/89	2,737.78
Rental Pool	30/06/90	2,769.57
	31/12/90	2,059.26
	30/06/91	2,420.56
	31/12/91	3,803.17
	30/06/92	3,261.39
	31/12/92	3,329.54
	30/06/93	4,534.00
	31/12/93	2,795.61
	30/06/94	3,627.08
	31/12/94	3,410.83
	30/06/95	3,749.52
	31/12/95	3,885.53
	30/06/96	3,294.95
	Pending Balance	8,108.71

Charles Rangel
Villa de Playa 412

EXHIBIT
Exhibit 080

CBR 000700

CSOC.CBR.00004189

Punta Cana
yacht club

September 16th, 1997

VIA FAX: 202/225-0816

The Honorable
Charles Rangel
Congress of the United States
House of Representatives
Washington, DC 20515

Dear Mr. Rangel:

Enclosed to this letter is your Statement of Account corresponding to the Rental Pool for the period of January 1st through June 30th, 1997. This Rental Pool has been calculated with 3 points taking into account that a third bedroom has been constructed in your villa 412. The total amount of this statement is RD$52,484.44 (US$3,743.54).

With reference to the financing you have with Punta Cana Yacht Club, enclosed you will also find a Statement of Account showing the amount of money due of US$2,055.57. Please note that the Rental Pool's have been included in this statement as payments from you.

Mr. Rainieri informed me that in case you would like to sell your property the cost will be US$150 K or more, but if this is your decision please consider Mr. Rainieri as your first option.

If you have any questions, please do not hesitate to call me at 800/972[illegible] or by fax at 809/547[illegible]

Sincerely,

Ingrid Sabater

Ingrid M. Sabater de Bonetti
Executive Assistant

Apartado Postal 1063 • Telefax 809) 541-2286 • Telex (1) (346) 0416 TREISA • Tels. (809) 541-2714-15 • 565-1011 • Santo Domingo, República Dominicana

EXHIBIT
Exhibit 081

CBR 000830

CSOC.CBR.00004319

PUNTA CANA YACHT CLUB
STATEMENT OF ACCOUNT
RENTAL POOL
January 1 - June 30, 1997

Name: Charles Rangel
Unit No.: Beach Villa 412

Income per point from Rental Pool	
As of June 30, 1996	RD$18,255.17
Value in Points of the unit	3.00
TOTAL GROSS INCOME	RD$54,765.51
P L U S:	
Income for non-use of property	RD$ 1,768.89
L E S S:	
Income Receivable (RD$1,000 per point)	RD$ 3,000.00
No income received for use of Property:	
May 19th, 97 - May 21st, 97	508.82
May 22nd, 97 - May 26th, 97	541.14
TOTAL	RD$ 4,049.96
TOTAL NET INCOME	RD$ 52,484.44

Prepared by: Ingrid M. Sabater de Bonetti

EXHIBIT
Exhibit 081

CBR 000831

PUNTA CANA YACHT CLUB, S. A.
Statement of Account
Charles Rangel
September 15, 1997
In US$ Dollars

Original Price		82,750.00
First Payment		28,962.50
		53,787.50
Plus: Cost of third room		22,017.26
TOTAL TO BE FINANCED		75,804.76
Income for Rental Pool	May 31st, 89	2,737.78
	June 30th, 90	2,769.57
	Dec. 12th, 90	2,059.26
	June 30th, 91	2,420.56
	Dec. 31st, 91	3,803.17
	June 30th, 92	3,261.39
	Dec. 31st, 92	3,329.54
	June 30th, 93	4,534.00
	Dec. 31st, 93	2,795.61
	June 30th, 94	3,627.08
	Dec. 31st, 94	3,410.83
	June 30th, 95	3,749.52
	Dec. 31st, 95	3,885.53
	June 30th, 96	3,294.95
	Dec. 31st, 96	2,309.60
	June 30th, 97	3,743.54
AMOUNT DUE		24,072.83

EXHIBIT
Exhibit 081

CBR 000832

CSOC.CBR.00004321

CONSTRUCTION AND FURNISHING COSTS
RELATED TO THE ADDITION OF A THIRD ROOM
TO MR. CHARLES RANGEL BEACH VILLA

a) Construction Costs:

Ck. 3063 dated August 6,1996 paid to Constructora Eve, S.A.	RD$	100,000.00
Ck. 3186 dated Dec.18,1996 paid to Cosntructora Eve. S.A.		126,551.69
Total	RD$	226,551.69
Equivalent to	US$	16,182.26

b) Furnishing Costs:

Beds and night tables	US$	800.00
Side table with drawers, mirror & chair		450.00
20" Color TV & remote & table top		600.00
Air Conditioner		1,300.00
Curtains & Blinds		400.00
Wall mirrors and pictures		200.00
2 Night lamps		100.00
Labor costs, decoration, transportation & Misc. expenses		1,985.00
Total	US$	5,835.00
Grand Total	US$	22,017.26(*)

(*) Originally it was budgeted in US$ 21,835.00 as per oour letter dated July 31,1995.

EXHIBIT
Exhibit 081

CBR 000833

CSOC.CBR.00004322

April 1st, 1998

The Honorable
Charles Rangel
congress of the United States
House of Representatives
Washington, DC 20515

Dear Mr. Rangel:

Enclosed please find the Statement of Account of your beach villa corresponding to the Rental Pool for the period of July 1st to December 31, 199[redacted]. This statement shows a total net income of US$2,604.89 (Enclosure 1).

Enclosed you will also find a Statement of Account corresponding to the Financing you have with Grupo Punta Cana. The pending balance is US$21,467.94 (Enclosure 2). Please note that the Rental Pool's have been included in this statement as a payment from you.

If you need further assistance, please do not hesitate to contact me at 1 800/972-[redacted] of by fax at 809/547-[redacted].

Sincerely,

Ninóska Suárez de Córdova

EXHIBIT
Exhibit 082

CBR 000819

CSOC.CBR.00004308

Anexo 1

STATEMENT OF ACCOUNT
RENTAL POOL
July 1-December 31, 1997

Name: Charles Rangel
Unit No.: Villa de playa III No. 412

Income per point from rental pool	
As of December 31, 1997	RD$13,812.90
Value in points of the unit	RD$ 3.00
TOTAL GROSS INCOME	RD$ 41,438.70
PLUS:	
Income for non use of property	
Period July- December 1997	RD$ 1,214.83
TOTAL INCOME	RD$42,653.53
LESS :	
Insurence receivable (RD$ 1,000.00 per point)	RD$ 3,000.00
Discounts per use	RD$ 1,912.00
No incomes per use of property:	
From 08/28/97 to 08/31/97	RD$ 901.29
From 09/01/97 to 09/02/97	RD$ 319.71
TOTAL DISCOUNTS	RD$ 6,133.00
TOTAL NET INCOME	RD$36,520.53

Prepared by : Ninoska Suárez de Córdova

NOTE : The amount of RD$36,520.53at the exachange rate of RD$14.02:US$1.00 = US$2604.89



CBR 000820

PUNTA CANA YACHT CLUB, S.A.
Statement of Account
Charles Rangel
Marzo 15, 1998

Anexo 2

Original Price		82,750.00	
First Payment		28,962.50	
		53,787.50	
Plus: Cost of third room		22,017.26	
TOTAL TO BE FINANCED			75,804.76
Income for Rental Pool	May 31, 89	2,737.78	
	June 30, 90	2,769.57	
	Dec. 12, 90	2,059.26	
	June 30, 91	2,420.56	
	Dec. 31, 91	3,803.17	
	June 30, 92	3,261.39	
	Dec. 31, 92	3,329.54	
	June 30, 93	4,534.00	
	Dec. 31, 93	2,795.61	
	June 30, 94	3,627.08	
	Dec. 31, 94	3,410.83	
	June 30, 95	3,749.52	
	Dec. 31, 95	3,885.53	
	June 30, 96	3,294.95	
	Dec. 31, 96	2,309.60	
	June 30, 97	3,743.54	
	Dec. 31, 97	2,604.89	54,336.82
AMOUNT DUE			21,467.94

EXHIBIT
Exhibit 082

CBR 000821

CSOC.CBR.00004310

PUNTA CANA YATCH CLUB
Statement of Account
Rental Pool
January - June 98
US$

Name	CHARLES RANGEL
Unit no.:	412
Owner type	1
Value in Points of the unit	3

Total Rental pool Income Revenue per Point	1,390.87
Income per Point From Rental Pool of Owners	4,172.61
Plus	
Income for Non-use of property	107.71
Total Gross Income	4,280.32
Less:	
Insurance Receivable Per Point	213.98
Discount for use of property	
Total Discount	213.98
Total Invoice	4,066.34
Less: Taxes :	
Income Tax	1,016.58
Rental Pool Applied to Remodeling Costs	3,049.75
Total Discount	4,066.33
Payable to the owner US$	0.00

PUNTACANA YACHT CLUB, S.A. * República Dominicana

EXHIBIT
Exhibit 083

CBR 000858

CSOC.CBR.00004347

CBR 000859

CSOC.CBR.00004348

PUNTACANA
RESORT & CLUB

PUNTACANA YACHT CLUB

Summary by yearly calculation income per point from July 98 to Dec 98
(In US$)

	January	February	March	April	May	June	Total
Room Revenue	85,263.18	140,393.46	95,809.66	6 095.65	27,749.55	112,527.05	467,838.55
Less:	-	-	-	-	-	-	
Commission to Agencies	96.31	283.76	305.63	488.55	922.91	48.00	2,145.14
10% Mantenance Reserve	8,516.69	14,010.97	9,550.40	560.71	2,682.66	11,247.90	46,569.34
Sub- Total	8,613.00	14,294.73	9,856.04	1,049.24	3,605.58	11,295.91	48,714.48
47% Owners' Participation	36,025.59	59,266.40	40,398.20	2,371.81	11,347.67	47,578.64	196,988.31
Total Rental Pool Point	447	447	447	447	447	447	447
TOTAL REVENUE PER POINT	80.59	132.59	90.38	5.31	25.39	106.44	440.69

PUNTACANA YACHT CLUB, S.A. * República Dominicana *

EXHIBIT
Exhibit 083

PUNTA CANA YATCH CLUB
Statement of Account
Rental Pool
July - December 98
US$

Name	CHARLES RANGEL
Unit no.:	412
Owner type	1
Value in Points of the unit	3

Total Rental pool Income Revenue per Point	440.69
Income per Point From Rental Pool of Owners	1,322.08
Plus	
Income for Non-use of property	
Total Gross Income	1,322.08
Less:	
Insurance Receivable Per Point	211.44
Discount for use of property	
Total Discount	211.44
Total Invoice	1,110.64
Less: Taxes :	
Income Tax	277.66
Rental Pool Applied to Remodeling Costs	832.98
Total Discount	1,110.64
Payable to the owner US$	(0.00)

PUNTACANA YACHT CLUB S.A. República Dominicana

EXHIBIT
Exhibit 083

CBR 000860

CSOC.CBR.00004349

EXHIBIT
Exhibit 084

CBR 000861

CSOC.CBR.00004350

694

PUNTACANA
RESORT & CLUB

PUNTACANA YACHT CLUB
Summary by yearly calculation income per point from January '99 to June '99
(In US$)

	January	February	March	April	May	June	Total
Room Revenue	165,038.19	144,945.45	115,068.46	146,027.90	56,873.61	67,210.28	695,163.90
Less:	-	-	-	-	-	-	
Commission to Agencies	90.85	357.21	620.19	1,194.84	469.88	299.81	3,032.78
10% Mantenance Reserve	16,494.73	14,458.82	11,444.83	14,483.31	5,640.37	6,691.05	69,213.11
Sub- Total	16,585.59	14,816.03	12,065.02	15,678.14	6,110.25	6,990.86	72,245.89
47% Owners' Participation	69,772.72	61,160.83	48,411.62	61,264.39	23,858.78	28,303.13	292,771.46
Total Rental Pool Point	447	447	447	447	447	447	447
TOTAL REVENUE PER POINT	156.09	136.83	108.30	137.06	53.38	63.32	654.97

PUNTACANA YACHT CLUB, S.A.
República Dominicana

PUNTA CANA YATCH CLUB
Statement of Account
Rental Pool
January - June 99
US$

Name	CHARLES RANGEL
Unit no.:	412
Owner type	1
Value in Points of the unit	3

Total Rental pool Income Revenue per Point	654.97
Income per Point From Rental Pool of Owners	1,964.92
Plus	
Income for Non-use of property	142.45
Total Gross Income	2,107.37
Less:	
Insurance Receivable Per Point	189.28
Discount for use of property	
Total Discount	189.28
Total Invoice	1,918.10
Less: Taxes :	
Income Tax	461.19
Rental Pool Applied to Remodeling Costs	1,456.90
Total Discount	1,918.09
Payable to the owner US$	0.00

PUNTACANA YACHT CLUB, S.A. * Republica Dominicana

EXHIBIT
Exhibit 084

CBR 000862

CSOC.CBR.00004351

PUNTA CANA YATCH CLUB
Statement of Account
Rental Pool
July - December 99
US$

Name	CHARLES RANGEL
Unit no.:	412
Owner type	1
Value in Points of the unit	3

Total Rental pool Income Revenue per Point	484.17
Income per Point From Rental Pool of Owners	1,452.52
Plus	
Income for Non-use of property	46.72
Total Gross Income	1,499.24
Less:	
Insurance Receivable Per Point	189.27
Discount for use of property	
Total Discount	189.27
Total Invoice	1,309.96
Less: Taxes :	
Income Tax	327.49
Rental Pool Applied to Remodeling Costs	982.47
Total Discount	1,309.96
Payable to the owner US$	0.00

PUNTACANA YACHT CLUB
República Dominicana

EXHIBIT
Exhibit 084

CBR 000863

CSOC.CBR.00004352

EXHIBIT
Exhibit 084

CBR 000864

CSOC.CBR.00004353

PUNTACANA
RESORT & CLUB

PUNTACANA YACHT CLUB
Summary by yearly calculation income per point from July 99 to Dec 99
(In US$)

	January	February	March	April	May	June	Total
Room Revenue	86,861.18	147,873.93	56,230.88	56,830.56	62,550.98	106,305.23	516,652.75
Less:	-	-	-	-	-	-	
Commission to Agencies	527.11	2,276.84	909.28	790.33	93.19	415.33	5,012.08
10% Mantenance Reserve	8,633.41	14,559.71	5,532.16	5,604.02	6,245.78	10,588.99	51,164.07
Sub- Total	9,160.52	16,836.55	6,441.44	6,394.36	6,338.97	11,004.32	56,176.15
47% Owners' Participation	36,519.31	61,587.57	23,401.04	23,705.01	26,419.64	44,791.43	216,424.00
Total Rental Pool Point	447	447	447	447	447	447	447
TOTAL REVENUE PER POINT	81.70	137.78	52.35	53.03	59.10	100.20	484.17

PUNTACANA YACHT CLUB, S.A. * República Dominicana *

EXHIBIT
Exhibit 085

CBR 000865

CSOC.CBR.00004354

PUNTACANA
RESORT & CLUB

PUNTACANA YACHT CLUB
Summary by yearly calculation income per point from January '00 to June '00
(In US$)

	January	February	March	April	May	June	Total
Room Revenue	105,814.99	127,337.51	152,469.00	131,960.33	74,469.12	82,423.43	674,474.38
Less:	-	-	-	-	-	-	
Commission to Agencies	2,058.77	2,460.41	77.57	1,143.00	-	950.21	6,689.96
10% Mantenance Reserve	10,375.62	12,487.71	15,239.14	13,081.73	7,446.91	8,147.32	66,778.44
Sub- Total	12,434.39	14,948.12	15,316.71	14,224.73	7,446.91	9,097.53	73,468.40
47% Owners' Participation	43,888.88	52,823.01	64,461.57	55,335.73	31,500.44	34,463.17	282,472.81
Total Rental Pool Point	447	447	447	447	447	447	447
TOTAL REVENUE PER POINT	98.19	118.17	144.21	123.79	70.47	77.10	631.93

PUNTACANA YACHT CLUB
República Dominicana

PUNTA CANA YATCH CLUB
Statement of Account
Rental Pool
January - June 2000
US$

Name	CHARLES RANGEL
Unit no.:	412
Owner type	1
Value in Points of the unit	3

Total Rental pool Income Revenue per Point	631.93
Income per Point From Rental Pool of Owners	1,895.78
Plus	
Income for Non-use of property	41.52
Total Gross Income	1,937.30
Less:	
Insurance Receivable Per Point	186.92
Discount for use of property	
Total Discount	186.92
Total Invoice	1,750.38
Less: Taxes :	
Income Tax	437.60
Rental Pool Applied to Remodeling Costs	1,312.79
Total Discount	1,750.39
Payable to the owner US$	(0.00)





EXHIBIT
Exhibit 085

CBR 000867
CSOC.CBR.00004356

PUNTACANA
RESORT & CLUB

PUNTACANA YACHT CLUB
Summary by yearly calculation income per point from July 2000 to Dec 2000
(In US$)

	January	February	March	April	May	June	Total
Room Revenue	122,798.18	107,978.86	50,332.70	45,611.15	83,603.57	166,150.33	576,674.79
Less:	-	-	-	-	-	-	
Commission to Agencies	807.19	1,021.22	3,486.75	169.77	179.56	287.33	5,951.63
10% Mantenance Reserve	12,199.10	10,695.76	4,684.60	4,564.14	8,342.42	16,586.30	57,072.32
Sub- Total	13,006.29	11,716.99	8,171.34	4,733.91	8,521.78	16,873.63	63,023.95
47% Owners' Participation	51,602.19	45,243.08	19,815.84	19,306.30	35,288.44	70,160.05	241,415.90
Total Rental Pool Point	447	447	447	447	447	447	447
TOTAL REVENUE PER POINT	115.44	101.21	44.33	43.19	78.95	156.96	540.08

PUNTACANA YACHT CLUB
República Dominicana

PUNTA CANA YATCH CLUB
Statement of Account
Rental Pool
July - December 2000
US$

Name	CHARLES RANGEL
Unit no.:	412
Owner type	1
Value in Points of the unit	3

Total Rental pool Income Revenue per Point	540.08
Income per Point From Rental Pool of Owners	1,620.23
Plus	
Income for Non-use of property	34.43
Total Gross Income	1,654.67
Less:	
Insurance Receivable Per Point	199.73
Discount for use of property	
Total Discount	199.73
Total Invoice	1,454.93
Less: Taxes :	
Income Tax	405.06
Rental Pool Applied to Remodeling Costs	1,049.87
Total Discount	1,454.93
Payable to the owner US$	0.00

PUNTACANA YACHT CLUB, S.A. * República Dominicana *

EXHIBIT
Exhibit 085

CBR 000868

CSOC.CBR.00004357

02100021

Fax

To:	Charles Rangel	**From:**	Andry Calderon
Fax:	202 225	**Date:**	September 14, 2001
Phone		**Pages:**	2 (incluyendo esta)
Re:		**FAX**	809 541 549

☐ **Urgent** ☐ **For Review** ☐ **Please Comment** x **Please Reply** ☐ **Please Recycle**

Dear Mr. Rangel:
Attachment you could find your statment for the Rental Pool for the period January, 2001 to June 30, 2001, Please send me your Acount number and address to send your check in dollars.

Adittional information do not hesitate to contact me to the phone number 809 541 Ext.

sincerely,

Dear Ms Calderon
Please send income check
for Beach-Villa 412, Punta Cana
Yatch Club to:

Chase Bank
New York, NY 10037
acct: #
Charles & ALMA RANGEL

Check me

BCC ALMA —

EXHIBIT
Exhibit 086

CBR 002838

CSOC.CBR.00003140



PUNTA CANA RESORT

exchange rate: $16.6 RD to $1 U.S.
thus the amount due to you in U.S. dollars is $1,404.91

PUNTA CANA YATCH CLUB
Statement
From January 01, 2001 to June 30, 2001

Propietario:		*Charles Rangel*
Income per Point		*RD$34,890.33*
Bonus per no use		*RD$ 715.71*
Total income		**RD$35,606.04**
Insurance	*(RD$ 3,000.00)*	
Taxes	*(RD$ 8,722.58)*	
Total Discount	**(RD$11,722.58)**	
Net Income in RD$		***RD$23,883.46***

CBR 002839

EXHIBIT
Exhibit 086

CSOC.CBR.00003141

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK
DEPUTY WHIP
COMMITTEE:
WAYS AND MEANS
RANKING MEMBER
SUBCOMMITTEE ON TRADE
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–3215
TELEPHONE: (202) 225–4365
DISTRICT OFFICES:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR
163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–3900
2110 FIRST AVENUE
NEW YORK, NY 10029
TELEPHONE: (212) 348–9630
PLEASE RESPOND TO
OFFICE CHECKED

October 11, 2001

PERSONAL & UNOFFICIAL

Ms. Andry Calderon
Punta Cana Yacht Club
Ave. Abraham Lincoln No. 960
Ensanche Paraiso
Santo Domingo, Dominican Republic

Dear Ms. Calderon:

Please send the income check for Beach Villa 412, Punta Cana Yacht Club to the account of

Charles & Alma Rangel
Chase Bank
2218 Fifth Avenue
New York, NY 10037
Acct. [redacted]

Thank you. If you have any questions, please contact me at 202 225 [redacted]

Sincerely,

CHARLES B. RANGEL
Member of Congress

CBR:bs

EXHIBIT
Exhibit 087

CBR 002836

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK
DEPUTY WHIP
COMMITTEE:
WAYS AND MEANS
RANKING MEMBER
SUBCOMMITTEE ON TRADE
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–3215
TELEPHONE: (202) 225-4365

DISTRICT OFFICES:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900

2110 FIRST AVENUE
NEW YORK, NY 10029
TELEPHONE: (212) 348-9630

PLEASE RESPOND TO
OFFICE CHECKED

Telephone: (202) 225-
Fax: (202) 225-

FAX TRANSMITTAL

FROM THE HON. CHARLES B. RANGEL

DATE: 10-12-01

TO: Andry Calderon

FROM: Cong. Rangel

NUMBER OF PAGES (excluding cover sheet: 1

SUBJECT/MESSAGE:

CBR 002837

EXHIBIT
Exhibit 087

PUNTA CANA YATCH CLUB
Statement of Account
Rental Pool
January - June 01
US$

Name	CHARLES RANGEL
Unit no.:	412
Owner type	1
Value in Points of the unit	3

Total Rental pool Income Revenue per Point	698.09
Income per Point From Rental Pool of Owners	2,094.26
Plus	
Income for Non-use of property	42.96
Total Gross Income	2,137.22
Less:	
Insurance Receivable Per Point	180.07
Discount for use of property	
Total Discount	180.07
Total Invoice	1,957.15
Less: Taxes :	
Income Tax	523.56
Rental Pool Applied to Remodeling Costs	
Total Discount	523.56
Payable to the owner US$	1,433.58

PUNTACANA YACHT CLUB, S.A. República Dominicana

EXHIBIT
Exhibit 088

CBR 000869

CSOC.CBR.00004358

EXHIBIT
Exhibit 088

CBR 000870

CSOC.CBR.00004359

1007

PUNTACANA
RESORT & CLUB

PUNTACANA YACHT CLUB
Summary by yearly calculation income per point from January '01 to June '01
(In RD$)

	January	February	March	April	May	June	Total
Room Revenue	139,394.35	190,995.59	182,962.36	127,177.26	57,707.03	53,942.72	752,179.31
Less:	-	-	-	-	-	-	
Commission to Agencies	1,058.93	6.72	128.22	7,002.51	4,595.50	1,689.70	14,481.60
10% Mantenance Reserve	13,833.54	19,098.89	18,283.41	12,017.47	5,311.15	5,225.30	73,769.77
Sub- Total	14,892.47	19,105.61	18,411.64	19,019.99	9,906.66	6,915.01	88,251.37
47% Owners' Participation	58,515.89	80,788.29	77,338.84	50,833.92	22,466.18	22,103.02	312,046.13
Total Rental Pool Point	447	447	447	447	447	447	447
TOTAL REVENUE PER POINT	130.91	180.73	173.02	113.72	50.26	49.45	698.09

EXPRESED

PUNTACANA YACHT CLUB, S.A.
Republica Dominicana

EXHIBIT
Exhibit 088

CBR 000871

CSOC.CBR.00004360

PUNTACANA
RESORT & CLUB

PUNTACANA YACHT CLUB
Summary by yearly calculation income per point from July '01 to Dec '01
(In US$)

	January	February	March	April	May	June	Total
Room Revenue	116,803.13	96,634.06	38,397.47	44,629.04	39,943.30	93,235.17	429,642.17
Less:	-	-	-	-	-	-	-
Commission to Agencies	4,551.79	7,277.38	3,565.89	301.20	1,945.63	157.91	17,799.80
10% Mantenance Reserve	11,225.13	8,935.67	3,483.16	4,432.78	3,799.77	9,307.73	41,184.24
Sub- Total	15,776.92	16,213.05	7,049.05	4,733.98	5,745.40	9,465.64	58,984.04
47% Owners' Participation	47,482.32	37,797.87	14,733.76	18,750.68	16,073.01	39,371.68	174,209.32
Total Rental Pool Point	447	447	447	447	447	447	447
TOTAL REVENUE PER POINT	106.22	84.56	32.96	41.95	35.96	88.08	389.73

PUNTACANA YACHT CLUB, S.A.
República Dominicana

PUNTA CANA YATCH CLUB
Statement of Account
Rental Pool
July - December 01
US$

Name	CHARLES RANGEL
Unit no.:	412
Owner type	1
Value in Points of the unit	3

Total Rental pool Income Revenue per Point	389.73
Income per Point From Rental Pool of Owners	1,169.18
Plus	
Income for Non-use of property	17.62
Total Gross Income	1,186.80
Less:	
Insurance Receivable Per Point	233.48
Discount for use of property	
Total Discount	233.48
Total Invoice	953.31
Less: Taxes :	
Income Tax	292.29
Rental Pool Applied to Remodeling Costs	
Total Discount	292.29
Payable to the owner US$	661.02

PUNTACANA YACHT CLUB, S.A. * República Dominicana

EXHIBIT
Exhibit 088

CBR 000872

CSOC.CBR.00004361

PUNTA CANA YACHT CLUB, S. A.

March 21th , 2002. RNR-2002-03-22

Mr. Angel Medina
UNION PLANTER BANK
14770 N. Kendall Drive
Miami, Florida 33196

REF.: **PUNTA CANA YACHT CLUB, S.A. A/C** [redacted]

Dear Mr. Medina:

Please wire transfer today US$661.02 (Six Hundred Sixty One Dollars and 02/100) from the above referenced account to:

Beneficiary Name	:	Charles Rangel
Beneficiary Account Number	:	[redacted]
Beneficiary Bank	:	Chase Bank 2218 Fifth Avenue New York, NY 10037
ABA	:	[redacted]

SPECIAL INSTRUCTIONS:
Deduct wire transfer costs from beneficiary amount.

Please proceed with wire transfer instructions sent by fax. Original letter will be mailed for your records. If you do not receive it within the next 15 days, please contact the undersigned.

Sincerely,

Frank R. Rainieri
President
FR/SS/fg

Note: Beneficiary Address
US House Representative
2354 Rayburn HOB
Washington, DC 20515
Tel. 202-225-[redacted]
Fax 202-225-[redacted]

DO NOT DUPLICATE
ORIGINAL INSTRUCTIONS
WERE SENT BY FAX.

EXHIBIT
Exhibit 089

PCYC 000131

CSOC.CBR.00004534

EXHIBIT

Exhibit 090

PUNTACANA
RESORT & CLUB

PUNTACANA YACHT CLUB
Summary by yearly calculation income per point from January '02 to June '02
(In US$)

	January	February	March	April	May	June	Total
Room Revenue	196,324.74	67,746.28	121,831.27	61,495.51	37,953.13	16,967.71	502,318.65
Less:	-	-	-	-	-	-	
Commission to Agencies	7,028.33	378.29	4,459.53	3,923.41	2,479.09	6,711.18	24,979.82
10% Mantenance Reserve	18,929.64	6,736.80	11,737.17	5,757.21	3,547.40	1,025.65	47,733.88
Sub- Total	25,957.97	7,115.09	16,196.70	9,680.62	6,026.49	7,736.83	72,713.70
47% Owners' Participation	80,072.38	28,496.66	49,648.25	24,353.00	15,005.52	4,338.51	201,914.32
Total Rental Pool Point	447	447	447	447	447	447	447
TOTAL REVENUE PER POINT	179.13	63.75	111.07	54.48	33.57	9.71	451.71

PUNTACANA YACHT CLUB, S.A. * República Dominicana *



CBR 000873

CSOC.CBR.00004362

PUNTA CANA YATCH CLUB
Statement of Account
Rental Pool
January - June 02
US$

Name	CHARLES RANGEL
Unit no.:	412
Owner type	1
Value in Points of the unit	3

Total Rental pool Income Revenue per Point	451.71
Income per Point From Rental Pool of Owners	1,355.12
Plus	
Income for Non-use of property	1.88
Total Gross Income	1,357.00
Less:	
Insurance Receivable Per Point	180.14
Discount for use of property	
Total Discount	180.14
Total Invoice	1,176.87
Less: Taxes :	
Income Tax	338.78
Rental Pool Applied to Remodeling Costs	838.08
Total Discount	1,176.86
Payable to the owner US$	0.00





CBR 000874

EXHIBIT
Exhibit 090

CBR 000875

CSOC.CBR.00004364

PUNTACANA
RESORT & CLUB

PUNTACANA YACHT CLUB
Summary by yearly calculation income per point from July '02 to Dec '02
(In US$)

	January	February	March	April	May	June	Total
Room Revenue	22,842.73	19,740.95	12,152.58	27,518.20	57,684.61	190,633.13	330,572.20
Less:	-	-	-	-	-	-	
Commission to Agencies	-	-	-	-	-	3,378.94	3,378.94
10% Mantenance Reserve	2,284.27	1,974.09	1,215.26	2,751.82	5,768.46	18,725.42	32,719.33
Sub- Total	2,284.27	1,974.09	1,215.26	2,751.82	5,768.46	22,104.36	36,098.26
47% Owners' Participation	9,662.47	8,350.42	5,140.54	11,640.20	24,400.59	79,208.53	138,402.75
Total Rental Pool Point	447	447	447	447	447	447	447
TOTAL REVENUE PER POINT	21.62	18.68	11.50	26.04	54.59	177.20	309.63

PUNTACANA YACHT CLUB, S.A.
República Dominicana

PUNTA CANA YATCH CLUB
Statement of Account
Rental Pool
July - December 02
US$

Name	CHARLES RANGEL
Unit no.:	412
Owner type	1
Value in Points of the unit	3

Total Rental pool Income Revenue per Point	309.63
Income per Point From Rental Pool of Owners	928.89
Plus	
Income for Non-use of property	1.05
Total Gross Income	929.93
Less:	
Insurance Receivable Per Point	170.84
Discount for use of property	1.14
Total Discount	171.98
Total Invoice	757.95
Less: Taxes :	
Income Tax	232.48
Rental Pool Applied to Remodeling Costs	525.47
Total Discount	757.95
Payable to the owner US$	-

PUNTACANA YACHT CLUB
Received

EXHIBIT
Exhibit 090

CBR 000876

CSOC.CBR.00004365



PUNTACANA
RESORT & CLUB

PUNTACANA YACHT CLUB
Summary by yearly calculation income per point from January '03 to June '03
(In US$)

	January	February	March	April	May	June	Total
Room Revenue	132,277.72	206,829.44	187,169.41	163,172.93	70,872.73	82,143.91	**842,466.13**
Less:							
Commission to Agencies	-	4,908.96	485.76	3,461.93	517.73	152.72	**9,527.09**
10% Mantenance Reserve	13,227.77	20,192.05	18,668.36	15,971.10	7,035.50	8,199.12	**83,293.90**
Sub- Total	**13,227.77**	**25,101.00**	**19,154.12**	**19,433.03**	**7,553.23**	**8,351.84**	**92,821.00**
47% Owners' Participation	**55,953.48**	**85,412.36**	**78,967.18**	**67,557.75**	**29,760.17**	**34,682.27**	**352,333.21**
Total Rental Pool Point	**445**	**445**	**445**	**445**	**445**	**445**	**445**
TOTAL REVENUE PER POINT	**125.81**	**192.05**	**177.55**	**151.90**	**66.91**	**77.98**	**792.21**

PCYC 000158

1015



CSOC.CBR.00004561

PUNTA CANA YATCH CLUB
Statement of Account
Rental Pool
January - June 03
US$

Name	**CHARLES RANGEL**
Unit no.:	**412**
Owner type	**1**
Value in Points of the unit	**3**

Total Rental pool Income Revenue per Point	**792.21**
Income per Point From Rental Pool of Owners	**2,376.62**
Plus	
Income for Non-use of property	**3.56**
Total Gross Income	**2,380.18**
Less:	
Insurance Receivable Per Point	**131.69**
Discount for use of property	**-**
Total Discount	**131.69**
Total Invoice	**2,248.49**
Less: Taxes :	
Income Tax	**595.05**
Rental Pool Applied to Remodeling Costs	**1,653.44**
Total Discount	**2,248.49**
Payable to the owner US$	**-**

PUNTACANA YACHT CLUB, S.A. * República Dominicana *

EXHIBIT
Exhibit 091

PCYC 000159

CSOC.CBR.00004562

EXHIBIT
Exhibit 091

PUNTACANA
RESORT & CLUB

PUNTACANA YACHT CLUB
Summary by yearly calculation income per point from July '03 to Dec '03
(In US$)

	January	February	March	April	May	June	Total
Room Revenue	133,119.33	214,314.20	69,786.50	65,914.93	143,017.10	204,323.35	**830,475.41**
Less:							
Commission to Agencies	-			780.00			**780.00**
10% Mantenance Reserve	13,311.93	21,431.42	6,978.65	6,513.49	14,301.71	20,432.34	**82,969.54**
Sub- Total	**13,311.93**	**21,431.42**	**6,978.65**	**7,293.49**	**14,301.71**	**20,432.34**	**83,749.54**
47% Owners' Participation	**56,309.48**	**90,654.91**	**29,519.69**	**27,552.08**	**60,496.23**	**86,428.78**	**350,961.16**
Total Rental Pool Point	**445**	**445**	**445**	**445**	**445**	**445**	**445**
TOTAL REVENUE PER POINT	**126.54**	**203.72**	**66.34**	**61.91**	**135.95**	**194.22**	**788.68**

PUNTACANA YACHT CLUB
República D. Dominicana

PCYC 000160

1017

CSOC.CBR.00004563

PUNTA CANA YATCH CLUB
Statement of Account
Rental Pool
July - December 03
US$

Name	**CHARLES RANGEL**
Unit no.:	**412**
Owner type	**1**
Value in Points of the unit	**3**

Total Rental pool Income Revenue per Point	**788.68**
Income per Point From Rental Pool of Owners	**2,366.03**
Plus	
Income for Non-use of property	**4.19**
Total Gross Income	**2,370.22**
Less:	
Insurance Receivable Per Point	**88.23**
Discount for use of property	**7.40**
Total Discount	**95.63**
Total Invoice	**2,274.59**
Less: Taxes :	
Income Tax	**592.56**
Rental Pool Applied to Remodeling Costs	**1,682.04**
Total Discount	**2,274.60**
Payable to the owner US$	**-**

PUNTACANA YACHT CLUB * República D...

EXHIBIT
Exhibit 091

PCYC 000161

CSOC.CBR.00004564

PUNTA CANA YACHT CLUB, S.A.

STATEMENT OF ACCOUNT (PART I) WITH HONORABLE MR. CHARLES RANGEL

BEACH VILLA 412

AS OF DECEMBER 31, 2003
(Expressed in US$ Dollars)

Account receivable as of December,1997		**13,385.46**
Less: Pool Payments apply to Balance		
		Due Balance
January-June 1998	3,049.75	10,335.71
July-December 1998	832.98	9,502.73
January-June 1999	1,456.90	8,045.83
July-December 1999	982.47	7,063.36
January-June 2000	1,312.79	5,750.57
July-December 2000	1,049.87	4,700.70
January-June 2001**		4,700.70
July-December 2001**		4,700.70
January-June 2002	838.08	3,862.62
July-December 2002	525.47	3,337.15
January-June 2003	1,653.44	1,683.71
July-December 2003	1,682.04	1.67
Adjustment	1.67	0.00

** These two pool payments amounting US$ 2,094.60 were wrongly wire transferred to Mr. Rangel.

The pool payments were applied after deducting the DR witholding tax. The witheld taxes amount was US$4,969.89 from January 1998 to December 2003



EXHIBIT
Exhibit 093

PUNTACANA
RESORT & CLUB

PUNTACANA YACHT CLUB
Summary by yearly calculation income per point from January '04 to June '04
(In US$)

	January	February	March	April	May	June	Total
Room Revenue	325,394.97	369,025.45	190,939.19	232,621.17	104,097.19	183,672.00	**1,405,749.97**
Less:							
Commission to Agencies	-	618.50	1,345.00	905.06	4,619.72	2,055.00	**9,543.28**
10% Mantenance Reserve	32,539.50	36,840.70	18,959.42	23,171.61	9,947.75	18,161.70	**139,620.67**
Sub- Total	**32,539.50**	**37,459.20**	**20,304.42**	**24,076.67**	**14,567.47**	**20,216.70**	**149,163.95**
47% Owners' Participation	**137,642.07**	**155,836.14**	**80,198.34**	**98,015.91**	**42,078.97**	**76,823.99**	**590,595.43**
Total Rental Pool Point	**445**	**445**	**445**	**445**	**445**	**445**	**445**
TOTAL REVENUE PER POINT	**309.31**	**350.19**	**180.22**	**220.26**	**94.56**	**172.64**	**1,327.18**

PUNTACANA YACHT CLUB, S.A. * República Dominicana *

CSOC.CBR.00004565

PCYC 000162

PUNTA CANA YATCH CLUB
Statement of Account
Rental Pool
January - June 04
US$

Name	**CHARLES RANGEL**
Unit no.:	**412**
Owner type	**1**
Value in Points of the unit	**3**

Total Rental pool Income Revenue per Point	**1,327.18**
Income per Point From Rental Pool of Owners	**3,981.54**
Plus	
Income for Non-use of property	**3.52**
Total Gross Income	**3,985.06**
Less:	
Insurance Receivable Per Point	**67.65**
Discount for use of property	**5.41**
Total Discount	**73.06**
Total Invoice	**3,912.00**
Less: Taxes :	
Income Tax	**996.26**
Rental Pool Applied to Remodeling Costs	**2,915.74**
Total Discount	**3,912.00**
Payable to the owner US$	**-**

PUNTACANA YACHT CLUB, S.A. * República Dominicana *

EXHIBIT
Exhibit 093

PCYC 000163

CSOC.CBR.00004566

EXHIBIT
Exhibit 093



PUNTACANA
RESORT & CLUB

PUNTACANA YACHT CLUB
Summary by yearly calculation income per point from July '04 to Dec '04
(In US$)

	January	February	March	April	May	June	Total
Room Revenue	111,119.14	127,808.17	44,399.66	-	-	143,181.91	**426,508.88**
Less:							
Commission to Agencies	283.87	350.00		-		224.00	**857.87**
10% Mantenance Reserve	11,083.53	12,745.82	4,439.97	-	-	14,295.79	**42,565.10**
Sub- Total	**11,367.40**	**13,095.82**	**4,439.97**	-	-	**14,519.79**	**43,422.97**
47% Owners' Participation	**46,883.32**	**53,914.81**	**18,781.06**	-	-	**60,471.20**	**180,050.38**
Total Rental Pool Point	**446**	**446**	**446**	**446**	**446**	**446**	**446**
TOTAL REVENUE PER POINT	**105.12**	**120.89**	**42.11**	-	-	**135.59**	**403.70**

PCYC 000164

PUNTACANA YACHT CLUB, S.A. * República Dominicana *

CSOC.CBR.00004567

PUNTA CANA YATCH CLUB
Statement of Account
Rental Pool
July - December 04
US$

Name	**CHARLES RANGEL**
Unit no.:	**412**
Owner type	**1**
Value in Points of the unit	**3**

Total Rental pool Income Revenue per Point	**403.70**
Income per Point From Rental Pool of Owners	**1,211.10**
Plus	
Income for Non-use of property	**0.70**
Total Gross Income	**1,211.80**
Less:	
Insurance Receivable Per Point	**93.75**
Discount for use of property	**-**
Total Discount	**93.75**
Total Invoice	**1,118.05**
Less: Taxes :	
Income Tax	**302.95**
Rental Pool Applied to Remodeling Costs	**815.10**
Total Discount	**1,118.05**
Payable to the owner US$	**-**

PUNTACANA YACHT CLUB, S.A. * República Dominicana *

EXHIBIT
Exhibit 093

PCYC 000165

CSOC.CBR.00004568

EXHIBIT
Exhibit 094

PUNTACANA
RESORT & CLUB

PUNTACANA YACHT CLUB
Summary by yearly calculation income per point from January '05 to June '05
(In US$)

	January	February	March	April	May	June	Total
Room Revenue	276,191.16	236,390.83	301,445.16	259,832.20	177,632.83	152,219.50	**1,403,711.68**
Less:							
Commission to Agencies	104.80	1,228.98	6,349.28	684.60			**8,367.66**
10% Mantenance Reserve	27,608.64	23,516.19	29,509.59	25,914.76	17,763.28	15,221.95	**139,534.40**
Sub- Total	**27,713.44**	**24,745.17**	**35,858.87**	**26,599.36**	**17,763.28**	**15,221.95**	**147,902.06**
47% Owners' Participation	**116,784.53**	**99,473.46**	**124,825.56**	**109,619.43**	**75,138.69**	**64,388.85**	**590,230.52**
Total Rental Pool Point	**446**	**446**	**446**	**446**	**446**	**446**	**446**
TOTAL REVENUE PER POINT	**261.85**	**223.03**	**279.88**	**245.78**	**168.47**	**144.37**	**1,323.39**

PUNTACANA YACHT CLUB, S.A. * República Dominicana *

PCYC 000166
1024
CSOC.CBR.00004569

PUNTA CANA YATCH CLUB
Statement of Account
Rental Pool
January - June 05
US$

Name	**CHARLES RANGEL**
Unit no.:	**412**
Owner type	**1**
Value in Points of the unit	**3**

Total Rental pool Income Revenue per Point	**1,323.39**
Income per Point From Rental Pool of Owners	**3,970.16**
Plus	
Income for Non-use of property	**5.21**
Total Gross Income	**3,975.37**
Less:	
Insurance Receivable Per Point	**103.32**
Discount for use of property	**3.78**
Total Discount	**107.10**
Total Invoice	**3,868.27**
Less: Taxes :	
Income Tax	**993.84**
Rental Pool Applied to Remodeling Costs	**2,874.43**
Total Discount	**3,868.27**
Payable to the owner US$	**-**

PUNTACANA YACHT CLUB, S.A. * República Dominicana *

EXHIBIT
Exhibit 094

PCYC 000167

CSOC.CBR.00004570



PUNTACANA
RESORT & CLUB

PUNTACANA YACHT CLUB
Summary by yearly calculation income per point from July '05 to Dec '05
(In US$)

	January	February	March	April	May	June	Total
Room Revenue	137,749.10	149,948.60	89,650.59	100,052.45	167,211.23	264,457.84	**909,069.81**
Less:							
Commission to Agencies	3,400.49	4,054.00	1,707.32	3,641.80	3,180.66	12,705.85	**28,690.12**
10% Mantenance Reserve	13,434.86	14,589.46	8,794.33	9,641.07	16,403.06	25,175.20	**88,037.97**
Sub- Total	**16,835.35**	**18,643.46**	**10,501.65**	**13,282.87**	**19,583.72**	**37,881.05**	**116,728.09**
47% Owners' Participation	**56,829.46**	**61,713.42**	**37,200.00**	**40,781.70**	**69,384.93**	**106,491.09**	**372,400.61**
Total Rental Pool Point	**446**	**446**	**446**	**446**	**446**	**446**	**446**
TOTAL REVENUE PER POINT	**127.42**	**138.37**	**83.41**	**91.44**	**155.57**	**238.77**	**834.98**

PCYC 000168

1026

PUNTACANA YACHT CLUB, S.A. * República Dominicana *

CSOC.CBR.00004571

PUNTA CANA YATCH CLUB
Statement of Account
Rental Pool
July - December 05
US$

Name	**CHARLES RANGEL**
Unit no.:	**412**
Owner type	**1**
Value in Points of the unit	**3**

Total Rental pool Income Revenue per Point	**834.98**
Income per Point From Rental Pool of Owners	**2,504.94**
Plus	
Income for Non-use of property	**3.39**
Total Gross Income	**2,508.33**
Less:	
Insurance Receivable Per Point	**90.90**
Discount for use of property	**5.11**
Total Discount	**96.01**
Total Invoice	**2,412.32**
Less: Taxes :	
Income Tax	**752.50**
Rental Pool Applied to Remodeling Costs	**1,659.82**
Total Discount	**2,412.32**
Payable to the owner US$	**-**

PUNTACANA YACHT CLUB * República Dominicana

EXHIBIT
Exhibit 094

PCYC 000169

CSOC.CBR.00004572

04033

CHASE

ORIGINAL
ADVICE OF CREDIT

The Chase Manhattan Bank
Funds Transfer
4 New York Plaza
New York, NY 10004

Date 01/11/06
Our Ref. (TRN) NO.
Please mention our Reference No. (TRN) in any correspondenc
Originator's Date 01/11/06
Related Ref. No.

WE CREDIT YOUR ACCOUNT NO
FOR PAYMENT INDICATED SAME DAY FUNDS

$1,433.58**

RECEIVED FROM

PUNTA CANA YACHT CLUB SA

MIAMI FL 33152-4121

ORDERING BANK
UNION PLANTERS NATIONAL BANK
MEMPHIS TN

CHARLES B RANGEL
ALMA E RANGEL
40 WEST 135 STREET APT 16P
NEW YORK NY 10037-2527

IMAD:1106 H4QZC22C 000621
OMAD:1106 B1QGC08R 002566

Authorized Signature

EXHIBIT
Exhibit 095

CBR 000825

CSOC.CBR.00004314

Theodore W. Kheel
Park Avenue Tower
75 East 55th Street
New York, NY 10022

September 19, 2006

Mrs. Alma Rangel
40 West 135th Street
Apt. 16P
New York, NY 10037

Re: Rangel Punta Cana Villa # 412

Dear Alma,

I am sorry I missed your call yesterday and I hope you and Charlie are doing well.

The original selling price for the Rangel Beach Villa # 412, in 1989, for which Charlie paid at that time, was $82,750.00. I am pleased to let you know that today the market price for similar villas at the resort is $200,000.00.

Attached please find the latest statement of account as of June 30, 2004. We have requested an updated statement and will send it to you as soon as it is received.

With best personal regards.

Sincerely,

Theodore W. Kheel

cc: Congressman Charles Rangel
Jose Oliva
Mrs. Suk-Yien Sang

Enclosures



PUNTA CANA YATCH CLUB
Statement of Account
Rental Pool
January - June 06
US$

Name	**CHARLES RANGEL**
Unit no.:	**412**
Owner type	**1**
Value in Points of the unit	**3**

Total Rental pool Income Revenue per Point	**1,781.99**
Income per Point From Rental Pool of Owners	**5,345.97**
Plus	
Income for Non-use of property	**12.03**
Total Gross Income	**5,358.00**
Less:	
Insurance Receivable Per Point	**90.90**
Discount for use of property	**13.81**
Total Discount	**104.71**
Total Invoice	**5,253.29**
Less: Taxes :	
Income Tax	**1,607.40**
Rental Pool Applied to Remodeling Costs	**3,645.89**
Total Discount	**5,253.29**
Payable to the owner US$	**-**

PUNTACANA YACHT CLUB, S.A. * República Dominicana *

EXHIBIT
Exhibit 097

PCYC 000170

CSOC.CBR.00004573

Resort & Club, Oficina Principal Associates, 1320 S. Dixie Highway Ste. 220 Coral Gables, FL 33146 Phone: 305 661 2009 Fax: 305 661 0313 www.puntacana.com

PUNTA CANA YATCH CLUB

Statement of Account

Renta Pool

Desde 01/07/06 hasta 31/12/06

US$

PUNTACANA
RESORT & CLUB

Name Charles Rangel
Unit no.: 412

Income per Point From Rental Pool		
As of June 30, 2003		3,294.08
Value in Points of the unit	3	
		3,294.08
Plus		
Income for Non-use of property		8.33
Total Gross Income		3,302.41
Less:		
Insurance Receivable US$ 29.41 Per Point		88.23
Discount for use of property		
Total Discount		88.23
Less: Taxes :		
I/R (Artículo 309, párrafo I, ley 1192)		957.70
Total Net Income		2,256.48

Lic. Enriquillo Abreu
Contralor General

EXHIBIT
Exhibit 097

PCYC 000138

CSOC.CBR.00004541

EXHIBIT
Exhibit 097

PUNTACANA
RESORT & CLUB

PUNTACANA YACHT CLUB
Summary by yearly calculation income per point from January '06 to June '06
(In US$)

	January	February	March	April	May	June	Total
Room Revenue	335,115.63	361,157.34	377,263.66	310,552.13	218,899.65	314,406.17	**1,917,394.58**
Less:							
Commission to Agencies	7,601.89	8,594.72	11,014.46	4,866.78	2,008.00	4,426.47	**38,512.32**
10% Mantenance Reserve	32,751.37	35,256.26	36,624.92	30,568.54	21,689.17	30,997.97	**187,888.23**
Sub- Total	**40,353.26**	**43,850.98**	**47,639.38**	**35,435.32**	**23,697.17**	**35,424.44**	**226,400.55**
47% Owners' Participation	**138,538.31**	**149,133.99**	**154,923.41**	**129,304.90**	**91,745.17**	**131,121.41**	**794,767.20**
Total Rental Pool Point	**446**	**446**	**446**	**446**	**446**	**446**	**446**
TOTAL REVENUE PER POINT	**310.62**	**334.38**	**347.36**	**289.92**	**205.71**	**293.99**	**1,781.99**

PCYC 000171

1032

PUNTACANA YACHT CLUB, S.A. * República Dominicana *

CSOC.CBR.00004574



PUNTACANA
RESORT & CLUB

PUNTACANA YACHT CLUB
Summary by yearly calculation income per point from July '06 to Dec '06
(In US$)

	January	February	March	April	May	June	Total
Room Revenue	207,035.35	187,461.73	99,473.63	111,254.01	225,708.77	353,582.12	**1,184,515.61**
Less:							
Commission to Agencies	9,426.50	6,685.43	1,073.86	2,440.88	17.63	7,140.41	**26,784.71**
10% Mantenance Reserve	19,760.89	18,077.63	9,839.98	10,881.31	22,569.11	34,644.17	**115,773.09**
Sub- Total	**29,187.38**	**24,763.06**	**10,913.84**	**13,322.19**	**22,586.74**	**41,784.58**	**142,557.80**
47% Owners' Participation	**83,588.54**	**76,468.38**	**41,623.10**	**46,027.95**	**95,467.35**	**146,544.84**	**489,720.17**
Total Rental Pool Point	**446**	**446**	**446**	**446**	**446**	**446**	**446**
TOTAL REVENUE PER POINT	**187.42**	**171.45**	**93.33**	**103.20**	**214.05**	**328.58**	**1,098.03**

PCYC 000172

1033

PUNTACANA YACHT CLUB, S.A. * República Dominicana *

CSOC.CBR.00004575

PUNTA CANA YATCH CLUB
Statement of Account
Rental Pool
July - December 06
US$

Name	**CHARLES RANGEL**
Unit no.:	**412**
Owner type	**1**
Value in Points of the unit	**3**

Total Rental pool Income Revenue per Point	**1,098.03**
Income per Point From Rental Pool of Owners	**3,294.08**
Plus	
Income for Non-use of property	**8.33**
Total Gross Income	**3,302.41**
Less:	
Insurance Receivable Per Point	**88.23**
Discount for use of property	
Total Discount	**88.23**
Total Invoice	**3,214.18**
Less: Taxes :	
Income Tax	**957.74**
Rental Pool Applied to Remodeling Costs	**2,256.44**
Total Discount	**3,214.18**
Payable to the owner US$	**-**

PUNTACANA YACHT CLUB, S.A. * República Dominicana *

EXHIBIT
Exhibit 097

PCYC 000173

CSOC.CBR.00004576

PUNTACANA
RESORT & CLUB

PUNTACANA YACHT CLUB
Summary by yearly calculation income per point from January '07 to June '07
(In US$)

	January	February	March	April	May	June	Total
Room Revenue	376,323.89	359,901.93	407,534.99	286,221.36	142,458.89	168,019.44	**1,740,460.50**
Less:							
Commission to Agencies	5,830.50	-	11,349.78	15,408.33	13,603.02	7,560.87	**53,752.50**
10% Mantenance Reserve	37,049.34	35,990.19	39,618.52	27,081.30	12,885.59	16,045.86	**168,670.80**
Sub- Total	**42,879.84**	**35,990.19**	**50,968.30**	**42,489.63**	**26,488.61**	**23,606.73**	**222,423.30**
47% Owners' Participation	**156,718.70**	**152,238.52**	**167,586.34**	**114,553.91**	**54,506.03**	**67,873.97**	**713,477.48**
Total Rental Pool Point	**446**	**446**	**446**	**446**	**446**	**446**	**446**
TOTAL REVENUE PER POINT	**351.39**	**341.34**	**375.75**	**256.85**	**122.21**	**152.18**	**1,599.73**

PCYC 000174

PENCAD 800-631-6989
EXHIBIT
Exhibit 098

PUNTACANA YACHT CLUB, S.A.
República Dominicana

1035

CSOC.CBR.00004577

PUNTA CANA YATCH CLUB
Statement of Account
Rental Pool
January - June 07
US$

Name	**CHARLES RANGEL**
Unit no.:	**412**
Owner type	**1**
Value in Points of the unit	**3**

Total Rental pool Income Revenue per Point	**1,599.73**
Income per Point From Rental Pool of Owners	**4,799.18**
Plus	
Income for Non-use of property	**15.74**
Total Gross Income	**4,814.92**
Less:	
Insurance Receivable Per Point	**92.32**
Discount for use of property	
Total Discount	**92.32**
Total Invoice	**4,722.60**
Less: Taxes :	
Income Tax	
Rental Pool Applied to Remodeling Costs	**4,722.60**
Total Discount	**4,722.60**
Payable to the owner US$	**-**

PUNTACANA YACHT CLUB, S.A. * República Dominicana *

EXHIBIT
Exhibit 098

PCYC 000175

CSOC.CBR.00004578

PUNTACANA
RESORT & CLUB

PUNTACANA YACHT CLUB
Summary by yearly calculation income per point from July '07 to Dec '07
(In US$)

	January	February	March	April	May	June	Total
Room Revenue	189,471.86	153,988.29	149,550.65	169,813.37	174,894.56	287,774.36	1,125,493.09
Less:							
Commission to Agencies	1,075.66	5,324.40	7,461.60	-	-	532.17	14,393.83
10% Mantenance Reserve	18,839.62	14,866.39	14,208.90	16,981.34	17,489.46	28,724.22	111,109.93
Sub- Total	19,915.28	20,190.79	21,670.50	16,981.34	17,489.46	29,256.39	125,503.76
47% Owners' Participation	79,691.59	62,884.83	60,103.67	71,831.06	73,980.40	121,503.45	469,994.99
Total Rental Pool Point	446	446	446	446	446	446	446
TOTAL REVENUE PER POINT	178.68	141.00	134.76	161.06	165.88	272.43	1,053.80

PCYC 000176

EXHIBIT
Exhibit 098

PUNTACANA YACHT CLUB, S.A.
República Dominicana

CSOC.CBR.00004579

PUNTA CANA YATCH CLUB
Statement of Account
Rental Pool
July - December 07
US$

Name	**CHARLES RANGEL**
Unit no.:	**412**
Owner type	**1**
Value in Points of the unit	**3**

Total Rental pool Income Revenue per Point	**1,053.80**
Income per Point From Rental Pool of Owners	**3,161.40**
Plus	
Income for Non-use of property	**3.81**
Total Gross Income	**3,165.21**
Less:	
Insurance Receivable Per Point	**88.23**
Discount for use of property	
Total Discount	**88.23**
Total Invoice	**3,076.98**
Less: Taxes :	
Income Tax	**769.24**
Rental Pool Applied to Remodeling Costs	**2,307.74**
Total Discount	**3,076.98**
Payable to the owner US$	**-**

PUNTACANA YACHT CLUB * República Dominicana

EXHIBIT
Exhibit 098

PCYC 000177

CSOC.CBR.00004580

Abraham Lincoln Av. 890 - Santo Domingo - Tels.: (809)541-2714 - Fax (809)541-2286 - Hotel (809)959-2263 - Fax (809)959-3951
E-mail: info@puntacana.com - www.puntacana.com

PUNTA CANA YATCH CLUB

Statement of Account

Renta Pool

Desde 01/01/07 hasta 30/06/07

US$

PUNTACANA
RESORT & CLUB

Name Charles Rangel
Unit no.: 412

Income per Point From Rental Pool		
As of June 30, 2003		4,799.18
Value in Points of the unit	3	
		4,799.18
Plus		
Income for Non-use of property		15.74
Total Gross Income		4,814.92
Less:		
Insurance Receivable US$ 30.77 Per Point		92.31
Discount for use of property		
Total Discount		92.31
Less: Taxes :		
I/R (Artículo 309, párrafo 1, ley 1192)		1,369.56
Total Net Income		3,353.05

GRUPO PUNTACANA
Yatch Club S A
CONTRALOR
Lic. Enriquillo Alvarez
FINANCIAL CONTROLLER

EXHIBIT
Exhibit 099

CBR 000798

CSOC.CBR.00004287

PUNTACANA
RESORT & CLUB

PUNTA CANA RESORT AND CLUB
ACCOUNT STATEMENT
LOAN FOR HOTEL UNIT RENOVATION
(In US$)
31-Aug-07

OWNER	**CHARLES RANGEL**
UNIT NO.	**412**
TOTAL LOAN	**22,337.77**
PENDIG BALANCE	**5,982.58**

Payment issued by PCRC for unit renovation loan — US$ **22,337.77**

Date	Capital	Interest	Total	Balance
30/06/04	-	1,165.32	1,165.32	1,165.32
	-	-	-	**1,165.32**

TOTAL PAYMENT TO DATE **23,503.09**

Values held for capital and interest payments on the loan for unit renovation

Rental Pool	RD$	Rate Exchange	Total US$	Balance
Jan - Jun/04	-	-	2,915.74	2,915.74
Jul - Dec/04	-	-	815.10	3,730.84
Jan - Jun/05	-	-	2,874.43	6,605.27
Jul - Dec/05	-	-	1,659.82	8,265.09
Jan - Jun/06	-	-	3,945.89	12,210.98
Jul - Dec/06	-	-	2,256.48	14,167.46
Jan - Jun/07	-	-	3,353.05	17,520.51

TOTAL HELD **(17,520.51)**

PENDING BALANCE OF CAPITAL LOAN AT 30/06/07 **5,982.58**

GRUPO PUNTACANA
Yacht Club, S.A.
Lic. Enriquillo Abreu
FINANCIAL CONTROLLER
CONTRALORIA

EXHIBIT
Exhibit 099

CBR 000799

CSOC.CBR.00004288

Abraham Lincoln No.960 - Santo Domingo - Tel.: (809)541-2214 - Fax (809)541-2286 - Hotel (809)959-2263 - Fax: (809)959-1931
E-mail: info@puntacana.com - www.puntacana.com

PUNTACANA
RESORT & CLUB

PUNTA CANA RESORT AND CLUB
ACCOUNT STATEMENT
LOAN FOR HOTEL UNIT RENOVATION
(In US$)
31-Aug-07

OWNER	**CHARLES RANGEL**
UNIT NO.	412
TOTAL LOAN	**22,337.77**
PENDIG BALANCE	**5,982.58**

Payment issued by PCRC for unit renovation loan — US$ **22,337.77**

Date	Capital	Interest	Total	Balance
30/06/04	-	1,165.32	1,165.32	1,165.32
				1,165.32

TOTAL PAYMENT TO DATE **23,503.09**

Values held for capital and interest payments on the loan for unit renovation

Rental Pool	RD$	Rate Exchange	Total US$	Balance
Jan - Jun/04	-	-	2,915.74	2,915.74
Jul - Dec/04	-	-	815.10	3,730.84
Jan - Jun/05	-	-	2,874.43	6,605.27
Jul - Dec/05	-	-	1,659.82	8,265.09
Jan - Jun/06	-		5,645.69	13,910.78
Jul - Dec/06	-	-	2,256.48	14,167.46
Jan - Jun/07	-	-	3,353.05	17,520.51

TOTAL HELD **(17,520.51)**

PENDING BALANCE OF CAPITAL LOAN AT 30/06/07 **5,982.58**

GRUPO PUNTACANA
Yacht Club, S.A.
CONTRALORIA

Lic. Enriquillo Abreu
FINANCIAL CONTROLLER

EXHIBIT
Exhibit 099

CBR 000800

CSOC.CBR.00004289

Abraham Lincoln No.980 , Santo Domingo - Tels.: (809)541-2714 - Fax (809)541-2226 - Hotel (809)959-2262 - Fax (809)959-2951
E-mail: info@puntacana.com - www.puntacana.com

PUNTA CANA YATCH CLUB

Statement of Account

Renta Pool

Desde 01/01/07 hasta 30/06/07

US$

PUNTACANA
RESORT & CLUB

Name Charles Rangel
Unit no.: 412

Income per Point From Rental Pool		
As of June 30; 2003		4,799.18
Value in Points of the unit	3	
		4,799.18
Plus		
Income for Non-use of property		15.74
Total Gross Income		4,814.92
Less:		
Insurance Receivable US$ 30.77 Per Point		92.31
Discount for use of property		
Total Discount		92.31
Less: Taxes :		
I/R (Articulo 309, párrafo I, ley 1192)		1,369.56
Total Net Income		3,353.05

GRUPO PUNTACANA
Yacht Club

Lic. Enrique Arroyo
FINANCIAL CONTROLLER

EXHIBIT
Exhibit 099

CBR 000801

CSOC.CBR.00004290

PUNTA CANA YATCH CLUB
Statement of Account
Rental Pool
January - June 08
US$

Name	**CHARLES RANGEL**
Unit no.:	**412**
Owner type	**1**
Value in Points of the unit	**3**

Total Rental pool Income Revenue per Point	**1,396.88**
Income per Point From Rental Pool of Owners	**4,190.65**
Plus	
Income for Non-use of property	**5.89**
Total Gross Income	**4,196.54**
Less:	
Insurance Receivable Per Point	**88.23**
Discount for use of property	**-**
Total Discount	**88.23**
Total Invoice	**4,108.31**
Less: Taxes :	
Income Tax	**1,027.08**
Rental Pool Applied to Remodeling Costs	**2,305.33**
Total Discount	**3,332.41**
Payable to the owner US$	**775.90**

PUNTACANA YACHT CLUB, S.A. * República Dominicana *

EXHIBIT
Exhibit 100

PCYC 000178

CSOC.CBR.00004581

PUNTACANA
RESORT & CLUB

PUNTACANA YACHT CLUB
Summary by Yearly calculation Income per point from January '08 to June '08
(In US$)

	January	February	March	April	May	June	Total
Room Revenue	352,160.17	344,293.02	322,788.19	227,841.98	133,446.83	127,509.86	**1,508,040.05**
Less:							
Commission to Agencies	4,182.73		354.83	19,160.59	1,506.66	10,000.00	**35,204.81**
10% Mantenance Reserve	34,797.74	34,429.30	32,243.34	20,868.14	13,194.02	11,750.99	**147,283.52**
Sub- Total	**38,980.47**	**34,429.30**	**32,598.17**	**40,028.73**	**14,700.68**	**21,750.99**	**182,488.33**
47% Owners' Participation	**147,194.46**	**145,635.95**	**136,389.31**	**88,272.23**	**55,810.69**	**49,706.67**	**623,009.31**
Total Rental Pool Point	**446**	**446**	**446**	**446**	**446**	**446**	**446**
TOTAL REVENUE PER POINT	**330.03**	**326.54**	**305.81**	**197.92**	**125.14**	**111.45**	**1,396.88**

PENGAD 800-631-6989
EXHIBIT
Exhibit 100

PUNTACANA YACHT CLUB, S.A.
República Dominicana

PCYC 000179

1044

CSOC.CBR.00004582

PUNTA CANA YACHT CLUB, S.A.

STATEMENT OF ACCOUNT WITH HONORABLE MR. CHARLES RANGEL

RENOVATION COST BEACH VILLA 412

AS OF JUNE 30, 2008
(Expressed in US$ Dollars)

Account receivable as of December 2003	**0.00**
Renovation Costs	**22,337.77**
Financing Interests	1,165.32
Sub-Total	**23,503.09**

Less: Pool Payments apply to Balance

		Due Balance
January-June 2004	2,915.74	20,587.35
July-December 2004	815.1	19,772.25
January-June 2005	2,874.43	16,897.82
July-December 2005	1,659.82	15,238.00
January-June 2006	3,645.89	11,592.11
July-December 2006	2,256.44	9,335.67
January-June 2007	4,722.60	4,613.07
July-December 2007	2,307.74	2,305.33
January-June 2008	3,081.23	(775.90)

Balance payable to Mr. Rangel **US$ 775.90**

The pool payments were apply after deducting the witholding tax. The witheld taxes amount to US$7,506.44 from January 2004 to June 2008



Milne, Emile

From: Dalley, George
Sent: Friday, August 29, 2008 2:22 PM
To: 'aabret[redacted]'
Cc: Milne, Emile; Garcia, Elbert; 'wendy.featherson@mail.house.gov.'; Grant, Cedric; Capel, Jim; Sherwood, Michelle; Biglow, Holly; Dalley, George
Subject: The nature of Charlie Rangel's ownership interest in Punta Cana
Importance: High

I am in need of your assistance in order to provide Congressman Charlie Rangel with information on the nature of his ownership interest in the Punta Cana Yatch Club. All of his property holdings are being examined by the news media following stories about his use of rent controlled apartments for a campaign office and residence. The Congressman is being asked to inform the press of his relationship with Punta Cana and the nature of the ownership interest he has in the villa he uses there. I don't feel comfortable with the information we presently have on his ownership interest at Punta Cana and will very much need to receive from you a description/definition/valuation of his ownership and a report on the financial transactions involved in the property.

Over the years in filing Congressman Rangel's annual financial disclosure reports required of all Members of Congress we have report on the forms which request a listing of property that he owns the villa which he uses when he is in Punta Cana, most recently week before last. I have been under the impression that Congressman Rangel is the owner of that Villa and that it is available to him whenever he wishes to use it, but when he is not using the villa the management of Punta Cana rents it to others, treating his villa, thusly, as a time share property.

We have reported, at the Congressman's estimate, that the market value of the villa is somewhere around $200,000; in earlier filings we reported a higher estimate of over $250,000 and more recently we have estimated a lower valuation of between $ 150,000 and $200,000. But I have received these estimates verbally from Congressman Rangel and have not seen verification of the market value. With regard to the rental income from the property, does Congressman Rangel receive it? How much rental income does the property generate, and is this credited or sent to the Congressman. We have been claiming no rental income over the last two years at the instruction of Congressman Rangel. Is the rental income being reinvested in the property?

Thank you for your assistance in providing this information.



Oct-28-2008 02:39pm From-Congresman Rangel 1 202 2250816 T-870 P.002/002 F-877

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
JOINT COMMITTEE
ON TAXATION
CHAIRMAN

GEORGE A. DAILEY
CHIEF OF STAFF

JAMES E. CAPEL
DISTRICT DIRECTOR

Congress of the United States
House of Representatives

October 28, 2008

Frank Rainieri
Punta Cana Resort and Club
Ave. Abraham Lincoln
#960 Ensanche Paraiso
Santo Domingo, Dominican Republic

Dear Frank:

Please provide me the following information urgently:

1) The amount my mortgage on Villa 412 has been decreased by the payments applied to it over the years; in other words, the amount of the mortgage payments.

2) The amount of tax liability to the Government of Dominican Republic I have incurred and the amount of taxes I have paid to the Dominican Republic as the result of my ownership of Villa 412.

Frank, I need this information today.

Sincerely,

Charlie

Charles B. Rangel
Chairman, Committee on Ways & Means

WASHINGTON OFFICE
2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-3215
TELEPHONE: (202) 225-4365
FAX: (202) 225-0816

DISTRICT OFFICE
163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-
FAX: (212) 663-4277

PLEASE RESPOND TO OFFICE CHECKED

EXHIBIT
Exhibit 103

PCYC 000180

15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
RANKING MEMBER
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

2354 RAYBURN HOUSE OFFICE BU
WASHINGTON, DC 20515–32
TELEPHONE: (202) 225-4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900

PLEASE RESPOND TO
OFFICE CHECKED

December 7, 2004

President Gregory H. Williams
President, City College of New York
160 Convent Avenue
New York City, NY 10031

Dear President Williams:

It was good to have the opportunity to discuss with you the establishment of a Charles B. Rangel Center at the City College of New York and to receive your positive response to the creation of a public policy center that will motivate and prepare young people to careers in public service.

As I informed you, during our participation in the dedication of the William J. Clinton Presidential Center several colleagues encouraged me to begin to think of the creation of an institution that would preserve the work of my public life and make it available to the public, especially to students and scholars. I am receptive to this idea if it permits me to locate these aspects of my legacy in my home Harlem community at the City College. The creation of a Rangel Center at the City College of New York would permit me to continue my career long interest in the promotion of education and the motivation of young people towards careers in public service.

As with the Carter Center in Atlanta and what is contemplated for the Clinton Center in Little Rock, the Rangel Center would be alive with the work of scholars and students working on public policy issues and studying the political dimension of change. It would not be

EXHIBIT
Exhibit 104

a Library or a Museum, but a living institution brimming with ideas and stimulating debate.

I will be exploring with my Congressional colleagues how best to move this idea through the appropriations process and ask that you share with me your thoughts on how such a Center could be incorporated into the mission of the City College. I look forward to continuing our conversations on the Rangel Center concept in the coming weeks and months.

Sincerely,

Charles B. Rangel
Member of Congress

CBR:gad



the City College of New York

OFFICE OF THE PRESIDENT

Administration Building, Room 300
Convent Avenue at 138th Street
New York, New York 10031
TEL: 212.650.7285
FAX: 212.650.7680
www.ccny.cuny.edu

December 21, 2004

Hon. Charles B. Rangel
Member, U.S. House of Representatives
163 West 125th Street
New York, New York 10027

Dear Congressman Rangel:

Thank you for your letter regarding the establishment of the Charles B. Rangel Center at The City College of New York. All of us here are tremendously excited about the creation of a center in your home district that honors and perpetuates your special legacy.

My staff has already begun a series of planning meetings to develop plans that build on the ideas expressed in your letter. We will build on our experience to maximize the potential of the center as a place for both scholarship and activism, using internships that bring the resources of our campus into communities. An archive of your papers will not only preserve them as a resource, but will involve students immediately in researching and cataloging the materials. We will engage students in our Center for Worker Education who are already committed to working in the public sector, enhancing their knowledge and developing new skills. And we will bring prominent speakers to campus–inspiring our students, particularly minorities, to enter careers that serve the common good.

I have asked my Deputy, Michael Rogovin, to set up a meeting with your staff for early January in order to discuss how we might implement the Rangel Center. I look forward to working with you to make this exciting project a reality.

Sincerely,

Gregory H. Williams
President

GHW:mr

EXHIBIT
Exhibit 105

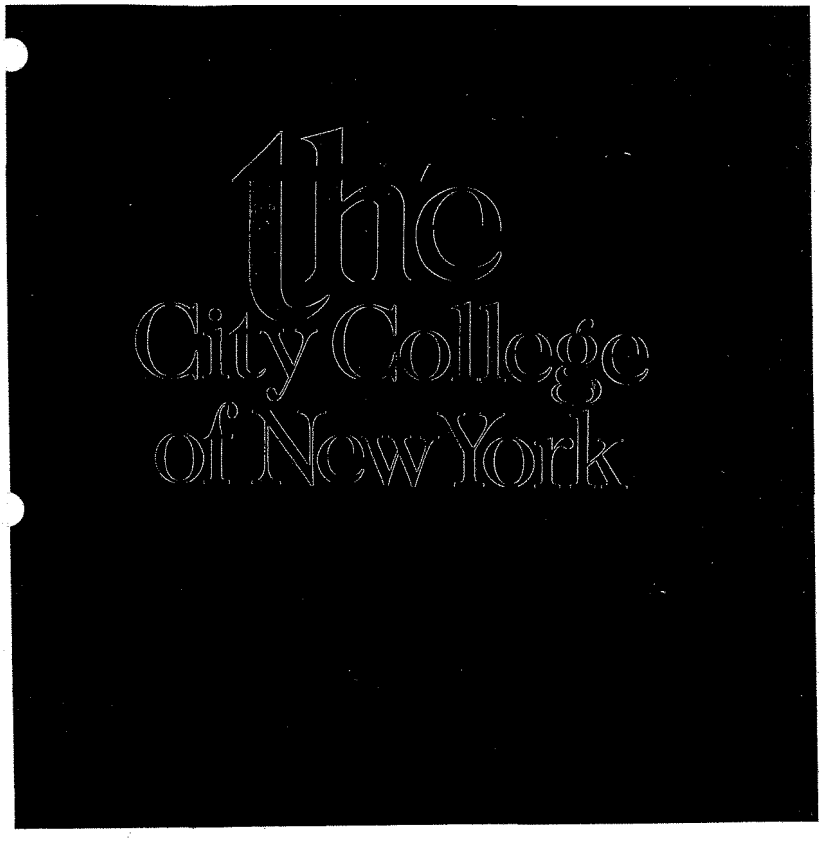

The
City College
of New York


EXHIBIT
Exhibit 106

the City College of New York

OFFICE OF THE PRESIDENT

COPY

Administration Building, Room 300
Convent Avenue at 138th Street
New York, New York 10031
TEL: 212.650.7285
FAX: 212.650.7680
www.ccny.cuny.edu

March 28, 2005

Hon. Charles B. Rangel
Congressman
Adam Clayton Powell, Jr. State Office Building
163 West 125th Street – Suite 737
New York, NY 10027

Dear Congressman Rangel:

I have enclosed a proposal from The City College of New York to establish the Charles B. Rangel Center for Public Service at The College. Situated in the heart of New York's 15th Congressional District and serving the needs of the Harlem and Metropolitan New York communities, The City College has long been a beacon of hope for talented young men and women seeking the path to a quality education. With particular focus on meeting the needs of "the children of the whole people," The College provides unique opportunities for underrepresented populations to enter fields new to them.

One of the fields where these populations most need access is public service—until now an area where members of minority groups have occupied few of the top positions. As a symbol of success to millions of Americans, you have led the movement to empower all of America's citizens through more evenly balanced representation in government service. The Charles B. Rangel Center will pay tribute to your great achievement through a living program designed to remedy that deficiency. Through the Rangel Center's many programs, members of minority and underrepresented groups will acquire the education, training, and hands-on experience they need for successful careers in the public sector.

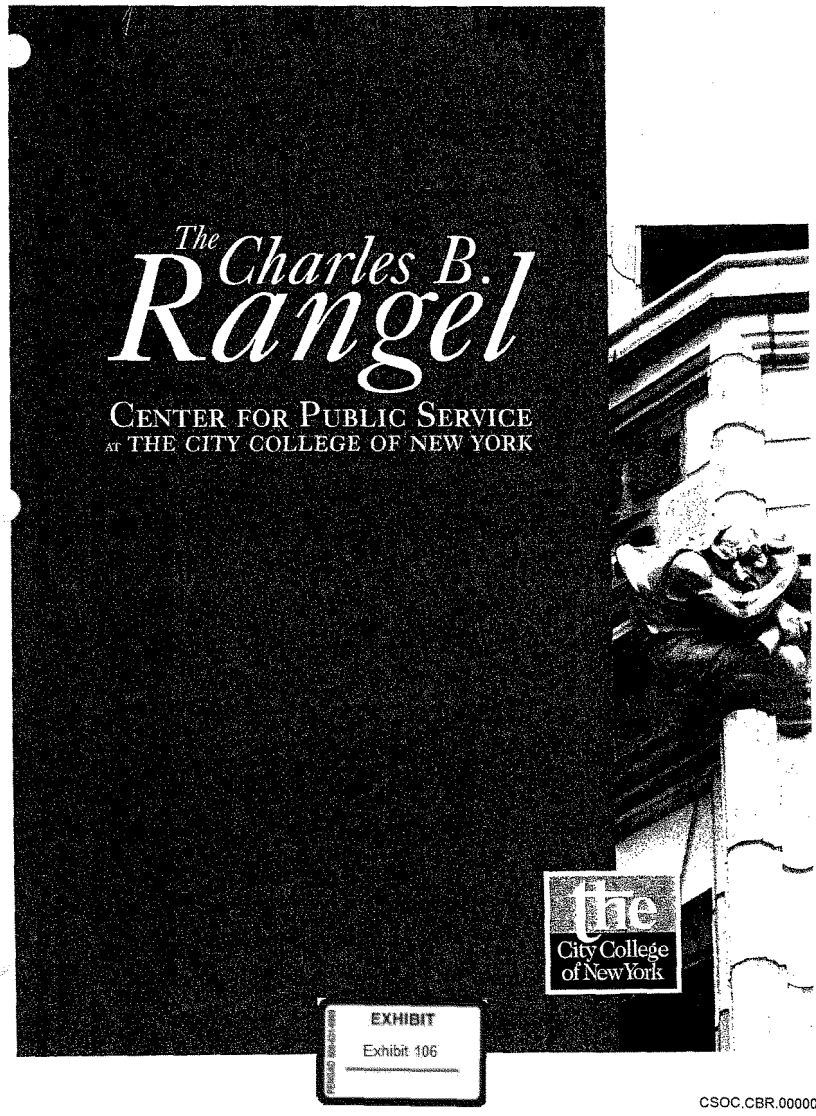
EXHIBIT
Exhibit 106

Through the Charles B. Rangel Center, a cadre of young men and women who reflect the full range of America's diversity, talent, and promise will take their place among the country's leaders. The City College of New York is honored to present this proposal to you and looks forward to acknowledging this nation's great debt to you, one of its greatest public servants.

Sincerely,

Gregory H. Williams
President





CSOC.CBR.00000294



CONGRESSMAN CHARLES B. RANGEL

Through 17 terms as U.S. Congressman from New York's 15th Congressional District, Congressman Rangel has combined a dedication to the specific needs of his Harlem and Washington Heights constituency with an expansive viewpoint that has led him to leadership on a broad range of national and international issues in the House of Representatives. From Harlem to South Africa, from affordable housing to help for the unemployed, from tax legislation to international trade, his work is characterized by a fundamental commitment to equity, justice and inclusion.

The senior Democratic member of the Committee on Ways and Means, Congressman Rangel has been a major voice for equity in the Internal Revenue Code and proposed tax legislation. As a Congressional advisor to the U.S. Trade Representative and a member of the President's Export Council, he has worked tirelessly to build consensus on international trade matters. In addition, he authored: the $5 billion Federal Empowerment Zone demonstration project to revitalize urban neighborhoods throughout America; the Low Income Housing Tax Credit, which helped finance 90% of the affordable housing built in the U.S. in the last 10 years; and the Work Opportunity Tax Credit, which has provided thousands of jobs for underprivileged young people, veterans, and ex-offenders.

As chairman of the Congressional Narcotics Abuse and Control Caucus, Congressman Rangel leads the nation's efforts to reduce the flow of drugs into the United States and to solve the nation's continuing drug abuse crisis.

He is a founding member and former chairman of the Congressional Black Caucus. He also served as chairman of the New York State Council of Black Elected Democrats and as a member of the House Judiciary Committee during the hearings on the articles of impeachment of President Richard Nixon.

Awarded the Purple Heart and Bronze Star for his service in the Korean War, Congressman Rangel has authored several pieces of legislation to benefit minority and women veterans, including a successful bill that established the Office of Minority Affairs within the Department of Veterans Affairs. In the area of foreign affairs, he played a vital role in ending the apartheid regime in South Africa and restoring the democratic government in Haiti.

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letter from the president

To the Reader:

In his distinguished career, The Honorable Charles B. Rangel has done as much as any single person in public service to help the least powerful among our citizens to achieve their goals and to change their lives, their communities, and the nation. He has done so with the clear vision that all of America's citizens must be empowered in order for America to be herself. He has thought and acted locally and globally to ensure that the laws and policies of this nation embody her best instincts and her highest promise.

Fundamental to Congressman Rangel's lifelong service is a belief that America's "governing class" – those men and women who make our laws and policies – must mirror the rich tapestry of cultures, faiths, and ethnicities that make us who we are as a country. We at The City College of New York are proud to share that vision and that commitment.

Today, non-whites make up nearly thirty percent of the U.S. population. Yet, according to the Equal Economic Opportunity Commission's 2003 report on the federal workforce, only 13.8% of the men and women who occupy the top managerial, supervisory and policy-making positions in the U.S. federal government are members of minority groups. By 2050, minority groups in the United States will comprise 50% of its population. The Charles B. Rangel Center for Public Service at The City College of New York will help to ensure that those who run our nation will reflect our citizenry.

The Center will accomplish this through the establishment of a rigorous graduate program for students from underrepresented groups that will prepare them for public service, including elective office and careers in government at the policy-making level. The new master's program will be coordinated with programs on the undergraduate level, many unique to City College, to encourage and inspire our best students to move into graduate work and pursue careers in public service. Located in a restored Harlem mansion adjacent to The City College campus, the Charles B. Rangel Center will also house the Charles B. Rangel Library, an archival repository of documents, photographs, and memorabilia that records the life of one of America's most important public servants and serves as a rich repository of knowledge and experience for students and scholars alike.

GREGORY H. WILLIAMS
PRESIDENT, THE CITY COLLEGE OF NEW YORK

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CONFIDENTIAL

The Charles B. Rangel Center for Public Service at The City College of New York will strive to become a national center for the promotion of greater diversity in public service, consisting of five major elements:

THE CHARLES B. RANGEL CENTER, which will be housed in a magnificent Harlem limestone townhouse adjacent to The City College campus, and include the Rangel Library, the Rangel Conference Center, and offices for visiting scholars;

THE CHARLES B. RANGEL LIBRARY, consisting of documents, archives, and memorabilia from Congressman Rangel's lifetime of public service. These papers will be made available to scholars nationally, and particularly to scholars within The City College and the City University, and will serve as a locus of sponsored research and conferences concerning barriers to full participation in public service by underserved minorities;

THE MASTER'S PROGRAM IN PUBLIC SERVICE, which will recruit and prepare young people for careers in government and public service. The program will include participation in internships in service organizations, arranged by the Rangel Center. It will also offer interdisciplinary specializations in concert with The City College Schools of Architecture, Engineering, Education, and Biomedical Education, plus CCNY's special programs in transportation, waste management, and urban public health;

Upon completion of the degree, graduates will be eligible for programs like the Federal Career Intern Program, entering government service for a two-year temporary appointment with eligibility for a permanent assignment upon completion. These opportunities will encourage the involvement of members of underrepresented minority groups and those with financial need;

A COMBINED BA/MA PROGRAM IN PUBLIC SERVICE, which will work together with several undergraduate programs unique to City College that are particularly suited to draw outstanding students into public service. The BA/MA Program will attract students capable of and interested in an intensive "fast-track" program leading to the master's degree. It will prepare them for public service with high-level coursework, experienced government personnel mentors, and hands-on training in internships and service learning;

THE CHARLES B. RANGEL FELLOWS: A MID-CAREER PROGRAM IN LEADERSHIP AND POLICY INNOVATION, offering professional advancement training for mid-career, minority government and other public service employees of particular accomplishment and promise for a term of study ranging from eight weeks to an academic year.

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The City College of New York
The Choice for the Rangel Center

The City College of New York offers a unique and fitting environment for The Charles B. Rangel Center for Public Service. Located in Harlem, the heart of Congressman Rangel's constituency, The City College of New York was founded through a public referendum in 1847 as a free academy to serve "the children of the whole people." One of a young America's great democratic experiments, it remains one of her great democratic achievements, and the most important avenue to upward mobility and social advancement for generations of New Yorkers.

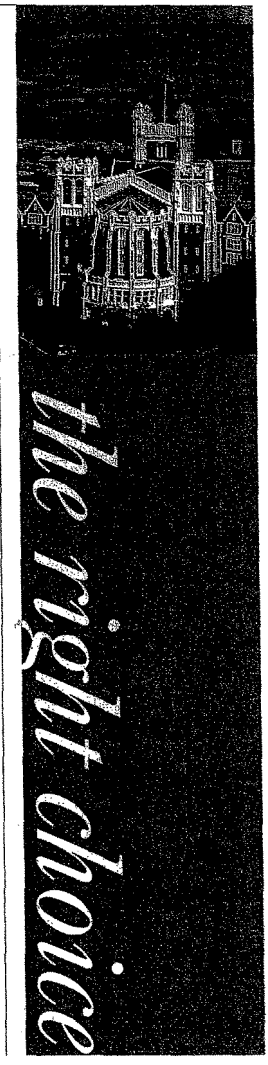
City College has provided an unsurpassed educational opportunity to hundreds of thousands of talented young men and women with few material resources and opportunities. For more than 157 years, The College has provided access to a world-class education to underrepresented populations, preparing them to enter those fields with the expert skills to change their own futures and shape the world.

DIVERSITY AT CITY COLLEGE

Last year, *US News and World Report* ranked City College first in diversity in the nation, where African-Americans are the largest group. This year, City College was ranked first where Hispanic Americans are the largest group. More than 87% of CCNY students describe themselves as members of a minority group.

The Chronicle of Higher Education 2003 Almanac reports that of the total number of bachelor's degrees awarded in the United States as a whole, white students earned 75% of the total, blacks 8.5%, Hispanics 6.5%, and Asian-Pacific Islanders 6.2%. The same year at City College, however, blacks earned 34.1% of the total bachelor's degrees awarded, Hispanics 30.1% and Asian/Pacific Islanders 11% — an unparalleled record of success for underrepresented populations.

Following a tradition that reflects the pattern of generations of CCNY alumni whose achievements became the model for their own families, City College students are often the first in their families to go to college, and most have very limited financial resources. Approximately 58% come from families with combined incomes of $30,000 or less; three-quarters work while attending school, some at more than one job. Over half of CCNY's students attend part time, most often for financial reasons.



03
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Exhibit 106



PUBLIC SERVICE AT CITY COLLEGE AND RECRUITMENT POTENTIAL

FOR THE MASTER'S PROGRAM IN PUBLIC SERVICE

A number of existing City College programs attract outstanding undergraduate students, most from minority populations, who are excellent candidates for public service careers. The presence of these already excellent programs on campus affords CCNY an opportunity open to very few colleges in the nation for early identification, recruitment, and preparation of students from underrepresented populations for the Master's and BA/MA Programs in Public Service at The Charles B. Rangel Center for Public Service. They include:

THE ROSENBERG-HUMPHREY PROGRAM IN PUBLIC POLICY, which provides summer internships at government agencies in Washington, DC, and New York in executive and Congressional offices, House and Senate committees, labor unions, government agencies, advocacy groups and policy research organizations;

THE COLIN POWELL LEADERSHIP PROGRAM, an interdisciplinary program of instruction and co-curricular support designed to give a select group of qualified CCNY students who have demonstrated potential for leadership the resources and experience necessary to develop that potential; with a major emphasis on service learning courses that allow students to combine practical experience in underserved communities with coursework relevant to that experience;

THE INTERNATIONAL STUDIES PROGRAM AT CCNY, which exposes students to a global perspective in their coursework and through study abroad in China, Morocco, the United Kingdom, and Germany; in service learning internships in Rwanda, students spend the summer working in the Rwanda Ministry of Finance's Poverty Alleviation program, the Ministry of Gender and Development, and the Ministry of Health's Psycho-Social Trauma unit;

THE PRE-LAW PROGRAM, which includes the D'Agostino-Greenberg Program in Law and Public Policy, a lecture series in law and public policy, and comprises panel discussions, colloquia, and legal internships for students.

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EXHIBIT

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The Charles B. Rangel Library

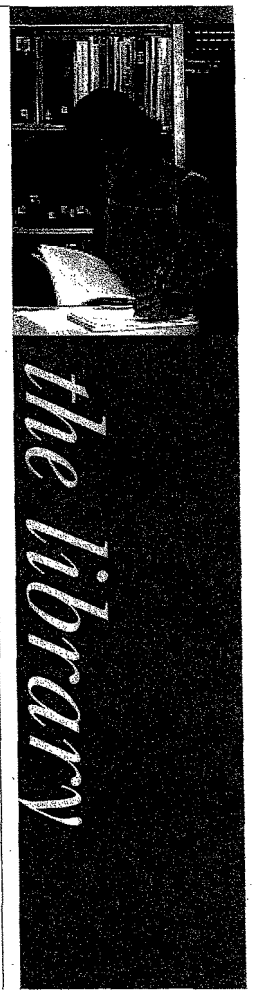
Designed to hold the product of 50 years of public service by the major African-American statesman of the 20th and early 21st centuries, the Charles B. Rangel Library at The City College of New York will rank with the Clinton and Carter Libraries in historic importance to the government and academic communities.

The Rangel Library not only tells the story of one great man, but also of a nation's progress during the last half of the 20th century and the beginning of the 21st, including papers on the Watergate and impeachment proceedings. It will trace the nature of government, the growth and development of minorities in the United States, and the contributions of underrepresented populations in government and public service. It will not be frozen in time but rather the heart of a living, growing center – a productive environment for emerging ideas, thoughtful advocacy, and visionary projects.

Serving simultaneously as a resource for scholars, CCNY students, and the greater New York community, the Charles B. Rangel Library will encourage study of and research in the wide-ranging fields of public service prominent in Congressman Rangel's long and varied career. In particular, the Charles B. Rangel Library will inspire new generations of students from under-represented populations to enter and excel in public service. The archives will be accessible to all interested scholars, but especially those who come to study at The Rangel Center.

The Rangel archivist/librarian will organize, index, and preserve for posterity all documents, photographs, and memorabilia relating to Congressman Rangel's career. This will be a full time position, which will be held by a Rangel post-doctoral Fellow, chosen through a national search. The archivist will provide assistance to other scholars, CCNY students, and the Harlem community, while pursuing his/her own research.

The Rangel Library could include such archive categories as: foreign policy, government, the economy, community and the family, New York City and its environs, the 15th Congressional District, and race and ethnicity. Visiting scholars from other cities, states, and nations will be welcomed and integrated into the life of the Center.



05

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THE MASTER'S & BA/MA PROGRAMS IN PUBLIC SERVICE

The Rangel Center for Public Service will prepare students, particularly from underserved and underrepresented populations, for careers as leaders in public service. At the heart of that effort is a curriculum that emphasizes a combination of classroom instruction, practical training, and opportunities for vibrant co-curricular interaction with the Rangel Leadership Fellows.

The program is designed to attract students at both the graduate and undergraduate levels. For undergraduates, a unique, seamless five-year BA/MA Program in Public Service will attract current CCNY students and new students who come to City College specifically to enroll in the Rangel Program.

For graduate students, the new Master's Program in Public Service will provide the capstone of conceptual and service learning needed for a career in public service. The MA Program's distinctive combination of classroom instruction, internships and intensive interaction with mid-career professionals will attract both recent college graduates and older students who are potential leaders in public service.

Both programs will benefit from the unique resources of The College's many schools and divisions, which may provide more focused attention in one area of public service. CCNY's Schools of Architecture, Engineering, Education, and Biomedical Education, plus its special programs in transportation, waste management, and urban public health, to name only a few, will be available to Rangel Center students for interdisciplinary concentrations in content areas and technical matters.

THE BA/MA PROGRAM

An integrated BA/MA degree program provides a vehicle to recruit excellent students into the Rangel Program by assuring them a seamless transition from undergraduate to graduate degrees with practical experience along the way.

Undergraduate education at the Rangel Center is designed primarily to secure student commitment to careers in public service. To provide a foundation for the MA program, and to recruit the best students, the program will expand existing undergraduate offerings in public policy, governance and management. Students interested in public service careers from non-social science fields (such as engineering, architecture, and science and technology) will be able to enroll in courses to prepare them to pursue the MA degree, while maintaining their technical emphasis.

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Many excellent undergraduate students interested in issues of public policy and equity will enroll in the 150-credit, five-year CCNY BA/MA Program in Public Service. Undergraduates in this program will begin to take master's-level seminars when they reach 90 credits; by their 120th credit, they must have completed 15 credits from the MA Program, and their courses will consist entirely of master's-level courses and service internships. (In most cases, the initial MA courses will be the required core courses.)

Engineering, science and architecture students will receive credit in the BA/MA program for courses in those fields, allowing them to move directly into associated policy courses. (See category III courses listed on the following page.) For these students, courses in categories I and III will most occupy their attention once they pass the 120-credit mark.

Thus it will be possible for a non-social science student at CCNY to complete the BA/MA in roughly the same amount of time it would take a social science major. In either event, students who complete 15 credits of BA/MA work within 120 undergraduate credits will begin working completely in MA courses thereafter. Students in the BA/MA program will have at least one service learning or internship experience during the course of the program.

The final three semesters in the BA/MA program will consist of seminar classes focusing on specific political and technical issues of important public policy concerns. Seminars, many of which will include service learning, will allow students to develop particular areas of expertise, both in policy questions and related technical matters. It is also at this level that the students are expected to have the most substantial interactions with the Center's Rangel Leadership Fellows.

THE MASTER'S PROGRAM IN PUBLIC SERVICE

College graduates will enroll directly in the 45-credit MA Program in Public Service without the BA component. This program will take two years of full time study, including a minimum of one semester of intensive internship work.

The stand-alone MA program is a 45-credit program (including the internship). As with the BA/MA Program, students are expected to concentrate on core courses at the outset, reserving their seminar courses in specific areas of policy or technical concern for their second and third semesters of study.

The curriculum for the both the programs in public service at The City College is found on the following page.

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STUDENTS IN BOTH THE BA/MA & THE MA PROGRAM WILL TAKE COURSES FROM EACH OF THE FOLLOWING CATEGORIES:

CATEGORY I

Core Courses – all students
(18 credits):

Introduction to Public Policy and Policy Analysis
Organizations and Management
Public Economics and Finance
Communication in Public Settings
Poverty, Ethnicity, and Diversity
Ethics in Public Service Leadership
Best Practices Seminar

CATEGORY II

Substantive policy concerns
(four classes for 12 credits):

Racism, Public Policy and the Law
Power, Inequality, and Social Welfare Policy
Immigration Policy
United States Foreign Policy
Healthcare Policy
Transportation and Communication Policy
Pollution and Environmental Policy
International Business Economic Policy

CATEGORY III

Courses that offer instruction in content areas and technical matters that lie at the heart of key policy concerns
(four classes for 12 credits):

Experts from CCNY's Schools of Engineering, Architecture and Education, and the departments of political science, sociology, etc., will teach these courses, designed specifically for those preparing for public service careers. Selection of these courses will be made with the agreement of an advisor in order to create thematic areas of specialization, such as Urban, International, Ethnicity, and Environment.

Examples include:
Urban Public Health
Environmental Engineering
Urban Public Transportation
Sociology of Immigration
Problems in Criminology
Psychology of Prejudice and Racism
International Law
International Organizations
Urban Schools in a Diverse Society
Urban Design
Sociology of Politics and Collective Behavior
Computer Security
Solid Waste Management
People of the City of New York

CATEGORY IV

Internships (may be taken in summer)
(3 or more credits)

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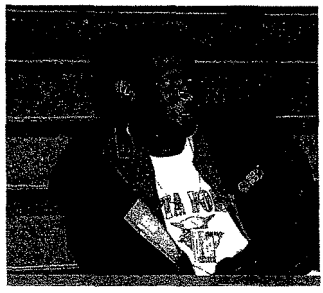
ELIGIBILITY



US citizens and green card holders (permanent residents) will be considered as applicants;

Applicants for the MA Program in Public Service must be in the senior year of their undergraduate study or have completed their undergraduate degree by June, in order to enter graduate school by the following fall;

Applicants for the both the MA Program and the BA/MA Program must have a cumulative grade point average of 3.2 or higher on a 4.0 scale at the time of application.

SELECTION OF THE STUDENT SCHOLARS

- Scholarships will be awarded to ensure that the best candidates for the program are able to apply and attend. Consideration will be given to qualified applicants who, in addition to outstanding leadership skills and academic achievement, demonstrate financial need. At least 10 $10,000 Rangel Scholarships will be awarded each year; these scholarships will cover full tuition and other educational expenses;
- Applicants may be in their senior year at City College or at another college or may have recently graduated from college and/or are engaged in a public service career;
- Candidates for the BA/MA Program will need to state their intention of applying for this Program at the time when they declare their major or earlier as coursework will need to be planned on an individualized basis. Candidates for this Program may apply for a two-year Rangel Scholarship in their junior year.
- A candidate's community, academic, other extracurricular, and leadership activities will be considered during the selection process;
- Students from underrepresented populations are especially encouraged to apply;
- Two letters of recommendation, a personal statement, and examples of writing skills will be required; A selection committee composed of the president of The City College, members of The Rangel Center faculty and the Division of Social Science, and a representative from Congressman Rangel's office;
- Candidates selected for final consideration will meet with the selection committee and Congressman Rangel for the final selection.

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THE RANGEL LEADERSHIP FELLOWS

A Mid-Career Program in Leadership and Policy Innovation

The Center will be the home of a unique program that brings together mid-career leaders in the public sector for seminars, workshops, and fellowship for periods that range from eight weeks to an entire academic year. These outstanding public servants will receive, in essence, a sabbatical from their leadership positions and will spend their time at CCNY considering new directions for public service leadership, policy innovation, and assistance to communities in need.

The Mid-Career Program will be targeted especially at outstanding leaders from communities underrepresented in public service. In addition to their work with one another, Rangel Leadership Fellows will be engaged in opportunities to teach and mentor Rangel participants in the BA/MA and MA Programs in Public Policy and Public Service. The mid-career participants become an essential resource for students, especially undergraduates, who are being prepared for careers in public service.

PROGRAM STRUCTURE

Recent studies suggest that the frustrations of public service lead too many government and other public sector leaders to leave these sectors early in their careers. A common complaint is that these leaders rarely have time to stop and think about where their organizations and the issues to which they are devoted are headed over the medium- and long-term. The day-to-day tasks of running organizations preclude taking the time to consider how other organizations do their work and what models exist for policy and leadership success.

In each case, a sponsoring organization will continue to provide the financial support for a Rangel Leadership Fellow. It will be considered an honor to participate and a reward for top performance, much like participation in an executive MBA program is considered in the business world, where employees are selected and sponsored by their companies.

The Rangel Center's Mid-Career Program in Leadership and Policy Innovation will permit leaders at the middle stage of their careers in the public sector, especially men and women from underrepresented groups, to leave their positions for a brief period. In place of their customary jobs,

EXHIBIT
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Rangel Fellows

they will spend time with other leaders and members of the City College community and consider issues of leadership and public policy. The experience will provide participants with both the time to reflect and with the specialized education in specific policy areas that will contribute to their advancement within their respective institutions.

Participants will spend between eight weeks and a full academic year at the Rangel Center in individual programs of study and reflection under the mentorship of one of the Center's professors.

City College faculty will lead sessions with the Rangel Leadership Fellows about issues of public sector leadership and policy innovation. Each group of Fellows will work with a select group of Rangel students in Public Policy and Public Service on projects aimed at proposing ways of restructuring or reforming policy — or ways of delivering policy — in some issue area. These group projects provide an opportunity to involve Rangel BA/MA and MA students in the work of mid-career leaders — giving them first-hand knowledge of the potential of careers in public service.

RANGEL MID-CAREER LEADERSHIP FELLOWS

These Fellows will receive varying levels of support, depending on the workforce from which they are drawn. Almost all federal agencies already have mid-career training programs, which allow a limited number of employees to receive a one-year sabbatical and full salary for post-baccalaureate study at an institution of higher education.

The Rangel Center will reach out to human resources offices that oversee these programs in specific agencies to ensure that the Rangel Center becomes a premier destination for their employees, especially their mid-career leaders from underrepresented populations. The Rangel Center will provide each federal Rangel Leadership Fellow an individualized academic program tuition-free, and offer 10 $7,500 cost-of-living and travel packages, to ensure that mid-career employees who live outside New York City can take advantage of this important opportunity.

Each Rangel Leadership Fellow who works at the Center for at least one semester will each teach one seminar. Rangel Leadership Fellows will also participate in the Best Practices Seminar, along with guest speakers from academia, think tanks, the public sector, and community organizations. This seminar will focus on practical issues pertaining to careers in public service, including the art of building coalitions, techniques for communicating effectively to the public, lessons on making useful connections, and career issues particular to members of underrepresented populations. Finally, to maximize the educational value of internships, students will evaluate them under the guidance of experienced Rangel Leadership Fellows.



the center

THE HOME OF THE CHARLES B. RANGEL CENTER

Originally conceived as The City College of New York's President's House and later used as the CCNY Alumni House, the limestone mansion on 141st Street and Convent Avenue harks back to City College's earliest days in the mid-1800s. A gracious four-story structure with a full below-sidewalk level and parking area, the stately townhouse features two and sometimes three tiled fireplaces on each floor, high ceilings, decorative plaster, and fine woodwork throughout, and ornamental ironwork on every window and surrounding the building.

Because of a fire in the late 1970s and cutbacks in public financing of the City University at that time, the building has not been in use and will need repair to bring it to its former grandeur. When completely restored, however, the townhouse will regain its position as one of the most beautiful portions of the historic City College campus.

It is especially appropriate housing for The Rangel Center for Public Service as it includes space for conferences, seminar rooms, study areas, and smart classrooms. In addition, it can accommodate reception rooms and potentially computerized archives. In fact, this project will represent a unique opportunity to design the space inside The Rangel Center for its specific use prior to the building's renovation.

A survey and report from 1995 already exists and details the building's renovation needs. A new report recalculating renovation costs in 2005 dollars has been prepared and will itemize and budget the required work in detail. Current estimates based on the 1995 costs are included below. When finished, The Rangel Center's home will be a beautiful addition to the Harlem urban landscape.





THE CENTER BUILDING WILL INCLUDE:

- The Rangel Library to house the Rangel archives, which will be digitized; it may also be possible to provide digital access from the main library at City College to the Center if it is determined that the archives should be housed there;
- A communications network center/smart classroom for video-conferencing, facilities for computerized presentations, digital archival access, ability to collaborate with other schools, including the Henry Jackson Center at the University of Washington, and other similar academic partners;
- A large conference room, with room for meetings with community groups, researchers, and participating students;
- Two small meeting rooms for Rangel Leadership Fellows to meet with community stakeholders in the course of their work with community organizations; these rooms can also serve as the venue for workshops;
- Offices for the Director/Rangel Chair, archivist/librarian, resident and visiting faculty, internship coordinator, administrative assistant, post-doctoral fellows;
- A well-furnished office for Congressman Rangel;
- One large and one small reception room;
- Kitchen facilities for receptions and working lunches;
- A Rangel Program publications office where working papers can be printed and stored;
- One or more sleeping rooms/apartments to house visiting scholars.

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EXHIBIT

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Stuyvesant

Staffing of the Rangel Center & Programs

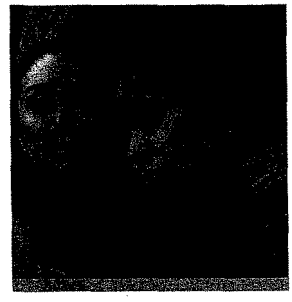
Director, Charles B. Rangel Chair, and Dedicated Rangel Center Faculty
In addition to The City College of New York faculty lines dedicated to the Rangel Center programs, three new faculty will be hired with the support of the Rangel Center: the director, one senior, and one junior faculty member.

Requirements for selection as the Rangel Center's director will include an international reputation, experience in public service, and respect within the academic community. The Director will also hold the endowed Charles B. Rangel Chair. The opportunity to appoint the director to the prestigious Rangel Chair, named for one of the most eminent government leaders of this generation, will enable the Center to attract and retain a distinguished scholar/public servant.

One other senior faculty member and one junior faculty member, each with experience in public service, will also be hired as part of the Rangel Center's budget. A scholar with expertise in leadership will be sought, as well as one with research experience in the barriers that deter many students with minority and immigrant backgrounds from careers in public service.

Current and New Full-time Faculty
The Rangel Center will draw on the knowledge and strengths of current full-time faculty at City College, particularly those in the departments of political science, economics, management, and sociology. Faculty from the City College Schools of Architecture, Education, Engineering, and Biomedical Education will also teach in the Rangel programs, highlighting the connections between their areas of substantive expertise and public policymaking. CCNY will also use college faculty lines to hire new faculty working in some of the areas central to the Rangel Center's mission, especially in the areas of public policy, public service, management, and ethnicity. These faculty will be jointly based in the Rangel Center and academic departments.

Archivist/Librarian
The collected papers of Congressman Charles B. Rangel will constitute a valuable resource that will greatly add to the reputation of the Center and help it to realize its goals. A Rangel Post-Doctoral Fellow will be hired to organize these papers, to digitize them, and to assist scholars in using them. These will include visiting scholars, post-doctoral fellows hired by the Center, and students in the Master's Program who elect to do supervised research.



Administrative Assistant
To assist the Director of the Rangel Center, a full time administrative assistant will be hired.



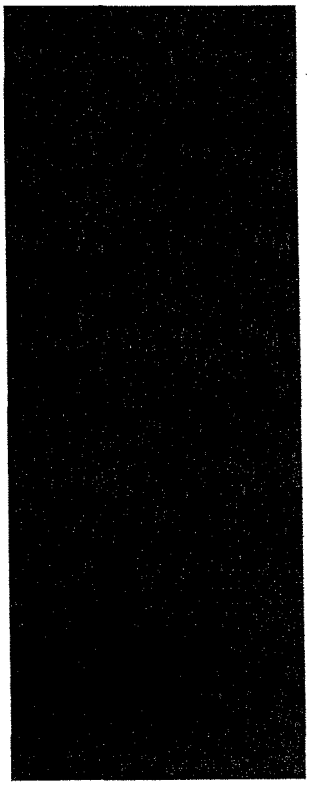
Internship Coordinator
Internships are central to fulfilling the goals of the Rangel Center because they not only provide students with practical experience but also permit them to make the contacts that are so important in building successful careers. A full-time staff member will be hired for the Center to locate organizations willing to host internships for students from the Master's Program and to ensure that the internships are useful both for the students and the host organizations.

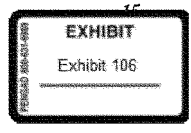
Rangel Post-Doctoral Fellows
In addition to the Fellow working to organize and study the Rangel Archives, two Post-Doctoral Fellows will be hired to do research at the Center. In selecting Rangel Post-Doctoral Fellows, priority will be given to recent PhDs who propose to do research on diversity in public service.

Rangel Leadership Fellows
Rangel Leadership Fellows will participate in the Mid-Career Program in Leadership and Policy Innovation. Those who live outside New York City will be offered stipends to cover travel expenses.

Guest Speakers
Members of academia, think tanks, the public sector, and community organizations from New York City, the nation, and around the world, who have experience with the contemporary challenges faced in public service, will be brought to City College to provide context, background, and advice on steps needed to solve the problems.

Webmaster
A part-time webmaster will develop and maintain the website for the Rangel Center.





BUDGET ELEMENTS

Staff

Rangel chair
One senior faculty member
One junior faculty member
Archivist/librarian/Rangel post-doctoral fellow
Full-time internship coordinator
Administrative assistant
Part-time webmaster
Two visiting scholars
Two additional Rangel post-doctoral fellows

Support and incentives for current CCNY faculty:

1) Support for City College faculty affiliated with the Center to present research specifically supported by the Center at academic conferences. This helps disseminate the knowledge gained through Center activities and promote the name of the Center.
2) Support for CCNY faculty research associated with topics the Center touches on. These can be one-semester research grants or summer-long residence research grants that will provide summer support for faculty who take up offices at the Center and pursue some focused research project.
3) Some support for faculty working on the Center's curricula and programs.

Restoration of the Rangel Center building

The City College Office of Facilities has taken the November 1995 DASNY Report on the Building Condition Assessment of the CCNY Alumni House and provided an interim estimate of the costs in 2005 dollars. It is anticipated that the cost of bringing the building up to code, installing the elevator now required by the Americans with Disabilities Act, restoring the historic and architectural features of the building, and designing the interior specifically for the Rangel Center's needs will come to $4.7 million in today's dollars.

A sum to endow the building's ongoing maintenance will ensure that the Rangel Center's home will remain pristine and also permit future improvements. Therefore, a sum of $2.3 million will be set aside as an endowment, from which only the income will be used annually, to preserve the Rangel Center's magnificent Harlem home in perpetuity, and provide a living environment for study and discourse appropriate to the inspiring goals set for the Center itself.



Expenses other than for staff and the building

1) Each cohort will contain 20 students. In order to make it feasible for the best students to enroll in the Rangel MA Program, it will be advisable to plan financial support for tuition and other educational expenses of $10,000 each year for two years for at least 10 students;

2) All students in the MA program will participate in internships, some of which will be funded by the sponsoring organizations. The Rangel Center will also provide support for students in unpaid internships. Additional practical experience will come in the form of service learning components added to the courses. Note that internships/service learning experiences for undergraduates will be provided through other CCNY programs including: The Rosenberg-Humphrey Program in Public Policy, the International Studies Service Learning Program, the Pre-Law Program and D'Agostino-Greenberg internships, and the Colin Powell Leadership Program;

3) Honoraria and travel for speakers;

4) Food for conferences and speaker series;

5) Computers and computer maintenance;

6) Preparation and materials for recruitment and publicity;

7) Travel and living expenses for internships;

8) Publications.

BUDGET NOTES

1. The first budget section below, Programmatic Costs, is based upon an endowment of $23,000,000, and a conservative expectation of income of $1,150,000 per year, which will meet the Center's programmatic needs.

2. The second budget section illustrates how Building Costs will be met through the investment of $4.7 million for construction/start-up costs, and a $2.3 million endowment for maintenance.



BUDGET FOR RANGEL CENTER

Program Costs

Academic and Visiting Staff

Position	*# Salary*	*Sal+Benefits*	*Sub-total*
Director/ Chair	1 $110,000	$146,300	$ 146,300
Sr. Professor	1 $ 85,000	$113,050	$ 113,050
Jr. Professor	1 $ 65,000	$ 86,450	$ 86,450
Archivist/ Librarian/ Post Doc	1 $ 35,000	$ 46,550	$ 46,550
FT Internship Coordinator	1 $ 35,000	$ 46,550	$ 46,550
Admin Asst	1 $ 28,000	$ 37,240	$ 37,240
PT Webmaster	1 $ 10,000	$ 13,300	$ 13,300
Visiting Scholars	2 $ 25,000	$ 33,250	$ 66,500
Post-Docs	2 $ 28,000	$ 37,240	$ 74,480
Sub-Total staff	***11 $421,000***	***$559,930***	***$ 630,420***

Student Support

Category	*# $ Amount*	*Sub-total*
Student Scholarships Year 1	10 $ 10,000	$ 100,000
Year 2 and after	10 $ 10,000	$ 100,000
Paid Internships year 1	10 $ 3,000	$ 30,000
Year 2 and after	10 $ 3,000	$ 30,000
Sub-Total student costs		***$ 260,000***
Rangel Fellows	10 $ 5,000	***$ 50,000***
Total Personnel Services		***$ 940,420***



Other Than Personnel Services (annually)	
Office Supplies	$ 20,000
Honoraria/travel/ /housing for speakers	$ 15,000
Food for conf,speakers	$ 5,000
Computers/ maintenance	$ 20,000
Recruitment/ publicity materials	$ 5,000
Travel/living costs-distant internships	$ 5,000
Publications	$ 5,000
Total OTPS	***$ 75,000***
Total Annual Program Costs	***$ 1,015,420***
Total Endowment Needed to Provide Annual Program Costs	***$ 23,000,000***
Building Costs	
Initial outlay	
Updated 2005 rehabilitation costs	$ 2,600,000
Design fees and soft costs	$ 390,000
Elevator	$ 900,000
Furniture and equipment costs	$ 260,000
Program contingency	$ 550,000
Sub-total	***$ 4,700,000***
Annual maintenance costs	
Yearly maintenance and security costs	$ 70,000
Projected replacements and future rehab costs each year ($1.4 million spread over 30 years)	$ 46,667
Total annual maintenance costs for building	***$ 116,667***
Endowment needed to provide $116,667/year	***$ 2,333,340***
Total Needed for Building	***$ 7,033,340***
TOTAL GIFT REQUESTED	***$ 30,000,000***

10

EXHIBIT

Exhibit 106

CSOC.CBR.00000314

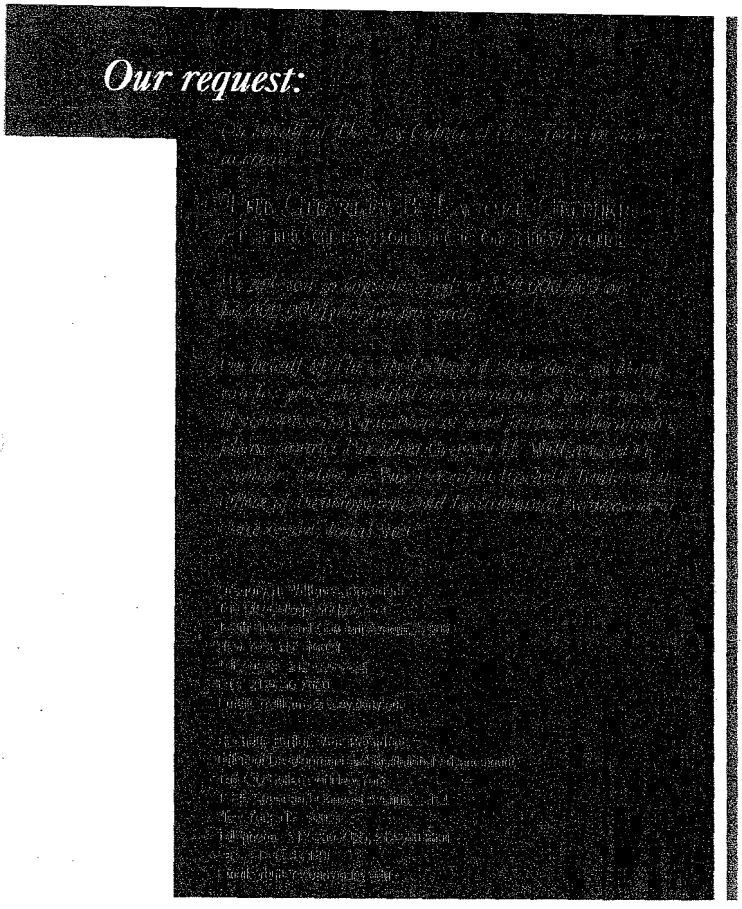

Our request:

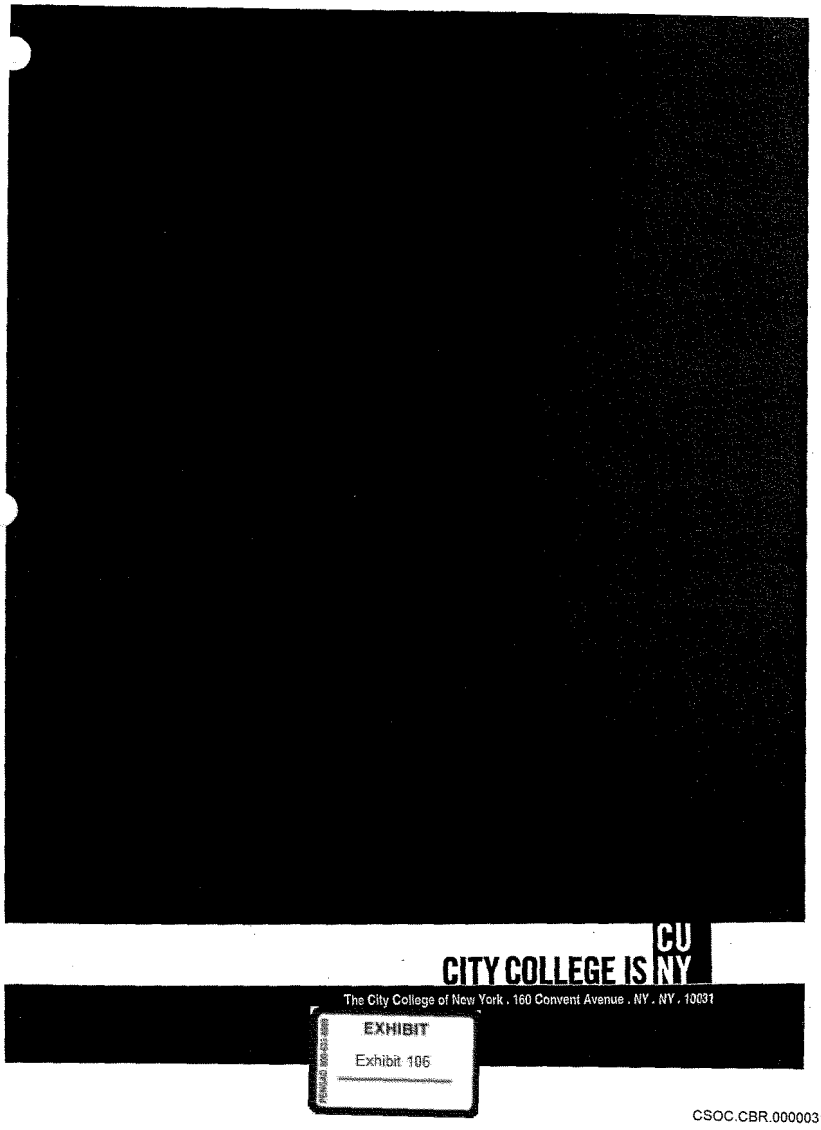

EXHIBIT
Exhibit 106



EXHIBIT

Exhibit 106

CSOC.CBR.00000316



CITY COLLEGE IS CUNY

The City College of New York . 160 Convent Avenue . NY . NY . 10031

EXHIBIT

Exhibit 106

CSOC.CBR.00000317

EXHIBIT

Exhibit 107

Rangel Center Campaign				
				As of 8-3-10
Confirmed	Pledge/gift	Paid	Balance outstanding	
Ford Foundation	$1,000,000	$ 750,000	$ 250,000	Research fellowships in public service for doctoral and post-doctoral fellows;
				A post-doctoral fellowship for the Rangel Library;
				Support for visiting scholars;
				Master's level research assistantships;
				CCNY faculty fellowships for public service projects; and
				Public service school-year and summer internships
Eugene Isenberg/Nabors match	$ 1,000,000	$ 800,000	$ 200,000	Unrestricted to the Rangel Center
Rhodebeck Charitable Fund	$ 25,000	$ 25,000	$ -	Unrestricted to the Rangel Center
			$ -	
2007			$ -	
City Council	$ 60,000	$ 60,000	$ -	The City Council has approved $100k to complete restoration of the library split 50/40
				Post-doc and grad student mentor stipends, materials and publicastion, symposia and programs
Josh and Judy Weston	$ 600,000	$ 427,062	$ 172,938	Gift to CCNY of scholarships for students earning the MPA at City College
C. V. Starr Foundation	$ 5,000,000	$ 5,000,273	$ (273) **	C.V. Starr Library and Archives
Verizon Foundation	$ 500,000	$ 500,000	$ -	For the Division of Worker Education Program in Literacy in Technology and Rangel Center programmir
David Rockefeller	$100,000	$ 100,000	$ -	Unrestricted
Community Trust	$ 130,000	$ 130,000	$ -	For internships in public service
			$ -	
2008			$ -	
Congressional approp	$ 1,915,934	$ 875,934	$ 1,040,000	Not for planning, designing or construction; otherwise unrestricted
HUD grant 2006	$ 445,500	$ -	$ 445,500	For planning, designing and construction of Rangel Center building
HUD grant 2008	$ 245,000	$ -	$ 245,000	For planning, designing and construction of Rangel Center building
Rockefeller Bros Fund	$ 50,000	$ 50,000	$ -	Mid-Career Fellows Program
Robert Catell	$ 500,000	$ 500,000	$ -	For endowment; unrestricted
Linda and Peter Hoffman	$5,000	$ 3,000	$ -	For educational purposes
Byrne Cornelius	$25	$ 25	$ -	
Gautam Venkatesan	$20	$ 20	$ -	
Total raised to date:	$11,674,479	$ 9,221,314	$ 2,353,165	
	** Sum received is $273 more than pledge because of sale of stock.			
Total confirmed and pending:	$ 11,674,479			

CSOC.CBR.00031396

Report
February 18, 2005

Told jim capel $30 million this past week
Rangel said he has all his papers, Watergate, impeachment
Bench very limited when we're talking about minority politicians
Elective office, careers in government, in the rangel mode
Getting ready to call bill Clinton—I helped you, help me on this
Call from the Israeli embassy—how can we help with the rangel center
Middle East peace?
Greg talked with Goldstein—Matt said he's a good guy; greg told him single most African-American congressman for the last 30 years

Kheel thing? Capel supposed to be shepherding it—Rangel wants the whole $1 million to go to us



CSOC.CBR.00024470

Telephone Report
Date: April 11, 2005
To: File
From: Shelly
Re: Call from Jim Capel

Jim called this morning to tell me that the Congressman is very excited about the proposal that we put together and felt that it was very professional.

He wants 50 copies sent to his DC office to fundraise with. I also asked if we should send Ted Kheel one and Jim said they would. Marx Myles is printing 100 copies.

Jim Capel's number is New York office:

Attention: Mr. George Dalley
Offices of Congressman Charles B. Rangel
2354 Rayburn House Office Building
Washington, DC 20515-3215

Tel: (202) 225-
Email: george.dalley@mail.house.gov

Washington DC Office
2354 Rayburn House
Washington, DC 20515
(202) 225-

New York Office
163 W. 125th Street #737

New York, NY 10027
(212) 663- (Tina MacRae or Vivian Jones)

Email: jim.capel@mail.house.gov

Update: April 18, 2005
I called Jim and spoke with him today. I told him I had just sent 50 copies of the proposal to DC and he asked me if I had sent any copies to him. I said no but I told him I had 50 more and asked how many he wanted. He said as many as could be spared—at least 35-40—because they're sending them out to people to fundraise with them. I told him I would send him 40 today.

EXHIBIT
Exhibit 109

CSOC.CBR.00024413

CSOC.CBR.00024413

I then asked him whether we had news from the Ann S. Kheel Foundation about the $1 million grant we had proposed and he said, "well I think that's a done deal and you're getting it all." He said that some had been given to Hunter, but that Mr. Kheel had put in more so we could get the whole million.
I said that was great and could we have something in writing so we could count it in our capital campaign and he said he'd ask the Congressman. He also said he was speaking with Michael about it and he would know and that the Congressman had spoken with the president. I said the president had told me that we would get all of it, but just not right away and we just needed to know how much we were going to get in the immediate future because we wanted to award the Kheel Scholarships for the fall. He said he would speak to the Congressman today.

4/19/05 – Jim called me back—check with george dalley—

May 9, 2005 – called and LM with Jim

May 11, 2005 - spoke to George Dalley in DC; he received the next group of 150 copies; first installment met their immediate needs; now have sufficient for their needs; responses positive to Charlie—pleased at the idea taking shape, but nothing concrete yet.

May 12, 2005 – Told Jim I had sent down another 150 to DC

June 2, 2005 – Ann S. Kheel Foundation

Monday, July 25, 2005; Left a message on Brenda Smargert's (annie) voicemail (202) 225-[illegible] in Rangel's office confirming meeting with Rangel, Ford Foundation, greg and me at the Ford Foundation on Friday, September 9, at 3 pm.

Spoke with Radica at the Ford Foundation in Susan Beresford's office at (212)573-[illegible]

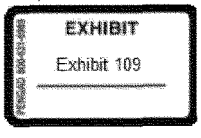
Spoke with George Dalley August 16, 2005

Appropriations cycle end of September, beginning of October

Pretty positive because Charlie's working it personally
Asking for support in the several million range

He said the Congressman would be willing to meet with foundation people

Melvin Norris (briefings person)



CSOC.CBR.00024414

Spoke to George Dalley November 18, 2005 re congressional appropriation—he said $450k –not the final word

Spoke to ford foundation today—maureen Caruso from Alison bernstein's office at 212 573- about dates for a presentation
She gave me two possible Fridays in may—may 5 10-2, and may 19 10-2; when

2/21/06 – spoke with jim capel re setting up a foundation meeting; LM for Brenda Smargert 202 225-

May 5, 2006—Maureen Caruso called to confirm 10-12 am presentation; 12-2 lunch at the Foundation but wait for confirmation from Maureen in a couple of days; m.caruso
Wait to confirm with Rangel and president
Melvin Norris 212 663
Melvin.norris@mail.house.gov

1-page memo on what's happening with the Rangel Center
directions

March 10, 2006
Left message for Maureen Caruso to confirm date—told her I also wanted to talk about inviting other foundations

March 17, 2006 – called Jim Capel to update him on Ford Foundation; LM

March 22, 2006
We're going to be getting a letter from the Congressman re actions we are proposing this year for this year's appropriations—the '07 --$10 million this year. I think we'll probably be successful, at least to the tune of several million.

Fax: 212 351

Susan has just gotten back. She says, even if Congress fails in its commitment, Ford will do something, but a much more scaled-back vision. We're interested in doing the project whether or not Congress steps up, but we can't replace Congress'. Tell Greg that we will try to help in a modest way even if we don't get help from Congress.

That's good enough for us. If, in fact, there was no movement on the congressional front, we should postpone until we get it or, we decide to scale back. If this means that we can pull off enough of a commitment by May 5. I said the appropriations bills are going in from spring through fall and I didn't know whether we would have commitments by May.

EXHIBIT
Exhibit 109

CSOC.CBR.00024415

CSOC.CBR.00024415

May 5 is still a possibility, not a probability, but after we receive the letter, we will determine whether it serves your purposes better to do it on May 5 or in the fall. I said we would be happy to go with their decision.

March 28, 2006

Called Jim Capel after receiving four letters to Congressional committee people. Two separate appropriations bills—not specifically known when they'll come up, before Congress has its adjournment in August. We hope it will be before august or at least by September. If not, then a continuing resolution, same level of funding –new considerations. Appropriations bills have to be passed at some point. I don't know at this moment if they cause problems.

We hope that these bills will be passed—thinks we have a better chance; two different bills—could get $6M from one and $6M in another, less or more, too.

Make appropriation conditional to this passing. Could be voted on at any point in time, depending on the best time.

Walter Swett had a discussion with AIG; they want to do something at The College 212 862[illegible] Walter works for Rangel—but AIG talked to the Rangel campaign about doing something, but Charlie recommended that they do it with us.

We had a meeting with our contacts at AIG and Rangel was speaking very highly of CCNY and suggested that we try to facilitate a meeting between our development staff and AIG. Tell them about the amazing changes at City College. Walter forwarded info re Rangel Center to College, but not limited only to that. Walter email: walter@charlierangel.org. They're down on Pine Street. Interested in minority education. Used to do philanthropic work down at the Starr Foundation; now AIG is thinking about they can be more pro-active in their own name. Commitment to education and particularly in underserved communities. Rangel just wants to get us together.

It may be easier for them if we go down to their office.

Alison's direct line: Fax: 212 351-[illegible]

March 31, 2006

Called yesterday and left a message for Alison

July 26, 2006

Called Jim Capel today and updated him on visit to AIG



CSOC.CBR.00024416

As soon as the authorization process is complete, we'll know. He thinks we'll get that $3 million that came out of committee. Also, they have the possibility of getting some funding from the Oil for the Poor Program that comes out of Venezuela. They want to develop Associate Action Fund. Maybe some money for tuition for kids in this neighborhood to go to City College, maybe some for community colleges. The program wants some kind of payback—how about some courses about Venezuela? A possibility of $2 million, but not for the Rangel Center.

July 31, 2006

At Jim Capel's suggestion, I called George Dalley today to find out about the bills. We have finally reached the August recess. We have another earmarked appropriation of $3 million. I believe it's definite. Final action still not taken, but that generally doesn't change the numbers; it has to do with issues other than the numbers. He thinks it's unrestricted, but will ask John Shiner. He said Congressman Rangel had spoken to AIG.

The naming of the hall this-has to be the decision of Mr. Rangel. He is working this week—I need to send him a letter. He thinks that the name proposed might be OK.

Jim said he has some people to me with Ted Gershen with money from Venezuela.

Received a call today from Dan Berger in Congressman Rangel's office 212 663-[redacted]; dan.berger@mail.house.gov

Theodore J. Gershon, President
Princeton Training Associates, inc.
PO Box 188
Princeton Junction, NJ 08550
800 882-[redacted] cell: 609 314-[redacted]
email: tedgershon[redacted]
www.princetontrainingassociates.com

Michelle Sherwood, Esq.
Counsel
Congressman Charles B. Rangel
Fifteenth District, New York
163 West 125th Street
New York, NY 10027
tel: 212 663-[redacted]
fax: 212 663-[redacted]
michelle.sherwood@mail.house.gov

EXHIBIT
Exhibit 109

CSOC.CBR.00024417

CSOC.CBR.00024417

Jon Sheiner in DC (202) 225-[redacted] knows about approp.

November 3, 2006

Spoke to Jim Capel and told him $1M---a

pier 2110---starts at 9 pm

November 15, 2006

dates in January and/or February for presentation at Ford Foundation

spoke with jim capel today and he will get me dates in jan and feb on the congressman's calendar

November 30, 2006

date will be January 14, 2007, at 2 p.m.

sit down and have a discussion
foodstuffs—food come from places Dominican, Black, west side Jewish, Mexican communities

they'll meet with me next week

December 22, 2006

spoke with dan berger today re approval on rangel brochure

spoke with jim capel

March 9, 2007
spoke with jim capel today who said he talked with the congressman. AIG had gone down to DC to talk with him about legislation and Charlie wants to keep that part completely separate from the Rangel Center. It's ok to ask for a meeting for ghw and me but not one that will include charlie, nor should we send a letter there at this time.

March 21, 2007
spoke with dan berger who will re-submit letters to rock and trump;



CSOC.CBR.00024418

spoke with jim who approved letter to hank Greenberg at starr; then spoke again to dan who will prepare similar letter to hank for congressment to sign all three and get back to me



CSOC.CBR.00024419

TO: Congressman Rangel

FROM: Jim Capel

RE: Rangel Updates

DATE: April 20, 2005

Rangel Public Service Institute

President Williams of CCNY has prepared a proposal for the Rangel Public Service Institute. Last week, 50 copies of the proposal was sent out to George Dalley with arrival expected on this past Monday. It has been confirmed that these proposal were received in Washington. I think we should check with the people down there to find out where a package of this sort was sent and see if it can be routed to the DC office. In the proposal, the last page is a request for $30 million or $6 million each year for the next five years. Do we need more to advance to our Appropriations process?

Redacted –
Non-Responsive



CALL REPORT
DATE: November 7, 2005
TO: File
FROM: Shelly
RE: Call from George Dalley

Closer appropriations-wise. He introduced me on the phone to John Shiner—legislative director and appropriations person. He has been speaking to Mr. Obey's assistant—he is the ranking Democrat and wants to see this done.

How much can he give us—cannot use this money in this bill for construction. Maybe later, Rangel can get us $700k for construction.

We can, however, use if for operations and even possibly for endowment
John asked me from Obey, if we give you the money and we get it between March and July next year, are you prepared to start the program? can start something substantive by that fall semester? I said we were already talking about starting something without the building.

Will ask for $6M—if we get between $2-4M, we'll be happy. I made a pitch for $5M.
In the next two weeks—by Thanksgiving we'll know. Once we get the appropriations secured, Charlie wants a whole new wave of private outreach.

I told them that we have some very major foundations hanging fire until we can tell them that the appropriations are under way.



CSOC.CBR.00024469

MEMO

TO: Congressman Rangel

FROM: Melvin Norris

DATE: February 23, 2006

RE: Brunch with Dr. Williams

To prepare you for the brunch with Dr. Williams on Sunday, I spoke to Lisa Silverman, the Capital Campaign Senior Consultant at City College at (212) 650-6140. She told me that the nature of the brunch would be an intimate "get to know you" for just a handful of new and old friends of City College, who support various initiatives at The College.

I have attached President Williams biography, an update on the Rangel Center and background on some of the attendees.

Please advise if you require additional information.



Gregory Williams

Date: Tue, 26 Dec 2006 13:52:45 -0500
From: "Shelly Butler" <[redacted]>
Subject: RE: The earmark for the Rangel Center
To: "Dalley, George" <George.Dalley@mail.house.gov> , "Berger, Dan" <Dan.Berger@mail.house.gov>
"Capel, Jim" <Jim.Capel@mail.house.gov> , "Sheiner, Jon" <Jon.Sheiner@mail.house.gov> ,
"Milne, Emile" <Emile.Milne@mail.house.gov> , "Minguez, Annie" <Annie.Minguez@mail.house.gov> ,
"Featherson, Wendy" <Wendy.Featherson@mail.house.gov> ,
Cc: "Sherwood, Michelle" <Michelle.Sherwood@mail.house.gov> , "Jones, Vivian" <Vivian.Jones@mail.house.gov> ,
"McRae, Tina" <Tina.McRae@mail.house.gov> , "Swygert, Brenda" <Brenda.Swygert@mail.house.gov> ,
"Mays, Janice" <Janice.Mays@mail.house.gov> , "Gregory H. Williams" <[redacted]>,
<bsilverstein[redacted]>

Dear George,

Thanks so much for clarifying this for us and yes, of course you are absolutely right that the assumption by the Congressman of the chairmanship of Ways and Means will help us in other ways. The visibility is fabulous.

I would like to be pro-active with Ford rather than have them ask us about this so if it's ok with you, I will carefully share just a little of this with them. Hopefully, they will let us make the presentation anyway. If, at any time in the future, this or other earmarks can help with the Center, that would be great. But of course I am delighted to hear that the Congressman will help with additional private sector fundraising. If there is anyone else that he thinks could or should be invited to the Ford presentation, do let me know.

In the meantime, we will proceed with the brochures as planned. I'm thinking you'll need about 1,000 for the event, is that about right? We will certainly need at least an additional 1,000 for fundraising purposes afterward.

By the way, we have received the signed agreement from Gene Isenberg and his first payment of $200,000--$100k by personal check and $100k by a match from Nabors. This will enable the dean to proceed with some of his plans for the Center's programming. Gene has asked that the room we have set asked for the Congressman's office in the Center be named for his wife, Ronnie, and him.

By the way, what do you think of inviting the top Ford Foundation folks to the Congressman's investiture on January 14?

Best wishes to all for a very Happy and Healthy New Year.

Regards,
Shelly

EXHIBIT
Exhibit 113

Shelly Butler, Vice President
Development & Institutional Advancement
The City College of New York
160 Convent Avenue, S-154
New York, NY 10031
Tel: (212) 650-; 650-
Fax: (212) 650-
Email: rbutler

-----Original Message-----
From: Dalley, George
Sent: Tuesday, December 26, 2006 12:01 PM
To: 'rbutler'; Berger, Dan
Cc: Capel, Jim; Sheiner, Jon; Milne, Emile; Minguez, Annie; Featherson, Wendy; Sherwood, Michelle; Dalley, George; Jones, Vivian; McRae, Tina; Swygert, Brenda; Mays, Janice
Subject: RE: The earmark for the Rangel Center

Shelly, we are closed today in celebration of Boxing Day, but I will attempt
a response to your question and expression of concern. Sadly, the report you
have read is correct; the Rangel Center earmark was dropped along with all
of the earmarks in the pending appropriations bills when the new Democratic
leadership decided to extend the continuing resolution without earmarks
through the end of fiscal year 2007. We are not going to be able to obtain
an earmark before FY 2008. With regard to our plan B, I will need to consult
first with Jon Sheiner and others more familiar with the appropriations
process to determine if there is any way at all that we can revive our
earmark. Assuming there is no way we can, we will need to talk to Ford and
other potential donors about our earmark initiative being delayed and assert
Charlie's intention to turn his energies to additional private sector
fundraising for the Center.

Is the Ford Foundation involvement specifically linked to our obtaining this
earmark? Surely we must seek to persuade Ford that this was an extraordinary
action by the new Democratic Leadership to address the unfortunate
perception that the earmark process is particularly subject to being
corrupted. Whether the earmark process will be subject to further reform
remains to be seen. While we are certainly hurt by this, I believe we must
be helped by the assumption of the Chairmanship of the Committee on Ways and
Means by Charlie and the wider platform in gives him to speak about the
importance of education. The Chairmanship enhances our audience in the
corporate and philanthropic communities. Agree?



And since in this context it appears to be even more important that we have
the new Rangel Center description available to as wide an audience as [illegible]on
as possible, let's go ahead and order the printing of the new brochures to
have them ready for strategic distribution in connection with the 14th of
January celebration.

-----Original Message-----
From: Shelly Butler [redacted]
Sent: Tuesday, December 26, 2006 10:32 AM
To: Dalley, George; Berger, Dan
Cc: Capel, Jim
Subject: The earmark for the Rangel Center

Hi everyone,

Hope you all had a great Christmas and that you are enjoying the holidays.

Perhaps one of you can help fill us in on the fate of the $3 million earmark that was going to the Rangel Center. According to the Washington Post and UPI, it has been "wiped out," and it is now a "casualty." If so, this is going to hurt us with the Ford Foundation unless I can come back to them with an alternative plan for that funding. They will certainly read this and I will need to respond to them pretty quickly if I hope to both receive their grant and also to keep the date for our [illegible]esentation at their headquarters.

Thanks for your help on this
Shelly

Shelly Butler, Vice President
Development & Institutional Advancement
The City College of New York
160 Convent Avenue, S-154
New York, NY 10031
Tel: (212) 650-[redacted]; 650-[redacted]
Fax: (212) 650-[redacted]
Email: rbutler[redacted]

-----Original Message-----
From: Dalley, George [redacted]
Sent: Sunday, December 24, 2006 7:38 AM
To: Berger, Dan; 'rbutler[redacted]'
Cc: Capel, Jim; Minguez, Annie
Subject: RE: approval on Rangel Center brochure

[illegible]we can't get a response from Charlie on the brochure and we must [illegible]art

EXHIBIT
Exhibit 113

COS.CCNY.50

CSOC.CBR.00010198

the printing process to have it ready for the 14th, let's go forward on Tuesday.

-----Original Message-----
From: Berger, Dan
Sent: Saturday, December 23, 2006 4:28 PM
To: 'rbutler@ccny.cuny.edu'
Cc: Dalley, George; Capel, Jim; Minguez, Annie
Subject: Re: approval on Rangel Center brochure

Hi shelly, the brochure is fantastic. A copy was sent to the congressman and
he will hopefully get a chance to review it soon. In the meantime, here are
several comments approved by both george and jim. The first graph in the bio
page should perhaps say "his upper manhattan constituency" instead of "his
harlem and washington heights constituency."

Instead of saying the 2007 committee on ways and means, it should say the
committee on ways and means in the 110th congress.

It would be nice if you could weave in the fact that he is the dean of the
new york state congressional delegation.

Finally, two minor grammatical points, on page one, the word "plus" doesn't
sound right. And the last sentence in the second graph sounds a bit
redundant since the word "great" is repeated.

Thanks again. Jim will try to get in tocuh with the congressman tomorrow.

Dan J. Berger, (917) 359-[redacted]
Sent from my BlackBerry

-----Original Message-----
From: Shelly Butler <[redacted]>
To: Berger, Dan
Sent: Fri Dec 22 13:53:12 2006
Subject: RE: approval on Rangel Center brochure

Thanks Dan-we don't want to miss this opportunity!
Best
Shelly

Shelly Butler, Vice President
Development & Institutional Advancement
The City College of New York
160 Convent Avenue, S-154
New York, NY 10031
Tel: (212) 650-[redacted]; 650-[redacted]



Fax: (212) 650-
Email: rbutler

-----Original Message-----
om: Berger, Dan]
ent: Friday, December 22, 2006 1:41 PM
To: 'rbutler
Subject: Re: approval on Rangel Center brochure

I will go over it today. I can't get in touch with jim capel or george dalley, our chiefs of staff, both of whom have the new copy, to ask for direction. I will continue trying.

Dan J. Berger, (917) 359-
Sent from my BlackBerry
-----Original Message-----
From: Shelly Butler
To: Berger, Dan
Sent: Fri Dec 22 13:29:08 2006
Subject: RE: approval on Rangel Center brochure
It's late Dan-any way someone else can approve it? Have you read it and is
so, can you recommend approval?
Thanks
Shelly

Shelly Butler, Vice President
Development & Institutional Advancement
e City College of New York
0 Convent Avenue, S-154
New York, NY 10031
Tel: (212) 650- ; 650-
Fax: (212) 650-
Email: rbutler

-----Original Message-----
From: Berger, Dan [
Sent: Friday, December 22, 2006 1:33 PM
To: 'rbutler
Subject: Re: approval on Rangel Center brochure

Hi shelly. Mr rangel won't be back from the holiday break until thursday (our office is closed thru wed, too). I won't know till then, I'm afraid. Is
that too late?

Dan J. Berger, (917) 359-
Sent from my BlackBerry
-----Original Message-----
From: Shelly Butler
To: Berger, Dan
Sent: Fri Dec 22 09:25:38 2006
Subject: approval on Rangel Center brochure
Hi Dan,
e you had a chance to show the brochure to the powers that be? If we nt to have these for the event on January 14, I need to get the design



to the printer as soon as possible.
Thanks
Shelly

Shelly Butler, Vice President
Development & Institutional Advancement
The City College of New York
160 Convent Avenue, S-154
New York, NY 10031
Tel: (212) 650-; 650-
Fax: (212) 650-
Email: rbutler



Edmondson_Mary Lou



Date: Wed, 03 Jan 2007 13:44:21 -0500
From: "Berger, Dan" <
Subject: RE:
To: "rbutler , "Capel, Jim" <
"bsilverstein , "arich
Cc: "Gregory H. Williams" , "Mary Lou Edmondson"
"Dailey, George"
"Walter Swett

Hi Shelly,

Happy new year!

I spoke to Jim and George and they both agree that the letter is great. Attached is the word document with a minor change. Could you please review and tweak to your liking?

Now, regarding the logistics, do you plan on inserting the letter into the brochure as a loose letter? Please work with Walter to get the stationary (it has to come from the campaign, not from the congressional office).

Thanks,
dan

-----Original Message-----
From: Shelly Butler
Sent: Tuesday, January 02, 2007 10:51 AM
To: Capel, Jim; Berger, Dan
Cc: bsilverstein ; arich ; 'Gregory H. Williams'; 'Mary Lou Edmondson'
Subject:

Dear Jim and Dan,

This letter is intended to be printed on the Congressman's letterhead (or a facsimile of it)and inserted into the new Rangel brochure for the January 14 event. Can you review it and let me know if you have any changes?

Then, I would like to know if you have about 1200 sheets of letterhead and envelopes that we can print on?

Many thanks
Shelly

Shelly Butler, Vice President
Development & Institutional Advancement
The City College of New York
160 Convent Avenue, S-154
New York, NY 10031
Tel: (212) 650- 650-



Fax: (212) 650-
Email: rbutler

Attachment: Rangel Center, CCNY Brochure, insert, jan14.doc (47k bytes) **Open**



Garcia, Elbert

From: Dalley, George
Sent: Friday, April 20, 2007 6:50 PM
To: Jones, Vivian; McRae, Tina; Minguez, Annie; Biglow, Holly
Cc: Berger, Dan; Sheiner, Jon; Garcia, Elbert
Subject: FW: dates for David Rockefeller and Hank Greenberg

These meetings will be about funding for the Rangel Center at City College.

-----Original Message-----
From: Shelly Butler
Sent: Friday, April 20, 2007 6:28 PM
To: Berger, Dan; Capel, Jim; Dalley, George
Subject: dates for David Rockefeller and Hank Greenberg

Hi everyone,

I would like to make follow-up calls to the Congressman's letters to the people listed above. Can you give me any dates and times that the Congressman would be available to meet over the next 2-3 months?

Many thanks
Shelly

Shelly Butler, Vice President
Development & Institutional Advancement
The City College of New York
160 Convent Avenue, S-154
New York, NY 10031
Tel: (212) 650-; 650-
Fax: (212) 650-
Email: rbutler



From: rweiss
Sent: Wednesday, July 18, 2007 1:46 PM
To: Dalley, George
Subject: Rangel Campaign Figures

Attachments: Rangel fundraising 6-26-07(1).xls



Rangel fundraising 6-26-07(1)....

George, they're attached. You have my direct line below if you need further assistance.

Rosemary

Rosemary S. Weiss, Executive Director
Development and Institutional Advancement The City College of New York Shepard Hall, Room 154 160 Convent Avenue New York, NY 10031
Tel: 212.650
Fax: 212.650
rweiss

EXHIBIT
Exhibit 116

CBR 200050

CSOC.CBR.00025845

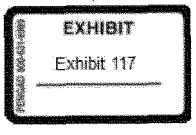
Rangel Center Campaign			
Confirmed			
Kheel Foundation Schols			$440,000
Trans. appropriation			$ 400,000
Congressional seed $			$ 3,000,000
Ford Foundation			$1,000,000
Eugene Isenberg			$ 1,000,000
Rodobeck Foundation			$ 25,000
NEW FOR 2007			
City Council			$ 100,000
Weston			$ 700,000
Starr (confirmed)			$ 5,000,000
	Sub-total:		**$ 11,665,000**
Pending			
Verizon Foundation			$ 500,000
AIG			$ 10,000,000
CUNY match			$ 2,500,000
Additional Congress approp. anticipated			
Community Trust			$ 135,000
Heron Foundation			$ 100,000
Altman Foundation			$ 195,000
Rockefeller Bros Fund			$ 150,000
	Sub-total:		**$ 13,580,000**
Total confirmed and pending:			**$ 25,245,000**

Telephone Report
Date: September 14, 2007
To: File
From: Shelly
Re: Congressman Rangel's appearance on campus Monday

Jim Capel called to find out if President Williams will be there and if he has any remaining health issues. I told Jim we knew that the Congressman would be here, that President Williams would be there and that he is just fine.

Jim asked me how things were going and I told him we had closed on the $500k Verizon gift, the $5M from Starr, $700k from Josh Weston, and $130k from the Community Trust. Jim mentioned that a former Rangel staffer had helped at Verizon and I thanked him. I also mentioned that after the *Post* article, AIG had wanted to wait until the dust settled before moving forward with that gift.

Jim told me that AIG was going to do its annual fundraised for the Congressman sometime in October. I asked if I should mention it when I called Ned Cloonan; Jim thought not but that Ned might mention it to me. I just left a message with Ned to follow up.



CSOC.CBR.00024463

Butler/Edmondson:

Thanks for returning my call. As I said, I'd like to speak with someone at CCNY about the Rangel Center for Public Service. In particular, I would like to better understand Mr. Rangel's role in the capital campaign.
You asked me to send questions. In no particular order, here are the subjects that I would like to discuss:

How the Rangel Center got started
How did the project get started and when? Whose idea was it? Did Mr. Rangel approach you all with the idea? What will the center's mission be?

Dominican Republic President Leonel Fernandez was here to speak and Congressmna Rangel mentioned to President Williams that he had just come back from visinting the Clinton Foundation Library. President Williams said we should have something like that here to support public service and if you would give us your papers, we could use them for research. We had been thinking about a school for public service because of our many programs of that kind.

Does the program duplicate in any way the program offered at the Colin Powell Center?

No, this is essentially a graduate academic program in public service and offering the 5-year BA/MA in public admin, the stand-along MA in public admin, the mid-career fellows and the research libary.

Does CCNY currently have anything like it? No

How will the center it be funded (both startup and ongoing operations funding)?

Primarily by private individual and foundation support. (if pressed) Bby far, the majority will be from private sources; at this point, right now, the ratio is about 3:1 and we think that will hold

What will Mr. Rangel's role in the center be?

Clearly, Congressman Rangel, as long as he's in public life, is more than fully employed; when he steps down, there are all sorts of ways that we can see that our students can benefit from his 40 years of experience: as a mentor, as a speaker, and as an advisor

The project description includes several paid positions -- are any of them designated for Mr. Rangel after his retirement? No

Will he have an office there, lecture, receive compensation, etc - no

The Capital Campaign

How much money do you all hope to raise for the center, $25-30M and what will it be used for (e.g. construction, renovation, endowed chairs, scholarships)?



CSOC.CBR.00024472

All of those things; you know, Chris, when we raise money, we must match the donor's desires to our needs; some people will be interested in endowed chairs, some in scholarships and internships, others in research

how much money has been raised so far? How much has been pledged?
$12,150,000 in cash and pledges

How are potential donors identified?
Any individual or foundation, or corporation that we feel would be interested in public service. You know, Chris, in general, it's like identifying donors for the Grove School of Engineering, we go to people we think would be interested;

For example, Josh Weston had already established scholarships for students interested in public service, so this was a natural;

Gene Isenberg, has long been interested in public education and became very interested in our mission—he gave internships to our students in Houston and Alaska, advised our management and administration program on the academic side, and gradually became interested in the rangel center.

Rockefeller Brothers Foundation already was funding City College and we brought this to them.

Bob Catell is a CCNY grad and already a major donor. He is very interested in public service.

If asked, say,
this is the way we make connections for everything here at the College—we find associations and interests.

What is Mr. Rangel's role in the fundraising? He has opened doors for us.

Has he made introductions (and if so, to whom and under what circumstances)? Has he sent letters appealing for contributions?

He did send letters introducing Presdient Williams and the establishment of the Rangel Center for Public SErvice to Donald Trump, David Rockefeller and Maurice Greenberg

To whom, and what did the letters say? Has he made personal appeals for funding over the phone or in face-to-face meetings?

I have never heard him ask for money—he talks about the importance of building a cadre of public servants that reflect the population and the vitality of a diverse America. Nowhere can this be done so well as at City College, where 87% of the students identify themselves as members of a minority group.

What is Robert Morgenthau's role and what has he done?



CSOC.CBR.00024473

Robert Morgenthau gave Congressman Rangel his first job when he couldn't' get one because of racial barriers. Since then, he has been a close friend of the Congressman and deeply interested in further breaking down those barriers, some of which still exist.

Independent of this, Morgenthau has a storng connection to CCNY--his grandfather attended CCNY and he himself held his latest public inaugural ceremony here in the Great Hall.

Did you see the letter in the New York Sun from Mr. Morgenthau? we'd be glad to send you a copy.

I am aware of the June 28, 2005 letter that Mr. Rangel sent to the philanthropic community about the project.

this is a perfect example of how fundraising works--we have the contacts, of course, with our alumni, but we can always use someone who opens a door to decision-makers at foundations and with other individuals who may not already know us and we may not have already identified them

The june 2005 letter was a perfect example of this; several foundations expressed interest, most notably the Ford Foundation

We followed up on every name on that list of foundations that he sent the letter to; many said that our proposal didn't fall within their guidelines. Once again, this is standard operating procedure for an educational institution raising money for its programs.

Are there other letters that he has sent?

Donors and potential donors

Can you please explain the circumstances of the donations from the contributors on the list that you provided me?

They include Ford Foundation: They responded to his 2005 letter and invited us to speak to them. They loved the Rangel Center idea, said they would commit to it and also asked to sponsor a presentation at the Ford Foundation for us to speak to other foundations. We did this and followed up with many of the attneidng foudations, and received grants from the NY Community Trust, Verizon,

Kheel Foundation,
Rodobeck Foundation responded to the congressman's letter

C.V. Starr Foundation very interested in our library and in the research. they give a great deal to universities and other public institutions.



CSOC.CBR.00024474

Verizon Foundation, Community Trust, David Rockefeller, Josh and Judy Weston and Robert Catell. What was Mr. Rangel's role in identifying and approaching these donors? Which ones are giving to the college for the first time?

I understand there was a special gathering of about a dozen foundations for the purposes of pitching them on donating to the Rangel Center. I'd like to know more about how that got put together and what Mr. Rangel's role was.

All of these foundations support education; many of them have supported programs that are specifically interested in diversity and public service. This isn't a stretch for any of them.

I also understand that you all have been talking with AIG about making a donation to the project. Can you tell me how that came about, what meetings you all have had and with whom at AIG? What was Mr. Rangel's role in identifying and approaching AIG for a contribution? Has AIG pledged any money to the project?

No - it's a discussion that's in process; we have been talking for them for two years because they're very interested in the City College mission but I'm sure you will understand that because this is an ongoing discussion, I will not comment further other than to say that they have not made a pledge.

if pressed--mostly me -and on two occasions, President Williams and once three weeks ago, Congressman Rangel.

Are there other potential donors you all have approached or plan to approach? Who are they, how were they identified and has Mr. Rangel been involved in outreach to them?

I'm sure you will understand that we don't talk about discussions that are underway - although we are happy to announce the gifts once they are in. This is standard fundraising procedure.

Government money

The information you provided the other week shows that the Rangel Center has received $100,000 from the NY City Council, (to complete the library)

a $1.915 million congressional appropriation
and two HUD grants of $445,000 and $245,000 respectively.

Can you walk me through how you all obtained each of these contributions?

The Congressman requested these for the Center based on the Center's mission

Has any of the money been spent yet?

no



CSOC.CBR.00024475

What, specifically, will each of the contributions be used for?

HUD for construction; Congressional appropriation any purpose other than construction, for example, student scholarships, paid internships, mid-career leadership stipends, research assistantships

Ethical considerations

As you noted in our conversation, some critics have called the Rangel Center a "Monument to Me." How does CCNY respond to that kind of criticism? How should people view the project?

We believe that the "monument to me" was part of a partisan political debate in a very divided Congress. we feel it has no bearing on what we're trying to do, on what Congressman Rangel means to this college, this community and this country.

if pressed, obviously, we wish that the public discussion hadn't take this form, but actually but actually was concerned with the substance of the center.

Are there ethical concerns at CCNY about public figures such as Mr. Rangel and Mr. Morgenthau playing an active role in fundraising efforts for the Rangel Center?

Well actually, more people have turned us down than have taken us up, so in practice that doesn't seem to be a problem. more importantly, the two men that you mentioned are figures of proven integrity and giants in the field of public service. we are honored to honor them.

How do you respond to the argument that donors may feel pressured into giving, or may give to curry favor with two powerful politicians?

Congressman Rangel, from his war record, through 40 years of public service, has proved over and over again, his dedication to the public good.

This is a true good thing

This is standard across the board for fundraising practices—this is how we raise money for everything

I can be reached via email at this address or by telephone at (202) 334-[redacted].

Thanks for all of your help.

Chris Lee

Christopher Lee
The Washington Post
1150 15th Street NW
Washington, DC 20071
(202) 334-[redacted] - work



CSOC.CBR.00024476

Garcia, Elbert

From: edmondson
Sent: Tuesday, May 20, 2008 12:19 PM
To: Garcia, Elbert
Cc: bsilverstein; rbutler; gwilliams
Subject: Chris Lee of the Wash. Post and Rangel Center

Attachments: CallNotesSBChrisLee

CallNotesSBChrisLee (45 KB)

Redacted -
Non-Responsive

Mary Lou Edmondson
Vice President for Communications
The City College of New York, S-176
160 Convent Avenue
New York, NY 10031

TEL: 212-650-
FAX: 212-650-

EXHIBIT
Exhibit 119

CBR 100206

CSOC.CBR.00007198

Butler/Edmondson:

Thanks for returning my call. As I said, I'd like to speak with someone at CCNY about the Rangel Center for Public Service. In particular, I would like to better understand Mr. Rangel's role in the capital campaign.
You asked me to send questions. In no particular order, here are the subjects that I would like to discuss:

Redacted -
Non-Responsive



**Redacted -
Non-Responsive**

Has he sent letters appealing for contributions?

He did send letters introducing Presdient Williams and the establishment of the Rangel Center for Public SErvice to Donald Trump, David Rockefeller and Maurice Greenberg

To whom, and what did the letters say?

I have never heard him ask for money—he talks about the importance of building a cadre of public servants that reflect the population and the vitality of a diverse America. Nowhere can this be done so well as at City College, where 87% of the students identify themselves as members of a minority group.

**Redacted -
Non-Responsive**



**Redacted -
Non-Responsive**

I am aware of the June 28, 2005 letter that Mr. Rangel sent to the philanthropic community about the project.

this is a perfect example of how fundraising works—we have the contacts, of course, with our alumni, but we can always use someone who opens a door to decision-makers at foundations and with other individuals who may not already know us and we may not have already identified them

The june 2005 letter was a perfect example of this; several foundations expressed interest, most notably the Ford Foundation

We followed up on every name on that list of foundations that he sent the letter to; many said that our proposal didn't fall within their guidelines. Once again, this is standard operating procedure for an educational institution raising money for its programs.

Are there other letters that he has sent?

Donors and potential donors

Can you please explain the circumstances of the donations from the contributors on the list that you provided me?

They include Ford Foundation: They responded to his 2005 letter and invited us to speak to them. They loved the Rangel Center idea, said they would commit to it and also asked to sponsor a presentation at the Ford Foundation for us to speak to other foundations.

Kheel Foundation,
Rodobeck Foundation responded to the congressman's letter

**Redacted -
Non-Responsive**

EXHIBIT
Exhibit 119

CBR 100209

CSOC.CBR.00007201

**Redacted -
Non-Responsive**

a
and two HUD grants of $445,000 and $245,000 respectively.

Can you walk me through how you all obtained each of these contributions?

The Congressman requested these for the Center based on the Center's mission

Has any of the money been spent yet:

no



What, specifically, will each of the contributions be used for?

HUD for construction;

Redacted -
Non-Responsive

Chris Lee

Christopher Lee
The Washington Post
1150 15th Street NW
Washington, DC 20071
(202) 334-[redacted]- work



CHARLES B RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE
WAYS AND MEANS
RANKING MEMBER
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

☐ 2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-3215
TELEPHONE (202) 225-4365

DISTRICT OFFICE
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

☐ 163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE (212) 663-3900

PLEASE RESPOND TO
OFFICE CHECKED

May 18, 2005

The Honorable John Olver
Subcommittee on Transportation, Treasury and Housing and Urban Development
1111 Longworth House Office Building
Washington, DC 20515

Dear Mr. Olver:

I seek your support for a an Economic Development Initiative Grant for a project very important to me and I believe very much necessary

Today non-whites make up nearly 30% of the United States population. Yet only about 13.8% of the men and women who occupy top management, supervisory and policy making positions in the federal government are members of minority groups. By 2050, minority groups in the United States will comprise 50% of the population.

It is apparent to me that we need to do more to bring more minority Americans into public service. That is why I am asking for your Committee to provide $6 million to help establish a Center for Public Service at the City College of New York in my Congressional District.

The Center will offer interdisciplinary programs for bachelors, bachelors/masters and mid career programs to prepare underrepresented groups for careers in public service at management and policy making levels.

It is appropriate that this Center be established at the City College of New York. City College has been a gateway for low and moderate income New Yorkers from immigrants and other underrepresented groups and their children. CCNY is the alma mater of thousands of business people, professionals, military leaders, and public servants who came from the most modest means. CCNY's ability to be the springboard make it the ideal choice for the task at end.

I look forward to discussing this request which is very important to me.

Sincerely,

CHARLES B. RANGEL
Member of Congress

CBR:jrs

EXHIBIT
Exhibit 120

CBR 100001

CSOC.CBR.00006993

May 18, 2005

The Honorable Joseph Knollenberg
Chairman
Subcommittee on Transportation, Treasury and Housing and Urban Development
B-307 Rayburn House Office Building
Washington, DC 20515

Dear Mr. Chairman:

I seek your support for a an Economic Development Initiative Grant for a project very important to me and I believe very much necessary

Today non-whites make up nearly 30% of the United States population. Yet only about 13.8% of the men and women who occupy top management, supervisory and policy making positions in the federal government are members of minority groups. By 2050, minority groups in the United States will comprise 50% of the population.

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It is appropriate that this Center be established at the City College of New York. City College has been a gateway for low and moderate income New Yorkers from immigrants and other underrepresented groups and their children. CCNY is the alma mater of thousands of business people, professionals, military leaders, and public servants who came from the most modest means. CCNY's ability to be the springboard make it the ideal choice for the task at end.

I look forward to discussing this request which is very important to me.

Sincerely,

CHARLES B. RANGEL
Member of Congress

CBR:jrs



MEMO

TO: CBR

FROM: JON SHEINER

SUBJECT: RANGEL CENTER CONTACTS

DATE: May 19, 2005

We have sent specific requests for funding to the Subcommittees on and Treasury Transportation and HUD.

Redacted - Non-Responsive

TTHUD

Joe Knollenberg, Chairman

John Olver, Ranking Member

We also sent packages with the brochure to every member of the House and Senate Appropriations Committee.

We will be sending packages with your hand written cover to Mr. Lewis



CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
RANKING MEMBER

JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515-3215

2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-3215
TELEPHONE: (202) 225-4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900

PLEASE RESPOND TO
OFFICE CHECKED

September 28, 2005

Senator Robert Byrd, Ranking Democrat
Committee on Appropriations
US Senate, S-128
Washington, DC 20510-6025

Dear Senator Byrd:

Congratulations on your receiving recognition and an award from the Martin Luther King Memorial Foundation at its luncheon during the Congressional Black Caucus Annual Legislative Conference for your securing of the $10 million appropriation credited for making the vision of a monument to Dr. King and his work a reality. I am writing to join the Foundation in expressing my appreciation for you leadership and support of this important initiative.

I am also writing to remind you of my request for your assistance in the providing of an appropriation to launch the Charles B. Rangel Center at the City College of the City University of New York. I have approached you earlier this year as a longtime friend with a shared vision and commitment to public service, to share with you the plans of the City College of the City University of New York to create the Charles B. Rangel Center for Public Service at the City College. The proposed Rangel Center will provide an opportunity for training for public service for the underprivileged students the City College of New York has traditionally served. I want to make you aware again of my personal interest in the establishment of this Institute and my pride in the decision of the City University to name it for me.

As you know, throughout my public career I have believed in the special strength derived from our racial and ethnic diversity and that we as lawmakers must lead in assuring that opportunity for public service be made

EXHIBIT
Exhibit 123

CBR 000111

CSOC.CBR.00003599

available to all with the goal of achieving a policymaking community that reflects the rich tapestry of cultures, faiths, colors and ethnicities that make us who we are as a great nation. I am asking you to join me in the creation of a public policy center that will motivate and prepare young people presently underrepresented in public life to careers in public service.

Today, non-whites make up nearly thirty percent of the US population. Yet, according to the Equal Economic Opportunity Commission's 2003 report on the federal workforce, only 13.8% of the men and women who occupy the top managerial, supervisory, and policy-making positions in the US Federal government are members of minority groups. By 2050, minority groups in the US will comprise more than 50% of our population.

The Charles B. Rangel Center, located at the City College of New York, a school in the most ethnically diverse city in our nation and with an unparalleled history of supporting the empowerment of immigrant ethnic groups; will help to ensure that those who run our nations will be reflective of our diversity. After being approached by the leadership of the College with the idea of the Rangel Institute I was receptive because it will allow me to locate the inspirational aspects of my legacy in my home Harlem community.

As you will see from the enclosed presentation, the Rangel Center at the City College of New York will be alive with the work of scholars and students working on public policy issues and studying the political dimension of change. It would not be a Library or a Museum, but a living institution brimming with ideas and stimulating debate.

I ask for your support of the requested three million dollar appropriation for the completion



of the planning process for the creation of the Rangel Center at City College, an institution that will prepare the coming generation of minority youth for rewarding careers in public service.

Sincerely,

Charles B. Rangel
Member of Congress

CBR:gad

CBR 000113

EXHIBIT
Exhibit 123

From: Sheiner, Jon
Sent: Thursday, November 03, 2005 12:56 PM
To: Washington, Matthew; Burkett, Michelle
Subject: HUD earmarks

Attachments: Olver, Center for Public Service at the City College of NY, 05182005.pdf;

Attached are letters from Mr. Rangel to Mr. Olver on important earmark requests. Mr. Rangel will probably be speaking to Mr. Olver in very near future.



Redacted -
Non-Responsive

Jon Sheiner
Office of Cong. Charles Rangel
2354 RHOB
202-225-

Tracking:	**Recipient**	**Read**
	Washington, Matthew	Read: 11/3/2005 12:58 PM
	Burkett, Michelle	Read: 11/12/2005 1:04 PM

1

EXHIBIT
Exhibit 124

CBR 100000

CSOC.CBR.00006992

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
RANKING MEMBER
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

☐ 2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-3215
TELEPHONE: (202) 225-4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

☐ 163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900

PLEASE RESPOND TO
OFFICE CHECKED

November 22, 2005

OFFICE OF THE PRESIDENT 2005 DEC 12 A 10:47

Dr. Gregory H. Williams
President
City College of New York
138th Street and Convent Avenue
New York, NY 10031

Dear Dr. Williams:

I am very pleased to inform you that we have secured in the Transportation, Treasury and HUD Appropriations Act for Fiscal Year 2006 $450,000 for construction of a facilities for the Charles B. Rangel center for Public Service.

I am certain that City College will be able to use the funds well in its effort to establish the Center.

You should be hearing from the City of New York, the conduit for the funds, some early next year to process the grant. Should you have any questions, please call my office.

I am disappointed that because of budget constraints Congress was unable to provide any funds for special projects in the Labor-Health and Human Services Appropriations bill. This made it impossible to secure funds that would have otherwise been forthcoming for the operation of the Center. You can count on my continued efforts to raise funds through Congress and the private sector to assure that this important Center is established.

Let's continue to work together.

Sincerely,

CHARLES B. RANGEL
Member of Congress

CBR:jrs

EXHIBIT
Exhibit 125

the City College of New York

OFFICE OF THE PRESIDENT

Administration Building, Room 300
Convent Avenue at 138th Street
New York, New York 10031
TEL: 212.650.7285
FAX: 212.650.7680
www.ccny.cuny.edu

January 17, 2006

The Honorable Charles B. Rangel
US Congress, 15th Congressional District
163 West 125th Street
New York, NY 10027

Dear Congressman Rangel,

Thank you so much for your letter informing me that The City College of New York is the recipient of $450,000 in funds through the Transportation, Treasury and HUD Appropriations Act for construction of a facility for the Charles B. Rangel Center for Public Service to be built at The College.

We are delighted that the Congress has selected City College to receive this grant and we are looking forward to seeing it put to good use for the Rangel Center in the months ahead.

We, too, regret that budget constraints prevented Congress from additional support through the special projects section of the Labor-Health and Human Services Appropriations bill. We know, however, that you will be there by our side as we seek other funds from the private sector and, of course, very importantly, further funds from Congress.

Thank you for your continued confidence in and support of City College; we are honored to partner with you in this wonderful initiative as well as in so many other undertakings. My very best wishes for a Happy and Healthy New Year.

Sincerely,

Gregory H. Williams
President

EXHIBIT
Exhibit 126

Congress of the United States
House of Representatives
Washington, DC 20515-3215

March 16, 2006

The Honorable Ralph Regula
Chairman
Subcommittee on Labor, Health and Human Services, and Education
2358 Rayburn House Office Building
Washington, DC 20515

Dear Mr. Chairman:

I seek your support for a $6 million appropriation in the Fiscal Year 2007 Labor, HHS Appropriations bill for a project very important to me and I believe very much necessary.

Today non-whites make up nearly 30% of the United States population. Yet only about 13.8% of the men and women who occupy top management, supervisory and policy making positions in the federal government are members of minority groups. By 2050, minority groups in the United States will comprise 50% of the population.

It is apparent to me that we need to do more to bring more minority Americans into public service. That is why I am asking for your help establish a Center for Public Service at the City College of New York in my Congressional District.

The Center will offer interdisciplinary programs for bachelors, bachelor's/masters and mid career programs to prepare underrepresented groups for careers in public service at management and policy making levels.

It is appropriate that this Center be established at the City College of New York. City College has been a gateway for low and moderate income New Yorkers from immigrants and other underrepresented groups and their children. CCNY is the alma mater of thousands of business people, professionals, military leaders, and public servants who came from the most modest means. CCNY's ability to be the springboard make it the ideal choice for the task at end.

I look forward to discussing this request which is very important to me.

Sincerely,

CHARLES B. RANGEL
Member of Congress

CBR:jrs

EXHIBIT
Exhibit 127

03/28/2006 16:04 FAX 1212650 CITY COLLEGE 004

CHARLES B. RANGEL
WAYS AND MEANS
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515-3215

DISTRICT OFFICE:
MR. ARMAN E. JONES

March 16, 2006

The Honorable David Obey
Subcommittee on Labor, Health and Human Services, and Education
2314 Rayburn House Office Building
Washington, DC 20515

Dear Mr. Obey:

I seek your support for a $6 million appropriation in the Fiscal Year 2007 Labor, HHS Appropriations bill for a project very important to me and I believe very much necessary.

Today non-whites make up nearly 30% of the United States population. Yet only about 13.8% of the men and women who occupy top management, supervisory and policy making positions in the federal government are members of minority groups. By 2050, minority groups in the United States will comprise 50% of the population.

It is apparent to me that we need to do more to bring more minority Americans into public service. That is why I am asking for your help establish a Center for Public Service at the City College of New York in my Congressional District.

The Center will offer interdisciplinary programs for bachelors, bachelors/masters and mid career programs to prepare underrepresented groups for careers in public service at management and policy making levels.

It is appropriate that this Center be established at the City College of New York. City College has been a gateway for low and moderate income New Yorkers from immigrants and other underrepresented groups and their children. CCNY is the alma mater of thousands of business people, professionals, military leaders, and public servants who came from the most modest means. CCNY's ability to be the springboard make it the ideal choice for the task at end.

I look forward to discussing this request which is very important to me.

Sincerely,

CHARLES B. RANGEL
Member of Congress

CBR:jrs

EXHIBIT
Exhibit 127

CHARLES B. RANGEL

WAYS AND MEANS

Congress of the United States
House of Representatives
Washington, DC 20515-0215

March 16, 2006

The Honorable John Olver
Subcommittee on Transportation, Treasury and Housing and Urban Development
H311 Longworth House Office Building
Washington, DC 20515

Dear Mr. Olver:

I seek your support for a an Economic Development Initiative Grant for a project very important to me and I believe very much necessary

Today non-whites make up nearly 30% of the United States population. Yet only about 13.8% of the men and women who occupy top management, supervisory and policy making positions in the federal government are members of minority groups. By 2050, minority groups in the United States will comprise 50% of the population.

It is apparent to me that we need to do more to bring more minority Americans into public service. That is why I am asking for your Committee to provide $6 million to help establish a Center for Public Service at the City College of New York in my Congressional District.

The Center will offer interdisciplinary programs for bachelors, bachelors/masters and mid career programs to prepare underrepresented groups for careers in public service at management and policy making levels.

It is appropriate that this Center be established at the City College of New York. City College has been a gateway for low and moderate income New Yorkers from immigrants and other underrepresented groups and their children. CCNY is the alma mater of thousands of business people, professionals, military leaders, and public servants who came from the most modest means. CCNY's ability to be the springboard make it the ideal choice for the task at end.

I look forward to discussing this request which is very important to me.

Sincerely,

CHARLES B. RANGEL
Member of Congress

CBR:jrs

EXHIBIT
Exhibit 127

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
RANKING MEMBER
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–3215
TELEPHONE: (202) 225–4365

DISTRICT OFFICE
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900

PLEASE RESPOND TO
OFFICE CHECKED

May 19, 2006

Honorable Charles Schumer
United States Senate
Washington, DC 20510

Dear Senator Schumer:

Redacted - Non-Responsive

I seek your support for a $6 million appropriation in the Fiscal Year 2007 and Transportation, Treasury Judiciary and HUD Appropriations bills for a project very important to me and I believe very much necessary

Today non-whites make up nearly 30% of the United States population. Yet only about 13.8% of the men and women who occupy top management, supervisory and policy making positions in the federal government are members of minority groups. By 2050, minority groups in the United States will comprise 50% of the population.

It is apparent to me that we need to do more to bring more minority Americans into public service. That is why I am asking for your help establish a Center for Public Service at the City College of New York in my Congressional District.

The Center will offer interdisciplinary programs for bachelors, bachelors/masters and mid career programs to prepare underrepresented groups for careers in public service at management and policy making levels.

It is appropriate that this Center be established at the City College of New York. City College has been a gateway for low and moderate income New Yorkers from immigrants and other underrepresented groups and their children. CCNY is the alma mater of thousands of business people, professionals, military leaders, and public servants who came from the most modest means. CCNY's ability to be the springboard make it the ideal choice for the task at end.

I look forward to discussing this request which is very important to me.

Sincerely,

CHARLES B. RANGEL
Member of Congress

CBR:jrs

EXHIBIT
Exhibit 128

CBR 100106

CSOC.CBR.00007098

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE
WAYS AND MEANS
RANKING MEMBER
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-3215
TELEPHONE: (202) 225-4365

DISTRICT OFFICE
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900

PLEASE RESPOND TO
OFFICE CHECKED

May 19, 2006

Honorable Hillary Rodham Clinton
United States Senate
Washington, DC 20510

Redacted - Non-Responsive

Dear Senator Clinton:

I seek your support for a $6 million appropriation in the Fiscal Year 2007 and Transportation, Treasury Judiciary and HUD Appropriations bills for a project very important to me and I believe very much necessary

Today non-whites make up nearly 30% of the United States population. Yet only about 13.8% of the men and women who occupy top management, supervisory and policy making positions in the federal government are members of minority groups. By 2050, minority groups in the United States will comprise 50% of the population.

It is apparent to me that we need to do more to bring more minority Americans into public service. That is why I am asking for your help establish a Center for Public Service at the City College of New York in my Congressional District.

The Center will offer interdisciplinary programs for bachelors, bachelors/masters and mid career programs to prepare underrepresented groups for careers in public service at management and policy making levels.

It is appropriate that this Center be established at the City College of New York. City College has been a gateway for low and moderate income New Yorkers from immigrants and other underrepresented groups and their children. CCNY is the alma mater of thousands of business people, professionals, military leaders, and public servants who came from the most modest means. CCNY's ability to be the springboard make it the ideal choice for the task at end.

I look forward to discussing this request which is very important to me.

Sincerely,

CHARLES B. RANGEL
Member of Congress

CBR:jrs

EXHIBIT
Exhibit 128

CBR 100107

CSOC.CBR.00007099

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
RANKING MEMBER
JOINT COMMITTEE ON TAXATION

2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-3215
TELEPHONE: (202) 225-4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900

PLEASE RESPOND TO
OFFICE CHECKED

Congress of the United States
House of Representatives
Washington, DC 20515-3215

May 19, 2006

Honorable Tom Harkin
United States Senate
Washington, DC 20510

Redacted - Non-Responsive

Dear Senator Harkin:

I seek your support for a $6 million appropriation in the Fiscal Year 2007 and Transportation, Treasury Judiciary and HUD Appropriations bills for a project very important to me and I believe very much necessary

Today non-whites make up nearly 30% of the United States population. Yet only about 13.8% of the men and women who occupy top management, supervisory and policy making positions in the federal government are members of minority groups. By 2050, minority groups in the United States will comprise 50% of the population.

It is apparent to me that we need to do more to bring more minority Americans into public service. That is why I am asking for your help establish a Center for Public Service at the City College of New York in my Congressional District.

The Center will offer interdisciplinary programs for bachelors, bachelors/masters and mid career programs to prepare underrepresented groups for careers in public service at management and policy making levels.

It is appropriate that this Center be established at the City College of New York. City College has been a gateway for low and moderate income New Yorkers from immigrants and other underrepresented groups and their children. CCNY is the alma mater of thousands of business people, professionals, military leaders, and public servants who came from the most modest means. CCNY's ability to be the springboard make it the ideal choice for the task at end.

I look forward to discussing this request which is very important to me.

Sincerely,

CHARLES B. RANGEL
Member of Congress

CBR:jrs

EXHIBIT
Exhibit 128

CBR 100108

CSOC.CBR.00007100

MEMO

TO: CBR

FROM: JON SHEINER

SUBJECT: TTHUD REQUESTS

DATE: May 31, 2006

The Transportation, Treasury HUD Appropriations bill will be considered by the Full Appropriations Committee next Tuesday. Earmarks will be inserted at that time. Rob Nabors, Mr. Obey's Staff Director, advised me that if you want to share your views with Mr. Olver, the ranking member of the subcommittee, you should do so in the next few days.

You can reach John Olver at:

DC- 202-225-

Holyoke, Mass. 413-532-

The following with your priorities are your TTHUD requests:

1. CCNY CBR Center for Public Service-EDI

Redacted -
Non-Responsive

EXHIBIT
Exhibit 129

CBR 100065

CSOC.CBR.00007057

JOHN KLINE, MINNESOTA
K. MICHAEL CONAWAY, TEXAS
[illegible] W. DENT, PENNSYLVANIA

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
RANKING MEMBER

JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–3215
TELEPHONE: (202) 225–4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–3900

PLEASE RESPOND TO:
OFFICE CHECKED

March 14, 2007

The Honorable David Obey
Subcommittee on Labor, Health and Human Services, and Education
United States House of Representaitves
Washington, DC 20515

Dear Mr. Chairman:

I seek your support for a $6 million appropriation in the Fiscal Year 2007 Labor, HHS Appropriations bill for a project very important to me and I believe very much necessary

Today non-whites make up nearly 30% of the United States population. Yet only about 13.8% of the men and women who occupy top management, supervisory and policy making positions in the federal government are members of minority groups. By 2050, minority groups in the United States will comprise 50% of the population.

It is apparent to me that we need to do more to bring more minority Americans into public service. That is why I am asking for your help establish a Center for Public Service at the City College of New York in my Congressional District.

The Center will offer interdisciplinary programs for bachelors, bachelors/masters and mid career programs to prepare underrepresented groups for careers in public service at management and policy making levels.

It is appropriate that this Center be established at the City College of New York. City College has been a gateway for low and moderate income New Yorkers from immigrants and other underrepresented groups and their children. CCNY is the alma mater of thousands of business people, professionals, military leaders, and public servants who came from the most modest means. CCNY's ability to be the springboard make it the ideal choice for the task at end.

I look forward to discussing this request which is very important to me.

Sincerely,

Charlie

CHARLES B. RANGEL
Member of Congress

CBR:jrs

EXHIBIT
Exhibit 130

CSOC.CBR.00026990

CHARLES B. RANGEL
16TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
RANKING MEMBER
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

☐ 2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–3216
TELEPHONE: (202) 225–4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

☐ 163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–3900

PLEASE RESPOND TO
OFFICE CHECKED

March 15, 2007

Honorable John Olver
Chairman
Subcommittee on Transportation, HUD
United States House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

I am requesting funding for the City College of New York in fiscal year 2008. The entity to receive funding for this project is the Department of Housing and Urban Development. The funding would be for an EDI to make structural and rehabilitation work a Center for Public Service.

I certify that neither I nor my spouse has any financial interest in this project."

Sincerely,

CHARLES B. RANGEL
Member of Congress

CBR:jrs

EXHIBIT
Exhibit 131

CBR 100013

CSOC.CBR.00007005

From: Detailee. THApprop
Sent: Friday, May 04, 2007 2:54 PM
To: Sheiner, Jon
Subject: Transportation Approps Requests

Attachments: Rangel THUD Projects.xls

Jon,

Here are your THUD projects as entered via the on-line submission process.



Rangel THUD Projects.xls (26 K...

As discussed, could you please submit one letter which prioritizes the projects and provides following info:

- Rank and Name of project
- Amount requested
- THUD account (Highways, HUD etc)
- One sentence describing project

If you want to change the ranking of any project, I can do that in the database. I'll ensure the database reflects the priorities in your letter. Thanks and let me know if you have any questions.

--Mark

Mark J. Fedor
Committee on Appropriations
Subcommittee on the Department of Transportation,
HUD and Related Agencies
(202) 225-
thapprop.detailee@mail.house.gov



	Agency	Account
TT - Transportation & Treasury	Housing and Urban Development (HUD)	EDI - Facilities construction/renovation

Redacted -
Non-Responsive



Member	Transportation Priority Projects Name of Project	Requested Amount
Rangel, Charles		

Redacted -
Non-Responsive



Project Description

**Redacted -
Non-Responsive**



CBR 100193

CSOC.CBR.00007185

HUD Priority Projects	Requested Amount	Recipient
1	$3,000,000	City College of New York

Redacted -
Non-Responsive



Project Description

Center for Public Service at CCNY. Funds for the rehabilitation and interior build out of facility. The Center will offer an interdisciplinary pro

Redacted -
Non-Responsive



CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE
WAYS AND MEANS
RANKING MEMBER
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-3215
TELEPHONE: (202) 225-4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900

PLEASE RESPOND TO
OFFICE CHECKED

July 6, 2007

Honorable John Olver
Chairman
Subcommittee on Transportation, HUD
United States House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

I am requesting funding for the City College of New York in fiscal year 2008. The entity to receive funding for this project is the City University of New York, 138th Street and Convent Avenue, NY, NY 10031. The funding would be for an EDI for construction and renovation of a multipurpose educational facility.

I certify that neither I nor my spouse has any financial interest in this project."

Sincerely,

Charles B. Rangel

CHARLES B. RANGEL
Member of Congress

CBR:jrs

EXHIBIT
Exhibit 133

CBR 100014

CSOC.CBR.00007006

UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF POSTSECONDARY EDUCATION

2008 MAR 10 A 11:18

March 4, 2008

Dr. Gregory Williams
President
The City College
for the Charles B. Rangel Center for Public Service
Wille Administration, Rm 300
138th Street and Convent Avenue
New York, NY 10031

Dear Dr. Williams:

Your institution has been identified in the Consolidated Appropriations Act of 2008 as the recipient of a Congressionally-directed grant for *$1,915,934.00*. The congressional intention of this award is for "*the Charles B. Rangel Center for Public Service, to prepare individuals for careers in public service, which may include establishing an endowment, library and archives for such center*". Please note that the amount has been reduced by a 1.747% rescission required by Congress.

We have made every effort to ensure you are the correct contact recipient, but in case of error, please contact us directly by using the contact information provided at the end of this letter.

Before grant funds can be awarded, a grant application package must be submitted specifying how your project will meet the Congressional purposes established in the Appropriations Act and that the monies will be spent appropriately and responsibly. Once the application materials are reviewed and deemed to fully meet the Congressional language specified, we will make your grant award.

Once the award has been made, you will be required to submit all required annual and final reports and conform to statutory and regulatory requirements applicable to all U.S. Department of Education discretionary grantees.

EXHIBIT
Exhibit 134

So that funds can be awarded with minimal delay, it is critical that the Department process the award package documents as soon as possible. Please have your representative prepare and submit the required documents on or before **March 31, 2008. If you follow the application instructions and meet the specified deadline, you can expect the award to be processed within 4-6 weeks.**

Please direct your representative to begin the process of preparing the application by accessing the Congressionally-directed grant materials at:

http://www.ed.gov/programs/ope-directed/index.html

These materials have been developed to answer common questions about earmark awards and will speed your application process.

All Congressionally-directed grant recipients are expected to submit their application materials through the Department of Education's e-Grants Web site at: **http://e-Grants.ed.gov.** From this portal, you will need to select the e-Application tab page. We recommend you view the "Demo" site on the left side of the e-Application homepage to learn how to register for a user ID and password and how to complete a basic application package.

Upon receiving an ID and password and initiating the FY 2008 Congressionally-directed awards package, you will be prompted to enter a unique PIN to gain access to the applications package. The PIN for this package is [redacted]

The following documents must be submitted in order to process your grant; all documents can be accessed though the e-Grant portal noted above:

- Several required forms and documents:
  a. A completed title page (ED 424), signed by an authorized institutional representative (this will be faxed separately to 202-502-7877);
  b. A completed budget summary form (ED 524);
  c. A statement in response to the Department of Education's General Education Provisions Act (GEPA), Section 427;
  d. Form 424B – Assurances, Non-Construction Programs;
  e. Certifications form regarding lobbying and other matters;
  f. Form SF-LLL, Disclosure of Lobbying Activities; and,
  g. Supplemental Information for SF-424.

- A one-paragraph project abstract describing the purposes/activities for which the grant will provide support. This abstract will be sent to your Congressional sponsor.

- A project/management narrative plan, not to exceed 10 double-spaced pages, describing the activities to be supported by the grant and their relationship to the Congressional language authorizing the grant and the persons responsible



for implementing those activities (including any contractors). Specific items to be addressed are: a) goals and measurable objectives for the project; b) anticipated outcomes; c) actions/activities need to meet the objectives; d) timeline for achieving goals and objectives; and, e) methods used to obtain results.

- A description of how the project will be evaluated and to what extent the goals set by Congress will be realized for this grant award; and

- A line item budget and a separate detailed budget narrative describing how these figures were calculated. Note that recipients of Congressional awards are not required to contribute matching funds and may include indirect costs up to the organization's negotiated federal rate.

Finally, note that there are certain purposes to which Congressionally-directed grant monies **cannot** be applied unless specifically authorized by the legislative language, including such items as construction, sub-granting to other organizations, and payments for lobbying activities. See the materials located at the OPE Web address above for additional information on this and other aspects of preparing an application.

This award should be described as a "Congressionally-directed grant" in all public announcements. Applications for all awards must be processed before the end of this fiscal year, September 30, 2008. Failure to complete the application process by that date will result in forfeiture of the award.

Applicants that do not have access to the e-Grants Web site may submit applications in paper form. Please contact Levenia Ishmell at 202-502- or Levenia.Ishmel to request a waiver and paper application materials.

If you wish to decline this funding, please contact Bette Dow immediately by email at Bette.Dow.

We look forward to working with you. If you have further questions, please call 202-502- Please specify your institution and that your request is for information for Congressionally-directed grants.

Cordially,

Ralph Hines

Ralph Hines
Acting Director,
Fund for Improvement of
Postsecondary Education



From: rbutler
Sent: Saturday, May 10, 2008 8:43 AM
To: Berger, Dan; Dalley, George; Capel, Jim
Subject: Re:

Redacted - Non-Responsive

We need to think about how we can find the money to fix up the Rangel Center building which needs several million dollars in rehab. We do have the two HUD grants totaling $700k that we are permitted to spend on constructions but the big Congressional grant, we can't use for that purpose and all our other gifts to the Rangel Center are for students and the program.

Redacted - Non-Responsive

thanks
shelly

Rachelle D. Butler, Vice President
Development and Institutional Advancement The City College of New York Shepard S-154 138th and Convent Avenue New York, NY 10031
Tel: (212) 650-, (212) 650-
Fax: (212) 650-
Email: rbutler

Redacted - Non-Responsive

EXHIBIT
Exhibit 135

CBR 100204

CSOC.CBR.00007196

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
RANKING MEMBER
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

WASHINGTON, DC 20515–3215
TELEPHONE: (202) 225–4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900

PLEASE RESPOND TO:
OFFICE CHECKED

EXHIBIT
3

FAX TRANSMITTAL COVER SHEET

DATE: July 12, 2005

TO: Rachelle Butler

FROM: Jackie Stewart through George Dalley

NUMBER OF PAGES (INCLUDING FAX COVER SHEET): 18

NOTE: Here is a list of foundations we've sent letters to regarding the Rangel Center.

Thank You.

EXHIBIT
Exhibit 136

Last	First	Company	Address
Abraham	Alexander	The Abraham Foundation, Inc.	Mr. Alexander Abraham The Abraham Foundation, Inc. c/o B. Strauss Assoc. Ltd. 307 5th Ave., 8th Fl. New York, NY 10016
Abrons	Richard	Louis and Abrons Foundation, Inc.	Mr. Richard Abrons Louis and Abrons Foundation, Inc. c/o Manhattan Co. 437 Madison Ave. New York, NY 10017
Spitzer	Daniel	The ABS Charitable Foundation	Mr. Daniel Spitzer The ABS Charitable Foundation 850 Piermont Ave. Piermont, NY 10968
Dolan	Joseph	The Achelis Foundation	Mr. Joseph Dolan The Achelis Foundation 767 3rd Ave., 4th Fl. New York , NY 10017
Jones	Edward	The Edith & F.M. Achilles Memorial Fund	Mr. Edward Jones The Edith & F.M. Achilles Memorial Fund c/o JP Morgan Chase Bank 345 Park Ave., 4th Fl. New York, NY 10154
Culbertson	Grace	Acorn Foundation, Inc.	Ms. Grace Culbertson Acorn Foundation, Inc. c/o The Bank of New York 1 Wall St., 28th Fl., Tax Dept. New York, NY 10286
Franciscovich	Linda	The Agonak Foundation	Ms. Linda Franciscovich The Agonak Foundation c/o U.S. Trust 114 W. 47th St. New York , NY 10036
Robinson	Flavia	The Daniele Agostino Foundation	Ms. Flavia Robinson The Daniele Agostino Foundation 870 United Nations Plz., No. 35C New York , NY 10017
Riker	Susan	Agrilink	Ms. Susan Riker

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EXHIBIT
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CSOC.CBR.00032680

	First	Company	Address
		Foods/Pro-Fac Foundation	Agrilink Foods/Pro-Fac Foundation 90 Linden Oaks P.O. Box 20670 Rochester, NY 14602-0670
Wexner	Bella	AHBA, Inc.	Ms. Bella Wexner AHBA, Inc. c/o Hertz, Herson & Co., LLP 2 Park Ave., Ste. 1500 New York, NY 10016
Weintraub	Robert	Joseph Alexander Foundation, Inc.	Mr. Robert Weintraub Joseph Alexander Foundation, Inc. 400 Madison Ave. Ste., 906 New York, NY 10017
Alfiero	Salvatore	Alfiero Family Charitable Foundation	Mr. Salvatore Alfiero Alfiero Family Charitable Foundation 2150 Elmwood Ave. Buffalo, NY 14207
Felson	Howard	The Herbert Allen Foundation	Mr. Howard Felson The Herbert Allen Foundation 711 5th Ave. New York, NY 10022-3194
Allwin	James	The Allwin Family Foundation	Mr. James Allwin The Allwin Family Foundation c/o Aetos Capital, LLC 375 Park Ave., Ste. 3401 New York, NY 10152
O'Connell	Meg	Allyn Foundation	Ms. Meg O'Connell Allyn Foundation P.O. Box 22 Skaneateles, NY 13152
Alper	Andrew	Alper Family Foundation	Mr. Andrew Alper Alper Family Foundation DCRS Assocs. 100 Wall St., 11th Fl. New York, NY 10005
Bible	Geoffrey	Altria Fund, Inc.	Mr. Geoffrey Bible Altria Fund, Inc. 120 Park Ave.

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EXHIBIT
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CSOC.CBR.00032681

Last	First	Company	Address
			New York, NY 10017-5592
Weisenburger	Randall	The Altus One Fund, Inc.	Mr. Randall Weisenburger The Altus One Fund, Inc. c/o Randall R. Weisenburger 437 Madison Ave., 9th Fl. New York, NY 10022-7001
Mintz	Philip	Amicus Foundation, Inc.	Mr. Philip Mintz Amicus Foundation, Inc. 29 W. 38th St. New York, NY 10018
Andersen	Sung	The G.C. Andersen Family Foundation	Mr. Sung Andersen The G.C. Andersen Family Foundation 1050 Fifth Ave., Apt. 6F New York, NY 10028-0140
Alex	Josephine	The Frank J. Antun Foundation	Ms. Josephine Alex The Frank J. Antun Foundation 100 Crossways Park W., Ste. 205 Woodbury, NY 11797
Santangelo	Joseph	Arkell Hall Foundation, Inc.	Mr. Joseph Santangelo Arkell Hall Foundation, Inc. P.O. Box 240 Canajoharie, NY 13317-0240
Aron	Peter	J. Aron Charitable Foundation, Inc.	Mr. Peter Aron J. Aron Charitable Foundation, Inc. 126 E. 56th St., Ste. 2300 New York, NY 10022
Arnow	David	The Aronovitz Family Foundation	Mr. David Arnow The Aronovitz Family Foundation c/o Weller Arnow Mgmt. Co., Inc. 1114 Ave. of the Americas, Ste. 3400 New York, NY 10036
Goldman	Guido	The ASDA Foundation	Mr. Guido Goldman The ASDA Foundation c/o First Spring Corp. 499 Park Ave., 26th Fl. New York, NY 10022
Richards	Cynthia	The Atlantic Foundation of	Ms. Cynthia Richards

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st	First	Company	Address
		NY	The Atlantic Foundation of NY 125 Park Ave., 21st Fl. New York, NY 10017
Barakett	Timothy	The Atticus Foundation	Mr. Timothy Barakett The Atticus Foundation 152 W. 57th St. New York , NY 10019
McCarthy	Michael	Avalon Foundation	Mr. Michael McCarthy Avalon Foundation c/o BCRS Assocs., LLC 100 Wall St., 11th Fl New York , NY 10005
Bahnik	Roger	The Bahnik Foundation, Inc.	Mr. Roger Bahnik The Bahnik Foundation, Inc. 190 Pine Hollow Rd. Oyster Bay, NY 11771
Brown	Robin	The Robin Brown & Charles Seelig Family Foundation	Ms. Robin Brown The Robin Brown & Charles Seelig Family Foundation c/o BCRS Assocs., LLC 100 Wall St., 11th Fl. New York, NY 10005
Savage	Ann	The Brownington Foundation	Ms. Ann Savage The Brownington Foundation c/o Morris & McVeigh 767 3rd Ave. New York, NY 10017
Brownstone	Clyde	Lucien & Ethel Brownstone Foundation, Inc.	Mr. Clyde Brownstone Lucien & Ethel Brownstone Foundation, Inc. c/o Warshaw Burstein, et al. 555 5th Ave. New York, NY 10017
Brunie	Charles	Jean & Charles H. Brunie Foundation	Mr. Charles Brunie Jean & Charles H. Brunie Foundation 21 Elm Rock Road Bronxville, NY 10708
Burke	James	The Burke Family Foundation	Mr. James Burke The Burke Family Foundation c/o Stonington Press

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EXHIBIT
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st	First	Company	Address
			757 5th Ave., 48th Fl. New York, NY 10153
Lewis	Michael	Butlea Foundation	Mr. Michael Lewis Butlea Foundation c/o Subaru 6 Ramland Rd. Orangeburg, NY 10962
Butler	Gilbert	Gilbert & Ildiko Butler Foundation, Inc.	Mr. Gilbert Butler Gilbert & Ildiko Butler Foundation, Inc. c/o Butler Capital Corp. 745 5th Ave., Ste. 1702 New York, NY 10151
Solomon	Milton	The Bydale Foundation	Mr. Milton Solomon The Bydale Foundation 11 Martine Ave. White Plains, NY 10606
Epstein	Jeffrey	The C.O.U.Q. Foundation, Inc.	Mr. Jeffrey Epstein The C.O.U.Q. Foundation, Inc. c/o George V. Delson Assocs. 110 E. 59th St. New York, NY 10022
Carson	Cecily	The Carson Family Charitable Trust	Ms. Cecily Carson The Carson Family Charitable Trust c/o U.S. Trust Co. of New York 114 W. 47th St. New York, NY 10036
Stutt	William	The Carwill Foundation	Mr. William Stutt The Carwill Foundation c/o Goldman Sachs & Co. 85 Broad St., Tax Dept. New York, NY 10004
Menschel	Richard	Charina Foundation, Inc.	Mr. Richard Menschel Charina Foundation, Inc. 85 Broad St. New York, NY 10004
Dessingue	William	Charitable Venture Foundation	Mr. William Dessingue Charitable Venture Foundation 747 Pierce Rd. Clifton Park, NY 12065

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ast	First	Company	Address
Schumacher	Janet	Carnahan-Jackson Foundation	Ms. Janet Schumacher Carnahan-Jackson Foundation c/o Not for Profit Institutions 1 East Ave., 3rd Fl. Rochester, NY 14604
Conway	Peter	The Conway Family Foundation	Mr. Peter Conway The Conway Family Foundation c/o Goldman Sachs & Co. 85 Broad St., Tax Dept. New York, NY 10004
Jackson.	Herrick	Connemara Fund	Mr. Herrick Jackson Connemara Fund c/o James D. Miller & Co. 350 5th Ave., R. 5019 New York, NY 10118
Lindsey	John	The Chisolm Foundation	Mr. John Lindsey The Chisolm Foundation c/o US Trust 114 W. 47th St. New York, NY 10036
Smith	Susan	The Community Foundation of Herkimer & Oneida Counties, Inc.	Ms. Susan Smith The Community Foundation of Herkimer & Oneida Counties, Inc. 270 Genesee St. Utica, NY 13592
Corey	Emilie	The Corey Foundation	Ms. Emilie Corey The Corey Foundation c/o M. Corey 2 Colombus Ave., Ste. 35 New York, NY 10023
Schaenen, Jr.	Nelson	Compauw Foundation, Ltd.	Mr. Nelson Schaenen, Jr. Compauw Foundation, Ltd. c/o B. Strauss Assocs., Ltd. 307 5th Ave., 8th Fl. New York, NY 10016
MacDonald	Robert	Cranshaw Corporation	Mr. Robert MacDonald Cranshaw Corporation

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Last	First	Company	Address
			c/o White and Case, LLP 1155 Ave. of the Americas, Sta. 3435 New York, NY 10036
Cunniff	Marilyn	Cunniff Family Fund	Ms. Marilyn Cunniff Cunniff Family Fund c/o Ruane Cunniff & Co., Inc. 787 5th Ave., Ste. 4701 New York, NY 10153
Malkin	David	Filomena M. D'Agostino Foundation	Mr. David Malkin Filomena M. D'Agostino Foundation 950 3rd Ave., 32nd Fl. New York, NY 10022
McKee	Bill	The Davenport-Hatch Foundation	Mr. Bill McKee The Davenport-Hatch Foundation c/o Fleet Trust Co. 1 East Ave. Rochester, NY 14638
Hattem	Gary	Deutsche Bank Americas Foundation	Mr. Gary Hattem Deutsche Bank Americas Foundation 60 Wall Street, NYC60-2110 New York, NY 10005
McDowell	Jay	Miriam and Arthur Diamond Charitable Trust	Mr. Jay McDowell Miriam and Arthur Diamond Charitable Trust c/o Cadwalader 100 Maiden Ln.,Ste. 308 New York, NY 10038
Diller	Barry	The Diller-von Furstenburg Family Foundation	Mr. Barry Diller The Diller-von Furstenburg Family Foundation c/o Patricia Doudna, Ernst & Young 787, 7th Ave. New York, NY 10019
Donovan	Michael	Donovan Foundation	Mr. Michael Donovan Donovan Foundation c/o Michael Donovan 1040 5th Ave., Sta. 2A New York, NY 10028

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EXHIBIT
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Last	First	Company	Address
Doran	Robert	Doran Family Charitable Trust	Mr. Robert Doran Doran Family Charitable Trust c/o U.S. Trust, Tax Dept. 114 W. 47th St. New York, NY 10036
Smith	Crosby	Clarence and Anne Dillon Dunwalke Trust	Mr. Crosby Smith Clarence and Anne Dillon Dunwalke Trust 1330 Ave. of the Americas, 27th Fl. New York, NY 10019
West	Ronald	Fred L. Emerson Foundation, Inc.	Mr. Ronald West Fred L. Emerson Foundation, Inc. P.O. Box 276 Auburn, NY 13021
Picotte	John	Equinox Foundation, Inc.	Mr. John Picotte Equinox Foundation, Inc. c/o M.R. Weiser & Co. 20 Corporate Woods Blvd., Rm. 600 Albany, NY 12211
Lefkowitz	Stanley	Falconwood Foundation, Inc.	Mr. Stanley Lefkowitz Falconwood Foundation, Inc. 666 6th Ave. New York, NY 10017
Swan	William	First Niagara Bank Foundation	Mr. William Swan First Niagara Bank Foundation 6950 S. Transit Rd. P.O. Box 154 Lockport, NY 14095
Ford	Daryl	The Ford Family Foundation	Mr. Daryl Ford The Ford Family Foundation c/o BCRS 100 Wall St., 11th Fl. New York, NY 10005
Allair	Paul	The Ford Foundation	Mr. Paul Allair The Ford Foundation 320 E. 43rd St. New York, NY 10017
Held	Huyler	Gerry	Mr. Huyler Held

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ast	First	Company	Address
		Charitable Trust	Gerry Charitable Trust c/o McLaughlin & Stern LLP 260 Madison Ave. New York, NY 10016
Noble	Kate	Baker Charitable Foundation	Ms. Kate Noble Baker Charitable Foundation c/o JP Morgan Chase Bank, Trust Dept. P.O. Box 31412 Rochester , NY 14603
Suarez	Rocio	The George F. Baker Trust	Miss Rocio Suarez The George F. Baker Trust 477 Madison Ave., Ste.,1650 New York, NY 10022
Stein	Janet	The Balm Foundation	Ms. Janet Stein The Balm Foundation 11 E. 73rd St. New York, NY 10021
Troiano	John	The Banfi Vintners Foundation	Mr. John Troiano The Banfi Vintners Foundation 1111 Cedar Swamp Rd. Glen Head, NY 11545
Hopkins	Maureen	J.M.R. Barker Foundation	Ms. Maureen Hopkins J.M.R. Barker Foundation 530 5th Ave., 26th Fl. New York, NY 10036-5101
Barnett	Lawrence	Lawrence and Isabel Barnett Charitable Foundation	Mr. Lawrence Barnett Lawrence and Isabel Barnett Charitable Foundation c/o Ezkr, LLP 120 Bloomingdale Rd. White Plains, NY 10605
Larke	Carolyn	Barrow Foundation	Ms. Carolyn Larke Barrow Foundation c/o U.S. Trust 114 W. 47th St. New York, NY 10036
Baum	Elizabeth	Theodore & Ruth Baum Charitable Foundation	Ms. Elizabeth Baum Theodore & Ruth Baum Charitable Foundation

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Last	First	Company	Address
			c/o Matthews & Co., LLP 331 Madison Ave., 8th Fl. New York, NY 10017
Wexner	Susan	BCHB, Inc.	Ms. Susan Wexner BCHB, Inc. c/o Hertz, Herson & Co., LLP 2 Park Ave., Ste. 1500 New York, NY 10016
Belr	Robert	The Belr Foundation	Mr. Robert Belr The Belr Foundation 110 E. 59th St. New York, NY 10022
Belson	Jerome	The Jerome Belson Foundation	Mr. Jerome Belson The Jerome Belson Foundation 495 Broadway 495 Broadway, 6th Fl. New York, NY 10012
Beltrone	Salvatore	Salvatore & Anna Beltrone Family Foundation	Mr. Salvatore Beltrone Salvatore & Anna Beltrone Family Foundation 14 Hemlock St. Latham, NY 12110-2217
Bergson	Stefany	The Stefany and Simon Bergson Foundation	Ms. Stefany Bergson The Stefany and Simon Bergson Foundation Woods Rd., P.O. Box 895 Palisades, NY 10955
Bernhard	William	The Bernhill Fund	Mr. William Bernhard The Bernhill Fund c/o Siegel Sacks 630 3rd Ave. New York, NY 10017
Baron	Mitchell	The Richard A. and Amelia Bernstein Foundation, Inc.	Mr. Mitchell Baron The Richard A. and Amelia Bernstein Foundation, Inc. c/o P&E Properties, Inc. 444 Madison Ave. New York, NY 10022
Merin	Elizabeth	The Big Wood Foundation	Ms. Elizabeth Merin The Big Wood Foundation c/o Yohalem Gillman & Co.

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CSOC.CBR.00032689

st	First	Company	Address
			477 Madison Ave. New York, NY 10022
Blankfein	Laura	The Lloyd and Laura Blankfein Foundation	Ms. Laura Blankfein The Lloyd and Laura Blankfein Foundation c/o Goldman Sachs & Co. 85 Broad St., Tax Dept. New York, NY 10004
Block	Thomas	Adele and Leonard Block Foundation, Inc.	Mr. Thomas Block Adele and Leonard Block Foundation, Inc. 499 7th Ave., 21st Fl. S. New York, NY 10018
Blood	Alison	The Blood Family Foundation	Ms. Alison Blood The Blood Family Foundation c/o Goldman Sachs & Co. 85 Broad St., Tax Dept. New York, NY 10004
Klein	Matthew	Blue Ridge Foundation New York	Mr. Matthew Klein Blue Ridge Foundation New York 660 Madison Ave. New York, NY 10021
Bluhdorn	Dominique	Charles G. & Yvette Bluhdorn Charitable Trust	Mr. Dominique Bluhdorn Charles G. & Yvette Bluhdorn Charitable Trust c/o Reminick, Aarons & Co. LLP 1430 Broadway New York, NY 10018
Paulson	Henry	The Bobolink Foundation	Mr. Henry Paulson The Bobolink Foundation c/o Goldman Sachs & Co. 85 Broad St., Tax Dept. New York, NY 10004
Maurer	Barbara	Booth Ferris Foundation	Ms. Barbara Maurer Booth Ferris Foundation 345 Park Ave., 4th Fl. New York, NY 10154
Boxer	Leonard	The Boxer Foundation	Mr. Leonard Boxer The Boxer Foundation c/o George Rothkopf 366 N. Broadway, Ste. 410

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Last	First	Company	Address
			Jericho, NY 11753
Brine	Kevin	Madeline and Kevin Brine Charitable Trust	Mr. Kevin Brine Madeline and Kevin Brine Charitable Trust c/o Sanford C. Bernstein & Co. 767 5th Ave. New York, NY 10153
Brodsky	Daniel	Daniel J. and Estrellita Brodsky Foundation	Mr. Daniel Brodsky Daniel J. and Estrellita Brodsky Foundation 400 W. 59th St., 3rd Fl. New York, NY 10019
Hawkins	Harman	Gladys Brooks Foundation	Mr. Harman Hawkins Gladys Brooks Foundation c/o Thomas Q. Morris, M.D. 630 W. 168th St. New York, NY 10032

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Last	First	Company	Address
		MetLife Foundation	MetLife Foundation 27-01 Queens Plaza North Long Island City, NY 11101
		The Goldman Sachs Foundation	The Goldman Sachs Foundation 85 Broad St. 22nd Fl. New York, NY 10004
		The Starr Foundation	The Starr Foundation One Time Warner Center New York, NY 10019-8016
Shea	Christina	The General Mills Foundation	Ms. Christina Shea The General Mills Foundation P.O. Box 1113 Minneapolis, MN 554440
		Merrill Lynch & Co. Foundation	Merrill Lynch & Co. Foundation c/o CT Corporation System 111 8th Ave. New York, NY 10011
		The Rockefeller Foundation	The Rockefeller Foundation 420 5th Ave. New York, NY 10018
		AT&T Foundation	AT&T Foundation 32 Avenue of the Americas, 6th Fl. New York, NY 10001
		JPMorgan Chase Foundation	JPMorgan Chase Foundation 270 Park Ave., Fl. 33 New York, NY 10017
Raymond	Charles	Citigroup Foundation	Mr. Charles Raymond Citigroup Foundation 850 Third Ave., 13th Fl. New York, NY 10043
Longley	Elizabeth	Wachovia Foundation	Ms. Elizabeth Longley Wachovia Foundation



Last	First	Company	Address
			Chrysler Building, WS 6453 405 Lexington Ave., 3rd Fl. New York, NY 10174-6453
Richardson	William	W.K. Kellogg Foundation	Mr. William Richardson W.K. Kellogg Foundation One Michigan Ave. East Battle Creek, MI 49017-4012
Davies	Charles	GEICO Philanthropic Foundation	Mr. Charles Davies GEICO Philanthropic Foundation c/o GEICO Corp.



Last	First	Company	Address
Damonti	John	The Bristol-Myers Squibb Foundation	Mr. John Damonti The Bristol-Myers Squibb Foundation 345 Park Ave., 43rd Fl. New York, NY 10154
Seidenburg	Ivan	The Verizon Foundation	Mr. Ivan Seidenburg The Verizon Foundation 1095 Avenue of the Americas, Rm. 3200 New York, NY 10036
Hunt	Erica	Twenty-First Century Foundation	Ms. Erica Hunt Twenty-First Century Foundation 271 W. 125th St., Suite 303 New York, NY 10027
Greer	Colin	The New World Foundation	Mr. Colin Greer The New World Foundation 666 West End Ave., Suite 1-B New York, NY 10025-7357
Daniels	Dianne	The Bay and Paul Foundations	Ms. Dianne Daniels The Bay and Paul Foundations 17 W. 94th St., 1st Fl. New York, NY 10025
Posner	James	Posner-Wallace Foundation	Dr. James Posner Posner-Wallace Foundation 300 W. 108th St., Apt. 15-C New York, NY 10025-0350
Volkilis	Charlotte	Crosswicks Foundation	Ms. Charlotte Volkilis Crosswicks Foundation 924 West End Ave., #95 New York, NY 10025
Mansoor	Daniel	Clair & Menahem Mansoor Foundation	Mr. Daniel Mansoor Clair & Menahem Mansoor Foundation 189 W. 89th St., Suite 7P New York, NY 10024-1963
Michalis	Clair	Josiah Macy, Jr., Foundation	Mr. Clair Michalis Josiah Macy, Jr., Foundation 44 E. 64th St. New York, NY 10021
Kravis	Robert	Robert Kravis and Kimberly Kravis	Mr. Robert Kravis Robert Kravis and Kimberly Kravis Foundation



...ast	First	Company	Address
		Foundation	c/o Kohlberg Kravis Roberts & Company 9 W. 57th St. New York, NY 10019
Warburg	Joan	The Bydale Foundation	Ms. Joan Warburg The Bydale Foundation 11 Martine Ave. White Plains, NY 10606
Panetta	Leon	The New York Stock Exchange Foundation	Mr. Leon Panetta The New York Stock Exchange Foundation 11 Wall St. New York, NY 10005
Rosenthal	Jack	New York Times Company Foundation	Mr. Jack Rosenthal New York Times Company Foundation 229 W. 43rd St. New York, NY 10036-3959
Stemberg	Sy	New York Life Foundation	Mr. Sy Stemberg New York Life Foundation 51 Madison Ave., Suite 604 New York, NY 10010-1655

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	First	Company	Address
		Foods/Pro-Fac Foundation	Agrilink Foods/Pro-Fac Foundation 90 Linden Oaks P.O. Box 20670 Rochester , NY 14602-0670
Wexner	Bella	AHBA, Inc.	Ms. Bella Wexner AHBA, Inc. c/o Hertz, Herson & Co., LLP 2 Park Ave., Ste. 1500 New York , NY 10016
Weinraub	Robert	Joseph Alexander Foundation, Inc.	Mr. Robert Weinraub Joseph Alexander Foundation, Inc. 400 Madison Ave. Ste., 906 New York, NY 10017
Alfiero	Salvatore	Alfiero Family Charitable Foundation	Mr. Salvatore Alfiero Alfiero Family Charitable Foundation 2150 Elmwood Ave. Buffalo , NY 14207
Felson	Howard	The Herbert Allen Foundation	Mr. Howard Felson The Herbert Allen Foundation 711 5th Ave. New York, NY 10022-3194
Allwin	James	The Allwin Family Foundation	Mr. James Allwin The Allwin Family Foundation c/o Aetos Capital, LLC 375 Park Ave., Ste. 3401 New York, NY 10152
O'Connell	Meg	Allyn Foundation	Ms. Meg O'Connell Allyn Foundation P.O. Box 22 Skaneateles, NY 13152
Alper	Andrew	Alper Family Foundation	Mr. Andrew Alper Alper Family Foundation DCRS Assocs. 100 Wall St., 11th Fl. New York, NY 10005
Bible	Geoffrey	Altria Fund, Inc.	Mr. Geoffrey Bible Altria Fund, Inc. 120 Park Ave.

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EXHIBIT
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CSOC.CBR.00032696

ast	First	Company	Address
			New York, NY 10017-5592
Weisenburge r	Randall	The Altus One Fund, Inc.	Mr. Randall Weisenburger The Altus One Fund, Inc. c/o Randall R. Weisenburger 437 Madison Ave., 9th Fl. New York, NY 10022-7001
Mintz	Philip	Amicus Foundation, Inc.	Mr. Philip Mintz Amicus Foundation, Inc. 29 W. 38th St. New York, NY 10018
Andersen	Sung	The G.C. Andersen Family Foundation	Mr. Sung Andersen The G.C. Andersen Family Foundation 1050 Fifth Ave., Apt. 8F New York, NY 10028-0140
Alex	Josephine	The Frank J. Antun Foundation	Ms. Josephine Alex The Frank J. Antun Foundation 100 Crossways Park W., Ste. 205 Woodbury, NY 11797
Santangelo	Joseph	Arkell Hall Foundation, Inc.	Mr. Joseph Santangelo Arkell Hall Foundation, Inc. P.O. Box 240 Canajoharie , NY 13317-0240
Aron	Peter	J. Aron Charitable Foundation, Inc.	Mr. Peter Aron J. Aron Charitable Foundation, Inc. 126 E. 56th St., Ste. 2300 New York, NY 10022
Arnow	David	The Aronovitz Family Foundation	Mr. David Arnow The Aronovitz Family Foundation c/o Weiler Arnow Mgmt. Co., Inc. 1114 Ave. of the Americas, Sts. 3400 New York, NY 10036
Goldman	Guido	The ASDA Foundation	Mr. Guido Goldman The ASDA Foundation c/o First Spring Corp. 499 Park Ave., 26th Fl. New York, NY 10022
Richards	Cynthia	The Atlantic Foundation of	Ms. Cynthia Richards

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EXHIBIT
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st	First	Company	Address
		NY	The Atlantic Foundation of NY 125 Park Ave., 21st Fl. New York, NY 10017
Barakett	Timothy	The Atticus Foundation	Mr. Timothy Barakett The Atticus Foundation 152 W. 57th St. New York , NY 10019
McCarthy	Michael	Avalon Foundation	Mr. Michael McCarthy Avalon Foundation c/o BCRS Assocs., LLC 100 Wall St., 11th Fl New York , NY 10005
Bahnik	Roger	The Bahnik Foundation, Inc.	Mr. Roger Bahnik The Bahnik Foundation, Inc. 190 Pine Hollow Rd. Oyster Bay, NY 11771
Brown	Robin	The Robin Brown & Charles Seelig Family Foundation	Ms. Robin Brown The Robin Brown & Charles Seelig Family Foundation c/o BCRS Assocs., LLC 100 Wall St., 11th Fl. New York, NY 10005
Savage	Ann	The Brownington Foundation	Ms. Ann Savage The Brownington Foundation c/o Morris & McVeigh 767 3rd Ave. New York, NY 10017
Brownstone	Clyde	Lucien & Ethel Brownstone Foundation, Inc.	Mr. Clyde Brownstone Lucien & Ethel Brownstone Foundation, Inc. c/o Warshaw Burstein, et al. 555 5th Ave. New York, NY 10017
Brunie	Charles	Jean & Charles H. Brunie Foundation	Mr. Charles Brunie Jean & Charles H. Brunie Foundation 21 Elm Rock Road Bronxville, NY 10708
Burke	James	The Burke Family Foundation	Mr. James Burke The Burke Family Foundation c/o Stonington Press

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Last	First	Company	Address
			767 5th Ave., 46th Fl. New York, NY 10153
Lewis	Michael	Butler Foundation	Mr. Michael Lewis Butler Foundation c/o Subaru 6 Ramland Rd. Orangeburg, NY 10962
Butler	Gilbert	Gilbert & Ildiko Butler Foundation, Inc.	Mr. Gilbert Butler Gilbert & Ildiko Butler Foundation, Inc. c/o Butler Capital Corp. 745 5th Ave., Sta. 1702 New York, NY 10151
Solomon	Milton	The Bydale Foundation	Mr. Milton Solomon The Bydale Foundation 11 Martine Ave. White Plains, NY 10606
Epstein	Jeffrey	The C.O.U.Q. Foundation, Inc.	Mr. Jeffrey Epstein The C.O.U.Q. Foundation, Inc. c/o George V. Delson Assocs. 110 E. 59th St. New York, NY 10022
Carson	Cecily	The Carson Family Charitable Trust	Ms. Cecily Carson The Carson Family Charitable Trust c/o U.S. Trust Co. of New York 114 W. 47th St. New York, NY 10036
Stutt	William	The Carwil Foundation	Mr. William Stutt The Carwil Foundation c/o Goldman Sachs & Co. 85 Broad St., Tax Dept. New York, NY 10004
Manschel	Richard	Charina Foundation, Inc.	Mr. Richard Manschel Charina Foundation, Inc. 85 Broad St. New York, NY 10004
Dessingue	William	Charitable Venture Foundation	Mr. William Dessingue Charitable Venture Foundation 747 Pierce Rd. Clifton Park, NY 12065

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Last	First	Company	Address
Schumacher	Janet	Camahan-Jackson Foundation	Ms. Janet Schumacher Camahan-Jackson Foundation c/o Not for Profit Institutions 1 East Ave., 3rd Fl. Rochester, NY 14604
Conway	Peter	The Conway Family Foundation	Mr. Peter Conway The Conway Family Foundation c/o Goldman Sachs & Co. 85 Broad St., Tax Dept. New York, NY 10004
Jackson	Herrick	Connemara Fund	Mr. Herrick Jackson Connemara Fund c/o James D. Miller & Co. 350 5th Ave., R. 5013 New York, NY 10118
Lindsey	John	The Chisolm Foundation	Mr. John Lindsey The Chisolm Foundation c/o US Trust 114 W. 47th St. New York, NY 10036
Smith	Susan	The Community Foundation of Herkimer & Oneida Counties, Inc.	Ms. Susan Smith The Community Foundation of Herkimer & Oneida Counties, Inc. 270 Genesee St. Utica, NY 13502
Corey	Emilie	The Corey Foundation	Ms. Emilie Corey The Corey Foundation c/o M. Corey 2 Colombus Ave., Ste. 35 New York, NY 10023
Schaenen, Jr.	Nelson	Compauw Foundation, Ltd.	Mr. Nelson Schaenen, Jr. Compauw Foundation, Ltd. c/o S. Strauss Assocs., Ltd. 307 5th Ave., 8th Fl. New York, NY 10016
MacDonald	Robert	Cranshaw Corporation	Mr. Robert MacDonald Cranshaw Corporation

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EXHIBIT
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ast	First	Company	Address
			c/o White and Case, LLP 1155 Ave. of the Americas, Ste. 3435 New York, NY 10036
Cunniff	Marilyn	Cunniff Family Fund	Ms. Marilyn Cunniff Cunniff Family Fund c/o Ruane Cunniff & Co., Inc. 787 5th Ave., Ste. 4701 New York, NY 10153
Malkin	David	Filomena M. D'Agostino Foundation	Mr. David Malkin Filomena M. D'Agostino Foundation 950 3rd Ave., 32nd Fl. New York, NY 10022
McKee	Bill	The Davenport-Hatch Foundation	Mr. Bill McKee The Davenport-Hatch Foundation c/o Fleet Trust Co. 1 East Ave. Rochester, NY 14638
Hattem	Gary	Deutsche Bank Americas Foundation	Mr. Gary Hattem Deutsche Bank Americas Foundation 60 Wall Street, NYC60-2110 New York, NY 10005
McDowell	Jay	Miriam and Arthur Diamond Charitable Trust	Mr. Jay McDowell Miriam and Arthur Diamond Charitable Trust c/o Cadwalader 100 Maiden Ln., Ste. 308 New York, NY 10038
Diller	Barry	The Diller-von Furstenburg Family Foundation	Mr. Barry Diller The Diller-von Furstenburg Family Foundation c/o Patricia Doudna, Ernst & Young 787, 7th Ave. New York, NY 10019
Donovan	Michael	Donovan Foundation	Mr. Michael Donovan Donovan Foundation c/o Michael Donovan 1040 5th Ave., Ste. 2A New York, NY 10028

Rangel Center Mailing List



,ast	First	Company	Address
Doran	Robert	Doran Family Charitable Trust	Mr. Robert Doran Doran Family Charitable Trust c/o U.S. Trust, Tax Dept. 114 W. 47th St. New York, NY 10036
Smith	Crosby	Clarence and Anne Dillon Dunwalke Trust	Mr. Crosby Smith Clarence and Anne Dillon Dunwalke Trust 1330 Ave. of the Americas, 27th Fl. New York, NY 10018
West	Ronald	Fred L. Emerson Foundation, Inc.	Mr. Ronald West Fred L. Emerson Foundation, Inc. P.O. Box 276 Auburn, NY 13021
Picotte	John	Equinox Foundation, Inc.	Mr. John Picotte Equinox Foundation, Inc. c/o M.R. Weiser & Co. 20 Corporate Woods Blvd., Rm. 600 Albany, NY 12211
Lefkowitz	Stanley	Falconwood Foundation, Inc.	Mr. Stanley Lefkowitz Falconwood Foundation, Inc. 585 5th Ave. New York, NY 10017
Swan	William	First Niagara Bank Foundation	Mr. William Swan First Niagara Bank Foundation 6950 S. Transit Rd. P.O. Box 154 Lockport, NY 14095
Ford	Daryl	The Ford Family Foundation	Mr. Daryl Ford The Ford Family Foundation c/o BCRS 100 Wall St., 11th Fl. New York, NY 10005
Allair	Paul	The Ford Foundation	Mr. Paul Allair The Ford Foundation 320 E. 43rd St. New York, NY 10017
Held	Huyler	Gerry	Mr. Huyler Held

Rangel Center Mailing List

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Exhibit 136

Last	First	Company	Address
		Charitable Trust	Gerry Charitable Trust c/o McLaughlin & Stern LLP 260 Madison Ave. New York, NY 10016
Noble	Kate	Baker Charitable Foundation	Ms. Kate Noble Baker Charitable Foundation c/o JP Morgan Chase Bank, Trust Dept. P.O. Box 31412 Rochester, NY 14603
Suarez	Rocio	The George F. Baker Trust	Miss Rocio Suarez The George F. Baker Trust 477 Madison Ave., Ste.,1650 New York, NY 10022
Stein	Janet	The Beim Foundation	Ms. Janet Stein The Beim Foundation 11 E. 73rd St. New York, NY 10021
Troiano	John	The Banfi Vintera Foundation	Mr. John Troiano The Banfi Vinters Foundation 1111 Cedar Swamp Rd. Glen Head, NY 11545
Hopkins	Maureen	J.M.R. Barker Foundation	Ms. Maureen Hopkins J.M.R. Barker Foundation 530 5th Ave., 26th Fl. New York, NY 10036-5101
Barnett	Lawrence	Lawrence and Isabel Barnett Charitable Foundation	Mr. Lawrence Barnett Lawrence and Isabel Barnett Charitable Foundation c/o Ezkr, LLP 120 Bloomingdale Rd. White Plains, NY 10606
Larke	Carolyn	Barrow Foundation	Ms. Carolyn Larke Barrow Foundation c/o U.S. Trust 114 W. 47th St. New York, NY 10036
Baum	Elizabeth	Theodore & Ruth Baum Charitable Foundation	Ms. Elizabeth Baum Theodore & Ruth Baum Charitable Foundation

Rangel Center Mailing List

EXHIBIT
Exhibit 136

ast	First	Company	Address
			c/o Matthews & Co., LLP 331 Madison Ave., 8th Fl. New York, NY 10017
Wexner	Susan	BCHB, Inc.	Ms. Susan Wexner BCHB, Inc. c/o Hertz, Herson & Co., LLP 2 Park Ave., Ste. 1500 New York, NY 10016
Belr	Robert	The Belr Foundation	Mr. Robert Belr The Belr Foundation 110 E. 59th St. New York, NY 10022
Bolson	Jerome	The Jerome Belson Foundation	Mr. Jerome Belson The Jerome Belson Foundation 495 Broadway 495 Broadway, 6th Fl. New York, NY 10012
Beltrone	Salvatore	Salvatore & Anna Beltrone Family Foundation	Mr. Salvatore Beltrone Salvatore & Anna Beltrone Family Foundation 14 Hemlock St. Latham, NY 12110-2217
Bergson	Stefany	The Stefany and Simon Bergson Foundation	Ms. Stefany Bergson The Stefany and Simon Bergson Foundation Woods Rd., P.O. Box 683 Palisades, NY 10965
Bernhard	William	The Bernhill Fund	Mr. William Bernhard The Bernhill Fund c/o Siegel Sacks 630 3rd Ave. New York, NY 10017
Baron	Mitchell	The Richard A. and Amelia Bernstein Foundation, Inc.	Mr. Mitchell Baron The Richard A. and Amelia Bernstein Foundation, Inc. c/o P&E Properties, Inc. 444 Madison Ave. New York, NY 10022
Morin	Elizabeth	The Big Wood Foundation	Ms. Elizabeth Morin The Big Wood Foundation c/o Yohalem Gillman & Co.

Rangel Center Mailing List

EXHIBIT
Exhibit 136

st	First	Company	Address
			477 Madison Ave. New York, NY 10022
Blankfein	Laura	The Lloyd and Laura Blankfein Foundation	Ms. Laura Blankfein The Lloyd and Laura Blankfein Foundation c/o Goldman Sachs & Co. 85 Broad St., Tax Dept. New York, NY 10004
Block	Thomas	Adele and Leonard Block Foundation, Inc.	Mr. Thomas Block Adele and Leonard Block Foundation, Inc. 499 7th Ave., 21st Fl. S, New York, NY 10018
Blood	Alison	The Blood Family Foundation	Ms. Alison Blood The Blood Family Foundation c/o Goldman Sachs & Co. 85 Broad St., Tax Dept. New York, NY 10004
Klein	Matthew	Blue Ridge Foundation New York	Mr. Matthew Klein Blue Ridge Foundation New York 660 Madison Ave. New York, NY 10021
Bluhdorn	Dominique	Charles G. & Yvette Bluhdorn Charitable Trust	Mr. Dominique Bluhdorn Charles G. & Yvette Bluhdorn Charitable Trust. c/o Reminick, Aarons & Co. LLP 1430 Broadway New York, NY 10018
Paulson	Henry	The Bobolink Foundation	Mr. Henry Paulson The Bobolink Foundation c/o Goldman Sachs & Co. 85 Broad St., Tax Dept. New York, NY 10004
Maurer	Barbara	Booth Ferris Foundation	Ms. Barbara Maurer Booth Ferris Foundation 345 Park Ave., 41h Fl. New York, NY 10154
Boxer	Leonard	The Boxer Foundation	Mr. Leonard Boxer The Boxer Foundation c/o George Rothkopf 366 N. Broadway, Sts. 410

Rangel Center Mailing List

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Exhibit 136

Last	First	Company	Address
			Jericho, NY 11753
Brine	Kevin	Madaline and Kevin Brine Charitable Trust	Mr. Kevin Brine Madaline and Kevin Brine Charitable Trust c/o Sanford C. Bernstein & Co. 767 5th Ave. New York, NY 10153
Brodsky	Daniel	Daniel J. and Estrellita Brodsky Foundation	Mr. Daniel Brodsky Daniel J. and Estrellita Brodsky Foundation 400 W. 59th St., 3rd Fl. New York, NY 10019
Hawkins	Harman	Gladys Brooks Foundation	Mr. Harman Hawkins Gladys Brooks Foundation c/o Thomas Q. Morris, M.D. 630 W. 168th St. New York, NY 10032

Rangel Center Mailing List

EXHIBIT
Exhibit 136

Last	First	Company	Address
		MetLife Foundation	MetLife Foundation 27-01 Queens Plaza North Long Island City, NY 11101
		The Goldman Sachs Foundation	The Goldman Sachs Foundation 85 Broad St. 22nd Fl. New York, NY 10004
		The Starr Foundation	The Starr Foundation One Time Warner Center New York, NY 10019-8016
Shea	Christina	The General Mills Foundation	Ms. Christina Shea The General Mills Foundation P.O. Box 1113 Minneapolis, MN 554440
		Merrill Lynch & Co. Foundation	Merrill Lynch & Co. Foundation c/o CT Corporation System 111 8th Ave. New York, NY 10011
		The Rockefeller Foundation	The Rockefeller Foundation 420 5th Ave. New York, NY 10018
		AT&T Foundation	AT&T Foundation 32 Avenue of the Americas, 6th Fl. New York, NY 10001
		JPMorgan Chase Foundation	JPMorgan Chase Foundation 270 Park Ave., Fl. 33 New York, NY 10017
Raymond	Charles	Citigroup Foundation	Mr. Charles Raymond Citigroup Foundation 850 Third Ave., 13th Fl. New York, NY 10043
Longley	Elizabeth	Wachovia Foundation	Ms. Elizabeth Longley Wachovia Foundation



Last	First	Company	Address
			Chrysler Building, WS 6453 405 Lexington Ave., 3rd Fl. New York, NY 10174-6453
Richardson	William	W.K. Kellogg Foundation	Mr. William Richardson W.K. Kellogg Foundation One Michigan Ave. East Battle Creek, MI 49017-4012
Davies	Charles	GEICO Philanthropic Foundation	Mr. Charles Davies GEICO Philanthropic Foundation c/o GEICO Corp.

EXHIBIT
Exhibit 136

Last	First	Company	Address
Damonti	John	The Bristol-Myers Squibb Foundation	Mr. John Damonti The Bristol-Myers Squibb Foundation 345 Park Ave., 45rd Fl. New York, NY 10154
Seidenburg	Ivan	The Verizon Foundation	Mr. Ivan Seidenburg The Verizon Foundation 1095 Avenue of the Americas, Rm. 3200 New York, NY 10036
Hunt	Erica	Twenty-First Century Foundation	Ms. Erica Hunt Twenty-First Century Foundation 271 W. 125th St., Suite 303 New York, NY 10027
Greer	Colin	The New World Foundation	Mr. Colin Greer The New World Foundation 666 West End Ave., Suite 1-B New York, NY 10025-7357
Daniels	Dianne	The Bay and Paul Foundations	Ms. Dianne Daniels The Bay and Paul Foundations 17 W. 94th St., 1st Fl. New York, NY 10025
Posner	James	Posner-Wallace Foundation	Dr. James Posner Posner-Wallace Foundation 300 W. 108th St., Apt. 15-C New York, NY 10025-0950
Volkfils	Charlotte	Crosswicks Foundation	Ms. Charlotte Volkfils Crosswicks Foundation 924 West End Ave., #95 New York, NY 10025
Mansoor	Daniel	Clair & Menahem Mansoor Foundation	Mr. Daniel Mansoor Clair & Menahem Mansoor Foundation 193 W. 89th St., Suite 7P New York, NY 10024-1963
Michalis	Clair	Josiah Macy, Jr., Foundation	Mr. Clair Michalis Josiah Macy, Jr., Foundation 44 E. 64th St. New York, NY 10021
Kravis	Robert	Robert Kravis and Kimberly Kravis	Mr. Robert Kravis Robert Kravis and Kimberly Kravis Foundation



Last	First	Company	Address
		Foundation	c/o Kohlberg Kravis Roberts & Company 9 W. 57th St. New York, NY 10019
Warburg	Joan	The Bydale Foundation	Ms. Joan Warburg The Bydale Foundation 11 Martine Ave. White Plains, NY 10606
Panetta	Leon	The New York Stock Exchange Foundation	Mr. Leon Panetta The New York Stock Exchange Foundation 11 Wall St. New York, NY 10005
Rosenthal	Jack	New York Times Company Foundation	Mr. Jack Rosenthal New York Times Company Foundation 229 W. 43rd St. New York, NY 10036-3959
Stemberg	Sy	New York Life Foundation	Mr. Sy Stemberg New York Life Foundation 51 Madison Ave., Suite 604 New York, NY 10010-1655



st	First	Company	Address
Abraham	Alexander	The Abraham Foundation, Inc.	Mr. Alexander Abraham The Abraham Foundation, Inc. c/o B. Strauss Assoc. Ltd. 307 5th Ave., 8th Fl. New York, NY 10016
Abrons	Richard	Louis and Abrons Foundation, Inc.	Mr. Richard Abrons Louis and Abrons Foundation, Inc. c/o Manhattan Co. 437 Madison Ave. New York, NY 10017
Spitzer	Daniel	The ABS Charitable Foundation	Mr. Daniel Spitzer The ABS Charitable Foundation 850 Piermont Ave. Piermont, NY 10968
Dolan	Joseph	The Achelis Foundation	Mr. Joseph Dolan The Achelis Foundation 767 3rd Ave., 4th Fl. New York , NY 10017
Jones	Edward	The Edith & F.M. Achilles Memorial Fund	Mr. Edward Jones The Edith & F.M. Achilles Memorial Fund c/o JP Morgan Chase Bank 345 Park Ave., 4th Fl. New York, NY 10154
Gulbertson	Grace	Acorn Foundation, Inc.	Ms. Grace Gulbertson Acorn Foundation, Inc. c/o The Bank of New York 1 Wall St., 26th Fl., Tax Dept. New York, NY 10286
Franciscovich	Linda	The Afgonak Foundation	Ms. Linda Franciscovich The Afgonak Foundation c/o U.S. Trust 114 W. 47th St. New York , NY 10036
Robinson	Flavia	The Daniele Agostino Foundation	Ms. Flavia Robinson The Daniele Agostino Foundation 870 United Nations Plz., No. 35C New York , NY 10017
Riker	Susan	Agrilink	Ms. Susan Riker

Rangel Center Mailing List

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CSOC.CBR.00032711

Jul 1 2005 03:05pm From-Congressman Rangel T-783 P.001/003 F-772

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
RANKING MEMBER

JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

WASHINGTON, DC 20515–3215
TELEPHONE: (202) 225–4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR
163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–3900

PLEASE RESPOND TO
OFFICE CHECKED

EXHIBIT 4

FAX TRANSMITTAL COVER SHEET

DATE: 7/14/05

TO: Shelly Butler

FROM: Jackie Stewart

NUMBER OF PAGES (INCLUDING FAX COVER SHEET):

NOTE: Example of Rangel Center letter.

Thank You.

EXHIBIT
Exhibit 137

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
RANKING MEMBER

JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–3215
TELEPHONE: (202) 225–4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–3900

PLEASE RESPOND TO
CHECKED

June 28, 2005

Dear Sir or Madam,

I am writing to you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in and, enthusiasm for, the creation of this Center and my pride in the decision of the City University to name it for me.

Throughout my public career I have believed in the special strength derived from our racial and ethnic diversity. I believe that we as lawmakers and elected public officials must lead in assuring that opportunity for public service be made available to all with the goal of achieving a policymaking community that reflects the rich tapestry of cultures, faiths, colors and ethnicities that make us who we are as a great nation. I am asking you to join me in the creation of a public policy center that will motivate and prepare young people presently underrepresented in public life to pursue careers in public service.

Today, non-whites make up nearly thirty percent of the US population. Yet, according to the Equal Opportunity Commission's 2003 report on the federal workforce, only 13.8% of the men and women who occupy the top managerial, supervisory, and policy-making positions in the US Federal government are members of the minority groups. And by 2050, minority groups in the US will comprise more than 50% of our population.

The Charles B. Rangel Center in the City College of New York, a school in the most ethnically diverse city in our nation and with an unparalleled history of supporting the empowerment of immigrant ethnic groups, will help to ensure that those who run our nation will be reflective of our diversity. I have embraced the College's concept because it will allow me to locate the inspirational aspects of my legacy in my home Harlem community.

EXHIBIT
Exhibit 137

As you will see from the enclosed presentation, the Rangel Center at the City College of New York will be alive with the work of scholars and students working on public policy issues and studying the political dimension of change. It will not be a Library or Museum, but a living institution brimming with ideas and stimulating debate.

I will be exploring with my Congressional colleagues how best to move this idea through the appropriations process and am optimistic about securing funds for the planning phase of the creation of the Center. I request your advice and assistance concerning how to approach the donor community, particularly private and corporate foundations interested in education, for grants to support the creation of the center. I look forward to entering into a dialogue with you on the funding of the Rangel Center concept in the coming weeks and months.

Sincerely,

Charles B. Rangel
Member of Congress

CBR:gad



CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
RANKING MEMBER

JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–3215
TELEPHONE: (202) 225–4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–3900

PLEASE RESPOND TO
OFFICE CHECKED

June 13, 2005

7/18/05. Per Veronica Sullivan. No action. No letter.

Leon Panetta, Director
New York Stock Exchange Foundation
11 Wall Street
New York City, NY 10005

Dear Mr. Panetta:

I am writing to you, as a leader in the corporate philanthropic community with a shared vision and commitment to public service, to share news of an initiative with a potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the College has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

As you know, throughout my public career I have believed in the special strength derived from our racial and ethnic diversity and that we as lawmakers must lead in assuring that opportunity for public service be made available to all with the goal of achieving a policymaking community that reflects the rich tapestry of cultures, faiths, colors and ethnicities that make us who we are as a great nation. I am asking you to join me in the creation of a public policy center that will motivate and prepare young people presently underrepresented in public life to pursue careers in public service.

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EXHIBIT
Exhibit 138

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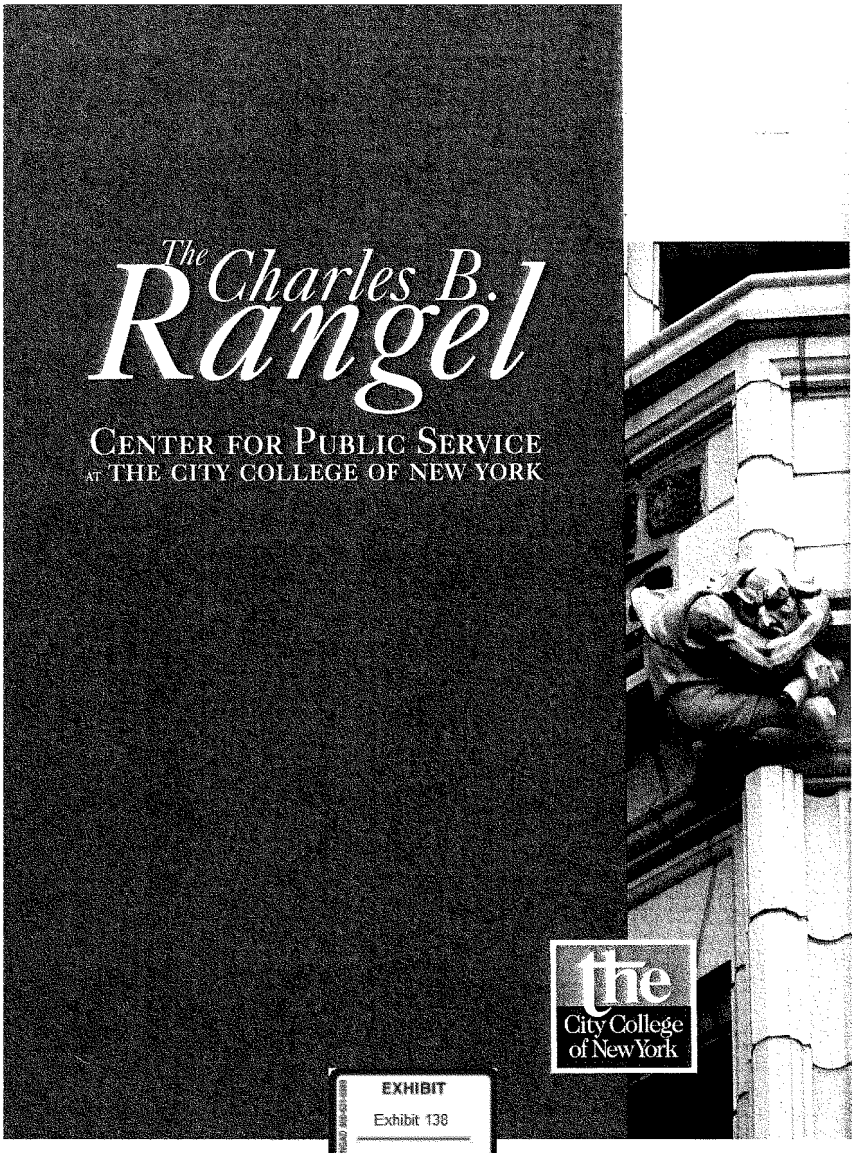
Sincerely,

Charles B. Rangel
Member of Congress

CBR:gad





CSOC.CBR.00021323



Congressman Charles B. Rangel

Through 17 terms as U.S. Congressman from New York's 15th Congressional District, Congressman Rangel has combined a dedication to the specific needs of his Harlem and Washington Heights constituency with an expansive viewpoint that has led him to leadership on a broad range of national and international issues in the House of Representatives. From Harlem to South Africa, from affordable housing to help for the unemployed, from tax legislation to international trade, his work is characterized by a fundamental commitment to equity, justice and inclusion.

The senior Democratic member of the Committee on Ways and Means, Congressman Rangel has been a major voice for equity in the Internal Revenue Code and proposed tax legislation. As a Congressional advisor to the U.S. Trade Representative and a member of the President's Export Council, he has worked tirelessly to build consensus on international trade matters. In addition, he authored: the $5 billion Federal Empowerment Zone demonstration project to revitalize urban neighborhoods throughout America; the Low Income Housing Tax Credit, which helped finance 90% of the affordable housing built in the U.S. in the last 10 years; and the Work Opportunity Tax Credit, which has provided thousands of jobs for underprivileged young people, veterans, and ex-offenders.

As chairman of the Congressional Narcotics Abuse and Control Caucus, Congressman Rangel leads the nation's efforts to reduce the flow of drugs into the United States and to solve the nation's continuing drug abuse crisis.

He is a founding member and former chairman of the Congressional Black Caucus. He also served as chairman of the New York State Council of Black Elected Democrats and as a member of the House Judiciary Committee during the hearings on the articles of impeachment of President Richard Nixon.

Awarded the Purple Heart and Bronze Star for his service in the Korean War, Congressman Rangel has authored several pieces of legislation to benefit minority and women veterans, including a successful bill that established the Office of Minority Affairs within the Department of Veterans Affairs. In the area of foreign affairs, he played a vital role in ending the apartheid regime in South Africa and restoring the democratic government in Haiti.



letter from the president

To the Reader:

In his distinguished career, The Honorable Charles B. Rangel has done as much as any single person in public service to help the least powerful among our citizens to achieve their goals and to change their lives, their communities, and the nation. He has done so with the clear vision that all of America's citizens must be empowered in order for America to be herself. He has thought and acted locally and globally to ensure that the laws and policies of this nation embody her best instincts and her highest promise.

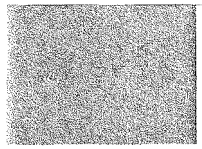
Fundamental to Congressman Rangel's lifelong service is a belief that America's "governing class" – those men and women who make our laws and policies – must mirror the rich tapestry of cultures, faiths, and ethnicities that make us who we are as a country. We at The City College of New York are proud to share that vision and that commitment.

Today, non-whites make up nearly thirty percent of the U.S. population. Yet, according to the Equal Economic Opportunity Commission's 2003 report on the federal workforce, only 13.8% of the men and women who occupy the top managerial, supervisory and policy-making positions in the U.S. federal government are members of minority groups. By 2050, minority groups in the United States will comprise 50% of its population. The Charles B. Rangel Center for Public Service at The City College of New York will help to ensure that those who run our nation will reflect our citizenry.

The Center will accomplish this through the establishment of a rigorous graduate program for students from underrepresented groups that will prepare them for public service, including elective office and careers in government at the policy-making level. The new master's program will be coordinated with programs on the undergraduate level, many unique to City College, to encourage and inspire our best students to move into graduate work and pursue careers in public service. Located in a restored Harlem mansion adjacent to The City College campus, the Charles B. Rangel Center will also house the Charles B. Rangel Library, an archival repository of documents, photographs, and memorabilia that records the life of one of America's most important public servants and serves as a rich repository of knowledge and experience for students and scholars alike.

GREGORY H. WILLIAMS
PRESIDENT, THE CITY COLLEGE OF NEW YORK





executive summary

The Charles B. Rangel Center for Public Service at The City College of New York will strive to become a national center for the promotion of greater diversity in public service, consisting of five major elements:

The Charles B. Rangel Center, which will be housed in a magnificent Harlem limestone townhouse adjacent to The City College campus, and include the Rangel Library, the Rangel Conference Center, and offices for visiting scholars;

The Charles B. Rangel Library, consisting of documents, archives, and memorabilia from Congressman Rangel's lifetime of public service. These papers will be made available to scholars nationally, and particularly to scholars within The City College and the City University, and will serve as a locus of sponsored research and conferences concerning barriers to full participation in public service by underserved minorities;

The Master's Program in Public Service, which will recruit and prepare young people for careers in government and public service. The program will include participation in internships in service organizations, arranged by the Rangel Center. It will also offer interdisciplinary specializations in concert with The City College Schools of Architecture, Engineering, Education, and Biomedical Education, plus CCNY's special programs in transportation, waste management, and urban public health;

Upon completion of the degree, graduates will be eligible for programs like the Federal Career Intern Program, entering government service for a two-year temporary appointment with eligibility for a permanent assignment upon completion. These opportunities will encourage the involvement of members of underrepresented minority groups and those with financial need;

A Combined BA/MA Program in Public Service, which will work together with several undergraduate programs unique to City College that are particularly suited to draw outstanding students into public service. The BA/MA Program will attract students capable of and interested in an intensive "fast-track" program leading to the master's degree. It will prepare them for public service with high-level coursework, experienced government personnel mentors, and hands-on training in internships and service learning;

The Charles B. Rangel Fellows: A Mid-Career Program in Leadership and Policy Innovation, offering professional advancement training for mid-career, minority government and other public service employees of particular accomplishment and promise for a term of s[illegible]ks to an academic year.

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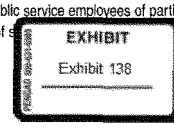


CSOC.CBR.00021326

The City College of New York
The Choice for the Rangel Center

The City College of New York offers a unique and fitting environment for The Charles B. Rangel Center for Public Service. Located in Harlem, the heart of Congressman Rangel's constituency, The City College of New York was founded through a public referendum in 1847 as a free academy to serve "the children of the whole people." One of a young America's great democratic experiments, it remains one of her great democratic achievements, and the most important avenue to upward mobility and social advancement for generations of New Yorkers.

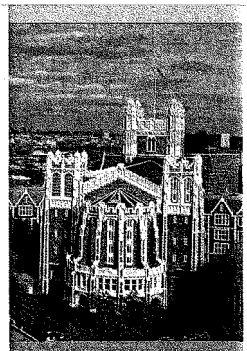
City College has provided an unsurpassed educational opportunity to hundreds of thousands of talented young men and women with few material resources and opportunities. For more than 157 years, The College has provided access to a world-class education to underrepresented populations, preparing them to enter those fields with the expert skills to change their own futures and shape the world.

DIVERSITY AT CITY COLLEGE

Last year, *US News and World Report* ranked City College first in diversity in the nation, where African-Americans are the largest group. This year, City College was ranked first where Hispanic Americans are the largest group. More than 87% of CCNY students describe themselves as members of a minority group.

The Chronicle of Higher Education 2003 Almanac reports that of the total number of bachelor's degrees awarded in the United States as a whole, white students earned 75% of the total, blacks 8.5%, Hispanics 6.5%, and Asian-Pacific Islanders 6.2%. The same year at City College, however, blacks earned 34.1% of the total bachelor's degrees awarded, Hispanics 30.1% and Asian/Pacific Islanders 11% — an unparalleled record of success for underrepresented populations.

Following a tradition that reflects the pattern of generations of CCNY alumni whose achievements became the model for their own families, City College students are often the first in their families to go to college, and most have very limited financial resources. Approximately 58% come from families with combined incomes of $30,000 or less; three-quarters work while attending school, some at more than one job. Over half of CCNY's students attend part time, most often for financial reasons.



the right choice.

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CSOC.CBR.00021327



Confidential

PUBLIC SERVICE AT CITY COLLEGE AND RECRUITMENT POTENTIAL
FOR THE MASTER'S PROGRAM IN PUBLIC SERVICE

A number of existing City College programs attract outstanding undergraduate students, most from minority populations, who are excellent candidates for public service careers. The presence of these already excellent programs on campus affords CCNY an opportunity open to very few colleges in the nation for early identification, recruitment, and preparation of students from underrepresented populations for the Master's and BA/MA Programs in Public Service at The Charles B. Rangel Center for Public Service. They include:

THE ROSENBERG-HUMPHREY PROGRAM IN PUBLIC POLICY,
which provides summer internships at government agencies in Washington, DC, and New York in executive and Congressional offices, House and Senate committees, labor unions, government agencies, advocacy groups and policy research organizations;

THE COLIN POWELL LEADERSHIP PROGRAM, an interdisciplinary program of instruction and co-curricular support designed to give a select group of qualified CCNY students who have demonstrated potential for leadership the resources and experience necessary to develop that potential; with a major emphasis on service learning courses that allow students to combine practical experience in underserved communities with coursework relevant to that experience;

THE INTERNATIONAL STUDIES PROGRAM AT CCNY, which exposes students to a global perspective in their coursework and through study abroad in China, Morocco, the United Kingdom, and Germany; in service learning internships in Rwanda, students spend the summer working in the Rwanda Ministry of Finance's Poverty Alleviation program, the Ministry of Gender and Development, and the Ministry of Health's Psycho-Social Trauma unit;

THE PRE-LAW PROGRAM, which includes the D'Agostino-Greenberg Program in Law and Public Policy, a lecture series in law and public policy, and comprises panel discussions, colloquia, and legal internships for students.

EXHIBIT
Exhibit 138

The Charles B. Rangel Library

Designed to hold the product of 50 years of public service by the major African-American statesman of the 20th and early 21st centuries, the Charles B. Rangel Library at The City College of New York will rank with the Clinton and Carter Libraries in historic importance to the government and academic communities.

The Rangel Library not only tells the story of one great man, but also of a nation's progress during the last half of the 20th century and the beginning of the 21st, including papers on the Watergate and impeachment proceedings. It will trace the nature of government, the growth and development of minorities in the United States, and the contributions of underrepresented populations in government and public service. It will not be frozen in time but rather the heart of a living, growing center -- a productive environment for emerging ideas, thoughtful advocacy, and visionary projects.

Serving simultaneously as a resource for scholars, CCNY students, and the greater New York community, the Charles B. Rangel Library will encourage study of and research in the wide-ranging fields of public service prominent in Congressman Rangel's long and varied career. In particular, the Charles B. Rangel Library will inspire new generations of students from under-represented populations to enter and excel in public service. The archives will be accessible to all interested scholars, but especially those who come to study at The Rangel Center.

The Rangel archivist/librarian will organize, index, and preserve for posterity all documents, photographs, and memorabilia relating to Congressman Rangel's career. This will be a full time position, which will be held by a Rangel post-doctoral Fellow, chosen through a national search. The archivist will provide assistance to other scholars, CCNY students, and the Harlem community, while pursuing his/her own research.

The Rangel Library could include such archive categories as: foreign policy, government, the economy, community and the family, New York City and its environs, the 15th Congressional District, and race and ethnicity. Visiting scholars from other cities, states, and nations will be welcomed and integrated into the life of the Center.

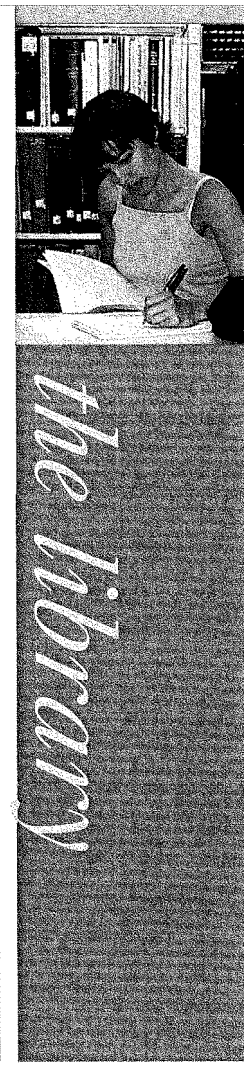


EXHIBIT
Exhibit 138



the programs

THE MASTER'S & BA/MA PROGRAMS IN PUBLIC SERVICE

The Rangel Center for Public Service will prepare students, particularly from underserved and underrepresented populations, for careers as leaders in public service. At the heart of that effort is a curriculum that emphasizes a combination of classroom instruction, practical training, and opportunities for vibrant co-curricular interaction with the Rangel Leadership Fellows.

The program is designed to attract students at both the graduate and undergraduate levels. For undergraduates, a unique, seamless five-year BA/MA Program in Public Service will attract current CCNY students and new students who come to City College specifically to enroll in the Rangel Program.

For graduate students, the new Master's Program in Public Service will provide the capstone of conceptual and service learning needed for a career in public service. The MA Program's distinctive combination of classroom instruction, internships and intensive interaction with mid-career professionals will attract both recent college graduates and older students who are potential leaders in public service.

Both programs will benefit from the unique resources of The College's many schools and divisions, which may provide more focused attention in one area of public service. CCNY's Schools of Architecture, Engineering, Education, and Biomedical Education, plus its special programs in transportation, waste management, and urban public health, to name only a few, will be available to Rangel Center students for interdisciplinary concentrations in content areas and technical matters.

THE BA/MA PROGRAM

An integrated BA/MA degree program provides a vehicle to recruit excellent students into the Rangel Program by assuring them a seamless transition from undergraduate to graduate degrees with practical experience along the way.

Undergraduate education at the Rangel Center is designed primarily to secure student commitment to careers in public service. To provide a foundation for the MA program, and to recruit the best students, the program will expand existing undergraduate offerings in public policy, governance and management. Students interested in public service careers from non-social science fields (such as engineering, architecture, and science and technology) will be able to enroll in courses to prepare them to pursue the MA degree, while maintaining their technical empha

EXHIBIT
Exhibit 138



Many excellent undergraduate students interested in issues of public policy and equity will enroll in the 150-credit, five-year CCNY BA/MA Program in Public Service. Undergraduates in this program will begin to take master's-level seminars when they reach 90 credits; by their 120th credit, they must have completed 15 credits from the MA Program, and their courses will consist entirely of master's-level courses and service internships. (In most cases, the initial MA courses will be the required core courses.)

Engineering, science and architecture students will receive credit in the BA/MA program for courses in those fields, allowing them to move directly into associated policy courses. (See category III courses listed on the following page.) For these students, courses in categories I and III will most occupy their attention once they pass the 120-credit mark.

Thus it will be possible for a non-social science student at CCNY to complete the BA/MA in roughly the same amount of time it would take a social science major. In either event, students who complete 15 credits of BA/MA work within 120 undergraduate credits will begin working completely in MA courses thereafter. Students in the BA/MA program will have at least one service learning or internship experience during the course of the program.

The final three semesters in the BA/MA program will consist of seminar classes focusing on specific political and technical issues of important public policy concerns. Seminars, many of which will include service learning, will allow students to develop particular areas of expertise, both in policy questions and related technical matters. It is also at this level that the students are expected to have the most substantial interactions with the Center's Rangel Leadership Fellows.

THE MASTER'S PROGRAM IN PUBLIC SERVICE

College graduates will enroll directly in the 45-credit MA Program in Public Service without the BA component. This program will take two years of full time study, including a minimum of one semester of intensive internship work.

The stand-alone MA program is a 45-credit program (including the internship). As with the BA/MA Program, students are expected to concentrate on core courses at the outset, reserving their seminar courses in specific areas of policy or technical concern for their second and third semesters of study.

The curriculum for the both the programs in public service at The City College is found on the following page.



CONFIDENTIAL

STUDENTS IN BOTH THE BA/MA & THE MA PROGRAM WILL TAKE COURSES FROM EACH OF THE FOLLOWING CATEGORIES:

CATEGORY I

Core Courses – all students (18 credits):

Introduction to Public Policy and Policy Analysis
Organizations and Management
Public Economics and Finance
Communication in Public Settings
Poverty, Ethnicity, and Diversity
Ethics in Public Service Leadership
Best Practices Seminar

CATEGORY II

Substantive policy concerns (four classes for 12 credits):

Racism, Public Policy and the Law
Power, Inequality, and Social Welfare Policy
Immigration Policy
United States Foreign Policy
Healthcare Policy
Transportation and Communication Policy
Pollution and Environmental Policy
International Business Economic Policy

CATEGORY III

Courses that offer instruction in content areas and technical matters that lie at the heart of key policy concerns (four classes for 12 credits):

Experts from CCNY's Schools of Engineering, Architecture and Education, and the departments of political science, sociology, etc., will teach these courses, designed specifically for those preparing for public service careers. Selection of these courses will be made with the agreement of an advisor in order to create thematic areas of specialization, such as Urban, International, Ethnicity, and Environment.

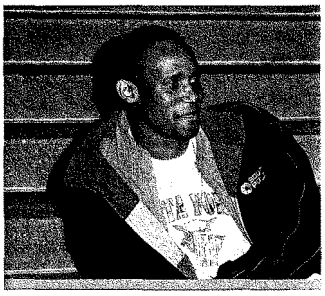
Examples include:
Urban Public Health
Environmental Engineering
Urban Public Transportation
Sociology of Immigration
Problems in Criminology
Psychology of Prejudice and Racism
International Law
International Organizations
Urban Schools in a Diverse Society
Urban Design
Sociology of Politics and Collective Behavior
Computer Security
Solid Waste Management
People of the City of New York

CATEGORY IV

Internships (may be taken in summer) (3 or more credits)

EXHIBIT
Exhibit 138

ELIGIBILITY



US citizens and green card holders (permanent residents) will be considered as applicants;

Applicants for the MA Program in Public Service must be in the senior year of their undergraduate study or have completed their undergraduate degree by June, in order to enter graduate school by the following fall;

Applicants for the both the MA Program and the BA/MA Program must have a cumulative grade point average of 3.2 or higher on a 4.0 scale at the time of application.

SELECTION OF THE STUDENT SCHOLARS

- Scholarships will be awarded to ensure that the best candidates for the program are able to apply and attend. Consideration will be given to qualified applicants who, in addition to outstanding leadership skills and academic achievement, demonstrate financial need. At least 10 $10,000 Rangel Scholarships will be awarded each year; these scholarships will cover full tuition and other educational expenses;
- Applicants may be in their senior year at City College or at another college or may have recently graduated from college and/or are engaged in a public service career;
- Candidates for the BA/MA Program will need to state their intention of applying for this Program at the time when they declare their major or earlier as coursework will need to be planned on an individualized basis. Candidates for this Program may apply for a two-year Rangel Scholarship in their junior year.
- A candidate's community, academic, other extracurricular, and leadership activities will be considered during the selection process;
- Students from underrepresented populations are especially encouraged to apply;
- Two letters of recommendation, a personal statement, and examples of writing skills will be required; A selection committee composed of the president of The City College, members of The Rangel Center faculty and the Division of Social Science, and a representative from Congressman Rangel's office;
- Candidates selected for final consideration will meet with the selection committee and Congressman Rangel for the final selection.

Eligibility & Selection

EXHIBIT
Exhibit 136



mid-career

THE RANGEL LEADERSHIP FELLOWS

A Mid-Career Program in Leadership and Policy Innovation

The Center will be the home of a unique program that brings together mid-career leaders in the public sector for seminars, workshops, and fellowship for periods that range from eight weeks to an entire academic year. These outstanding public servants will receive, in essence, a sabbatical from their leadership positions and will spend their time at CCNY considering new directions for public service leadership, policy innovation, and assistance to communities in need.

The Mid-Career Program will be targeted especially at outstanding leaders from communities underrepresented in public service. In addition to their work with one another, Rangel Leadership Fellows will be engaged in opportunities to teach and mentor Rangel participants in the BA/MA and MA Programs in Public Policy and Public Service. The mid-career participants become an essential resource for students, especially undergraduates, who are being prepared for careers in public service.

PROGRAM STRUCTURE

Recent studies suggest that the frustrations of public service lead too many government and other public sector leaders to leave these sectors early in their careers. A common complaint is that these leaders rarely have time to stop and think about where their organizations and the issues to which they are devoted are headed over the medium- and long-term. The day-to-day tasks of running organizations preclude taking the time to consider how other organizations do their work and what models exist for policy and leadership success.

In each case, a sponsoring organization will continue to provide the financial support for a Rangel Leadership Fellow. It will be considered an honor to participate and a reward for top performance, much like participation in an executive MBA program is considered in the business world, where employees are selected and sponsored by their companies.

The Rangel Center's Mid-Career Program in Leadership and Policy Innovation will permit leaders at the middle stage of their careers in the public sector, especially men and women from underrepresented groups, to leave the [redacted] in place of their customary jobs,

EXHIBIT
Exhibit 138

they will spend time with other leaders and members of the City College community and consider issues of leadership and public policy. The experience will provide participants with both the time to reflect and with the specialized education in specific policy areas that will contribute to their advancement within their respective institutions.

Participants will spend between eight weeks and a full academic year at the Rangel Center in individual programs of study and reflection under the mentorship of one of the Center's professors.

City College faculty will lead sessions with the Rangel Leadership Fellows about issues of public sector leadership and policy innovation. Each group of Fellows will work with a select group of Rangel students in Public Policy and Public Service on projects aimed at proposing ways of restructuring or reforming policy — or ways of delivering policy — in some issue area. These group projects provide an opportunity to involve Rangel BA/MA and MA students in the work of mid-career leaders — giving them first-hand knowledge of the potential of careers in public service.

RANGEL MID-CAREER LEADERSHIP FELLOWS

These Fellows will receive varying levels of support, depending on the workforce from which they are drawn. Almost all federal agencies already have mid-career training programs, which allow a limited number of employees to receive a one-year sabbatical and full salary for post-baccalaureate study at an institution of higher education.

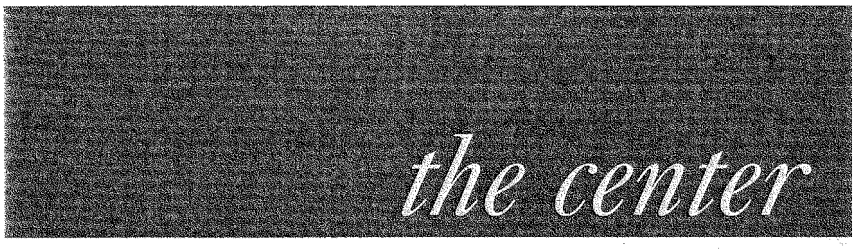
The Rangel Center will reach out to human resources offices that oversee these programs in specific agencies to ensure that the Rangel Center becomes a premier destination for their employees, especially their mid-career leaders from underrepresented populations. The Rangel Center will provide each federal Rangel Leadership Fellow an individualized academic program tuition-free, and offer 10 $7,500 cost-of-living and travel packages, to ensure that mid-career employees who live outside New York City can take advantage of this important opportunity.

Each Rangel Leadership Fellow who works at the Center for at least one semester will each teach one seminar. Rangel Leadership Fellows will also participate in the Best Practices Seminar, along with guest speakers from academia, think tanks, the public sector, and community organizations. This seminar will focus on practical issues pertaining to careers in public service, including the art of building coalitions, techniques for communicating effectively to the public, lessons on making useful connections, and career issues particular to members of underrepresented populations. Finally, to maximize the educational value of internships, students will evaluate them under the guidance of experienced Rangel Leadership Fellows.



Rangel Legacy

EXHIBIT
Exhibit 138



THE HOME OF THE CHARLES B. RANGEL CENTER

Originally conceived as The City College of New York's President's House and later used as the CCNY Alumni House, the limestone mansion on 141st Street and Convent Avenue harks back to City College's earliest days in the mid-1800s. A gracious four-story structure with a full below-sidewalk level and parking area, the stately townhouse features two and sometimes three tiled fireplaces on each floor, high ceilings, decorative plaster, and fine woodwork throughout, and ornamental ironwork on every window and surrounding the building.

Because of a fire in the late 1970s and cutbacks in public financing of the City University at that time, the building has not been in use and will need repair to bring it to its former grandeur. When completely restored, however, the townhouse will regain its position as one of the most beautiful portions of the historic City College campus.

It is especially appropriate housing for The Rangel Center for Public Service as it includes space for conferences, seminar rooms, study areas, and smart classrooms. In addition, it can accommodate reception rooms and potentially computerized archives. In fact, this project will represent a unique opportunity to design the space inside The Rangel Center for its specific use prior to the building's renovation.

A survey and report from 1995 already exists and details the building's renovation needs. A new report recalculating renovation costs in 2005 dollars has been prepared and will itemize and budget the required work in detail. Current estimates based on the 1995 costs are included below. When finished, The Rangel Center's home will be a beautiful addition to the Harlem urban landscape.





THE CENTER BUILDING WILL INCLUDE:

- The Rangel Library to house the Rangel archives, which will be digitized; it may also be possible to provide digital access from the main library at City College to the Center if it is determined that the archives should be housed there;
- A communications network center/smart classroom for video-conferencing, facilities for computerized presentations, digital archival access, ability to collaborate with other schools, including the Henry Jackson Center at the University of Washington, and other similar academic partners;
- A large conference room, with room for meetings with community groups, researchers, and participating students;
- Two small meeting rooms for Rangel Leadership Fellows to meet with community stakeholders in the course of their work with community organizations; these rooms can also serve as the venue for workshops;
- Offices for the Director/Rangel Chair, archivist/librarian, resident and visiting faculty, internship coordinator, administrative assistant, post-doctoral fellows;
- A well-furnished office for Congressman Rangel;
- One large and one small reception room;
- Kitchen facilities for receptions and working lunches;
- A Rangel Program publications office where working papers can be printed and stored;
- One or more sleeping rooms/apartments to house visiting scholars.

EXHIBIT
Exhibit 138

Staffing

Staffing of the Rangel Center & Programs

Director, Charles B. Rangel Chair, and Dedicated Rangel Center Faculty
In addition to The City College of New York faculty lines dedicated to the Rangel Center programs, three new faculty will be hired with the support of the Rangel Center: the director, one senior, and one junior faculty member.

Requirements for selection as the Rangel Center's director will include an international reputation, experience in public service, and respect within the academic community. The Director will also hold the endowed Charles B. Rangel Chair. The opportunity to appoint the director to the prestigious Rangel Chair, named for one of the most eminent government leaders of this generation, will enable the Center to attract and retain a distinguished scholar/public servant.

One other senior faculty member and one junior faculty member, each with experience in public service, will also be hired as part of the Rangel Center's budget. A scholar with expertise in leadership will be sought, as well as one with research experience in the barriers that deter many students with minority and immigrant backgrounds from careers in public service.

Current and New Full-time Faculty
The Rangel Center will draw on the knowledge and strengths of current full-time faculty at City College, particularly those in the departments of political science, economics, management, and sociology. Faculty from the City College Schools of Architecture, Education, Engineering, and Biomedical Education will also teach in the Rangel programs, highlighting the connections between their areas of substantive expertise and public policymaking. CCNY will also use college faculty lines to hire new faculty working in some of the areas central to the Rangel Center's mission, especially in the areas of public policy, public service, management, and ethnicity. These faculty will be jointly based in the Rangel Center and academic departments.

Archivist/Librarian
The collected papers of Congressman Charles B. Rangel will constitute a valuable resource that will greatly add to the reputation of the Center and help it to realize its goals. A Rangel Post-Doctoral Fellow will be hired to organize these papers, to digitize them, and to assist scholars in using them. These will include visiting scholars, post-doctoral fellows hired by the Center, and students in the Master's Program who elect to do supervised research.



Administrative Assistant
To assist the Director of the Rangel Center, a full time administrative assistant will be hired.

EXHIBIT
Exhibit 138

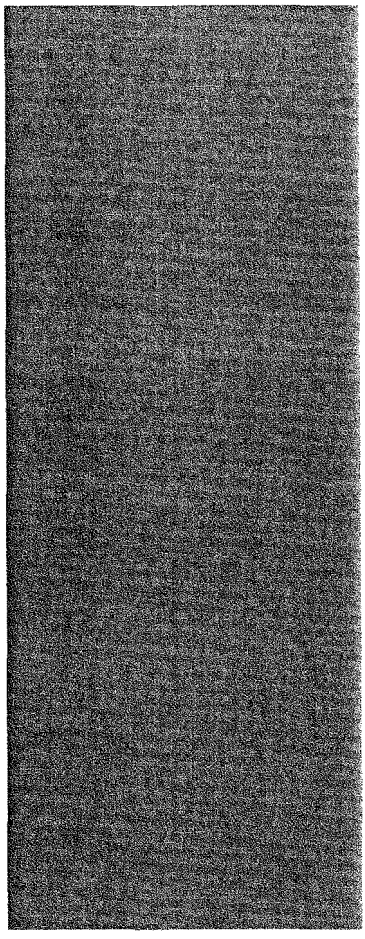
Internship Coordinator
Internships are central to fulfilling the goals of the Rangel Center because they not only provide students with practical experience but also permit them to make the contacts that are so important in building successful careers. A full-time staff member will be hired for the Center to locate organizations willing to host internships for students from the Master's Program and to ensure that the internships are useful both for the students and the host organizations.

Rangel Post-Doctoral Fellows
In addition to the Fellow working to organize and study the Rangel Archives, two Post-Doctoral Fellows will be hired to do research at the Center. In selecting Rangel Post-Doctoral Fellows, priority will be given to recent PhDs who propose to do research on diversity in public service.

Rangel Leadership Fellows
Rangel Leadership Fellows will participate in the Mid-Career Program in Leadership and Policy Innovation. Those who live outside New York City will be offered stipends to cover travel expenses.

Guest Speakers
Members of academia, think tanks, the public sector, and community organizations from New York City, the nation, and around the world, who have experience with the contemporary challenges faced in public service, will be brought to City College to provide context, background, and advice on steps needed to solve the problems.

Webmaster
A part-time webmaster will develop and maintain the website for the Rangel Center.





BUDGET ELEMENTS

Staff

Rangel chair
One senior faculty member
One junior faculty member
Archivist/librarian/Rangel post-doctoral fellow
Full-time internship coordinator
Administrative assistant
Part-time webmaster
Two visiting scholars
Two additional Rangel post-doctoral fellows

Support and incentives for current CCNY faculty:

1) Support for City College faculty affiliated with the Center to present research specifically supported by the Center at academic conferences. This helps disseminate the knowledge gained through Center activities and promote the name of the Center.
2) Support for CCNY faculty research associated with topics the Center touches on. These can be one-semester research grants or summer-long residence research grants that will provide summer support for faculty who take up offices at the Center and pursue some focused research project.
3) Some support for faculty working on the Center's curricula and programs.

Restoration of the Rangel Center building

The City College Office of Facilities has taken the November 1995 DASNY Report on the Building Condition Assessment of the CCNY Alumni House and provided an interim estimate of the costs in 2005 dollars. It is anticipated that the cost of bringing the building up to code, installing the elevator now required by the Americans with Disabilities Act, restoring the historic and architectural features of the building, and designing the interior specifically for the Rangel Center's needs will come to $4.7 million in today's dollars.

A sum to endow the building's ongoing maintenance will ensure that the Rangel Center's home will remain pristine and also permit future improvements. Therefore, a sum of $2.3 million will be set aside as an endowment, from which only the income will be used annually, to preserve the Rangel Center's magnificent Harlem home i[illegible]ving environment for study and discourse appropr[illegible]t for the Center itself.

EXHIBIT
Exhibit 138

Expenses other than for staff and the building

1) Each cohort will contain 20 students. In order to make it feasible for the best students to enroll in the Rangel MA Program, it will be advisable to plan financial support for tuition and other educational expenses of $10,000 each year for two years for at least 10 students;

2) All students in the MA program will participate in internships, some of which will be funded by the sponsoring organizations. The Rangel Center will also provide support for students in unpaid internships. Additional practical experience will come in the form of service learning components added to the courses. Note that internships/service learning experiences for undergraduates will be provided through other CCNY programs including: The Rosenberg-Humphrey Program in Public Policy, the International Studies Service Learning Program, the Pre-Law Program and D'Agostino-Greenberg internships, and the Colin Powell Leadership Program;

3) Honoraria and travel for speakers;

4) Food for conferences and speaker series;

5) Computers and computer maintenance;

6) Preparation and materials for recruitment and publicity;

7) Travel and living expenses for internships;

8) Publications.

BUDGET NOTES

1. The first budget section below, Programmatic Costs, is based upon an endowment of $23,000,000, and a conservative expectation of income of $1,150,000 per year, which will meet the Center's programmatic needs.

2. The second budget section illustrates how Building Costs will be met through the investment of $4.7 million for construction/start-up costs, and a $2.3 million endowment for maintenance.



BUDGET FOR RANGEL CENTER

Program Costs

Academic and Visiting Staff

Position	***#***	***Salary***	***Sal+Benefits***	***Sub-total***
Director/ Chair	1	$110,000	$146,300	$ 146,300
Sr. Professor	1	$ 85,000	$113,050	$ 113,050
Jr. Professor	1	$ 65,000	$ 86,450	$ 86,450
Archivist/ Librarian/ Post Doc	1	$ 35,000	$ 46,550	$ 46,550
FT Internship Coordinator	1	$ 35,000	$ 46,550	$ 46,550
Admin Asst	1	$ 28,000	$ 37,240	$ 37,240
PT Webmaster	1	$ 10,000	$ 13,300	$ 13,300
Visiting Scholars	2	$ 25,000	$ 33,250	$ 66,500
Post-Docs	2	$ 28,000	$ 37,240	$ 74,480
Sub-Total staff	***11***	***$421,000***	***$559,930***	***$ 630,420***

Student Support

Category	***#***	***$ Amount***	***Sub-total***
Student Scholarships Year 1	10	$ 10,000	$ 100,000
Year 2 and after	10	$ 10,000	$ 100,000
Paid Internships year 1	10	$ 3,000	$ 30,000
Year 2 and after	10	$ 3,000	$ 30,000
Sub-Total student costs			***$ 260,000***
Rangel Fellows	10	$ 5,000	***$ 50,000***
Total Personnel Services			***$ 940,420***

EXHIBIT
Exhibit 138

CSOC.CBR.00021342

Other Than Personnel Services (annually)	
Office Supplies	$ 20,000
Honoraria/travel/ /housing for speakers	$ 15,000
Food for conf,speakers	$ 5,000
Computers/ maintenance	$ 20,000
Recruitment/ publicity materials	$ 5,000
Travel/living costs-distant internships	$ 5,000
Publications	$ 5,000
Total OTPS	***$ 75,000***
Total Annual Program Costs	***$ 1,015,420***
Total Endowment Needed to Provide Annual Program Costs	***$ 23,000,000***
Building Costs	
Initial outlay	
Updated 2005 rehabilitation costs	$ 2,600,000
Design fees and soft costs	$ 390,000
Elevator	$ 900,000
Furniture and equipment costs	$ 260,000
Program contingency	$ 550,000
Sub-total	***$ 4,700,000***
Annual maintenance costs	
Yearly maintenance and security costs	$ 70,000
Projected replacements and future rehab costs each year ($1.4 million spread over 30 years)	$ 46,667
Total annual maintenance costs for building	***$ 116,667***
Endowment needed to provide $116,667/year	***$ 2,333,340***
Total Needed for Building	***$ 7,033,340***
TOTAL GIFT REQUESTED	***$ 30,000,000***

EXHIBIT
Exhibit 138

Our request:

On behalf of The City College of New York, in order to create:

THE CHARLES B. RANGEL CENTER AT THE CITY COLLEGE OF NEW YORK

We ask you to consider a gift of $30,000,000 or $6,000,000/year for five years.

On behalf of The City College of New York, we thank you for your thoughtful consideration of this request. If you have any questions or need further information, please contact President Gregory H. Williams at the numbers below or Vice President Rachelle Butler at the Office of Development and Institutional Advancement. Once again, thank you.

Gregory H. Williams, President
The City College of New York
138th Street and Convent Avenue, A-300
New York, NY 10031
Telephone: 212-650-
Fax: 212-650-
Email: gwilliams

Rachelle Butler, Vice President
Office of Development and Institutional Advancement
The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650- ; 212-650-
Fax: 212-650-
Email: rbutler

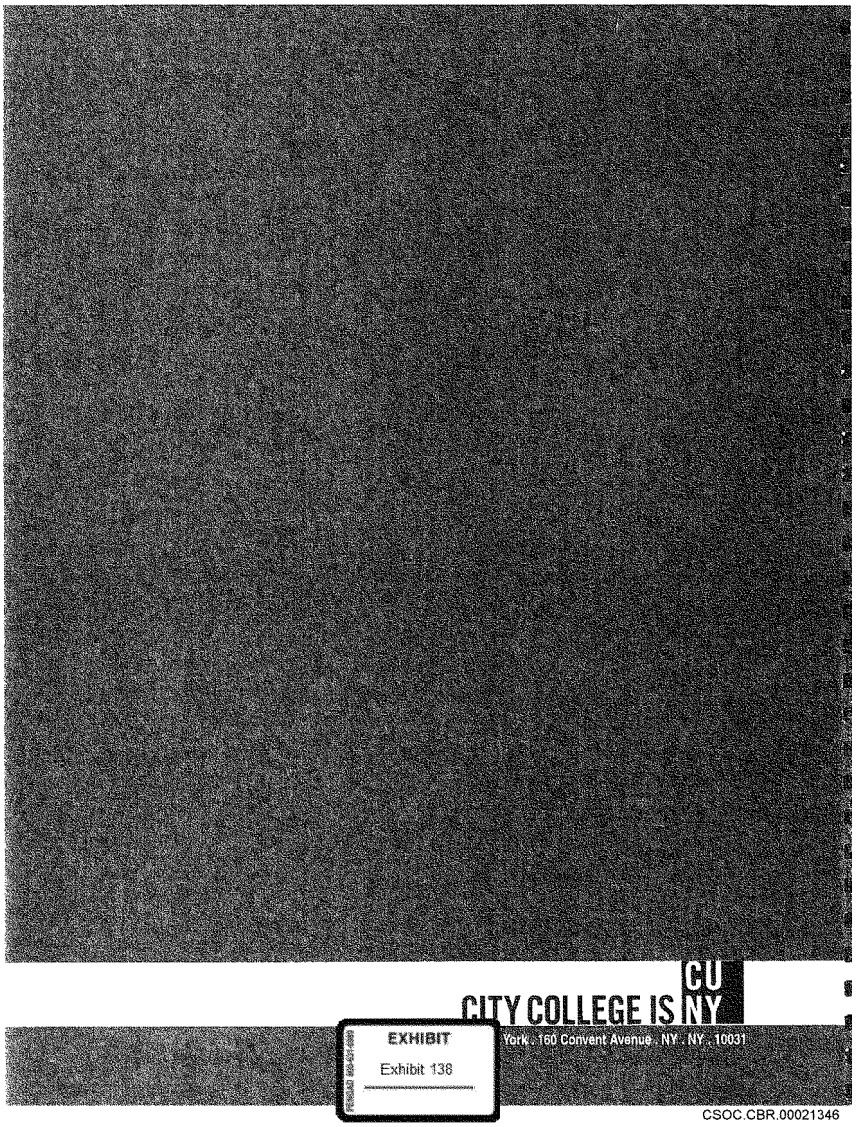
EXHIBIT
Exhibit 138

CSOC.CBR.00021344



EXHIBIT
Exhibit 138

CSOC.CBR.00021345



CITY COLLEGE IS CUNY

York . 160 Convent Avenue . NY . NY . 10031

EXHIBIT

Exhibit 138

CSOC.CBR.00021346

Steven Wheeler
212.656.2252

NYSE

July 11, 2005

Veronica—

Here is the proposal we discussed from Rep. Charles Rangel requesting support to create the Rangel Center for Public Service at City College (CUNY).

Please take a look and give me your thoughts. Thanks.

attachment



U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515–3215

PUBLIC DOCUMENT

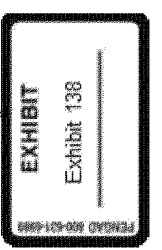
OFFICIAL BUSINESS

Charles B. Rangel
M.C.

CSOC.CBR.00021348

1205

Leon Panetta, Director
New York Stock Exchange Foundation
11 Wall Street



U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-3215

PUBLIC DOCUMENT

OFFICIAL BUSINESS

Charles B. Rangel
M.C.

CSOC.CBR.00021349

1206

Phyllis Benson
2/19

EXHIBIT
Exhibit 138

U.S. House of Representatives
WASHINGTON, DC 20515-3215
PUBLIC DOCUMENT
OFFICIAL BUSINESS

Charles B. Rangel
M.C.

Leon Cunetta Director
New York Stock Exchange Foundation
11 Wall Street
New York City, NY
10005

NEW YORK

ORRICK

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August 15, 2008

Lanny J. Davis
(202) 339-
ldavis

VIA MESSENGER

Mr. Kenyen Brown
Acting Chief Counsel
Committee on Standards of Official Conduct
Suite HT-2, The Capitol
Washington, DC 20515

Re: Attachments to letters from Congressman Rangel

Dear Mr. Brown:

I am writing in response to the August 13, 2008 letter to Mr. Rangel from Chairwoman Tubbs Jones and Ranking Member Hastings requesting copies of the attachments to letters, dated July 22, 2008 and July 24, 2008, sent by Mr. Rangel to Chairwoman Tubbs Jones. The attachments are here enclosed in 12 binders (6 for each letter), along with several additional documents that may assist the Committee with its review, at Mr. Rangel's request, of the appropriateness of Mr. Rangel's use of Congressional letterhead in contacts he made on behalf of the City College of New York and the appropriateness of leases Mr. Rangel holds with the Lenox Terrace apartments located in New York, New York.

For the binders regarding the July 22, 2008 letter, members of Mr. Rangel's staff performed a search of their files seeking any letters or versions of letters sent by Mr. Rangel on behalf of the City College of New York. This search included a search of computer files on multiple hard drives for files or folders containing any variation or combination of the following words/phrases: Center, CBR (Mr. Rangle's initials), and Rangel. In addition, the staff looked for files labeled with the targeted words in the folders of Washington, D.C. interns and staff who may have been involved with any mailing. I believe this search was comprehensive and that the enclosed binders contain copies of every available letter. However, it is always possible that other letters will be found in subsequent searches. If they are, I will immediately provide a copy to you.

The search identified four categories of letters:

- In June 2005, a mailing was sent to a list labeled "RangelCenterMailist.pdf" There are approximately 121 names on that list and a copy of the list is here enclosed. The July 22, 2008 letter makes reference to "approximately 100 letters on my congressional stationery dated June 2005." Mr. Rangel's staff extensively



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searched their files and have located 15 copies of these letters, which are enclosed. I am confident that the letters mailed to the individuals on the mailing list were materially identical to the 15 letters enclosed here. I will continue to work with Mr. Rangel's staff to search for any additional copies of the June 2005 letters and will provide you with any additional copies we find. The mailing list and letters are behind Tab A.

- A mailing of 47 letters was sent out in July 2006. Mr. Rangel's staff does not have a complete set of these letters as mailed. The staff was able to locate 17 incomplete scans of the signed letters and 1 signed letter completely scanned. The staff also found text versions of all 47 letters. The letterhead and text versions of the letters are behind Tab B.

- In March of 2007, three individual letters were sent to Donald Trump, Hank Greenberg, and David Rockefeller. They are behind Tab C.

- Four individual letters were found in the system dated from May of 2005. Four individual letters were found in the system dated from September 2005. One letter was found in the system dated July 2006. These letters were found after Mr. Rangel sent the July 22, 2008 letter and are not referenced in that letter. They are all behind Tab D. Though I believe that this represents all of the available copies of letters sent by Mr. Rangel on this subject, I will continue to work with Mr. Rangel's staff to locate any additional letters and will immediately provide you with any materials we find.

The binders for the July 24, 2008 letter contain an article from the New York Times, lease documents for apartment 16N-P, lease documents for apartment 16M, lease documents for apartment 10U, and a letter from Mr. Rangel to Chairman Donald R. McGahn of the Federal Elections Commission.

I hope you find these documents helpful. We look forward to working with you and providing you with any additional information you need.

Very truly yours,

Lanny J. Davis

Enclosure

EXHIBIT
Exhibit 139

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE
WAYS AND MEANS
JOINT COMMITTEE
ON TAXATION
CHAIRMAN

GEORGE A. DALLEY
CHIEF OF STAFF

JAMES E. CAPEL
DISTRICT DIRECTOR

Congress of the United States
House of Representatives

July 22, 2008

Hon. Stephanie Tubbs Jones, Chair
Committee on Standards of Official Conduct
U.S. House of Representatives
Room HT2
Washington, DC 20515

Dear Chairwoman Tubbs Jones:

I am writing to ask the House Committee on Standards of Official Conduct to determine whether I may have inadvertently failed to comply with the House Ethics Rules regarding the use of congressional letterhead.

I will summarize the facts that I believe to be indisputably true here. My attorney will follow-up this letter with a more detailed factual recitation and to verify all the facts as asserted below:

1. In 2004 I joined in discussions with officials at the City College of New York (CCNY) regarding the creation of a Center for Public Service at the college which is located in my congressional district in Harlem, New York. The decision to name the center the "Charles B. Rangel Center for Public Service at the City College of New York" was made by the Board of Trustees of the City University of New York at the request of CCNY's president, Gregory H. Williams.

2. The purpose of the Center would be to attract young people from diverse racial and economic backgrounds to learn about public service and, perhaps, to pursue a career in public service. I agreed with this worthy public purpose and was honored to agree to have my name associated with it. I was also honored to agree to deposit all my congressional and state legislative papers over the last 40-plus years, housed in a library that would serve as a trove for research and understanding the events, issues, and people involved during my years in public service, critical years of our nation's history.

WASHINGTON OFFICE
2354 RAYBURN HOUSE OFFICE BUILDING
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FAX: (202) 225-0816

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Exhibit 139

DISTRICT OFFICE
163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900
FAX: (212) 663-4277

3. I agreed initially to assist CCNY by supporting congressional appropriations for the planning phase of the project and was successful in doing so, securing fully transparent earmarks of $1.9 million in the 2007 Labor, Health and Human Services, and Education appropriations bill and approximately $700,000 in the 2007 Housing and Urban Development bill. These appropriations were consistent with the legislative purposes of the programs for which they were funded.

4. I also agreed to facilitate bringing together with CCNY executives, including President Gregory Williams, leaders of charitable foundations, companies and business leaders in the New York City area as well as several business leaders who I knew personally. I did so by mailing a total of approximately 100 letters on my congressional stationery dated June 2005. These letters were addressed to private family and corporate foundations [Attachment A]. In July 2006, approximately 47 follow-up letters were sent to a portion of the original mailing [Attachment B]. In March 2007, I sent three letters to long-standing personal friends who are committed to philanthropy [Attachment C].

5. As you can verify from the attachments, none of these letters made any reference to or in any way solicited financial contributions to the Center. They all sought meetings to encourage "dialogue" and discussions concerning this project with leaders of CCNY, including President Gregory Williams, and to provide additional information about my vision for the Center.

6. There has never been, is not, and never would be any personal financial gain to me or my family from the successful completion of the Center.

7. So far as I am aware, none of those whom I wrote had any pending requests into my office, lobbied me regarding any legislation before my committee, or asked me for assistance on legislation in which they had a special interest.



Was my hope that these meetings would result in making financial donations to this important project with such an important public purpose? Of course. But I genuinely believed that by not soliciting or making any reference to donations using my congressional letterhead and merely facilitating meetings to discuss this project, I was not violating House Ethics Rules concerning the use of congressional letterhead. I believed this even if, as a result of such meetings, donations were obtained for what I regarded to be an important project with a public purpose not only locally but nationally.

I also believed, rightly or wrongly, that it was in the public interest and thus "official," not "personal" business, for me to facilitate these meetings and to assist CCNY in completing this important new public institution and, therefore, congressional letterhead was appropriate for such a purpose.

So assuming the truth of the above facts, which I am prepared to verify, and any other facts or questions that the Committee deems to be pertinent, which I will most expeditiously supply or respond to, my two questions are:

1. Were these letters in violation of House Ethics Rules, given that there was no solicitation for funds contained in any of the letters?

2. Even if there was a reasonable inference that at the meetings requested in these letters, CCNY officials or I would ask for donations to assist completion of the Center, were these letters for the purposes of "official" House business, since they had a public purpose and benefit to assist in completing the Center--or should they be deemed for personal and non-"official" business, and thus, a violation of House Rules?

Whatever your answer to these two questions, as a senior member of Congress, I believe a clarification of this rule under these facts and circumstances would be helpful to all members.



Of course, if I inadvertently violated House Rules, I am prepared to trust the Committee's judgment and accept its findings.

I would appreciate your most comprehensive review and expeditious reply to my request for advice.

Sincerely,

CHARLES B. RANGEL
Member of Congress

CBR/em

EXHIBIT
Exhibit 139



CSOC.CBR.00030319

Attachment A



June 13, 2005

Leon Panetta, Director
New York Stock Exchange Foundation
11 Wall Street
New York City, NY 10005

Dear Mr. Panetta:

I am writing to you, as a leader in the corporate philanthropic community with a shared vision and commitment to public service, to share news of an initiative with a potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the College has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

As you know, throughout my public career I have believed in the special strength derived from our racial and ethnic diversity and that we as lawmakers must lead in assuring that opportunity for public service be made available to all with the goal of achieving a policymaking community that reflects the rich tapestry of cultures, faiths, colors and ethnicities that make us who we are as a great nation. I am asking you to join me in the creation of a public policy center that will motivate and prepare young people presently underrepresented in public life to pursue careers in public service.

Today, non-whites make up nearly thirty percent of the US population. Yet, according to the Equal Economic Opportunity Commission's 2003 report on the federal workforce, only 13.8% of the men and women who occupy the top managerial, supervisory, and policy-making positions in the US Federal government are members of minority groups. And by 2050,



minority groups in the US will comprise more than 50% of our population.

The Charles B. Rangel Center in the City College of New York, a school in the most ethnically diverse city in our nation and with an unparalleled history of supporting the empowerment of immigrant ethnic groups, will help to ensure that those who run our nation will be reflective of our diversity. I have embraced the College's concept because it will allow me to locate the inspirational aspects of my legacy in my home Harlem community.

As you will see from the enclosed presentation, the Rangel Center at the City College of New York will be alive with the work of scholars and students working on public policy issues and studying the political dimension of change. It will not be a Library or a Museum, but a living institution brimming with ideas and stimulating debate.

I will be exploring with my Congressional colleagues how best to move this idea through the appropriations process and am optimistic about securing funds for the planning phase of the creation of the Center. I request your advice and assistance concerning how to approach the donor community, particularly private and corporate foundations interested in education. I look forward to entering into a dialogue with you on the funding of the Rangel Center concept in the coming weeks and months.

Sincerely,

Charles B. Rangel
Member of Congress

CBR:gad



CHARLES B. RANGEL
16TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
RANKING MEMBER
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

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DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–3900

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OFFICE CHECKED

June 13, 2005

John L. Damonti, President
The Bristol-Myers Squibb Foundation
345 Park Avenue, 43rd floor
New York, NY 10154

Dear Mr. Damonti:

I am writing to you, as a leader in the corporate philanthropic community with a shared vision and commitment to public service, to share news of an initiative with a potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the College has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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Charles B. Rangel
Member of Congress

CBR:gad



CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

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Congress of the United States
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Washington, DC 20515–3215

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DISTRICT OFFICE:
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DISTRICT ADMINISTRATOR

☐ 163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–3900

PLEASE RESPOND TO
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June 13, 2005

Ivan G. Seidenberg, Chair
The Verizon Foundation
1095 Avenue of the Americas, Rm. 3200
New York, NY 10036

Dear Mr. Seidenberg:

I am writing to you, as a leader in the corporate philanthropic community with a shared vision and commitment to public service, to share news of an initiative with a potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the College has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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Charles B. Rangel
Member of Congress

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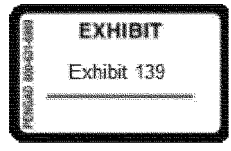

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
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Congress of the United States
House of Representatives
Washington, DC 20515–3215

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DISTRICT ADMINISTRATOR

☐ 163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900

PLEASE RESPOND TO
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June 13, 2005

Erica Hunt, President
Twenty-First Century Foundation
271 W. 125th Street, Suite 303
New York, NY 10027-4424

Dear Ms. Hunt:

I am writing to you as a leader in the philanthropic community with a shared vision and commitment to public service, to share news of an initiative with a potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the College has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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Exhibit 139

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The Charles B. Rangel Center in the City College of New York, a school in the most ethnically diverse city in our nation and with an unparalleled history of supporting the empowerment of immigrant ethnic groups, will help to ensure that those who run our nation will be reflective of our diversity. I have embraced the College's concept because it will allow me to locate the inspirational aspects of my legacy in my home Harlem community.

As you will see from the enclosed presentation, the Rangel Center at the City College of New York will be alive with the work of scholars and students working on public policy issues and studying the political dimension of change. It will not be a Library or a Museum, but a living institution brimming with ideas and stimulating debate.

I will be exploring with my Congressional colleagues how best to move this idea through the appropriations process and am optimistic about securing funds for the planning phase of the creation of the Center. I request your advice and assistance concerning how to approach the donor community, particularly private and corporate foundations interested in education. I look forward to entering into a dialogue with you on the funding of the Rangel Center concept in the coming weeks and months.

Sincerely,

Charles B. Rangel
Member of Congress

CBR:gad



CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
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DISTRICT ADMINISTRATOR

☐ 163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–3900

PLEASE RESPOND TO
OFFICE CHECKED

June 13, 2005

Colin Greer, President
The New World Foundation
666 West End Avenue, Suite 1-B
New York, NY 10025-7357

Dear Mr. Greer:

I am writing to you as a leader in the philanthropic community with a shared vision and commitment to public service, to share news of an initiative with a potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the College has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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Charles B. Rangel
Member of Congress

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15TH CONGRESSIONAL DISTRICT
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DISTRICT ADMINISTRATOR
163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–3900

PLEASE RESPOND TO
OFFICE CHECKED

June 13, 2005

Dianne J. Daniels, Program Director
The Bay and Paul Foundations
17 West 94th Street, 1st floor
New York, NY 10025

Dear Ms. Daniels:

I am writing to you as a leader in the philanthropic community with a shared vision and commitment to public service, to share news of an initiative with a potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the College has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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Member of Congress

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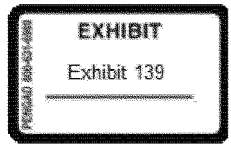

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163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900

PLEASE RESPOND TO
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June 13, 2005

James R. Posner, Ph.D., Chairman
Posner-Wallace Foundation
300 W. 108th Street, Apt. 15-C
New York, NY 10025-0350

Dear Dr. Posner:

I am writing to you as a leader in the philanthropic community with a shared vision and commitment to public service, to share news of an initiative with a potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the College has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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Exhibit 139

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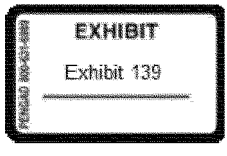
Charles B. Rangel
Member of Congress

CBR:gad



CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
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RANKING MEMBER
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

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WASHINGTON, DC 20515-3215
TELEPHONE: (202) 225-4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

☐ 163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900

PLEASE RESPOND TO
OFFICE CHECKED

June 13, 2005

Charlotte Jones Voiklis, Trustee
Crosswicks Foundation
924 West End Avenue, #95
New York, NY 10025

Dear Ms. Voiklis:

I am writing to you as a leader in the philanthropic community with a shared vision and commitment to public service, to share news of an initiative with a potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the College has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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Member of Congress

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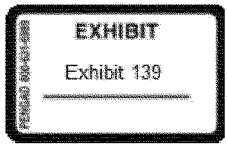

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
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Congress of the United States
House of Representatives
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DISTRICT OFFICE:
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DISTRICT ADMINISTRATOR

☐ 163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–3900

PLEASE RESPOND TO
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June 13, 2005

Daniel J. Mansoor, President
Clair & Menahem Mansoor Foundation
189 W. 89th Street, Suite 7P
New York, NY 10024-1963

Dear Mr. Mansoor:

I am writing to you as a leader in the philanthropic community with a shared vision and commitment to public service, to share news of an initiative with a potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the College has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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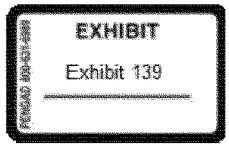

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
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Congress of the United States
House of Representatives
Washington, DC 20515–3215

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DISTRICT ADMINISTRATOR

☐ 163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–3900

PLEASE RESPOND TO
OFFICE CHECKED

June 13, 2005

Clarence F. Michalis, Chair
Josiah Macy, Jr., Foundation
44 East 64th Street
New York, NY 10021

Dear Mr. Michalis:

I am writing to you, as a leader in the corporate philanthropic community with a shared vision and commitment to public service, to share news of an initiative with a potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the College has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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Member of Congress

CBR:gad

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CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

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Washington, DC 20515–3215

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WASHINGTON, DC 20515-3216
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DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900

PLEASE RESPOND TO
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June 13, 2005

Robert Kravis, Director
Robert Kravis and Kimberly Kravis Foundation
c/o Kohlberg Kravis Roberts & Company
9 W. 57th Street
New York, NY 10019

Dear Mr. Kravis:

I am writing to you, as a leader in the corporate philanthropic community with a shared vision and commitment to public service, to share news of an initiative with a potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the College has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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DISTRICT ADMINISTRATOR
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PLEASE RESPOND TO
OFFICE CHECKED

June 13, 2005

Joan M. Warburg, President
The Bydale Foundation
11 Martine Avenue
White Plains, NY 10606

Dear Ms. Warburg:

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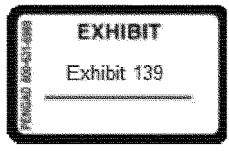

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
RANKING MEMBER
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

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DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

☐ 163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900

PLEASE RESPOND TO
OFFICE CHECKED

June 13, 2005

Leon Panetta, Director
New York Stock Exchange Foundation
11 Wall Street
New York City, NY 10005

Dear Mr. Panetta:

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Member of Congress

CBR:gad



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DISTRICT ADMINISTRATOR

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NEW YORK, NY 10027
TELEPHONE: (212) 663-3900

PLEASE RESPOND TO
OFFICE CHECKED

June 13, 2005

Jack Rosenthal, President
New York Times Company Foundation
229 West 43rd Street
New York, NY 10036-3959

Dear Mr. Rosenthal:

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DISTRICT ADMINISTRATOR

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NEW YORK, NY 10027
TELEPHONE: (212) 663–3900

PLEASE RESPOND TO
OFFICE CHECKED

June 13, 2005

Sy Sternberg, Chair
New York Life Foundation
51 Madison Avenue, Suite 604
New York, NY 10010-1655

Dear Mr. Sternberg:

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ast	First	Company	Address
			c/o Matthews & Co., LLP 331 Madison Ave., 8th Fl. New York, NY 10017
Wexner	Susan	BCHB, Inc.	Ms. Susan Wexner BCHB, Inc. c/o Hertz, Herson & Co., LLP 2 Park Ave., Ste. 1500 New York, NY 10016
Beir	Robert	The Beir Foundation	Mr. Robert Beir The Beir Foundation 110 E. 59th St. New York, NY 10022
Belson	Jerome	The Jerome Belson Foundation	Mr. Jerome Belson The Jerome Belson Foundation 495 Broadway 495 Broadway, 6th Fl. New York, NY 10012
Beltrone	Salvatore	Salvatore & Anna Beltrone Family Foundation	Mr. Salvatore Beltrone Salvatore & Anna Beltrone Family Foundation 14 Hemlock St. Latham, NY 12110-2217
Bergson	Stefany	The Stefany and Simon Bergson Foundation	Ms. Stefany Bergson The Stefany and Simon Bergson Foundation Woods Rd., P.O. Box 695 Palisades, NY 10955
Bernhard	William	The Bernhill Fund	Mr. William Bernhard The Bernhill Fund c/o Siegel Sacks 630 3rd Ave. New York, NY 10017
Baron	Mitchell	The Richard A. and Amelia Bernstein Foundation, Inc.	Mr. Mitchell Baron The Richard A. and Amelia Bernstein Foundation, Inc. c/o P&E Properties, Inc. 444 Madison Ave. New York, NY 10022
Morin	Elizabeth	The Big Wood Foundation	Ms. Elizabeth Morin The Big Wood Foundation c/o Yohalem Gillman & Co.

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st	First	Company	Address
			477 Madison Ave. New York, NY 10022
Blankfein	Laura	The Lloyd and Laura Blankfein Foundation	Ms. Laura Blankfein The Lloyd and Laura Blankfein Foundation c/o Goldman Sachs & Co. 85 Broad St., Tax Dept. New York, NY 10004
Block	Thomas	Adele and Leonard Block Foundation, Inc.	Mr. Thomas Block Adele and Leonard Block Foundation, Inc. 499 7th Ave., 21st Fl. S. New York, NY 10018
Blood	Alison	The Blood Family Foundation	Ms. Alison Blood The Blood Family Foundation c/o Goldman Sachs & Co. 85 Broad St., Tax Dept. New York, NY 10004
Klein	Matthew	Blue Ridge Foundation New York	Mr. Matthew Klein Blue Ridge Foundation New York 660 Madison Ave. New York, NY 10021
Bluhdorn	Dominique	Charles G. & Yvette Bluhdorn Charitable Trust	Mr. Dominique Bluhdorn Charles G. & Yvette Bluhdorn Charitable Trust c/o Reminick, Aarons & Co. LLP 1430 Broadway New York, NY 10018
Paulson	Henry	The Bobolink Foundation	Mr. Henry Paulson The Bobolink Foundation c/o Goldman Sachs & Co. 85 Broad St., Tax Dept. New York, NY 10004
Maurer	Barbara	Booth Ferris Foundation	Ms. Barbara Maurer Booth Ferris Foundation 345 Park Ave., 4th Fl. New York, NY 10154
Boxer	Leonard	The Boxer Foundation	Mr. Leonard Boxer The Boxer Foundation c/o George Rothkopf 366 N. Broadway, Ste. 410

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Last	First	Company	Address
			Jericho, NY 11753
Brine	Kevin	Madeline and Kevin Brine Charitable Trust	Mr. Kevin Brine Madeline and Kevin Brine Charitable Trust c/o Sanford C. Bernstein & Co. 767 5th Ave. New York, NY 10153
Brodsky	Daniel	Daniel J. and Estrellita Brodsky Foundation	Mr. Daniel Brodsky Daniel J. and Estrellita Brodsky Foundation 400 W. 59th St., 3rd Fl. New York, NY 10019
Hawkins	Harman	Gladys Brooks Foundation	Mr. Harman Hawkins Gladys Brooks Foundation c/o Thomas Q. Morris, M.D. 630 W. 168th St. New York, NY 10032

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Last	First	Company	Address
		MetLife Foundation	MetLife Foundation 27-01 Queens Plaza North Long Island City, NY 11101
		The Goldman Sachs Foundation	The Goldman Sachs Foundation 85 Broad St. 22nd Fl. New York, NY 10004
		The Starr Foundation	The Starr Foundation One Time Warner Center New York, NY 10019-8016
Shea	Christina	The General Mills Foundation	Ms. Christina Shea The General Mills Foundation P.O. Box 1113 Minneapolis, MN 554440
		Merrill Lynch & Co. Foundation	Merrill Lynch & Co. Foundation c/o CT Corporation System 111 8th Ave. New York, NY 10011
		The Rockefeller Foundation	The Rockefeller Foundation 420 5th Ave. New York, NY 10018
		AT&T Foundation	AT&T Foundation 32 Avenue of the Americas, 8th Fl. New York, NY 10001
		JPMorgan Chase Foundation	JPMorgan Chase Foundation 270 Park Ave., Fl. 33 New York, NY 10017
Raymond	Charles	Citigroup Foundation	Mr. Charles Raymond Citigroup Foundation 850 Third Ave., 13th Fl. New York, NY 10043
Longley	Elizabeth	Wachovia Foundation	Ms. Elizabeth Longley Wachovia Foundation



Last	First	Company	Address
			Chrysler Building, WS 6453 405 Lexington Ave., 3rd Fl. New York, NY 10174-6453
Richardson	William	W.K. Kellogg Foundation	Mr. William Richardson W.K. Kellogg Foundation One Michigan Ave. East Battle Creek, MI 49017-4012
Davies	Charles	GEICO Philanthropic Foundation	Mr. Charles Davies GEICO Philanthropic Foundation c/o GEICO Corp.

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Last	First	Company	Address
			767 5th Ave., 48th Fl. New York, NY 10153
Lewis	Michael	Butler Foundation	Mr. Michael Lewis Butler Foundation c/o Subaru 6 Ramland Rd. Orangeburg, NY 10962
Butler	Gilbert	Gilbert & Ildiko Butler Foundation, Inc.	Mr. Gilbert Butler Gilbert & Ildiko Butler Foundation, Inc. c/o Butler Capital Corp. 745 5th Ave., Ste. 1702 New York, NY 10151
Solomon	Milton	The Bydale Foundation	Mr. Milton Solomon The Bydale Foundation 11 Martine Ave. White Plains, NY 10606
Epstein	Jeffrey	The C.O.U.Q. Foundation, Inc.	Mr. Jeffrey Epstein The C.O.U.Q. Foundation, Inc. c/o George V. Delson Assocs. 110 E. 59th St. New York, NY 10022
Carson	Cecily	The Carson Family Charitable Trust	Ms. Cecily Carson The Carson Family Charitable Trust c/o U.S. Trust Co. of New York 114 W. 47th St. New York, NY 10036
Stull	William	The Carwill Foundation	Mr. William Stull The Carwill Foundation c/o Goldman Sachs & Co. 85 Broad St., Tax Dept. New York, NY 10004
Menschel	Richard	Charina Foundation, Inc.	Mr. Richard Menschel Charina Foundation, Inc. 85 Broad St. New York, NY 10004
Dessingue	William	Charitable Venture Foundation	Mr. William Dessingue Charitable Venture Foundation 747 Pierce Rd. Clifton Park, NY 12065

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Last	First	Company	Address
Doran	Robert	Doran Family Charitable Trust	Mr. Robert Doran Doran Family Charitable Trust c/o U.S. Trust, Tax Dept. 114 W. 47th St. New York, NY 10036
Smith	Crosby	Clarence and Anne Dillon Dunwalke Trust	Mr. Crosby Smith Clarence and Anne Dillon Dunwalke Trust 1330 Ave. of the Americas, 27th Fl. New York, NY 10019
West	Ronald	Fred L. Emerson Foundation, Inc.	Mr. Ronald West Fred L. Emerson Foundation, Inc. P.O. Box 276 Auburn, NY 13021
Picotte	John	Equinox Foundation, Inc.	Mr. John Picotte Equinox Foundation, Inc. c/o M.R. Weiser & Co. 20 Corporate Woods Blvd., Rm. 600 Albany, NY 12211
Lefkowitz	Stanley	Falconwood Foundation, Inc.	Mr. Stanley Lefkowitz Falconwood Foundation, Inc. 565 5th Ave. New York, NY 10017
Swan	William	First Niagara Bank Foundation	Mr. William Swan First Niagara Bank Foundation 6950 S. Transit Rd. P.O. Box 154 Lockport, NY 14095
Ford	Daryl	The Ford Family Foundation	Mr. Daryl Ford The Ford Family Foundation c/o BCRS 100 Wall St., 11th Fl. New York, NY 10005
Altair	Paul	The Ford Foundation	Mr. Paul Altair The Ford Foundation 320 E. 43rd St. New York, NY 10017
Held	Huyler	Gerry	Mr. Huyler Held

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ast	First	Company	Address
		Charitable Trust	Gerry Charitable Trust c/o McLaughlin & Stern LLP 260 Madison Ave. New York, NY 10016
Noble	Kate	Baker Charitable Foundation	Ms. Kate Noble Baker Charitable Foundation c/o JP Morgan Chase Bank, Trust Dept. P.O. Box 31412 Rochester , NY 14603
Suarez	Rocio	The George F. Baker Trust	Miss Rocio Suarez The George F. Baker Trust 477 Madison Ave., Ste.,1650 New York, NY 10022
Stein	Janet	The Beim Foundation	Ms. Janet Stein The Beim Foundation 11 E. 73rd St. New York, NY 10021
Troiano	John	The Banfi Vintners Foundation	Mr. John Troiano The Banfi Vintners Foundation 1111 Cedar Swamp Rd. Glen Head, NY 11545
Hopkins	Maureen	J.M.R. Barker Foundation	Ms. Maureen Hopkins J.M.R. Barker Foundation 530 5th Ave., 26th Fl. New York, NY 10036-5101
Barnett	Lawrence	Lawrence and Isabel Barnett Charitable Foundation	Mr. Lawrence Barnett Lawrence and Isabel Barnett Charitable Foundation c/o Ezkr, LLP 120 Bloomingdale Rd. White Plains, NY 10605
Larke	Carolyn	Barrow Foundation	Ms. Carolyn Larke Barrow Foundation c/o U.S. Trust 114 W. 47th St. New York, NY 10036
Baum	Elizabeth	Theodore & Ruth Baum Charitable Foundation	Ms. Elizabeth Baum Theodore & Ruth Baum Charitable Foundation

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Last	First	Company	Address
Abraham	Alexander	The Abraham Foundation, Inc.	Mr. Alexander Abraham The Abraham Foundation, Inc. c/o B. Strauss Assoc, Ltd. 307 5th Ave., 8th Fl. New York, NY 10016
Abrons	Richard	Louis and Abrons Foundation, Inc.	Mr. Richard Abrons Louis and Abrons Foundation, Inc. c/o Manhattan Co. 437 Madison Ave. New York, NY 10017
Spitzer	Daniel	The ABS Charitable Foundation	Mr. Daniel Spitzer The ABS Charitable Foundation 850 Piermont Ave. Piermont, NY 10968
Dolan	Joseph	The Achelis Foundation	Mr. Joseph Dolan The Achelis Foundation 767 3rd Ave., 4th Fl. New York , NY 10017
Jones	Edward	The Edith & F.M. Achilles Memorial Fund	Mr. Edward Jones The Edith & F.M. Achilles Memorial Fund c/o JP Morgan Chase Bank 345 Park Ave., 4th Fl. New York, NY 10154
Culbertson	Grace	Acorn Foundation, Inc.	Ms. Grace Culbertson Acorn Foundation, Inc. c/o The Bank of New York 1 Wall St., 28th Fl., Tax Dept. New York, NY 10286
Francioovich	Linda	The Afgonak Foundation	Ms. Linda Francioovich The Afgonak Foundation c/o U.S. Trust 114 W. 47th St. New York , NY 10036
Robinson	Flavia	The Daniele Agostino Foundation	Ms. Flavia Robinson The Daniele Agostino Foundation 870 United Nations Plz., No. 35C New York , NY 10017
Riker	Susan	Agrilink	Ms. Susan Riker

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EXHIBIT
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	First	Company	Address
		Foods/Pro-Fac Foundation	Agrilink Foods/Pro-Fac Foundation 90 Linden Oaks P.O. Box 20670 Rochester, NY 14602-0670
Wexner	Bella	AHBA, Inc.	Ms. Bella Wexner AHBA, Inc. c/o Hertz, Herson & Co., LLP 2 Park Ave., Ste. 1500 New York, NY 10016
Weintraub	Robert	Joseph Alexander Foundation, Inc.	Mr. Robert Weintraub Joseph Alexander Foundation, Inc. 400 Madison Ave. Ste., 906 New York, NY 10017
Alfiero	Salvatore	Alfiero Family Charitable Foundation	Mr. Salvatore Alfiero Alfiero Family Charitable Foundation 2150 Elmwood Ave. Buffalo, NY 14207
Felson	Howard	The Herbert Allen Foundation	Mr. Howard Felson The Herbert Allen Foundation 711 5th Ave. New York, NY 10022-3194
Allwin	James	The Allwin Family Foundation	Mr. James Allwin The Allwin Family Foundation c/o Aetos Capital, LLC 375 Park Ave., Ste. 3401 New York, NY 10152
O'Connell	Meg	Allyn Foundation	Ms. Meg O'Connell Allyn Foundation P.O. Box 22 Skaneateles, NY 13152
Alper	Andrew	Alper Family Foundation	Mr. Andrew Alper Alper Family Foundation DCRS Assocs. 100 Wall St., 11th Fl. New York, NY 10005
Bible	Geoffrey	Altria Fund, Inc.	Mr. Geoffrey Bible Altria Fund, Inc. 120 Park Ave.

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Exhibit 139

CSOC.CBR.00030360

ast	First	Company	Address
			New York, NY 10017-5592
Weisenburger	Randall	The Altus One Fund, Inc.	Mr. Randall Weisenburger The Altus One Fund, Inc. c/o Randall R. Weisenburger 437 Madison Ave., 9th Fl. New York, NY 10022-7001
Mintz	Philip	Amicus Foundation, Inc.	Mr. Philip Mintz Amicus Foundation, Inc. 29 W. 38th St. New York, NY 10018
Andersen	Sung	The G.C. Andersen Family Foundation	Mr. Sung Andersen The G.C. Andersen Family Foundation 1050 Fifth Ave., Apt. 6F New York, NY 10028-0140
Alex	Josephine	The Frank J. Antun Foundation	Ms. Josephine Alex The Frank J. Antun Foundation 100 Crossways Park W., Ste. 205 Woodbury, NY 11787
Santangelo	Joseph	Arkell Hall Foundation, Inc.	Mr. Joseph Santangelo Arkell Hall Foundation, Inc. P.O. Box 240 Canahoharie , NY 13317-0240
Aron	Peter	J. Aron Charitable Foundation, Inc.	Mr. Peter Aron J. Aron Charitable Foundation, Inc. 126 E. 56th St., Ste. 2300 New York, NY 10022
Arnow	David	The Aronovitz Family Foundation	Mr. David Arnow The Aronovitz Family Foundation c/o Weller Arnow Mgmt. Co., Inc. 1114 Ave. of the Americas, Ste. 3400 New York, NY 10036
Goldman	Guido	The ASDA Foundation	Mr. Guido Goldman The ASDA Foundation c/o First Spring Corp. 499 Park Ave., 26th Fl. New York, NY 10022
Richards	Cynthia	The Atlantic Foundation of	Ms. Cynthia Richards

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EXHIBIT
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ast	First	Company	Address
		NY	The Atlantic Foundation of NY 126 Park Ave., 21st Fl. New York, NY 10017
Barakett	Timothy	The Atticus Foundation	Mr. Timothy Barakett The Atticus Foundation 152 W. 57th St. New York , NY 10019
McCarthy	Michael	Avalon Foundation	Mr. Michael McCarthy Avalon Foundation c/o BCRS Assocs., LLC 100 Wall St., 11th Fl New York , NY 10005
Bahnik	Roger	The Bahnik Foundation, Inc.	Mr. Roger Bahnik The Bahnik Foundation, Inc. 190 Pine Hollow Rd. Oyster Bay, NY 11771
Brown	Robin	The Robin Brown & Charles Seelig Family Foundation	Ms. Robin Brown The Robin Brown & Charles Seelig Family Foundation c/o BCRS Assocs., LLC 100 Wall St., 11th Fl. New York, NY 10005
Savage	Ann	The Brownington Foundation	Ms. Ann Savage The Brownington Foundation c/o Morris & McVeigh 767 3rd Ave. New York, NY 10017
Brownstone	Clyde	Lucien & Ethel Brownstone Foundation, Inc.	Mr. Clyde Brownstone Lucien & Ethel Brownstone Foundation, Inc. c/o Warshaw Burstein, et al. 555 5th Ave. New York, NY 10017
Brunie	Charles	Jean & Charles H. Brunie Foundation	Mr. Charles Brunie Jean & Charles H. Brunie Foundation 21 Elm Rock Road Bronxville, NY 10708
Burke	James	The Burke Family Foundation	Mr. James Burke The Burke Family Foundation c/o Stonington Press

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Last	First	Company	Address
Schumacher	Janet	Camahan-Jackson Foundation	Ms. Janet Schumacher Camahan-Jackson Foundation c/o Not for Profit Institutions 1 East Ave., 3rd Fl. Rochester, NY 14604
Conway	Peter	The Conway Family Foundation	Mr. Peter Conway The Conway Family Foundation c/o Goldman Sachs & Co. 85 Broad St., Tax Dept. New York, NY 10004
Jackson	Herrick	Connemara Fund	Mr. Herrick Jackson Connemara Fund c/o James D. Miller & Co. 350 5th Ave., R. 5019 New York, NY 10118
Lindsey	John	The Chisolm Foundation	Mr. John Lindsey The Chisolm Foundation c/o US Trust 114 W. 47th St. New York, NY 10036
Smith	Susan	The Community Foundation of Herkimer & Oneida Counties, Inc.	Ms. Susan Smith The Community Foundation of Herkimer & Oneida Counties, Inc. 270 Genesee St. Utica, NY 13502
Corey	Emilie	The Corey Foundation	Ms. Emilie Corey The Corey Foundation c/o M. Corey 2 Columbus Ave., Ste. 36 New York, NY 10023
Schaenen, Jr.	Nelson	Compauw Foundation, Ltd.	Mr. Nelson Schaenen, Jr. Compauw Foundation, Ltd. c/o B. Strauss Assocs., Ltd. 307 5th Ave., 6th Fl. New York, NY 10016
MacDonald	Robert	Cranshaw Corporation	Mr. Robert MacDonald Cranshaw Corporation

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ast	First	Company	Address
			c/o White and Case, LLP 1155 Ave. of the Americas, Ste. 3436 New York, NY 10036
Cunniff	Marilyn	Cunniff Family Fund	Ms. Marilyn Cunniff Cunniff Family Fund c/o Ruane Cunniff & Co., Inc. 767 5th Ave., Ste. 4701 New York, NY 10153
Malkin	David	Filomena M. D'Agostino Foundation	Mr. David Malkin Filomena M. D'Agostino Foundation 950 3rd Ave., 32nd Fl. New York, NY 10022
McKee	Bill	The Davenport-Hatch Foundation	Mr. Bill McKee The Davenport-Hatch Foundation c/o Fleet Trust Co. 1 East Ave. Rochester, NY 14638
Hattern	Gary	Deutsche Bank Americas Foundation	Mr. Gary Hattern Deutsche Bank Americas Foundation 60 Wall Street, NYC60-2110 New York, NY 10005
McDowell	Jay	Miriam and Arthur Diamond Charitable Trust	Mr. Jay McDowell Miriam and Arthur Diamond Charitable Trust c/o Cadwalader 100 Maiden Ln.,Ste. 308 New York, NY 10038
Diller	Barry	The Diller-von Furstenburg Family Foundation	Mr. Barry Diller The Diller-von Furstenburg Family Foundation c/o Patricia Doudna, Ernst & Young 787, 7th Ave. New York, NY 10019
Donovan	Michael	Donovan Foundation	Mr. Michael Donovan Donovan Foundation c/o Michael Donovan 1340 5th Ave., Ste. 2A New York, NY 10026

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Last	First	Company	Address
Damonti	John	The Bristol-Myers Squibb Foundation	Mr. John Damonti The Bristol-Myers Squibb Foundation 345 Park Ave., 43rd Fl. New York, NY 10154
Seidenburg	Ivan	The Verizon Foundation	Mr. Ivan Seidenburg The Verizon Foundation 1095 Avenue of the Americas, Rm. 3200 New York, NY 10036
Hunt	Erica	Twenty-First Century Foundation	Ms. Erica Hunt Twenty-First Century Foundation 271 W. 125th St., Suite 303 New York, NY 10027
Greer	Colin	The New World Foundation	Mr. Colin Greer The New World Foundation 656 West End Ave., Suite 1-B New York, NY 10025-7357
Daniels	Dianne	The Bay and Paul Foundations	Ms. Dianne Daniels The Bay and Paul Foundations 17 W. 94th St., 1st Fl. New York, NY 10025
Posner	James	Posner-Wallace Foundation	Dr. James Posner Posner-Wallace Foundation 300 W. 108th St., Apt. 15-C New York, NY 10025-0350
Voiklis	Charlotte	Crosswicks Foundation	Ms. Charlotte Voiklis Crosswicks Foundation 924 West End Ave., #95 New York, NY 10025
Mansoor	Daniel	Clair & Menahem Mansoor Foundation	Mr. Daniel Mansoor Clair & Menahem Mansoor Foundation 189 W. 89th St., Suite 7P New York, NY 10024-1983
Michaelis	Clair	Josiah Macy, Jr., Foundation	Mr. Clair Michaelis Josiah Macy, Jr., Foundation 44 E. 64th St. New York, NY 10021
Kravis	Robert	Robert Kravis and Kimberly Kravis	Mr. Robert Kravis Robert Kravis and Kimberly Kravis Foundation



Last	First	Company	Address
		Foundation	c/o Kohlberg Kravis Roberts & Company 9 W. 57th St. New York, NY 10019
Warburg	Joan	The Bydale Foundation	Ms. Joan Warburg The Bydale Foundation 11 Martine Ave. White Plains, NY 10606
Panetta	Leon	The New York Stock Exchange Foundation	Mr. Leon Panetta The New York Stock Exchange Foundation 11 Wall St. New York, NY 10005
Rosenthal	Jack	New York Times Company Foundation	Mr. Jack Rosenthal New York Times Company Foundation 229 W. 43rd St. New York, NY 10036-3959
Stemberg	Sy	New York Life Foundation	Mr. Sy Stemberg New York Life Foundation 51 Madison Ave., Suite 604 New York, NY 10010-1655

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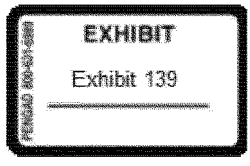
CSOC.CBR.00030367

Attachment B



CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
RANKING MEMBER
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-3215
TELEPHONE: (202) 225-4365

DISTRICT OFFICE
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900

PLEASE RESPOND TO
OFFICE CHECKED

Mr. Alexander Abraham
The Abraham Foundation, Inc.
c/o B. Strauss Assoc. Ltd.
307 5th Avenue, 8th Floor
New York, NY 10016

July 26, 2006

Dear Mr. Abraham.

I am writing you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York has created the Charles B. Rangel Center for Public Service to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

Throughout my public career I have believed in the special strength derived from our racial and ethnic diversity. I believe that we as lawmakers and elected public officials must lead in assuring that opportunity for public service be made available to all with the goal of achieving a policy making community that reflects the rich tapestry of cultures, faiths, colors and ethnicities that make us who we are as a great nation. I am asking you to join me in the creation of a public policy center that will motivate and prepare young people presently underrepresented in public life to pursue careers in public service.

Today, non-whites make up nearly thirty percent of the US population. Yet, according to the Equal Opportunity Commission's 2003 report on the federal workforce, only 13.81% of the men and women who occupy the top managerial, supervisory, and policy-making positions in the US Federal government are members of minority groups. And by 2050, minority groups in the US will comprise more than 50% of our population.

The Charles B. Rangel Center in the City College of New York, a school in the most ethnically diverse city in our nation and with an unparalleled history of supporting the empowerment of immigrant ethnic groups, will help to ensure that those who run our nation will be reflective of our diversity. I have embraced the College's concept because it will allow me to locate the inspirational aspects of my legacy in my home Harlem community.

As you will see from the enclosed presentation, the Rangel Center at the City College of New York will be alive with the work of scholars and students working on public policy



CHARLES B. RANGEL
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WASHINGTON, DC 20515–3215
TELEPHONE: (202) 225–4365

DISTRICT OFFICE
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–3900

PLEASE RESPOND TO
OFFICE CHECKED

Mr. Daniel Spitzer
The ABS Charitable Foundation
850 Piermont Avenue
Piermont, NY 10968

July 26, 2006

Dear Mr. Spitzer,

I am writing you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York has created the Charles B. Rangel Center for Public Service to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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As you will see from the enclosed presentation, the Rangel Center at the City College of New York will be alive with the work of scholars and students working on public policy issues and studying the political dimension of change. It is not a Library or Museum, but a living institution brimming with ideas and stimulating debate.

EXHIBIT
Exhibit 139

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
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COMMITTEE
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Congress of the United States
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WASHINGTON, DC 20515–3215
TELEPHONE: (202) 225-4365

DISTRICT OFFICE
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900

PLEASE RESPOND TO
OFFICE CHECKED

Mr. Joseph Dolan
The Achelis Foundation
767 3rd Avenue, 4th Floor
New York, NY 10017

July 26, 2006

Dear Mr. Dolan,

I am writing you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York has created the Charles B. Rangel Center for Public Service to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE
WAYS AND MEANS
RANKING MEMBER
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–3215
TELEPHONE: (202) 225–4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–3969

PLEASE RESPOND TO
DISTRICT CHECKED

Mr. Salvatore Alfiero
Alfiero Family Charitable Foundation
2150 Elmwood Avenue
Buffalo, NY 14207

July 26, 2006

Dear Mr. Alfiero,

I am writing you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York has created the Charles B. Rangel Center for Public Service to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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EXHIBIT
Exhibit 139

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE
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Congress of the United States
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Washington, DC 20515–3215

2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-3215
TELEPHONE: (202) 225-4365

DISTRICT OFFICE
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900

PLEASE RESPOND TO
OFFICE CHECKED

Mr. James Allwin
The Allwin Family Foundation
c/o Aetos Capital, LLC
375 Park Avenue, Suite 3401
New York, NY 10152

July 26, 2006

Dear Mr. Allwin,

I am writing you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York has created the Charles B. Rangel Center for Public Service to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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PLEASE RESPOND TO
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Ms. Meg O'Connell
Allyn Foundation
P.O. Box 22
Skaneateles, NY 13152

July 26, 2006

Dear Ms. O'Connell,

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Mr. Andrew Alper
Alper Family Foundation
DCRS Associates
100 Wall Street, 11th Floor
New York, NY 10005

July 26, 2006

Dear Mr. Alper,

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DISTRICT ADMINISTRATOR
163 WEST 125TH STREET
NEW YORK, NY 10027
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PLEASE RESPOND TO
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Mr. Joseph Santangelo
Arkell Hall Foundation, Inc.
P.O. Box 240
Canaboharie, NY 13317-0240

July 26, 2006

Dear Mr. Santangelo,

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PLEASE RESPOND TO
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Ms. Cynthia Richards
The Atlantic Foundation of New York
125 Park Avenue, 21st Floor
New York, NY 10017

July 26, 2006

Dear Ms. Richards,

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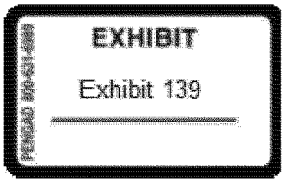

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Mr. Timothy Barakett
The Atticus Foundation
152 West 57th Street
New York, NY 10019

July 26, 2006

Dear Mr. Barakett,

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DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
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PLEASE RESPOND TO
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Mr. Michael McCarthy
Avalon Foundation
c/o BCRS Associates, LLC
100 Wall Street, 11th Floor
New York, NY 10005

July 26, 2006

Dear Mr. McCarthy,

I am writing you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York has created the Charles B. Rangel Center for Public Service to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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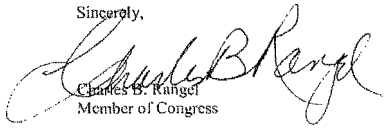
I am pleased to have been able to secure from the federal government grants in the amount of $3.6 million to permit a thorough and comprehensive planning process. I would appreciate your consideration of support for the Center as well as your advice and assistance concerning how to approach the donor community, particularly private and corporate foundations interested in education, for grants to support the educational programs of the center. We are also interested in obtaining funding for the fellowship and scholarships which will be required for the exceptional but underprivileged students which will be recruited to the Center.

I thank you for your consideration and for any future support that you may provide to the Charles B. Rangel Center at the City College of New York. Please do not hesitate to contact the Vice President of the City College's Office of Development and Institutional Advancement, Rachelle Butler, whose contact information is listed below.

Sincerely,



Charles B. Rangel
Member of Congress

Rachelle Butler, Vice President
Office of Development and Institutional Advancement
The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650-[redacted]; 212-650-[redacted]
Fax: 212-650-[redacted]
Email rbutler[redacted]



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PLEASE RESPOND TO
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Mr. Roger Bahnik
The Bahnik Foundation, Inc.
190 Pine Hollow Road
Oyster Bay, NY 11771

July 26, 2006

Dear Mr. Bahnik,

I am writing you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York has created the Charles B. Rangel Center for Public Service to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
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PLEASE RESPOND TO
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Ms. Kate Noble
Baker Charitable Foundation
c/o JP Morgan Chase Bank, Trust Dept.
P.O. Box 31412
Rochester, NY 14603

July 26, 2006

Dear Ms. Noble,

I am writing you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York has created the Charles B. Rangel Center for Public Service to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–3900

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Mr. Edward Jones
The Edith & F.M. Achilles Memorial Fund
c/o JP Morgan Chase Bank
345 Park Avenue, 4th Floor
New York, NY 10154

July 26, 2006

Dear Mr. Jones,

I am writing you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York has created the Charles B. Rangel Center for Public Service to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE
WAYS AND MEANS
RANKING MEMBER
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–3215
TELEPHONE: (202) 225-4365

DISTRICT OFFICE
MR. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900

PLEASE RESPOND TO
OFFICE CHECKED

Mr. Howard Felson
The Herbert Allen Foundation
711 5th Avenue
New York, NY 10022-3194

July 26, 2006

Dear Mr. Felson,

I am writing you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York has created the Charles B. Rangel Center for Public Service to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE (212) 663–3900

PLEASE RESPOND TO
OFFICE CHECKED

Ms. Josephine Alex
The Frank J. Antun Foundation
100 Crossways Park West, Suite 205
Woodbury, NY 11787

July 26, 2006

Dear Ms. Alex,

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Exhibit 139

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163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900

PLEASE RESPOND TO
OFFICE CHECKED

Mr. Richard Abrons
Louis and Abrons Foundation, Inc.
c/o Manhattan Co.
437 Madison Avenue
New York, NY 10017

July 26, 2006

Dear Mr. Abrons,

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EXHIBIT
Exhibit 139

Mr. Stanley Lefkowitz
Falconwood Foundation, Incorporated
565 5th Avenue
New York, NY 10017

July 26, 2006

Dear Mr. Lefkowitz,

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Sincerely,

Charles B. Rangel
Member of Congress

Rachelle Butler, Vice President
Office of Development and Institutional Advancement
The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650- 212-650-
Fax: 212-650-
Email rbutler



Mr. Ronald West
Fred L. Emerson Foundation, Incorporated
P.O. Box 276
Auburn, NY 13021

July 26, 2006

Dear Mr. West,

I am writing you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York has created the Charles B. Rangel Center for Public Service to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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Office of Development and Institutional Advancement
The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650- 212-650-
Fax: 212-650-
Email rbutler



Mr. Paul Allair
The Ford Foundation
320 East 43rd Street
New York, NY 10017

July 26, 2006

Dear Mr. Allair,

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Member of Congress

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Office of Development and Institutional Advancement
The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650-[redacted]; 212-650-[redacted]
Fax: 212-650[redacted]
Email rbutler[redacted]



Mr. Daryl Ford
The Ford Family Foundation
c/o BCRS
100 Wall Street, 11th Floor
New York, NY 10005

July 26, 2006

Dear Mr. Ford,

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The City College of New York
138th Street and Convent Avenue, S-154
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Telephone: 212-650-; 212-650-
Fax: 212-650-
Email rbutler@



Ms. Florence Davis
The Starr Foundation
One Time Warner Center
New York, NY 10019-8016

July 26, 2006

Dear Ms. Davis,

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Member of Congress

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Office of Development and Institutional Advancement
The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650-[redacted]; 212-650[redacted]
Fax: 212-650-[redacted]
Email rbutler[redacted]



Mr. Huyler Held
Gerry Charitable Trust
c/o McLaughlin & Stern LLP
260 Madison Avenue
New York, NY 10016

July 26, 2006

Dear Mr. Held,

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138th Street and Convent Avenue, S-154
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Telephone: 212-650-[redacted]; 212-650[redacted]
Fax: 212-650[redacted]
Email rbutler[redacted]



Mr. William Swan
First Niagara Bank Foundation
6950 South Transit Road
P.O. Box 154
Lockport, NY 14095

July 26, 2006

Dear Mr. Swan,

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Member of Congress

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Office of Development and Institutional Advancement
The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650-[redacted]; 212-650-[redacted]
Fax: 212-650-[redacted]
Email rbutler[redacted]



Mr. Peter Aron
J. Aron Charitable Foundation, Inc.
126 East 56th Street, Suite 2300
New York, NY 10022

July 26, 2006

Dear Mr. Aron,

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I am pleased to have been able to secure from the federal government grants in the amount of $3.6 million to permit a thorough and comprehensive planning process. I would appreciate your consideration of support for the Center as well as your advice and assistance concerning how to approach the donor community, particularly private and corporate foundations interested in education, for grants to support the educational programs of the center. We are also interested in obtaining funding for the fellowship and scholarships which will be required for the exceptional but underprivileged students which will be recruited to the Center.

I thank you for your consideration and for any future support that you may provide to the Charles B. Rangel Center at the City College of New York. Please do not hesitate to contact the Vice President of the City College's Office of Development and Institutional Advancement, Rachelle Butler, whose contact information is listed below.

Sincerely,

Charles B. Rangel
Member of Congress

Rachelle Butler, Vice President
Office of Development and Institutional Advancement
The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650- 212-650-
Fax: 212-650-
Email rbutler



Mr. Timothy Barakett
The Atticus Foundation
152 West 57th Street
New York, NY 10019

July 26, 2006

Dear Mr. Barakett,

I am writing you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York has created the Charles B. Rangel Center for Public Service to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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Office of Development and Institutional Advancement
The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650 [redacted] 212-650 [redacted]
Fax: 212-650 [redacted]
Email rbutler [redacted]



Susan Wexner
BCHB, Incorporated
c/o Hertz, Herson & Company, LLP
2 Park Avenue, Suite 1500
New York, NY 10016

July 26, 2006

Dear Ms. Wexner,

I am writing you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York has created the Charles B. Rangel Center for Public Service to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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Office of Development and Institutional Advancement
The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650-[redacted]; 212-650-[redacted]
Fax: 212-650-[redacted]
Email rbutler[redacted]



Ms. Susan Riker
Agrilink Foods/Pro-Fac Foundation
90 Linden Oaks
P.O. Box 20670
Rochester, NY 14602-0670

July 26, 2006

Dear Ms. Riker,

I am writing you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York has created the Charles B. Rangel Center for Public Service to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650- 212-650-
Fax: 212-650-
Email rbutler



Mr. Sung Andersen
The G.C. Andersen Family Foundation
1050 Fifth Avenue, Apt. 8F
New York, NY 10028-0140

July 26, 2006

Dear Mr.Andersen,

I am writing you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York has created the Charles B. Rangel Center for Public Service to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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Office of Development and Institutional Advancement
The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650-[redacted]; 212-650[redacted]
Fax: 212-650[redacted]
Email rbutler[redacted]



Mr. Salvatore Alfiero
Alfiero Family Charitable Foundation
2150 Elmwood Avenue
Buffalo, NY 14207

July 26, 2006

Dear Mr. Alfiero,

I am writing you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York has created the Charles B. Rangel Center for Public Service to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650- 212-650-
Fax: 212-650-
Email rbutler



Mr. Salvatore Beltrone
Salvatore & Anna Beltrone Family Foundation
14 Hemlock Street
Latham, NY 12110-2217

July 26, 2006

Dear Mr. Beltrone,

I am writing you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York has created the Charles B. Rangel Center for Public Service to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650-[redacted]; 212-650[redacted]
Fax: 212-650-[redacted]
Email rbutler[redacted]



Mr. Roger Bahnik
The Bahnik Foundation, Inc.
190 Pine Hollow Road
Oyster Bay, NY 11771

July 26, 2006

Dear Mr. Bahnik,

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138th Street and Convent Avenue, S-154
New York, NY 10031
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Fax: 212-650-[redacted]
Email rbutler[redacted]



Mr. Robert Weintraub
Joseph Alexander Foundation
400 Madison Avenue, Suite 906
New York, NY 10017

July 26, 2006

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138th Street and Convent Avenue, S-154
New York, NY 10031
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Fax: 212-650[redacted]
Email rbutler[redacted]



Robert Beir
The Beir Foundation
110 East 59th Street
New York, NY 10022

July 26, 2006

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Mr. Richard Abrons
Louis and Abrons Foundation, Inc.
c/o Manhattan Co.
437 Madison Avenue
New York, NY 10017

July 26, 2006

Dear Mr. Abrons,

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I thank you for your consideration and for any future support that you may provide to the Charles B. Rangel Center at the City College of New York. Please do not hesitate to contact the Vice President of the City College's Office of Development and Institutional Advancement, Rachelle Butler, whose contact information is listed below.

Sincerely,

Charles B. Rangel
Member of Congress

Rachelle Butler, Vice President
Office of Development and Institutional Advancement
The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650- ; 212-650-
Fax: 212-650-
Email rbutler



Mr. Randall Weisenburger
The Altus One Fund, Inc.
437 Madison Avenue, 9th Floor
New York, NY 10022-7001

July 26, 2006

Dear Mr. Weisenburger,

I am writing you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York has created the Charles B. Rangel Center for Public Service to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650-[redacted]; 212-650-[redacted]
Fax: 212-650-[redacted]
Email rbutler[redacted]



Mr. Philip Mintz
Amicus Foundation, Inc.
29 West 38th Street
New York, NY 10018

July 26, 2006

Dear Mr. Mintz,

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The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650- 212-650-
Fax: 212-650-
Email rbutler



Ms. Josephine Alex
The Frank J. Antun Foundation
100 Crossways Park West, Suite 205
Woodbury, NY 11787

July 26, 2006

Dear Ms. Alex,

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The City College of New York
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New York, NY 10031
Telephone: 212-650- 212-650
Fax: 212-650
Email rbutler



Mr. Michael McCarthy
Avalon Foundation
c/o BCRS Associates, LLC
100 Wall Street, 11th Floor
New York, NY 10005

July 26, 2006

Dear Mr. McCarthy,

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The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650-[redacted]; 212-650-[redacted]
Fax: 212-650-[redacted]
Email rbutler[redacted]



Ms. Meg O'Connell
Allyn Foundation
P.O. Box 22
Skaneateles, NY 13152

July 26, 2006

Dear Ms. O'Connell,

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The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650- 212-650-
Fax: 212-650-
Email rbutler



Ms. Maureen Hopkins
J.M.R. Barker Foundation
530 5th Avenue, 26th Floor
New York, NY 10036-5101

July 26, 2006

Dear Ms. Hopkins,

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138th Street and Convent Avenue, S-154
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Email rbutler



Ms. Linda Franciscovich
The Afgonak Foundation
c/o U.S. Trust
114 West 47th Street
New York, NY 10036

July 26, 2006

Dear Ms. Franciscovich,

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138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650 [redacted] 212-650 [redacted]
Fax: 212-650-[redacted]
Email rbutler[redacted]



Lawrence Barnett
Lawrence and Isabel Barnett Charitable Foundation
c/o Ezkr, LLP
120 Bloomingdale Road
White Plains, NY 10605

July 26, 2006

Dear Mr. Barnett,

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Telephone: 212-650-; 212-650-
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Email rbutler



Ms. Kate Noble
Baker Charitable Foundation
c/o JP Morgan Chase Bank, Trust Dept.
P.O. Box 31412
Rochester, NY 14603

July 26, 2006

Dear Ms. Noble,

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Mr. Joseph Santangelo
Arkell Hall Foundation, Inc.
P.O. Box 240
Canahoharie, NY 13317-0240

July 26, 2006

Dear Mr. Santangelo,

I am writing you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York has created the Charles B. Rangel Center for Public Service to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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The Charles B. Rangel Center in the City College of New York, a school in the most ethnically diverse city in our nation and with an unparalleled history of supporting the empowerment of immigrant ethnic groups, will help to ensure that those who run our nation will be reflective of our diversity. I have embraced the College's concept because it will allow me to locate the inspirational aspects of my legacy in my home Harlem community.

As you will see from the enclosed presentation, the Rangel Center at the City College of New York will be alive with the work of scholars and students working on public policy issues and studying the political dimension of change. It is not a Library or Museum, but a living institution brimming with ideas and stimulating debate.



I am pleased to have been able to secure from the federal government grants in the amount of $3.6 million to permit a thorough and comprehensive planning process. I would appreciate your consideration of support for the Center as well as your advice and assistance concerning how to approach the donor community, particularly private and corporate foundations interested in education, for grants to support the educational programs of the center. We are also interested in obtaining funding for the fellowship and scholarships which will be required for the exceptional but underprivileged students which will be recruited to the Center.

I thank you for your consideration and for any future support that you may provide to the Charles B. Rangel Center at the City College of New York. Please do not hesitate to contact the Vice President of the City College's Office of Development and Institutional Advancement, Rachelle Butler, whose contact information is listed below.

Sincerely,

Charles B. Rangel
Member of Congress

Rachelle Butler, Vice President
Office of Development and Institutional Advancement
The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650- 212-650-
Fax: 212-650-
Email rbutler



Mr. Alexander Abraham
The Abraham Foundation, Inc.
c/o B. Strauss Assoc. Ltd.
307 5th Avenue, 8th Floor
New York, NY 10016

July 26, 2006

Dear Mr. Abraham,

I am writing you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York has created the Charles B. Rangel Center for Public Service to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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Member of Congress

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Office of Development and Institutional Advancement
The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650-[redacted]; 212-650-[redacted]
Fax: 212-650-[redacted]
Email rbutle[redacted]



Mr. Andrew Alper
Alper Family Foundation
DCRS Associates
100 Wall Street, 11th Floor
New York, NY 10005

July 26, 2006

Dear Mr. Alper,

I am writing you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York has created the Charles B. Rangel Center for Public Service to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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Office of Development and Institutional Advancement
The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650- 212-650-
Fax: 212-650-
Email rbutler



Carolyn Larke
Barrow Foundation
c/o U.S. Trust
114 West 47th Street
New York, NY 10036

July 26, 2006

Dear Ms. Larke,

I am writing you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York has created the Charles B. Rangel Center for Public Service to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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Office of Development and Institutional Advancement
The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650 212-650
Fax: 212-650
Email rbutler



Ms. Bella Wexner
AHBA, Inc.
c/o Hertz, Herson & Co.
LLP
2 Park Avenue, Suite 1500
New York, NY 10016

July 26, 2006

Dear Ms. Wexner,

I am writing you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York has created the Charles B. Rangel Center for Public Service to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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Member of Congress

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Office of Development and Institutional Advancement
The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650 [redacted] 212-650 [redacted]
Fax: 212-650 [redacted]
Email rbutler [redacted]



Ms. Cynthia Richards
The Atlantic Foundation of New York
125 Park Avenue, 21st Floor
New York, NY 10017

July 26, 2006

Dear Ms. Richards,

I am writing you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York has created the Charles B. Rangel Center for Public Service to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650- 212-650-
Fax: 212-650-
Email rbutler



Mr. Daniel Spitzer
The ABS Charitable Foundation
850 Piermont Avenue
Piermont, NY 10968

July 26, 2006

Dear Mr. Spitzer,

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Office of Development and Institutional Advancement
The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650- 212-650
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Email rbutler



Mr. David Arnow
The Aronovitz Family Foundation
c/o Weiler Arnow Managemnet Co. Inc.
1114 Avenue of the Americas, Suite 3400
New York, NY 10036

July 26, 2006

Dear Mr. Arnow,

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Office of Development and Institutional Advancement
The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650 212-650
Fax: 212-650
Email rbutler



Mr. Edward Jones
The Edith & F.M. Achilles Memorial Fund
c/o JP Morgan Chase Bank
345 Park Avenue, 4th Floor
New York, NY 10154

July 26, 2006

Dear Mr. Jones,

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The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650- 212-650-
Fax: 212-650-
Email rbutler



Elizabeth Baum
Theodore & Ruth Charitable Foundation
c/o Mathhews & Company, LLP
331 Madison Avenue 8th Floor
New York, NY 10017

July 26, 2006

Dear Ms. Baum,

I am writing you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York has created the Charles B. Rangel Center for Public Service to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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Telephone: 212-650- 212-650-
Fax: 212-650-
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Ms. Flavia Robinson
The Daniele Agostino Foundation
870 United Nations Plaza, No. 35C
New York, NY 10017

July 26, 2006

Dear Ms. Robinson,

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The Charles B. Rangel Center in the City College of New York, a school in the most ethnically diverse city in our nation and with an unparalleled history of supporting the empowerment of immigrant ethnic groups, will help to ensure that those who run our nation will be reflective of our diversity. I have embraced the College's concept because it will allow me to locate the inspirational aspects of my legacy in my home Harlem community.

As you will see from the enclosed presentation, the Rangel Center at the City College of New York will be alive with the work of scholars and students working on public policy issues and studying the political dimension of change. It is not a Library or Museum, but a living institution brimming with ideas and stimulating debate.



I am pleased to have been able to secure from the federal government grants in the amount of $3.6 million to permit a thorough and comprehensive planning process. I would appreciate your consideration of support for the Center as well as your advice and assistance concerning how to approach the donor community, particularly private and corporate foundations interested in education, for grants to support the educational programs of the center. We are also interested in obtaining funding for the fellowship and scholarships which will be required for the exceptional but underprivileged students which will be recruited to the Center.

I thank you for your consideration and for any future support that you may provide to the Charles B. Rangel Center at the City College of New York. Please do not hesitate to contact the Vice President of the City College's Office of Development and Institutional Advancement, Rachelle Butler, whose contact information is listed below.

Sincerely,

Charles B. Rangel
Member of Congress

Rachelle Butler, Vice President
Office of Development and Institutional Advancement
The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650- 212-650
Fax: 212-650
Email rbutler



Mr. Geoffrey Bible
Altria Fund, Incorporated
120 Park Avenue
New York, NY 10017-5592

July 26, 2006

Dear Mr. Bible,

I am writing you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York has created the Charles B. Rangel Center for Public Service to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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Member of Congress

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Office of Development and Institutional Advancement
The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650- 212-650-
Fax: 212-650
Email rbutler



Ms. Grace Culbertson
Acorn Foundation, Inc.
c/o The Bank of New York
1 Wall Street, 28th Floor, Tax Dept.
New York, NY 10286

July 26, 2006

Dear Ms. Culbertson,

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Office of Development and Institutional Advancement
The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650-[redacted]; 212-650-[redacted]
Fax: 212-650-[redacted]
Email rbutler[redacted]



Mr. Guido Goldman
The ASDA Foundation
c/o First Spring Corporation
499 Park Avenue, 26th Floor
New York, NY 10022

July 26, 2006

Dear Mr. Goldman,

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The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650- 212-650-
Fax: 212-650-
Email rbutler



Mr. Howard Felson
The Herbert Allen Foundation
711 5th Avenue
New York, NY 10022-3194

July 26, 2006

Dear Mr. Felson,

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Office of Development and Institutional Advancement
The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650- 212-650
Fax: 212-650
Email rbutler



Mr. James Allwin
The Allwin Family Foundation
c/o Aetos Capital, LLC
375 Park Avenue, Suite 3401
New York, NY 10152

July 26, 2006

Dear Mr. Allwin,

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The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650-[redacted]; 212-650-[redacted]
Fax: 212-650-[redacted]
Email rbutler[redacted]



Mr. Jerome Belson
The Jerome Belson Foundation
495 Broadway, 6th Floor
New York, NY 10012

July 26, 2006

Dear Mr. Belson,

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138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650- 212-650-
Fax: 212-650-
Email rbutler



Mr. John Troiano
The Banfi Vinters Foundation
1111 Cedar Swamp Road
Glen Head, NY 11545

July 26, 2006

Dear Mr. Troiano,

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The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650- 212-650
Fax: 212-650-
Email rbutler



Mr. Joseph Dolan
The Achelis Foundation
767 3rd Avenue, 4th Floor
New York, NY 10017

July 26, 2006

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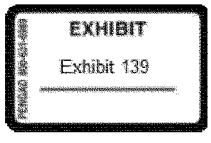

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Member of Congress

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Office of Development and Institutional Advancement
The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650- 212-650-
Fax: 212-650-
Email rbutler



Ms. Judith Rodin
The Rockefeller Foundation
420 Fifth Avenue
New York, NY 10018

July 26, 2006

Dear Ms. Rodin,

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CSOC.CBR.00030483

Attachment C



CSOC.CBR.00030484

HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

CHARLES B. RANGEL
15TH DISTRICT, NEW YORK

March 7, 2007

Mr. Donald Trump
Trump Organization
725 Fifth Ave.
New York, NY 10022

Dear Mr. Trump:

I would appreciate the opportunity to schedule a meeting at a time that is convenient for you in order to discuss with you my vision for the Charles B. Rangel Center for Public Service.

The City College of New York will be home to the Center, whose purpose will be to train and educate the next generation of our nation's public servants. It is a personal dream of mine to see this Center at City College, which resides in my congressional district and where so many talented young men and women from the community have gotten an excellent education. As I'm sure you know, CCNY's mission is one of excellence and access and many of our nation's leaders from every ethnic, racial, and economic group have earned their degrees there.

I have asked City College of New York Vice President Shelly Butler to contact your office and arrange a time that is convenient for us to come together. I am eager for you to meet City College President Gregory H. Williams, a man who has overcome many obstacles to achieve success—as with so many CCNY graduates in the past and the present.

Thank you very much for your consideration.

Sincerely,

Charles B. Rangel
Member of Congress

CBR/djb

Cc: President Gregory H. Williams, CCNY
VP Shelly Butler, CCNY

EXHIBIT
Exhibit 139



HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

CHARLES B. RANGEL
15TH DISTRICT, NEW YORK

March 7, 2007

Mr. Hank Greenberg
399 Park Ave.
17th Floor
New York, NY 10022

Dear Mr. Greenberg:

I would appreciate the opportunity to schedule a meeting at a time that is convenient for you in order to discuss with you my vision for the Charles B. Rangel Center for Public Service.

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Thank you very much for your consideration.

Sincerely,

Charles B. Rangel
Member of Congress

CBR/djb

Cc: President Gregory H. Williams, CCNY
VP Shelly Butler, CCNY





HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

CHARLES B. RANGEL
15TH DISTRICT, NEW YORK

March 7, 2007

Mr. David Rockefeller
30 Rockefeller Plaza
Suite 5600
New York NY 10112

Dear Mr. Rockefeller,

I would appreciate the opportunity to schedule a meeting at a time that is convenient for you in order to discuss with you my vision for the Charles B. Rangel Center for Public Service.

The City College of New York will be home to the Center, whose purpose will be to train and educate the next generation of our nation's public servants. It is a personal dream of mine to see this Center at City College, which resides in my congressional district and where so many talented young men and women from the community have gotten an excellent education. As I'm sure you know, CCNY's mission is one of excellence and access and many of our nation's leaders from every ethnic, racial, and economic group have earned their degrees there.

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Thank you very much for your consideration.

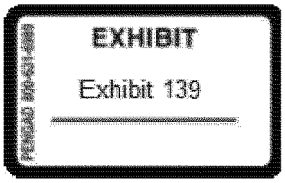
Sincerely,

Charles B. Rangel
Member of Congress

CBR/djb

Cc: President Gregory H. Williams, CCNY
VP Shelly Butler, CCNY

EXHIBIT
Exhibit 139



CSOC.CBR.00030488

May 18, 2005

Theodore Kheel, Esq.
75 East 55th Street
5th floor
New York City, NY 10022

Dear Ted:

I am writing you as a longtime friend with a shared vision and commitment to public service, to share an initiative that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the College has traditionally served. I want to make you aware of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

As you know, throughout my public career I have believed in the special strength derived from our racial and ethnic diversity and that we as lawmakers must lead in assuring that opportunity for public service be made available to all with the goal of achieving a policymaking community that reflects the rich tapestry of cultures, faiths, colors and ethnicities that make us who we are as a great nation. I am asking you to join me in the creation of a public policy center that will motivate and prepare young people presently underrepresented in public life to careers in public service.

Today, non-whites make up nearly thirty percent of the US population. Yet, according to the Equal Economic Opportunity Commission's 2003 report on the federal workforce, only 13.8% of the men and women who occupy the top managerial, supervisory, and policy-making positions in the US Federal government are members of minority groups. By 2050, minority



groups in the US will comprise more than 50% of our population.

The Charles B. Rangel Center, located at the City College of New York, a school in the most ethnically diverse city in our nation and with an unparalleled history of supporting the empowerment of immigrant ethnic groups, will help to ensure that those who run our nations will be reflective of our diversity. After being approached by the leadership of the College with the idea of the Rangel Institute I was receptive because it will allow me to locate the inspirational aspects of my legacy in my home Harlem community.

As you will see from the enclosed presentation, the Rangel Center at the City College of New York will be alive with the work of scholars and students working on public policy issues and studying the political dimension of change. It would not be a Library or a Museum, but a living institution brimming with ideas and stimulating debate.

I will be exploring with my Congressional colleagues how best to move this idea through the appropriations process and ask that you share with me your thoughts on how to develop an approach to the private sector donor community. I look forward to continuing our conversations on the Rangel Center concept in the coming weeks and months.

Sincerely,

Charles B. Rangel
Member of Congress

CBR:gad



May 23, 2005

Gabe Pressman
322 Central Park West
New York, NY 10025

Dear Gabe:

I am writing to you as a longtime friend with a shared vision and commitment to public service, to share news of an initiative with a potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the College has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

As you know, throughout my public career I have believed in the special strength derived from our racial and ethnic diversity and that we as lawmakers must lead in assuring that opportunity for public service be made available to all with the goal of achieving a policymaking community that reflects the rich tapestry of cultures, faiths, colors and ethnicities that make us who we are as a great nation. I am asking you to join me in the creation of a public policy center that will motivate and prepare young people presently underrepresented in public life to pursue careers in public service.

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The Charles B. Rangel Center in the City College of New York, a school in the most ethnically diverse city in our nation and with an unparalleled history of supporting the empowerment of immigrant ethnic groups, will help to ensure that those who run our nation will be reflective of our diversity. I have embraced the College's concept because it will allow me to locate the inspirational aspects of my legacy in my home Harlem community.

As you will see from the enclosed presentation, the Rangel Center at the City College of New York will be alive with the work of scholars and students working on public policy issues and studying the political dimension of change. It will not be a Library or a Museum, but a living institution brimming with ideas and stimulating debate.

Since we are developing a relationship between the Ann Kheel Charitable Trust and the City College and City University of New York, I want to make you aware, through this letter and the enclosed proposal, of the Rangel Center for Public Service as another promising development at the City College.

Sincerely,

Charles B. Rangel
Member of Congress

CBR:gad



May 23, 2005

Gabe Pressman
322 Central Park West
New York, NY 10025

Dear Gabe:

I am writing to you as a colleague Trustee of the Ann S. Kheel Charitable Trust and a friend with a shared commitment to public service, to share news of an initiative with a potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the College has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

As you know, throughout my public career I have believed in the special strength derived from our racial and ethnic diversity and that we as lawmakers must lead in assuring that opportunity for public service be made available to all with the goal of achieving a policymaking community that reflects the rich tapestry of cultures, faiths, colors and ethnicities that make us who we are as a great nation. I am asking you to join me in the creation of a public policy center that will motivate and prepare young people presently underrepresented in public life to pursue careers in public service.

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I will be exploring with my Congressional colleagues how best to move this idea through the appropriations process and am optimistic about securing funds for the planning phase of the creation of the Center. I request your advice and assistance concerning how to approach the donor community, particularly private and corporate foundations interested in education. I look forward to entering into a dialogue with you on the funding of the Rangel Center concept in the coming weeks and months.

Sincerely,

Charles B. Rangel
Member of Congress

CBR:gad



September 22, 2005

Mr. Donald Trump
The Trump Organization
725 Fifth Avenue
New York, NY 10022

Dear Donald,

I would like to meet with you, the virtual king of New York real estate, to request your advice and assistance concerning how to approach the renovation of a unique building and project described in the enclosed presentation. A limestone townhouse near The City College of New York is being restored for this new center. I want it to resonate with the work that will be conducted within it and have it be an impressive and effective space. I would deeply appreciate your input.

This initiative has me quite excited. The City College of New York plans to create the Charles B. Rangel Center for Public Service to provide an opportunity for education and training for careers in public service for underprivileged students. I want you to know of my personal interest in, and enthusiasm for, the creation of this Center and my pride in the decision of the City University to name it for me.

The Rangel Center at the City College of New York will be alive with the work of scholars and students working on public policy issues and studying the political dimensions of change. It will not be a Library or a Museum, but a living institution brimming with ideas and stimulating debate.

I will be exploring with my Congressional colleagues how best to move this idea through the appropriations process and am optimistic about securing funds for the planning phase of the creation of the Center. I am turning to you for your guidance on the next phase.

I will have someone in my office contact you to set up a meeting.

Sincerely,

Charles B. Rangel
Member of Congress





HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

CHARLES B. RANGEL
15TH DISTRICT, NEW YORK

September 22, 2005

Dr. Vartan Gregorian
President
Carnegie Corporation of New York
437 Madison Avenue
New York, NY 10022

Dear Vartan,

I am writing to you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in, and enthusiasm for, the creation of this Center and my pride in the decision of the City University to name it for me.

Throughout my public career I have believed in the special strength derived from our racial and ethnic diversity. I believe that we as lawmakers and elected public officials must lead in assuring that opportunity for public service be made available to all with the goal of achieving a policymaking community that reflects the rich tapestry of cultures, faiths, colors and ethnicities that make us who we are as a great nation. I am asking you to join me in the creation of a public policy center that will motivate and prepare young people presently underrepresented in public life to pursue careers in public service.

Today, non-whites make up nearly thirty percent of the US population. Yet, according to the Equal Opportunity Commission's 2003 report on the federal workforce, only 13.8% of the men and women who occupy the top managerial, supervisory, and policy-making positions in the US Federal government are members of the minority groups. And by 2050, minority groups in the US will comprise more than 50% of our population.

The Charles B. Rangel Center at the City College of New York, a school in the most ethnically diverse city in our nation and with an unparalleled history of supporting the empowerment of immigrant and ethnic groups, will help to ensure that those who run our



As you will see from the enclosed presentation, the Rangel Center at the City College of New York will be alive with the work of scholars and students working on public policy issues and studying the political dimensions of change. The Charles B. Rangel Library, consisting of documents, archives and memorabilia from my public service career, will be housed at the Center. This material will be made available to scholars nationally, and will serve as a focus of sponsored research and conferences concerning barriers to full participation in public service by underserved minorities. The Center will be a living institution brimming with ideas and stimulating debate.

I will be exploring with my Congressional colleagues how best to move this idea through the appropriations process and am optimistic about securing funds for the planning phase of the creation of the Center. I request your advice and assistance concerning how to approach the donor community, particularly private and corporate foundations interested in education, for grants to support the creation of the center. I look forward to entering into a dialogue with you on the funding of the Rangel Center concept and specifically, the Library. I will have someone in my office call you to follow-up.

In addition, representatives from City College and I recently met with President Susan Berresford and a couple of her staff members at the Ford Foundation. They have graciously offered to host a briefing meeting for a few foundations in the near future. I hope you will consider joining us.

Sincerely,

Charles B. Rangel
Member of Congress



September 22, 2005

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President
Carnegie Corporation of New York
437 Madison Avenue
New York, NY 10022

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Sincerely,

Charles B. Rangel
Member of Congress



September 22, 2005

President William G. Bowen
The Andrew W. Mellon Foundation
140 East 62nd Street
New York, NY 10021

Dear William,

I am writing to you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in, and enthusiasm for, the creation of this Center and my pride in the decision of the City University to name it for me.

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In addition, representatives from City College and I recently met with Susan Berresford and a couple of her staff members at the Ford Foundation. They have graciously offered to host a briefing meeting for a few foundations in the near future. I hope you will consider joining us.

Sincerely,

Charles B. Rangel
Member of Congress



Ms. Christina Shea
The General Mills Foundation
P.O. Box 1113
Minneapolis, MN 55440-1113

July 12, 2006

Dear Ms. Shea,

I am writing you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York has created the Charles B. Rangel Center for Public Service to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

Throughout my public career I have believed in the special strength derived from our racial and ethnic diversity. I believe that we as lawmakers and elected public officials must lead in assuring that opportunity for public service be made available to all with the goal of achieving a policy making community that reflects the rich tapestry of cultures, faiths, colors and ethnicities that make us who we are as a great nation. I am asking you to join me in the creation of a public policy center that will motivate and prepare young people presently underrepresented in public life to pursue careers in public service.

Today, non-whites make up nearly thirty percent of the US population. Yet, according to the Equal Opportunity Commission's 2003 report on the federal workforce, only 13.81% of the men and women who occupy the top managerial, supervisory, and policy-making positions in the US Federal government are members of minority groups. And by 2050, minority groups in the US will comprise more than 50% of our population.

The Charles B. Rangel Center in the City College of New York, a school in the most ethnically diverse city in our nation and with an unparalleled history of supporting the empowerment of immigrant ethnic groups, will help to ensure that those who run our nation will be reflective of our diversity. I have embraced the College's concept because it will allow me to locate the inspirational aspects of my legacy in my home Harlem community.

As you will see from the enclosed presentation, the Rangel Center at the City College of New York will be alive with the work of scholars and students working on public policy issues and studying the political dimension of change. It is not a Library or Museum, but a living institution brimming with ideas and stimulating debate.



I am pleased to have been able to secure from the federal government grants in the amount of $3.6 million to permit a thorough and comprehensive planning process. I would appreciate your consideration of support for the Center as well as your advice and assistance concerning how to approach the donor community, particularly private and corporate foundations interested in education, for grants to support the educational programs of the center. We are also interested in obtaining funding for the fellowship and scholarships which will be required for the exceptional but underprivileged students which will be recruited to the Center.

I thank you for your consideration and for any future support that you may provide to the Charles B. Rangel Center at the City College of New York. Please do not hesitate to contact the Vice President of the City College's Office of Development and Institutional Advancement, Rachelle Butler, whose contact information is listed below.

Sincerely,

Charles B. Rangel
Member of Congress

Rachelle Butler, Vice President
Office of Development and Institutional Advancement
The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650 212-650
Fax: 212-650
Email rbutler



CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
RANKING MEMBER
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

☐ 2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–3211
TELEPHONE: (202) 225–4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

☐ 163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–3900

PLEASE RESPOND TO
OFFICE CHECKED

June 13, 2005

John L. Damonti, President
The Bristol-Myers Squibb Foundation
345 Park Avenue, 43rd floor
New York, NY 10154

Dear Mr. Damonti:

I am writing to you, as a leader in the corporate philanthropic community with a shared vision and commitment to public service, to share news of an initiative with a potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the College has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

As you know, throughout my public career I have believed in the special strength derived from our racial and ethnic diversity and that we as lawmakers must lead in assuring that opportunity for public service be made available to all with the goal of achieving a policymaking community that reflects the rich tapestry of cultures, faiths, colors and ethnicities that make us who we are as a great nation. I am asking you to join me in the creation of a public policy center that will motivate and prepare young people presently underrepresented in public life to pursue careers in public service.

Today, non-whites make up nearly thirty percent of the US population. Yet, according to the Equal Economic Opportunity Commission's 2003 report on the federal workforce, only 13.8% of the men and women who occupy the top

EXHIBIT
Exhibit 140

managerial, supervisory, and policy-making positions in the US Federal government are members of minority groups. And by 2050, minority groups in the US will comprise more than 50% of our population.

The Charles B. Rangel Center in the City College of New York, a school in the most ethnically diverse city in our nation and with an unparalleled history of supporting the empowerment of immigrant ethnic groups, will help to ensure that those who run our nation will be reflective of our diversity. I have embraced the College's concept because it will allow me to locate the inspirational aspects of my legacy in my home Harlem community.

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Sincerely,

Charles B. Rangel
Member of Congress

CBR:gad

CBR 002418

EXHIBIT
Exhibit 140

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
RANKING MEMBER
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

☐ 2354 RAYBURN HOUSE OFFICE BU
WASHINGTON, DC 20515–321
TELEPHONE: (202) 225–4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

☐ 163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–3900

PLEASE RESPOND TO
OFFICE CHECKED

June 13, 2005

Erica Hunt, President
Twenty-First Century Foundation
271 W. 125th Street, Suite 303
New York, NY 10027-4424

Dear Ms. Hunt:

I am writing to you as a leader in the philanthropic community with a shared vision and commitment to public service, to share news of an initiative with a potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the College has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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EXHIBIT
Exhibit 141

managerial, supervisory, and policy-making positions in the US Federal government are members of minority groups. And by 2050, minority groups in the US will comprise more than 50% of our population.

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As you will see from the enclosed presentation, the Rangel Center at the City College of New York will be alive with the work of scholars and students working on public policy issues and studying the political dimension of change. It will not be a Library or a Museum, but a living institution brimming with ideas and stimulating debate.

I will be exploring with my Congressional colleagues how best to move this idea through the appropriations process and am optimistic about securing funds for the planning phase of the creation of the Center. I request your advice and assistance concerning how to approach the donor community, particularly private and corporate foundations interested in education. I look forward to entering into a dialogue with you on the funding of the Rangel Center concept in the coming weeks and months.

Sincerely,

Charles B. Rangel
Member of Congress

CBR:gad

CBR 002686

EXHIBIT
Exhibit 141

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
RANKING MEMBER
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

☐ 2354 RAYBURN HOUSE OFFICE BUI
WASHINGTON, DC 20515–321
TELEPHONE: (202) 225–4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

☐ 163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–3900

PLEASE RESPOND TO
OFFICE CHECKED

June 13, 2005

Colin Greer, President
The New World Foundation
666 West End Avenue, Suite 1-B
New York, NY 10025-7357

Dear Mr. Greer:

I am writing to you as a leader in the philanthropic community with a shared vision and commitment to public service, to share news of an initiative with a potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the College has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

As you know, throughout my public career I have believed in the special strength derived from our racial and ethnic diversity and that we as lawmakers must lead in assuring that opportunity for public service be made available to all with the goal of achieving a policymaking community that reflects the rich tapestry of cultures, faiths, colors and ethnicities that make us who we are as a great nation. I am asking you to join me in the creation of a public policy center that will motivate and prepare young people presently underrepresented in public life to pursue careers in public service.

Today, non-whites make up nearly thirty percent of the US population. Yet, according to the Equal Economic Opportunity Commission's 2003 report on the federal workforce, only 13.8% of the men and women who occupy the top

EXHIBIT
Exhibit 142

managerial, supervisory, and policy-making positions in the US Federal government are members of minority groups. And by 2050, minority groups in the US will comprise more than 50% of our population.

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Sincerely,

Charles B. Rangel
Member of Congress

CBR:gad

CBR 002688

EXHIBIT
Exhibit 142

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
RANKING MEMBER
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

2354 RAYBURN HOUSE OFFICE BUI
WASHINGTON, DC 20515–321
TELEPHONE: (202) 225–4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–3900

PLEASE RESPOND TO
OFFICE CHECKED

June 13, 2005

Dianne J. Daniels, Program Director
The Bay and Paul Foundations
17 West 94th Street, 1st floor
New York, NY 10025

Dear Ms. Daniels:

I am writing to you as a leader in the philanthropic community with a shared vision and commitment to public service, to share news of an initiative with a potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the College has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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EXHIBIT
Exhibit 143

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Sincerely,

Charles B. Rangel
Member of Congress

CBR:gad

CBR 002690

EXHIBIT
Exhibit 143

CSOC.CBR.00002992

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
RANKING MEMBER

JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

☐ 2354 RAYBURN HOUSE OFFICE BU
WASHINGTON, DC 20515-32
TELEPHONE: (202) 225-436

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

☐ 163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-390

PLEASE RESPOND TO
OFFICE CHECKED

June 13, 2005

James R. Posner, Ph.D., Chairman
Posner-Wallace Foundation
300 W. 108th Street, Apt. 15-C
New York, NY 10025-0350

Dear Dr. Posner:

I am writing to you as a leader in the philanthropic community with a shared vision and commitment to public service, to share news of an initiative with a potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the College has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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Today, non-whites make up nearly thirty percent of the US population. Yet, according to the Equal Economic Opportunity Commission's 2003 report on the federal workforce, only 13.8% of the men and women who occupy the top

EXHIBIT
Exhibit 144

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The Charles B. Rangel Center in the City College of New York, a school in the most ethnically diverse city in our nation and with an unparalleled history of supporting the empowerment of immigrant ethnic groups, will help to ensure that those who run our nation will be reflective of our diversity. I have embraced the College's concept because it will allow me to locate the inspirational aspects of my legacy in my home Harlem community.

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Sincerely,

Charles B. Rangel
Member of Congress

CBR:gad

CBR 002692

EXHIBIT
Exhibit 144

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
RANKING MEMBER
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

☐ 2354 RAYBURN HOUSE OFFICE B
WASHINGTON, DC 20515-3
TELEPHONE: (202) 225-43

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

☐ 163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-390

PLEASE RESPOND TO
OFFICE CHECKED

June 13, 2005

Charlotte Jones Voiklis, Trustee
Crosswicks Foundation
924 West End Avenue, #95
New York, NY 10025

Dear Ms. Voiklis:

I am writing to you as a leader in the philanthropic community with a shared vision and commitment to public service, to share news of an initiative with a potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the College has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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EXHIBIT
Exhibit 145

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Sincerely,

Charles B. Rangel
Member of Congress

CBR:gad

CBR 002694

EXHIBIT
Exhibit 145

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
RANKING MEMBER
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

2354 RAYBURN HOUSE OFFICE BU
WASHINGTON, DC 20515-321
TELEPHONE: (202) 225-4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900

PLEASE RESPOND TO
OFFICE CHECKED

June 13, 2005

Daniel J. Mansoor, President
Clair & Menahem Mansoor Foundation
189 W. 89th Street, Suite 7P
New York, NY 10024-1963

Dear Mr. Mansoor:

I am writing to you as a leader in the philanthropic community with a shared vision and commitment to public service, to share news of an initiative with a potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the College has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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EXHIBIT
Exhibit 146

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Sincerely,

Charles B. Rangel
Member of Congress

CBR:gad

CBR 002696

EXHIBIT
Exhibit 146

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
RANKING MEMBER
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

☐ 2354 RAYBURN HOUSE OFFICE BU
WASHINGTON, DC 20515–321
TELEPHONE: (202) 225–4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

☐ 163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–3900

PLEASE RESPOND TO
OFFICE CHECKED

June 13, 2005

Clarence F. Michalis, Chair
Josiah Macy, Jr., Foundation
44 East 64th Street
New York, NY 10021

Dear Mr. Michalis:

I am writing to you, as a leader in the corporate philanthropic community with a shared vision and commitment to public service, to share news of an initiative with a potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the College has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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CBR 002697

EXHIBIT
Exhibit 147

managerial, supervisory, and policy-making positions in the US Federal government are members of minority groups. And by 2050, minority groups in the US will comprise more than 50% of our population.

The Charles B. Rangel Center in the City College of New York, a school in the most ethnically diverse city in our nation and with an unparalleled history of supporting the empowerment of immigrant ethnic groups, will help to ensure that those who run our nation will be reflective of our diversity. I have embraced the College's concept because it will allow me to locate the inspirational aspects of my legacy in my home Harlem community.

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Sincerely,

Charles B. Rangel
Member of Congress

CBR:gad

CBR 002698

EXHIBIT
Exhibit 147

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
RANKING MEMBER
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

☐ 2354 RAYBURN HOUSE OFFICE B
WASHINGTON, DC 20515-3
TELEPHONE: (202) 225-43

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

☐ 163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-390

PLEASE RESPOND TO
OFFICE CHECKED

June 13, 2005

Robert Kravis, Director
Robert Kravis and Kimberly Kravis Foundation
c/o Kohlberg Kravis Roberts & Company
9 W. 57th Street
New York, NY 10019

Dear Mr. Kravis:

I am writing to you, as a leader in the corporate philanthropic community with a shared vision and commitment to public service, to share news of an initiative with a potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the College has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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Today, non-whites make up nearly thirty percent of the US population. Yet, according to the Equal Economic Opportunity Commission's 2003 report on the federal workforce, only 13.8% of

CBR 002699

EXHIBIT
Exhibit 148

the men and women who occupy the top managerial, supervisory, and policy-making positions in the US Federal government are members of minority groups. And by 2050, minority groups in the US will comprise more than 50% of our population.

The Charles B. Rangel Center in the City College of New York, a school in the most ethnically diverse city in our nation and with an unparalleled history of supporting the empowerment of immigrant ethnic groups, will help to ensure that those who run our nation will be reflective of our diversity. I have embraced the College's concept because it will allow me to locate the inspirational aspects of my legacy in my home Harlem community.

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Sincerely,

Charles B. Rangel
Member of Congress

CBR 002700

EXHIBIT
Exhibit 148

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
RANKING MEMBER
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

☐ 2354 RAYBURN HOUSE OFFICE BU
WASHINGTON, DC 20515–32
TELEPHONE: (202) 225–436

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

☐ 163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-390

PLEASE RESPOND TO
OFFICE CHECKED

June 13, 2005

Joan M. Warburg, President
The Bydale Foundation
11 Martine Avenue
White Plains, NY 10606

Dear Ms. Warburg:

I am writing to you, as a leader in the philanthropic community with a shared vision and commitment to public service, to share news of an initiative with a potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the College has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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EXHIBIT
Exhibit 149

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Sincerely,

Charles B. Rangel
Member of Congress

CBR:gad

CBR 002702

EXHIBIT
Exhibit 149

CSOC.CBR.00003004

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
RANKING MEMBER
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-3215
TELEPHONE: (202) 225-4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900

PLEASE RESPOND TO
OFFICE CHECKED

June 20, 2005

Ms. Cynthia Richards
The Atlantic Foundation of NY
125 Park Ave., 21st Fl.
New York, NY 10017

Dear Ms. Richards:

I am writing to you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in an enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

Throughout my public career I have believed in the special strength derived from our racial and ethnic diversity. I believe that we as lawmakers and elected public officials must lead in assuring that opportunity for public service be made available to all with the goal of achieving a policymaking community that reflects the rich tapestry of cultures, faiths, colors and ethnicities that make us who we are as a great nation. I am asking you to join me in the creation of a public policy center that will motivate and prepare young people presently underrepresented in public life to pursue careers in public service.

Today, non-whites make up nearly thirty percent of the US population. Yet, according to the Equal Opportunity Commission's 2003 report on the federal workforce, only 13.8% of the men and women who occupy the top managerial, supervisory, and policy-making positions in the US Federal government are members of the minority groups. And by 2050, minority groups in the US will comprise more than 50% of our population.

The Charles B. Rangel Center in the City College of New York, a school in the most ethnically diverse city in our nation and with an unparalleled history of supporting the empowerment of immigrant ethnic groups, will help to ensure that those who run our nation will be reflective of our diversity. I have embraced the College's concept because it will allow me to locate the inspirational aspects of my legacy in my home Harlem community.

EXHIBIT
Exhibit 150

As you will see from the enclosed presentation, the Rangel Center at the City College of New York will be alive with the work of scholars and students working on public policy issues and studying the political dimension of change. It will not be a Library or Museum, but a living institution brimming with ideas and stimulating debate.

I will be exploring with my Congressional colleagues how best to move this idea through the appropriations process and am optimistic about securing funds for the planning phase of the creation of the Center. I request your advice and assistance concerning how to approach the donor community, particularly private and corporate foundations interested in education, for grants to support the creation of the center. I look forward to entering into a dialogue with you on the funding of the Rangel Center concept in the coming weeks and months.

Sincerely,

Charles B. Rangel
Member of Congress

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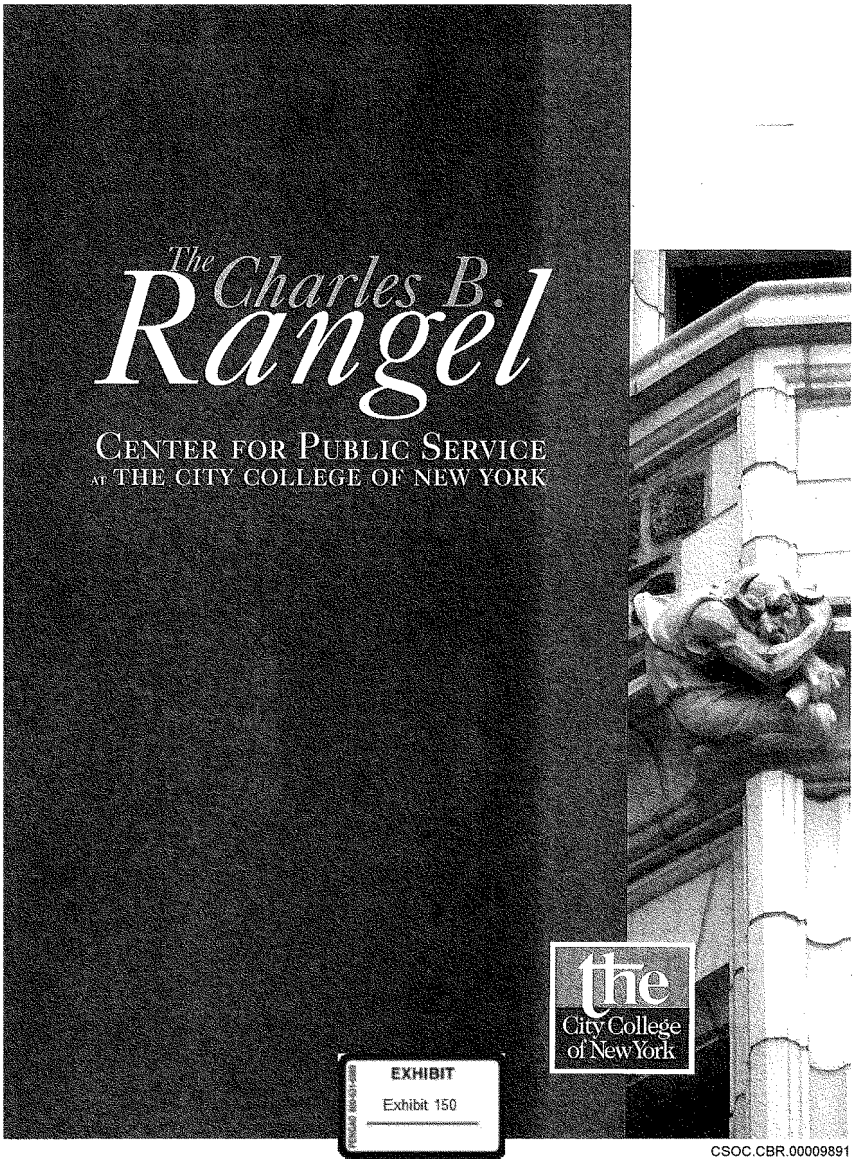

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CONGRESSMAN CHARLES B. RANGEL

Through 17 terms as U.S. Congressman from New York's 15th Congressional District, Congressman Rangel has combined a dedication to the specific needs of his Harlem and Washington Heights constituency with an expansive viewpoint that has led him to leadership on a broad range of national and international issues in the House of Representatives. From Harlem to South Africa, from affordable housing to help for the unemployed, from tax legislation to international trade, his work is characterized by a fundamental commitment to equity, justice and inclusion.

The senior Democratic member of the Committee on Ways and Means, Congressman Rangel has been a major voice for equity in the Internal Revenue Code and proposed tax legislation. As a Congressional advisor to the U.S. Trade Representative and a member of the President's Export Council, he has worked tirelessly to build consensus on international trade matters. In addition, he authored: the $5 billion Federal Empowerment Zone demonstration project to revitalize urban neighborhoods throughout America; the Low Income Housing Tax Credit, which helped finance 90% of the affordable housing built in the U.S. in the last 10 years; and the Work Opportunity Tax Credit, which has provided thousands of jobs for underprivileged young people, veterans, and ex-offenders.

As chairman of the Congressional Narcotics Abuse and Control Caucus, Congressman Rangel leads the nation's efforts to reduce the flow of drugs into the United States and to solve the nation's continuing drug abuse crisis.

He is a founding member and former chairman of the Congressional Black Caucus. He also served as chairman of the New York State Council of Black Elected Democrats and as a member of the House Judiciary Committee during the hearings on the articles of impeachment of President Richard Nixon.

Awarded the Purple Heart and Bronze Star for his service in the Korean War, Congressman Rangel has authored several pieces of legislation to benefit minority and women veterans, including a successful bill that established the Office of Minority Affairs within the Department of Veterans Affairs. In the area of foreign affairs, he played a vital role in ending the apartheid regime in South Africa and restoring the democratic government in Haiti.

EXHIBIT
Exhibit 150

letter from the president

To the Reader:

In his distinguished career, The Honorable Charles B. Rangel has done as much as any single person in public service to help the least powerful among our citizens to achieve their goals and to change their lives, their communities, and the nation. He has done so with the clear vision that all of America's citizens must be empowered in order for America to be herself. He has thought and acted locally and globally to ensure that the laws and policies of this nation embody her best instincts and her highest promise.

Fundamental to Congressman Rangel's lifelong service is a belief that America's "governing class" – those men and women who make our laws and policies – must mirror the rich tapestry of cultures, faiths, and ethnicities that make us who we are as a country. We at The City College of New York are proud to share that vision and that commitment.

Today, non-whites make up nearly thirty percent of the U.S. population. Yet, according to the Equal Economic Opportunity Commission's 2003 report on the federal workforce, only 13.8% of the men and women who occupy the top managerial, supervisory and policy-making positions in the U.S. federal government are members of minority groups. By 2050, minority groups in the United States will comprise 50% of its population. The Charles B. Rangel Center for Public Service at The City College of New York will help to ensure that those who run our nation will reflect our citizenry.

The Center will accomplish this through the establishment of a rigorous graduate program for students from underrepresented groups that will prepare them for public service, including elective office and careers in government at the policy-making level. The new master's program will be coordinated with programs on the undergraduate level, many unique to City College, to encourage and inspire our best students to move into graduate work and pursue careers in public service. Located in a restored Harlem mansion adjacent to The City College campus, the Charles B. Rangel Center will also house the Charles B. Rangel Library, an archival repository of documents, photographs, and memorabilia that records the life of one of America's most important public servants and serves as a rich repository of knowledge and experience for students and scholars alike.

GREGORY H. WILLIAMS
PRESIDENT, THE CITY COLLEGE OF NEW YORK



executive summary

The Charles B. Rangel Center for Public Service at The City College of New York will strive to become a national center for the promotion of greater diversity in public service, consisting of five major elements:

THE CHARLES B. RANGEL CENTER, which will be housed in a magnificent Harlem limestone townhouse adjacent to The City College campus, and include the Rangel Library, the Rangel Conference Center, and offices for visiting scholars;

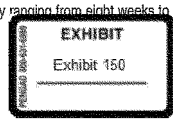
THE CHARLES B. RANGEL LIBRARY, consisting of documents, archives, and memorabilia from Congressman Rangel's lifetime of public service. These papers will be made available to scholars nationally, and particularly to scholars within The City College and the City University, and will serve as a locus of sponsored research and conferences concerning barriers to full participation in public service by underserved minorities;

THE MASTER'S PROGRAM IN PUBLIC SERVICE, which will recruit and prepare young people for careers in government and public service. The program will include participation in internships in service organizations, arranged by the Rangel Center. It will also offer interdisciplinary specializations in concert with The City College Schools of Architecture, Engineering, Education, and Biomedical Education, plus CCNY's special programs in transportation, waste management, and urban public health;

Upon completion of the degree, graduates will be eligible for programs like the Federal Career Intern Program, entering government service for a two-year temporary appointment with eligibility for a permanent assignment upon completion. These opportunities will encourage the involvement of members of underrepresented minority groups and those with financial need;

A COMBINED BA/MA PROGRAM IN PUBLIC SERVICE, which will work together with several undergraduate programs unique to City College that are particularly suited to draw outstanding students into public service. The BA/MA Program will attract students capable of and interested in an intensive "fast-track" program leading to the master's degree. It will prepare them for public service with high-level coursework, experienced government personnel mentors, and hands-on training in internships and service learning;

THE CHARLES B. RANGEL FELLOWS: A MID-CAREER PROGRAM IN LEADERSHIP AND POLICY INNOVATION, offering professional advancement training for mid-career, minority government and other public service employees of particular accomplishment and promise for a term of study ranging from eight weeks to an academic year.



The City College of New York
The Choice for the Rangel Center

The City College of New York offers a unique and fitting environment for The Charles B. Rangel Center for Public Service. Located in Harlem, the heart of Congressman Rangel's constituency, The City College of New York was founded through a public referendum in 1847 as a free academy to serve "the children of the whole people." One of a young America's great democratic experiments, it remains one of her great democratic achievements, and the most important avenue to upward mobility and social advancement for generations of New Yorkers.

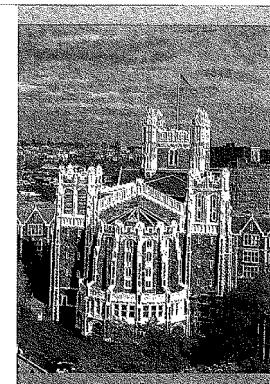
City College has provided an unsurpassed educational opportunity to hundreds of thousands of talented young men and women with few material resources and opportunities. For more than 157 years, The College has provided access to a world-class education to underrepresented populations, preparing them to enter those fields with the expert skills to change their own futures and shape the world.

DIVERSITY AT CITY COLLEGE

Last year, *US News and World Report* ranked City College first in diversity in the nation, where African-Americans are the largest group. This year, City College was ranked first where Hispanic Americans are the largest group. More than 87% of CCNY students describe themselves as members of a minority group.

The Chronicle of Higher Education 2003 Almanac reports that of the total number of bachelor's degrees awarded in the United States as a whole, white students earned 75% of the total, blacks 8.5%, Hispanics 6.5%, and Asian-Pacific Islanders 6.2%. The same year at City College, however, blacks earned 34.1% of the total bachelor's degrees awarded, Hispanics 30.1% and Asian/Pacific Islanders 11% — an unparalleled record of success for underrepresented populations.

Following a tradition that reflects the pattern of generations of CCNY alumni whose achievements became the model for their own families, City College students are often the first in their families to go to college, and most have very limited financial resources. Approximately 58% come from families with combined incomes of $30,000 or less; three-quarters work while attending school, some at more than one job. Over half of CCNY's students attend part time, most often for financial reasons.



the right choice.

EXHIBIT
Exhibit 150

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recruitment

PUBLIC SERVICE AT CITY COLLEGE AND RECRUITMENT POTENTIAL
FOR THE MASTER'S PROGRAM IN PUBLIC SERVICE

A number of existing City College programs attract outstanding undergraduate students, most from minority populations, who are excellent candidates for public service careers. The presence of these already excellent programs on campus affords CCNY an opportunity open to very few colleges in the nation for early identification, recruitment, and preparation of students from underrepresented populations for the Master's and BA/MA Programs in Public Service at The Charles B. Rangel Center for Public Service. They include:

THE ROSENBERG-HUMPHREY PROGRAM IN PUBLIC POLICY,
which provides summer internships at government agencies in Washington, DC, and New York in executive and Congressional offices, House and Senate committees, labor unions, government agencies, advocacy groups and policy research organizations;

THE COLIN POWELL LEADERSHIP PROGRAM, an interdisciplinary program of instruction and co-curricular support designed to give a select group of qualified CCNY students who have demonstrated potential for leadership the resources and experience necessary to develop that potential; with a major emphasis on service learning courses that allow students to combine practical experience in underserved communities with coursework relevant to that experience;

THE INTERNATIONAL STUDIES PROGRAM AT CCNY, which exposes students to a global perspective in their coursework and through study abroad in China, Morocco, the United Kingdom, and Germany; in service learning internships in Rwanda, students spend the summer working in the Rwanda Ministry of Finance's Poverty Alleviation program, the Ministry of Gender and Development, and the Ministry of Health's Psycho-Social Trauma unit;

THE PRE-LAW PROGRAM, which includes the D'Agostino-Greenberg Program in Law and Public Policy, a lecture series in law and public policy, and comprises panel discussions, colloquia, and legal internships for students.

EXHIBIT
Exhibit 150

The Charles B. Rangel Library

Designed to hold the product of 50 years of public service by the major African-American statesman of the 20th and early 21st centuries, the Charles B. Rangel Library at The City College of New York will rank with the Clinton and Carter Libraries in historic importance to the government and academic communities.

The Rangel Library not only tells the story of one great man, but also of a nation's progress during the last half of the 20th century and the beginning of the 21st, including papers on the Watergate and impeachment proceedings. It will trace the nature of government, the growth and development of minorities in the United States, and the contributions of underrepresented populations in government and public service. It will not be frozen in time but rather the heart of a living, growing center – a productive environment for emerging ideas, thoughtful advocacy, and visionary projects.

Serving simultaneously as a resource for scholars, CCNY students, and the greater New York community, the Charles B. Rangel Library will encourage study of and research in the wide-ranging fields of public service prominent in Congressman Rangel's long and varied career. In particular, the Charles B. Rangel Library will inspire new generations of students from under-represented populations to enter and excel in public service. The archives will be accessible to all interested scholars, but especially those who come to study at The Rangel Center.

The Rangel archivist/librarian will organize, index, and preserve for posterity all documents, photographs, and memorabilia relating to Congressman Rangel's career. This will be a full time position, which will be held by a Rangel post-doctoral Fellow, chosen through a national search. The archivist will provide assistance to other scholars, CCNY students, and the Harlem community, while pursuing his/her own research.

The Rangel Library could include such archive categories as: foreign policy, government, the economy, community and the family, New York City and its environs, the 15th Congressional District, and race and ethnicity. Visiting scholars from other cities, states, and nations will be welcomed and integrated into the life of the Center.

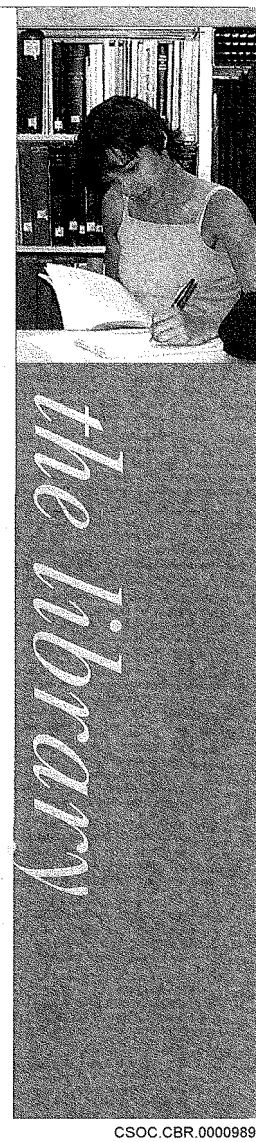


EXHIBIT
Exhibit 150



the programs

THE MASTER'S & BA/MA PROGRAMS IN PUBLIC SERVICE

The Rangel Center for Public Service will prepare students, particularly from underserved and underrepresented populations, for careers as leaders in public service. At the heart of that effort is a curriculum that emphasizes a combination of classroom instruction, practical training, and opportunities for vibrant co-curricular interaction with the Rangel Leadership Fellows.

The program is designed to attract students at both the graduate and undergraduate levels. For undergraduates, a unique, seamless five-year BA/MA Program in Public Service will attract current CCNY students and new students who come to City College specifically to enroll in the Rangel Program.

For graduate students, the new Master's Program in Public Service will provide the capstone of conceptual and service learning needed for a career in public service. The MA Program's distinctive combination of classroom instruction, internships and intensive interaction with mid-career professionals will attract both recent college graduates and older students who are potential leaders in public service.

Both programs will benefit from the unique resources of The College's many schools and divisions, which may provide more focused attention in one area of public service. CCNY's Schools of Architecture, Engineering, Education, and Biomedical Education, plus its special programs in transportation, waste management, and urban public health, to name only a few, will be available to Rangel Center students for interdisciplinary concentrations in content areas and technical matters.

THE BA/MA PROGRAM

An integrated BA/MA degree program provides a vehicle to recruit excellent students into the Rangel Program by assuring them a seamless transition from undergraduate to graduate degrees with practical experience along the way.

Undergraduate education at the Rangel Center is designed primarily to secure student commitment to careers in public service. To provide a foundation for the MA program, and to recruit the best students, the program will expand existing undergraduate offerings in public policy, governance and management. Students interested in public service careers from non-social science fields (such as engineering, architecture, and science and technology) will be able to enroll in courses to prepare them to pursue the MA degree, while maintaining their technical emphasis.

EXHIBIT
Exhibit 150



Many excellent undergraduate students interested in issues of public policy and equity will enroll in the 150-credit, five-year CCNY BA/MA Program in Public Service. Undergraduates in this program will begin to take master's-level seminars when they reach 90 credits; by their 120th credit, they must have completed 15 credits from the MA Program, and their courses will consist entirely of master's-level courses and service internships. (In most cases, the initial MA courses will be the required core courses.)

Engineering, science and architecture students will receive credit in the BA/MA program for courses in those fields, allowing them to move directly into associated policy courses. (See category III courses listed on the following page.) For these students, courses in categories I and III will most occupy their attention once they pass the 120-credit mark.

Thus it will be possible for a non-social science student at CCNY to complete the BA/MA in roughly the same amount of time it would take a social science major. In either event, students who complete 15 credits of BA/MA work within 120 undergraduate credits will begin working completely in MA courses thereafter. Students in the BA/MA program will have at least one service learning or internship experience during the course of the program.

The final three semesters in the BA/MA program will consist of seminar classes focusing on specific political and technical issues of important public policy concerns. Seminars, many of which will include service learning, will allow students to develop particular areas of expertise, both in policy questions and related technical matters. It is also at this level that the students are expected to have the most substantial interactions with the Center's Rangel Leadership Fellows.

THE MASTER'S PROGRAM IN PUBLIC SERVICE

College graduates will enroll directly in the 45-credit MA Program in Public Service without the BA component. This program will take two years of full time study, including a minimum of one semester of intensive internship work.

The stand-alone MA program is a 45-credit program (including the internship). As with the BA/MA Program, students are expected to concentrate on core courses at the outset, reserving their seminar courses in specific areas of policy or technical concern for their second and third semesters of study.

The curriculum for the both the programs in public service at The City College is found on the following page.



STUDENTS IN BOTH THE BA/MA & THE MA PROGRAM WILL TAKE COURSES FROM EACH OF THE FOLLOWING CATEGORIES:

CATEGORY I

Core Courses – all students (18 credits):

Introduction to Public Policy and Policy Analysis
Organizations and Management
Public Economics and Finance
Communication in Public Settings
Poverty, Ethnicity, and Diversity
Ethics in Public Service Leadership
Best Practices Seminar

CATEGORY II

Substantive policy concerns (four classes for 12 credits):

Racism, Public Policy and the Law
Power, Inequality, and Social Welfare Policy
Immigration Policy
United States Foreign Policy
Healthcare Policy
Transportation and Communication Policy
Pollution and Environmental Policy
International Business Economic Policy

CATEGORY III

Courses that offer instruction in content areas and technical matters that lie at the heart of key policy concerns (four classes for 12 credits):

Experts from CCNY's Schools of Engineering, Architecture and Education, and the departments of political science, sociology, etc., will teach these courses, designed specifically for those preparing for public service careers. Selection of these courses will be made with the agreement of an advisor in order to create thematic areas of specialization, such as Urban, International, Ethnicity, and Environment.

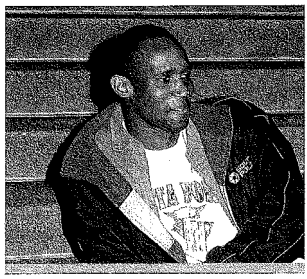
Examples include:
Urban Public Health
Environmental Engineering
Urban Public Transportation
Sociology of Immigration
Problems in Criminology
Psychology of Prejudice and Racism
International Law
International Organizations
Urban Schools in a Diverse Society
Urban Design
Sociology of Politics and Collective Behavior
Computer Security
Solid Waste Management
People of the City of New York

CATEGORY IV

Internships (may be taken in summer) (3 or more credits)

EXHIBIT
Exhibit 150

ELIGIBILITY



US citizens and green card holders (permanent residents) will be considered as applicants;

Applicants for the MA Program in Public Service must be in the senior year of their undergraduate study or have completed their undergraduate degree by June, in order to enter graduate school by the following fall;

Applicants for the both the MA Program and the BA/MA Program must have a cumulative grade point average of 3.2 or higher on a 4.0 scale at the time of application.

SELECTION OF THE STUDENT SCHOLARS

- Scholarships will be awarded to ensure that the best candidates for the program are able to apply and attend. Consideration will be given to qualified applicants who, in addition to outstanding leadership skills and academic achievement, demonstrate financial need. At least 10 $10,000 Rangel Scholarships will be awarded each year; these scholarships will cover full tuition and other educational expenses;
- Applicants may be in their senior year at City College or at another college or may have recently graduated from college and/or are engaged in a public service career;
- Candidates for the BA/MA Program will need to state their intention of applying for this Program at the time when they declare their major or earlier as coursework will need to be planned on an individualized basis. Candidates for this Program may apply for a two-year Rangel Scholarship in their junior year.
- A candidate's community, academic, other extracurricular, and leadership activities will be considered during the selection process;
- Students from underrepresented populations are especially encouraged to apply;
- Two letters of recommendation, a personal statement, and examples of writing skills will be required; A selection committee composed of the president of The City College, members of The Rangel Center faculty and the Division of Social Science, and a representative from Congressman Rangel's office;
- Candidates selected for final consideration will meet with the selection committee and Congressman Rangel for the final selection.

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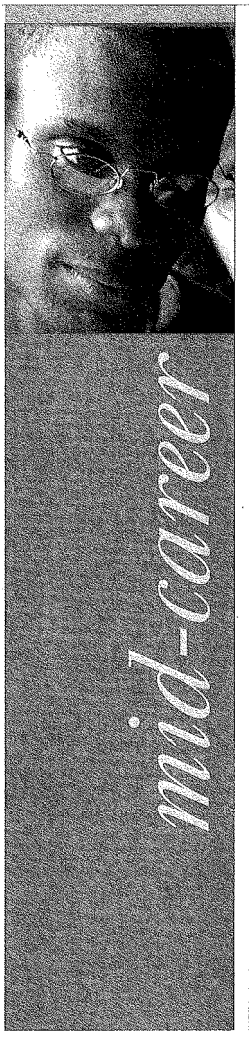
Highly Confidential



THE RANGEL LEADERSHIP FELLOWS

A Mid-Career Program in Leadership and Policy Innovation

The Center will be the home of a unique program that brings together mid-career leaders in the public sector for seminars, workshops, and fellowship for periods that range from eight weeks to an entire academic year. These outstanding public servants will receive, in essence, a sabbatical from their leadership positions and will spend their time at CCNY considering new directions for public service leadership, policy innovation, and assistance to communities in need.

The Mid-Career Program will be targeted especially at outstanding leaders from communities underrepresented in public service. In addition to their work with one another, Rangel Leadership Fellows will be engaged in opportunities to teach and mentor Rangel participants in the BA/MA and MA Programs in Public Policy and Public Service. The mid-career participants become an essential resource for students, especially undergraduates, who are being prepared for careers in public service.

PROGRAM STRUCTURE

Recent studies suggest that the frustrations of public service lead too many government and other public sector leaders to leave these sectors early in their careers. A common complaint is that these leaders rarely have time to stop and think about where their organizations and the issues to which they are devoted are headed over the medium- and long-term. The day-to-day tasks of running organizations preclude taking the time to consider how other organizations do their work and what models exist for policy and leadership success.

In each case, a sponsoring organization will continue to provide the financial support for a Rangel Leadership Fellow. It will be considered an honor to participate and a reward for top performance, much like participation in an executive MBA program is considered in the business world, where employees are selected and sponsored by their companies.

The Rangel Center's Mid-Career Program in Leadership and Policy Innovation will permit leaders at the middle stage of their careers in the public sector, especially men and women from underrepresented groups, to leave their p[illegible]place of their customary jobs,

EXHIBIT
Exhibit 150

they will spend time with other leaders and members of the City College community and consider issues of leadership and public policy. The experience will provide participants with both the time to reflect and with the specialized education in specific policy areas that will contribute to their advancement within their respective institutions.

Participants will spend between eight weeks and a full academic year at the Rangel Center in individual programs of study and reflection under the mentorship of one of the Center's professors.

City College faculty will lead sessions with the Rangel Leadership Fellows about issues of public sector leadership and policy innovation. Each group of Fellows will work with a select group of Rangel students in Public Policy and Public Service on projects aimed at proposing ways of restructuring or reforming policy — or ways of delivering policy — in some issue area. These group projects provide an opportunity to involve Rangel BA/MA and MA students in the work of mid-career leaders — giving them first-hand knowledge of the potential of careers in public service.

RANGEL MID-CAREER LEADERSHIP FELLOWS

These Fellows will receive varying levels of support, depending on the workforce from which they are drawn. Almost all federal agencies already have mid-career training programs, which allow a limited number of employees to receive a one-year sabbatical and full salary for post-baccalaureate study at an institution of higher education.

The Rangel Center will reach out to human resources offices that oversee these programs in specific agencies to ensure that the Rangel Center becomes a premier destination for their employees, especially their mid-career leaders from underrepresented populations. The Rangel Center will provide each federal Rangel Leadership Fellow an individualized academic program tuition-free, and offer 10 $7,500 cost-of-living and travel packages, to ensure that mid-career employees who live outside New York City can take advantage of this important opportunity.

Each Rangel Leadership Fellow who works at the Center for at least one semester will each teach one seminar. Rangel Leadership Fellows will also participate in the Best Practices Seminar, along with guest speakers from academia, think tanks, the public sector, and community organizations. This seminar will focus on practical issues pertaining to careers in public service, including the art of building coalitions, techniques for communicating effectively to the public, lessons on making useful connections, and career issues particular to members of underrepresented populations. Finally, to maximize the educational value of internships, students will evaluate them under the guidance of experienced Rangel Leadership Fellows.



Social Policy

EXHIBIT
Exhibit 150

the center

THE HOME OF THE CHARLES B. RANGEL CENTER

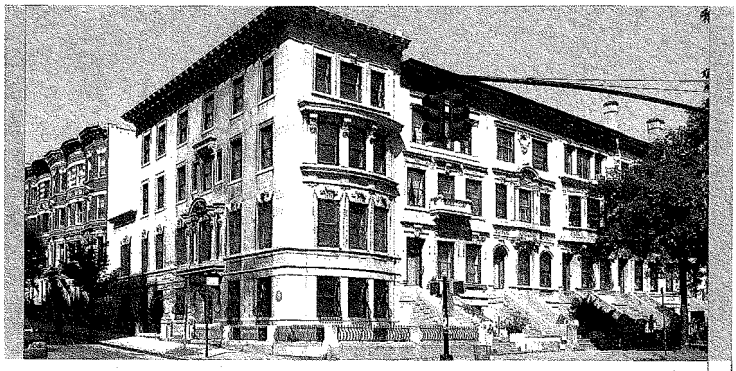
Originally conceived as The City College of New York's President's House and later used as the CCNY Alumni House, the limestone mansion on 141st Street and Convent Avenue harks back to City College's earliest days in the mid-1800s. A gracious four-story structure with a full below-sidewalk level and parking area, the stately townhouse features two and sometimes three tiled fireplaces on each floor, high ceilings, decorative plaster, and fine woodwork throughout, and ornamental ironwork on every window and surrounding the building.

Because of a fire in the late 1970s and cutbacks in public financing of the City University at that time, the building has not been in use and will need repair to bring it to its former grandeur. When completely restored, however, the townhouse will regain its position as one of the most beautiful portions of the historic City College campus.

It is especially appropriate housing for The Rangel Center for Public Service as it includes space for conferences, seminar rooms, study areas, and smart classrooms. In addition, it can accommodate reception rooms and potentially computerized archives. In fact, this project will represent a unique opportunity to design the space inside The Rangel Center for its specific use prior to the building's renovation.

A survey and report from 1995 already exists and details the building's renovation needs. A new report recalculating renovation costs in 2005 dollars has been prepared and will itemize and budget the required work in detail. Current estimates based on the 1995 costs are included below. When finished, The Rangel Center's home will be a beautiful addition to the Harlem urban landscape.





THE CENTER BUILDING WILL INCLUDE:

- The Rangel Library to house the Rangel archives, which will be digitized; it may also be possible to provide digital access from the main library at City College to the Center if it is determined that the archives should be housed there;
- A communications network center/smart classroom for video-conferencing, facilities for computerized presentations, digital archival access, ability to collaborate with other schools, including the Henry Jackson Center at the University of Washington, and other similar academic partners;
- A large conference room, with room for meetings with community groups, researchers, and participating students;
- Two small meeting rooms for Rangel Leadership Fellows to meet with community stakeholders in the course of their work with community organizations; these rooms can also serve as the venue for workshops;
- Offices for the Director/Rangel Chair, archivist/librarian, resident and visiting faculty, internship coordinator, administrative assistant, post-doctoral fellows;
- A well-furnished office for Congressman Rangel;
- One large and one small reception room;
- Kitchen facilities for receptions and working lunches;
- A Rangel Program publications office where working papers can be printed and stored;
- One or more sleeping [redacted] visiting scholars.

EXHIBIT
Exhibit 150

staffing

Staffing of the Rangel Center & Programs

Director, Charles B. Rangel Chair, and Dedicated Rangel Center Faculty
In addition to The City College of New York faculty lines dedicated to the Rangel Center programs, three new faculty will be hired with the support of the Rangel Center: the director, one senior, and one junior faculty member.

Requirements for selection as the Rangel Center's director will include an international reputation, experience in public service, and respect within the academic community. The Director will also hold the endowed Charles B. Rangel Chair. The opportunity to appoint the director to the prestigious Rangel Chair, named for one of the most eminent government leaders of this generation, will enable the Center to attract and retain a distinguished scholar/public servant.

One other senior faculty member and one junior faculty member, each with experience in public service, will also be hired as part of the Rangel Center's budget. A scholar with expertise in leadership will be sought, as well as one with research experience in the barriers that deter many students with minority and immigrant backgrounds from careers in public service.

Current and New Full-time Faculty
The Rangel Center will draw on the knowledge and strengths of current full-time faculty at City College, particularly those in the departments of political science, economics, management, and sociology. Faculty from the City College Schools of Architecture, Education, Engineering, and Biomedical Education will also teach in the Rangel programs, highlighting the connections between their areas of substantive expertise and public policymaking. CCNY will also use college faculty lines to hire new faculty working in some of the areas central to the Rangel Center's mission, especially in the areas of public policy, public service, management, and ethnicity. These faculty will be jointly based in the Rangel Center and academic departments.

Archivist/Librarian
The collected papers of Congressman Charles B. Rangel will constitute a valuable resource that will greatly add to the reputation of the Center and help it to realize its goals. A Rangel Post-Doctoral Fellow will be hired to organize these papers, to digitize them, and to assist scholars in using them. These will include visiting scholars, post-doctoral fellows hired by the Center, and students in the Master's Program who elect to do supervised research.



Administrative Assistant
To assist the Director of the Rangel Center, a full time administrative assistant will be hired.

EXHIBIT
Exhibit 150

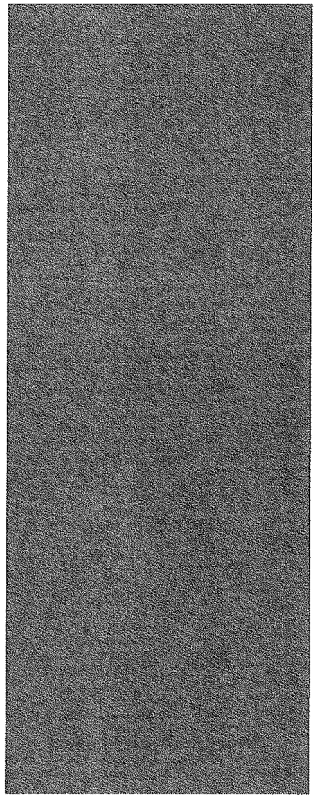
Internship Coordinator
Internships are central to fulfilling the goals of the Rangel Center because they not only provide students with practical experience but also permit them to make the contacts that are so important in building successful careers. A full-time staff member will be hired for the Center to locate organizations willing to host internships for students from the Master's Program and to ensure that the internships are useful both for the students and the host organizations.

Rangel Post-Doctoral Fellows
In addition to the Fellow working to organize and study the Rangel Archives, two Post-Doctoral Fellows will be hired to do research at the Center. In selecting Rangel Post-Doctoral Fellows, priority will be given to recent PhDs who propose to do research on diversity in public service.

Rangel Leadership Fellows
Rangel Leadership Fellows will participate in the Mid-Career Program in Leadership and Policy Innovation. Those who live outside New York City will be offered stipends to cover travel expenses.

Guest Speakers
Members of academia, think tanks, the public sector, and community organizations from New York City, the nation, and around the world, who have experience with the contemporary challenges faced in public service, will be brought to City College to provide context, background, and advice on steps needed to solve the problems.

Webmaster
A part-time webmaster will develop and maintain the website for the Rangel Center.





BUDGET ELEMENTS

Staff

Rangel chair
One senior faculty member
One junior faculty member
Archivist/librarian/Rangel post-doctoral fellow
Full-time internship coordinator
Administrative assistant
Part-time webmaster
Two visiting scholars
Two additional Rangel post-doctoral fellows

Support and incentives for current CCNY faculty:

1) Support for City College faculty affiliated with the Center to present research specifically supported by the Center at academic conferences. This helps disseminate the knowledge gained through Center activities and promote the name of the Center.
2) Support for CCNY faculty research associated with topics the Center touches on. These can be one-semester research grants or summer-long residence research grants that will provide summer support for faculty who take up offices at the Center and pursue some focused research project.
3) Some support for faculty working on the Center's curricula and programs.

Restoration of the Rangel Center building

The City College Office of Facilities has taken the November 1995 DASNY Report on the Building Condition Assessment of the CCNY Alumni House and provided an interim estimate of the costs in 2005 dollars. It is anticipated that the cost of bringing the building up to code, installing the elevator now required by the Americans with Disabilities Act, restoring the historic and architectural features of the building, and designing the interior specifically for the Rangel Center's needs will come to $4.7 million in today's dollars.

A sum to endow the building's ongoing maintenance will ensure that the Rangel Center's home will remain pristine and also permit future improvements. Therefore, a sum of $2.3 million will be set aside as an endowment, from which only the income will be used annually, to preserve the Rangel Center's magnificent Harlem home in perpetuity, and provide a living environment for study and discourse appropriate to the Center itself.

EXHIBIT
Exhibit 150

Expenses other than for staff and the building

1) Each cohort will contain 20 students. In order to make it feasible for the best students to enroll in the Rangel MA Program, it will be advisable to plan financial support for tuition and other educational expenses of $10,000 each year for two years for at least 10 students;

2) All students in the MA program will participate in internships, some of which will be funded by the sponsoring organizations. The Rangel Center will also provide support for students in unpaid internships. Additional practical experience will come in the form of service learning components added to the courses. Note that internships/service learning experiences for undergraduates will be provided through other CCNY programs including: The Rosenberg-Humphrey Program in Public Policy, the International Studies Service Learning Program, the Pre-Law Program and D'Agostino-Greenberg internships, and the Colin Powell Leadership Program;

3) Honoraria and travel for speakers;

4) Food for conferences and speaker series;

5) Computers and computer maintenance;

6) Preparation and materials for recruitment and publicity;

7) Travel and living expenses for internships;

8) Publications.

BUDGET NOTES

1. The first budget section below, Programmatic Costs, is based upon an endowment of $23,000,000, and a conservative expectation of income of $1,150,000 per year, which will meet the Center's programmatic needs.

2. The second budget section illustrates how Building Costs will be met through the investment of $4.7 million for construction/start-up costs, and a $2.3 million endowment for maintenance.



BUDGET FOR RANGEL CENTER

Program Costs

Academic and Visiting Staff

Position	*# Salary*	*Sal+Benefits*	*Sub-total*
Director/ Chair	1 $110,000	$146,300	$ 146,300
Sr. Professor	1 $ 85,000	$113,050	$ 113,050
Jr. Professor	1 $ 65,000	$ 86,450	$ 86,450
Archivist/ Librarian/ Post Doc	1 $ 35,000	$ 46,550	$ 46,550
FT Internship Coordinator	1 $ 35,000	$ 46,550	$ 46,550
Admin Asst	1 $ 28,000	$ 37,240	$ 37,240
PT Webmaster	1 $ 10,000	$ 13,300	$ 13,300
Visiting Scholars	2 $ 25,000	$ 33,250	$ 66,500
Post-Docs	2 $ 28,000	$ 37,240	$ 74,480
Sub-Total staff	***11 $421,000***	***$559,930***	***$ 630,420***

Student Support

Category	*# $ Amount*	*Sub-total*
Student Scholarships Year 1	10 $ 10,000	$ 100,000
Year 2 and after	10 $ 10,000	$ 100,000
Paid Internships year 1	10 $ 3,000	$ 30,000
Year 2 and after	10 $ 3,000	$ 30,000
Sub-Total student costs		***$ 260,000***
Rangel Fellows	10 $ 5,000	***$ 50,000***
Total Personnel Services		***$ 940,420***

EXHIBIT
Exhibit 150

CSOC.CBR.00009910

Other Than Personnel Services (annually)	
Office Supplies	$ 20,000
Honoraria/travel/ /housing for speakers	$ 15,000
Food for conf,speakers	$ 5,000
Computers/ maintenance	$ 20,000
Recruitment/ publicity materials	$ 5,000
Travel/living costs-distant internships	$ 5,000
Publications	$ 5,000
Total OTPS	***$ 75,000***
Total Annual Program Costs	***$ 1,015,420***
Total Endowment Needed to Provide Annual Program Costs	***$ 23,000,000***
Building Costs	
Initial outlay	
Updated 2005 rehabilitation costs	$ 2,600,000
Design fees and soft costs	$ 390,000
Elevator	$ 900,000
Furniture and equipment costs	$ 260,000
Program contingency	$ 550,000
Sub-total	***$ 4,700,000***
Annual maintenance costs	
Yearly maintenance and security costs	$ 70,000
Projected replacements and future rehab costs each year ($1.4 million spread over 30 years)	$ 46,667
Total annual maintenance costs for building	***$ 116,667***
Endowment needed to provide $116,667/year	***$ 2,333,340***
Total Needed for Building	***$ 7,033,340***
TOTAL GIFT REQUESTED	***$ 30,000,000***

EXHIBIT

Exhibit 150

CSOC.CBR.00009911

Our request:

On behalf of The City College of New York, in order to create

THE CHARLES B. RANGEL CENTER AT THE CITY COLLEGE OF NEW YORK

We ask you to consider a gift of $30,000,000 or $6,000,000/year for five years.

On behalf of The City College of New York, we thank you for your thoughtful consideration of this request. If you have any questions or need further information, please contact President Gregory H. Williams at the numbers below or Vice President Rachelle Butler at the Office of Development and Institutional Advancement. Once again, thank you.

Gregory H. Williams, President
The City College of New York
138th Street and Convent Avenue, A-300
New York, NY 10031
Telephone: 212-650-[redacted]
Fax: 212-650-[redacted]
Email: gwilliams[redacted]

Rachelle Butler, Vice President
Office of Development and Institutional Advancement
The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650-[redacted] 212-650-[redacted]
Fax: 212-650-[redacted]
Email: rbutler[redacted]

EXHIBIT
Exhibit 150

CSOC.CBR.00009912

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

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Congress of the United States
House of Representatives
Washington, DC 20515–3215

2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-3215
TELEPHONE: (202) 225-4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900

PLEASE RESPOND TO
OFFICE CHECKED

June 20, 2005

Mr. Alexander Abraham
The Abraham Foundation, Inc.
c/o B. Strauss Assoc. Ltd.
307 5th Ave., 8th Fl.
New York, NY 10016

Dear Mr. Abraham:

I am writing to you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in an enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

Throughout my public career I have believed in the special strength derived from our racial and ethnic diversity. I believe that we as lawmakers and elected public officials must lead in assuring that opportunity for public service be made available to all with the goal of achieving a policymaking community that reflects the rich tapestry of cultures, faiths, colors and ethnicities that make us who we are as a great nation. I am asking you to join me in the creation of a public policy center that will motivate and prepare young people presently underrepresented in public life to pursue careers in public service.

Today, non-whites make up nearly thirty percent of the US population. Yet, according to the Equal Opportunity Commission's 2003 report on the federal workforce, only 13.8% of the men and women who occupy the top managerial, supervisory, and policy-making positions in the US Federal government are members of the minority groups. And by 2050, minority groups in the US will comprise more than 50% of our population.

The Charles B. Rangel Center in the City College of New York, a school in the most ethnically diverse city in our nation and with an unparalleled history of supporting the empowerment of immigrant ethnic groups, will help to ensure that those who run our nation will be reflective of our diversity. I have embraced the College's concept because it will allow me to locate the inspirational aspects of my legacy in my home Harlem community.



As you will see from the enclosed presentation, the Rangel Center at the City College of New York will be alive with the work of scholars and students working on public policy issues and studying the political dimension of change. It will not be a Library or Museum, but a living institution brimming with ideas and stimulating debate.

I will be exploring with my Congressional colleagues how best to move this idea through the appropriations process and am optimistic about securing funds for the planning phase of the creation of the Center. I request your advice and assistance concerning how to approach the donor community, particularly private and corporate foundations interested in education, for grants to support the creation of the center. I look forward to entering into a dialogue with you on the funding of the Rangel Center concept in the coming weeks and months.

Sincerely,

Charles B. Rangel
Member of Congress

CBR:gad



CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

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DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

☐ 163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–3900

PLEASE RESPOND TO
OFFICE CHECKED

June 20, 2005

Ms. Cynthia Richards
The Atlantic Foundation of NY
125 Park Ave., 21st Fl.
New York, NY 10017

Dear Ms. Richards:

I am writing to you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in an enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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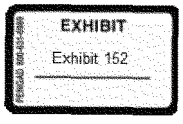

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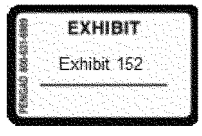
I will be exploring with my Congressional colleagues how best to move this idea through the appropriations process and am optimistic about securing funds for the planning phase of the creation of the Center. I request your advice and assistance concerning how to approach the donor community, particularly private and corporate foundations interested in education, for grants to support the creation of the center. I look forward to entering into a dialogue with you on the funding of the Rangel Center concept in the coming weeks and months.

Sincerely,

Charles B. Rangel
Member of Congress

CBR:gad



CHARLES B. RANGEL
13TH CONGRESSIONAL DISTRICT
NEW YORK

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Congress of the United States
House of Representatives
Washington, DC 20515–3215

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WASHINGTON, DC 20515–3215
TELEPHONE: (202) 225–4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–3900

PLEASE RESPOND TO
DISTRICT OFFICE

June 13, 2005

Judith Rodin, President
The Rockefeller Foundation
420 Fifth Avenue
New York, NY 10018-2729

Initials	Date	Memo	CC	Notes
MRC	6.20.05		→ AC	
Filed				

Dear Ms. Rodin:

I am writing to you as a leader in the philanthropic community with a shared vision and commitment to public service, to share news of an initiative with a potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the College has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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Today, non-whites make up nearly thirty percent of the US population. Yet, according to the Equal Economic Opportunity Commission's 2003 report on the federal workforce, only 13.8% of the men and women who occupy the top

EXHIBIT
Exhibit 153

managerial, supervisory, and policy-making positions in the US Federal government are members of minority groups. And by 2050, minority groups in the US will comprise more than 50% of our population.

The Charles B. Rangel Center in the City College of New York, a school in the most ethnically diverse city in our nation and with an unparalleled history of supporting the empowerment of immigrant ethnic groups, will help to ensure that those who run our nation will be reflective of our diversity. I have embraced the College's concept because it will allow me to locate the inspirational aspects of my legacy in my home Harlem community.

As you will see from the enclosed presentation, the Rangel Center at the City College of New York will be alive with the work of scholars and students working on public policy issues and studying the political dimension of change. It will not be a Library or a Museum, but a living institution brimming with ideas and stimulating debate.

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Sincerely,

Charles B. Rangel
Member of Congress

CBR:gad



CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

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MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR
163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900

PLEASE RESPOND TO
OFFICE CHECKED

June 20, 2005

Mr. Roger Bahnik
The Bahnik Foundation, Inc.
190 Pine Hollow Rd.
Oyster Bay, NY 11771

Dear Mr. Bahnik;

I am writing to you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in an enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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EXHIBIT
Exhibit 154

Sep 25 09 08:48a ROGER L BAHNIK 516 922 [illegible] p.6

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Charles B. Rangel
Member of Congress

CBR:gad

EXHIBIT
Exhibit 154

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
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DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

☐ 163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–3900

PLEASE RESPOND TO
OFFICE CHECKED

August 19, 2005

Mr. Robert Doran
Doran Family Charitable Trust
c/o U.S. Trust, Tax Dept.
114 W. 47th St.
New York, NY 10036

Dear Mr. Doran:

I am writing to you, as a leader in the philanthropic community with a shared vision and commitment to public service, to share news of an initiative with a potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in an enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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EXHIBIT
Exhibit 155

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Sincerely,

Charles B. Rangel
Member of Congress

CBR:gad



CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
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Congress of the United States
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Washington, DC 20515–3215

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DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–3900

PLEASE RESPOND TO
OFFICE CHECKED

August 19, 2005

Mr. Crosby Smith
Clarence and Anne Dillon Dunwalke Trust
1330 Ave. of the Americas, 27th Fl.
New York, NY 10019

Dear Mr. Smith:

I am writing to you, as a leader in the philanthropic community with a shared vision and commitment to public service, to share news of an initiative with a potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in an enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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EXHIBIT
Exhibit 156

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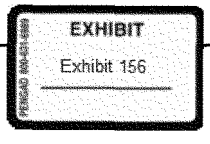
Charles B. Rangel
Member of Congress

CBR:gad



CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
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DISTRICT OFFICE:
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DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
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OFFICE CHECKED

August 19, 2005

Mr. Ronald West
Fred L. Emerson Foundation, Inc.
P.O. Box 276
Auburn, NY 13021

Dear Mr. West:

I am writing to you, as a leader in the philanthropic community with a shared vision and commitment to public service, to share news of an initiative with a potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in an enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

As you know, throughout my public career I have believed in the special strength derived from our racial and ethnic diversity and that we as lawmakers must lead in assuring that opportunity for public service be made available to all with the goal of achieving a policymaking community that reflects the rich tapestry of cultures, faiths, colors and ethnicities that make us who we are as a great nation. I am asking you to join me in the creation of a public policy center that will motivate and prepare young people presently underrepresented in public life to pursue careers in public service.

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The Charles B. Rangel Center in the City College of New York, a school in the most ethnically diverse city in our nation and with an unparalleled history of supporting the empowerment of immigrant ethnic groups, will help to ensure that those who run our nation will be reflective of our diversity. I have embraced the College's concept because it will allow me to locate the inspirational aspects of my legacy in my home Harlem community.

EXHIBIT
Exhibit 157

As you will see from the enclosed presentation, the Rangel Center at the City College of New York will be alive with the work of scholars and students working on public policy issues and studying the political dimension of change. It will not be a Library or Museum, but a living institution brimming with ideas and stimulating debate.

I will be exploring with my Congressional colleagues how best to move this idea through the appropriations process and am optimistic about securing funds for the planning phase of the creation of the Center. I request your advice and assistance concerning how to approach the donor community, particularly private and corporate foundations interested in education. I look forward to entering into a dialogue with you on the funding of the Rangel Center concept in the coming weeks and months.

Sincerely,

Charles B. Rangel
Member of Congress

CBR:gad



CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
RANKING MEMBER
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

☐ 2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–3215
TELEPHONE: (202) 225–4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

☐ 163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–3900

PLEASE RESPOND TO
OFFICE CHECKED

Mr. Michael McCarthy
Avalon Foundation
c/o BCRS Associates, LLC
100 Wall Street, 11th Floor
New York, NY 10005

July 26, 2006

Dear Mr. McCarthy,

I am writing you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York has created the Charles B. Rangel Center for Public Service to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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EXHIBIT
Exhibit 158

I am pleased to have been able to secure from the federal government grants in the amount of $3.6 million to permit a thorough and comprehensive planning process. I would appreciate your consideration of support for the Center as well as your advice and assistance concerning how to approach the donor community, particularly private and corporate foundations interested in education, for grants to support the educational programs of the center. We are also interested in obtaining funding for the fellowship and scholarships which will be required for the exceptional but underprivileged students which will be recruited to the Center.

I thank you for your consideration and for any future support that you may provide to the Charles B. Rangel Center at the City College of New York. Please do not hesitate to contact the Vice President of the City College's Office of Development and Institutional Advancement, Rachelle Butler, whose contact information is listed below.

Sincerely,

Charles B. Rangel
Member of Congress

Rachelle Butler, Vice President
Office of Development and Institutional Advancement
The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650- ; 212-650-
Fax: 212-650-
Email rbutler



CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
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RANKING MEMBER
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

☐ 2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-3215
TELEPHONE: (202) 225-4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

☐ 163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900

PLEASE RESPOND TO
OFFICE CHECKED

August 19, 2005

Mr. Michael Donovan
Donovan Foundation
c/o Michael Donovan
1040 5th Ave., Ste. 2A
New York, NY 10028

Dear Mr. Donovan:

I am writing to you, as a leader in the philanthropic community with a shared vision and commitment to public service, to share news of an initiative with a potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in an enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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EXHIBIT
Exhibit 159

CBR 003056

CSOC.CBR.00007247

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Sincerely,

Charles B. Rangel
Member of Congress

CBR:gad





HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

CHARLES B. RANGEL
15TH DISTRICT, NEW YORK

September 22, 2005

Dr. Vartan Gregorian
President
Carnegie Corporation of New York
437 Madison Avenue
New York, NY 10022

Dear Vartan,

I am writing to you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in, and enthusiasm for, the creation of this Center and my pride in the decision of the City University to name it for me.

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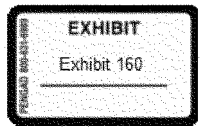

As you will see from the enclosed presentation, the Rangel Center at the City College of New York will be alive with the work of scholars and students working on public policy issues and studying the political dimensions of change. The Charles B. Rangel Library, consisting of documents, archives and memorabilia from my public service career, will be housed at the Center. This material will be made available to scholars nationally, and will serve as a focus of sponsored research and conferences concerning barriers to full participation in public service by underserved minorities. The Center will be a living institution brimming with ideas and stimulating debate.

I will be exploring with my Congressional colleagues how best to move this idea through the appropriations process and am optimistic about securing funds for the planning phase of the creation of the Center. I request your advice and assistance concerning how to approach the donor community, particularly private and corporate foundations interested in education, for grants to support the creation of the center. I look forward to entering into a dialogue with you on the funding of the Rangel Center concept and specifically, the Library. I will have someone in my office call you to follow-up.

In addition, representatives from City College and I recently met with President Susan Berresford and a couple of her staff members at the Ford Foundation. They have graciously offered to host a briefing meeting for a few foundations in the near future. I hope you will consider joining us.

Sincerely,

Charles B. Rangel
Member of Congress

CBR 002680



HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

CHARLES B. RANGEL
15TH DISTRICT, NEW YORK

September 22, 2005

President William G. Bowen
The Andrew W. Mellon Foundation
140 East 62nd Street
New York, NY 10021

Dear William,

I am writing to you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in, and enthusiasm for, the creation of this Center and my pride in the decision of the City University to name it for me.

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Member of Congress

EXHIBIT
Exhibit 161

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
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RANKING MEMBER
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

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WASHINGTON, DC 20515–3215
TELEPHONE: (202) 225–4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

☐ 163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–3900

PLEASE RESPOND TO
OFFICE CHECKED

Mr. Roger Bahnik
The Bahnik Foundation, Inc.
190 Pine Hollow Road
Oyster Bay, NY 11771

July 26, 2006

Dear Mr. Bahnik,

I am writing you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York has created the Charles B. Rangel Center for Public Service to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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15TH CONGRESSIONAL DISTRICT
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COMMITTEE:
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JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

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WASHINGTON, DC 20515–3215
TELEPHONE: (202) 225–4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–3900

PLEASE RESPOND TO
OFFICE CHECKED

Mr. Alexander Abraham
The Abraham Foundation, Inc.
c/o B. Strauss Assoc. Ltd.
307 5th Avenue, 8th Floor
New York, NY 10016

July 26, 2006

Dear Mr. Abraham,

I am writing you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York has created the Charles B. Rangel Center for Public Service to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

☐ 163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–3900

PLEASE RESPOND TO
OFFICE CHECKED

Ms. Kate Noble
Baker Charitable Foundation
c/o JP Morgan Chase Bank, Trust Dept.
P.O. Box 31412
Rochester, NY 14603

July 26, 2006

Dear Ms. Noble,

I am writing you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York has created the Charles B. Rangel Center for Public Service to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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EXHIBIT
Exhibit 162

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15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
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Congress of the United States
House of Representatives
Washington, DC 20515–3215

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DISTRICT OFFICE:
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DISTRICT ADMINISTRATOR

☐ 163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–3900

PLEASE RESPOND TO
OFFICE CHECKED

Mr. Daniel Spitzer
The ABS Charitable Foundation
850 Piermont Avenue
Piermont, NY 10968

July 26, 2006

Dear Mr. Spitzer,

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163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–3900

PLEASE RESPOND TO
OFFICE CHECKED

Mr. Edward Jones
The Edith & F.M. Achilles Memorial Fund
c/o JP Morgan Chase Bank
345 Park Avenue, 4th Floor
New York, NY 10154

July 26, 2006

Dear Mr. Jones,

I am writing you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York has created the Charles B. Rangel Center for Public Service to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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☐ 163 WEST 125TH STREET
NEW YORK, NY 10027
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PLEASE RESPOND TO
OFFICE CHECKED

Mr. Joseph Dolan
The Achelis Foundation
767 3rd Avenue, 4th Floor
New York, NY 10017

July 26, 2006

Dear Mr. Dolan,

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EXHIBIT
Exhibit 162

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
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Congress of the United States
House of Representatives
Washington, DC 20515–3215

☐ 2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–3215
TELEPHONE: (202) 225–4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

☐ 163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900

PLEASE RESPOND TO
OFFICE CHECKED

Mr. Howard Felson
The Herbert Allen Foundation
711 5th Avenue
New York, NY 10022-3194

July 26, 2006

Dear Mr. Felson,

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Mr. Salvatore Alfiero
Alfiero Family Charitable Foundation
2150 Elmwood Avenue
Buffalo, NY 14207

July 26, 2006

Dear Mr. Alfiero,

I am writing you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York has created the Charles B. Rangel Center for Public Service to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
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PLEASE RESPOND TO
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Mr. Richard Abrons
Louis and Abrons Foundation, Inc.
c/o Manhattan Co.
437 Madison Avenue
New York, NY 10017

July 26, 2006

Dear Mr. Abrons,

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Mr. James Allwin
The Allwin Family Foundation
c/o Aetos Capital, LLC
375 Park Avenue, Suite 3401
New York, NY 10152

July 26, 2006

Dear Mr. Allwin,

I am writing you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York has created the Charles B. Rangel Center for Public Service to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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NEW YORK, NY 10027
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PLEASE RESPOND TO
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Ms. Meg O'Connell
Allyn Foundation
P.O. Box 22
Skaneateles, NY 13152

July 26, 2006

Dear Ms. O'Connell,

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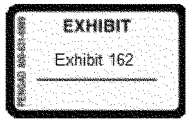

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Mr. Andrew Alper
Alper Family Foundation
DCRS Associates
100 Wall Street, 11th Floor
New York, NY 10005

July 26, 2006

Dear Mr. Alper,

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☐ 163 WEST 125TH STREET
NEW YORK, NY 10027
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PLEASE RESPOND TO
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Mr. Joseph Santangelo
Arkell Hall Foundation, Inc.
P.O. Box 240
Canahoharie, NY 13317-0240

July 26, 2006

Dear Mr. Santangelo,

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Ms. Cynthia Richards
The Atlantic Foundation of New York
125 Park Avenue, 21st Floor
New York, NY 10017

July 26, 2006

Dear Ms. Richards,

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PLEASE RESPOND TO
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Mr. Timothy Barakett
The Atticus Foundation
152 West 57th Street
New York, NY 10019

July 26, 2006

Dear Mr. Barakett,

I am writing you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York has created the Charles B. Rangel Center for Public Service to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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Ms. Susan Riker
Agrilink Foods/Pro-Fac Foundation
90 Linden Oaks
P.O. Box 20670
Rochester, NY 14602-0670

July 26, 2006

Dear Ms. Riker,

I am writing you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York has created the Charles B. Rangel Center for Public Service to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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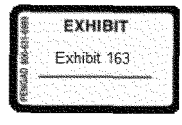

I am pleased to have been able to secure from the federal government grants in the amount of $3.6 million to permit a thorough and comprehensive planning process. I would appreciate your consideration of support for the Center as well as your advice and assistance concerning how to approach the donor community, particularly private and corporate foundations interested in education, for grants to support the educational programs of the center. We are also interested in obtaining funding for the fellowship and scholarships which will be required for the exceptional but underprivileged students which will be recruited to the Center.

I thank you for your consideration and for any future support that you may provide to the Charles B. Rangel Center at the City College of New York. Please do not hesitate to contact the Vice President of the City College's Office of Development and Institutional Advancement, Rachelle Butler, whose contact information is listed below.

Sincerely,

Charles B. Rangel
Member of Congress

Rachelle Butler, Vice President
Office of Development and Institutional Advancement
The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650-[illegible]; 212-650-[illegible]
Fax: 212-650[illegible]
Email rbutler[illegible]



CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE
WAYS AND MEANS
RANKING MEMBER
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-3215
TELEPHONE: (202) 225-4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900

PLEASE RESPOND TO
OFFICE CHECKED

Mr. Roger Bahnik
The Bahnik Foundation, Inc.
190 Pine Hollow Road
Oyster Bay, NY 11771

July 26, 2006

Dear Mr. Bahnik,

I am writing you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York has created the Charles B. Rangel Center for Public Service to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

Throughout my public career I have believed in the special strength derived from our racial and ethnic diversity. I believe that we as lawmakers and elected public officials must lead in assuring that opportunity for public service be made available to all with the goal of achieving a policy making community that reflects the rich tapestry of cultures, faiths, colors and ethnicities that make us who we are as a great nation. I am asking you to join me in the creation of a public policy center that will motivate and prepare young people presently underrepresented in public life to pursue careers in public service.

Today, non-whites make up nearly thirty percent of the US population. Yet, according to the Equal Opportunity Commission's 2003 report on the federal workforce, only 13.81% of the men and women who occupy the top managerial, supervisory, and policy-making positions in the US Federal government are members of minority groups. And by 2050, minority groups in the US will comprise more than 50% of our population.

The Charles B. Rangel Center in the City College of New York, a school in the most ethnically diverse city in our nation and with an unparalleled history of supporting the empowerment of immigrant ethnic groups, will help to ensure that those who run our nation will be reflective of our diversity. I have embraced the College's concept because it will allow me to locate the inspirational aspects of my legacy in my home Harlem community.

As you will see from the enclosed presentation, the Rangel Center at the City College of New York will be alive with the work of scholars and students working on public policy issues and studying the political dimension of change. It is not a Library or Museum, but a living institution brimming with ideas and stimulating debate.



Sep 21 09 10:29a ROGER L BAH 516 922 9172 p.8

I am pleased to have been able to secure from the federal government grants in the amount of $3.6 million to permit a thorough and comprehensive planning process. I would appreciate your consideration of support for the Center as well as your advice and assistance concerning how to approach the donor community, particularly private and corporate foundations interested in education, for grants to support the educational programs of the center. We are also interested in obtaining funding for the fellowship and scholarships which will be required for the exceptional but underprivileged students which will be recruited to the Center.

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Sincerely,

Charles B. Rangel
Member of Congress

Rachelle Butler, Vice President
Office of Development and Institutional Advancement
The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650[redacted]; 212-650[redacted]
Fax: 212-650[redacted]
Email rbutler[redacted]

EXHIBIT
Exhibit 164

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
RANKING MEMBER
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

☐ 2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-3215
TELEPHONE: (202) 225-4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

☐ 163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900

PLEASE RESPOND TO
OFFICE CHECKED

Mr. Stanley Lefkowitz
Falconwood Foundation, Incorporated
565 5th Avenue
New York, NY 10017

July 26, 2006

Dear Mr. Lefkowitz,

I am writing you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York has created the Charles B. Rangel Center for Public Service to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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EXHIBIT
Exhibit 165

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Sincerely,

Charles B. Rangel
Member of Congress

Rachelle Butler, Vice President
Office of Development and Institutional Advancement
The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650-[redacted]; 212-650-[redacted]
Fax: 212-650-[redacted]
Email rbutler[redacted]

EXHIBIT
Exhibit 165

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
RANKING MEMBER
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

☐ 2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–3215
TELEPHONE: (202) 225–4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

☐ 163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900

PLEASE RESPOND TO
OFFICE CHECKED

Mr. Huyler Held
~~Gerry Charitable Trust~~
c/o McLaughlin & Stern LLP
260 Madison Avenue
New York, NY 10016

July 26, 2006

Dear Mr. Held,

I am writing you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York has created the Charles B. Rangel Center for Public Service to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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As you will see from the enclosed presentation, the Rangel Center at the City College of New York will be alive with the work of scholars and students working on public policy



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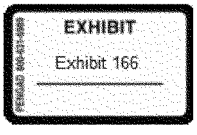
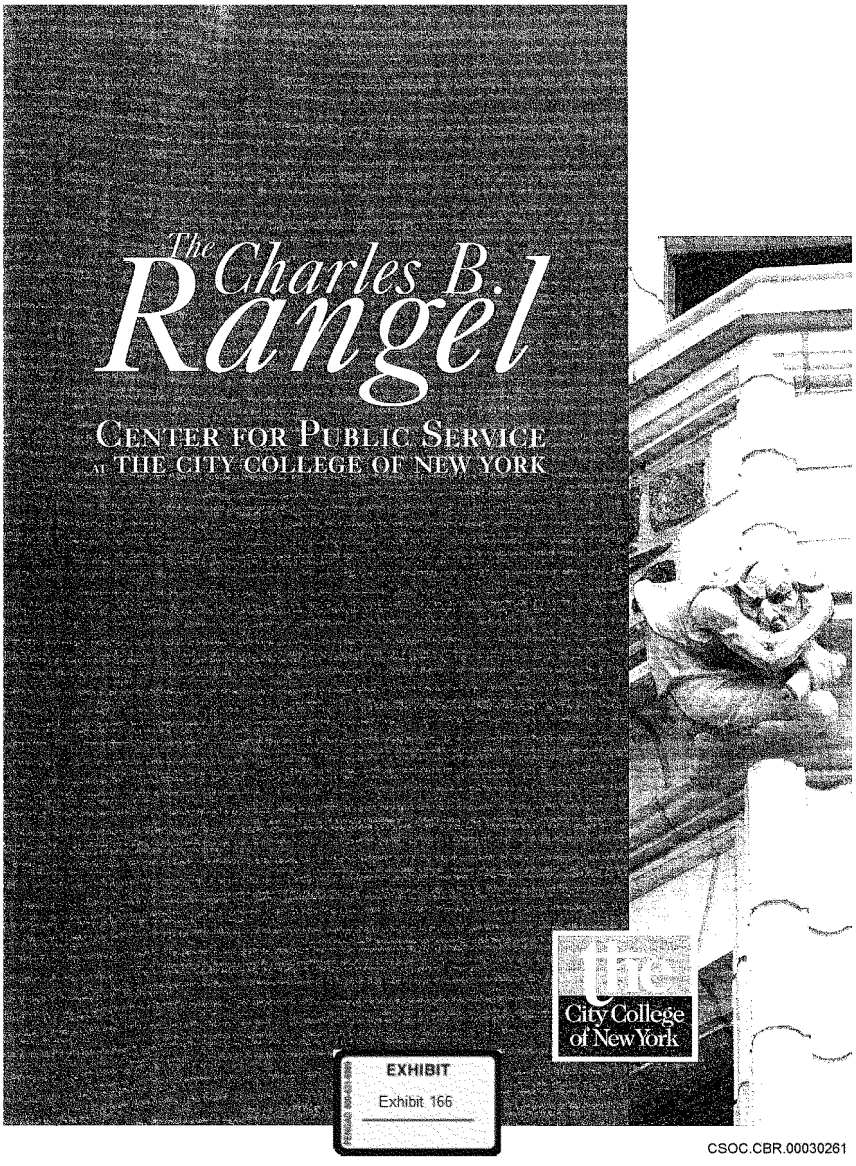
Sincerely,

Charles B. Rangel
Member of Congress

Rachelle Butler, Vice President
Office of Development and Institutional Advancement
The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650- 212-650-
Fax: 212-650
Email rbutler





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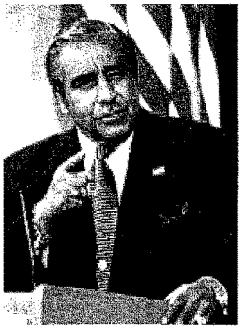


Congressman Charles B. Rangel

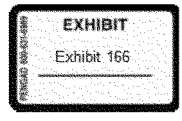
Through 17 terms as U.S. Congressman from New York's 15th Congressional District, Congressman Rangel has combined a dedication to the specific needs of his Harlem and Washington Heights constituency with an expansive viewpoint that has led him to leadership on a broad range of national and international issues in the House of Representatives. From Harlem to South Africa, from affordable housing to help for the unemployed, from tax legislation to international trade, his work is characterized by a fundamental commitment to equity, justice and inclusion.

The senior Democratic member of the Committee on Ways and Means, Congressman Rangel has been a major voice for equity in the Internal Revenue Code and proposed tax legislation. As a Congressional advisor to the U.S. Trade Representative and a member of the President's Export Council, he has worked tirelessly to build consensus on international trade matters. In addition, he authored: the $5 billion Federal Empowerment Zone demonstration project to revitalize urban neighborhoods throughout America; the Low Income Housing Tax Credit, which helped finance 90% of the affordable housing built in the U.S. in the last 10 years; and the Work Opportunity Tax Credit, which has provided thousands of jobs for underprivileged young people, veterans, and ex-offenders.

As chairman of the Congressional Narcotics Abuse and Control Caucus, Congressman Rangel leads the nation's efforts to reduce the flow of drugs into the United States and to solve the nation's continuing drug abuse crisis.

He is a founding member and former chairman of the Congressional Black Caucus. He also served as chairman of the New York State Council of Black Elected Democrats and as a member of the House Judiciary Committee during the hearings on the articles of impeachment of President Richard Nixon.

Awarded the Purple Heart and Bronze Star for his service in the Korean War, Congressman Rangel has authored several pieces of legislation to benefit minority and women veterans, including a successful bill that established the Office of Minority Affairs within the Department of Veterans Affairs. In the area of foreign affairs, he played a vital role in ending the apartheid regime in South Africa and restoring the democratic government in Haiti.



letter from the president

To the Reader:

In his distinguished career, The Honorable Charles B. Rangel has done as much as any single person in public service to help the least powerful among our citizens to achieve their goals and to change their lives, their communities, and the nation. He has done so with the clear vision that all of America's citizens must be empowered in order for America to be herself. He has thought and acted locally and globally to ensure that the laws and policies of this nation embody her best instincts and her highest promise.

Fundamental to Congressman Rangel's lifelong service is a belief that America's "governing class" – those men and women who make our laws and policies – must mirror the rich tapestry of cultures, faiths, and ethnicities that make us who we are as a country. We at The City College of New York are proud to share that vision and that commitment.

Today, non-whites make up nearly thirty percent of the U.S. population. Yet, according to the Equal Economic Opportunity Commission's 2003 report on the federal workforce, only 13.8% of the men and women who occupy the top managerial, supervisory and policy-making positions in the U.S. federal government are members of minority groups. By 2050, minority groups in the United States will comprise 50% of its population. The Charles B. Rangel Center for Public Service at The City College of New York will help to ensure that those who run our nation will reflect our citizenry.

The Center will accomplish this through the establishment of a rigorous graduate program for students from underrepresented groups that will prepare them for public service, including elective office and careers in government at the policy-making level. The new master's program will be coordinated with programs on the undergraduate level, many unique to City College, to encourage and inspire our best students to move into graduate work and pursue careers in public service. Located in a restored Harlem mansion adjacent to The City College campus, the Charles B. Rangel Center will also house the Charles B. Rangel Library, an archival repository of documents, photographs, and memorabilia that records the life of one of America's most important public servants and serves as a rich repository of knowledge and experience for students and scholars alike.

GREGORY H. WILLIAMS
PRESIDENT, THE CITY COLLEGE OF NEW YORK



The Charles B. Rangel Center for Public Service at The City College of New York will strive to become a national center for the promotion of greater diversity in public service, consisting of five major elements:

THE CHARLES B. RANGEL CENTER, which will be housed in a magnificent Harlem limestone townhouse adjacent to The City College campus, and include the Rangel Library, the Rangel Conference Center, and offices for visiting scholars;

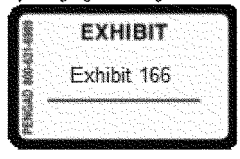
THE CHARLES B. RANGEL LIBRARY, consisting of documents, archives, and memorabilia from Congressman Rangel's lifetime of public service. These papers will be made available to scholars nationally, and particularly to scholars within The City College and the City University, and will serve as a locus of sponsored research and conferences concerning barriers to full participation in public service by underserved minorities;

THE MASTER'S PROGRAM IN PUBLIC SERVICE, which will recruit and prepare young people for careers in government and public service. The program will include participation in internships in service organizations, arranged by the Rangel Center. It will also offer interdisciplinary specializations in concert with The City College Schools of Architecture, Engineering, Education, and Biomedical Education, plus CCNY's special programs in transportation, waste management, and urban public health;

Upon completion of the degree, graduates will be eligible for programs like the Federal Career Intern Program, entering government service for a two-year temporary appointment with eligibility for a permanent assignment upon completion. These opportunities will encourage the involvement of members of underrepresented minority groups and those with financial need;

A COMBINED BA/MA PROGRAM IN PUBLIC SERVICE, which will work together with several undergraduate programs unique to City College that are particularly suited to draw outstanding students into public service. The BA/MA Program will attract students capable of and interested in an intensive "fast-track" program leading to the master's degree. It will prepare them for public service with high-level coursework, experienced government personnel mentors, and hands-on training in internships and service learning;

THE CHARLES B. RANGEL FELLOWS: A MID-CAREER PROGRAM IN LEADERSHIP AND POLICY INNOVATION, offering professional advancement training for mid-career, minority government and other public service employees of particular accomplishment and promise for a term of study ranging from eight weeks to an academic year.



The City College of New York
The Choice for the Rangel Center

The City College of New York offers a unique and fitting environment for The Charles B. Rangel Center for Public Service. Located in Harlem, the heart of Congressman Rangel's constituency, The City College of New York was founded through a public referendum in 1847 as a free academy to serve "the children of the whole people." One of a young America's great democratic experiments, it remains one of her great democratic achievements, and the most important avenue to upward mobility and social advancement for generations of New Yorkers.

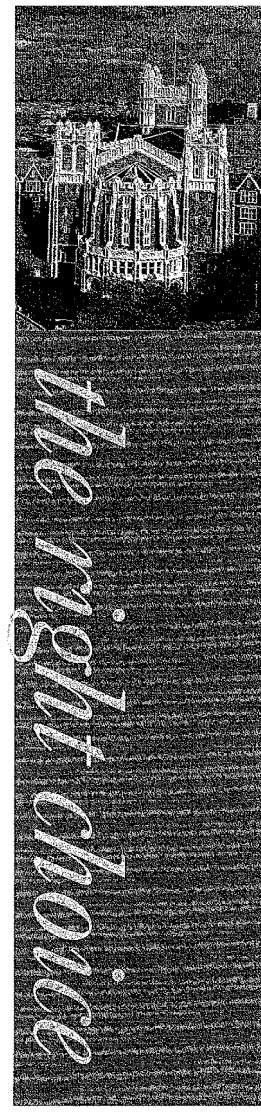
City College has provided an unsurpassed educational opportunity to hundreds of thousands of talented young men and women with few material resources and opportunities. For more than 157 years, The College has provided access to a world-class education to underrepresented populations, preparing them to enter those fields with the expert skills to change their own futures and shape the world.

DIVERSITY AT CITY COLLEGE

Last year, *US News and World Report* ranked City College first in diversity in the nation, where African-Americans are the largest group. This year, City College was ranked first where Hispanic Americans are the largest group. More than 87% of CCNY students describe themselves as members of a minority group.

The Chronicle of Higher Education 2003 Almanac reports that of the total number of bachelor's degrees awarded in the United States as a whole, white students earned 75% of the total, blacks 8.5%, Hispanics 6.5%, and Asian-Pacific Islanders 6.2%. The same year at City College, however, blacks earned 34.1% of the total bachelor's degrees awarded, Hispanics 30.1% and Asian/Pacific Islanders 11% — an unparalleled record of success for underrepresented populations.

Following a tradition that reflects the pattern of generations of CCNY alumni whose achievements became the model for their own families, City College students are often the first in their families to go to college, and most have very limited financial resources. Approximately 58% come from families with combined incomes of $30,000 or less; three-quarters work while attending school, some at more than one job. Over half of CCNY's students attend part time, most often for financial reasons.



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PUBLIC SERVICE AT CITY COLLEGE AND RECRUITMENT POTENTIAL
FOR THE MASTER'S PROGRAM IN PUBLIC SERVICE

A number of existing City College programs attract outstanding undergraduate students, most from minority populations, who are excellent candidates for public service careers. The presence of these already excellent programs on campus affords CCNY an opportunity open to very few colleges in the nation for early identification, recruitment, and preparation of students from underrepresented populations for the Master's and BA/MA Programs in Public Service at The Charles B. Rangel Center for Public Service. They include:

THE ROSENBERG-HUMPHREY PROGRAM IN PUBLIC POLICY,
which provides summer internships at government agencies in Washington, DC, and New York in executive and Congressional offices, House and Senate committees, labor unions, government agencies, advocacy groups and policy research organizations;

THE COLIN POWELL LEADERSHIP PROGRAM, an interdisciplinary program of instruction and co-curricular support designed to give a select group of qualified CCNY students who have demonstrated potential for leadership the resources and experience necessary to develop that potential; with a major emphasis on service learning courses that allow students to combine practical experience in underserved communities with coursework relevant to that experience;

THE INTERNATIONAL STUDIES PROGRAM AT CCNY, which exposes students to a global perspective in their coursework and through study abroad in China, Morocco, the United Kingdom, and Germany; in service learning internships in Rwanda, students spend the summer working in the Rwanda Ministry of Finance's Poverty Alleviation program, the Ministry of Gender and Development, and the Ministry of Health's Psycho-Social Trauma unit;

THE PRE-LAW PROGRAM, which includes the D'Agostino-Greenberg Program in Law and Public Policy, a lecture series in law and public policy, and comprises panel discussions, colloquia, and legal internships for students.



The Charles B. Rangel Library



Designed to hold the product of 50 years of public service by the major African-American statesman of the 20th and early 21st centuries, the Charles B. Rangel Library at The City College of New York will rank with the Clinton and Carter Libraries in historic importance to the government and academic communities.

The Rangel Library not only tells the story of one great man, but also of a nation's progress during the last half of the 20th century and the beginning of the 21st, including papers on the Watergate and impeachment proceedings. It will trace the nature of government, the growth and development of minorities in the United States, and the contributions of underrepresented populations in government and public service. It will not be frozen in time but rather the heart of a living, growing center -- a productive environment for emerging ideas, thoughtful advocacy, and visionary projects.

Serving simultaneously as a resource for scholars, CCNY students, and the greater New York community, the Charles B. Rangel Library will encourage study of and research in the wide-ranging fields of public service prominent in Congressman Rangel's long and varied career. In particular, the Charles B. Rangel Library will inspire new generations of students from under-represented populations to enter and excel in public service. The archives will be accessible to all interested scholars, but especially those who come to study at The Rangel Center.

The Rangel archivist/librarian will organize, index, and preserve for posterity all documents, photographs, and memorabilia relating to Congressman Rangel's career. This will be a full time position, which will be held by a Rangel post-doctoral Fellow, chosen through a national search. The archivist will provide assistance to other scholars, CCNY students, and the Harlem community, while pursuing his/her own research.

The Rangel Library could include such archive categories as: foreign policy, government, the economy, community and the family, New York City and its environs, the 15th Congressional District, and race and ethnicity. Visiting scholars from other cities, states, and nations will be welcomed and integrated into the life of the Center.



CSOC.CBR.00030267



the programs

THE MASTER'S & BA/MA PROGRAMS IN PUBLIC SERVICE

The Rangel Center for Public Service will prepare students, particularly from underserved and underrepresented populations, for careers as leaders in public service. At the heart of that effort is a curriculum that emphasizes a combination of classroom instruction, practical training, and opportunities for vibrant co-curricular interaction with the Rangel Leadership Fellows.

The program is designed to attract students at both the graduate and undergraduate levels. For undergraduates, a unique, seamless five-year BA/MA Program in Public Service will attract current CCNY students and new students who come to City College specifically to enroll in the Rangel Program.

For graduate students, the new Master's Program in Public Service will provide the capstone of conceptual and service learning needed for a career in public service. The MA Program's distinctive combination of classroom instruction, internships and intensive interaction with mid-career professionals will attract both recent college graduates and older students who are potential leaders in public service.

Both programs will benefit from the unique resources of The College's many schools and divisions, which may provide more focused attention in one area of public service. CCNY's Schools of Architecture, Engineering, Education, and Biomedical Education, plus its special programs in transportation, waste management, and urban public health, to name only a few, will be available to Rangel Center students for interdisciplinary concentrations in content areas and technical matters.

THE BA/MA PROGRAM

An integrated BA/MA degree program provides a vehicle to recruit excellent students into the Rangel Program by assuring them a seamless transition from undergraduate to graduate degrees with practical experience along the way.

Undergraduate education at the Rangel Center is designed primarily to secure student commitment to careers in public service. To provide a foundation for the MA program, and to recruit the best students, the program will expand existing undergraduate offerings in public policy, governance and management. Students interested in public service careers from non-social science fields (such as engineering, architecture, and science and technology) will be able to enroll in courses to prepare them to pursue the MA degree, while maintaining their technical emphasis.





Many excellent undergraduate students interested in issues of public policy and equity will enroll in the 150-credit, five-year CCNY BA/MA Program in Public Service. Undergraduates in this program will begin to take master's-level seminars when they reach 90 credits; by their 120th credit, they must have completed 15 credits from the MA Program, and their courses will consist entirely of master's-level courses and service internships. (In most cases, the initial MA courses will be the required core courses.)

Engineering, science and architecture students will receive credit in the BA/MA program for courses in those fields, allowing them to move directly into associated policy courses. (See category III courses listed on the following page.) For these students, courses in categories I and III will most occupy their attention once they pass the 120-credit mark.

Thus it will be possible for a non-social science student at CCNY to complete the BA/MA in roughly the same amount of time it would take a social science major. In either event, students who complete 15 credits of BA/MA work within 120 undergraduate credits will begin working completely in MA courses thereafter. Students in the BA/MA program will have at least one service learning or internship experience during the course of the program.

The final three semesters in the BA/MA program will consist of seminar classes focusing on specific political and technical issues of important public policy concerns. Seminars, many of which will include service learning, will allow students to develop particular areas of expertise, both in policy questions and related technical matters. It is also at this level that the students are expected to have the most substantial interactions with the Center's Rangel Leadership Fellows.

THE MASTER'S PROGRAM IN PUBLIC SERVICE

College graduates will enroll directly in the 45-credit MA Program in Public Service without the BA component. This program will take two years of full time study, including a minimum of one semester of intensive internship work.

The stand-alone MA program is a 45-credit program (including the internship). As with the BA/MA Program, students are expected to concentrate on core courses at the outset, reserving their seminar courses in specific areas of policy or technical concern for their second and third semesters of study.

The curriculum for the both the programs in public service at The City College is found on the following page.



STUDENTS IN BOTH THE BA/MA & THE MA PROGRAM WILL TAKE COURSES FROM EACH OF THE FOLLOWING CATEGORIES:

CATEGORY I

Core Courses – all students
(18 credits):

Introduction to Public Policy and Policy Analysis
Organizations and Management
Public Economics and Finance
Communication in Public Settings
Poverty, Ethnicity, and Diversity
Ethics in Public Service Leadership
Best Practices Seminar

CATEGORY II

Substantive policy concerns
(four classes for 12 credits):

Racism, Public Policy and the Law
Power, Inequality, and Social Welfare Policy
Immigration Policy
United States Foreign Policy
Healthcare Policy
Transportation and Communication Policy
Pollution and Environmental Policy
International Business Economic Policy

CATEGORY III

Courses that offer instruction in content areas and technical matters that lie at the heart of key policy concerns
(four classes for 12 credits):

Experts from CCNY's Schools of Engineering, Architecture and Education, and the departments of political science, sociology, etc., will teach these courses, designed specifically for those preparing for public service careers. Selection of these courses will be made with the agreement of an advisor in order to create thematic areas of specialization, such as Urban, International, Ethnicity, and Environment.

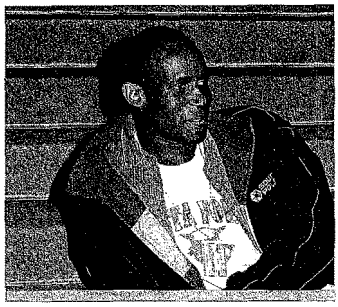
Examples include:
Urban Public Health
Environmental Engineering
Urban Public Transportation
Sociology of Immigration
Problems in Criminology
Psychology of Prejudice and Racism
International Law
International Organizations
Urban Schools in a Diverse Society
Urban Design
Sociology of Politics and Collective Behavior
Computer Security
Solid Waste Management
People of the City of New York

CATEGORY IV

Internships (may be taken in summer)
(3 or more credits)



ELIGIBILITY



US citizens and green card holders (permanent residents) will be considered as applicants;

Applicants for the MA Program in Public Service must be in the senior year of their undergraduate study or have completed their undergraduate degree by June, in order to enter graduate school by the following fall;

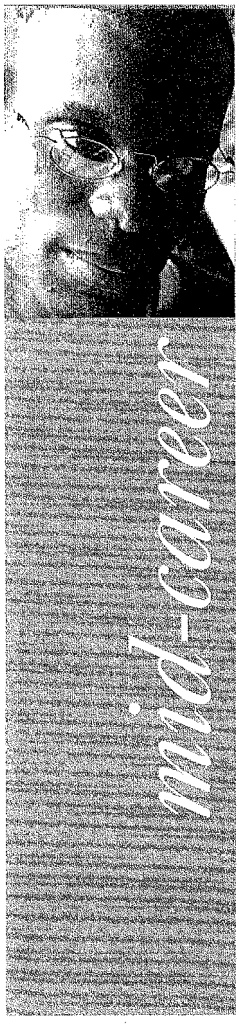
Applicants for the both the MA Program and the BA/MA Program must have a cumulative grade point average of 3.2 or higher on a 4.0 scale at the time of application.

SELECTION OF THE STUDENT SCHOLARS

- Scholarships will be awarded to ensure that the best candidates for the program are able to apply and attend. Consideration will be given to qualified applicants who, in addition to outstanding leadership skills and academic achievement, demonstrate financial need. At least 10 $10,000 Rangel Scholarships will be awarded each year; these scholarships will cover full tuition and other educational expenses;
- Applicants may be in their senior year at City College or at another college or may have recently graduated from college and/or are engaged in a public service career;
- Candidates for the BA/MA Program will need to state their intention of applying for this Program at the time when they declare their major or earlier as coursework will need to be planned on an individualized basis. Candidates for this Program may apply for a two-year Rangel Scholarship in their junior year.
- A candidate's community, academic, other extracurricular, and leadership activities will be considered during the selection process;
- Students from underrepresented populations are especially encouraged to apply;
- Two letters of recommendation, a personal statement, and examples of writing skills will be required; A selection committee composed of the president of The City College, members of The Rangel Center faculty and the Division of Social Science, and a representative from Congressman Rangel's office;
- Candidates selected for final consideration will meet with the selection committee and Congressman Rangel for the final selection.

EXHIBIT
Exhibit 166

Confidential Subject to Protective Order



THE RANGEL LEADERSHIP FELLOWS

A Mid-Career Program in Leadership and Policy Innovation

The Center will be the home of a unique program that brings together mid-career leaders in the public sector for seminars, workshops, and fellowship for periods that range from eight weeks to an entire academic year. These outstanding public servants will receive, in essence, a sabbatical from their leadership positions and will spend their time at CCNY considering new directions for public service leadership, policy innovation, and assistance to communities in need.

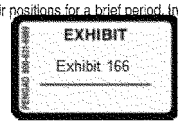
The Mid-Career Program will be targeted especially at outstanding leaders from communities underrepresented in public service. In addition to their work with one another, Rangel Leadership Fellows will be engaged in opportunities to teach and mentor Rangel participants in the BA/MA and MA Programs in Public Policy and Public Service. The mid-career participants become an essential resource for students, especially undergraduates, who are being prepared for careers in public service.

PROGRAM STRUCTURE

Recent studies suggest that the frustrations of public service lead too many government and other public sector leaders to leave these sectors early in their careers. A common complaint is that these leaders rarely have time to stop and think about where their organizations and the issues to which they are devoted are headed over the medium- and long-term. The day-to-day tasks of running organizations preclude taking the time to consider how other organizations do their work and what models exist for policy and leadership success.

In each case, a sponsoring organization will continue to provide the financial support for a Rangel Leadership Fellow. It will be considered an honor to participate and a reward for top performance, much like participation in an executive MBA program is considered in the business world, where employees are selected and sponsored by their companies.

The Rangel Center's Mid-Career Program in Leadership and Policy Innovation will permit leaders at the middle stage of their careers in the public sector, especially men and women from underrepresented groups, to leave their positions for a brief period, in place of their customary jobs,





they will spend time with other leaders and members of the City College community and consider issues of leadership and public policy. The experience will provide participants with both the time to reflect and with the specialized education in specific policy areas that will contribute to their advancement within their respective institutions.

Participants will spend between eight weeks and a full academic year at the Rangel Center in individual programs of study and reflection under the mentorship of one of the Center's professors.

City College faculty will lead sessions with the Rangel Leadership Fellows about issues of public sector leadership and policy innovation. Each group of Fellows will work with a select group of Rangel students in Public Policy and Public Service on projects aimed at proposing ways of restructuring or reforming policy — or ways of delivering policy — in some issue area. These group projects provide an opportunity to involve Rangel BA/MA and MA students in the work of mid-career leaders — giving them first-hand knowledge of the potential of careers in public service.

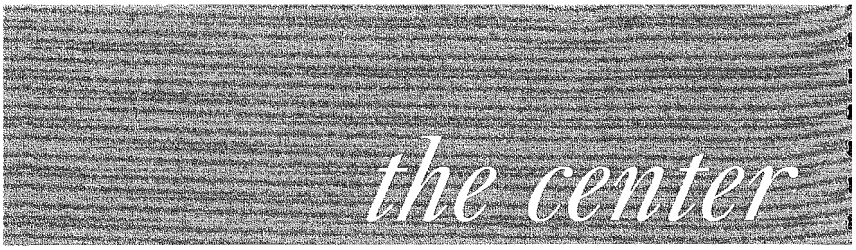
RANGEL MID-CAREER LEADERSHIP FELLOWS

These Fellows will receive varying levels of support, depending on the workforce from which they are drawn. Almost all federal agencies already have mid-career training programs, which allow a limited number of employees to receive a one-year sabbatical and full salary for post-baccalaureate study at an institution of higher education.

The Rangel Center will reach out to human resources offices that oversee these programs in specific agencies to ensure that the Rangel Center becomes a premier destination for their employees, especially their mid-career leaders from underrepresented populations. The Rangel Center will provide each federal Rangel Leadership Fellow an individualized academic program tuition-free, and offer 10 $7,500 cost-of-living and travel packages, to ensure that mid-career employees who live outside New York City can take advantage of this important opportunity.

Each Rangel Leadership Fellow who works at the Center for at least one semester will each teach one seminar. Rangel Leadership Fellows will also participate in the Best Practices Seminar, along with guest speakers from academia, think tanks, the public sector, and community organizations. This seminar will focus on practical issues pertaining to careers in public service, including the art of building coalitions, techniques for communicating effectively to the public, lessons on making useful connections, and career issues particular to members of underrepresented populations. Finally, to maximize the educational value of internships, students will evaluate them under the guidance of experienced Rangel Leadership Fellows.





THE HOME OF THE CHARLES B. RANGEL CENTER

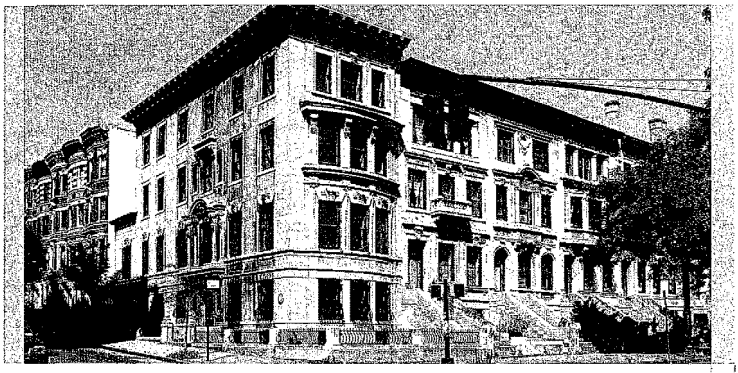
Originally conceived as The City College of New York's President's House and later used as the CCNY Alumni House, the limestone mansion on 141st Street and Convent Avenue harks back to City College's earliest days in the mid-1800s. A gracious four-story structure with a full below-sidewalk level and parking area, the stately townhouse features two and sometimes three tiled fireplaces on each floor, high ceilings, decorative plaster, and fine woodwork throughout, and ornamental ironwork on every window and surrounding the building.

Because of a fire in the late 1970s and cutbacks in public financing of the City University at that time, the building has not been in use and will need repair to bring it to its former grandeur. When completely restored, however, the townhouse will regain its position as one of the most beautiful portions of the historic City College campus.

It is especially appropriate housing for The Rangel Center for Public Service as it includes space for conferences, seminar rooms, study areas, and smart classrooms. In addition, it can accommodate reception rooms and potentially computerized archives. In fact, this project will represent a unique opportunity to design the space inside The Rangel Center for its specific use prior to the building's renovation.

A survey and report from 1995 already exists and details the building's renovation needs. A new report recalculating renovation costs in 2005 dollars has been prepared and will itemize and budget the required work in detail. Current estimates based on the 1995 costs are included below. When finished, The Rangel Center's home will be a beautiful addition to the Harlem urban landscape.





THE CENTER BUILDING WILL INCLUDE:

- The Rangel Library to house the Rangel archives, which will be digitized; it may also be possible to provide digital access from the main library at City College to the Center if it is determined that the archives should be housed there;
- A communications network center/smart classroom for video-conferencing, facilities for computerized presentations, digital archival access, ability to collaborate with other schools, including the Henry Jackson Center at the University of Washington, and other similar academic partners;
- A large conference room, with room for meetings with community groups, researchers, and participating students;
- Two small meeting rooms for Rangel Leadership Fellows to meet with community stakeholders in the course of their work with community organizations; these rooms can also serve as the venue for workshops;
- Offices for the Director/Rangel Chair, archivist/librarian, resident and visiting faculty, internship coordinator, administrative assistant, post-doctoral fellows;
- A well-furnished office for Congressman Rangel;
- One large and one small reception room;
- Kitchen facilities for receptions and working lunches;
- A Rangel Program publications office where working papers can be printed and stored;
- One or more sleepi[illegible]se visiting scholars.

EXHIBIT
Exhibit 166

Staffing of the Rangel Center & Programs

Director, Charles B. Rangel Chair, and Dedicated Rangel Center Faculty
In addition to The City College of New York faculty lines dedicated to the Rangel Center programs, three new faculty will be hired with the support of the Rangel Center: the director, one senior, and one junior faculty member.

Requirements for selection as the Rangel Center's director will include an international reputation, experience in public service, and respect within the academic community. The Director will also hold the endowed Charles B. Rangel Chair. The opportunity to appoint the director to the prestigious Rangel Chair, named for one of the most eminent government leaders of this generation, will enable the Center to attract and retain a distinguished scholar/public servant.

One other senior faculty member and one junior faculty member, each with experience in public service, will also be hired as part of the Rangel Center's budget. A scholar with expertise in leadership will be sought, as well as one with research experience in the barriers that deter many students with minority and immigrant backgrounds from careers in public service.

Current and New Full-time Faculty
The Rangel Center will draw on the knowledge and strengths of current full-time faculty at City College, particularly those in the departments of political science, economics, management, and sociology. Faculty from the City College Schools of Architecture, Education, Engineering, and Biomedical Education will also teach in the Rangel programs, highlighting the connections between their areas of substantive expertise and public policymaking. CCNY will also use college faculty lines to hire new faculty working in some of the areas central to the Rangel Center's mission, especially in the areas of public policy, public service, management, and ethnicity. These faculty will be jointly based in the Rangel Center and academic departments.

Archivist/Librarian
The collected papers of Congressman Charles B. Rangel will constitute a valuable resource that will greatly add to the reputation of the Center and help it to realize its goals. A Rangel Post-Doctoral Fellow will be hired to organize these papers, to digitize them, and to assist scholars in using them. These will include visiting scholars, post-doctoral fellows hired by the Center, and students in the Master's Program who elect to do supervised research.



Administrative Assistant
To assist the Director of the Rangel Center, a full time administrative assistant will be hired.

EXHIBIT
Exhibit 166

Internship Coordinator
Internships are central to fulfilling the goals of the Rangel Center because they not only provide students with practical experience but also permit them to make the contacts that are so important in building successful careers. A full-time staff member will be hired for the Center to locate organizations willing to host internships for students from the Master's Program and to ensure that the internships are useful both for the students and the host organizations.

Rangel Post-Doctoral Fellows
In addition to the Fellow working to organize and study the Rangel Archives, two Post-Doctoral Fellows will be hired to do research at the Center. In selecting Rangel Post-Doctoral Fellows, priority will be given to recent PhDs who propose to do research on diversity in public service.

Rangel Leadership Fellows
Rangel Leadership Fellows will participate in the Mid-Career Program in Leadership and Policy Innovation. Those who live outside New York City will be offered stipends to cover travel expenses.

Guest Speakers
Members of academia, think tanks, the public sector, and community organizations from New York City, the nation, and around the world, who have experience with the contemporary challenges faced in public service, will be brought to City College to provide context, background, and advice on steps needed to solve the problems.

Webmaster
A part-time webmaster will develop and maintain the website for the Rangel Center.

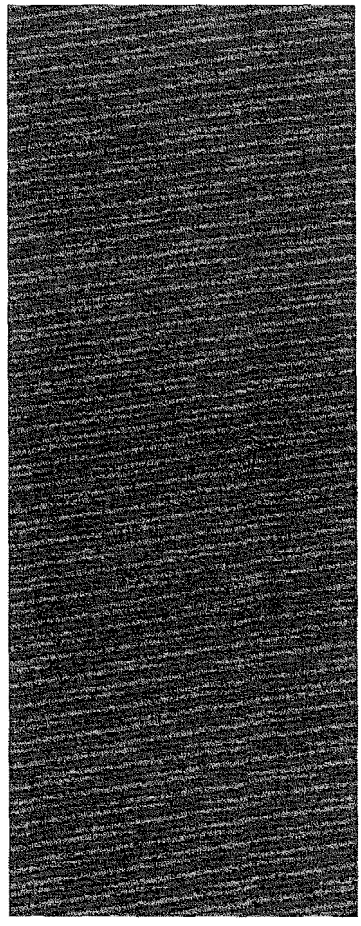


EXHIBIT
Exhibit 166

BUDGET ELEMENTS

Staff

Rangel chair
One senior faculty member
One junior faculty member
Archivist/librarian/Rangel post-doctoral fellow
Full-time internship coordinator
Administrative assistant
Part-time webmaster
Two visiting scholars
Two additional Rangel post-doctoral fellows

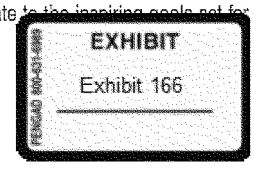
Support and incentives for current CCNY faculty:

1) Support for City College faculty affiliated with the Center to present research specifically supported by the Center at academic conferences. This helps disseminate the knowledge gained through Center activities and promote the name of the Center.
2) Support for CCNY faculty research associated with topics the Center touches on. These can be one-semester research grants or summer-long residence research grants that will provide summer support for faculty who take up offices at the Center and pursue some focused research project.
3) Some support for faculty working on the Center's curricula and programs.

Restoration of the Rangel Center building

The City College Office of Facilities has taken the November 1995 DASNY Report on the Building Condition Assessment of the CCNY Alumni House and provided an interim estimate of the costs in 2005 dollars. It is anticipated that the cost of bringing the building up to code, installing the elevator now required by the Americans with Disabilities Act, restoring the historic and architectural features of the building, and designing the interior specifically for the Rangel Center's needs will come to $4.7 million in today's dollars.

A sum to endow the building's ongoing maintenance will ensure that the Rangel Center's home will remain pristine and also permit future improvements. Therefore, a sum of $2.3 million will be set aside as an endowment, from which only the income will be used annually, to preserve the Rangel Center's magnificent Harlem home in perpetuity, and provide a living environment for study and discourse appropriate to the inspiring goals not for the Center itself.



Expenses other than for staff and the building

1) Each cohort will contain 20 students. In order to make it feasible for the best students to enroll in the Rangel MA Program, it will be advisable to plan financial support for tuition and other educational expenses of $10,000 each year for two years for at least 10 students;

2) All students in the MA program will participate in internships, some of which will be funded by the sponsoring organizations. The Rangel Center will also provide support for students in unpaid internships. Additional practical experience will come in the form of service learning components added to the courses. Note that internships/service learning experiences for undergraduates will be provided through other CCNY programs including: The Rosenberg-Humphrey Program in Public Policy, the International Studies Service Learning Program, the Pre-Law Program and D'Agostino-Greenberg internships, and the Colin Powell Leadership Program;

3) Honoraria and travel for speakers;

4) Food for conferences and speaker series;

5) Computers and computer maintenance;

6) Preparation and materials for recruitment and publicity;

7) Travel and living expenses for internships;

8) Publications.

BUDGET NOTES

1. The first budget section below, Programmatic Costs, is based upon an endowment of $23,000,000, and a conservative expectation of income of $1,150,000 per year, which will meet the Center's programmatic needs.

2. The second budget section illustrates how Building Costs will be met through the investment of $4.7 million for construction/start-up costs, and a $2.3 million endowment for maintenance.



BUDGET FOR RANGEL CENTER

Program Costs

Academic and Visiting Staff

Position	*#*	*Salary*	*Sal+Benefits*	*Sub-total*
Director/ Chair	1	$110,000	$146,300	$ 146,300
Sr. Professor	1	$ 85,000	$113,050	$ 113,050
Jr. Professor	1	$ 65,000	$ 86,450	$ 86,450
Archivist/ Librarian/ Post Doc	1	$ 35,000	$ 46,550	$ 46,550
FT Internship Coordinator	1	$ 35,000	$ 46,550	$ 46,550
Admin Asst	1	$ 28,000	$ 37,240	$ 37,240
PT Webmaster	1	$ 10,000	$ 13,300	$ 13,300
Visiting Scholars	2	$ 25,000	$ 33,250	$ 66,500
Post-Docs	2	$ 28,000	$ 37,240	$ 74,480
Sub-Total staff	***11***	***$421,000***	***$559,930***	***$ 630,420***

Student Support

Category	*#*	*$ Amount*	*Sub-total*
Student Scholarships Year 1	10	$ 10,000	$ 100,000
Year 2 and after	10	$ 10,000	$ 100,000
Paid Internships year 1	10	$ 3,000	$ 30,000
Year 2 and after	10	$ 3,000	$ 30,000
Sub-Total student costs			***$ 260,000***
Rangel Fellows	10	$ 5,000	***$ 50,000***
Total Personnel Services			***$ 940,420***

EXHIBIT
Exhibit 166

CSOC.CBR.00030280

Other Than Personnel Services (annually)	
Office Supplies	$ 20,000
Honoraria/travel/ /housing for speakers	$ 15,000
Food for conf,speakers	$ 5,000
Computers/ maintenance	$ 20,000
Recruitment/ publicity materials	$ 5,000
Travel/living costs-distant internships	$ 5,000
Publications	$ 5,000
Total OTPS	***$ 75,000***
Total Annual Program Costs	***$ 1,015,420***
Total Endowment Needed to Provide Annual Program Costs	***$ 23,000,000***
Building Costs	
Initial outlay	
Updated 2005 rehabilitation costs	$ 2,600,000
Design fees and soft costs	$ 390,000
Elevator	$ 900,000
Furniture and equipment costs	$ 260,000
Program contingency	$ 550,000
Sub-total	***$ 4,700,000***
Annual maintenance costs	
Yearly maintenance and security costs	$ 70,000
Projected replacements and future rehab costs each year ($1.4 million spread over 30 years)	$ 46,667
Total annual maintenance costs for building	***$ 116,667***
Endowment needed to provide $116,667/year	***$ 2,333,340***
Total Needed for Building	***$ 7,033,340***
TOTAL GIFT REQUESTED	***$ 30,000,000***



Request

On behalf of The City College of New York, in order to create:

The Charles B. Rangel Center at the City College of New York

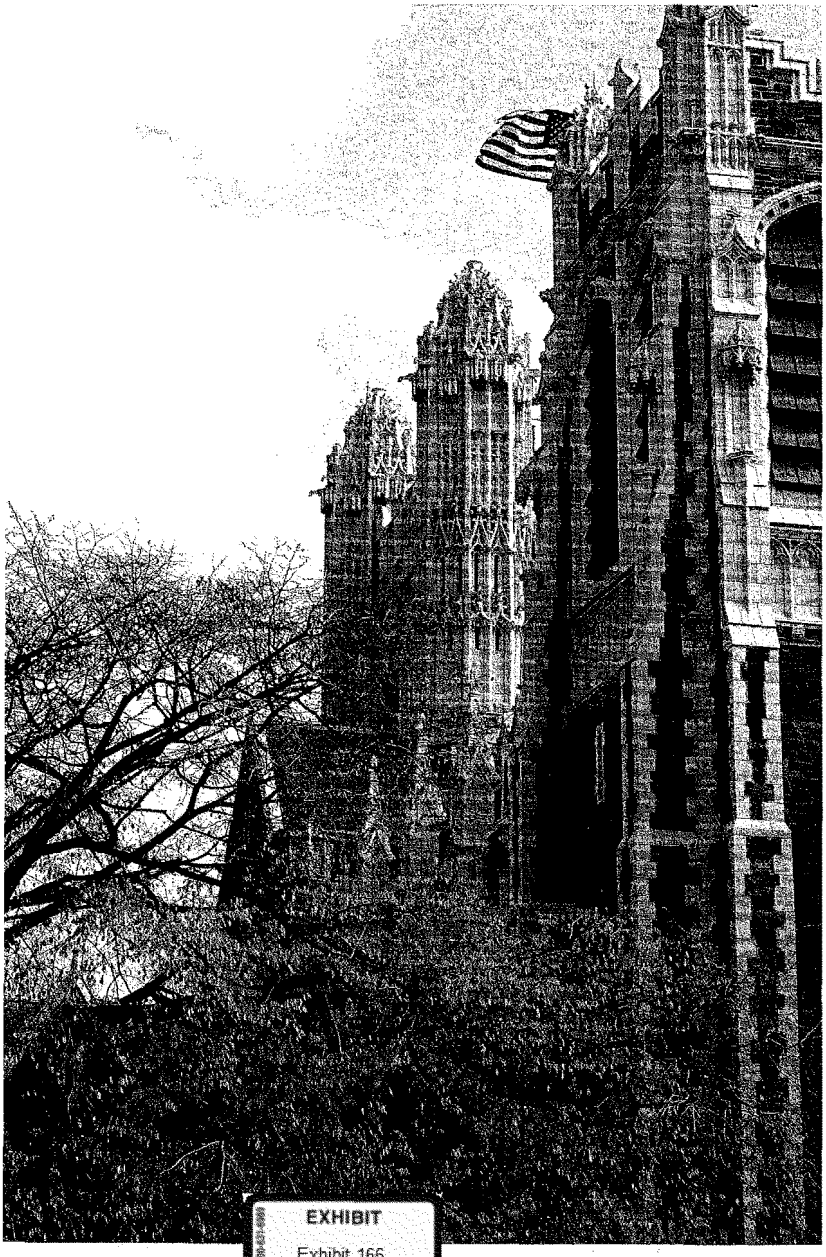
We ask you to consider a gift of $30,000,000 or $6,000,000/year for five years.

On behalf of The City College of New York, we thank you for your thoughtful consideration of this request. If you have any questions or need further information, please contact President Gregory H. Williams at the numbers below or Vice President Rachelle Butler at the Office of Development and Institutional Advancement. Once again, thank you.

Gregory H. Williams, President
The City College of New York
138th Street and Convent Avenue, A-300
New York, NY 10031
Telephone: 212-650-
Fax: 212-650-
Email: gwilliams

Rachelle Butler, Vice President
Office of Development and Institutional Advancement
The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650- 212-650-
Fax: 212-650-
Email: rbutler

EXHIBIT
Exhibit 166



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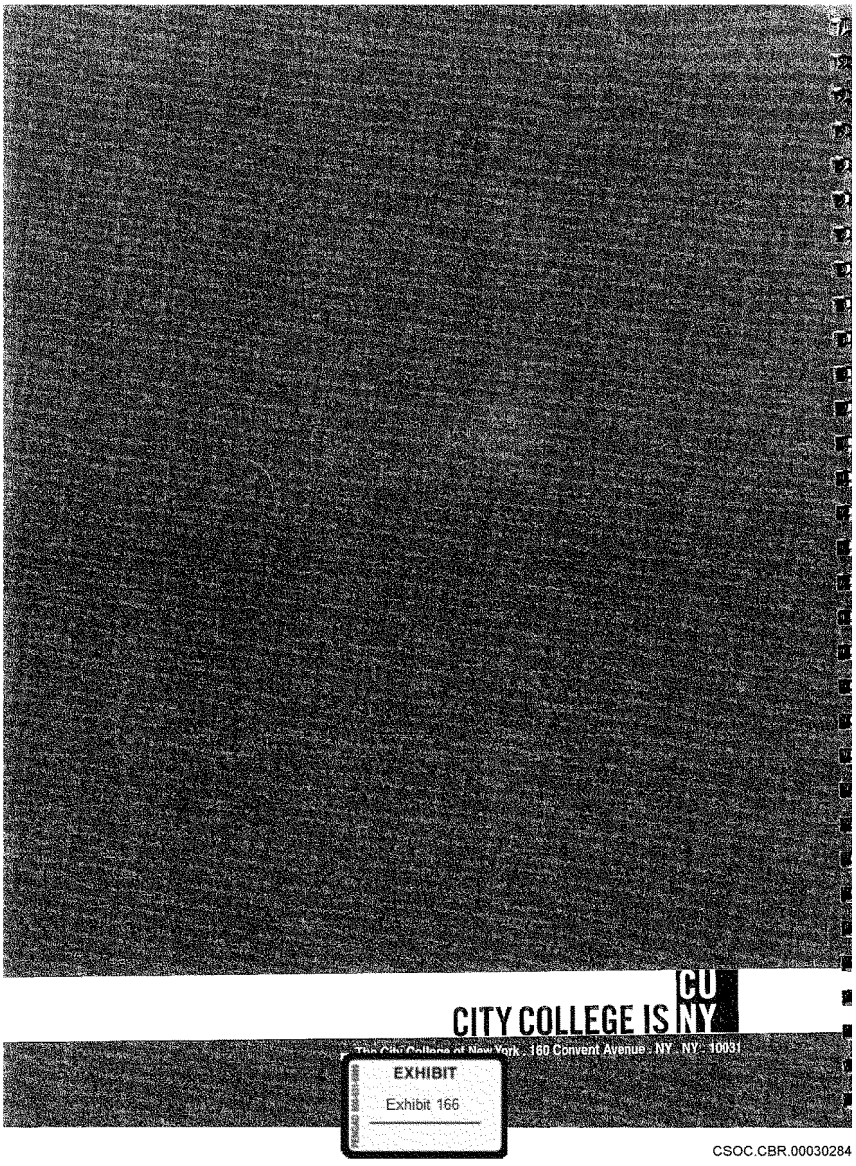

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Frank J. Antun Foundation

100 Crossways Park West, Suite 205
Woodbury, New York 11797-2012

(516) 921-3520
Fax (516) 921-3397

September 24, 2009

R. Blake Chisam
Chief Counsel and Staff Director
Committee on Standards of Official Conduct
U.S. House of Representatives
The Capital, Suite HT-2
Washington, D.C. 20515

Dear Mr. Chisam:

Pursuant to your request of September 17, 2009, enclosed herewith are the following documents related to your subcommittee inquiry into Representative Charles B. Rangel:

Certification

Original letter from Charles B. Rangel to the Frank J. Antun Foundation dated July 26, 2006.

Original brochure for the Charles B. Rangel Center for Public Service @ the City College of N.Y.

The Frank J. Antun Foundation made no response to this request for funding. Please do not hesitate to contact us if you have any additional questions.

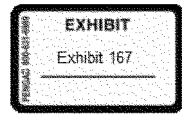
Very truly yours,

Josephine Alex

John Cremins

Joseph P. Scanlon

Patricia Colgan



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CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
RANKING MEMBER
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

☐ 2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–3216
TELEPHONE: (202) 225–4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

☐ 163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–3900

PLEASE RESPOND TO
OFFICE CHECKED

Ms. Josephine Alex
The Frank J. Antun Foundation
100 Crossways Park West, Suite 205
Woodbury, NY 11787

July 26, 2006

Dear Ms. Alex,

I am writing you, as a leader in the philanthropic community with a shared vision and commitment to public service, to provide news of an initiative with a potential that has me quite excited. The City College of the City University of New York has created the Charles B. Rangel Center for Public Service to provide an opportunity for education and training for careers in public service for the underprivileged students the college has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

Throughout my public career I have believed in the special strength derived from our racial and ethnic diversity. I believe that we as lawmakers and elected public officials must lead in assuring that opportunity for public service be made available to all with the goal of achieving a policy making community that reflects the rich tapestry of cultures, faiths, colors and ethnicities that make us who we are as a great nation. I am asking you to join me in the creation of a public policy center that will motivate and prepare young people presently underrepresented in public life to pursue careers in public service.

Today, non-whites make up nearly thirty percent of the US population. Yet, according to the Equal Opportunity Commission's 2003 report on the federal workforce, only 13.81% of the men and women who occupy the top managerial, supervisory, and policy-making positions in the US Federal government are members of minority groups. And by 2050, minority groups in the US will comprise more than 50% of our population.

The Charles B. Rangel Center in the City College of New York, a school in the most ethnically diverse city in our nation and with an unparalleled history of supporting the empowerment of immigrant ethnic groups, will help to ensure that those who run our nation will be reflective of our diversity. I have embraced the College's concept because it will allow me to locate the inspirational aspects of my legacy in my home Harlem community.

As you will see from the enclosed presentation, the Rangel Center at the City College of New York will be alive with the work of scholars and students working on public policy issues and studying the political dimension of change. It is not a Library or Museum, but a living institution brimming with ideas and stimulating debate.

EXHIBIT
Exhibit 167

CSOC.CBR.00029909

CSOC.CBR.00029909

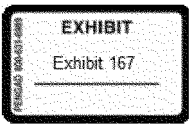
I am pleased to have been able to secure from the federal government grants in the amount of $3.6 million to permit a thorough and comprehensive planning process. I would appreciate your consideration of support for the Center as well as your advice and assistance concerning how to approach the donor community, particularly private and corporate foundations interested in education, for grants to support the educational programs of the center. We are also interested in obtaining funding for the fellowship and scholarships which will be required for the exceptional but underprivileged students which will be recruited to the Center.

I thank you for your consideration and for any future support that you may provide to the Charles B. Rangel Center at the City College of New York. Please do not hesitate to contact the Vice President of the City College's Office of Development and Institutional Advancement, Rachelle Butler, whose contact information is listed below.

Sincerely,

Charles B. Rangel
Member of Congress

Rachelle Butler, Vice President
Office of Development and Institutional Advancement
The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650-[redacted]; 212-650-[redacted]
Fax: 212-650-[redacted]
Email rbutler[redacted]



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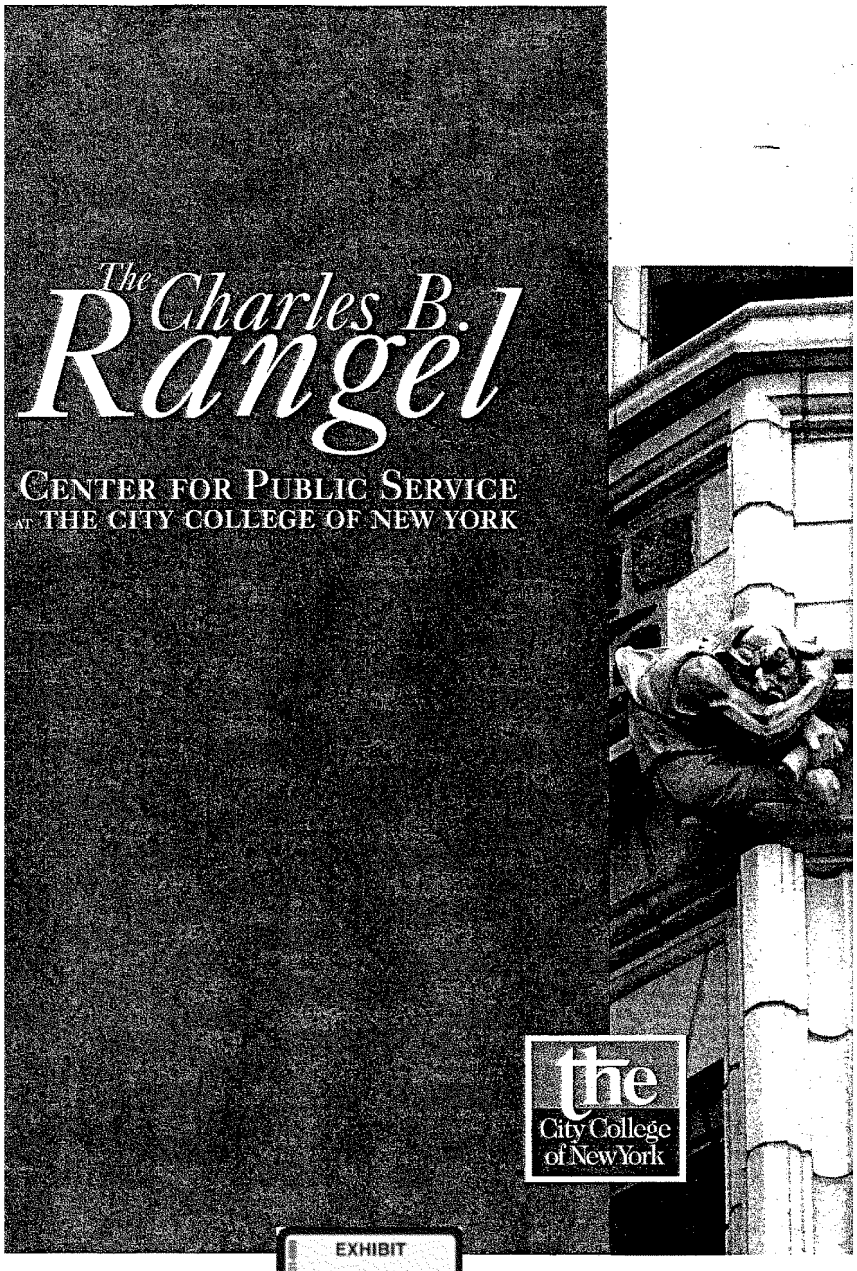

EXHIBIT
Exhibit 167

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CONGRESSMAN CHARLES B. RANGEL

Through 17 terms as U.S. Congressman from New York's 15th Congressional District, Congressman Rangel has combined a dedication to the specific needs of his Harlem and Washington Heights constituency with an expansive viewpoint that has led him to leadership on a broad range of national and international issues in the House of Representatives. From Harlem to South Africa, from affordable housing to help for the unemployed, from tax legislation to international trade, his work is characterized by a fundamental commitment to equity, justice and inclusion.

The senior Democratic member of the Committee on Ways and Means, Congressman Rangel has been a major voice for equity in the Internal Revenue Code and proposed tax legislation. As a Congressional advisor to the U.S. Trade Representative and a member of the President's Export Council, he has worked tirelessly to build consensus on international trade matters. In addition, he authored: the $5 billion Federal Empowerment Zone demonstration project to revitalize urban neighborhoods throughout America; the Low Income Housing Tax Credit, which helped finance 90% of the affordable housing built in the U.S. in the last 10 years; and the Work Opportunity Tax Credit, which has provided thousands of jobs for underprivileged young people, veterans, and ex-offenders.

As chairman of the Congressional Narcotics Abuse and Control Caucus, Congressman Rangel leads the nation's efforts to reduce the flow of drugs into the United States and to solve the nation's continuing drug abuse crisis.

He is a founding member and former chairman of the Congressional Black Caucus. He also served as chairman of the New York State Council of Black Elected Democrats and as a member of the House Judiciary Committee during the hearings on the articles of impeachment of President Richard Nixon.

Awarded the Purple Heart and Bronze Star for his service in the Korean War, Congressman Rangel has authored several pieces of legislation to benefit minority and women veterans, including a successful bill that established the Office of Minority Affairs within the Department of Veterans Affairs. In the area of foreign affairs, he played a vital role in ending the apartheid regime in South Africa and restoring the democratic government in Haiti.

EXHIBIT
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letter from the president

To the Reader:

In his distinguished career, The Honorable Charles B. Rangel has done as much as any single person in public service to help the least powerful among our citizens to achieve their goals and to change their lives, their communities, and the nation. He has done so with the clear vision that all of America's citizens must be empowered in order for America to be herself. He has thought and acted locally and globally to ensure that the laws and policies of this nation embody her best instincts and her highest promise.

Fundamental to Congressman Rangel's lifelong service is a belief that America's "governing class" – those men and women who make our laws and policies – must mirror the rich tapestry of cultures, faiths, and ethnicities that make us who we are as a country. We at The City College of New York are proud to share that vision and that commitment.

Today, non-whites make up nearly thirty percent of the U.S. population. Yet, according to the Equal Economic Opportunity Commission's 2003 report on the federal workforce, only 13.8% of the men and women who occupy the top managerial, supervisory and policy-making positions in the U.S. federal government are members of minority groups. By 2050, minority groups in the United States will comprise 50% of its population. The Charles B. Rangel Center for Public Service at The City College of New York will help to ensure that those who run our nation will reflect our citizenry.

The Center will accomplish this through the establishment of a rigorous graduate program for students from underrepresented groups that will prepare them for public service, including elective office and careers in government at the policy-making level. The new master's program will be coordinated with programs on the undergraduate level, many unique to City College, to encourage and inspire our best students to move into graduate work and pursue careers in public service. Located in a restored Harlem mansion adjacent to The City College campus, the Charles B. Rangel Center will also house the Charles B. Rangel Library, an archival repository of documents, photographs, and memorabilia that records the life of one of America's most important public servants and serves as a rich repository of knowledge and experience for students and scholars alike.

GREGORY H. WILLIAMS
PRESIDENT, THE CITY COLLEGE OF NEW YORK

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EXECUTIVE SUMMARY

The Charles B. Rangel Center for Public Service at The City College of New York will strive to become a national center for the promotion of greater diversity in public service, consisting of five major elements:

The Charles B. Rangel Center, which will be housed in a magnificent Harlem limestone townhouse adjacent to The City College campus, and include the Rangel Library, the Rangel Conference Center, and offices for visiting scholars;

The Charles B. Rangel Library, consisting of documents, archives, and memorabilia from Congressman Rangel's lifetime of public service. These papers will be made available to scholars nationally, and particularly to scholars within The City College and the City University, and will serve as a locus of sponsored research and conferences concerning barriers to full participation in public service by underserved minorities;

The Master's Program in Public Service, which will recruit and prepare young people for careers in government and public service. The program will include participation in internships in service organizations, arranged by the Rangel Center. It will also offer interdisciplinary specializations in concert with The City College Schools of Architecture, Engineering, Education, and Biomedical Education, plus CCNY's special programs in transportation, waste management, and urban public health;

Upon completion of the degree, graduates will be eligible for programs like the Federal Career Intern Program, entering government service for a two-year temporary appointment with eligibility for a permanent assignment upon completion. These opportunities will encourage the involvement of members of underrepresented minority groups and those with financial need;

A Combined BA/MA Program in Public Service, which will work together with several undergraduate programs unique to City College that are particularly suited to draw outstanding students into public service. The BA/MA Program will attract students capable of and interested in an intensive "fast-track" program leading to the master's degree. It will prepare them for public service with high-level coursework, experienced government personnel mentors, and hands-on training in internships and service learning;

The Charles B. Rangel Fellows: A Mid-Career Program in Leadership and Policy Innovation, offering professional advancement training for mid-career, minority government and other public service employees of particular accomplishment and promise for a term of study ranging from eight weeks to an academic year.



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The City College of New York
The Choice for the Rangel Center

The City College of New York offers a unique and fitting environment for The Charles B. Rangel Center for Public Service. Located in Harlem, the heart of Congressman Rangel's constituency, The City College of New York was founded through a public referendum in 1847 as a free academy to serve "the children of the whole people." One of a young America's great democratic experiments, it remains one of her great democratic achievements, and the most important avenue to upward mobility and social advancement for generations of New Yorkers.

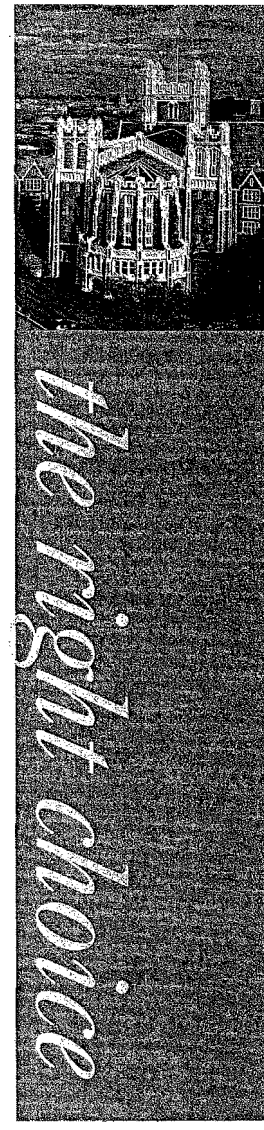
City College has provided an unsurpassed educational opportunity to hundreds of thousands of talented young men and women with few material resources and opportunities. For more than 157 years, The College has provided access to a world-class education to underrepresented populations, preparing them to enter those fields with the expert skills to change their own futures and shape the world.

DIVERSITY AT CITY COLLEGE

Last year, *US News and World Report* ranked City College first in diversity in the nation, where African-Americans are the largest group. This year, City College was ranked first where Hispanic Americans are the largest group. More than 87% of CCNY students describe themselves as members of a minority group.

The Chronicle of Higher Education 2003 Almanac reports that of the total number of bachelor's degrees awarded in the United States as a whole, white students earned 75% of the total, blacks 8.5%, Hispanics 6.5%, and Asian-Pacific Islanders 6.2%. The same year at City College, however, blacks earned 34.1% of the total bachelor's degrees awarded, Hispanics 30.1% and Asian/Pacific Islanders 11% — an unparalleled record of success for underrepresented populations.

Following a tradition that reflects the pattern of generations of CCNY alumni whose achievements became the model for their own families, City College students are often the first in their families to go to college, and most have very limited financial resources. Approximately 58% come from families with combined incomes of $30,000 or less; three-quarters work while attending school, some at more than one job. Over half of CCNY's students attend part time, most often for financial reasons.



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PUBLIC SERVICE AT CITY COLLEGE AND RECRUITMENT POTENTIAL

FOR THE MASTER'S PROGRAM IN PUBLIC SERVICE

A number of existing City College programs attract outstanding undergraduate students, most from minority populations, who are excellent candidates for public service careers. The presence of these already excellent programs on campus affords CCNY an opportunity open to very few colleges in the nation for early identification, recruitment, and preparation of students from underrepresented populations for the Master's and BA/MA Programs in Public Service at The Charles B. Rangel Center for Public Service. They include:

THE ROSENBERG-HUMPHREY PROGRAM IN PUBLIC POLICY,
which provides summer internships at government agencies in Washington, DC, and New York in executive and Congressional offices, House and Senate committees, labor unions, government agencies, advocacy groups and policy research organizations;

THE COLIN POWELL LEADERSHIP PROGRAM, an interdisciplinary program of instruction and co-curricular support designed to give a select group of qualified CCNY students who have demonstrated potential for leadership the resources and experience necessary to develop that potential; with a major emphasis on service learning courses that allow students to combine practical experience in underserved communities with coursework relevant to that experience;

THE INTERNATIONAL STUDIES PROGRAM AT CCNY, which exposes students to a global perspective in their coursework and through study abroad in China, Morocco, the United Kingdom, and Germany; in service learning internships in Rwanda, students spend the summer working in the Rwanda Ministry of Finance's Poverty Alleviation program, the Ministry of Gender and Development, and the Ministry of Health's Psycho-Social Trauma unit;

THE PRE-LAW PROGRAM, which includes the D'Agostino-Greenberg Program in Law and Public Policy, a lecture series in law and public policy, and comprises panel discussions, colloquia, and legal internships for students.

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The Charles B. Rangel Library

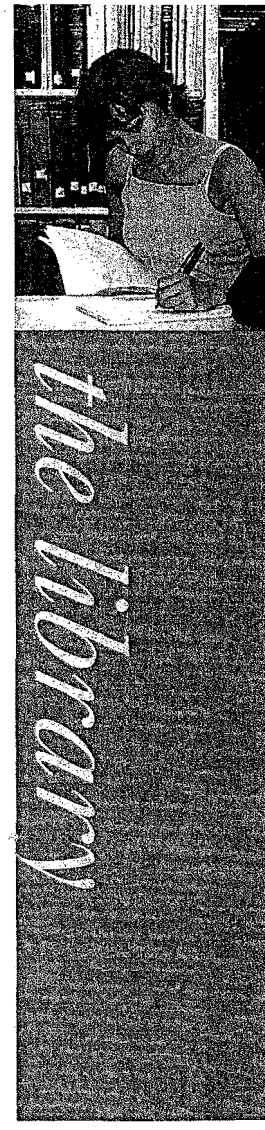
Designed to hold the product of 50 years of public service by the major African-American statesman of the 20th and early 21st centuries, the Charles B. Rangel Library at The City College of New York will rank with the Clinton and Carter Libraries in historic importance to the government and academic communities.

The Rangel Library not only tells the story of one great man, but also of a nation's progress during the last half of the 20th century and the beginning of the 21st, including papers on the Watergate and impeachment proceedings. It will trace the nature of government, the growth and development of minorities in the United States, and the contributions of underrepresented populations in government and public service. It will not be frozen in time but rather the heart of a living, growing center -- a productive environment for emerging ideas, thoughtful advocacy, and visionary projects.

Serving simultaneously as a resource for scholars, CCNY students, and the greater New York community, the Charles B. Rangel Library will encourage study of and research in the wide-ranging fields of public service prominent in Congressman Rangel's long and varied career. In particular, the Charles B. Rangel Library will inspire new generations of students from under-represented populations to enter and excel in public service. The archives will be accessible to all interested scholars, but especially those who come to study at The Rangel Center.

The Rangel archivist/librarian will organize, index, and preserve for posterity all documents, photographs, and memorabilia relating to Congressman Rangel's career. This will be a full time position, which will be held by a Rangel post-doctoral Fellow, chosen through a national search. The archivist will provide assistance to other scholars, CCNY students, and the Harlem community, while pursuing his/her own research.

The Rangel Library could include such archive categories as: foreign policy, government, the economy, community and the family, New York City and its environs, the 15th Congressional District, and race and ethnicity. Visiting scholars from other cities, states, and nations will be welcomed and integrated into the life of the Center.



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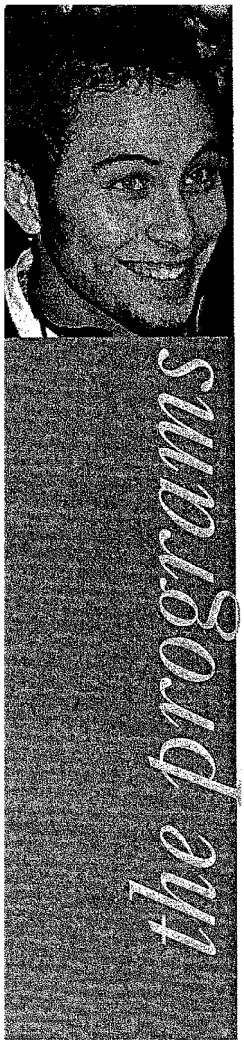

THE MASTER'S & BA/MA PROGRAMS IN PUBLIC SERVICE

The Rangel Center for Public Service will prepare students, particularly from underserved and underrepresented populations, for careers as leaders in public service. At the heart of that effort is a curriculum that emphasizes a combination of classroom instruction, practical training, and opportunities for vibrant co-curricular interaction with the Rangel Leadership Fellows.

The program is designed to attract students at both the graduate and undergraduate levels. For undergraduates, a unique, seamless five-year BA/MA Program in Public Service will attract current CCNY students and new students who come to City College specifically to enroll in the Rangel Program.

For graduate students, the new Master's Program in Public Service will provide the capstone of conceptual and service learning needed for a career in public service. The MA Program's distinctive combination of classroom instruction, internships and intensive interaction with mid-career professionals will attract both recent college graduates and older students who are potential leaders in public service.

Both programs will benefit from the unique resources of The College's many schools and divisions, which may provide more focused attention in one area of public service. CCNY's Schools of Architecture, Engineering, Education, and Biomedical Education, plus its special programs in transportation, waste management, and urban public health, to name only a few, will be available to Rangel Center students for interdisciplinary concentrations in content areas and technical matters.

THE BA/MA PROGRAM

An integrated BA/MA degree program provides a vehicle to recruit excellent students into the Rangel Program by assuring them a seamless transition from undergraduate to graduate degrees with practical experience along the way.

Undergraduate education at the Rangel Center is designed primarily to secure student commitment to careers in public service. To provide a foundation for the MA program, and to recruit the best students, the program will expand existing undergraduate offerings in public policy, governance and management. Students interested in public service careers from non-social science fields (such as engineering, architecture, and science and technology) will be able to enroll in courses to prepare them to pursue the MA degree, while maintaining their technical emphasis.



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Many excellent undergraduate students interested in issues of public policy and equity will enroll in the 150-credit, five-year CCNY BA/MA Program in Public Service. Undergraduates in this program will begin to take master's-level seminars when they reach 90 credits; by their 120th credit, they must have completed 15 credits from the MA Program, and their courses will consist entirely of master's-level courses and service internships. (In most cases, the initial MA courses will be the required core courses.)

Engineering, science and architecture students will receive credit in the BA/MA program for courses in those fields, allowing them to move directly into associated policy courses. (See category III courses listed on the following page.) For these students, courses in categories I and III will most occupy their attention once they pass the 120-credit mark.

Thus it will be possible for a non-social science student at CCNY to complete the BA/MA in roughly the same amount of time it would take a social science major. In either event, students who complete 15 credits of BA/MA work within 120 undergraduate credits will begin working completely in MA courses thereafter. Students in the BA/MA program will have at least one service learning or internship experience during the course of the program.

The final three semesters in the BA/MA program will consist of seminar classes focusing on specific political and technical issues of important public policy concerns. Seminars, many of which will include service learning, will allow students to develop particular areas of expertise, both in policy questions and related technical matters. It is also at this level that the students are expected to have the most substantial interactions with the Center's Rangel Leadership Fellows.

THE MASTER'S PROGRAM IN PUBLIC SERVICE

College graduates will enroll directly in the 45-credit MA Program in Public Service without the BA component. This program will take two years of full time study, including a minimum of one semester of intensive internship work.

The stand-alone MA program is a 45-credit program (including the internship). As with the BA/MA Program, students are expected to concentrate on core courses at the outset, reserving their seminar courses in specific areas of policy or technical concern for their second and third semesters of study.

The curriculum for the both the programs in public service at The City College is found on the following page.

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STUDENTS IN BOTH THE BA/MA & THE MA PROGRAM WILL TAKE COURSES FROM EACH OF THE FOLLOWING CATEGORIES:

CATEGORY I

Core Courses – all students
(18 credits):

Introduction to Public Policy and Policy Analysis
Organizations and Management
Public Economics and Finance
Communication in Public Settings
Poverty, Ethnicity, and Diversity
Ethics in Public Service Leadership
Best Practices Seminar

CATEGORY II

Substantive policy concerns
(four classes for 12 credits):

Racism, Public Policy and the Law
Power, Inequality, and Social Welfare Policy
Immigration Policy
United States Foreign Policy
Healthcare Policy
Transportation and Communication Policy
Pollution and Environmental Policy
International Business Economic Policy

CATEGORY III

Courses that offer instruction in content areas and technical matters that lie at the heart of key policy concerns
(four classes for 12 credits):

Experts from CCNY's Schools of Engineering, Architecture and Education, and the departments of political science, sociology, etc., will teach these courses, designed specifically for those preparing for public service careers. Selection of these courses will be made with the agreement of an advisor in order to create thematic areas of specialization, such as Urban, International, Ethnicity, and Environment.

Examples include:
Urban Public Health
Environmental Engineering
Urban Public Transportation
Sociology of Immigration
Problems in Criminology
Psychology of Prejudice and Racism
International Law
International Organizations
Urban Schools in a Diverse Society
Urban Design
Sociology of Politics and Collective Behavior
Computer Security
Solid Waste Management
People of the City of New York

CATEGORY IV

Internships (may be taken in summer)
(3 or more credits)

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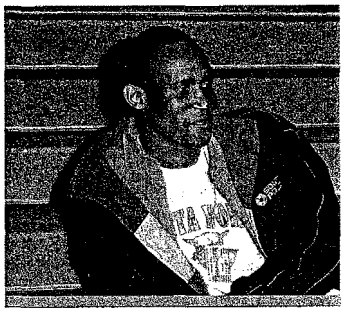
ELIGIBILITY



US citizens and green card holders (permanent residents) will be considered as applicants;

Applicants for the MA Program in Public Service must be in the senior year of their undergraduate study or have completed their undergraduate degree by June, in order to enter graduate school by the following fall;

Applicants for the both the MA Program and the BA/MA Program must have a cumulative grade point average of 3.2 or higher on a 4.0 scale at the time of application.

SELECTION OF THE STUDENT SCHOLARS

- Scholarships will be awarded to ensure that the best candidates for the program are able to apply and attend. Consideration will be given to qualified applicants who, in addition to outstanding leadership skills and academic achievement, demonstrate financial need. At least 10 $10,000 Rangel Scholarships will be awarded each year; these scholarships will cover full tuition and other educational expenses;
- Applicants may be in their senior year at City College or at another college or may have recently graduated from college and/or are engaged in a public service career;
- Candidates for the BA/MA Program will need to state their intention of applying for this Program at the time when they declare their major or earlier as coursework will need to be planned on an individualized basis. Candidates for this Program may apply for a two-year Rangel Scholarship in their junior year.
- A candidate's community, academic, other extracurricular, and leadership activities will be considered during the selection process;
- Students from underrepresented populations are especially encouraged to apply;
- Two letters of recommendation, a personal statement, and examples of writing skills will be required; A selection committee composed of the president of The City College, members of The Rangel Center faculty and the Division of Social Science, and a representative from Congressman Rangel's office;
- Candidates selected for final consideration will meet with the selection committee and Congressman Rangel for the final selection.

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Eligibility & Selection

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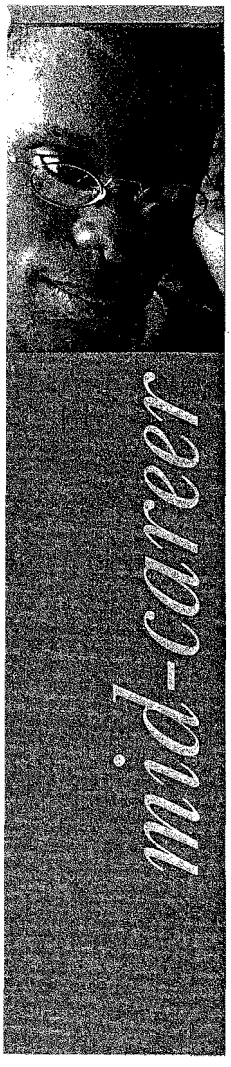

THE RANGEL LEADERSHIP FELLOWS

A Mid-Career Program in Leadership and Policy Innovation

The Center will be the home of a unique program that brings together mid-career leaders in the public sector for seminars, workshops, and fellowship for periods that range from eight weeks to an entire academic year. These outstanding public servants will receive, in essence, a sabbatical from their leadership positions and will spend their time at CCNY considering new directions for public service leadership, policy innovation, and assistance to communities in need.

The Mid-Career Program will be targeted especially at outstanding leaders from communities underrepresented in public service. In addition to their work with one another, Rangel Leadership Fellows will be engaged in opportunities to teach and mentor Rangel participants in the BA/MA and MA Programs in Public Policy and Public Service. The mid-career participants become an essential resource for students, especially undergraduates, who are being prepared for careers in public service.

PROGRAM STRUCTURE

Recent studies suggest that the frustrations of public service lead too many government and other public sector leaders to leave these sectors early in their careers. A common complaint is that these leaders rarely have time to stop and think about where their organizations and the issues to which they are devoted are headed over the medium- and long-term. The day-to-day tasks of running organizations preclude taking the time to consider how other organizations do their work and what models exist for policy and leadership success.

In each case, a sponsoring organization will continue to provide the financial support for a Rangel Leadership Fellow. It will be considered an honor to participate and a reward for top performance, much like participation in an executive MBA program is considered in the business world, where employees are selected and sponsored by their companies.

The Rangel Center's Mid-Career Program in Leadership and Policy Innovation will permit leaders at the middle stage of their careers in the public sector, especially men and women from underrepresented groups, to leave their positions for a brief period. In place of their customary jobs,



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they will spend time with other leaders and members of the City College community and consider issues of leadership and public policy. The experience will provide participants with both the time to reflect and with the specialized education in specific policy areas that will contribute to their advancement within their respective institutions.

Participants will spend between eight weeks and a full academic year at the Rangel Center in individual programs of study and reflection under the mentorship of one of the Center's professors.

City College faculty will lead sessions with the Rangel Leadership Fellows about issues of public sector leadership and policy innovation. Each group of Fellows will work with a select group of Rangel students in Public Policy and Public Service on projects aimed at proposing ways of restructuring or reforming policy — or ways of delivering policy — in some issue area. These group projects provide an opportunity to involve Rangel BA/MA and MA students in the work of mid-career leaders — giving them first-hand knowledge of the potential of careers in public service.

RANGEL MID-CAREER LEADERSHIP FELLOWS

These Fellows will receive varying levels of support, depending on the workforce from which they are drawn. Almost all federal agencies already have mid-career training programs, which allow a limited number of employees to receive a one-year sabbatical and full salary for post-baccalaureate study at an institution of higher education.

The Rangel Center will reach out to human resources offices that oversee these programs in specific agencies to ensure that the Rangel Center becomes a premier destination for their employees, especially their mid-career leaders from underrepresented populations. The Rangel Center will provide each federal Rangel Leadership Fellow an individualized academic program tuition-free, and offer 10 $7,500 cost-of-living and travel packages, to ensure that mid-career employees who live outside New York City can take advantage of this important opportunity.

Each Rangel Leadership Fellow who works at the Center for at least one semester will each teach one seminar. Rangel Leadership Fellows will also participate in the Best Practices Seminar, along with guest speakers from academia, think tanks, the public sector, and community organizations. This seminar will focus on practical issues pertaining to careers in public service, including the art of building coalitions, techniques for communicating effectively to the public, lessons on making useful connections, and career issues particular to members of underrepresented populations. Finally, to maximize the educational value of internships, students will evaluate them under the guidance of experienced Rangel Leadership Fellows.



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THE HOME OF THE CHARLES B. RANGEL CENTER

Originally conceived as The City College of New York's President's House and later used as the CCNY Alumni House, the limestone mansion on 141st Street and Convent Avenue harks back to City College's earliest days in the mid-1800s. A gracious four-story structure with a full below-sidewalk level and parking area, the stately townhouse features two and sometimes three tiled fireplaces on each floor, high ceilings, decorative plaster, and fine woodwork throughout, and ornamental ironwork on every window and surrounding the building.

Because of a fire in the late 1970s and cutbacks in public financing of the City University at that time, the building has not been in use and will need repair to bring it to its former grandeur. When completely restored, however, the townhouse will regain its position as one of the most beautiful portions of the historic City College campus.

It is especially appropriate housing for The Rangel Center for Public Service as it includes space for conferences, seminar rooms, study areas, and smart classrooms. In addition, it can accommodate reception rooms and potentially computerized archives. In fact, this project will represent a unique opportunity to design the space inside The Rangel Center for its specific use prior to the building's renovation.

A survey and report from 1995 already exists and details the building's renovation needs. A new report recalculating renovation costs in 2005 dollars has been prepared and will itemize and budget the required work in detail. Current estimates based on the 1995 costs are included below. When finished, The Rangel Center's home will be a beautiful addition to the Harlem urban landscape.



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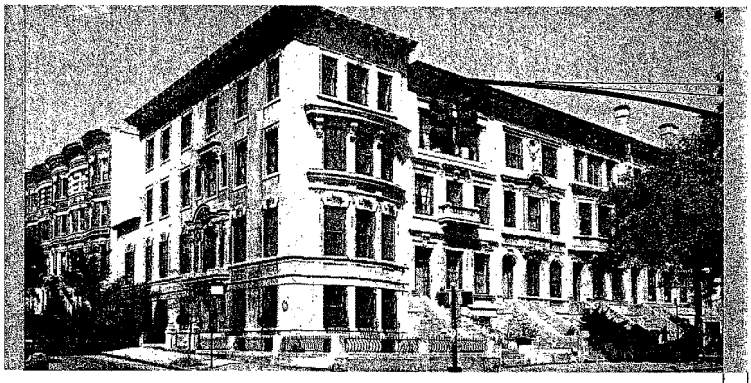

THE CENTER BUILDING WILL INCLUDE:

- The Rangel Library to house the Rangel archives, which will be digitized; it may also be possible to provide digital access from the main library at City College to the Center if it is determined that the archives should be housed there;
- A communications network center/smart classroom for video-conferencing, facilities for computerized presentations, digital archival access, ability to collaborate with other schools, including the Henry Jackson Center at the University of Washington, and other similar academic partners;
- A large conference room, with room for meetings with community groups, researchers, and participating students;
- Two small meeting rooms for Rangel Leadership Fellows to meet with community stakeholders in the course of their work with community organizations; these rooms can also serve as the venue for workshops;
- Offices for the Director/Rangel Chair, archivist/librarian, resident and visiting faculty, internship coordinator, administrative assistant, post-doctoral fellows;
- A well-furnished office for Congressman Rangel;
- One large and one small reception room;
- Kitchen facilities for receptions and working lunches;
- A Rangel Program publications office where working papers can be printed and stored;.
- One or more sleeping rooms/apartments to house visiting scholars.

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Staffing of the Rangel Center & Programs

Director, Charles B. Rangel Chair, and Dedicated Rangel Center Faculty
In addition to The City College of New York faculty lines dedicated to the Rangel Center programs, three new faculty will be hired with the support of the Rangel Center: the director, one senior, and one junior faculty member.

Requirements for selection as the Rangel Center's director will include an international reputation, experience in public service, and respect within the academic community. The Director will also hold the endowed Charles B. Rangel Chair. The opportunity to appoint the director to the prestigious Rangel Chair, named for one of the most eminent government leaders of this generation, will enable the Center to attract and retain a distinguished scholar/public servant.

One other senior faculty member and one junior faculty member, each with experience in public service, will also be hired as part of the Rangel Center's budget. A scholar with expertise in leadership will be sought, as well as one with research experience in the barriers that deter many students with minority and immigrant backgrounds from careers in public service.

Current and New Full-time Faculty
The Rangel Center will draw on the knowledge and strengths of current full-time faculty at City College, particularly those in the departments of political science, economics, management, and sociology. Faculty from the City College Schools of Architecture, Education, Engineering, and Biomedical Education will also teach in the Rangel programs, highlighting the connections between their areas of substantive expertise and public policymaking. CCNY will also use college faculty lines to hire new faculty working in some of the areas central to the Rangel Center's mission, especially in the areas of public policy, public service, management, and ethnicity. These faculty will be jointly based in the Rangel Center and academic departments.

Archivist/Librarian
The collected papers of Congressman Charles B. Rangel will constitute a valuable resource that will greatly add to the reputation of the Center and help it to realize its goals. A Rangel Post-Doctoral Fellow will be hired to organize these papers, to digitize them, and to assist scholars in using them. These will include visiting scholars, post-doctoral fellows hired by the Center, and students in the Master's Program who elect to do supervised research.



Administrative Assistant
To assist the Director of the Rangel Center, a full time administrative assistant will be hired.



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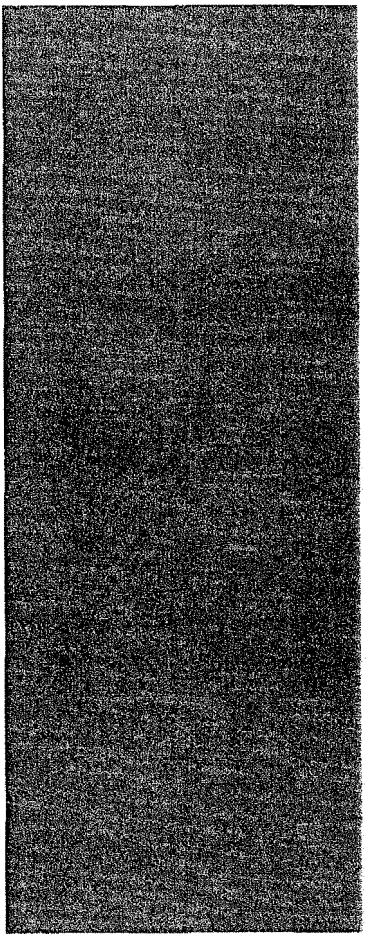
Internship Coordinator
Internships are central to fulfilling the goals of the Rangel Center because they not only provide students with practical experience but also permit them to make the contacts that are so important in building successful careers. A full-time staff member will be hired for the Center to locate organizations willing to host internships for students from the Master's Program and to ensure that the internships are useful both for the students and the host organizations.

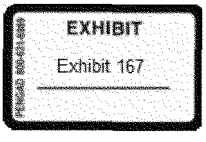
Rangel Post-Doctoral Fellows
In addition to the Fellow working to organize and study the Rangel Archives, two Post-Doctoral Fellows will be hired to do research at the Center. In selecting Rangel Post-Doctoral Fellows, priority will be given to recent PhDs who propose to do research on diversity in public service.

Rangel Leadership Fellows
Rangel Leadership Fellows will participate in the Mid-Career Program in Leadership and Policy Innovation. Those who live outside New York City will be offered stipends to cover travel expenses.

Guest Speakers
Members of academia, think tanks, the public sector, and community organizations from New York City, the nation, and around the world, who have experience with the contemporary challenges faced in public service, will be brought to City College to provide context, background, and advice on steps needed to solve the problems.

Webmaster
A part-time webmaster will develop and maintain the website for the Rangel Center.





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BUDGET ELEMENTS

Staff

Rangel chair
One senior faculty member
One junior faculty member
Archivist/librarian/Rangel post-doctoral fellow
Full-time internship coordinator
Administrative assistant
Part-time webmaster
Two visiting scholars
Two additional Rangel post-doctoral fellows

Support and incentives for current CCNY faculty:

1) Support for City College faculty affiliated with the Center to present research specifically supported by the Center at academic conferences. This helps disseminate the knowledge gained through Center activities and promote the name of the Center.
2) Support for CCNY faculty research associated with topics the Center touches on. These can be one-semester research grants or summer-long residence research grants that will provide summer support for faculty who take up offices at the Center and pursue some focused research project.
3) Some support for faculty working on the Center's curricula and programs.

Restoration of the Rangel Center building

The City College Office of Facilities has taken the November 1995 DASNY Report on the Building Condition Assessment of the CCNY Alumni House and provided an interim estimate of the costs in 2005 dollars. It is anticipated that the cost of bringing the building up to code, installing the elevator now required by the Americans with Disabilities Act, restoring the historic and architectural features of the building, and designing the interior specifically for the Rangel Center's needs will come to $4.7 million in today's dollars.

A sum to endow the building's ongoing maintenance will ensure that the Rangel Center's home will remain pristine and also permit future improvements. Therefore, a sum of $2.3 million will be set aside as an endowment, from which only the income will be used annually, to preserve the Rangel Center's magnificent Harlem home in perpetuity, and provide a living environment for study and discourse appropriate to the inspiring goals set for the Center itself.



CSOC.CBR.00029928

Expenses other than for staff and the building

1) Each cohort will contain 20 students. In order to make it feasible for the best students to enroll in the Rangel MA Program, it will be advisable to plan financial support for tuition and other educational expenses of $10,000 each year for two years for at least 10 students;

2) All students in the MA program will participate in internships, some of which will be funded by the sponsoring organizations. The Rangel Center will also provide support for students in unpaid internships. Additional practical experience will come in the form of service learning components added to the courses. Note that internships/service learning experiences for undergraduates will be provided through other CCNY programs including: The Rosenberg-Humphrey Program in Public Policy, the International Studies Service Learning Program, the Pre-Law Program and D'Agostino-Greenberg internships, and the Colin Powell Leadership Program;

3) Honoraria and travel for speakers;

4) Food for conferences and speaker series;

5) Computers and computer maintenance;

6) Preparation and materials for recruitment and publicity;

7) Travel and living expenses for internships;

8) Publications.

BUDGET NOTES

1. The first budget section below, Programmatic Costs, is based upon an endowment of $23,000,000, and a conservative expectation of income of $1,150,000 per year, which will meet the Center's programmatic needs.

2. The second budget section illustrates how Building Costs will be met through the investment of $4.7 million for construction/start-up costs, and a $2.3 million endowment for maintenance.



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CSOC.CBR.00029929

BUDGET FOR RANGEL CENTER

Program Costs

Academic and Visiting Staff

Position	*# Salary*	*Sal+Benefits*	*Sub-total*
Director/ Chair	1 $110,000	$146,300	$ 146,300
Sr. Professor	1 $ 85,000	$113,050	$ 113,050
Jr. Professor	1 $ 65,000	$ 86,450	$ 86,450
Archivist/ Librarian/ Post Doc	1 $ 35,000	$ 46,550	$ 46,550
FT Internship Coordinator	1 $ 35,000	$ 46,550	$ 46,550
Admin Asst	1 $ 28,000	$ 37,240	$ 37,240
PT Webmaster	1 $ 10,000	$ 13,300	$ 13,300
Visiting Scholars	2 $ 25,000	$ 33,250	$ 66,500
Post-Docs	2 $ 28,000	$ 37,240	$ 74,480
Sub-Total staff	***11 $421,000***	***$559,930***	***$ 630,420***

Student Support

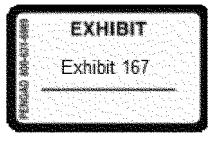
Category	*# $ Amount*	*Sub-total*
Student Scholarships Year 1	10 $ 10,000	$ 100,000
Year 2 and after	10 $ 10,000	$ 100,000
Paid Internships year 1	10 $ 3,000	$ 30,000
Year 2 and after	10 $ 3,000	$ 30,000
Sub-Total student costs		***$ 260,000***
Rangel Fellows	10 $ 5,000	***$ 50,000***
Total Personnel Services		***$ 940,420***

EXHIBIT
Exhibit 167

CSOC.CBR.00029930

CSOC.CBR.00029930

Other Than Personnel Services (annually)	
Office Supplies	$ 20,000
Honoraria/travel/ /housing for speakers	$ 15,000
Food for conf,speakers	$ 5,000
Computers/ maintenance	$ 20,000
Recruitment/ publicity materials	$ 5,000
Travel/living costs-distant Internships	$ 5,000
Publications	$ 5,000
Total OTPS	***$ 75,000***
Total Annual Program Costs	***$ 1,015,420***
Total Endowment Needed to Provide Annual Program Costs	***$ 23,000,000***
Building Costs	
Initial outlay	
Updated 2005 rehabilitation costs	$ 2,600,000
Design fees and soft costs	$ 390,000
Elevator	$ 900,000
Furniture and equipment costs	$ 260,000
Program contingency	$ 550,000
Sub-total	***$ 4,700,000***
Annual maintenance costs	
Yearly maintenance and security costs	$ 70,000
Projected replacements and future rehab costs each year ($1.4 million spread over 30 years)	$ 46,667
Total annual maintenance costs for building	***$ 116,667***
Endowment needed to provide $116,667/year	***$ 2,333,340***
Total Needed for Building	***$ 7,033,340***
TOTAL GIFT REQUESTED	***$ 30,000,000***



CSOC.CBR.00029931

Our request:

On behalf of The City College of New York, in order to create:

THE CHARLES B. RANGEL CENTER AT THE CITY COLLEGE OF NEW YORK

We ask you to consider a gift of $30,000,000 to $6,000,000/year for five years.

On behalf of The City College of New York, we thank you for your thoughtful consideration of this request. If you have any questions or need further information, please contact President Gregory H. Williams at the numbers below or Vice President Rachelle Butler at the Office of Development and Institutional Advancement. Once again, thank you.

Gregory H. Williams, President
The City College of New York
138th Street and Convent Avenue, A-300
New York, NY 10031
Telephone: 212-650-7[illegible]
Fax: 212-650-[illegible]
Email: gwilliams[illegible]u

Rachelle Butler, Vice President
Office of Development and Institutional Advancement
The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650-[illegible] 212-650-[illegible]
Fax: 212-650-[illegible]
Email: rbutler[illegible]

EXHIBIT
Exhibit 167

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CSOC.CBR.00029932



EXHIBIT
Exhibit 167

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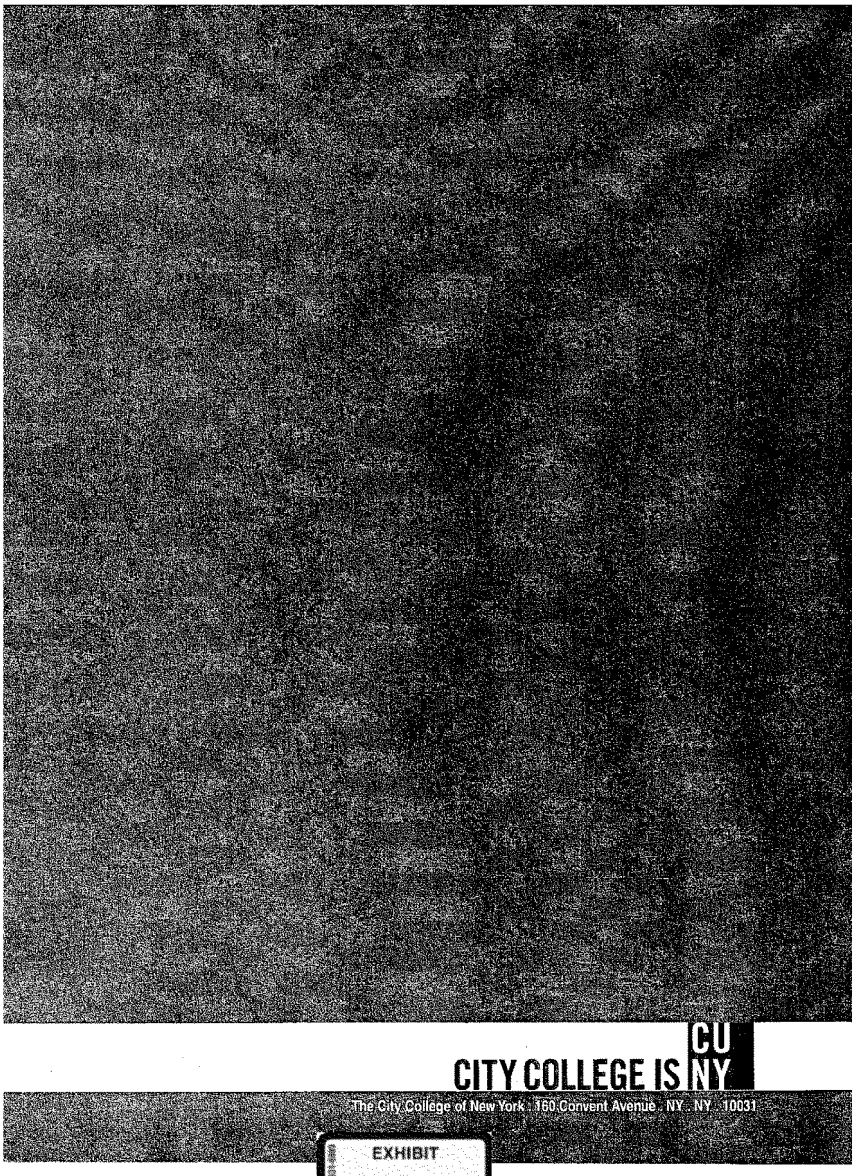
CSOC.CBR.00029933



CSOC.CBR.00029934

THE ROCKEFELLER FOUNDATION

June 27, 2005

The Honorable Charles B. Rangel
United State House of Representatives
2354 Rayburn House Office Building
Washington, DC 20515-3215

Judith Rodin
President

Dear Congressman Rangel:

Thank you for your recent letter sharing the exciting news of the creation of a public policy center at The City College of the City University of New York in your honor. As an admirer and someone who has followed your distinguished 50-year career in public service, I think this is a most appropriate tribute.

In reviewing the materials, it appears that your focus is on building an endowment of $30,000,000 for the Rangel Center for Public Service. The Rockefeller Foundation's funding guidelines generally exclude gifts for endowment. However, as you move forward, I would be interested in learning more about plans for programming at the Center. As a former university president, I know that fund-raising presents a special challenge, but this is such an important and compelling undertaking, for which you and The City College are to be commended.

I send you my very best wishes.

Sincerely,

Judith Rodin

JR:rdg

Bcc: Damen Walker

420 Fifth Avenue
New York, New York
10018-2702
Tel 212.852.8400
Fax 212.852.8277
president@rockfound.org
www.rockfound.org

EXHIBIT
Exhibit 168

THE ATLANTIC FOUNDATION
of
NEW YORK
125 Park Avenue, 21st Floor
New York, NY 10017-5581

(212) 922-0350 *FAX (212) 922-0360*

August 15, 2006

Representative Charles B. Rangel
Congress of the United States
2354 Rayburn House Office Building
Washington, DC 20515-3215

Dear Rep Rangel:

Thank you for your recent letter and materials of July 26.

We have reviewed the funding inquiry and supporting materials regarding the Rangel Center for Public Service at City College, but regret that we cannot consider support for this organization. While we recognize the importance of this new Center's work, the organization's goals are outside the established program objectives for our foundation.

Yours sincerely,

Cynthia R. Richards
Vice President

Cc: Rachelle Butler



The Bahnik Foundation, Inc.

190 PINE HOLLOW ROAD • P.O. BOX 300
OYSTER BAY, NEW YORK 11771

OFFICERS & DIRECTORS
ROGER L. BAHNIK, PRESIDENT
CLAUDE A. BAHNIK, VICE PRESIDENT
MICHELE BAHNIK MERCIER, VICE PRESIDENT
LORI W. BAHNIK, SECRETARY

(516) 922-5000 EXT. 204
FAX: (516) 922-9172

July 1, 2005

Charles B. Rangel
Congress of the United States
House of Representatives
Washington, DC 20515-3215

Dear Congressman Rangel:

I am in receipt of your letter dated June 20th indicating that you will be creating the Charles B. Rangel Center for Public Service and need funding for the planning phase of this public policy center. The creation of this new center sounds like a wonderful project, however, the Bahnik Foundation has been inundated with numerous requests for funding this year from several worthwhile causes on Long Island and we are unable to commit to any additional grants at this time.

I wish you much success with your new center and admire your commitment to this worthy cause.

Sincerely,

Roger L. Bahnik
President

EXHIBIT
Exhibit 170

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEES:
WAYS AND MEANS
RANKING MEMBER

JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–3215
TELEPHONE: (202) 225–4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–3900

PLEASE RESPOND TO
OFFICE CHECKED

August 26, 2005

Mr. Roger L. Bahnik
President
The Bahnik Foundation, Inc.
190 Pine Hollow Road
P.O. Box 300
Oyster Bay, NY 11771

Dear Mr. Bahnik:

Thank you for your recent correspondence to my office. While I am disappointed that you will not be able to fund the Charles B. Rangel Center for Public Service, I thank you for your consideration of my request.

The Charles B. Rangel Center for Public Service at the City College of New York will strive to become a national center for the promotion of greater diversity in public service. Again, I thank you for your consideration and hope that we may work together in the future.

Sincerely,

Charles B. Rangel
Member of Congress

CBR/dmb

EXHIBIT
Exhibit 171



HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

CHARLES B. RANGEL
15TH DISTRICT, NEW YORK

March 7, 2007

Mr. Donald Trump
Trump Organization
725 Fifth Ave.
New York, NY 10022

Dear Mr. Trump,

I would appreciate the opportunity to schedule a meeting at a time that is convenient for you in order to discuss with you my vision for the Charles B. Rangel Center for Public Service.

The City College of New York will be home to the Center, whose purpose will be to train and educate the next generation of our nation's public servants. It is a personal dream of mine to see this Center at City College, which resides in my congressional district and where so many talented young men and women from the community have gotten an excellent education. As I'm sure you know, CCNY's mission is one of excellence and access and many of our nation's leaders from every ethnic, racial, and economic group have earned their degrees there.

I have asked City College of New York Vice President Shelly Butler to contact your office and arrange a time that is convenient for us to come together. I am eager for you to meet City College President Gregory H. Williams, a man who has overcome many obstacles to achieve success—as with so many CCNY graduates in the past and the present.

Thank you very much for your consideration.

Sincerely,

Charles B. Rangel
Member of Congress

CBR/djb

Cc: President Gregory H. Williams, CCNY
VP Shelly Butler, CCNY

CBR 000321





HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

CHARLES B. RANGEL
15TH DISTRICT, NEW YORK

March 7, 2007

Mr. David Rockefeller
30 Rockefeller Plaza
Suite 5600
New York NY 10112

Dear Mr. Rockefeller,

I would appreciate the opportunity to schedule a meeting at a time that is convenient for you in order to discuss with you my vision for the Charles B. Rangel Center for Public Service.

The City College of New York will be home to the Center, whose purpose will be to train and educate the next generation of our nation's public servants. It is a personal dream of mine to see this Center at City College, which resides in my congressional district and where so many talented young men and women from the community have gotten an excellent education. As I'm sure you know, CCNY's mission is one of excellence and access and many of our nation's leaders from every ethnic, racial, and economic group have earned their degrees there.

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Thank you very much for your consideration.

Sincerely,

Charles B. Rangel
Member of Congress

CBR/djb

Cc: President Gregory H. Williams, CCNY
VP Shelly Butler, CCNY

CBR 002419

EXHIBIT
Exhibit 173

CSOC.CBR.00002871

HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

CHARLES B. RANGEL
15TH DISTRICT, NEW YORK

March 7, 2007

Mr. Hank Greenberg
399 Park Ave.
17th Floor
New York, NY 10022

Dear Mr. Greenberg:

I would appreciate the opportunity to schedule a meeting at a time that is convenient for you in order to discuss with you my vision for the Charles B. Rangel Center for Public Service.

The City College of New York will be home to the Center, whose purpose will be to train and educate the next generation of our nation's public servants. It is a personal dream of mine to see this Center at City College, which resides in my congressional district and where so many talented young men and women from the community have gotten an excellent education. As I'm sure you know, CCNY's mission is one of excellence and access and many of our nation's leaders from every ethnic, racial, and economic group have earned their degrees there.

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Thank you very much for your consideration.

Sincerely,

Charles B. Rangel
Member of Congress

CBR/djb

Cc: President Gregory H. Williams, CCNY
VP Shelly Butler, CCNY

EXHIBIT
Exhibit 174

REPORT ON THE LEGISLATIVE AND OVERSIGHT ACTIVITIES

OF THE

COMMITTEE ON WAYS AND MEANS

DURING THE

110th CONGRESS



CSOC.CBR.00031224

COMMITTEE ON WAYS AND MEANS
CHARLES B. RANGEL, New York, *Chairman*

FORTNEY PETE STARK, California
SANDER M. LEVIN, Michigan
JIM McDERMOTT, Washington
JOHN LEWIS, Georgia
RICHARD E. NEAL, Massachusetts
MICHAEL R. McNULTY, New York
JOHN S. TANNER, Tennessee
XAVIER BECERRA, California
LLOYD DOGGETT, Texas
EARL POMEROY, North Dakota
STEPHANIE TUBBS JONES, Ohio
MIKE THOMPSON, California
JOHN B. LARSON, Connecticut
RAHM EMANUEL, Illinois
EARL BLUMENAUER, Oregon
RON KIND, Wisconsin
BILL PASCRELL, JR., New Jersey
SHELLY BERKLEY, Nevada
JOSEPH CROWLEY, New York
CHRIS VAN HOLLEN, Maryland
KENDRICK MEEK, Florida
ALLYSON Y. SCHWARTZ, Pennsylvania
ARTUR DAVIS, Alabama

JIM MCCRERY, Louisiana
WALLY HERGER, California
DAVE CAMP, Michigan
JIM RAMSTAD, Minnesota
SAM JOHNSON, Texas
PHIL ENGLISH, Pennsylvania
JERRY WELLER, Illinois
KENNY C. HULSHOF, Missouri
RON LEWIS, Kentucky
KEVIN BRADY, Texas
THOMAS M. REYNOLDS, New York
PAUL RYAN, Wisconsin
ERIC CANTOR, Virginia
JOHN LINDER, Georgia
DEVIN NUNES, California
PAT TIBERI, Ohio
JON PORTER, Nevada



LETTER OF TRANSMITTAL

U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON WAYS AND MEANS
Washington, DC 20515
January 2, 2009

The Honorable Lorraine C. Miller
Office of the Clerk
U.S. House of Representatives
H-154, The Capitol
Washington, D.C. 20515

Dear Ms. Miller:

I am herewith transmitting, pursuant to House Rule XI, clause 1(d), the report of the Committee on Ways and Means on its legislative and oversight activities during the 110th Congress.

Sincerely,

CHARLES B. RANGEL
Chairman



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  A. Legislative Review of Tax, Trust Fund, and Pension Issues
  B. Legislative Review of Trade Issues
  C. Legislative Review of Health Issues
  D. Legislative Review of Social Security Issues
  E. Legislative Review of Income Security and Family Support Issues
  F. Legislative Review of Debt Issues
II. Oversight Activity Review
  A. Oversight Agenda
  B. Actions taken and recommendations made with respect to oversight plan
Appendix I. Jurisdiction of the Committee on Ways and Means
Appendix II. Historical Note
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Appendix IV. Chairmen of the Committee on Ways and Means and Membership of the Committee from the 1st through the 110th Congresses



FOREWORD

Clause 1(d) of Rule XI of the Rules of the House, regarding the rules of procedure for committees, contains a requirement that each committee prepare a report at the conclusion of each Congress summarizing its activities. The 104th Congress added subsections on legislative and oversight activities, including a summary comparison of oversight plans and eventual recommendations and actions. The full text of the Rule follows:

(d)(1) Each committee shall submit to the House not later than January 2 of each odd-numbered year a report on the activities of that committee under this rule and rule X during the Congress ending at noon on January 3 of such year.

(2) Such report shall include separate sections summarizing the legislative and oversight activities of that committee during that Congress.

(3) The oversight section of such report shall include a summary of the oversight plans submitted by the committee under clause 2(d) of rule X, a summary of the actions taken and recommendations made with respect to each such plan, a summary of any additional oversight activities undertaken by that committee, and any recommendations made or actions taken thereon.

(4) After an adjournment sine die of the last regular session of a Congress, the chairman of a committee may file an activities report under subparagraph (1) with the Clerk at any time and without approval of the committee, provided that

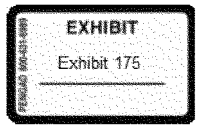
(A) a copy of the report has been available to each member of the committee for at least seven calendar days; and

(B) the report includes any supplemental, minority, or additional view submitted by a member of the committee.

The jurisdiction of the Committee on Ways and Means during the 110th Congress is provided in Rule X, clause 1(t), as follows:

(t) Committee on Ways and Means.

(1) Customs revenue, collection districts, and ports of entry and delivery.
(2) Reciprocal trade agreements.
(3) Revenue measures generally.
(4) Revenue measures relating to insular possessions.
(5) Bonded debt of the United States, subject to the last sentence of clause 4(f).
(6) Deposit of public monies.
(7) Transportation of dutiable goods.
(8) Tax exempt foundations and charitable trusts.



(9) National social security (except health care and facilities programs that are supported from general revenues as opposed to payroll deductions and except work incentive programs).

The general oversight responsibilities of committees are set forth in clause 2 of Rule X. The 104th Congress also added the requirement in clause 2 of Rule X that each standing committee submit its oversight plans for each Congress. The text of the Rule, in pertinent part, follows:

2. (a) The various standing committees shall have general oversight responsibilities as provided in paragraph (b) in order to assist the House in

(1) its analysis, appraisal, and evaluation of

(A) the application, administration, execution, and effectiveness of Federal laws; and

(B) conditions and circumstances that may indicate the necessity or desirability of enacting new or additional legislation; and

(2) its formulation, consideration, and enactment of changes in Federal laws, and of such additional legislation as may be necessary or appropriate.

(b)(1) In order to determine whether laws and programs addressing subjects within the jurisdiction of a committee are being implemented and carried out in accordance with the intent of Congress and whether they should be continued, curtailed, or eliminated, each standing committee (other than the Committee on Appropriations) shall review and study on a continuing basis

(A) the application, administration, execution, and effectiveness of laws and programs addressing subjects within its jurisdiction;

(B) the organization and operation of Federal agencies and entities having responsibilities for the administration and execution of laws and programs addressing subjects within its jurisdiction;

(C) any conditions or circumstances that may indicate the necessity or desirability of enacting new or additional legislation addressing subjects within its jurisdiction (whether or not a bill or resolution has been introduced with respect thereto); and

(D) future research and forecasting on subjects within its jurisdiction.

(2) Each committee to which subparagraph (1) applies having more than 20 members shall establish an oversight subcommittee, or require its subcommittees to conduct oversight in their respective jurisdictions, to assist in carrying out its responsibilities under this clause. The establishment of an oversight subcommittee does not limit the responsibility of a subcommittee with legislative jurisdiction in carrying out its oversight responsibilities.



(c) Each standing committee shall review and study on a continuing basis the impact or probable impact of tax policies affecting subjects within its jurisdiction as described in clauses 1 and 3.

(d)(1) Not later than February 15 of the first session of a Congress, each standing committee shall, in a meeting that is open to the public and with a quorum present, adopt its oversight plan for that Congress. Such plan shall be submitted simultaneously to the Committee on Oversight and Government Reform and to the Committee on House Administration. In developing its plan each committee shall, to the maximum extent feasible --

(A) consult with other committees that have jurisdiction over the same or related laws, programs, or agencies within its jurisdiction with the objective of ensuring maximum coordination and cooperation among committees when conducting reviews of such laws, programs, or agencies and include in its plan an explanation of steps that have been or will be taken to ensure such coordination and cooperation;

(B) review specific problems with Federal rules, regulations, statutes, and court decisions that are ambiguous, arbitrary, or nonsensical, or that impose severe financial burdens on individuals;

(C) give priority consideration to including in its plan the review of those laws, programs, or agencies operating under permanent budget authority or permanent statutory authority; and

(D) have a view toward ensuring that all significant laws, programs, or agencies within its jurisdiction are subject to review every 10 years; and

(E) have a view toward insuring against duplication of Federal programs.

To carry out its work during the 110th Congress, the Committee on Ways and Means had six standing Subcommittees, as follows:

Subcommittee on Trade;
Subcommittee on Oversight;
Subcommittee on Health;
Subcommittee on Social Security;
Subcommittee on Income Security and Family Support; and
Subcommittee on Select Revenue Measures.

The membership of the six Subcommittees of the Committee on Ways and Means in the 110th Congress is as follows:



SUBCOMMITTEE ON TRADE
SANDER M. LEVIN, Michigan, *Chairman*

JOHN S. TANNER, Tennessee
JOHN B. LARSON, Connecticut
EARL BLUMENAUER, Oregon
BILL PASCRELL, JR., New Jersey
SHELLY BERKLEY, Nevada
JOSEPH CROWLEY, New York
CHRIS VAN HOLLEN, Maryland
KENDRICK MEEK, Florida
WALLY HERGER, California
JERRY WELLER, Illinois
RON LEWIS, Kentucky
KEVIN BRADY, Texas
THOMAS M. REYNOLDS, New York
KENNY C. HULSHOF, Missouri

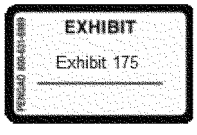
SUBCOMMITTEE ON OVERSIGHT
JOHN LEWIS, Georgia, *Chairman*

JOHN S. TANNER, Tennessee
RICHARD E. NEAL, Massachusetts
XAVIER BECERRA, California
STEPHANIE TUBBS JONES, Ohio
RON KIND, Wisconsin
BILL PASCRELL, JR., New Jersey
JOSEPH CROWLEY, New York
JIM RAMSTAD, Minnesota
ERIC CANTOR, Virginia
JOHN LINDER, Georgia
DEVIN NUNES, California
PAT TIBERI, Ohio

SUBCOMMITTEE ON HEALTH
FORTNEY PETE STARK, California, *Chairman*

LLOYD DOGGETT, Texas
MIKE THOMPSON, California
RAHM EMANUEL, Illinois
XAVIER BECERRA, California
EARL POMEROY, North Dakota
STEPHANIE TUBBS JONES, Ohio
RON KIND, Wisconsin
DAVE CAMP, Michigan
SAM JOHNSON, Texas
JIM RAMSTAD, Minnesota
PHIL ENGLISH, Pennsylvania
KENNY C. HULSHOF, Missouri

SUBCOMMITTEE ON SOCIAL SECURITY
MICHAEL R. McNULTY, New York, *Chairman*



SANDER M. LEVIN, Michigan
EARL POMEROY, North Dakota
ALLYSON Y. SCHWARTZ, Pennsylvania
ARTUR DAVIS, Alabama
XAVIER BECERRA, California
LLOYD DOGGETT, Texas
STEPHANIE TUBBS JONES, Ohio

SAM JOHNSON, Texas
RON LEWIS, Kentucky
KEVIN BRADY, Texas
PAUL RYAN, Wisconsin
DEVIN NUNES, California

SUBCOMMITTEE ON INCOME SECURITY AND FAMILY SUPPORT
JIM McDERMOTT, Washington, *Chairman*

FORTNEY PETE STARK, California
ARTUR DAVIS, Alabama
JOHN LEWIS, Georgia
MICHAEL R. McNULTY, New York
SHELLY BERKELEY, Nevada
CHRIS VAN HOLLEN, Maryland
KENDRICK MEEK, Florida

JERRY WELLER, Illinois
WALLY HERGER, California
DAVE CAMP, Michigan
JON PORTER, Nevada
PHIL ENGLISH, Pennsylvania

SUBCOMMITTEE ON SELECT REVENUE MEASURES
RICHARD E. NEAL, Massachusetts, *Chairman*

LLOYD DOGGETT, Texas
MIKE THOMPSON, California
JOHN B. LARSON, Connecticut
ALLYSON Y. SCHWARTZ, Pennsylvania
JIM McDERMOTT, Washington
RAHM EMANUEL, Illinois
EARL BLUMENAUER, Oregon

PHIL ENGLISH, Pennsylvania
THOMAS M. REYNOLDS, New York
ERIC CANTOR, Virginia
JOHN LINDER, Georgia
PAUL RYAN, Wisconsin

The Committee on Ways and Means submits its report on its legislative and oversight activities for the 110th Congress pursuant to the above stated provisions of the Rules of the House. Section I of the report describes the Committee's legislative activities, divided into six sections as follows: Legislative Review of Tax, Trust Fund, and Pension Issues; Legislative Review of Trade Issues; Legislative Review of Health Issues; Legislative Review of Social Security Issues; Legislative Review of Income Security and Family Support Issues; and Legislative Review of Debt Issues.



Section II of the report describes the Committee's oversight activities. It includes a copy of the Committee's Oversight Agenda, adopted in open session on January 17, 2007, along with a description of actions taken and recommendations made with respect to the oversight plan. The report then discusses additional Committee oversight activities, and any recommendations or actions taken as a result. Finally, the report includes four appendices with Committee information. Appendix I is an expanded discussion of the Jurisdiction of the Committee on Ways and Means along with a revised listing and explanation of blue slip resolutions and points of order under House Rule XXI 5(a). Appendix II is a brief Historical Note on the origins of the Committee; Appendix III is a Statistical Review of the Activities of the Committee on Ways and Means; and Appendix IV is a listing of the Chairmen and Membership of the Committee from the 1st – 110th Congresses.



REPORT ON THE LEGISLATIVE AND OVERSIGHT ACTIVITIES OF THE COMMITTEE ON WAYS AND MEANS DURING THE ONE HUNDRED TENTH CONGRESS

MR. RANGEL, FROM THE COMMITTEE ON WAYS AND MEANS,

SUBMITTED THE FOLLOWING

REPORT

I. LEGISLATIVE ACTIVITY REVIEW

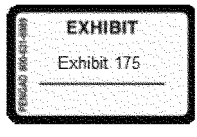
A. LEGISLATIVE REVIEW OF TAX, TRUST FUND, AND PENSION ISSUES

1. BILLS ENACTED INTO LAW DURING THE 110TH CONGRESS

a. U.S. Troop Readiness Veterans' Care, Katrina Recovery, and Iraq Accountability, 2007 (P.L. 110-28)

On February 9, 2007, Chairman Rangel introduced H.R. 976. The House Committee on Ways and Means reported H.R. 976 on February 15, 2007 (H. Rept. 110-14). The Senate Committee on Finance reported S. 349 on January 22, 2007 (S. Rept. 110-1). The text of H. R. 976 was added to H.R.1591 as chapter 2 of Title VII. The House passed H. R. 1591 (a supplemental appropriations bill) on March 23, 2007. The Senate passed H.R. 1591 with an amendment on March 29, 2007. The conference report was filed on April 24, 2007 (H. Rept. 110-107) and was passed by the House on April 25, 2007, and the Senate on April 26, 2007. The President vetoed the bill on May 1, 2007, and the House failed to override the veto on May 2, 2007. H.R. 2206, which contained the tax provisions of H.R. 1591, was passed by the House on May 10, 2007, and was passed by the Senate on May 17, 2007. On May 24, the House agreed to the Senate amendment with an amendment, and on May 24, 2007, the Senate agreed to the House amendment. The President signed the bill into law on May 25, 2007.

This Act extended and expanded the work opportunity tax credit, increased and extended the section 179 expensing limitations for small businesses, froze the minimum wage level at which the tip credit is based on the May 2007 minimum wage levels ($5.15), waived the individual and



corporate alternative minimum tax limits on the work opportunity tax credit and credit for taxes paid with respect to employee cash tips, allowed an unincorporated business owned jointly by a married couple to file as a sole proprietorship instead of a partnership, extended the increased expensing for qualified section 179 Gulf Opportunity (GO) Zone property, extended and expanded the low-income housing credit rules for buildings in the GO Zones, extended certain special tax-exempt bond financing rule for repairs and reconstructions of residences in the GO Zones, instructed the Government Accountability Office to provide a study of practices employed by State and local governments in allocating and utilizing tax incentives provided pursuant to the Gulf Opportunity Zone Tax Act of 2005, modified the subchapter S rules (including provisions relating to the exclusion of Capital Gains from Passive Investment Income, the treatment of qualifying director's shares, the recapture of bad debt reserves, the treatment of sale of Interest in a qualified subchapter S subsidiary, the elimination of earnings and profit attributable to pre-1983 years, and the permanent interest deduction for electing a small business trust to acquire S corporation stock). The Act also included provisions that denied the lower capital gains rate for certain dependants under age 24, modified interest suspension rules (extending from 18 months to 36 months) with respect to tax deficiencies, eliminated the requirement that the IRS hold more than one collection due process hearing before issuing a levy on delinquent employment taxes, permanently extended IRS user fees, increased the threshold penalty and fees associated with writing bad checks, expanded and increased preparer penalties to all types of tax returns, and created a new penalty on claims for refund that are filed without any reasonable basis.

b. Energy Independence and Security Act of 2007 (P.L. 110-140)

On January 12, 2007, Representative Nick Joe Rahall introduced H.R. 6. H.R. 6 passed the House on January 18, 2007, and passed the Senate on June 21, 2007. On December 6, 2007, the House agreed to the Senate amendment with an amendment, and on December 13, 2007, the Senate agreed to the House amendment with an amendment. On December 18, 2007, the House agreed to the Senate amendment. The President signed the bill into law on December 19, 2007.

The Act extended through calendar year 2008 the 0.2 percent Federal Unemployment Tax Act (FUTA) surtax payable by employers and extended from five to seven years the amortization period for geological and geophysical expenditures by certain major integrated oil companies.

c. Hokie Spirit Memorial Fund (P.L. 110-141)

On November 8, 2007, Representative Rick Boucher introduced H.R. 4118. The bill was passed in the House under suspension of the rules on December 6, 2007. The Senate passed the bill, without amendment, by unanimous consent on December 6, 2007 and the President signed the bill into law on December 19, 2007.

This Act excludes from gross income any payments to victims of the April 16, 2007 shooting tragedy at the Virginia Polytechnic Institute & State University (Virginia Tech), out of amounts transferred from the Hokie Spirit Memorial Fund, established by the Virginia Tech Foundation. It also increased, by $1, the penalty for failure to file a partnership income tax return.



d. Mortgage Forgiveness Debt Relief Act of 2007 (P.L. 110-142)

On September 25, 2007, Chairman Rangel introduced H.R. 3648. It was reported by the Committee on Ways and Means on October 1, 2007 (H. Rept. 110-356) and was passed in the House on October 4, 2007. The bill was discharged by the Senate Committee on Finance by unanimous consent. The bill passed in the Senate with an amendment, by unanimous consent on December 14, 2007. The House agreed to the Senate amendment and passed the bill under suspension of the rules on December 18, 2007. The President signed the bill into law on December 20, 2007.

This Act excludes discharged qualified residential debt from gross income. Qualified indebtedness is defined as debt, limited to $2 million ($1 million if married filing separately), incurred in acquiring, constructing, or substantially improving the taxpayer's principal residence. It also includes refinancing of this debt, to the extent that the refinancing does not exceed the principal amount of indebtedness. The provision applies to debt discharges made on or after January 1, 2007 and before January 1, 2010. On October 3, 2008, a provision included in the Emergency Economic Stabilization Act of 2008 (P.L. 110-343) extended the exclusion through the end of 2012.

e. Airport and Airway Trust Fund Extensions (P.L. 110-92, 110-161, 110-190, 110-253, and 110-330)

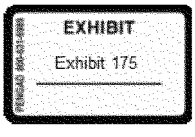
Before passage of the bills outlined below extending certain excise taxes to fund the Airport and Airway Trust Fund and the expenditure authority for the Trust Fund, Congress passed several short-term extensions of the taxes and expenditure authority in various appropriations bills. The extensions are listed below.

H.J. Res. 52 passed the House on September 26, 2007 on a 404-14 vote. It passed the Senate on September 27, 2007 by a 94-1 vote and was signed into law by the President on September 29, 2007 (P.L. 110-92). Section 149 of that legislation extended the provisions from September 30, 2007 to November 16, 2007.

The Conference Report to H.R. 3222 passed the House on November 8, 2007 on a 400-15 vote. It passed the Senate that same day by voice vote, and was signed into law by the President on November 13, 2007 (P.L. 110-116). Division B of that legislation extended the provisions until December 14, 2007.

H.J. Res. 69 passed the House on December 13, 2007 on a 385-27 vote. It passed the Senate that same day by unanimous consent and was signed into law by the President on December 14, 2007 (P.L. 110-137). That legislation extended the provisions until December 21, 2007.

H.J. Res. 72 passed the House on December 19, 2007 on a voice vote. It passed the Senate that same day by unanimous consent and was signed into law by the President on December 21, 2007 (P.L. 110-149). That legislation extended the provisions until December 31, 2007.



The Senate agreed to House amendment number 1 to the Senate amendment to H.R. 2764 on December 18, 2007 by vote of 76-17. That same day, the Senate agreed to House amendment number 2 to H.R. 2764, with an additional amendment by a vote of 70-25. On December 19, 2007, the House agreed to the Senate amendment by a vote of 272-142. H.R. 2764 was signed into law by the President on December 26, 2007 (P.L. 110-161). Section 116 of Division K of that legislation extended the provisions until February 29, 2008.

f. Tax Increase Prevention Act of 2007 (P.L. 110-166)

On October 30, 2007, Chairman Rangel introduced H.R. 3996. The bill was reported by the Committee on Ways and Means on November 6, 2007 and it passed the House on November 9, 2008. The Senate passed the bill with an amendment on December 6, 2008. The House agreed to the Senate amendment, and passed the bill under suspension of the rules on December 19, 2007. The President signed the bill into law on December 26, 2007.

This Act amended the Internal Revenue Code and extended, through 2007, the increased alternative minimum tax (AMT) exemption amounts for joint filers ($66,250) and single filers ($44,350). It also offset nonrefundable personal tax credits against regular and AMT liability.

g. Tax Technical Corrections Act of 2007 (P.L. 110-172)

On December 19, 2007, Chairman Rangel introduced H.R. 4839. The bill passed the House and the Senate without amendment, by unanimous consent on December 19, 2007. The President signed the bill into law on December 29, 2007.

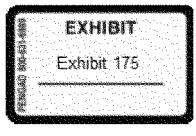
This Act made technical amendments and clerical corrections to the Internal Revenue Code, including corrections to provisions enacted by the Tax Relief and Health Care Act of 2006, the Pension Protection Act of 2006, the Tax Increase Prevention and Reconciliation Act of 2005, the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users, the Energy Policy Act of 2005, the American Jobs Creation Act of 2004, the Economic Growth and Tax Relief Reconciliation Act of 2001, the Tax Relief Extension Act of 1999, and the Internal Revenue Service Restructuring and Reform Act of 1998.

h. Term of IRS Commissioner (P.L. 110-176)

On December 19, 2007, by unanimous consent, the Senate passed S. 2436, a bill to clarify that the term of the Commissioner of Internal Revenue is a five-year term, beginning with a term to commence on November 13, 1997. Under the bill, each subsequent term shall begin on the day after the date on which the previous term expires. The House passed the bill on December 19, 2007, without objection, and was signed by the President on January 4, 2008.

i. Economic Stimulus Act of 2008 (P.L. 110-185)

On January 28, 2008, House Speaker Pelosi introduced H.R. 5140. The bill passed the House under suspension of the rules on January 29, 2008. The bill passed the Senate with an



amendment and the House agreed to the Senate amendment on February 7, 2008. It was signed into law by the President on February 13, 2008.

The Act amends the Internal Revenue Code to grant tax rebates of the lesser of net income tax liability or $600 to individual taxpayers ($1,200 for married taxpayers filing joint returns) and allows additional rebates of $300 for each child of an eligible taxpayer. The Act provides for a minimum tax rebate of $300 ($600 for married taxpayers filing joint returns) for taxpayers with earned income of at least $3,000 and includes social security retirement benefits and compensation and pension benefits paid to disabled veterans for purposes of determining income eligibility for rebates. The new law reduces the amount of such rebates by 5percent of the amount that exceeds an adjusted gross income of $75,000 ($150,000 for married taxpayers filing joint returns).

The Act also allowed, for 2008, 50 percent of eligible investment, generally equipment, to be expensed (bonus depreciation). It also extended the maximum amount of expensing of eligible investment, generally equipment, from $128,000 to $250,000, and began the phase out of the expensing provision at a higher amount.

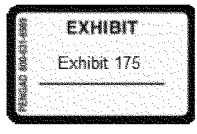
j. Genetic Information Nondiscrimination Act of 2008 (P.L. 110-233)

On January 16, 2007, Representative Louise Slaughter introduced H.R. 493 which passed the House under suspension of the rules on April 25, 2007. The Senate amended the bill and passed it on April 24, 2008. The House agreed to the Senate amendment on May 1, 2008. The President signed the bill into law on May 21, 2008.

The Act modifies the current law excise tax on group health plans which fail to comply with certain rules of plan eligibility requirements by including an expanded description of discrimination on the basis of genetic information to the rules.

k. Food, Conservation, and Energy Act of 2008 (P.L. 110-234 and 110-246)

On May 22, 2007, Representative Collin Peterson introduced H.R. 2419. H.R. 2419 passed the House on July 27, 2007. The Senate Committee on Finance reported S. 2242 on October 25, 2007 (S. Rept. 110-206). The Senate passed H.R. 2419 on December 14, 2007, with an amendment. The conference report to H.R. 2419 was filed on May 13, 2008 (H. Rept. 110- 627), was passed by the House on May 14, 2008, and passed by the Senate on May 15, 2008. The bill was vetoed by the President on May 21, 2008. The veto was overridden by the House on May 21, 2008, and by the Senate on May 22, 2008, becoming P.L. 110-234. To correct an enrolling error in P.L. 110-234, Representative Peterson introduced H.R. 6124 on May 22, 2008, which passed the House under suspension of the rules the same day. The Senate passed H.R. 6124 on June 5, 2008 without amendment. The bill was vetoed by the president on June 18, 2008. On June 18, 2008, the House and Senate voted to override that veto. P.L. 110-246, which contains the identical revenue provisions to those contained in the conference agreement H. Rept. 110-627, was enacted into law on June 18, 2008. Section 4 of P.L. 110-246 provides that the amendments made by P. L. 110-234 are repealed and that the amendments made by P.L. 110-246 generally take effect on the date of enactment of the earlier of the two bills to be enacted (May 22, 2008). Provisions in P.L. 110-246 relating to the Committee's jurisdiction over trade measures are described in the trade section of this report.



The Internal Revenue Code amendments in the Act excluded Conservation Reserve Program Payments from SECA tax for individuals receiving Social Security retirement or disability benefits, extended the special rule for qualified conservation contributions, provided a deduction for endangered species recovery expenditures, included certain timber provisions (15 percent tax rate for gain on timber harvested by a C corporation, 15 year holding period, and certain timber REIT rule modifications), provided $500 million in qualified forestry conservation bonds, provided a credit for production of cellulosic biofuel (maximum credit of $1.01 per gallon and a revised definition of biofuels), included a comprehensive study of biofuels, modified the qualified small issue bonds for farming (increased loan limit from $250,000 to $450,000, indexed that limit, and eliminated the dollar limitation in the definition of substantial farmland), allowed section 1031 treatment for certain exchanges (exchanges involving certain mutual ditch, reservoir, or irrigation company stock), provided an agricultural chemicals security tax credit, changed the depreciation classification for race horses that are two years old or younger from 7 year property to 3 year property, provided temporary relief for Kiowa County, KS and surrounding areas (suspension of certain personal casualty loss limitations, extension of replacement period for nonrecognition of gain, employee retention credit for employers affected by May 4 storms and tornadoes, special temporary allowance for certain property acquired on or after May 5,2007, increase in expensing under section 179, expensing for certain demolition and clean-up costs, modification of treatment of public utility property disaster losses, modified treatment of net operating losses attributable to storm losses, modification of treatment of representations regarding income eligibility for purposes of qualified rental project requirements, and special rules for use of retirement funds), modified the advance coal project credit and the gasification project credit, modified information reporting for Commodity Credit Corporation transactions, and included provisions related to the protection of the Social Security program. The Internal Revenue Code amendments in the Act also modified the incentives relating to alcohol fuels (VEETC), modified the calculation of volume of alcohol for fuel credits (limiting denaturants to 2percent), limited excess farming losses of certain taxpayers, and increased and indexed the dollar threshold for farm optional method and nonfarm optional method for computing net earnings from self-employment. The Act also included amendments to 19 U.S.C. 2101 et seq. that provided for the creation of and funding of a Supplemental Agricultural Disaster Assistance program from the Agricultural Disaster Relief Trust Fund, and amendments to 19 U.S.C. 58c that extended Custom User Fees and other fees.

l. Heroes Earnings Assistance and Relief Tax Act of 2008 (P.L. 110-245)

On May 16, 2008, Chairman Rangel introduced H.R.6081 which passed the House under suspension of the rules on May 20, 2008. The Senate passed the bill, without amendment, by unanimous consent on May 22, 2008 and the President signed the bill into law on June 17, 2008.

This Act includes four titles. Title I provided tax benefits for members of the military, including some for enlisted members on Active duty, national reserve members on Active duty, their family members or survivors, and veterans. Certain temporary provisions were made permanent. There are exceptions to the length-of-residence rules governing tax-free capital gains on a principal residence for members of the Peace Corps and for certain employees of the intelligence community. Title II excluded certain types of payments, likely to go to low-income people, from reducing supplemental security income (SSI) benefits. Title III included provisions to impose



mark-to-market regime on individuals who expatriate, impose employment tax for wages paid for service performed by employees of foreign subsidiaries of U.S. parent companies under U.S. government contract, and increase penalties for failure to file returns. Title IV extended through 2008 parity requirements for mental health benefits offered by group health plans.

m. Housing and Economic Recovery Act of 2008 (P.L. 110-289)

On April 8, 2008, Chairman Rangel introduced H.R. 5720. The House Committee on Ways and Means reported H.R. 5720 on April 24, 2008 (H. Rept. 110-606). The Senate passed H. R. 3221 (a bill unrelated to housing as passed by the House) on April 10, 2008 with an amendment. The House passed H.R. 3221 on May 8, 2008 with amendments (containing provisions similar to those included in H.R. 5720) to the Senate amendment. The Senate passed H.R. 3221 on July 11, 2008, with an amendment to the House amendments. The House passed H.R. 3221 on July 23, 2008 with an amendment to the Senate amendment. The Senate agreed to the House amendment on July 26, 2008. The President signed the bill into law on July 30, 2008.

The Act provided a number of benefits for multi-family low-income housing (including temporarily increasing the volume cap for the low-income housing tax credit, modifying the determination of the credit rate and the definition of eligible basis, modifying the treatment of basic housing allowances for purposes of income eligibility rules, providing refunding treatment for certain housing bonds, coordinating certain rules applicable to the low-income housing credit and certain qualified residential rental project exempt facility bonds, providing hold harmless treatment for reductions in area median gross income, excepting from annual recertification requirements projects that are entirely low-income use, and providing the simplification and reform of other low-income housing incentives), provided a refundable $7,500 credit for certain first-time homebuyers (to be ratably repaid), provided an additional standard deduction for State and local property taxes, modified certain private Activity bond rules for housing, repealed AMT limitations on certain housing bonds and housing credits, provided that bonds guaranteed by federal home loan banks are eligible for treatment as tax-exempt bonds, modified rules pertaining to FIRPTA non-foreign affidavits, modified provisions of the rehabilitation credit, relaxed mortgage revenue bond limitations for Presidentially declared disaster areas, included certain reforms related to real estate investment trusts (including provisions relating to foreign currency and other qualified activities, the taxable REIT subsidiary asset test, the holding period under safe harbor, the value of sales under safe harbor, and conformity for health care facilities), provided an election to accelerate AMT and R&D credits in lieu of bonus depreciation, and extended and expanded certain GO Zone incentives. The Act also provided provisions to require information reporting on payment card and third party payment transactions, modify the exclusion of gain on the sale of principal residence to not apply to nonqualified use, and delay for two years the implementation of worldwide interest allocation and apply a 70 percent limitation on the first year of worldwide interest allocation.

n. Hubbard Act (Funeral Trusts) (P.L. 110-317)

On July 23, 2008, Representative Ron Kind introduced H.R. 6580. The bill was passed in the House under suspension of the rules on July 29, 2008. On August 1, 2008, the Senate passed the



bill without amendment by unanimous consent. It was signed into law by the President on August 29, 2008.

The Act repealed the dollar limit on contributions to qualified funeral trusts.

o. Highway Trust Fund Restoration (P.L. 110-318)

On July 17, 2008, Chairman Rangel introduced H.R. 6532. The bill was passed in the House under suspension of the rules on July 23, 2008. On September 10, 2008, the bill was discharged by the Senate Committee on Finance by unanimous consent and it passed the Senate with an amendment. The House passed the bill as amended, on September 11, 2008 and the President signed the bill into law on September 15, 2008.

This bill allowed the transfer of $8.017 billion from the Treasury to the Highway Trust Fund. The funding was necessary to ensure the solvency of the Trust Fund. The amount transferred to the Trust Fund is the same as the amount transferred, pursuant to Section 9004 of the Surface Transportation Revenue Act of 1998, from the Trust Fund to the General Fund.

p. SSI Extension for Elderly and Disabled Refugees Act (P.L. 110-328)

On June 7, 2007, Representative Jim McDermott introduced H.R. 2608. The bill was passed in the House under suspension of the rules on July 11, 2007. The Senate amended and passed the bill August 1, 2008, with an amendment. The House agreed to the Senate amendment on September 17, 2008. The President signed the bill into law on September 30, 2008.

The Act allowed the Secretary of the Treasury to offset overpayments of Federal taxes by any amount owed to a state for a covered unemployment compensation debt (past-due debt, including penalties and interest, for erroneous payment of state unemployment compensation due to fraud which has become final under state law and remains uncollected for not more than 10 years) for ten years following the date of enactment, and allowed the Secretary of the Treasury permit the IRS to disclose information about the covered unemployment compensation debts and related offsets to the Department of Labor.

q. Emergency Economic Stabilization Act of 2008 (P.L. 110-343)

H.R. 1424 was introduced by Representative Patrick Kennedy on March 9, 2007, and contained provisions relating to mental health parity and associated revenue provisions. H.R. 1424 was amended by the Committees of jurisdiction and passed the House under suspension of the rules on March 5, 2008 by a vote of 268-148. H.R. 1424 was amended in the Senate on October 1, 2008 and passed by a vote of 74-25. The House agreed to the Senate amendment on October 3, 2008. H.R. 1424 was signed into law by the President on October 3, 2008. There are revenue related provisions in all three divisions of the Act.

Division A: Division A of H.R. 1424 is the Troubled Asset Relief Program (TARP) addressing emergency economic stabilization. Provisions in that division relate to permitting the Secretary of the Treasury to apply ordinary gain or loss treatment to certain sales of preferred stock in Fannie Mae or Freddie Mac (with respect to stock that was sold or exchanged on or after January 1, 2008 and before September 7, 2008 by a banking, financial, or investment institution or a depository institution holding company), denial of a tax deduction for compensation or other



benefits in excess of $500,000 made to certain executives of employers who participate in the TARP (including certain tax penalties for excess parachute payments), and an extension through 2012 of the exclusion of income attributable to a discharge of indebtedness on a principal residence from gross income.

Division B: Division B of H.R. 1424 is the Energy Improvement and Extension Act of 2008. Division B of the Act was preceded in the House by Action on H.R. 2776, H.R. 3221, H.R. 6, H.R. 5351, H.R. 6049, and H.R. 7060. Chairman Charles Rangel introduced H.R. 2776, the "Renewable Energy and Energy Conservation Tax Act of 2007," on June 19, 2007 to provide tax incentives for the production of renewable energy and energy conservation. The bill was ordered favorably reported, as amended, out of the Committee on June 27, 2007 (H. Rept. 110-214) by a vote of 24 to 16. H.R. 2776 passed the House of Representatives on August 4, 2007 by a vote of 221 to 189. Pursuant to the provisions of H. Res. 615, H.R. 2776 was laid on the table and the provisions of the bill were incorporated into H.R. 3221, the "New Direction for Energy Independence, National Security, and Consumer Protection Act of 2007." H.R. 3221 passed the House of Representatives by a vote of 241 to 172. For further discussion, see P.L. 110-289 above.

On December 6, 2007, the House of Representatives agreed with amendments to the Senate amendments to H.R. 6. Title XV of the House amendments, the "Clean Renewable Energy and Conservation Tax Act of 2007," contained tax incentives for the production of renewable energy and energy conservation. The House amendment to the Senate amendment to H.R. 6 passed the House of Representatives by a vote of 235 to 181. The Senate amendment to the House amendment to the Senate amendment eliminated Title XV of the bill. For further discussion, see P.L. 110-140 above.

Chairman Charles Rangel introduced H.R. 5351, the "Renewable Energy and Energy Conservation Tax Act of 2008," on February 12, 2008 to provide tax incentives for the production of renewable energy and energy conservation. The House of Representatives passed the bill on February 27, 2008 by a vote of 236-182. The bill was referred to the Senate Committee on Finance. No further Action was taken.

Chairman Rangel introduced H.R. 6049, the "Renewable Energy and Job Creation Act of 2008," on May 14, 2008, and the bill was reported out of Committee on May 20, 2008 (H. Rept. 110-658). H. R. 6049 passed the House on May 21, 2008. The Senate passed H.R. 6049 with an amendment on September 23, 2008. The Senate passed H.R. 1424 with an amendment including the text of the Senate amendment to H.R. 6049 on October 1, 2008. The House agreed to the Senate amendment on October 3, 2008. H.R. 1424 was signed into law by the President on October 3, 2008 (P.L. 110-343).

Chairman Charles Rangel introduced H.R. 7060, the "Renewable Energy and Job Creation Tax Act of 2008," on September 25, 2008. The next day, the House passed the bill by a vote of 257 to 166. The bill was received by the Senate, and no further Action was taken.



Division B included an extension and expansion of provisions relating to the production of electricity from renewable resources, an extension and expansion of the credit for residential energy efficient property, an extension and modification of clean renewable energy bonds (CREBs), special rules relating to the implementation of FERC and State electric restructuring policy, an expansion and modification of the advanced coal project investment credit, an expansion and modification of the coal gasification investment credit, a temporary increase in the coal excise tax to fund the black Lung Disability Trust fund, special rules for the refund of coal excise taxes paid by certain coal producers and exporters, a credit for industrial carbon dioxide capture and sequestration, a modification of rules related to income and gains from industrial source carbon dioxide with respect to qualifying income for publicly traded partnerships, a carbon audit of the tax code, an expansion of special depreciation allowances for cellulosic biofuel plan property, an extension and modification of credits for biodiesel and renewable diesel, a clarification that credits for fuel are designed to provide incentives for fuels with sufficient nexus to the United States, an extension and modification of alternative fuels excise tax credits, a credit for new qualified plug-in electric drive motor vehicles, an exclusion from the heavy vehicles excise tax for idling reduction units and advanced insulation, an extension of the alternative fuel vehicle refueling property credit, an inclusion of income and gains from storage of transportation of alcohol fuels, biodiesel fuels, and alternative fuels (and all related mixtures) as qualifying income for publicly traded partnerships, an extension of modification of the election to expense certain refineries, an extension of the suspension of the 100 percent-of-net-income limitation on percentage depletion for oil and natural gas from marginal properties, an extension of the transportation fringe benefit to bicycle commuters, the provision of a qualified energy conservation bond program, an extension and modification of the credit for energy efficiency improvements to existing homes, an extension of the energy efficient commercial buildings deduction, an extension of the credit for energy efficient new homes, an extension and modification of the energy efficient appliance credit, provisions relating to a 10-year applicable recovery period for qualified smart electric distribution property with the 150 declining balance method, an extension of the qualified green building and sustainable design project bond program, and a special depreciation allowance for certain reuse and recycling property. The division also included a freeze at 6 percent of the section 199 deduction for income attributable to the domestic production of oil, gas or primary products thereof, an elimination of the distinction between FOGEI and FORI and application of present-law FOGEI rules to all foreign income from the production and sale of oil and gas products, provisions related to broker reporting of a customer's basis in securities transactions, an extension of the FUTA surtax, and an extension and increase of the excise tax rate for the Oil Spill Liability Trust Fund (including an elimination of the suspension of that extension and increase in the excise tax rate when the trust fund unobligated balance exceeds $2.7 billion).

Division C: Division C of the Act is the Tax Extenders and Alternative Minimum Tax Relief of 2008. On October 30, 2007, Chairman Rangel introduced H.R. 3996, the Temporary Tax Relief Act of 2007. The bill was reported favorably out of Committee, with amendment, on November 6, 2007 (H. Rept. 110-431). H.R. 3996 passed the House on November 9, 2007 by a vote of 216-193. The Senate passed the bill with an amendment on December 6, 2008. The House agreed to the Senate amendment, and passed the bill under suspension of the rules on December 19, 2007. The President signed the bill into law on December 26, 2007. See discussion above of P.L.110-166.



On May 14, 2008, Chairman Rangel introduced H.R. 6049, the Renewable Energy and Job Creation Act of 2008, and the bill was reported out of Committee on May 20, 2008 (H. Rept. 110-658). H.R. 6049 passed the House on May 21, 2008. The Senate passed H.R. 6049 with an amendment on September 23, 2008. The Senate passed H.R. 1424 with an amendment including the text of the Senate amendment to H. R 6049, on October 1, 2008. The House agreed to the Senate amendment on October 3, 2008. H.R. 1424 was signed into law by the President on October 3, 2008.

Chairman Charles Rangel introduced H.R. 7060, the "Renewable Energy and Job Creation Tax Act of 2008," on September 25, 2008. The next day, the House passed the bill by a vote of 257 to 166. The bill was received by the Senate, and no further Action was taken.

The division contains provisions to extend through 2008 provisions allowing an increased alternative minimum tax (AMT) exemption and offset of nonrefundable tax credits against the AMT, extend through 2009 certain expiring individual income tax provisions (deduction for State and local general sales taxes, deduction for qualified tuition and related expenses, above-the-line deduction for teacher classroom expenses, additional standard deduction for real property tax, tax-free distributions from IRAs to certain public charities, treatment of certain dividends of regulated investment companies, estate tax look-through treatment for certain RIC stock held by nonresidents, and treatment of RICs as "qualified investment entities" under FIRPTA), extend and modify through 2009 certain expiring business tax provisions (R&D credit, new markets tax credit, exception under subpart F for active financing income, look-through treatment of payments between related CFCs under foreign personal holding company income rules, 15-year straight line cost recovery for qualified leasehold, restaurant, and retail improvements and new restaurants, modification of tax treatment of certain payments under existing arrangements to controlling exempt organizations, basis adjustment to stock of S corporations making charitable contributions of property, increase in limit on cover over of rum excise tax revenues, economic development credit for American Samoa, mine rescue team training credit, election to expense advanced mine safety equipment, deduction with respect to income attributable to domestic production Activities in Puerto Rico, credit to holders of qualified zone academy bonds, Indian employment tax credit, accelerated depreciation for business property on Indian reservations, tax credit for certain expenditures for maintaining railroad tracks, 7-year recovery period for certain motorsports racing track facilities, expensing of "Brownfields" environmental remediation costs, work opportunity tax credit for Hurricane Katrina employees, increased rehabilitation credit for structures in the GO Zone, charitable deduction for qualified computer contributions, tax incentives for investment in the District of Columbia, enhanced charitable deduction for contributions of food inventory, enhanced charitable deduction for contributions of book inventory, and duty suspension on wool products), make permanent the authority of the Internal Revenue Service to conduct undercover operations and disclose tax return information related to terrorist Activities, lower for 2008 the earned income threshold for determining refundable child tax credits, expand the benefits for domestic film and television production, exempt certain bows and arrows from excise tax, allow benefits relating to income averaging and contributions to retirement plans for payments to plaintiffs in the Exxon Valdez case, allow accelerated depreciation for certain farming equipment, modify penalties and rules for tax return preparers, and provide tax benefits for disaster relief. The division also includes provisions to extend the secure rural schools and community self-



determination program and permit the transfer of interest earned by the abandoned mine reclamation fund. The division also requires the inclusion in gross income of certain nonqualified deferred compensation of certain foreign corporations and partnerships.

r. Fostering Connections to Success and Increasing Adoptions Act of 2008 (P.L. 110-351)

On September 15, 2008, Representative Jim McDermott introduced H.R. 6893. The bill was passed in the House under suspension of the rules on September 17, 2008. The Senate passed the bill, without amendment, by unanimous consent on September 22, 2008 and the President signed the bill into law on October 7, 2008.

This bill authorizes new federal support for States that provide kinship guardianship assistance to eligible children leaving foster care and extends its funding authorizations for five years (FY2009-FY2013). It requires the state plan for foster care and adoption assistance to provide information to individuals, adopting or considering adopting, on the potential eligibility for a federal tax credit. H.R. 6893 amends the Internal Revenue Code, with respect to the tax exemption for dependents, to require that an individual be younger than the taxpayer claiming the individual as a qualifying child and not have filed a joint return with the individual's spouse for the taxable year in question.

s. Michelle's Law (P.L. 110-381)

On June 25, 2007, Representative Paul Hodes introduced H.R. 2851. H.R. 2851 passed the House under suspension of the rules on July 30, 2008, and passed the Senate without amendment by unanimous consent on September 25, 2008. The President signed the bill into law on October 9, 2008.

The Act imposed an excise tax on group health plans that fails to satisfy the COBRA coverage rules with respect to certain medically necessary leave requirements specific to a dependent child of a plan participant who is enrolled in a postsecondary educational institution.

t. Inmate Tax Fraud Prevention Act of 2008 (P.L. 110-428)

On September 25, 2008, Representative Jim Ramstad and Representative John Lewis introduced H.R. 7082 to permit disclosure of return information with respect to certain prisoners to the Federal Bureau of Prisons.

Under the bill, disclosure is allowed, if necessary for effective tax administration, with respect to prisoners whom the Secretary has determined may have filed or facilitated the filing of a false or fraudulent return. The bill requires the Internal Revenue Service to report to the Congress statistics on these disclosures and asks the Treasury Inspector General for Tax Administration to report to the Congress on implementation of the provision by December 31, 2008. The bill is effective for disclosures made after December 31, 2008, and the reporting requirements are effective on the date of enactment. The bill passed the House on September 27, 2008, under suspension of the rules by voice vote. The bill passed the Senate without amendment on October 2, 2008, by unanimous consent, and was signed by the President on October 15, 2008.



u. The Worker, Retiree, and Employer Recovery Act of 2008 (P.L. 110-458)

On December 10, 2008, Chairman Rangel introduced H.R. 7327. The bill was passed without objection by the House of Representatives on the same day. H.R. 7327 passed the Senate by unanimous consent on December 11, 2008. The President signed the bill into law on December 23, 2008.

Action on H.R. 7327 was preceded in the House by two bills (H.R. 3361, the "Pension Protection Technical Corrections Act of 2007" and H.R. 6382, the "Pension Protection Technical Corrections Act of 2008"). H.R. 3361 was introduced by Chairman Rangel on August 3, 2007, and passed in the House under suspension of the rules on March 12, 2008 by voice vote. No further Action was taken on this bill. H.R. 6382 was introduced by Chairman Rangel on June 26, 2008, and passed in the House under suspension of the rules on July 9, 2008 by voice vote. No further Action was taken on this bill.

H.R. 7327 included a one year suspension of the IRA required minimum distribution for 2009 applicable for taxpayers who are age 70½, substituted the 2008 adjusted funding target attainment percentage for 2009 (if the 2008 percentage is higher) for single employer defined benefit pension plans for purposes of the limitation on accrual of benefits rule, allowed single employer defined benefit pension plans the use of projected earnings for smoothing in the valuation of plan assets, extended the transition rule for determining the funding target for single employer defined benefit pension plans to plan years beginning after 2007 regardless of the plan's funding level, allowed the sponsor of a multiemployer defined benefit pension plan for an applicable plan year (the first plan year beginning during the period from October 1, 2008 through September 30, 2009) to treat the plan's status for purposes of section 432 the same as the plan's states for the preceding plan year, allowed the plan sponsor of a multiemployer defined benefit pension plan for a plan year beginning in 2008 or 2009 to extend the plan's otherwise applicable funding improvement or rehabilitation period by three years, and included certain technical corrections to the Pension Protection Act of 2006.

2. Other Tax Proposals

a. The Taxpayer Protection Act of 2007 (H.R. 1677)

H.R. 1677 was introduced by Chairman Rangel and Representative John Lewis on March 26, 2007. The bill resulted from hearings conducted by the Subcommittee on Oversight.

H.R. 1677 would allow both spouses in a family-owned business to pay Social Security and Medicare taxes as a sole proprietorship (rather than as a partnership). The bill would require the IRS (in the course of a tax fraud investigation) to notify a taxpayer that there may have been an unauthorized use of the taxpayer's (or dependent's) identity. The bill would provide an individual with a longer period of time to seek return of property (money or proceeds from the sale of property) resulting from a wrongful IRS levy, as well as for bringing a civil Action. The bill also would allow a taxpayer to contribute amounts received to an individual retirement fund as if the wrongful levy had never occurred.



H.R. 1677 would allow the IRS to notify taxpayers on the Internet about unclaimed tax refunds, rather than only in the media. The bill would prohibit the Secretary of Treasury (*i.e.*, IRS) from providing debt indicators to any person if their business practices involve refund anticipation loans (plus related charges and fees) that are predatory. The bill would clarify that current rules prohibiting the misleading use of Department of Treasury names and symbols apply to internet domain names (*e.g.*, IRS.com, IRS.net, IRS.org) and "phishing" and are subject to the higher-level civil and criminal penalties. The bill would require, to the extent possible, that the IRS conduct additional EITC outreach. The bill would provide Federal Bureau of Prisons officials with certain information to prevent tax fraud schemes. The bill also would modify rules related to the dispositions of U.S. real property interests for non-foreign affidavits to better protect the social security numbers of U.S. transferors by allowing attorneys and title companies to collect the non-foreign affidavit. Finally, it would increase the minimum penalty for writing a bad check to the IRS from $15 to $25.

H.R. 1677 was reported to the House by the Committee on Ways and Means on April 16, 2007 (H. Rept.110-84). H.R. 1677 passed the House on April 17, 2007, on suspension of the rules by a 407-7 vote. The bill has not been considered by the Senate. Many of the provisions in H.R. 1677 were included in H.R. 5719 and other legislation considered by the Committee.

b. The Tax Collection Responsibility Act of 2007 (H.R. 3056)

H.R. 3056 was introduced by Chairman Rangel and Representative Lewis on July 17, 2007. The bill resulted from hearings held by the Committee on Ways and Means. The bill would repeal the authority of the Secretary of Treasury (*i.e.*, IRS) to enter into contracts with private collection agencies to collect delinquent Federal income taxes. H.R. 3056 also would delay for one year the three-percent withholding requirement on government payments for goods and services (to payments made after December 31, 2011).

The bill generally would treat the statute of limitations for an income tax return filed with the U.S. Virgin Islands ("USVI") by an individual claiming to be a bona fide USVI resident during the entire taxable year in the same manner as the statute of limitations for an income tax return filed with the United States for that year. The bill also would subject certain U.S. citizens who relinquish their U.S. citizenship and certain long-term U.S. residents who terminate their U.S. residence to tax. The bill would eliminate interest suspension for liabilities which may be assessed more than three years after the filing of a tax return. The bill would increase the penalties for failing to file correct information returns, failing to furnish correct payee statements, and for failing to comply with other information reporting requirements. The bill also would increase, in the case of a corporation with assets of at least $1 billion, the payments due in July, August, and September, 2012, to 114.50 percent of the payment otherwise due.

On July 18, 2007, the Committee on Ways and Means ordered reported H.R. 3056 by a 23-18 vote. H.R. 3056 passed the House by a 232-173 vote. The bill has not been considered by



the Senate. Some of the provisions in H.R. 3056 were included in H.R. 5719 and other legislation considered by the Committee.

c. The Children's Health and Medicare Protection ("CHAMP") Act of 2007 (H.R. 3162)

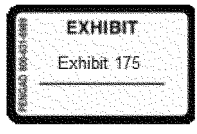
On July 24, 2007, H.R. 3162 was introduced in the House by Energy and Commerce Representative John Dingell, Ways and Means Chairman Charles Rangel, Ways and Means Representative Pete Stark, and Energy and Commerce Health Subcommittee Representative Frank Pallone. The bill would have reauthorized and increase funding levels and state grant distributions for the State Children's Health Insurance Program ("SCHIP") and make changes to the Medicare and Medicaid programs. The bill also would increase the excise tax on tobacco products. The excise tax on cigarettes would increase from $0.39 a pack to $0.84 a pack, and the excise taxes on other tobacco products (except small cigars and roll-your-own tobacco) generally would increase by a proportionate amount. The excise tax on large cigars would be increased to 44.63percent of the manufacturer's or importer's sales price up to a cap of $1.00 per cigar. The tax on small cigars would increase from $0.04 a pack to the same excise tax rate imposed on a pack of small cigarettes ($0.84). The bill would provide an exemption from Federal tax for fuel used in an ambulance providing emergency medical services.

On July 26, 2007, the Committee ordered reported H.R. 3162 by a 24-17 vote. On August 1, 2007, the House passed H.R. 3162 by a vote of 225-204. Under the House-passed bill, the excise tax on large cigars would be increased to 33 percent of the manufacturer's or importer's sales price through September 2013, and increased to 40 percent of the manufacturer's or importer's sales price thereafter, up to a cap of $1.00 per cigar.

This bill has not been considered by the Senate. However, it was the basis for H.R. 976, the "Children's Health Insurance Program Reauthorization Act of 2007", H.R. 3963, the "Children's Health Insurance Program Reauthorization Act of 2007" and the "Medicare Improvements for Patients and Providers Act of 2008" (P.L. 110-275).

d. The Taxpayer Assistance and Simplification Act of 2008 (H.R. 5719)

H.R. 5719 was introduced by Chairman Rangel and Representative John Lewis on April 8, 2008. The bill resulted from hearings of the Subcommittee on Oversight. H.R. 5719 would conform the penalty standards for return preparers with the standards for taxpayers. The bill would eliminate the special requirements for individuals to keep detailed records of calls made on employer-provided cell phones to substantiate business use of such devices. The bill would delay for one year the imposition of a three-percent withholding requirement on government payments for goods and services made after December 31, 2010. The bill would make administrators of state and local government programs liable for paying the employment taxes on amounts paid by government programs to in-home care workers provided to elderly and disabled persons.



H.R. 5719 also would: allow IRS employees to refer taxpayers needing assistance with tax cases to qualified low-income taxpayer clinics; authorize an annual $10 million grant for Volunteer Income Tax Assistance ("VITA") programs; and increase the annual aggregate limitation authorized on grants to qualified low-income taxpayer clinics to $10 million. The bill would require the IRS, to the extent possible; to notify taxpayers of potential eligibility for the Earned Income Tax Credit for all open tax years and to assist those who have not filed a return but may be eligible for the credit based on other return or return information. The bill would prohibit the Secretary of Treasury (*i.e.*, IRS) from providing debt indicators to private parties if it is determined that the resulting refund anticipation loan plus related fees are predatory. It also would require a one-year study by the Department of Treasury of the feasibility of providing tax refunds on debit cards.

H.R. 5719 would increase the time for returning property that has been wrongfully levied and the period for bringing Action for wrongful levy. It also would allow an individual to contribute back to an IRA amounts that were levied and returned by the IRS without the normal limitations on IRA contributions. The bill would require the Secretary of Treasury (*i.e.*, the IRS), to the extent permitted by law, to notify taxpayers if it determines that there may have been an unauthorized use of the identity of a taxpayer or the taxpayer's dependent. The bill would repeal the IRS's statutory authority to use private debt collection companies to locate and contact taxpayers owing federal taxes and to arrange payment of such taxes. The bill would provide that the IRS may disclose taxpayer identity information, for unclaimed refund notification purposes, by any "means of mass communication." The bill would clarify that Internet domain names using the Department of Treasury and associated agencies (*e.g.*, IRS.com, IRS.net, IRS.org) are misleading within the meaning of law, and clarify that mass Internet email communications ("phishing") that mislead the public into believing the sender is the IRS are subject to the higher civil/criminal penalties available under current law.

H.R. 5719 would provide that distributions from a health savings account for qualified medical expenses would be excluded from gross income only to the extent substantiated and would require trustees to report expenses not substantiated. The bill would increase the penalties on failures to provide information returns, partnership returns, and S corporation returns. The bill would temporarily increase, for three months in 2013, required estimated tax payments for certain large corporations.

H.R. 5719 was reported to the House by the Committee on Ways and Means on April 14, 2008 (H. Rept. 110-584). H.R. 5719 passed the House on April 17, 2007, by a recorded vote of 238-179. The bill has not been considered by the Senate.

e. Charity Enhancement Act of 2008 (H.R. 7083)



On September 25, 2008, Representative John Lewis and Representative Jim Ramstad introduced H.R. 7083 to enhance charitable giving and improve disclosure and tax administration. The bill would increase the standard mileage rate for the charitable deduction from 14 cents a mile to an amount not less than the rate used for medical expense deductions (currently, 27 cents a mile). The bill would exempt funds advised by public charities and governmental entities from the definition of "donor advised funds."

The bill also would relax certain donor advised fund scholarship distribution rules where the fund is advised solely by a tax-exempt organization. The bill would repeal the special written acknowledgment requirements for charitable contributions to donor advised funds. The bill would allow supporting organizations to pay substantial contributors reasonable compensation for services. The bill would exempt certain longstanding, fully-funded Type III supporting organizations from certain Pension Protection Act requirements. The bill also would treat contributions by Indian tribal governments the same as contributions by States for charitable purposes. The bill would lower the threshold filing requirements for electronic filings of Form 990 (exempt organization annual return) from 250 returns to five returns. The bill also would expand the bad check penalty to include electronic payments.

The bill passed the House on September 27, 2008, under suspension of the rules by voice vote. The bill has not been considered by the Senate.

3. Other Tax Matters

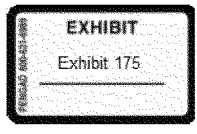
a. Budget Hearings (Full Committee)

On February 6, 2007, the full Committee held a hearing to receive testimony from Secretary of the Treasury Henry Paulson concerning programs within the President's FY 2008 budget within the jurisdiction of the Committee.

On February 7, 2007, the full Committee held a hearing to receive testimony from Rob Portman, Director of the Office of Management and Budget, concerning programs within the President's FY 2008 budget within the jurisdiction of the Committee.

On February 8, 2007, the full Committee held a hearing to receive testimony from Secretary of Health and Human Services Michael O. Leavitt concerning programs within the President's FY 2008 budget within the jurisdiction of the Committee.

On February 7, 2008, the full Committee held a hearing to receive testimony from Secretary of the Treasury Henry Paulson concerning programs within the President's FY 2009 budget within the jurisdiction of the Committee.



On February 13, 2008, the full Committee held a hearing to receive testimony from Jim Nussle, Director of the Office of Management and Budget, concerning programs within the President's FY 2009 budget within the jurisdiction of the Committee.

On February 13, 2008, the full Committee held a hearing to receive testimony from Secretary of Health and Human Services Michael O. Leavitt concerning programs within the President's FY 2009 budget within the jurisdiction of the Committee.

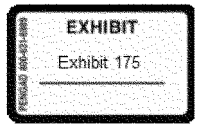
b. Tax Hearings (Full Committee)

On February 28, 2007, the Full Committee received testimony on energy and tax policy from (i) Ronald G. Prinn, Sc.D., Professor, Department of Earth, Atmospheric, and Planetary Sciences, Massachusetts Institute of Technology, (ii) Stephen Schneider, Ph.D., Professor, Department of Biological Sciences, Stanford University, (iii) The Honorable Eileen Claussen, President, Pew Center on Global Climate Change, and (iv) W. David Montgomery, Ph.D., Vice President, Environmental Practice, CRA International.

On March 14, 2007, the Full Committee received testimony on the revenue increasing measures in the "Small Business and Work Opportunity Act of 2007" from (i) The Honorable Kenneth E. Bentsen, Jr., President, Equipment Leasing and Finance Association, (ii) Greg Heaslip, Vice President – Benefits, PepsiCo., Inc., (iii) Kenneth R. Petrini, Vice President – Taxes, Air Products and Chemicals, Inc. (on behalf of the National Association of Manufacturers), and (iv) Edward D. Kleinbard, Partner, Cleary Gottlieb Steen & Hamilton LLP (on behalf of the Securities Industry and Financial Markets Association).

On September 6, 2007, the Full Committee received testimony on fair and equitable tax policy for America's working families from the following witnesses: Panel 1 – (i) Leonard E. Burman, Ph.D., Director, Urban-Brookings Tax Policy Center, Jason Furman, Director, The Hamilton Project, Brookings Institution, Douglas Holtz-Eakin, Senior Fellow, The Peterson Institute, and Former Director, Congressional Budget Office; Panel 2 – (i) Stephen E. Shay, Partner, Ropes & Gray LLP, (ii) Leon M. Metzger, Former Vice Chairman & Chief Administration Officer of Paloma Partners Management Company, (iii) Janne G. Gallagher, Vice President & General Counsel, Council on Foundations, (iv) Suzanne Ross McDowell, Partner, Steptoe & Johnson LLP, and (v) Daniel J. Shapiro, Partner, Schulte Roth & Zabel LLP; Panel 3 – (i) Peter R. Orszag, Director, Congressional Budget Office, (ii) C. Eugene Steuerle, Ph.D., Co-Director, Urban Brookings Tax Policy Center and Former Deputy Assistant Secretary of the Treasury for Tax Analysis, Reagan Administration, (iii) Darryll K. Jones, Professor of Law, Stetson University College of Law, (iv) Victor Fleischer, Associate Professor of Law, University of Illinois College of Law, (v) Mark P. Gergen, Professor of Law, The University of Texas School of Law, and (vi) Jack S. Levin, Partner, Kirkland & Ellis LLP; and Panel 4 – (i) Leo Hindery, Jr., Managing Director, InterMedia Partners, (ii) William D. Stanfill, Founding Partner, TrailHead Ventures, (iii) Orin S. Kramer, Chairman, New Jersey State Investment Council, (iv) Jonathan Silver, Managing Director, Core Capital Partners, (v) Adam Ifshin, President, DLC Management Corp., and (vi) Bruce Rosenblum, Managing Director, The Carlyle Group, and Chairman of the Board, Private Equity Council.

On September 18, 2008, the Full Committee received testimony on policy options to prevent climate change from the following witnesses: Panel 1 – (i) The Honorable Michael



Bloomberg, Mayor, City of New York, New York, (ii) Peter Orszag, Ph.D., Director, Congressional budget Office, (iii) The Honorable Carol Browner, Principal, The Albright Group LLC, and Former Administrator, Environmental Protection Agency, (iv) Dallas Burtraw, Ph.D., Senior Fellow, Resources for the Future, (v) Robert Lighthizer, Partner & Head of the International Trade Department, Skadden Arps Slate Meagher & Flom LLP, (vi) Timothy J. Regan, Senior Vice President, Corning Inc., and (vii) Gary Clyde Hufbauer, Reginald Jones Senior Fellow, Peterson Institute for International Economics; and Panel 2 – (i) Frank Ackerman, Ph.D., Global Development and Environment Institute and Stockholm Environment Institute – US Center, Tufts University, (ii) Daniel Abbasi, Director, MissionPoint Capital Partners, (iii) Jerome Ringo, President, Apollo Alliance, (iv) Peter Barnes, Senior Fellow, Tomales Bay Institute, (v) Bill Millar, President, American Public Transportation Association, and (vi) David Kreutzer, Ph.D., Senior Policy Analyst, The Heritage Foundation.

On October 29, 2008, the Full Committee received testimony on economic recovery, job creation and investment in America from the following witnesses: Panel 1 – (i) The Honorable David Paterson, Governor, State of New York, (ii) The Honorable Mark Sanford, Governor, State of South Carolina, (iii) The Honorable Douglas Palmer, Mayor, City of Trenton, New Jersey, (iv) Timothy Firestine, Chief Operating Officer, Montgomery County Executive, Maryland, (v) David Mongan, President, American Society of Civil Engineers, (vi) Dennis Van Roekel, President, National Education Association, and (vii) Randi Weingarten, President, American Federation of Teachers; and Panel 2 – (i) Jared Bernstein, Ph.D., Director, Living Standards Program, Economic Policy Institute, (ii) Robert Greenstein, Executive Director, Center on Budget and Policy Priorities, (iii) Christine Owens, Executive Director, National Employment Law Project, (iv) Jeanne Lambrew, Ph. D., Associate Professor, LBJ School of Public Affairs, University of Texas at Austin, and Senior Fellow, Center for American Progress, (v) Martella A. Turner-Joseph, Vice President, Joseph & Turner Consulting Actuaries, LLC, and (vi) Alan Viard, Ph.D., Resident Scholar, American Enterprise Institute.

c. Select Revenue Measures

i. First Hearing on the Alternative Minimum Tax

The Subcommittee held two hearings on this issue. The first hearing was held on March 7, 2007. The focus of the hearing was the growing scope of the Alternative Minimum Tax (AMT) and its interaction with individual-based tax provisions. The Subcommittee heard testimony from the Department of the Treasury, the National Taxpayer Advocate, and other outside experts. The testimony highlighted the problems caused by the AMT to taxpayers, tax administrators, and the Federal budget.

ii. Second Hearing on the Alternative Minimum Tax

The second hearing was held on March 22, 2007, with a focus on the impact of the AMT on American families. The Subcommittee received additional testimony on the AMT from individual taxpayers, and practitioners who deal with the AMT in their work with individual taxpayers.

iii. Hearing on Energy and Tax Policy

The hearing was held on April 19, 2007, as one of a series that were held by the full Committee. The focus of the hearing was the current framework of tax incentives encouraging the development of alternative sources of energy. The Subcommittee received testimony from



various witnesses that focused on solar, wind, geothermal, other renewable fuel sources, and clean coal technology. Many of the tax provisions discussed at the hearing were eventually enacted as part of the Emergency Economic Stabilization Act of 2008, P.L. 110-343 (H.R. 1424).

iv. Hearing on Member Proposals regarding Energy Tax Incentives

The hearing was held on April 24, 2007. The scope of the hearing was specific Member proposals on tax incentives for alternative energy sources that were introduced in the 109th or 110th Congress. The Subcommittee received testimony from Members of Congress regarding their proposals.

v. The Effects of Misclassifying Workers as Independent Contractors

The hearing was held jointly with the Subcommittee on Income Security and Family Support on May 8, 2007. The focus of the hearing was the effects of the misclassification of workers as independent contractors, and the complexities of the law regarding worker classification. The hearing also included the effects of worker misclassification on Federal tax revenues. The Subcommittees received testimony from the Government Accountability Office (GAO), small business owners, and other experts.

vi. Hearing on Tax Incentives for Affordable Housing

The hearing was held on May 24, 2007. The hearing examined ways to ensure greater and better efficiency through improved coordination of Federal housing programs. This was done by examining options intended to simplify and modify certain low-income housing programs established under the Internal Revenue Code, and programs that are administered by HUD. The Subcommittee received testimony from the Department of the Treasury, HUD, State and local officials who handle housing issues, outside housing experts, and representatives from the housing industry. The witnesses appealed for certain improvements and modifications to the Low-Income Housing Tax Credit, private activity tax-exempt bonds, and the historic rehabilitation tax credit. Many of these modifications and improvements were enacted as part of the Housing and Economic Recovery Act, P.L. 110-289 (H.R. 3221).

vii. Hearing on Aviation Taxes

The hearing was held on August 1, 2007. The focus of the hearing was the expiring tax provision related to the Airport and Airway Trust Fund, including the need to extend and possibly modify the provisions. The Subcommittee received testimony from the Chairman of the Committee on Transportation and Infrastructure, the Honorable James Oberstar (MN), and the Ranking Member of that Committee, the Honorable John Mica (FL). Other witnesses were representatives from the Federal Aviation Administration, the Government Accountability Office (GAO), the Congressional Budget Office (CBO), the airlines industry, pilots of private jets, cargo carriers, and airport authorities. The testimony addressed proposals designed to restructure aviation taxes.

viii. Hearing on the "Heroes Earnings Assistance and Relief Tax Act of 2007"

The hearing was held on October 17, 2007, jointly with the Subcommittee on Income Security and Family Support. The hearing focused on legislative proposals designed to help members of our armed forces and their families, as well as others who volunteer in service to America. The Subcommittee heard testimony from Members of Congress, the Social Security Administration, representatives from veterans groups and associations, volunteer firefighters, and members of



military personnel. These proposals were later enacted as the Heroes Earnings Assistance and Relief Tax Act of 2008, P.L.110-245 (H.R. 6081).

ix. Hearing on Tax Treatment of Derivatives

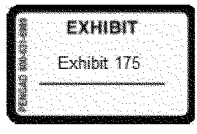
The hearing was held on March 5, 2008. The focus of the hearing was the various forms of derivatives and the tax treatment of these products. The Subcommittee received testimony from the Department of the Treasury, university professors, and experts from the financial industry who testified regarding the complex nature of these products, the current challenges facing accurate tax treatment, and options for reform.

x. Hearing on Education Tax Incentives

The hearing was held on May 1, 2008. The focus of the hearing was the interaction of various tax benefits designed to assist individuals and families for postsecondary education. The Subcommittee received testimony from the Department of the Treasury, the Government Accountability Office (GAO), representatives from colleges, State Administrators, and other education experts. The witnesses testified regarding the complexities associated with the various education tax benefits and appealed for simplification of these provisions to produce greater efficiency and effectiveness.

xi. Hearing on Individual Retirement Accounts (IRAs) and Their Role in Our Retirement System

The hearing was held on June 26, 2008. The hearing focused on (1) a report that was issued by the Government Accountability Office (GAO) in June 2008, entitled *Individuals Retirement Accounts: Government Actions Could Encourage More Employers to Offer IRAs to Employees* (GAO-08-590); (2) the role of IRAs in our retirement system; and (3) legislative proposals for automatic IRAs. The Subcommittee received testimony from two Members of Congress, the U.S. Department of the Treasury, the Department of Labor (DOL), GAO, the American Association of Retired Persons (AARP), the Employee Benefit Research Institute (EBRI) and experts from other retirement focused groups. The testimony addressed options for employers to provide their workers with retirement saving options outside the traditional employer-sponsored plans.



B. LEGISLATIVE REVIEW OF TRADE ISSUES

1. U.S. TRADE AGENDA

a. Hearings

i. On January 30, 2007, the Committee held a hearing on trade and globalization. The hearing explored the integration of markets brought about by globalization. It also examined how U.S. trade policy can be used as a tool to shape globalization and to ensure that the forces of the global economy are harnessed most effectively and efficiently to generate the maximum amount of broadly based economic growth. Witnesses at the hearing included former officials from the Clinton and Bush administrations and representatives from the business community and other non-governmental organizations.

ii. On February 14, 2007, the Committee held a hearing on the direction and content of U.S. trade policy, including: (1) the status of the WTO Doha Round negotiations; (2) the status of U.S. free trade agreements; (3) policy responses to the U.S. trade deficit and debt; (4) the operations of the WTO Dispute Settlement Body; (5) the status of WTO accession negotiations; (6) the effectiveness of U.S. preference programs; and (7) presidential trade negotiating authority. U.S. Trade Representative Susan C. Schwab was the sole witness at the hearing.

b. Agreement of May 10, 2007

On May 10, 2007, Congressional leaders on a bipartisan basis reached an historic agreement with the Administration to revise the free trade agreements (FTAs) that had been concluded but had not yet been submitted to Congress at that time (with Colombia, Korea, Panama and Peru). As a result of the "May 10 Agreement," these FTAs became the first U.S. FTAs to include fully-enforceable basic international labor standards, as stated in the 1998 ILO Declaration on Fundamental Principles and Rights at Work. They were also the first FTAs to require the parties to implement and enforce their obligations under certain common multilateral environmental agreements and, in the case of the U.S.–Peru Trade Promotion Agreement, to require Peru to take major, specific steps to address illegal logging.

The May 10 Agreement also required other important changes to the texts of these FTAs, including: (1) modifications of the intellectual property



chapter to balance promoting access to medicines and protecting pharmaceutical innovation (in particular, in the agreements with Colombia, Panama and Peru); (2) clarification that the government procurement chapters allow conditioning of contracts on adherence to basic and minimum labor standards; (3) clarification that, where there are national security concerns, the United States can prevent foreign companies from operating U.S. ports; and (d) clarification that the FTAs do not accord foreign investors in the United States with greater substantive rights with respect to investment protections than U.S. investors in the United States.

The May 10 Agreement included all of the changes to the texts of the Peru and Panama FTAs that Committee Chairman Rangel and Trade Subcommittee Chairman Levin considered necessary for Committee consideration of those agreements. The Chairmen also considered these changes necessary – but not sufficient – for Committee consideration of the Colombia and Korea FTAs. On May 10, documents issued by Chairmen Rangel and Levin noted that, in the case of Colombia, the persistent violence against trade unionists (and the related problem of impunity) creates special problems and considerations not presented in the context of the Peru and Panama FTAs. Similarly, the Chairmen noted that the problem of Korea's systemic barriers in the automotive, manufactured, agricultural, and services markets would have to be addressed.

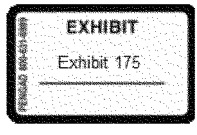
2. WORLD TRADE ORGANIZATION

a. Hearings and Executive Sessions

As described above, the Committee held a hearing on January 30, 2007, concerning trade and globalization. In that hearing, Members and witnesses discussed a range of issues, including the status of the WTO Doha Round of trade negotiations and the need to enforce existing WTO rules through the WTO dispute settlement mechanism.

In the hearing held on February 14, 2007, described above, U.S. Trade Representative Schwab and the Members of the Committee discussed a range of issues, including the status of the WTO Doha Round of trade negotiations and the need to enforce existing WTO rules through the WTO dispute settlement mechanism.

On April 24, 2007, the Committee held an executive session with WTO Director General Pascal Lamy to discuss the status of the Doha Round of multilateral trade negotiations.



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On November 8, 2007, the Committee held an executive session with the European Union Commissioner for Trade, Peter Mandelson. The Commission and the Committee Members discussed the status of the Doha Round of negotiations, among other trade issues.

On July 17, 2008, the Committee held an executive session with U.S. Trade Representative Schwab to discuss the status of the Doha round of trade negotiations and, more specifically, the WTO ministerial meeting which was scheduled (and took place) at the end of that month (July 21-30).

b. Staff Delegations

Committee staff for the Majority and Minority traveled to Geneva, Switzerland, for meetings at the World Trade Organization from December 9-12, 2007. The purpose of the trip was to gather information on the status of the Doha Round negotiations and to share the Committee's views with WTO Members. While in Geneva, staff met individually with the WTO Director General Lamy, his deputy, Rufus Yerxa, the Agriculture, Rules, and Services chairs of the negotiations (WTO representatives of New Zealand, Uruguay and Mexico, respectively), and representatives of Brazil, China, Costa Rica, the European Communities, and India. Staff also held three larger meetings, one with WTO Members from the African nations, one with Members from the Caribbean nations, and one with representatives from Australia, Chile, Japan, and Malaysia. Two staff members, one from the Majority and one from the Minority, remained in Geneva for an additional day to observe the first day of consideration of a proposed Rules text (in particular, those portions related to trade remedy laws, such as antidumping and countervailing duty laws).

In March 2008, Committee staff for the Majority and Minority traveled to Geneva, Switzerland, to attend the Appellate Body hearing in *United States – Final Anti-Dumping Measures on Stainless Steel from Mexico*, a dispute involving the controversial methodology known as "zeroing." The hearing was held from March 6-7, 2008. In addition to attending the hearing, Committee staff met with U.S. and WTO officials, including the head of the WTO Rules Division, to discuss the status of the Doha Round negotiations.

Committee staff for the Majority and Minority traveled to Geneva, Switzerland, for meetings at the WTO from June 30 through July 1, 2008. The purpose of the trip was to assess the progress that had been made since the December meetings and to monitor further the negotiations. While in Geneva, staff met with WTO Director General Lamy's Chief of Staff, Arancha Gonzalez, as well as with the chairs of the Agriculture, Industrial Goods, Rules, and Services negotiations. Staff also met with the head of the WTO Rules Division.



While there, Staff conducted bilateral meetings with representatives of Brazil, China, and the European Communities. Staff also held three larger meetings, one with WTO Members from African nations (Benin, Kenya, Rwanda, South Africa, and Uganda), one with Members from the Caribbean nations, and one with representatives from Japan, Norway, and Singapore to discuss perspectives on the Rules negotiations.

In July 2008, three Members of the Ways and Means staff traveled to Geneva, Switzerland, to observe and consult with the Bush Administration on a critical moment in the WTO "Doha Development Agenda" round of negotiations. Minority staff Member Evan Alexander traveled from July 22 to July 27, Subcommittee Staff Director Tim Reif traveled from July 23 to July 26, and Subcommittee Deputy Staff Director Viji Rangaswami traveled from July 23 to July 27. The purpose of the trip was to meet with U.S. government representatives, U.S. private sector representatives, foreign government representatives, and WTO officials in regard to the ongoing negotiations, to hear their reports on the status of the negotiations, and their perspectives, and offer the perspectives of the Members of the Committee.

c. GAO Report

In March 2007, the Committee received a report from the GAO entitled *World Trade Organization: Congress Faces Key Decisions as Efforts to Reach Doha Agreement Intensify.* Publication GAO-07-379. Washington, D.C.: March 5, 2007.

3. BILLS CONSIDERED UNDER THE TRADE AGREEMENT APPROVAL PROCEDURES OF THE TRADE ACT OF 2002

The Trade Act of 2002 (P.L. 107-210) included provisions to renew trade agreement approval procedures (known as "fast track" or "trade promotion authority") that were first enacted in 1974. Under those procedures, Congress grants the President the authority to enter into certain reciprocal trade agreements, and to have implementing bills considered under expedited legislative procedures and without the opportunity for amendment, provided the President observes certain statutory obligations in negotiating them.

a. Legislation

i. United States – Peru Trade Promotion Agreement

On September 25, 2007, the Committee informally approved draft legislation to implement the United States - Peru Trade Promotion Agreement,



by voice vote. The Committee conducted this informal markup to provide advice to the Administration on the implementing bill and Statement of Administrative Action. On September 27, 2007, Majority Leader Hoyer and Minority Leader Boehner introduced (by request) H.R. 3688, the "United States-Peru Trade Promotion Agreement Implementation Act," to be considered under the trade agreement approval procedures of the Trade Act of 2002.

On October 31, 2007, the Committee held a formal markup session to consider H.R. 3688. The Committee approved the bill and favorably reported H.R. 3688 by a roll call vote of 39-0. Under the trade agreement approval procedures of the Trade Act of 2002, amendments are not permitted to the bill once it has been introduced. On November 8, 2007, the House passed the bill by a recorded vote of 285 to 132. On December 4, 2007, the Senate passed H.R. 3688, without amendment, by a recorded vote of 77-18. The President signed the bill into law on December 14, 2007 (P.L. 110-138).

ii. United States – Colombia Trade Promotion Agreement

On April 8, 2008, the President submitted the "United States – Colombia Trade Promotion Agreement Implementation Act" to the House of Representatives and the Senate, over the objections of the Speaker of the House and the Majority Leaders of the House and Senate. In accordance with the trade agreement approval procedures of the Trade Act of 2002, Majority Leader Hoyer and Minority Leader Boehner introduced the bill, H.R. 5724, by request. The Committee did not informally mark up or approve the draft legislation prior to its introduction. The bill was introduced over the objections of House and Senate leaders and without close collaboration or cooperation between the executive branch and the Committee.

On April 10, 2008, the House considered H. Res. 1092. H. Res. 1092 rendered inapplicable certain trade agreement approval procedures of the Trade Act of 2002 (relating to the period for Committee and Floor consideration and the procedures for Floor consideration) in the case of H.R. 5724. H.Res. 1092 left intact other trade agreement approval procedures, such as the rule that an implementing bill may not be amended once it has been introduced. The House passed H. Res. 1092 by a vote of 224-195 on April 10, 2008. The 110th Congress ended without further action on H.R. 5724.

b. Hearings

As described above, the Committee held a hearing on January 30, 2007, concerning trade and globalization. In that hearing, Members and witnesses



discussed a range of issues, including the status of FTA negotiations with Colombia, Korea, Panama and Peru, and other countries.

In the hearing held on February 14, 2007, described above, U.S. Trade Representative Schwab and the Members of the Committee discussed a range of issues, including the status of FTA negotiations with Colombia, Korea, Panama and Peru, and other countries.

c. Congressional and Staff Delegations

i. Congressional Delegation to Peru

From August 5 to 7, 2007, the Chairman, Subcommittee Chairman Sander Levin and Committee Member Allyson Schwartz traveled to Lima, Peru on a Codel. The purpose of the Codel was to meet with the President of Peru, other Peruvian officials and private sector representatives, including representatives of labor and business groups and other non-governmental organizations, in regard to congressional consideration of the U.S.-Peru Trade Promotion Agreement, implementation of the agreement, and implementation in particular of the elements of the agreement arising out of the agreement of May 10, 2007.

On August 6, the Codel met with the U.S. Charge D'Affairs and U.S. embassy staff, the President of Peru's Congress and other Peruvian congressional leaders, Peruvian President Garcia and Members of his Cabinet, held a press conference with President Garcia, and met with Peruvian labor leaders and business leaders. Chairmen Rangel and Levin returned to Washington on the morning of August 7. That day, Congresswoman Schwartz, joined by Congressman Greg Meeks, met with local agri-business leaders, Afro-Peruvian Community Leaders and others.

ii. Staff Delegation to Peru, June 8-14, 2008

Committee staff for the Majority and Minority traveled to Peru for meetings from June 8-14, 2008. The purpose of the delegation's trip was to get a better understanding of the challenges that Peru faces, and the progress it has made to date, to come into compliance with the United States – Peru Trade Promotion Agreement's Annex on Forest Sector Governance, a key component of the May 10 Agreement described above. For a portion of the trip, staff traveled to the department of Madre de Dios in the Peruvian Amazon with members of the United States inter-agency team responsible for the implementation of the Annex and their Peruvian counterparts. On the trip,



Committee staff met with current and former federal and regional government officials, timber exporters, timber concessionaires, timber mill operators, representatives of Peruvian non-governmental organizations and other stakeholders.

4. BILATERAL AND REGIONAL ISSUES

a. Free Trade Agreements

i. Completed Agreements

Peru

On November 18, 2003, U.S. Trade Representative Zoellick formally notified Congress of the Administration's intention to initiate negotiations for a free trade agreement with Colombia, Ecuador and Peru. Negotiations with those countries began in May 2004, with Bolivia participating as an observer. On December 7, 2005, the United States and Peru announced that they had concluded FTA negotiations. On January 6, 2006, President Bush officially notified Congress of his intention to sign the U.S. – Peru Trade Promotion Agreement. The agreement was signed on April 12, 2006. The President, however, did not submit an implementing bill in the remaining months of the 109th Congress.

On May 10, 2007, House and Senate leaders on a bipartisan basis reached an agreement with the Administration regarding the need to make several substantial changes to the text of the trade agreement with Peru, as described in more detail above. The United States renegotiated the text with Peru, and U.S. Trade Representative Schwab announced on June 25, 2007, that an agreement was reached with Peru. As noted above, the President signed the implementing legislation into law on December 14, 2007 (P.L. 110-138).

Colombia

On November 18, 2003, U.S. Trade Representative Zoellick formally notified Congress of the Administration's intention to initiate negotiations for a free trade agreement with Colombia, Ecuador and Peru, as noted above. On February 27, 2006, the United States and Colombia announced that they had concluded FTA negotiations. On August 24, 2006, President Bush officially notified Congress of his intention to sign the U.S. – Colombia Trade Promotion Agreement. The agreement was signed on November 22, 2006. An implementing bill was not introduced in the 109th Congress.



On May 10, 2007, House and Senate leaders reached an agreement with the Administration regarding the need to make several substantial changes to the text of the trade agreement with Colombia, as described in more detail above. The United States renegotiated the text with Colombia, and U.S. Trade Representative Schwab announced on June 28, 2007, that an agreement was reached with Colombia. As noted above, the President submitted an implementing bill (H.R. 5724) to Congress on April 8, 2008. The Committee did not informally mark up or approve the draft legislation prior to its introduction. The bill was introduced over the objections of the Speaker of the House and the Majority Leaders of the House and Senate, and without close collaboration or cooperation between the executive branch and the Committee. On April 10, 2008, the House approved H. Res. 1092, which modified the trade agreement approval procedures as they applied to H.R. 5724. The 110th Congress ended without further action on H.R. 5724.

Panama

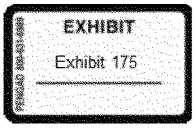
On November 18, 2003, U.S. Trade Representative Zoellick formally notified Congress of the Administration's intention to initiate negotiations for a free trade agreement with Panama. Negotiations were launched on April 26, 2004. On December 19, 2006, the United States and Panama announced that they had completed negotiations, but with the understanding that further discussions were necessary. On March 30, 2007, President Bush officially notified Congress of his intention to sign the U.S. – Panama Trade Promotion Agreement. After the May 10 changes, discussed above, were incorporated into the text of the agreement with Panama, the parties signed the agreement on June 28, 2007.

On May 15, 2007, the Committee held an executive session with the Vice President of Panama, H.E. Samuel Lewis Navarro. The session focused on the May 10 Agreement and its impact on Congressional consideration of the U.S.-Panama Free Trade Agreement.

In September 2007, the Committee received from the U.S. International Trade Commission a report entitled *U.S. – Panama Trade Promotion Agreement: Potential Economy-wide and Selected Sectoral Effects*. Publication 3948, Washington, D.C.: September 2007.

Korea

On February 2, 2006, U.S. Trade Representative Portman formally notified Congress of the Administration's intention to initiate negotiations for a



free trade agreement with the Republic of Korea. Negotiations began in June 2006. U.S. Trade Representative Schwab announced that the negotiations reached their conclusion on April 1, 2007. Simultaneously, President Bush officially notified Congress of his intention to sign the Free Trade Agreement between the United States and Korea. The agreement was signed on June 30, 2007.

The Trade Subcommittee held a hearing on the Korea FTA on March 20, 2007, while negotiations were still ongoing. The hearing focused on the major outstanding issues in the negotiations (in particular, the need to open Korea's automotive market) and on the possible agricultural benefits of an FTA (including the need to open Korea's closed rice and beef markets). Witnesses at the hearing included Deputy U.S. Trade Representative Karan Bhatia and representatives from the business and agricultural communities and a labor union representative.

In September 2007, the Committee received a report from the ITC entitled *U.S. – Korea Free Trade Agreement: Potential Economy-wide and Selected Sectoral Effects.* Publication 3949. Washington, D.C.: September 2007.

ii. Ongoing and Suspended Negotiations

Southern African Customs Union (SACU)

Pursuant to Sense of Congress language in the Africa Growth and Opportunities Act of 2000 (P.L. 106-200), on November 4, 2002, U.S. Trade Representative Zoellick formally notified Congress of the Administration's intention to initiate negotiations for a free trade agreement with the countries that comprise the Southern African Customs Union (Botswana, Lesotho, Namibia, South Africa, and Swaziland). Negotiations between the United States and the SACU countries were launched on June 2, 2003, but were suspended in 2006, due to lack of progress. On July 16, 2008, U.S. Trade Representative Schwab signed a "Trade, Investment and Development Cooperation Agreement" (TIDCA) with SACU.

Malaysia

On March 8, 2006, U.S. Trade Representative Portman formally notified Congress of the Administration's intention to initiate negotiations for a free trade agreement with Malaysia. Negotiations were launched in June 2006, and the talks are ongoing.

Ecuador



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As noted above, on November 18, 2003, U.S. Trade Representative Zoellick formally notified Congress of the Administration's intention to initiate negotiations for a free trade agreement with Colombia, Ecuador and Peru. Negotiations began in May 2004 with all three countries. See discussion above concerning the conclusion of negotiations with Peru and Colombia. The United States and Ecuador suspended negotiations in May 2006.

Thailand

On February 12, 2004, U.S. Trade Representative Zoellick formally notified Congress of the Administration's intention to initiate negotiations for a free trade agreement with Thailand. Negotiations began in June 2004. However, talks were suspended after a political crisis developed in Thailand in April 2006.

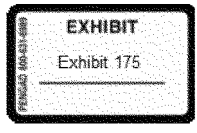
United Arab Emirates

On November 15, 2004, U.S. Trade Representative Zoellick formally notified Congress of the Administration's intention to initiate negotiations for a free trade agreement with the UAE, part of the goal announced by President Bush to form a Middle East Free Trade Area by 2013. Negotiations began in March 2005. In early 2007, the United States and the United Arab Emirates decided that the timing was not conducive to concluding the FTA negotiations, and the parties have decided to pursue progress on select trade and investment issues through a "Trade and Investment Framework Plus" process. The first formal meeting was held in June 2007. In October 2008, U.S. Trade Representative Schwab and her counterpart committed to giving new impetus to the "TIFA-Plus" discussions.

Trans-Pacific Strategic Economic Partnership

On September 22, 2008, U.S. Trade Representative Schwab announced the launch of negotiations for the United States to join the Trans-Pacific Strategic Economic Partnership Agreement. The four original members of the Trans-Pacific Economic Partnership (Brunei Darussalam, Chile, New Zealand, and Singapore) signed the agreement in 2005. The United States is the first additional country to seek to join the agreement. Negotiations over a revised agreement are scheduled to begin in early 2009. However, the United States began participating in negotiations related to financial services and investment with the Trans-Pacific countries in February 2008.

b. Trade Preference Programs



i. Legislation

On March 29, 2007, the Chairman introduced H.R. 1830, a bill to extend to September 30, 2009, the Andean Trade Preference Act and the Andean Trade Preferences and Drug Eradication Act (hereinafter "the Andean Preference Programs"). On June 27, 2007, the House took up the bill, as amended, under suspension and passed it by a recorded vote of 365-59. As amended, H.R. 1830 extended the Andean Preference Programs until February 29, 2008. On June 28, 2007, the bill was received in the Senate and passed by unanimous consent. On June 30, 2007, H.R. 1830 was signed by the President and became Public Law No. 110-42.

H.R. 5264, the Andean Trade Preference Extension Act of 2008, was introduced by Committee on Ways and Means Chairman Charles B. Rangel on February 7, 2008. H.R. 5264: (1) extended until September 30, 2010 the Andean Preference Programs, the Caribbean Basin Initiative (CBI) preferences and the Generalized System of Preferences (GSP); (2) repealed an "abundant supply" provision that required the use of fabric from least-developed beneficiary countries in an attempt to leverage vertical integration, thereby restricting the ability of those countries to use the African Growth and Opportunity Act's (AGOA) flexible "third-country fabric" rule; (3) reinstated Mauritius' eligibility to use AGOA's "third-country fabric" provisions; and (4) repealed the GSP's competitive need limitation (CNL) waiver provisions. On February 14, 2008, the Committee on Ways and Means met to consider H.R. 5264. At that time, Chairman Rangel offered an amendment in the nature of a substitute, which was adopted by voice vote. The amendment was limited to a 10-month extension of the Andean Preference Programs; none of the CBI, GSP or AGOA provisions included in the bill as introduced was retained. On February 25, 2008, the bill was reported by the Committee. On February 27, 2008, the House took up H.R. 5264 and passed it by voice vote. On February 28, 2008, the bill was passed by the Senate by unanimous consent. On February 29, 2009, it was signed by the President and became Public Law No. 110-191.

H.R. 2419, the Food, Conservation and Energy Act of 2008, was introduced on May 22, 2007. It was reported, as amended, by the Committee on Agriculture on July 23, 2007. On July 27, 2007, the House took up H.R. 2419 and passed the bill by recorded vote of 231 – 191.

On December 14, 2007, the Senate passed H.R. 2419 with an amendment by a recorded vote of 79 - 14. During the conference, at the request of members of the Committee, additional preference provisions were added to modify the Haitian Hemispheric Opportunity through Partnership

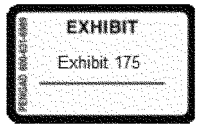


Encouragement (HOPE) Act. The "HOPE II" provisions included in H.R. 2419 provide additional, simplified ways for Haitian apparel to qualify for duty-free treatment and enhanced incentives to use U.S. inputs. HOPE II also required that Haiti establish a comprehensive labor monitoring program in its apparel sector at the enterprise level with assistance from the International Labor Organization. The preference provisions added in the Farm Bill conference also extended the expiring provisions of the Caribbean Basin Initiative for two years.

The conference report was filed on May 13, 2008. The conference report was agreed to in the House by a recorded vote of 318-106 on May 14, 2008. The Senate agreed to the conference report by a recorded vote of 81-15 on May 15, 2008. On May 21, 2008, the legislation was vetoed by the President. The House passed the bill over the President's veto by a recorded vote of 316-108 on May 22, 2008. The Senate passed the bill over the President's veto by a recorded vote of 82-13 on May 22, 2008, and it became Public Law No: 110-234.

Due to a technical error, only 14 of the 15 chapters of the conference report were presented to the President, vetoed and passed by Congress over the veto. As such, all 15 chapters of the conference report were introduced as H.R. 6124, the Food, Conservation and Energy Act of 2008, on May 22, 2008. On that same day, the House took up H.R. 6124 and passed the bill under suspension by a recorded vote of 306-110. On June 5, 2008, the Senate passed H.R. 6124 without amendment by a vote of 77-15. On June 18, 2008, the President vetoed the legislation. The House passed the bill over the President's veto by a recorded vote of 317-109 on June 18, 2008. The Senate passed the bill over the President's veto by a recorded vote of 80-14 on June 18, 2008, and it became Public Law No. 110-246.

On July 22, 2008, Chairman Rangel and Ranking Member Jim McCrery introduced H.R. 6560, a bill to establish an earned import allowance program under Public Law 109-53, and for other purposes. H.R. 6560: (1) established a "2 for 1" textile and apparel allowance program to be developed and administered by the Secretary of Commerce under which Dominican apparel producers could "earn" the right to export duty free certain apparel made with non-U.S. non-regional fabric, if they have purchased certain quantities of U.S. fabric for use in apparel production; (2) extended the GSP program for one year to December 31, 2009; (3) repealed the AGOA "abundant supply" requirement (see description above); (4) made several non-controversial, technical corrections to AGOA and the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008 (HOPE II); and (5) repealed prepayment requirements contained in Public Law 110-246. On July 29, 2008, the House took up H.R. 6560 and passed the bill by voice vote. On July 30,

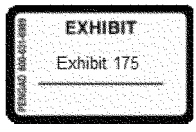


2008, it was received in the Senate and referred to the Committee on Finance. No further action was taken in the Senate.

On September 29, 2008, Chairman Rangel, Trade Subcommittee Chairman Levin, Committee Ranking Member McCrery and Trade Subcommittee Ranking Member Herger introduced H.R. 7222, a bill to extend the Andean Trade Preference Act, and for other purposes. H.R. 7222: (1) extended the GSP program for one year to December 31, 2009 (2) extended the Andean Preference Programs for (a) one year for Colombia and Peru (until December 31, 2009), (b) six months for Ecuador plus an additional six months unless the Administration determines that Ecuador does not satisfy the Andean Preference Program criteria and (c) six months for Bolivia plus an additional six months only if the Administration determines that Bolivia satisfies the Andean Preference Program criteria; (3) repealed the AGOA "abundant supply" requirement (see description above); (4) reinstated Mauritius' eligibility to use the AGOA "third-country fabric" provisions; (5) required the U.S. International Trade Commission to identify inputs that can be produced competitively in beneficiary sub-Saharan African countries and required the Comptroller General to recommend changes to U.S. trade preference programs, including AGOA, to provide incentives to increase investment and other measures necessary to improve the competitiveness of beneficiary sub-Saharan African countries in the production of the inputs identified by the ITC; (6) established a "2 for 1" textile and apparel allowance program to be developed and administered by the Secretary of Commerce (see description above); (7) made several of non-controversial, technical corrections to AGOA and the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008; and (8) repealed prepayment requirements contained in Public Law 110-246. On September 29, 2007, the Committee on Ways and Means discharged H.R. 7222 and the House passed it without objection on that same day. On October 2, 2008, H.R 7222 passed with an amendment in the Senate by unanimous consent. On October 3, 2008, the House agreed to the Senate amendment without objection. On October 16, 2008, H.R. 7222 was signed by the President and became Public Law No. 110-436.

ii. Hearings and Executive Sessions

On June 19, 2007, the Committee held an executive session with the Heads of State of nine Member countries of the Caribbean Community and Common Market (CARICOM) to discuss ways to strengthen trade and economic ties between the Caribbean and the United States.



On July 16, 2008, the Committee held an executive session with trade ministers (or their designates) from 35 sub-Saharan African countries, who were in Washington D.C. for the 7th Annual Africa Growth and Opportunity Act (AGOA) Forum. The meeting yielded a productive exchange of views on how AGOA has worked and on priorities for next steps.

iii. Reports

General

In September 2007, the Committee received a report from the GAO entitled *U.S. Trade Preference Programs: An Overview of Use by Beneficiaries and U.S. Administrative Reviews.* Publication GAO-07-1209. Washington, D.C.: September 2007.

In March 2008, the Committee received a report from the GAO entitled *U.S. Trade Preference Programs Provide Important Benefits, but a More Integrated Approach Would Better Ensure Programs Meet Shared Goals.* Publication GAO-08-443. Washington, D.C.: March 2008.

AGOA Countries

In September 2007, the Committee received a report from the ITC entitled *Commercial Availability of Fabric & Yarns in AGOA Countries: Certain Denim.* Publication 3950, Washington, D.C.: September 2007.

In July 2008, the Committee received a report from the ITC entitled *Denim Fabric: Use in AGOA Countries During Fiscal Year 2007.* Publication 4021. Washington, D.C.: July 2008.

In August 2008, the Committee received a report from the ITC entitled *Denim Fabric: Commercial Availability in AGOA Countries During Fiscal Year 2009.* Publication 4027. Washington, D.C.: August 2008.

Andean Countries

In September 2008, the Committee received a report from the ITC entitled *Andean Trade Preference Act: Impact on U.S. Industries and Consumers and on Drug Crop Eradication and Crop Substitution, 2007. Thirteenth Report.* Publication 4037. Washington, D.C.: September 2008.

Caribbean Countries



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In June 2007, the Committee received a report from the GAO entitled *Information on Port Security in the Caribbean Basin.* Publication GAO-07-804R. Washington, D.C.: June 29, 2007.

In September 2007, the Committee received a report from the ITC entitled *The Impact of the Caribbean Basin Economic Recovery Act, Eighteenth Report 2005-2006.* Publication 3954. Washington, D.C.: September 2007

In May 2008, the Committee received a report from the ITC entitled *Caribbean Region: Review of Economic Growth and Development.* Publication 4000. Washington, D.C.: May 2008.

In June 2008, the Committee received a report from the ITC entitled *Textiles and Apparel: Effects of Special Rules for Haiti on Trade Markets and Industries.* Publication 4016. Washington, D.C.: June 2008.

c. Burma

i. Legislation

Annual Renewal

On July 28, 2003, President George W. Bush signed the Burmese Freedom and Democracy Act of 2003 (P.L. 108-61, hereinafter "BFDA") to sanction the ruling Burmese military junta, strengthen Burma's democratic forces, and support and recognize the National League of Democracy as the legitimate representative of the Burmese people. Among other things, the BFDA prohibits the importation into the United States of any article that is the product of Burma (Myanmar) until the President certifies to Congress that Burma has met certain conditions, including that: (1) Burma's ruling military junta has made substantial improvements to end violation of human rights; (2) the junta has made substantial progress towards implementing a democratic government; and (3) the junta has taken effective counter-narcotics measures. The import restrictions must be renewed on an annual basis by Congress. In addition, the BFDA included a mandatory three year sunset on the import ban. Since 2004, Congress has annually renewed the import ban, and in 2006, extended the mandatory sunset date for the import ban for an additional three years.

On May 24, 2007, Chairman of the House Foreign Affairs Committee Lantos introduced H.J.Res 44 to authorize the renewal of import restrictions imposed under the BFDA. The bill was referred solely to the Ways and Means Committee. The House passed H.J. Res 44 under a suspension of the rules by voice vote on July 23, 2007, and the Senate passed it without amendment by a



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vote of 93-1 on July 24, 2007. President Bush signed the bill into law on August 1, 2007 (Public Law No. 110-52).

On June 5, 2008, Congressman Joseph Crowley introduced H.J.Res 93 to authorize the renewal of import restrictions imposed under the BFDA. The bill was referred solely to the Ways and Means Committee. On July 9, 2008, Chairman Rangel and Chairman of the House Foreign Affairs Committee Berman exchanged letters, acknowledging the jurisdiction of the Ways and Means Committee and its agreement to forgo consideration of H.J. Res. 93. The House passed H.J. Res 93 under a suspension of the rules by voice vote on July 23, 2008. The Senate passed the bill without amendment by unanimous consent on July 24, 2008. President Bush signed the bill into law on July 29, 2008 (Public Law No. 110-287).

Expansion of BFDA Import Ban

On October 18, 2007, Chairman of the House Foreign Affairs Committee Lantos introduced H.R. 3890, the Block Burmese JADE (Junta's Anti-Democratic Efforts) Act of 2007 (the JADE Act), to expand the BFDA's import ban to include jade or rubies and jewelry containing such gemstones mined or extracted from Burma. The bill was referred to the House Foreign Affairs, and to the Committees on Ways and Means and the Judiciary.

On December 10, 2007, after extensive staff discussions, Chairmen Rangel and Lantos exchanged letters acknowledging the jurisdiction of the Ways and Means Committee, and its agreement to forgo the consideration of the bill with certain changes made to the expanded import ban. The changes included provisions: (1) requiring as a condition of importation for non-Burmese jade or rubies or jewelry containing such gemstones that people or firms in the supply chain maintain certain records and take other steps to ensure that the imported products do not include Burmese origin gemstones; (2) allowing the President to waive such import conditions where the imported articles are from a country that has taken measures to prevent trade in such Burmese gemstones; (3) directing the President to seek a multilateral agreement on stopping global trade in Burmese gemstones; (4) directing the President to seek a waiver from the World Trade Organization for the expanded import ban; and (5) re-instating certain trade preferences under the U.S. Generalized System of Preferences (GSP) for certain jewelry from India and Thailand.

On December 11, 2007, H.R. 3890 passed the House under a suspension of the rules by a voice vote, with the agreed upon changes. The Senate passed the bill with amendments under unanimous consent on December 19, 2007. On July 15, 2008, the House agreed to the Senate's amendments, with



amendments. Among other changes, the House amendments included all of the changes sought by the Committee on Ways and Means with respect to the expanded import ban, with the exception of the GSP-related amendments. On July 22, 2008, the Senate agreed to the House's amendments. President Bush signed H.R. 3890 into law on July 29, 2008 (Public Law No. 110-286).

d. China

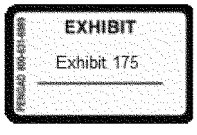
i. Hearings and Executive Session

The Subcommittee on Trade held a series of hearings in the 110th Congress focused on (1) the impact of U.S.-China trade on jobs, wages, prices, manufacturing competitiveness and other aspects of the U.S. economy; (2) the causes of the U.S. trade deficit with China; (3) China's compliance with its WTO commitments; and (4) China's role in the world economy.

The first hearing, held on February 15, 2007, addressed China's enforcement of intellectual property rights and the role and effect of subsidies in the Chinese market and their impact on competition with U.S. products in China. The Trade Subcommittee heard testimony from private sector interests and the Administration.

The second hearing, held on March 15, 2007, addressed the application of countervailing duties to unfairly subsidized and injurious imports from nonmarket economy countries, with a focus on H.R. 1229, the "Nonmarket Economy Trade Remedy Act of 2007," introduced by Representatives Artur Davis (D-AL) and Phil English (R-PA). The Subcommittee received testimony from a Member of Congress, the Administration, and private sector interests.

The third hearing, held on May 9, 2007, addressed the issue of currency manipulation and its effects on U.S. businesses and workers. Three subcommittees participated in the hearing: the Ways and Means Subcommittee on Trade; the Financial Services Subcommittee on Domestic and International Monetary Policy, Trade, and Technology; and, the Energy and Commerce Subcommittee on Commerce, Trade and Consumer Protection. The purpose of the hearing was to consider: (1) whether, and to what extent, the Chinese renminbi (RMB) and the Japanese yen are undervalued as a result of foreign government intervention in the currency markets; (2) the immediate and long-term impact an undervalued RMB or yen has on the economies of the United States and other countries, and on the global economy; and (3) what action, if any, the United States should take to address exchange rate manipulation. The Subcommittees received testimony during the hearing from the Administration and private sector interests.



In the fourth hearing, held on August 2, 2007, the Trade Subcommittee considered various legislative proposals relating to trade with China. The legislation examined included bills to address trade-distorting currency practices, as well as legislation to modify U.S. trade remedy laws. In addition, the hearing addressed the safety of food imports into the United States and issues related to the application of sanitary and phytosanitary measures overseas and the consistency of those measures with World Trade Organization (WTO) rules. During the hearing, the Subcommittee received testimony from eleven Members of Congress, the Administration, and the private sector.

On October 4, 2007, the Trade Subcommittee and the Oversight Subcommittee held a joint hearing on import safety. The hearing focused on the mechanisms and legal authorities under current law for ensuring the safety of food and consumer products imported into the United States.

In addition to the five hearings described above, the Trade Subcommittee and other interested Members of the Committee held an executive session on February 13, 2007, on exchange rate regimes and their effect on international trade, with a focus on the policies of China and Japan. The Members of the Committee informally discussed these issues with several knowledgeable economists, from the business community and other non-governmental organizations.

ii. Reports

In December 2007, the Committee received a report from the ITC entitled *China: Description of Selected Government Practices and Policies Affecting Decision Making in the Economy.* Publication 3978. Washington, D.C.: December 2007. The report was the first in a three-part study requested by the Chairman on May 23, 2007. {This request changed and superseded a request made in the 109th Congress by Chairman Thomas on September 21, 2006, following a written request from Ranking Member Charles B. Rangel to the Chairman, dated June 15, 2006, to study how China uses various forms of government intervention to promote investment, employment, and exports.} However, in a letter dated April 1, 2008, the Chairman recognized that it was not possible for the ITC to access and analyze key information within the time agreed (given the lack of transparency in Chinese policymaking, the absence of a clear demarcation between central and provincial government responsibilities, the pace at which laws are being written and rewritten, and the incomplete development of the rule of law in China) and terminated the requested study.



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On December 11, 2007, the Committee received from the U.S. Trade Representative the "2007 Report to Congress on China's WTO Compliance," pursuant to section 421 of the U.S.-China Relations Act of 2000 (P.L. 106-286).

On December 1, 2008, the Committee received from the ITC the first in a series of reports entitled *Statistical Reports on Certain Textile and Apparel Imports from China*, under investigation No. 332-501. The Chairman of the Committee requested this investigation, pursuant to section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)), to monitor textile and apparel imports from China following the expiration on December 31, 2008, of the *Memorandum of Understanding Concerning Trade in Textile and Apparel Products* between the United States and China.

e. Iran

On February 8, 2007, Congresswoman Ileana Ros-Lehtinen introduced H.R. 957 to amend the Iran Sanctions Act of 1996 by expanding and clarifying the entities against which the United States may impose sanctions. Several provisions of the bill fell under the Ways and Means Committee's jurisdiction. On July 27, 2007, Chairman Rangel and Chairman of the House Foreign Affairs Committee Lantos exchanged letters acknowledging the jurisdiction of the Ways and Means Committee and changes made to the legislation that clarify the intent and scope of the bill, and the agreement by the Ways and Means Committee to forgo consideration of the bill as long as the Committee's jurisdictional prerogatives are being respected. The House passed H.R. 957 by a vote of 415-11 on July 31, 2007, and referred the bill to the Senate on August 3, 2007. No further action was taken on this legislation in the 110th Congress.

On March 8, 2007, Congressman Tom Lantos, Chairman of the House Committee on Foreign Affairs, introduced H.R. 1400, the "Iran Counter-Proliferation Act of 2007." The bill contained several provisions within the jurisdiction of the Committee on Ways and Means, including provisions related to international trade. On September 24, 2007, Chairman Rangel and Chairman Lantos exchanged letters acknowledging the jurisdiction of the Ways and Means Committee and changes made to the legislation that clarify the intent and scope of the bill, and the agreement by the Ways and Means Committee to forgo consideration of the bill as long as the Committee's jurisdictional prerogatives are being respected. On September 25, 2007, the House passed the bill under a suspension of the rules by a vote of 397 to 16. On September 26, 2007, the bill was referred to the Senate Committee on Banking, Housing and Urban Affairs. No further action was taken on this legislation in the 110th Congress.



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On September 26, 2008, Chairman of the House Foreign Affairs Committee Berman introduced H.R. 7112, which would amend the Iran Sanctions Act of 1996 by expanding and clarifying the entities against which sanctions may be imposed. The bill contained trade-related provisions. On September 26, 2008, Chairmen Rangel and Berman exchanged letters acknowledging the jurisdiction of the Ways and Means Committee and changes made to the legislation that clarify the intent and scope of the bill, and the agreement by the Ways and Means Committee to forgo consideration of the bill as long as the Committee's jurisdictional prerogatives are being respected. H.R. 7112 passed the House on September 26, 2008, under a suspension of the rules by a voice vote. The bill was sent to the Senate on September 27, 2008. No further action was taken on this legislation in the 110th Congress.

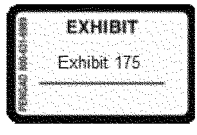
f. Japan

i. Hearings and Executive Sessions

On February 13, 2007, the Trade Subcommittee and other interested Members of the Committee held an executive session on exchange rate regimes and their effect on international trade, with a focus on the policies of China and Japan. The Committee heard from several economists with knowledge of these issues, from the business community and other non-governmental organizations.

On May 9, 2007, three subcommittees (the Ways and Means Subcommittee on Trade; the Financial Services Subcommittee on Domestic and International Monetary Policy, Trade, and Technology; and the Energy and Commerce Subcommittee on Commerce, Trade and Consumer Protection) held a tripartite hearing to address the issue of currency manipulation and its effects on U.S. businesses and workers. The purpose of the hearing was to consider: (1) whether, and to what extent, the Chinese renminbi (RMB) and the Japanese yen are undervalued as a result of foreign government intervention in the currency markets; (2) the immediate and long-term impact an undervalued RMB or yen has on the economies of the United Stats and other countries, and on the global economy; and (3) what action, if any, the United States should take to address exchange rate manipulation. The Subcommittees received testimony during the hearing from the Administration and private sector interests.

ii. Reports



In March 2007, the Committee received a report from the ITC entitled *Medical Devices and Equipment: Competitive Conditions Affecting U.S. Trade in Japan and Other Principal Foreign Markets.* Publication 3909. Washington, D.C.: March 2007.

5. TRADE ADJUSTMENT ASSISTANCE

a. Legislation

H.J. Res. 20, the Continuing Appropriations Resolution, 2007, was introduced in the House on January 29, 2007. The joint resolution included language, at the request of members of the Committee, prohibiting the Department of Labor from using appropriated funds "to finalize or implement any proposed regulation under the Workforce Investment Act of 1998, Wagner-Peyser Act of 1933, or the Trade Adjustment Assistance Reform Act of 2002 until such time as legislation reauthorizing the Workforce Investment Act of 1998 and the Trade Adjustment Assistance Reform Act of 2002 is enacted." H.J. Res. 20 was taken up and passed by a recorded vote of 286-140 on January 31, 2007. It was taken up by the Senate and passed without amendment by a recorded vote of 81-15 on February 14, 2007. On February 15, 2007, it was signed by the President and became Public Law No: 110-5.

H.R. 3375, a bill to extend for three months the trade adjustment assistance ("TAA") program under the Trade Act of 1974, was introduced by Committee on Ways and Means Trade Subcommittee Ranking Member Wally Herger on August 3, 2007, and referred to the Committee on Ways and Means. The Committee marked up H.R. 3375, as amended, on September 18, 2007. On September 24, 2007, it was reported favorably by the Committee by voice vote. On September 25, 2007, the House took up H.R. 3375, as amended, and passed the bill by voice vote. It was received by the Senate that same day and passed by unanimous consent. On September 28, 2007, it was signed by the President and became Public Law No. 110-89.

On October 22, 2007, Chairman Rangel introduced H.R. 3920, the Trade and Globalization Assistance Act of 2007, which was referred to the Committee on Ways and Means and, in addition, to the Committees on Education and Labor, and Energy and Commerce. H.R. 3920: (1) expands TAA coverage to more workers, including service workers; (2) streamlines TAA enrollment for workers, including creating mechanisms for industry-wide (as opposed to company-specific) eligibility determinations; (3) enhances workers' access to long term training under TAA; (4) reforms the TAA health coverage tax credit benefit; (5) creates new TAA benefits for communities adversely affected by trade; and (6) reforms the unemployment insurance system. On October 24,



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2007, the Committee on Ways and Means marked up H.R. 3920, and ordered the bill, as amended, favorably reported by a roll call vote of 26 to 14, with a quorum present. On October 31, 2007, the House took up and passed H.R. 3920 under a rule by a recorded vote of 264-157. On November 5, 2007, it was received in the Senate and referred to the Committee on Finance. No further action was taken in the Senate.

On December 10, 2007, Trade Subcommittee Chairman Levin introduced H.R. 4341, a bill to extend for three months the trade adjustment assistance program under the Trade Act of 1974. On December 11, 2007, the House took up H.R. 4341 and passed the bill by voice vote. It was received in the Senate on December 11, 2007, and referred to the Committee on Finance on January 22, 2008. No further action was taken in the Senate. The authorizations of the TAA for Workers, ATAA, TAA for Firms, and TAA for Farmers programs all expired December 31, 2007.

The Consolidated Appropriations Act, 2008, Public Law 110-161, enacted on December 26, 2007, fully funded the TAA for Workers, ATAA, and TAA for Firms programs for fiscal year 2008. DOL considered the appropriations language sufficient to continue the operation of the TAA for Workers and ATAA programs throughout fiscal year 2008, including issuing new certifications for eligibility. See Training and Guidance Letter No. 15-07, December 27, 2007 (Department of Labor, Employment and Training Administration). The Consolidated Appropriations Act, 2008 continued the prohibition on using funds made available to finalize or implement any proposed regulation related to TAA for Workers until the program is reauthorized.

The Consolidated Security, Disaster Assistance and Continuing Appropriations Act, 2009, Public Law 110-329, enacted on Sept. 30, 2008, fully funded the TAA for Workers, ATAA and TAA for Firms programs until enactment of the applicable regular appropriations bill or until March 6, 2009, whichever occurs first. The prohibition on the finalization or implementation of proposed TAA for Workers regulations until the program is reauthorized also remains in place. Again, DOL considered the appropriations language sufficient to continue the operation of the TAA for Workers and ATAA programs.

b. Hearings

On June 14, 2007, the Committee on Ways and Means held a hearing entitled "Promoting U.S. Worker Competitiveness in a Globalized Economy." The hearing focused on the operation of and possible reforms to the Trade Adjustment Assistance for Workers program. Witnesses included



Congressman Adam Smith; Sigurd Nilsen, Director for Education, Workforce, and Income Security Issues, Government Accountability Office; the Honorable Mason M. Bishop, Deputy Assistant Secretary, Employment and Training Administration, Department of Labor; David R. Williams, Director of Electronic Tax Administration and Refundable Credits, Internal Revenue Service, as well as representatives of state government workforce entities, organized labor, and non-profits and think tanks.

c. Reports

In June 2007, the Committee received a report from the GAO entitled *Industry Certification Would Likely Make More Workers Eligible, but Design and Implementation Challenges Exist.* Publication GAO-07-919. Washington, D.C.: June 2007.

In June 2007, the Committee received a report from the GAO entitled *Trade Adjustment Assistance: Changes Needed to Improve States' Ability to Provide Benefits and Services to Trade-Affected Workers.* Publication GAO-07-995T. Washington, D.C.: June 14, 2007.

In November 2007, the Committee received a report from the GAO entitled *Trade Adjustment Assistance: States Have Fewer Training Funds Available than Labor Estimates when Both Expenditures and Obligations are Considered.* Publication GAO-08-165. Washington, D.C.: November 2, 2007.

6. MISCELLANEOUS TARIFF BILL

On November 1, 2007, Chairman Levin and Ranking Member Herger of the Ways and Means Trade Subcommittee issued an advisory requesting that Members who planned to introduce tariff and duty suspension legislation do so by December 14, 2007. Subcommittee Chairman Levin and Ranking Member Herger also asked Members to submit written disclosures for bills that provide limited tariff benefits, as required by House Rules XXI and XXIII. On February 25, 2008, the Committee issued an advisory seeking comments from interested parties on 797 bills introduced by Members for consideration in the Miscellaneous Tariff Bill (MTB) process, due no later than April 10, 2008. On April 18, 2008, the Committee issued a second advisory seeking comments from interested parties on 11 bills that were inadvertently omitted from the previous advisory, but otherwise met the criteria for inclusion in the MTB process, due no later than June 2, 2008. In addition to several hundred comments from the public, the Committee received in September 2008 roughly 750 Congressional Bill Reports on the tariff and duty suspension legislation from the U.S. International Trade Commission, as well as comments from the



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Department of Commerce, Customs and Border Protection and the United States Trade Representative by September 2008. No further action was taken on this legislation in the 110th Congress.

7. CUSTOMS AND BORDER PROTECTION

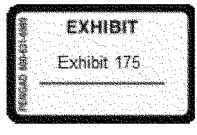
a. Legislation

i. Implementing Recommendations of the 9/11 Commission Act of 2007 – Container Scanning and Seals

On January 5, 2007, Congressman Bennie Thompson introduced H.R. 1, the Implementing Recommendations of the 9/11 Commission Act of 2007. The bill contained a provision providing for strengthening the security of cargo containers entering the United States and was referred to the Ways and Means Committee, among others. In particular, section 501 of the House bill prohibits a container from entering the United States unless the container is scanned and secured with a seal that uses the best available technology, including technology to detect any breach of the container and record the time of that breach. The Secretary of Homeland Security (the Secretary) must establish standards for scanning and sealing containers, and must review and revise those standards at least once every two years. This section requires that all countries (those exporting 75,000 or more twenty-foot equivalent units (TEU)) scan and seal containers within three years. All other countries must scan and seal containers within five years. The Secretary may extend the deadline for a port by one year. The House passed H.R. 1 on January 9, 2007, by a recorded vote of 299-128.

On July 9, 2007, the Senate Committee on Homeland Security and Governmental Affairs discharged the bill by unanimous consent. That same day, the Senate passed H.R. 1 with an amendment by unanimous consent. The Senate amendment struck all of the House bill after the enacting clause and inserted a substitute text. Section 905 of the Senate bill amends Section 232 of the Security and Accountability for Every Port Act of 2006 (the "SAFE Port Act") to require the Secretary to develop a plan, which includes benchmarks, for scanning 100 percent of the containers destined for the United States using integrated scanning systems developed in the pilot program authorized in that section. Section 905 also requires that the plan incorporate existing programs, such as the Container Security Initiative and the Customs-Trade Partnership Against Terrorism.

During the Conference of H.R. 1, the House conferees disagreed with the Senate amendment and offered an amendment in the nature of a substitute for



the original House bill and the Senate amendment, which was agreed to in conference. In particular, the Conference substitute amends section 232 of the SAFE Port Act to require full-scale implementation of the 100 percent scanning system pilot program required by that section no later than July 1, 2012. However, the Secretary is authorized to extend the deadline by two years, and may renew the extension in additional two-year increments, if the Secretary certifies to Congress that particular conditions cannot be met. The provision provides a waiver for U.S. and foreign military cargo. The conference substitute also requires the Secretary to consult with other appropriate Federal agencies to ensure that actions taken under this section do not violate international trade obligations.

The Conference substitute also amends section 204(a)(4) of the SAFE Port Act by requiring the Secretary to issue an interim rule to establish minimum standards and procedures for securing containers in transit to the United States not later than April 1, 2008. If the Secretary fails to meet that deadline, this section requires that effective October 15, 2008, and until such interim rule is issued, all containers in transit to the United States shall be required to meet the requirements of International Organization for Standardization Publicly Available Specification 17712 standard for sealing containers.

The Conferees expressed an expectation that the Secretary work with the Secretary of State, the United States Trade Representative, and other appropriate Federal officials to work with the United States' international partners and international organizations, such as the World Customs Organization, to establish an international framework for scanning and securing containers. The Conferees also expressed an expectation that where the scanning technology standards affect the Department of Energy's (DOE) Megavolts Second Line of Defense programs, that the Secretary shall invite the DOE to participate in the development and final review of such standards and that the Secretary of Homeland Security shall seek the concurrence of the Secretary of Energy.

On July 25, 2007, the Conferees filed Conference Report 110-259, which contained the conference substitute for container scanning and seals in section 1701. On July 26, 2007, the Senate agreed to the Conference Report by a recorded vote of 85-8. On July 27, the House agreed to the Conference Report by a vote of 371-40. The bill was signed by the President and became law on August 3, 2007 (P.L. 110-53).

ii. Ethyl Alcohol (Ethanol) Tariff Extensions



During the Conference of H.R. 2419, the "Food, Conservation and Energy Act of 2008," the Conferees agreed to follow a Senate Amendment and included provisions extending the existing effective period for imports of ethyl alcohol classified under heading 9901.00.50 and 9901.00.52 of the Harmonized Tariff Schedule of the United States from before January 1, 2009, to before January 1, 2011. Heading 9901.00.50 of the Harmonized Tariff Schedule of the United States imposes a cumulative general duty of 14.27 cents per liter to imports of ethyl alcohol, and any mixture containing ethyl alcohol, if used as a fuel or in producing a mixture to be used as fuel. Heading 9901.00.52 of the Harmonized Tariff Schedule of the United States imposes a general duty of 5.99 cents per liter to imports of ethyl tertiary-butyl ether, and any mixture containing ethyl tertiary-butyl ether.

On May 13, 2008, the Conferees filed Conference Report 110-627, which contained the ethanol tariff effective date provisions in section 15333. On May 14, 2008, the House agreed to the Conference Report by a recorded vote of 318-106. On May 15, 2008, the Senate agreed to the Conference Report by a recorded vote of 81-15. On May 21, 2008, the President vetoed the bill. On May 21, 2008 the bill passed the House over the President's veto with two-thirds of the Members present voting in the affirmative by a recorded vote of 316-108. On May 22, 2008 the bill passed the Senate over the President's veto by a recorded vote of 82-13 and the bill became Public Law 110-234.

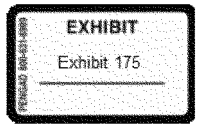
Due to a technical error, however, P.L. 110-234 enacted only 14 of 15 titles of the bill into law. On May 22, 2008, a new bill including all 15 titles was introduced as H.R. 6124, the "Food, Conservation, and Energy Act of 2008." On that same day, the House passed H.R. 6124 under suspension by a vote of 306-110. On June 5, 2008, the Senate passed H.R. 6124 without amendment by a vote of 77-15. On June 18, 2008, the President vetoed the legislation. On June 18, 2008, the House passed the bill over the President's veto by a recorded vote of 317-109. The Senate passed the bill over the President's veto by a recorded vote of 80-14 on June 22, 2008, and the bill became Public Law No.110-246.[1]

iii. Duty Drawback

Limitations on Duty Drawback on Certain Imported Ethyl Alcohol (Ethanol)

During the Conference of H.R. 2419, the "Food, Conservation and Energy Act of 2008," the Conferees agreed to follow a Senate Amendment and included

[1] Provisions in Public Law No. 110-246 relating to the Committee's jurisdiction over tax measures are described in the tax section of this report.



a provision amending subsection 313(p) of the Tariff Act of 1930, which permits the substitution on exportation for drawback eligibility of one motor fuel with another motor fuel.

The provision clarifies that any duty paid under subheading 9901.00.50 of the Harmonized Tariff Schedule of the United States on imports of ethyl alcohol or a mixture of ethyl alcohol may not be refunded if the exported article upon which a drawback claim is based does not contain ethyl alcohol or a mixture of ethyl alcohol. Specifically, the provision eliminates the ability to export jet fuel as a substitute for motor fuel made with imports of ethyl alcohol or a mixture of ethyl alcohol, and then receive duty drawback based upon the import duty paid on the ethyl alcohol or the mixture of ethyl alcohol under subheading 9901.00.50 of the Harmonized Tariff Schedule of the United States. The provision applies to imports of ethyl alcohol or a mixture of ethyl alcohol entered for consumption, or withdrawn from warehouse for consumption, on or after October 1, 2008. With respect to claims for substitution duty drawback that are based upon imports of ethyl alcohol or a mixture of ethyl alcohol entered for consumption, or withdrawn from warehouse for consumption, before October 1, 2008, such claims must be filed not later than September 30, 2010; otherwise, such claims are disallowed.

On May 13, 2008, the House and Senate Conferees filed Conference Report 110-627, which contained the ethanol drawback provision in section 15334. The legislative process that followed (including the technical error that led to the passage of H.R. 6124, the "Food, Conservation, and Energy Act of 2008") is described above, in section 7.a.ii. (regarding Ethyl Alcohol (Ethanol) Tariff Extensions).

Unused Merchandise Drawback

On August 3, 2007, Congressman Thompson introduced H.R. 3443, the "Drawback Simplification Act of 2007," together with Representatives Herger, McDermott, Reynolds, Crowley, Nunes and Israel. The bill included a provision, among others, that defined "substituted merchandise" for the purposes of drawback as a good that is classifiable within the same 8-digit subheading of the Harmonized Tariff Schedule (HTS) of the United States. Thus, for the purposes of qualifying for unused merchandise drawback, imported merchandise and exported merchandise must be classified in the same 8-digit HTS subheading, rather than having to meet the commercial interchangeability standard used today. No further action was taken on this legislation in the 110th Congress.

On October 30, 2007, Chairman Rangel introduced H.R. 3996, the "Tax Increase Prevention Act of 2007," which included among others, a provision



amending section 313(j)(2) of the Tariff Act of 1930 to provide a standard for what is considered to be "commercially interchangeable" for purposes of unused merchandise drawback for wine. This provision effectively carried forward the standard used by Customs and Border Protection from 2001 to May 2007 in determining commercially interchangeable wine. That standard permitted the: (1) interchangeability of white domestic and imported table wine with relatively valued imported white table wine; and (2) interchangeability of red domestic and imported table wine with relatively valued red table wine. Relatively valued wine was considered to be wine within a price range of 50 percent. The definition of "substituted merchandise" provided for in H.R. 3443 was broader than Customs' standard of "commercially interchangeable" for unused merchandise drawback for wine because it did not include a requirement that the wine be relatively valued within a price range of 50 percent. Specifically, the provision in H.R. 3996 states that "wine of the same color having a price variation not to exceed 50 percent between the imported wine and the exported wine shall be deemed to be commercially interchangeable." H.R. 3996 passed the House on November 9, 2007, by a recorded vote of 216-193. On December 6, 2007, the Senate passed H.R. 3996 by a vote of 88-5 with an amendment that omitted the unused merchandise drawback provision, among others.

A provision identical to the unused merchandise drawback provision in H.R. 3996 was added during the Conference of H.R. 2419, the "Food, Conservation and Energy Act of 2008." On May 13, 2008, the House and Senate Conferees filed Conference Report 110-627, which contained the unused merchandise drawback provision in section 15421. The legislative process that followed (including the technical error that led to the passage of H.R. 6124, the "Food, Conservation, and Energy Act of 2008") is described above, in section 7.a.ii. (regarding Ethyl Alcohol (Ethanol) Tariff Extensions).

iv. Valuation

During the Conference of H.R. 2419, the "Food, Conservation and Energy Act of 2008," the House and Senate Conferees added a provision within Ways and Means Committee jurisdiction. Specifically, the provision provides for the collection of additional information about the extent to which importers are declaring for purposes of customs valuation a transaction value in a multiple sale scenario that is based on the price paid in the first or earlier sale occurring prior to introduction of the merchandise into the United States – i.e. a "first sale" as opposed to a "last sale." The provision also expresses the sense of Congress that CBP should not change its current interpretation before 2011, and after then may do so only if certain conditions are met. The provision was added to assist Members of Congress understand better the impact of a Federal



Register notice dated January 24, 2008, issued by Customs and Border Protection (CBP) that would have reversed a long-standing judicial and administrative interpretation of the expression "sold for exportation to the United States."

Specifically, the provision: (1) requires importers to declare whether the value of the imported merchandise is determined on the basis of the price paid in the first or earlier sale occurring prior to the introduction of the merchandise into the United States; (2) requires CBP to collect and provide this information to the U.S. International Trade Commission (ITC) on a monthly basis; (3) requires the ITC to submit a report to the Ways and Means Committee and Senate Finance Committee within ninety days of receipt of CBP's last monthly report; (4) expresses a sense of Congress that CBP should not before January 1, 2011, implement a change of interpretation of the expression "sold for exportation to the United States" for purposes of applying the transaction value in a series of sales.

The sense of Congress also expresses that, after January 1, 2011, CBP may propose to change or change its interpretation only if CBP: (1) consults with and provides notice to the appropriate committees not less than 180 days prior to proposing a change and not less than 90 days prior to publishing a change; (2) consults with, provides notice to, and takes into consideration views expressed by the Commercial Operations Advisory Committee not less than 120 days prior to proposing a change and not less than 60 days prior to publishing a change; and (3) receives the explicit approval of the Secretary of Treasury prior to publishing the change. The sense of Congress also expresses that CBP should take into consideration the ITC report before publishing any change to the expression "sold for exportation to the United States."

On May 13, 2008, the House and Senate Conferees filed Conference Report 110-627, which contained the valuation provision in section 15422. The legislative process that followed (including the technical error that led to the passage of H.R. 6124, the "Food, Conservation, and Energy Act of 2008") is described above, in section 7.a.ii. (regarding Ethyl Alcohol (Ethanol) Tariff Extensions). On August 25, 2008, CBP issued a Federal Register notice implementing the importer declaration requirement and stating that it was withdrawing its January 24, 2008, notice of proposed interpretation.

b. Hearings and Executive Sessions

On October 4, 2007, the Trade Subcommittee and the Oversight Subcommittee held a joint hearing on import safety. The hearing focused on the mechanisms and legal authorities under current law for ensuring the safety



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of food and consumer products imported into the United States. Daniel Baldwin, an Assistant Commissioner of Customs and Border Protection, was among the witnesses who testified.

On June 18, 2008, the Committee held an executive session with U.S. Customs and Border Protection Commissioner Ralph Basham. The session focused on matters of general oversight and specific issues of concern including a CBP Federal Register notice, dated January 24, 2008, proposing a new interpretation of the expression "sold for exportation to the United States."

c. Reports

In April 2007, the Committee received a report from the GAO entitled *Customs Revenue: Customs and Border Protection Needs to Improve Workforce Planning and Accountability.* Publication GAO-07-529. Washington, D.C.: April 12, 2007.

In February 2008, the Committee received a report from the GAO entitled *Federal User Fees: Substantive Reviews Needed to Align Port-Related Fees with the Programs They Support.* Publication GAO-08-321. Washington, D.C.: February 22, 2008.

In May 2008, the Committee received a report from the GAO entitled *Federal Users Fees: A Design Guide.* Publication GAO-08-386SP. Washington, D.C.: May 29, 2008.

8. OTHER TRADE ISSUES

a. Implementation of the Lacey Act Amendments – Section 8204 of the Food, Conservation and Energy Act of 2008

On October 10, 2008, Committee on Ways and Means Chairman Charles B. Rangel, Committee on Natural Resources Chairman Nick J. Rahall, II, Senate Committee on Finance Chairman Max Baucus and Senate Committee on Agriculture Chairman Tom Harkin, Congressman Earl Blumenauer and Senator Ron Wyden sent a letter to the Animal and Plant Health Inspection Service, U.S. Customs and Border Protection U.S. Department of Justice, Environment and Natural Resources Division and the U.S. Fish and Wildlife Service concerning the implementation of the amendments to the Lacey Act (16 U.S.C. 3371) included in section 8204 of the Food, Conservation and Energy Act of 2008 (FCEA). The letter was sent to provide guidance to the agencies on how to implement the amendments in a way that accomplished Congress' intent –preventing the trade of illegally harvested plants and plant products without disrupting legitimate commerce.



b. Enforcement of Intellectual Property Rights

i. Anti-Counterfeiting Trade Agreement (ACTA)

On October 23, 2007, U.S. Trade Representative Susan C. Schwab announced that the United States will seek to negotiate an Anti-Counterfeiting Trade Agreement (ACTA). ACTA will bring together countries that recognize the critical importance of strong intellectual property rights enforcement for a prosperous economy. Participants in the ongoing discussion include Australia, Canada, the European Union, Japan, Korea, Mexico, Morocco, New Zealand, Singapore, Switzerland, and the United States.

ii. Reports

On April 30, 2007, the Committee received the 2007 "Special 301" Report from the U.S. Trade Representative on the adequacy and effectiveness of intellectual property rights protection by U.S. trading partners. Twelve countries were included on the "priority watch list" of partners who fail to provide an adequate level of IPR enforcement or protection: Argentina, Chile, China, Egypt, India, Israel, Lebanon, Russia, Thailand, Turkey, Ukraine, and Venezuela.

On April 25, 2008, the Committee received the 2008 "Special 301" Report from the U.S. Trade Representative. Nine countries were included on the "priority watch list": Argentina, Chile, China, India, Israel, Pakistan, Russia, Thailand, and Venezuela.

iii. Legislation

On December 5, 2007, Congressman John Conyers, Jr. (D-MI) introduced H.R. 4279, the Prioritizing Resources and Organization for Intellectual Property Act of 2008. Several provisions of H.R. 4279 fell within the jurisdiction of the Committee. For example, section 301(e) would amend the Trade Act of 1974 by imposing an additional consultation requirement on the U.S. Trade Representative. As another example, section 322(b)(9) would require the newly created Intellectual Property Enforcement Representative to report to Congress and the President on "[t]he progress of the United States Trade Representative in taking the appropriate action under any trade agreement or treaty to protect intellectual property rights of United States persons and their licensees."

Prior to markup of the bill by the House Judiciary Committee, Ways and Means Committee staff for both the Majority and Minority worked with the staff



of the Judiciary Committee to ensure that the bill would not undermine the prerogatives of the Committee and the various trade agencies within its jurisdiction (in particular, the U.S. Trade Representative and U.S. Customs and Border Protection). The staff of the Judiciary Committee addressed these and other concerns, as reflected in an amended bill. The Judiciary Committee reported favorably on the amended bill on May 5, 2008, by voice vote. That same day, the Chairman and Judiciary Chairman Conyers exchanged letters, acknowledging the jurisdiction of the Ways and Means Committee and its agreement to forgo consideration of the amended bill. On May 8, 2008, the House passed the bill by a recorded vote of 410 to 11.

On July 24, 2008, Senator Patrick J. Leahy (D-VT) introduced a companion bill, S. 3325. On September 15, 2008, the Senate Committee on the Judiciary reported on the bill with amendments, without a written report. On September 26, 2008, the Senate passed the bill with an amendment by Unanimous Consent. S. 3325 included the modifications sought by Committee staff in the amended H.R. 4279. On September 28, 2008, the House passed S. 3325 by a vote of 381 to 41. The President signed the bill into law on October 13, 2008 (P.L. 110-403).

c. Federal Advisory Committee Act Amendments of 2008

On April 3, 2008, Congressman Clay (D-MO) introduced H.R. 5687, the Federal Advisory Committee Act Amendments of 2008, to increase the transparency and accountability of Federal advisory committees. On June 24, 2008, Chairman Rangel and Chairman of the House Committee on Oversight and Government Reform Waxman exchanged letters, acknowledging the jurisdiction of the Ways and Means Committee and its agreement to forgo consideration of the bill. The House passed H.R. 5687 under a suspension of the rules by voice vote on June 24, 2008 and referred the bill to the Senate on June 25, 2008. No further action was taken on this legislation in the 110th Congress.

d. Insurance Information Act of 2008

On April 17, 2008, Congressman Kanjorski introduced H.R. 5840 to improve the development and coordination of federal policy on international insurance matters. The provisions of the bill could affect, *inter alia*, how U.S. obligations under international trade agreements are implemented. On September 17, 2008, Chairman Rangel exchanged letters with Chairman of the House Financial Services Committee Frank acknowledging the jurisdiction of the Ways and Means Committee and its agreement to forgo consideration of the bill. On July 9, 2008, the Subcommittee on Capital Markets, Insurance and



Government-sponsored Enterprises amended and forwarded the bill to the Full Financial Services Committee by voice vote. No further action has been taken by the House.

e. Food, Conservation and Energy Act of 2008

On September 9, 2008, Congressman Bob Etheridge introduced H.R. 6849 to modify certain commodity provisions of the Food, Conservation and Energy Act of 2008. The bill contained several provisions related to international trade. On September 27, 2008, Chairman Rangel and Chairman of the House Committee on Agriculture Peterson exchanged letters acknowledging the jurisdiction of the Ways and Means Committee and its agreement to forgo consideration of the bill. The House passed the bill under a suspension of the rules by voice vote on September 24, 2008. On September 29, 2008, the Senate passed the bill with an amendment by unanimous consent and the House agreed to the Senate amendment without objection. President Bush signed the bill into law on October 13, 2008 (Public Law No. 110-398).

f. The Softwood Lumber Act of 2008

During the Conference of H.R. 2419, the "Food, Conservation and Energy Act of 2008," the Conferees agreed to follow a Senate Amendment and included a provision within the jurisdiction of the Ways and Means Committee related to the Softwood Lumber Agreement with Canada. Specifically, the provision amends the Tariff Act of 1930 by adding a new Title VIII, the "Softwood Lumber Act of 2008." The Act directs the President to establish a softwood lumber importer declaration program. The program requires U.S. importers of softwood lumber and softwood lumber products to take certain steps to help the United States and its trading partners ensure that trade in these products is consistent with the terms of any relevant international agreements.

On May 13, 2008, the House and Senate Conferees filed Conference Report 110-627, which contained the Softwood Lumber Agreement provision in section 3301. The legislative process that followed (including the technical error that led to the passage of H.R. 6124, the "Food, Conservation, and Energy Act of 2008") is described above, in section 7.a.ii. (regarding Ethyl Alcohol (Ethanol) Tariff Extensions).

g. The Family Smoking Prevention and Tobacco Control Act

On February 15, 2007, Congressman Henry A. Waxman introduced H.R. 1108, the "Family Smoking Prevention and Tobacco Control Act." The bill contained several provisions



within the jurisdiction of the Committee on Ways and Means, including provisions related to international trade. On July 24 and 25, 2008, Chairman Rangel and Chairman John Dingell of the House Committee on Energy and Commerce exchanged letters acknowledging the jurisdiction of the Ways and Means Committee and its agreement to forgo consideration of the bill as long as the Committee's jurisdictional prerogatives are being respected. The House passed the bill under a suspension of the rules on July 30, 2008, by a vote of 326 to 102. The bill was referred to the Senate Committee on Health, Education, Labor, and Pensions on August 1, 2008. No further action was taken on this legislation in the 110th Congress.

h. Other Select Reports Received by the Committee

In February 2007, the Committee received the 2007 Subsidies Enforcement Joint Report of the U.S. Trade Representative and the U.S. Department of Commerce. Section 281(f)(4) of the Uruguay Round Agreements Act requires these agencies to submit this report annually to the Congress. The report describes the Administration's monitoring and enforcement activities throughout the previous year.

In March 2007, the Committee received the *2007 Trade Policy Agenda and the 2006 Annual Report of the President of the United States on the Trade Agreements Program.* Section 163 of the Trade Act of 1974, as amended, and sections 122 and 124 of the Uruguay Round Agreements Act require USTR to submit this report to Congress annually.

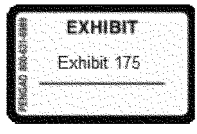
In March 2007, the Committee received the *2007 National Trade Estimate Report.* This annual report from USTR to Congress is mandated by section 181 of the Trade Act of 1974, as amended by section 303 of the Trade and Tariff Act of 1984, section 1304 of the Omnibus Trade and Competitiveness Act of 1988, section 311 of the Uruguay Round Trade Agreements Act, and section 1202 of the Internet Tax Freedom Act.

In April 2007, the Committee received a report from the GAO entitled *Transportation Security: DHS Efforts to Eliminate Redundant Background Check Investigations.* Publication GAO-07-756. Washington, D.C.: April 26, 2007.

In May 2007, the Committee received a report from the GAO entitled *Changes to Funding Allocation and Eligibility Requirements Could Enhance States' Ability to Provide Benefits and Services.* Publication GAO-07-702. Washington, D.C.: May 2007.

In July 2007, the Committee received a report from the ITC entitled *Certain Textile Articles: Performance Outerwear.* Publication 3937. Washington, D.C.: July 2007.

In October 2007, the Committee received a report from the ITC entitled *Certain Textile Articles: Travel Goods of Textile Materials.* Publication 3957. Washington, D.C.: October 2007.



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In December 2007, the Committee received a report from the ITC entitled *Canned Peaches, Pears, and Fruit Mixtures: Conditions of Competition Between U.S. and Principal Foreign Supplier Industries.* Publication 3972. Washington, D.C.: December 2007.

In February 2008, the Committee received the 2008 Subsidies Enforcement Joint Report of the U.S. Trade Representative and the U.S. Department of Commerce. Section 281(f)(4) of the Uruguay Round Agreements Act requires these agencies to submit this report annually to the Congress. The report describes the Administration's monitoring and enforcement activities throughout the previous year.

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In November 2008, the Committee received a report from the ITC entitled *Monitoring of U.S. Imports of Tomatoes.* Publication 4048. Washington, D.C.: November 2008.

In November 2008, the Committee received a report from the ITC entitled *Monitoring of U.S. Imports of Peppers.* Publication 4049. Washington, D.C.: November 2008.



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C. Legislative Review of Health Issues

1. Bills enacted into Law During the 111th Congress

a. TMA, Abstinence Education, and QI Programs Extension Act of 2007 (P.L. 110-90)

On September 29, 2007, the "TMA, Abstinence Education and QI Programs Extension Act of 2007" (P.L. 110-90) was signed into law. The bill extended authorization for several expiring Federal programs through December 2007, and also expanded application of the SSI access to financial institutions information initiative to Medicaid. Specifically, the act authorized TMA (an extension of Medicaid benefits for certain low-income families who would otherwise lose coverage due to income changes) through December 31, 2007. The Act also (1) extended the Abstinence Education program through December 31, 2007; (2) extended the QI Medicare Savings Program through December 31, 2007, and allocated $100 million to the program; and (3) required the Secretary of Health and Human Services to use the current process that SSA uses to access to information held by financial institutions pilot project to be utilized for verification of assets for Medicaid eligibility of individuals not applying for Supplemental Security Income (SSI). Extension to Medicaid is limited to States in which the SSI pilot project is operating. This provision is effective for the period beginning October 1, 2007 and ending September 30, 2012.

b. *Medicare, Medicaid, and SCHIP Extension Act of 2007 (P.L. 110-173)*

On December 29, 2007, the President signed S. 2499, the Medicare, Medicaid, and SCHIP Extension Act of 2007 (P.L. 110-173). This Act was passed by the House on December 19, 2007, and by a voice vote in the Senate on December 18, 2007. The Act makes changes to the nation's three major public health programs, Medicare, Medicaid, and the State Children's Health Insurance Program (SCHIP), as well as other federally funded programs.

The most prominent provisions in the Act were to (1) suspend the Medicare physician payment cut scheduled to take effect and (2) provide SCHIP funding through March 2009. P.L. 110-173 mandates a 0.5% increase in the Medicare physician fee schedule for the six-month period from January 1, 2008, through June 30, 2008, and provides FY2008 and FY2009 SCHIP funding allotments through March 31, 2009. The Act also extends a number of expiring provisions and programs. These extensions affect Medicare plans and providers and Medicaid payments and programs. The Act also includes funding for some miscellaneous activities.

The Act's Medicare provisions include incentive payments for certain physicians, and extensions of current law provisions for Medicare Special Needs Plans and cost-based plans. Additional extensions affect Medicare payments for other services and providers including certain rural providers; physical and occupational therapy services and speech language pathology services; brachytherapy services, and therapeutic radiopharmaceuticals. The Act also provides regulatory relief for inpatient rehabilitation



facilities and long term care hospitals (LTCHs), establishes a three-year moratorium on new LTCHs and advances implementation of Medicare Payment Advisory Commission recommendations for LTCHs on facility and patient criteria. The Act also includes Medicaid provisions designed to extend certain payments and programs, such as Medicaid disproportionate hospital share (DSH) allotments for Tennessee and Hawaii, the Transitional Medical Assistance (TMA) program, and the Qualifying Individual (QI) program, among other provisions.

Miscellaneous provisions include using Medicare funds to make grants to State Health Insurance Assistance Programs, Area Agencies on Aging, and Aging and Disability Resource Centers. The Act also reauthorizes and extends funding for certain diabetes grants made under the Public Health Service Act and clarifies that the Medicare Payment Advisory Commission (MedPAC) is a congressional support agency.

The Act provides a number of offsets to pay for the spending increases, including a reduction in the Medicare Advantage stabilization fund in 2012 and market basket reductions for inpatient rehabilitation facilities and long-term care hospitals. The Act also includes provisions affecting Medicare's responsibility as a secondary payer for certain covered services, payments for most Medicare part B drugs, and payments for certain diagnostic laboratory tests,.

c. Genetic Information Nondiscrimination Act of 2008 (GINA) (P.L. 110-233)

On January 16, 2007, Representative Louise Slaughter introduced H.R. 493, the Genetic Information Nondiscrimination Act (GINA). It passed the House under suspension of the rules on April 25, 2007, passed the Senate almost one year later, as an amendment in the nature of a substitute, on April 24, 2008. H.R. 493, as amended by the Senate, passed the House on May 1, 2008, and was signed into law on May 21, 2008 (P.L. 110-233). GINA provides protections against discrimination in health insurance and employment based on genetic information.

Title I, Genetic Nondiscrimination in Health Insurance, amends the Employee Income Retirement Security Act of 1974, the Public Health Service Act, and the Internal Revenue Code of 1986, using the same model as the Health Insurance Portability and Accountability Act of 1996 to prohibit discrimination based on genetic information in health insurance. GINA prohibits insurers from engaging in three practices: (1) using genetic information about an individual to adjust a group plan's premiums, or, in the case of individual plans, to deny coverage, adjust premiums, or impose a preexisting exclusion requirement; (2) requiring or requesting genetic testing; and (3), requiring, requesting, or purchasing genetic information for purposes of underwriting.

Title II, Prohibiting Employment Discrimination on the Basis of Genetic Information, prohibits employers from discriminating in employment decisions, including hiring, firing, job assignments and promotions, on the basis of genetic information. Additionally, GINA prohibits employers from requesting, requiring, or purchasing genetic information, with certain exceptions.



d. *Medicare Improvements for Patients and Providers Act (MIPPA) (P.L. 110-275)*

The Medicare Improvements for Patients and Providers Act (MIPPA) was originally passed by the House on June 24, 2008, under suspension of the rules by a vote of 355 to 59. On July 9, 2008, the Senate passed the bill without amendment by unanimous consent and the bill was cleared for the White House. On July 15, 2008, President Bush vetoed the bill. On the same day, the House voted 383-41 to override the veto. The Senate later voted 70-26 to override the veto and MIPPA became law on July 15, 2008 (P.L. 110-275).

MIPPA freezes physician fees at the June 2008 level until January 2009. In January 2009, fees will increase by 1.1%. In 2010, the statutory reduction will again apply, resulting in an estimated 21% reduction in Medicare physician fees, according to the Congressional Budget Office (CBO). In addition to the changes to Medicare physician fees, the Act also makes further changes to Medicare, Medicaid, and other programs under the Social Security Act For example, MIPPA (1) adds "additional preventive services" to the list of Medicare-covered preventive services; (2) lowers the cost-sharing paid by beneficiaries for mental health services such that by 2014, beneficiary cost-sharing will be set at the same level charged for other Part B services; (3) increases the assets tests applicable under the Medicare Savings program (MSP) to those applicable under the low-income subsidy program under the Medicare Part D prescription drug program; (4) repeals the current law requirement for competitive bidding for clinical laboratory services; (5) makes changes to low-income programs for Medicare and Medicaid beneficiaries; (6) makes changes to Medicare provisions for hospitals, renal dialysis coverage, and Medicare prescription drug coverage, among others; (7) ensures accountability for healthcare accrediting organizations; (8) requires private fee-for-service plans in certain counties to develop provider networks; (9) reduces overpayments to Medicare Advantage plans; (10) expands a medical home demonstration program; and (11) provides incentives for providers who adopt and use electronic prescribing technology. Finally, MIPPA terminates all contracts under the first round of the Durable Medical Equipment, prosthetics, orthotics, and other medical supplies (DMEPOS) competitive acquisition program, set to start July 1, 2008. It reforms the program and requires the Secretary to re-bid the first round in 2009 and delays the second round of bidding until 2011.

e. Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008 (P.L. 110-343)

On October 3, 2008, President Bush signed into law H.R.1424, which among other things expanded federal mental health parity requirements on group health insurance providers. This Act requires group health insurers who provide coverage for mental illnesses to provide that coverage on par with that for physical illnesses. The parity applies to financial limits (e.g., co-pays, annual and lifetime limits) and treatment



limits (e.g., in- and out-of-network coverage). The provisions of this law go into effect for health plan years beginning after October 3, 2009.

In the first session of the 110th Congress, Senator Domenici introduced the Mental Health Parity Act of 2007 (S.558). This bill would have amended the Employee Retirement Income Security Act (ERISA) and the Public Health Service Act (PHSA). Representative Patrick Kennedy introduced the Paul Wellstone Mental Health and Addiction Equity Act (H.R. 1424), which would have amended ERISA, the PHSA, and the Internal Revenue Code (IRC). While the bills were largely similar, they had some key differences. The House bill passed on March 5, 2008 with a vote of 268-148, while the Senate bill passed by unanimous consent on September 18, 2007.

In June 2008, House and Senate lawmakers reached a compromise on the mental health parity provisions to be included in the final bill. On September 23, 2008, the House introduced and passed the compromise provisions as H.R. 6983, and included deferred tax breaks on worldwide interest allocation as the offset. The Senate did not take any action on this bill. On September 29, 2008, the Senate included the text of H.R. 6983 in H.R. 6049, the Energy Improvement and Extension Act of 2008, although the specific offset for mental health parity was stripped. The House did not take any action on this bill. The legislation was ultimately enacted in H.R.1424, which became the vehicle to pass the Emergency Economic Stabilization Act of 2008.

f. Michelle's Law (P.L. 110-381)

On October 9, 2008, the President signed into law, Michelle's Law. The purpose of H.R. 2851, Michelle's Law, is to ensure continuity of health coverage for students, who because of a serious illness or injury, can no longer maintain student status. The bill would extend the ability of dependents to remain on their parents' plan for a limited period of time during a medical leave from student status and would apply to all health insurance products, whether sold to individuals or offered as a workplace benefit, and whether or not the employer plan is self-insured. More protective State laws would continue to remain in effect. The bill does not disturb underlying Federal protections relating to rights and responsibilities of plans, issuers, or individuals. The law amends the Employee Retirement Income Security Act of 1974 (ERISA), the Public Health Service Act (PHSA), and the Internal Revenue Code (IRC) to prohibit group health plans and individual insurance plans from terminating coverage of a dependent child due to a medically necessary leave of absence from a postsecondary education institution or any other change in enrollment at that institution that commences while such child is suffering from a severe illness or injury and causes such child to lose full-time student status before the earlier of: (1) one year after the first day of the medically necessary leave of absence; or (2) the date on which such coverage would otherwise terminate under the terms of the plan.



2. OTHER MAJOR LEGISLATIVE ACTIONS

a. *H.R. 3162, the Children's Health and Medicare Protection (CHAMP) Act of 2007*

On August 1, 2007, the House passed H.R. 3162, the Children's Health and Medicare Protection (CHAMP) Act of 2007. The bill would reauthorize and increase funding levels and state grant distributions for the State Children's Health Insurance Program (SCHIP) and make changes to the Medicare and Medicaid programs. The major SCHIP provisions would provide permanent authority for program appropriations and make changes to the Medicare and Medicaid programs. Other major SCHIP provisions would provide more options and incentives to states to increase the number of children covered by SCHIP and Medicaid, modify the citizenship verification process, and change minimum benefit requirements.

The bill's Medicare provisions would implement a 0.5% increase in Medicare physician fees for 2008 and 2009 while creating six categories of physician services for which annual updates would be considered separately, establish bonus payments for physicians practicing in counties with low Medicare per capita expenditures, require the Secretary to implement a resource use feedback program for physicians to identify efficient providers, expand a medical home demonstration project, and require the Centers for Medicare and Medicaid Services (CMS) to modify physician payment localities, beginning with California. Other Medicare provisions would establish parity between Medicare Advantage payment rates and Medicare fee-for-service; eliminate Medicare cost-sharing for certain preventive benefits; eliminate the market basket update for part or all of FY2008 for Medicare payments for skilled nursing facilities, home health agencies, and long-term care hospitals; and reduce the annual update for certain hospitals. It would also establish a bundled payment system for Medicare renal dialysis services and would make a number of changes to the Low-Income Subsidy Program for Medicare Part D, including eliminating cost-sharing requirements for certain full benefit dual eligibles receiving Medicaid-covered long-term care services.

Medicaid provisions in the bill would make changes to rebate payments for certain drugs, prohibit the implementation of the new health opportunity account demonstration authorized under the Deficit Reduction Act of 2005 (DRA, P.L. 109-171), and make other changes. Additional miscellaneous provisions would establish a Center for Comparative Effectiveness Research within the Agency for Healthcare Research and Quality (AHRQ), — funded by public contributions from the Medicare Parts A, B, and D trust fund accounts and fees imposed on private health insurance plans, require CMS to develop a plan for the implementation of health information technology under Medicare, and establish a national entity to coordinate development of health care measures.

While this legislation did not pass in the Senate, it was the basis for H.R. 976, the Children's Health Insurance Program Reauthorization Act of 2007, H.R. 3963, the



Children's Health Insurance Program Reauthorization Act of 2007 and the Medicare Improvements for Patients and Providers Act of 2008 (P.L. 110-275).

3. OTHER HEALTH MATTERS

a. Subcommittee Hearings

i. President's Budget Proposals:

On February 13, 2007, and February 14, 2008, the Subcommittee held hearings to receive testimony from the Centers for Medicare and Medicaid Services regarding the Medicare portions of the President's Fiscal year 2008 and 2009 Budget proposals.

ii. MedPAC's March Reports on Medicare Payment Policies:

On March 1, 2007, and March 11, 2008, the Subcommittee held hearings to receive testimony from the Medicare Payment Advisory Commission (MedPAC) regarding their annual recommendations for Medicare payment policies.

iii. Annual Reports of the Boards of Trustees of the Federal Hospital Insurance and Supplementary Medical Insurance Trust Funds

On April 25, 2007, and April 1, 2008, the Subcommittee held hearings to receive testimony from the Chief Actuary of the Centers for Medicare and Medicaid Services on the financial status of the Medicare trust funds.

iv. Oversight and Medicare Program Integrity

On March 8, 2007, the Subcommittee on Health held a hearing jointly with the Subcommittee on Oversight to receive testimony from the Office of the Inspector General of the Department of Health and Human Services, the office of Financial Management of the Centers for Medicare and Medicaid Services and the Department of Justice on the prevention, detection, investigation and prosecution of Medicare fraud, waste and abuse. On May 15, 2007, the Subcommittee held a hearing to receive testimony from the Centers for Medicare and Medicaid Services, the Medicare Payment Advisory Commission and health care professionals on issues related to payment accuracy and legislative and regulatory payment refinements for the Medicare payment systems for inpatient hospitals, outpatient hospitals, long-term care hospitals, inpatient rehabilitation facilities, and skilled nursing facilities. On June 26, 2007, the Subcommittee held a hearing to receive testimony from Members of Congress, the Centers for Medicare and Medicaid Services, the Office of



the Inspector General of the Department of Health and Human Services, the Food and Drug Administration and health care professionals on Safety Concerns regarding the dosing of erythropoiesis stimulating agents (ESAs), variations in utilization of ESAs across providers, and reimbursement issues. On November 15, 2007, the Subcommittee held a hearing to receive testimony from law enforcement, researchers and health care professionals on trends in nursing home ownership and the quality of, and accountability for, patient care, including the effect of the relatively new trend of private equity-ownership. On May 6, 2008, the Subcommittee held a hearing to receive testimony from the Centers for Medicare and Medicaid Services, the Government Accountability Office, researchers and stakeholders on the implementation and administration of Medicare's DMEPOS competitive bidding program.

v. Medicare Advantage

On March 21, 2007, the Subcommittee held a hearing to receive testimony from the Centers for Medicare and Medicaid Services, the Medicare Payment Advisory Commission and the Congressional Budget Office on the structure and costs of the Medicare Advantage Program. On May 22, 2007, the Subcommittee held a hearing to receive testimony from the Centers for Medicare and Medicaid Services, the Medicare Payment Advisory Commission and other stakeholders regarding Medicare Advantage Private Fee-For-Service Plans. On October 16, 2007, the Subcommittee held a hearing jointly with the Oversight Subcommittee to receive testimony from the Government Accountability Office, the Centers for Medicare and Medicaid Services and other stakeholders on statutorily required audits of Medicare Advantage plan bids. On February 28, 2008, the Subcommittee held a hearing to receive testimony from the Centers for Medicare and Medicaid Services, the Government Accountability Office and other stakeholders on the structure, costs and oversight of the Medicare Advantage program.

vi. Medicare Improvements for Beneficiaries

On May 3, 2007, the Subcommittee held a hearing to receive testimony from Members of Congress, the Centers for Medicare and Medicaid Services, the Social Security Administration, health care professionals and beneficiaries on the current state of the Part D Low-Income Subsidy the Medicare Savings Programs, and opportunities to increase enrollment and expand eligibility in these programs. On June 21, 2007, the Subcommittee held a hearing to receive testimony from the Centers for Medicare and Medicaid Services, the Government Accountability Office and health care professionals on beneficiary protection issues in Medicare Part D, and



possible statutory changes necessary to improve the program for beneficiaries and taxpayers.

vii. Health Care Reform

On April 15, 2008, the Subcommittee held a hearing to receive testimony from former Senator Dave Durenberger, researchers and stakeholders on the instability of health coverage in America. On May 14, 2008, the Subcommittee held a hearing to receive testimony from the Government Accountability Office, researchers and stakeholders on Health Savings Accounts (HSAs) and Consumer-Driven Health Care. On June 10, 2008, the Subcommittee held a hearing to receive testimony from Members of Congress, researchers and stakeholders on addressing disparities in health and health care. On July 15, 2008, the Subcommittee held a hearing to receive testimony from state officials, researchers and stakeholders on health care reform lessons learned at the state level and the need for a national solution to health reform. On September 24, 2008, the Subcommittee held a hearing to receive testimony from state insurance officials, researchers and stakeholders on the challenges of the private health insurance market.

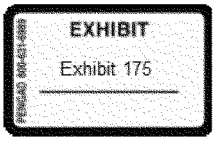
viii. Medicare Payments to Physicians and the Sustainable Growth Rate (SGR)

On March 6, 2007, the Subcommittee held a hearing to receive Testimony from the Medicare Payment Advisory Commission and former administrators of the Centers for Medicare and Medicaid Services on a report from MedPAC on the Sustainable Growth Rate (SGR), the history of Medicare's reimbursement for physician services and the role of expenditure targets. On May 10, 2008, the Subcommittee held a hearing to receive testimony from the Centers for Medicare and Medicaid Services, the Government Accountability Office, the Medicare Payment Advisory Commission and health care professionals on options to improve quality and efficiency among Medicare physicians. On September 11, 2008, the Subcommittee held a hearing to receive testimony from former Administrators of the Centers for Medicare and Medicaid Services on alternative ways to reform Medicare's physician payment system.

ix. Health Information Technology

On July 24, 2008, the Subcommittee held a hearing to receive testimony from the Congressional Budget Office and health care professionals on options to encourage the adoption and use of health information technology.

x. Comparative Effectiveness Research



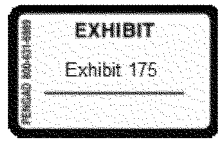
On June 12, 2007, the Subcommittee held a hearing to receive testimony from Members of Congress, the Medicare Payment Advisory Commission, the Agency for Healthcare Research and Quality, the Congressional Budget Office and health care professionals on strategies to increase information on clinical comparative effectiveness.

xi. Mental Health Parity

On March 27, 2007, the Subcommittee held a hearing to receive testimony from Members of Congress and health care professionals on legislation and options to provide mental health and substance abuse treatment parity in private health insurance and in Medicare.

xii. Genetic Non-discrimination

On March 14, 2007, the Subcommittee held a hearing to receive testimony from the National Institutes of Health (NIH), researchers and health care professionals on the need for a federal policy to protect genetic information and legislation to achieve this purpose, specifically, the Genetic Information Non-Discrimination Act.



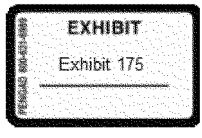
D. LEGISLATIVE REVIEW OF SOCIAL SECURITY ISSUES

1. H.R. 3046, the "Social Security Number Privacy and Identity Theft Prevention Act of 2007"

On June 21, 2007 the Subcommittee on Social Security held a hearing to examine the large and growing problem of identity (ID) theft. The hearing found that (1) the Federal Trade Commission (FTC) reports there are as many as 10 million victims annually, (2) businesses lose $50 billion annually to ID theft-related fraud, (3) individual victims' lives and credit records can be devastated and it typically takes years to recover, (4) FTC estimates ID theft costs victims $5 billion a year, (5) ID thieves have easy access to Social Security Numbers (SSNs), (6) SSNs are used by many different companies and governmental entities for many non-Social Security-related purposes, as ID numbers, or simply as a key used conveniently to track individuals among multiple sources of information, (7) SSNs are present in many publicly-available local government documents, such as property deeds, and judicial records such as divorce proceedings, (8) while these documents have been publicly available for decades, they have been made available in electronic form to the public only recently and the Internet has made them globally accessible, (9) government use of SSNs is loosely regulated; private sector use is only regulated in certain industries, (10) there is no single law governing the use of SSNs, and (11) financial services regulations that protect privacy have exceptions that continue to allow SSNs to be easily available, and identity thieves can exploit this. Based on these findings, on July 16, 2007, Chairman Michael R. McNulty (D-NY) and Ranking Member Sam Johnson (R-TX) introduced H.R. 3046, the "Social Security Number Privacy and Identity Theft Prevention Act of 2007," in order to enhance SSN privacy and to prevent identity theft.

On September 24, 2007, H.R. 3046 was amended in the full Committee on Ways and Means and favorably reported with a roll call vote of 41 yeas to 0 nays (with a quorum being present). As amended, the "Social Security Number Privacy and Identity Theft Prevention Act of 2007" would amend title II of the Social Security Act to: (1) specify restrictions on the sale and display to the general public of Social Security account numbers (SSNs) by governmental entities; (2) prohibit the display of SSNs (or any derivatives) on checks issued for payment by such entities; (3) prohibit governmental entity display of SSNs (or any derivatives) on employee identification cards or tags (IDs); (4) prohibit access to the SSNs of other individuals by prisoners employed by governmental entities; (5) prohibit the selling, purchasing, or displaying of SSNs (with certain exceptions) to the general public, or the acquisition or use of any individual's SSN to locate or identify such individual with the intent to physically injure or harm him or her, or to use the individual's ID for any illegal purpose by any person; (6) provide for uniform standards for truncation of an SSN; and (7) establish new criminal penalties for the misuse of SSNs.

This legislation would also enhance civil and criminal penalties for misuse of the SSN, increase enforcement authority, and require a study on misuse of SSN for authentication.



2. H.R. 5140, the "Economic Stimulus Act of 2008"

On January 28, 2008, H.R. 5140, the "Economic Stimulus Act of 2008," a bi-partisan bill, co-sponsored by the House Leadership and the Chairmen and Ranking Members of the House Committees on Ways and Means and Financial Services was introduced. On the same day, H.R. 5140 was referred to the House Committee on Ways and Means and the House Committee on Financial Services. On January 29, 2008, Chairman Charles B. Rangel moved to suspend the rules and pass the bill. The legislation was agreed to in House by the Yeas and Nays: (2/3 required): 385 - 35, 1 Present (Roll no. 25). On February 7, 2008 the bill passed the Senate by Yea-Nay Vote of 81 - 16 with an amendment (Record Vote Number: 10). That same day, the House accepted the Senate amendment, resolving all differences, by the Yeas and Nays: 380 - 34 (Roll no. 42). On February13, 2008, this legislation was signed by President George W. Bush and became Public Law No: 110-185.

In Section (e) "Appropriations To Carry Out Rebates," the law immediately provided funding for the Social Security Administration ($31,000,000, to remain available until September 30, 2008) to cover increased administrative costs of SSA generated by the rebate program. Financial payments provided by the stimulus package were payable to many Social Security beneficiaries who generally do not file tax returns, however, they would need to file forms with the IRS to be eligible. To encourage beneficiaries to file a tax return for 2007, SSA developed several outreach activities; the agency responded to beneficiaries inquiries; and reissued forms 1099 which report annual Social Security benefit payments.

3. H.R. 5602, the "Fair Share Act of 2008"

On March 13, 2008, the "Fair Share Act of 2008" was introduced and on that same day it was referred to the Committee on Ways and Means. On April 14, 2008, the Committee on Ways and Means voted to report H.R. 5719, the "Taxpayer Assistance and Simplification Act of 2008," which was introduced by Chairman Charles B. Rangel and included the entirety of H.R. 5602. The "Fair Share Act of 2008" would amend the Internal Revenue Code and title II (Old Age, Survivors, and Disability Insurance Benefits) of the Social Security Act to stop domestic federal contractors from using foreign subsidiaries to evade Social Security and other employment taxes. On April 15, 2008, H.R. 5719 was agreed to in the full House. The bill passed by recorded vote: 238 - 179 (Roll no. 190) and was referred to the Senate on April 16, 2008 where it was sent to the Committee on Finance.

4. H.R. 6633, the "Employee Verification Amendment Act of 2008"

On July 29, 2008, H.R. 6633, the "Employee Verification Amendment Act of 2008" was introduced. The bill was officially referred to the Committees on Judiciary, Education and Labor, and Ways and Means on that same day. On July 31, 2008, the House passed this legislation on motion to suspend the rules and pass the bill which was agreed to by the 2/3 required (a vote of 407-2, 4 Present) (Roll no. 557). The bill would extend the



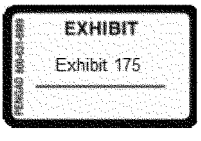
basic pilot employment eligibility confirmation program, now known as E-Verify, for an additional five years, until November 30, 2013. It sought to amend the Illegal Immigration Reform and Immigrant Responsibility Act of 1996. On August 1, 2008, the bill was referred to the Senate Committee on the Judiciary.

This bill would direct the Commissioner of Social Security and the Secretary of Homeland Security to enter into agreements which shall: (1) provide funds to the Commissioner for the E-verify program's full costs to SSA in quarterly advances; and (2) require an annual accounting and reconciliation of costs incurred and funds provided. In addition, this legislation would provide for funding continuation in the absence of an agreement. Lastly, this bill would require that the Government Accountability Office (GAO) conduct studies regarding: (1) erroneous tentative nonconfirmations under the E-Verify program; and (2) such program's effects on small entities.

5. Expired Provisions Related to Title II of the Social Security Act

a. The Ticket to Work and Work Incentives Advisory Panel

The Ticket to Work and Work Incentives Advisory Panel, a federal advisory panel created by P.L. 106-170, provided a final report to the President and Congress on December 17, 2007. The panel was required to file its final report by December 17, 2007, and terminate 30 days later.



E. Legislative Review of Income Security and Family Support Issues

1. Unemployment Insurance

a. Unemployment Insurance Modernization Act

H.R. 2233, the "Unemployment Insurance Modernization Act" was introduced on May 9, 2007 by Subcommittee on Income Security and Family Support Chairman McDermott. The legislation would have distributed funds to encourage, assist and reward States for removing barriers that limit coverage for low-wage and part-time workers, as well as workers leaving work for compelling family reasons, and for helping dislocated workers increase their skills.

H.R. 2233 would have provided up to $7 billion from the Federal Unemployment Account for incentive payments to be distributed between FY 2008 through FY 2012 to States meeting specific criteria related to their unemployment insurance systems. Every State's potential maximum share of this distribution would have been determined under the same criteria used to disburse current-law Reed Act distributions (amount of disbursement proportionate to FUTA taxes paid in that State).

A State would have been eligible for one-third of its share of the *UI Modernization Act* incentives when State law (as certified by the Department of Labor) included provisions for counting an applicant's most recent wages (from the last completed quarter) when determining eligibility for UI benefits. At State option, this alternative base period may have been used only after an initial determination of ineligibility. A State would have been eligible for the remaining two-thirds of its share of the *UI Modernization Act* incentives when a State was in compliance with the alternative base period requirement and when State law (as certified by the Department of Labor) met at least two of the following three conditions: (1) the State does not deny UI to an individual solely because the person is seeking part-time work (a State may limit application of this provision to former part-time workers); (2) when determining UI eligibility, the State permits good cause allowance for voluntary employment separations that relate directly to compelling family reasons, including at least the following: (a) avoidance of domestic violence; (b) caring for an ill or disabled family member; and (c) following a spouse whose employment has been relocated to a different locality; and (3) the State provides at least 26 weeks of training assistance benefits to claimants who: (a) have been dislocated from a declining occupation; (b) have exhausted regular UI; (c) are in a State-approved training program related to a high-demand occupation; and (d) are making satisfactory progress in such a program.

H.R. 2233 also would have provided $100 million per year in special Reed Act distributions to the States in FY 2008 through FY 2012 for the purpose of administering and implementing the reforms under the UI Modernization Act and to make other improvements in the administration of the unemployment insurance and employment services systems. Each State would have automatically received its share of the $100 million annually based on the State's FUTA tax contributions.

At a September 19, 2007 Subcommittee on Income Security and Family Support hearing, witnesses testified about the need to modernize the Unemployment Insurance system to reduce



barriers for jobless workers. Witnesses included a representative from the Government Accountability Office, a State administrator and policy experts.

Provisions from H.R. 2233 were included in Title III of the Committee on Ways and Means' reported version of H.R. 3920, the Trade and Globalization Assistance Act of 2007. The bill was reported out of the full Committee as amended by a recorded vote of 26-14 on October 24, 2007. The House adopted H.R. 3920 on October 31, 2007 by a vote of 264-157, and it was sent to the Senate on November 5, 2007.

b. Extension of Unemployment Benefits

H.R. 5749, the Emergency Extended Unemployment Compensation Act, introduced on April 9, 2008 by Subcommittee on Income Security and Family Support Chairman McDermott and Representative Phil English, would have extended unemployment benefits in every State by 13 weeks, and provided an additional 13 weeks of benefits in States with high unemployment. The extended benefits program would have been in effect through January 2009. All benefits would have been paid out of the Federal unemployment trust funds.

The Subcommittee on Income Security and Family Support held a hearing on April 10, 2008 that assessed the need to extend unemployment benefits during the economic downturn. The invited witnesses included policy experts from the Brookings Institution, the National Employment Law Project, the Economic Policy Institute, and the American Enterprise Institute.

The full Committee on Ways and Means considered H.R. 5749 on April 16, 2008, and reported it favorably with amendment by a recorded vote of 24-13. H.R. 5749 was passed by the House on June 12, 2008, 274-137.

Provisions from H.R. 5749 were included in title IV of H.R. 2642, the Supplemental Appropriations Act, 2008 (the war supplemental). Title IV of H.R. 2642 extended unemployment benefits for 13 additional weeks in all States. H.R. 2642 was adopted in the House on June 19, 2008 and was signed into law on June 30, 2008 (P.L. 110-252).

H.R. 6867, the Unemployment Compensation Extension Act of 2008, was introduced by Subcommittee on Income Security and Family Support Chairman McDermott on September 10, 2008. The measure provides seven additional weeks of Federally-funded extended benefits in every State, plus another 13 weeks of benefits for workers in States with high unemployment rates (defined as a three-month average of 6 percent or higher). In combination with P.L. 110-252, the measure provides a maximum of 33 weeks of extended unemployment benefits. H.R. 6867 was passed by the House on October 3, 2008 (368-28) and was signed into law on November 21, 2008 (P.L. 110-449).

c. Curbing Unemployment Insurance Fraud

P.L. 110-328, the "SSI Extension for Elderly and Disabled Refugees Act," amends the Internal Revenue Code to require the Secretary of the Treasury to offset overpayments of Federal taxes by any amount owed to a State for unemployment compensation debt due to fraud. PL-110-328 was passed by voice vote in the House on July 11, 2008 and was signed into law on September 30, 2008.



2. CHILD WELFARE

a. Child Welfare Reform

H.R. 6307, the "Fostering Connections to Success Act" was introduced on June 19th, 2008 by Subcommittee on Income Security and Family Support Chairman McDermott and Ranking Member Weller. H.R. 6307 would have extended Federal assistance to relatives who assume legal guardianship of eligible children for whom they have cared as foster parents, extended Federal foster care payments up to the age of 21 for foster children, and provided direct Federal foster care and adoption funding to tribal governments who run their own child welfare programs. The bill also would have improved the oversight of the health care and educational needs of foster children and increased access to Federal funding for training child welfare workers.

Prior to the bill's introduction, the Subcommittee on Income Security and Family Support held a hearing on February 27, 2008 that addressed several proposals aimed at improving the child welfare system. Witnesses included Members of Congress, representatives from State agencies, professional advocates, and a former foster care youth.

H.R. 6307 was adopted by the House on June 24, 2008 by a voice vote. Following bicameral negotiations, a modified version of H.R. 6307, H.R. 6893, the "Fostering Connections to Success and Increasing Adoptions Act of 2008," was introduced on September 15, 2008. It passed the House on September 17, 2008 by a voice vote. The bill was approved in the Senate by unanimous consent and was signed into law on October 7, 2008 (P.L. 110-351).

P.L. 110-351 amends Part E of Title IV of the Social Security Act to provide Federal reimbursement to States choosing to provide assistance to grandparents and other relatives who become legal guardians of children for whom they have cared as foster parents. It also provides grants to promote kinship navigator programs and other initiatives designed to connect and help relative caregivers. Furthermore, at State option, the new law allows Federal foster care assistance to continue up to the age of 21 for youth engaged in school, work, or other constructive activities. Additionally, the measure provides Federal adoption assistance to all special needs children (phased in on the basis of age and time in care), rather than only those children whose birth parents were eligible for cash welfare under the rules in place in 1996.

The law includes a number of other important provisions to improve the well-being of foster children, including: requirements to improve the oversight of the health care needs of every foster child (covering their assessment, treatment, medical records, and medication); a required plan for the educational stability of every foster child and assurance of their school attendance; a requirement that reasonable efforts be made to place siblings together in foster, adoptive or guardianship placements; enhanced Federal funding for training to cover private child welfare workers and court personnel; direct Federal foster care and adoption assistance to tribal governments for children in their care; and an extension and improvement of the Adoption Incentives Program.



b. Modification of Foster Care Rate for the District of Columbia

H.R. 6307 included a modification to the foster care matching rate for the District of Columbia in order to conform that program's matching rate to the rate provided under Medicaid. This same provision was enacted into law as part of the "Medicare Improvements for Patients and Providers Act of 2008", P.L. 110-275.

c. Child Welfare Resolutions

H. Res. 299, a resolution that expressed the sense of the House of Representatives that Congress should increase public awareness of child abuse and neglect and should continue to work with the States to reduce the incidence of child abuse and neglect through such programs as the Child Welfare Services and the Promoting Safe and Stable Families programs, was introduced by Subcommittee on Income Security and Family Support Chairman McDermott and Ranking Member Weller on April 17, 2007 and passed the House on April 24, 2007 by a vote of 411-0.

H. Res. 527, a resolution that recognized the month of November 2007 as "National Homeless Youth Awareness Month" was introduced in the House by Mr. McDermott on June 28, 2007 and was agreed to in the House on July 11, 2007 by a voice vote.

Mr. McDermott also introduced H. Res. 1185, which expressed the sense of the House of Representatives that Congress should recognize the important contributions of Americans who serve as foster parents and, in doing so, unselfishly open their homes and families to children in need. The resolution was introduced on May 8, 2008 and passed by a voice vote on May 20, 2008.

H. Res. 1432, introduced by Rep. Jon Porter, supported the goals and ideals of National Adoption Day and National Adoption Month by promoting national awareness of adoption. The resolution was introduced on September 15, 2008 and passed by a voice vote on September 18, 2008.

3. SUPPLEMENTAL SECURITY INCOME

a. SSI Extension for Elderly and Disabled Refugees Act

H.R. 2608, the "SSI Extension for Elderly and Disabled Refugees Act", was introduced by Subcommittee on Income Security and Family Support Chairman McDermott and Ranking Member Weller on June 7, 2007. The bill passed the House on June 11, 2007 by a voice vote and was agreed to in the Senate with an amendment by unanimous consent on August 1, 2008. The House adopted the Senate amendments by voice vote on September 17, 2008 and H.R. 2608 was signed into law on September 30, 2008 (P.L. 110-328).

Prior to PL 110-238, refugees and other humanitarian immigrants lost eligibility for Supplemental Security Income (SSI) after residing in the United States for seven years. The Subcommittee on Income Security and Family Support held a hearing on March 22, 2007 that evaluated the limitation on providing SSI benefits to refugees and other humanitarian



immigrants. Witnesses at the hearing included a disabled refugee from Vietnam, representatives of various charities, and policy experts.

P.L. 110-328 amends the Immigration and Nationality Act, as amended by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, to extend SSI eligibility for humanitarian immigrants, including those whose SSI benefits ceased in prior fiscal years. The measure requires a sworn declaration from such aliens (except children under age 18) that they have made a good faith effort to pursue U.S. citizenship. The law generally extends SSI benefits for an additional two years through FY 2011.

b. Heroes Earnings Assistance and Relief Tax Act of 2008

Title II of H.R. 6081, the "Heroes Earnings Assistance and Relief Tax Act of 2008," made improvements in the Supplemental Security Income program (SSI) for former and current members of the uniformed services and AmeriCorps participants. Previously, some military families who relied on the SSI program for financial support lost a portion of their benefits because of the treatment of certain types of military pay in determining eligibility and benefit amounts. Also, some blind veterans in certain States receive an annuity that reduced their SSI benefits.

Title II of H.R. 6081 amends title XVI of the Social Security Act to treat cash remuneration paid to a member of the uniformed services as earned income and certain housing payments to such members as in-kind support and maintenance for SSI program purposes. The title also excludes State annuity payments to blind, disabled, or aged veterans for purposes of SSI benefit determinations. And finally, it excludes any cash or in-kind benefit paid to an AmeriCorps participant from SSI income eligibility and benefit determinations.

H.R. 6081 was introduced in the House on April 16, 2008, and was passed on April 20, 2008, 403-0. The bill was passed by the Senate by unanimous consent on April 22, 2008 and signed into law on June 17, 2008 (P.L. 110-245).

4. TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

Section 301 of H.R. 6331, the "Medicare Improvements for Patients and Providers Act of 2008," amended the Deficit Reduction Act of 2005 to extend through FY 2009 supplemental grants under Title IV Part A (Temporary Assistance for Needy Families, or TANF) in the Social Security Act.

The Deficit Reduction Act of 2005 (DRA, P.L. 109-171) extended funding for most TANF grants through FY 2010, except TANF supplemental grants which expired at the end of FY 2008. Supplemental grants go to 17 States that have had high population growth or have low TANF funding per poor person.

H.R. 6331 passed the House on June 24, 2008 by a vote of 355-59 and was approved by unanimous consent in the Senate on July 9, 2008. President Bush vetoed the bill on July 15, 2008, on which date it was overridden in both the House (383-41) and the Senate (70-26). It consequently became P.L. 110-275.



F. LEGISLATIVE REVIEW OF DEBT ISSUES

On May 17th, 2007, the House and Senate agreed to the conference report on S.Con.Res. 21, the Concurrent Resolution on the Budget for Fiscal Year 2008. The conference report (H. Rept. 110-53) was agreed to by the House by a vote of 214-209, and by the Senate by a vote of 52-40. As a result of the adoption of the FY2008 budget, H.J.Res.43, a bill to increase the statutory limit on the public debt, was deemed passed in the House pursuant to House Rule XXVII. H.J.Res. 43, which increased the debt limit by $850 billion to $9.815 trillion, was passed by the Senate on September 27, 2007 without amendment by a Yea-Nay vote of 53-42, and was signed into law by the President on September 29, 2007 (P.L. 110-153).

On June 5, 2008, the House agreed to the conference report (H. Rept. 110-659) on S.Con.Res.70, the Concurrent Resolution on the Budget for Fiscal Year 2009, by a vote of 214-210. The Senate had adopted the conference on June 4 by a vote of 48-45. As a result of the adoption of the FY2009 budget, H.J.Res. 92, a bill to increase the statutory limit on the public debt, was deemed passed in the House pursuant to House Rule XXVII. The Senate never considered H.J.Res. 92, which would have increased the debt limit by $800 billion to $10.615 trillion.

On July 23, 2008, the House agreed to an amended version of H.R. 3221, the Housing and Economic Recovery Act of 2008, by a vote of 272 - 152. The Senate agreed to the amended legislation on July 26, 2008 by a Yea-Nay vote of 72-13. It was signed into law by the President on July 30, 2007 (P.L. 110-289). Section 3083 of that legislation increased the debt limit by $800 billion to $10.615 trillion.

On October 3, 2008, the House agreed to the Senate amendments to H.R. 1424, the "Emergency Economic Stabilization Act of 2008", by a vote of 263-171. That legislation had passed the Senate on October 1, 2008 by a Yea-Nay vote of 74-25. It was signed into law by the President on October 3, 2007 (P.L. 110-343). Section 122 of that legislation increased the debt limit by $700 billion to $11.315 trillion.



II. Oversight Review

A. Oversight Agenda

January 17, 2007

The Honorable Henry Waxman
Chairman
Committee on Government Reform
2157 Rayburn House Office Building
U.S. House of Representatives
Washington, DC 20515

The Honorable Juanita Millender-McDonald
Chairwoman
Committee on House Administration
1309 Longworth House Office Building
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Waxman and Chairwoman Millender-McDonald:

In accordance with the requirements of clause 2 of rule X of the Rules of the House of Representatives, the following is a list of hearings and oversight-related activities that the Committee on Ways and Means and its Subcommittees plan to conduct during the 110th Congress.

Full Committee:

Economic Security and Federal Budget--

- **Current Economy and Outlook**. Oversight hearings to examine current economic conditions and the economic outlook. Specifically, examine topics such as the impact of globalization on U.S. workers and competitiveness, economic opportunities for low- and middle-income workers, the economic costs of poverty, and additional concerns.

- **Priorities of the Office of Management and Budget**. Oversight hearings with the Office of Management and Budget Director to discuss the overall state of the federal budget and the Administration's priorities for the 110th Congress. Also, discuss and consider budgetary proposals affecting the various programs under the Committee's jurisdiction, including tax, health, human resources, Social Security, pensions, and trade-related matters.

- **Additional Issues**. Oversight hearings on a number of overall budget issues, particularly

EXHIBIT
Exhibit 175

those related to federal finances and debt, the short- and long-term fiscal outlook, the growing reliance of the United States on foreign debt, and other matters considered by the Department of the Treasury.

Tax Issues--

- **Priorities of the Department of the Treasury.** Oversight hearings with the Treasury Secretary to discuss priorities for the 110th Congress, with the goal of finding common ground for policies and legislation to benefit all Americans. Specifically, discuss and consider tax legislation proposed in the President's 2008 budget submitted to the Congress.

- **Administration of the Tax Laws.** Oversight hearing to receive information from the Internal Revenue Service (IRS) Commissioner concerning overall agency operations and efforts to collect federal taxes, ensure compliance, and provide taxpayer services. Specifically, discuss proposed funding and staffing levels for the IRS and legislation to address the tax gap as proposed in the President's 2008 budget submitted to the Congress.

- **Technical Corrections.** Oversight hearing to evaluate the need for technical corrections to previously-enacted legislation, including the Tax Increase Prevention and Reconciliation Act of 2005, Gulf Opportunity Zone Act of 2005, Energy Policy Act of 2005, American Jobs Creation Act of 2004, Jobs and Growth Tax Relief Reconciliation Act of 2003, Economic Growth Tax Relief Reconciliation Act of 2001, and certain provisions of the Pension Protection Act of 2006.

- **Tax Relief for Individuals and Families.** Oversight hearings on tax relief for individual taxpayers and families, including alternative minimum tax relief and child-related tax benefits.

- **Energy.** Oversight hearings on energy tax issues, including incentives for alternative fuel production, energy conservation, and increasing U.S. energy independence.

- **Housing.** Oversight hearings on tax incentives for moderately-priced housing, focusing on options for increasing the supply of middle-income taxpayer rental housing and home ownership in tandem with federal and state housing spending programs.

- **Education.** Oversight hearings on current law rules governing the use of tax credit bonds to finance school construction and renovation, and options to simplify the current complex structure of tax benefits for higher education.

Health and Human Services Issues--

- **Priorities of the Department of Health and Human Services.** Oversight hearing with the Health and Human Services Secretary to discuss priorities for the 110th Congress and



concerns related to the delivery of health services and reimbursement under Medicare. Specifically, discuss and consider health and human services-related legislation proposed in the President's 2008 budget submitted to the Congress.

Trade--

- **Priorities of the Office of the United States Trade Representative.** Oversight hearings with the United States Trade Representative to discuss priorities for the 110th Congress and concerns related to international trade. Specifically, discuss and consider trade proposals in the President's 2008 budget submitted to the Congress and other proposals.

The full Committee intends to conduct additional oversight over the next two years, as becomes necessary to fulfill its oversight responsibilities to the Congress and the American people. The following is a list of further oversight hearings and activities that the six subcommittees of the Committee on Ways and Means (Oversight, Health, Income Security and Family Support, Social Security, Trade, and Select Revenue Measures) anticipate developing during the course of the 110th Congress.

Subcommittee on Oversight:

- **Programs within the Committee's Jurisdiction.** Oversight investigations and joint subcommittee hearings on issues requiring periodic or timely oversight review. The Subcommittee on Oversight will coordinate with other subcommittees, as appropriate, to ensure comprehensive oversight of programs and laws under the Committee's jurisdiction.

- **IRS Operations.** Oversight of the major IRS programs, including examination, collection, taxpayer services, and returns processing. Consider analyses and reports provided to the Congress by oversight groups, such as the IRS Taxpayer Advocate, IRS Oversight Board, Treasury Inspector General for Tax Administration, and the U.S. Government Accounting Office.

- **Tax Gap.** Oversight of the $345 billion annual tax gap, the difference between taxes paid and taxes owed the federal government. Consider the components of the tax gap, causes of taxpayer non-compliance, and possible solutions.

- **IRS Funding and Staffing Levels.** Oversight of IRS funding and staffing levels needed to effectively and efficiently enforce the tax laws and provide taxpayer assistance. Consider the impact of underfunding the IRS on non-compliance, audit rates, and uncollected taxes. Examine the costs and rates of return for IRS collection activities in comparison to those for private-sector debt collectors under contract with the IRS.



Evaluate options for providing the IRS with a permanent funding authorization that, in part, supports additional tax enforcement efforts.

Tax-Exempt Organizations. Oversight review of the advantages and disadvantages of recently-enacted tax provisions that affect charities and foundations, particularly how the new rules affect charitable efforts and the ability of these organizations to serve those in need. Evaluate overall IRS efforts to monitor tax-exempt organization activities, prevent abuse, and ensure timely information to the public about charity activities and finances.

Tax Code and Tax Form Complexity. Oversight of tax code complexity, particularly for individuals and small businesses, with the goal of simplification. Review areas where taxpayers and professional return preparers make the most errors and consider solutions. Evaluate tax return filing seasons, including electronic filing, IRS and volunteer taxpayer assistance programs, the Internet Free File Program, and progress with electronic filing. Also, consider options for meaningful tax reform and greater fairness in the tax system.

IRS Audit/Collection Priorities. Oversight review of the IRS audit/collection levels, focusing on the allocation of enforcement resources among low-, middle-, and high-income individual taxpayers. Consider IRS efforts to deal with small business, large corporate, and estate tax liabilities, particularly those known to the IRS but uncollected. Also, review the extent of abusive tax shelters and illegal offshore tax transactions.

Earned Income Tax Credit (EITC). Oversight of IRS programs designed to provide tax assistance to more than 20 million low-income working taxpayers claiming the EITC. Evaluate information showing that: approximately seven million eligible workers do not claim the EITC; only a very small percentage of workers obtain EITC benefits in their paychecks through employer-assisted "advance refunding"; and nearly two-thirds of EITC taxpayers use paid professional return preparers to file their returns. Evaluate the results of EITC certification, program integrity, and efforts to provide educational outreach to reduce errors in claiming the EITC.

Tax Scams. Oversight of the latest sophisticated tax scams and what can be done to protect taxpayers.

Illegal Networks. Oversight of Department of the Treasury and IRS activities to deter money laundering, illegal drug, and terrorists networks.

Pensions and Retirement Security. Oversight review of the Pension Benefit Guaranty Corporation (PBGC), including the financial status and management of pension plan funding. Oversight review of the increasing decline in employer-sponsored defined-benefit plans with the corresponding weakening of workers' retirement security and federally-guaranteed pension benefits. Overview of the growing disparity of retirement benefits for corporate executives and rank-and-file workers.



Subcommittee on Health:

- **Medicare Part A and Part B (Hospitals, Physicians, and Other Providers).** Oversight of the major Medicare programs to ensure efficient use of resources, quality, and access for Medicare beneficiaries. Specific topics to include: relationship between payment policy and workforce issues (future supply); adequacy of program benefits, such as mental health and cost sharing; treatment of specific populations such as people with disabilities and low-income beneficiaries; quality improvement efforts; accreditation; overpayments to providers; IVIG; DME competitive bidding; post-acute care common patient assessment tool; and waste, fraud, and abuse activities.

- **Medicare Part C (Private Plans).** Oversight of private plan types, enrollment, and locations; value and payments; benefit packages and actuarial equivalence determinations; administrative costs; quality; consumer protection; and ability to manage and treat chronic illnesses and achieve improved health outcomes.

- **Medicare Part D (Prescription Drug Plans).** Oversight of implementation and ongoing activities related to the Medicare prescription drug program, including: treatment of dual eligibles, low-income subsidy beneficiaries, and nursing home residents; drug pricing; late enrollment penalties; benefit packages and actuarial equivalence evaluations; true out-of-pocket policy (TROOP); formularies for covered drugs and appeals; enrollment issues; plan reporting of consumer data; marketing, promotion, and advertising efforts of the Center for Medicare and Medicaid Services (CMS) and the plans; administrative costs; bidding process and premium setting; retiree drug coverage; pharmacy-plan issues; creating a Medicare-sponsored drug option; and negotiated price mechanisms.

- **Medicare Entitlement.** Oversight of the 45 percent trigger, payments to private plans, and the Part B premium.

- **CMS Administration.** Oversight of the CMS, including the adequacy of its budget and staffing, contracting activities, and general agency accountability.

- **Health Insurance Coverage.** Oversight review of health coverage and the uninsured, including children, early retirees, and small business employees; adequacy of benefits; mental health parity; COBRA; lack of coverage for various groups; and options to expand coverage.

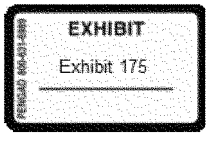
- **Health Savings Accounts (HSAs).** Oversight of the use of health savings accounts, including the demographics and profile of account holders, the prevalence and use of HSAs, the value of accounts, and the influence on broader health care systems and spending.

- **Executive Orders**. Oversight of Administration activities regarding public transparency of price and quality initiatives, and health information technology.



Trade Adjustment Assistance (TAA) Health Insurance. Oversight of implementation and ongoing activities related to the TAA health care tax credits, including administrative costs and contractual relationships.

Emergency Care. Oversight of emergency health care and areas where reforms are needed.



Subcommittee on Income Security and Family Support:

- **Poverty.** Oversight assessment of poverty in America. Examine the growth in the number of Americans living in poverty by 5.4 million Americans since 2001, review factors that contributed to such rise, and explore proposals for expanding economic opportunity and reducing the extent and severity of poverty.

- **Welfare and Work Programs.** Oversight of programs that help needy families and promote work, especially the Temporary Assistance for Needy Families (TANF) program. Review State efforts to implement new statutory and regulatory requirements under the TANF program, including present and potential impacts on poverty, caseloads, educational opportunities, impacts on disabled populations, employment outcomes, assistance for needy families and administrative burdens. Evaluate recent legislative changes in related programs, such as child care and child support enforcement, in terms of the impact on self-sufficiency and economic opportunity for low-income families. Review the integrity of related programs to ensure accurate payments and eligibility.

- **Vulnerable Children.** Oversight of the Nation's child welfare system, including foster care, adoption assistance, and child and family programs under Title IVB of the Social Security Act. Examine barriers to ensuring safety and permanency for the over one-half million children in foster care, as well as for the thousands of other children that come into contact with the child welfare system every year. Review proposals to improve the financing of child welfare programs to ensure better outcomes for at-risk children and families.

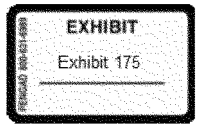
- **Disconnected Populations.** Oversight of "disconnected populations," including youth between the ages of 16 and 24. Review proposals to reach out to an estimated two to three million youth who are neither in school nor working.

- **Unemployment Compensation.** Oversight of the Nation's unemployment compensation system, with a particular focus on barriers between dislocated workers and unemployment benefits and on reforms designed to modernize the program, including helping dislocated workers return to work.

- **Supplemental Security Income (SSI).** Oversight of the SSI program, including reviewing proposals to better reward and promote employment by program recipients and to better serve those in need of program benefits.

Subcommittee on Social Security:

- **General Oversight of Social Security.** Oversight of the importance of Social Security for American workers and their families; the essential role it plays in assuring economic



security for retirees, disabled workers, and survivors; and how best to manage the challenges and opportunities presented by an aging society, given the central role Social Security plays in income security, and the importance of adopting a balanced approach to address those challenges and opportunities that has the support of the American people.

- **Social Security Administration (SSA).** Oversight of the administrative operations of the Social Security Administration and the agency's stewardship of Social Security programs.

- **Disability Case Processing Backlogs.** Oversight of SSA's processing of disability cases, including Continuing Disability Reviews, and its current backlog of over one million unprocessed initial claims and appeals requests for disability benefits. Examine why, after SSA has taken steps in recent years to address this backlog, the problem continues to grow. Consider the impact on claimants as they endure disabling health conditions for months, or even years, without income as they wait for their cases to be decided.

- **Management of the Ticket-To-Work Program.** Oversight of the implementation and effectiveness of the Ticket-to-Work program and its related work incentives. Consider how the program operates in conjunction with Social Security Act work incentives and other federal programs aimed at supporting work. Determine why implementation of the program has been criticized, regulatory reforms are delayed, and results have been modest.

- **New Disability Adjudication Process**. Oversight of SSA's phased-in implementation of its new disability adjudication process (resulting from its 2006 regulation modifying how it adjudicates disability claims), the impact of the change in agency leadership on the process, and early results. Examine how claimants are faring under the new process, and whether the process is fair and consistent, evidence collection is improving, claims are receiving full consideration, and the right decision is being made earlier in the process.

- **Social Security Number Protection.** Oversight of the problem of identity theft and misuse of the Social Security number. Consider the role of the Social Security number, the Social Security card, Social Security benefits, and SSA with respect to immigration policy and enforcement.

Subcommittee on Trade:

- **Fast Track.** Oversight of Trade Promotion Authority (TPA), that formally expires on June 30, 2007, including review of agreements concluded to date, the role of the Congress, and labor and environmental concerns.

- **Korea Free Trade Agreement (FTA).** Oversight of Korea FTA negotiations as they reach a critical stage in early 2007, including discussion of automobile, manufacturing, labor, environmental, and other issues.



Other Free Trade Agreements (FTAs). Oversight of ongoing negotiations, for example involving Panama, Thailand and Malaysia, signed FTAs involving Peru and Colombia, and implementation of recently-implemented FTAs involving the Central American/Dominican Republic (CAFTA), Oman, Bahrain, and earlier FTAs with Singapore, Chile, Australia, and Morocco.

Preference Programs. Oversight of major U.S. trade preference programs such as the Generalized System of Preferences (GSP), African Growth and Opportunity Act (AGOA), Caribbean Basin Initiative (CBI), Andean Trade Preference Act (ATPA), and Haitian Hemispheric Opportunity Through Partnership Encouragement Act.

Haiti. Oversight of U.S. trade policy for Haiti, including impact of textile quota elimination.

World Trade Organization (WTO) Negotiations. Oversight of U.S. goals in the areas of agriculture, manufacturing, services, fair trade laws.

Improving U.S. Trade Laws. Oversight of proposals to strengthen U.S. fair trade laws and improve U.S. tools leverage to open foreign markets and other areas, including oversight of WTO decisions involving U.S. fair trade laws, defense of U.S. trade law challenges in the WTO, and administration by the Department of Commerce and U.S. International Trade Commission of U.S. fair trade laws.

China. Oversight of China's rampant theft of massive quantities of U.S. intellectual property, including in the automotive, semiconductor, motion picture, and recording industries. Also, oversight of China's refusal to allow its currency to freely float, industrial subsidies, and other areas.

Europe. Oversight of the second largest bilateral trade deficit of more than $100 billion in 2005, as well as sectoral issues, such as Airbus subsidies, discriminatory regulations in high technology transfer and sectors, attempts at technology transfer, discriminatory barriers to U.S. farm exports, European Union (EU) practices in the WTO negotiations, and EU practice concerning regional trade agreements.

Trade and Developing Countries. Oversight of U.S. trade relations with developing countries, role of developing countries in the WTO and world trading system, extent to which developing countries have benefitted from the trading system over the past 20 years and, in regard particularly with respect to the least developed countries, why many of these countries have lost ground over the last 20 years and what can be done in the area of trade and aid to reverse this trend.

Trade and U.S. Workers. Oversight of the ability of the United States to conduct an effective trade policy that is good for American workers, farmers, businesses, and the country as a whole. Examine options to improve education, on-the-job training, trade adjustment, and portable health care/pensions.



- **Other.** Oversight of the WTO dispute settlement system, Bush Administration labor rules in FTAs, and balance between protecting pharmaceutical patents and promoting access to essential medicines in poor countries.

Subcommittee on Select Revenue Measures:

- **Various tax matters.** Oversight of a variety of tax issues and tax legislation, as directed by the Committee Chairman.

This list is not intended to be exclusive. The Committee anticipates that additional oversight hearings and activities will be scheduled as issues arise and as time permits. Also, the Committee's oversight priorities and particular concerns may change as the 110th Congress progresses over the coming two years and issues arise meriting the Committee and subcommittees' attention.

Sincerely,

Charles B. Rangel
Chairman

cc: The Honorable Jim McCrery
Ranking Member



B. ACTIONS TAKEN AND RECOMMENDATIONS MADE WITH RESPECT TO OVERSIGHT PLAN

Full Committee

1. Economic Security and the Federal Budget

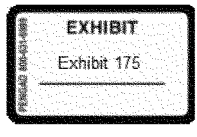
Actions taken: The full Committee held a number of hearings on the state of the economy.

On January 23, 2007, the full Committee received testimony on the state of the U.S. economy from Mark Zandi, Ph.D., Chief Economist, Moody's Economy.com, West Chester, Pennsylvania, Martin Regalia, Ph.D., Vice President of Economic and Tax Policy and Chief Economist, U. S. Chamber of Commerce, Richard L. Trumka, Secretary-Treasurer, American Federation of Labor-Congress of Industrial Organizations, William E. Spriggs, Ph.D., Professor and Chair, Department of Economics, Howard University, and John W. Diamond, Ph.D., Edward A. and Hermena Hancock Kelly Fellow in Tax Policy Research, James A. Baker III Institute for Public Policy, Rice University, Houston, Texas.

On January 24, 2007,the full Committee received testimony on the economic and societal costs of poverty from Sigurd R. Nilsen, Ph.D., Director, Education, Workforce, and Income Security, U.S. Government Accountability Office, Harry J. Holzer, Ph.D., Professor at Georgetown University and Visiting Fellow at the Urban Institute, Georgetown University Public Policy Institute, David R. Jones, President and Chief Executive Officer, Community Service Society of New York, New York, New York, Ron Haskins, Ph.D., Senior Fellow, Economic Studies and Co-Director, Center on Children and Families, The Brookings Institution, and Jane Knitzer, Ph.D., Director, National Center for Children in Poverty, New York, New York.

On January 30, 2007, the full Committee received testimony concerning trade and globalization from Daniel Tarullo, Ph.D., Professor of Law, Georgetown University, The Honorable Grant Aldonas, William M. Scholl Chair in International Business, Center for Strategic and International Studies, Gene B. Sperling, Senior Fellow, Center for American Progress, and Director, Center for Universal Education, Council on Foreign Relations, John Meier, Chief Executive Officer, Libbey Glass, Inc., Toledo, Ohio, Harold McGraw III, Chairman, President, and CEO, The McGraw-Hill Companies, and Chairman, Business Roundtable, and Chairman, Emergency Committee for American Trade, New York, New York, and Lawrence Mishel, Ph.D., President, Economic Policy Institute.

On January 31, 2007, the full Committee received testimony concerning the economic challenges facing middle class families from Peter Orszag, Director of the Congressional Budget Office, Jacob Hacker, Ph.D., Professor of Political Science, Yale University, New Haven, Connecticut, Jason Furman, Ph.D., Senior Fellow and Director of the Hamilton Project, Brookings Institute, John C. Goodman, Ph.D., President and Chief Executive Officer, National Center for Policy Analysis, Dallas, Texas, Diane Rowland, Sc.D., Executive Vice President, Kaiser Family Foundation, and Eugene Steuerle, Ph.D., Senior Fellow, Urban Institute.



Subcommittee on Oversight

A. Subcommittee Hearings for 110th Congress.

1. Earned Income Tax Credit (EITC) Outreach.

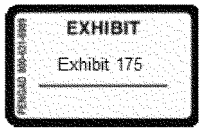
Actions taken: The Oversight Subcommittee conducted a hearing to review earned income tax credit (EITC) outreach. The Subcommittee discussed why an estimated 7 million working-poor individuals and families (20% of those eligible) are not claiming the EITC and not benefitting from about $12 billion in federal assistance. Testimony was heard from the Internal Revenue Service, policy experts from the Center on Budget and Policy Priorities and trade associations, and representatives from local organizations conducting EITC outreach. The Subcommittee learned that the Congress, the IRS, and employers need to improve outreach efforts to EITC-eligible individuals. Witnesses at the hearing had prepared corporate employer toolkits to assist with outreach, including posters in English and Spanish, education materials, and paycheck stuffers for low-income employees. Chairman Charles Rangel, Oversight Subcommittee Chairman John Lewis, and Oversight Ranking Member Jim Ramstad issued a Dear Colleague to explain ways that Members could provide EITC outreach in their districts. The Taxpayer Protection Act, H.R. 1677, passed by the House, and the Taxpayer Assistance and Simplification Act of 2008, H.R. 5719, included a provision to require the IRS to notify certain individuals who may be eligible for the credit that they possibly can claim a credit for the three prior years.

2. Medicare Program Integrity (Joint Hearing with the Health Subcommittee).

Actions taken: On March 8, 2007, the Health and Oversight Subcommittees held a hearing to examine Medicare program integrity. The Medicare program will spend over $425 billion dollars providing health care services to over 44 million seniors and people with disabilities in 2007. Testimony was heard from the U.S. Department of Health and Human Services, the Centers for Medicare and Medicaid Services, and the U.S. Attorney for the Southern District of Florida. The Subcommittee learned that Medicare beneficiaries have been subject to fraudulent practices. In some instances, federal money is used to support unethical, immoral, and illegal behavior. In one unbelievable case, a hospital performed painful, medically unnecessary procedures on elderly residents of assisted living facilities simply because those procedures had high rates of government reimbursement. The Subcommittees expressed the need to ensure that wrongdoers are held accountable and that the Federal government only makes correct and proper payments to a legitimate provider for reasonable and medically necessary services. Provisions to address Medicare program integrity were included in CHAMP (H.R. 3162), which passed the House on August 1, 2007.

3. Katrina Redevelopment Tax Issues.

Actions taken: On March 6, 2007, the Oversight Subcommittee held a hearing on housing tax issues related to the redevelopment of the communities affected by the



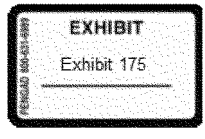
Katrina, Rita, and Wilma hurricanes of 2005. Testimony was heard from the Louisiana Housing Finance Agency and the Mississippi Home Corporation. The Subcommittee learned that there needs to be an extension of the "placed in service" requirement for the low-income housing tax credit. Many developers will not be able to meet this deadline due to events outside of their control, such as unexpected insurance costs, lengthy site cleanups, and additional financing costs. The Subcommittee also learned that homeowners have not been able to use mortgage revenue bonds to rebuild their homes. Witnesses argued that mortgage revenue bonds should be available for substantial renovations and to refinance existing residential mortgage loans. The Committee passed H.R. 1562, The Katrina Housing Tax Relief Act of 2007, on March 21, 2007. The bill passed the House on March 27, 2007. The bill extended the placed in service date in the GO Zones for purposes of the low-income housing tax credit and provided tax-exempt mortgage bond financing for rehabilitation and reconstruction of residences in the GO Zones. This extension was included in Public Law No. 110-28, the Small Business and Work Opportunity Tax Act of 2007.

4. Internal Revenue Service Operations and the Tax Gap.

Actions taken: On March 20, 2007, the Oversight Subcommittee conducted a hearing to review: the IRS fiscal year 2008 budget request of $11 billion; IRS examination, collection, and taxpayer service operations; the current tax return filing season, including the large number of unclaimed telephone tax refunds; and tax fraud schemes and tax scams that the IRS has identified this year. Testimony was heard from the Commissioner of the Internal Revenue Service. The Subcommittee learned that taxpayers have been subject to a number of "phishing" scams that attempt to steal their identities and confidential taxpayer information (such as their social security numbers, bank accounts, and credit card information). The Subcommittee also learned that the tax gap is growing, collections and audits are decreasing, and, during the filing season, free-file electronic filing was down. This hearing resulted in the introduction of H.R. 1677, the Taxpayer Protection Act of 2007, which passed the House on April 17, 2007. It also resulted in the introduction of H.R. 7083, which passed the House on September 27, 2008 and was enacted into law on October 15, 2008 (Public Law No. 110-428).

5. Hearing on Internal Revenue Service's Use of Private Debt Collection Companies to Collect Federal Income Taxes

Actions taken: On May 23, 2007, the Full Committee held a hearing to review the Internal Revenue Service's use of private debt collection companies. The Committee reviewed whether: (1) federal tax collection is governmental function that can be contracted to the private sector; (2) the IRS can collect federal income taxes more efficiently and effectively than private collection companies; (3) taxpayers are subject to harassment and abuse by private collectors; (4) the IRS has adequate options to address uncollected taxes; and (5) the program should be expanded or repealed. The Committee received testimony from the IRS Acting Commissioner, National Taxpayer Advocate, the General Accountability Office's Managing Director of Forensic Audits and Special Investigations, and representatives of Treasury employees and private collection



companies. The National Taxpayer Advocate reported that tax collection is an inherent government function that can not be privatized and that, if the $71 million spent on the program had been spent on IRS employees, the IRS would bring in $1.4 billion compared to the $19.5 million brought in by the private collectors. GAO reported that the private debt collectors had placed nearly one million telephone calls attempting to reach 35,000 taxpayers. The Committee included a provision to repeal the private debt collection program in H.R. 3056, The Tax Collection Responsibility Act of 2007, as passed by the House on October 10, 2007; H.R. 3996, the Tax Increase Prevention Act of 2007, as passed by the House on November 9, 2007; and H.R. 5719, the Taxpayer Assistance and Simplification Act of 2008, as passed by the House on April 15, 2008.

6. Request for Written Comments on Provisions Relating to Tax-Exempt Organizations in the Pension Protection Act.

Actions taken: On June 12, 2007, the Subcommittee on Oversight released an advisory requesting written comments from the public on the charitable provisions in the Pension Protection Act. The Act contains over thirty provisions relating to tax-exempt organizations, including charitable giving incentives and exempt organization reforms. Certain provisions were intended to improve accountability among donor advised funds and supporting organizations. Most of the provisions were never discussed on a bipartisan basis, nor the subject of Committee hearings, during the 109th Congress. The Subcommittee has received about 55 letters or submissions in response to the notice. The Committee included provisions responding to the comments in H.R. 7083, which passed the House on September 27, 2008.

7. Overview of Tax-Exempt Organizations.

Actions taken: On July 24, 2007, the Oversight Subcommittee undertook a broad overview of section 501(c)(3) charitable organizations. The hearing reviewed: (1) the current state (important role and size) of this sector; (2) broad concerns and needs of the charitable community, including those related to the Pension Protection Act of 2006; and (3) IRS operations related to charitable organizations, including budget and staffing levels. Testimony was heard from the Internal Revenue Service, the U.S. Government Accountability Office, and representatives of tax-exempt organization trade associations. The Subcommittee learned that there are approximately one million tax-exempt organizations described in Internal Revenue Code section 501(c)(3) and that the assets of these organizations exceed $2.5 trillion. They have annual revenues of nearly $1.2 trillion and spend approximately $900 billion on program services. The Subcommittee learned that these organizations play a large and important role in the U.S. economy. The Federal government is increasingly partnering with these organizations to deliver Federal services into local communities, particularly to low-income or needy individuals or families. The Committee included provisions to assist charitable organizations and improve public accountability in H.R. 7083, which passed the House on September 27, 2008.



8. Tax-Exempt Organizations: Hearing on Whether They Serve the Needs of Diverse Communities.

Actions taken: On September 25, 2007, the Oversight Subcommittee held a hearing on whether charitable organizations are serving diverse populations and communities. (The U.S. population—nearly 300 million—is becoming increasingly diverse.) Testimony was heard from representatives of and policy experts on tax-exempt organizations. The Subcommittee learned that charity (and volunteerism) in the United States is largely confined within social, ethnic, racial, religious, and localized communities with little leakage to the "stranger" except for short intervals at times of crises. The needs of diverse urban and rural, majority and minority communities are largely invisible to donors, unless highly publicized in the aftermath of major tragedies, like Hurricane Katrina. A recent study conducted by the Indiana University Center on Philanthropy found that less than one-third of the money donated by individuals to charity in 2005 went to causes that served the needs of the poor. The Committee included provisions to help charitable organizations serve the needs of diverse communities in H.R. 7083, which passed the House on September 27, 2008.

9. Import Safety (Joint Hearing with the Trade Subcommittee.

Actions taken: On October 4, 2007, the Oversight Subcommittee and Trade Subcommittee conducted a joint hearing on import safety. Testimony was heard from the Office of the U.S. Trade Representative, the U.S. Customs and Border Protection Department of Homeland Security, the Department of Agriculture, the Department of Health and Human Services, the U.S. Consumer Product Safety Commission, and outside experts representing various industries. The Subcommittees found that nearly $2 trillion in imported food and products entered the United States in 2006. In January 2007, the Government Accountability Office designated the federal oversight of food as a high risk area for the first time. In August and September, companies and the Consumer Product Safety Commission issued over 50 recalls covering millions of imported products. There is no one central agency that coordinates all agencies involved in import safety. Customs and Border Protection interacts with almost all of these agencies.

10. Accountability and Oversight of the Medicare Advantage Program (Joint Hearing with the Health Subcommittee).

Actions taken: On October 16, 2007, the Oversight and Health Subcommittees conducted a joint hearing to examine the value and accuracy of payments to Medicare Advantage plans, specifically the report by the Government Accountability Office entitled, "Medicare Advantage: Required Audits of Limited Value" (GAO-07-945). Testimony was heard from the U.S. Government Accountability Office, the Centers for Medicare and Medicaid Services, and representatives of medical insurance companies and advocacy groups. The Subcommittees learned that CMS did not meet the statutory requirement to audit, each year, the financial records of at least one-third of the organizations participating in the Medicare Advantage program for 2001-2005. They also learned that seniors have been victimized by abusive marketing schemes by private



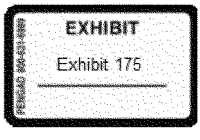
insurers offering Medicare Advantage plans. This hearing provided a basis for possible Medicare legislation in 2009.

11. Hearing on the Tax Return Filing Season , Internal Revenue Service Operations, Fiscal Year 2009 Budget Proposals, and the IRS National Taxpayer Advocate's Annual Report.

Actions taken: On March 13, 2008, the Subcommittee on Oversight conducted a hearing on the 2008 tax return filing season, Internal Revenue Service (IRS) operations, the fiscal year 2009 budget proposals, and the National Taxpayer Advocate's Annual Report. The Subcommittee reviewed the 2008 tax filing season with a focus on taxpayer service and assistance, earned income tax credit outreach, and the status of the economic stimulus payments. Testimony was received from the IRS Acting Commissioner and the National Taxpayer Advocate. The Subcommittee learned from the IRS Acting Commissioner that the filing season and the processing of nearly 140 million individual tax returns were proceeding smoothly. IRS's plans were underway for issuance of economic stimulus payments. The Subcommittee looked at examination rates, collection activities, the tax gap, electronic filing, and the protection of taxpayer information. The Acting Commissioner reported that individual audit rates have increased, large corporate audits are down, and IRS has continued efforts to review partnership and S Corporation returns. The Subcommittee considered the Administration's fiscal year 2009 proposed budget for the IRS of $11.4 billion, including the funding priorities, compliance initiatives and proposals to address the tax gap, and learned that the overall budget for Business Systems Modernization is below the level needed to address the tax gap. Finally, the Subcommittee received a report from the National Taxpayer Advocate on the key issues and recommendations from her December 2007 Report to Congress. The report noted the need for: enactment of a Taxpayer Bill of Rights; elimination of private debt collection of tax delinquencies; and additional actions to assist taxpayers. On April 15, 2009, the House passed H.R. 5719, the Taxpayer Assistance and Simplification Act of 2008, that included provisions to help taxpayers (including those receiving in-home health care), to improve low-income taxpayer assistance programs, to repeal private debt collection contracts, and to ensure payment of employment taxes by certain government contractors.

12. Hearing on the Department of the Treasury Alcohol and Tobacco Tax and Trade Bureau.

Actions taken: On May 20, 2008, the Subcommittee on Oversight held a hearing on the Department of Treasury's Alcohol and Tobacco Tax and Trade Bureau (TTB). The hearing reviewed TTB's overall operations on the five-year anniversary of its establishment. The Subcommittee examined: TTB's budget and workload; enforcement programs and compliance issues related to the collection of alcohol, tobacco, firearms, and ammunition taxes; the immediate and long term impact of the division of resources between TTB and the Bureau of Alcohol, Tobacco, Firearms, and Explosives. Further, the Subcommittee reviewed administrative and other proposals related to TTB's operations. The Subcommittee learned from the Director of TTB that the agency divided



its resources evenly between its responsibility to collect the revenue (nearly $15 billion each year) and protect the public. TTB made significant progress since its establishment; however, the Subcommittee learned TTB operations would be improved with law enforcement personnel and the statutory changes contained in H.R. 976, the Children's Health Insurance Program Reauthorization Act of 2007, as passed by the House on September 25, 2007.

13. Hearing on Economic Stimulus Payments.

Actions taken: On June 19, 2008, the Subcommittees on Oversight and Social Security held a hearing on the status of the economic stimulus payments. The Subcommittees examined the number of tax returns received and processed, the number of rebate checks issued (direct deposit and paper), the amount of the rebate checks issued, the overall payment schedule of rebate checks, and outreach activities conducted by the Internal Revenue Service (IRS) and the Social Security Administration (SSA) to locate individuals eligible for rebate checks. Further, the Subcommittees examined problems experienced by individuals eligible for rebate checks and what can be done to address these problems. Finally, the Subcommittee reviewed identity theft schemes identified to date, the actions taken to respond to these schemes, and what agencies are doing to protect individuals from identity theft schemes that use the rebate checks as a lure. The Subcommittee heard testimony from the IRS Commissioner, the SSA Deputy Commissioner for Operations, and the National Taxpayer Advocate. The Subcommittee learned that the economic stimulus payments are on schedule but that the IRS has had to move workers from other functions to handle the dramatic increase in economic-stimulus related telephone calls. The Subcommittee learned that the shift had resulted in 2 million pieces of correspondence pending in inventory. On June 19, 2008, Oversight Chairman John Lewis, Social Security Chairman Michael McNulty, Ranking Member Jim Ramstad, and Ranking Member Sam Johnson, issued a Dear Colleague to explain ways Members could engage in economic stimulus outreach in their districts. Further, H.R. 3221, the American Housing Rescue and Foreclosure Act, signed into law on July 30, 2008, included a provision to allow the IRS to transfer additional funds to taxpayer service to address some of the funding issues associated with the economic stimulus payment program.

14. Hearing on Pension Benefit Guaranty Corporation

Actions taken: On September 24, 2008, the Subcommittee on Oversight held a hearing on the financial condition, operations, and governance of the Pension Benefit Guaranty Corporation ("PBGC"). The hearing focused on PBGC's exposure in the single-employer pension insurance program, the change in its investment policy, and governance weaknesses identified by the General Accountability Office ("GAO"). The Subcommittee also examined the overall status and financial condition of the defined-benefit pension system, including the status of defined benefit plans sponsored by employers struggling with the financial downtown and the rise in the number of frozen or voluntarily terminated plans. The Subcommittee heard testimony from GAO and the Director of PBGC. The Subcommittee learned that the



single-employer program insures the pensions of approximately 34 million workers. The Subcommittee also learned that, at the end of fiscal year 2007, the single-employer insurance program had a deficit of $13.1 billion. A GAO study found that, from 1990 to 2006, plan sponsors voluntarily terminated over 61,000 sufficiently funded single-employer defined benefit plans and about 3.3 million active pension plan participants in the study, who represent about 21 percent of all active participants in the defined benefit system, are affected by a plan freeze. The Subcommittee also learned that PBGC needs legislative authority to require employers sponsoring defined-benefit pension plans to provide timely and more detailed information regarding the financial status of their pension plans.



Subcommittee on Health

1. Medicare Part A and Part B

Actions Taken: On May 15, 2007, the Subcommittee held a hearing to receive testimony on Medicare payment issues pertaining to certain fee-for-service providers, including hospitals, skilled nursing facilities, and home health agencies. On March 1, 2007, and March 11, 2008, the Subcommittee held hearings on MedPAC's Annual March Report, for 2007 and 2008 respectively. On July 10, 2007, the Subcommittee requested written comments on Medicare therapy caps and refined and alternative payment methodologies. The information was used in developing Medicare fee-for-service payment policies for H.R. 3162, the Children's Health and Medicare Protection (CHAMP) Act; S. 2499, the Medicare, Medicaid and SCHIP Extension Act of 2007 (P.L. 110-173); and H.R. 6331, the Medicare Improvements for Patients and Providers Act of 2008 (P.L. 110-275).

On June 26, 2007, the Subcommittee held a hearing on ensuring safe and appropriate anemia management care for kidney patients. The Subcommittee heard testimony from federal agencies, providers and patient advocates. The information was used in developing a modernized Medicare payment system for End Stage Renal Disease set forth in H.R. 3162, the Children's Health and Medicare Protection Act, and enacted into law in the Medicare Improvements for Patients and Providers Act of 2008 (P.L. 110-275).

On November 15, 2007, the Subcommittee held a hearing on nursing home ownership and transparency. Information gathered at the hearing was used to develop H.R. 7128, the Nursing Home Transparency and Quality of Care Improvement Act of 2008.

On March 6, 2007, the Subcommittee held a hearing to receive a report from the Medicare Payment Advisory Commission (MedPAC) on the Sustainable Growth Rate (SGR) formula for updating physician fee schedule payment rates. On May 10, 2007, the Subcommittee held a hearing to receive testimony from CMS, the Government Accountability Office, and MedPAC on ways to improve quality and efficiency among physicians reimbursed by Medicare. Information gathered at these two hearings was used to develop the physician policies contained in the CHAMP Act. On September 11, 2008, the Subcommittee held a hearing on reforming Medicare's physician payment system.

On June 12, 2007 the Subcommittee held a hearing to receive testimony from the Agency for Healthcare Research and Quality, the Congressional Budget Office, and MedPAC on increasing clinical comparative effectiveness research. Information from this hearing was used to develop the comparative effectiveness research policy contained in the CHAMP Act. That policy would stimulate additional research to improve quality by using a combination of funds from the Medicare Trust Funds and a fee paid by private health insurers.



On May 6, 2008, the Subcommittee held a hearing to receive testimony from CMS and other stakeholders on Medicare's Durable Medical Equipment competitive acquisition program. Information from this hearing was used to develop the policy in H.R. 6331, the Medicare Improvements for Patients and Providers Act (P.L. 110-275) that reformed and delayed implementation of that program.

On July 24, 2008 the Subcommittee held a hearing on the adoption and use of health information technology. Testimony from that hearing was used to develop H.R. 6898, the Health-e Information Technology Act. That legislation would use incentives provided through the Medicare program to spur adoption of health information technology systems by providers.

On March 27, 2007, the Subcommittee held a hearing on mental health and substance abuse parity in Medicare and the commercial market. Information gathered was used to develop policies to provide Medicare mental health parity in H.R. 3162, the Children's Health and Medicare Protection (CHAMP) Act and H.R. 6331, the Medicare Improvements for Patients and Providers Act of 2008 (P.L. 110-275). It was also used to lay the groundwork for enactment of the Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008 (P.L. 110-343), which ensure that mental health and substance abuse benefits are treated the same as those provided for physical aliments.

2. Medicare Part C (Private Plans)

Actions taken: On March 21, 2007, the Subcommittee held a hearing to receive testimony on structure and costs of Medicare Advantage (MA) program. On May 22, 2007, the Subcommittee held a hearing on Medicare Advantage Private Fee-For-Service plans Information gathered from these hearings was used to guide MA reforms, including provisions that would establish beneficiary protections against excessive cost sharing, eliminate overpayments to Medicare Advantage plans and prohibit abusive marketing in H.R. 3162, the Children's Health and Medicare Protection (CHAMP) Act.

On October 16, 2007, the Subcommittee held a joint hearing with the Oversight Subcommittee, on CMS' audits of Medicare Advantage plan bids. On February 28, 2008, the Subcommittee held a hearing to receive testimony on Medicare Advantage plans on cost-sharing in MA plans, plan profits and administrative costs, and overpayments to MA plans. GAO testified about their study jointly commissioned by the Committee along with the Energy & Commerce and Oversight and Government Reform Committees, *Medicare Advantage: Increased Spending Relative to Medicare FFS Costs May Not Always Reduce Out-of-Pocket Costs.* These hearings, as well as the CHAMP Act, which passed the House, informed policies to improve marketing guidelines, reduce overpayments and reform the private fee-for-service plan option in H.R. 6331, the Medicare Improvements for Patients and Providers Act of 2008 (P.L. 110-275). These changes reduced Medicare payments to plans, which will make Medicare more affordable for beneficiaries. This law also established greater protections for beneficiaries enrolled in private fee-for-service plans, and protected all beneficiaries from aggressive



marketing. The Subcommittee intends to consider legislation to completely eliminate overpayments to Medicare Advantage plans.

3. Medicare Part D (Prescription Drug Plans)

Actions taken: On Thursday, June 21, 2007, the Subcommittee held a hearing to receive testimony on beneficiary protections under Part D. On June 27, 2008, GAO released a report on Part D entitled, "*MEDICARE PART D: Complaint Rates are Declining, but Operational and Oversight Challenges Remain*". This report was jointly commissioned by the Committee along with the Committees on Energy & Commerce and Oversight & Government Reform. This information was used to develop policies to reduce certain cost sharing and improve beneficiary protections under Part D, particularly for low-income beneficiaries in H.R. 3162, the Children's Health and Medicare Protection (CHAMP) Act and the Medicare Improvements for Patients and Providers Act of 2008 (P.L. 110-275). It was also used to develop the policy to codify the six protected classes of drugs and increase the number of beneficiaries eligible for low-income assistance in H.R. 6331, the Medicare Improvements for Patients and Providers Act of 2008 (P.L. 110-275). The Subcommittee will continue to monitor Part D and intends to consider legislation to make improvements to the Part D program.

4. Protecting Medicare

Actions taken: On April 25, 2007 and April 1, 2008, the Subcommittee held hearings on the Annual Medicare Trustees Reports for 2007 and 2008, respectively. The Subcommittee heard testimony on the solvency of the Medicare Trust Funds, increases in premium levels under the President's budget, and other issues relating to Medicare's fiscal strength and outlook.

5. CMS Administration

On February 13, 2007, the Subcommittee held a hearing on the Medicare Portions of the President's Fiscal Year 2008 Budget. The Subcommittee heard testimony from the Acting Administrator of Centers for Medicare and Medicaid Services. On February 14, 2008, the Subcommittee held a hearing on the Medicare Portions of the President's Fiscal Year 2009 Budget. The Subcommittee heard testimony from the Acting Administrator of Centers for Medicare and Medicaid Services. Information gathered in these hearings was used to develop policies included in H.R. 3162, the Children's Health and Medicare Protection (CHAMP) Act and H.R. 6331, the Medicare Improvements for Patients and Providers Act of 2008 (P.L. 110-275).

Actions taken: On March 8, 2007, the Subcommittee held a hearing on Medicare Program Integrity. The Subcommittee heard testimony from the Department of Health and Human Services Office of the Inspector General, the Centers for Medicare and Medicaid Services, and the Department of Justice.



6. Health Insurance Coverage/ Health Reform

Actions taken: The Subcommittee held a series of hearings on insurance coverage and issues related to health reform. On April 15, 2008, the Subcommittee held a hearing on the instability of health care coverage in America, which focused on both those with and without health insurance coverage. On June 10, 2008, the Subcommittee held a hearing on addressing disparities in health and healthcare. On July 15, 2008, the Subcommittee held a hearing to receive testimony on state coverage initiatives. On September 23, 2008, the Subcommittee held a hearing on issues in the private health insurance market. The Subcommittee will continue to conduct hearings on health care reform and intends to consider health care reform legislation.

On March 14, 2007, the Subcommittee held a hearing on genetic non-discrimination. The Subcommittee heard testimony from the National Institutes of Health, researchers, health plans and consumers. The information was used to favorably report H.R. 493, the Genetic Information Nondiscrimination Act, which was enacted into law on May 21, 2008 (P.L. 110-233).

On March 27, 2007, the Subcommittee held a hearing on mental health and substance abuse parity in Medicare and the commercial market. Information gathered was used to develop the Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008 (P.L. 110-343).

7. Health Savings Accounts (HSAs)

Actions taken: On May 14, 2008, the Subcommittee held a hearing to receive testimony from the Government Accountability Office (GAO), researchers, patient advocates, and health care professionals on Health Savings Accounts (HSAs) and high deductible health plans (HDHPs). Specifically, the hearing addressed concerns that HSAs and HDHPs disproportionately benefit wealthy individuals and disadvantage those with high medical costs and/or modest incomes. This information was used to favorably report H.R. 5719, the Taxpayer Assistance and Simplification Act of 2008, which was passed by the House on April 16, 2008, and contained a provision to require documentation for HSA claims.

8. Trade Adjustment Assistance (TAA) Health Insurance

Actions taken: On January 23, 2007, the full committee held a hearing to receive testimony from industry experts, researchers, and advocates on trade and globalization. The information was used to favorably report H.R. 3920: Trade and Globalization Assistance Act of 2007, which was passed by the House on October 31, 2007.



Subcommittee on Income Security and Family Support

1. Poverty

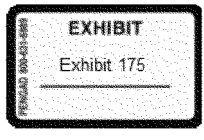
Actions taken: The Subcommittee held a series of hearings that explored the nature and scope of poverty in the United States. On February 13, 2007 the Subcommittee held a hearing on economic opportunity and poverty in America. The hearing began with a panel of individuals who are currently living below or near the official poverty threshold who shared their personal experiences. The second panel of witnesses consisted of academic experts who assessed the nature and extent of poverty in the nation. Witnesses discussed the obstacles they faced in attempting to move up the economic ladder. Others discussed the pervasive nature of poverty in America, particularly among children, and how the suburban poor now outnumber the inner-city poor by over one million people.

On April 26, 2007 the Subcommittee held a hearing to review, discuss and evaluate proposals to reduce poverty. A panel of six experts outlined their recommendations to reduce the U.S. poverty rate. Experts included the Deputy Mayor of New York City, the President of Catholic Charities, representatives from think tanks, and an academic.

The Subcommittee held a hearing on August 1, 2007 to evaluate the definitions and standards used to measure the number of Americans living in poverty. Witnesses at the hearing included a representative for the National Academy of Sciences, practitioners, policy experts and academics. The witnesses testified on the need to update the current poverty measure which was developed more than 40 years ago.

On November 14, 2007 the Subcommittee held a hearing to examine how gaps in health coverage affect the income security of Americans. Hearing witnesses included a former foster youth who emancipated from the foster care system at age 18 with no health insurance, researchers, and policy experts. Witnesses at the hearing testified that Americans who lack health care coverage have less opportunity to increase their educational attainment and raise their earnings potential.

The Subcommittee held a hearing on July 17, 2008 to consider legislative proposals to improve and update the current poverty measure. Testimony from the hearing highlighted a broad consensus that the current poverty measure is critically important, but it needs to be significantly updated. A modern poverty measure is necessary to accurately depict how widely shared economic prosperity is in America, to appropriately target resources to the most disadvantaged, and fully assess the impact of programs and policies designed to reduce poverty.



2. Welfare and Work Programs

Actions taken: The Subcommittee held a hearing on March 6, 2007 to evaluate recent changes made by the Deficit Reduction Act of 2005 to certain programs serving needy families, with particular focus on the Temporary Assistance for Needy Families (TANF) and child support enforcement programs. The hearing included testimony from a representative of the Department of Health and Human Services, as well as State officials responsible for administering the TANF, child care assistance, and child support enforcement programs. Several of the witnesses testified that the changes made by the Deficit Reduction Act reduced their ability to meet the needs of TANF families, particularly those with disabilities and those who have barriers to employment. The witnesses also noted that the reduction in federal funding for child support enforcement would limit their ability to enforce child support orders.

On June 24, 2008, the House passed the Medicare Improvements for Patients and Providers Act of 2008 (H.R. 6331) by a vote of 355-59. The legislation included a provision that modified the Deficit Reduction Act of 2005 to extend through FY 2009 supplemental grants under Title IV Part A (Temporary Assistance for Needy Families, or TANF) in the Social Security Act. Supplemental grants are provided to 17 States that have had high population growth or have low TANF funding per poor person.

Following passage in the House, H.R. 6331 was approved by unanimous consent in the Senate on July 9, 2008. President Bush vetoed the bill on July 15, 2008, but that veto was overridden in both the House (383-41) and the Senate (70-26) later that day. The legislation became P.L. 110-275.

3. Vulnerable Children

Actions taken: The Subcommittee held six hearings related to the well-being of children and families served by our nation's child welfare system. The first hearing reviewed the overall challenges that State child welfare agencies face in serving children under their supervision. Witnesses included The Honorable Anne Holton, the First Lady of the Commonwealth of Virginia, a representative from the U.S. Government Accountability Office, a State child welfare administrator, and service providers. The hearing highlighted a number of obstacles States face in providing services to vulnerable children and families including the current Federal financing structure, limited assistance to children living with relatives, an overextended child welfare workforce, limited assistance to youth who "age out" of the foster care system, and the lack of coordination with other systems that serve these children and families.

On July 12, 2007 the Subcommittee held a hearing to explore issues facing youth who emancipate from ("age out" of) the foster care system before finding a permanent home. Witnesses at the hearing included a panel of former foster



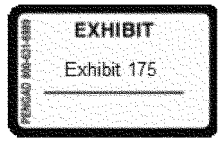
youth who aged out of the system before they found a permanent family, a representative from the Government Accountability Office, and service providers who cater to older foster youth. The Subcommittee held a hearing on July 19, 2007 to assess the provision of health care services for children who are in the foster care system. The hearing featured a number of physicians and a State child welfare director, each of whom testified to the need for greater oversight of health care services to foster children.

On February 27, 2008 the Subcommittee held a hearing to review legislative proposals designed to improve the child welfare system. At that hearing, Subcommittee Chairman Jim McDermott (D-WA) asked witnesses to evaluate the comprehensive reform bill that he introduced earlier that month, the Invest in KIDS Act (HR 5466), which was cosponsored by many Subcommittee Members. Witnesses at the hearing included Members of Congress, a former foster youth, a State child welfare director, a non-profit service provider, a representative for tribal child welfare associations, and policy experts.

On June 19, 2008 Subcommittee Chairman Jim McDermott and Ranking Member Jerry Weller (R-IL) introduced bipartisan legislation to reform the nation's child welfare system. The legislation, the Fostering Connections to Success Act (H.R. 6307), included several proposals that were based on the feedback received during the Subcommittee's series of child welfare hearings. H.R. 6307 would have extended Federal assistance to relatives who assume legal guardianship of eligible children for whom they have cared as foster parents, extended Federal foster care payments up to the age of 21 for foster children, and provided direct Federal foster care and adoption funding to tribal governments who run their own child welfare programs. The bill also would have improved the oversight of the health care and educational needs of foster children and increased access to Federal funding for training child welfare workers. On June 24, 2008, the legislation was adopted by the House by a voice vote.

Following bicameral negotiations, a modified version of H.R. 6307, the Fostering Connections to Success and Increasing Adoptions Act of 2008 (H.R. 6893) was introduced on September 15, 2008. The legislation passed the House on September 17, 2008 by a voice vote, and was approved in the Senate by unanimous consent on September 22, 2008. The legislation was signed into law on October 7, 2008 and became P.L. 110-351.

The Fostering Connections to Success and Increasing Adoptions Act amends Part E of Title IV of the Social Security Act to provide Federal reimbursement to States choosing to provide assistance to grandparents and other relatives who become legal guardians of children for whom they have cared as foster parents. It also provides grants to promote kinship navigator programs and other initiatives designed to connect and help relative caregivers. Furthermore, at State option, the new law allows Federal foster care assistance to continue up to the age of 21 for youth engaged in school, work, or other constructive activities. Additionally, the



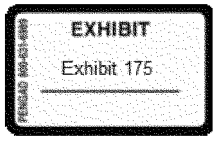
measure provides Federal adoption assistance to all special needs children (phased in on the basis of age and time in care), rather than only those children whose birth parents were eligible for cash welfare under the rules in place in 1996.

The Fostering Connections to Success and Increasing Adoptions Act also includes a number of other important provisions to improve the well-being of foster children, including: requirements to improve the oversight of the health care needs of every foster child (covering their assessment, treatment, medical records, and medication); a required plan for the educational stability of every foster child and assurance of their school attendance; a requirement that reasonable efforts be made to place siblings together in foster, adoptive or guardianship placements; enhanced Federal funding for training to cover private child welfare workers and court personnel; direct Federal foster care and adoption assistance to tribal governments for children in their care; and an extension and improvement of the Adoption Incentives Program.

In addition to H.R. 6307, other legislative changes that were made to the child welfare system include the Medicare Improvements for Patients and Providers Act of 2008 (H.R. 6331) which included a provision that modified the foster care matching rate for the District of Columbia in order to conform that program's matching rate to the rate provided under Medicaid. The Medicare Improvements for Patients and Providers Act of 2008 was enacted into law on July 15, 2008 following the House and the Senate overriding a Presidential veto of the legislation. The bill became P.L. 110-275.

The Subcommittee held a hearing on May 8, 2008 on the use of psychotropic medications among children in foster care. Hearing witnesses included physicians, a professor of pharmacy and psychiatry, and a director of a residential treatment center. On July 31, 2008 the Subcommittee held a hearing to examine the over-representation of child of color in the foster care system and the primary factors that contribute to this problem, as well as potential remedies. Witnesses at the hearing included a representative for the Government Accountability Office, a former foster youth, representatives from two State taskforces examining the problem in their respective States, and a practitioner.

Finally, the Subcommittee introduced several bipartisan resolutions commemorating the important contributions of the child welfare workforce, foster parents and adoptive parents. On April 17, 2007 Subcommittee Chairman McDermott and Ranking Member Weller introduced H. Res. 299, a resolution that expressed the sense of the House of Representatives that Congress should increase public awareness of child abuse and neglect. The legislation passed the House on April 24, 2007 by a vote of 411-0. On May 8, 2008 Subcommittee Chairman McDermott and Ranking Member Weller introduced H. Res. 1185, which expressed the sense of the House of Representatives that Congress should recognize the important contributions of Americans who serve as foster parents. The resolution was introduced on May 8, 2008 and passed by a voice vote on May



20, 2008. And on September 15, 2008 Representative Jon Porter (R-NV) introduced H. Res. 1432 which supported the goals and ideals of National Adoption Day and National Adoption Month. The legislation passed in the House by a voice vote on September 18, 2008.

4. Disconnected Populations

Actions taken: The Subcommittee held a hearing on June 19, 2007 on disconnected and disadvantaged youth. The objective of the hearing was to evaluate issues the lead youth to become disengaged from work and school or to become homeless. Witnesses at the hearing included Members of Congress, a recording artist that was a former homeless youth, a former-incarcerated youth who is participating in a Youthbuild program, a service provider, and policy experts.

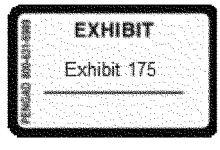
On June 28, 2007 Subcommittee Chairman Jim McDermott introduced H. Res. 527, a resolution that recognized the month of November 2007 as National Homeless Youth Awareness Month. The legislation was passed in the House on July 11, 2007 by a voice vote.

5. Unemployment Compensation

Actions taken: The Subcommittee held a hearing on March 15, 2007 on increasing economic security for dislocated workers. The hearing reviewed proposals to improve the Unemployment Insurance (UI) system and to replace a portion of any lost wages between past and current employment for workers involuntarily changing jobs. Witnesses at the hearing included a former Secretary of the Department of Labor, policy experts and union representatives.

On May 9, 2007 Subcommittee Chairman Jim McDermott introduced the Unemployment Insurance Modernization Act (H.R. 2233) that would distribute funds to encourage, assist and reward States for removing barriers that limit coverage for low-wage and part-time workers, as well as workers leaving work for compelling family reasons, and for helping dislocated workers increase their skills. The legislation would have provided up to $7 billion from the Federal Unemployment Account for incentive payments to be distributed between FY 2008 through FY 2012 to States meeting specific criteria related to their unemployment insurance systems.

Provisions from the Unemployment Insurance Modernization Act were included in Title III of the Committee on Ways and Means' reported version of the Trade and Globalization Assistance Act of 2007 (H.R. 3920). The bill was reported out of the Full Committee, as amended, on October 24, 2007 by a recorded vote of 26-14. The House adopted H.R. 3920 on October 31, 2007 by a vote of 264-157, and it was sent to the Senate on November 5, 2007.



The Subcommittee held a joint hearing with the Subcommittee on Select Revenue Measures to evaluate the impacts of the misclassification of workers as independent contractors. Witnesses at the hearing included a representative from the Government Accountability Office, an individual who works as private contractors, a small business owner, and policy experts.

On September 19, 2007 the Subcommittee held a hearing on reducing the gaps and disparities in access to unemployment insurance, particularly for low-wage and part-time workers. Hearing witnesses included a representative from the Government Accountability Office, State administrators, and policy experts. Several witnesses discussed the need to modernize the current Unemployment Insurance program and to reduce barriers to coverage for low-wage and part-time workers.

Subcommittee Chairman McDermott and Representative Phil English (R-PA) introduced the Emergency Extended Unemployment Compensation Act (H.R. 5749) which would extend unemployment benefits in every State by 13 weeks and provide an additional 13 weeks of benefits in States with high unemployment. Under the legislation, the extended benefits program would have been in effect through January 2009, and all benefits would have been paid out of the Federal unemployment trust funds.

On April 10, 2008 the Subcommittee held a hearing to assess the need to extend unemployment benefits for displaced workers. The hearing featured testimony from policy experts and economists who spoke of the need for a federally-funded UI benefit extension for jobless workers.

On April 16, 2008 the full Committee held a markup on the Emergency Extended Unemployment Compensation Act and reported it favorably with amendment by a recorded vote of 24-13. The legislation was passed by the House on June 12, 2008, 274-137.

Provisions from H.R. 5749 were included in title IV of H.R. 2642, the Supplemental Appropriations Act, 2008. Title IV of H.R. 2642 extended unemployment benefits for 13 additional weeks in all States. H.R. 2642 was adopted in the House on June 19, 2008 and was signed into law on June 30, 2008. The legislation subsequently became P.L. 110-252.

On September 10, 2008 Subcommittee Chairman McDermott introduced the Unemployment Compensation Extension Act of 2008 (H.R. 6867) which would provide seven additional weeks of Federally-funded extended benefits in every State, plus another 13 weeks of benefits for workers in States with high unemployment rates (defined as a three-month average of 6 percent or higher). In combination with P.L. 110-252, the measure provides a maximum of 33 weeks of extended unemployment benefits.

On September 11, 2008 the Subcommittee held a hearing on the



challenges facing American workers in light of the changing workforce and globalization. Hearing witnesses included economists, policy experts, and researchers.

The Unemployment Compensation Extension Act of 2008 (H.R. 6867) passed the House on October 3, 2008 by a vote of 368-28 and was passed in the Senate on November 20, 2008 by unanimous consent. The bill was signed into law on November 21, 2008 and became P.L. 110-449.

The SSI Extension for Elderly and Disabled Refugees Act (H.R. 2608) amended the Internal Revenue Code to require the Secretary of the Treasury to offset overpayments of Federal taxes by any amount owed to a State for unemployment compensation debt due to fraud. The legislation was agreed to in the House on July 11, 2008 and was agreed to in the Senate, with an amendment, on September 17, 2008. The House adopted the Senate amendment to the bill on September 17, 2008 and the bill was signed into law on September 30, 2008. It became PL 110-328.

6. Supplemental Security Income

Actions taken: The Subcommittee held a hearing on March 22, 2007 that evaluated the limitation on providing SSI benefits to refugees and other humanitarian immigrants. Witnesses at the hearing included a disabled refugee from Vietnam, representatives of various charities, and policy experts who testified on the need to extend the current eligibility of SSI benefits to refugees and other qualified humanitarian immigrants beyond seven years.

On June 7, 2007 Subcommittee Chairman Jim McDermott and Ranking Member Jerry Weller introduced the SSI Extension for Elderly and Disabled Refugees Act (H.R. 2608). The legislation provided a two year extension of SSI benefits for refugees and other qualified humanitarian immigrants. The bill was passed in the House on June 11, 2007 by a voice vote. The legislation was agreed to in the Senate, with an amendment, by unanimous consent on August 1, 2008. The House adopted the Senate amendment to the legislation by voice vote on September 17, 2008. H.R. 2608 was signed into law on September 30, 2008 and became P.L. 110-328.

P.L. 110-328 amended the Immigration and Nationality Act, as amended by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, to extend SSI eligibility for humanitarian immigrants, including those whose SSI benefits were terminated in prior fiscal years. The measure required a sworn declaration from such aliens (except children under age 18) that they have made a good faith effort to pursue U.S. citizenship. The law generally extended SSI benefits for an additional two years through FY 2011.

On October 17, 2007 the Subcommittee held a joint hearing with the Subcommittee on Select Revenue Measures to evaluate legislative proposals



designed to help members of our armed forces and their families, as well as others volunteering in service to America. Witnesses at the hearing included Members of Congress, a representative for the Social Security Administration, a widow of a military officer killed in action, a director of a State veterans' affairs office, veteran affairs and first responder advocates. Witnesses at the hearing testified for the need for targeted assistance to help military personnel and their families while the service member is deployed.

On April 16, 2008 Committee Chairman Charles Rangel, Subcommittee Chairman McDermott and other Members introduced the Heroes Earning Assistance and Relief Act of 2008 (H.R. 6081) which included provisions that targeted the SSI program for former and current members of the uniformed services and AmeriCorps participants. Title II of the legislation amended title XVI of the Social Security Act to treat cash remuneration paid to a member of the uniformed services as earned income and certain housing payments to such members as in-kind support and maintenance for SSI program purposes. It also excluded State annuity payments to blind, disabled, or aged veterans for purposes of SSI benefit determinations. Finally, the legislation excluded any cash or in-kind benefit paid to an AmeriCorps participant from SSI income eligibility and benefit determinations.

The Heroes Earning Assistance and Relief Act passed in the House on April 20, 2008 by a vote of 403-0. The bill was passed by the Senate, by unanimous consent, on April 22, 2008 and signed into law on June 17, 2008. It became P.L. 110-245.



SUBCOMMITTEE ON SOCIAL SECURITY

Hearings

FULL COMMITTEE
Actions Taken: The Committee on Ways and Means held one oversight hearing of Social Security issues in the 110th Congress.

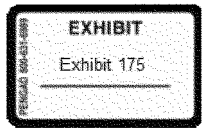
Clearing the Disability Backlog – Giving the Social Security Administration the Resources It Needs to Provide the Benefits Workers Have Earned - On April 23, 2008, the Committee on Ways and Means held a hearing on the Social Security Administration's (SSA's) large backlog in disability claims and other declines in service to the public resulting from years of underfunding of the agency's administrative expenses. This hearing focused the impact of a large backlog of disability claims and the role of SSA resource shortages in the growth of the backlog, as well as other effects of these shortages, such as the impact on service in local field offices, telephone service, and SSA's ability to conduct program integrity activities. The hearing highlighted the need for increased administrative funding in FY 2009 to address these critical issues.

SUBCOMMITTEE ON SOCIAL SECURITY
Actions Taken: The Subcommittee on Social Security held eight oversight hearings in the 110th Congress. These hearings include:

Hearing on Social Security Disability Backlogs - On February 14, 2007, the Subcommittee held a hearing on SSA's disability claims backlog. The hearing focused on how the delays impact individuals who have applied for disability benefits; the effect on other critical agency workloads, including program integrity activities; steps SSA had taken to date to resolve the backlogs; and options for addressing the problem.

Hearing on the Hiring of Administrative Law Judges at the Social Security Administration - On May 1, 2007, the Subcommittee held a hearing to examine SSA's ability to hire Administrative Law Judges (ALJs) to address the growing disability claims backlog. The hearing focused on the importance of having an adequate number of ALJs to address the growing disability claims backlog; barriers to SSA's hiring of ALJs; and the steps that must be taken to remove these barriers. In particular, the Subcommittee addressed the need to develop an updated register of ALJ candidates, the steps involved in this process, and the time frames in which it needed to occur. Following this hearing, on October 30, 2007 the U.S. Office of Personnel Management (OPM) issued an updated register of candidates from which SSA was able to hire.

Hearing on Employment Eligibility Verification Systems - On June 7, 2007 the Subcommittee held a hearing on current and proposed expansions of employment eligibility verification systems and the role of SSA in authenticating employment eligibility, including the potential costs and increased workloads that would be faced by the agency. The hearing also examined the potential impact of this system on workers and employers; how it would interact with REAL ID and other identification methods;



and the privacy implications, especially in light of proposed data-sharing arrangements between agencies.

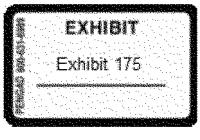
Hearing on Protecting the Privacy of the Social Security Number from Identity Theft – On June 21, 2007 the Subcommittee held a hearing to examine what role the SSN plays in identity theft, and the steps that can be taken to increase SSN privacy and thereby limit its availability to identity thieves and other criminals. The hearing focused on how SSNs are currently used, what risks to individuals and businesses arise from its widespread use and options to restrict its use in the public and private sectors. Following this hearing, the Chairman and Ranking Member of the Subcommittee introduced legislation (see H.R. 3046).

Hearing on Social Security Benefits for Economically Vulnerable Beneficiaries - On January 16, 2008, the Subcommittee held a hearing focused on the needs and concerns of low-income workers, people with disabilities, public servants and other at-risk groups, as well as proposals to improve their economic security, and the costs of such proposals. The hearing also considered the history and policy rationales for the Government Pension Offset (GPO), the Windfall Elimination Provision (WEP), and exempting some public employees from Social Security coverage.

Hearing on Employment Eligibility Verification Systems and the Potential Impacts on SSA's Ability to Serve Retirees, People with Disabilities, and Workers - On May 6, 2008 the Subcommittee further examined the current and proposed expansions of the E-Verify pilot, including the impact of increased immigration-related workloads on SSA's ability to serve seniors, people with disabilities, and survivors of deceased workers. Also examined were the potential impact on businesses and employees; the technical and implementation challenges of expansion; and the data security implications of having personal information in the SSA database accessible to six million businesses nationwide. Findings from this hearing were included as provisions in E-Verify reauthorization legislation (H.R. 6633) to protect SSA's ability to perform its core mission. It also led to the successful conclusion of long-standing negotiations between SSA and the Department of Homeland Security (DHS) regarding DHS reimbursement of SSA's costs associated with E-Verify.

Hearing on Protecting Social Security Beneficiaries from Predatory Lending and Other Harmful Financial Institution Practices - On June 24, 2008 the Subcommittee held a hearing to evaluate how certain payday lending and other financial institution practices may harm vulnerable Social Security beneficiaries, and may undermine the intent of the benefit protections in the Social Security Act. The hearing also examined the response of SSA and federal agencies that regulate financial institution practices.

Hearing on the Performance of Social Security Administration Appeals Hearing Offices - On September 16, 2008, the Subcommittee held a hearing on the performance of SSA's appeals hearing offices. The hearing focused on factors that affect productivity, initiatives SSA is taking to increase efficiency and productivity, and other approaches to



improving productivity without compromising the quality and impartiality of decision-making or the due process rights of claimants.

Additional Oversight Activities:

SSA Budget and Service Delivery
Actions Taken: Budget shortfalls at SSA directly affected service delivery to constituents, and it was a growing concern to the members of the 110th Congress. Since FY 2001, the number of people awaiting a hearing on their Social Security Disability Insurance (SSDI) claim almost doubled – from about 392,000 to about 752,000 today – and waiting times increased to an average of 17 months at the hearing level alone. The Subcommittee aggressively sought an adequate increase in administrative funding for SSA to directly address the disability backlogs and conducted a series of oversight hearings on causes of the service shortfalls and solutions to the problem. For FY 2008, Congress adopted an increase in SSA's administrative funding of $150 million above the President's request for SSA. The FY 2009 appropriations bill passed by the Subcommittee on Labor, Health and Human Services, Education and Related Agencies included an increase of $100 million above the President's request, however, this bill did not pass before the 110th Congress adjourned.

Disability Case Processing Backlogs
Actions Taken: In addition to the hearings held, the Subcommittee monthly monitored the number of pending disability cases in each state and the average time each backlogged case was taking to complete. Moreover, the Subcommittee met frequently with representatives of SSA's Office of Disability Adjudication and Review, attended briefings on updates to the backlog and advocated for SSA's stated needs to address the backlog.

Management of the Ticket To Work Program
Actions Taken: The Subcommittee monitored SSA's progress in addressing problems with the Ticket to Work Program, including issuing revised regulations (published in May 2008) and renewing marketing efforts. The Subcommittee also monitored SSA's progress in implementing related demonstration projects, and provided input on their design. Finally, the Subcommittee attended numerous Ticket to Work and Work Incentives Advisory Panel meetings and briefings, engaged in ongoing communication with the Panel, and offered input on the final report issued to the President and Congress.

New Disability Adjudication Process
Actions Taken: The Subcommittee monitored new and proposed regulations issued by SSA to ensure continued service delivery to beneficiaries. These new procedures included proposed changes to medical evidence collection and review by SSA and the use of video hearings. After strong objections from Congress and stakeholders, SSA withdrew a proposed regulation to restrict appeals rights of disability claimants.

Social Security Number Protection



Actions Taken: After the Subcommittee held a hearing on the problem of identity theft and misuse of SSNs, the Chairman and Ranking Member introduced H.R. 3046, the "Social Security Number Privacy and Identity Theft Prevention Act of 2007." The Full Committee held a mark-up and unanimously passed this legislation, however it was not considered on the floor of the House of Representatives.



Subcommittee on Trade

Priorities of the Office of the United States Trade Representative.

Actions Taken: On January 30, 2007, the Committee held a hearing on trade and globalization. The hearing explored the integration of markets brought about by globalization. The hearing also examined how U.S. trade policy can be used as a tool to shape globalization and to ensure that the forces of the global economy are harnessed most effectively and efficiently to generate the maximum amount of broadly based economic growth. Witnesses at the hearing included former officials from the Clinton and Bush administrations and representatives from the business community and other non-governmental organizations.

On February 14, 2007, the Committee held a hearing on the direction and content of U.S. trade policy, including: (1) the status of the WTO Doha Round negotiations; (2) the status of U.S. free trade agreements; (3) policy responses to the U.S. trade deficit and debt; (4) the operations of the WTO Dispute Settlement Body; (5) the status of WTO accession negotiations; (6) the effectiveness of U.S. preference programs; and (7) presidential trade negotiating authority. U.S. Trade Representative Susan C. Schwab was the sole witness at the hearing.

In March 2007, the Committee received the *2007 Trade Policy Agenda and the 2006 Annual Report of the President of the United States on the Trade Agreements Program.* Section 163 of the Trade Act of 1974, as amended, and sections 122 and 124 of the Uruguay Round Agreements Act require USTR to submit this report to Congress annually.

In March 2007, the Committee received the *2007 National Trade Estimate Report.* This annual report from USTR to Congress is mandated by section 181 of the Trade Act of 1974, as amended by section 303 of the Trade and Tariff Act of 1984, section 1304 of the Omnibus Trade and Competitiveness Act of 1988, section 311 of the Uruguay Round Trade Agreements Act, and section 1202 of the Internet Tax Freedom Act.

On May 10, 2007, Congressional leaders reached an historic agreement with the Administration to revise the free trade agreements (FTAs) that had been concluded but had not yet been submitted to Congress at that time (with Colombia, Korea, Panama and Peru). As a result of the "May 10 Agreement," these FTAs became the first U.S. FTAs to include fully-enforceable basic international labor standards, as stated in the 1998 ILO Declaration on Fundamental Principles and Rights at Work. They were also the first FTAs to require the parties to implement and enforce their obligations under certain common multilateral environmental agreements and, in the case of the U.S.–Peru Trade Promotion Agreement, to require Peru to take major, specific steps to address illegal logging.

The May 10 Agreement also required other important changes to the texts of these FTAs, including: (1) modifications of the intellectual property chapter to balance promoting access to medicines and protecting pharmaceutical innovation (in particular, in the agreements with Colombia, Panama and Peru); (2) clarification that the government procurement chapters allow conditioning of contracts on adherence to basic and minimum labor standards; (3) clarification



that, where there are national security concerns, the United States can prevent foreign companies from operating U.S. ports; and (d) clarification that the FTAs do not accord foreign investors in the United States with greater substantive rights with respect to investment protections than U.S. investors in the United States.

The May 10 Agreement included all of the changes to the texts of the Peru and Panama FTAs that Committee Chairman Rangel and Trade Subcommittee Chairman Levin considered necessary for Committee consideration of those agreements. The Chairmen also considered these changes necessary – but not sufficient – for Committee consideration of the Colombia and Korea FTAs. The May 10 documents note that, in the case of Colombia, the persistent violence against trade unionists (and the related problem of impunity) creates special problems and considerations not presented in the context of the Peru and Panama FTAs. Similarly, the Chairmen noted that the problem of Korea's systemic barriers in the automotive, manufactured, agricultural, and services markets would have to be addressed.

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Subcommittee on Trade:

- **Fast Track.**

See discussion above under Full Committee – Oversight of Trade Priorities.

- **Korea Free Trade Agreement (FTA).**

Actions Taken: On February 2, 2006, U.S. Trade Representative Portman formally notified Congress of the Administration's intention to initiate negotiations for a free trade agreement with the Republic of Korea. Negotiations began in June 2006. On March 20, 2007, the Trade Subcommittee held a hearing on the Korea FTA on March 20, 2007. The hearing focused on the major outstanding issues in the negotiations (in particular, the need to open Korea's automotive market) and on the possible agricultural benefits of an FTA (including the need to open Korea's closed rice and beef markets). Witnesses at the hearing included Deputy U.S. Trade Representative Karan Bhatia and representatives from the business and agricultural communities and a labor union representative.

On April 1, 2007, U.S. Trade Representative Schwab announced that the negotiations reached their conclusion. Simultaneously, President Bush officially notified Congress of his intention to sign the Free Trade Agreement between the United States and Korea. The



agreement was signed on June 30, 2007. In September 2007, the Committee received a report from the ITC entitled *U.S. – Korea Free Trade Agreement: Potential Economy-wide and Selected Sectoral Effects*. Publication 3949. Washington, D.C.: September 2007.

- **Other Free Trade Agreements (FTAs).**

Actions Taken. The Trade Act of 2002 (P.L. 107-210) included provisions to renew trade agreement approval procedures (known as "fast track" or "trade promotion authority") that were first enacted in 1974. Under those procedures, Congress grants the President the authority to enter into certain reciprocal trade agreements, and to have implementing bills considered under expedited legislative procedures and without the opportunity for amendment, provided the President observes certain statutory obligations in negotiating them.

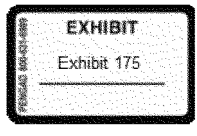
U.S.-Peru Trade Promotion Agreement

On November 18, 2003, U.S. Trade Representative Zoellick formally notified Congress of the Administration's intention to initiate negotiations for a free trade agreement with Colombia, Ecuador and Peru. Negotiations with those countries began in May 2004, with Bolivia participating as an observer. On December 7, 2005, the United States and Peru announced that they had concluded FTA negotiations. On January 6, 2006, President Bush officially notified Congress of his intention to sign the U.S. – Peru Trade Promotion Agreement. The agreement was signed on April 12, 2006. The President, however, did not submit an implementing bill in the remaining months of the 109th Congress.

On May 10, 2007, House and Senate leaders reached an agreement with the Administration regarding the need to make several substantial changes to the text of the trade agreement with Peru, as described in more detail above. The United States renegotiated the text with Peru, and U.S. Trade Representative Schwab announced on June 25, 2007, that an agreement was reached with Peru. As noted above, the President signed the implementing legislation into law on December 14, 2007 (P.L. 110-138).

From August 5 to 7, 2007, the Chairman, Subcommittee Chairman Sander Levin and Committee Member Allyson Schwartz traveled to Lima, Peru on a Codel. The purpose of the Codel was to meet with the President of Peru, other Peruvian officials and private sector representatives, including representatives of labor and business groups and other non-governmental organizations, in regard to congressional consideration of the U.S.-Peru Trade Promotion Agreement, implementation of the agreement, and implementation in particular of the elements of the agreement arising out of the agreement of May 10, 2007.

On September 25, 2007, the Committee informally approved draft legislation to implement the United States - Peru Trade Promotion Agreement, by voice vote. The Committee conducted this informal markup to provide advice to the Administration on the implementing bill and Statement of Administrative Action. On September 27, 2007, Majority Leader Hoyer introduced (by request) H.R. 3688, the "United States-Peru Trade Promotion Agreement Implementation Act," to be considered under the trade agreement approval procedures of the Trade Act of 2002.



On October 31, 2007, the Committee held a formal markup session to consider H.R. 3688. The Committee approved the bill and favorably reported H.R. 3688 by a roll call vote of 39-0. Under the trade agreement approval procedures of the Trade Act of 2002, amendments are not permitted to the bill once it has been introduced. On November 8, 2007, the House passed the bill by a recorded vote of 285 to 132. On December 4, 2007, the Senate passed H.R. 3688, without amendment, by a recorded vote of 77-18. The President signed the bill into law on December 14, 2007 (P.L. 110-138).

Committee staff for the Majority and Minority traveled to Peru for meetings from June 7-14, 2008. The purpose of the delegation's trip was to get a better understanding of the challenges that Peru faces, and the progress it has made to date, to come into compliance with the United States – Peru Trade Promotion Agreement's Annex on Forest Sector Governance, a key component of the May 10 Agreement described above. For a portion of the trip, staff traveled to the department of Madre de Dios in the Peruvian Amazon with members of the United States inter-agency team responsible for the implementation of the Annex and their Peruvian counterparts. On the trip, Committee staff met with current and former federal and regional government officials, timber exporters, timber concessionaires, timber mill operators, representatives of Peruvian non-governmental organizations and other stakeholders.

U.S.-Colombia Trade Promotion Agreement

On November 18, 2003, U.S. Trade Representative Zoellick formally notified Congress of the Administration's intention to initiate negotiations for a free trade agreement with Colombia, Ecuador and Peru, as noted above. On February 27, 2006, the United States and Colombia announced that they had concluded FTA negotiations. On August 24, 2006, President Bush officially notified Congress of his intention to sign the U.S. – Colombia Trade Promotion Agreement. The agreement was signed on November 22, 2006. An implementing bill was not introduced in the 109th Congress.

On May 10, 2007, House and Senate leaders reached an agreement with the Administration regarding the need to make several substantial changes to the text of the trade agreement with Colombia, as described in more detail above. The United States renegotiated the text with Colombia, and U.S. Trade Representative Schwab announced on June 28, 2007, that an agreement was reached with Colombia.

On April 8, 2008, the President submitted the "United States – Colombia Trade Promotion Agreement Implementation Act" to the House of Representatives and the Senate. In accordance with the trade agreement approval procedures of the Trade Act of 2002, Majority Leader Hoyer introduced the bill, H.R. 5724, by request. The Committee did not informally mark up or approve the draft legislation prior to its introduction. The bill was introduced over the objections of House and Senate leaders and without close collaboration or cooperation between the executive branch and the Committee.

On April 10, 2008, the House considered H. Res. 1092. H. Res. 1092 rendered inapplicable certain trade agreement approval procedures of the Trade Act of 2002 (relating to the period for Committee and Floor consideration and the procedures for Floor consideration) in the case of H.R. 5724. H.Res. 1092 left intact other trade agreement approval procedures, such



as the rule that an implementing bill may not be amended once it has been introduced. The House passed H. Res. 1092 by a vote of 224-195 on April 10, 2008.

As described above, on January 30, 2007, the Committee held a hearing concerning trade and globalization. In that hearing, Members and witnesses discussed a range of issues, including the status of FTA negotiations with Colombia, Korea, Panama and Peru, and other countries. In the hearing held on February 14, 2007, described above, U.S. Trade Representative Schwab and the Members of the Committee discussed a range of issues, including the status of FTA negotiations with Colombia, Korea, Panama and Peru, and other countries.

U.S.-Panama Free Trade Agreement

On November 18, 2003, U.S. Trade Representative Zoellick formally notified Congress of the Administration's intention to initiate negotiations for a free trade agreement with Panama. Negotiations were launched on April 26, 2004. On December 19, 2006, the United States and Panama announced that they had completed negotiations, but with the understanding that further discussions were necessary. On March 30, 2007, President Bush officially notified Congress of his intention to sign the U.S. – Panama Trade Promotion Agreement. After the May 10 changes, discussed above, were incorporated into the text of the agreement with Panama, the parties signed the agreement on June 28, 2007.

On May 15, 2007, the Committee held an executive session with the Vice President of Panama, H.E. Samuel Lewis Navarro. The session focused on the May 10 Agreement and its impact on Congressional consideration of the U.S.-Panama Free Trade Agreement.

Preference Programs: Oversight of major U.S. trade preference programs such as the Generalized System of Preferences (GSP), African Growth and Opportunity Act (AGOA), Caribbean Basin Initiative (CBI), Andean Trade Preference Act (ATPA), and Haitian Hemispheric Opportunity Through Partnership Encouragement Act.

Actions Taken: On February 7, 2008, Committee on Ways and Means Chairman Charles B. Rangel introduced H.R. 5264, the Andean Trade Preference Extension Act of 2008. H.R. 5264: (1) extended until September 30, 2010 the Andean Preference Programs, the Caribbean Basin Initiative (CBI) preferences and the Generalized System of Preferences (GSP); (2) repealed an "abundant supply" requirement that restricted least-developed countries' ability to use the African Growth and Opportunity Act's (AGOA) flexible "third country fabric" rule; (3) reinstated Mauritius' eligibility to use AGOA's "third-country fabric" provisions; and (4) repealed the GSP's competitive need limitation (CNL) waiver provisions. On February 14, 2008, the Committee on Ways and Means met to consider H.R. 5264. At that time, Chairman Rangel offered an amendment in the nature of a substitute, which was adopted by voice vote. The amendment was limited to a 10-month extension of the Andean Preference Programs; none of the CBI, GSP or AGOA provisions included in the bill as introduced was retained. On February 25, 2008, the bill was reported by the Committee. On February 27, 2008, the House took up H.R. 5264 and passed it by voice vote. On February 28, 2008, the bill was passed by the Senate by unanimous consent. On February 29, 2009, it was signed by the President and became Public Law No. 110-191.



On March 29, 2007, the Chairman introduced H.R. 1830, a bill to extend to September 30, 2009, the Andean Trade Preference Act and the Andean Trade Preferences and Drug Eradication Act (hereinafter "the Andean Preference Programs"). On June 27, 2007, the House took up the bill, as amended, under suspension and passed it by a recorded vote of 365-59. As amended, H.R. 1830 extended the Andean Preference Programs until February 29, 2008. On June 28, 2007, the bill was received in the Senate and passed by unanimous consent. On June 30, 2007, H.R. 1830 was signed by the President and became Public Law No. 110-42.

On May 22, 2007, H.R. 2419, the Food, Conservation and Energy Act of 2008, was introduced. It was reported, as amended, by the Committee on Agriculture on July 23, 2007. On July 27, 2007, the House took up H.R. 2419 and passed the bill by recorded vote of 231 – 191.

On June 19, 2007, the Committee held an executive session with the Heads of State of nine Member countries of the Caribbean Community and Common Market (CARICOM) to discuss ways to strengthen trade and economic ties between the Caribbean and the United States.

In June 2007, the Committee received a report from the GAO entitled *Information on Port Security in the Caribbean Basin.* Publication GAO-07-804R. Washington, D.C.: June 29, 2007.

In September 2007, the Committee received a report from the ITC entitled *The Impact of the Caribbean Basin Economic Recovery Act, Eighteenth Report 2005-2006.* Publication 3954. Washington, D.C.: September 2007

In September 2007, the Committee received a report from the ITC entitled *Commercial Availability of Fabric & Yarns in AGOA Countries: Certain Denim.* Publication 3950, Washington, D.C.: September 2007.

In September 2007, the Committee received a report from the GAO entitled *U.S. Trade Preference Programs: An Overview of Use by Beneficiaries and U.S. Administrative Reviews.* Publication GAO-07-1209. Washington, D.C.: September 2007.

On December 14, 2007, the Senate passed H.R. 2419 with an amendment by a recorded vote of 79 - 14. During the conference, at the request of members of the Committee, additional preference provisions were added to modify the Haitian Hemispheric Opportunity through Partnership Encouragement (HOPE) Act. The "HOPE II" provisions included in H.R. 2419 provide additional, simplified ways for Haitian apparel to qualify for duty-free treatment and enhanced incentives to use U.S. inputs. HOPE II also required that Haiti establish a comprehensive labor monitoring program in its apparel sector with assistance from the International Labor Organization. The preference provisions added in the Farm Bill conference also extended the expiring provisions of the Caribbean Basin Initiative for two years.

The conference report was filed on May 13, 2008. The conference report was agreed to in the House by a recorded vote of 318-106 on May 14, 2008. The Senate agreed to the conference report by a recorded vote of 81-15 on May 15, 2008. On May 21, 2008, the legislation was vetoed by the President. The House passed the bill over the President's veto by a



recorded vote of 316-108 on May 22, 2008. The Senate passed the bill over the President's veto by a recorded vote of 82-13 on May 22, 2008, and it became Public Law No: 110-234.

Due to a technical error, only 14 of the 15 chapters of the conference report were presented to the President, vetoed and passed by Congress over the veto. As such, all 15 chapters of the conference report were introduced as H.R. 6124, the Food, Conservation and Energy Act of 2008, on May 22, 2008. On that same day, the House took up H.R. 6124 and passed the bill under suspension by a recorded vote of 306-110. On June 5, 2008, the Senate passed H.R. 6124 without amendment by a vote of 77-15. On June 18, 2008, the President vetoed the legislation. The House passed the bill over the President's veto by a recorded vote of 317-109 on June 18, 2008. The Senate passed the bill over the President's veto by a recorded vote of 80-14 on June 18, 2008, and it became Public Law No. 110-246.

In March 2008, the Committee received a report from the GAO entitled *U.S. Trade Preference Programs Provide Important Benefits, but a More Integrated Approach Would Better Ensure Programs Meet Shared Goals.* Publication GAO-08-443. Washington, D.C.: March 2008.

In May 2008, the Committee received a report from the ITC entitled *Caribbean Region: Review of Economic Growth and Development.* Publication 4000. Washington, D.C.: May 2008.

In June 2008, the Committee received a report from the ITC entitled *Textiles and Apparel: Effects of Special Rules for Haiti on Trade Markets and Industries.* Publication 4016. Washington, D.C.: June 2008.

On July 16, 2008, the Committee held an executive session with trade ministers (or their designates) from 35 sub-Saharan African countries, who were in Washington D.C. for the 7th Annual Africa Growth and Opportunity Act (AGOA) Forum. The meeting yielded a productive exchange of views on how AGOA has worked and on priorities for next steps.

On July 22, 2008, Committee on Ways and Means Chairman Charles B. Rangel introduced H.R. 6560, a bill to establish an earned import allowance program under Public Law 109-53, and for other purposes. H.R. 6560: (1) established a "2 for 1" textile and apparel allowance program to be developed and administered by the Secretary of Commerce under which Dominican apparel producers could "earn" the right to export duty free certain apparel made with non-U.S. non-regional fabric, if they have purchased certain quantities of U.S. fabric for use in apparel production; (2) extended the GSP program for one year to December 31, 2009; (3) repealed the AGOA "abundant supply" requirement (see description above); and (4) made several of non-controversial, technical corrections to AGOA and the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008 (HOPE II). On July 29, 2008, the House took up H.R. 6560 and passed the bill by voice vote. On July 30, 2008, it was received in the Senate and referred to the Committee on Finance. No further action was taken in the Senate.

In August 2008, the Committee received a report from the ITC entitled *Denim Fabric: Commercial Availability in AGOA Countries During Fiscal Year 2009.* Publication 4027. Washington, D.C.: August 2008.



On September 29, 2008, Committee on Ways and Means Chairman Charles B. Rangel introduced H.R. 7222, a bill to extend the Andean Trade Preference Act, and for other purposes. H.R. 7222: (1) extended the GSP program for one year to December 31, 2009 (2) extended the Andean Preference Programs for (a) one year for Colombia and Peru (until December 31, 2009), (b) six months for Ecuador plus an additional six months unless the Administration determines that Ecuador does not satisfy the Andean Preference Program criteria and © six months for Bolivia plus an additional six months only if the Administration determines that Bolivia satisfies the Andean Preference Program criteria; (3) repealed the AGOA "abundant supply" requirement (see description above); (4) reinstated Mauritius' eligibility to use the AGOA "third-country fabric" provisions; and (5) established a "2 for 1" textile and apparel allowance program to be developed and administered by the Secretary of Commerce (see description above); and (6) made several of non-controversial, technical corrections to AGOA and the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008. On September 29, 2007, the Committee on Ways and Means discharged H.R. 7222 and the House passed it without objection on that same day. On October 2, 2008, H.R 7222 passed with an amendment in the Senate by unanimous consent. On October 3, 2008, the House agreed to the Senate amendment without objection. On October 16, 2008, H.R. 7222 was signed by the President and became Public Law No. 110-436.

In September 2008, the Committee received a report from the ITC entitled *Andean Trade Preference Act: Impact on U.S. Industries and Consumers and on Drug Crop Eradication and Crop Substitution, 2007. Thirteenth Report.* Publication 4037. Washington, D.C.: September 2008.

- **Haiti**.

See discuss in preceding section.

- **World Trade Organization (WTO) Negotiations.**

Actions Taken. As described above, the Committee held a hearing on January 30, 2007, concerning trade and globalization. In that hearing, Members and witnesses discussed a range of issues, including the status of the WTO Doha Round of trade negotiations and the need to enforce existing WTO rules through the WTO dispute settlement mechanism.

In the hearing held on February 14, 2007, described above, U.S. Trade Representative Schwab and the Members of the Committee discussed a range of issues, including the status of the WTO Doha Round of trade negotiations and the need to enforce existing WTO rules through the WTO dispute settlement mechanism.

In March 2007, the Committee received a report from the GAO entitled *World Trade Organization: Congress Faces Key Decisions as Efforts to Reach Doha Agreement Intensify.* Publication GAO-07-379. Washington, D.C.: March 5, 2007.

On April 24, 2007, the Committee held an executive session with WTO Director General Pascal Lamy to discuss the status of the Doha Round of multilateral trade negotiations.



On November 8, 2007, the Committee held an executive session with the European Union Commissioner for Trade, Peter Mandelson. The Commission and the Committee Members discussed the status of the Doha Round of negotiations, among other trade issues.

From December 9-12, 2007, Committee staff for the Majority and Minority traveled to Geneva, Switzerland, for meetings at the World Trade Organization. The purpose of the trip was to gather information on the status of the Doha Round negotiations and to share the Committee's views with WTO Members. While in Geneva, staff met individually with the WTO Director General Lamy, his deputy, Rufus Yerxa, the Agriculture, Rules, and Services chairs of the negotiations (WTO representatives of New Zealand, Uruguay and Mexico, respectively), and representatives of Brazil, China, Costa Rica, the European Communities, and India. Staff also held three larger meetings, one with WTO Members from the African nations, one with Members from the Caribbean nations, and one with representatives from Australia, Chile, Japan, and Malaysia. Two staff members, one from the Majority and one from the Minority, remained in Geneva for an additional day to observe the first day of consideration of a proposed Rules text (in particular, those portions related to trade remedy laws, such as antidumping and countervailing duty laws).

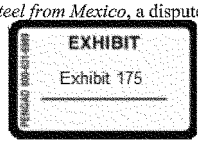
From June 30, through July 1, 2008, Committee staff for the Majority and Minority traveled to Geneva, Switzerland, for meetings at the WTO. The purpose of the trip was to assess the progress that had been made since the December meetings and to monitor further the negotiations. While in Geneva, staff met with the Chief of Staff to WTO Director General Lamy, as well as with the chairs of the Agriculture, Industrial Goods, Rules, and Services negotiations. Staff also met with the head of the WTO Rules Division. While there, Staff conducted bilateral meetings with representatives of Brazil, China, and the European Communities. Staff also held three larger meetings, one with WTO Members from African nations (Benin, Kenya, Rwanda, South Africa, and Uganda), one with Members from the Caribbean nations, and one with representatives from Japan, Norway, and Singapore to discuss perspectives on the Rules negotiations.

On July 17, 2008, the Committee held an executive session with U.S. Trade Representative Schwab to discuss the status of the Doha round of trade negotiations and, more specifically, the WTO ministerial meeting which was scheduled (and took place) at the end of that month (July 21-30).

From July 28 to August 3, Committee staff for the Majority and Minority traveled to Geneva, Switzerland to observe and consult with the Bush Administration on a critical moment in the WTO "Doha Development Agenda" round of negotiations. The purpose of the trip was to meet with U.S. government representatives, U.S. private sector representatives, foreign government representatives, and WTO officials in regard to the ongoing negotiations, to hear their reports on the status of the negotiations, and their perspectives, and offer the perspectives of the Members of the Committee.

- **Improving U.S. Trade Laws.**

Actions Taken: In March 2008, Committee staff for the Majority and Minority traveled to Geneva, Switzerland, to attend the Appellate Body hearing in *United States – Final Anti-Dumping Measures on Stainless Steel from Mexico*, a dispute involving the controversial methodology known as "zeroing." [illegible]m March 6-7, 2008. In addition to



attending the hearing, Committee staff met with U.S. and WTO officials, including the head of the WTO Rules Division, to discuss the status of the Doha Round negotiations.

For additional actions taken, see section relating to China.

China.

Actions Taken. The Subcommittee on Trade held a series of hearings focused on (1) the impact of U.S.-China trade on jobs, wages, prices, manufacturing competitiveness and other aspects of the U.S. economy; (2) the causes of the U.S. trade deficit with China; (3) China's compliance with its WTO commitments; and (4) China's role in the world economy.

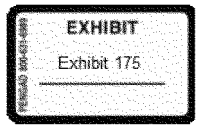
The first hearing, held on February 15, 2007, addressed China's enforcement of intellectual property rights and the role and effect of subsidies in the Chinese market and their impact on competition with U.S. products in China. The Trade Subcommittee heard testimony from private sector interests and the Administration.

The second hearing, held on March 15, 2007, addressed the application of countervailing duties to unfairly subsidized and injurious imports from nonmarket economy countries, with a focus on H.R. 1229, the "Nonmarket Economy Trade Remedy Act of 2007," introduced by Representatives Artur Davis (D-AL) and Phil English (R-PA). The Subcommittee received testimony from a Member of Congress, the Administration, and private sector interests.

The third hearing, held on May 9, 2007, addressed the issue of currency manipulation and its effects on U.S. businesses and workers. Three subcommittees participated in the hearing: the Ways and Means Subcommittee on Trade; the Financial Services Subcommittee on Domestic and International Monetary Policy, Trade, and Technology; and, the Energy and Commerce Subcommittee on Commerce, Trade and Consumer Protection. The purpose of the hearing was to consider: (1) whether, and to what extent, the Chinese renminbi (RMB) and the Japanese yen are undervalued as a result of foreign government intervention in the currency markets; (2) the immediate and long-term impact an undervalued RMB or yen has on the economies of the United States and other countries, and on the global economy; and (3) what action, if any, the United States should take to address exchange rate manipulation. The Subcommittees received testimony during the hearing from the Administration and private sector interests.

In the fourth hearing, held on August 2, 2007, the Trade Subcommittee considered various legislative proposals relating to trade with China. The legislation examined included bills to address trade-distorting currency practices, as well as legislation to modify U.S. trade remedy laws. In addition, the hearing addressed the safety of food imports into the United States and issues related to the application of sanitary and phytosanitary measures overseas and the consistency of those measures with World Trade Organization (WTO) rules. During the hearing, the Subcommittee received testimony from eleven Members of Congress, the Administration, and the private sector.

On October 4, 2007, the Trade Subcommittee and the Oversight Subcommittee held a joint hearing on import safety. The hearing focused on the mechanisms and legal authorities under current law for ensuring the safety of food and consumer products imported into the United States.



In addition to the five hearings described above, the Trade Subcommittee and other interested Members of the Committee held an executive session on February 13, 2007, on exchange rate regimes and their effect on international trade, with a focus on the policies of China and Japan. The Members of the Committee informally discussed these issues with several knowledgeable economists, from the business community and other non-governmental organizations.

In December 2007, the Committee received a report from the ITC entitled *China: Description of Selected Government Practices and Policies Affecting Decision Making in the Economy*. Publication 3978. Washington, D.C.: December 2007. The report was the first in a three-part study requested by the Chairman on May 23, 2007. However, in a letter dated April 1, 2008, the Chairman recognized that it was not possible for the ITC to access and analyze key information within the time agreed (given the lack of transparency in Chinese policymaking, the absence of a clear demarcation between central and provincial government responsibilities, the pace at which laws are being written and rewritten, and the incomplete development of the rule of law in China) and terminated the requested study.

On December 11, 2007, the Committee received from the U.S. Trade Representative the "2007 Report to Congress on China's WTO Compliance," pursuant to section 421 of the U.S.-China Relations Act of 2000 (P.L. 106-286).

On December 1, 2008, the Committee received from the ITC the first in a series of reports entitled *Statistical Reports on Certain Textile and Apparel Imports from China*, under investigation No. 332-501. The Chairman of the Committee requested this investigation, pursuant to section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)), to monitor textile and apparel imports from China following the expiration on December 31, 2008, of the *Memorandum of Understanding Concerning Trade in Textile and Apparel Products* between the United States and China.

· **Europe.**

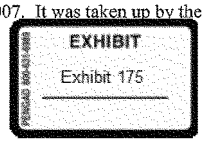
On November 8, 2007, the Committee held an executive session with the European Union Commissioner for Trade, Peter Mandelson. The Commission and the Committee Members discussed the status of the Doha Round of negotiations, among other trade issues.

· **Trade and Developing Countries.**

See discussion above regarding Preference Programs.

· **Trade and U.S. Workers.**

On January 29, 2007, H.J. Res. 20, the Continuing Appropriations Resolution, 2007, was introduced in the House. The joint resolution included language, at the request of members of the Committee, prohibiting the Department of Labor from using appropriated funds "to finalize or implement any proposed regulation under the Workforce Investment Act of 1998, Wagner-Peyser Act of 1933, or the Trade Adjustment Assistance Reform Act of 2002 until such time as legislation reauthorizing the Workforce Investment Act of 1998 and the Trade Adjustment Assistance Reform Act of 2002 is enacted." H.J. Res. was taken up and passed by a recorded vote of 286-140 on January 31, 2007. It was taken up by the Senate and passed without



amendment by a recorded vote of 81-15 on February 14, 2007. On February 15, 2007, it was signed by the President and became Public Law No: 110-5.

In June 2007, the Committee received a report from the GAO entitled *Industry Certification Would Likely Make More Workers Eligible, but Design and Implementation Challenges Exist.* Publication GAO-07-919. Washington, D.C.: June 2007.

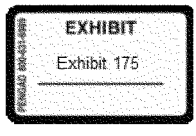
In June 2007, the Committee received a report from the GAO entitled *Trade Adjustment Assistance: Changes Needed to Improve States' Ability to Provide Benefits and Services to Trade-Affected Workers.* Publication GAO-07-995T. Washington, D.C.: June 14, 2007.

On June 14, 2007, the Committee on Ways and Means held a hearing entitled "Promoting U.S. Worker Competitiveness in a Globalized Economy." The hearing focused on the operation of and possible reforms to the Trade Adjustment Assistance for Workers program. Witnesses included Congressman Adam Smith; Sigurd Nilsen, Director for Education, Workforce, and Income Security Issues, Government Accountability Office; the Honorable Mason M. Bishop, Deputy Assistant Secretary, Employment and Training Administration, Department of Labor; David R. Williams, Director of Electronic Tax Administration and Refundable Credits, Internal Revenue Service, as well as representatives of state government workforce entities, organized labor, and non-profits and think tanks.

On August 3, 2007, Committee on Ways and Means Trade Subcommittee Ranking Member Wally Herger introduced H.R. 3375, a bill to extend for three months the trade adjustment assistance ("TAA") program under the Trade Act of 1974. The bill was referred to the Committee on Ways and Means, which marked it up on September 18, 2007. On September 24, 2007, it was reported favorably by the Committee by voice vote. On September 25, 2007, the House took up H.R. 3375, as amended, and passed the bill by voice vote. It was received by the Senate that same day and passed by unanimous consent. On September 28, 2007, it was signed by the President and became Public Law No. 110-89.

On October 22, 2007, Chairman Rangel introduced H.R. 3920, the Trade and Globalization Assistance Act of 2007, which was referred to the Committee on Ways and Means and, in addition, to the Committees on Education and Labor, and Energy and Commerce. H.R. 3920: (1) expands TAA coverage to more workers, including service workers; (2) streamlines TAA enrollment for workers, including creating mechanisms for industry-wide (as opposed to company-specific) eligibility determinations; (3) enhances workers' access to long term training under TAA; (4) reforms the TAA heath care tax credit benefit; (5) creates new TAA benefits for communities adversely affected by trade; and (6) reforms the unemployment insurance system. On October 24, 2007, the Committee on Ways and Means marked up H.R. 3920, and ordered the bill, as amended, favorably reported by a roll call vote of 26 to 14, with a quorum present. On October 31, 2007, the House took up and passed H.R. 3920 under a rule by a recorded vote of 264-157. On November 5, 2007, it was received in the Senate and referred to the Committee on Finance. No further action was taken in the Senate.

In November 2007, the Committee received a report from the GAO entitled *Trade Adjustment Assistance: States Have Fewer Training Funds Available than Labor Estimates when Both Expenditures and Obligations are Considered.* Publication GAO-08-165. Washington, D.C.: November 2, 2007.



On December 10, 2007, Committee on Ways and Means Trade Subcommittee Chairman Sander M. Levin introduced H.R. 4341, a bill to extend for three months the trade adjustment assistance program under the Trade Act of 1974. On December 11, 2007, the House took up H.R. 4341 and passed the bill by voice vote. On January 22, 2008, it was received in the Senate and referred to the Committee on Finance. No further action was taken in the Senate.

On December 26, 2007, the Consolidated Appropriations Act, 2008, Public Law 110-161, was enacted, fully funding the TAA for Workers and ATAA programs for fiscal year 2008. DOL considered the appropriations language sufficient to continue the operation of the TAA for Workers program throughout fiscal year 2008, including issuing new certifications for eligibility. See Training and Guidance Letter No. 15-07, December 27, 2007 (Department of Labor, Employment and Training Administration). The Consolidated Appropriations Act, 2008 continued the prohibition on using funds made available to finalize or implement any proposed regulation related to TAA for Workers until the program is re-authorized.

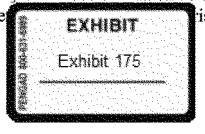
The Consolidated Security, Disaster Assistance and Continuing Appropriations Act, 2009, Public Law 110-329, enacted on Sept. 30, 2008, fully funded the TAA for Workers program until enactment of the applicable regular appropriations bill or until March 6, 2009, whichever occurs first. The prohibition on the finalization or implementation of proposed TAA for Workers regulations until the program is reauthorized also remains in place. Again, DOL considered the appropriations language sufficient to continue the operation of the TAA for Workers program.

- **Other.**

Actions Taken. In March 2008, Committee staff for the Majority and Minority traveled to Geneva, Switzerland, to attend the Appellate Body hearing in *United States – Final Anti-Dumping Measures on Stainless Steel from Mexico*, a dispute involving the controversial methodology known as "zeroing." The hearing was held from March 6-7, 2008. In addition to attending the hearing, Committee staff met with U.S. and WTO officials, including the head of the WTO Rules Division, to discuss the status of the Doha Round negotiations.

On December 5, 2007, Congressman John Conyers, Jr. (D-MI) introduced H.R. 4279, the Prioritizing Resources and Organization for Intellectual Property Act of 2008. Several provisions of H.R. 4279 fell within the jurisdiction of the Committee. For example, section 301(e) would amend the Trade Act of 1974 by imposing an additional consultation requirement on the U.S. Trade Representative. As another example, section 322(b)(9) would require the newly created Intellectual Property Enforcement Representative to report to Congress and the President on "[t]he progress of the United States Trade Representative in taking the appropriate action under any trade agreement or treaty to protect intellectual property rights of United States persons and their licensees."

Prior to markup of the bill by the House Judiciary Committee, Ways and Means Committee staff for both the Majority and Minority worked with the staff of the Judiciary Committee to ensure that the bill would not undermine the prerogatives of the Committee and the various trade agencies within its jurisdiction (in particular, the U.S. Trade Representative and U.S. Customs and Border Protection). The staff of the Judiciary Committee addressed these and other concerns, as reflected in an amended bill. The Judiciary Committee reported favorably on the amended bill on May 5, 2008, by voice vote. That same day, the Chairman and Judiciary Chairman Conyers exchanged lette isdiction of the Ways and Means



Committee and its agreement to forgo consideration of the amended bill. On May 8, 2008, the House passed the bill by a recorded vote of 410 to 11.

On July 24, 2008, Senator Patrick J. Leahy (D-VT) introduced a companion bill, S. 3325. On September 15, 2008, the Senate Committee on the Judiciary reported on the bill with amendments, without a written report. On September 26, 2008, the Senate passed the bill with an amendment by Unanimous Consent. S. 3325 included the modifications sought by Committee staff in the amended H.R. 4279. On September 28, 2008, the House passed S. 3325 by a vote of 381 to 41. The President signed the bill into law on October 13, 2008 (P.L. 110-403).



Appendix I. Jurisdiction of the Committee on Ways and Means

A. U.S. Constitution

Article I, Section 7, of the Constitution of the United States provides as follows:

All Bills for raising Revenue shall originate in the House of Representatives; but the Senate may propose or concur with Amendments as on other Bills.

In addition, Article I, Section 8, of the Constitution of the United States provides the following:

> The Congress shall have Power To lay and collect Taxes, Duties, Imposts and Excises, to pay the Debts and...To borrow Money on the credit of the United States.

B. Rule X, Clause 1, Rules of the House of Representatives

Rule X, clause 1(t), of the Rules of the House of Representatives, in effect during the 110th Congress, provides for the jurisdiction of the Committee on Ways and Means, as follows:

(t) Committee on Ways and Means.

(1) Customs revenue, collection districts, and ports of entry and delivery.

(2) Reciprocal trade agreements.

(3) Revenue measures generally.

(4) Revenue measures relating to insular possessions.

(5) Bonded debt of the United States, subject to the last sentence of clause 4(f).

Clause 4(f) requires the Committee on Ways and Means to include in its annual report to the Committee on the Budget a specific recommendation, made after holding public hearings, as to the appropriate level of the public debt that should be set forth in the concurrent resolution on the budget.

(6) Deposit of public monies.

(7) Transportation of dutiable goods.

(8) Tax exempt foundations and charitable trusts.

(9) National Social Security (except health care and facilities programs that are supported from general revenues as opposed to payroll deductions and except work incentive programs).

C. Brief Description of Committee's Jurisdiction

The foregoing recitation of the provisions of House Rule X, clause 1, paragraph(t), does not convey the comprehensive nature of the jurisdiction of the Committee on Ways and Means. The following summary provides a more complete description:



(1) Federal revenue measures generally.--The Committee on Ways and Means has the responsibility for raising the revenue required to finance the Federal Government. This includes individual and corporate income taxes, excise taxes, estate taxes, gift taxes, and other miscellaneous taxes.

(2) The bonded debt of the United States.--The Committee on Ways and Means has jurisdiction over the authority of the Federal Government to borrow money. Title 31 of Chapter 31 of the U.S. Code authorizes the Secretary of the Treasury to conduct any necessary public borrowing subject to a maximum limit on the amount of borrowing outstanding at any one time. This statutory limit on the amount of public debt ("the debt ceiling") currently is $11.315 trillion. The Committee's jurisdiction also includes conditions under which the U.S. Department of the Treasury manages the Federal debt, such as restrictions on the conditions under which certain debt instruments are sold.

(3) National Social Security programs.--The Committee on Ways and Means has jurisdiction over most of the programs authorized by the Social Security Act, which includes not only those programs that are normally referred to colloquially as "Social Security" but also social insurance programs and a whole series of grant-in-aid programs to State governments for a variety of purposes. The Social Security Act, as amended, contains 21 titles (a few of which have either expired or have been repealed). The principal programs established by the Social Security Act and under the jurisdiction of the Committee on Ways and Means in the 110th Congress can be outlined as follows:

(a) Old-age, survivors, and disability insurance (Title II)--At present, there are approximately 162 million workers in employment covered by the program, and for calendar year 2005, $521 billion in benefits were paid to 48 million individuals.

(b) Medicare (Title XVIII)--Provides hospital insurance benefits to 35.2 million persons over the age of 65 and to 6.7 million disabled persons. Voluntary supplementary medical insurance is provided to 33.7 million aged persons and 6 million disabled persons. Total program outlays under these programs were $330 billion in 2005.

(c) Supplemental Security Income (SSI) (Title XVI)--The SSI program was inaugurated in January 1974 under the provisions of P.L. 92-603, as amended. It replaced the former Federal-State programs for the needy aged, blind, and disabled. In October 2008, 7.5 million individuals received Federal SSI benefits on a monthly basis. Of these 7.5 million persons, approximately 1.2 million received benefits on the basis of age, and nearly 6.3 million on the basis of blindness or disability. Federal expenditures for cash SSI payments in 2007 totaled $34.2 billion, while State expenditures for federally administered SSI supplements totaled $3.7 billion.

(d) Temporary Assistance for Needy Families (TANF) (part A of Title IV)--The TANF program is a block grant of about $16.5 billion dollars awarded to States to



provide income assistance to poor families, to end dependency on welfare benefits, and to prevent nonmarital births, among other purposes. In most cases, Federal TANF benefits for individuals are limited to 5 years and individuals must participate in federally-defined activities to maintain their eligibility. In June 2008, about 1.7million families and 3.9 million individuals received benefits from the TANF program.

(e) Child support enforcement (part D of Title IV)--In fiscal year 2007 Federal expenditures totaled nearly $5.6 billion for the child support enforcement program. Child support collections for that year totaled $24.9 billion.

(f) Child welfare, foster care, and adoption assistance (parts B and E of Title IV)--Titles IV B and E provide funds to States for child welfare services for abused and neglected children; foster care for children who meet Aid to Families with Dependent Children eligibility criteria; and adoption assistance for children with special needs. In fiscal year 2007, Federal expenditures for child welfare services totaled $713 million. Federal expenditures for foster care and adoption assistance were approximately $6.5 billion.

(g) Unemployment compensation programs (Titles III, IX, and XII)--These titles authorize the Federal-State unemployment compensation program and the permanent extended benefits program. Between October 1, 2007, and September 30, 2008, an estimated $38.4 billion was paid in regular unemployment compensation and an additional $4.2 million for the State share of the extended benefit program. Approximately 8.8 million workers received unemployment compensation payments.

(h) Social services (Title XX)--Title XX authorizes the Federal Government to reimburse the States for money spent to provide persons with various services. Generally, the specific services provided are determined by each State. In fiscal year 2007, $1.7 billion was appropriated. These funds are allocated on the basis of population.



(4) Trade and tariff legislation.--The Committee on Ways and Means has responsibility over legislation relating to tariffs, import trade, and trade negotiations. In the early days of the Republic, tariff and customs receipts were major sources of revenue for the Federal Government. As the Committee with jurisdiction over revenue-raising measures, the Committee on Ways and Means thus evolved as the primary Committee responsible for international trade policy.

The Constitution vests the power to levy tariffs and to regulate international commerce specifically in the Congress as one of its enumerated powers. Any authority to regulate imports or to negotiate trade agreements must therefore be delegated to the executive branch through legislative action. Statutes including the Reciprocal Trade Agreements Acts beginning in 1934, Trade Expansion Act of 1962, Trade Act of 1974, Trade Agreements Act of 1979, Trade and Tariff Act of 1984, Omnibus Trade and Competitiveness Act of 1988, North American Free Trade Agreement (NAFTA) Implementation Act, Uruguay Round Agreements Act, and Trade Act of 2002 provide the basis for U.S. bargaining with other countries to achieve the mutual reduction of tariff and nontariff trade barriers under reciprocal trade agreements.

The Committee's jurisdiction includes the following authorities and programs:

(a) The tariff schedules and all tariff preference programs, such as the General System of Preferences and the Caribbean Basin Initiative;

(b) Laws dealing with unfair trade practices, including the antidumping law, countervailing duty law, section 301, and section 337;

(c) Other laws dealing with import trade, including section 201 (escape clause), section 232 national security controls, section 22 agricultural restrictions, international commodity agreements, textile restrictions under section 204, and any other restrictions or sanctions affecting imports;

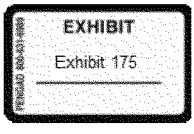
(d) General and specific trade negotiating authority, as well as implementing authority for trade agreements and the grant of normal-trade-relations (NTR) status;

(e) General and NAFTA-related TAA programs for workers, and TAA for firms;

(f) Customs administration and enforcement, including rules of origin and country-of origin marking, customs classification, customs valuation, customs user fees, and U.S. participation in the World Customs Organization (WCO);

(g) Trade and customs revenue functions of the Department of Homeland Security and the Department of the Treasury.

(h) Authorization of the budget for the International Trade Commission (ITC), functions of the Department of Homeland Security under the Committee's jurisdiction,



and the Office of the U.S. Trade Representative (USTR).

D. Revenue Originating Prerogative of the House of Representatives

The Constitutional Convention debated adopting the British model in which the House of Lords could not amend revenue legislation sent to it from the House of Commons. Eventually, however, the Convention proposed and the States later ratified the Constitution providing that "All bills for raising revenue shall originate in the House of Representatives, but the Senate may propose or concur with amendments as on other bills." (Article I, Section 7, clause 1.)

In order to pass constitutional scrutiny under this "origination clause," a tax bill must be passed first by the House of Representatives. After the House has completed action on a bill and approved it by a majority vote, the bill is transmitted to the Senate for formal action. The Senate may have already reviewed issues raised by the bill before its transmission. For example, the Senate Committee on Finance frequently holds hearings on tax legislative proposals before the legislation embodying those proposals is transmitted from the House of Representatives. On occasion, the Senate will consider a revenue bill in the form of a Senate or "S." bill, and then await passage of a revenue "H.R." bill from the House. The Senate then will add or substitute provisions of the "S." bill as an amendment to the "H.R." bill and send the "H.R." bill back to the House of Representatives for its concurrence or for conference on the differing provisions.



E. The House's Exercise of its Constitutional Prerogative: "Blue – Slipping"

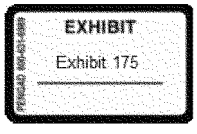
When a Senate bill or amendment to a House bill infringes on the constitutional prerogative of the House to originate revenue measures, that infringement may be raised in the House as a matter of privilege. That privilege has also been asserted on a Senate amendment to a House amendment to a Senate bill (see 96th Congress, 1st Session, November 8, 1979, Congressional Record p. H10425).

> Note that the House in its sole discretion may determine that legislation passed by the Senate infringes on its prerogative to originate revenue legislation. In the absence of such determination by the House, the Federal courts are occasionally asked to rule a certain revenue measure to be unconstitutional as not having originated in the House (see U.S. v. Munoz-Flores, 495 U.S. 385 (1990).

Senate bills or amendments to non-revenue bills infringe on the House's prerogative even if they do not raise or reduce revenue. Such infringements are referred to as "revenue affecting." Thus, any import ban which could result in lost customs tariffs must originate in the House (100th Congress, 1st Session, July 30, 1987 100th Congress, 2d Session, June 16, 1988, Congressional Record p. H4356).

Offending bills and amendments are returned to the Senate through the passage in the House of a House Resolution which states that the Senate provision: "in the opinion of the House, contravenes the first clause of the seventh section of the first article of the Constitution of the United States and is an infringement of the privilege of the House and that such bill be respectfully returned to the Senate with a message communicating this resolution" (e.g., 100th Congress, 1st Session, July 30, 1987, Congressional Record p. H6808). This practice is referred to as "blue slipping" because the resolution returning the offending bill to the Senate is printed on blue paper.

In other cases, the Committee of the Whole House has passed a similar or identical House bill in lieu of a Senate bill or amendment (e.g., 91st Congress, 2d Congress, May 11, 1970, Congressional Record pp. H14951-14960). The Committee on Ways and Means has also reported bills to the House which were approved and sent to the Senate in lieu of Senate bills (e.g., 93d Congress, 1st Session, November 6, 1973, Congressional Record pp. 36006-36008). In other cases, the Senate has substituted a House bill or delayed action on its own legislation to await a proper revenue affecting bill or amendment from the House (see 95th Congress, 2d Session, September 22, 1978, Congressional Record p. H30960; January 22, 1980, Congressional Record p. S107).



Any Member may offer a resolution seeking to invoke Article I, Section 7. However, the determination that a bill violates the Origination Clause has been traditionally made by Members of the Committee on Ways and Means, and the resolution has been offered by the Chairman or another Member of the Committee on Ways and Means. Because Article I, Section 7 involves the privileges of the House, a blue-slip resolution offered by the Chairman or other Members of the Committee on Ways and Means has been typically adopted by voice vote on the House Floor. There have been instances where the House has agreed to not deal directly with the issue by tabling a resolution.[1, 2]

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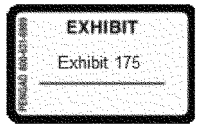
[1] In cases where the Chairman of the Committee on Ways and Means did not believe that the bill in question violated the Origination Clause or the objection had been dealt with in another manner, resolutions offered by other Members of the House have been tabled. [See adoption of motion by Representative Rostenkowski to table H. Res. 571, 97-2, p. 22127.]

[2] This was an instance where the Chairman of the Committee on Ways and Means raised a question of the privilege of the House pursuant to Article I, Section 7, of the U.S. Constitution on H.R. 4516, Legislative Branch Appropriations. The motion was laid on the table.



BLUE SLIP RESOLUTIONS--98TH CONGRESS THROUGH 110TH CONGRESSCHRONOLOGICAL LIST

[Resolutions passed by the House returning to the Senate bills passed in violation of the origination clause of the United States Constitution (Clause 1, Section 7 of Article 1)]

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H. Res., sponsor, and date of House passage	Description of Senate action (and related House action, if any)
107th Congress:	
H. Res. 240, Mr. Thomas September 20, 2001	)n September 13, 2001, the Senate passed H.R. 2500, "Making appropriations for the U.S. Departments of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 2002, and for other purposes" with an amendment. Contained in this legislation was a provision banning the importation of diamonds not certified as originating outside conflict zones. The proposed change in the import laws constituted a revenue measure in the constitutional sense, because it would have had a direct impact on customs revenues.
106th Congress:	
H. Res. 645, Mr. Crane October 24, 2000	n October 17, 2000, the Senate passed S. 1109, the Bear Protection Act of 1999. This legislation would have conserved global bear populations by prohibiting the importation, exportation, and interstate trade of bear viscera and items, products, or substances containing, or labeled or advertised as containing, bear viscera. The proposed change in the import laws constituted a revenue measure in the constitutional sense, because it would have had a direct impact on customs revenues.
H. Res. 394, Mr. Weller November 18, 1999	n November 3, 1999, the Senate passed S. 1232, Federal Erroneous Retirement Coverage Corrections Act. This legislation would have provided that no Federal retirement plan involved in the corrections under the bill would fail to be treated as a tax-qualified retirement plan by reason of the correction, and that any fund transfers or government contributions resulting from the corrections would have no impact on the tax liability of individuals. These changes constituted a revenue measure in the constitutional sense because they would have had a direct impact on Federal revenues.
H. Res. 393, Mr. Weller November 18, 1999	n February 24, 1999, the Senate passed S. 4, the Soldiers", Sailors", Airmen", and Marines" Bill of Rights Act of 1999. The legislation would have allowed members of the Armed Forces to participate in the Federal Thrift Savings Program and to avoid the tax consequences that would otherwise have resulted from certain contributions in excess of the limitations imposed in the Internal Revenue Code. This proposed exemption therefore constituted a revenue measure in the constitutional sense because it would have had a direct impact on Federal revenues.
H. Res. 249, Mr. Portman July 16, 1999	n May 20, 1999, the Senate passed S. 254, the Violent and Repeat Juvenile Offender Accountability and Rehabilitation Act of 1999. The legislation would have had the effect of banning the import of large capacity ammunition feeding devices. The proposed change in the import laws constituted a revenue measure in the constitutional sense, because it would have had a direct impact on customs revenues.
105th Congress:	
H. Res. 601, Mr. Crane October 15, 1998	n October 8, 1998, the Senate passed S. 361, the Tiger and Rhinoceros Conservation Act of 1998. This legislation would have had the effect of creating a new basis and mechanism for applying import restrictions for products intended for human consumption or application containing (or labeled as containing) any substance derived from tigers or rhinoceroses. The proposed change in the import laws constituted a revenue measure in the constitutional sense, because it would have had a direct impact on customs revenues.
H. Res. 379, Mr. Ensign March 5, 1998	n April 15, 1997, the Senate passed S. 104, the Nuclear Waste Policy Act of 1997. This legislation would have repealed a revenue provision and replaced it with a user fee. The revenue provision in question was a fee of 1 mill per kilowatt hour of electricity generated



by nuclear power imposed by the Nuclear Waste Policy Act of 1982. The proposed user fee in the legislation would have been limited to the amount appropriated for nuclear waste disposal. The original fee was uncapped, and, in fact, because the fees collected exceeded the associated costs, it was being used as revenue to finance the Federal Government generally. Its proposed repeal, therefore, constituted a revenue measure in the constitutional sense because it would have had a direct impact on Federal revenues.

104th Congress:

H. Res. 554, Mr. Crane
September 28, 1996

n June 30, 1996, the Senate passed H.R. 400, the Anaktuvuk Pass Land Exchange and Wilderness Redesignation Act of 1995, with an amendment. Section 204(a) of the Senate amendment would have overridden existing tax law by expanding the definition of actions not subject to Federal, State, or local taxation under the Alaska Native Claims Settlement Act. These changes constituted a revenue measure in the constitutional sense because they would have had a direct impact on Federal revenues.

H. Res. 545, Mr. Archer
September 27, 1996

n September 25, 1996, the Senate passed S. 1311, the National Physical Fitness and Sports Foundation Establishment Act. Section 2 of the bill would have waived the application of certain rules governing recognition of tax-exempt status for the foundation established under this legislation. This exemption constituted a revenue measure in the constitutional sense because it would have had a direct impact on Federal revenues.

H. Res. 402, Mr. Shaw
April 16, 1996

n January 26, 1996, the Senate passed S. 1463, to amend the Trade Act of 1974. The bill would have changed the authority and procedure for investigations by the ITC for certain domestic agricultural products. Such investigations are a predicate necessary for achieving access to desired trade remedies that the President may order, such as tariff adjustments, tariff-rate quotas, quantitative restrictions, or negotiation of trade agreements to limit imports. By creating a new basis and mechanism for import restrictions under authority granted to the President, the bill constituted a revenue measure in the constitutional sense because it would have had a direct impact on customs revenues.

H. Res. 387, Mr. Crane
March 21, 1996

n February 1, 1996, the Senate passed S. 1518, repealing the Tea Importation Act of 1897. Under existing law in 1996, it was unlawful to import substandard tea, except as provided in the HTS. Changing import restrictions constituted a revenue measure in the constitutional sense because it would have had a direct impact on customs revenues.

103d Congress:

H. Res. 577, Mr. Gibbons
October 7, 1994

n October 3, 1994, the Senate passed S. 1216, the Crow Boundary Settlement Act of 1994. The bill would have overridden existing tax law by exempting certain payments and benefits from taxation. These exemptions constituted a revenue measure in the constitutional sense because they would have had a direct impact on Federal revenues.

H. Res. 518, Mr. Gibbons
August 12, 1994

n July 20, 1994, the Senate passed H.R. 4554, the Agriculture and Rural Development Appropriation for fiscal year 1995, with amendments. Senate amendment 83 would have provided authority for the Food and Drug Administration (FDA) to collect fees to cover the costs of regulation of products under their jurisdiction. However, these fees were not limited to covering the cost of specified regulatory activities, and would have been charged to a broad cross-section of the public (rather than been limited to those who would have benefited from the regulatory activities) to fund the cost of the FDA's activities generally. These fees constituted a revenue measure in the constitutional sense because they were not based on a direct relationship between their level and the cost of the particular government activity for which they would have been assessed, and would have had a direct impact on Federal revenues.

H. Res. 487, Mr. Gibbons
July 21, 1994

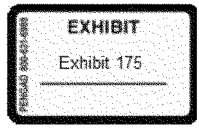
n May 25, 1994, the Senate passed S. 1030, the Veterans Health Programs Improvement Act of 1994. A provision in the bill would have exempted from taxation certain payments made on behalf of participants in the Education Debt Reduction Program. This provision constituted a revenue measure in the constitutional sense because it would have had a direct impact on Federal revenues.

H. Res. 486, Mr. Gibbons

n May 29, 1994, the Senate passed S. 729, to amend the Toxic Substances Control Act.



July 21, 1994	Title I of the bill included several provisions to prohibit the importation of specific categories of products which contained more than specified quantities of lead. By establishing these import restrictions, the bill constituted a revenue measure in the constitutional sense because it would have had a direct impact on customs revenues.
H. Res. 479, Mr. Rangel July 14, 1994	n June 22, 1994, the Senate passed H.R. 4539, the Treasury, Postal Service, and General Government Appropriation for fiscal year 1995, with amendments. Senate amendment 104 would have prohibited the Treasury from using appropriations to enforce the Internal Revenue Code requirement for the use of undyed diesel fuel in recreational motorboats. This prohibition, therefore, constituted a revenue measure in the constitutional sense because it would have had a direct impact on Federal revenues.
102d Congress: H. Res. 373, Mr. Rostenkowski February 25, 1992.	n August 1, 1991, the Senate passed S. 884 amended, the Driftnet Moratorium Enforcement Act of 1991; This legislation would require the President to impose economic sanctions against countries that fail to eliminate large-scale driftnet fishing. Foremost among the sanction provisions are those which impose a ban on certain imports into the United States from countries which continue to engage in driftnet fishing on the high seas after a certain date. These changes in our tariff laws constitute a revenue measure in the constitutional sense, because they would have a direct effect on customs revenues.
H. Res. 267, Mr. Rostenkowski October 31, 1991.	n February 20, 1991, the Senate passed S. 320, to reauthorize the Export Administration Act of 1979. This legislation contains several provisions which impose, or authorize the imposition of, a ban on imports into the United States. Among the provisions containing import sanctions are those relating to certain practices by Iraq, the proliferation and use of chemical and biological weapons, and the transfer of missile technology. These changes in our tariff laws constitute a revenue measure in the constitutional sense, because they would have a direct effect on customs revenues.
H. Res. 251, Mr. Russo October 22, 1991	n July 11, 1991, the Senate passed S. 1241, the Violent Crime Act of 1991. This legislation contains several amendments to the Internal Revenue Code. Section 812(f) provides that the police corps scholarships established under the bill would not be included in gross income for tax purposes. In addition, sections 1228, 1231, and 1232 each make amendments to the Tax Code with respect to violations of certain firearms provisions. Finally, Title VII amends section 922 of Title VIII of the U.S. Code, making it illegal to transfer, import or possess assault weapons. These changes in our tariff and tax laws constitute revenue measures in the constitutional sense, because they would have an immediate impact on revenues anticipated by U.S. Customs and the Internal Revenue Services.
101st Congress: H. Res. 287, Mr. Cardin Nov. 9, 1989.	n August 4, 1989, the Senate passed S. 686, the Oil Pollution Liability and Compensation Act of 1989. This legislation contained a provision which would have allowed a credit against the oil spill liability tax for amounts transferred from the Trans-Alaska Pipeline Trust Fund to the Oil Spill Liability Trust Fund.
H. Res. 177, Mr. Rostenkowski June 15, 1989	n Apr. 19, 1989, the Senate passed S. 774, the Financial Institution Reform, Recovery and Enforcement Act of 1989. This legislation would create two corporations to administer the financial assistance under the bill: the Resolution Trust Corporation and the Resolution Financing Corporation. S. 774 would have conferred tax-exempt status to these two corporations. Without these two tax provisions, these two corporations would be taxable entities under the Federal income tax.
100th Congress: H. Res. 235, Mr. Rostenkowski July 30, 1987.	n Mar. 30, 1987, the Senate passed S. 829, legislation which would authorize appropriations for the ITC, the U.S. Customs Service, and the Office of the U.S. Trade Representative for fiscal year 1988, and for other purposes. In addition, the bill contained a provision relating to imports from the Soviet Union which amends provisions of the Tariff Act of 1930.
H. Res. 474, Mr. Rostenkowski	n Oct. 6, 1987, the Senate passed S. 1748, legislation which would prohibit the importation



June 16, 1988 (see also H.R. 3391).	into the United States of all products from Iran. (The House passed H.R. 3391, which included similar provisions, on Oct. 6, 1987.)
H. Res. 479, Mr. Rostenkowski June 21, 1988 (see also H.R. 2792 and H.R. 4333).	n May 13, 1987, the Senate passed S. 727, legislation which would clarify Indian treaties and Executive orders with respect to fishing rights. This legislation dealt with the tax treatment of income derived from the exercise of Indian treaty fishing rights. (The House passed H.R. 2792, which included similar provisions, on June 20, 1988, under suspension of the rules and was enacted into law as part of P.L. 100-647, H.R. 4333.)
H. Res. 544, Mr. Rostenkowski Sept. 23, 1988 (see also H.R. 1154)	n Sept. 9, 1988, the Senate passed S. 2662, the Textile and Apparel Trade Act of 1988. This legislation would impose global import quotas on textiles and footwear products.
H. Res. 552, Mr. Rostenkowski Sept. 28, 1988	n Sept. 9, 1988, the Senate passed S. 2763, the Genocide Act of 1988. This legislation contained a ban on the importation of all oil and oil products from Iraq.
H. Res. 603, Mr. Rostenkowski Oct. 21, 1988.	n Mar. 30, 1988, the Senate passed S. 2097, the Uranium Mill Tailings Remedial Action Amendments of 1987. This legislation would establish a Federal fund to assist in the financing of reclamation and other remedial action at currently active uranium and thorium processing sites and would increase the demand for domestic uranium. The fund would be financed in part by what are called "mandatory fees" which are equal to $22 per kilogram for uranium contained in fuel assemblies initially loaded into civilian nuclear power reactors during calendar years 1989-1993. In addition, S. 2097 would impose charges on domestic utilities that use foreign-source uranium in new fuel assemblies loaded in their nuclear reactors.
H. Res. 604, Mr. Rostenkowski Oct. 21, 1988.	n Aug. 8, 1988, the Senate passed H.R. 1315, legislation which would authorize appropriations for the Nuclear Regulatory Commission for fiscal years 1988 and 1989. Title IV of the legislation would, among other things, establish a Federal fund to assist in the financing of reclamation and other remedial action at currently active uranium and thorium processing sites and would assist the domestic uranium industry by increasing the demand for domestic uranium. The fund would be financed in part by what are called "mandatory fees" equal to $72 per kilogram of uranium contained in fuel assemblies initially loaded into civilian nuclear power reactors on or after Jan. 1, 1988. These fees would be paid by licensees of civilian nuclear power reactors and would be in place until $1 billion had been raised.
99th Congress: H. Res. 283, Mr. Rostenkowski Oct. 1, 1985.	n Sept. 26, 1985, the Senate passed S. 1712, legislation which would extend the 16-cents-per-pack cigarette excise tax rate for 45 days, through Nov. 14, 1985. (The House passed H.R. 3452, which included a similar extension, on Sept. 30, 1985.)
H. Res. 562, Mr. Rostenkowski Sept. 25, 1986.	ne Senate passed S. 638, legislation to provide for the sale of Conrail to the Norfolk Southern Railroad. The legislation contained numerous provisions relating to the tax treatment of the sale of Conrail.
98th Congress: H. Res. 195, Mr. Rostenkowski June 17, 1983.	n Apr. 21, 1983, the Senate passed S. 144, a bill to insure the continued expansion of international market opportunities in trade, trade in services and investment for the United States, and for other purposes.

F. Prerogative Under the Rules of the House Over "Revenue Measures Generally"

In the House of Representatives, tax legislation is initiated by the Committee on Ways and Means. The Committee's exclusive prerogative to report "revenue measures generally" is



provided by Rule X(1)(t) of the Rules of the House of Representatives. The jurisdiction of the Committee on Ways and Means under Rule X(1)(t) is protected through the exercise of Rule XXI(5)(a) which states:

A bill or joint resolution carrying a tax or tariff measure may not be reported by a committee not having jurisdiction to report tax or tariff measures, and an amendment in the House or proposed by the Senate carrying a tax or tariff measure shall not be in order during the consideration of a bill or joint resolution reported by a committee not having that jurisdiction. A point of order against a tax or tariff measure in such a bill, joint resolution, or amendment thereto may be raised at any time during pendency of that measure for amendment.

Based on the precedents of the House, especially those involving Rule XXI(5)(a), the following statements can be made concerning points of order made under the rule.

1. *Timeliness.* The point of order can be raised at any point during consideration of the bill. However, that section of the bill in which the "tax or tariff" provision lies must either have been previously read or currently open for amendment. A point of order may not be raised after the Committee of the Whole has risen and reported the bill to the House. A point of order against an amendment must be made prior to its adoption.

2. Effect. If a point of order is sustained, the effect is that the provision in the bill or amendment is automatically deleted.

3. Substance over form. A provision need not involve an amendment to the Internal Revenue Code or the Harmonized Tariff Schedule in order to be determined to be a "tax or tariff" provision.

4. Revenue decreases and increases. A provision need not raise revenue in order to be found to be a "tax or tariff measure." Provisions which would have the effect of decreasing revenues are also covered by the rule. Similarly, provisions which could have a revenue effect have been determined to be covered by the rule.

The following is a detailed listing of each of the occasions on which points of order have been sustained:

G. Points of Order–House Rule XXIChronological List

June 13, 2006

H.R. 5576, Transportation, Treasury, Housing and Urban Development, the Judiciary, and Related Agencies Appropriations Act, 2007



A point of order was raised against Section 206 of the bill, which would have limited funds to the IRS and prohibit its ability to provide and tax preparation software or online tools

.

The chair ruled that the provision was in violation of Rule XXI, clause 2. The point of order was sustained, and the provision was stricken from the bill. [109-2, H3849-3850]

June 14, 2006

H.R. 5576, Transportation, Treasury, Housing and Urban Development, the Judiciary, and Related Agencies Appropriations Act, 2007

A point of order was raised against an amendment offered by Representative Tiahrt, which would have limited funds to the IRS and prohibit its ability to provide and tax preparation software or online tools

.

Representative Tiahrt withdrew his amendment. [109-2, H3930]

May 23, 2006

H.R. 5384, Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2007

A point of order was raised against an amendment offered by Representative DeLauro, which would have increased the bill's appropriation for waste and water grant programs by $689 million and paid for this increase by reducing the size of the tax cut for those making over one million dollars.

The chair ruled that the provision proposes to change existing law and constitutes legislation on an appropriations bill and, therefore, violates clause 2 of Rule XXI. The point of order was sustained, and the amendment was not in order. [109-2, H3063]

May 19, 2006

H.R. 5385, Military Construction and Veterans Affairs and Related Agencies Appropriations Act, 2007

Points of order were raised against three amendments offered by Representatives Edwards, Farr, and Obey, which would have raised taxes to offset program funding increases.

The chair ruled that these provisions proposed to change existing law and constituted legislation on an appropriations bill and, therefore, violated clause 2 of Rule XXI. The points of order were sustained, and the amendments were not in order. [109-2, H2922-2931]



June 30, 2005

H.R. 3058, Transportation, Treasury, Housing and Urban Development, the Judiciary, the District of Columbia, and Independent Agencies Appropriations Act, 2006

A point of order was raised against an amendment offered by Representative Simmons, which would have limited the use of funds
to enter into, implement, or provide oversight of contracts between the Secretary of the Treasury, or his designee, and private collection agencies.
Representative Simmons withdrew his amendment. [109-1, H3640]

June 29, 2005

H.R. 3058, Transportation, Treasury, Housing and Urban Development, the Judiciary, the District of Columbia, and Independent Agencies Appropriations Act, 2006

A point of order was raised against section 218 of the bill, which would direct the Secretary of the Treasury to submit to the Committees on Appropriations a report defining currency manipulation and what actions would be construed as another nation manipulating its currency, and describing how statutory provisions addressing currency manipulation by America's trading partners contained in, and relating to, title 22 U.S.C. 5304, 5305, and 286y can be better clarified administratively to provide for improved and more predictable evaluation. The chair ruled that the provision was in violation of Rule XXI, clause 2. The point of order was sustained, and the provision was stricken from the bill. [109-1, H5422]

June 14, 2005

H.R. 2862, Science, State, Justice, Commerce, and Related Agencies Appropriations Act, 2006
A point of order was raised against an amendment offered by Representative Obey, which would have increased funding for the EDA by $53 million and paid for this increase by reducing the size of the tax cut for those making over one million dollars.
The chair ruled that the provision proposes to change existing law and constitutes legislation on an appropriations bill and, therefore, violates clause 2 of Rule XXI. The point of order was sustained, and the amendment was not in order. [109-1, H4437]

May 26, 2005

H.R. 2528, Military Quality of Life and Veterans Affairs Appropriations Act, 2006



A point of order was raised against an amendment offered by Representative Obey, which would have increased the bill's appropriation for veterans medical care by $2.6 billion and paid for this increase by reducing the size of the tax cut for those making over one million dollars. *The chair ruled that the provision proposes to change existing law and constitutes legislation on an appropriations bill and, therefore, violates clause 2 of Rule XXI. The point of order was sustained, and the amendment was not in order. [109-1, H4106]*

May 19, 2005

H.R. 2361, Department of the Interior, Environment, and Related Agencies Appropriations Act, 2006

A point of order was raised against an amendment offered by Representative Obey, which would have increased the bill's appropriation for the
Clean Water State Revolving Fund by $500,000 and paid for this increase by reducing the size of the tax cut for those making over one million dollars.
The chair ruled that the provision proposes to change existing law and constitutes legislation on an appropriations bill and, therefore, violates clause 2 of Rule XXI. The point of order was sustained, and the amendment was not in order. [109-1, H3640]

May 17, 2005

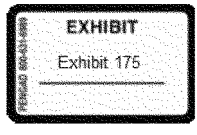
H.R. 2360, Department of Homeland Security Appropriations Act, 2006

A point of order was raised against an amendment offered by Representative Obey, which would have increased the bill's appropriation for Customs and Border Protection and paid for this increase by reducing the size of the tax cut for those making over one million dollars. *The chair ruled that the provision proposes to change existing law and constitutes legislation on an appropriations bill and, therefore, violates clause 2 of Rule XXI. The point of order was sustained, and the amendment was not in order. [109-1, H3398]*

September 14, 2004

H.R. 5025, Transportation, Treasury, and Independent Agencies Appropriations Act, 2005

A point of order was raised against section 644 of the bill, which would have amended section 6402 of the Internal Revenue Code of 1986 by adding a new subsection that allows for the offset of federal tax refunds to collect delinquent state unemployment compensation overpayments. The chair ruled that the provision was in violation of Rule XXI, clause 2. The point of order was sustained, and the provision was stricken from the bill. [108-2, H7176]



September 14, 2004

H.R. 5025, Transportation, Treasury, and Independent Agencies Appropriations Act, 2005

A point of order was raised against section 643 of the bill, which would have amended section 453(j) of the Social Security Act to allow access to data in the National Directory of New Hires for use in collecting delinquent non-tax federal debt. The chair ruled that the provision was in violation of Rule XXI, clause 2. The point of order was sustained, and the provision was stricken from the bill. [108-2, H7176]

September 14, 2004

H.R. 5025, Transportation, Treasury, and Independent Agencies Appropriations Act, 2005

A point of order was raised against section 642 of the bill, which would have amended Title 31 of the U.S. Code to allow the Federal Government to collect debts that are more than 10 years old by withholding federal tax refunds or garnishing Social Security benefits. The chair ruled that the provision was in violation of Rule XXI, clause 2. The point of order was sustained, and the provision was stricken from the bill. [108-2, H7176]

September 9, 2004

H.R. 5006, Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2005

A point of order was raised against an amendment offered by Representative Brown (OH), which would have stopped the increase of Part B Medicare premiums, effectively leaving them at their current dollar amount. The chair ruled that the provision would provide new budget authority in excess of the suballocation provided by the Appropriations Committee, and therefore violated section 302(f) of the Congressional Budget Act of 1974. The point of order was sustained, and the amendment was not in order. [108-2, H6945]

September 8, 2004

H.R. 5006, Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2005

A point of order was raised against section 219(b) of the bill, which created a Medicare claims processing fee for duplicative or incorrect claims for Medicare Part A or B services. The chair ruled that the provision was in violation of Rule XXI. The point of order was conceded, sustained, and the provision was stricken from the bill. [108-2, H6836]



June 18, 2004

H.R. 4567, Department of Homeland Security Appropriations Act, 2005

A point of order was raised against an amendment offered by Representative Sherman, which would have limited the funds made available in this Act for processing the importation of any article which is the product of Iran. The chair ruled that the provision was in violation of clause 5(a) of Rule XXI. The point of order was sustained, and the amendment was not in order. [108-2, p. H4551]

July 10, 2003

H.R. 2660, Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2004

A point of order was raised against section 217(B) of the bill, which created a Medicare Claims Processing fee. An October 1, 2003, requirement assured a policy for providers to submit all Medicare claims electronically. Since most electronic billing systems eliminate inaccurate and duplicate claims, and because current law provided the proper small business exemption, the user fee was unnecessary. The chair ruled that the provision was in violation of Rule XXI, clause 2(b). The point of order was conceded, sustained, and the provision was stricken from the bill. [108-1, p. H6560]

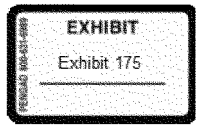
July 10, 2003

H.R. 2660 Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2004

A point of order was raised against an amendment offered by Representative Obey, which would have provided a 1-percentage add-on to the Federal assistance to every State for their Medicaid programs. This would have been paid for through a reduction in the size of the tax cut for persons who make more than $1 million a year. The chair ruled that the amendment constituted legislation in violation of Rule XXI, clause 2 (c), and in addition, constituted a tax measure in violation of Rule XXI, clause 5(a). The point of order was conceded and sustained. [108-1, p. H6547]

July 23, 2003

H.R. 2799, Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations, Act 2004



A point of order was raised against an amendment offered by Representative Levin, which would forbid expenditure of funds that would be used to negotiate free trade agreements that did not contain certain listed provisions, which imposed new duties that were not required by law and made the appropriations contingent upon the performance of said duties and on successful trade negotiations with other countries. The chair ruled that the provision was in violation of Rule XXI, clause 2. The point of order was sustained. [108-1, p. H7337-7339]

September 4, 2003

H.R. 2989, Transportation, Treasury, and Independent Agencies Appropriations Act, 2004

A point of order was raised against portions of section 631 of the bill, which would have amended the Trade Agreements Act of 1979. The provision exempted limitations on procurement. The chair ruled that the provision was in violation of Rule XXI, clause 2(b). The point of order was conceded, sustained and the language was stricken from the bill. [108-1, p. H7913]

September 4, 2003

H.R. 2989, *Transportation, Treasury, and Independent Agencies Appropriations Act, 2004*

A point of order was raised against the contents of Section 164 of the bill, which amended the Buy America requirements for transit capital purchases of steel, iron, manufactured goods, and rolling stock. The chair ruled that these provisions were in violation of Rule XXI. The point of order was conceded, sustained, and the section was stricken from the bill. [108-1, p. H7912-7913]

September 8, 1999

H.R. 2684, U.S. Departments of Veterans Affairs and Housing and Urban Development Appropriations For 2000

A point of order was raised against an amendment offered by Representative Edwards, which would have offset an increase in funding for veterans' health care by postponing the implementation of a capital gains tax cut. The chair ruled that the amendment constituted legislation in violation of Rule XXI, clause 2(c), and, in addition, constituted a tax measure in violation of Rule XXI, clause 5(a). The point of order was sustained, and the amendment ruled not in order. [106-1, p. H7923]

September 3, 1997

H.R. 2159, Foreign Operations Appropriations for Fiscal Year 1998



A point of order was raised against section 539 of the bill, which would have restricted the President's ability to issue an executive order lifting import sanctions against Yugoslavia (Serbia). The Chair ruled that since current law allowed the President to waive the application of certain sanctions, including import prohibitions which affect tariff collections, the provision in question was a tariff measure within the meaning of Rule XXI, clause 5(b). The point of order was sustained, and the provision stricken from the bill. [105-1, p. H 6731]

July 17, 1996

H.R. 3756, Treasury, Postal Service, and General Government Appropriations Act of 1997

A point of order was raised against an amendment which prohibited the use of funds by the United States Customs Service to take any action that allowed certain imports into the United States from the People's Republic of China. The point of order was sustained. [104-2, p. H 7708]

May 9, 1995

H.R. 1361, Coast Guard Authorization

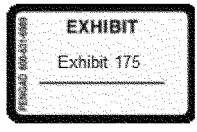
A point of order was raised against an amendment which increased certain fees for large foreign-flag cruise ships. The Chair ruled that by increasing the fees charged by the Coast Guard for inspecting large foreign-flag cruise ships by an unspecified amount in order to offset a decrease in fees for other vessels, the amendment attenuated the relationship between the amount of the fee and the cost of the particular government activity for which it was assessed. Therefore the increased fee qualified as a tax or tariff within the meaning of Rule XXI, clause 5(b). The point of order was sustained, and the amendment ruled out of order. [1-4-1, p. H 4593]

June 15, 1994

H.R. 4539, Treasury, Postal Service, and General Government Appropriation for Fiscal Year 1995

A point of order was raised against section 527 of the bill, which would have amended the HTS to create a new tariff classification. The new classification would have changed the rate of duty on the import of certain fabrics intended for use in the manufacture of hot air balloons, thus having direct impact on customs revenues. The point of order was conceded and sustained, and the provision was stricken from the bill. [103-2, p. H 4531]

September 16, 1992



H.R. 5231, The National Competitiveness Act of 1992

A point of order was raised against an amendment offered by Representative Walker. The bill was reported solely from the Committee on Science and Technology and amended the Internal Revenue Code to provide, inter alia, changes in the tax treatment of capital gains.

The Chair sustained the point of order without elaboration. [H102- p. H8621]

October 23, 1990

H.R. 5021, Department of Commerce, Justice and State, the Judiciary and Related Agencies Appropriations Act, 1991

A point of order was raised against amendment 139 which increased the rate of fees paid to the Securities and Exchange Commission at the time of filing a registration statement. The Chair ruled that since the amendment provided that the increased level of fees would be deposited in the Treasury, the fee involved was in reality a tax and the revenues were to be used to defray general governmental costs. The point of order was conceded and sustained. [101-2, p. H 11412]

July 13, 1990

H.R. 5241, Treasury, Postal Service and General Government Appropriations Act of 1991

A point of order was raised against section 528 which prohibited that "no funds appropriated" would be used to impose or assess any tax under section 4181 of the Internal Revenue Code relating to the excise tax on the manufacture of firearms. The point of order was conceded and sustained. [101-2, p. H 4692]

July 13, 1990

H.R. 5241, Treasury, Postal Service and General Government Appropriations Act of 1991

A point of order was raised against section 524 which prohibited the Internal Revenue Service from enforcing rules governing the antidiscrimination rules of the exclusion for employer provided health-care plans (section 89 of the Internal Revenue Code). The point of order was conceded and sustained. [101-2, p. H 4692]

October 5, 1989

H.R. 3299, Omnibus Budget Reconciliation Act of 1989



A point of order was raised against section 3201 which imposed fees on the filing of certain forms required to be filed annually in connection with maintaining pension and benefit plans. The point of order was sustained with the Chair ruling that the revenue raised funded "general government activity." [101-I, p. H 6662]

October 4, 1989

H.R. 3299, Omnibus Budget Reconciliation Act of 1989

A point of order was raised against section 3156 which imposed a "Termination Fee." Under the provision of the bill, an employer who terminated a pension plan in a standard termination was required to pay a $200-per-participant fee to the Pension Benefit Guaranty Corporation (PBGC), the Federal insurance agency established to insure defined benefit pension plans against insolvency. The point of order was conceded and sustained. [101-I, p. H 6621]

October 4, 1989

H.R. 3299, Omnibus Budget Reconciliation Act of 1989

A point of order was raised against section 3131(b) which exempted multi-employer pension plans from the full funding limits of the Internal Revenue Code, section 412(c)(7). This provision directly amended the Internal Revenue Code to allow the deductibility of contributions to a multi-employer pension plan in excess of the full funding limit. The point of order was conceded and sustained. [101-I, p. H 6622]

October 4, 1989

H.R. 3299, Omnibus Budget Reconciliation Act of 1989

A point of order was raised against section 7002 which imposed an annual fee of $1 per acre on the holder of Outer Continental Shelf leases. This fee has been designated to offset the costs of ocean related environmental research, assessment, and protection programs. The point of order was sustained with the Chair stating that "a provision raising revenue to finance general government functions improperly characterized as a tax within the jurisdiction of Clause 5(b) of Rule XXI. [101-I, p. H 6610]

October 4, 1989

H.R. 3299, Omnibus Budget Reconciliation Act of 1989

A point of order was raised against section 7002 which imposed a fee of $20 per passenger on vessels engaged in U.S. cruise trade or which offer off-shore gambling. The



proceeds of this fee were to be deposited in both the Harbor Maintenance Trust Fund and the Treasury's general fund. The point of order was conceded and sustained. [101-1, p. H 6620]

September 30, 1988

H.R. 4637, Conference Agreement to accompany the Foreign Operations, Export Financing and Related Programs Appropriations Act of 1989

A point of order was raised against the motion to concur in the Senate amendment No. 176 which provided that S. 2848 (Sanctions Against Iraqi Chemical Weapons Use Act), be added to the bill. The point of order was conceded and sustained. [100-2, p. H 9236]

June 25, 1987

H.R. 3545, Budget Reconciliation Act of 1987

A point of order was raised against the section of the bill providing that "all earnings and distributions" from the Enjebi Community Trust Fund, "shall not be subject to any form of Federal, State, or local taxation." The point of order was conceded and sustained. [100-1, p. H 5539-40]

August 1, 1986

H.R. 5294, Appropriations, Treasury, Postal Service and General Government Appropriations, 1987

A point of order was raised against section 103 which denied funds to the Internal Revenue Service to impose vesting requirements for qualified pension funds more stringent than 4/40. As a result, legally collectible taxes on employer contributions to such plans would be indefinitely deferred. The point of order was conceded and sustained. [99-2, p. H 5311]

August 1, 1986

H.R. 5294, Appropriations, Treasury, Postal Service and General Government Appropriations, 1987

A point of order was raised against section 3 which prohibited the use of funds to implement regulations issued by the Department of the Treasury to implement section 274(d) of the Internal Revenue Code relating to the duty imposed on taxpayers to substantiate deductibility of certain expenses relating to travel, gifts, and entertainment.

The Chair sustained the point of order stating that a limitation otherwise in order under Clause 2(c), of House Rule XXI which "effectively and inherently either preclude[s] the IRS from collecting revenues otherwise due to be [owed] under provision of the Internal Revenue



Code or require[s] the collection of revenue not legally due and owing constitutes a tax provision within the meaning of Rule XXI, Clause 5(b)."

The Chair also noted that when the point of order was raised that under the rule the point of order against the provision could be raised at any point during the consideration of the bill. [99-2, p. H 5310]

October 24, 1986

H.R. 3500, Budget Reconciliation Act of 1985

A point of order was raised against section 3113. The provision in the reconciliation bill reported from the Budget Committee contained a recommendation from the Committee on Education and Labor to exclude certain interest on obligations to Student Loan Marketing Association from Application of Internal Revenue Code (IRC), section 265 which denies a deduction for certain expenses and interest relating to the production of tax-exempt income. The point of order was sustained. [99-1, p. H 5310]

October 24, 1985

H.R. 3500, Budget Reconciliation Act of 1985

A point of order was raised against section 6701 which had been reported from the Committee on the Budget containing a recommendation of the Committee on Merchant Marine and Fisheries. Section 6701 expanded tax benefits available to ship owners through the "capital construction fund" (section 7518 of the Internal Revenue Code), by permitting repatriation of foreign-source income to avoid U.S. taxes and expanding the definition of vessels eligible to establish such tax-exempt funds. [99-1, p. H 9189]

July 26, 1985

H.R. 3036, Appropriations, Treasury, Postal Service, and General Government Appropriation, 1986

A point of order was raised against section 106 which prohibited the use of funds to implement or enforce regulations imposing or collecting a tax on the interest deferral from entrance or accommodation fees paid by elderly residents of continuing care facilities (section 7872 of the Internal Revenue Code). The Chair sustained the point of order against the provision as a tax provision within the meaning of House Rule XXI, Clause 5(b). [99-1, p. H 6418]

July 11, 1985

H.R. 1555, International Security and Development Act of 1985



A point of order was raised against section 1208 which denied trade benefits to Afghanistan, provided for the denial of most favored nation status to Afghanistan and denied trade credits to Afghanistan. The point of order was conceded and sustained. [99-1, p. H 5489]

June 4, 1985

H.R. 1460, Anti-Apartheid Act of 1985

A point of order was raised against an amendment to prohibit the entry of South African Krugerrands or gold coins into the customs territory of the United States unless uniform 5 percent fee were paid. The point of order was sustained on the grounds that the fee was equivalent to a tariff uniform charge imposed at ports of entry with proceeds deposited in the Treasury. [99-1, p. H 3762]

September 12, 1984

H.R. 5798, conference report to accompany the Appropriations, Treasury, Postal Service, Executive Office of the Presidentand certain independent agencies Appropriation, 1985

A point of order was raised against a Senate amendment, No. 92 which amended the existing customs law under the Tariff Act of 1930 with respect to seizures and forfeitures of property by the Customs Service. The point of order was conceded and sustained. [98-2, p. H 9407]

September 12, 1984

H.R. 5798, conference report to accompany the Appropriations, Treasury, Postal Service, Executive Officeof the President and certain independent agencies Appropriation, 1985

A point of order was raised against a Senate amendment, No. 26 which amended the tariff schedule of the United States (TSUS) to provide duty-free importation of a telescope for the University of Arizona. The point of order was conceded and sustained. [98-2, p. H 9396]

September 12, 1984

H.R. 5798, conference report to accompany theAppropriations, Treasury, Postal Service, Executive Office of thePresident and certain independent agencies Appropriation, 1985

A point of order was raised against a Senate amendment, No. 24 which provided that "none of the funds appropriated by this act or any other act" shall be used to impose of assess the manufacturer's excise tax on sporting goods. The point of order specifically stated that the term "tax" and "tariff" under House Rule XXI, Clause 5(b), included provisions such as these



contained in the amendment which would result less revenue spent than under the operation of existing law. The point of order was conceded and sustained. [98-2, p. H 9395-9396]

October 27, 1983

H.R. 4139, conference report to accompany the Appropriations Treasury, Postal Service, Executive Office of the President and certain independent agencies Appropriation, 1984

The Chair sustained a point of order against section 511 which would have prohibited the Customs Service from enforcing a provision of law permitting agricultural products to enter the United States duty-free under the CBI. The Chair ruled that the effect of the provision was to cause duties on certain imports to be imposed where none is required and to require collections of revenue contrary to existing tariff laws and that, as a result, section 511 was a tariff provision rather than a limitation of appropriated funds. [98-1, p. H 8717]

September 21, 1983

H.R. 1036, Community Renewal Employment Act

The Chair sustained a point of order against a motion to recommit a bill to a committee without jurisdiction over revenue measures (the Committee on Education and Labor), and to report the bill back to the House with tax provisions relating to "enterprise zones." The motion was ruled to violate House Rule XVI, Clause 7, and House Rule XXI Clause 5(b). [98-1, p. H 7244]

H. RESTRICTIONS ON "FEDERAL INCOME TAX RATE INCREASES"

House Rule XXI, clause 5(b) and (c) prohibit retroactive Federal income tax rate increases and require a supermajority [3/5] vote for any bill containing a prospective Federal income tax rate increase. The wording of the rule and its legislative history make it clear that the rule applies only to increases in specific statutory rates in the Internal Revenue Code and not to provisions merely because they raise revenue or otherwise modify the income tax base.



Appendix II. Historical Note

The Committee on Ways and Means was first established as an ad hoc committee in the first session of the First Congress, on July 24, 1789. Representative Fitzsimons, from Pennsylvania, in commenting on the report of a select committee concerning appropriations and revenues, pointed out the desirability of having a committee to review the expenditure needs of the Government and the resources available, as follows:

The finances of America have frequently been mentioned in this House as being very inadequate to the demands. I have never been of a different opinion, and do believe that the funds of this country, if properly drawn into operation, will be equal to every claim. The estimate of supplies necessary for the current year appears very great from a report on your table, and which report has found its way into the public newspapers. I said, on a former occasion, and I repeat it now, notwithstanding what is set forth in the estimate, that a revenue of $3 million in specie, will enable us to provide every supply necessary to support the Government, and pay the interest and installments on the foreign and domestic debt. If we wish to have more particular information on these points, we ought to appoint a Committee on Ways and Means, to whom, among other things, the estimate of supplies may be referred, and this ought to be done speedily, if we mean to do it this session.

After discussion, the motion was agreed to and a committee consisting of one Member from each State (North Carolina and Rhode Island had not yet ratified the Constitution) was appointed as follows: Messrs. Fitzsimons (Pennsylvania), Vining (Delaware), Livermore (New Hampshire), Cadwalader (New Jersey), Laurance (New York), Wadsworth (Connecticut), Jackson (Georgia), Gerry (Massachusetts), Smith (Maryland), Smith (South Carolina), and Madison (Virginia).

While there does not appear to be any direct relationship, it is interesting to note that the appointment of this ad hoc committee came within a few weeks after the House, in Committee of the Whole, had spent a good part of the months of April, May, and June in wrestling with the details involved in writing bills "for laying a duty on goods, wares, and merchandises imported into the United States" and for imposing duties on tonnage. Tariffs, of course, became a prime revenue source for the new government.

However, the results of this ad hoc committee are not clear. It existed for a period of only 8 weeks, being dissolved on September 17, 1789, with the following order:

That the Committee on Ways and Means be discharged from further proceeding on the business referred to them, and that it be referred to the Secretary of the Treasury to report thereon.

It has also been suggested by one student that the Committee was dissolved



because Alexander Hamilton had become Secretary of the newly created U.S. Department of the Treasury, and thus it was presumed that the U.S. Department of the Treasury could provide the necessary machinery for developing information which would be needed. During the next 6 years there was no Committee on Ways and Means or any other standing committee for the examination of estimates. Rather, ad hoc committees were appointed to draw up particular pieces of legislation on the basis of decisions made in the Committee of the Whole House. On November 13, 1794, a rule was adopted providing that:

> All proceedings touching appropriations of money shall be first moved and discussed in a Committee on the Whole House.

In the next Congress historians have suggested that the House was determined to curtail Secretary Hamilton's influence by first setting up a Committee on Ways and Means and requiring that Committee to submit a report on appropriations and revenue measures before consideration in the Committee of the Whole House. It was also said that this Committee on Ways and Means was put on a more or less standing basis since such a committee appeared at some point in every Congress until it was made a permanent committee.

In the first session of the 7th Congress, Tuesday, December 8, 1801, a resolution was adopted as follows:

> *Resolved*, That a standing Committee on Ways and Means be appointed, whose duty it shall be to take into consideration all such reports of the Treasury Department, and all such propositions, relative to the revenue as may be referred to them by the House; to inquire into the state of the public debt, of the revenue, and of the expenditures; and to report, from time to time, their opinion thereon.

The following Members were appointed: Messrs. Randolph (Virginia), Griswold (Connecticut), Smith (Vermont), Bayard (Delaware), Smilie (Pennsylvania), Read (Massachusetts), Nicholson (Maryland), Van Rensselaer (New York), Dickson (Tennessee).

On Thursday, January 7, 1802, the House agreed to standing rules which, among other things, provided for standing committees, including the Committee on Ways and Means. The relevant part of the rules in this respect read as follows:

> A Committee on Ways and Means, to consist of seven Members;

* * * * * * *



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Registrant Name Metropolitan Life Insurance Company Client Name Metropolitan Life Insurance Company

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code TAX - Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues

Add page to continue specific issues description for this issue

Lifetime annuity pay-out, Non-qualified annuities, Corporate owned life insurance, Non-qualified deferred compensation - S. 381; S. 1359; S. 219; H.R. 819; H.R. 2251

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

U.S. House
U.S. Senate

18. Name of each individual who acted as a lobbyist in this issue area *Add a page to continue adding lobbyists for this issue*

Name First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Peter	Pastre			☐
Kate	Carey			☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature Date

Printed Name and Title Kathleen L. Mellody

LD-2DS (REV. 4/03)

EXHIBIT
Exhibit 188

It shall be the duty of the said Committee on Ways and Means to take into consideration all such reports of the U.S. Department of the Treasury, and all such propositions relative to the revenue, as may be referred to them by the House; to inquire into the state of the public debt, of the revenue, and of the expenditures, and to report, from time to time, their opinion thereon; to examine into the state of the several public departments, and particularly into the laws making appropriations of moneys, and to report whether the moneys have been disbursed conformably with such laws; and also to report, from time to time, such provisions and arrangements, as may be necessary to add to the economy of the departments, and the accountability of their officers.

It has been said that the jurisdiction of the Committee was so broad in the early 19th century that one historian described it as follows:

It seemed like an Atlas bearing upon its shoulders all the business of the House.

The jurisdiction of the Committee remained essentially the same until 1865 when the control over appropriations was transferred to a newly created Committee on Appropriations and another part of its jurisdiction was given to a newly created Committee on Banking and Currency. This action followed rather extended discussion in the House, too lengthy to review here.

During the course of that discussion, however, the following observations are of some historical interest. Representative Cox, who was handling the motion to divide the Committee, gave a very picturesque discussion of the many varied and heavy duties which had fallen on the Committee over the years. He observed:

> And yet, sir, powerful as the Committee is constituted, even their powers of endurance, physical and mental, are not adequate to the great duty which has been imposed by the emergencies of this historic time. It is an old adage, that "whoso wanteth rest will also want of might"; and even an Olympian would faint and flag if the burden of Atlas is not relieved by the broad shoulders of Hercules.

He continued:

> I might give here a detailed statement of the amount of business thrown upon that Committee since the commencement of the war. But I prefer to append it to my remarks. Whereas before the war we scarcely expended more than $70 million a year, now, during the five sessions of the last two Congresses, there has been an average appropriation of at least $800 million per session. The statement which I hold in my hand shows that during the first and extra session of the 37th Congress there came appropriation bills from the Committee on Ways and Means amounting to $226,691,457.99. I say nothing now of the loan and other fiscal bills emanating from that Committee. * * * During the present



session I suppose it would be a fair estimate to take the appropriations of the last session of the 37th Congress, say $900 million.

These are appropriation bills alone. They are stupendous, and but poorly symbolize the immense labors which the internal revenue, tariff, and loan bills imposed on the Committee. * * * And this business of appropriations is perhaps not one-half of the labor of the Committee. There are various and important matters upon which they act, but upon which they never report. Their duties comprehend all the varied interests of the United States; every element and branch of industry, and every dollar or dime of value. They are connected with taxation, tariffs, banking, loan bills, and ramify to every fiber of the body-politic. All the springs of wealth and labor are more or less influenced by the action of this Committee. Their responsibility is immense, and their control almost imperial over the necessities, comforts, homes, hopes, and destinies of the people. All the values of the United States, which in the census of 1860 (page 194) amount to nearly $17 billion, or, to be exact, $16,159,616,068, are affected by the action of that Committee, even before their action is approved by the House. Those values fluctuate whenever the head of the Committee on Ways and Means rises in his place and proposes a measure. The price of every article we use trembles when he proposes a gold bill or a loan bill, or any bill to tax directly or indirectly. * * * * * * the interests connected with these economical questions are of all questions those most momentous for the future. Parties, statesmanship, union, stability, all depend upon the manner in which these questions are dealt with.

Representative Morrill (who was subsequently appointed chairman of the Committee on Ways and Means in the succeeding Congress, and who still later became chairman of the Senate Committee on Finance after he became a Senator) observed as follows:

I am entirely indifferent as to the disposition which shall be made of this subject by the House. So far as I am myself concerned, I have never sought any position upon any committee from the present or any other Speaker of the House, and probably never shall. I have no disposition to press myself hereafter for any position. In relation to the proposed division of the Committee on Ways and Means, the only doubt that I have is the one expressed by my colleague on that Committee, Representative Stevens, in regard to the separation of the questions of revenue from those relating to appropriations. In ordinary times of peace I should deem it almost indispensable and entirely within their power that this Committee should have the control of both subjects, in order that they might make both ends meet, that is, to provide a sufficient revenue for the expenditures. That reason applies now with greater force; but it may be that the Committee is overworked. It is true that for the last 3 or 4 years the labors of the Committee on Ways and Means have been incessant, they have labored not only



days but nights; not only weekends but Sundays. If gentlemen suppose that the Committee have permitted some appropriations to be reported which should not have been permitted they little understand how much has been resisted.

The influence the Committee came not only from the nature of its jurisdiction but also because for many years the chairman of the Committee was also ad hoc majority Floor leader of the House.

When the revolt against Speaker Cannon took place, and the Speaker's powers to appoint the Members of committees were curtailed, the Majority Members on the Committee on Ways and Means became the Committee on Committees. Subsequently, this power was disbursed to the respective party caucuses, beginning in the 94th Congress.

Throughout its history, many famous Americans have served on the Committee on Ways and Means. The long and distinguished list includes 8 Presidents of the United States, 8 Vice Presidents, 4 Justices of the Supreme Court, 34 Cabinet members, and quite interestingly, 21 Speakers of the House of Representatives. This latter figure represents nearly one-half of the 51 Speakers who have served since 1789 through the end of the 110th Congress. See the alphabetical list which follows for names.

Major positions held by former members of the Committee on Ways and Means

President of the United States:
- George H. W. Bush, Texas
- Millard Fillmore, New York
- James A. Garfield, Ohio
- Andrew Jackson, Tennessee
- James Madison, Virginia
- William McKinley, Jr., Ohio
- James K. Polk, Tennessee
- John Tyler, Virginia

Vice President of the United States:
- John C. Breckinridge, Kentucky
- George H. W. Bush, Texas
- Charles Curtis, Kansas
- Millard Fillmore, New York
- John N. Garner, Texas
- Elbridge Gerry, Massachusetts
- Richard M. Johnson, Kentucky
- John Tyler, Virginia

Justice of the Supreme Court:



Philip P. Barbour, Virginia
Joseph McKenna, California
John McKinley, Alabama
Fred M. Vinson, Kentucky (Chief Justice)

Speaker of the House of Representatives:
Nathaniel P. Banks, Massachusetts
Philip P. Barbour, Virginia
James G. Blaine, Maine
John G. Carlisle, Kentucky
Langdon Cheves, South Carolina
James B. (Champ) Clark, Missouri
Howell Cobb, Georgia
Charles F. Crisp, Georgia
John N. Garner, Texas
John W. Jones, Virginia
Michael C. Kerr, Indiana
Nicholas Longworth, Ohio
John W. McCormack, Massachusetts
James K. Polk, Tennessee
Henry T. Rainey, Illinois
Samuel J. Randall, Pennsylvania
Thomas B. Reed, Maine
Theodore Sedgwick, Massachusetts
Andrew Stevenson, Virginia
John W. Taylor, New York
Robert C. Winthrop, Massachusetts

Cabinet Member:
Secretary of State:
James G. Blaine, Maine
William J. Bryan, Nebraska
Cordell Hull,Tennessee[1]
Louis McLean, Delaware
John Sherman, Ohio

Secretary of the Treasury:
George W. Campbell, Tennessee
John G. Carlisle, Kentucky
Howell Cobb, Georgia
Thomas Corwin, Ohio

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[1]Recipient of Nobel Peace Prize in 1945.



Charles Foster, Ohio
Albert Gallatin, Pennsylvania
Samuel D. Ingham, Pennsylvania
Louis McLean, Delaware
Ogden L. Mills, New York
John Sherman, Ohio
Philip F. Thomas, Maryland
Fred M. Vinson, Kentucky

Attorney General:
James P. McGranery, Pennsylvania
Joseph McKenna, California
A. Mitchell Palmer, Pennsylvania
Caesar A. Rodney, Delaware

Postmaster General:
Samuel D. Hubbard, Connecticut
Cave Johnson, Tennessee
Horace Maynard, Tennessee
William L. Wilson, West Virginia

Secretary of the Navy:
Thomas W. Gilder, Virginia
Hilary A. Herbert, Alabama
Victor H. Metcalf, California
Claude A. Swanson, Virginia

Secretary of the Interior:
Rogers C. B. Morton, Maryland
Jacob Thompson, Mississippi

Secretary of Commerce and Labor:
Victor H. Metcalf, California

Secretary of Commerce:
Rogers C. B. Morton, Maryland

Secretary of Agriculture:
Clinton P. Anderson, New Mexico



Appendix III. Statistical Review of the Activities of the Committee on Ways and Means

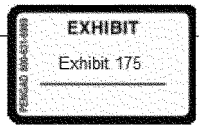
A. Number of Bills and Resolutions Referred to the Committee

At the close of the 110th Congress, there had been referred to the Committee a total of 2,386 bills, representing 25.6 percent of all the public bills introduced in the House of Representatives.

The following table gives a more complete statistical review since 1967.

TABLE 1. NUMBER OF BILLS AND RESOLUTIONS REFERRED TO THE COMMITTEE, 90TH THROUGH 110TH CONGRESSES

	Introduced in House	Referred to Committee on Ways and Means	Percentage
90th Congress	24,227	3,806	15.7
91st Congress	23,575	3,442	14.6
92nd Congress	20,458	3,157	15.4
93rd Congress	21,096	3,370	16
94th Congress	19,371	3,747	19.3
95th Congress	17,800	3,922	22
96th Congress	10,196	2,337	22.9
97th Congress	9,909	2,377	26.4
98th Congress	8,104	1,904	23.5
99th Congress	7,522	1,568	20.8
100th Congress	7,043	1,419	22.1
101st Congress	7,640	1,737	22.7
102nd Congress	7,771	1,972	25.4
103rd Congress	6,645	1,496	22.5
104th Congress	5,329	1,071	20.1
105th Congress	5,976	1,509	25.2
106th Congress	6,942	1,762	25.3
107th Congress	7,029	1,941	27.6
108th Congress	6,953	1,541	22.2



109th Congress	8,152	2,152	26.4
110th Congress	9,319	2,386	25.6

B. PUBLIC HEARINGS

In the course of the 110th Congress, the Committee on Ways and Means along with its six subcommittees held public hearings on a total of 103 days. Many of these hearings dealt with broad subject matter including the President's fiscal year 2008 and 2009 budget proposals, health and Social Security issues, and President Bush's trade agenda. The full Committee reviewed programs under the Committee's jurisdiction for waste, fraud, and abuse, and focused on such issues as tax reform, and the implementation of free trade agreements with Bahrain, Oman, Peru, and the Dominican Republic.

The following table specifies the statistical data on the number of days and witnesses published on each of the subjects covered by public hearings in the full Committee during the 110th Congress.

TABLE 2. PUBLIC HEARINGS CONDUCTED BY THE FULL COMMITTEE ON WAYS AND MEANS

Subject and Date	Number of Days	Number of Witnesses
2007:		
Hearing on the Economy, January 23	1	5
Hearing on the Economic and Societal Costs of Poverty, January 24	1	5
Hearing on Trade and Globalization, January 30	1	6
Hearing on Economic Challenges Facing Middle Class Families, January 31	1	6
Hearing on the President's Fiscal Year 2008 Budget with U.S. Department of the Treasury Secretary Henry Paulson, February 6	1	1
Hearing on the President's Fiscal Year 2008 Budget with OMB Director Rob Portman, February 7	1	1
Hearing on the President's Fiscal Year 2008 Budget for the U.S. Department of Health and Human Services, February 8	1	1
Hearing on the U.S. Trade Agenda, February 14	1	1
First in a Series of Hearings on Energy and Tax Policy, February 28	1	4
Hearing on the Revenue Increasing Measures in the "Small Business and Work Opportunity Act of 2007," March 14	1	4
Hearing on Internal Revenue Service's Use of Private Debt Collection Companies to Collect Federal Income Taxes, May 23	1	5
Hearing on Promoting U.S. Worker Competitiveness in a Globalized Economy, June 14	1	14
Hearing on Fair and Equitable Tax Policy for America's Working Families, September 6	1	20
Hearing on the Appropriateness of Retirement Plan Fees, October 30	1	15



Total for 2007	14	88
2008:		
Hearing on Hearing on the President's Fiscal Year 2009 Budget with U.S. Department of the Treasury Secretary Henry Paulson, February 7	1	1
Hearing on the President's Fiscal Year 2009 Budget with OMB Director Jim Nussle, February 13	1	1
Hearing on the President's Fiscal Year 2009 Budget for the U.S. Department of Health and Human Services, February 13	1	1
Hearing on Clearing the Disability Backlog – Giving the Social Security Administration the Resources It Needs to Provide the Benefits Workers Have Earned, April 23	1	6
Hearing on Policy Options to Prevent Climate Change, September 18	1	13
Hearing on Economic Recovery, Job Creation and Investment In America, October 29	1	13
	6	35
Total for both sessions	20	123

The six Subcommittees of the Committee on Ways and Means were also very active in conducting public hearings during the 110th Congress. The following table specifies in detail the number of days and witnesses published by each of the Subcommittees.

TABLE 3. PUBLIC HEARINGS CONDUCTED BY THE SUBCOMMITTEES OF THE COMMITTEE ON WAYS AND MEANS

	Number of	
Subject and Date	Days	Witnesses
SUBCOMMITTEE ON TRADE		
2007:		
Hearing on Trade with China, February 15	1	10
Hearing on the Nonmarket Economy Trade Remedy Act of 2007, March 13	1	7
Hearing on the U.S.-Korea Free Trade Agreement Negotiations, March 20	1	11
Tri-partite Hearing on Currency Manipulation and Its Effect on U.S. Businesses and Workers, May 9	1	10
Hearing on Legislation Related to Trade with China, August 2	1	20
Joint Hearing on Import Safety, October 4	1	12
Total	6	70
SUBCOMMITTEE ON OVERSIGHT		



2007:		
Hearing on Earned Income Tax Credit Outreach, February 13	1	5
SEE HEALTH, March 8		
Hearing on Katrina Redevelopment Tax Issues, March 13	1	2
Hearing on Internal Revenue Service Operations and the Tax Gap, March 20	1	1
Hearing on Tax-Exempt Charitable Organizations (The Hearing Advisory merged the Request for Written Comments into this record), July 24	1	5
Hearing to Examine Whether Charitable Organizations Serve the Needs of Diverse Communities, September 25	1	6
SEE TRADE, October 4		
SEE HEALTH, October 16		
2008:		
Hearing on the Tax Return Filing Season, Internal Revenue Service Operations, Fiscal Year 2009 Budget Proposals, and the IRS National Taxpayer Advocate's Annual Report, March 13	1	2
Hearing on the Department of the Treasury Alcohol and Tobacco Tax and Trade Bureau, May 20	1	2
Hearing on Economic Stimulus Payments, June 19	1	3
Hearing on the Pension Benefit Guaranty Corporation, September 24	1	2
Total	9	28

SUBCOMMITTEE ON HEALTH

2007:		
Hearing on the President's Fiscal Year 2008 Budget with Acting CMS Administrator Norwalk, February 13	1	1
Hearing on MedPAC's Annual March Report with MedPAC Chairman Glenn M. Hackbarth, March 1	1	1
Hearing on MedPAC's Report on the Sustainable Growth Rate (SGR), March 6	1	3
Hearing on Medicare Program Integrity (Joint with Oversight), March 8	1	3
Hearing on Genetic Non-Discrimination, March 14	1	5
Hearing on Medicare Advantage, March 21	1	3
Hearing on Mental Health and Substance Abuse Parity, March 27	1	8
Hearing on the 2007 Medicare Trustees Report, April 25	1	1
Hearing on Medicare Programs for Low-Income Beneficiaries, May 3	1	8
Hearing on Options to Improve Quality and Efficiency Among Medicare Physicians, May 10	1	7
Hearing on Payments to Certain Medicare Fee-for-Service Providers, May 15	1	8
Hearing on Medicare Advantage Private Fee-For-Service Plans, May 22	1	7
Hearing on Strategies to Increase Information on Comparative Clinical Effectiveness, June 12	1	9
Hearing on Beneficiary Protections in Medicare Part D, June 21	1	7
Hearing on Ensuring Kidney Patients Receive Safe and Appropriate Anemia Management Care, June 26	1	7



Joint Hearing on Statutorily Required Audits of Medicare Advantage Plan Bids, October 16	1	7
Hearing on Trends in Nursing Home Ownership and Quality, November 15	1	4
2008:		
Hearing on the Medicare Portions of the President's Fiscal Year 2009 Budget with Acting CMS Administrator Weems, February 14	1	1
Hearing on Medicare Advantage, February 28	1	6
Hearing on MedPAC's Annual March Report with MedPAC Chairman Glenn M. Hackbarth, March 11	1	1
Hearing on the 2008 Medicare Trustees Report, April 1	1	1
Hearing on the Instability of Health Coverage in America, April 15	1	5
Hearing on Medicare's Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program, May 6	1	5
Hearing on Health Savings Accounts (HSAs) and Consumer Driven Health Care: Cost Containment or Cost-Shift?, May 14	1	5
Addressing Disparities in Health and Healthcare: Issues for Reform, June 10	1	10
Hearing on State Coverage Initiatives, July 15	1	5
Hearing on Promoting the Adoption and Use of Health Information Technology, July 24	1	7
Hearing on Reforming Medicare's Physician Payment System, September 11	1	4
Hearing on The Health of the Private Health Insurance Market, September 23	1	4
Total:	29	143

SUBCOMMITTEE ON SOCIAL SECURITY

2007:		
Hearing on Social Security Disability Backlogs, April 23	1	5
Hearing on the Hiring of Administrative Law Judges at the Social Security Administration, May 1	1	2
Hearing on Employment Eligibility Verification Systems, June 7	1	8
Hearing on Protecting the Privacy of the Social Security Number from Identity Theft, June 21	1	12
2008:		
Hearing on Social Security Benefits for Economically Vulnerable Beneficiaries, January 16	1	9
Hearing on Employment Eligibility Verification Systems and the Potential Impacts on SSA's Ability to Serve Retirees, People with	1	11



Disabilities, and Workers, May 6		
Hearing on Protecting Social Security Beneficiaries from Predatory Lending and Other Harmful Financial Institution Practices, June 24	1	8
Hearing on the Performance of Social Security Administration Appeals Hearing Offices, September 16	1	7
Total	8	62

SUBCOMMITTEE ON INCOME SECURITY AND FAMILY SUPPORT

2007:		
Hearing on Economic Opportunity and Poverty in America, February 13	1	9
Hearing on Recent Changes to Programs Assisting Low-Income Families, March 6	1	6
Hearing on Increasing Economic Security for American Workers, March 15	1	5
Hearing on Assistance for Elderly and Disabled Refugees, March 22	1	4
Hearing on Proposals for Reducing Poverty, April 26	1	6
Hearing on the Effects of Misclassifying Workers as Independent Contractors, May 8	1	6
	1	5
Hearing on Challenges Facing the Child Welfare System, May 15		
Hearing on Disconnected and Disadvantaged Youth, June 19	1	6
Hearing on Children Who "Age Out" of the Foster Care System, July 12	1	10
Hearing on Health Care for Children in Foster Care, July 19	1	6
Hearing on Measuring Poverty in America, August 1	1	5
Hearing on Modernizing Unemployment Insurance to Reduce Barriers for Jobless Workers, September 19	1	5
Hearing on Impact of Gaps in Health Coverage on Income Security, November 14	1	5
2008:		
Hearing on Improving the Child Welfare System, February 27	1	12
Hearing on Extending Unemployment Insurance, April 10	1	4
Hearing on the Utilization of Psychotropic Medication for Children in Foster Care, May 8	1	6
Hearing on Establishing a Modern Poverty Measure, July 17	1	5
Hearing on Racial Disproportionality in Foster Care, July 31	1	5
Hearing on Challenges Facing American Workers, September 11	1	5
Total	19	116

SUBCOMMITTEE ON SELECT REVENUE MEASURES

2007:		
Hearing on the Alternative Minimum Tax, March 7	1	4
Second in a Series of Hearings on the Alternative Minimum Tax, March 22	1	6
Hearing on Energy and Tax Policy, April 19	1	7
Hearing on Member Proposals on Energy Tax Incentives, April 24	1	21



SEE INCOME SECURITY AND FAMILY SUPPORT, May 8		
Hearing on Tax Incentives for Affordable Housing, May 24	1	10
Hearing on Aviation Taxes, August 1	1	11
Joint Hearing on Heroes Earnings Assistance and Relief Tax Act of 2007, October 17	1	9
2008:		
Hearing on Derivatives, March 5	1	8
Hearing on Education Tax Incentives, May 1	1	6
Hearing on Individual Retirement Accounts (IRAs) and their role in our retirement system, June 26	1	10
Total	10	92

As the foregoing statistics indicate, during the 110th Congress the full Committee and its six Subcommittees held public hearings aggregating a grand total of 103 days, during which time 639 witnesses testified. There were no field hearings.

In addition, written comments were received by the Full Committee on Proposed Modification to the U.S. Department of Commerce's Calculation of Weighted Average Dumping Margins in Investigations, the Health Subcommittee on Medicare Therapy Caps and Refined and Alternative Payment Methodologies, the Subcommittee on Oversight on Provisions Relating to Tax-Exempt Organizations in the "Pension Protection Act of 2006", the Full Committee on H.R. 3361, a bill to make technical corrections to the "Pension Protection Act of 2006", and the Full Committee on H.R. 4195, the "Technical Corrections Act of 2007", the Trade Subcommittee on Miscellaneous Tariff and Duty Suspension Bills and Deadlines for Limited Tariff Benefit Disclosures.

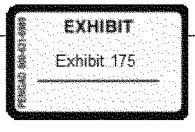
In addition, the Trade Subcommittee Members Levin and Herger requested "Introduction of Miscellaneous Tariff and Duty Suspension Bills by December 14, 2007" and "Additional Bills on Technical Corrections to U.S. Trade Laws and Miscellaneous Duty Suspensions for Written Comments".

C. Markup Sessions

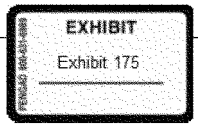
With respect to markup or business sessions during the 110th Congress, the full Committee and its six Subcommittees were also very actively engaged. The full Committee held such sessions on 20 working days, usually both morning and afternoon sessions, and the Subcommittees an aggregate of 7 working days, making a grand total of 27 working days of markup or business sessions for the full Committee and its Subcommittees during the 110th Congress.

D. Number and Final Status of Bills Reported from the Committee on Ways and Means in the 110th Congress

During the 110th Congress, the Committee reported to the House a total of 24 bills favorably. There were 88 bills containing provisions within the purview of the Committee that were passed by the House; 38 were enacted into law. This is not indicative of the total number



of bills considered by the Committee.



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LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

1. Registrant name ☒ Organization ☐ Individual

Organization: RLF3 Consulting

2. Address ☐ Check if different than previously reported

Address1: 4406 Jayson Lane Address 2:

City: Annandale State: VA Zip Code: 22003 Country: USA

3. Principal place of business (if different than line 2)

City State Zip Code Country

City State/Zip or Country

4a. Contact Name (Prefix / Full Name): Mr. Rich Fruchterman b. Telephone number: 202-256-1442 c. E-mail: Rich@RLF3.com

5. Senate ID #: 289534

7. Client Name ☐ Self: AT&T

6. House ID #: 37135000

TYPE OF REPORT 8. Year 2005 Midyear (January 1-June30) ☒ OR Year End (July 1-December 31) ☐

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ ⇨ Termination Date _____ 11. No Lobbying Activity ☐

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying Firms

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☒ ⇨ $ 50,000

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSES relating to lobbying activities for this reporting period were:

Less than $10,000 ☐

$10,000 or more ☐ ⇨ $ _____

14. REPORTING METHOD. Check box to indicate expense accounting method. See instructions for description of options.

☐ **Method A.** Reporting amounts using LDA definitions only

☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Form Complete >

Signature: Richard L Fruchterman Date: 8/3/2005

Printed Name and Title: Richard L. Fruchterman, III, Principal

LD-2DS (Rev. 4/03)

EXHIBIT
Exhibit 176

Go to 'Form Completed' >
Delete this page >

Registrant Name RLF3 Consulting Client Name AT&T

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code TEC - Telecommunications (one per page)

16. Specific lobbying issues *Add page to continue specific issues description for this issue*

SBC/AT&T Merger
H.R. 1898 -- Federal Telecommunications Excise Tax

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

House of Representatives
Senate

18. Name of each individual who acted as a lobbyist in this issue area *Add a page to continue adding lobbyists for this issue*

Name: First Name	Name: Last Name	Name: Suffix	Covered Official Position (if applicable)	New
Richard	Fruchterman	III		☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature *Document digitally signed on Page 1.* Date 8/3/2005

Printed Name and Title Richard L. Fruchterman, III, Principal

LD-2DS (REV. 4/03)

EXHIBIT
Exhibit 176

Clear all data and reset fields

Go to 'Form Completed' >

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Washington, DC 20515	Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

1. Registrant name ☒ Organization ☐ Individual

Organization: The Joseph Group, LLC (formerly Kevin M. Joseph and Assoc.)

2. Address ☐ Check if different than previously reported

Address1: 317 Massachusetts Avenue NE Address 2: Suite 200A

City: Washington State: DC Zip Code: 20002 Country: USA

3. Principal place of business (if different than line 2)

City: Same State: ____ Zip Code: ____ Country: ____

City State/Zip or Country

4a. Contact Name Prefix	Full Name	b. Telephone number	c. E-mail	5. Senate ID #
Mr.	Kevin M. Joseph	202-292-4600	carla@e-copernicus.com	288613-51

7. Client Name ☐ Self	6. House ID #
AT&T Corporation	37083000

TYPE OF REPORT 8. Year 2005 Midyear (January 1-June30) ☒ OR Year End (July 1-December 31) ☐

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ ⇨ Termination Date _____ 11. No Lobbying Activity ☐

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying Firms

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☒ ⇨ $ 80,000

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSES relating to lobbying activities for this reporting period were:

Less than $10,000 ☐

$10,000 or more ☐ ⇨ $ _____

14. REPORTING METHOD. Check box to indicate expense accounting method. See instructions for description of options.

☐ **Method A.** Reporting amounts using LDA definitions only

☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Edit Form > | Form Complete >

Senate Password _____ File with Senate >

Signature: Kevin M Joseph Date: 3/16/2006

Printed Name and Title: Kevin M. Joseph, Principal

LD-2DS (Rev. 4.06)

EXHIBIT
Exhibit 177

Go to 'Form Completed' >
Delete this page >

Registrant Name The Joseph Group, LLC (formerly Kevin M. ~~Joseph and Assoc.~~) Client Name AT&T Corporation

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code TEC - Telecommunications (one per page)

16. Specific lobbying issues *Add page to continue specific issues description for this issue*

Issues relating to the Telecommunications Act of 1996.

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

U.S. Senate
House of Representatives
FCC
OSTP

18. Name of each individual who acted as a lobbyist in this issue area *Add a page to continue adding lobbyists for this issue*

Name			Covered Official Position (if applicable)	New
First Name	Last Name	Suffix		
Kevin	Jospeh			☐
Megan	Delany			☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature *Document digitally signed on Page 1.* Date 3/16/2006

Printed Name and Title Kevin M. Joseph, Principal

LD-2DS (Rev. 4.06)

EXHIBIT
Exhibit 177

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LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

1. Registrant name ☒ ☐
Brownstein Hyatt & Farber, P.C.

2. Address ☐ Check if different than previously reported
410 17th Street, 22nd Floor
Denver CO 80202 USA

3. Principal place of business (if different than line 2)
City State/Zip or Country

4a. Contact Name: Mr. Thomas H. Hudson
b. Telephone number: (202) 872-5283
c. E-mail: thudson@bhf-law.com

5. Senate ID #: 7257-381

7. Client Name ☐ Self
AT&T Corp.

6. House ID #: 31842037

TYPE OF REPORT 8. Year 2005 Midyear (January 1-June30) ☐ OR Year End (July 1-December 31) ☒

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ ⇨ Termination Date _____ 11. No Lobbying Activity ☐

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying Firms

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☒ ⇨ $ 180,000

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSES relating to lobbying activities for this reporting period were:

Less than $10,000 ☐

$10,000 or more ☐ ⇨ $ _____

14. REPORTING METHOD. Check box to indicate expense accounting method. See instructions for description of options.

☐ **Method A.** Reporting amounts using LDA definitions only
☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code
☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Edit Form > Form Complete >
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Signature Thomas H Hudson Date 2/13/2006

Printed Name and Title Thomas H. Hudson, Attorney at Law

LD-2DS (Rev. 4.06)

EXHIBIT
Exhibit 178

Registrant Name Brownstein Hyatt & Farber, P.C. Client Name AT&T Corp.

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code COM - Communications/Broadcasting/Radio/TV (one per page)

16. Specific lobbying issues

HR1898, Telephone Excise Tax Repeal Act of 2005
Potential rewrite of the Communications Act of 1934 and the Telecommunications Act of 1996
Pension Reform Legislation

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

House of Representatives
Senate
Federal Communications Commission

18. Name of each individual who acted as a lobbyist in this issue area

Name		Covered Official Position (if applicable)	New
Kathryn	Bentfield		☐
Judy	Black		☐
Norman	Brownstein		☐
Thomas	Hudson		☐
Michael	Levy		☐
Richard	May		☐
Alfred	Mottur		☐
Steven	Wall	Legislative Counsel to Senator Lott	☐
			☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Signature *Document digitally signed on Page 1.* Date 2/13/2006

Printed Name and Title Thomas H. Hudson, Attorney at Law

LD-2DS (Rev. 4.06)

EXHIBIT
Exhibit 178

Registrant Name Brownstein Hyatt & Farber, P.C. Client Name AT&T Corp.

Information Update Page - Complete ONLY where registration information has changed.

20. Client new address

Address

21. Client new principal place of business (if different than line 20)

City State/Zip

22. New general description of client's business or activities

LOBBYIST UPDATE

23. Name of each previously reported individual who is **no longer** expected to act as a lobbyist for the client

1 3

2 4

ISSUE UPDATE

Find the code to select below.

24. General lobbying issues that **no longer** pertain

AFFILIATED ORGANIZATIONS

25. Add the following affiliated organization(s)

Name	Address	Principal place of Business (city and state or country)
	Address C/S/Z Address C/S/Z	

26. Name of each previously reported organization that is **no longer** affiliated with the registrant or client

1 2 3

FOREIGN ENTITIES

27. Add the following foreign entities

Name	Address Street Address City State/Province Country	Principal place of business (city and state or county)	Amount of contribution for lobbying activities	Ownership percentage in client
				%

28. Name of each previously reported foreign entity that **no longer** owns, or controls, or is affiliated with the registrant, client or affiliated organization

1 3 5

2 4 6

Add a page for more updates

Signature *Document digitally signed on Page 1.* Date 2/13/2006

Printed Name and Title Thomas H. Hudson, Attorney at Law

LD-2DS (REV. 4.06)

EXHIBIT
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Washington, DC 20515	Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

1. Registrant name ☒ Organization ☐ Individual

Organization: Bristol-Myers Squibb Company

2. Address ☐ Check if different than previously reported

Address1: 655 15th Street, NW | Address 2: Suite 300

City: Washington | State: DC | Zip Code: 20005 | Country: USA

3. Principal place of business (if different than line 2)

City | State | Zip Code | Country

City | State/Zip or Country

4a. Contact Name (Prefix / Full Name) | b. Telephone number | c. E-mail | 5. Senate ID #

Mr. Richard Thompson | 202-783-8618 | dick.thompson@bms.com | 3158000

7. Client Name ☒ Self | 6. House ID #

Bristol-Myers Squibb Company | 31580000

TYPE OF REPORT 8. Year 2005 Midyear (January 1-June30) ☐ OR Year End (July 1-December 31) ☒

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ ⇨ Termination Date _____ 11. No Lobbying Activity ☐

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying Firms

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☐ ⇨ $ _____

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSES relating to lobbying activities for this reporting period were:

Less than $10,000 ☐

$10,000 or more ☒ ⇨ $ 2,580,000

14. REPORTING METHOD. Check box to indicate expense accounting method. See instructions for description of options.

☒ **Method A.** Reporting amounts using LDA definitions only

☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Form Complete >

Signature: Richard L Thompson | Date: 2/10/2006

Printed Name and Title: Richard Thompson, Senior Vice President, Policy & Government Affairs

LD-2DS (Rev. 4/03)

EXHIBIT
Exhibit 179

Go to 'Form Completed' >

Delete this page

Registrant Name Bristol-Myers Squibb Company Client Name Bristol-Myers Squibb Company

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code BUD - Budget/Appropriations (one per page)

16. Specific lobbying issues

Add page to continue specific issues description for this issue

H.Con.Res.95, Establishing the congressional budget for the United States Government for fiscal year 2006, revising appropriate budgetary levels for fiscal year 2005, and setting forth appropriate budgetary levels for fiscal year 2007 through 2010. Lobbied against an amendment to remove language from the MMA prohibiting HHS from interfacing in negotiations for the drug benefit.
H.R.2744, Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2006. Lobbied to ensure safety of prescription drugs.

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

Department of Agriculture
Department of Health and Human Services
House of Representatives
Senate

18. Name of each individual who acted as a lobbyist in this issue area *Add a page to continue adding lobbyists for this issue*

Name First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Michael	Carozza			☐
Mary-Sumpter	Johnson			☐
Chris	Pernie			☐
Richard	Thompson			☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature _____ Date 2/10/2006

Printed Name and Title Richard Thompson, Senior Vice President, Policy & Government Affairs

LD-2DS (REV. 4/03)

EXHIBIT
Exhibit 179

Go to 'Form Completed'

Delete this page

Registrant Name Bristol-Myers Squibb Company Client Name Bristol-Myers Squibb Company

ADDENDUM for General Lobbying Issue Area BUD

16. Specific lobbying issues (continued from previous page)

H.R.3010, Department of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act 2006. Lobbied for increased funding for Ryan White program.

Add page to continue specific issues description for this issue



Go to 'Form Completed' >
Delete this page

Registrant Name Bristol-Myers Squibb Company Client Name Bristol-Myers Squibb Company

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code CPT - Copyright/Patent/Trademark (one per page)

16. Specific lobbying issues *Add page to continue specific issues description for this issue*

H.R.2795, Patent Act of 2005, Lobbied to ensure strong IP protections for prescriptions drugs.

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

House of Representatives
Senate

18. Name of each individual who acted as a lobbyist in this issue area *Add a page to continue adding lobbyists for this issue*

Name First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Michael	Carozza			☐
Mary-Sumpter	Johnson			☐
John	Ryan			☐
Richard	Thompson			☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature Date

Printed Name and Title Richard Thompson, Senior Vice President, Policy & Government Affairs

LD-2DS (REV. 4/03)

EXHIBIT
Exhibit 179

Go to 'Form Completed' >

Delete this page

Registrant Name Bristol-Myers Squibb Company Client Name Bristol-Myers Squibb Company

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code HCR - Health Issues (one per page)

16. Specific lobbying issues

Add page to continue specific issues description for this issue

H.Con.Res.130, Expressing the sense of the Congress with respect to the awareness, prevention, early detection, and effective treatment of viral hepatitis, and for other purposes. Lobbied for awareness of Hepatitis B.
H.R.2090, Food and Drug Administration Improvement Act of 2005. Lobbied to prevent provisions adverse to prescription drug approval process.

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

House of Representatives
Senate

18. Name of each individual who acted as a lobbyist in this issue area

Add a page to continue adding lobbyists for this issue

Name First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Michael	Carozza			☐
Mary-Sumpter	Johnson			☐
Chris	Pernie			☐
John	Ryan			☐
David	Warr			☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature Date

Printed Name and Title Richard Thompson, Senior Vice President, Policy & Government Affairs

LD-2DS (REV. 4/03)

EXHIBIT
Exhibit 179

Go to 'Form Completed' >
Delete this page

Registrant Name Bristol-Myers Squibb Company Client Name Bristol-Myers Squibb Company

ADDENDUM for General Lobbying Issue Area HCR

16. Specific lobbying issues (continued from previous page)

H.R.3010, Department of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2006, Lobbied for increased funding for AIDS Drug Assistance Program.
H.R.328, Pharmaceutical Market Access Act of 1005, Lobbied to ensure safety of prescription drugs.
H.R.700, Pharmaceutical Market Access Act of 1005, Lobbied to ensure safety of prescription drugs.
H.R.898, Stroke Treatment and Ongoing Prevention Act, Lobbied for passage of the bill.
H.R. 4550, The National Hepatitis B Awareness Act, Lobbied to raise awareness about Hepatitis B and for passage of the bill.
H.R. 3559, Medicare DME Access Act, Lobbied to remove certain DME services from competitive bidding, implement quality standards, and passage of the bill.
S.1064, Stroke Treatment and Ongoing Prevention Act, Lobbied for passage of the bill.

WIC (no bill), Lobbied for improved nutrition and funding sources for the Supplemental Feeding Program for Women, Infants, and Children.

Add page to continue specific issues description for this issue

EXHIBIT
Exhibit 179

Go to 'Form Completed' >
Delete this page

Registrant Name Bristol-Myers Squibb Company Client Name Bristol-Myers Squibb Company

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code MED - Medical/Disease Research/Clinical Labs (one per page)

16. Specific lobbying issues *Add page to continue specific issues description for this issue*

H.R.2090, Food and Drug Administration Improvement Act of 2005, Lobbied to prevent provisions adverse to prescription drug approval process.
H.R.753, Safe IMPORT Act of 2005, Lobbied to prevent unsafe importation of prescription drugs.
H.R.870, Pharmaceutical Research and Manufacturers Accountability Act of 2005, Lobbied to prevent provisions adverse to prescription drug approval process.

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

House of Representatives
Senate

18. Name of each individual who acted as a lobbyist in this issue area *Add a page to continue adding lobbyists for this issue*

Name First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Michael	Carozza			☐
Mary-Sumpter	Johnson			☐
Chris	Pernie			☐
John	Ryan			☐
Richard	Thompson			☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature Date

Printed Name and Title Richard Thompson, Senior Vice President, Policy & Government Affairs

LD-2DS (REV. 4/03)

EXHIBIT
Exhibit 179

Go to 'Form Completed' >

Delete this page

Registrant Name Bristol-Myers Squibb Company Client Name Bristol-Myers Squibb Company

ADDENDUM for General Lobbying Issue Area MED

16. Specific lobbying issues (continued from previous page)

S.16, Affordable Health Care Act, Lobbied to prevent provisions adverse to prescription drug approval process.
S.930, Food and Drug Administration Safety Act of 2005, Lobbied to prevent provisions adverse to prescription drug approval process.
S.184, Safe IMPORT Act of 2005, Lobbied to prevent unsafe importation of prescription drugs.
S.470, FACT Act, Fair Access to Clinical Trials Act of 2005, Lobbied to prevent provisions adverse to prescription drug approval process.

Add page to continue specific issues description for this issue

EXHIBIT
Exhibit 179

Go to 'Form Completed' >
Delete this page

Registrant Name Bristol-Myers Squibb Company Client Name Bristol-Myers Squibb Company

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code MMM - Medicare/Medicaid (one per page)

16. Specific lobbying issues

Add page to continue specific issues description for this issue

H.R.376, Medicare's Equitable Drugs for Seniors Act of 2005, Lobbied against signing a discharge petition to bring this bill to a floor vote.
H.R.563, Prescription Drug Affordability Act of 2005, Lobbied to prevent passage of the bill.
Lobbied to remove federally imposed cap on Puerto Rico for Medicaid funding.

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

House of Representatives
Senate

18. Name of each individual who acted as a lobbyist in this issue area

Add a page to continue adding lobbyists for this issue

Name First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Michael	Carozza			☐
Mary-Sumpter	Johnson			☐
Chris	Pernie			☐
Richard	Thompson			☐
David	Warr			☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature Date

Printed Name and Title Richard Thompson, Senior Vice President, Policy & Government Affairs

LD-2DS (REV. 4/03)

EXHIBIT
Exhibit 179

Go to 'Form Completed' >

Delete this page

Registrant Name Bristol-Myers Squibb Company Client Name Bristol-Myers Squibb Company

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code TAX - Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues

Add page to continue specific issues description for this issue

H.R.1736, Investment in America Act of 2005, Lobbied to extend the research and development tax credit.
H.R.3, Transportation Equity Act, Lobbied to prevent enactment of unnecessary new taxes.
H.R.809, To make permanent the individual income tax rates for capital gains and dividends, Lobbied to ensure passage.
S.627, Investment in America Act of 2005, Lobbied to extend the research and development tax credit.

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

House of Representatives
Senate

18. Name of each individual who acted as a lobbyist in this issue area

Add a page to continue adding lobbyists for this issue

Name			Covered Official Position (if applicable)	New
First Name	Last Name	Suffix		
John	Ryan			☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature Date

Printed Name and Title Richard Thompson, Senior Vice President, Policy & Government Affairs

LD-2DS (REV. 4/03)

EXHIBIT
Exhibit 179

Go to 'Form Completed'

Delete this page

Registrant Name Bristol-Myers Squibb Company Client Name Bristol-Myers Squibb Company

ADDENDUM for General Lobbying Issue Area TAX

16. Specific lobbying issues (continued from previous page)

S.7, Jobs and Growth Tax Relief Act of 2005, Lobbied to ensure passage and extend charitable contribution deduction to Sec. 965 repatriated funds.
S.2020 Tax Relief Act of 2005, Lobbied to amend the IRS Section 170 definition of income for purposes of charitable deductions.
H.R.4297 Tax Relief Extension Reconciliation Act of 2005, Lobbied to amend the IRS Section 170 definition of income for purposes of charitable deductions.
H.R. 3376, Tax Technical Corrections Act of 2005, Lobbied to amend the IRS Section 170 definition of income for purposes of charitable deductions.
S.1447, Tax Technical Corrections Act of 2005, Lobbied to amend the IRS Section 170 definition of income for purposes of charitable deductions.

Add page to continue specific issues description for this issue



Go to 'Form Completed' >
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Registrant Name Bristol-Myers Squibb Company Client Name Bristol-Myers Squibb Company

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code TOR - Torts (one per page)

16. Specific lobbying issues *Add page to continue specific issues description for this issue*

this issue is no longer a valid active issue

17. House(s) of Congress and Federal agencies contacted ☒ Check if None

18. Name of each individual who acted as a lobbyist in this issue area *Add a page to continue adding lobbyists for this issue*

Name			Covered Official Position (if applicable)	New
First Name	Last Name	Suffix		
none	none			☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature Date

Printed Name and Title Richard Thompson, Senior Vice President, Policy & Government Affairs

LD-2DS (REV. 4/03)

EXHIBIT
Exhibit 179

Go to 'Form Completed' >

Delete this page

Registrant Name Bristol-Myers Squibb Company Client Name Bristol-Myers Squibb Company

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code TRD - Trade (Domestic & Foreign) (one per page)

16. Specific lobbying issues

Add page to continue specific issues description for this issue

S.1307, Central American Free Trade Agreement, Lobbied for equitable treatment of pharmaceutical products.
H.R. 3045, Central American Free Trade Agreement, Lobbied for equitable treatment of pharmaceutical products.

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

House of Representatives
Senate

18. Name of each individual who acted as a lobbyist in this issue area Add a page to continue adding lobbyists for this issue

Name First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Michael	Carozza			☐
Chris	Pernie			☐
David	Warr			☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature Date

Printed Name and Title Richard Thompson, Senior Vice President, Policy & Government Affairs

LD-2DS (REV. 4/03)

EXHIBIT
Exhibit 179

Go to 'Form Completed'

Delete this page

Registrant Name Bristol-Myers Squibb Company Client Name Bristol-Myers Squibb Company

Information Update Page - Complete ONLY where registration information has changed.

20. Client new address

Address

City State Zip Code Country

21. Client new principal place of business (if different than line 20)

City State/Zip State Zip Code Country

22. New general description of client's business or activities

LOBBYIST UPDATE

23. Name of each previously reported individual who is **no longer** expected to act as a lobbyist for the client

First Name Last Name Suffix First Name Last Name Suffix

1 3

2 4

ISSUE UPDATE

Find the code to select below.

24. General lobbying issues that **no longer** pertain

TOR

AFFILIATED ORGANIZATIONS

25. Add the following affiliated organization(s)

Name	Address	Principal place of Business (city and state or country)
	Address	City
	C/S/Z	State Country
	Address	City
	C/S/Z	State Country

26. Name of each previously reported organization that is **no longer** affiliated with the registrant or client

1 2 3

FOREIGN ENTITIES

27. Add the following foreign entities

Name	Address (Street Address, City, State/Province, Country)	Principal place of business (city and state or country)	Amount of contribution for lobbying activities	Ownership percentage in client
		City State Country		%

28. Name of each previously reported foreign entity that **no longer** owns, **or** controls, **or** is affiliated with the registrant, client or affiliated organization

1 3 5

2 4 6

Add a page for more updates

Signature _____ Date 2/10/2006

Printed Name and Title Richard Thompson, Senior Vice President, Policy & Government Affairs

LD-2DS (REV. 4/03)

EXHIBIT
Exhibit 179

Clear all data and reset fields

Go to 'Form Completed' >

Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

1. Registrant name ☒ Organization ☐ Individual

Organization: KESSLER & ASSOCIATES BUSINESS SERVICES

2. Address ☐ Check if different than previously reported

Address1: 210 7TH ST., SE | Address 2: SUITE 200

City: WASHINGTON | State: DC | Zip Code: 20003 | Country: USA

3. Principal place of business (if different than line 2)

City | State | Zip Code | Country

City | State/Zip or Country

4a. Contact Name (Prefix / Full Name)	b. Telephone number	c. E-mail	5. Senate ID #
Mr. SHANE YOUNG	202 547 6808	SYOUNG@KESSLERASSOC.COM	

7. Client Name ☐ Self	6. House ID #
BRISTOL-MYERS SQUIBB	30748049

TYPE OF REPORT 8. Year 2005 Midyear (January 1-June30) ☒ OR Year End (July 1-December 31) ☐

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ ⇨ Termination Date _____ 11. No Lobbying Activity ☐

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying Firms

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☒ ⇨ $ 100,000

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSES relating to lobbying activities for this reporting period were:

Less than $10,000 ☐

$10,000 or more ☐ ⇨ $ _____

14. REPORTING METHOD. Check box to indicate expense accounting method. See instructions for description of options.

☐ **Method A.** Reporting amounts using LDA definitions only

☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Edit Form > | Form Complete > | File with Senate >

Senate Password

Signature: Richard S Kessler (Digitally signed by Richard S Kessler, DN: CN = Richard S Kessler, C = US, O = DST Aces Unaffiliated Individual, Reason: I am approving this document, Date: 2006.02.06 14:41:01 -05'00') Date: 2/6/2006

Printed Name and Title: SHANE YOUNG - LEGISLATIVE DIRECTOR

LD-2DS (Rev. 4.06)

EXHIBIT
Exhibit 180

Go to 'Form Completed' >

Delete this page

Registrant Name KESSLER & ASSOCIATES BUSINESS SERVICES Client Name BRISTOL-MYERS SQUIBB

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code TAX - Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues *Add page to continue specific issues description for this issue*

TAXATION REIMPORTATION
CAHRITY DEDUCTION

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

US SENATE
US HOUSE OF REPRESENTATIVES

18. Name of each individual who acted as a lobbyist in this issue area *Add a page to continue adding lobbyists for this issue*

Name			Covered Official Position (if applicable)	New
First Name	Last Name	Suffix		
RICHARD	KESSLER			☐
FRANK	POLK			☐
HON BILLYLEE	EVANS			☐
SCOTT	SPEAR			☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature *Document digitally signed on Page 1.* Date 2/6/2006

Printed Name and Title SHANE YOUNG - LEGISLATIVE DIRECTOR

LD-2DS (Rev. 4.06)

EXHIBIT
Exhibit 180

Clear all data and reset fields

Go to 'Form Completed' >

Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

1. Registrant name ☒ Organization ☐ Individual

Organization: Citigroup Inc.

2. Address ☐ Check if different than previously reported

Address1: 1101 Pennsylvania Avenue, NW Address 2: Suite 1000

City: Washington, DC State: DC Zip Code: 20004 Country: USA

3. Principal place of business (if different than line 2)

City: New York State: NY Zip Code: 10022 Country: USA

City State/Zip or Country

4a. Contact Name Prefix	Full Name	b. Telephone number	c. E-mail	5. Senate ID #
Ms.	Lisa D. T. Rice	202-879-6869	ricel@citigroup.com	34193-12

7. Client Name	6. House ID #
☒ Self Citigroup Inc.	31052000

TYPE OF REPORT 8. Year 2005 Midyear (January 1-June30) ☐ OR Year End (July 1-December 31) ☒

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ ⇨ Termination Date _____ 11. No Lobbying Activity ☐

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying Firms

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☐ ⇨ $ _____

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSES relating to lobbying activities for this reporting period were:

Less than $10,000 ☐

$10,000 or more ☒ ⇨ $ 3,600,000

14. REPORTING METHOD. Check box to indicate expense accounting method. See instructions for description of options.

☒ **Method A.** Reporting amounts using LDA definitions only

☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Edit Form > | Form Complete >

Senate Password _____ File with Senate >

Signature: Lisa D. T. Rice Date: 2/10/2006

Printed Name and Title: Lisa D. T. Rice - Manager, Political & External Affairs

LD-2DS (Rev. 4.06)

EXHIBIT
Exhibit 181

Go to 'Form Completed' >
Delete this page

Registrant Name Citigroup Inc. Client Name Citigroup Inc.

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code BAN - Banking (one per page)

16. Specific lobbying issues *Add page to continue specific issues description for this issue*

H.R. 1185 Federal Deposit Insurance Reform Act of 2005 (Provisions on deposit insurance reform).
H.R. 1224 Business Checking Freedom Act of 2005 (Provisions on interest on business checking).
H.R. 1226 United States Financial Policy Committee for Fair Capital Standards Act (Provisions on Basel II).
H.R. 418 REAL ID Act of 2005 (Provisions related to Matricula Consulars).

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

Department of Education; Department of the Treasury; Executive Office of the President; House of Representatives; Senate; Federal Deposit Insurance Corporation; Office of Management and Budget

18. Name of each individual who acted as a lobbyist in this issue area *Add a page to continue adding lobbyists for this issue*

Name First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Christine	Burgeson			☐
Nicholas	Calio			☐
Michael	Conway			☐
Jimmy	Ryan			☐
Robert	Schellhas			☐
Maura	Solomon			☐
Heather	Wingate			☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature _____ Date 2/10/2006

Printed Name and Title Lisa D. T. Rice - Manager, Political & External Affairs

LD-2DS (Rev. 4.06)

EXHIBIT
Exhibit 181

Go to 'Form Completed'

Delete this page

Registrant Name Citigroup, Inc. Client Name Citigroup, Inc.

ADDENDUM for General Lobbying Issue Area BAN

16. Specific lobbying issues (continued from previous page)

H.R. 4100 Louisiana Recovery Corporation Act (Provisions regarding housing/mortgage issues in the hurricane affected region).
H.R. 799 Consumer Checking Account Fairness Act (Provisions on checking accounts).
H.R. 3449 Consumer Overdraft Protection Fair Practices Act (Provisions related to overdraft protection programs).
H.R. 4241 Deficit Reduction Act of 2005 (Provisions related to deposit insurance reform).
H.R. 4636 Federal Deposit Insurance Reform Conforming Amendments Act of 2005 (Provisions related to deposit insurance reform).
S. 1562 Safe and Fair Deposit Insurance Act of 2005 (Provisions related to deposit insurance reform).
S. 1932 Deficit Reduction Omnibus Reconciliation Act of 2005 (Provisions related to deposit insurance reform).
¦ Met with Executive Office of the President, OMB, and Department of the Treasury regarding money laundering and matricula consulars.
¦ Met with House and Senate staff to discuss potential legislation regarding terrorist financing.

Add page to continue specific issues description for this issue

LD-2DS

EXHIBIT
Exhibit 181

Go to 'Form Completed' >

Delete this page

Registrant Name Citigroup, Inc. Client Name Citigroup, Inc.

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code BNK - Bankruptcy (one per page)

16. Specific lobbying issues

Add page to continue specific issues description for this issue

Worked on implementation of the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005.

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

Executive Office of the President; House of Representatives; Senate

18. Name of each individual who acted as a lobbyist in this issue area

Add a page to continue adding lobbyists for this issue

Name First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Christine	Burgeson			☐
Nicholas	Calio			☐
Michael	Conway			☐
Jeffrey	Levey			☐
Jimmy	Ryan			☐
Robert	Schellhas			☐
Maura	Solomon			☐
Heather	Wingate			☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature Date

Printed Name and Title Lisa D. T. Rice - Manager, Political & External Affairs

LD-2DS (Rev. 4.06)

EXHIBIT
Exhibit 181

Go to 'Form Completed'

Delete this page

Registrant Name Citigroup, Inc. Client Name Citigroup, Inc.

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code BUD - Budget/Appropriations (one per page)

16. Specific lobbying issues

Add page to continue specific issues description for this issue

H.R. 4241 Deficit Reduction Act of 2005 (Provisions related to Federal student loan programs and lobbied for passage of legislation).
S 1932 Deficit Reduction Act of 2005 (Provisions related to Federal student loan programs and lobbied for passage of legislation).

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

House of Representatives; Senate

18. Name of each individual who acted as a lobbyist in this issue area

Add a page to continue adding lobbyists for this issue

First Name	Name Last Name	Suffix	Covered Official Position (if applicable)	New
Nicholas	Calio			☐
Jimmy	Ryan			☐
Robert	Schellhas			☐
Heather	Wingate			☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature Date

Printed Name and Title Lisa D. T. Rice - Manager, Political & External Affairs

LD-2DS (Rev. 4.06)

EXHIBIT
Exhibit 181

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Registrant Name Citigroup, Inc. Client Name Citigroup, Inc.

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code CPT - Copyright/Patent/Trademark (one per page)

16. Specific lobbying issues

Add page to continue specific issues description for this issue

H.R. 2795 Patent Act of 2005 (Sought passage)
¦ Met with House staff to discuss patent reform issues.
¦ Met with Senate staff to discuss patent reform legislation.

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

House of Representatives; Senate; Federal Reserve

18. Name of each individual who acted as a lobbyist in this issue area

Add a page to continue adding lobbyists for this issue

Name First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Nicholas	Calio			☐
Jimmy	Ryan			☐
Robert	Schellhas			☐
Heather	Wingate			☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature Date

Printed Name and Title Lisa D. T. Rice - Manager, Political & External Affairs

LD-2DS (Rev. 4.06)

EXHIBIT
Exhibit 181

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Registrant Name Citigroup, Inc. Client Name Citigroup, Inc.

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code EDU - Education (one per page)

16. Specific lobbying issues

Add page to continue specific issues description for this issue

H.R. 609 College Access and Opportunity Act of 2005 (Provisions related to Federal student loan programs and lobbied for passage of legislation)
S. 1614 Higher Education Amendments of 2005 (Provisions related to Federal student loan programs and lobbied for passage of legislation)

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

House of Representatives; Senate; Executive Office of the President; Department of Education

18. Name of each individual who acted as a lobbyist in this issue area

Add a page to continue adding lobbyists for this issue

Name			Covered Official Position (if applicable)	New
First Name	Last Name	Suffix		
Nicholas	Callo			☐
Jimmy	Ryan			☐
Robert	Schellhas			☐
Heather	Wingate			☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature Date

Printed Name and Title Lisa D. T. Rice - Manager, Political & External Affairs

LD-2DS (Rev. 4.06)

EXHIBIT
Exhibit 181

Go to 'Form Completed' >

Delete this page

Registrant Name Citigroup, Inc. Client Name Citigroup, Inc.

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code FIN - Financial Institutions/Investments/Securiti (one per page)

16. Specific lobbying issues *Add page to continue specific issues description for this issue*

H.CON.RES.95 Establishing the Congressional budget for the U.S. Government for fiscal year 2006, revising appropriate budgetary levels for fiscal year 2005, and setting forth appropriate budgetary levels for fiscal years 2007 through 2010 (Sought passage).
H.R. 1069 Notification of Risk to Personal Data Act (Provisions on data security).
H.R. 1078 Social Security Number Protection Act of 2005 (Provisions on Social Security number restrictions).

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

Department of Justice; Department of the Treasury; Office of Management & Budget; General Services Administration; Department of Education; Executive Office of the President; House of Representatives; Senate; National Economic Council; Federal Reserve Board; CFTC.

18. Name of each individual who acted as a lobbyist in this issue area *Add a page to continue adding lobbyists for this issue*

Name First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Michael	Andrews			☐
Christine	Burgeson			☐
Nicholas	Calio			☐
Michael	Conway			☐
Jeffrey	Levey			☐
Jimmy	Ryan			☐
Robert	Schellhas			☐
Maura	Solomon			☐
Heather	Wingate			☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature Date

Printed Name and Title Lisa D. T. Rice - Manager, Political & External Affairs

LD-2DS (Rev. 4.06)

EXHIBIT
Exhibit 181

Go to 'Form Completed'

Delete this page

Registrant Name Citigroup, Inc. Client Name Citigroup, Inc.

ADDENDUM for General Lobbying Issue Area FIN

16. Specific lobbying issues (continued from previous page)

H.R. 1080 Information Protection and Security Act (Provisions on data security).
H.R. 1182 Prohibit Predatory Lending Act of 2005 (Provisions on predatory lending).
H.R. 1263 Consumer Privacy Protection Act of 2005 (Provisions on financial security).
H.R. 1295 Responsible Lending Act (Provisions on predatory lending).
H.R. 1653 Safeguarding Americans From Exporting Identification Data Act (Provisions on data privacy).
H.R. 29 Securely Protect Yourself Against Cyber Trespass Act - SPY Act (Provisions on spyware).
H.R. 3140 Consumer Data Security and Notification Act of 2005 (Provisions on data security).
H.R. 458 The Military Personnel Financial Services Protection Act of 2005 (Sought passage).
H.R. 516 Class Action Fairness Act of 2005 (Sought passage).
H.R. 744 Internet Spyware Prevention Act of 2005 (I-SPY) (Provisions on data security).
S. 1004 Enhanced Consumer Protection Against Spyware Act of 2005 (Provisions on spyware).
S. 1040 Credit Card Minimum Payment Notification Act (Provisions on credit cards).
S. 115 Notification of Risk to Personal Data Act (Provisions on data security).
S. 1216 Financial Privacy Breach Notification Act of 2005 (Provisions on data security).
S. 1326 Notification of Risk to Personal Data Act (Provisions on data security).
S. 1332 Personal Data Privacy and Security Act of 2005 (Provisions on data security).
S. 1336 Consumer Identity Protection and Security Act (Provisions on Social Security number restrictions).
S. 190 Federal Housing Finance Reform Act of 2005 (Provisions on GSE reform).
S. 29 Social Security Numbers Protection Act (Provisions on Social Security number restrictions).
S. 393 Credit Card Minimum Payment Warning Act of 2005 (Provisions on credit cards).
S. 499 Credit Card Accountability Responsibility and Disclosure Act of 2005 (Provisions on credit cards).
S. 5 Class Action Fairness Act (Sought passage).
S. 500 Information Protection and Security Act (Provisions on data security).
S. 687 Software Principles Yielding Better Levels of Consumer Knowledge Act - SPY BLOCK Act (Provisions on spyware).
S. 714 Junk Fax Prevention Act of 2005 (Implementation issues).
S. 751 Notification of Risk to Personal Data Act (Provisions on data security).
S. 768 Comprehensive Identity Theft Prevention Act (Provisions on data security and ID theft).
S. 810 Safeguarding Americans From Exporting Identification Data Act - SAFE ID Act (Provisions on data privacy)
H.R. 1461 Federal Housing Finance Reform Act of 2005 (Provisions on GSE reform).
H.R. 1619 Loan Shark Prevention Act (Provisions related to credit card fees).
H.R. 2862 Science, State, Justice, Commerce, and Related Agencies Appropriations Act, 2006 (Provisions related to Internet gambling).
H.R. 3058 Transportation, Treasury, Housing and Urban Development, the Judiciary, the District of Columbia, and Independent Agencies Appropriations Act, 2006 (Provisions related to credit card fees).
H.R. 3140 Consumer Data Security and Notification Act of 2005 (Provisions on data security).
H.R. 3374 Consumer Notification and Financial Data Protection Act of 2005 (Provisions on data security).
H.R. 3375 Financial Data Security Act of 2005 (Provisions on data security).
H.R. 3426 The Preservation of Federalism in Banking Act (Provisions on OCC preemption).
H.R. 3492 Consumer Credit Card Protection Act of 2005 (Provisions related to credit card fees).
H.R. 3505 Financial Services Regulatory Relief Act of 2005 (Provisions on regulatory burden relief).
H.R. 3852 Credit Card Minimum Payment Warning Act of 2005 (Provisions related to credit card fees).
H.R. 3882 The Financial Safety and Equity Act of 2005 (Provisions on ILCs).
H.R. 3893 Gasoline for America's Security Act of 2005 (Provisions related to interchange study).
H.R. 3997 Financial Data Protection Act of 2005 (Sought passage).
H.R. 4127 Data Accountability and Trust Act (DATA) (Provisions on data security).
H.R. 4411 The Unlawful Internet Gambling Enforcement Act of 2005 (Provisions related to credit cards).

Add page to continue specific issues description for this issue

EXHIBIT
Exhibit 181

Go to 'Form Completed' >
Delete this page

Registrant Name Citigroup Inc. Client Name Citigroup, Inc.

ADDENDUM for General Lobbying Issue Area FIN

16. Specific lobbying issues (continued from previous page)

S. 1408 Identity Theft Protection Act (Provisions on data security).
S. 1502 The Preservation of Federalism in Banking Act (Provisions on OCC preemption).
S. 1586 Interest on Business Checking Act of 2005 (Provisions on interest on business checking).
S. 1789 Personal Data Privacy and Security Act of 2005 (Provisions on data security).
S. 1566 CFTC Reauthorization
H.R. 4473 CFTC Reauthorization
Met with CFTC.
Met with House and Senate Agriculture Committee staffs on CFTC reauthorization.
Spoke with Federal Reserve.
Spoke with Department of the Treasury.
Met with House and Senate staff on data security and identity theft.
Met with Treasury and White House staff on data security and identity theft.
Met with House and Senate staff on credit card issues.
Met with White House and OMB to discuss regulatory reform in regard to RESPA Act.
Met with OMB and GSA to discuss GSA mortgage relocation.
Met with House and Senate staff regarding Reg NMS/Market Structure.
Met with the Department of Education staff regarding the student loan program.
Met with House and Senate members and staff on credit card interchange.
Met with House and Senate staff to discuss industrial loan corporations.
Met with Federal Reserve Board staff to discuss industrial loan corporations.

Add page to continue specific issues description for this issue

EXHIBIT
Exhibit 181

Go to 'Form Completed' >

Delete this page

Registrant Name Citigroup, Inc. Client Name Citigroup, Inc.

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code INS - Insurance (one per page)

16. Specific lobbying issues

Add page to continue specific issues description for this issue

H.R. 1153 Terrorism Insurance Backstop Extension Act of 2005 (Provisions related to reauthorization of TRIA)
H.R. 4314 Terrorism Risk Insurance Act of 2005 (Lobbied for passage of legislation)
S. 467 Terrorism Risk Insurance Extension Act of 2005 (Lobbied for passage of legislation)
¦ Met with House and Senate staff regarding agent licensing
¦ Met with House and Senate staff regarding the SMART Act

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

House of Representatives; Senate; Executive Office of the President

18. Name of each individual who acted as a lobbyist in this issue area

Add a page to continue adding lobbyists for this issue

Name			Covered Official Position (if applicable)	New
First Name	Last Name	Suffix		
Christine	Burgeson			☐
Nicholas	Calio			☐
Michael	Conway			☐
Jeffrey	Levey			☐
Jimmy	Ryan			☐
Robert	Schellhas			☐
Maura	Solomon			☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature Date

Printed Name and Title Lisa D. T. Rice - Manager, Political & External Affairs

LD-2DS (Rev. 4.06)

EXHIBIT
Exhibit 181

Go to 'Form Completed'

Delete this page

Registrant Name Citigroup, Inc. Client Name Citigroup, Inc.

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code POS - Postal (one per page)

16. Specific lobbying issues

Add page to continue specific issues description for this issue

H.R. 22 Postal Accountability and Enhancement Act (Sought passage)
S. 662 Postal Accountability and Enhancement Act (Sought passage)

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

Executive Office of the President; House of Representatives; Senate

18. Name of each individual who acted as a lobbyist in this issue area

Add a page to continue adding lobbyists for this issue

Name			Covered Official Position (if applicable)	New
First Name	Last Name	Suffix		
Christine	Burgeson			☐
Nicholas	Calio			☐
Michael	Conway			☐
Jimmy	Ryan			☐
Robert	Schellhas			☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature Date

Printed Name and Title Lisa D. T. Rice - Manager, Political & External Affairs

LD-2DS (Rev. 4.06)

EXHIBIT
Exhibit 181

Go to 'Form Completed'

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Registrant Name Citigroup, Inc. Client Name Citigroup, Inc.

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code RET - Retirement (one per page)

16. Specific lobbying issues

Add page to continue specific issues description for this issue

H.R. 2830 Pension Protection Act of 2005 (Sought passage)
S. 1783 Pension Security and Transparency Act of 2005 (Sought passage)
S. 1953 National Employee Savings and Trust Equity Guarantee Act of 2005 (Sought passage)
S. 219 National Employee Savings and Trust Equity Guarantee Act of 2005 (Sought passage)

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

Department of the Treasury; Executive Office of the President; House of Representatives; Senate

18. Name of each individual who acted as a lobbyist in this issue area

Add a page to continue adding lobbyists for this issue

Name			Covered Official Position (if applicable)	New
First Name	Last Name	Suffix		
Nicholas	Calio			☐
Michael	Conway			☐
Jeffrey	Levey			☐
Robert	Schellhas			☐
Heather	Wingate			☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature Date

Printed Name and Title Lisa D. T. Rice - Manager, Political & External Affairs

LD-2DS (Rev. 4.06)

EXHIBIT
Exhibit 181

Go to 'Form Completed'
Delete this page

Registrant Name Citigroup, Inc. Client Name Citigroup, Inc.

ADDENDUM for General Lobbying Issue Area RET

16. Specific lobbying issues (continued from previous page)

S. 546 Retirement Savings Account Act (Sought passage)
¦ Met with House and Senate members and staff regarding passage of pension reform.
¦ Met with White House staff to discuss Social Security reform issues.

Add page to continue specific issues description for this issue

EXHIBIT
Exhibit 181

Go to 'Form Completed' >

Delete this page

Registrant Name Citigroup, Inc. Client Name Citigroup, Inc.

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code TAX - Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues

Add page to continue specific issues description for this issue

H.R. 1417 To amend the Internal Revenue Code of 1986 to permanently extend the subpart F exemption for action financing income (Sought passage)
H.R. 1956 Business Activity Tax Simplification Act of 2005 (Sought passage)
H. R. 2911 To amend the Internal Revenue Code of 1986 to permanently extend the subpart F exemption for active finanacing (Sought passage)
H.R. 4247 "Tax Relief Extension Reconciliation Act of 2005" (Sought passage)

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

Department of Commerce; Department of the Treasury; Executive Office of the President; House of Representatives; Internal Revenue Service; Joint Committee on Taxation; Senate

18. Name of each individual who acted as a lobbyist in this issue area

Add a page to continue adding lobbyists for this issue

Name: First Name	Name: Last Name	Name: Suffix	Covered Official Position (if applicable)	New
Michael	Andrews			☐
Christine	Burgeson			☐
Nicholas	Calio			☐
Michael	Conway			☐
Jeffrey	Levey			☐
Jimmy	Ryan			☐
Robert	Schellhas			☐
Maura	Solomon			☐
Heather	Wingate			☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature Date

Printed Name and Title Lisa D. T. Rice - Manager, Political & External Affairs

LD-2DS (Rev. 4.06)

EXHIBIT
Exhibit 181

Go to 'Form Completed'

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Registrant Name Citigroup, Inc. Client Name Citigroup, Inc.

ADDENDUM for General Lobbying Issue Area TAX

16. Specific lobbying issues (continued from previous page)

S. 1159 A bill to amend the Internal Revenue Code of 1986 to permanently extend the subpart F exemption for active financing (Sought passage)
S. 1230 Highway Reauthorization and Excise Tax Simplification Act of 2005 (Provisions on credit card excise tax)
S. 1327 A bill to amend the Internal Revenue Code of 1986 to modify the active business definition under Section 355 (Sought passage)
S. 2030 Tax Relief Act of 2005 (Sought pasage)
S. 750 A bill to amend the Internal Revenue Code of 1986 to allow look-through treatment of payments between related foreign coporations (Sought pasage)
¦ Met with House Ways and Means Committee and Senate Finance Committee to discuss technical corrections.

Add page to continue specific issues description for this issue

EXHIBIT
Exhibit 181

Go to 'Form Completed' >

Delete this page

Registrant Name Citigroup, Inc. Client Name Citigroup, Inc.

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code TRD - Trade (Domestic & Foreign) (one per page)

16. Specific lobbying issues *Add page to continue specific issues description for this issue*

H.R. 3045 Dominican Republic - Central America - United States Free Trade Agreement Implementation Act (Sought passage)
H.R. 4340 United States - Bahrain Free Trade Implementation Act (Sought passage)
S. 1307 Dominican Republic - Central America - United States Free Trade Agreement Implementation Act (Sought passage)

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

Agency for International Development; Department of Commerce; Department of State; Department of the Treasury; Executive Office of the President; Export/Import Bank of the United States; House of Representatives; National Economic Council; Office of the United States Trade Representative; Overseas Private Investment Corp.; Senate

18. Name of each individual who acted as a lobbyist in this issue area *Add a page to continue adding lobbyists for this issue*

Name: First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Michael	Andrews			☐
Nicholas	Calio			☐
Michael	Conway			☐
Lionel	Johnson			☐
Jimmy	Ryan			☐
Robert	Schellhas			☐
Maura	Solomon			☐
Heather	Wingate			☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature Date

Printed Name and Title Lisa D. T. Rice - Manager, Political & External Affairs

LD-2DS (Rev. 4.06)

EXHIBIT
Exhibit 181

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Delete this page

Registrant Name Citigroup, Inc. Client Name Citigroup, Inc.

ADDENDUM for General Lobbying Issue Area TRD

16. Specific lobbying issues (continued from previous page)

S. 2027 United States - Bahrain Free Trade Implementation Act (Sought passage)
S. 295 A bill to authorize apprpriate action if the negotiations with the People's Republic of China regarding China's undervalued currency are not successful (Opposed passage)
¦ Met with Members of Congress, White House officials and Congressional staff regarding passage of DR-CAFTA.
¦ Met with USTR and Department of the Treasury in support of negotiations leading to the Russian Feerations' accession to the WTO.
¦ Met with the USTR and the Department of the Treasury in support of negotiations leading to the Socialist Republic of Vietnam's accession to the WTO.
¦ Met with House Ways and Means Committee and Senate Finance Committee staff in support of approval of the Free Trade Agreement between the United States and the Kingdom of Bahrain.

Add page to continue specific issues description for this issue

EXHIBIT
Exhibit 181

Go to 'Form Completed' >

Delete this page

Registrant Name Citigroup Inc. Client Name Citigroup Inc.

Information Update Page - Complete ONLY where registration information has changed.

20. Client new address

Address

City State Zip Code Country

21. Client new principal place of business (if different than line 20)

City State/Zip State Zip Code Country

22. New general description of client's business or activities

LOBBYIST UPDATE

23. Name of each previously reported individual who is **no longer** expected to act as a lobbyist for the client

	First Name	Last Name	Suffix		First Name	Last Name	Suffix
1	Sara	Nokes		3			
2				4			

ISSUE UPDATE

Find the code to select below.

24. General lobbying issues that **no longer** pertain

AFFILIATED ORGANIZATIONS

25. Add the following affiliated organization(s)

Name	Address	Principal place of Business (city and state or country)
	Address	City
	C/S/Z	State Country
	Address	City
	C/S/Z	State Country

26. Name of each previously reported organization that is **no longer** affiliated with the registrant or client

1 2 3

FOREIGN ENTITIES

27. Add the following foreign entities

Name	Address (Street Address, City, State/Province, Country)	Principal place of business (city and state or country)	Amount of contribution for lobbying activities	Ownership percentage in client
		City State Country		%

28. Name of each previously reported foreign entity that **no longer** owns, or controls, or is affiliated with the registrant, client or affiliated organization

1 3 5

2 4 6

Add a page for more updates

Signature _____ Date 2/10/2006

Printed Name and Title Lisa D. T. Rice - Manager, Political & External Affairs

LD-2DS (REV.4.06)

EXHIBIT
Exhibit 181

Clear all data and reset fields

Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

1. Registrant name ☒ ☐
The Duberstein Group Inc.

2. Address ☐ Check if different than previously reported
2100 Pennsylvania Ave. NW Suite 500
Washington DC 20037 USA

3. Principal place of business (if different than line 2)
City State/Zip or Country

4a. Contact Name	b. Telephone number	c. E-mail	5. Senate ID #
Mr. Michael S. Berman	202-728-1100	mberman@dubersteingroup.com	12675-140
7. Client Name ☐ Self			6. House ID #
Goldman, Sachs & Co.			31811009

TYPE OF REPORT 8. Year 2005 Midyear (January 1-June30) ☐ OR Year End (July 1-December 31) ☒

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ ⇨ Termination Date _____ 11. No Lobbying Activity ☐

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying Firms

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☒ ⇨ $ 20,000

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSES relating to lobbying activities for this reporting period were:

Less than $10,000 ☐

$10,000 or more ☐ ⇨ $ _____

14. REPORTING METHOD. Check box to indicate expense accounting method. See instructions for description of options.

☐ **Method A.** Reporting amounts using LDA definitions only
☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code
☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Edit Form > Form Complete >
Senate Password _____ File with Senate >

Signature Michael S Berman Digitally signed by Michael S Berman DN: CN = Michael S Berman, C = US, O = DST ACES Business Representative, OU = ACES Trusted Business Certificate Date: 2006.02.13 17:21:58 -05'00' Date 2/13/2006

Printed Name and Title Michael S. Berman, President

LD-2DS (Rev. 4.04)

EXHIBIT
Exhibit 182

Registrant Name The Dubersteln Group Inc. Client Name Goldman, Sachs & Co.

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code ENG - Energy/Nuclear (one per page)

16. Specific lobbying issues

Regulation of derivatives, transparency, trades -- HR 6, Energy Policy Act of 2005

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

House of Representatives

18. Name of each individual who acted as a lobbyist in this issue area

Name		Covered Official Position (if applicable)	New
Michael	Berman		☐
Steven	Champlin		☐
Kenneth	Duberstein		☐
Henry	Gandy		☐
Daniel	Meyer		☐
			☐
			☐
			☐
			☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Signature _____ Date 2/13/2006

Printed Name and Title Michael S. Berman, President

LD-2DS (Rev. 4.04)

EXHIBIT
Exhibit 182

Registrant Name The Duberstein Group Inc. Client Name Goldman, Sachs & Co.

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code FIN - Financial Institutions/Investments/Securiti (one per page)

16. Specific lobbying issues

Futures exchange regulation -- HR 1638, Commodities Exchange Improvements Act of 2005; HR 2744, Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2006; HR 4473, CFTC Reauthorization Act of 2005; S 1566, Commodity Exchange Reauthorization Act of 2005

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

House of Representatives, Senate

18. Name of each individual who acted as a lobbyist in this issue area

Name		Covered Official Position (if applicable)	New
Michael	Berman		☐
Steven	Champlin		☐
Kenneth	Duberstein		☐
Henry	Gandy		☐
Daniel	Meyer		☐
			☐
			☐
			☐
			☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Printed Name and Title Michael S. Berman, President

LD-2DS (Rev. 4.04)

EXHIBIT
Exhibit 182

Registrant Name The Duberstein Group Inc. Client Name Goldman, Sachs & Co.

LOBBYINGACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code GOV - Government Issues (one per page)

16. Specific lobbying issues

Bankruptcy reform -- HR 685, Bankruptcy Abuse Prevention and Consumer Protection Act of 2005; S 256, Bankruptcy Abuse Prevention and Consumer Protection Act of 2005

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

House of Representatives, Senate

18. Name of each individual who acted as a lobbyist in this issue area

Name		Covered Official Position (if applicable)	New
Michael	Berman		☐
Steven	Champlin		☐
Kenneth	Duberstein		☐
Henry	Gandy		☐
Daniel	Meyer		☐
			☐
			☐
			☐
			☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Printed Name and Title Michael S. Berman, President

LD-2DS (Rev. 4.04)

EXHIBIT
Exhibit 182

Registrant Name The Duberstein Group Inc. Client Name Goldman, Sachs & Co.

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code RET - Retirement (one per page)

16. Specific lobbying issues

Pension issues -- HR 2830, Pension Protection Act of 2005; HR 4241, Deficit Reduction Act of 2005; HR 4297, To provide for reconciliation pursuant to section 201(b) of the concurrent resolution on the budget for fiscal year 2006; S 219, National Employee Savings and Trust Equity Guarantee Act of 2005; S 1783, Pension Security and Transparency Act of 2005; S 1825, Multiemployer Plan Funding and Deduction Reform Act of 2005; S 1932, Deficit Reduction Omnibus Reconciliation Act of 2005; S 2020, Tax Relief Act of 2005

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

House of Representatives, Senate, Department of Labor

18. Name of each individual who acted as a lobbyist in this issue area

Name		Covered Official Position (if applicable)	New
Michael	Berman		☐
Steven	Champlin		☐
Kenneth	Duberstein		☐
Henry	Gandy		☐
Daniel	Meyer		☐
			☐
			☐
			☐
			☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Printed Name and Title Michael S. Berman, President

LD-2DS (Rev. 4.04)

EXHIBIT
Exhibit 182

Registrant Name The Duberstein Group Inc. Client Name Goldman, Sachs & Co.

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code TAX - Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues

Tax reform, including extension of capital gains and dividend income tax provisions, and Section 355 -- HR 4297, To provide for reconciliation pursuant to section 201(b) of the concurrent resolution on the budget for fiscal year 2006; S 2020, Tax Relief Act of 2005

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

House of Representatives, Senate, Department of the Treasury

18. Name of each individual who acted as a lobbyist in this issue area

Name		Covered Official Position (if applicable)	New
Michael	Berman		☐
Steven	Champlin		☐
Kenneth	Duberstein		☐
Henry	Gandy		☐
Daniel	Meyer		☐
			☐
			☐
			☐
			☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Printed Name and Title Michael S. Berman, President

LD-2DS (Rev. 4.04)

EXHIBIT
Exhibit 182

Registrant Name The Duberstein Group Inc. Client Name Goldman, Sachs & Co.

Information Update Page - Complete ONLY where registration information has changed.

20. Client new address

21. Client new principal place of business (if different than line 20)

City State/Zip

22. New general description of client's business or activities

LOBBYIST UPDATE

23. Name of each previously reported individual who is **no longer** expected to act as a lobbyist for the client

John W. Angus III

ISSUE UPDATE

24. General lobbying issues that **no longer** pertain

AFFILIATED ORGANIZATIONS

25. Add the following affiliated organization(s)

Name	Address	Principal place of Business (city and state or country)

26. Name of each previously reported organization that is **no longer** affiliated with the registrant or client

FOREIGN ENTITIES

27. Add the following foreign entities

Name	Address	Principal place of business (city and state or country)	Amount of contribution for lobbying activities	Ownership percentage in client
				%

28. Name of each previously reported foreign entity that **no longer** owns, **or** controls, **or** is affiliated with the registrant, client or affiliated organization

Signature _____ Date 2/13/2006

Printed Name and Title Michael S. Berman, President

LD-2DS (REV. 4.04)

EXHIBIT
Exhibit 182

Clear all data and reset fields

Go to "Form Completed"

Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

1. Registrant name ☒ Organization ☐ Individual

Organization: Vinson & Elkins LLP

2. Address ☐ Check if different than previously reported

Address1: 1455 Pennsylvania Avenue, NW Address 2: Suite 600

City: Washington State: DC Zip Code: 20004-1008 Country: USA

3. Principal place of business (if different than line 2)

City State Zip Code Country

City State/Zip or Country

4a. Contact Name (Prefix / Full Name)	b. Telephone number	c. E-mail	5. Senate ID #
Ms. Christine L. Vaughn	202-639-6517	cvaughn@velaw.com	40112-226
7. Client Name ☐ Self			6. House ID #
Goldman, Sachs & Co.			31414008

TYPE OF REPORT 8. Year 2005 Midyear (January 1-June30) ☐ OR Year End (July 1-December 31) ☒

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ ⇨ Termination Date _____ 11. No Lobbying Activity ☐

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying Firms

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☒ ⇨ $ 60,000

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSES relating to lobbying activities for this reporting period were:

Less than $10,000 ☐

$10,000 or more ☐ ⇨ $ _____

14. REPORTING METHOD. Check box to indicate expense accounting method. See instructions for description of options.

☐ **Method A.** Reporting amounts using LDA definitions only

☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Edit Form > Form Complete >

Senate Password _____ File with Senate >

Signature: Christine L Vaughn Date: 2/14/2006

Printed Name and Title: Christine L. Vaughn, Partner

LD-2DS (Rev. 4.06)

EXHIBIT
Exhibit 183

Clear all data and reset fields

Go to 'Form Completed' >

Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

1. Registrant name ☒ Organization ☐ Individual

Organization: Vinson & Elkins LLP

2. Address ☐ Check if different than previously reported

Address1: 1455 Pennsylvania Avenue, NW | Address 2: Suite 600

City: Washington | State: DC | Zip Code: 20004-1008 | Country: USA

3. Principal place of business (if different than line 2)

City | State | Zip Code | Country

City | State/Zip or Country

4a. Contact Name Prefix	Full Name	b. Telephone number	c. E-mail	5. Senate ID #
Ms.	Christine L. Vaughn	202-639-6517	cvaughn@velaw.com	40112-226

7. Client Name ☐ Self	6. House ID #
Goldman, Sachs & Co.	31414008

TYPE OF REPORT 8. Year 2005 Midyear (January 1-June30) ☐ OR Year End (July 1-December 31) ☒

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ ⇨ Termination Date _____ 11. No Lobbying Activity ☐

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying Firms

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☒ ⇨ $ 60,000

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSES relating to lobbying activities for this reporting period were:

Less than $10,000 ☐

$10,000 or more ☐ ⇨ $ _____

14. REPORTING METHOD. Check box to indicate expense accounting method. See instructions for description of options.

☐ **Method A.** Reporting amounts using LDA definitions only

☐ **Method B.** Reporting amounts under section 6033(h)(8) of the Internal Revenue Code

☐ **Method C.** Reporting amounts under section 162(c) of the Internal Revenue Code

Edit Form > | Form Complete >

Senate Password _____ | File with Senate >

Signature: Christine L Vaughn (Digitally signed by Christine L. Vaughn DN: CN = Christine L. Vaughn, C = US, O = GST ACES Business Reason/Modifier, OU = ACES Trust Basic Certificate Date: 2006.02.14 15:10:56 -05'00')

Date: 2/14/2006

Printed Name and Title: Christine L. Vaughn, Partner

LD-2DS (Rev. 4.06)

EXHIBIT
Exhibit 183

Go to 'Form Completed'

Delete this page

Registrant Name Vinson & Elkins LLP Client Name Goldman, Sachs & Co.

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code TAX - Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues

Add page to continue specific issues description for this issue

Tax issues relatiang to investment banks and financial products.

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

U.S. Senate
U.S. House of Representatives
Department of the Treasury

18. Name of each individual who acted as a lobbyist in this issue area

Add a page to continue adding lobbyists for this issue

Name			Covered Official Position (if applicable)	New
First Name	Last Name	Suffix		
Christine L.	Vaughn			☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature *Document digitally signed on Page 1.* Date 2/14/2006

Printed Name and Title Christine L. Vaughn, Partner

LD-2DS (Rev. 4.06)

EXHIBIT
Exhibit 183

Clear all data and reset fields

Go to 'Form Completed' >

Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

1. Registrant name ☒ Organization ☐ Individual

Organization: Goldman, Sachs, & Co.

2. Address ☐ Check if different than previously reported

Address1: 101 Constitution Avenue NW Address 2: Suite 1000 East

City: Washington State: DC Zip Code: 20001 Country: USA

3. Principal place of business (if different than line 2)

City: New York State: NY Zip Code: 10004 Country: USA

City State/Zip or Country

4a. Contact Name (Prefix / Full Name)	b. Telephone number	c. E-mail	5. Senate ID #
Mr. Judah C. Sommer	202-637-3760	judah.sommer@gs.com	300798-12

7. Client Name	6. House ID #
☒ Self Goldman, Sachs, & Co.	37707000

TYPE OF REPORT 8. Year 2005 Midyear (January 1-June30) ☐ OR Year End (July 1-December 31) ☒

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ ⇨ Termination Date _____ 11. No Lobbying Activity ☐

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying Firms

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☐ ⇨ $ _____

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSES relating to lobbying activities for this reporting period were:

Less than $10,000 ☐

$10,000 or more ☒ ⇨ $ 600,000

14. REPORTING METHOD. Check box to indicate expense accounting method. See instructions for description of options.

☒ **Method A.** Reporting amounts using LDA definitions only

☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Edit Form > | Form Complete >

Senate Password _____ | File with Senate >

Signature: Judah C Sommer Date: 2/10/2006

Printed Name and Title: Mr. Judah C. Sommer, Managing Director

LD-2DS (Rev. 4.04)

EXHIBIT
Exhibit 184

Go to "Form Completed" >

Delete this page

Registrant Name Goldman, Sachs, & Co. Client Name Goldman, Sachs, & Co.

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code TAX - Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues

Add page to continue specific issues description for this issue

HR 4397, Tax Relief Extension Reconciliation Act of 2005, all Sections
S 2020, Tax Relief Act of 2005, all Sections
Tax Code Section 355(e)
HR 4440, Gulf Opportunity Zone, all Section

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

U.S. Senate
U.S. House of Representatives

18. Name of each individual who acted as a lobbyist in this issue area *Add a page to continue adding lobbyists for this issue*

Name			Covered Official Position (if applicable)	New
First Name	Last Name	Suffix		
Lori	Laudien			☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature *Document digitally signed on Page 1.* Date 2/10/2006

Printed Name and Title Mr. Judah C. Sommer, Managing Director

LD-2DS (Rev. 4.04)

EXHIBIT
Exhibit 184

Go to 'Form Completed' >

Delete this page

Registrant Name Goldman, Sachs, & Co. Client Name Goldman, Sachs, & Co.

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code TRD - Trade (Domestic & Foreign) (one per page)

16. Specific lobbying issues *Add page to continue specific issues description for this issue*

Financial Services issues within the WTO

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

U.S. Senate
U.S. House of Representatives
Treasury Department
Commerce Department
Office of the U.S. Trade Representative

18. Name of each individual who acted as a lobbyist in this issue area *Add a page to continue adding lobbyists for this issue*

Name: First Name	Name: Last Name	Name: Suffix	Covered Official Position (if applicable)	New
Peter	Bass			☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature Date

Printed Name and Title Mr. Judah C. Sommer, Managing Director

LD-2DS (Rev. 4.04)

EXHIBIT
Exhibit 184

Go to "Form Completed" >

Delete this page

Registrant Name Goldman, Sachs, & Co. Client Name Goldman, Sachs, & Co.

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code CDT - Commodities (Big Ticket) (one per page)

16. Specific lobbying issues

Add page to continue specific issues description for this issue

HR 4473, CFTC Reauthorization Act of 2005, all Sections
S 1566, Commodity Exchange Reauthorization Act of 2005, all Sections

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

U.S. Senate
U.S. House of Representatives

18. Name of each individual who acted as a lobbyist in this issue area

Add a page to continue adding lobbyists for this issue

Name First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Ann	Costello			☐
Lori	Laudien			☐
Mark	Patterson		Policy Director, Senator Tom Daschle	☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature Date

Printed Name and Title Mr. Judah C. Sommer, Managing Director

LD-2DS (Rev. 4.04)

EXHIBIT
Exhibit 184

Go to 'Form Completed' >

Delete this page

Registrant Name Goldman, Sachs, & Co. Client Name Goldman, Sachs, & Co.

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code CPT - Copyright/Patent/Trademark (one per page)

16. Specific lobbying issues *Add page to continue specific issues description for this issue*

HR 2795, Patent Act of 2005, all Sections

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

U.S. Senate

18. Name of each individual who acted as a lobbyist in this issue area *Add a page to continue adding lobbyists for this issue*

Name: First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Lori	Laudien			☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature Date

Printed Name and Title Mr. Judah C. Sommer, Managing Director

LD-2DS (Rev. 4.04)

EXHIBIT
Exhibit 184

Go to 'Form Completed'

Delete this page

Registrant Name Goldman, Sachs, & Co. Client Name Goldman, Sachs, & Co.

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code DEF - Defense (one per page)

16. Specific lobbying issues

Add page to continue specific issues description for this issue

Issues related to Military housing

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

Office of Management and Budget

18. Name of each individual who acted as a lobbyist in this issue area

Add a page to continue adding lobbyists for this issue

Name			Covered Official Position (if applicable)	New
First Name	Last Name	Suffix		
Peter	Bass			☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature Date

Printed Name and Title Mr. Judah C. Sommer, Managing Director

LD-2DS (Rev. 4.04)

EXHIBIT
Exhibit 184

Go to 'Form Completed' >

Delete this page

Registrant Name Goldman, Sachs, & Co. Client Name Goldman, Sachs, & Co.

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code ENG - Energy/Nuclear (one per page)

16. Specific lobbying issues

Add page to continue specific issues description for this issue

HR 3893, Gasoline for America Security Act of 2005, all Sections
HR 6, Energy Policy Act of 2005, all Sections

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

U.S. House of Representatives

18. Name of each individual who acted as a lobbyist in this issue area

Add a page to continue adding lobbyists for this issue

Name			Covered Official Position (if applicable)	New
First Name	Last Name	Suffix		
Lori	Laudien			☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature Date

Printed Name and Title Mr. Judah C. Sommer, Managing Director

LD-2DS (Rev. 4.04)

EXHIBIT
Exhibit 184

Go to 'Form Completed'

Delete this page

Registrant Name Goldman, Sachs, & Co. Client Name Goldman, Sachs, & Co.

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code INS - Insurance (one per page)

16. Specific lobbying issues

Add page to continue specific issues description for this issue

HR 4513, Terrorism Risk Insurance Program Temporary Extension Act of 2005, all Sections
HR 4314, Terrorism Risk Insurance Revision Act of 2005, all Sections
S 467, Terrorism Risk Insurance Extension Act of 2005, all Sections

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

U.S. Senate
U.S. House of Representatives

18. Name of each individual who acted as a lobbyist in this issue area Add a page to continue adding lobbyists for this issue

Name: First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Ann	Costello			☐
Lori	Laudien			☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature Date

Printed Name and Title Mr. Judah C. Sommer, Managing Director

LD-2DS (Rev. 4.04)

EXHIBIT
Exhibit 184

Go to 'Form Completed' >

Delete this page

Registrant Name Goldman, Sachs, & Co. Client Name Goldman, Sachs, & Co.

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code RET - Retirement (one per page)

16. Specific lobbying issues

Add page to continue specific issues description for this issue

HR 2930, Pension Protection Act of 2005, all Sections
S 1783, Pension Security & Transparency Act of 2005, all Sections
S 1953, National Employee Savings & Trust Equity Guarantee Act of 2005, all Sections

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

U.S. Senate
U.S. House of Representatives

18. Name of each individual who acted as a lobbyist in this issue area

Add a page to continue adding lobbyists for this issue

Name			Covered Official Position (if applicable)	New
First Name	Last Name	Suffix		
Ann	Costello			☐
Carter	Doswell			☐
Lori	Laudien			☐
Mark	Patterson		Policy Director, Senator Tom Daschle	☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature Date

Printed Name and Title Mr. Judah C. Sommer, Managing Director

LD-2DS (Rev. 4.04)

EXHIBIT
Exhibit 184

Go to 'Form Completed' >
Delete this page

Registrant Name Goldman, Sachs, & Co. Client Name Goldman, Sachs, & Co.

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code RES - Real Estate/Land Use/Conservation (one per page)

16. Specific lobbying issues *Add page to continue specific issues description for this issue*

Issues relating to Government Real Estate privatization

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

U.S. Senate
U.S. House of Representatives

18. Name of each individual who acted as a lobbyist in this issue area *Add a page to continue adding lobbyists for this issue*

Name First Name	Name Last Name	Name Suffix	Covered Official Position (if applicable)	New
Mark	Patterson		Policy Director, Senator Tom Daschle	☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature Date

Printed Name and Title Mr. Judah C. Sommer, Managing Director

LD-2DS (Rev. 4.04)

EXHIBIT
Exhibit 184

Go to 'Form Completed' >

Delete this page

Registrant Name Goldman, Sachs, & Co. Client Name Goldman, Sachs, & Co.

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code BAN - Banking (one per page)

16. Specific lobbying issues *Add page to continue specific issues description for this issue*

HR 1224, Business Checking Freedom Act, all Sections

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

U.S. Senate
U.S. House of Representatives

18. Name of each individual who acted as a lobbyist in this issue area *Add a page to continue adding lobbyists for this issue*

Name: First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Ann	Costello			☐
Mark	Patterson		Policy Director, Senator Tom Daschle	☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature Date

Printed Name and Title Mr. Judah C. Sommer, Managing Director

LD-2DS (Rev. 4.04)

EXHIBIT
Exhibit 184

Clear all data and reset fields

Go to 'Form Completed' >

Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

1. Registrant name ☒ Organization ☐ Individual

Organization: Clark Consulting Federal Policy Group

2. Address ☐ Check if different than previously reported

Address1: 101 Constitution Avenue, NW #701E Address 2:

City: Washington State: DC Zip Code: 20001 Country: USA

3. Principal place of business (if different than line 2)

City State/Zip or Country Zip Code Country

4a. Contact Name (Prefix / Full Name)	b. Telephone number	c. E-mail	5. Senate ID #
Mr. Peter Woelper	202-772-2485	pete.woelper@clarkconsulting.co	

7. Client Name	6. House ID #
☐ Self Goldman Sachs	35888017

TYPE OF REPORT 8. Year 2005 Midyear (January 1-June30) ☐ OR Year End (July 1-December 31) ☒

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☒ ⇨ Termination Date 7/21/2005 11. No Lobbying Activity ☐

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying Firms

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☒ ⇨ $ 20,000

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSES relating to lobbying activities for this reporting period were:

Less than $10,000 ☐

$10,000 or more ☐ ⇨ $

14. REPORTING METHOD. Check box to indicate expense accounting method. See instructions for description of options.

- ☐ **Method A.** Reporting amounts using LDA definitions only
- ☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code
- ☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Edit Form > | Form Complete >

Senate Password | File With Senate >

Signature: James F Carlisle Date: 1/10/2006

Printed Name and Title: James F. Carlisle - Director

LD-2DS (Rev. 4.04)

EXHIBIT
Exhibit 185

Go to 'Form Completed' >

Delete this page

Registrant Name Clark Consulting Federal Policy Group Client Name Goldman Sachs

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code TAX - Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues *Add page to continue specific issues description for this issue*

Section 409A of the Internal Revenue Code

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

Treasury

18. Name of each individual who acted as a lobbyist in this issue area *Add a page to continue adding lobbyists for this issue*

Name: First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Ken	Kies			☐
Pat	Raffaniello			☐
Jim	Carlisle			☐
Tim	Hanford			☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature *Document digitally signed on Page 1.* Date 1/10/2006

Printed Name and Title James F. Carlisle - Director

LD-2DS (Rev. 4.04)

EXHIBIT
Exhibit 185

CSOC.CBR.00031457

Clear all data and reset fields

Go to 'Form Completed' >

Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

1. Registrant name ☒ Organization ☐ Individual

Organization: Angus & Nickerson LLC

2. Address ☐ Check if different than previously reported

Address1: 101 Constitution Ave., NW Address 2: Suite 900

City: Washington State: DC Zip Code: 20001 Country: USA

3. Principal place of business (if different than line 2)

City State Zip Code Country

City State/Zip or Country

4a. Contact Name (Prefix / Full Name)	b. Telephone number	c. E-mail	5. Senate ID #
Mr. Gregory Nickerson	202-742-4560	nickerson@angusnickerson.com	

7. Client Name ☐ Self	6. House ID #
Goldman, Sachs & Co.	37434011

TYPE OF REPORT 8. Year 2005 Midyear (January 1-June30) ☐ OR Year End (July 1-December 31) ☒

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ ⇨ Termination Date _____ 11. No Lobbying Activity ☐

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying Firms

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☒ ⇨ $ 60,000

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSES relating to lobbying activities for this reporting period were:

Less than $10,000 ☐

$10,000 or more ☐ ⇨ $ _____

14. REPORTING METHOD. Check box to indicate expense accounting method. See instructions for description of options.

☐ **Method A.** Reporting amounts using LDA definitions only

☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Edit Form > | Form Complete > | File with Senate >

Senate Password

Signature: Gregory S Nickerson Date: 2/15/2006

Printed Name and Title: Gregory Nickerson

LD-2DS (Rev. 4.06)

EXHIBIT
Exhibit 186

Go to 'Form Completed' >

Delete this page

Registrant Name Angus & Nickerson LLC Client Name Goldman, Sachs & Co.

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code TAX - Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues *Add page to continue specific issues description for this issue*

Internal Revenue Code sections 355(e), 265(b) 1400N and issues pertaining to binding arbitration provisions in U.S. tax treaties

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

House of Representatives, Senate and Department of Treasury

18. Name of each individual who acted as a lobbyist in this issue area *Add a page to continue adding lobbyists for this issue*

Name First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Gregory	Nickerson		Tax Counsel, Committee on Ways and Means	☐
Barbara	Angus		International Tax Counsel, Department of Treasury	☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature *Document digitally signed on Page 1.* Date 2/15/2006

Printed Name and Title Gregory Nickerson

LD-2DS (Rev. 4.06)

EXHIBIT
Exhibit 186

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Go to 'Form Completed' >

Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

1. Registrant name ☒ Organization ☐ Individual

Organization: Mayer, Brown, Rowe & Maw LLP

2. Address ☐ Check if different than previously reported

Address1: 1909 K Street, NW Address 2:

City: Washington State: DC Zip Code: 20006 Country: USA

3. Principal place of business (if different than line 2)

City: State/Zip or Country: Zip Code: Country:

4a. Contact Name (Prefix / Full Name)	b. Telephone number	c. E-mail	5. Senate ID #
Mr. Robert E. Glennon	(202) 263-3330	reglennon@mayerbrownrowe.com	24123-1775

7. Client Name ☐ Self	6. House ID #
JP Morgan Chase & Co.	31349124

TYPE OF REPORT 8. Year 2005 Midyear (January 1-June30) ☐ OR Year End (July 1-December 31) ☒

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ ⇨ Termination Date _____ 11. No Lobbying Activity ☐

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying Firms

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☒ ⇨ $ 80,000

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSES relating to lobbying activities for this reporting period were:

Less than $10,000 ☐

$10,000 or more ☐ ⇨ $ _____

14. REPORTING METHOD. Check box to indicate expense accounting method. See instructions for description of options.

☐ **Method A.** Reporting amounts using LDA definitions only

☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Edit Form > | Form Complete >

Senate Password _____ | File with Senate >

Signature: Jeffrey H Lewis Date: 2/13/2006

Printed Name and Title: Jeffrey H. Lewis, Associate

LD-2DS (Rev. 4.06)

EXHIBIT
Exhibit 187

Go to 'Form Completed' >
Delete this page

Registrant Name Mayer, Brown, Rowe & Maw LLP Client Name JP Morgan Chase & Co.

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code TAX - Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues *Add page to continue specific issues description for this issue*

Tax and other legislative initiatives of interest to the company and its shareholders

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

House of Representatives, US Senate, US Department of Treasury and staff thereto

18. Name of each individual who acted as a lobbyist in this issue area *Add a page to continue adding lobbyists for this issue*

Name First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Robert E.	Glennon			☐
Janie A.	McCutchen			☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature *Document digitally signed on Page 1.* Date 2/13/2006

Printed Name and Title Jeffrey H. Lewis, Associate

LD-2DS (Rev. 4.06)

EXHIBIT
Exhibit 187

Go to 'Form Completed' >

Delete this page

Registrant Name Mayer, Brown, Rowe & Maw LLP Client Name JP Morgan Chase & Co.

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code GOV - Government Issues (one per page)

16. Specific lobbying issues *Add page to continue specific issues description for this issue*

Government initiatives of interest to the company and its sharesholders.

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

House of Representatives, US Senate, US Department of Treasury and staff thereto

18. Name of each individual who acted as a lobbyist in this issue area *Add a page to continue adding lobbyists for this issue*

Name First Name	Name Last Name	Name Suffix	Covered Official Position (if applicable)	New
Robert E.	Glennon			☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature Date

Printed Name and Title Jeffrey H. Lewis, Associate

LD-2DS (Rev. 4.06)

EXHIBIT
Exhibit 187

Go to 'Form Completed' >

Delete this page

Registrant Name Mayer, Brown, Rowe & Maw LLP Client Name JP Morgan Chase & Co.

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code ENV - Environmental/Superfund (one per page)

16. Specific lobbying issues *Add page to continue specific issues description for this issue*

Environmental legislative initiatives of interest to the company and its shareholders.

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

House of Representatives, US Senate, US Department of Treasury and staff thereto.

18. Name of each individual who acted as a lobbyist in this issue area *Add a page to continue adding lobbyists for this issue*

Name: First Name	Name: Last Name	Name: Suffix	Covered Official Position (if applicable)	New
Robert E.	Glennon			☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature Date

Printed Name and Title Jeffrey H. Lewis, Associate

LD-2DS (Rev. 4.06)

EXHIBIT
Exhibit 187

Clear all data and reset fields

Go to 'Form Completed' >

Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

1. Registrant name ☒ Organization ☐ Individual

Organization: Metropolitan Life Insurance Company

2. Address ☐ Check if different than previously reported

Address1: 1620 L Street, NW | Address 2: Suite 800

City: Washington | State: DC | Zip Code: 20036 | Country: USA

3. Principal place of business (if different than line 2)

City: New York | State: NY | Zip Code: 10010 | Country: USA

City | State/Zip or Country

4a. Contact Name (Prefix / Full Name)	b. Telephone number	c. E-mail	5. Senate ID #
Ms. Kathleen L. Mellody	202-466-6224	kmellody@metlife.com	25022-12

7. Client Name ☒ Self	6. House ID #
Metropolitan Life Insurance Company	31303000

TYPE OF REPORT 8. Year 2005 Midyear (January 1-June30) ☒ OR Year End (July 1-December 31) ☐

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ ⇨ Termination Date _____ 11. No Lobbying Activity ☐

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying Firms

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☐ ⇨ $ _____

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSES relating to lobbying activities for this reporting period were:

Less than $10,000 ☐

$10,000 or more ☒ ⇨ $ 2,200,000

14. REPORTING METHOD. Check box to indicate expense accounting method. See instructions for description of options.

☒ **Method A.** Reporting amounts using LDA definitions only

☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Form Complete >

Signature: Kathleen L Mellody | Date: 8/11/2005

Printed Name and Title: Kathleen L. Mellody

LD-2DS (Rev. 4/03)

EXHIBIT
Exhibit 188

Go to 'Form Completed' >
Delete this page

Registrant Name Metropolitan Life Insurance Company Client Name Metropolitan Life Insurance Company

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code CSP - Consumer Issues/Safety/Protection (one per page)

16. Specific lobbying issues Add page to continue specific issues description for this issue

Privacy, Security Breach - S. 500; S. 751; S. 768; S. 1326; S. 1408; H.R. 3375; H.R. 3140

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

U.S. House
U.S. Senate

18. Name of each individual who acted as a lobbyist in this issue area Add a page to continue adding lobbyists for this issue

Name: First Name	Name: Last Name	Name: Suffix	Covered Official Position (if applicable)	New
Kathleen	Mellody			☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature _____ Date 8/11/2005

Printed Name and Title Kathleen L. Mellody

LD-2DS (REV. 4/03)

EXHIBIT
Exhibit 188

Go to 'Form Completed'

Delete this page

Registrant Name Metropolitan Life Insurance Company Client Name Metropolitan Life Insurance Company

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code TRD - Trade (Domestic & Foreign) (one per page)

16. Specific lobbying issues

Add page to continue specific issues description for this issue

India - Foreign direct investment, Pension reform
China - Branch license, Group life insurance license
Russia - Russia's World Trade Organization commitment

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

U.S. Treasury; Office of U.S. Trade Representative; U.S. Dept. of Commerce; U.S. Senate

18. Name of each individual who acted as a lobbyist in this issue area

Add a page to continue adding lobbyists for this issue

Name			Covered Official Position (if applicable)	New
First Name	Last Name	Suffix		
Shannon	Yu			☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature Date

Printed Name and Title Kathleen L. Mellody

LD-2DS (REV. 4/03)

EXHIBIT
Exhibit 188

Go to 'Form Completed' >

Delete this page

Registrant Name Metropolitan Life Insurance Company Client Name Metropolitan Life Insurance Company

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code INS - Insurance (one per page)

16. Specific lobbying issues *Add page to continue specific issues description for this issue*

SSDI Process - no bill
Dental benefits for federal employees - S. 2657
Regulation of insurance - no bill

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

Social Security Administration
U.S. House
U.S. Senate

18. Name of each individual who acted as a lobbyist in this issue area *Add a page to continue adding lobbyists for this issue*

Name: First Name	Name: Last Name	Name: Suffix	Covered Official Position (if applicable)	New
Kathleen	Mellody			☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature Date

Printed Name and Title Kathleen L. Mellody

LD-2DS (REV. 4/03)

EXHIBIT
Exhibit 188

Go to "Form Completed" >

Delete this page

Registrant Name Metropolitan Life Insurance Company Client Name Metropolitan Life Insurance Company

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code MMM - Medicare/Medicaid (one per page)

16. Specific lobbying issues

Add page to continue specific issues description for this issue

Long-term care partnerships - no bill
Long-term care tax deduction - S. 1244; H.R. 2682

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

U.S. Treasury
U.S. House
U.S. Senate

18. Name of each individual who acted as a lobbyist in this issue area

Add a page to continue adding lobbyists for this issue

Name: First Name	Name: Last Name	Name: Suffix	Covered Official Position (if applicable)	New
Mellssa	Kahn			☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature Date

Printed Name and Title Kathleen L. Mellody

LD-2DS (REV. 4/03)

EXHIBIT
Exhibit 188

Go to 'Form Completed' >

Delete this page

Registrant Name Metropolitan Life Insurance Company Client Name Metropolitan Life Insurance Company

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code RET - Retirement (one per page)

16. Specific lobbying issues

Add page to continue specific issues description for this issue

Pension reform, Qualified annuities, Cash balance - S. 219; S. 1359; H.R. 2830; H.R. 2951, H.R. 2831

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

U.S. Treasury
U.S. Dept. of Labor
U.S. House
U.S. Senate

18. Name of each individual who acted as a lobbyist in this issue area

Add a page to continue adding lobbyists for this issue

Name First Name	Name Last Name	Name Suffix	Covered Official Position (if applicable)	New
Melissa	Kahn			☐
Peter	Pastre			☐
Kate	Carey			☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature Date

Printed Name and Title Kathleen L. Mellody

LD-2DS (REV. 4/03)

EXHIBIT
Exhibit 188

Go to 'Form Completed'

Delete this page

Registrant Name Metropolitan Life Insurance Company Client Name Metropolitan Life Insurance Company

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code TOR - Torts (one per page)

16. Specific lobbying issues

Add page to continue specific issues description for this issue

Asbestos litigation reform - S. 1125

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

U.S. House
U.S. Senate

18. Name of each individual who acted as a lobbyist in this issue area

Add a page to continue adding lobbyists for this issue

Name First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Kate	Carey			☐
Peter	Pastre			☐
Michael	Zarcone			☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature Date

Printed Name and Title Kathleen L. Mellody

LD-2DS (REV. 4/03)

EXHIBIT
Exhibit 188

Go to 'Form Completed' >

Delete this page

Registrant Name Metropolitan Life Insurance Company Client Name Metropolitan Life Insurance Company

Information Update Page - Complete ONLY where registration information has changed.

20. Client new address

Address

City State Zip Code Country

21. Client new principal place of business (if different than line 20)

City State/Zip State Zip Code Country

22. New general description of client's business or activities

LOBBYIST UPDATE

23. Name of each previously reported individual who is **no longer** expected to act as a lobbyist for the client

	First Name	Last Name	Suffix	First Name	Last Name	Suffix
1	David	Landers		3		
2				4		

ISSUE UPDATE

Find the code to select below.

24. General lobbying issues that **no longer** pertain

AFFILIATED ORGANIZATIONS

25. Add the following affiliated organization(s)

Name	Address	Principal place of Business (city and state or country)
	Address	City
	C/S/Z	State Country
	Address	City
	C/S/Z	State Country

26. Name of each previously reported organization that is **no longer** affiliated with the registrant or client

1 2 3

FOREIGN ENTITIES

27. Add the following foreign entities

Name	Address (Street Address, City, State/Province, Country)	Principal place of business (city and state or country)	Amount of contribution for lobbying activities	Ownership percentage in client
		City State Country		%

28. Name of each previously reported foreign entity that **no longer** owns, or controls, or is affiliated with the registrant, client or affiliated organization

1	3	5
2	4	6

Add a page for more updates

Signature _____ Date 8/11/2005

Printed Name and Title Kathleen L. Mellody

LD-2DS (REV. 4/03)

EXHIBIT
Exhibit 188

Clear all data and reset fields

Go to 'Form Completed'

Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

1. Registrant name ☒ Organization ☐ Individual

Organization: Venn Strategies, LLC

2. Address ☒ Check if different than previously reported

Address1: 805 15th Street, NW | Address 2: Suite 650

City: Washington | State: DC | Zip Code: 20005 | Country: USA

3. Principal place of business (if different than line 2)

City | State | Zip Code | Country

City | State/Zip or Country

4a. Contact Name (Prefix / Full Name)	b. Telephone number	c. E-mail	5. Senate ID #
Mr. Alex Lieske	202.466.8700	alieske@vennstrategies.com	65191-428

7. Client Name ☐ Self	6. House ID #
METLIFE	35579019

TYPE OF REPORT 8. Year 2005 Midyear (January 1-June30) ☐ OR Year End (July 1-December 31) ☒

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ ⇨ Termination Date _____ 11. No Lobbying Activity ☐

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying Firms

INCOME relating to lobbying activities for the reporting period was:

Less than $10,000 ☐

$10,000 or more ☒ ⇨ $ 100,000

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSES relating to lobbying activities for this reporting period were:

Less than $10,000 ☐

$10,000 or more ☐ ⇨ $ _____

14. REPORTING METHOD. Check box to indicate expense accounting method. See instructions for description of options.

☐ **Method A.** Reporting amounts using LDA definitions only

☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Edit Form > | Form Complete > | File with Senate >

Senate Password

Signature: Alex Lieske (Digitally signed by Alex Lieske, CN=Alex Lieske, C=US, O=VSC ACES Business Representative, OU=ACES TrustID Business Certificate, Date: 2006.02.14 11:12:27 -05'00')

Date: 2/14/2006

Printed Name and Title: Alex Lieske, Associate

LD-2DS (Rev. 4.06)

EXHIBIT
Exhibit 189

Go to 'Form Completed' >

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Registrant Name Venn Strategies, LLC Client Name METLIFE

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code TAX - Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues *Add page to continue specific issues description for this issue*

Retirment Security Issues
Asbestos

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

House of Representatives
Senate

18. Name of each individual who acted as a lobbyist in this issue area *Add a page to continue adding lobbyists for this issue*

Name First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Chris	Fox			☐
Noelle	Hawley			☐
Melissa	Bonicelli			☒
Alex	Lieske			☒
Laura	Simonson			☐
Stephanie	Silverman			☐
Sandra	Swirski			☐
Anne	Urban			☐
Brian	Reardon			☒

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature _____ Date 2/14/2006

Printed Name and Title Alex Lieske, Associate

LD-2DS (Rev. 4.06)

EXHIBIT
Exhibit 189

Go to 'Form Completed' >

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Registrant Name Venn Strategies, LLC Client Name METLIFE

Information Update Page - Complete ONLY where registration information has changed.

20. Client new address

Address

City State Zip Code Country

21. Client new principal place of business (if different than line 20)

City State/Zip State Zip Code Country

22. New general description of client's business or activities

LOBBYIST UPDATE

23. Name of each previously reported individual who is **no longer** expected to act as a lobbyist for the client

	First Name	Last Name	Suffix		First Name	Last Name	Suffix
1	Genevieve	Missirlian		3			
2	Sarah	Walter		4			

ISSUE UPDATE

Find the code to select below.

24. General lobbying issues that **no longer** pertain

AFFILIATED ORGANIZATIONS

25. Add the following affiliated organization(s)

Name	Address	Principal place of Business (city and state or country)
	Address	City
	C/S/Z	State Country
	Address	City
	C/S/Z	State Country

26. Name of each previously reported organization that is **no longer** affiliated with the registrant or client

1 2 3

FOREIGN ENTITIES

27. Add the following foreign entities

Name	Address (Street Address; City; State/Province; Country)	Principal place of business (city and state or country)	Amount of contribution for lobbying activities	Ownership percentage in client
		City State Country		%

28. Name of each previously reported foreign entity that **no longer** owns, **or** controls, **or** is affiliated with the registrant, client or affiliated organization

1 3 5

2 4 6

Add a page for more updates

Signature _____ Date 2/14/2006

Printed Name and Title Alex Lieske, Associate

LD-2DS (R06)

EXHIBIT
Exhibit 189

Clear all data and reset fields

Go to 'Form Completed' >

Clerk of the House of Representatives Legislative Resource Center B-106 Cannon Building Washington, DC 20515	Secretary of the Senate Office of Public Records 232 Hart Building Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

1. Registrant name ☒ Organization ☐ Individual

Organization Davis and Harman LLP

2. Address ☐ Check if different than previously reported

Address1 1455 Pennsylvania Ave., NW Address 2 Suite 1200

City Washington State DC Zip Code 20004 Country USA

3. Principal place of business (if different than line 2)

City State Zip Code Country

City State/Zip or Country

4a. Contact Name Prefix	Full Name	b. Telephone number	c. E-mail	5. Senate ID #
Ms.	Janis McClintock	202-347-2230	Jkmcclintock@davis-harman.com	11674-633

7. Client Name ☐ Self	6. House ID #
Metropolitan Life Insurance CO	31318060

TYPE OF REPORT 8. Year 2005 Midyear (January 1-June30) ☐ OR Year End (July 1-December 31) ☒

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ ⇨ Termination Date _____ 11. No Lobbying Activity ☐

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying Firms

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☒ ⇨ $ 100,000

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSES relating to lobbying activities for this reporting period were:

Less than $10,000 ☐

$10,000 or more ☐ ⇨ $ _____

14. **REPORTING METHOD.** Check box to indicate expense accounting method. See instructions for description of options.

☐ **Method A.** Reporting amounts using LDA definitions only

☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Edit Form > Form Complete >

Senate Password File with Senate >

Signature Kent A Mason Digitally signed by Kent A Mason DN: CN = Kent A. Mason, C = US, O = DST-ACES Business Representative, OU = ACES Trust Business Certificate Date: 2006.02.13 12:03:29 -05'00' Date 2/13/2006

Printed Name and Title Kent A. Mason, Partner

LD-2DS (Rev. 4.06)

EXHIBIT

Exhibit 190

CSOC.CBR.00031458

Go to 'Form Completed' >
Delete this page

Registrant Name Davis and Harman LLP Client Name Metropolitan Life Insurance CO

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code TAX - Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues *Add page to continue specific issues description for this issue*

H.R. 1960/H.R, 1961 Pension Preservation and Savings Expansion Act; savings proposal in the President's FY 2006 Budget; S.219/S.1953 National Employee Savings and Trust Equity Guaranteed Act; proposals related to hybrid plans; proposals related to annuitization including H.R. 819 and S.381, The Retirement Security for Life Act and H.R. 2951, Lifetime Pension Annuity for You Act, S.602/H.R. 1262 Ronald Reagan Alzheimer's Breakthrough Act; H.R. 2682/S1244 Long-term Care and Retirement Security Act; H.R. 2830, Pension Protection Act of 2005; S. 1359, Retirement Savings and Security Act 2005,

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

House of Representatives
Senate

18. Name of each individual who acted as a lobbyist in this issue area *Add a page to continue adding lobbyists for this issue*

Name			Covered Official Position (if applicable)	New
First Name	Last Name	Suffix		
Kent A.	Mason	Mr.		☐
James A.	Delaplane	Mr.		☐
Randolf Hurst	Hardock	Mr.		☐
Barbara A.	Pate	Mrs.	Legislative Director and Counsel, Rep. Portman	☒
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature *Document digitally signed on Page 1.* Date 2/13/2006

Printed Name and Title Kent A. Mason, Partner

LD-2DS (Rev. 4.06)

EXHIBIT
Exhibit 190

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Registrant Name Davis and Harman LLP Client Name Metropolitan Life Insurance CO

ADDENDUM for General Lobbying Issue Area TAX

16. Specific lobbying issues (continued from previous page)

Retirement Savings and Security Act 2005, H.R. 1161/S.547 to provide for ERSAs; H.R. 1162/S.546, Retirement Savings Account; H.R. 1163/S.545, Lifetime Savings Account; H.R. 2830, Pension Protection Act; S. 1783, Pension Security and Transparency Act; Proposal related to longevity insurance.

Add page to continue specific issues description for this issue

EXHIBIT
Exhibit 190

Go to 'Form Completed' >

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Registrant Name Davis and Harman LLP Client Name Metropolitan Life Insurance CO

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code RET - Retirement (one per page)

16. Specific lobbying issues

Add page to continue specific issues description for this issue

H.R. 1960/H.R. 1961 Pension Preservation and Savings Expansion Act; savings proposal in the President's FY 2006 Budget; S.219/S. 1953 National Employee Savings and Trust Equity Guaranteed Act; proposals related to hybrid plans; proposals related to annuitization including H.R. 819 and S.381, The Retirement Security for Life Act and H.R. 2951, Lifetime Pension Annuity for You Act, S.602/H.R. 1262 Ronald Reagan Alzheimer's Breakthrough Act; H.R. 2682/S1244 Long-term Care and Retirement Security Act; H.R. 2830, Pension Protection Act of 2005; S. 1359, Retirement Savings and Security Act 2005,

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

House of Representatives
Senate

18. Name of each individual who acted as a lobbyist in this issue area

Add a page to continue adding lobbyists for this issue

Name First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Kent A.	Mason	Mr.		☐
James A.	Delaplane	Mr.		☐
Randolf Hurst	Hardock	Mr.		☐
Barbara A.	Pate	Mrs.	Legislative Director and Counsel, Rob Portman	☒
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature Date

Printed Name and Title Kent A. Mason, Partner

LD-2DS (Rev. 4.06)

EXHIBIT
Exhibit 190

Go to 'Form Completed' >

Delete this page

Registrant Name Davis and Harman LLP Client Name Metropolitan Life Insurance CO

ADDENDUM for General Lobbying Issue Area RET

16. Specific lobbying issues (continued from previous page)

H.R. 1161/S.547 to provide for ERSAs; H.R. 1162/S.546, Retirement Savings Account; H.R. 1163/S.545, Lifetime Savings Account; H.R. 2830 Pension Protection Act; S. 1783, Pension Security and Transparency Act; Proposals related to longevity insurance.

Add page to continue specific issues description for this issue

EXHIBIT
Exhibit 190

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Delete this page

Registrant Name Davis and Harman LLP Client Name Metropolitan Life Insurance CO

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code HCR - Health Issues (one per page)

16. Specific lobbying issues *Add page to continue specific issues description for this issue*

H.R. 4241, Deficit Reduction Act S. 1932, Deficit Reduction Omnibus Reconciliation Act.

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

House of Representatives
Senate

18. Name of each individual who acted as a lobbyist in this issue area *Add a page to continue adding lobbyists for this issue*

Name First Name	Name Last Name	Name Suffix	Covered Official Position (if applicable)	New
Craig S.	Springfield	Mr.		☐
Randolf Hurst	Hardock	Mr.		☐
Kent A.	Mason	Mr.		☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature Date

Printed Name and Title Kent A. Mason, Partner

LD-2DS (Rev. 4.06)

EXHIBIT
Exhibit 190

Clear all data and reset fields

Go to 'Form Completed' >

Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

1. Registrant name ☒ Organization ☐ Individual

Organization: Capitol Hill Strategies, LLC

2. Address ☐ Check if different than previously reported

Address1: 507 Capitol Court, NE Suite 100 Address 2:

City: Washington State: DC Zip Code: 20002 Country: USA

3. Principal place of business (if different than line 2)

City: State: Zip Code: Country:

City State/Zip or Country

4a. Contact Name Prefix / Full Name	b. Telephone number	c. E-mail	5. Senate ID #
Mr. Charles M. Brain	202 589 0002	cbrain@caphillstrat.com	91774-164

7. Client Name ☐ Self	6. House ID #
Wachovia Corporation	36809006

TYPE OF REPORT 8. Year 2005 Midyear (January 1-June30) ☐ OR Year End (July 1-December 31) ☒

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ ⇨ Termination Date _____ 11. No Lobbying Activity ☐

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying Firms

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☒ ⇨ $ 20,000

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSES relating to lobbying activities for this reporting period were:

Less than $10,000 ☐

$10,000 or more ☐ ⇨ $ _____

14. REPORTING METHOD. Check box to indicate expense accounting method. See instructions for description of options.

☐ **Method A.** Reporting amounts using LDA definitions only

☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Edit Form > Form Complete >

Senate Password _____ File with Senate >

Signature: Charles M Brain Date: 1/20/2006

Printed Name and Title: Charles M. Brain, President

LD-2DS (Rev. 4.05)

EXHIBIT
Exhibit 191

Go to "Form Completed" >

Delete this page

Registrant Name Capitol Hill Strategies, LLC Client Name Wachovia Corporation

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code BAN - Banking (one per page)

16. Specific lobbying issues

Add page to continue specific issues description for this issue

Financial Services Issues, espcially taxation

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

House of Representatives, Senate

18. Name of each individual who acted as a lobbyist in this issue area Add a page to continue adding lobbyists for this issue

Name			Covered Official Position (if applicable)	New
First Name	Last Name	Suffix		
Charles	Brain			☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature *Document digitally signed on Page 1.* Date 1/20/2006

Printed Name and Title Charles M. Brain, President

LD-2DS (Rev. 4.05)

EXHIBIT
Exhibit 191

Go to 'Form Completed' >

Delete this page

Registrant Name Capitol Hill Strategies, LLC Client Name Wachovia Corporation

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code FIN - Financial Institutions/Investments/Securiti (one per page)

16. Specific lobbying issues *Add page to continue specific issues description for this issue*

Financial Services Issues, espcially taxation

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

House of Representatives, Senate

18. Name of each individual who acted as a lobbyist in this issue area *Add a page to continue adding lobbyists for this issue*

Name			Covered Official Position (if applicable)	New
First Name	Last Name	Suffix		
Charles	Brain			☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature Date

Printed Name and Title Charles M. Brain, President

LD-2DS (Rev. 4.05)

EXHIBIT
Exhibit 191

Go to 'Form Completed' >

Delete this page

Registrant Name Capitol Hill Strategies, LLC Client Name Wachovia Corporation

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code TAX - Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues *Add page to continue specific issues description for this issue*

Financial Services Issues, espcially taxation

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

House of Representatives, Senate

18. Name of each individual who acted as a lobbyist in this issue area *Add a page to continue adding lobbyists for this issue*

Name: First Name	Name: Last Name	Name: Suffix	Covered Official Position (if applicable)	New
Charles	Brain			☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature Date

Printed Name and Title Charles M. Brain, President

LD-2DS (Rev. 4.05)

EXHIBIT
Exhibit 191

CSOC.CBR.00031436

Consecutive Events: The applicable time limit (4 or 7 days) commences with the beginning of each separate event with a separate host in which the traveler is fact-finding or substantially participating (as evidenced in part by separate invitations from different sponsoring organizations).

Further guidance regarding travel or other matters under the jurisdiction of this Committee may be obtained by seeking a written advisory opinion or calling the Committee's Office of Advice and Education at 225-3787.

SOLICITATION UNDER THE ETHICS REFORM ACT OF 1989

MEMORANDUM OF OCTOBER 9, 1990

TO: All Members, Officers, and Employees of the U.S. House of Representatives

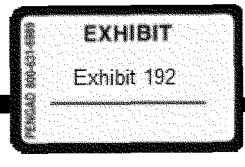
FROM: Committee on Standards of Official Conduct
Julian C. Dixon, Chairman
John T. Myers, Ranking Minority Member

The Ethics Reform Act of 1989 enacted a new, government-wide ban on solicitation, codified at 5 U.S.C. § 7353. Because this statute might appear to affect legitimate activity, the Committee wishes to clarify its interpretation of the statute.

Section 303 of the Ethics Reform Act of 1989 added the new § 7353 to 5 U.S. Code, stating in pertinent part:

> (a) Except as permitted by subsection (b), no Member of Congress or officer or employee of the executive, legislative, or judicial branch shall solicit or accept anything of value from a person—
>
> > (1) seeking official action from, doing business with, or . . . conducting activities regulated by, the individual's employing agency; or
> >
> > (2) whose interests may be substantially affected by the performance of individual's official duties.

These statutory restrictions extend to "anything of value,"regardless of whether the official receives a personal benefit. Subsection (b) authorizes this Committee to issue implementing rules or regulations for the House, "providing for such reasonable exceptions as may be appropriate."



Section 7353 must be read in the context of preexisting laws, rules,and regulations. The statute supplements, for example, the provisions of the criminal code that prohibit bribes and gratuities. *See* 18 U.S.C. §201. Thus, §7353(b)(2)(B) states:

> No gift may be accepted . . . in return for being influenced in the performance of any official act.

At the same time, however, the new law does not amend prior law permitting solicitations in defined circumstances. For example, a highly developed body of law regulates campaign financing. The Committee does not construe 5 U.S.C. §7353 to prevent a Member, officer, or employee from raising campaign funds or soliciting other items to the extent their acceptance is permitted under applicable laws, rules, or regulations, provided that no individual solicits, directly or through others, any personal or financial benefit unless the Committee grants prior written approval in exceptional circumstances.

Certain types of solicitations are not directly addressed by other laws. Members are often asked, for example, to assist charities in their fundraising efforts. The Committee has determined that Members, officers, and employees of the House may solicit funds on behalf of charitable organizations qualified under §170(c) of the Internal Revenue Code, provided that no official resources are used, no official endorsement is implied, and no direct personal benefit results. The Committee will address on a case-by-case basis the extent to which a Member, officer, or employee may personally control the distribution of funds from a charity for which he or she solicits funds. Similarly, questions regarding solicitations on behalf of entities that are not charities qualified under §170(c) will be decided as they arise.

The Committee encourages any Member, officer, or employee with questions on the scope of §7353 to call its Office of Advice and Education at 225-3787 or to write the Committee for an advisory opinion.

EXHIBIT
Exhibit 192

CSOC.CBR.00031398

April 4, 1995

MEMORANDUM FOR ALL MEMBERS, OFFICERS AND EMPLOYEES

Nancy L. Johnson, Chairman
Jim McDermott, Ranking Democratic Member

SUBJECT: Revised Solicitation Guidelines

In this Memorandum, the Committee on Standards of Official Conduct announces two new restrictions on solicitation by Members, officers, and employees of the House:

1. No Member, officer, or employee of the House may solicit funds for any organization (other than campaigns and other political entities) which is established or controlled by Members of Congress, unless the organization's principal activities are unrelated to a Member's official duties.

2. A Member may no longer use a facsimile of official stationery for his or her own campaign.

These new restrictions are discussed in more detail in the general discussion of the rules on solicitation which follows.

SOLICITATION GUIDELINES

A government-wide restriction on the solicitation of funds, codified at 5 U.S.C. § 7353, bars Members, officers, and employees of the House from asking for or accepting anything of value from anyone who seeks official action from the House, does business with the House, or has interests that may be substantially affected by the performance of official duties. The statute covers the solicitation of "anything of value," regardless of whether the official personally benefits from it. The only exceptions are those expressly permitted by the Committee on Standards of Official Conduct, as supervising ethics office for the House.



A. **Soliciting for Charities and Other Organizations**

On October 9, 1990, the Committee announced a generic exception from the solicitation restriction for efforts on behalf of charities qualified under section 170(c) of the Internal Revenue Code, so long as no official resources are used, no official endorsement is implied, and no direct personal benefit results for the soliciting Member. The same announcement explained that questions regarding solicitations on behalf of other entities would be decided as they arise.

The Committee has generally granted exceptions to 5 U.S.C. § 7353 to allow Members, officers, and employees to solicit funds on behalf of non-profit organizations, subject to the same restrictions that apply to efforts on behalf of a qualified charity, i.e., no official resources may be used, no official endorsement may be implied, and no direct personal benefit results. No solicitation may bear official letterhead, "Congress of the United States," "House of Representatives," "official business," or the Great Seal (House Rule 43, clause 11; 18 U.S.C. § 7133. Moreover, regulations of the House Office Building Commission prohibit soliciting and other nongovernmental activities in facilities of the House of Representatives. *Reprinted in* HOUSE ETHICS MANUAL, 102d Cong., 2d Sess. 235-237 (1992).

While each of these restrictions on solicitation continues to apply, it is now the further policy of this Committee that Members' officers, and employees of the House may not solicit funds for any organization -- regardless of tax status -- which is established or controlled by Members of Congress. The only exceptions are campaigns and other political entities (see below), and organizations whose principal activities are *unrelated to* a Member's official duties. The Committee believes that, in light of the relationship between such an organization and its affiliated Members, there is an inherent risk that its operations will improperly subsidize the operations of congressional offices in violation of House Rule 45.

Questions as to whether an organization's activities are unrelated to a Member's official duties should be directed to the Committee's Office of Advice and Education at 225-3787.

Example 1. Member A has been asked to solicit funds on behalf of Organization V, a charity which is qualified under § 170(c) of the Internal Revenue Code. It was not established, nor is it controlled, by Members of Congress. Member A may solicit funds on behalf of Organization V, subject to the restrictions set forth above (no use of official resources, etc.).

Example 2. Member B has been asked to solicit funds on behalf of Organization W, a non-profit social welfare organization which is not qualified under § 170(c). It was not established, nor is it controlled, by Members of Congress. Because Organization W does not fall within the generic exception which applies to § 170 (c) organizations, Member B must obtain written approval from the Committee before soliciting funds on behalf of Organization W.

Example 3. Member C has been asked to solicit funds on behalf of organization X, an educational foundation which is qualified under § 170(c). It was established by Members of Congress. Its purpose is to provide Members of Congress with information and research about



pending legislation. Because the principal activities of Organization X are related to a Member's official duties, Member C may *not* solicit funds on behalf of Organization X.

Example 4. Member D wishes to solicit funds on behalf of Organization Y, a local arts organization which is qualified under § 170(c). It was established by Member D. Because the principal activities of Organization Y are unrelated to a Member's official duties, Member D may solicit funds on behalf of Organization Y, subject to the restrictions set forth above (no use of official resources, etc.).

Example 5. Organization Z asks Member E to send out a fundraising letter on its behalf on Member E's congressional letterhead. Member E may not do so.

B. Political Fundraising

The Committee does not construe 5 U.S.C. § 7353 to prevent Members, officers, or employees of the House from raising funds for campaigns or other political entities. Members, officers, and employees are thus not required to seek or obtain this Committee's permission to engage in campaign or political fundraising. They must, however, comply with the following statutes, rules and regulations which govern the solicitation and acceptance of campaign funds.

No Use of OfficialResources. Under 31 U.S.C. § 1301(a) and under the regulations of the Committee on House Oversight, official resources and allowances may be used only for official activities. Members and House employees are thus prohibited from using any official resources (such as congressional letterhead and telephones, copiers, and fax machines in congressional offices), to solicit campaign funds.

No Solicitation from Federal Employees. Federal criminal law (18 U.S.C. § 602) prohibits Members of Congress, candidates for Congress, and Federal employees from knowingly soliciting political contributions from Federal employees, including employees of the House of Representatives. The statute does not, however, apply to soliciting political contributions from *Members* of Congress.[1]

The statute prohibits the "knowing. solicitation of contributions from Federal employees; inadvertent solicitations, such as when part of a general fundraising campaign aimed at the public at large, do not violate the statute. Moreover, it prohibits only the solicitation, and not the receipt, of political contributions from Federal employees.[2]

---

[1]Thus, while neither Members nor House employees may knowingly solicit campaign contributions from House *employees*, both Members and employees may solicit contributions from *Members*.

[2]However, under a separate provision of the federal criminal code (18 U.S.C. § 603), a congressional employee may not make political contributions to his or her employing Member or employing authority. HOUSE ETHICS MANUAL 102d Cong., 2d Sess. 287-90 (1992).



No Solicitation in Federal Offices. Federal criminal law (18 U.S.C. § 607) makes it unlawful to solicit campaign contributions "in any- room or building occupied in the discharge of official duties" by any Federal employee. Moreover, regulations of the House Office Building Commission prohibit soliciting and other nongovernmental activities in facilities of the House. *Reprinted in* HOUSE ETHICS MANUAL at 235-37. Thus, campaign contributions may not be solicited in the Capitol, House office buildings, or in district offices. (This statute also prohibits the *receipt* of campaign contributions in Federal office buildings; however, contributions received in congressional offices may be accepted, provided that they were not solicited in a manner which directed the contributor to send the contribution to the congressional office, and that they are forwarded within seven days to the appropriate campaign organization.)

No Use of Facsimile of Official Stationery. While each of the above restrictions continues to apply to political fundraising, it is now the further policy of the Committee that Members may no longer use facsimiles of their official stationery for campaign purposes. House Rule 43, clause 11; provides:

> A Member of the House of Representatives shall not authorize or otherwise allow a non-House individual, group, or organization to use the words "Congress of the United States", "House of Representatives n, or "Official Business", or any combination of words thereof, on any letterhead or envelope.

In 1979, when the Committee issued an Advisory Opinion *(reprinted in* HOUSE ETHICS MANUAL at 325-27) regarding this rule, it determined that the phrase "non-House individual, group, or organization" in the rule did not extend to a Member's principal campaign committee or to the Democratic and Republican Congressional Campaign Committees. The Committee therefore took the position that the rule would not prevent a Member from using a facsimile of official stationery (which is likely to include "Congress of the United States", "House of Representatives", or both) for his or her own campaign. Since a letter advocating a Member's reelection or soliciting campaign contributions must include a conspicuous statement indicating the sponsor of the communication (generally, the campaign committee),[3] it was thought unlikely that such a letter would be misinterpreted as an official communication from the House.

However, since the 1979 Advisory Opinion was published, Congress has amended the law relating to official-appearing stationery. Under the Deceptive Mailings prevention Act of 1990 (39 U.S.C. § 3001(h)-(i)), any solicitation by a non-governmental entity, which uses any insignia, term or symbol implying Federal Government connection, endorsement, or approval, must carry a disclaimer, both on the internal documents and on the envelope, *conspicuously* stating that it is not an official mailing. The term "nongovernmental entity" in the Act applies to a Member's campaign. *See* HOUSE Ethics MANUAL at 281-82. Moreover, two provisions of the Federal criminal code militate against the use of facsimiles of official stationery for

[3] 2 U.S.C. § 441d. Note that this statute requires an affirmative disclosure of the source of the communication (e.g., ×Paid for by the Doe for Congress Committee.); a mere statement of who is not the source (e.g., "Not printed at Government expense.) does not suffice.



campaign mailings. One, 18 U.S.C. § 713, prohibits the knowing display of a likeness or facsimile of the Great Seal on (among other things) stationery, in a manner reasonably calculated to convey a false impression of sponsorship or approval by the U.S. Government; display of the Seal on stationery used for solicitation of funds or political support has been regarded by the Department of Justice as a violation of this provision. *See* HOUSE ETHICS MANUAL at 282.[4] Second, as noted above, it is unlawful to solicit or receive campaign contributions in any Federal office building. Campaign solicitations bearing letterhead listing the addresses of a Member's offices could be viewed by the Department of Justice as violating this provision

In light of these provisions, and to ensure that the public is not misled by campaign solicitations which may appear to be official mailings, *the Committee declares that it will no longer interpret Rule 43, clause 11, to exclude Members' campaigns and party campaign committees. As* a result, as of May 1, 1995, Members may no longer use facsimiles of their official stationery for campaign purposes, including fundraising letters.[5]

Example 1. Member A wishes to send a letter soliciting funds for his own campaign. The letter will be on his campaign stationery, which contains a depiction of the Capitol Dome, the words *"A* for Congress," the address and telephone number of Member *A's* campaign office, and a statement that the letter was "Paid for by the A for Congress Committee. " Member A may send the letter, subject to the restrictions set forth above (no use of official resources, etc.).

Example 2. Member B wishes to send a fundraising letter for a candidate for governor in her home state, on the candidate's campaign stationery. Member B may sign the letter.

Example 3. Member C wishes to send a letter soliciting funds for his own campaign. The letter will be on stationery which contains the words "U.S. House of Representatives, " and the address and telephone number of Member C's congressional offices. Member C may *not* send the letter, because Rule 43, clause 11, prohibits the use of the phrase "U.S. House of Representatives" by non-House organizations, and because a campaign solicitation bearing letterhead listing a Member's congressional offices could be viewed as violating the law prohibiting the solicitation of campaign contributions in Federal office buildings.

If you have questions or would like further information, please call the Committee's Office of Advice and Education at 225-3787.

[4]The former General Counsel of the House has distinguished the Great Seal from "congressional seals," which may be used by Members on Christmas cards and other items that are neither printed nor mailed at official expense. *See* HOUSE ETHICS MANUAL at 282. Nevertheless, to avoid any dispute as to whether "congressional seals. are facsimiles of the Great Seal, Members are encouraged to use a likeness of the Capitol Dome on campaign stationery instead. The Dome is in the public domain and therefore is not protected in the same manner as the Great Seal.

[5]Other information which is displayed on of ficial stationery, such as the district served by the Member and the Member's committee assignments, may be used on campaign stationery. Use of this information is not restricted by Rule 43, clause 11, or by the statutes cited above.



April 25, 1997

MEMORANDUM FOR ALL MEMBERS, OFFICERS AND EMPLOYEES

FROM: Committee on Standards of Official Conduct
James V. Hansen, Chairman
Howard L. Berman, Ranking Democratic Member

SUBJECT:Rules Governing (1) Solicitation by Members, Officers and Employees in General, and (2) Political Fundraising Activity in House Offices

Introduction
The purpose of this memorandum is to reiterate and elaborate on the rules governing the conduct of Members, officers and employees of the House in two areas:

solicitation of others -- *i.e.*, asking anyone for money or anything of value -- including for non-political purposes, and

soliciting or receiving ***political contributions*** in the House office buildings, the Capitol, or district offices.

Both of these matters are discussed in the *House Ethics Manual*, 102d Cong., 2d Sess. (April 1992): solicitation in general on pp. 50-52 and 64-65, and political fundraising activity in House offices on p. 285. Both of these matters are also addressed in an advisory memorandum which the Committee issued on April 4, 1995, which announced certain new restrictions on solicitation. Copies of both the *Manual* and the April 1995 advisory memorandum are available from the Committee office.

Because of recent items in the news media on the legality and propriety of political fundraising activity in Federal offices, the Committee believes this is an opportune time to set out the standards which apply in the House. The Committee also believes that this is an appropriate time to remind Members and staff of the general law governing solicitation by them, including solicitations made for non-political purposes.

Solicitation by Members, Officers and Employees
General prohibition against solicitation. Under a provision of the Ethics Reform Act of 1989, House Members, officers and employees are generally *prohibited* from asking for anything of value from a broad range of persons: specifically, anyone who seeks official action from the House, does business with the House, or has interests which may be substantially affected by the performance of official duties. Under the statute, which is codified at 5 U.S.C. § 7353, the only solicitations of such persons which *are* permissible are those sanctioned by this Committee.

The terms of the prohibition are very broad. The provision applies to the solicitation of not only money, but "anything of value". In addition, the prohibition covers solicitations of things for the personal benefit of the Member, officer or employee, as well as things which involve no personal benefit. Thus, as the *House Ethics Manual* notes (at p. 52), the statute bars, for example, a staffer from asking a lobbyist for free tickets to a sporting event, or from asking lobbyists to help pay for a party to be given in honor of a Member. While the examples used in the *Manual* refer to solicitations of lobbyists, it would be equally impermissible to make the same requests of non-



lobbyist officials of a corporation, association or other such entity. A solicitation made by another person in the name of a Member, officer or employee, and with the knowledge and acquiescence of that official, will likely be deemed a solicitation by that official.

Prohibition does not apply to political solicitations. Legislative materials concerning 5 U.S.C. § 7353 state that the statutory prohibition does *not* apply to the solicitation of political contributions, and the Committee has expressly recognized that the statute does not bar political solicitations. However, a number of other provisions of law impose restrictions on political solicitations by Members, officers and employees, and one of the major sets of restrictions -- regarding solicitation in Federal offices -- is discussed in detail below. Other restrictions on political solicitations are set out on pp. 3-5 of the Committee's advisory memorandum of April 4, 1995.

Exception for charitable fundraising. In 1990 the Committee determined, pursuant to its authority under 5 U.S.C. § 7353, that Members, officers and employees *may* solicit on behalf of charitable organizations qualified under § 170(c) of the Internal Revenue Code, subject to certain restrictions. Under this determination, solicitations on behalf of established charitable or educational organizations are generally permissible without any further action by the Committee.

The major restrictions on such solicitations are that no official resources may be used in making them, no official endorsement by the House of Representatives may be implied, and no direct personal benefit may result to the soliciting official. In 1995 the Committee established an additional restriction regarding organizations established or controlled by Members of Congress: a solicitation may not be made for any such organization, regardless of its tax status, unless the organization's principal activities are unrelated to a Member's official duties. Finally, under a provision of the gift rule, registered lobbyists and registrants under the Foreign Agents Registration Act may not be solicited, except as part of a mass mailing or other solicitation directed to a broad category of persons.

This exception for charitable solicitations is the only ***general*** exception the Committee has issued. It is ***not*** permissible for a Member, officer or employee to make a solicitation on behalf of anyone other than a charity without the prior written approval of the Committee. There are certain types of solicitation which the Committee, upon request, will generally approve, subject to the same restrictions which apply to charitable solicitations: for example, solicitations on behalf of persons who are in need of assistance because of a catastrophic injury or natural disaster, solicitations for tax-exempt organizations which are not charities, and for the Congressional Arts Competition in one's district.

Political Fundraising Activity in House Offices

There has been much discussion in the media recently regarding a criminal statute, 18 U.S.C. § 607, which generally prohibits *soliciting* political contributions in federal offices. That statute also generally prohibits *receiving* contributions in Federal offices, although, as detailed below, some exception is made for contributions received in Congressional offices.

Much of the recent discussion has been in the form of a debate on whether various activities violate 18 U.S.C. § 607. House Members and staff should be aware, however, that they are subject not only to the criminal statute, but also to the standards enunciated and enforced by this Committee. While there may be uncertainty regarding the scope of the criminal statute, the



standards enunciated by the Committee regarding political fundraising in House offices are quite specific, and quite restrictive.

While those standards are based in part on the provisions of 18 U.S.C. § 607, they are based as well on several other provisions of law: specifically, the regulations of the House Office Building Commission, which govern the use of House facilities; 31 U.S.C. § 1301, which requires that official resources and allowances be used only for official activities, and regulations issued by the House Oversight Committee which reflect this same requirement; and clause 1 of House Rule 43, which requires that Members and staff conduct themselves at all times in a manner which reflects creditably on the House of Representatives. The standards regarding political fundraising activity in House offices are as follows.

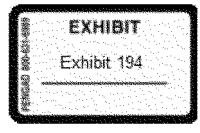
Soliciting Political Contributions. Regarding, first, the matter of soliciting political contributions, the basic rule is straightforward: ***Members and staff may not solicit political contributions in their office or elsewhere in the House buildings, whether in person, over the telephone, or otherwise.*** This rule applies with regard to the Capitol, the House office buildings, and district offices.

The rule bars **all** political solicitations in these House buildings. Thus a telephone solicitation would not be permissible merely because, for example, the call is billed to the credit card of a political organization or to an outside telephone number, or it is made using a cellphone in the hallway. Similarly, where a House Member or employee makes solicitation calls somewhere else, such as at one of the campaign committee offices, and has to leave a message, the individual should not leave his or her House office number for the return call.

Receiving Political Contributions. The rule on receiving political contributions is equally straightforward: ***Members and staff may not request that a contribution be sent or delivered to their House office, and may not assent to the sending or delivery of a contribution to their House office.*** Thus a Member or employee should never authorize a solicitation for political contributions (or, for that matter, any other political communication) which uses a House office address. Furthermore, if a Member or staffer learns that an individual who is going to be visiting the office intends to offer a contribution during his or her visit, the individual must be told that the contribution cannot be accepted here, and arrangements for delivery of the contribution elsewhere must be made.

However, if someone *unexpectedly* offers a contribution during a visit to a House office, or if someone *unexpectedly* mails or delivers a contribution to the office, the contribution *can* be accepted, provided that it is forwarded to the political committee within seven days of receipt. The criminal statute, 18 U.S.C. § 607, includes a provision which specifically permits acceptance and forwarding of a contribution received in a Congressional office, provided that the contribution was not solicited in any manner which directs the contributor to mail or deliver a contribution to any Federal office. Please note, however, that an envelope forwarding a contribution may not be sent under the frank, and thus the forwarding must be done using personal or campaign stationery and stamps.

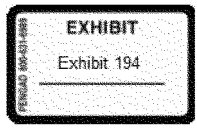
Additional Considerations. Two additional points should be made here, and these apply to both soliciting and receiving political contributions. **First**, the rules set forth above to not bar *Members* from soliciting or receiving contributions from *other Members* in the House buildings.



Please note, however, that one of the new House rules approved in January prohibits the knowing distribution of campaign contributions on the House floor, in the Speaker's Lobby, and in the cloakrooms.

Second, these rules are not limited to contributions for Congressional campaigns. They apply to the solicitation and receipt of all political contributions, including those for campaigns for state or local office.

Any questions on the above matters, and any requests for copies of the *House Ethics Manual* or the Committee's advisory memorandum of April 4, 1995, should be directed to the Committee's Office of Advice and Education at 5-3787.



Regulations on the Use of the CONGRESSIONAL FRANK By Members of the House of Representatives

And

RULES OF PRACTICE IN PROCEEDINGS Before the House Commission on Congressional Mailing Standards

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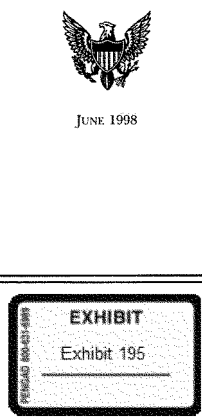
PREPARED BY

THE COMMISSION ON
CONGRESSIONAL MAILING STANDARDS
HOUSE OF REPRESENTATIVES

JUNE 1998



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HOUSE OF REPRESENTATIVES

JUNE 1998

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EXHIBIT
Exhibit 195

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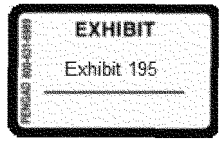

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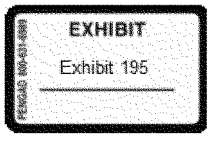


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Part I

INTRODUCTION

The House Commission on Congressional Mailing Standards, created by Public Law 93–191, is directed to issue regulations governing the proper use of the franking privilege.

These regulations govern the use of the frank under sections 3210, 3211, 3212, 3213(2), 3215, 3218, 3219, and 3220 of title 39, United States Code, which cover franked mail generally, public documents, Congressional Record and Congressional Record excerpts, U.S. Department of Agriculture seeds and reports, and the lending of the frank.

These regulations apply to any Member or Member-elect of the House, Resident Commissioner or Resident Commissioner-elect, Delegate or Delegate-elect, designated survivor of any of the foregoing, House officials, former Members and former House officials entitled to use the frank.

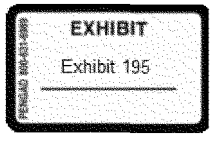
The law was amended on October 26, 1981, upon enactment of Public Law 97–69. The most significant changes were to enact major provisions of House Rule XLVI relating to mass mailings and to eliminate the authority to send letters of condolence and letters of congratulations for personal distinctions.

The law had also been amended in 1978, upon enactment of Public Law 95–521 and was again amended in 1982, upon enactment of Public Law 97–263, to authorize use of the frank for the Senate Legal Counsel and the Law Revision Counsel of the House, respectively.

Public Law 99–87, enacted in 1985, authorized the use of official mail to aid in the location and recovery of missing children. This Act was extended for a period of five years in December 1987.

Public Law 101–163, enacted in 1989, limited any mass mailing to two sheets of paper or their equivalent, and changed the numerical limitation on postal customer mail and restrictions on the timing of mass mailings prior to elections.

Public Law 101–520, enacted in 1990, established an "Official Mail Allowance" for each person in the House of Representatives authorized to use the frank; required that all mass mailings be submitted to the Commission



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VIII

for review prior to mailing; and limited the geographic distribution of mass mailings.

Public Law 102–392, enacted in 1992, eliminated the two sheets of paper restriction on mass mailings and prohibited Members from mass mailing outside of the congressional district from which they are elected.

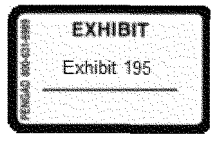
Public Law 104–197, enacted in 1996, requires that all mass mailings bear the following disclaimer statement: "This mailing was prepared, published and mailed at taxpayer expense." and prohibits Members from mass mailing 90 days prior to any primary or general election in which such Member is a candidate for public office.

The Commission is also directed to provide guidance, assistance, advice, and counsel through advisory opinions or consultations in connection with the mailing or contemplated mailing of franked mail. The staff assigned to the Commission is delegated authority by the Commission to perform advisory and consultatory functions, subject to review by the Commission.

The examples of frankable or nonfrankable mail matter as set forth in these regulations are based on the guidelines for franked mail matter enacted under Public Law 93–191, as amended. Any violation of the franking privilege is determined by the Commission under the procedures prescribed by section 5 of Public Law 93–191, as amended.

All section references in the following guidelines and regulations are to chapter 32 of title 39, United States Code, unless otherwise noted.

References to Rules of the House, as such, are noted.



CHAPTER ONE

WHO MAY USE THE CONGRESSIONAL FRANK

1. Entitlement To Use the Frank

The following Members of the House, officers of the House and survivors are authorized to use the frank:

(a) a Representative, Delegate, or Resident Commissioner;

(b) a Representative-elect, Delegate-elect, or Resident Commissioner-elect;

(c) the Clerk, Sergeant at Arms, CAO, and Chaplain;

(d) the Legislative Counsel of the House and the Law Revision Counsel of the House; [Note: Authority for all of the above is section 3210(b)(1).]

(e) any authorized person in the case of a vacancy in the offices of (c) or (d) above under authority of section 3210(b)(2);

(f) the designated survivor of a Representative, Delegate, or Resident Commissioner who died during his term of office, for not more than 180 days afterward, under section 3218.

2. Expiration of Franking Privilege

Under section 3210(b)(3), Representatives and others vested with the franking privilege (see paragraph 1 above) are entitled on a restricted basis to use the frank during the 90-day period immediately following the date on which they leave office.

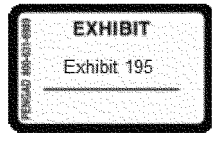
During this period, use of the frank is limited to matters directly related to the closing of the official business of the congressional or other respective office.

A Representative may not use the franking privilege during this 90-day period to—

—mail matter with a simplified form of address (postal customer mailing);

—mail newsletters, questionnaires or other similar mass mailings;

—mail any general or other mass mailings of any nature unless such mailings are in direct response to inquiries or requests from persons to whom the matter is mailed.



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From the date a Member leaves office and until a successor is sworn in, all new official business of the Washington and District offices, as well as pending official business extending beyond the 90-day period described in the preceding paragraphs, shall be mailed under the franking privilege of the Clerk of the House pursuant to the Clerk's responsibility under 2 U.S.C. 92c.

Further, upon the death of a Member, all official business relating to the closing of the office, as well as new business, shall be mailed under the Clerk's franking privilege until a successor is sworn in.

3. Representative-Elect

For the purpose of the applicable franking statutes and these regulations and guidelines, the franking privilege of a Representative-elect, a Delegate-elect, or a Resident Commissioner-elect to the House of Representatives shall begin on the date on which a certificate of election in due form is filed with the Clerk of the House.

Representatives-elect have limited use of the frank, i.e., to respond to incoming mail (although thank you messages for election to office are not frankable), set up their congressional offices or file documents with the Clerk's office. Campaign stationery cannot be used with the frank. Mass mailings may not be sent by Representatives-elect because they do not receive official expense allowances until they are sworn in as Members of the House of Representatives. Pursuant to section 3210(f), all mass mailings must be prepared and printed with appropriated funds.

4. Committees

Mail matter of any standing, select, special, or joint committee of the House, or a subcommittee thereof, or commission, composed of Members of Congress, which is frankable under section 3210, may be sent under the frank of the chairman, ranking minority member, or any other member of such committee, subcommittee, or commission. In addition, the Democratic caucus and the Republican conference of the House, or a committee, subcommittee, or other body established thereunder, may use the frank of a Member under authority of section 3215.

Section 3215 permits use of the frank by "official" committees created by order of the Congress, composed only of Members of Congress (excluding informal "caucus" or "ad hoc" groups of Members) whose business relates to political, party policy, special interest, or regional matters.

5. Loan of Frank

Section 3215 states, "A person entitled to use a frank may not lend it or permit its use by any committee, organization, or association, or permit



its use by any person for the benefit or use of any committee, organization, or association. This section does not apply to any standing, select, special, or joint committee, or subcommittee thereof, or commission of the Senate, House of Representatives, or Congress, composed of Members of Congress, or to the Democratic caucus or the Republican conference of the House of Representatives or of the Senate."

This section prohibits the use of the frank for the benefit of charitable organizations, political action committees, trade organizations, and so forth.

It should be pointed out that while the "penalty mail" provisions of law, which apply to Government agencies, permit penalty mail covers to be used by persons from whom official information is desired [39 U.S.C. 3202(b)], there is no such authority under the franking laws.[2] Therefore, attention is called to the following examples:

—A Representative may not provide a frank to a radio or television station for the return of a radio or television tape.

—A Representative may not permit his frank to be used for the return to him of responses to a questionnaire.

—A Representative may not use the frank to announce an event to be sponsored or cosponsored by an organization not eligible to use the frank.

—A Representative may not permit his frank to be used for the return of authorization forms from his constituents which may be required under the Privacy Act.

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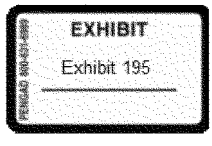
[2] Prohibitions concerning the receipt of return mail under the frank are expressed in *Cannon's Precedents of the House of Representatives*, vol. VI, secs. 217, 219 (1936). Section 217 provides:

> There is no provision of law under which a person receiving a request from a Member of Congress for information, official or otherwise, may send such information in the mails free of postage in an envelope bearing the frank of such Member of Congress furnished by the Member.

Section 219 provides:

> There is no provision of law under which the frank may be used for return reply.—On July 21, 1930, reply to an inquiry from the Clerk of the House, submitted at the instance of Mr. Conrad G. Selvig, of Minnesota, the Third Assistant Postmaster General rendered the following opinion:
>
> > It is improper under the law to furnish envelopes bearing frank for the use of individuals in reply to letters, and individuals receiving such envelopes cannot lawfully use them to mail matter free of postage under the frank of a Member of Congress. * * * Furthermore, there is no provision of law under which a person receiving a request from a Member of Congress for information, official or otherwise, may send such information in the mails free of postage in an envelope bearing the frank of such Member of Congress.

On May 8, 1975, the Commission held as frankable a petition by two Members, acting alone, to intervene in a rate case on behalf of constituents. The Commission held further that the same petition would not be frankable if another person not entitled to the franking privilege (such as the state attorney general) joined in the petition.



6. Inside Mail

Matter which is processed and delivered as "Inside Mail" is not subject to the provisions of the franking laws. This is a messenger service of the House provided to Members for the transmittal of inter-office communications. Since this mail matter never enters into the system of the U.S. Postal Service and is not handled by employees of the U.S. Postal Service, it is not considered "franked mail" under the statute. Therefore, it is not necessary for Members to obtain advisory opinions on material sent as "Inside Mail."

7. International Mail

The congressional franking privilege may be used only for mail matter to be delivered within the United States, its territories and possessions and for mail matter bearing an APO or FPO address for delivery through the United States military mail system.[3]

The congressional frank may not be used for mail matter addressed for delivery in a foreign country. Under terms of the Universal Postal Union Convention, such mail matter must bear prepayment of postage.

For official mail addressed to U.S. Embassies and missions abroad, Members may consult the Department of State for use of diplomatic pouch service.

8. Responsibility of Member's Staff

The actual determination of whether or not to send a particular piece of mail under a Member's frank probably will be made by his staff who prepare his mail for delivery. An improper use of the frank by a staff member, ranging from an inadvertent mistake on a single letter to a willful abuse on a mass mailing, will be imputed to his Member under most circumstances. To help avoid these violations of the franking law, with all of their resultant possible penalties and reflections on the effective administration of his office, a Member should reasonably ensure that his staff knows what kinds of mail are frankable by providing for the training and supervision of these employees and their familiarization with these regulations. Members should encourage their staff, especially in the case of all mass mailings, to consult with and seek the advice of the Commission to the greatest extent possible.

[3] In October 1990, the Commission ruled that mail bearing an APO or FPO address must relate to the official business of the Congress. Personal items or personal messages are not frankable.



CHAPTER TWO

CONTENTS OF FRANKABLE MAIL

1. Policy of Congress

Section 3210(a)(1) states, "It is the policy of the Congress that the privilege of sending mail as franked mail shall be established under this section in order to assist and expedite the conduct of the official business, activities, and duties of the Congress of the United States."

2. Intent of Congress

Section 3210(a)(2) states, "It is the intent of the Congress that such official business, activities, and duties cover all matters which directly or indirectly pertain to the legislative process or to any congressional representative functions generally, or to the functioning, working, or operating of the Congress and the performance of official duties in connection therewith, and shall include, but not be limited to, the conveying of information to the public, and the requesting of the views of the public, or the views and information of other authority of government, as a guide or a means of assistance in the performance of those functions."

3. Matters of Public Concern or Public Service

Section 3210(a)(3)(A) authorizes franking of mail matter "to any person and to all agencies and officials of Federal, state, and local governments regarding programs, decisions, and other related matters of public concern or public service, including any matter relating to actions of a past or current Congress." [1]

[1] Advisory opinion dated October 24, 1983, held as frankable a letter to residents advising them of a public meeting on contamination of waste disposal sites at a local Air Force Base.

Advisory opinion dated October 5, 1983, held as frankable a letter to businessmen concerning small business issues.

Advisory opinion dated December 27, 1983, held as frankable a letter to dairy farmers concerning new dairy legislation.

Commission ruling dated November 1974, held that Members may not project themselves into a future Congress, until after the November general election.

Continued



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Members may not make any mass mailings outside of the district from which they are elected. Members may respond directly to inquiries or requests from outside the district (See Chapter 3: Mass Mailing).[2]

4. Newsletter and News Release

Section 3210(a)(3)(B) authorizes franking of "the usual and customary congressional newsletter or press release which may deal with such matters as the impact of laws and decisions on state and local governments and individual citizens; reports on public and official actions taken by Members of Congress and discussions of proposed or pending legislation or governmental actions and the position of the Members of Congress on, and arguments for or against, such matters" (See Chapter 3: Mass Mailing).

Guidelines for Personally Phrased References

Members are cautioned on the excessive use of personally phrased references (Member's name, "I", "me", "the Congressman", "the Representative") in newsletters or other mass mailings.

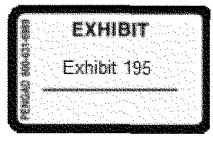
Personally phrased references contained in a mass mailing, for the most part, should not appear on the average more than eight times per page (the size of which is 8½″ x 11″ or larger, with a reasonable reduction in the number of such personally phrased references in mail matter smaller than 8½″ x 11″), except where such references:

—appear as the frank;
—appear in a masthead;
—consist of the signature and name following a letter, message, or the like;
—appear in any return, district, or Washington office address;
—identify a Member in a photo;
—appear in Congressional Record reprints, in most cases; or
—appear in reprints of articles from magazines, newspapers, and other periodicals, in most cases.

(The Commission points out that the guidelines set forth above do not carry the full force and effect of regulations. Thus, they are not outright limitations on the use of personally phrased references, but have been established to assist Members in preparing newsletters and other mass mailings. The use of personally phrased references in excess of these guidelines, when viewed as a whole and in the proper context, may not be in violation of the spirit and intent of the franking statutes or regulations thereunder.)

Commission ruling dated July 23, 1991, held that mass mailings to APO or FPO addresses are not frankable.

[2] Public Law 102–392 enacted in 1992.



4(a). Examples of Nonfrankable Items

- **Personal or biographical Matter (See Paragraphs 8, 10, 14, 16)**

—Autobiographical or biographical material of a Member, staff, or constituent is not frankable. [NOTE: An official biography of the Member may be franked in response to a specific request or to media.]

—No reports on the Member's family or family life.

—No reports on how the Member spends time other than in the performance of official duties.

—Community service or workday activities performed by the Member or staff are not official.

—No thank you notes or messages regarding election or re-election to office.

—Birthday, anniversary, wedding, birth, retirement or condolence messages and holiday greetings are prohibited.

- **Political and partisan references (See Paragraphs 7, 17)**

—Avoid excessive use of party labels. A general guideline is two references per page for each party.

—No party labels in photo caption excepting leadership titles.

—No specific references to past or future campaigns or elections, including election or re-election announcements and schedules of campaign related events.[3]

—Political cartoons or graphics are prohibited.

—Materials (i.e. photos, logos, slogans)used in campaign literature as well as specific campaign pledges or promises are not frankable.

—Members may not project themselves through an election cycle into a future Congress.

—Members may not directly or indirectly solicit a constituent's party affiliation.

—Comments critical of policy or legislation should not be partisan, politicized or personalized.

- **Solicitations, promotions or endorsements (See Paragraphs 5, 6 and 17, and Chapter One, Paragraph 5)**

—No solicitations for funds for or on behalf of *any* organization or person.

—No grassroots lobbying or soliciting support for a Member's position on a legislative, public policy or community issue. Members cannot generate or circulate a petition under the frank.

—No material that advertises, promotes, endorses or otherwise provides a benefit to an individual or organization not entitled to use the frank. This would include commerical, charitable, non-profit and political organizations as well as Congressional Member Organizations

[3] The Commission on Nov. 25, 1974, by a unanimous vote, held as not frankable comment in newsletter expressing gratitude to constituents for election to the Congress.



(CMO) and advisory boards or task forces. [NOTE: Leadership task forces or working groups are eligible for franking privileges under the Republican conference or Democratic caucus]

4(b). Examples of Frankable Items

- **Legislative duties (See Paragraphs 2, 3, 7)**

—Newsletters, reports, summaries or press releases on the Member's position on legislative or public policy issues.

—Discussions of official activities or meetings including participation in committee or subcommittee activities, official trips or tours, leadership roles.

—Tabulation of the Member's voting record or attendance record.[4]

—Follow-up letters or updates on a specific issue or to a targeted constituency are frankable.

—Members may discuss awards or honors presented in recognition of official or legislative efforts (no personal or politicial accomplishments).

—News articles, Congressional Record reprints, testimony and copies of official correspondence may be used as enclosures or excerpts provided the content complies with franking regulations.

—Questionnaires seeking public opinion on any law or proposed legislation. Opinion ballots on specific issues are permissible provided pro and con views are indicated.

—Editorial or issue-oriented cartoons which depict public issues (e.g., energy, inflation, defense) on a nonpolitical basis are frankable.

- **Official activities (See Paragraph 2)**

—Annoucements of town hall meetings, district office or neighborhood outreach hours, or constituent service events. [NOTE: Members cannot cosponsor events with an outside entity.]

—Notices of a visit to various sites in the district or a personal appearance by the Member to conduct official business. [NOTE: Members can only invite constituents to attend official events sponsored by the Member.]

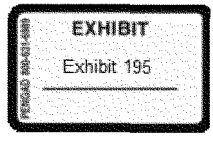
—Military academy applications and appointment forums.

—Statements of financial disclosure when contained in a press release or newsletter are frankable.

- **Constituent service (See Paragraphs 8, 11, 12, 13, 23)**

—Federal laws and publications, copies of bills, the Congressional Record, Library of Congress documents, U.S. Capitol Historical Society calendars and publications purchased with federal funds. [NOTE:

[4] The Commission on Feb. 21, 1974, by a unanimous vote held as frankable a press release relating to the attendance record of a Member of the House.



There are limited exceptions for enclosing public service materials in an otherwise frankable mailing (see Chapter 3, Paragraph 3).]

—Non-partisan voting registration or election information.

—Photos and biographies of missing children provided by the National Center for Missing and Exploited Children.

—Congratulations to a person who has achieved some public distinction.

4(c). Pictures in Newsletters, News Releases, or Other Mass Mailings

Mail matter consisting of newsletters, the usual and customary congressional questionnaire, or other general mass mailings, including covering letters in connection therewith, may include as a part thereof a single picture, sketch, or other likeness of the Member appearing alone which is in reasonable proportion to the size of the page.[5]

Additionally, mass mailings may contain pictures in which other *clearly visible* persons appear with the Member. Photos in which the Member appears are limited to a maximum of two per page.

Press releases which are frankable, if mailed to the communications media, may be accompanied by photographs which are directly related to the subject matter of the press release being so mailed.

Guidelines for Pictures and Sketches

—Mail matter consisting of newsletters, press releases, questionnaires, meeting notices, agriculture and consumer pamphlets, and certain other mass mailings may contain a picture of the Member.

—Calendars, business cards, academy posters, letterhead, note paper, labels, and newspaper advertisements or inserts may not contain a picture of the Member.

—A mass mailing may contain only one picture, sketch, or likeness in which the Member appears alone. Such a picture may be positioned anywhere on any page, and may cover 6 percent of the page, not to exceed 6 square inches. A masthead-type photo does not require a caption or accompanying text.

[5] Advisory opinion dated July 1, 1974, held as frankable the U.S. Department of Agriculture Publications List together with an explanatory cover letter containing a masthead photograph.

Advisory opinion dated Sept. 27, 1974, held as not frankable a pocket calendar one side of which was imprinted with the photograph of the Member.



Photo Measurements of a Member Appearing Alone

Masthead-Type Photo

Page Size	Maximum Photo Size
3.5 x 5	1 square inch
3.5 x 8	1.7 square inches
4 x 6	1.5 square inches
5.5 x 8.5	3 square inches
7 x 8.5	3.6–4 square inches
8.5 x 11	6 square inches
8.5 x 14 or larger	6 square inches

—Newsletters and other mass mailings should not include more than two pictures on any one page in which the Member appears (this includes the masthead), and the area covered by such pictures should not exceed 20 percent of such page.

Photo Measurements Totaling 20 Percent of Page

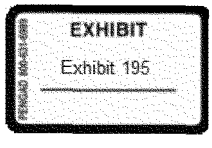
Page Size	Maximum Photo Size
3.5 x 5	3.5 square inches
4 x 6	4.8 square inches
5.5 x 8.5	9.35 square inches
7 x 8.5	12 square inches
8.5 x 11	19 square inches
8.5 x 14	24 square inches

—Except for an individual Member photo as described above, a picture which includes the Member must relate to the content of the accompanying text, or have a cutline or caption which explains the official activity rather than merely labels the picture.

—Members are cautioned on the use of pictures which contain a banner, poster, or other prominent display of a Member's name (such as mobile office). Such pictures, if they "lead to the conclusion that (their) purpose is to advertise the Member or Member-elect rather than illustrate accompanying text," could be the basis for filing a complaint. Therefore, Members are urged to exercise judgment and restraint in the use of such pictures.

—Subject matter of such photos is limited to the official business, activities, and duties of a Member of Congress.[6]

[6] Advisory opinion dated November 17, 1975, held as not frankable a photo of a Member performing a "work day" function in his congressional district unrelated to official duties. "Work day" functions include activities such as: assembly line work, farming chores, pumping gas, cashiering, etc.



—A picture of a Member in the performance of legislative, representative, or other official duties, may include the spouse or other members of the family of such Member.[7]

—A picture of a Member may not be included with mail matter consisting solely of voting or election information.

—Members are encouraged to limit their use of photographs and text which depict them receiving awards, certificates of commendation, or the like.

(The guidelines, which are set forth above, are intended to assist Members of the House in determining the proper size, number, and content of such pictures.)

5. Size and Format

Mass mailings are not restricted in their length or number of pages.[8]

There shall be a clear and readable address panel consisting of a rectangular area approximately 3½" from top to bottom and 4¼" from left to right, in proportion to the size of the page. This space will be used for the frank in the upper right hand corner, the return address in the upper left hand corner, and addressee information in the center.

In any frankable mailing, the size on print type in which a Member's name appears is limited to not more than ¼" in height, except for the masthead where it may measure not more than ½".

Mail matter which contains any logo, masthead design, slogan, or photograph which is a facsimile of any matter contained in a Member's campaign literature is not frankable.[9]

All mass mailings must bear the following disclaimer statement: "This mailing was prepared, published and mailed at taxpayer expense." This notice must appear prominently on the front page of a letter, on the front of the envelope or near the mailing panel, or on the first page of a self mailer. It must appear horizontally and set apart from other text by lines of spacing and printed in type size not smaller than 7 point.[10]

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[7] In its decision in the case of *Lowenstein v. Wydler* (February 20, 1976), the Commission ruled nonfrankable a photograph appearing in a Member's newsletter depicting the Member and the Member's son meeting with the President in the Oval Office. The photograph was accompanied by the following caption: "LIFETIME THRILL: Right after Gerald R. Ford became President of the United States, Congressman Jack Wydler and 13-year-old son Chris were invited for a private visit with the President in the Oval Office. The casual meeting covered many topics, including the nation's number one problem, inflation. And for Chris, who sat in the President's chair, the visit became a thrill of a lifetime."

[8] Public Law 102–392, enacted in 1992, eliminated the two sheets of paper restriction on mass mailings.

[9] Adopted by the Commission in October 1988, effective January 1, 1989.

[10] Public Law 104–197 enacted in September 1996.



6. Solicitation of Funds

The solicitation of funds for or on behalf of a private organization, for example, for the purpose of supporting any charitable, educational, religious or political program is not frankable.

A notice of or reference to a registration fee to cover the cost of participation (program materials, food and beverage) in an official event, conference, meeting or other such function, sponsored by the Member is not considered a solicitation.

7. Questionnaire Seeking Public Opinion

Section 3210(a)(3)(C) authorizes the franking of "the usual and customary congressional questionnaire seeking public opinion on any law, pending or proposed legislation, public issue, or subject."

A tabulation of the results of these questionnaires received by the Representative may be included in a newsletter or other frankable mailing.

A Representative may not permit his frank to be used for the return to him of responses to the questionnaire.

The questionnaire may not include a question inviting the constituent to indicate his or her political affiliation, such as "Democrat," "Republican," or "Independent."

8. Congratulations

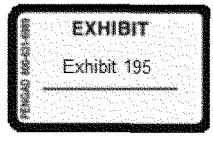
Section 3210(a)(3)(F) authorizes the franking of "mail matter expressing congratulations to a person who has achieved some public distinction."

The Commission emphasizes that these messages of congratulations are limited to matters of public distinction as opposed to matters of personal achievement. The following examples are illustrative, and not all-inclusive:

Examples of public distinction:	
Election or appointment to public office	Publicly notable awards and honors
	Eagle Scout/Gold Star
U.S. Citizenship	Heroism
High School Graduation	Appointment to a U.S. military academy

In the above examples, there is a public purpose to be served in establishing communication with newly elected or appointed public officials on a Federal, state or local level; with new citizens and graduates; and with honorees for outstanding public service to promote the public good.

Letters consisting solely of birthday, wedding, anniversary, retirement or condolence messages are not frankable.



However, legislative correspondence, which otherwise is frankable, may contain an incidental statement of condolence or of congratulations for personal achievement. For example, a response to a constituent's request for assistance in obtaining survivor annuity benefits may contain an incidental statement of condolence. Similarly, a letter enclosing Federal publications may contain a brief congratulatory message for personal achievement, provided the substance of the letter focuses on the content of the publication or other officially related subject matter rather than on the congratulatory remark.

9. Letters of Recommendation

A letter of recommendation for a current or former employee or any individual that has worked with the Member in an official capacity is frankable as long as it relates to the duties performed by the individual. Members as part of their official duties can write recommendations for military academy and political appointees.

Members may write letters of general introduction, not endorsement or recommendation for organizations or individuals.

Letters of recommendation other than those described above are not frankable.[11]

10. Holiday Greetings

Section 3210(a)(5)(B)(iii) prohibits the use of the frank "for any card expressing holiday greetings from [a Representative]." Under precedents of the Commission, this has been interpreted to cover newsletters and all other mailings.[12] Holiday illustrations or the use of colors that give the impression of a holiday greeting are prohibited. Holiday greeting messages are prohibited on calendars. One recommendation for a calendar message is "Best Wishes."

11. Federal Laws and Publications

Section 3210(a)(3)(G) authorizes franking of "mail matter, including general mass mailings, which consists of Federal laws, Federal regulations, other Federal publications, publications purchased with Federal funds, or publications containing items of general information."

Federal publications include the Congressional Directory, Department of Agriculture pamphlets and any other publications printed by order of Congress or by the Government Printing Office.

[11] Adopted by Commission on Dec. 10, 1995.

[12] The Commission on Nov. 26, 1974, by a unanimous vote, held as not frankable a comment in newsletter expressing holiday greetings.



Publications purchased with Federal funds would include the U.S. Capitol Historical Society calendar.

Section 3210(f) provides, "Any mass mailing which otherwise would be permitted to be mailed as franked mail under this section shall not be so mailed unless the cost of preparing and printing the mail matter is paid exclusively from funds appropriated by Congress, except that an otherwise frankable mass mailing may contain, as an enclosure or supplement, any public service material which is purely instructional or informational in nature, and which in content is frankable under this section."

The following are examples of materials which, if printed with non-appropriated funds, may be sent as enclosures in an otherwise frankable mass mailing:

—Voter registration or election information;
—Brochures listing educational institutions or opportunities;
—Brochures listing career opportunities;
—State or local government publications listing public services;
—Publications on energy, consumer, or conservation measures of an informational nature.

Surplus books and other publications from the Library of Congress are mailable under the frank to other libraries or persons.

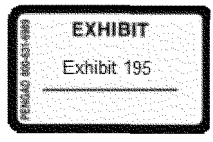
Ordinarily a book which is printed privately under the authorship or editorship of a Representative is not mailable under the frank; however, if the book is substantially biographical, under the provisions of paragraph 14 of this chapter, it may be mailed under the frank in response to a specific request for biographical material.

12. Congressional Record and Congressional Record Reprints

Section 3212 authorizes the franking of the Congressional Record. That section also states, "Members of Congress may send, as franked mail, any part of, or a reprint of any part of, the Congressional Record, including speeches or reports contained therein, if such matter is mailable as franked mail under section 3210 . . ."

In other words, a Congressional Record reprint or excerpt is subject to the test of frankability as set forth in section 3210 and applicable regulations.

Members are cautioned on mass mailing of Congressional Record reprints containing laudatory statements of one Member by another Member, and are urged to ensure that such material complies with the statutory provisions governing laudatory statements.



13. Voting Information

Section 3210(a)(3)(H) authorizes the franking of "mail matter which consists of voter registration or election information or assistance prepared and mailed in a nonpartisan manner."

A Representative may send under his frank material encouraging citizens to register and to vote or other material which provides information on voting. Care should be taken that such information is prepared in a nonpartisan manner and that it does not contain any political material which would cause it to be nonfrankable.[13]

If the matter mailed consists solely of voter information, it should not contain a picture of the Member (See paragraph 4(c) of this chapter, "Pictures in Newsletters, News Releases, or Other Mass Mailings").

14. Biographical Matter

Section 3210(a)(3)(I) authorizes franking of "mail matter which constitutes or includes a biography or autobiography of any Member of, or Member-elect to, Congress or any biographical or autobiographical material concerning such Member or Member-elect or the spouse or other members of the family of such Member or Member-elect, and which is so mailed as a part of a Federal publication or in response to a specific request therefor and is not included for publicity purposes in a newsletter or other general mass mailing of the Member or Member-elect under the franking privilege."

Biographical matter not in a Federal publication and sent in response to a request may be in the form of a book, or part of a book, a specially printed brochure, a newspaper or a magazine article, or any other available form.

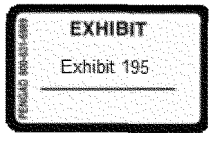
The frankability of biographical matter would be impaired by the inclusion of personal matter for publicity, advertising, or political purposes.

The incidental inclusion of biographical material or the incidental reference to personal history in a newsletter article would not cause the entire newsletter to be nonfrankable. However, if a substantial part of the article was a recitation of the personal history of a Member, such material would come under the prohibition.

A Representative may mail biographical material under the frank to the news media, in the absence of a specific request, for the purpose of updating news media files.

[13] Advisory opinion dated July 17, 1974, held as frankable a mass mailing to constituents urging voter registration.

Advisory opinion dated July 26, 1974, held a Member may not use his franking privilege as honorary chairman of a group of state administrators of elections to mail organizational information to such administrators.



15. Picture of a Representative

Section 3210(a)(3)(J) authorizes franking of "mail matter which contains a picture, sketch, or other likeness of any Member or Member-elect and which is so mailed as a part of a Federal publication or in response to a specific request therefor and, when contained in a newsletter or other general mass mailing of any Member or Member-elect, is not of such size, or does not occur with such frequency in the mail matter concerned, as to lead to the conclusion that the purpose of such picture, sketch, or likeness is to advertise the Member or Member-elect rather than to illustrate accompanying text."

The use of pictures in newsletters and accompanying news releases is described in paragraph 4(c) of this chapter.

A Representative may mail his photograph under the frank to the news media, in the absence of a specific request, for the purpose of updating their files.

A picture of the Member with a group of constituents may be sent individually to persons in the picture.

16. Personal Matter

Section 3210(a)(4) prohibits the use of the frank for "the transmission through the mails . . . of matter which in its nature is purely personal to the sender or to any other person and is unrelated to the official business, activities, and duties of the public officials (who are authorized to use the frank)." [14] Letters of acceptance or regret to invitations may be sent under the frank only if a Member is invited to appear in an official capacity.

Section 3210(a)(5)(A) prohibits the use of the frank for "mail matter which constitutes or includes any article, account, sketch, narration, or other text laudatory and complimentary of any Member of, or Member-elect to, Congress on a purely personal or political basis rather than on the basis of performance of official duties as a Member or on the basis of activities as a Member-elect."

Section 3210(a)(5)(B)(ii) prohibits the use of the frank for "reports of how or when such Member or Member-elect, or the spouse or any other member of the family of such Member or Member-elect, spends time other than in the performance of, or in connection with, the legislative, representative, and other official functions of such Member or the activities of such Member-elect as a Member-elect."

These prohibitions do not extend to the mailing under the frank of biographical matter, as authorized under paragraph 14 of this chapter.

[14] Advisory opinion dated June 17, 1974, held as not frankable a signed copy of the Code of Fair Campaign Practices (being returned to the Fair Campaign Practices Committee, Inc.).



Matter complimenting a Representative on a legislative achievement is frankable so long as it relates only to achievements concerned with official duties as a Member of Congress.

A thank you note or message regarding election to office is not frankable.

Section 3210(a)(5)(B)(i) prohibits the franking of mail matter which constitutes or includes "greetings from the spouse or other members of the family of such Member or Member-elect unless it is a brief reference in otherwise frankable mail."

17. Political Matter

Section 3210(a)(5)(C) prohibits the use of the frank for "mail matter which specifically solicits political support for the sender or any other person or any political party, or a vote or financial assistance for any candidate for any public office." [15]

This prohibited mail matter would include the forwarding or transmittal of any mail matter of private persons or associations which seeks to influence any public issue.

The use of the frank to mail matter constituting a petition is not authorized.

Mail, including newsletters or news releases, which mentions that the Representative or an employee of a Representative (or any other person) is a candidate for political office is not frankable.

18. Mail Between a Representative's Washington Office and District Offices

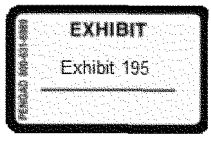
Section 3210(a)(3)(D) authorizes the franking of "mail matter dispatched by a Member of Congress between his Washington office and any congressional district offices, or between his district office."

This provision is subject to the restrictions on the frankability of personal and political material as set forth in this chapter, and is further subject to the size and weight limitations on mail as set forth generally in the postal statutes.

19. Mail to Other Legislators

Section 3210(a)(3)(E) authorizes the franking of "mail matter directed by one Member of Congress to another Member of Congress or to representatives of the legislative bodies of state and local governments."

[15] Advisory opinion dated July 15, 1974, held as not frankable a reprint from a national publication which reviewed the record of, and encouraged political support for, the incumbent Member of Congress.



20. Restitution for Misuse of the Frank; Payment to the Treasury

A mistake exists when a Representative, or an assistant to a Representative acting within the scope of his employment, improperly or unlawfully uses the frank on mail under an erroneous conviction arising from ignorance, forgetfulness, or misplaced confidence. Intentional or negligent use of the frank in an improper or unlawful manner cannot be excused as a mistake.

A Representative may offer to pay for the cost of a mailing sent out under his frank and which is not authorized under franking statutes. Such an offer will be viewed as an act of good faith by the House Commission on Congressional Mailing Standards in deciding whether to conduct further proceedings in case of a complaint against the Representative because of the mailing.

Section 3216(d) provides, "Money collected for matter improperly mailed under the franking privilege shall be deposited as miscellaneous receipts in the general fund of the Treasury."

Representatives making reimbursements under this provision should make checks payable to: U.S. Treasury—Financial Management Services and mail to:

Finance Division
Room 257
401 14th Street, S.W.
Washington, D.C. 20227
Phone: (202) 874–7110

21. Advisory Opinions

Under its authority, the Commission has delegated to the Commission staff the initial authority to issue advisory opinions to Members on the frankability of mail matter. A Member of the House, acting in that Member's capacity as a representative of a congressional district, shall, before making any mass mailing, submit a sample or description of the mail matter involved to the Commission for an advisory opinion as to whether such proposed mailing is in compliance with applicable provisions of law, rule, or regulation.[16]

An advisory opinion does not constitute approval by the Commission nor does it offer relief from the applicable statutes. Therefore, mail matter which is the subject of an advisory opinion should not bear the legend "Approved by the Commission on Congressional Mailing Standards" or any other such imprint indicating Commission approval.

No advisory opinion is final until it has been issued in writing.

[16] Public Law 101–520, enacted in 1990.



22. Public Access

All written staff advisory opinions issued on or after January 3, 1996 are available for public review and photocoping. In addition, mass mailings issued prior to that date are available for inspection. The Legislative Resource Center will make these materials available to the public. The Legislative Resource Center is located at B–106 Cannon House Office Building, phone 225–1300.[17]

23. Missing Children

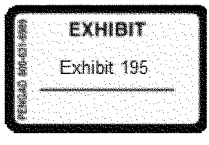
Under section 3220, a franked mailing may contain biographies and photographs of missing children. This material may appear on the envelope or any page of a newsletter, questionnaire, meeting notice, or similar mailing. However, caution should be exercised that this material does not impede the mailing panel of a self-mailer. Should Members or staff have any questions regarding placement of the information, they should contact the Commission staff.

Note to Section 3220 of title 39 provides that any guidelines, rules, or regulations prescribed pursuant thereto shall cease to be effective December 31, 2002.[18]

For information on obtaining appropriate biographies and photographs of missing children, Members may contact the Program Director, The National Center for Missing and Exploited Children, 1835 K Street, N.W., Suite 700, Washington, D.C. 20006, (202) 634–7161.

[17] Adopted by the Commission on December 10, 1995.

[18] Public Law 105–126 enacted December 1997.



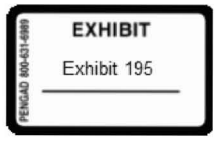


EXHIBIT
Exhibit 195
PENGAD 800-631-6989

CHAPTER THREE

MASS MAILINGS

1. Definition

Section 3210(a)(6)(E) defines "mass mailing" as, with respect to a session of Congress, any mailing of newsletters or other pieces of mail with substantially identical content (whether such mail is deposited singly or in bulk, or at the same time or different times), totaling more than 500 pieces in that session. This term does not apply to (1) mailings in direct response to communications from persons to whom the matter is mailed; (2) mailings to colleagues in the Congress or to government officials whether Federal, state, or local; (3) mailings of news releases to the communications media.

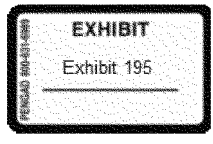
Mass mailings, therefore, are determined by quantity. Any mailing, whether a newsletter, issue letter, Federal publication, meeting notice, etc., is deemed to be a mass mailing if it is to be distributed in a quantity of more than 500 pieces, regardless of form of address.

2. Funds Used in Preparation

Section 3210(f) provides that "any mass mailing which otherwise would be permitted to be mailed as franked mail under this section shall not be so mailed unless the cost of preparing and printing the mail matter is paid exclusively from funds appropriated by Congress, except that an otherwise frankable mass mailing may contain, as an enclosure or supplement, any public service material which is purely instructional or informational in nature, and which in content is frankable under this section."

Cost of preparing and printing includes: stationery supplies, design and layout, printing and handling services, and mailing list compilation or acquisition costs.

Certain materials printed with nonappropriated funds may be exempted from this provision provided they are directly related to the Member's official representative function and are sent as enclosures or supplemental material to a mailing which is otherwise authorized by this provision. These materials must be instructional in nature on a public service basis rather than a general discussion of issues.



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The following are examples of materials which, if printed with non-appropriated funds, may be sent as enclosures in an otherwise frankable mass mailing:

—Voter registration and election information.
—Brochures listing educational institutions or opportunities.
—Brochures listing career opportunities.
—State or local government publications listing public services.
—Publications on energy, consumer, or conservation measures.

3. Forms of Address

Mass mailings are divided into three categories:

(a) Individually addressed mail, first class, which bears specific names and addresses in the standard address format of:

Name
Street
City, State, Zip Code

(b) Individually addressed, standard bulk rate which bears specific names and addresses in standard address format of:

Name
Street
City, State, Zip Code

The abbreviation "Blk. Rt. ECRWSS" should be printed on the address side of each piece directly beneath the Member's frank. A bulk mail permit (#G-300) is required to send franked bulk standard mailings from a congressional district. Application for use of permit should be made with local bulk mail facility.

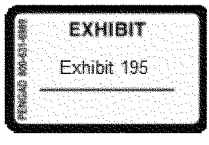
(c) Simplified form of address for general distribution to postal customers. This mail is addressed as follows:

Postal Customer
(#) Congressional District
(State)

Franked mail mailed with a simplified form of address under this subsection—

(I) shall be prepared as directed by the Postal Service; and
(II) may be delivered to—
(i) each box holder or family on a rural or star route;
(ii) each post office box holder; and
(iii) each stop or box on a city carrier route.

Section 3210(d)(4) provides that any franked mail which is mailed by a Member under section 3210(d) (simplified form of address or postal customer mail), shall be mailed at the equivalent rate of postage which assures that such mail will be sent by the most economical means practicable.



All mass mailings, regardless of form of address, are subject to the same content requirements. (For further information on congressional mailings see Appendix 4.)

4. Advisory Opinions

Section 311(F), Title 2 U.S.C. provides that a Member entitled to mail franked mail, shall, before making any mass mailing, submit a sample or description of the mail matter involved to the House Commission on Congressional Mailing Standards for an advisory opinion on the frankability of such mail matter.[1]

Under regulations issued by the Commission, the staff of the Commission is authorized to issue advisory opinions on the frankability of mail matter.[2]

In order for the Commission staff to be responsive to the needs of Members in complying with this rule, each Member is asked to observe the following procedures:

—assign a staff member familiar with the franking laws and regulations to supervise preparation of the mailing so that obvious violations of the franking laws are avoided before submitting the material for an advisory opinion;

—submit copies of the material in its proof form, and required administrative forms (see Appendix 5). If possible suggest that staff resolve questions in advance by telephone or personal consultation; and

—allow at least three days for an advisory opinion to be processed.

5. Applicability

The provisions relating to mass mailings apply to mailings by any Member of the House of Representatives, a Delegate to the House of Representatives, or the Resident Commissioner in the House of Representatives, when such Member, Delegate, or Resident Commissioner is acting in his or her capacity as a representative of a congressional district.

[1] Legislative Branch Appropriations Act, 1991 (Public Law 101-520) enacted 1990.

[2] Commission ruling dated July 23, 1991, held that correspondence specifically related to casework need not be submitted for review.

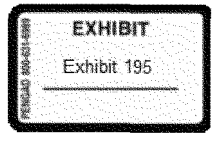



EXHIBIT
Exhibit 195
PENGAD 800-631-6989

CHAPTER FOUR

ELECTION YEAR MAILING RESTRICTIONS

1. Restriction on Mass Mailings Prior to Elections

Section 3210(a)(6)(A) provides that a Member may not frank any mass mailing less than 90 days immediately before the date of any primary or general election (whether regular, special, or runoff) in which such Member is a candidate for public office.[1]

The above restrictions on mass mailings by candidates do not apply to mass mailings by the chairman of any standing, select, joint, or other official committee of the Congress, or subcommittee thereof, and which relate to the normal business of the committee.

A. Definitions

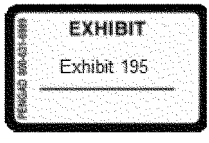
(1) *Candidate.*—A Member of or a Member-elect to the House of Representatives is deemed to be a candidate for public office at an election if his or her name appears anywhere on any official ballot to be used in such election.[2]

(2) *Mass mailing.*—Means newsletters and other similar mailings of more than 500 pieces in which the content of the matter mailed is substantially identical but shall not apply to (a) mailings in direct response to communications from persons to whom the matter is mailed; (b) mailings to colleagues in the Congress or to government officials whether Federal, state, or local; or (c) mailings of news releases to the communications media. Mail matter will be deemed to fall within the prohibition of the subject rule when the total of such pieces of mail matter exceeds 500, whether in cumulative mailings or a single mailing during the 90-day period of the rule.

Federal publications, publications purchased with Federal funds, and publications containing items of general information, when individually addressed and not included in a planned mailing or one which can be reasonably anticipated, shall not be deemed "similar mailings" for the purpose

[1] Public Law 101–197, enacted September, 1996.

[2] Adopted by the Commission on February 21, 1974.



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of the subject statute or these regulations, unless such a mailing exceeds 500 pieces in a single mailing.

For example, information to new home owners would be frankable during the 90-day period, but certificates to high school graduates would not be frankable since such a mailing would be considered planned or reasonably anticipated.

B. Exceptions

Section 3210(a)(6)(E) provides three exceptions to the mass mail prohibition prior to elections:

(i) (mailings) which are in direct response to inquiries or requests from the persons to whom the matter is mailed;

(ii) (mailings) to colleagues in Congress or to government officials (whether Federal, state, or local); and

(iii) (mailings) of news releases to the communications media.

The Commission believes the last two exceptions are self-explanatory.

In application of the first exception, the Commission stresses the phrase "*direct* response to inquiries or requests."[3] Therefore, response to a signed petition with a form or identical letter individually addressed to each of the signers of the petition is frankable. However, a follow-up letter to the same list of petitioners is not frankable under this section in that it would not be in direct response to an inquiry.

Similarly, follow-up letters to persons who had previously written and had been answered on a particular subject, if such letters by their form and volume constitute a mass mailing, are not frankable during the 90-day period prior to elections. Also, requests for questionnaire results or other material, when solicited by Members on questionnaire forms or newsletters, are not deemed to be in direct response to an inquiry or request.

Members may not send miscellaneous enclosures of "inserts" with direct response mail, during the 90-day cutoff period, if 500 or more of the inserts will be mailed in one session of Congress. However, you may include an enclosure or insert if it is *specifically germane* to the topic of the inquiry or request. Therefore, if someone specifically requests information about the topic of the enclosure or insert, you *may* include it with your mail. But if the topic of the insert is unrelated to the incoming inquiry, during the 90-day cutoff period, you *may not* include that insert in your response (if 500 or more will be mailed).[4] Section 3210(a)(6)(B) provides that any mass mailing which is mailed by the chairman of any standing, select, special or joint committee, subcommittee, or commission of the House of Representa-

[3] Advisory opinion dated Oct. 17, 1974, held as not frankable (during the 28-day period prior to the general election) approximately 2,000 letters to constituents who had completed a questionnaire since the proposed letter embodied an offer to meet with the addressee at some unspecified time and place and was not in direct response to an inquiry.

[4] Adopted by Commission on August 19, 1994.



tives, which relates to the *normal and regular business* of the organization may be mailed without regard to the mass mailing cutoff provisions. The Commission emphasizes "normal and regular" committee business, i.e., press releases, schedules of hearings, or committee documents. Nothing in 3210(a)(6)(B) should be used to circumvent the pre-election mass mailing laws and regulations. A newsletter which is suddenly issued by a committee during a cutoff, for example, would not be deemed frankable material.

C. Caution on 90-day Cutoff Periods Prior to Elections

The 90-day cutoff prohibition on mass mailings applies to every Member whose name is to appear on an official ballot for election or reelection to public office.

State election laws vary considerably. For example, in some states, if a Member is unopposed in either the primary or general election, the Member's name *does not* appear on the ballot. The Member, therefore, would not be subject to the 90-day cutoff provision.

In other states, however, a Member's name may appear on the ballot *whether or not* the Member has an opponent. Even if a Member is unopposed, if the Member's name is to appear on the ballot, the 90-day mass mailing prohibition *would* apply.

Members should ensure that staff members responsible for mass mailings are knowledgeable concerning election laws as they affect mailing privileges during the period prior to primary and general election periods. Members' staff seeking advisory opinions from the Commission must certify that, to the best of their knowledge, the frankability of the proposed mailing is not adversely affected by applicable state election laws.




EXHIBIT
Exhibit 195
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Part II

RULES OF PRACTICE IN PROCEEDINGS before the HOUSE COMMISSION ON CONGRESSIONAL MAILING STANDARDS



CSOC.CBR.00031529

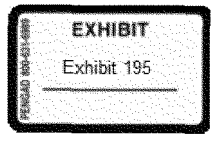
FOREWORD

This part contains the Rules of Practice in Proceedings before the House Commission on Congressional Mailing Standards which were adopted by the Commission on February 4, 1974, and as amended on June 27, 1974, and January 12, 1977, pursuant to section 5 of Public Law 93–191.

Also included in the introduction of this part is the notice printed in the Congressional Record on February 19, 1974, providing public notice of the rules.

The Commission has also included suggested forms (see page 42) which may be used by persons involved in proceedings before the Commission.

BILL THOMAS, *Chairman.*



CSOC.CBR.00031530

INTRODUCTION

NOTICE

RULES OF PRACTICE IN PROCEEDINGS BEFORE THE HOUSE COMMISSION ON CONGRESSIONAL MAILING STANDARDS

Notice is hereby given that, pursuant to section 5 of the act of December 18, 1973 (87 Stat. 742; Public Law 93–191), the Rules of Practice in Proceedings before the House Commission on Congressional Mailing Standards, as hereinafter set forth, have been prescribed and established by the House Commission on Congressional Mailing Standards at its organizational meeting held on February 4, 1974.

Subsection (e) of section 5 provides in part that the Commission "shall prescribe regulations for the holding of investigations and hearings, the conduct of proceedings, and the rendering of decisions under this subsection providing for equitable procedures and the protection of individual, public, and Government interests. The regulations shall, insofar as practicable, contain the substance of the administrative procedure provisions of sections 551–559, and 701–706, of title 5, United States Code. These regulations shall govern matters under this subsection subject to judicial review thereof."

In view of the fact that a commission of the legislative branch is not authorized to publish documents, such as these rules of practice, in the Federal Register (44 U.S.C. 1501), the Commission has determined to provide public notice thereof by printing them in the Congressional Record. In addition to the notice hereby given, copies of the rules will be made available to any person upon request to the Commission.

Due to the fact that the only remedy now available to persons who may wish to commence a proceeding on a violation of the franking privilege as it relates to the House of Representatives, is the filing of a complaint and proceedings before the Commission under section 5 of the act of December 18, 1973 (87 Stat. 742; Public Law 93–191), the Commission has determined that these rules shall take effect immediately.

Although the Commission does not anticipate any specific future changes in these regulations, the Commission would appreciate, and therefore invites comments or suggestions which might assist in future revision of the rules. Comments should be submitted with at least 10 copies and may be mailed to the Commission at 305 Cannon House Office Building, Washington, D.C. 20515.



CSOC.CBR.00031531

In consideration of the foregoing, the Rules of Practice in Proceedings before the House Commission on Congressional Mailing Standards as hereinafter set forth are made effective immediately.

Issued in Washington, D.C., on February 19, 1974.

MORRIS K. UDALL,
Chairman, House Commission on Congressional Mailing Standards.



CSOC.CBR.00031532

RULES OF PRACTICE IN PROCEEDINGS BEFORE THE HOUSE COMMISSION ON CONGRESSIONAL MAILING STANDARDS

ANALYSIS OF RULES

Rule 1. Authority for rules.
Rule 2. Scope of rules.
Rule 3. Informal dispositions.
Rule 4. Office; business hours.
Rule 5. Complaints.
Rule 6. Service.
Rule 7. Notice of hearing.
Rule 8. Filing documents for the record.
Rule 9. Answer.
Rule 10. Default.
Rule 11. Amendment of pleadings.
Rule 12. Continuances and extensions.
Rule 13. Hearings.
Rule 14. Change of place of hearings.
Rule 15. Appearances.
Rule 16. Hearing officers.
Rule 17. Evidence.
Rule 18. Subpoenas.
Rule 19. Witness fees.
Rule 20. Depositions.
Rule 21. Transcript.
Rule 22. Proposed findings and conclusions.
Rule 23. Decisions.
Rule 24. Motion for reconsideration.
Rule 25. Modification or revocation of orders.
Rule 26. Computation of time.
Rule 27. Official record.
Rule 28. Public information.

Rule 1. Authority for rules.

These rules of practice are issued by the House Commission on Congressional Mailing Standards of the U.S. House of Representatives, hereinafter referred to as the Commission, pursuant to authority under section 5 of the act of December 18, 1973 (87 Stat. 742; Public Law 93–191).

Rule 2. Scope of rules.

These rules of practice shall be applicable in all proceedings before the Commission.

Rule 3. Informal dispositions.

These rules do not preclude the disposition of any matter by the Commission prior to any proceeding or hearing, if it determines that there is no substantial reason to believe that a violation has or is about to occur



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as alleged in the complaint, or by agreement between the parties either before or after the filing of a complaint when time, the nature of the proceeding, and the public interest permit.

Rule 4. Office; business hours.

The offices of the Commission and the officials mentioned in these rules are located at the House of Representatives, 140 Cannon House Office Building, Washington, D.C. 20515, and are open Monday through Friday except holidays from 9:00 a.m. to 5:00 p.m.

Rule 5. Complaints.

(a) Any person who believes that a person authorized to use the frank is about to violate or, within the immediately preceding period of 1 year, has violated the use of the frank under section 3210, 3211, 3212, 3213(2) or 3218, or in connection with the operation of section 3215, of title 39, United States Code, may file with the Commission a signed complaint which names the person involved; states the legal authority and jurisdiction under which the proceeding is initiated; states the facts in a manner sufficient to enable the person named therein to make answer thereto; recommends the issuance of an appropriate order; sets forth the address of the complainant and the name and address of his attorney, if any.

(b) All allegations in the pleadings shall be made in numbered paragraphs, the contents of each of which shall be limited as far as practicable to a statement of a single set of circumstances, and a paragraph may be referred to by number in all succeeding pleadings. Each complaint founded upon a separate transaction or occurrence and each defense other than denials shall be stated in a separate count or defense whenever a separation facilitates the clear presentation of the matters set forth.

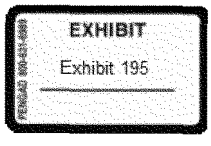
(c) Statements in a pleading may be adopted by reference in a different part of the same pleading or in another pleading or in any motion. A copy of any written instrument which is an exhibit to a pleading is a part thereof for all purposes.

(d) The person so named in the complaint shall be known as the respondent and the person filing the complaint shall be known as the complainant.

Rule 6. Service.

(a) The Commission shall cause a copy of the complaint to be served upon the respondent or his agent and it shall issue a notice stating the date for filing an answer, which shall not exceed 10 days from the service of the complaint, and a reference to the effect of failure to file an answer. (See rule 10.)

(b) Service of all papers shall be effected by mailing the same, postage prepaid registered, or certified mail, return receipt requested, or by causing said papers to be personally served on the parties or their respective agents, as appropriate, by an authorized representative of the Commission. In the case of personal service the person making service shall secure from the parties of their agents, a written acknowledgement of receipt of said papers, showing the date and time of such receipt. Said acknowledgement (or the return receipt where service is effectuated by mail) shall be made a part of the record of the proceedings. The date of delivery, as shown by the ac-



knowledgement of personal service or the return receipt, shall be the date of service.

Rule 7. Notice of hearing.

Upon the filing of the respondent's answer, if the Commission determines that there is reasonable justification for a complaint filed under rule 5, it shall issue a notice of hearing stating the time and place of the hearing and a reference to the effect of failure to appear at the hearing (see rule 10). Except for good cause shown, the hearing date shall be within 30 days of the date of the filing of the complaint.

Rule 8. Filing documents for the record.

(a) Each party shall file with the Commission, pleadings, motions, orders, and other documents for the record. The Commission shall cause copies to be served promptly to other parties to the proceeding and to the hearing officer.

(b) The parties shall submit four copies of all documents unless otherwise ordered by the hearing officer. One copy shall be signed as the original.

(c) Documents shall be dated and state the title of the proceeding. Any pleading or other document required by order of the hearing officer to be filed by a specified date shall be delivered to the Commission on or before such date. The date of filing shall be entered thereon by the Commission.

Rule 9. Answer.

(a) The answer shall contain a concise statement admitting, denying, or explaining each of the allegations set forth in the complaint.

(b) Any facts alleged in the complaint which are not denied or are expressly admitted in the answer may be considered as proved, and no further evidence regarding these facts need be adduced at the hearing.

(c) The answer shall be signed personally by the respondent except for good cause shown.

(d) The answer shall set forth the respondent's address and the name and address of his attorney.

(e) The answer shall affirmatively state whether the respondent will appear in person or by his attorney at the hearing.

(f) If the respondent does not desire to appear at the hearing in person or by his attorney he may request that the matter be submitted for determination pursuant to paragraph (b) of rule 10.

Rule 10. Default.

(a) If the respondent fails to file an answer within the time specified, he shall be deemed in default, and to have waived a hearing and further procedural steps. The Commission shall thereafter issue an order without further notice to the respondent.

(b) If the respondent files an answer but fails to appear at the hearing, the hearing officer shall receive complainant's evidence and submit proposed findings of fact and conclusions of law to the Commission.



(c) If the complainant or his attorney fails to appear at the hearing, the hearing officer shall receive the respondent's evidence and submit proposed findings of fact and conclusions of law to the Commission.

Rule 11. Amendment of pleadings.

(a) Amendments proposed prior to the hearing shall be filed with the Commission. Amendments proposed thereafter shall be filed with the hearing officer.

(b) By consent of the parties, a pleading may be amended at any time. Also, a party may move to amend a pleading at any time prior to the close of the hearing and, provided that the amendment is reasonably within the scope of the proceeding initiated by the complaint, the hearing officer shall make such ruling on the motion as he deems to be fair and equitable to the parties.

(c) When issues not raised by the pleadings but reasonably within the scope of the proceedings initiated by the complaint are tried by express or implied consent of the parties, they shall be treated in all respects as if they had been raised in the pleadings. Such amendments as may be necessary to make the pleadings conform to the evidence and to raise such issues shall be allowed at any time upon the motion of any party.

(d) If a party objects to the introduction of evidence at the hearing on the ground that it is not within the issues made by the pleadings, but fails to satisfy the hearing officer that an amendment of the pleadings would prejudice him on the merits, the hearing officer may allow the pleadings to be amended and may grant a continuance to enable the objecting party to rebut the evidence presented.

(e) The hearing office may, upon reasonable notice and upon such terms as are just, permit service of a supplemental pleading setting forth transactions, occurrences, or events which have happened since the date of the pleading sought to be supplemented and which are relevant to any of the issues involved.

Rule 12. Continuances and Extensions.

Continuances and extensions will not be granted by the hearing officer except for good cause shown.

Rule 13. Hearings.

Hearings are held at the U.S. Capitol, Washington, D.C. 20515, or other locations designated by the Commission.

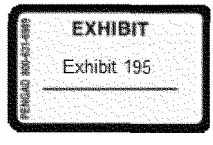
Rule 14. Change of place of hearings.

Not later than 7 days prior to the date fixed for the hearing, a party may file a request that a hearing be held to receive evidence on this behalf at a place other than that designated for hearing in the notice. He shall support his request with a statement outlining:

(a) The evidence to be offered in such place;

(b) The names and addresses of the witnesses who will testify; and

(c) The reasons why such evidence cannot be produced in Washington, D.C.



The Commission shall give consideration to the convenience and necessity of the parties and the relevancy of the evidence to be offered.

Rule 15. Appearances.

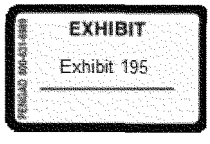
(a) The parties may appear and be heard in person or by attorney.
(b) When a party is represented by an attorney, all pleadings and other papers subsequent to the complaint shall be mailed to the attorney.
(c) Parties must promptly file a notice of change of attorney.

Rule 16. Hearing officers.

(a) A hearing officer may be appointed by the Commission to preside over any proceeding or hearing hereunder.
(b) The hearing officer shall have authority to:
(1) Administer oaths and affirmations;
(2) Examine witnesses;
(3) Rule upon offers of proof, admissibility of evidence, and matters of procedure;
(4) Order any pleadings amended upon motion of a party at any time prior to the close of the hearing;
(5) Maintain discipline and decorum and exclude from the hearing any person acting in an indecorus manner;
(6) Require the filing of briefs or memoranda of law on any matter upon which he is required to rule;
(7) Order prehearing conference for the purpose of the settlement or simplification of issues by the parties;
(8) Order the proceeding reopened at any time prior to a final decision for the receipt of additional evidence; and
(9) Take any other action authorized by the Commission.

Rule 17. Evidence.

(a) Except as otherwise provided in these rules, the rules of evidence governing civil proceedings in matters not involving trial by jury in the courts of the United States shall govern. However, such rules may be relaxed to the extent that the hearing officer deems proper to insure a fair hearing. The hearing officer shall exclude irrelevant, immaterial, or repetitous evidence.
(b) Testimony shall be under oath or affirmation and witnesses shall be subject to cross-examination.
(c) Agreed statements of fact may be received in evidence.
(d) Official notice or knowledge may be taken of the types of matters of which judicial notice or knowledge may be taken.
(e) Authoritative writings of the sciences may be submitted in evidence, but only through the testimony of expert witnesses or by stipulation.
(f) The written statement of a competent witness may be received in evidence provided that such statement is relevant to the issues that the witness shall testify under oath at the hearing, that the statement is in all respects true and in the case of expert witnesses, that the statement correctly states his opinion or knowledge concerning the matters in question.
(g) A party who objects to the admission of evidence shall make a brief statement of the grounds for the objection. Formal exceptions to the rulings of the hearing officer are unnecessary.



Rule 18. Subpoenas.

At the request of any party, subpoenas for attendance of witnesses at a hearing may be issued over the signature of the chairman of the Commission or of any member designated by him or by the Commission and may be served by such person or persons as may be designated by such chairman or member.

Rule 19. Witness fees.

Fees and expenses for witnesses for either party or for depositions requested by either party shall not be paid by the Commission.

Rule 20. Depositions.

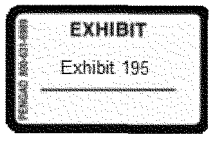
(a) Not later than 5 days after the filing of respondent's answer, any party may file application with the Commission for the taking of testimony by deposition. In support of such application the applicant shall submit under oath or affirmation a statement setting out the reasons why such testimony should be taken by deposition, the time and the place, and the name and address of the witness whose deposition is desired, the subject matter of the testimony of each witness, its relevancy, and the name and address of the person before whom the deposition is to be taken.

(b) If the application be granted, the order for the taking of the deposition will specify the time and place thereof, the name of the witness, the person before whom the deposition is to be taken, and any other necessary information.

(c) Each witness testifying upon deposition shall be duly sworn, and the adverse party shall have the right to cross examine. The questions and answers, together with all objections, shall be reduced to writing and, unless waived by stipulation of the parties, shall be read to and subscribed by the witness in the presence of the deposition officer who shall certify it in the usual form. The deposition officer shall file the testimony taken by deposition as directed in the order. The deposition officer shall put the witness on oath. All objections made at the time of examination shall be noted by the deposition officer and the evidence objected to shall be taken subject to the objections. In lieu of participating in the oral examination, a party may transmit written interrogatories to the officer, who shall propound them to the witness and record the answers verbatim. Objections to relevancy or materiality of testimony; or to errors and irregularities occurring at the oral examination in the manner of taking the deposition, in the form of the questions or answers, in the oath or affirmation, or in the conduct of the parties; and errors of any kind which might be obviated, cured, or removed if promptly presented, are waived unless timely objection is made at the taking of the deposition.

(d) At the hearing, any part or all of the deposition may be offered in evidence by any party who was presented or represented at the taking of the deposition or who had notice thereof. If the deposition is not offered and received in evidence, it shall not be considered as a part of the record in the proceeding. The admissibility of depositions or parts thereof shall be governed by the rules of evidence.

(e) The party requesting the deposition shall pay all fees required to be paid to witnesses and the deposition officer, and shall provide an original



and one copy of the deposition for the official record, and shall serve one copy upon the opposing party.

(f) Within the United States or within a territory or insular possession, subject to the dominion of the United States, depositions may be taken before an officer authorized to administer oaths by the laws of the United States or of the place where the examination is held.

(g) Depositions may also be taken and submitted on written interrogatories in substantially the same manner as depositions taken by oral examination. When a deposition is taken upon written interrogatories and cross-interrogatories none of the parties shall be present or represented, and no person, other than the witness, a stenographic reporter, and the officer shall be present at the examination of the witness, which fact shall be certified by the officer, who shall propound the interrogatories and cross-interrogatories to the witness in their order and reduce the testimony to writing in the witness' own words.

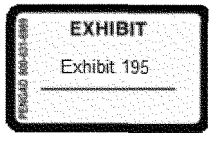
Rule 21. Transcript.

(a) Hearings shall be stenographically reported under the supervision of the hearing officer. Argument upon any matter may be excluded from the transcript by order of the hearing officer. A copy of the transcript shall be a part of the record and the sole official transcript of the proceeding. Copies of the transcript shall be supplied to the parties to the proceeding at their own expense by the reporter. Copies of parts of the official record other than the transcript may be obtained by the parties from the reporter upon the payment to him of a reasonable price therefor.

(b) Changes in the official transcript may be made only when they involve errors affecting substance and then only in the manner herein provided. No physical changes shall be made in or upon the official transcript, or any part thereof, which have been filed with the record. Within 5 days after the receipt by any party of a copy of the official transcript, or any part thereof, he may file a motion requesting correction of the transcript. Opposing counsel shall, within such time as may be specified by the hearing officer, notify the hearing officer in writing of his concurrence or disagreement with the requested corrections. Failure to interpose timely objection to a proposed correction shall be considered to be concurrence. Thereafter, the hearing officer shall by order specify the corrections to be made in the transcript. The hearing officer on his own initiative may order corrections to be made in the transcript with prompt notice to the parties of the proceeding. Any changes ordered by the hearing officer other than by agreement of the parties shall be subject to objection and exception.

Rule 22. Proposed findings and conclusions.

(a) Each party to a proceeding, except one who fails to appear at the hearing or indicates that he does not desire to appear, may, unless at the discretion of the hearing officer such is not appropriate, submit proposed findings of fact, conclusions of law, and supporting reasons either in oral or written form in the discretion of the hearing officer. The hearing officer may also require parties to any proceeding to submit proposed findings of fact and conclusions of law with supporting reasons. Unless given orally, the date set for filing of proposed findings of fact and conclusions of law shall be within 5 days after the delivery of the official transcript to the Commis-



sion who shall notify both parties of the date of its receipt. The filing date for proposed findings shall be the same for both parties. If not submitted by such date, or unless extension of time for the filing thereof is granted, they will not be included in the record or given consideration.

(b) Except when presented orally before the close of the hearing, proposed findings of fact shall be set forth in serially numbered paragraphs and shall state with particularity all evidentiary facts in the record with appropriate citations to the transcript or exhibits supporting the proposed findings. Each proposed conclusion shall be separately stated.

Rule 23. Decisions

(a) *Findings and conclusions by hearing officer.*—Within 20 days after any proceeding or hearing, as appropriate, has been concluded, the hearing officer shall submit to the Commission proposed findings of fact and conclusions of law, with the reasons therefor, upon all the material issues of fact or law presented on the record.

(b) *Final decision by the Commission.*—The Commission shall render a final decision within 30 days after any proceeding or hearing, as appropriate, has been concluded or, in the event that no hearing or other proceeding is held, within 30 days after the answer to a complaint is filed. Such decision shall include findings and conclusions, with the reasons therefor, upon all the material issues of fact or law presented on the record, and the appropriate order or denial thereof.

Rule 24. Motion for reconsideration.

A party may file a motion for reconsideration of a final Commission decision within 10 days after receiving it or within such longer period as the Commission may fix. Each motion for reconsideration shall be accompanied by a brief clearly setting forth the points of fact and of law relied upon in support of said motion. The Commission shall transmit a copy of the motion and brief to the opposing party, who shall file a written reply brief within 10 days after filing or such other period as the Commission may fix. A copy of the reply brief shall be sent to the moving party by the Commission.

Rule 25. Modification or revocation of orders.

A party against whom an order has been issued may file an application for modification or revocation thereof. The Commission shall transmit a copy of the application to the opposing party, who shall file a written reply within 10 days after filing or such other period as the Commission may fix. A copy of the reply shall be sent to the applicant by the Commission. Thereafter, an order granting or denying such application will be issued by the Commission.

Rule 26. Computation of time.

A designated period of time under these rules excludes the day the period begins, and includes the last day of the period unless that last day is a Saturday, Sunday, or legal holiday, in which event the period runs until the close of business on the next business day.



Rule 27. Official record.

The transcript of testimony together with all pleadings, orders, exhibits, briefs, and other documents filed in the proceeding shall constitute the official record of the proceeding.

Rule 28. Public information.

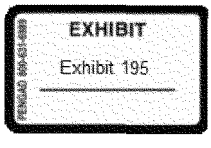
The Commission maintains for public inspection in its offices copies of all final decisions, including a record of the votes on any question on which a record vote is taken. The Commission also maintains a complete official record of every proceeding, all other records, data and files of the Commission which shall be the property of the Commission and shall be kept in the offices of the Commission or such other places as the Commission may direct.

INTRODUCTORY STATEMENT

The following forms are intended for illustration only. They are limited in number, since no attempt has been made to furnish a manual of forms.

These forms do not cover every possible situation involving an allegation of a violation of the franking laws. They may be used as a guide for the preparation of pleadings by prospective parties in proceedings before the Commission.

Each pleading, motion, or other paper should have a caption similar to that shown on the forms hereinafter set forth with the designation of the particular paper substituted for the word "complaint."



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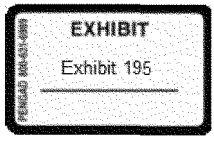

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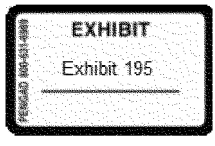


Appendix No. 1

LAWS RELATING TO THE USE OF THE CONGRESSIONAL FRANK

Title 2.—The Congress

§ Sec. 501 House Commission on Congressional Mailing Standards

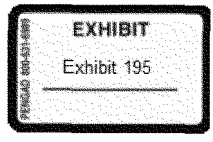
(a) There is established a special commission of the House of Representatives, designated the "House Commission on Congressional Mailing Standards" (herein referred to as the "Commission").

Membership; political party representation; Chairman; vacancies; quorum

(b) The Commission shall be composed of six Members appointed by the Speaker of the House, three from the majority political party, and three from the minority political party, in the House. The Speaker shall designate as Chairman of the Commission, from among the members of the Committee on House Oversight, one of the Members appointed to the Commission. A vacancy in the membership of the Commission shall be filled in the same manner as the original appointment. Four members of the Commission shall constitute a quorum to do business.

Assistance and use of personnel, including chief counsel, of Committee on House Oversight

(c) In performing its duties and functions, the Commission may use such personnel, office space, equipment, and facilities of, and obtain such other assistance from, the Committee on House Oversight, as such committee shall make available to the Commission. Such personnel and assistance shall include, in all cases, the services and assistance of the chief counsel or other head of the professional staff (by whatever title designated) of such committee. All assistance so furnished to the Commission by the Committee on House Oversight shall be sufficient to enable the Commission to perform its duties and functions efficiently and effectively.



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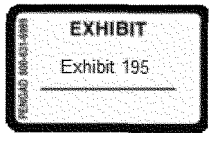
Advisory opinions or consultations respecting franked mail for persons entitled to franking privilege; franking privilege regulations

(d) The Commission shall provide guidance, assistance, advice, and counsel, through advisory opinions or consultations, in connection with the mailing or contemplated mailing of franked mail under section 3210, 3211, 3212, 3213(2), 3218, 3219, or 3220, in connection with the operation of section 3215, of Title 39, and in connection with any other Federal law (other than any law which imposes any criminal penalty) or any rule of the House of Representatives relating to franked mail, upon the request of any Member of the House or Member-elect, Resident Commissioner or Resident Commissioner-elect, Delegate or Delegate-elect, any former Member of the House or former Member-elect, Resident Commissioner or Resident Commissioner-elect, Delegate or Delegate-elect, any surviving spouse of any of the foregoing (or any individual designated by the Clerk of the House under section 3218 of Title 39), or any other House official or former House official, entitled to send mail as franked mail under any of these sections. The Commission shall prescribe regulations governing the proper use of the franking privilege under those sections by such persons.

Complaint of franked mail violations; investigation; notice and hearing; conclusiveness of findings; decision of Commission; judicial review; reference of certain violations to Committee on Standards of Official Conduct of the House for appropriate action and enforcement; administrative procedure regulations

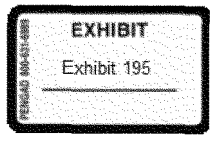
(e) Any complaint by any person that a violation of any section of Title 39 referred to in subsection (d) of this section (or any other Federal law which does not include any criminal penalty or any rule of the House of Representatives relating to franked mail) is about to occur, or has occurred within the immediately preceding period of one year, by any person referred to in such subsection (d), shall contain pertinent factual material and shall conform to regulations prescribed by the Commission. The Commission, if it determines there is reasonable justification for the complaint, shall conduct an investigation of the matter, including an investigation of reports and statements filed by the complainant with respect to the matter which is the subject of the complaint. The Commission shall afford to the person who is subject of the complaint due notice and, if it determines that there is substantial reason to believe that such violation has occurred or is about to occur, opportunity for all parties to participate in a hearing before the Commission. The Commission shall issue a written decision on each complaint under this subsection not later than thirty days after such a complaint has been filed or, if a hearing is held, not later than thirty days after the conclusion of such hearing. Such decision shall be based on written findings of fact in the case by the Commission. Such findings of fact by the Commission on which its decision is based are binding and conclusive for all judicial and administrative purposes, including purposes of any judicial



challenge or review. Any judicial review of such decision, if ordered on any ground, shall be limited to matters of law. If the Commission finds in its written decision, that a serious and willful violation has occurred or is about to occur, it may refer such decision to the Committee on Standards of Official Conduct of the House of Representatives for appropriate action and enforcement by the committee concerned in accordance with applicable rules and precedents of the House and such other standards as may be prescribed by such committee. In the case of a former Member of the House or a former Member-elect, a former Resident Commissioner or Delegate or Resident Commissioner-elect or Delegate-elect, any surviving spouse of any of the foregoing (or any individual designated by the Clerk of the House under section 3218 of Title 39), or any other former House official, if the Commission finds in its written decision that any serious and willful violation has occurred or is about to occur, then the Commission may refer the matter to any appropriate law enforcement agency or official for appropriate remedial action. Notwithstanding any other provision of law, no court or administrative body in the United States or in any territory thereof shall have jurisdiction to entertain any civil action of any character concerning or related to a violation of the franking laws or an abuse of the franking privilege by any person listed under subsection (d) of this section as entitled to send mail as franked mail, except judicial review of the decisions of the Commission under this subsection. The Commission shall prescribe regulations for the holding of investigations and hearings, the conduct of proceedings, and the rendering of decisions under this subsection providing for equitable procedures and the protection of individual, public, and Government interests. The regulations shall, insofar as practicable, contain the substance of the administrative procedure provisions of sections 551–559, and 701–706, of Title 5. These regulations shall govern matters under this subsection subject to judicial review thereof.

Procedural considerations; sessions, place and time; subpoenas, issuance and service; oaths and affirmations; testimony; printing and binding; expenditures; organizational and procedural regulations; majority assent

(f) The Commission may sit and act at such places and times during the sessions, recesses, and adjourned periods of Congress, require by subpoena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, administer such oaths and affirmations, take such testimony, procure such printing and binding, and make such expenditures, as the Commission considers advisable. The Commission may make such rules respecting its organization and procedures as it considers necessary, except that no action shall be taken by the Commission unless a majority of the Commission assent. Subpoenas may be issued over the signature of the Chairman of the Commission or of any member designated by him or by the Commission, and may be served by such person or persons



as may be designated by such Chairman or member. The Chairman of the Commission or any member thereof may administer oaths or affirmations to witnesses.

Property of Commission; records; voting record; location of records, data, and files

(g) The Commission shall keep a complete record of all its actions, including a record of the votes on any question on which a record vote is demanded. All records, data, and files of the Commission shall be kept in the offices of the Commission or such other places as the Commission may direct.

§ 311. Legislative Branch Appropriations Act, 1997

Sec. 311. (a) Each mass mailing sent by a Member of the House of Representatives shall bear in a prominent place on its face, or on the envelope or outside cover or wrapper in which the mail matter is sent, the following notice "THIS MAILING WAS PREPARED, PUBLISHED, AND MAILED AT TAXPAYER EXPENSE.", or a notice to the same effect in words which may be prescribed under subsection (c). The notice shall be printed in a type size not smaller than 7-point.

(c) The Committee on House Oversight shall pescribe such rules and regulations and shall take such other action as the Committee considers necessary and proper for Members to conform to the provisions of this subsection and applicable rules and regulations.

§ 311. Legislative Branch Appropriations Act, 1991

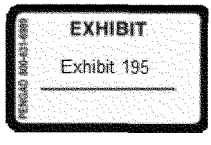
SEC. 311. (a) Except as otherwise provided in this section, funds appropriated by the Act or any other Act for expenses of official mail of any person entitled to use the congressional frank may be expended only in accordance with regulations prescribed by the Committee on Rules and Administration of the Senate or the Committee on House Oversight of the House of Representatives, as applicable. Such regulations shall require—

(1) individual accountability for use of official mail by each person entitled to use the congressional frank;

(2)(A) with respect to the House of Representatives, allocation of funds for official mail to be made to each such person with respect to each session of Congress (with no transfer to any other session or to any other such person); and

(B) with respect to the Senate, allocation of funds for official mail to be made to each such person with respect to each session of Congress (with no transfer to any other session, other than transfers from the first session of a Congress to the second session of that Congress, or to any other such person); and

(3) with respect to the House of Representatives, that in addition to any other report or information made available to the public (through the House Commission on Congressional Mailing Standards or other-



wise) regarding the use of the frank, the Clerk of the House of Representatives shall include in the quarterly report of receipts and expenditures submitted to the House of Representatives a statement (based solely on data provided for that purpose by the Committee on House Oversight of the House of Representatives and the House Commission on Congressional Mailing Standards) of costs charged against the Official Mail Allowance for each person entitled to use the congressional frank.

(b) The Postmaster General, in consultation with the Committee on Rules and Administration of the Senate and the Committee on House Oversight of the House of Representatives—

(1) shall monitor use of official mail by each person entitled to use the congressional frank;

(2) at least monthly, shall notify any person with an allocation under subsection (a)(2) as to the percentage of the allocation that has been used; and

(3) may not carry or deliver official mail the cost of which is in excess of an allocation under subsection (a)(2).

(c) Expenses of official mail of the Senate and the House of Representatives may be paid only from funds specifically appropriated for that purpose and funds so appropriated—

(1) may be supplemented by other appropriated funds only if such supplementation is provided for by law or by regulation under subsection (a); and

(2) may not be supplemented by funds from any other source, public or private.

(d) No Senator or Member of the House of Representatives may maintain or use, directly or indirectly, an unofficial office account or defray official expenses from—

(1) funds received from a political committee or derived from a contribution or expenditure (as such terms are defined in section 301 of the Federal Election Campaign Act of 1971);

(2) funds received as reimbursement for expenses incurred by the Senator or Member in connection with personal services provided by the Senator or Member to the person making the reimbursement; or

(3) any other funds that are not specifically appropriated for official expenses.

(e)(1) There is established in the House of Representatives an Official Mail Allowance for Members, officers, and employees of the House of Representatives who are persons entitled to use the congressional frank. Regulations for use of the Official Mail Allowance shall be prescribed—

(A) by the Committee on House Oversight of the House of Representatives, with respect to allocation and expenditures relating to the Allowance; and



(B) by the House Commission on Congressional Mailing Standards, with respect to matters under section 3210(a)(6)(D) of title 39, United States Code.

(2) The Official Mail Allowance—

(A) shall be available for postage for franked mail sent at a first class, third class, or fourth class rate;

(B) with respect to a Member of the House of Representatives, shall be available, in a session of Congress, in a total amount, as determined under paragraph (1)(A), of not more than the product of (i) 3 times the single-piece rate applicable to first class mail, and (ii) the number (as determined by the Postmaster General) of addresses (other than business possible delivery stops) in the congressional district, as such addresses are described in section 3210(d)(7)(B) of title 39, United States Code;

(C) with respect to any other person entitled to use the congressional frank in the House of Representatives (including any Member of the House of Representatives who receives an allocation under subsection (a)(2) with respect to duties as an elected officer of, or holder of another position in, the House of Representatives), shall be available, in a session of Congress, in a total amount determined under paragraph (1)(A); and

(D) shall not be available for payment of any nonpostage fee or charge, including any fee or charge for express mail, express mail drop shipment, certified mail, registered mail, return receipt, address correction, or postal insurance.

(3)(A) Subject to subparagraph (B), each Member of the House of Representatives may transfer amounts from the Member's Representational Allowance of the Member to the Official Mail Allowance of the Member.

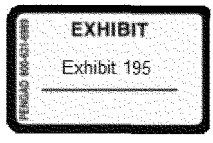
(B) The total amount a Member may so transfer with respect to a session of Congress may not exceed $25,000.

(4) The Official Expenses Allowance shall be available to a Member of the House of Representatives for the payment of nonpostage fees and charges referred to in paragraph (2)(D) and for postage for mail for official business sent outside the United States.

(f) A Member of the House of Representatives shall, before making any mass mailing, submit a sample or description of the mail matter involved to the House Commission on Congressional Mailing Standards for an advisory opinion as to whether such proposed mailing is in compliance with applicable provisions of law, rule, or regulation.

(g) As used in subsection (a) through (f)—

(1) the term "Member of the House of Representatives" means a Representative in, or a Delegate or Resident Commissioner to, the Congress; and



(2) the term "person entitled to use the congressional frank" means a Senator, Member of the House of Representatives, or other person authorized to use the frank under section 3210(b) of title 39, United States Code.

* * * * * * *

(i) This section and the amendments made by this section shall apply with respect to sessions of Congress beginning with the first session of the One Hundred Congress, except that with respect to the Senate, subsection (d) shall apply beginning on May 1, 1992, and the funds referred to in paragraph (3) of such subsection shall not include personal funds of a Senator or Member of the House of Representatives.

* * * * * * *

Title 39.—Postal Service

§ 3201. Definitions.

As used in this chapter—

(1) "penalty mail" means official mail, other than franked mail, which is authorized by law to be transmitted in the mail without prepayment of postage;

(2) "penalty cover" means envelopes, wrappers, labels, or cards used to transmit penalty mail;

(3) "frank" means the autographic of facsimile signature of persons authorized by sections 3210–3216 and 3218 of this title to transmit matter through the mail without prepayment of postage or other indicia contemplated by sections 733 and 907 of title 44;

(4) "franked mail" means mail which is transmitted in the mail under frank;

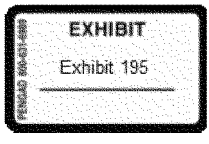
(5) "Members of Congress" includes Senators, Representatives, Delegates, and Resident Commissions; and

(6) "missing child" has the meaning provided by section 403(1) of the Juvenile Justice and Delinquency Prevention Act of 1974. (Pub. L. 91–375, Aug. 12, 1970, 84 Stat. 751; Pub. L. 99–87, § 1(b), Aug. 9, 1985, 99 Stat. 291., November, 1997)

* * * * * * *

§ 3210. Franked mail transmitted by the Vice President, Members of Congress, and congressional officials

(a)(1) It is the policy of the Congress that the privilege of sending mail as franked mail shall be established under this section in order to assist and expedite the conduct of the official business, activities, and duties of the Congress of the United States.



(2) It is the intent of the Congress that such official business, activities, and duties cover all matters which directly or indirectly pertain to the legislative process or to any congressional representative functions generally, or to the functioning, working, or operating of the Congress and the performance of official duties in connection therewith, and shall include, but not be limited to, the conveying of information to the public, and the requesting of the views of the public, or the views and information of other authority of government, as a guide or a means of assistance in the performance of those functions.

(3) It is the intent of the Congress that mail matter which is frankable specifically includes, but is not limited to—

(A) mail matter to any person and to all agencies and officials of Federal, state, and local governments regarding programs, decisions, and other related matters of public concern or public service, including any matter relating to actions of a past or current Congress;

(B) the usual and customary congressional newsletter or press release which may deal with such matters as the impact of laws and decisions on state and local governments and individual citizens; reports on public and official actions taken by Members of Congress; and discussions of proposed or pending legislation or governmental actions and the positions of the Members of Congress on, and arguments for or against, such matters;

(C) the usual and customary congressional questionnaire seeking public opinion on any law, pending or proposed legislation, public issue, or subject;

(D) mail matter dispatched by a Member of Congress between his Washington office and any congressional district offices, or between his district offices;

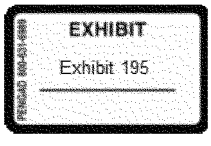
(E) mail matter directed by one Member of Congress to another Member of Congress or to representatives of the legislative bodies of state and local governments;

(F) mail matter expressing congratulations to a person who has achieved some public distinction;

(G) mail matter, including general mass mailings, which consists of Federal laws, Federal regulations, other Federal publications, publications purchased with Federal funds, or publications containing items of general information;

(H) mail matter which consists of voter registration or election information or assistance prepared and mailed in a nonpartisan manner;

(I) mail matter which constitutes or includes a biography or autobiography of any Member of, or Member-elect to, Congress or any biographical or autobiographical material concerning such Member or Member-elect or the spouse or other members of the family of such Member or Member-elect, and which is so mailed as a part of a Federal



publication or in response to a specific request therefor and is not included for publicity purposes in a newsletter or other general mass mailing of the Member or Member-elect under the franking privilege; or

(J) mail matter which contains a picture, sketch, or other likeness of any Member or Member-elect and which is so mailed as a part of a Federal publication or in response to a specific request therefor and, when contained in a newsletter or other general mass mailing of any Member or Member-elect, is not of such size, or does not occur with such frequency in the mail matter concerned, as to lead to the conclusion that the purpose of such picture, sketch, or likeness is to advertise the Member or Member-elect rather than to illustrate accompanying text.

(4) It is the intent of the Congress that the franking privilege under this section shall not permit, and may not be used for, the transmission through the mails as franked mail, of matter which in its nature is purely personal to the sender or to any other person and is unrelated to the official business, activities, and duties of the public officials covered by subsection (b)(1) of this section.

(5) It is the intent of the Congress that a Member of or Member-elect to Congress may not mail as franked mail—

(A) mail matter which constitutes or includes any article, account, sketch, narration, or other text laudatory and complimentary of any Member of, or Member-elect to, Congress on a purely personal or political basis rather than on the basis of performance of official duties as a Member or on the basis of activities as a Member-elect;

(B) mail matter which constitutes or includes—

(i) greetings from the spouse or other members of the family of such Member or Member-elect unless it is a brief reference in otherwise frankable mail;

(ii) reports of how or when such Member or Member-elect, or the spouse or any other member of the family of such Member or Member-elect, spends time other than in the performance of, or in connection with, the legislative, representative, and other official functions of such Member or the activities of such Member-elect as a Member-elect; or

(iii) any card expressing holiday greetings from such Member or Member-elect; or

(C) mail matter which specifically solicits political support for the sender or any other person or any political party, or a vote or financial assistance for any candidate for any public office.

The House Commission on Congressional Mailing Standards and the Select Committee on Standards and Conduct of the Senate shall prescribe for their respective Houses such rules and regulations and shall take such other



action, as the Commission or Committee considers necessary and proper for the Members and Members-elect to conform to the provisions of this clause and applicable rules and regulations. Such rules and regulations shall include, but not be limited to, provisions prescribing the time within which such mailings shall be mailed at or delivered to any postal facility to attain compliance with this clause and the time when such mailings shall be deemed to have been so mailed or delivered and such compliance attained.

(6)(A) It is the intent of Congress that a Member of, or Member-elect to, Congress may not mail any mass mailings as franked mail—

(i) if the mass mailing is postmarked fewer than 60 days (or, in the case of a Member of the House, fewer than 90 days) immediately before the date of any primary election or general election (whether regular, special, or runoff) in which the Member is a candidate for reelection; or

(ii) in the case of a Member of, or Member-elect to, the House who is a candidate for any other public office, if the mass mailing—

(I) is prepared for delivery within any portion of the jurisdiction of or the area covered by the public office which is outside the area constituting the congressional district from which the Member or Member-elect was elected; or

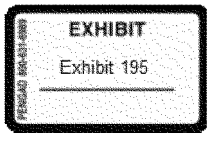
(II) is postmarked fewer than 90 days immediately before the date of any primary election or general election (whether regular, special, or runoff) in which the Member or Member-elect is a candidate for any other public office.

(B) Any mass mailing which is mailed by the chairman of any organization referred to in the last sentence of section 3215 of this title which relates to the normal and regular business of the organization may be mailed without regard to the provisions of this paragraph.

(C) No Member of the Senate may mail any mass mailing as franked mail if such mass mailing is postmarked fewer[1] than 60 days immediately before the date of any primary election or general election (whether regular, special, or runoff) for any national, state, or local office in which such Member is a candidate for election.

(D) The Select Committee on Ethics of the Senate and the House Commission on Congressional Mailing Standards shall prescribe for their respective Houses rules and regulations, and shall take other action as the Committee or the Commission considers necessary and proper for Members and Members-elect to comply with the provisions of this paragraph and applicable rules and regulations. The rules and regulations shall include provisions prescribing the time within which mailings shall be mailed at or delivered

[1] Section 318 of P.L. 101–163, 103 Stat. 1068, amended "subparagraph (c)" by striking out "is mailed fewer" and inserting "is postmarked fewer". Entered according to probable intent.



to any postal facility and the time when the mailings shall be deemed to have been mailed or delivered to comply with the provisions of this paragraph.

(E) As used in this section, the term "mass mailing" means, with respect to a session of Congress, any mailing of newsletters or other pieces of mail with substantially identical content (whether such mail is deposited singly or in bulk, or at the same time or different times), totaling more than 500 pieces in that session, except that such term does not include any mailing—

(i) of matter in direct response to a communication from a person to whom the matter is mailed;

(ii) from a Member of Congress to other Members of Congress, or to Federal, state, or local government officials; or

(iii) of a news release to the communications media.

(F) For purposes of subparagraphs (A) and (C) if mail matter is of a type which is not customarily postmarked, the date on which such matter would have been postmarked if it were of a type customarily postmarked shall apply.

(7) A Member of the House of Representatives may not send any mass mailing outside the congressional district from which the Member was elected.

(b)(1) The Vice President, each Member of or Member-elect to Congress, the Secretary of the Senate, the Sergeant at Arms of the Senate, each of the elected officers of the House of Representatives (other than a Member of the House), the Legislative Counsels of the House of Representatives and the Senate, the Law Revision Counsel of the House of Representatives, and the Senate Legal Counsel, may send, as franked mail, matter relating to their official business, activities, and duties, as intended by Congress to be mailed as franked mail under subsection (a) (2) and (3) of this section.

(2) If a vacancy occurs in the Office of the Secretary of the Senate, the Sergeant at Arms of the Senate, an elected officer of the House of Representatives (other than a Member of the House), the Legislative Counsel of the House of Representatives or the Senate, the Law Revision Counsel of the House of Representatives, or the Senate Legal Counsel, any authorized person may exercise the franking privilege in the officer's name during the period of the vacancy.

(3) The Vice President, each Member of Congress, the Secretary of the Senate, the Sergeant at Arms of the Senate, and each of the elected officers of the House (other than a Member of the House), during the 90-day period immediately following the date on which they leave office, may send, as franked mail, matter on official business relating to the closing of their respective offices. The House Commission on Congressional Mailing Standards and the Select Committee on Standards and Conduct of the Senate shall prescribe for their respective Houses such rules and regulations, and



shall take such other action as the Commission or Committee considers necessary and proper, to carry out the provisions of this paragraph.

(c) Franked mail may be in any form appropriate for mail matter, including, but not limited to, correspondence, newsletters, questionnaires, recordings, facsimiles, reprints, and reproductions. Franked mail shall not include matter which is intended by Congress to be nonmailable as franked mail under subsection (a) (4) and (5) of this section.

(d)(1) A Member of Congress may mail franked mail with a simplified form of address for delivery within that area constituting the congressional district of the state from which the Member was elected.—

(2) A Delegate, or Resident Commissioner to the House of Representatives may mail franked mail with a simplified form of address for delivery within the area from which he was elected.

(3) Any franked mail which is mailed under this subsection shall be mailed at the equivalent rate of postage which assures that the mail will be sent by the most economical means practicable.

(4) The Senate Committee on Rules and Administration and the House Commission on Congressional Mailing Standards shall prescribe for their respective Houses rules and regulations governing any franked mail which is mailed under this subsection and shall by regulation limit the number of such mailings allowed under this subsection.

(5)(A) Any Member of, or Member-elect to, the House of Representatives entitled to make any mailing as franked mail under this subsection shall, before making any mailing, submit a sample or description of the mail matter involved to the House Commission on Congressional Mailing Standards for an advisory opinion as to whether the proposed mailing is in compliance with the provisions of this subsection.

(B) The Senate Select Committee on Ethics may require any Member of, or Member-elect to, the Senate entitled to make any mailings as franked mail under this subsection to submit a sample or description of the mail matter to the Committee for an advisory opinion as to whether the proposed mailing is in compliance with the provisions of this subsection.

(6) Franked mail mailed with a simplified form of address under this subsection—

(A) shall be prepared as directed by the Postal Service; and

(B) may be delivered to—

(i) each box holder or family on a rural or star route;

(ii) each post office box holder; and

(iii) each stop or box on a city carrier route.

(8) For the purposes of this subsection, a congressional district includes, in the case of a Representative at Large, the state from which he was elected.

(e) The frankability of mail matter shall be determined under the provisions of this section by the type and content of the mail sent, or to be sent.



(f) Any mass mailing which otherwise would be permitted to be mailed as franked mail under this section shall not be so mailed unless the cost of preparing and printing the mail matter is paid exclusively from funds appropriated by Congress, except that an otherwise frankable mass mailing may contain, as an enclosure or supplement, any public service material which is purely instructional or informational in nature, and which in content is frankable under this section.

(g) Notwithstanding any other provision of Federal, state, or local law, or any regulation thereunder, the equivalent amount of postage determined under section 3216 of this title on franked mail mailed under the frank of the Vice President or a Member of Congress, and the cost of preparing or printing such frankable matter for such mailing under the frank, shall not be considered as a contribution to, or an expenditure by, the Vice President or a Member of Congress for the purpose of determining any limitation on expenditures or contributions with respect to any such official, imposed by any Federal, state, or local law or regulation, in connection with any campaign of such official for election to any Federal office.

§ 3211. Public documents

The Vice President, Members of Congress, the Secretary of the Senate, the Sergeant at Arms of the Senate, each of the elected officers of the House of Representatives (other than a Member of the House) during the 90-day period immediately following the expiration of their respective terms of office, may send and receive as franked mail all public documents printed by order of Congress.

§ 3212. Congressional Record under frank of Members of Congress

(a) Members of Congress may send the Congressional Record as franked mail.

(b) Members of Congress may send, as franked mail, any part of, or a reprint of any part of, the Congressional Record, including speeches or reports contained therein, if such matter is mailable as franked mail under section 3210 of this title.

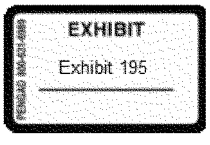
§ 3213. Reports from Department of Agriculture

Agricultural reports emanating from the Department of Agriculture may be mailed—

(1) as penalty mail by the Secretary of Agriculture; and

(2) during the 90-day period immediately following the expiration of their terms of office, as franked mail by Members of Congress.

* * * * * * *



§ 3215. Lending or permitting use of frank unlawful

A person entitled to use a frank may not lend it or permit its use by any committee, organization, or association, or permit its use by any person for the benefit or use of any committee, organization, or association. This section does not apply to any standing, select, special or joint committee, or subcommittee thereof, or commission, of the Senate, House of Representatives, or Congress, composed of Members of Congress, or to the Democratic caucus or the Republican conference of the House of Representatives or of the Senate.

§ 3216. Reimbursement for franked mailings

(a) The equivalent of—

(1) postage on, and fees and charges in connection with, mail matter sent through the mails—

(A) under the franking privilege (other than under section 3219 of this title), by the Vice President, Members of and Members-elect to Congress, the Secretary of the Senate, and Sergeant at Arms of the Senate, each of the elected officers of the House of Representatives (other than a Member of the House), and the Legislative Counsels of the House of Representatives and the Senate, the Law Revision Counsel of the House of Representatives and the Senate Legal Counsel;

(B) by the survivors of a Member of Congress under section 3218 of this title; and

(2) those portions of fees and charges to be paid for handling and delivery by the Postal Service of Mailgrams considered as franked mail under section 3219 of this title;

shall be paid by appropriation for official mail costs of the Senate and the House of Representatives for that purpose and then paid to the Postal Service as postal revenue. Except as to Mailgrams and except as provided by sections 733 and 907 of title 44, envelopes, wrappers, cards, or labels used to transmit franked mail shall bear, in the upper right-hand corner, the sender's signature, or a facsimile thereof.

(b) Postage on, and fees and charges in connection with, mail matter sent through the mails under section 3214 of this title shall be paid each fiscal year, out of any appropriation made for that purpose, to the Postal Service as postal revenue in an amount equivalent to the postage, fees, and charges which would otherwise be payable on, or in connection with, such mail matter.

(c) Payment under subsection (a) or (b) of this section shall be deemed payment for all matter mailed under the frank and for all fees and charges due the Postal Service in connection therewith.



(d) Money collected for matter improperly mailed under the franking privilege shall be deposited as miscellaneous receipts in the general fund of the Treasury.

(e)(1) Not later than two weeks after the last day of each quarter of the fiscal year, or as soon as practicable thereafter, the Postmaster General shall send to the Chief Administrative Officer of the House of Representatives, the House Commission on Congressional Mailing Standards, the Secretary of the Senate, and the Senate Committee on Rules and Administration a report which shall contain a tabulation of the estimated number of pieces and costs of franked mail, as defined in section 3201 of this title, in each mail classification sent through the mail for that quarter and for the preceding quarters in the fiscal year, together with separate tabulations of the number of pieces and costs of such mail sent by the House and by the Senate.

(2) Two weeks after the close of the second quarter of the fiscal year, or as soon as practicable thereafter, the Postmaster General shall send to the Chief Administrative Officer of the House of Representatives, the House Commission on Congressional Mailing Standards, the Committee on House Oversight, the Secretary of the Senate, and the Senate Committee on Rules and Administration, a statement of the costs of postage on, and fees and charges in connection with, mail matter sent through the mails as described in paraagraph (1) of this section for the preceding two quarters together with an estimate of such costs for the balance of the fiscal year. As soon as practicable after receipt of this statement, the House Commission on Congressional Mailing Standards, the Committee on House Oversight, and the Senate Committee on Rules and Administration shall consider promulgating such regulations for their respective Houses as may be necessary to ensure that total postage costs, as described in paragraph (1) of this section, will not exceed the amounts available for the fiscal year.

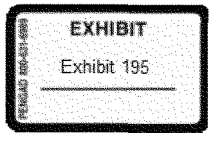
* * * * * * *

§ 3218. Franked mail for survivors of Members of Congress

Upon the death of a Member of Congress during his term of office, the surviving spouse of such Member (or, if there is no surviving spouse, a member of the immediate family of the Member designated by the Secretary of the Senate or the Clerk of the House of Representatives, as appropriate, in accordance with rules and procedures established by the Secretary or the Clerk) may send, for a period not to exceed 180 days after his death, as franked mail, nonpolitical correspondence relating to the death of the Member.

§ 3219. Mailgrams

Any Mailgram sent by the Vice President, a Member of or Member-elect of Congress, the Secretary of the Senate, the Sergeant at Arms of the Sen-



ate, an elected officer of the House of Representatives (other than a Member of the House), or the Legislative Counsel of the House of Representatives or the Senate, the Law Revision Counsel of the House of Representatives or the Senate Legal Counsel, and then delivered by the Postal Service, shall be considered as franked mail, subject to section 3216(a)(2) of this title, if such Mailgram contains matter of the kind authorized to be sent by that official as franked mail under section 3210 of this title.

§ 3220. Use of official mail in the location and recovery of missing children

(a)(1) The Office of Juvenile Justice and Delinquency Prevention, after consultation with appropriate public and private agencies, shall prescribe general guidelines under which penalty mail may be used to assist in the location and recovery of missing children. The guidelines shall provide information relating to—

(A) the form and manner in which materials and information relating to missing children (such as biographical data and pictures, sketches, or other likenesses) may be included in penalty mail;

(B) appropriate sources from which such materials and information may be obtained;

(C) the procedures by which such materials and information may be obtained; and

(D) any other matter which the Office considers appropriate.

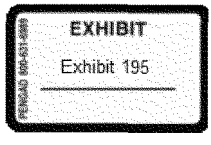
(2) Each executive department and independent establishment of the Government of the United States shall prescribe regulations under which penalty mail sent by such department or establishment may be used in conformance with the guidelines prescribed under paragraph (1).

(b) The Senate Committee on Rules and Administration and the House Commission on Congressional Mailing Standards shall prescribe for their respective Houses rules and regulations, and shall take such other action as the Committee or Commission considers necessary and proper, in order that purposes similar to those of subsection (a) may, in the discretion of the congressional official or office concerned, be carried out by the use of franked mail sent by such official or office.

(c) As used in this section, "Office of Juvenile Justice and Delinquency Prevention" and "Office" each means the Office of Juvenile Justice and Delinquency Prevention within the Department of Justice, as established by section 201 of the Juvenile Justice and Delinquency Prevention Act of 1974.

NOTE: The amendments made by section I (enacting this section and amending sections 3201 and 3204 of this title and section 733 of Title 44, Public Printing and Documents) and any guidelines, rules, or regulations presecribed to carry out such amendments shall cease to be effective after December 31, 2002. [2]

[2] Public Law 105–126, approved December 1, 1997, extended the authorization of use of official mailing to December 31, 2002.



Title 44.—Public Printing and Documents

§ 733. Documents and reports ordered by Members of Congress; franks and envelopes for Members of Congress

The Public Printer on order of a Member of Congress, on prepayment of the cost, may reprint documents and reports of committees together with the evidence papers submitted, or any part ordered printed by the Congress.

He may also furnish without cost to Members and the Resident Commissioner from Puerto Rico, blank franks printed on sheets and perforated, or singly at their option, for public documents. Franks shall contain in the upper left-hand corner the following words: "Public document. United States Senate" or "House of Representatives U.S." and in the upper right-hand corner the letters "U.S.S." or "M.C." Franks may also contain information relating to misiing children as provided in section 3320 of title 39. But he may not print any other words except where it is desirable to affix the official title of a document. Other words printed on franks shall be at the personal expense of the Member or Resident Commissioner ordering them.

At the request of a Member of Congress or Resident Commissioner the Public Printer may print upon franks or envelopes used for mailing public documents the facsimile signature of the Member or Resident Commissioner and a special request for return if not called for, and the name of the state or commonwealth and county and city. The Member or Resident Commissioner shall deposit with his order the extra expense involved in printing these additional words.

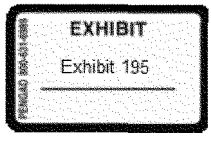
The Public Printer may also, at the request of a Member or Resident Commissioner, print on envelopes authorized to be furnished, the name of the Member or Resident Commissioner, and state or Commonwealth, the date, and the topic or subject matter, not exceeding twelve words.

The Public Printer shall deposit moneys accruing under this section in the Treasury of the United States to the credit of the appropriation made for the working capital of the Government Printing Office for the year in which the work is done. He shall account for them in his annual report to Congress.

* * * * * * *

§ 907. Congressional Record; extracts for Members of Congress; mailing envelopes

The Public Printer may print and deliver, upon the order of a Member of Congress and payment of the cost, extracts from the Congressional Record. The Public Printer may furnish without cost to Members and the Resident Commissioner, envelopes, ready for mailing the Congressional Record or any part of it, or speeches, or report in it, if such part, speeches,



or reports are mailable as franked mail under section 3210 or title 39. Envelopes so furnished shall contain in the upper left-hand corner the following words: "United States Senate" or "House of Representatives, U.S. Part of Congressional Record.", and in the upper right-hand corner the letters "U.S.S." or "M.C.", and the Public Printer may, at the request of a Member or Resident Commissioner, print in addition to the foregoing, his name and state or commonwealth, the date, and the topic or subject matter, not exceeding twelve words. He may not print any other words on envelopes, except at the personal expense of the Member or Resident Commissioner ordering the envelopes, except to affix the official title of a document. The Public Printer shall deposit moneys accruing under this section in the Treasury of the United States to the credit of the appropriation made for the working capital of the Government Printing Office for the year in which the work is done, and accounted for in his annual report to Congress.



Appendix No. 2

RULES OF THE HOUSE OF REPRESENTATIVES

Rule XLVI—Limitations on the Use of the Frank

1. Any franked mail which is mailed by a Member under section 3210(d) of title 39, United States Code, shall be mailed at the equivalent rate of postage which assures that such mail will be sent by the most economical means practicable.

2. A Member shall, before making any mass mailing, submit a sample or description of the mail matter involved to the House Commission on Congressional Mailing Standards for an advisory opinion as to whether such proposed mailing is in compliance with applicable provisions of law, rule, or regulation.

3. Any mass mailing which otherwise is frankable by a Member under the provisions of section 3210(f) of title 39, United States Code, shall not be frankable unless the cost of preparing and printing such mass mailing is defrayed exclusively from funds made available in any appropriations Act.

4. A Member may not send any mass mailing outside the congressional district from which the Member was elected. [1]

5. In the case of any Representative in the House of Representatives, other than a Representative at Large, who is a candidate for any statewide public office, any mass mailing shall not be frankable under section 3210 of title 39, United States Code, when the same is delivered to any address which is not located in the area constituting the congressional district from which any such individual was elected.

6. In the case of any Member, any mass mailing shall not be frankable under section 3210 of title 39, United States Code, when the same is postmarked less than ninety days immediately before the date of any primary or general election (whether regular, special, or runoff) in which such Member is a candidate for public office. If mail matter is of a type which is not customarily postmarked, the date on which such matter would have been postmarked if it were of a type customarily postmarked shall apply.

[1] With the enactment of FY 1993 Legislative Branch Act (P.L. 102–392), House Members are prohibited from sending mass mailings outside their districts.



CSOC.CBR.00031562

7. For purposes of this rule—

(a) The term "mass mailing" means, with respect to a session in Congress, any mailing of newsletters or other pieces of mail with substantially identical content (whether such mail is deposited singly or in bulk, or at the same time or different times), totaling more than 500 pieces in that session, except that such term does not include any mailing—

(1) of matter in direct response to a communication from a person to whom the matter is mailed;

(2) from a Member to other Members of Congress, or to Federal, state, or local government officials; or

(3) of a news release to the communications media.

(b) The term "Member" means any Member of the House of Representatives, a Delegate to the House of Representatives, or the Resident Commissioner in the House of Representatives.

(c) The term "Members of Congress" means Senators and Representatives in, and Delegates and Resident Commissioners to, the Congress.

○



Re: CHARLES B. RANGEL (D-NY)
File: Advisory Opinion - General 1987

ONE HUNDREDTH CONGRESS
JULIAN C. DIXON, CALIFORNIA, CHAIRMAN
VIC FAZIO, CALIFORNIA
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ALAN B. MOLLOHAN, WEST VIRGINIA
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CHARLES PASHAYAN, JR., CALIFORNIA
THOMAS E. PETRI, WISCONSIN
LARRY E. CRAIG, IDAHO
RALPH L. LOTKIN, CHIEF COUNSEL

U.S. House of Representatives

Committee on Standards of Official Conduct
Suite HT-2, U.S. Capitol
Washington, DC 20515

August 3, 1987

The Honorable Charles B. Rangel
Chairman
Select Committee on Narcotics Abuse and Control
United States House of Representatives
Room H2-234, House Office Building Annex 2
Washington, D. C. 20515-6425

The Honorable Benjamin A. Gilman
Ranking Minority Member
Select Committee on Narcotics Abuse and Control
United States House of Representatives
Room H2-234, House Office Building Annex 2
Washington, D. C. 20515-6425

Gentlemen:

This responds to your letter of July 28, 1987, regarding the drafting of a proposed "Dear Colleague" letter which would enclose a copy of a letter written by the United States Ambassador to Colombia, Mr. Charles A. Gillespie, Jr. You state that, in his letter, Ambassador Gillespie writes that Colonel Jaime Ramirez, the former head of the Colombian National Police, was murdered and the consequent need to establish an educational fund for Colonel Ramirez's two sons. Ambassador Gillespie has invited donations for this educational fund for the two boys. You desire a written opinion from this Committee concerning whether the sending out of this "Dear Colleague" letter, with Ambassador Gillespie's letter attached, will place you in violation of House rules.

"Dear Colleague" letters constitute an important vehicle by which Members communicate with one another. Their purpose is to allow Members to share ideas and pass along information of mutual concern. Accordingly, it is entirely consistent with the permissible usage of "Dear Colleague" letters to share information received from another government official, in this case the Ambassador to Colombia, with the other Members of the House of Representatives.

However, it would be impermissible for you to solicit contributions for this educational fund in your office's cover letter to the Ambassador's letter. 31 U.S.C. §1301 states:

FILE COPY

EXHIBIT
Exhibit 196

CSOC.CBR.00029317

CSOC.CBR.00029317

> Appropriations shall be applied only to the objects for which the appropriations were made except as otherwise provided by law.

Therefore, funds from the United States Treasury may only be used for official congressional business, and not to promote private endeavors of any kind. The solicitation of funds for this educational fund by use of government resources, such as congressional stationery and staff members' work time, would constitute an impermissible subsidization of a private enterprise with official funds.

Upon review of the cover letter you propose to send to your colleagues, the Committee notes that you make no request that the Members make donations to this fund. You merely pass along the Ambassador's letter for their consideration. Therefore, it is the Committee's view that sending out this "Dear Colleague" letter will not place you in violation of any House rules or statutes.

If you have any further questions concerning this matter, please contact the Committee staff at extension 5-7103.

Sincerely,

Julian C. Dixon
Chairman

Floyd D. Spence
Ranking Minority Member

JS:KKG



CSOC.CBR.00029318

ONE HUNDRED FIRST CONGRESS
JULIAN C. DIXON, CALIFORNIA, CHAIRMAN
YVONNE BRATHWAITE BURKE, CALIFORNIA
BERNARD J. DWYER, NEW JERSEY
ALAN B. MOLLOHAN, WEST VIRGINIA
JOSEPH M. GAYDOS, PENNSYLVANIA
CHESTER G. ATKINS, MASSACHUSETTS
(202) 225-7103

Re: CHARLES B. RANGEL (D-NY)
File: Advisory Opinion 1990 - General

JOHN T. MYERS, INDIANA
JAMES V. HANSEN, UTAH
CHARLES PASHAYAN, JR., CALIFORNIA
THOMAS E. PETRI, WISCONSIN
LARRY E. CRAIG, IDAHO
FRED GRANDY, IOWA
RALPH L. LOTKIN, CHIEF COUNSEL

U.S. House of Representatives
Committee on Standards of Official Conduct
Suite HT-2, U.S. Capitol
Washington, DC 20515

February 8, 1990

The Honorable Charles B. Rangel
United States House of Representatives
2252 Rayburn House Office Building
Washington, D. C. 20515

Dear Colleague:

This responds to your letter of January 30, 1990, informing the Committee of your plans to participate in an exhibition of children's art which will be organized by a museum in New York in cooperation with the government of Puerto Rico. The event will be supported by the Puerto Rico-U.S.A. Foundation, a nonprofit organization. The children's art work will ultimately be exhibited in the Cannon Rotunda.

As discussed with your staff, events such as this can be successfully supported by Members of the House. To avoid any conflict with House Rule XLIII, clause 11, you may wish to remind the sponsors of the event not to use the words "U.S. Congress" or "House of Representatives" on any stationery, or other materials, so that no impression is conveyed that the exhibition is sponsored or endorsed by Congress.

In addition, since the organization of the art competition is not an official activity of your office, cooperation with the sponsoring organization is permitted so long as there is no cross infusion of resources. The Ethics Manual for Members, Officers, and Employees of the U.S. House of Representatives, at page 186, states, in part:

> These considerations do not prevent the personal involvement of Members in various functions, including lending their names to support specific causes, as long as no appearance is created of official sponsorship. Similarly cooperation is permitted with private groups as long as there is no cross-infusion of resources. A competition to select a work of art to hang in the Capitol is an example of such cooperation. A Member may permit a county, state, or local art council, museum, or other

FILE COPY

EXHIBIT
Exhibit 197

CSOC.CBR.00029319

organization to select a painting through a competition sponsored and initiated by that organization. Furthermore, the local group could receive financial support from corporations, state or local governments, or similar sponsors. The fact that the fundraising effort is conducted by an outside organization in support of its competition, not by the Member or the Member's clerk-hire staff, would allow the Member to endorse the competition and lend his or her name in support of the event.

If you have any further questions concerning this matter, please contact the Committee staff at extension 5-7103.

Sincerely,

Julian C. Dixon
Chairman

John T. Myers
Ranking Minority Member

JS:DJM



CSOC.CBR.00029320

CSOC.CBR.00029320

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK
DEPUTY WHIP
COMMITTEE:
WAYS AND MEANS
RANKING MEMBER
SUBCOMMITTEE ON TRADE
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

June 30, 1999

2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–3215
TELEPHONE: (202) 225–4365
DISTRICT OFFICES:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR
163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–3500
2110 FIRST AVENUE
NEW YORK, NY 10029
TELEPHONE: (212) 348–8630
PLEASE RESPOND TO
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The Honorable Lamar Smith
Chairman
Committee on Standards of Official Conduct
HT 2 The Capital
Washington, DC 20515

Dear Chairman Smith:

I am writing to request official guidance on the feasibility of a proposed Congressional Retreat run by Dr. Dean Ornish, M.D. The retreat is tentatively scheduled to take place August 29-September 4 in Berkeley, CA and October 22-23 in Washington DC. Dr. Ornish and his colleagues have offered to donate their time and expenses, leaving members with no costs other than the direct expenses of travel.

It is important to note that each retreat is being offered upon the request and initiation of myself and, independently, of Rep. Dan Burton. Upon learning of our independent requests of Dr. Ornish, Rep. Burton and I decided to collaborate on proposing a retreat for Members of Congress.

Research has shown that Dr. Ornish's non-profit Preventive Medicine Research Institute (PMRI) Program, prevents or reverses the onset of heart disease through lifestyle changes. The program's results have been so successful that the Health Care Finance Administration has authorized a demonstration project evaluating PMRI's lifestyle program as a direct alternative for patients who otherwise would receive coronary bypass surgery or coronary angioplasty. This preventative program could save Medicare money as more people utilize lifestyle changes to prevent or reverse heart disease instead of undergoing expensive medical procedures.



CSOC.CBR.00029324

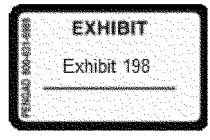
Dr. Ornish's retreat will provide Member's with an opportunity to learn first hand about how the PMRI lifestyle program operates while gaining a better understanding of the benefits of a low-fat diet, stress management techniques, moderate exercise, and smoking cessation. The week-long retreat will include a tour of PMRI facilities including a new study to see if prostate cancer may be reversible by changing diet and lifestyle. This study is being conducted in collaboration with the UCSF School of Medicine and the Memorial Sloan Kettering Cancer Center in New York.

Thank you for your time and consideration. I would appreciate receiving advice on this matter as soon as possible.

Sincerely,

Charles B. Rangel
Member of Congress

CBR:mmr



CSOC.CBR.00029325

LAMAR SMITH, TEXAS
CHAIRMAN
JOEL HEFLEY, COLORADO
JOE KNOLLENBERG, MICHIGAN
DAVE CAMP, MICHIGAN
ROB PORTMAN, OHIO

ROBERT L. WALKER,
CHIEF COUNSEL/STAFF DIRECTOR
JOHN W. LAMPMANN,
ASSISTANT TO THE CHAIRMAN
BARI L. SCHWARTZ,
COUNSEL TO THE RANKING
MINORITY MEMBER

ONE HUNDRED SIXTH CONGRESS

U.S. House of Representatives

COMMITTEE ON STANDARDS OF
OFFICIAL CONDUCT
Washington, DC 20515–6328

HOWARD L. BERMAN, CALIFORNIA
RANKING MINORITY MEMBER
MARTIN OLAV SABO, MINNESOTA
ED PASTOR, ARIZONA
CHAKA FATTAH, PENNSYLVANIA
ZOE LOFGREN, CALIFORNIA

SUITE HT–2, THE CAPITOL
(202) 225–7103

July 13, 1999

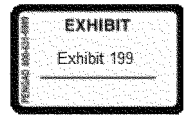
The Honorable Charles B. Rangel
U.S. House of Representatives
2354 Rayburn House Office Building
Washington, D.C. 20515

Dear Colleague:

This responds to your letter of June 30, 1999, asking whether you and other Members may accept an invitation from the Preventative Medicine Research Institute (PMRI), to attend one of two proposed retreats. You indicate that Dr. Dean Ornish has offered to hold two retreats, one in Berkeley, California to be held August 29-September 4, and one in Washington, D.C., scheduled for October 22-23. According to your letter, Dr. Ornish and his colleagues would donate their time and expenses and Members would pay only their direct expenses of travel. You indicate that the purpose of the proposed retreats would be to teach individuals the benefits of low-fat diet, stress management, moderate exercise, and not smoking. The market-value of the PMRI retreat, according to that organization's web-site, is $2,900, exclusive of travel expenses.

We have considered your request under two provisions of House Rule 26, clause 5 (the House gift rule): paragraph (a)(3)(Q), relating to widely attended events; and paragraph (b)(1), relating to reimbursements for "fact-finding." Attendance at the proposed retreats does not fall within either of these provisions, as we explain below.

The House gift rule permits a Member, officer, or employee to accept an offer of free attendance at an event (such as a convention, conference, symposium, forum, panel discussion, luncheon or dinner, viewing, or reception), subject to three restrictions: (1) the event must be "widely attended," (2) the invitation must come from the sponsor, and (3) the attendance of the Member or staff person must be related to his or her official duties, as described below. First, an event is deemed "widely attended" if (a) there is a reasonable expectation that *at least twenty-five persons*, other than Members, officers, or employees of the Congress, will attend the event; *and* (b) attendance at the event is open to members from throughout a given industry or profession, or to a range of persons interested in a given matter. Second, the term "sponsor" refers to the person, entity, or entities primarily responsible for organizing the event. Third, the Member, officer, or employee must be participating in the event by speaking or by performing a ceremonial role; or he or she must determine that attendance at the event is appropriate to the *performance of his or her official duties or representative function.* In making this determination, one should bear in mind the



CSOC.CBR.00029321

legislative history of the gift rule, which indicates that the event may not be merely for the personal pleasure or entertainment of the Member or employee.

It is the opinion of the Committee that the PMRI retreats do not meet the requirements of this exception to the gift rule because the retreat primarily provides a personal benefit to the attendee. We understand from your letter that the PMRI program has "been so successful that the Health Care Finance Administration has authorized a demonstration project evaluating PMRI's lifestyle program" as an alternative for patients who would otherwise need heart surgery. However, the fact that the federal government is studying the program does not make a Member's personal participation in a program retreat "performance of official duties."

Similarly, the retreats do not qualify as "fact-finding" for purposes of the House Rules, despite the fact that they might potentially provide an incidental educational opportunity for the Member. House Rule 26, clause 5, permits a Member or employee of the House to accept necessary travel expenses to attend a fact-finding trip, or similar event in connection with official duties, from a private source (other than a registered lobbyist or agent of a foreign principal) which is directly and immediately associated with the event or location being visited. As noted in the *House Ethics Manual*, at page 39, "[w]hile the responsibility rests with the Member or employee to determine whether a particular event or activity is directly related to official duties, . . . 'fact-finding event' is intended to be interpreted narrowly in light of the spirit of the House Rules." Further, "[a fact-finding] event must *not* be for the personal pleasure or entertainment of Members or employees, but rather, to allow them 'to become better informed regarding subject matters closely related to their official duties.'" (*House Ethics Manual*, at page 38, emphasis in original.)

Again, it is the Committee's view that the federal government's study of the program does not make a Member's personal participation in a program retreat "closely related to their official duties." Therefore, the retreats do not qualify as "fact-finding" and do not fall within an exception to the gift rule.

Finally, you mention in your letter that the retreats are "being offered upon the request and initiation of" yourself and another Member. Please note that 5 U.S.C. §7353 provides that, except as this Committee allows, a House Member or employee may not solicit anything of value from a person whose interests may be substantially affected by the performance of that individual's official duties. The statute covers the solicitation of "anything of value," regardless of whether the official personally benefits from it. Members should be cautious in the requests they make, to be certain that it does not appear to be a solicitation for something of value.



CSOC.CBR.00029322

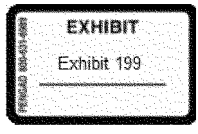
Thank you for seeking the Committee's advice on this matter. If you have any further questions, please contact the Committee's Office of Advice and Education at extension 5-7103.

Sincerely,

Lamar Smith
Chairman

Howard L. Berman
Ranking Minority Member

LS/HLB:sjp



CSOC.CBR.00029323

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK
DEPUTY WHIP
COMMITTEE:
WAYS AND MEANS
RANKING MEMBER
SUBCOMMITTEE ON TRADE
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

June 30, 1999

2354 RAYBURN HOUSE OFFICE BUILDING
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2110 FIRST AVENUE
NEW YORK, NY 10029
TELEPHONE: (212) 348–8630
PLEASE RESPOND TO
OFFICE CHECKED

The Honorable Lamar Smith
Chairman
Committee on Standards of Official Conduct
HT 2 The Capital
Washington, DC 20515

Dear Chairman Smith:

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CSOC.CBR.00029324

The Honorable Lamar Smith
June 30, 1999
Page 2

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Thank you for your time and consideration. I would appreciate receiving advice on this matter as soon as possible.

Sincerely,

Charles B. Rangel
Member of Congress

CBR:mmr



CSOC.CBR.00029325

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEES:
WAYS AND MEANS
RANKING MEMBER
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

2354 RAYBURN HOUSE OFFICE BUILDING
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TELEPHONE: (202) 225–4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–3900

PLEASE RESPOND TO
OFFICE CHECKED

June 2, 2006

To Committee on Standards of Official Conduct:

I would like to request your advice concerning my solicitation of private sector support and sponsorship in the 11th Annual Carib News Multi-national Business Conference. I have attached the proposed letter that I wish to send out. This letter will be printed on unofficial stationary.

This event is extremely valuable in strengthening the economic and political relations between the United States and the Caribbean nations. The conference also provides an immense learning experience for all participants.

I appreciate your advice on this matter.

Sincerely,

CHARLES B. RANGEL
Member of Congress

CBR: ajf

RECEIVED
2006 JUN -5 PM 10:15
COMMITTEE ON STANDARDS

Jun-02-2006 05:24pm From-Congressman Rangel T-371 P.002/006 F-090

EXHIBIT
Exhibit 200

CSOC.CBR.00029326

CSOC.CBR.00029326

June 2, 2006

Name
Title
Company
Address
City/State/Zip

Dear

The Carib News Multi-National Business Conference has, over the past eleven years, brought together close to four hundred elected officials, civic leaders, entrepreneurs, and executives of major corporations to explore opportunities for growth and expansion in the emerging markets and developing economies of the Caribbean. This year the eleventh annual conference is being held at the Caesar Park Resort & Convention Center in Panama City from November 9-12, 2006.

I would like to strongly encourage your participation in this important international conference. This event has been pivotal in improving the political and economic relationship between the United States and the nations of the Caribbean. Friends in the business and corporate community who have sponsored and attended previous conferences have told me of significant business initiatives resulting from their participation. Through various intellectually stimulating panels, many people have claimed this to be an immeasurable educational experience.

Because I have found these conferences to be so personally rewarding, I plan to attend this year's Carib News Conference in Panama and expect to be joined by several of my colleagues. Last year's conference attracted close to twenty members of Congress. We have also been fortunate enough to have been joined by the Heads of Government of most, if not all, of the Caribbean nations, as well as, business and civic leaders from the US and the Caribbean. Our coming together will hopefully result in the creation and advancement of meaningful business and policy initiatives that are beneficial to the participants.

Of great importance to the success of this event and to the promotion of strong economic relationships is the support of airline companies. In the past, the help of American Airlines, US Airways, and others, has been invaluable. Without the availability of transportation from the US to the Caribbean, participation in this event would be difficult and the potential of foregoing some important connections would be apparent.

T-321 P.003/008 F-080 225 EXHIBIT Exhibit 200 From-Congressman Rangel Jun-02-2006 05:25pm
CSOC.CBR.00029327

CSOC.CBR.00029327

This conference tangibly reinforces the undeniable link between the US and our neighbors in the Caribbean by strengthening our capacity for cooperation to enhance economic expansion and growth in the Caribbean. I hope you will join me in Panama to experience the positive impact of the Carib News conference.

Sincerely,

CHARLES B. RANGEL
Member of Congress

CBR: ajf

Jun-02-2006 05:25pm From-Congressman Rangel T-371 P.004/006 F-090

EXHIBIT
Exhibit 200

CSOC.CBR.00029328

CSOC.CBR.00029328

Program

THURSDAY, NOVEMBER 4, 2004

12:00noon– 6:00pm	Conference Registration - Marriott
5:00pm-6.30pm	Community Outreach Education Forum - Off Site
Venue:	Eastern Caribbean Central Banking Building Sir Cecil Jacobs Auditorium
Theme:	Aligning Education for the 21st Century
Sponsor:	CitiBank
Greetings:	Michael Flanigan -Citibank
Moderator:	Ms. Jean Bryan – Howard University
Keynote Speaker:	Hon.David Dinkins – Former New York City Mayor/ Professor Columbia University
Panelist:	Hon. Dr. Timothy Harris – Minister of Foreign Affairs and Education, St. Kitts-Nevis Hon. William "Lacy" Clay – U. S. House of Representatives Dr. Marcella Maxwell
Presentation:	Carib News Foundation / Melvin Van Pebbles Foundation Scholarship to a local youth.
7:00pm-8:00pm	Opening Reception
Venue:	Marriott Grand Plaza
Theme:	Opportunity for Business Connections
Sponsor:	Ministry of Tourism/Greater Harlem Chamber of Commerce
MC:	Ms. Patricia Thomas
Speakers:	Ms. Christine Walwyn - Director of Tourism Hon. Corrine Brown – U.S. House of Representatives
8:00pm-10:00pm	Opening Dinner
Venue:	Marriott Resort – Grand Plaza- Amphitheater
Theme:	Accessing Overseas Resources
Sponsor:	Air Jamaica
MC:	Assemblyman Nick Perry – New York State Assembly
Greetings:	Will Rodgers – Air Jamaica
Speakers:	Hon. Dwyer Astaphan – Minister of Tourism, Commerce and Consumer Affairs Hon. Diane Abbott – Member of Parliament, UK Hon. Stephanie Tubbs-Jones – U.S. House of Representatives
10:00pm – 1:00am	Hospitality Area
Venue:	Liamuiga Hospitality Suite
Sponsors:	Diageo/Guinness

FRIDAY, NOVEMBER 5, 2004

8:00am – 8:45am	Breakfast at Leisure
9:00am – 6:00pm	Conference Registration – Marriott
9:00am – 10:15am	Opening Ceremonies
Venue:	Marriott Ballroom
Theme:	Challenges and Opportunities In the New Global Order
Sponsor:	AT&T
MC:	Luther Gatling – Budget & Credit Counseling
Invocation:	Reverend Susan Johnson- Cook
Anthems:	Land Of Beauty – St. Kitts–Nevis, Local Choir Lift Every Voice – Ms. Bonnie Gatling
Speakers:	Karl Rodney - Carib News Ms. Marie Long – AT&T Hon. Gregory Meeks-U.S. House of Representatives Hon. Orlando Fleming – Chief Minister, Anguilla Hon. Michael Missick- Chief Minister, Turks & Caicos The Honorable Dr. Denzil Douglas – Prime Minister and Minister of Finance, Development, Planning and National Security.
Performance:	St. Kitts-Nevis Cultural Presentation
Ribbon Cutting	
10:15am – 10:30am	Coffee Break
10:30am –11:45am	Presentation
Theme:	Recovery & Development - The Role of Business & Technology
Venue:	Marriott Ballroom
Sponsor:	AT&T
Moderator:	Leyland Hazlewood
Speakers:	Ms. Alice Borrelli – AT&T The Hon. Ed Towns- U.S. House of Representatives Ms. Christina James-Brown - United Way International Hon. Sam Condo – Deputy Prime Minister and Minister of International Trade, Labor, Social Security, CARICOM Affairs, Telecommunications and Technology, St Kitts – Nevis Hon. Compton Bourne - President CDB
12:00noon – 1:15pm	Congressional Forum
Theme:	Access to Resources- Areas of Collaboration
Venue:	Marriott Ballroom
Sponsors:	AT& T

Jun-02-2008 06:25pm From-Congressman Rangel T-321 P.005/008 F-080

EXHIBIT
Exhibit 200

CSOC.CBR.00029329

CSOC.CBR.00029329

Program

Moderator:	Crieghton Fenchcon
Keynote Speakers:	Howard Dodson- Exec. VP Schomburg Center for Black Studies
Panelist	Dr. Keith Nurse Hon. Jacinth Henry-Martin -Minister of Information, Culture, Youth and Sports, St. Kitts-Nevis Hon. Danny Davis – U.S. House of Representatives
Saturday Lunch	
1:30pm – 2:30 pm	Lunch
Theme:	Building an Effective Global Network
Sponsors:	JP Morgan Chase
Greetings:	Ms. Patricia Ricketts – JP Moran Chase
MC:	Dr. Basil Bryan – Jamaica's Consulate, New York
Speakers:	Hon. Donald Payne- U.S. House of Representatives Hon. Barbara Lee – U.S. House of Representatives Ms. Constance Mitchell-Ford – Wall Street Journal C. Virginia Fields Manhattan Borough President
2:30pm – 6:30pm	At Leisure
Optional:	
2:30pm – 3:30pm	Chat Shops
Venue:	Marriott # 1 - St. Lucia Room # 2 - Dominica Room # 3 - Grenada Room # 4 - St. Vincent Room
Chat Shop #1	Health Benefits Portability – Hon. Sheila Jackson-Lee U.S. House of Representatives
Chat Shop #2	Roundtable: The Condition of The Airline-Industry - Dale Morris, Rep. Eddie Bernice Johnson, Rep Kendrick Meek, Rep. William Clay, Gregory Meeks.
Chat Shop #3	US/Haiti Policy- The Honorable Barbara Lee- U.S. House of Representatives
Chat Shop# 4	The Caribbean Trade Center - Roy Hastick Caribbean American Chamber of Commerce
3:30pm – 4:30pm	United Way International Regional Meeting
Venue:	Marriott
Theme:	"A CARICOM United Way"
Moderator:	Ms. Lorna Johnson –United Way International
Speakers:	Chris James Brown
5:00pm – 6:30pm	Community Outreach Information Technology Forum
Venue:	Eastern Caribbean Central Banking Building-Sir Cecil Jacobs Auditorium
Theme:	E-Commerce & Export Markets
Sponsors:	Greater Harlem Chamber of Commerce/AT&T
Moderator:	Ms. Shirley Moulton- Universal Solutions Inc.
Greetings:	Michael Flanigan - Citibank Lloyd Williams - Greater Harlem Chamber of Commerce
Keynote Speakers:	Hon. Ed Towns - U.S. House of Representatives
Panelists:	Don Rojas - WBAI Radio Assemblyman Keith Wright –New York State Assembly
7:00pm – 8:00pm	Gala Reception
Venue:	Marriott
Theme:	Marketing – Expanding Opportunities
MC:	Ms. Patricia Thomas
Sponsors:	American Airlines
Speaker(s):	Dale Morris – American Airlines Hon. Kendrick Meek- U.S. House of Representatives
8:00pm –10:30pm	Gala Dinner
Venue:	Marriott Ballroom Foyer
Theme:	Challenges & Opportunities in the New Global Order- The Case of the Caribbean.
Sponsor:	AT&T/Pfizer
Greeting:	Ms. Marie Long – AT&T Ms. Karen Boykins-Towns- Pfizer
Keynote Speaker:	The Honorable Dr. Denzil Douglas – Prime Minster, St. Kitts - Nevis
MC:	Luther Gatling
Greetings:	Hon. Melvin Watts – U.S. House of Representatives Hon. Eddie Bernice Johnson – U.S. House of Representatives
10:30pm – 1:00am	Hospitality Area
Venue:	Laimuiga Hospitality Suite
Sponsor:	Diageo
SUNDAY, NOVEMBER 7, 2004	
9:00am – 10:30am	Power Breakfast
Theme:	Spirituality In Business
Sponsors:	St. Kitts Marriott
Selection:	Bonnie Gatling
Speakers:	Reverend Renee Washington Reverend Wendell Foster Bishop Sylvera Gonzales Local Minister Local Choir
11:00am	Departure Begins

Jun-02-2006 05:28pm From-Conaresman Rangel T-371 P.008/008 F-090

EXHIBIT
Exhibit 200

CSOC.CBR.00029330

CSOC.CBR.00029330

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
RANKING MEMBER
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

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DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

☐ 163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3000

PLEASE RESPOND TO
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FAX TRANSMITTAL

DATE: June 2, 2006

TO: Committee on Standards of Official Conduct

FROM: GEORGE A. DALLEY

NUMBER OF PAGES (INCLUDING COVER SHEET): 6

NOTE:

Please review & advise

Attachment → program of the event in 2004

to give an example

Jun-02-2006 05:24pm From-Congressman Rangel T-371 P.001/006 F-090

EXHIBIT
Exhibit 200

CSOC.CBR.00029331

CSOC.CBR.00029331

Dixon, Carol

From: Dixon, Carol
Sent: Wednesday, July 12, 2006 6:28 PM
To: Dalley, George
Subject: Carib News conference

George-
Per your request, this e-mail will memorialize the staff-level advice that I provided to you earlier today regarding Congressman Rangel's request to solicit on behalf of the Carib News Multi-National Business Conference (Conference) to be held in Panama City, Florida in November 2006. Our staff-level advice, which includes input from the Committee's Chief Counsel, is as follows.

Federal statute (5 USC s. 7353) prohibits Members from soliciting on behalf of any entity, except as this Committee allows. The Committee has established a general exception that permits Members to solicit on behalf of 501(c)(3) nonprofit entities, subject to certain guidelines. It decides any other solicitation requests as they arise. To date, the Committee has, under that "additional" authority, permitted Members to solicit only on behalf of organizations that hold a nonprofit status other than (c)(3) (for example, a (c)(6) trade association). We can find no record to indicate that the Committee has ever allowed solicitations on behalf of a for-profit entity such as the Carib News, or for an event that a for-profit entity was hosting.

An additional factor that weighs strongly against granting permission for the solicitation proposed in Rep. Rangel's letter stems from the guidelines for such solicitations that I mentioned above. One of those guidelines is that Members are not permitted to solicit on behalf of any entity (including a (c)(3)) from which they would derive a personal financial benefit. Thus, under that guideline, Rep. Rangel would not be permitted to solicit companies to provide travel expenses (such as free airfare or hotel accommodations) to Carib News in order to help fund Member attendance at the Conference. Even Carib News seeking such donations without Member involvement could be problematic if the requests were made specifically to pay for Member travel (essentially "earmarked" requests), because the providing sponsor (e.g., American Airlines) would need to be an appropriate trip sponsor under House rules; if the providing entity had no connection to hosting or participating in the conference itself, it likely would not satisfy that requirement.

Thus, at a staff level, we cannot approve Rep. Rangel making any sort of request to companies for financial support of the Conference, or in-kind or direct financial donations to pay travel expenses for any Member to attend the Conference.

However, in our view, it would be permissible for Rep. Rangel to send a letter to companies or entities encouraging them to attend the Conference, provided he did not use any official resources in that effort. Thus, any such letter should not be on official letterhead and may not be sent using the Frank. The draft letter he sent with his formal advisory request could be used in this regard, with a few minor changes. The most important change is, consistent with the guidance above, the entire fourth paragraph (beginning "Of great importance") should be deleted in its entirety. Other, more minor changes are that, overall, he should endeavor to use less first person in the letter. For example, in the third paragraph (beginning "Because"), I recommend that he change the "We have been fortunate" and "Our coming together" to phrases that emphasize the Conference or Carib News (e.g., "The Conference has been fortunate . . . " and "The coming together of so many political and business leaders . . . ." Likewise, in the last paragraph change "the US and our neighbors" to "the US and its neighbors."

If you would like me to review a revised draft letter, you can fax (5-7392) or email it to me for a quick (I promise) review. Likewise, if you or Rep. Rangel have any questions about the guidance in this e-mail, please do not hesitate to call.



CSOC.CBR.00029332

Carol E. Dixon, Counsel
Committee on Standards of Official Conduct
Suite HT-2, The Capitol
Washington, DC 20515
(202) 225-7103
carol.dixon@mail.house.gov

Tracking:	Recipient	Delivery
	Dailey, George	Delivered: 7/12/2006 6:25 PM



CSOC.CBR.00029333

U.S. House of Representatives

COMMITTEE ON STANDARDS OF
OFFICIAL CONDUCT
Washington, DC 20515

June 7, 2006

The Honorable Charles B. Rangel
U.S. House of Representatives
2354 Rayburn House Office Building
Washington, D.C. 20515

Dear Colleague:

This responds to your letter of June 1, 2006 seeking guidance about a solicitation letter you have been asked to sign on behalf of the Greater Harlem Chamber of Commerce and Harlem Week, Inc. According to your letter and enclosures, we understand that Harlem Week, Inc. was established to assist in organizing events that celebrate the Harlem community. We also understand that the celebration attracts approximately 3 million attendees annually, and it will involve over 100 related events and activities taking place from July 19 to September 3, 2006. In addition, this year the Greater Harlem Chamber of Commerce is celebrating its 110th anniversary. You have been asked to lend your name in support of a solicitation letter on behalf of both organizations and their related celebrations. The letter will be sent to a number of potential corporate donors, and enclosed with your letter were the names and addresses of presidents and chief executive officers of a number of entities. Furthermore, you state in your letter that Harlem Week, Inc. is a § 501(c)(3) charitable organization. You also state, however, that the Greater Harlem Chamber of Commerce is a "New York not-for-profit corporation with an educational and community development focus, but is not federally tax exempt."

The main provision of law implicated by your request is 5 U.S.C. § 7353, which provides that except as this Committee allows, a House Member or employee may not solicit anything of value from a person whose interests may be substantially affected by the performance of that individual's official duties. The statute covers the solicitation of "anything of value," regardless of whether the official personally benefits from it, but the statute does not apply to political solicitations.

The Committee has established a general exception to permit Members and staff to solicit on behalf of organizations qualified under § 170(c) of the Internal Revenue Code, and the Committee has determined that solicitations on behalf of entities other than those qualified under § 170(c) would be decided as they arise. The Committee will not grant permission to solicit on behalf of any organization that was established or is controlled by Members of Congress, except for organizations whose principal activities are unrelated to a Member's official duties. All approved solicitations are subject to certain restrictions.



CSOC.CBR.00029334

While the Committee understands that Harlem Week, Inc. is qualified under § 170 of the Internal Revenue Code, the Greater Harlem Chamber of Commerce is not. However, in view of the information provided to the Committee about the Greater Harlem Chamber of Commerce and the extent of your involvement on behalf of both organizations, you may solicit funds for both the Chamber and Harlem Week, Inc. in connection with the celebratory events scheduled for this summer, subject to the following restrictions. No official resources may be used in making any solicitation. No official endorsement by the House of Representatives may be implied. Thus, no solicitation may bear official letterhead, "Congress of the United States," "House of Representatives," "Official Business," or the Seals of the United States, the Congress, or the House. *See* House Rule XXIII, cl. 11; 18 U.S.C. § 713. It is permissible for Members to identify themselves as a Member of Congress, Congressman, or Representative.

In addition, regulations of the House Office Building Commission prohibit soliciting and other non-governmental activities in facilities of the House of Representatives. Members should avoid any suggestion that donors will be assisting you in your official duties or that they will receive favorable consideration from you in official matters. The solicitation letter you enclosed satisfies these requirements. A provision of the gift rule precludes Members and staff from targeting registered lobbyists and registered foreign agents in any such solicitation. *See* House Rule XXV, cl. 5(c)(2). Thus, while no employee of a lobbying firm should be targeted in a solicitation, any solicitation of a company, association, or other entity that employs registered lobbyists to lobby only for itself or its members should be directed to an officer or employee who is not a lobbyist.

In addition, the Committee understands that the Federal Election Campaign Act, as amended, imposes certain limitations on the ability of federal officeholders, including House Members, to solicit on behalf of outside organizations. Accordingly, the Committee routinely advises Members to consult with the Federal Election Commission to ensure that any solicitations they wish to make would be permissible under that Act.

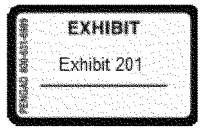
If you have any further questions, please contact the Committee's Office of Advice and Education at extension 5-7103.

Sincerely,

Doc Hastings
Chairman

Howard L. Berman
Ranking Minority Member

DH/HLB:jcs



CSOC.CBR.00029335

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
RANKING MEMBER

JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-3215
TELEPHONE: (202) 225-4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900

PLEASE RESPOND TO
OFFICE CHECKED

June 1, 2006

To Committee on Standards of Official Conduct:

I would like to request your advice concerning my participation in Harlem Week, alongside the Greater Harlem Chamber of Commerce. I have attached the proposed letter that I wish to send out. This letter will be printed on unofficial stationary.

I have also attached some background information covering the planned events for Harlem Week and the potentially involved corporations. I would also like to clarify that Harlem Week has been incorporated as a separate entity and has a federal section 501(c)3 exemption. The Greater Harlem Chamber of Commerce is a New York not-for-profit corporation with an educational and community development focus, but is not federally tax exempt.

I appreciate your advice on this matter.

Sincerely,

Congressman Charles B. Rangel

CHARLES B. RANGEL
Member of Congress

CBR/ajf

RECEIVED
2006 JUN -2 PM 9:07
COMMITTEE ON STANDARDS

Jun-01-2006 04:51pm From-Congressman Rangel T-858 P.002/008 F-018

EXHIBIT
Exhibit 201

CSOC.CBR.00029336

CSOC.CBR.00029336

June 1, 2006

Name
Title
Company
Address
City/State/Zip

Dear

I am writing in support of two outstanding non-profit, community based organizations, the **Greater Harlem Chamber of Commerce** and **Harlem Week, Inc.**, in the hopes that you will give strong consideration to partner with them in their annual celebration and promotion of the very exciting Harlem community.

This year, the Greater Harlem Chamber of Commerce celebrates its **110th Anniversary** of continued service to the New York region, making it the second oldest continuous business and trade association in the metropolitan region. The Chamber has in excess of eighteen hundred (1800) members and I am pleased to join with my colleagues in government, Governor Pataki, Mayor Bloomberg, City Comptroller William Thompson plus other luminaries in serving as an Honorary Chair of the Chamber's **110th Anniversary** celebration. I proudly invite you to join with us in celebrating Harlem and more than a century of excellent service by the Chamber.

I would also like to invite and strongly encourage your participation in the very exciting celebration of **HARLEM WEEK 2006**, its 32nd Anniversary. This event attracts in excess of three million people to the region to participate in more than 108 events and activities, according to estimates of the NYC Police Department and NYC & Company. While the majority of **HARLEM WEEK** events take place in my congressional district, some others are held in key locations in New York City, including the Empire State Building, Gracie Mansion, the Soho area, and Central Park. Harlem Weeks attracts the attention of the New York media, including the New York Times, NY Daily News, Ebony Magazine, Amsterdam News, NY Post, Fox-TV, WCBS-TV, Carib News, WBLS-FM and WNDC-TV. The numerous events provide many opportunities for your company to market and promote your products, goods and services not only to residents of Harlem, upper Manhattan and New York City, but directly to a very large number of visitors from throughout the region who celebrate Harlem Week.

Jun-01-2006 04:51pm From-Congressman Rangel T-388 P.003/008 F-013

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EXHIBIT
Exhibit 201

CSOC.CBR.00029337

CSOC.CBR.00029337

If you are interested in participating with these 501 (c) 3 organizations, please contact Lloyd Williams, President, Greater Harlem Chamber of Commerce, at 212-862-7200 and let him know I reached out to encourage your parcitipation.

Thank you so much for your consideration.

Sincerely,

CHARLES B. RANGEL
Member of Congress

CBR/jc

c: Lloyd Williams, President/CEO, Greater Harlem Chamber of Commerce

Jun-01-2006 04:01pm From-Congressman Rangel T-388 P.004/008 F-013

2261

EXHIBIT
Exhibit 201

CSOC.CBR.00029338

CSOC.CBR.00029338

Richard Clark
President/CEO
Merck & Co.
One Merck Dr.
P.O. Box 100
White House Station, NJ 08889

Hank McKinnell
President/CEO
Pfizer
235 E. 42nd St.
New York, NY 10017

Peter R. Doland
CEO
Bristol-Myers Squibb
345 Park Ave
New York, New York 10154

David Neeleman
CEO
Jet Blue Airlines
118-19 Queens Blvd
Forest Hills, NY 11375

Larry Kellner
President
Continental Airlines
405 Lexington Ave
29th Floor
New York, NY 10174

Eugene R. McGrath
CEO
Con Edison
Cooper Station
P.O. Box138
New York, NY 10276

Rex W. Tillerson
Chairman/CEO
Exxon Mobile Corp.
5959 Las Colinas Blvd
Irving, TX 75039

John Browne
Group Chief Executive
BP
28100 Torch Parkway
Warrenville, IL 60555

F. Borden Walker
Executive VP
Hess Corporation
1185 Avenue of the Americas
New York, NY 10036

Ivan G. Seidenberg
Chairman/CEO
Verizon Communications
140 West Street
New York, NY
10007

Edward E. Whitacre, Jr.
Chairman/CEO
AT&T, Inc
1 AT&T Way
Suite 412
Bedminster, NJ 07921

James L. Dolan
President/CEO
Cable Vision Systems Corp.
1111 Stewart Ave.
Bethpage, NY 11714

05/25/2006 17:34 2128 PAGE 03/04
Jun-01-2006 04:51pm From-Congressman Range! T-368 P.005/008 F-013

EXHIBIT
Exhibit 201

CSOC.CBR.00029339

Richard D. Parsons
Chairman/CEO
Time Warner
1 Time Warner Center
New York, NY 10019

Gary D. Forsee
President/CEO
Sprint/Nextel
2001 Edmund Halley Drive
Reston, VA 20191

Harold McGraw III
President/CEO
The McGraw Hill Companies
1221 Avenue of the Americas
New York, NY 10020

G. Kennedy Thompson
Chairman and CEO
Wachovia Corporation
301 South College Street Suite 4000
One Wachovia Center
Charlotte, North Carolina 28288-0013

Kenneth Chenault
Chairman & CEO
American Express
200 Vesey St.
New York, NY 10285

Martin J. G. Glynn
President & CEO
HSBC Bank USA, N.A.
2700 Sanders Road
Prospect Heights
Chicago, IL 60070

Dr. Lee C. Bollinger
President
Columbia University
202 Low Library
New York, NY 10027

Gerard J. Arpey
Chairman, President & CEO
American Airlines, Inc.
4333 Amon Carter Blvd.
Fort Worth, TX 76155

PAGE 04/04 T-368 P.006/008 F-013 05/25/2006 17:34 212862 Jun-01-2006 04:51pm From-Congressman Rangel

EXHIBIT
Exhibit 201

CSOC.CBR.00029340

The Greater Harlem Chamber of Commerce
200A West 136th Street
New York, NY 10030
Telephone: (212) 862-7200
Fax: (212) 862-8745
e-mail: harlemchamber@hotmail.com
www. HarlemDiscover.com
Established in 1896

May 17, 2006

Mr. James Capel
Chief of Staff
Office of Congressman Charles B. Rangel
Adam Clayton Powell, Jr. State Office Building
163 West 125th Street
New York, NY 10017

Dear Mr. Capel:

Thank you for the excellent meeting which you afforded to E. Ronald Guy, Executive Board Member of the Greater Harlem Chamber of Commerce and I on Thursday, May 11, 2006.

We were very pleased to be informed that our distinguished Congressman, Charles B. Rangel would be willing and pleased to forward correspondences to select companies encouraging their participation in and/or support of the 2006 HARLEM WEEK and Harlem Jazz & Music Festival events and activities.

With that in mind, we have selected the following events to request support for and have identified areas that we feel would most likely be compatible for quality corporate participation.

I. New York City Salute to New Orleans

Theme: "And Still We Rise"

Date: Sunday, July 30th
Time: 12:00PM – 9:00PM
Location: Ulysses S. Grant National Memorial Park
122nd Street & Riverside Drive

Corporate Areas: Automobiles, Communications, Energy, Petroleum

II. NYC Economic Development Awards Luncheon & Expo

Date: Tuesday, August 8th
Time: 10:00AM – 3:00PM
Location: Columbia University
116th Street & Broadway

Corporate Areas: Communications, Technology, Energy

III. New York City Senior Citizens Day "Elders' Jubilee"

Date: Tuesday, August 15th
Time: 10:00AM – 3:00PM
Location: National Black Theatre
125th Street & Fifth Avenue

Corporate Areas: Pharmaceutical, Health Services, Insurance Providers

EXHIBIT
Exhibit 201

CSOC.CBR.00029341

IV. **"The New York City Children's Festival" (Part I & II)**
Date: Saturday, August 19th & Sunday, August 20th
Time: 11:00AM – 7:00PM
Location: Henry Highland Garnet Outdoor Plaza
135th Street between Malcolm X and A.C. Powell, Jr. Blvds.

Corporate Areas: Pharmaceutical, Technology, Energy, Educational Equipment

V. **New York City Health Fair & Expo (Part I & II)**
Date: Saturday, August 19th & Sunday, August 20th
Time: 11:00AM – 7:00PM
Location: 135th Street between Fifth Avenue & A.C. Powell, Jr. Blvd.

Corporate Areas: Pharmaceutical, Communications, Health Service Providers

VI. HARLEM DAY

The Upper Manhattan Auto Show
Date: Sunday, August 20th
Time: 10:00AM – 5:00PM
Location: 135th Street between Fifth Avenue and Malcolm X Blvd.

Corporate Areas: Automobiles, Petroleum, Energy Companies, Insurance Providers

Some of the key points that the Congressman might wish to include in his correspondence would be:

- The 32-year history of HARLEM WEEK
- This event, according to the NYC Police Department and NYC & Company estimates, annually attracts in excess of three million persons to the over 108 events and activities which take place from July 19th through September 3rd. Although most of the major events take place within Congressman Rangel's Congressional District, other HARLEM WEEK events take place throughout the Upper Manhattan area, as well as in Central Park, the SOHO section, The Bronx, the Empire State Building, Gracie Mansion etc.
- You may wish to include the major media partners who participate with this annual event including, Ebony Magazine, Amsterdam News, The New York Times, Daily News, NY Post, Carib News, WBLS-FM, FOX-TV, WCBS-TV, NBC-TV.
- The fact that HARLEM WEEK is a 501-C3 (tax exempt) not-for-profit corporation with educational and community development focus.

We are compiling a short list of companies which we would like the Congressman to forward his correspondence to and will attach company name, contact person, title, and address. We will forward our listing to your attention on Monday, May 22nd. Upon receipt, please feel free to add or subtract.

We would appreciate if Congressman Rangel would send out six or more letters to assist in our efforts.

Sincerely,

Lloyd A. Williams
President/CEO

cc: Hon. Charles B. Rangel, Congressman
Hon. Percy E. Sutton, Chairman, GHCC Executive Board
E. Ronald Guy, Executive Board Member
Tamara Smalling, Chief of Staff

EXHIBIT
Exhibit 201

CSOC.CBR.00029342

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE
WAYS AND MEANS
RANKING MEMBER

JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–3215
TELEPHONE: (202) 225–4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–3900

PLEASE RESPOND TO
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FAX TRANSMITTAL

DATE: June 1, 2006

TO: Committee on Standards of Official Conduct

FROM: GEORGE A. DALLEY

NUMBER OF PAGES (INCLUDING COVER SHEET): 8

NOTE:

Please review + provide advice

Jun-01-2006 04:51pm From-Conafresman Rangel T-988 P.001/008 F-013

EXHIBIT
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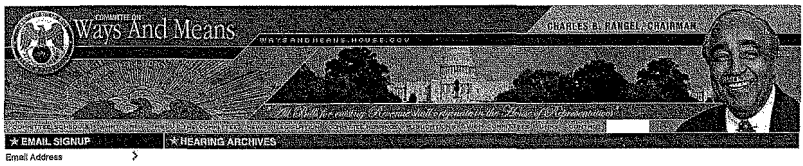
CSOC.CBR.00029343

CSOC.CBR.00029343



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Reforming Health Care is a Necessary Step in Rebuilding Our Economy
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Committee on Ways and Means Internship

Printer Friendly Version

OVERVIEW OF THE TAX-EXEMPT SECTOR

HEARING

BEFORE THE

COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED NINTH CONGRESS

FIRST SESSION

APRIL 20, 2005

SERIAL 109-6

Printed for the use of the Committee on Ways and Means

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Janice Mays, *Minority Chief Counsel*

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Opportunities

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CSOC.CBR.00026704

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OVERVIEW OF THE TAX-EXEMPT SECTOR

Wednesday, April 20, 2005

U.S. House of Representatives,
Committee on Ways and Means,
Washington, DC.

The Committee met, pursuant to notice, at 10:40 a.m., in Room 1100, Longworth House Office Building, Hon. William M. Thomas [Chairman of the Committee] presiding.

The advisory announcing the hearing follows:]

Chairman THOMAS. Good morning. This is the Committee's second in a series of hearings on the tax-exempt sector. Last year, the Oversight Subcommittee in a narrow, purposeful hearing focused on the hospital pricing system and its relationship to tax-exempt status, but that focus was primarily on hospitals and their pricing system given profit and not-for-profit in the hospital area. Today's hearing really is the fundamental hearing to provide a broad overview of the tax-exempt sector. Our government witnesses will provide information about the laws governing tax-exempt organizations, how they are administered, and their economic effects. We have an exceptionally qualified panel of legal experts who will discuss how a patchwork of laws has evolved, leading one of our witnesses to describe it as disparate, irregular, unbalanced, and uneven. The tax-exempt sector has grown significantly since its creation more than 100 years ago. A growth in any area isn't in and of itself bad, but revenue reported by tax-exempt organizations has grown from about $3 billion in 1975 to $1.2 trillion in 2001, according to the Joint Committee on Taxation. In 2001, this amount represented 12.2 percent of the gross domestic product. According to the Government Accountability Office, the tax-exempt sector employs at least nine percent of the civilian workforce.

Despite the significant size, scope, and economic impact of tax-exempt organizations, there has been no comprehensive oversight by Congress in nearly two decades, and I hesitate to call what occurred two decades ago a comprehensive oversight because I was on the Committee and the Subcommittee. The Committee conducted examinations in hearings on the question of business activities of tax-exempt organizations and whether they should be subject to an Unrelated Business Income Tax. Many charitable organizations provide critical social services to those in need. These organizations benefit greatly from their legal status because they do not pay taxes and because donors can deduct contributions they make to charitable organizations. However, many goods and services provided by tax-exempt organizations are similar, if not identical, to goods and services provided by tax-paying entities. This raises a fairly [illegible] ese organizations unique and, hence, deserving of a tax-exempt



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status. It is also worth comparing Congressional interest in tax-exempt organizations to its interest of traditional for-profit corporations. When reports of abuse in the corporate world emerged, there was a swift and comprehensive response. Tax-exempt organizations should not be immune from similar scrutiny. The Senate Finance Committee recently held a hearing in which they reviewed abuses in the tax-exempt sector and discussed potential reforms. Our hearing is not intended and will not duplicate their work by examining specific proposals. Instead, it establishes a foundation from which Members can systematically begin to examine the tax-exempt sector and determine what remedies, if any, are needed to provide greater clarity, transparency, and enforcement. Now I recognize the gentleman from New York, Mr. Rangel, for any comments he may wish to make.

Mr. RANGEL. Thank you, Mr. Chairman. I am glad that you shared with me the reason for this hearing. I think the subject matter is very important, especially in view of the explosion of the number of not-for-profits and the amounts of monies that are involved. I can't for the life of me see how this panel, as distinguished as they are, can help me to deal with some of the problems that it appears as though we are having from organizations, from the Heritage Foundation to the audit of the National Association for the Advancement of Colored People. These are real problems as to whether or not lobbyists are laundering money into these not-for-profits with trips for Members of Congress. There are a lot of things that I would have hoped that the Internal Revenue Service, who has oversight jurisdiction, might help and guide the Congress, but as you indicated, this is going to be an overview of the history of not-for-profits and people who don't pay taxes, so I would hope that some wealthy people would be included, because they don't pay taxes, either, and I don't know what contribution they are making. At a time where there are severe cutbacks in Federal programs and more and more of the majority are saying that people should rely on charitable organizations, I would hope that the testimony we hear today is how we can more effectively support these organizations that tend to provide services for the lower-income people and the poor people that the for-profits don't have as a priority. May I ask the Chair, do you intend to do oversight of religious organizations, as well?

Chairman THOMAS. I will tell the gentleman that one of the questions that I would begin with is do these people have a constitutional right to tax-exempt status. The answer is for most of them in the area that we are looking at, no. Pretty obviously, religion has another location in the Constitution which gives them a position different than most of these other organizations. That obviously is the First Amendment.

Mr. RANGEL. Would not the Internal Revenue Service determine what is a religious organization?

Chairman THOMAS. I will tell the gentleman that is eventually something that could be looked at, because as is commonly known, a number of churches have activities which border on--that don't border on, they are in competition with tax-paying entities. This has been examined in the past. It is, I think, worthy of an examination. The problem is, until you understand the abject failure of Congress to provide adequate statutory direction and oversight of IRS and other agencies is to not understand how we reached the point that the gentleman indicated in his opening statement was of concern to him. Once we establish and understand that, we can then go in and examine various areas. Without this initial understanding of how little has been done in the past and how much needs to be done to create a structure and definitions and transparency, we either go into the knot with a sword and cut it or we learn how to untie it, and the Chair believes that learning how to untie it is the way we ought to go and that is what we are going to begin.

Mr. RANGEL. So, they--

Chairman THOMAS. This will be "Un-Knot-Tying 101."

Mr. RANGEL. They will share with us how a religious organization, what do you have to do to be entitled to be considered a religious organization, since they are giving this broad background, because we have a whole lot of groups out there that call themselves religious and they are nuts, but we will see where we go with this.

Chairman THOMAS. I tell the gentleman that is exactly the problem, because there are people who call themselves charitable. There are people who call themselves--so terminology--

Mr. RANGEL. --religious organizations. I just wanted to--

Chairman THOMAS. Eventually, we will.

Mr. RANGEL. This panel is broad, so they will, too.

Chairman THOMAS. This panel could briefly touch on that. In fact, if the gentleman has, and I know he has, looked at the written testimony, there are offerings of definitions for what should be allowed under this section, which certainly would circumscribe today's activities. Frankly, regulations issued by the IRS have caused additional groups to be qualified as nonprofits when there is no direct relationship in the law that allows them. That is part of the problem.

Mr. RANGEL. IRS is not here--

Chairman THOMAS. No, no.

Mr. RANGEL. This group is. I just hope they venture and give me some guidelines as to what should be a religious organization's exemptions, Islamic and Muslims and other groups and communities should be given tax exemption.

Chairman THOMAS. The gentleman will have ample time to ask the IRS why they have done what they have done in the past. Without an understanding and structure of what has occurred in the past, it probably would be not as worthwhile an exchange. As we look at the theory and practice of tax-exemption and you begin to get a structure which you believe is appropriate, we can then examine past behavior, and the Chair believes most of the Members of the Committee will be quite surprised at the failure of Congress to exercise its legitimate oversight function in this area. The problem is, without the structure, it is difficult to oversee.

Mr. RANGEL. I thank the Chairman for his generosity, but could I ask, is the IRS in the house? Okay. Thank you.

Chairman THOMAS. That doesn't mean they aren't in the house.

Mr. RANGEL. Well, they can't speak up.

Chairman THOMAS. That [illegible]d.

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[Laughter.]

Mr. RANGEL. Officially, they are not here.

Chairman THOMAS. No, because we aren't going to go into that level of detail. The Chair hopes--In fact, this hearing is for the purpose of a broad outline of the concept, the theory, and the practice of charity and tax exemption.

Mr. RANGEL. Let the games begin.

[Laughter.]

Chairman THOMAS. First at bat---

[Laughter.]

Chairman THOMAS. Welcome back, David Walker, the Comptroller General of the U.S. GAO. Thank you. As I will indicate to all the witnesses, the written testimony that you have in front of you will be made a part of the record and you may address this Committee as you see fit in an appropriate period of time. The Chair wants to underscore, I have no interest in limiting the panel Members to a narrow, confined five minutes. I would hope that they try to sum up their position and not repeat what others have said to try to create a broad, immediate record in front of the Members as we begin this investigation. Mr. Walker?

[The opening statement of Mr. Larson follows:]

STATEMENT OF DAVID M. WALKER, COMPTROLLER GENERAL, U.S. GOVERNMENT ACCOUNTABILITY OFFICE; ACCOMPANIED BY MIKE BROSTEK, U.S. GOVERNMENT ACCOUNTABILITY OFFICE

Mr. WALKER. Thank you, Chairman Thomas, Ranking Member Rangel, other Members of the Ways and Means Committee. It is a pleasure to be back before you today to speak about the tax-exempt sector and related oversight activities. As many of you know, under Section 501(c) of the Internal Revenue Code, it covers a diverse number of entities currently estimated to be in excess of 1.5 million entities, varying in size and purpose. Before addressing the topics that the Committee asked, I think it is important to note that in many ways, this sector is indicative of the need for a fundamental review and reassessment of the entire Federal Government that is mentioned in the document that I mentioned before this Committee before called "Reexamining the Base of the Federal Government," the 21st Century Challenges booklet, because what has happened is over many decades, there has been a layering and layering of new tax-exempt entities, new different types of requirements, a significant change in the nature and composition of the tax-exempt portion of the economy, and there is a need to step back and engage in a fundamental review and reexamination of this sector, just as there is in connection with many others. In that regard, I would respectfully commend to each of the Members some of the key questions that are noted on page two of my testimony as an example of some of the broader type of questions that ultimately, hopefully, the Congress will get into at some point down the road with regard to this sector.

Specifically, the Chair has asked that I briefly address the growth of the tax-exempt sector, certain governance practices and transparency mechanisms, related IRS oversight activities, and then what are some issues that the States are involved in. You have the typical very thick GAO testimony that has been provided. I will give you an executive summary. With regard to the size, it is estimated that there are currently over 1.5 million tax-exempt entities and that the reported assets, revenues, and expenses for these entities have grown significantly over the years. For example, between 1998 and 2002, which is the most recent year that we have data available, the reported assets grew by 15 percent to over $2.5 trillion. Accordingly, the tax-exempt sector represents an increasingly significant part of the Nation's economy and workforce, and as the Chairman mentioned, 11 to 12 percent of the economy. With regard to workforce, if I can show the first slide, which is on page ten of my testimony, you will see that the tax-exempt sector as of the year 2002 was estimated to employ about nine percent of the civilian workforce. So, not only with regard to the size of the economy, but also the size of the workforce.

Clearly, good governance and transparency mechanisms are essential elements to assure that tax-exempt entities operate with integrity and effectiveness and to prevent potential abuse. All of us are aware of recent concerns about certain abuses in the tax-exempt sector and, therefore, renewed attention to good governance practices and to enhancing transparency and improving oversight is called for. At the same time, I think we all can recognize a vast majority of these entities and the individuals who comprise them try to do their jobs in accordance with laws and to the best of their ability every day. With regard to staffing trends, you will see that based upon this first slide, that there has been a decline in the overall exam rate within the IRS, but that actually, while the overall exam rate has started to increase, the increase started earlier in the tax-exempt sector than it did overall. Yet, the tax-exempt exam rate is still far below average, and as one might expect, far below for-profit entities.

In addition to that, you will see that for fiscal year 2005, the number of full-time equivalents, or employees, who are being assigned to the examination process in the tax-exempt area is increasing for the first time in the last several years. So, there is a marked increase in 2005. Furthermore, you will note that the number of "no changes" that result in exams as a review of the Form 990, which is the annual report that these tax-exempt entities have to file, has declined. Stated differently, the number of changes has increased in the last year, as can be demonstrated by this particular graphic. With regard to activities by the States, in addition to the Internal Revenue Service focusing on this sector to the extent of its ability, the information that it has and the resources that have been allocated to it, the States also often oversee tax-exempt entities, frequently focusing on trying to protect the public from fraudulent activities and guarding against misuse of charitable assets. The States and the IRS believe that it would be in the public interest to enhance data sharing between the Internal Revenue Service and the States in order to be able to share more information on their respective enforcement activities. GAO has recommended in the past that steps be taken to increase this data sharing while protecting certain sensitive information from public disclosure.

In summary, because I am trying to make sure that everybody else has an opportunity to speak, tax-exempt entities provide an incredibly diverse set of services to our equally diverse population. They enrich our lives and improve our country. Yet, like all organizations, they are run by human beings. As a result, tax-exempt entities can sometimes engage in inappropriate and unlawful practices. Ensuring that tax-exempt entities run as effectively and efficiently as possible and in line with the purposes of Congress, the reason that they receive their tax-exemption, can be enhanced through strengthening sound governance practices; number two, improving transparency over certain of their operations; and number three, enhanced oversight by the IRS, the States, as well as the United States Congress. Regarding oversight by the States and IRS, as I mentioned, additional data sharing would be desirable in order to target enforcement efforts, minimize necessary overlap, and enhance the effectiveness of both parties' respective activities. Ultimately, the Congress is going to have to decide what activities should benefit from a tax-exemption and what organizations must do in exchange for this tax [redacted] is Committee before, it is important to keep in mind that in many years, the tax preferences [redacted] tal value of those tax preferences, including tax exemptions,

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exceed total discretionary spending. So, this is a large and growing part of our economy, a large and growing part of our workforce, and it is important not to let it be off the radar screen. It is important to relook at this area and reexamine it in light of 21st century changes and challenges. Periodic Congressional oversight is, therefore, critical to ensuring that the tax-exempt sector remains a vibrant contributor to the quality of life in America, at the same point in time while operating with integrity and making sure that entities that are granted tax-favored status, in fact, are serving a public purpose above and beyond entities that have not been granted that status, and as we know, there are many sectors of the economy where you have both not-for-profit and for-profit entities in the same business, health care and education being two examples. There should be some meaningful distinction between those two in order for one to be able to be granted tax-exempt status and another not. As always, the GAO stands ready to help the Congress in reviewing this area, in examining this area, and we look forward to answering any questions you may have, Mr. Chairman. Thank you.

Chairman THOMAS. Thank you very much, Mr. Walker.

[The statement of Mr. Walker follows:]

Chairman THOMAS. Mr. Yin is obviously the Chief of Staff of the Joint Committee on Taxation, and thank you.

STATEMENT OF GEORGE K. YIN, CHIEF OF STAFF, JOINT COMMITTEE ON TAXATION

Mr. YIN. Mr. Chairman, Mr. Rangel, Members of the Committee, thank you very much for asking me to testify today. In my brief comments, I am going to cover just three areas. One is to provide some highlights about the sector. Second is to discuss briefly some compliance issues concerning the sector. Third, I am going to talk briefly about the rationale for tax exemption. You should have before you a pamphlet prepared by the staff which includes a wealth of information about the tax-exempt sector, including a historical development as well as a description of present law rules. If I could draw your attention, however, to a smaller document which you should also have before you, it is a summary table of types and tax treatment of Section 501(c) organizations. The number on the bottom is JCX-30-05. I just want to walk you through a little of that table to hit a few of the highlights of the sector before going on to my other two areas.

Chairman THOMAS. If you will wait just a moment, Mr. Yin. Members are going through trying to find it. It is the one with the eagle on the cover and it is printed sideways--

Mr. YIN. It is just about a six-or seven-page document.

Chairman THOMAS. It is done on the long side. Thank you.

Mr. YIN. You will see, if you turn to the first page, that we list here the 28 separate categories of exempt organizations under Section 501(c). Now, I should preface by saying that these are not all of the exempt organizations allowed under the Internal Revenue Code. There are a whole group of additional organizations that are exempt. Most significantly, of course, are the ones involving retirement and other benefit vehicles. Here, we are focusing simply on the 501(c)s and you have 28 categories. If you look at the third column, you will see, just glancing down, that there are a range of dates in which these exemptions came into being. In general, there were no one or two watershed events when Congress sat down and determined that certain organizations should be exempt. They largely have come into the law piecemeal. You also notice in the dates that some of the dates are quite old. Some of the exemptions date back to 1894, which is even before the passage of the 16th Amendment. Some of them, of course, are quite recent. If you look to the far right-hand column, you will see the number of entities within each of these categories as listed under the IRS master file. Now, I need to give you a little caution about the numbers in the master file because the master file does not necessarily exclude all organizations that have dissolved, if the IRS hasn't received notice of that. It also does not include all organizations. Most particularly, some churches, are not recorded in the IRS master file. Having said that, as Mr. Walker indicated, there are about a million-and-a-half entities listed in the IRS master file, and if you notice on that first page, the third line, the charitable category, 501(c)(3), makes up the bulk of that, about a million entities in the charitable sector that are on the master file. Within that million, about ten percent of them comprise 80 percent of the assets and revenue in the charitable sector.

There are other categories which have a large number of organizations, but there are a number of categories which have very few. In fact, nine of the categories have under 50 organizations and four of the categories have fewer than five organizations. The remaining columns simply identify some of the common features that are applicable to some or most exempt organizations. If you look under the column called "Subject to UBIT," that is the Unrelated Business Income Tax, that is your fifth column, you will see that virtually all of these organizations are subject to a UBIT. If you look under the column called "Taxed on Investment Income," you will see that, generally, the organizations are not taxed on their investment income, except there are some important exceptions to that. If you look at the next column, about contributions, whether contributions to the organizations are deductible, you will see that, in general, it is limited to charitable organizations and a couple of others that allow charitable deductions. Some of the organizations' contributions are deductible as business expenses, but not as charitable contributions.

Finally, if you look at the next column involving "Subject to Private Inurement"--this is the doctrine which prohibits the use of organizations' assets to benefit the insiders of the organization--you will see a somewhat mixed group. That is, some of them are subject to those rules and some of them are not subject to those rules. Turning now to compliance issues, I just wanted to highlight a couple of points. In terms of the entity, the key point is that exemption is a privilege and not a right and it is a privilege subject to certain specific conditions laid out by Congress. Most of the compliance questions in this area as it relates to the entity relate to whether one or more of the conditions are being satisfied or not. There are, of course, various policy tools which Congress has enacted, including taxes, which attempt to encourage or discourage certain types of activity on the part of one or more of these organizations, and in that regard, the effectiveness of a tax is not necessarily measured by how much revenue it raises, but rather on how successful it is in encouraging or curbing the particular behavior that the tax is designed to address. Before I leave the compliance area, I should mention that there is another compliance issue in this area not relating to the entities as such but on the contribution side, and on that score, there is a balance. The balance is between the amount of additional charitable giving that would be induced by a policy tool that would "not otherwise occur," and those last words are very important. Then to determine the nature of the policy tool that tries to induce that type of change in behavior and whether the policy tool is susceptible to noncompliance or not. Last, I want to address briefly what I suspect many of you may have in your minds, which is now that we see there are all these different categories of exempt organizations and they have come in in different times and they have different labels and all of that, is there some master scheme here? Is there some overriding purpose in which we say that some organizations are exempt and others are not? The short answer to that question, which is certainly a very fair one to ask, as best we can determine, there is no master scheme. I suppose that would be expected, given the fact that many of these exemptions came into the law piecemeal so that there wasn't a master plan as such that was laid down.

However, having said that, [illegible] at one can use to explain some or many of the exemptions, and



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let me just mention four explanations. Some of these explanations overlap with one another. First, it is important to know that when an organization is exempt from Federal taxes, that determination is an issue of the Federal tax code and that that is different from whether an organization is a nonprofit organization, which is largely a determination based on State law. In general, under State law, what nonprofit means is an organization is prohibited from distributing its earnings to members. Not all nonprofit organizations under State law are tax-exempt, and conversely, some tax-exempt organizations may not necessarily be subject to this constraint that is typically applied to nonprofit organizations. Despite that, some have argued that the distinctive characteristics of a nonprofit organization may make certain classes of them appropriate choices for Federal tax exemption. A second general explanation is that if you review the organizations, you will quickly see that some number of them carry out activities that one might classify as governmental functions in nature. Just as it would generally not be productive for the government, for example, to tax itself, it is argued sometimes that it is not productive for the government to tax an organization that is carrying out largely a governmental function. Certain charities and organizations may fit within this general explanation.

A third explanation would be that certain organizations, because of their structure, and in particular their relationship to their members, don't provide the kinds of circumstances in which taxation would be appropriate. Let me try to give you a simple example. Let us assume that all of the Members of the Committee decided to form a social club together in which you all agreed to assess yourselves certain membership fees which are then used to essentially purchase certain kinds of activities in which you all wish to engage in. Let us assume that in a given period, the amount of fees that are collected by the club are in excess of the costs of the club, and so in some general sense, one could argue that the club has made a profit. When you realize that if, in fact, under the terms of the club that you formed, all of the excess, if you will, is simply reinvested into the club to provide additional benefits, future benefits for the members, I think it is easy to realize that in some sense, this arrangement that you have made is no different from simply each of you purchasing on your own, spending some money to purchase current and future benefits, perhaps in current benefits or capital expenditures, and that there is really no income in this picture at all. Some part of the explanation for some of the organizations' exemption may be attributable to this type of an explanation. Finally, the fourth explanation I will offer is that some organizations are exempt because it is an explicit attempt by Congress to provide an incentive, which the exemption represents. A good example of that, of course, might be some of your retirement vehicles and other employee benefit vehicles. Thank you very much. I would be happy to answer any questions.

Chairman THOMAS. Thank you very much. You were obviously trying to get the attention of the Members. As soon as you mentioned the social club, every Member was trying to figure out who was going to be the social Chairman.

[Laughter.]

[The statement of Mr. Yin follows:]

Chairman THOMAS. Mr. Holtz-Eakin, head of the Congressional Budget Office. Welcome. Thank you.

STATEMENT OF DOUGLAS HOLTZ-EAKIN, DIRECTOR, CONGRESSIONAL BUDGET OFFICE

Mr. HOLTZ-EAKIN. Thank you, Mr. Chairman, Congressman Rangel, and Members of the Committee. The CBO is pleased to have the opportunity to be here today. We have submitted our written statement and I will briefly make four points. Point number one, which has been touched on already, is that there are economically significant, measured by sales or employees or purchases, economically significant entities who compete with traditional for-profit firms and who are exempt from Federal income taxation. The key characteristic of these entities is that their ownership structure differs from a traditional structure in which there are conventional shareholders, and that as a result of this traditional--the absence of this traditional owner claimant, the managers of these entities have greater incentives to lower prices, increase costs, or bolster their retained earnings instead of returning any profit to their owners. For this reason, the responses to any attempted taxation of these entities might lead to a much lower tax liability and a lower receipt than any initial appearance might suggest, and I thought I would briefly expand on those. These entities, which have been touched on by both Mr. Walker and Mr. Yin, are significant. They generate substantial revenues by selling goods and services. They incur substantial costs. In particular, they hire a great many workers in the economy and they purchase many inputs from other firms. These entities, which we call business entities and which collectively we refer to as the untaxed business sector, form an economically significant component of the U.S. economy.

Three types of entities appear to stand out in this regard. The first are nonprofits, for example, nonprofit hospitals, engaged in business-like activities, at least in part, or universities with spin-off businesses such as R&D partnerships or private firms. The second are cooperatives, such as credit unions and others, in which the clients are often the owners of the activity itself. Finally, business enterprises of State and local governments, such as municipal utilities that are operated on a fee-for-service basis. They are large. It is difficult to get a handle on the absolute magnitude both because size can be measured in output, size can be measured in employment, it can be measured in investment and assets. We provide some estimates, as well. I think it is fair to say that this is an important aspect of the U.S. economy. Let me talk a bit about the two issues that might present a policy maker. First, the issue of economic policy. What is the impact of having side-by-side traditional for-profit firms and these business entities competing in retail markets? There, the question really depends on how any apparent surplus, any excess of price per unit over cost per unit, and that would include tax costs, how that surplus affects managerial behavior. One possibility is that that surplus simply gets translated into higher input costs--pay the workers more, live in bigger offices with nicer furnishings, and if so, the fact that you can have the same price with a higher cost interferes with traditional market discipline that rewards economic efficiency and allows these entities to maintain their competitive status. An alternative possibility is that this surplus is translated into lower prices and allows these entities to expand and, indeed, could allow the sector as a whole to expand, drawing more workers, drawing more capital into that sector at the expense of other parts of the economy. So there is a policy level efficiency issue that arises in examining them. The second is what would happen to budgetary impacts if there were any attempt to bring them into the Federal income tax system, and there, you essentially run the same logic in reverse. How would an attempt to tax the apparent surplus lead managers to respond? It could be that they, again, lower prices, and if so, and if sales were to other businesses, you could raise profits elsewhere and capture that indirectly, although you wouldn't get it directly from these entities. Alternatively, if there are sales, final sales to consumers, it is unlikely you would get them. It could be that in the process of doing that, you would expand them at the expense of their competitors by giving them an incentive to lower prices even more. It could be that they do this in the form of higher compensation, in which case it could be picked up under the individual income tax if this was wages or salaries, for example. In either event, that attempt would have the impact, to the extent that the managers followed these incentives, to lower any retained surplus and thus affect their ability to grow in the future if those retained earnings are the source of expansion in the untaxed business sector. So, we thank you for the chance to be here today and I will look forward to your questions.

Chairman THOMAS. Thank you very much.

[The statement of Mr. Holtz-Eakin follows:]



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Chairman THOMAS. Dr. Colombo, and I will just go from left to right across the panel with our guest witnesses. Dr. Colombo is a professor of law at the University of Illinois College of Law. Obviously, based upon his written testimony, he has spent a long time looking at this area. Dr. Colombo?

STATEMENT OF JOHN D. COLOMBO, PROFESSOR, UNIVERSITY OF ILLINOIS COLLEGE OF LAW, URBANA-CHAMPAIGN, ILLINOIS

Mr. COLOMBO. Thank you, Mr. Chairman, and I want to thank the Committee for inviting me today. I am a professor of law at the University of Illinois at Urbana-Champaign and I have taught and written about tax-exempt organizations for the past 18 years. I would like to make three points about tax exemption that I think are useful in organizing this area. First, when you think about tax exemption, it really is helpful to divide the world into charities exempt under 501(c)(3) and everything else. When people hear the phrase "tax-exempt organization," they tend to equate it with the charitable contributions deduction under Section 170, but that is not the way things work. Section 501(c) lists 28 different kinds of organizations that are tax-exempt, but with a couple of exceptions, only charitable organizations are eligible to receive deductible contributions. In addition, the underlying rationales for exemptions vary between charitable organizations and everything else. Most of us think that charitable organizations are exempt because they are improving general public welfare in some way. For non-charitable entities, however, the rationale tends to be much more entity-specific, for example, the social club pooling of resources rationale that you heard from Mr. Yin. Finally, charitable organizations, as Mr. Yin pointed out, are by far the largest subset of exempt organizations, both numerically and financially.

Second, it is useful to remember that within this special group of charitable organizations, we also have two categories, public charities and private foundations. Again, people sometimes get confused about this, but a private foundation is an exempt charity under Section 501(c)(3) just as much as a church or a private school. We do more highly regulate private foundations, and the reasons for that heightened regulation relate to the public accountability concept. Public charities get their money from a broad cross-section of the general public and hence are accountable to the general public. Private foundations generally get their money from a single donor or family and hence are accountable to their primary donor. If you have public accountability, then you have some reason to believe that the managers of a charity will be careful about what they do because the public is watching them. Think back to the outcry that happened when the Red Cross announced that it was going to divert some money donated to it for 9/11 victims to other needs. People got mad, this Committee got involved, and the Red Cross changed its mind. When you do not have this public accountability, then there is enormous room for abuse, which is why Congress adopted the much tighter regulatory scheme for private foundations in 1969, including the prohibitions on self-dealing, the stricter limits on the kinds of investments private foundations can hold, and stricter limits on deductions for donations to private foundations. The accountability principle tells us that there are two particularly important issues here. One is transparency, is the public getting information it needs to hold charities accountable, and the other is whether taxpayers have found structures that avoid the private foundation regulations but yet are not truly accountable to the public.

My final point concerns the overall system for identifying exempt organizations, and here, I want to talk specifically about that subgroup of exempt charities. Charitable tax exemption just sort of happened. We never really agreed on a core rationale for exempting charities. The operation of charities has changed dramatically over the years. Private nonprofit hospitals, for example, were largely shelters for the poor until World War II. Now, they are mostly very large fee-for-service businesses. So, why are they still exempt? Some people think it is because they provide free care to the poor, but free care is not currently required by the tax laws for hospitals to be exempt. So, here is an example, and there are others, where we have ended up with a disconnect between our traditional views of charities and how they operate in the real world today. Over a decade ago, my colleague, Mark Hall, and I suggested a system in which charitable tax-exemption under 501(c)(3) would be limited to entities that were substantially dependent on donations for their operating revenues each year. We still think that system would make a lot of sense. People donate to organizations because they see the needs these organizations serve and see a lack of resources to meet those needs. If an organization doesn't get significant donations, then either it isn't doing anything the public thinks is worthwhile or the public sees that they have ample resources without donations. In either case, such organizations don't need tax-exemption. Using donative status, therefore, seems to be a pretty good way to distinguish organizations that do things that ought to warrant tax-exemption from those organizations that don't. Whether you agree with our donative idea or not, I would urge the Committee to give some thought to the overall rationale for charitable exemption as it debates on these issues. If you don't like my theory, that is fine. There are lots of them out there. Find one that you do like and conform the law to that theory and you will have made an enormous improvement in the law relating to tax-exempt organizations. Thank you very much.

Chairman THOMAS. Thank you very much.

[The statement of Mr. Colombo follows:]

Chairman THOMAS. Dr. Hill is a professor of law. Thank you for being with us, and we look forward to your testimony.

STATEMENT OF FRANCES R. HILL, PROFESSOR, UNIVERSITY OF MIAMI SCHOOL OF LAW, CORAL GABLES, FLORIDA

Ms. HILL. Thank you, Mr. Chairman, Mr. Rangel, and Members of the Committee for the opportunity to present testimony this morning. I am here to suggest that although there are many rationales that have been suggested over the years for exempt status, we have, in fact, not settled on one, but there is one that is, in fact, fundamental to the law, even as currently implied, and what we need to do is recognize it, make it operational, make it practical, and build the law around it. That is the fundamental message. The rationale is based on providing a public benefit to a defined category of beneficiaries. The exempt sector is large, growing, and diverse. It must be accountable, but it should not be improperly constrained. Evidence of malfeasance by certain organization managers or the inattentiveness or even dereliction by certain directors should not be generalized to the entire sector, just as these tacky, unacceptable, and thoroughly regrettable forms of behavior should not be excused by reference to the benefits provided by exempt organizations. Government oversight, both with regard to lapses and with regard to structure, continues to be vitally important.

Of all the multiple types of exempt organizations that we have had outlined to us today, they certainly differ in their requirements for exemption, the activities that support exempt status, but they share the common feature that in every case, exemption depends upon providing a public benefit to a defined class of beneficiaries. This public benefit rationale is an analytical framework for understanding current law and deciding whether current law and the way it is being administered are consistent with the proper use of the tax subsidy. Preventing misuse of exempt organizations' resources is a matter of central responsibility. In fact, we have probably focused exclusively on simply bad behavior, on what some have called a non-distribution constraint, what some have called a private benefit prohibition. This is what academic analyses have focused on. This is what Congress has focused on for a very long time, things like Section 4958, the inurement concept and the private benefit concept. The idea of preventing impermissible private benefits is important, but preventing these impermissible private benefits will not in itself assure that exempt entities operate for a public Committee to focus on as its work goes forward. A rationale, a framework for understandin d not just be a justification for either the status quo or for one's

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preferred reform ideas. A framework ensures that the law in this area does not simply become a cluster of isolated requirements that are easily manipulated to support activities largely unrelated to the provision of a public benefit. When the law is easily manipulated, a classic moral hazard results. Aggressive actors pursuing problematic programs win at least passive acceptance, while entities that are attempting to comply are given little useful guidance and find few positive rewards for their efforts.

I am going to try to move the concept of a public benefit beyond some warm and fuzzy invocation of the good that exempt organizations do on to a usable, practical concept. This concept certainly requires that we reconceptualize exempt organizations, which I believe, despite all the good work that has been done by government agencies, private scholars over the years, remains incompletely described and incoherently conceptualized. Exemption should be efficient, and it is efficient only if it is dedicated to providing a public benefit to designated beneficiaries. Right now, it is impossible to answer the question of whether the increase in number and revenue of exempt entities means that there has been a commensurate increase in the provision of public benefits to a charitable or other exempt class. Part of this is because we have focused so long on simply preventing private benefits, and the other reason is that we have not conceptualized what constitutes a public benefit and we have not asked a number of fundamental questions about this sector. My testimony on page five in the written form outlines a number of questions that remain amazingly unaddressed after all of these years, and it is perhaps now time to address the longstanding question and move forward also to address the new challenges. We don't know what is meant by a public benefit. It is not simply a matter of saying zoos should not run gift shops because those things are commercial, or museums shouldn't have little coffee shops in them. I like a cappuccino when looking at the art. Personally, I don't think it does any harm. The question is how to tax it. There are obviously more substantial examples, but I use a somewhat trivial one to suggest that not everything that is commercial is in our capitalist republic tainted. It is a question of the terms of engagement.

It is the work of Congress, ultimately, I think, to think about public benefits and to exercise oversight and to work with the IRS and Treasury to help define it. Part of the concept of a public benefit is who is being benefitted. What is the charitable class? As Professor Colombo referred to, certainly, there was dynamic testimony before this Committee in the past relating to what constitutes a charitable class when it was unfortunately suggested the 9/11 victims' surviving family members were not a charitable class because although they may well have certainly been quite distressed, they were not poor. The IRS, of course, clarified what it meant by this testimony immediately. I bring this up only to suggest that what constitutes a charitable class or an exempt class requires careful thought and is not an easy question, but one we need to know. Number three, much of the diversion of resources from exempt functions to non-exempt functions occurs within exempt organizations not by just simply doing private benefits outside them and we need a mechanism to find out what is going on inside exempt organizations. At the moment, I would submit, we do not know. This is not to suggest malfeasance or a plot. It is not to suggest that people who work with data are ignorant or inattentive. We don't have the conceptual framework, and I have in my written testimony suggested how we might go about asking some of these questions. I would like to point out to the Committee that questions of operating through complex structures of multiple types of exempt entities, or exempt entities and taxable entities, should not be regarded as inherently wrong or problematic. The question remains, how do they operate, and then my fifth question, how are resources to be transferred?

There is no guidance on what kind of resource transfers can be engaged in consistent with various types of exempt status. Some of these are efficient and productive and necessary. Others are beyond problematic and should be interdicted fairly quickly. UBIT, what is it there for these days? It was enacted to make sure that taxable entities were not put at disadvantage when they were making spaghetti. Long ago, a Member of this Committee expressed the fear that all noodles in America would be made by universities, referring to the famous Mueller Macaroni New York University Law School example. Well, that didn't happen, but there was a justifiable concern about the tax advantage. The issue with UBIT, the Unrelated Business Income Tax issues now, is are resources being diverted inside the entity to business activities? Why are we capitalizing business activities with deductible charitable contributions? I submit we need to know to the extent this is happening and think about whether that is appropriate. Finally, a new issue. Tax shelter promoters are enticing exempt organizations to serve as accommodation parties in the nifty designed transactions that are undermining the very integrity of the Internal Revenue Code. I would urge this Committee to become engaged in making sure that whatever else is done with tax shelters, tax-exempt organizations are not made enablers of these unworthy schemes, and that I think the IRS has done a good job in this area of at least identifying the issue.

I would like to make one point about IRS staffing and funding. I am not an expert on IRS staffing, but I believe they need more people with a more finely developed expertise and they need to be able to retain them longer to develop experience in administering the tax law, and frankly, if you will pardon a professor for being a capitalist, that requires paying people. I believe that Congress could usefully exercise oversight to make sure that the IRS is hiring and keeping people with an appropriate level of expertise, because without expertise, the moral hazard of misusing exempt organizations will, in fact, become worse. There has been little precedential guidance in recent years, and I hope I have given you enough of a list to suggest to you that very fundamental issues remain unaddressed, but should not do so any longer. Thank you, and I look forward to questions.

Chairman THOMAS. Thank you very much, Professor Hill.

[The statement of Ms. Hill follows:]

Chairman THOMAS. Mr. Cohen, I didn't cut you when the Ranking Member wanted to know if there were any IRS folk in the room--

[Laughter.]

Chairman THOMAS. --but obviously Mr. Cohen is a former Commissioner of the Internal Revenue Service and has at least a historically intimate understanding of the structure. I want to thank you. I want to thank you for your testimony, and the time is yours.

STATEMENT OF SHELDON S. COHEN, PARTNER, MORGAN, LEWIS AND BOCKIUS, AND COMMISSIONER, INTERNAL REVENUE SERVICE, 1965-1969

Mr. COHEN. Thank you, Mr. Chairman, Mr. Rangel, and Members of the Committee. I am pleased to appear before you, and I should preface my remarks by saying I appear on my own behalf, not on behalf of my clients or my firm. I did have ten wonderful years at the Revenue Service at various times and I have produced two daughters who both served for ten to 12 years at the Revenue Service, so--

Chairman THOMAS. That must be a genetic flaw.

Mr. COHEN. We have don

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[Laughter.]

Mr. COHEN. If you will forgive me, I am going to skip around on my testimony because much of it has been covered and I know you don't want to hear that again. A piece of history would help you. George Boutwell was the first Commissioner of Internal Revenue. He was later Governor of Massachusetts and a United States Senator. Boutwell, in his manual on running the Revenue Service in 1862, spelled out that he was going to exempt--he had no statutory authority--he exempted most charities and what we would now call exempt organizations. He did it on the basis that it was impracticable and that it was useful. They served a useful purpose. Lest you think it is a late arrival in the income tax, it arrived in the 1862 version that Abraham Lincoln signed. Also, I would like to suggest that one of the problems of administration that occurs is if you give the Commissioner $5 million, $50 million more to help administer the tax laws, or $500 million, as has been asked in the President's budget, and you were Commissioner of Internal Revenue, how many of those dollars would go into exempt organizations? Do you remember Willie Sutton? Why did he rob banks? That is where the money is. You folks and your compatriots on the Appropriations Committees hold him responsible and the organization responsible for bringing in money, particularly at a time like this when they are running huge deficits. So, I doubt that much of that would be allocated. Now, if you express an interest, more of it will be.

One other aside. In the early 1970s, there was a conference at Dichley, which is a conference center in Britain. Jack Nolan, who was then the immediate past Assistant Secretary of Treasury for Tax Policy under the Nixon Administration and I were representatives of the United States. Those Dichley conferences are about ten or 12 Americans and ten or 12 Brits and they talk about a topic of current interest for three, four, five days. They get into the depth of it. One of the things we discovered, Jack and I, was that the British use a different system of encouraging charities than we. They have a Charities Commission. That commission is composed, I think, of three commissioners--it was then--and their object is to encourage charity. They write the rules. They write the rules of what is charity, what qualifies for tax-exemption. Those rules are enforced by England Revenue. So, you don't have the Commissioner of Internal Revenue with the two hats, one to encourage and move charity forward and the other one to restrict it and audit it. We planted that idea in the Ways and Means Committee in the mid-1970s. Unfortunately, it went the way every--and I understand completely the charities. My own clients would react the same way. It is the devil I know for the devil I don't know every time, even though it might be better, it might be worse, and therefore I will take it as it stands. I have covered the same area as many others in my testimony in regard to the multiplicity of organizations. They arise with no rhyme or reason. Why is there a Section 501(c)(2) and (c)(25), both of which cover title-holding organizations, both of which were enacted at various times, and because there was some restriction on (2), instead of amending (2) and allowing multiple entities to own the title-holding entity, (25) is enacted, and there are several areas like that. There are many veterans' organizations covered with different categories and different qualifications. There are, likewise many pension plans where they have just thrown in one--there are several categories where there either is one organization or no organization, as Mr. Yin has indicated, which would indicate that little thought had been given to the organizational structure.

Once we get past (c)(3), you and your staffs and the rest of the world really don't pay any attention, and yet there are at least a half-a-million other organizations. Of course, one of the things we said, we don't know about many of these organizations. These organizations are not required to file a 1023. So, they don't even have to tell the Service they exist. Now, normally, the Service will ask them to file a 1023 when they get the 990. They are required to file 990s. The small organizations that don't file 990s, those that make less than 25, in my day, they had to file a postcard that somebody had to sign certifying that they were in existence and that they were under--it was less. It was $5,000 or $10,000 then, but it is now $25,000. Again, you don't know about them. You don't know about the churches because we don't have a list of churches. They don't have to apply. I have asked a variety of questions that are very much like the questions that others have raised on the--but I feel it is important that every organization should be registered. They should have to tell the Revenue Service, here we are. I don't have any problem with the exchange of information to the States, because most of those exchange agreements were signed while I was in office. States now have the same kinds of restrictions that the Federal Government has on the passing on of that. That is, it is a Federal crime for a State official to violate the confidence of the information. The States' Attorney Generals, we have many of the State Attorney Generals are active and effective. Most are not. That is, the State Attorney General is generally the parent of the State entity which is the charity of whatever category and they pay no attention, and it is very difficult. I have been in situations where a client has felt the charity was abused. That is, he gave money to the charity, it didn't do what it was supposed to do, and tried to activate the State Attorney General. Many will, as I say, effectively try to make sure that the right thing is done. Many will ignore it. Thank you, Mr. Chairman.

Chairman THOMAS. Thank you very much, Mr. Cohen.

[The statement of Mr. Cohen follows:]

Chairman THOMAS. Mr. Hopkins, you are last not because you are least but because, based upon your testimony, I thought it would be appropriate that you would bat cleanup in terms of your background, the structure that you presented, and the, what I consider to be a kind of a withering analysis of what has been done recently and what could be done. The time is yours.

STATEMENT OF BRUCE R. HOPKINS, ATTORNEY, POLSINELLI SHALTON WELTE SUELTHAUS, P.C., KANSAS CITY, MISSOURI

Mr. HOPKINS. Thank you, Mr. Chairman, Mr. Rangel, and other Members of the Committee. Thank you very much for the opportunity to appear before you today. I do have a prepared statement and I will summarize it briefly here. Basically, my testimony consists of three segments. One is a summary of the history, the evolution of the Federal tax law pertaining to the tax-exempt sector in the United States. We have heard a bit of history, examples, and from the standpoint of a constitutional law, tax-exemption for these organizations is traceable to the Revenue Act of 1913, but as we have heard, tax-exemption can be found in earlier laws. So, these rules are rapidly approaching, at least the constitutional ones, 100 years of existence. Second, I will provide the Committee with my view of the present day state of the statutory law of tax-exempt organizations. Then, third, if there is time, I have been asked to provide a summary of the law concerning tax-exempt labor organizations. My testimony essentially centers on four points. The first one is that the statutory law concerning tax-exempt organizations has evolved over the decades in a disorderly and unplanned fashion. My second point is that Congress made major revisions in this law in 1917, 1950, and 1969, but overall, Congress has frequently modified and expanded the law concerning the sector. Nearly 30 tax acts over the decades have brought some revisions or addition to this area of the law. My third point is that the Federal tax law today concerning exempt organizations is unbalanced and uneven. The fourth point is that many aspects of today's law of exempt organizations are unclear. As the sector has grown, this sector has fostered or facilitated misunderstandings and abuses by certain tax-exempt organizations and tax law professionals. Federal tax law that addresses the gaps in the present day structure would provide a full legal regime that could address this problem. This, in turn, would facilitate the ability of the IRS to provide meaningful guidance within that framework.

In my prepared statement, I have provided the Committee with the history and evolution of the statutory law, summarizing each of the 28 Acts. This history illustrates the point I made a minute ago, that the statutory law in the exempt organizations area has, indeed, evolved in a disord evolution of the Federal statutory law of exempt organizations is Congressional reaction to p Service. In the attached statement, I have provided 18 instances

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where statutory exempt organizations law was created in response to a policy position of the agency. Today, the tax-exempt sector of the United States is confronted with a dazzling array of Federal tax law reform proposals, and many of these proposals are reflective of the inadequate state of the Federal statutory tax law of exempt organizations. In short, there are many more gaps in this body of law than there should be. I have been practicing in the field for 35 years and it never ceases to amaze me how redundant, disparate, irregular, unbalanced, and uneven the Federal tax statutory law can be. In my view, this aspect of the tax law consists of 20 elements, and I have listed these elements in my statement. What I think is striking is that of these elements, only six of them are generally adequately reflected in existing law. In my prepared statement, I have identified 12 areas where statutory exempt organizations law is necessary, and I will just take a minute to identify six of these at the present time. One, you have already heard testimony on, create laws spelling out the criteria for tax-exempt status, and this is just not confined to charitable, educational, scientific entities, but 501(c)(4) social welfare entities, (c)(5) labor organizations, and (c)(6) entities, business leagues, could use a great deal of clarification. Number two, spell out the elements of the private inurement doctrine and the private benefit doctrine. Number three, amplify the political activities rules, both for charitable entities and other forms of tax-exempt organizations. Number four, codify a version of the commerciality doctrine. Number five, develop statutory law concerning tax-exempt organizations' use of the Internet. Six, consider whether there is a need for more reporting and disclosure. There are a number of proposals being discussed, including a five-year review filing with the IRS, an annual notice requirement for small organizations, and certification as to compliance with the unrelated business rules. This type of statutory law is required to eliminate the imbalances in the present law and to provide the IRS with a complete regulatory framework within which to provide guidance in the form of regulations, revenue rulings, private determinations, and more. My sense here is that there are a number of questions the Committee may have, and I think, unless directed otherwise, I will simply submit my discussion of the law concerning labor organizations to you in the form of the prepared statement and I will stop at this point and, like the other members of the panel, be happy to take any questions that you might have.

Chairman THOMAS. Thank you.

[The statement of Mr. Hopkins follows:]

Chairman THOMAS. Given the sheet that Members have in front of them from Mr. Yin in terms of the catch-as-catch-can historical picture of how this developed, it appears to me, based upon the testimony that you made, notwithstanding understood rationales or not understood rationales as to why various provisions are in the law, yet all of you think it is possible to create a coherent definition, theory, and structure. Mr. Cohen?

Mr. COHEN. I was privileged to be the youngest person who drafted the 1954 Code. Before the 1954 Code, the Internal Revenue Code had not been really amended much since 1939. It was first enacted in 1939 as a Code, and then, of course, the war came and there was just emergency legislation. Nobody did it coherently. So, we had to do it coherently. Two of us were assigned. One was assigned to do only substantive provisions, to rearrange them in some kind of a substantive order. I was assigned to do all the administrative provisions. You can imagine what a job that was. There were separate administrative provisions for every single tax. That is, there was no unified set of rules. That took a year. It took us a whole year to do that. Before we started the job, we had small groups--now, this is the kind of job where you would need a group like that, that would sit down for a sustained period of time--they may be insiders or outsiders or a combination of it--and try to rationalize and give you alternatives. That is, they will come back with policy decisions that only you folks can make. You can't assign this to your inside staff and give them six months and say, do it, while they are doing everything else because it will never get done that way. It has to be a special project in which there is a devoted set of staff that work on it and work to make it coherent. So, for example, we have insider penalties that apply to (c)(3)s, that apply to certain (c)(3)s. They don't apply to (c)(4)s. They did apply to (4)s, but they didn't apply to many of the other organizations. All those kinds of things and the things that Bruce and the others have raised need to be considered, but that takes time and staff.

Chairman THOMAS. I will tell you that in today's world, where we have a Presidential panel to look at fundamental tax reform and they have six months to report back, you just outlined a time line which the VH1 generation can't focus on in terms of length. If we were to pursue this, is it worthwhile at all to create a kind of an onion approach, or going down in a hierarchial way, to look at what is most important at the Federal level, which we obviously ought to be focusing on--the panel indicated that tax-exempt tends to be a State classification, and should we then look at what charity is and create a definition for charity first, or do you just have to jump into this and begin to sort out a structure with what is there, because I think you will find that this Committee and even any structure that we put together probably won't be able to agree on all of those particular levels and produce a product in any reasonable time frame. Mr. Hopkins?

Mr. HOPKINS. I would like to respond to that. I think, as you have heard, the charitable sector does predominate and it performs--along this way we are made, I think the Committee would find that a lot of what it did in the 501(c)(3) context could be used in other areas, particularly (c)(4)s, (c)(5)s, and (c)(6)s. So, as a practical matter, it might make sense to start writing a better law as to what charitable, scientific, educational is, and work with the private inurement doctrine, private benefit doctrine, intermediate sanctions, and if that could be accomplished, then I think you would have a template that could be used in many respects with resect to other categories of exempt organizations.

Chairman THOMAS. Okay. Let us start with charity. Normally, if you talk about the charity area, lists were made, or at least referred to as to which ones were the most numerous. So, if I asked the panel if you were to select out the area in which there was the most dollar involvement in the charity area, and I don't know that the volume relates to dollar amount--you understand it better than I do--where would the--is there an area in which half of the charity concept is involved, or 25 percent, or do they all have three percent and you just have to look at the entire universe?

Mr. Colombo?

Mr. COLOMBO. Yes. The IRS can probably give you, or the GAO can probably give you more statistics. Financially, it is pretty clear that hospitals and health care providers are the 1,000-pound gorilla of the charitable organization area, that they command a large portion of the revenue in the charitable area. In terms of the conceptual problems, I really don't think you can lay them out that way. There is this charitable sector, and I think you can divide charities from everything else and work in the charitable sector. I think it would be very hard to focus on a little piece of the charitable sector itself without focusing on the area as a whole.

Chairman THOMAS. Well, does anybody have the percentage that hospitals are of the charitable areas so that you know what we are biting off? We have to start somewhere. Anybody. You guys fight it out.

Mr. YIN. In our document, in the pamphlet on page 21, we actually have a table showing the breakdown of the charitable organizations and Professor Colombo is exactly right. The largest, at least by assets and revenue, is in the health area, and of that, the largest component would like it would be education. Of course, in that would be the

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colleges and universities. Then there are a couple of other areas that are somewhat large, as well.

Chairman THOMAS. Okay. I accept your structure and category. Now I turn to the definitions that are offered. Mr. Colombo, we are going to deal with charity. You want to define charities as those who live off of contributions or donations because it appears as though their services are recognized on a voluntary basis to be supported by people freely providing their money. If that is going to be the definition of charity, do nonprofit hospitals fit your definition?

Mr. COLOMBO. No, not most of them. I think there would be a few. Children's hospitals, the Shriners' hospitals probably get significant donations. As a sector, the last number I saw was that about two percent of their revenues come from donations, and I suspect most of that goes to like the children's hospitals.

Chairman THOMAS. Well, this goes to the point that the Ranking Member made early on in terms of IRS and is a real reason why IRS is going to have to appear before us, because in 1969 when they were defining charity, they decided that relief of the poor and distressed is not an essential criteria for charity, and so I would turn, Professor Hill, to your offering of a definition of public benefit to a defined population. If, in fact, nonprofit hospitals don't have to provide services to the poor or distressed to be classified as a charity, and it isn't based upon donation, then I appreciate the offers of definitions, but we are either going to have a wholesale revision of what is and what is not defined as a charity or both of your definitions are going to have to be boozed up quite a bit.

Ms. HILL. Definitions always have to be boozed up quite a bit, and those of us who come to hearings do so because we think maybe the process of having them boozed will be useful in the end. To be responsive to the question of how can a public benefit concept help and does it apply to hospitals, I would like to get on the table a consideration also of the human services sector. If you look at the table on page 21, we notice that that is also quite significant here in terms of revenue and the number of entities, and I think we can all think of the social services sector as the direct delivery of goods and services to people who probably would come closest to a charitable class in our view--the hungry, the homeless, those needing clothes, food, shelter, assistance with various problems. I bring them into it because in my testimony, I raised the question, what is public benefit? What is a charitable class? The difficulty here in answering the question is to say, does a charitable class have to be the same for all kinds of charities? Does it only have to be poor people or distressed people? Well, that would leave out the arts organizations. If it is only the poor people, then, of course, social services are good, but churches become problematic because rich people also love God and wish to go to church. I think with hospitals, if we think only of charity care as the public benefit, and I do think there should be more charity care in this country across the board, of all kinds of health care providers, including outpatient clinics, but I think part of that problem isn't rooted in the exempt sector. Part of that problem, as this Committee knows much better than I, is rooted in the larger problem of health care policy and whether a health care insurance net linked to employment is the best way to go. These are huge questions which kind of transcend it. I would say that if we begin by saying what is the public benefit--let us take a university. Is it the students who presumably are going to get out and get nice jobs, are they the beneficiaries of education, or is it society more generally who has then this educated pool of young people who would be good citizens? I think one can ask the same question about hospitals. What are all the public benefits they represent? How do we count the public benefit? I think that charity care is one part. Education of doctors and other health care providers is another. Frankly, there is a benefit to all the rest of us who may not be ill at the moment, but we do not have to watch people die before our very eyes and have some hope.

Chairman THOMAS. Professor Hill, everything you said about that aspect, in my mind, corresponds to hospitals generically, some of which are for profit, some of which are not-for-profit. So, what is the criteria for placing some in not-for-profit and those others in for-profit except the self-definition that they have chosen, which if we are looking at for a rationale for all the money we are dealing with, the definitions that were provided early on in an abstract way, I think we start bumping up against reality immediately. All I am trying to do is get you to share the problems we are going to have as a Committee if you simply said, go in, begin defining, and structure the areas.

Ms. HILL. May I just follow up?

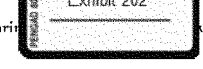
Chairman THOMAS. Sure.

Ms. HILL. One more perspective on this whole question of comparing activities conducted in the taxable sector, activities conducted in the exempt sector. I think we have to be careful when we talk about the comparison and the benefits with the exemption that we are sure that the taxable entities are making a profit, not generating losses and thereby not having a tax burden. I think it would be very useful to have side-by-side comparisons of universities, of hospitals, of schools that are taxable and tax-exempted social service providers. Then I think the discussion of the benefit of the exemption in the two and whether there is really a difficulty in having the activities across two sectors, an inappropriate taxation becomes more real, and I do not have those data. Others may.

Chairman THOMAS. My problem when you introduce that is that one is a conceptual problem of defining somebody as a charity and not. The other one is an examination of the tax code to see if the deductions are appropriate for a for-profit to wind up not paying taxes, and those are two entirely different pursuits, both of which are probably worthwhile, but with setting aside the examination of the tax code and the deductible aspects of it for for-profits to examine the definition you have provided me with that I am now trying to apply to this area. Mr. Holtz-Eakin?

Mr. HOLTZ-EAKIN. Let me pull out pieces of both of these concepts, largely because it supports the testimony that we submitted. The first is the notion of a public benefit. To the extent that the activity that an entity is engaged in has such broad public benefits that no single individual would be willing to write the check, you would see very little data to support that entity with sales. At the other extreme, if there is really just a private benefit or transaction that makes sense for the entity and the individual, you could support the entity's activities with sales like revenues. In the same way with charity, the ultimate of charity is to conduct a transaction at below the regular price or even give it away for free, and to the extent that you do that, you will be unable to support the entity with sales. To the extent that you do not, you will have a lot of sales. So, the index that we organized our testimony around was what fraction of the income comes from program revenue? How much does it look like a sales-driven entity? That encompasses both the flip side of public benefits/private benefits and the flip side of charity, collecting at market prices. That is a continuum. It is not a bright line, but it allows you to organize things, and they range greatly. The hospital number we have is 92 percent of income comes from program revenue in a hospital in the tax-exempt hospital sector. Food, agriculture, nutrition, 8.6 percent. So, there is an enormous diversity there.

Chairman THOMAS. Yes. We are using this only for illustrative purposes because I think it is a good example and it is a big segment, and if you are going to try to deal with changing the law, you probably ought to start with the big segment instead of dealing at the bottom end of you will never get to the bulk of the questions in front of us. So, I don't want anyone to think that I am focusing on a section for the purpose of doing that. I just thought, based upon the definitions you gave me and I began playing with them during the testimony, that I had one I couldn't find an easy category for and it turns out to be the biggest one right on top.



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Mr. Walker, and then I will recognize the gentleman from New York.

Mr. WALKER. Mr. Chairman, obviously, you are not going to be able to decide on a definition today, but I think it illustrates a very fundamental point. As has been testified by a number of the individuals here, we have a number of different types of 501(c) entities that have come into effect over the last 100 years. If you look at the data that has been provided by the Joint Committee on Taxation, of the 28 categories, five have less than ten filers. Eleven have less than 1,000 filers. We have basically created a fragmented and layered approach to this area, like many other areas in the Federal Government, without adequate definitional guidance, without adequate transparency, and without appropriate accountability, and I would respectfully suggest that this is illustrative of a need to step back and say, what are we trying to accomplish? Who should benefit? We need some basic definitions so that we can rationalize this area, and it is illustrative of a much broader need, as well, I would suggest.

Chairman THOMAS. I thank the gentleman, but it seems to me that donations sounds like a perfectly good way to define charity if you need them, and then we run into a problem using that definition. The idea of benefit to a defined population sounds really good, but if you begin to apply it, you find out that IRS walked away from that in the 1950s and especially in 1969 with hospitals in terms of saying that charitable service doesn't have to necessarily define the charity, or service to the poor. So, all I am saying is we need help. It is obvious that what we need is a degree of rigor and structure designed to, if you only did this, it is a great improvement, as somebody said. If you do this in addition, it is great. To throw the whole area of 501(c) on us means we don't know how to get out of the box. The gentleman from Florida just said this sounds like a can of worms, and I am thinking it is a bucket of worms rather than a can of worms. A quickly follow-up by Mr. Walker.

Mr. WALKER. Mr. Chairman, very quickly, obviously, we are in the fact-gathering business, and so if we can help this Committee try to be able to obtain some facts with regard to particular aspects of 501(c)(3) or organizations, we are happy to do that.

Chairman THOMAS. Facts are valuable, but structure to understand, analyze, and use the facts are probably more important to us.

Mr. JOHNSON OF TEXAS. Would the gentleman yield?

Chairman THOMAS. The gentleman from Texas.

Mr. JOHNSON OF TEXAS. I would just like to point out, concerning these hospitals, that we have now introduced Medicare and Medicaid, which were not, I don't think, in the law as heavily as they are now when the hospital charitable contribution was initiated. Therefore, I think there has to be a consideration of those items, as well, when you talk about that.

Chairman THOMAS. That is partially true, but Medicare began in 1965 and the definition I was referring to from the IRS was 1969 in which relief for the poor, distressed is not an essential criteria for charity, so it was even after Medicare was enacted into law. The gentleman from New York.

Mr. RANGEL. Thank you, Mr. Chairman. Mr. Cohen, you have indicated that no matter what amounts of money we give to IRS for oversight, that would probably go where they think they could get the best savings, but I know because of your great history in this area that the credibility of the system also is important. Even though the money may not be in these 501(c)s, if there is abuse and corruption, they have to send some type of a signal that people cannot get under the radar just because there is not a lot of money involved. Today, there is a lot of talk about 501(c)(3)s that are set up as educational institutions and that they are either violating the law or the spirit of the law, and the question I would ask, I guess, Mr. Hopkins, is that if some lobbyist wanted to influence the conduct of Congress and they had clients, either domestic or foreign, but it would violate the law if they approached the Member directly, but yet the foundation would receive large sums of money from the lobbyist and then invite the Members of Congress to be educated by visiting with the country where these businessmen came from or the locations where they had their business, would that be legal under the law as you understand it as a lawyer?

Mr. HOPKINS. This does not sound like a hypothetical question.

[Laughter.]

Chairman THOMAS. I tell the gentleman that as long as we stay in the hypothetical area, I don't believe it violates the fundamental purpose of this hearing, but as soon as the hypothetical becomes specific, then I think we will be dealing with those issues with the IRS and others in front of us in a more systematic way. However--

Mr. RANGEL. Mr. Chairman, I appreciate--

Chairman THOMAS. --given the background and experience, Mr. Hopkins, of the panel members, you probably are the most appropriate to respond to the hypothetical as outlined by the gentleman from New York.

Mr. HOPKINS. Thank you, Mr. Chairman. The concept of what is educational and the concept of what is legislative overlaps a little bit, and I think, without getting into the details here, by the way, the regulations are fairly comprehensive on the point. If there is an attempt to objectively present facts and information about a particular topic, that is educational. If there is an advocacy element at some point, it can shift over to lobbying or even political campaign activity. The funding of it by itself shouldn't change the outcome. In other words, you were talking about lobbyists contributing money to an entity. It is the function, not the funding, if you will. So, what we try to do in the law is separate the presentation of objective material as contrasted with an efficacy--

Mr. RANGEL. I can understand that. My second and last question to you would be, if the not-for-profit then hired people that--strike that. If people that worked for the not-for-profit also was in the consulting business as a lobbyist and remainder under 501(c)(3), in your opinion, would that be a violation of the law?

Mr. HOPKINS. Well, that is a different body of law. Now, we are talking about educational versus private benefit, or in a more technical sense, private inurement. What we are talking about here is a situation where what looks to be educational on its face is, in fact, a shifting of the resources of the charity over to someone in an inappropriate manner. That would be a private inurement or a private benefit situation. I am not saying that is--

Mr. RANGEL. I am not either.

Mr. HOPKINS. It is hypoth

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Mr. RANGEL. That would be an abuse of the system.

Mr. HOPKINS. If the resources were shifted unduly to someone in their private capacity, the answer is yes.

Mr. RANGEL. Now let me ask Professor Hill a question. We are getting more involved in not-for-profits being audited for political activities and dealing with an organization has historically been known, in the hypothetical, for its efforts in the civil rights area and voter registration and things of that nature. If an office of not-for-profit makes a statement that is critical of the major parties and then the eve before the election, the IRS says that there is going to be an investigation, how would the IRS monitor, or how would the Congress be able to monitor the IRS and at the same time seek out to get rid of these abuses with subjective matters such as the one that I described in the hypothetical?

Ms. HILL. Yes. Your hypothetical raises important issues of conducting audits with respect to what is, in some of its elements, constitutionally protected First Amendment political speech. When conducted through a 501(c)(3) organization, the Supreme Court has said in taxation with representation that lobbying in that case could be conditioned and those people believed that the political prohibition in Section 501(c)(3) is constitutional and would be so held, and one did look to the McConnell v. Federal Election Commission comments in that case. The question that arises, and I am going to be a little hypertechnical here and mention code sections, and I apologize to anyone in the room whose eyes are going to glaze over, but I am a professor and inherently boring, so here we go. Generally, an organization is audited when it files its information return, but we know that the information return is filed long after an election and there is something of a mismatch in this area between interdicting improper political activity of 501(c)(3) and the time at which the IRS can normally take action. Congress enacted Section 6852, in the larger scheme of things quite recently, to provide that in the case of a flagrant violation of the political prohibition of Section 501(c)(3), Congress, the IRS could audit at that point in what constitutes a version of a jeopardizing assessment. They could close the taxable year and audit, but the violation has to be flagrant.

Further, there has been for a time now in the Code Section 7409 that allows the IRS, with careful procedural limitations, to seek a declaratory judgment action in a court to interdict the behavior immediately in the case of flagrant participation in a political campaign in violation of the exempt status. I don't believe the IRS has ever used 7409. When the IRS begins to seek information, then, from a 501(c)(3) organization before the filing of a return, the technical issue which is now unaddressed is is that consistent or inconsistent with Section 6852, especially if, hypothetically, the speech in question or the other activity in question doesn't appear to be flagrant. Passionate, maybe, but not flagrant. So, what we have here is a technical issue of great importance to the administration of the tax law and great importance to the conduct of our elections, and that is where I think the law stands now. Certainly the IRS may audit. It seems to be a requirement that the activity in question be flagrant and that there be a showing that it be flagrant. So, one would have to look case by case.

Mr. RANGEL. Thank you, Professor. Thank you, Mr. Chairman. Now that you have whetted my appetite as to the breadth of this serious problem that would demand these hearings, can you share with me as to when we can get to the rubber can hit the road with the IRS, because this distinguished panel certainly has laid out a blueprint of something that demands and screams out for correction.

Chairman THOMAS. I tell the gentleman that we will, as we normally do, based upon minority witnesses--as you were aware, we worked with the staff in creating this particular hearing. We will do additional ones, but as is usually the case with this Committee, ultimately, a significant amount of the work will be turned over to the Subcommittee. The Subcommittee on Oversight has historically been the Subcommittee that reviews it periodically. It may be worthwhile to bring it back to the full Committee to take a look at this, because I do believe we need to move expeditiously, one, because we should, but two, I want to make sure that the press doesn't cover this as us rushing belatedly to an issue that the Senate initiated for the purpose of raising revenue, because I have been doing this for 22 years, as the gentleman from New York has. So, we will be working together to plan and structure additional hearings, one to look at theory and practice, but two, eventually, you have to put theory and practice to the test and we will be dealing with the IRS on some decisions they have made and querying them as to why they thought they could do what they did when they did it.

Mr. RANGEL. The reason I thought it was urgent, Mr. Chairman, is because I thought some in the majority wanted to pull up the tax code by its roots and start all over again, and I--we have John, how many do we have here, the Ambassador--and I wanted to ask the panel whether they would have any specific recommendations that they could send in to us during this period so that we could present them before Treasury and the IRS. Of course, if we are pulling up the code by the roots, then we don't need any recommendations because we will start de novo. Just in case you decide not to do tax reform this year or next year, may I ask the panel to send what recommendations they have for this complicated code and the one that would follow this year or next year so that we can see what happens?

Chairman THOMAS. I tell the gentleman it might be most fruitful if we get our staffs together so that we can structure as a committee the kinds of questions that we might want to submit to this panel and others, frankly, to begin to collect that kind of data so that we can, in the anticipation of the old dandelion concept, you want to try to pull it out by its roots and you don't and the root is still there and it grows back, we may need to do some gardening. So, I am looking forward to--

Mr. RANGEL. Could we get a statement from the IRS person as to what he thinks the problem is so that we can tell staff what we would be looking for in--

Chairman THOMAS. I think that will be useful in a structured manner, but as this panel clearly indicates, there is a lot of fruitful work that can be done conceptually to try to figure out where we need to go and how we need to get there, and then we can begin to apply it practically by dealing with the current world.

Mr. RANGEL. Thank you, Mr. Chair.

Chairman THOMAS. I look forward to working with the Ranking Member on that.

Mr. RANGEL. Thank you.

Chairman THOMAS. The Chair would only say for the record that in propounding his hypothetical, it might have been more appropriate if the hypothetical structure had included the fact that there were complaints filed with the IRS, hypothetically, and that the IRS examined 130 of those cases, hypothetically, and the one that the gentleman hypothesized over was the one that was publicly announced by the organization, meaning there were 129 additionally hypothetically that were being examined, as well. Does the gentlewoman from Connecticut wish to be recognized?

Ms. JOHNSON OF CONNE[illegible]estion is going to go to Mr. Hopkins to enlarge on that portion of

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his testimony that he alluded to, tax-exempt labor organizations, because your testimony is very helpful. This goes to the whole panel. Lots of you made very specific recommendations as to how we go about it. I found that very helpful. I thought that it was interesting that in addition to your overall suggestions and your history, you did focus on one area, and I want you to have a couple of minutes to enlarge on that. I do want to, though, mention to Mr. Colombo, you may have a living, live example of the public benefit of nonprofit hospitals as we watch whole departments of delivering services move from the nonprofit to the for-profit setting where they can also earn more and be relieved of the responsibility to cross-subsidize charitable services or to take part in the mandates that govern the hospitals, that they must take anyone who comes, and so on. So, sometimes, you can see through people's behavior where the public benefit lies and where it collides with the underlying need to get fairly compensated for your work. Mr. Hopkins?

Mr. HOPKINS. Thank you very much. The reference in my presentation to labor organizations is in there, sort of a disconnect, I understand this, from the rest of the testimony. It is in there because the Committee staff asked me to briefly address the point. To put it in context, you have heard testimony from a number of witnesses, including Mr. Cohen, about how unbalanced the code is today, and for example, he was making reference to 501(c)(25), which is the multi-parent title holding company provision which occupies about, what, three-quarters of a page of the Internal Revenue Code and reflects maybe four or five entities in the United States, contrasted with labor organizations, which obviously involve millions of individuals. There are two words in the Internal Revenue Code describing tax-exemption for labor organizations and the two words are "labor organizations." That is all the code itself says about labor organizations. This category of exemption was added to the code back in 1909, so it precedes even the constitutional law that Mr. Yin was referring to. The code provision is silent on criteria for exemption, and in my view, it is one of the examples of an area that should be remedied by this Committee. Now, briefly, in the tax regulations, you will find some law where it is provided that an exempt labor organization is an entity that has as its objects the betterment of the working conditions of its members, and to some degree, it functions to develop among its members a higher degree of efficiency in their occupations. The private inurement doctrine does apply in this context. There is a major regulation that was adopted a few years ago that makes it clear that entities that have as their principal activity the investing and management of funds associated with savings or investment plans cannot be exempt. There are a very few court opinions and IRS rulings on the subject. In this context, the law is amplified a bit and illustrates the fact that the exemption includes more than labor unions. It embraces entities like collective bargaining committees, certain forms of strike fund entities, and publishers of labor newspapers. That is about the substance of the law that we have today concerning labor organizations.

Ms. JOHNSON OF CONNECTICUT. I thank the gentleman. I believe my time is about to expire. I will yield back.

Chairman THOMAS. Mr. McCrery?

Mr. MCCRERY. Thank you, Mr. Chairman. Before I get to the CBO Director on some of his comments about business activity, tax-exempt business activity, just to give you a heads-up, I want to get back to Professor Hill, Professor Colombo, on this question of some sort of conceptual framework for determining who should be tax-exempt, what entities should be tax-exempt, and Professor Hill, you used the term public benefit. We need to think in terms of the public benefit that is being served by this tax-exempt entity. Then there was some conversation about hospitals. I must admit, I am having a hard time conceptualizing the public benefit of a tax-exempt hospital, but I have to say in fairness, if I were to ask the not-for-profit hospitals if they like their situation now, they would say yes, and I would go to the for-profit hospitals and I would say, well, do you like your situation now, oh, yes, sure. So, I am not sure we would make either one happy if we were to change the current arrangement. If there is some public benefit to be served, and I suppose one could say that health care is a public benefit and providing the lowest-cost health care would be a public benefit, then we could justify, I suppose, exempting hospitals, and all health care providers, for that matter, from taxation. If that were the case, then we would probably want to require all health care providers to be tax-exempt and not-for-profit, I would assume. So, that gets into a real sticky wicket. So, help us further define that public benefit concept and how it would be applied in the real world.

Ms. HILL. I think that when one looks at the hospitals, that really the conceptual hurdle is bigger than public benefit. It is grasping exactly the idea that you have set out, but it very well may be appropriate to have the same activity conducted simultaneously by taxable and exempt entities, and there may be not a problem with that. I suggest that because we are living in a world now where, as you all know, there is a great deal of convergence of activities in taxable entities and tax-exempt entities. I teach at an exempt entity. I do not think that taxable universities should be closed down or forced to become tax-exempt. With respect to the hospitals, the idea of looking at who is the benefitted class and doing it in a way that gets beyond simply the pricing structure of the provision of the service, I think may help here. Certainly, the question of the pricing structure of the service and whether it is any different in taxable or tax-exempt entities, as Professor Colombo notes in his testimony and as I believe to be the state of the research in this area, the data are inconclusive on pricing structure, whether there is a difference, and I think that they are inconclusive as to sort of care provided to those who cannot pay and under what circumstances and do we count things like government payments to determine charity care. If we think only of the provision of free medical care to people who cannot pay, then, of course, hospitals have no---exempt hospitals have a much weaker case. If that is our criterion, then the question is, well, should they be partly exempt or fully not exempt, and if we then make that conclusion, the question is, what do we tax? In my previous comments, the related issue previously raised, I suggested that we look at how we determine whether taxable entities are making a profit, distributing dividends to shareholders, and whether that concerns us.

Frankly, I am not concerned that we have an economy in which there is a choice in certain areas to be taxable or tax-exempt, and whether Congress wishes to condition, for instance, education on do we provide scholarships based on need? Is it wrong to provide scholarships only on academic merit? Should all our scholarships be on need, which I think would be the analogous question? Should we provide care to people who cannot pay it? Is that the only criteria for exempt status? I believe that if we begin to ask those questions carefully, Congress would provide a useful role here. If we simply dig in our heels and become protective, we are not going to get very far.

Mr. MCCRERY. Thank you. I would be interested in hearing any comments in writing from Professor Colombo on that subject and also from Dr. Holtz-Eakin on the question of how do these tax-exempt businesses conflict with tax-paying businesses? How do they interact, and are tax-paying businesses hurt in certain cases by the existence of tax-exempt. You don't have time right now, but if you would like to point out something in your testimony that is relevant, I will look at it. Thanks.

[The information follows:]

Thank you for your question about the Congressional Budget Office's (CBO's) testimony presented at the Ways and Means Committee's April 20 hearing on the tax-exempt sector. As I understand it, you are interested in how nonprofit entities that are exempt from federal income taxes compete with business entities that are subject to them, and how equalizing the tax treatment would affect that competition.

It is useful to focus on *acti* *e entities* that are tax-exempt. For that reason, CBO presented

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fractions of income generated by sales activities. Nonprofit organizations provide both goods and services that are not provided by the private sector and ones that are, at subsidized prices (or no cost) rather than at market prices. Many such entities have little sales revenue and are probably not in competition with firms in the for-profit sector. CBO's testimony focused on those tax-exempt entities that have substantial sales to the public and that compete with private firms.

The attached table identifies examples of that competition. The health sector, particularly hospitals, is the primary example of nonprofits that sell at market prices many of the same goods and services provided by for-profit firms. As shown in the second column, that sector receives almost 92 percent of its revenue from the sale of goods and services and provides a relatively small portion at subsidized prices to those with limited ability to pay. The entities in the sector look very much like for-profit entities, which receive almost all their revenue from sales.

The pervasiveness of competition offered by businesslike nonprofit entities is greater than is suggested by the data in column 2. Even in those categories where overall income from program revenue is very low, substantial competition exists. The last column of the table estimates the share of revenue earned by entities for which program revenue exceeds 75 percent of their total revenue. For example, for the category "Environmental Quality, Protection, and Beautification," the 19 percent share of program revenue (shown in column 2) suggests that those activities might offer little competition with those provided by for-profit firms; however, almost 9 percent of total revenue in that category comes from entities earning more than 75 percent of their revenue from program sales (as shown in the last column). On the basis of that metric, some of those entities may compete substantially with for-profit entities.

Fully 65 percent of total revenue in the nonprofit sector is earned by entities for which program revenue exceeds 75 percent of total revenue. Those potential competitors with the for-profit sector are found in all categories of nonprofit organizations.

Universities and museums are examples of entities that are in competition with the for-profit sector and that are also engaged in activities that provide public benefits. They have increasingly moved into commercial activities in order to earn a surplus that can be used to further their provision of public benefits. Many universities have entered into research partnerships with for-profit firms that look very much like business enterprises, and they also compete with professional sports for advertisers' and sports fans' dollars. Museums have expanded their gift shops, selling many items not related or only tangentially related to their tax-exempt mission that are readily available from for-profit firms. *The Washington Post* has had several articles in recent weeks that detail the commercial activity of a range of nonprofit entities.

CBO's testimony concludes that taxing currently tax-exempt nonprofit organizations is not likely to level the competitive playing field. The efforts of for-profit firms to avoid paying taxes are restrained by their need to deliver the surplus to shareholders. It is the absence of those shareholders that primarily determines a nonprofit organization's economic behavior: it is free to retain a surplus or dissipate it by lowering prices or increasing costs. A nonprofit's response to being taxed would be to shrink or eliminate the tax base by retaining less of its surplus. That surplus would instead be used to provide additional price reductions or to cover cost increases. If nonprofits used formerly retained surpluses to further reduce prices, competition with the for-profit firms might intensify in the short run. But over a longer period of time, those nonprofits' reduction in retained earnings might cause them to shrink.

Ultimately, the key to competition from tax-exempt entities is the variety of state laws that determine an entity's ability to organize itself as a nonprofit organization —not federal tax policy. Once an entity is organized as a nonprofit, managers have greater latitude with the uses of its surplus. That latitude, by itself, provides a substantial ability to compete through lower prices. As I noted in my testimony, the additional exemption from federal income taxes contributes to the overall surplus, but is not the primary source of a nonprofit entity's ability to compete via lower prices.

I hope that you find this information useful. If you would like to discuss it, please call me at 226-2700 or Dennis Zimmerman at 226-2683.

Mr. SHAW. [Presiding.] Thank you.

Mr. Levin, you may inquire.

Mr. LEVIN. Thank you for coming, all of you. I had the benefit of taking a taxation course from the very gifted professor, but I must say we did not spend very much time on this particular provision, this section, so I am not quite sure what is the purpose of this hearing except it does fill in some gaps of our legal education. So, let me just ask you, go down the row, and if you would, tell us what you think is the major problem in this section of the code. I know you may not like to pick out one, but if you would do so. What do you think is the major issue or the major problem? Yes, Mr. Colombo?

Mr. COLOMBO. Well, I can start with that. I think the major problem is the lack of a core rationale for tax-exemption for charitable entities and the detail about how that tax-exemption is conferred. I think that is very important because this is a significant and growing sector of our economy. There is more and more money going into charitable organizations and more and more money coming out of charitable organizations. That trend has accelerated over the past years and I think it is just going to accelerate further. So, we need to spend some time thinking about an area that is growing very rapidly and for which we don't have very good ideas about what the underlying rules are.

Mr. LEVIN. Ms. Hill?

Ms. HILL. I think the core problem in this area is that one of its very strengths, that the exempt sector is so dynamic and so malleable and so easy to enter is inviting abuse of the sector on all fronts and the IRS is incapable now at current funding levels, current expertise levels, and the current state of the law of stopping any of it. I simply want to express the hope that as Congress addresses it, we don't make this sector rigid and unable to function. The very creativity of it on all fronts is meaning that it is far beyond hospitals, it is far beyond universities, that charities are being used and abused for activities that have nothing to do with the provision of a public benefit. If you would like a more specific response in writing with detailed lists, I would be glad to do that for you, as well.

Mr. LEVIN. Okay. You can talk more in your answer about the IRS, if you would.

Mr. Walker?



Mr. WALKER. If I had to pick one, I would say a lack of a set of criteria or a clear definition of what should be tax-exempt and what should not.

Mr. YIN. Mr. Levin, if you would define this area broadly, I would suggest three areas that would be worth looking at. Certainly one would be the one that Mr. McCrery was questioning on just a moment ago. More broadly, I think the issue of oversight and transparency in the exempt area, to what extent do we have a handle on what is going on. Then, as I said, if you take the term, this area broadly, I would include the charitable contribution area as another area that is worth looking at.

Mr. LEVIN. Thank you. Dr. Holtz-Eakin?

Mr. HOLTZ-EAKIN. With the caveat that this constitutes the sum total of my legal education in this area--

[Laughter.]

Mr. HOLTZ-EAKIN. --it sounds to me that one of the major things that is going on here is there is an attempt to apply a bright-line exemption to entities when it is, in fact, activities that are either public purpose or charitable in nature, and these entities have a great mixture of activities within them and it would be useful to distinguish between those two things.

Mr. LEVIN. Yes, Mr. Cohen?

Mr. COHEN. You will excuse my irreverence, but this is a perfect opportunity for my favorite quotation from Pogo. We have met the enemy and it is us. It is your lack of attention, our lack of attention. It is understanding that the Revenue Service's capacity is greater than it is. For example, Mr. Yin in good faith says we ought to have a five-year review of tax exemptions because people are abusing it and, therefore, we ought to look at it a second time. That is a wonderful idea, but we don't have the personnel to look at it the first time.

Mr. LEVIN. I like your irreverence. Yes?

Mr. HOPKINS. Mr. Levin, on page six and seven of my prepared statement, I have outlined in somewhat of a level of priority 12 areas that I would encourage the Committee to look at, and number one on the list, and you have heard this from at least two of the other witnesses, is create law spelling out the criteria for tax-exempt status. I think that seems to be a consistent theme that you have heard today. I will work in one more, which is the elements of the private inurement doctrine because the private inurement doctrine from a pure law point of view is the fundamental legal distinction between a nonprofit and a for-profit. Those two areas, I think you would find, would be very productive ones to look at very carefully.

Mr. LEVIN. Thank you.

Mr. SHAW. Mr. Camp, and I would like to announce that Mr. Walker is going to have to leave following Mr. Camp's questioning and he will be replaced by Mike Brostek of the Government Accountability Office. Mr. Camp?

Mr. CAMP. Thank you. I will direct my question, my first question, to Mr. Walker, then. Do you think if we have greater enforcement of our current law and better oversight by the IRS that most of the abuses within the tax-exempt sector could be eliminated?

Mr. WALKER. I think you are going to need additional transparency and additional data sharing as a basis to have more targeted and more effective enforcement, as well as some supplemental intermediate sanctions to be made available to the IRS to provide more appropriate accountability mechanisms rather than merely pulling the tax-exempt status.

Mr. CAMP. Is that the timing issue that Professor Hill talked about that you are referring to there, in terms of the enforcement?

Mr. WALKER. I am not sure what--

Mr. Camp. Intermediate sanctions. Well, you mentioned--

Mr. WALKER. Well, that is, for example, in a prior life, I was Assistant Secretary of Labor for Pensions and Health, and there are tax-exempt entities that I had to deal with there, for example, 501(c)(9) VEBAs, Voluntary Employee Benefits Associations, also outside of 501(c), pension plans. It is very, very important that you have adequate transparency and intermediate sanctions other than pulling the tax-qualified status. There need to be sanctions that are there, that if people end up engaging in inappropriate or unacceptable activities, that you can bring to bear. For example, as is the case for foundations, I believe, you have prohibited transactions. If certain kinds of transactions occur between parties, then there can be excise taxes that can be imposed and sanctions that can be imposed on the violating individuals rather than necessarily the entity. That would be an example.

Mr. CAMP. It is my understanding that since 1996, the IRS has had an intermediate sanctions available for--if there has been a situation where there has been private inurement. Is it your opinion that that has been ineffective, or perhaps I should direct that to Mr. Yin, if that is not in your field.

Mr. WALKER. I will be happy to have him answer, but my understanding is that doesn't apply universally. It doesn't apply to all the 501(c) entities.

Mr. CAMP. All right. Mr. Yin, do you want to clarify that?

Mr. YIN. That is correct. It is likely directed at the 501(c)(3)s and the public charities within that. The private foundations have a separate set of rules that are more stringent than the public charities.

Mr. CAMP. What are the current restrictions and requirements on private foundations?

Mr. YIN. On private foundations, the analog would be the self-dealing rules, and essentially, they prohibit any kind of transaction with an insider. In contrast to that, the intermediate sanctions would allow a transaction with an insider, but supposedly at arm's length rates and so forth. Obviously the inquiry in the intermediate sanctions area is much more difficult because there, you have to judge to what extent is the [illegible] as opposed to some kind of internal benefit going to the insider.

EXHIBIT
Exhibit 202

CSOC.CBR.00026719

Mr. CAMP. Aren't there also other requirements, like restrictions on holdings and--

Mr. YIN. In the private foundation area, that is correct.

Mr. CAMP. Yes.

Mr. YIN. I thought you were just addressing on the intermediate sanctions point.

Mr. CAMP. I would like to know what are some of the other requirements and restrictions on private foundations.

Mr. YIN. Well, there are restrictions on requiring them to make certain amounts of distributions each year. There are restrictions on--on ownership, exactly right. There are also restrictions on excess benefit holdings. They can't hold too much interest in the business.

Mr. CAMP. I would just like to comment briefly on your report, the options to improve compliance and reform tax expenditures, particularly with regard to conservation easements, your statement there. I just want to say that in Michigan, land conservation easements are becoming a really prominent way to preserve valuable land and shoreline. I just want to ensure that the highest standards are met in terms of land conservancies, obviously, as everyone else does, but I am afraid that the changes you suggest would make it virtually impossible for a landowner to take advantage of these provisions to, in effect, preserve their land forever, some of this incredibly beautiful land. So, I wonder, do you think stricter standards on appraisals and licensing for appraisals and increased penalties for overstated appraisals in this area might assist in this area?

Mr. YIN. I think that is a step in the right direction. In fact, in the staff options, we do lay out some improvements in the appraiser and the appraisal process. However, it would seem that that is just a small step in terms of addressing the underlying difficulty. The underlying difficulty is that for a variety of reasons, easements are unusually difficult to determine what the appropriate value is. It is just a partial interest in the property. It is a property interest which is crafted by the donor and, therefore, may have few, if any, comparables. Then, at least in certain circumstances, perhaps not the ones that you are describing, there are State and local restrictions on the use of property already in existence and, therefore, that would need to be taken into account in figure out what the appropriate value of the easement right is. Because of the difficulty of the value, it becomes a very difficult both compliance problem for the donor and a very difficult enforcement problem for the Internal Revenue Service. If you put all of the change, if you will, into the appraisal process, it really doesn't address the underlying issue, which is that it is very difficult at the outset to figure out what circumstances should be examined at all.

Mr. CAMP. Thank you, Mr. Chairman. I see my time has expired.

Mr. SHAW. Mr. Cardin?

Mr. CARDIN. Thank you, Mr. Chairman. Let me thank all of our witnesses for their testimony. It is clear to me in hearing your testimony and looking at the material that has been submitted that the issue of oversight and compliance needs some attention.

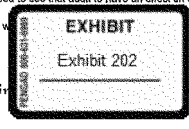
Mr. Camp talked about, and Mr. Walker responded by perhaps the sanctions are not as broad or as much discretion to IRS as is needed in order to bring about more compliance with Congressional intent. There is a question as to whether we have enough exams. With the exam rates as low as they are, why would there be much concern about even the sanction authority of the IRS if the chances of sanctions being used are so minimal, considering the number of exams? There is also the question of political will, whether there really is a will of our Nation to be more stringent on tax-exempt organizations. Then there is the whole evolution of Section 501. It has developed over a long period of time, as you all have pointed out, and it is not 100 percent clear as to what the expectations are for tax-exempt entities. So, do we need Congressional clarification? Let me start with Mr. Cohen, because he is a former Commissioner, and try to get his reaction as to how you would suggest we get a handle on appropriate oversight and compliance as to the role of the IRS and Congress as to trying to give fair notice to the taxpayers, but also to develop consistent oversight and compliance strategy on behalf of our Nation.

Mr. COHEN. I was fortunate, or unlucky, as the case may be, to be the object of Congressional inquiry by Mr. Patman, who ran several years of hearings, vigorous hearings, on tax-exemptions, which led to much of the 1969 Act that restricted them. So, I paid a lot of attention. He caught me. He had my attention. I have to say to you, but for that, it would have been a backorder. Before I came to the Revenue Service the second time as Commissioner in 1965, it was a backorder, and that is why he was taking on some fairly obvious problems. You had some Members of this Committee during the late 1970s period that got involved in it again, but again, it has been an area that not much attention certainly by the full Committee and very little by the Oversight Committee. You just don't spend the time. Therefore, it is not number one for the top people down at 12th Street who mind this operation. Yes, in an ideal world, everybody would be paying attention to everything, but we know that is not the way the world works. The world works, what is important today is what is important to you folks.

Mr. Mr. CARDIN. Mr. Cohen, let me just interrupt you for a moment. Our tax code depends upon voluntary compliance. We depend upon--that is the hallmark of the American tax code. Is this a satisfactory situation? Are we overreacting? Do we have enough voluntary compliance? Maybe we have the right policy today.

Mr. COHEN. We have just seen the Commissioner's new research study, and we have not had a research study since 1988, so we have had the first report of that. It shows a tax gap in the order of 15.5 to 16 percent. That is about 11 or 12 percent higher than it was the last time we did it about 11 or 12 years ago. So, surely, it is slipping. It is slipping, and you can almost look at the numbers. As you see the audit levels fall, you see compliance levels fall. People react to not seeing the cop on the beat, in the city parlance. So, yes, we need more compliance effort. The money is well spent. The Commissioner generally has a rule that he won't ask for a dollar unless he can bring in large multiples of that. Indeed, the problem is that as you cut the Commissioner's budget and personnel--personnel went from close to 120,000 down to about 95,000, between 95,000 and 100,000--you find that the Commissioner--the first thing that is cut is not proportional. It is compliance, because that is the only optional money he has. He has to produce returns. He has to process returns. He has to collect money. There are a number of functions that he has to do, and so he has no leeway there. He can audit more returns or less returns. He can audit the returns more intensively or less intensively. Of course, what happens is he slips off. You do some audits, but you do them less intensively and therefore they are less effective. You and I react to the fact that our neighbor is being audited. If a neighbor is being audited and talks about it, he talks about it, it has an effect on all of our behavior. It is like driving down a major superhighway. If we don't see a traffic policeman, we tend to go five or ten miles an hour above the limit. If we see a traffic policeman, we go two miles above the limit. We all chisel a little bit. Therefore, we need to see that audit to have an effect on our behavior. Now, we are not seeing it, so--

Mr. Mr. CARDIN. I agree w[illegible] response. Thank you, Mr. Chairman.



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Mr. SHAW. Thank you, Mr. Cardin. Mr. Herger?

Mr. HERGER. Thank you, Mr. Chairman. Mr. Yin, recently, the Joint Committee on Taxation made a number of recommendations to improve tax compliance, one of which would restrict the use of conservation easements. I welcome this proposal and I believe this is an area the Committee should focus attention on because there has been a large amount of evidence that taxpayers are taking inappropriate deductions related to conservation easements. Consider a Washington Post article from December of 2003 which quotes a Florida business consultant as advising his clients to purchase golf courses and prohibit building on the fairways as a way in which to reap large tax benefits. He refers to one investor who paid $2.4 million for a golf course and received a $4.8 million tax deduction. This taxpayer received a tax deduction worth twice what he paid for the property. This article also mentions luxury homebuilders in North Carolina who paid $10 million for a tract in the mountains, developed a third of the land, and then claimed a $20 million deduction. Evidence suggests these are not isolated incidents. Perhaps this is not surprising, given the easements are today held by various government agencies, national environmental groups such as the Nature Conservancy, and according to the Post article, about 1,260 local trusts. Mr. Yin, my understanding is that your proposal would eliminate charitable tax deductions relating to conservation easements on personal residence and would limit the deductions related to other properties. This proposal is scored as raising $1 billion over ten years, not an unsubstantial amount of money. My question is simply this. Do we know how much fraud in dollar terms currently exists with respect to conservation easements? Two, does the Joint Tax Committee proposal go far enough to eliminate the potential for fraud relating to golf courses and other types of investments similar to what I mentioned earlier? If not, what more can be done to ensure that the Federal Government, through the charitable deduction allowed for conservation easements, is not subsidizing large amounts of tax fraud?

Mr. YIN. Thank you, Mr. Herger. Obviously, it is very difficult to provide estimates of fraud because fraud involves a particular intention on the part of the taxpayer which would have to be judged on a very highly factual determination. I think that it is fair to say, however, that the IRS recently in connection with the hearing over on the Senate side published their letter which indicated the top areas of compliance difficulty in the EO area, and one of the areas that they clearly identified was the difficulty that they have in enforcing the laws relating to easements. Now, how much of that is fraud as opposed to simply overvaluation but not rising to the level of fraud, I don't know if they know. I don't believe we know, either. In terms of whether the Joint Committee proposal goes far enough, obviously, that is going to be your judgment and the Committee's judgment on those sorts of issues. We did try to offer a balanced approach. I am comfortable with--I am personally comfortable with the proposal as it is offered, but obviously, that is not my judgment. It is going to be your judgment.

Mr. HERGER. Thank you very much, Mr. Yin. I think we can see enough and enough has been pointed out again through the media, through yourselves, through these hearings, to indicate that perhaps we are just beginning to see the tip of the iceberg here. We all want to see legitimate deductions made, but we are also very concerned about what is perceived as--even if it may be within the law today, those exemptions that are being made that clearly, I think, in most of our judgments are not ethical, are not fair and not proper, and I would certainly like to urge your continued involvement in this and I thank you.

Mr. SHAW. Mr. Johnson?

Mr. JOHNSON OF TEXAS. Thank you, Mr. Chairman. I wonder if Mr. Holtz-Eakin and Mr. Brostek could talk about this subject. Almost ten years ago, Congress put the immediate sanctions rules into place that allow the IRS to punish tax-exempt entities that break the private inurement rules. I would like to know whether this type of sanction has been effective and whether incremental change like this might serve as a model for reform of the tax-exempt laws by this Committee.

Mr. HOLTZ-EAKIN. I could go first and hand it to Mr. Yin, who I think knows a lot more about this than I do.

Mr. JOHNSON OF TEXAS. Okay.

Mr. YIN. Mr. Johnson, of course, as you do indicate, the law, though it has been in effect for ten years, it is still--on the larger scheme of things, that is a relatively short period of time, so our experience is still somewhat limited. In the report that Mr. Camp referenced, the late January report by the Joint Committee staff, we did provide some options to improve the intermediate sanctions rules in areas where we felt that they did seem to be a little bit on the lax side. We put in some suggestions on modifying the initial contract exception and also on the rebuttable presumption of reasonableness. Now, these are relatively small changes in the procedure of how the rules would work. I think we are not really yet in a position of being able to give you guidance that they are completely ineffective or completely effective, and so it is a little bit early to make that--

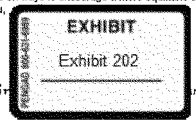
Mr. JOHNSON OF TEXAS. Well, has the number of violators increased or decreased?

Mr. YIN. Well, in terms of the number of violators, of course, prior to the law, there wasn't a rule against it as such. That is that--well, I take that back. The prohibition or the penalty was to lose your tax exemption, and because that is such a draconian outcome, that was rarely imposed and so it is difficult to know, as comparison to what prior behavior is, whether the current behavior is improved. Again, I would suspect that, in time, we will get a better handle on how it is working.

Mr. JOHNSON OF TEXAS. Yes, sir?

Mr. BROSTEK. I think the point that Mr. Yin is making is an important one. IRS can apply those sanctions when it knows there is a problem that needs to be corrected. One of the things that IRS itself admits is that it doesn't have enough information to know the various kind of noncompliance that are occurring out there. They are trying to improve the Form 990 that gives them some of that type of information, but that will need to be married up with greater transparency so the news media and the public can help keep an eye on the entire universe, and probably with some improved governing standards to help ensure that within an organization, there is a check and balance to ensure that this kind of abuse doesn't occur.

Mr. JOHNSON OF TEXAS. Transparency, you have all mentioned that. It needs to be fixed. Let me ask one other question. I brought up Medicare and Medicaid earlier. It seems to me that there is plenty of appropriations from public funds for all sorts of health care providers for helping the poor and the elderly and it seems to me the absence of clear standards for the community benefit provided for not-for-profit hospitals may be a problem. In Texas, for example, we require a set percentage for charity care--I think it is four or five percent--and unreimbursed Medicaid costs in order to claim 501 status. It seems to me a step in the right direction, and I might add that hospitals in our district go way above that. A larger concern, though, is that standards, once they have been met, may breed a feeling of, we have crossed the line. We don't owe anything else to anybody. The problem is complicated further when one considers that some for-profit hospitals offer a notable amount of charitable unreimbursed care. Do you have any suggestions on ways to encourage a more equitable charitable care across the board? I guess that is for GAO or CBO, as well, or all of you,



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Mr. BROSTEK. Well, we don't have a position at this time on that. We haven't looked at it.

Mr. HOLTZ-EAKIN. I think it is certainly the case that if you look back, and I think Mr. Cohen would know the history better than anyone on this, the notion of what constitutes charity was heavily influenced by the existence of Medicare and Medicaid and perhaps a false optimism that poverty would not be a problem in the presence of these programs. So, if one would like to come back and come up with a clearer standard of performance, you would have to probably not leave it in the hands of an administrative decision but actually have the Congress develop a standard that they felt was appropriate.

Mr. JOHNSON OF TEXAS. Thank you.

Mr. COHEN. I was at the meeting, the cabinet meeting at which the President decided to go for Medicare. It was accidental. I was there to report on something else. I was also Commissioner of Internal Revenue at the time that Medicare began to pay out, and it led the Revenue Service to that 1969 ruling. That is, if Medicare was going to pay a good piece of what used to be charity, then how are you going to deal with the hospital system and how are we going to deal with health care? The availability of health care is a public good, and that is what we had to deal with.

Mr. SHAW. I am going to have to cut that off. Mr. Pomeroy, then Mr. Beauprez. Mr. Pomeroy is going to share the time with Mr. Thompson and then we are going to wind this hearing up before this vote.

Mr. POMEROY. Thank you, Mr. Chairman. I will be very brief. It seems to me that this hearing, which has been extremely interesting, has highlighted basically two separate facets of this question. One is the very confused state of the tax code, which allows nonprofit status or tax-exempt status to be achieved through any number of ways. Secondly, the whole enforcement question, eyeballing whether or not those that have qualified are actually appropriately conducting themselves for purposes of maintaining that qualification. To that end, I would like to speak of while this Committee grinds along on the question of who has got this exemption and why, that is a long-term proposition that is going to be tough sledding. I would hope that we don't get distracted and not proceed on the enforcement question, which we can do something about very quickly through, among other things, resource commitment to the IRS and some clarity in terms of directing them to take this action. To that end, and underscoring the importance of taking that action, a couple of issues, items in the recent press I would like to put into the record, yesterday's Financial Times, as well as a story from the Business section of Sunday's Washington Post, both detailing abuses in trusts in this area. Specifically quoting from the Financial Times article, "Foundation directors and donors have come under fire for excessive pay, insider dealing, alleged conflict of interest between their foundations and their private business dealings, as well as outright tax fraud." Then on the Washington Post story, it is detailing how the founder of AmeriDebt, the bankrupt Maryland credit counseling firm, took $70 million from its operation between 1999 and 2003. I think this makes a compelling case for why we need to help the IRS with its enforcement activity. We need to raise their budget relative to being able to completely audit this activity, and especially in wake of passing the bankruptcy bill, we have got to, in the Oversight Subcommittee, really bear down on nonprofits--

Mr. SHAW. Without objection, the documents are placed in the record.

[The information follows:]

April 16, 2005 Saturday

FTC Moves to Freeze Assets; AmeriDebt Founder Transferred Money to Offshore Trusts, Agency Says

Caroline E. Mayer, Washington Post Staff Writer

The founder of AmeriDebt Inc., the now bankrupt Maryland credit-counseling firm, took $70 million from its operations between 1999 and 2003 and spent lavishly on his wife, girlfriend and himself, including paying $179,000 to an interior decorator, $13,500 to a yachting company and $2,500 on a restaurant tab.

That's what the Federal Trade Commission said in court papers as it sought to freeze the assets of Andris Pukke. A hearing on the matter was held yesterday in federal court in Greenbelt. Those assets included $18.3 million transferred to domestic and offshore trusts, and $2 million sent to an account in Latvia for his father, the agency said.

In 2003, the FTC sued Pukke, his wife, the nonprofit AmeriDebt, and DebtWorks Inc., the for-profit private firm Pukke set up to process AmeriDebt customer accounts. The suit alleged that the Pukkes and their companies deceived financially struggling consumers seeking help with their debts by charging high fees -- hiding them by calling them voluntary contributions. They operated falsely as a nonprofit organization while siphoning off money through DebtWorks to make money for the Pukkes, the suit said.

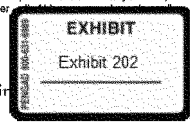
A recent filing in a related class-action lawsuit alleged that Pukke and his girlfriend traveled to Tahiti, Bora Bora, San Tropez, Las Vegas, Aspen, the Cayman Islands and Cabo San Lucas, that he gave her a new Mercedes, and that he spent $15,000 for a mattress and $8,000 for sheets for his Malibu mansion. He sold a Miami Beach home for $7 million, that suit said.

AmeriDebt, based in Germantown, was once one of the nation's largest and most aggressively marketed debt-management firms, advertising heavily on cable TV and the Internet. Also the target of several lawsuits by state attorneys general, AmeriDebt is now bankrupt and its accounts have been taken over by a third-party firm.

AmeriDebt is one of more than 50 nonprofit credit counseling firms under investigation by the Internal Revenue Service for misusing their tax-exempt status for the benefit of their operators. There is little federal regulation of the firms. The bankruptcy bill that passed Congress this week contains a provision that requires debtors to seek debt counseling before filing for bankruptcy protection.

Last month, the FTC settled its lawsuits with AmeriDebt, but its case against Pukke and his wife continues, with the agency seeking $170 million in consumer refunds.

"An individual profiting $70 million on a fraudulent promotion is certainly among the largest we have seen," said Joel Winston, the agency's associate director for financial practices. "The question is where did it go? We're trying to freeze whatever money and property he has, seek repatriation of the money he has put overseas and have a receiver appointed by the court to audit his affairs and determine wher



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John B. Williams, Pukke's attorney, did not return phone calls. Previously he has said that evidence shows that AmeriDebt benefits to all consumers far surpassed the $170 million that consumers paid the credit-counseling firm because it was able to reduce interest rates and get rid of late fees and interest charges for many of its customers.

In court papers opposing the freeze, Pukke's lawyers said the FTC and the class-action plaintiffs have failed to prove consumers were injured.

The monetary transfers, the papers added, occurred in the past "when Mr. Pukke was in much better financial condition. Mr. Pukke now has limited assets and all of his available income goes to the IRS, Mr. Pukke's wife pursuant to court orders in a pending divorce case, and personal living expenses which are not extravagant."

In depositions with the FTC, Pukke invoked his Fifth Amendment privilege, the agency said.

U.S. District Judge Peter J. Messitte said he would rule next week on the request to freeze his assets.

According to the FTC filing, "Mr. Pukke has dissipated assets" by transferring money to the trusts, close friends and relatives and by a "lavish lifestyle." The commission said that DebtWorks transferred $200,000 to Pukke's girlfriend although she never worked at DebtWorks. The girlfriend also used a DebtWorks credit card to pay $215,000 in charges, including a $1,688 bill at a clothing store and a $2,165 three-night stay at the Viceroy Hotel in Santa Monica, the lawsuit said.

Pukke's wife received $250,000 from DebtWorks although she never worked for the firm, either, the FTC said, and another $150,000 through the company's credit card.

The agency said that Pukke established the domestic and offshore trusts, including one in Nevis and another on Cook Islands in 2002, shortly after the FTC notified AmeriDebt and DebtWorks that they were under investigation. "Clearly," the agency said in legal papers, "Mr. Pukke created these trusts in an effort to put his assets out of reach of the FTC and other creditors." As of June 2004, the trusts were valued at $18.3 million.

The class-action lawsuit said Pukke "has hardly been skimping on his domestic lifestyle. . . . His primary residence cost him $27,906 per month, including over $24,500 for mortgage, property taxes and utilities and $1,400 for domestic help. This pales in comparison to the monthly cost of operating his secondary home, which is $84,699."

In July 2004, the lawsuit said, Pukke spent $8,119 for dining and $6,583 for travel. His monthly car payment was $10,653. With other personal and professional expenses and taxes of $75,000, Pukke claims to spend more than $390,000 a month, it said.

In opposing a motion by the class-action lawyers to appoint a receiver, Pukke lawyers argued that the plaintiffs were citing old spending habits and were not likely to succeed on the merits of the claim.

Mr. POMEROY. We have to bear down on these nonprofits. I would like to finish my thought. We have to bear down on these nonprofits that are providing credit card counseling and debt counseling. I believe it is principally a scam and we need to get to the bottom of it. I yield the balance of my time to Mike Thompson.

Mr. THOMPSON. Thank you, Mr. Pomeroy. I want to align myself with Mr. Camp. I believe that conservation easements are critically important for protecting literally thousands of acres throughout my district, in my district for critical wildlife habitats, salmon and steelhead restoration. It is responsible for clean air and clean water. At the same time, Mr. Herger raised some valid issues. We need to make sure these are legitimate procedures done by the right reasons and it is something that benefits more than just the person making the donation. Mr. Yin, you have commented on numerous occasions now on these changes that I believe if they were taken at face value would do irreparable harm to the whole idea of conservation easements. So, I would like to ask that you do, and if you have already done it, let me know, but do some more work in this regard to see if we can't associate a value to the good conservation easements done by the legitimate contributors. These in many instances save governments a lot of money. They don't just protect valuable, important properties. So, before we rush into any reform in this regard, I haven't seen anything other than anecdotal references to problems, so I would encourage you to do and provide an analysis to this Committee that looks at both the potential problems, but the very specific values that these bring to the table.

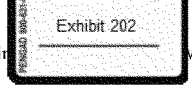
Chairman THOMAS. [Presiding] The gentleman from Colorado.

Mr. BEAUPREZ. Thank you, Mr. Chairman. I will be very quick and very direct. Mr. Colombo, many have talked about your comments, as well as many of the others on the panel, about the need to define what is a charitable contribution, what qualifies as a tax-exempt organization. I found your rather straightforward definition to be pretty useful, that an organization ought to be able to survive primarily on donations. Then it crossed my mind that any number of business entities out there that in a different environment we would call it profit margins, net income, might say that is the income that one who does business with that business entity provides so that it is sustainable. Does that fit your definition or not?

Mr. COLOMBO. The Internal Revenue Service and the courts have developed pretty good tests about what constitutes a donation and what doesn't. The test is generally what we call a quid pro quo test, or the absence of a quid pro quo, and there is not any question that normal sales transactions don't fit that kind of model. So, I just don't see a problem, to tell you the truth. We pretty much know what a donation is. At the edges, we may get into a little bit of a problem, at the edges of what donations are, but mostly, we know what it is, and mostly, I know when we get one.

Mr. BEAUPREZ. All right. Very quickly, type three supporting organizations. Mr. Yin, I am going to guess that you might be the one to opine on this. I know that they have come under intense scrutiny, especially in the other body, recently. There has been some concern. From personal experience back home in my own State, I know community foundations, private family foundations seem to do an enormous amount of good, as well. Is the abuse so rampant that we maybe are tempted to throw the baby out with the bathwater, or is what we really need, as has also been suggested here, more oversight and more accountability, more transparency?

Mr. YIN. Well, Mr. Beauprez, as you know, supporting organizations are granted public charity status as opposed to private foundation status and some have argued that they more closely resemble private foundations and should be more subject to those rules. The type three that you referred to are specifically the ones that have drawn the most attention because they are least under the control, if you will, of the [illegible] and therefore least subject to the same level of scrutiny that the



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charitable organization which is being supported is normally subject to. So, that is the reason why that is an area that has drawn some attention recently.

Mr. BEAUPREZ. The solution would be, in your opinion?

Mr. YIN. Well, there are a variety of solutions. Obviously, you would first have to determine there is a problem sufficiently great enough to deserve a solution. Assuming that you did, there would be a variety of solutions, one of which would be to permit support organizations of type one and type two but to not permit the type three.

Mr. BEAUPREZ. I thank the entire panel very much and am sorry we have to rush.

Chairman THOMAS. The Chair would also like to thank the panel. The Chair believes that perhaps the government witnesses might want to get with staff. I think it would be very helpful for Members if we prepare a glossary so that the terminology that is being used, they understand the meaning of as we move through these various structures. I want to thank the other panelists, and I hope that you aren't thankful that this is the only opportunity to assist the Committee, let me put it that way, because we are going to continue to examine the area, but we need to work on these fundamentals that we have talked about before we get excited and think we can fly in making judgments over real world events. So, I do want to thank you. The Committee owes you a debt of gratitude and we expect to use you more in the future. With that, the Committee stands adjourned.

[Whereupon, at 1:15 p.m., the hearing was adjourned.]
[Questions submitted from Representative Herger to George Yin, and his response follows:]

Question Submitted by Representative Herger

Question: Mr. Yin, recently the Joint Committee on Taxation made a number of recommendations to improve tax compliance, one of which would restrict the use of conservation easements. I welcome this proposal and I believe this is an area the committee should focus attention on because there has been a large amount of anecdotal evidence that taxpayers are taking inappropriate deductions related to conservation easements.

Consider a Washington Post article from December of 2003, which quotes a Florida business consultant as advising his clients to purchase golf courses and prohibit building on the fairways as a way in which to reap large tax benefits. He refers to one investor who paid $2.4 million for a golf course and received a $4.8 million tax deduction. This taxpayer received a tax deduction worth twice what he paid for the property! This article also mentions luxury-home builders in North Carolina who paid $10 million for a tract in the mountains, developed a third of the land, and then claimed a $20 million deduction.

Evidence suggests these are not isolated incidents. Perhaps this is not surprising, given that easements are today held by various government agencies, national environmental groups - such as the Nature Conservancy - and, according to the Post article, about 1,260 local land trusts.

Mr. Yin, my understanding is that your proposal would eliminate charitable tax deductions relating to conservation easements on personal residences and would limit the deductions related to other property. This proposal is scored as raising $1 billion dollars over 10 years, not an insubstantial amount of money. My question is simply this: Do we know how much fraud, in dollar terms, currently exists with respect to conservation easements?

Does the Joint Tax Committee's proposal go far enough to eliminate the potential for fraud relating to golf courses and other types of investments similar to what I mentioned earlier? And, if not, what more can be done to ensure that the federal government, through the charitable deduction allowed for conservation easements, is not subsidizing large amounts of tax fraud?

Response:

Dear Mr. Herger:

This letter responds to your written request made in connection with a hearing of the House Committee on Ways and Means regarding charities and other tax-exempt organizations held on April 20, 2005. You asked: (1) whether it is known how much fraud, in dollar terms, currently exists with respect to conservation easements; and (2) whether the recent proposal of the staff of the Joint Committee on Taxation to limit the deductibility of certain contributions of. conservation easements (the "easement proposal") is sufficient to eliminate fraud relating to golf course easements and other abusive easement donations, and what more could be done to eliminate such fraud. You also asked these questions orally at the hearing.

The easement proposal was contained in a report that we prepared in response to a request from Senate Finance Committee Chairman Grassley and Ranking Member Baucus. The report contains options to improve tax compliance and reform tax expenditures in almost all areas of the Federal tax law. One of these options relates to the charitable contribution of easements. As explained in the report, the charitable contribution deduction for easements is an exception to the general rule that prohibits a charitable deduction for a contribution of a partial interest in property. This exception was enacted generally to encourage landowners to contribute property rights to a qualified organization in order to protect such rights in perpetuity for conservation purposes.

The report makes a number of observations about the contribution of easements and concludes that noncompliance concerns warrant consideration of curtailing the tax benefits provided with respect to such contributions.[2] In particular, the easement proposal notes that the proper amount of the charitable contribution deduction is difficult to determine because the valuation of the easement right being contributed is often highly speculative. For example, there is generally no ready market for such easements, the terms of which may vary from donor to donor, and no available data regarding comparable sales. This situation makes enforcement of the law very problematic, as the mere identification of potential overvaluations may require considerable administrative expense such as the cost of appraisals. A serious challenge to a claimed deduction would entail a greater commitment of resources. The easement proposal also raises the concern that the current definition of "qualified conservation contribution," which in most instances does not require that a contribution be pursuant to a clearly delineated governmental conservation policy, is not sufficient to ensure that conservation purposes are being served. We note further that the often difficult issues of valuation and assessment of the appropriate purpose of a contribution generally are even more difficult in the easement contribution con[illegible]ngoing interest in the underlying property. To address these concerns, the easement p[illegible], modifies the definition of qualified conservation contribution,

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and imposes additional requirements on appraisers.

Regarding your first question, as discussed above, a primary compliance concern addressed by the easement proposal is overvaluation. An easement may be overvalued as a result of fraudulent intent on the part of the donor or because of more innocent reasons. In addition, an easement may be overvalued even if the easement serves a legitimate conservation purpose. The easement proposal is intended to reduce claimed overvaluations for purposes of the charitable deduction regardless of the reason or circumstances of the overvaluation. As a practical matter, even with a detailed review of taxpayer returns showing information regarding easements, we would be unable to determine whether an easement serves legitimate conservation purposes, or whether the contribution results from fraudulent intent on the part of the donor, without making an independent assessment of the circumstances surrounding each contribution. As a result, we are unable to determine the amount of fraud, in dollar terms, that exists with respect to conservation easements. However, because we are concerned that the current definition of conservation purpose is not adequate to address noncompliance, the easement proposal suggests, among other things, that the requirement that the conservation contribution serve clearly delineated governmental conservation policy -- currently applicable only to a limited class of conservation contributions -- be extended to all forms of conservation contributions. The intent is that such a change in the law would improve the integrity of the tax system by providing tax incentives only for donations that serve identified conservation or preservati on purposes.

With regard to your second question, the easement proposal to curb noncompliance in easement donations in a number of ways. Your request gives two specific examples of potentially abusive conservation easement donations: (1) golf Ollise easements; and (2) easements placed on a parcel of land to be developed by a builder of luxury homes. Such examples raise questions about the legitimacy of the conservation purpose purportedly served by the easement donation and the accuracy of the claimed value of the easement. The easement proposal was designed to address each of these concerns. For most conservation easements, the easement proposal seeks to ensure that a legitimate conservation purpose is served by requiring a showing that an easement donation is pursuant to a clearly delineated governmental conservation policy -- a showing that may be particularly difficult to make, for example, in the case of a golf course easement. In the absence of such a showing, no deduction would be allowed. In addition, even where a clearly delineated governmental conservation policy purportedly exists, the easement proposal would address the overvaluation of easements of the type you describe by: (1) denying a deduction where the property has been used or is reasonably expected to be used as a personal residence; (2) denying a deduction for 67 percent of the appraised value of a conservation easement where the property has not been used and is not reasonably expected to be used as a personal residence; and (3) imposing additional requirements on appraisers who value such easements. In short, we believe that the easement proposal would limit significantly noncompliance in connection with easement donations, particularly noncompliance involving the valuation of easements.

I hope this information is helpful to you. If we can be of further assistance in this matter, please let me know.

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[1] Joint Committee on Taxation, *Options to Improve: Tax Compliance and Reform Tax Expenditures* (JCS02-05), January 27,2005, at Section VIII.F .

[2] IRS Commissioner Everson has identified overvalU8{ion of conservation easements as a top compliance concern of the IRS. See *Lercel-fi"om JRS Commissioner" Mark W Everson to The Honorable Charles E. Grassley*, March 30, 2005; *Written Statement of Mark W. Everson, Commissioner of Internal Revenue, Before the Committee 011 Finance, United Stales Senate, Hearing on Exempt Organizations: Enforcement Problems, Accomplishments, and Future Direction*, April 5, 2005.

[Submissions for the record follow:]

America's Community Bankers, Ike Jones, statement

American Association of Debt Management Organizations, Mark Guimond, statement

American Bankers Association, Floyd Stoner, statement

American Society of Association Executives, John H. Graham IV, statement

Association of Fundraising Professionals Greater Cleveland Chapter, Cleveland, OH, Deborah S. Miller, letter

Association of Independent Consumer Credit Counseling Agencies, Poinciana, FL, David Charles Jones, statement

Berns, Peter V., Standards for Excellence Institute, Baltimore, MD, letter

Castle, James R., Ohio Hospital Association, Columbus, OH, letter

Cates-Ortega, Tina J., Read "Write" Adult Literacy Program, Moriarty, NM, joint letter

Central Arkansas Area Agency on Aging, Inc., North Little Rock, AR, Ann C. Leek, letter

Cohen, Rick, National Committee for Responsive Philanthropy, statement

Credit Union National Association, Gary Kohn, statement

Droegemueller, Heidi Ann, Phoenix Children's Hospital, Phoenix, AZ, letter

Fair Housing Center, Toledo, OH, Michael Peter Marsh, letter

Fortney, Mary Martha, National Association of State Credit Union Supervisors, Arlington, VA, statement

Graham IV, John H., Amer[illegible] statement

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Exhibit 202

CSOC.CBR.00026725

Guimond, Mark, American Association of Debt Management Organizations, statement

Hayes, David, Independent Community Bankers of America, statement

Hazen, Paul, National Cooperative Business Association, statement

Hilinski, Keith, San Diego County Veterinary Medical Association, San Diego, CA, letter

Independent Community Bankers of America, David Hayes, statement

International Community Foundation, San Diego, CA, Richard Kly, letter

International Health, Racquet and Sportsclub Association, Boston, MA, John McCarthy, letter

Jones, David Charles, Association of Independent Consumer Credit Counseling Agencies, Poinciana, FL, statement

Jones, Ike, America's Community Bankers, statement

Kly, Richard, International Community Foundation, San Diego, CA, letter and attachment

Kohn, Gary, Credit Union National Association, statement and attachment

Krehely, Jeff, National Committee for Responsive Philanthropy, statement

Leek, Ann C., Central Arkansas Area Agency on Aging, Inc., North Little Rock, AR, letter and attachment

Levy, Barbara R., Tucson, AZ, statement

Maehara, Paulette, The Association of Fundraising Professionals, Alexandria, VA, letter

Marsh, Michael Peter, Fair Housing Center, Toledo, OH, letter

McCarthy, John, International Health, Racquet and Sportsclub Association, Boston, MA, letter

Miller, Betty, Read "Write" Adult Literacy Program, Moriarty, NM, joint letter

Miller, Deborah S., Association of Fundraising Professionals Greater Cleveland Chapter, Cleveland, OH, letter

National Association of Federal Credit Unions, Arlington, VA, Brad Thaler, statement

National Association of State Credit Union Supervisors, Arlington, VA, Mary Martha Fortney, letter

National Committee for Responsive Philanthropy, Rick Cohen, Jeff Krehely, joint statement

National Cooperative Business Association, Paul Hazen, statement

Ohio Hospital Association, Columbus, OH, James R. Castle, letter

Phoenix Children's Hospital, Phoenix, AZ, Heidi Ann Droegemueller, letter

Read "Write" Adult Literacy Program, Moriarty, NM, Tina J. Cates-Ortega, Betty Miller, joint letter

Rose, Steven M., Walpole, MA, letter

San Diego County Veterinary Medical Association, San Diego, CA, Keith Hilinski, letter

Standards for Excellence Institute, Baltimore, MD, Peter V. Berns, letter

Stoner, Floyd, American Bankers Association, statement

Thaler, Brad, National Association of Federal Credit Unions, Arlington, VA, statement

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Lodico, Nicolette

From: Berresford, Susan [redacted]
Sent: Thursday, April 21, 2005 7:05 AM
To: Gray, Verna (FORD)
Subject: FW: Foundation Executives Group Memo (Hearing Testimony)
Attachments: Foundations-Ways and Means Comptroller General, U_S_ Government Accountability Office, The Honorable David M_ Walker, .htm; FOundations-Ways and Means April 20, 2005, Director, Congressional Budget Office, Douglas Holtz-Eakin, Ph_D_,.htm; Foundations-Ways and Means April 20, 2005, University of Illinois College of Law, Urbana-Champaign, Illinois, John Colombo, Professor,.htm; Foundations-Ways and Means April 20, 2005, Professor, University of Miami School of Law, Miami, Florida, Frances R_ Hill,.htm; Foundations-Ways and Means April 20, 2005, Partner, Morgan, Lewis and Bockius, and Commissioner, Internal Revenue Service, 1965-1969, The Honorable Sheldon S_ Cohen,.htm; Foundations-Ways and Means April 20, 2005, Attorney, Polsinelli Shalton Welte Sueithaus, P_C_, Kansas City, Missouri, Bruce Hopkins,.htm; Foundations-Ways and Means hearing April 20 George Yin.pdf

PLease print out. SVB

From: Scolese, Paul [redacted]
Sent: Wednesday, April 20, 2005 4:10 PM
To: Paul Brest; Berresford, Susan; Diane Canova; Janne Gallagher; Jonathan Fanton; Dot Ridings
Subject: FW: Foundation Executives Group Memo (Hearing Testimony)

-----Original Message-----
From: Kies, Ken [redacted]
Sent: Wednesday, April 20, 2005 4:09 PM
To: Kies, Ken; Leonard, Rob; Fitzgerald, Jayne; Hanford, Tim
Subject: Foundation Executives Group Memo (Hearing Testimony)

Attached for your information is the testimony from today's hearing in the House Committee on Ways and Means on charitable issues. We look forward to discussing the hearing on Monday's call.

Kenneth J. Kies
Managing Director, Federal Policy Group

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House Committee on Ways and Means

Statement of The Honorable David M. Walker, Comptroller General, U.S. Government Accountability Office

Testimony Before the House Committee on Ways and Means

April 20, 2005

Chairman Thomas and Members of the Committee:

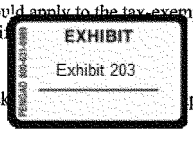
I am pleased to participate in today's hearing about the tax-exempt sector and oversight of it. The sector recognized under section 501(c) of the Internal Revenue Code (IRC) covers a diverse group of over 1.5 million entities with varying sizes and exempt purposes (see app. I for types of section 501(c) exempt entities). The breadth and diversity of the tax-exempt sector allows it to address the specific needs of many of our citizens and the general needs of society. The exempt sector, and those that volunteer to assist, also supplements government programs to meet various needs. For example, charities can supplement programs by providing comfort to the aging, health care to the uninsured, and education to the uneducated.

As the nation's tax administrator, the Internal Revenue Service (IRS) has a key role in overseeing the tax-exempt sector. Oversight can help sustain public faith in the sector and ensure that exempt entities stay true to the purposes that justify their tax exemption. It also can help protect the entire sector from potential abuses initiated by a small minority.

Before discussing the work we did for the Committee, I want to frame today's hearing within a broader context. GAO recently issued a report entitled, *21st Century Challenges: Reexamining the Base of the Federal Government.* [1] This report provides examples of a number of key questions that need to be explored in light of our current and projected fiscal imbalances as well as other changes and challenges. It highlights the need for a re-examination of all major federal policies and programs in light of 21st century realities. Although that report did not specifically cover the tax-exempt sector, the sector is a microcosm of the issues raised in the report. While the provisions granting federally recognized tax-exempt status and associated policies have been layered upon one another to respond to challenges at the time, a comprehensive re-examination of the tax-exempt sector has not been done in recent times. On a broad scale, a comprehensive re-examination could help address whether exempt entities are providing services to our citizens commensurate with their favored tax status, whether the current number and nature of exemptions continue to make sense, whether restrictions on the activities of tax-exempt entities remain relevant, and whether the framework for ensuring that exempt entities adhere to the requirements attendant to their status is satisfactory.

Today's hearing provides an excellent forum to launch such a re-examination. Some of the more specific issues that may merit re-examination for the tax-exempt sector include:

- Should the criteria for granting exempt status be reconsidered and do we need as many types of tax-exempt entities?
- Do we need to modify the model used in overseeing tax-exempt entities to ensure that the tax-exempt purpose is met and that fraud or other misuse is deterred?
- What governance standards should apply to the tax-exempt sector, and should particular types of exempt entities have more speci



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- Are the operations and activities of tax-exempt organizations sufficiently transparent to support oversight by the public, news media, and federal, state, and local governmental agencies?
- Beyond revoking tax-exempt status and various currently available intermediate sanctions, do we need more intermediate sanctions to deter abuse and enhance accountability while minimizing any damage to those served by the exempt entity?
- Should certain federal audit and internal control requirements apply to tax-exempt entities, and if so, how should the requirements vary according to entities' size or other characteristics?
- Is there sufficient transparency over the total compensation package and its justification for executives and other officials at tax-exempt entities?
- What should be the allowable "lobbying and political" activities in which different types of tax-exempt entities can engage and how should such activities be reported?
- What are the differences between nonprofit and for-profit entities that perform similar missions, such as nonprofit and for-profit hospitals, and do the nonprofit entities provide sufficiently different services to justify their exemption?
- Based on your request, I will discuss
- The growth of the tax-exempt sector, focusing on those entities whose tax-exempt status falls under section 501(c) of the IRC.
- The role of sound governance practices and transparency in ensuring that tax-exempt entities function with integrity and perform their missions effectively.
- IRS's capacity for overseeing those exempt from taxation under section 501(c), results of its oversight activities, and efforts to address critical compliance problems.
- The states' role in overseeing tax-exempt entities and their relationship with IRS in conducting oversight.

To summarize the growth of the tax-exempt sector, we analyzed data filed annually with IRS by section 501(c) entities. To summarize governance practices and transparency in the tax-exempt sector, we reviewed documents published by IRS and others, and official statements made in testimony before Congress. To summarize IRS's oversight capacity, results, and efforts to deal with critical compliance problems, we reviewed IRS's data and interviewed IRS officials. To summarize the role of states and their relationship with IRS, we reviewed our previous reports[2] and outside articles and reports. To the extent possible, we sought data from 1998 through the most recent year available for all descriptive statistics. We reviewed the reliability of the data used and found them reliable for our purposes. We did our work from December 2004 through March 2005 in accordance with generally accepted government auditing standards.

Let me begin by highlighting key points I will make.

- The 501(c) tax-exempt sector has grown steadily in reported assets, revenues, and expenses. For example, between 1998 and 2002 (the most recent year of available data), their reported assets grew 15 percent to over $2.5 trillion. Accordingly, the tax-exempt sector comprises a significant part of the nation's economy and workforce. For example, spending in the tax-exempt sector appears to be about one-tenth of our economy and the paid exempt workforce appears to be comparable in size to some of the largest sectors of the U.S. civilian workforce, such as food and lodging. The sector's significance in the economy might be greater because the asset, revenue, and expense data are likely understated to some unknown amount. For example, the data do not include all tax-exempt entities under section 501(c) because not all entities are required to file, such as religious entities, and some entities do not file required Form 990.
- Good governance and transparency are essential elements to ensure that tax-exempt entities operate with integrity and effectiveness in carrying out their missions. Governance facilitates well-run operations that dissuade abusive behavior. Transparency sheds light on entities' practices, which enhances incen[illegible]nt, and effective operations and facilitates

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oversight by the public and others. With recent concerns about abuses within the tax-exempt sector, renewed attention is being given to improving governance practices and expanding and increasing the transparency of the sector's operations.

- Staffing trends and insufficient data have contributed to IRS being challenged in executing its oversight role. IRS has begun to increase staffing during 2005, which results in 467 FTE to examine the compliance of about a half million section 501(c) entities that file Forms 990. However, IRS does not know the extent to which these entities comply. Recognizing this, IRS started efforts in 2002 to obtain compliance data for various segments of the exempt sector but had to suspend most of these efforts to use those resources on higher priorities such as pursuing known types of noncompliance. For example, IRS has ongoing special compliance initiatives dealing with critical issues such as excessive compensation and abusive tax transactions involving exempt entities. IRS is also seeking ways to access and better analyze existing data at IRS or elsewhere on exempt entities.
- States often oversee tax-exempt entities, frequently focusing on protecting thepublic from fraudulent activities and guarding against misuse of charitable assets. States and IRS believe that more data sharing would make their oversight more efficient and effective. Consistent with our earlier recommendations, IRS has improved its processes for sharing data and Congress has been considering a legislative proposal to expanded IRS's authority to share data with specified state officials under appropriate restrictions and protections related to using the data.

My statement today will address each of these topics in turn. Before that, I will provide some background on the tax-exempt sector and IRS's oversight of it.

BACKGROUND

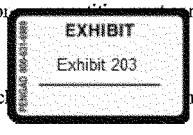
Internal Revenue Code (IRC) section 501(c) specifies 28 types of entities that are eligible for tax-exempt status and over 1.5 million entities have been recognized as exempt as of 2003.[3] Section 501 (c) entities are involved in a variety of activities and exempt purposes. Congress authorized the tax exemption for each type of entity to meet specific purposes, such as health care for the uninsured.

Almost two-thirds of these entities--over 960,000 in 2003--were classified as 501(c)(3) charities, which have exempt purposes such as serving the poor; advancing religious, educational and scientific endeavors; protecting human rights; and addressing various other social problems.[4] About another 20 percent of exempt entities were social welfare organizations, labor unions, and business associations--501(c) (4 through 6), respectively. The remainder covered an array of types of exempt entities with varying purposes and numbers. In 2003, such types included 15 teacher retirement funds, over 10,000 cemetery companies, over 4,000 state-chartered credit unions, an employee-funded pension trust, 20 corporations to finance crop operations, and over 35,000 veteran organizations.

An entity that believes it meets the requirements set by Congress must apply to IRS to obtain tax-exempt recognition by submitting the following: [5]

- Form 1023 (Application for Recognition of Exemption under Section 501(c) (3) of the Internal Revenue Code) or Form 1024 (Application for Recognition of Exemption under 501(a));
- organizing documents, such as the Articles of Incorporation, Articles of Association, Trust Indenture, Constitution, or other enabling documents;
- 4 years of financial data;[6] and
- a full description of the purposes and the activities of the entity.

After receiving tax-exempt recognitio[illegible]nually file a Form 990 to report their



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financial transactions and activities for a "tax year"(see app. II for a copy of Form 990) if annual gross receipts are normally more the $25,000. Those that have less than $100,000 in gross receipts and year-end assets of less than $250,000 may use Form 990-EZ. Generally, entities with gross receipts below $25,000 are not required to file. Certain types of entities such as churches and religious organizations also are not required to file. Form 990 has information on revenues, expenses, and assets. For 2003, the form had 105 line items on 6 pages as well as 46 pages of instructions plus two schedules. Schedule A covers several areas such as compensation, lobbying, and revenue sources. Schedule B covers the source of contributions to charities and certain other exempt entities, such as IRC Section 527 political organizations.

IRS oversight relies on two activities. First, IRS reviews applications for tax-exempt status to determine whether a tax-exempt purpose is envisioned. IRS can approve or deny the application. Once an application is properly completed, the criterion for approving or denying the exemption is whether the applicant provides sufficient evidence that its operations will match an allowable exempt purpose. Second, IRS annually examines some Forms 990 to determine whether selected exempt entities meet various requirements (such as restrictions on political activities). In general, IRS attempts to select entities that it believes are likely to have violated requirements. IRS can accept the Form 990 as filed or change the status of the entity, impose excise taxes for certain types of violations, or revoke the exempt status if the violations are serious enough. IRS can also assess taxes if an entity has not fully paid employment taxes or taxes on unrelated business income.

Given concerns about the tax-exempt sector, the Senate Committee on Finance asked that a panel of experts make recommendations to Congress to improve oversight, transparency, and governance in the sector. To do so, the Independent Sector[7] convened a Nonprofit Sector Panel in October 2004, which includes 24 nonprofit and philanthropic leaders. [8] It provided an interim report of findings and recommendations in March 2005 and plans to issue a final report in June 2005.

TAX-EXEMPT ASSETS, REVENUES, AND EXPENSES HAVE GROWN, MAKING IT A SIGNIFICANT SECTOR IN THE NATION'S ECONOMY

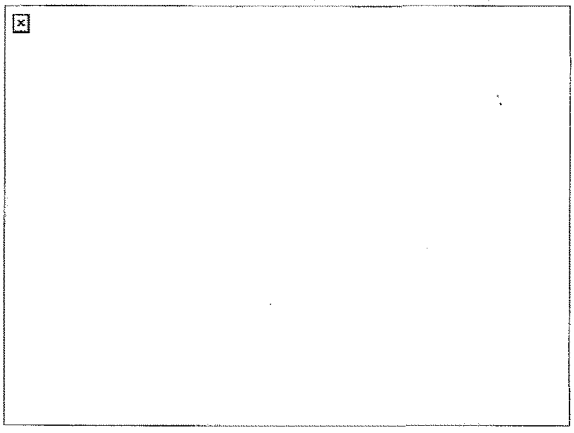
The tax-exempt sector is growing. During 1998 through 2002, more entities have been filing Forms 990 and reporting higher amounts of assets, revenues, and expenses. These reported amounts indicate that the tax-exempt sector is a significant part of the economy and the civilian workforce.

The data on the growth in assets, revenues, and expenses reported on the annual Form 990 are likely to be understated because not all tax-exempt entities under section 501(c) are included. Entities below certain asset or gross receipt tolerances are not required to file. Nor are various types of religious entities. Further, an unknown number of tax-exempt entities do not file the required Form 990. The number and finances of those not included are unknown.

Tax-exempt Entities Have Reported Increased Assets, Revenues, and Expenses

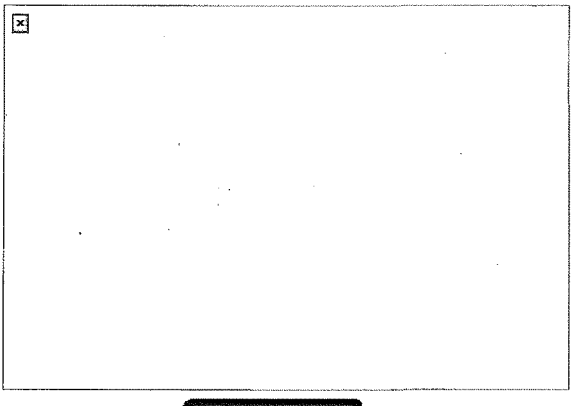
For tax years 1998 through 2002, the number of section 501(c) exempt entities filing a Form 990 grew from about 450,000 to 465,000--about 3 percent (see table 1 in app. III). These Forms 990—of which between 63 and 65 percent are filed by charities--have been reporting higher asset amounts. Figure 1 shows the growth in reported assets for tax years 1998 to 2002 (the most recent year of data). The reported assets grew 15 percent to over $2.5 trillion—about 12 percent growth for section 501(c)(3) charities and about 22 percent growth for the other 27 types of noncharities covered under section 501 (c). (See table 2 in app. III.)

Figure 1: Assets Reported by Section 501(c) Entities in 2004 Constant Dollars, Tax Years 1998-2002



The reported revenue and expense amounts also grew from tax years 1998 through 2002 (see tables 3 and 4 in app. III). However, the amount by which reported revenues exceeded expenses has been closing for exempt entities filing Forms 990---from about 9 percentage points in 1998 to 2 percentage points in 2002 (see figure 2).

Figure 2: Revenue and Expenses Reported by Section 501(c) Entities in 2004 Constant Dollars, Tax Years 1998-2002



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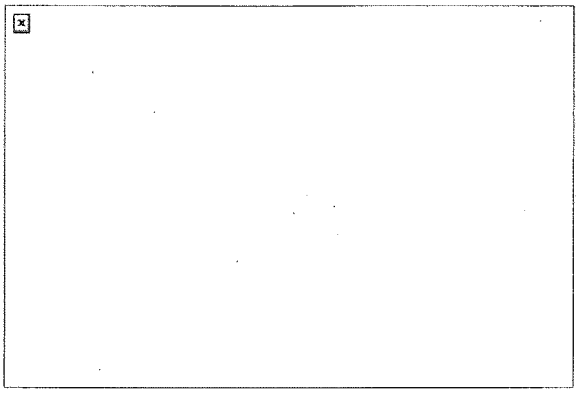
Tax-exempt Sector Is a Significant Part of the Economy and Civilian Workforce

The growth in the tax-exempt sector indicates that it has become a major part of our economy and workforce. From 1975 to 1995, the real assets of entities filing Forms 990 more than tripled while the economy grew 74 percent during the same 20-year period, according to an IRS study.[9] More recently, based on data reported on Forms 990 during 1998 through 2002, spending by tax-exempt entities was roughly 11 to 12 percent of the United States' gross domestic product (GDP).[10] (See table 5 in app. III.) Because the tax-exempt sector is not measured as a specified GDP sector, its percentage of GDP cannot be compared to official GDP sectors such as medical care or housing, which likely include spending by tax-exempt entities. Even so, no single sector accounted for more than 15 percent of the GDP in 2002.

Figure 3 indicates that tax-exempt entities appear to account for a major portion of the civilian workforce. Data from the U.S. Census indicates that over 9.6 million employees in the tax-exempt sector accounted for about 9 percent of the civilian workforce in 2002. Although generally aligned with section 501(c), the Census definition of a tax-exempt entity excluded certain types of entities (such as universities, labor unions, religious organizations, and public administration), which means that the number of tax-exempt employees is understated.

Figure 3: Paid Employees by Economic Sector as Percentage of U.S. Workforce, 2002



Note: "Other" category includes 13 economic sectors that individually accounted for less than 8 percent of the workforce in 2002, including educational services such as technical, driving, and other specialized training schools; mining; utilities; construction; and real estate.

In addition to paid workers, one study[11] suggests that the number of volunteers at certain tax-exempt entities (which account for at least 60 percent of the sector)grew about 27 percent from 4.5 million in 1982 to 5.7 million volunteers in 1998.

STRONG SELF-GOVERNANCE AND TRANSPARENCY ARE ESSENTIAL ELEMENTS FOR A THRIVING AND EFFECTIVE EXEMPT SECTOR

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Strong self-governance and transparency are essential elements to help provide assurance that tax-exempt entities operate with integrity and effectiveness in meeting their missions while maintaining public trust. A number of requirements help establish governing structures while required public disclosure of information about exempt entities enhances transparency. However, recent concerns about abuses in the tax-exempt sector have prompted consideration of and support for enhanced governance and transparency.

Good Governance Helps Provide Assurance that a Tax-exempt Entity Effectively Manages Funding and Programs

Governance can be viewed as the collective policies and oversight mechanisms in place to establish and maintain sustainable and accountable organizations that achieve their missions while demonstrating stewardship over resources. Good governance helps ensure that tax-exempt entities are well run and that abusive behavior is minimized. Generally, an organization's board of directors has a key role in governance through its oversight of executive management, corporate strategy, risk management and audit processes, and communications with external stakeholders. This is implicitly recognized in some of the statutory and regulatory requirements for the tax-exempt sector.

For example, to obtain federal tax-exempt recognition, applying entities must include charters and bylaws with their application. The states in which they are established specify what must be included in the charters and/or bylaws and the states' requirements help create a basic governance structure for exempt entities. Some states, for instance, have requirements for audited financial statements of tax-exempt entities. For example, in one state, charities with gross revenue in excess of $100,000 and not more than $250,000 are required to file financial statements accompanied by a report from a licensed certified public accountant. If gross revenues exceed $250,000, the state requires an audited financial statement with an independent auditor's report.

In addition, Congress and IRS have various requirements to help ensure that tax-exempt entities do not engage in activities that are inconsistent with their exempt purpose and to promote stewardship over the use of the funds. For instance, to ensure that tax-exempt assets are for public rather than private benefit, IRS has issued regulations affecting tax-exempt entities on "excessive compensation" to officers, directors, or other employees. IRS requires market comparability studies and a review of compensation by boards of directors. If excessive compensation is found, excise taxes under section 4958 for charities and section 4941 for private foundations can be levied against the overpaid individual and certain managers who knowingly approved the payments. (See app. V for an explanation of such excise taxes imposed against private foundations and other tax-exempt entities.)

The federal government also has certain accountability requirements that affect some tax-exempt entities. OMB Circular A-133, for instance, requires those entities, including tax-exempt entities that receive federal awards of $500,000 or more per year to perform an audit of federal funds received and expended and ofthe programs for which the funds were received.

Transparency complements good governance

While strong governance practices can help ensure that tax-exempt entities operate effectively and with integrity, public availability of key information about the entities--i.e., transparency--can both enhance incentives for ethical and effective operations and support public oversight of tax-exempt entities, while helping to achieve and maintain public trust. Recognizing the importance of transparency for tax-exempt entities, Congress provided for substantial transparency regarding tax-exempt entities by making their Forms 990 publicly available documents. This is in stark contrast to the strong protections for the

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privacy of individuals' tax returns.

Since tax exemptions are granted to entities so that they can carry out particular missions or activities that Congress judged to be of special value, the public availability of the entities' Forms 990 is one means to help ensure that the public has information to judge whether those missions are carried out properly. Presumably, when "sunshine" is let in, inappropriate activities are less likely to occur. In the particular case of charitable organizations, the availability of their Forms 990 provides some information for individuals to use in judging whether to make a donation. Thus, publicly available information helps establish a "free market" in which charities compete for donations, which should encourage efficiency and effectiveness.

At various times, Congress has reinforced the commitment to transparency over the operations of tax-exempt entities. For instance, when some exempt entities were found to be imposing inappropriate fees or other requirements on those seeking to obtain a copy of their Form 990, Congress modified the law to provide that copies must be provided without charge to the individual other than a reasonable fee for any reproduction and mailing costs.[12]

Recent Concerns about Abuses Have Led to Support for Enhanced Governance Processes and Transparency

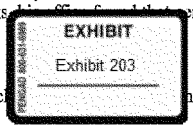
With recent concerns about abuses in the tax-exempt sector, attention has been renewed on improving the sector's governance and transparency. Among the proposals being considered for improved governance are enhancing the controls and processes for determining executive compensation, guarding against other misuse of charitable assets, and forestalling tax-exempt entities' participation in tax avoidance schemes. Proposals for enhanced transparency include requiring more information in a more timely and user-friendly fashion on the Form 990.

In recent years, media accounts have publicized certain alleged abuses in the tax-exempt sector that speak to failures in tax-exempt entities' governance. For example, a series of articles in 2003 highlighted possible misuse of foundations and trusts, citing numerous cases of excess compensation, insider loans, self-dealing, extravagant perks, and other questionable activities.[13] The articles cited, for instance, alleged abuses such as:

- A foundation in New York more than tripled its president's compensation to over $900,000 between 1997 and 2001.
- A family-based foundation in Chicago paid two family members over $1 million during a 5-year stretch and donated only $175,000 to charities.

Another series of articles pointed to the apparent misuse of easements.[14] An easement is when an owner voluntarily restricts changes to real property, such as to preserve historic buildings and the environment. Donation of the easement to an exempt entity provides an income-tax break to the donor. In some cases, insiders at the charities charged with policing the restrictions imposed by the easements on development may have benefited the most. In other cases, individuals may have claimed tax deductions for easement donations even though local or other laws already required preservation of the property.

Concerns about excessive compensation and whether some tax-exempt entities provide sufficient services to justify their exempt status have surfaced regarding nonprofit hospitals. An example of concerns in these areas has been offered by the Minnesota Attorney General who recently testified on such abuses. [15] Among other things, [illegible] certain tax-exempt health care systems paid



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for trips to vacation resorts by executives and board members without a clear business purpose, and that some nonprofit hospitals provided inadequate levels of "charity" care to patients without the resources to pay. Across the United States, little is known about the extent to which these potential abuses involving excess compensation and the level of services provided by nonprofit hospitals occur. More information about the practices employed by exempt entities to compensate executives and others, and by nonprofit hospitals to serve their patients, would be valuable.

Even as these abuses were surfacing, some organizations within the tax-exempt sector were seeking to improve the governance and transparency within the sector. For example, in recent years, the National Association of State Charity Officials (NASCO), the Independent Sector, and the National Committee for Responsive Philanthropy, among others, have called for revisions to the Form 990.

Others have taken the initiative to establish self-regulatory standards independent of those set by IRS. For example, the Better Business Bureau has established a seal of approval program to help donors make informed decisions and foster public confidence in charities. Charities participating in the program are to provide documentation that the bureau uses to determine whether its 20 standards have been met. These standards address governance and oversight, effectiveness, finances, and public information materials. For example, 5 standards are used to measure governance and oversight such as through an active and independent governing board, and 7 standards are used to ensure that spending is honest, prudent, and in accordance with fund-raising appeals.

Concerns about abuses in the tax-exempt sector also have spurred congressional interests. This House Committee on Ways and Means' hearing exemplifies that interest. In June 2004, the Senate Committee on Finance released a discussion draft of proposals for tax-exempt reforms. The draft discussed more than three-dozen proposals to generate comments about possible legislation. The proposals addressed conflict of interest, federal-state coordination, transparency, governance, best practices, funding for enforcement, among many others. Such proposals mirror similar types of recent requirements to increase accountability and oversight of other types of large public and private organizations, such as corporations, in which ethical, financial, and other abuses have occurred.

The Panel on the Nonprofit Sector responded to such proposals in its March 2005 interim report. In discussing governance and ethical conduct, the report pointed to the need for best practices, accepted standards, self-regulation, and education. To improve governance, the report recommended that charities enforce a conflict-of-interest policy, select board members with some financial literacy, and encourage disclosure of illegal practices. The report also advocated more transparency to enable public oversight and confidence in tax-exempt entities. It concluded that IRS should promote transparency while recognizing the burdens that reporting more data can place on exempt entities that are small and lack resources. The report supported revising the Form 990, mandating electronic filing in coordination with the states for the Forms 990 and 1023, and increasing the sanctions for not filing an accurate or timely Form 990. The report acknowledged that these steps would not fully dissuade those who want to violate standards, and concluded that some government oversight is necessary.

More specifically, among the proposals being considered to improve governance and transparency are:

- Governance Proposals:
    - Require that compensation for all management positions at a charity must be approved annually and in advance, and must be justified in a manner that can be understood by those with a basic business background.
    - Require the board of directors of a charity to establish a conflict-of-interest policy, a

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compliance program to address regulatory and liability concerns, and program objectives and performance measures, among other duties.
- Prohibit board membership to those not permitted to serve on the board of a publicly traded company.
- Establish a prudent investor rule for the investment activities of charities.

- Transparency Proposals:

  - Require the chief executive officer of a tax-exempt entity to sign under penalty of perjury that the Form 990 and other forms filed comply with the Internal Revenue Code and that reasonable assurances were given of the accuracy and completeness of the information reported.
  - Require disclosure of relationships of a tax-exempt entity with other exempt and nonexempt entities, including the formation of taxable subsidiaries and transactions with these other entities.
  - Require disclosure of annual performance goals and measures by charities with over $250,000 in gross receipts.
  - Require disclosure of investments by public charities.

IRS HAS BEEN CHALLENGED TO OVERSEE TAX-EXEMPTS AND IS BEGINNING STEPS TO ENHANCE ITS OVERSIGHT CAPACITY

Staffing and insufficient data have constrained IRS's oversight of the tax-exempt sector. IRS is in the midst of increasing tax-exempt staffing in fiscal year 2005 and improving its data on tax-exempt entities as well as enhancing its ability to analyze data to help in targeting compliance efforts. IRS has identified compliance problems it deems critical and is taking actions to address them.

IRS Oversight Resources Have Been Relatively Flat Until Recently

Based on a 1997 IRS memorandum and more recent data, it is apparent that the staffing level for the functions that are now within the Tax Exempt and Governmental Entities (TE/GE) division has been essentially flat since 1974 -- 2,075 in 1974 versus 2,122 in 2004. These are total staffing levels for all of the work done within the current TE/GE, which includes reviewing employee pension plan issues and certain other matters. Although we did not obtain a measure of the overall change in TE/GE workload from 1974 to 2004, the number of 501(c) tax-exempt entities increased from around 670,000 to over 1.5 million.

From fiscal year 2000 through 2004, IRS staffing for overseeing tax-exempt entities stayed relatively flat as measured by the number of full-time equivalent (FTE) staff assigned to oversee tax-exempt entities.[16] For fiscal year 2005, IRS increased the number of FTEs assigned for such work. The assigned FTEsdropped about 4 percent from fiscal years 2000 through 2004 but increased about 11 percent for fiscal year2005, resulting in a 7 percent increase in assigned FTEs overall (see fig. 4). This 2005 increase is due to the FTEs assigned to do examinations since the FTEs assigned to do determinations of exempt status stayed relatively flat. As of 2005, IRS assigned 467 FTEs to examine the hundreds of thousands of entities who generally file Forms 990 (see table 6 in app. IV).

Figure 4: Assigned FTEs by Type of IRS Activity, Fiscal Years 2000-2005



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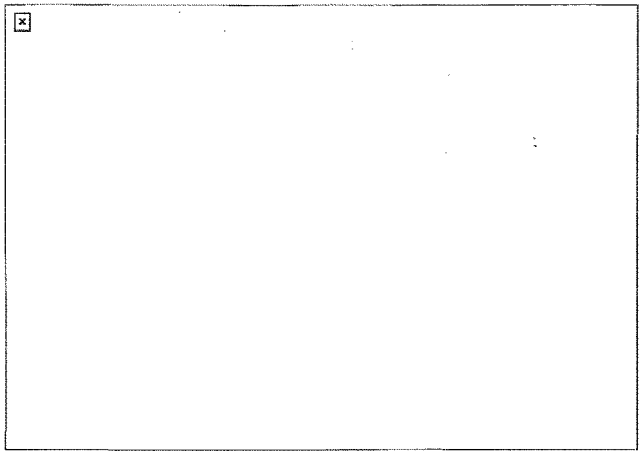

Note: "Other FTE" includes technical staff who issue rulings, the Director's staff, and education and outreach.

Competition within IRS for resources helps explain why resources for tax-exempt oversight have not increased much until fiscal year 2005. IRS has many other priorities in collecting the proper amount of tax from tens of millions of individuals and businesses. IRS's budget emphasizes areas that produce tax revenue rather than areas that are regulatory. IRS oversight of the exempt sector is primarily regulatory rather than revenue producing. IRS exempt officials also said that an ongoing issue is the proper mix of resources budgeted for oversight versus other activities such as providing guidance or education. Beyond tax-exempt entities, TE/GE must also budget resources to deal with pension plans, Indian tribal governments, and other types of government entities.

Congressional tax-writing committees have attempted to provide dedicated funding for exempt oversight. For example, in 1969, Congress added section 4940 to the Internal Revenue Code, which imposes an excise tax on the net investment income of private foundations (see app. V for an explanation of this tax and tax rates). The legislative history indicates that the tax committees intended for the amounts collected from the excise taxes would operate as user fees to fund IRS oversight of exempt entities. To date, congressional appropriation committees, which have jurisdiction over annual funding, have not earmarked these tax collections for this purpose.[17]

IRS has not maintained data on how much excise tax it has assessed or collected under Section 4940 (or any other excise tax that can be assessed against tax-exempt entities either overall or by type of excise tax). However, IRS did have data that showed tax-exempt entities reported owing (i.e., self-assessed), in 2004 constant dollars, at least $247 million in this excise tax annually (about $1.5 billion overall) for 2000 through 2003 (see table 10 in app. V). For comparison, the fiscal year 2003 budget for all of TE/GE (i.e., not just tax-exempt oversight functions) was around $205 million.

IRS's Oversight Caseload Has Been I... ...rs and IRS Has Had Difficulties

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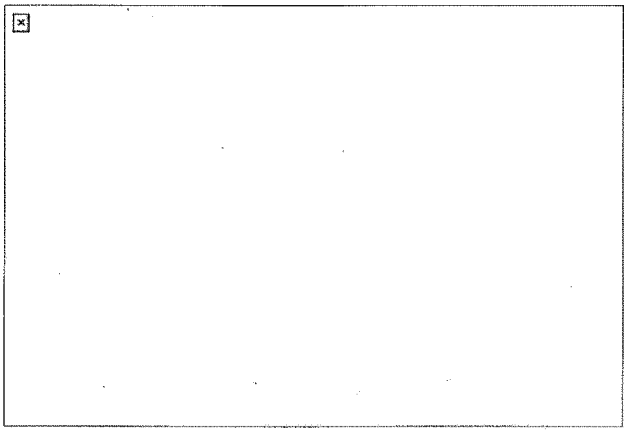
Sustaining Its Oversight

For section 501(c) entities, IRS's oversight caseload has been increasing. In its determinations' work involving applications for tax-exempt status, in fiscal years 1998 through 2004, applications increased about 17 percent from 78,358 to 87,080, with some annual fluctuations (see table 7 in app. IV). IRS officials said that IRS must review each application to make a determination of exempt status. IRS's potential tax-exempt examination universe has grown more slowly. As mentioned earlier, the number of exempt entities filing a Form 990 grew from about 450,000 to 465,000 during tax years 1998 through 2002—or about 3 percent.

IRS has had difficulty sustaining a consistent examination rate for tax-exempt entities. As figure 5 shows, the rate at which IRS examined filed Forms 990 fell from 1.8 percent in 1998 to 1.1 percent in 2002 before rising to 1.3 percent in 2003 (see table 8 in app. IV).

FIGURE 5: IRS Examination Rates for Section 501(c) Entities, Fiscal Years 1998-2003



IRS officials said that the declining examination rates primarily resulted from a decline in FTEs for examinations and an increase in the average hours spent per examination. The number of tax-exempt entities that IRS examined decreased from 8,290 in fiscal year 1998 to 5,889 in 2004, or about 29 percent, after dropping as low as 5,423 examinations in 2002. IRS officials said that they have examined more returns since 2002 because they used more of their examiners to examine Forms 990 rather than help elsewhere such as with determinations, and expedited examinations, such as by limiting their scope and depth.

In terms of determinations' results, during fiscal years 1998 through 2004, IRS annuallydenied about 1 percent of the applications while the approval rate was 74-80 percent (see table 7 in app. IV).[18] Denials occur when IRS determines that an applicant has not met the statutory requirements for exemption. In accordance with the statutory guidance on qualifying for tax-exempt status, IRS is not likely to deny the recognition of tax-exempt status as long as the applicant provides all required documents, files a complete Form 102 ppriate statement about its intent to serve

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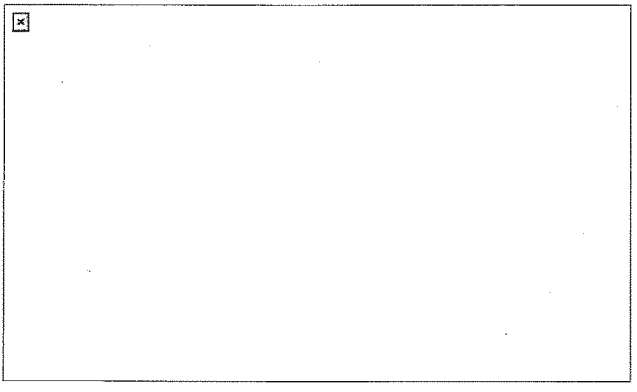
an approved exempt purpose.

Regarding examination results,during fiscal years 1998 through 2003, IRS revoked exempt status in 1.2 percent of its examinations. Revocations occur when IRS determines that the entity omitted or misstated a material fact, operated materially different from its stated exempt purpose, or engaged in a prohibited transaction in conflict with its exempt purpose. IRS does not often revoke tax-exempt status because the need for revocation often does not arise and when it does, IRS focuses more on getting the tax-exempt entity to comply with federal laws rather than on taking away its exempt status.

Beyond revocations, IRS examinations can produce one or more other changes[19] such as in the section 501(c) paragraph,[20] foundation status of a 501(c)(3) entity,[21] and assessed tax.[22] Changes in paragraph are important because of rules governing permissible activities. For example, a tax-exempt entity classified as a charity under 501(c)(3) can accept donations that are tax deductible for the donor unlike those classified as a social welfare entity under Section 501(c)(4). However, such charities are more restricted in their ability to lobby and engage in political activity compared to social welfare entities. Changes in foundation status are important because foundations generally are subjected to more requirements than public charities, such as in the requirement to annually distribute a minimum amount of income towards its exempt purpose.

Figure 6 shows that the percentage of examinations that produced no change rose from 31 percent in fiscal year 1998 to 39 percent in 2004, with higher rates in 2002 and 2003 (see table 9 in app. IV). In general, IRS is not likely to find a change in every examination given the focus on getting exempt entities into compliance and the need for better data to select the most noncompliant entities for examination. Higher no-change rates mean that IRS spends resources examining compliant entities. IRS officials said that they are working to reduce the no-change rate to or below the 1998 level.

Figure 6: No-Change Rate for Examinations of Forms 990, Fiscal Years 1998-2004



IRS Has Had Insufficient Reliable Information to Guide Oversight Efforts but Is Working to Obtain Better Information

IRS has acknowledged that it lacks sufficient information to effectively find and address noncompliance among

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tax-exempt entities. At the same time, IRS is aware that improvement to the Form 990 data made available to the public could better support public, media, and others' oversight of tax-exempt entities. To better enable it to collect and analyze such data, IRS is taking a number of steps. IRS is also trying different actions to enhance its ability to address critical and other types of noncompliance.

To help identify noncompliance, IRS is revising the data requested on the Form 990. IRS has determined that the Form 990 does not provide sufficient data to identify tax-exempt entities that merit an examination due to noncompliance. Nor can IRS easily compare Form 990 data with data reported on the Form 1023.[23] For example, the current Form 1023 requests data on hospitals and low-income housing that are not captured in the Form 990. Being able to compare similar data on both forms would better enable IRS to see whether the stated exempt purpose is being pursued and met.

To enhance the usefulness and ease of preparation of the Form 990, IRS officials stated that the IRS is undertaking a large-scale revision. IRS officials said that the revision process has key steps to be taken before IRS shares the specific changes. However, IRS officials identified some general changes being developed. To ease preparation, IRS is attempting to write all questions in plain English and group questions related to an issue. Further, IRS officials explained that the revised Form 990 is to consist of one form applicable to all tax-exempt entities and a series of organization and activity schedules. The organization schedules would be tailored to filers such as hospitals or veteran's organizations while the activity schedules would be tailored to issues such as compensation packages and grant making that may be financing terrorism.

An IRS team completed a first draft of the revised Form 990 in December 2004. Before setting milestones for publishing the Form 990, IRS wants to allow for review by various parties inside and outside IRS. IRS also plans to consider recommendations on the Form 990 of the Nonprofit Sector Panel to be presented in its final report in June 2005. Finally, IRS plans to make the revised Form 990 suitable for electronic filing in a cost-effective manner.

IRS has also recognized that it has insufficient data on the extent or causes of noncompliance for segments of the tax-exempt sector. IRS has done a few studies to measure the compliance of exempt entities filing Forms 990 and reporting items such as the unrelated business income tax owed. IRS did these studies in the 1970s, except for a smaller compliance study done during the 1980s.

To alleviate such data shortcomings, in 2002, IRS began over 30 studies of "market segments," which are homogeneous groups of tax-exempt entities such as charities, social clubs, and business leagues, or of exempt issues such as business income unrelated to an exempt purpose. These studies were to develop reliable data on the types and extent of compliance problems. IRS planned to use the data to refine selection criteria for identifying noncompliant returns for examination as well as help identify other strategies to improve compliance such as through improved guidance or instructions. However, IRS has had to delay most of these studies due to higher priorities (such as dealing with abusive tax transactions).

Given its concern about insufficient data, IRS also is taking steps in fiscal year 2005 to improve its capabilities to analyze data. IRS has been establishing a Data Analysis Unit to provide trend analysis intended to improve the selection of tax-exempt entities for examination and the identification of compliance issues to pursue. The unit is to make better use of internal and external databases.[24] A driving force in creating the unit was the lack of research tools and staff trained in using data. As described below, IRS has several other efforts underway or planned to improve the use of electronic data on the tax-exempt sector.



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- IRS plans to expand electronic filing of returns, which could help IRS to more quickly identify noncompliance and improve public access to Form 990 data.[25] IRS began accepting the Form 990[26] electronically on a voluntary basis in 2004, and plans to expand voluntary electronic filing to Form 990-PF filed by private foundations in 2005 and to create a single point for electronic filing of federal and state returns in 2006. IRS plans to require electronic Form 990 filing for exempt organizations with assets in excess of $100 million for 2006 and in excess of $10 million for 2007. Private foundations would be required to file electronically for 2007 regardless of the amount of their assets. [27]
- IRS's Exempt Organizations Electronic Initiatives Office[28] is developing a "Better Data Initiative" intended to synthesize IRS's electronic data for compliance purposes, such as examination selection and compliance trend analysis. The goal is to have an effective database management infrastructure in place by 2007. This office also is to help find and use electronic data sources that would be useful for trend analysis.

IRS Has Identified Priority Compliance Issues and Is Working to Address Them

Because of increasing concerns about specific types of noncompliance, IRS has created initiatives to address specific abuses across the tax-exempt sector. IRS also is attempting to build a stronger enforcement presence during 2005 through new processes to supplement examinations of compliance among exempt entities.

IRS has identified four critical compliance problems, which it plans to address through enforcement during fiscal year 2005, as follows.

- Anti-terrorism – examine a sample of exempt entities that make foreign grants to ensure that the funds are used for the charitable purpose and not for terrorist activity.
- · Credit counseling – examine credit counseling and consumer credit organizations that appear to operate as businesses rather than provide the educational or charitable services required under tax-exempt status.
- Excessive compensation – conduct compliance checks and examinations of charities and private foundations to identify potential excessive compensation paid to insiders.
- Abusive tax avoidance transactions – focus on four types of transactions that are intended to exploit tax-exempt status for personal gains, including:

    - using non-life mutual insurance companies[29]and producer-owned reinsurance companies[30]to earn tax-free profits.
    - establishing donor-advised funds[31]to generate questionable deductions, benefits to donors, or management fees for promoters.
    - misusing tax-exempt entities that are to support other exempt entities by, for example, making large loans to the founder of the supported entity or by not providing the required tax-exempt support.
    - abusing Department of Housing and Urban Development programs such as through personal use of program property.

IRS plans to address other compliance problems as well. The problems to be addressed involve charitable gaming, disaster relief organizations whose distributions result in private benefit or fraud, tax-exempt political organizations that fail to annually report all required information, and prohibited political intervention by charities.[32] In addition, IRS is addressing excess deductions for conservation easements, vehicle donations and other noncash contributions, as well as abuses involving charitable trusts, and a "corporation sole".[33]



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To enhance enforcement overall, IRS has been developing new units or processes. For example, IRS created the Exempt Organization Compliance Unit in 2004 to help deal with growth in the number of tax-exempt entities coupled with the limited examination resources. It is to check exempt entities' compliance with record-keeping and information-reporting requirements via correspondence rather than a review of books and records in an examination. During fiscal year 2004, the unit sent over 2,000 letters to check compliance and over 8,000 letters to educate the entities about how to comply. If an entity does not respond or has questionable activity identified in the compliance check, IRS could initiate an examination.

IRS also is developing a Financial Investigations Unit to specialize in complex fraud and tax-avoidance schemes involving the exempt sector. IRS recognized that it lacked staff in its tax-exempt unit trained to trace funds through complex transactions but was being asked to ensure that charitable assets are not diverted for illegal purposes. IRS plans to hire specialists that can identify fraud and track foreign grants. Furthermore, IRS has established a group to review exempt applications for names of individuals that appear on a Department of the Treasury Office of Foreign Assets Control listing of suspected terrorists or that IRS knows to be tax-scheme promoters as well as for types of entities with a history of noncompliance, such as in credit counseling. The presence of such names or entities would likely result in a referral to the examination group, or for a suspected terrorist, to IRS Criminal Investigation group.

STATES PLAY AN IMPORTANT ROLE IN OVERSEEING TAX-EXEMPT ENTITIES AND MAY BENEFIT FROM ADDITIONAL COORDINATION WITH IRS

In addition to IRS oversight, states oversee tax-exempt entities, often focusing on potential fund-raising fraud and misuse of charitable assets. The states believe that their oversight could be more effective if IRS were able to share additional information with them. We have previously recommended that IRS work with states on data-sharing proposals that Congress could consider.

States Provide Critical Oversight

Many states oversee some aspects of the tax-exempt sector through their attorney general and/or state charity offices. Although some overlap in responsibility with IRS exists, state oversight differs. IRS focuses on whether the tax-exempt entities meet tax-exempt requirements and comply with federal laws. States have an interest in whether tax-exempt charities' fund-raising is fraudulent and whether the entity is meeting the purpose for which it was created.

In general, exempt entities are to incorporate in a state or the District of Columbia. State attorneys general have broad power to regulate the charities that are established or operate in their states. States monitor charities for compliance with statutory and common-law standards, and can correct noncompliance through litigation and other means.

States can impose requirements on tax-exempt entities incorporated or operating in their jurisdictions that specifically affect governance or transparency. For example, some states require fund-raisers to register and file information regarding fund-raising or monitor charity solicitations through their consumer protection bureaus to protect against fraud. Through its Nonprofit Integrity Act of 2004, California established governance requirements for financial audits, audit committees, disclosure of audited statements, and review and approval by the board of directors of compensation paid to the chief executive officer and chief financial officer. The act also established requirements related to fundraising.

Coordination between IRS and the States in Sharing Data About Tax-Exempt Entities Could Enhance Oversight and the Use of Limited Resources

State officials believe, and IRS officials agree, that state oversight of tax-exempt entities could benefit if IRS and states coordinated on sharing IRS's data. IRS is working on improved data sharing consistent with recommendations we made in 2002.[34] First, we recommended that IRS consult with state charity officials on how to regularly share IRS data that federal law allowed to be shared (e.g., data on denials or revocations of tax-exempt status). State charity officials told us that IRS has implemented this recommendation and has been open to input from the states on how to better share the data on a regular basis.

Second, we recommended that IRS work with state charity officials and the Department of the Treasury to identify other types of IRS data that states would find useful and provisions to protect the data from improper disclosure or misuse, and to develop a legislative proposal that would expand state access to such IRS data. State and IRS officials believe that revising statutes to allow IRS to share more data, such as about ongoing and closed examinations of charities, would help IRS and states to better use limited resources and the states to more quickly respond to noncompliance. Congress is now considering a proposal to allow IRS to share more information with the states, including their charity regulators.

CONCLUDING OBSERVATIONS

Tax-exempt entities provide an incredibly diverse set of services to our equally diverse population. Our lives are enriched and improved through the work of this sector. In sum, the tax-exempt sector has become an indispensable part of American life. Yet, like all organizations run by human beings, tax-exempt entities' operations can at times be flawed.

Ensuring that tax-exempt entities run as effectively and efficiently as possible, and in line with the purposes for which Congress established their tax exemption, can best be accomplished through a series of complementary controls. At the organization level, a sound governance structure can establish the set of checks and balances that help steer an entity towards result-oriented outcomes consistent with their purposes while also guarding against abuses. Transparency over the operations of the exempt entity provides an incentive to help ensure the governance practices function as intended and when they do not, transparency helps increase the chances that inappropriate behavior will be detected and corrected. Oversight by IRS and the states brings to bear the powers of government to investigate errors made among tax-exempt entities, to change the rules when necessary, and to provide consequences when rules are not followed.

Regarding oversight by states, IRS and states believe greater sharing of federal data would help states target their enforcement efforts and minimize unnecessary overlap with federal oversight of exempt organizations. As we recommended, we look forward to IRS, the Department of the Treasury, and states identifying the specific information that should be shared and procedures for sharing it consistent with taxpayer privacy rights, to help Congress in deliberating changes to current restrictions on IRS sharing such data with the states.

Ultimately, Congress determines what activities should benefit from tax exemption and what organizations must do in exchange for that advantage. Periodic congressional oversight is therefore critical to ensuring that the exempt sector remains a vibrant contributor to the quality of American lives and operates with integrity in achieving results commensurate with the tax-favored status it has been granted. As noted earlier, the hearing [illegible] lent forum from which to launch a



comprehensive re-examination of this vital sector as we work to address the challenges arising in the 21st century. We stand ready to assist Congress as it considers such a re-examination and continues its oversight of this critical sector of our national economy.

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Mr. Chairman, this concludes my prepared statement. I would be happy to respond to any questions you or other Members of the committee may have.

For further information on this testimony, please contact Michael Brostek at (202 512-9110) or [brostekm@gao.gov]. Individuals making key contributions to this testimony include Perry Datwyler, George Guttman, Shirley Jones, Bob McKay, John Mingus, Jeff Schmerling, and Tom Short.

Appendix I: Types of Tax-Exempt Entities under Section 501(c)

The following lists the 28 types of tax-exempt entities under the subsections of section 501(c) of the Internal Revenue Code.

(1) Corporations organized by Act of Congress; Central Liquidity Facility for Federal Credit Unions; Resolution Trust Corporation; Resolution Funding Corporation

(2) Title-holding corporations

(3) Public charities, private foundations, religious, charitable, scientific, testing for public safety, literary, or educational, fostering national or international amateur sports competition, prevention of cruelty to children or animals

(4) Civic leagues, social welfare organizations, local associations of employees dedicated to charitable, educational, or recreational purposes

(5) Labor unions, agricultural, or horticultural organizations

(6) Trade associations, professional football leagues

(7) Social and recreational clubs

(8) Fraternal benefit societies providing payment of certain benefits to members

(9) Voluntary employees' beneficiary associations providing payment of certain employee benefits

(10) Domestic fraternal societies whose net earnings are devoted to religious, charitable, scientific, literary, educational, and fraternal purposes, which do not provide benefits to members

(11) Teachers' retirement fund associations

(12) Benevolent life insurance associations, mutual ditch or irrigation companies, mutual or cooperative telephone, electric, or water companies

(13) Cemetery companies

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(14) Credit unions

(15) Small mutual insurance companies

(16) Corporations to finance crop operations

(17) Supplemental unemployment benefit trusts

(18) Pre-June 25, 1959 trusts to fund pension benefits

(19) Veterans' groups

(20) Group legal service organizations

(21) Black lung benefit trusts

(22) Multi-employer pension plan trusts

(23) Armed Forces insurance organizations established before 1880

(24) ERISA trusts for certain terminated plans

(25) Multi-parent holding companies

(26) State-sponsored, high-risk insurance organizations

(27) State-sponsored worker compensation reinsurance organizations

(28) National railroad retirement investment trust

Appendix II Copy Of Form 990

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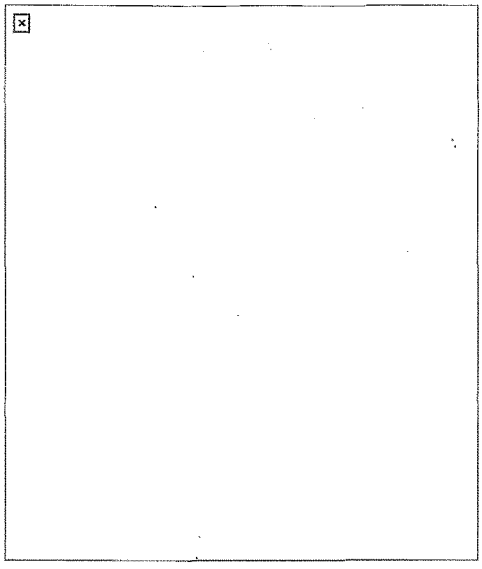

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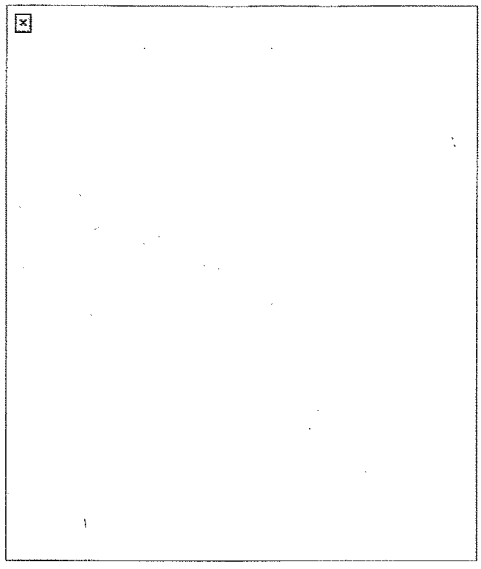

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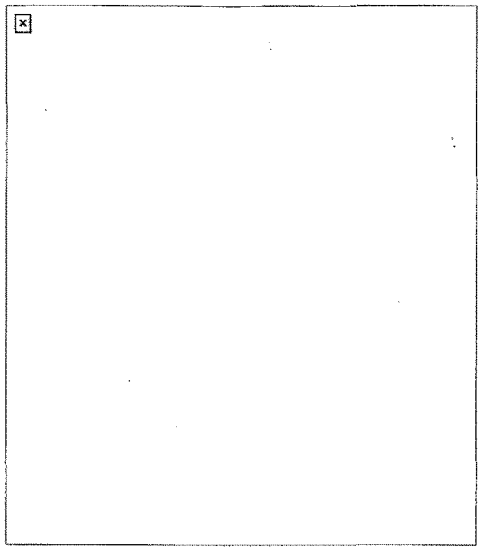

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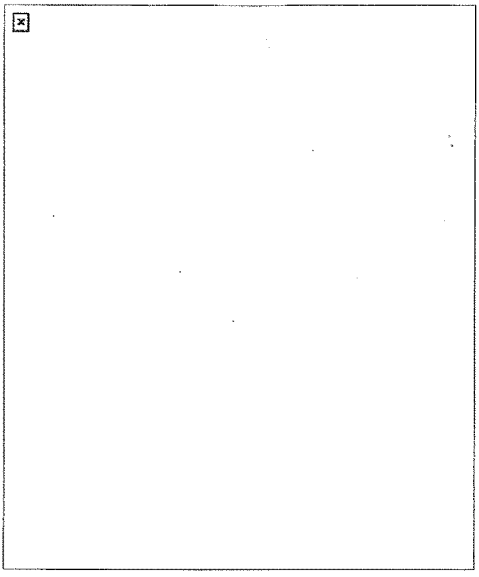

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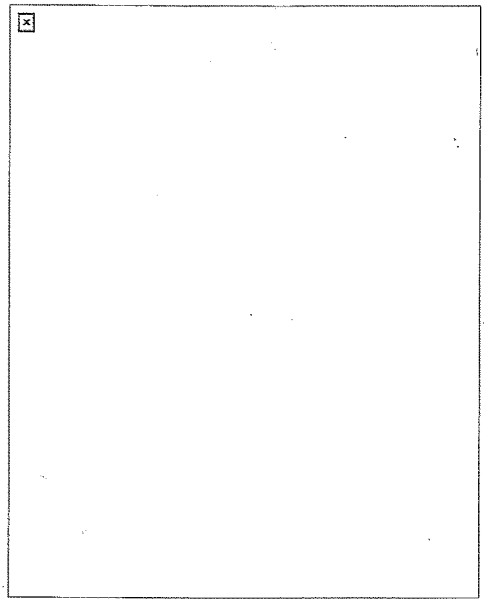

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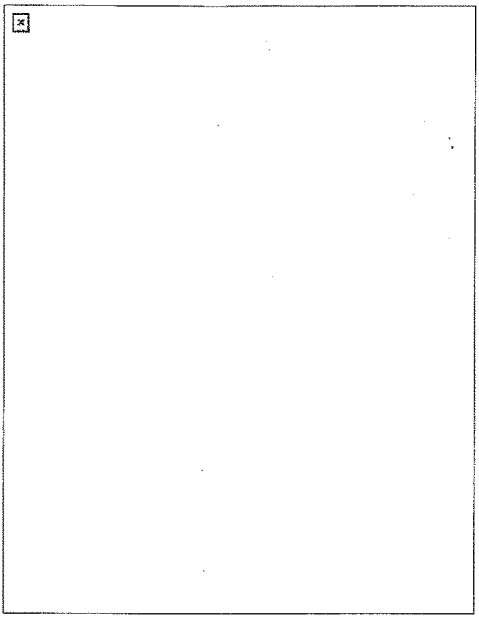

Appendix III: Form 990 Data

The following tables summarize data reported on the annual Form 990 by tax-exempt entities under section 501(c) of the Internal Revenue Code. The tables cover reported assets, revenues, and expenses overall and, where appropriate, broken out by charities and the rest of the section 501(c) entities (i.e., noncharities).

Table 1: Form 990 Returns Filed by Section 501(c) Entities, Tax Years 1998-2002

	Charities	Noncharities	All entities
Tax year	Number of returns filed		
1998	281,228	168,309	449,537
1999	299,204	173,239	472,443
2000	301,612	168,963	470,575
2001	301,359	171,006	472,365
2002	302,464	162,134	464,598

Source: Tabulation of data from IRS's Return Inventory Classification System, 1998-2002.

Table 2: Assets Reported by Section 5 Constant Dollars, Tax Years 1998-2002

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	All entities		Charities		Noncharities	
Tax year	Assets (in millions)	Percent change	Assets (in millions)	Percent change	Assets (in millions)	Percent change
1998	$2,208,676	N/A	$1,509,209	N/A	$699,467	N/A
1999	$2,413,917	9.3%	$1,664,857	10.3%	$749,059	7.1%
2000	$2,474,471	2.5%	$1,696,064	1.9%	$778,407	3.9%
2001	$2,552,606	3.2%	$1,733,734	2.2%	$818,872	5.2%
2002	$2,545,189	-0.3%	$1,694,435	-2.3%	$850,754	3.9%

Source: Tabulation of data from IRS's Return Inventory Classification System, 1998-2002.

Table 3: Revenues Reported by Section 501(c) Entities in 2004 Constant Dollars, Tax Years 1998-2002

	All entities		Charities		Noncharities	
Tax year	Revenues (in millions)	Percent change	Revenues (in millions)	Percent change	Revenues (in millions)	Percent change
1998	$1,121,387	N/A	844,224	N/A	277,163	N/A
1999	$1,214,807	8.3%	925,849	9.7%	288,958	4.3%
2000	$1,240,216	2.1%	944,131	2.0%	296,085	2.5%
2001	$1,258,046	1.4%	953,841	1.0%	304,205	2.7%
2002	$1,250,914	-0.6%	941,197	-1.3%	309,718	1.8%

Source: Tabulation of data from IRS's Return Inventory Classification System, 1998-2002.

Table 4: Expenses Reported by Section 501(c) Entities in 2004 Constant Dollars, Tax Years 1998-2002

	All entities		Charities		Noncharities	
Tax year	Expenses (in millions)	Percent change	Expenses (in millions)	Percent change	Expenses (in millions)	Percent change
1998	$1,017,582	N/A	$768,280	N/A	$249,303	N/A
1999	$1,091,788	7.3%	$826,572	7.6%	$265,215	6.4%
2000	$1,145,280	4.9%	$867,063	4.9%	$278,217	4.9%
2001	$1,210,670	5.7%	$912,200	5.2%	$298,470	7.2%
2002	$1,221,859	0.9%	$917,528	0.6%	$304,330	2.0%

Source: Tabulation of data from IRS's Return Inventory Classification System, 1998-2002.

Table 5: Section 501(c) Entities' Reported Expenses as a Percentage of U.S. Gross Domestic Product, 1998 -2002

Year	U.S. GDP (in Millions)	Section 501(c) Entities' Expenses (in Millions)	Section 501(c) Entities' Expenses as a Percentage of U.S GDP
1998	8,747,000	$1,017,582	11.6%
1999	9,268,000	788	11.8%

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2000	9,817,000	$1,145,280	11.7%
2001	10,128,000	$1,210,670	12.0%
2002	10,487,000	$1,221,859	11.7%

Source: Tabulation of data from IRS's Return Inventory Classification System, 1998-2002 and U.S. Department of Commerce figures

Appendix IV IRS Data on Its Tax-Exempt Oversight

The following tables summarize data provided by IRS on its oversight activities involving tax-exempt entities under section 501(c) of the Internal Revenue Code. The tables cover resources, applications, examinations, and examination results.

Table 6: Assigned FTEs as IRS Budgeted for Exempt Activities, Fiscal Years 2000-2005

Fiscal year	Examination FTE	Determination FTE	Other FTE	Total FTE
2000	424	342	32	798
2001	432	347	33	812
2002	421	351	44	816
2003	394	370	38	802
2004	378	348	43	769
2005	467	347	42	856

Source: IRS Exempt Organization officials.

Note: "Other FTE" include technical staff who issue rulings, director's staff, and education and outreach. FTEs assigned are what IRS budgets for this work

Table 7: Actions Taken on Applications for Tax-Exempt Status, Fiscal Years 1998-2003

Fiscal year	Total applications	Approved	Percent approved	Denied	Other
1998	78,358	58,162	74.2%	593	19,603
1999	73,605	59,264	80.5%	585	13,756
2000	82,707	67,267	81.3%	482	14,938
2001	81,636	65,409	80.1%	646	15,581
2002	87,342	70,214	80.4%	557	16,571
2003	91,439	72,092	78.8%	1,192	18,155
2004	87,080	69,315	79.6%	1,050	16,715

Source: GAO Analysis of IRS's Exempt Determination System, 1998-2004.

Note: The "Other" category includes applications withdrawn; applications that did not provide the required information; incomplete applications; IRS refusals to rule on applications because the information submitted was insufficient to conclude whether to approve the exemption request; and applications forwarded to other than the IRS National Office.

Table 8: Examination Rate of Section 003



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Fiscal year	Returns filed in previous year	Returns examined in fiscal year	Examination rate
1998	458,014	8,290	1.8%
1999	449,537	8,780	2.0%
2000	472,443	6,866	1.5%
2001	470,575	5,471	1.2%
2002	472,365	5,423	1.1%
2003	464,598	5,964	1.3%

Source: GAO Tabulation of IRS's Audit Information Management System and IRS's Return Inventory Classification System, 1997-2002.

Table 9: Examinations Resulting in No Change to Forms 990 Filed by Section 501(c) Entities, Fiscal Years 1998–2004

Fiscal Year	Examinations	Examinations resulting in no change	No-change rate
1998	8,290	2,552	30.8%
1999	8,780	3,191	36.3%
2000	6,866	2,431	35.4%
2001	5,471	2,112	38.6%
2002	5,423	2,445	45.1%
2003	5,964	2,965	49.7%
2004	5,889	2,299	39.0%

Source: GAO analysis of IRS's Audit Information Management System, 1998-2004.

Appendix V: Tax-Exempt Excise Taxes by Code Sections

Over the years, Congress has imposed various excise taxes that affect tax-exempt entities, particularly private foundations under Section 501(c)(3). Private foundations differ in several ways from public charities. Public charities have broad public support and tend to provide charitable services directly to beneficiaries. Private foundations are often tightly controlled and receive a significant portion of their funds from a small number of donors, and tend to make grants directly to other entities rather than directly provide charitable services. Since these differences create the potential for self-dealing or abuse by a small group, private foundations are subject to anti-abuse rules not applicable to public charities. In addition, public charities and private foundations generally are prohibited from engaging in certain types of transactions. Excise taxes are to be levied on public charities and private foundations, as well as a few other types of tax-exempt entities, who violate the rules. Details on these rules and excise taxes follow.

Section 4940 Excise Tax on Private Foundation Investment Income

Section 4940 was added by the Tax Reform Act of 1969, P.L. 91-172. The related Senate Report[35] described the excise tax as an "audit fee tax" that was believed to be necessary to cover IRS's costs for increased supervision over private foundations under the act. Section 4940 imposes a 2 percent excise tax on the net investment income of tax-exempt private foundations. Net investment income includes income from interest, dividends, and net capital gains that is reduced by the expenses incurred to earn it.

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This tax is 1 percent if a private foundation meets certain distribution requirements. Private foundations that meet the requirements to be an "exempt operating foundation" are not subject to this excise tax. Among these requirements are stipulations that the foundation be publicly supported for at least 10 years and that it have a governing body that is broadly representative of the general public. Private foundations that are not exempt from taxation are subject to this excise tax and unrelated business income tax.

Section 4941 Excise Tax on Private Foundation Acts of Self-Dealing

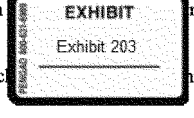
Because a tax-exempt entity cannot operate to confer a benefit on private parties,Section 4941 was enacted by the Tax Reform Act of 1969. According to the Senate Report, generally prohibiting self-dealing transactions would minimize the need to apply the subjective arm's-length standard that was used for loans, payments of compensation, and preferential availability of services under the 1950 amendments. Section 4941 imposes a 5 percent excise tax on acts of self-dealing between a private foundation and disqualified persons. This tax is to be paid by the disqualified person who participated in the self-dealing. An additional tax equal to 200 percent of the amount involved is to be imposed if the self-dealing is not corrected during the taxation period. A separate tax equal to 2 ½ percent of the amount involved is to be imposed on the foundation's manager if that manager knowingly participated in the act of self-dealing. If this additional tax has been imposed on the foundation manager and that manager refuses to agree to part or all of the correction, an additional tax equal to 50 percent of the amount is to be imposed. Acts of self-dealing include sales, exchanges, or leases of property; lending of money or other extensions of credit; and payment of compensation. Disqualified persons include substantial contributors to the foundation, foundation managers, an owner of more than 20 percent of a business enterprise that is a substantial contributor, and certain government officials.

Section 4942 Excise Tax on Private Foundation Failure to Distribute Income

Section 4942 was enacted by the Tax Reform Act of 1969. Prior to it, a private foundation could lose its exemption if it failed to make distributions towards its charitable purposes instead of just accumulating income. According to the Senate report, the committee believed that loss of exempt status as the only sanction was often ineffective or harsh, and that substantial improvement could be achieved by providing a graduation of sanctions if income is not distributed. Section 4942 imposes a 15 percent excise tax on the undistributed income of a private foundation for any taxable year in which the required amount has not been distributed before the first day of the next taxable year. If an initial tax has been imposed under section 4942 and the income remains undistributed at the end of the taxable period, a tax equal to 100 percent of the remaining undistributed amount is to be imposed. This excise tax does not apply to private operating foundations that meet distribution requirements or to the extent that the failure to distribute is due solely to an incorrect valuation of assets as long as other requirements are met.

Excise Tax on Private Foundation Excess Business Holdings (Section 4943)

Section 4943 was enacted by the Tax Reform Act of 1969. According to its Senate Report, the use of foundations to maintain control of a business appeared to be increasing, and some who wished to use a foundation's stock holdings to control a business were relatively unconcerned about producing income for charitable purposes. Where the charitable ownership predominated, the business could unfairly compete with businesses whose owners were required to pay taxes on their business income. The committee concluded that a limit on the extent to which a private foundation may control a business was needed. Section 4943 imposes a 5 percent excise tax on certain excess business holdings of a private foundation. Permitted holdings generally include up to 20 percent of the voting stock of an incorporated business enterprise (reduced by the percentage of the voting stock owned by all disqualified persons). Similar holdings are also permitted in nincorporated enterprises (except sole



proprietorships). If the excise tax has been imposed, foundations that fail to make the required divestiture of excess holdings above the permitted amounts are subject to an additional tax equal to 200 percent of the excess holdings. In certain cases, foundations are allowed a 5-year period to dispose of the excess holdings and may receive an additional 5-year extension.

Excise Tax on Private Foundation Investments which Jeopardize Charitable Purpose (Section 4944)

Section 4944 was enacted by the Tax Reform Act of 1969. Under prior law, a private foundation could lose its exemption if it invested in a manner that jeopardized its exempt purpose. In the Senate Report, the committee concluded that limited sanctions were preferable to the loss of exemption. Section 4944 imposes an initial 5 percent excise tax on the amount involved if a private foundation invests in a manner that jeopardizes its exempt purpose (e.g., investing with the purpose of income production or property appreciation). If such a tax is imposed on the foundation, a separate 5 percent excise tax is to be imposed on the foundation manager if that manager knew that making the investment would jeopardize the foundation's exempt purpose. If an initial tax is imposed, an additional tax equal to 25 percent of the amount of the investment is to be imposed on the foundation if the investment is not withdrawn within the taxable period. An additional tax equal to 5 percent of the amount of the investment is to be imposed on the foundation manager if the investment is not withdrawn.

Excise Tax on Private Foundation Taxable Expenditures (Section 4945)

Section 4945 was enacted by the Tax Reform Act of 1969. Under prior law, the only sanction against prohibited political activity by a foundation was loss of exemption. The Senate committee report noted that the standards for determining the permissible level of political activity were so vague as to encourage subjective application of the sanction. As a result, section 4945 was added to clarify the types of impermissible activities and provide more limited sanctions. Section 4945 imposes an initial 10 percent excise tax on each taxable expenditure made by the foundation. An additional 2-½ percent excise tax is to be imposed on the foundation manager if that manager knowingly participated in the taxable expenditure. Taxable expenditures include amounts paid to carry on propaganda or otherwise influence legislation or the outcome of a public election, or to directly or indirectly carry on a voter registration drive. If the expenditure is not corrected within the taxable period, an additional tax equal to 100 percent of the amount of the expenditure is to be imposed on the foundation and additional tax equal to 50 percent of the amount of the expenditure is to be imposed on the foundation manager.

Excise Tax on Section 501(C) (3) Political Expenditures (Section 4955)

Section 4955 was added by the Revenue Act of 1987, P.L. 100-203. According to the House Report[36] for the act, the committee believed that the excise tax applicable to private foundations for making prohibited political expenditures (section 4945) should also apply to a public charity. Section 4955 imposes an initial 10 percent excise tax on each political expenditure of a section 501(c) (3) organization. An additional 2-½ percent excise tax is imposed on the organization's manager if the manager knew that it was a political expenditure. Political expenditures include any amounts paid or incurred by the organization in any participation or intervention in any political campaign on behalf of any candidate for public office. If an initial tax has been imposed regarding a political expenditure and that expenditure is not corrected, an additional tax equal to 100 percent of the amount is to be imposed on the organization. An additional tax equal to 50 percent of the amount of the expenditure is to be imposed on the organization's manager if that manager refuses to agree to part or all of the correction.

Excise Tax on Section 501(C) (3) and (4) Excess Benefit Transactions (Section 4958)



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Section 4958 was added in 1996 by the Taxpayer Bill of Rights 2, P.L. 104-168. According to the related House Report,[37] this excise tax was added to ensure that the advantages of tax-exempt status benefit the community and not private individuals. The act provided for this intermediate sanction (i.e., something short of a loss of tax exemption) to be imposed when nonprofit organizations engage in transactions with certain insiders that result in private inurement. Section 4958 imposes an initial tax of 25 percent on each excess benefit transaction entered into between a disqualified person and tax-exempt organizations under sections 501(c)(3) and (4). The initial tax is to be paid by this disqualified person, including any person who at any time during the 5-year period ending on the date of the transaction was in a position to exercise substantial influence over the organization, a member of such person's family, and a 35 percent controlled entity. Such an entity exists when a disqualified person owns more than 35 percent of the voting power of a corporation, more than 35 percent of the profit interest of a partnership, or more than 35 percent of the beneficial interest of a trust or estate. If an initial tax is imposed on the disqualified persons, an additional tax of 10 percent is to be imposed on the organization's manager if that manager participated knowing that it was an excess benefit transaction. If the excess benefit transaction is not corrected within the taxable period, a tax equal to 200 percent of the excess benefit transaction will be imposed on the disqualified person. Private foundations are not subject to this excise tax.

Abatement of Taxes When Corrective Action Taken (Sections 4961 – 4963

Sections 4961–4963 provide for abating the various excise taxes described above. Section 4961 stipulates that additional taxes shall not be assessed if corrective action is taken within the applicable correction period. Similarly, it stipulates that if the additional tax is already assessed, it will be abated if corrective action is taken. For example, the additional tax of 200 percent for self-dealing shall not be assessed if corrective action is taken within the applicable period. Section 4962 provides that excise taxes shall not be assessed if the event that gave rise to the excise tax was (1) due to reasonable cause, (2) not due to willful neglect, and (3) corrected within the applicable period. If already assessed under these circumstances, the excise tax shall be abated. Section 4963 sets out the instances in which the abatement provisions apply.

Excise Taxes Owed for IRC Violations

IRS did not maintain data on how much excise tax involving tax-exempt entities was ultimately assessed or collected either overall or by the various types of violations. These assessments can result from IRS examinations but IRS's system did not maintain information on these types of assessments. These assessments may also arise from tax-exempt entities "self-assessing" excise taxes by reporting the violations to IRS. IRS did record excise taxes owed for certain types of IRC section violations as reported by tax-exempt entities on Form 4720, *Return of Certain Taxes on Charities and Other Persons Under Chapters 41 and 42 of the Internal Revenue Code* and on Form 990-PF, *Return of Private Foundation or Section 4947(a) (1) Nonexempt Charitable Trust Treated as a Private Foundation.*

As table 10 shows, tax-exempt entities reported self-assessments of at least $247 million in 2004 constant dollars each year or about $1.5 billion in 2004 constant dollars for tax years 2000 through 2003.

Table 10: Excise Tax Amounts That Tax-exempt Entities Self Assessed on Forms 4720[a] and 990-PF[b] by Code Section, Tax Years 2000-2003 (2004 Constant Dollars in Thousands)

Code section	Tax year				
	2000	2001	2002	2003	Total
Taxes on organizations					

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Section 4942 –Undistributed income	$2,196	$4,608	$3,802	$2,421	$13,027
Section 4943 –Excess business holdings; Section 4944 -- Investments that jeopardize, other[c]	385	178	196	35	794
Section 4945 –Taxable expenditures	1,112	702	408	316	2,538
Section 4955 –Political expenditures	1	4	8	0	13
Subtotal	3,694	5,492	4,414	2,772	16,372
Taxes on individuals					
Section 4941 –Self-dealing	438	665	415	204	1,722
Sections 4944, 4945, 4955, and Section 4958 –Excess benefits	70	46	35	46	197
Subtotal	508	711	450	250	1,919
Tax on net investment income					
Section 4940 –Investment Income	683,767	320,811	242,187	244,627	1,491,392
Total	687,969	327,014	247,051	247,649	1,509,683

Source: GAO analysis of IRS data.

[a]*Return of Certain Excise Taxes on Charities and Other Persons Under Chapters 41 and 42 of the Internal Revenue Code.*

[b]*Return of Private Foundation or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation.*

[c]Includes Section 4911 – Excess Lobbying Expenditures and 4912 – Disqualifying Lobbying Expenditures.

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[1]GAO-05-325SP.

[2] See *Tax-Exempt Organizations: Improvements Possible in Public, IRS, and State Oversight of Charities*, GAO-02-526 (Apr. 30, 2002); *Political Organizations: Data Disclosure and IRS's Oversight of Organizations Should Be Improved,* GAO-02-444 (July 17, 2002); and *Vehicle Donations: Benefits to Charities and Donors, but Limited Program Oversight,* GAO-04-73 (Nov. 14, 2003).

[3] Other types of tax-exempt entities are authorized under other Section 501 subsections such as for cooperative hospital service or educational investment organizations or under other sections such as Section 521 (farmer cooperatives) and Section 527 (political organizations), among others.

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[4] Taxpayers may deduct from their taxable income the value of donations to charities, unlike for almost all other types of tax-exempt entities.

[5]Entities that are not required to apply include those that are not private foundations and that have gross receipts of less than $5,000 as well as churches and church-affiliated entities.

[6] If the entity has operated for less than a year or has not begun operations, a proposed budget for two full accounting periods and a current statement of assets and liabilities will be acceptable. Otherwise, entities that have operated for less than four years should report data for those years.

[7] The Independent Sector is a national coalition of nonprofit organizations, private foundations, and corporate-giving programs that is to support the tax-exempt sector.

[8]The Panel is assisted by over 100 nonprofit executives and other experts on five work groups.

[9] *A 20-Year Review of the Nonprofit Sector, 1975-1995,* Compendium of Studies of Tax-exempt Organizations, Volume 3, IRS Statistics of Income.

[10]Gross domestic product is the market value of all goods and services produced within a country during a given time period.

[11]IRS does not transcribe data on the numbers of paid workers and volunteers. The Independent Sector issued a nonprofit almanac with data through 1998 on volunteers at entities classified as 501(c) (3) charities, 501(c) (4) social welfare and civic organizations, and religious congregations.

[12]See IRC Section 6104(d) and changes made by the Tax and Trade Relief Extension Act of 1998, P.L. 105-277.

[13]The *Boston Globe* ran a series of articles between October and December of 2003 that uncovered questionable practices among foundations and trusts.

[14]The *Washington Post* has been running periodic articles about alleged abuses within the tax-exempt sector. The most recent series, in December 2004, concerned the alleged donation of historic facade easements to obtain inflated charitable contributions.

[15] Testimony of Mike Hatch, Attorney General for State of Minnesota, before the Senate Committee on Finance, April 5, 2005.

[16] An FTE equals 2,087 hours in a year. IRS did not have comparable FTE data for its exempt activities back to 1998 due to its reorganization in 2000. FTEs assigned are what IRS budgets for this work. We were unable to obtain reliable data on the FTEs used for tax-exempt oversight in time for this testimony. However, because IRS may not use the FTEs assigned to examination or determinations for those purposes, the number of hours that staff charge to these oversight tasks may be a better indicator of the level of effort.

[17]The Nonprofit Sector Panel interim report concluded that Congress should increase resources, and earmark some penalty, fee, and excise tax amounts for IRS exempt oversight and education.

[18]The rest of the applications included those for which IRS had not made a determination for reasons such as applications that were withdra

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[19]IRS examiners can make 12 "other" types of changes such as those involving related returns, delinquent returns, appeals, closing agreements, referrals to other IRS divisions, and claims.

[20] "Paragraph" refers to the types of 501(c) entities such as (c)(3) or (c)(4). When an entity applies for exempt status, it must tell IRS the section 501(c) paragraph under which it qualifies.

[21] An entity that qualifies under section 501(c)(3) is a private foundation unless it meets the criteria for a public charity, such as having broad public support. Beyond an examination, status can be changed when (a) an entity requests an IRS determination letter on its status, and (b) 5 years have elapsed for an entity that has been permitted to be a public charity for its first 5 years.

[22] Tax-exempt entities could owe employment taxes, various types of excise taxes, or income taxes if they operate a business activity not related to their exempt purpose.

[23]IRS revised Form 1023 in 2004 to provide information that helps identify potential problems early in the application process, including potentially abusive situations involving tax-exempt entities such as those claiming to provide credit counseling.

[24] The Data Analysis Unit plans to use data-mining techniques to identify patterns and establish relationships to uncover compliance issues. For example, by comparing state bingo databases to IRS files, IRS could identify entities with gross receipts in excess of the $25,000 filing threshold that failed to file a required Form 990.

[25] IRS has a network to image the paper Forms 990 filed by charities. The imaged forms, minus sensitive data such as social security numbers and donor names, are sold to groups that want such data. Due to resource limitations, IRS transcribes little data from Forms 990 into electronic databases. To have more electronic data from Forms 990, IRS has a contract to have the imaged Form 990 data keypunched.

[26] IRS is developing electronic filing for Form 1023, which is used to apply for tax-exempt status. IRS hopes to begin accepting the electronic Form 1023 by 2007.

[27] Consistent with IRC section 6011(e), only large organizations, including exempt organizations and private foundations, that are required to file 250 or more returns with IRS will be required to file their Form 990 electronically. Such returns include Forms 990, annual employee wage and tax statements (Form W-2), quarterly payroll tax returns (Form 941), and annual information returns, such as payments to vendors for services (Form 1099 MISC).

[28] The Electronic Initiatives Office manages the development and implementation of automation efforts on exempt organizations in support of the strategic plan.

[29] Insurance companies or associations that provide other than life insurance are generally tax exempt under IRC section 501(c)(15) if their gross receipts do not exceed $600,000 and more than 50 percent of their receipts consist of premiums.

[30] A producer-owned reinsurance company provides reinsurance for a producer group's business; reinsurance transfers part or all of the risk from one insurer to another.

[31] Donor-advised funds allow donors to advise how the charitable contribution is to be used.



[32]IRS plans to contact over 100 charities identified as having potentially violated the prohibition, to educate the organizations and prevent future violations of the law.

[33] A corporation sole is an entity authorized under state law to allow religious leaders to hold property and conduct business for the benefit of a religious entity.

[34] See GAO-02-526.

[35]S. Rep. No. 91-552 (1969).

[36]H. Rep. No. 100-391 (1987).

[37]H. Rep. No. 104-506 (1996).



CSOC.CBR.00012393

House Committee on Ways and Means

Statement of Douglas Holtz-Eakin, Ph.D., Director, Congressional Budget Office

Testimony Before the House Committee on Ways and Means

April 20, 2005

Mr. Chairman and Members of the Committee, I am grateful for the opportunity to appear before you.

My testimony addresses several tax policy, budgetary, and economic issues that arise from the presence of economic entities whose revenue comes primarily from selling goods and services in direct competition with traditional for-profit firms and whose income is exempt from both the federal corporate and individual income taxes. In my discussion of the Congressional Budget Office's (CBO's) analysis of those issues, I will refer to such organizations individually as "business entities" and collectively as "the untaxed business sector." Three types of business entities have the characteristics noted above:

- Certain nonprofit institutions—for example, nonprofit hospitals that are wholly engaged in businesslike activity or universities that have undertaken "spinoff" business activities (such as research development partnerships with private firms);
- Cooperatives, including credit unions, which differ from other businesses primarily because their clients are their owners; and
- Business enterprises of state and local governments, such as municipally owned utilities, that are operated on a fee-for-service basis.

CBO's analysis—which was restricted to the exemption from federal income taxation and does not consider any other tax treatment received by these entities—leads to several conclusions:

- The ownership structure of untaxed business entities differs significantly from that of conventional for-profit firms in that there are no separate claimants, such as shareholders, for the entities' residual profits. The lack of owners in the usual sense is what primarily determines how any attempt to tax such entities is likely to affect federal revenues and the economy.
- Because of the absence of owner-claimants, managers of these entities have different incentives from those of managers of privately owned businesses. Instead of seeking to return profits to owners, the entities' managers have incentives to lower prices, increase costs, or bolster retained earnings.
- Accordingly, taxation of these entities might not generate as much revenue as initially anticipated. Taxation would bolster managers' incentives to reduce or eliminate entities' tax liabilities by using more of any surplus to cut prices, boost costs, or both. As a consequence of being taxed, however, those entities would retain fewer funds for expansion.

What Is an "Untaxed Business"?

Business activity can be thought of as [EXHIBIT Exhibit 203] nd services for a price. Only those

consumers who pay the price receive the goods or services, and the entities that provide them finance their production with the receipts from those private transactions. In the United States, most business activity is undertaken by privately owned for-profit firms. The government often provides and finances through taxation services that are not amenable to being provided by businesses, such as those whose benefits reach beyond the buyer or seller and benefit others as well.

There is no bright line, of course, between the kinds of goods and services that conventional businesses produce and those that have broad public benefits. Nonprofit entities, which are deemed to serve a public purpose and for that reason are not taxed, provide a number of them. Some nonprofit entities, such as nursing homes and mental institutions, may be less likely than their for-profit counterparts to take advantage of consumers who have limited information. In the case of cooperatives and state and local government businesses, the tax benefit that they receive has been justified in the past as an offset to the monopoly power of for-profit firms, power that might cause prices to be too high. Tax exemption may also encourage the provision of services when there are too few customers in an area to motivate a for-profit entity to engage in business activity. Over time, however, economic growth, technological advances, and increases in population may have altered the circumstances that justified the formation of many of those entities in the past.

Many untaxed business entities sell goods and services that compete directly with those provided by traditional for-profit firms. The surplus generated by untaxed entities escapes the income tax system if it is passed on to retail customers in the form of lower prices or if it is retained for reinvestment. But the income tax system does capture surplus that is passed on to workers or managers as higher pay or to commercial customers as lower prices that then allow them to increase their profits.

The Internal Revenue Code subjects the surplus generated by most business activity to the income tax. Profits generated by firms that are organized under the tax code as C corporations are taxed once at the corporate level and a second time at the individual level, when they are received as dividends or capital gains. Firms organized as proprietorships, partnerships, limited liability companies, S corporations, and other so-called pass-through entities are not subject to the corporate tax. However, the surplus they generate is taxed at the individual level.

Which Businesses Make Up the Untaxed Sector?

Three types of entities have the characteristics of businesses but are not subject to income taxation either at the "firm" level or through the pass-through mechanism. The three are nonprofit institutions, cooperatives, and state and local government enterprises.

Nonprofit Institutions

Many nonprofit institutions produce output that is sold to customers in much the same way that private businesses sell goods and services. The most prominent example is nonprofit hospitals that finance virtually all of their health care services with revenue from sales. On average, nonprofit health care institutions receive relatively few donations, garnering 92 percent of their income from program revenue (revenue from the sale of services). Those health care institutions alone represent about half of the total revenue of all nonprofit entities that must file financial information returns. (All nonprofit entities whose gross receipts exceed $25,000 must file financial information with the Internal Revenue Service.)

Many nonprofit institutions whose primary activity fulfills a public purpose also engage in substantial business activity. The tax code contains provisions to tax income from business activity that is unrelated to a nonprofit's public purpose. In practice, however, much of that unrelated business income (such as income from royalties, payments from [illegible] to associate their name with a nonprofit



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organization's activities, and income from the sale of membership lists) has been classified under tax law as related to the entity's public purpose and thus is not subject to taxation. Universities, for example, receive royalties from research development partnerships with private business and receive income from athletic events that compete with professional sports leagues.

CBO estimates that businesslike nonprofit institutions add roughly $314 billion of value to the economy, or 3.4 percent of net domestic product (see Table 1). That estimate is based on the share of each entity's revenue that comes from payments made by customers. Of the revenue for all nonprofit institutions, 65 percent accrues to entities whose program revenue exceeds 75 percent of their total revenue. CBO assumed in its calculation that their share of net domestic product (the net value added to the economy) was proportional to their share of total revenue.

Cooperatives

A second type of untaxed entity is cooperatives—businesses whose owners are also its clients. Virtually all of the activity of cooperatives is conducted in a businesslike fashion—that is, their goods and services are sold to (or for) their client-owners. They operate under several different sections of the tax code but, with only a few exceptions, are exempt from taxes on their income

Table 1. Estimated Size of the Untaxed Business Sector and Its Share of Net Domestic Product

Type of Entity	Billions of Dollars	Percentage of Total Net Domestic Product[a]
Nonprofit Institutions that Serve Households	314.0	3.4
Cooperatives (Four industries)[b]	32.1	0.5
State and Local Business Enterprises	127.4	1.4

Source: Congressional Budget Office based on data for 2000 through 2003 from a variety of sources including the national income and product accounts, Census of Governments, and the National Center for Charitable Statistics.
a. U.S. net domestic product in 2002 totaled $9,192 billion.
b. The four industries are credit unions and three types of utilities providing electric, telephone, and water services.

Many cooperatives are small and generate only a modest volume of sales, but some cooperatives are quite substantial enterprises. The larger credit unions compete effectively with segments of the commercial banking industry. Moreover, cooperatives include such large and well-known firms as Land O'Lakes, Southern States, and Welch's. Information on the size of the cooperative sector is not available, but in 2001 and 2002, four industries together—credit unions and three types of utilities providing electric, telephone, and water services—earned $77 billion in total revenue.

CBO estimates that cooperatives in those four industries added roughly $32 billion in value to the economy in 2002, or about 0.3 percent of net domestic product. Again, CBO's estimate incorporated the assumption that those cooperatives' share of businesses' contribution to net domestic product was proportional to their share of businesses' total output.

State and Local Government Businesses

The third category of untaxed entities comprises firms owned by state and local governments that are operated on a fee-for-service basis but [illegible] ot from federal taxation under the doctrine

EXHIBIT
Exhibit 203

CSOC.CBR.00012396

of intergovernmental tax immunity. The most common of those entities are utilities—primarily electric, water, and gas—which have many private-sector analogues. Others, such as water and sewer services and solid waste collection, have fewer for-profit counterparts. States and localities also operate a number of transportation and recreation businesses. (Transportation enterprises include parking garages, ferry boats, wharves, and airports. Businesses related to recreation include swimming pools, golf courses, hotels, and motels.) Miscellaneous commercial activities undertaken by states include a commercial bank and a flour mill in North Dakota and the manufacture of vaccines by a public entity in Massachusetts. In addition, states and localities operate such businesses as liquor stores and lotteries to generate additional revenue.

CBO estimates that the value added to the economy by state and local entities that might be performing tasks similar to those carried out in the for-profit sector is roughly $127 billion, or 1.4 percent of net domestic product. (Again, CBO assumed that the state and local government sector's share of net domestic product was proportional to its share of total revenue.) The state and local sector received a total of $93 billion in revenue from operating water, electric, and gas utilities in fiscal year 2002. Another $194 billion of charges and miscellaneous revenue is attributable to the sale of private goods, such as motel room rentals.

Issues Surrounding the Tax Treatment of Untaxed Businesses

Several objections have been raised to the differential tax treatment granted to these business entities. Competitors of tax-exempt businesses have objected that it is unfair, and analysts have been concerned about its effects on economic efficiency. Evaluating fairness is problematic. To begin with, such an exercise reflects the values of the observer. In addition, fairness is best evaluated with respect to the owners of firms; the institutions are merely legal constructs that exist to organize and facilitate production. But owners change over time, making it impossible to trace how former owners of competing or potentially competing firms were affected. Eliminating the differential tax benefit would not redress any past inequities and could introduce new ones.

Differential tax treatment could lead to inefficiency in several ways. Untaxed firms have the opportunity to use their surplus (which includes their tax savings) to offset any higher production costs they might incur and still compete with taxed firms on the basis of price. Consequently, the tax benefit may interfere with the market's discipline, which rewards efficient firms and penalizes inefficient ones. Alternatively, using the tax savings to reduce the price of the firm's output could shift the economy's mix of production toward less-valued goods and services.

The favored treatment of untaxed businesses, however, stems from their public- purpose nature, and the continuation of that treatment will depend on the judgments of policymakers.

The Tax Exemption and Forgone Receipts

The three categories of untaxed businesses have a significant attribute in common: the absence of conventional owners, which relieves them of the need to report and distribute profits in the usual sense. The incentives of managers of untaxed businesses thus differ from those of managers of commercial businesses. Not seeking to maximize profits or surplus, they have greater latitude with regard to their costs of production and prices. Indeed, the purpose of some untaxed entities in part is to sell output at prices lower than its costs. As a result, taxing the untaxed business sector may yield much less revenue than might be expected, given the scale of its activities.

The scope of tax-avoidance options available to for-profit firms is limited by the necessity to deliver a



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return to the firms' owners. The tax-avoidance strategies that nonprofit businesses, cooperatives, and state and local government enterprises can command are more numerous because of those entities' ownership structure. That statement is true regardless of whether the entity attempts to reduce the price and increase the availability of the good it sells or whether it takes less care to adopt lowest-cost methods of production and as a result pays its operators and employees higher wages than they would otherwise receive. Hence, if a tax was imposed, a nonprofit business entity could more easily distribute any surplus to its managers or customers than a for-profit firm could; a cooperative would have more latitude to deliver its surplus to its owner-clients as lower prices than to parcel it out; and state and local government businesses could distribute their surplus in several different ways without necessarily handing it over as explicit profits to the state or locality. (They could distribute it as lower prices to their customers, higher wages to employees and managers, or some combination of lower taxes and more public services to the voters who ultimately control those businesses.)

A surplus that is passed on in the form of lower prices or higher pay reduces profits. Without conventional owners and the necessity to distribute profits as dividends or retain them as earnings, untaxed business entities could avoid a tax by passing on the surplus and minimizing taxable profits (see Box 1).

If a tax was imposed, previously untaxed business entities would probably choose among tax-avoidance strategies on the basis of their circumstances. For an electric utility owned by a state and local government, for example, the shares of the surplus received by individuals in the jurisdiction differ depending on whether the surplus is distributed as a lower price, higher pay, or reduced tax burden. Similarly, the shares of any surplus received by an individual owner-client of a cooperative will differ if the surplus is distributed as a reduction in prices instead of as profits. Regardless of the particular strategy an untaxed business entity chooses, the difference between its ownership structure and that of a private firm provides it with substantially more flexibility in undertaking measures to avoid taxes and still meet its objectives.

Box 1.

Taxing the Surplus from a Hypothetical Municipal Golf Course

As an illustration, imagine a municipal golf course that is run as efficiently as a private competitor and priced the same—say, $40 per round. The municipal course incurs $36 in costs per round and generates a surplus of $4. The corporate tax rate is assumed to be 30 percent and the individual rate, 20 percent.

Presented as an equation, price ($40) = cost per round ($36) + before-tax profit per round ($4). In the absence of any taxes, the entire surplus of $4 per round can be paid to the untaxed municipal treasury to offset other costs of local government. In contrast, the private competitor must record the equivalent $4 per round as a profit and pay a 30 percent tax ($1.20).

Should a corporate tax be imposed on the municipal firm, rather than paying it, the firm might distribute the surplus to its customers as a price cut and charge only $36 per round. Costs would equal revenue, and the surplus would still escape the tax. The golf course's books would show the following: $36 = $36 + 0.

Alternatively, the golf course might pay its employees higher wages. The price per round would still be $40, but costs would be increased to $40, leaving no surplus to tax. In that case, however, the surplus would be subject to individual income taxes. If the individual rate was 20 percent, only 80 cents would be collected rather than t[illegible]ollected from a for-profit firm. The golf

EXHIBIT
Exhibit 203

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course's books would show the activity this way: $40 = $40 + 0.

Another option for the municipal firm would be to convert the $4 surplus to the local government's general fund by shifting $4 of its general fund costs to the golf course. No tax is collected on revenue that goes into the general funds of state and local governments. The golf course's books would, again, show the following: $40 = $40 + 0.

The opportunities for tax avoidance are even greater for secondary business activity carried on by untaxed entities whose primary activity is pursuing socially beneficial objectives. Profits from any business activity in which such an entity engages—whether related or unrelated to its main activity—are difficult to segregate from profits earned in the pursuit of its primary purpose. As a result, the taxation of any non-primary-activity profits becomes extremely difficult in the face of skillful management and accounting. In tax year 2000, a total of $4.8 billion of gross unrelated business income was reported by more than 11,000 organizations classified as 501(c)(3) under the tax code. The organizations reported total deductions for business expenses of about the same amount—for a net loss of $49,000. Fewer than half reported unrelated business income that was subject to taxation, and the revenues raised totaled only $4.1 million.

Because of those opportunities and incentives, any shift toward taxing the currently untaxed business sector can be expected to yield considerably less revenue than the size of the sector might otherwise suggest. The Joint Committee on Taxation has estimated that taxing some of the institutions in the sector in a manner analogous to the taxation of C corporations would yield about $2 billion in revenue a year. If the estimates covered more of the sector's businesses, the revenue gain would probably be larger. But it appears that the amounts involved are small relative to the size of the entire economy—and might in fact be even more modest if the estimates did not take into account the scope such firms have for tax avoidance.

The Economic Effect of Taxing the Untaxed Business Sector

Taxation of currently untaxed business entities would be unlikely to generate much revenue for the government, but it would have the economic consequence of constraining their growth. Taxation of their surplus would amplify the incentives they already have to lower their prices and incur higher costs, which could significantly reduce the amount of internal capital that those institutions accumulated. That constraining effect of taxation on growth would tend to be much stronger than it is for privately owned for-profit firms, which must pay tax on their profits but face strong incentives to retain the after-tax surplus or distribute it to owners.

House Committee on Ways and Means

Statement of John Colombo, Professor, University of Illinois College of Law, Urbana-Champaign, Illinois

Testimony Before the House Committee on Ways and Means

April 20, 2005

Mr. Chairman, Members of the Committee:

My name is John Colombo. I am a professor of law at the University of Illinois College of Law in Urbana-Champaign, and I have taught about and written on issues of tax-exempt organizations for the past 18 years. I think my job today is to give you some background and context regarding tax exemption rules, particularly as they apply to private foundations and trade associations.

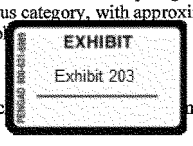
Charitable Exemption vs. Other Exemption

Let me start with two very basic and very useful distinctions to keep in mind when assessing policies regarding nonprofits and tax exemption. The first distinction is that when it comes to tax exemption, there are charities exempt under Code Section 501(c)(3) and then there is everything else. Section 501 (c) grants exemption to 28 different kinds of organizations, but the "charities vs. everything else" distinction is a very useful way to think about this for several reasons. First, in general only charities exempt under 501(c)(3) are eligible to receive additional major tax benefits like tax-deductible contributions. Other exempt entities, like trade associations (which are exempt under § 501(c)(6), rather than § 501(c)(3)), get exemption from having to pay the corporate income tax on their earnings, but are ***not*** permitted to receive deductible contributions.

Second, the underlying rationales for exemption vary between charitable organizations and everything else. Although we academics carry on a lively debate about the rationale for charitable tax exemption, all of us would agree, I think, that at some level exemption for charities is tied to a concept that they are improving general public welfare in some way. For non-charitable entities, however, the rationale tends to be much more entity-specific.

For example, trade associations are exempt if they carry on activities designed to promote a common business interest of its members; such organizations must not "engage in a regular business of a kind ordinarily carried on for profit."[1] These organizations are exempt because they represent simply a pooling of resources by people with a common interest to conduct activities that, if conducted by the members themselves, would not be profit-making businesses. Hence we believe that creating an "association" for members to pool their resources in this manner should not result in taxation of those pooled resources. But if a trade association does conduct regular business activities or provides specific services for members, then the organization should not be exempt because it no longer represents this nontaxable collective pooling of resources, but rather is now engaging in a for-profit business.

Third, charities constitute the bulk of exempt organizations under 501(c). Data complied in 2002 indicated that there were in excess of 900,000 exempt charitable organizations in the IRS's master file, constituting well over half the total number of all exempt organizations.[2] Trade associations under 501(c)(6) were the next most numerous category, with approximately 84,000 organizations, but still less than a tenth of the number of charitab



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Public Charities vs. Private Foundations

The second major distinction in tax-exemption law occurs within the charitable sector itself. This distinction is between public charities and private foundations. People often get confused about the tax-exempt status of private foundations; so the first thing to remember is that private foundations are charitable organizations eligible for exemption under Section 501(c)(3) just as much as a church or a private school. The IRS has long recognized that making monetary grants to other charities is itself a charitable activity, and that's largely what private foundations do – make grants to other charitable organizations. Historically, in fact, private foundations preceded the income tax. The wealthy industrialists of the 19th century, such as Andrew Carnegie, for example, created trusts to benefit charitable organizations long before we had a functioning income tax. As a result, prior to 1969, private foundations and public charities were treated pretty much the same for tax purposes.

In the 1969 Tax Reform Act, however, Congress decided to subject private foundations to more specific regulation designed to prevent abuses of the private foundation form. The best way to understand why we have this heightened regulation of private foundations is to focus on two main differences between private foundations and public charities: accountability and continuing control.

Public charities are organizations that are accountable to the general public because they get their money in one way or another from a broad cross-section of the public. Private foundations, however, generally receive their funding from a single individual or family, and therefore are accountable to and controlled by that primary donor.

These two distinctions are the basis for our different regulation of public charities and private foundations. When you have true public accountability and "public control" over assets, then you have some reason to believe that the managers of the charity will be careful about their mission and the execution of that mission, because a publicized misstep will have significant adverse effects on the public funding of that organization. Think back to the adverse publicity for the United Way a couple of years ago when its CEO's salary and perks were disclosed in the national media, or the outcry that happened when the Red Cross decided to divert some money donated for 9/11 victims to other needs – I believe, in fact, that this Committee held hearings about the Red Cross's decision and was instrumental in bringing the weight of public accountability to bear on that.

When you do not have this public accountability, however, and you have significant continuing control by one person or family over donated wealth, then there is enormous room for abuse, which is why we have the much tighter regulatory scheme for private foundations. This tighter regulatory scheme generally is set forth in Sections 4940-4946 of the Code, and includes a requirement that a foundation pay out a certain amount of its assets each year to other charities, a prohibition on self-dealing transactions of any kind, limits on the kinds and size of certain business holdings of a foundation, limits on certain kinds of investments that a foundation can make, more stringent limits on lobbying, and so forth. In addition, in 1969 Congress also tightened the rules with respect to charitable donations to private foundations, again to avoid abuse situations in which individuals could eliminate tax liability by making gifts of certain kinds of property, like stock of a privately-held corporation, that could still be controlled for by the donor after the gift. So while individuals can make deductible donations of up to 50% of their adjusted gross income to public charities, and in many cases can take a deduction for the full fair market value of donated property to public charities, deductions to private foundations are limited to 30% of AGI and deductions for property gifts generally are limited to the taxpayer's tax basis in the property, not its market value.

Defining "Charitable" Organizations



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While I think this short summary gives a useful overview of the two main distinctions in our tax exemption laws (charities vs. everything else, and within the "charity" category, public charities vs. private foundations), I would like to close with an additional thought about tax exemption, particularly as it applies to charitable organizations.

One of the core problems with tax exemption for charities over the years has been that exemption more or less "just happened" without a great deal of thought regarding why we hand out tax exemption. Many organizations, such as churches and private schools, for example, were already exempt from state property taxes when Congress passed the first corporate income tax law in 1894; these organizations were not businesses in any sense of the word, and hence exemptions were incorporated into the "new" income tax law without much debate.

As a result, while we have this vague notion that we grant exemption to charities because they "do good things" for society, there has never been a specifically-articulated rationale that allows us to tie down exactly what good behavior should be rewarded with exemption. Currently, the IRS relies on the 400-years of legal precedent in the law of charitable trusts to define charitable organizations. As the operation of nonprofit organizations has changed over time, however, difficult questions have come up regarding tax exemption for certain nonprofits. For example, in the 1800's private nonprofit hospitals were essentially shelters for the poor. Today, most of them are very large fee-for-service businesses. So why are modern private nonprofit hospitals still exempt? Is it because they "do good things" for society? There is no question that nonprofit hospitals in fact do good things for their communities, but one could argue that many for-profit businesses do good things for their communities, as well. Is it because they provide free care for the uninsured poor in some cases? Maybe so, but that is not currently required by law and the empirical evidence on whether nonprofit hospitals provide significant charity care is mixed.[3] So in some cases we have ended up with a sort of disconnect between our traditional views of charities and the way they operate in the real world today.

Over a decade ago, my colleague Mark Hall and I suggested a system in which tax exemption under Section 501(c)(3) would be limited to entities that were substantially dependent on donations for their operating revenues each year.[4] There is a reason why limiting exemption to donative organizations makes sense – in brief, donations are the signal that people believe an organization is doing something worthwhile, and is not otherwise being sufficiently funded by the private market or by the government. People donate to organizations because they see the needs these organizations serve and see a lack of resources to meet those needs. In contrast, organizations that do not get significant donations either aren't doing anything the public thinks is worthwhile, or the public sees that they have ample resources without donations. In either case, such organizations do not need tax exemption. Using donative status, therefore, seems to be a pretty good way to distinguish organizations that do the things that ought to warrant tax exemption from those organizations that do not. In fact, if I asked all of you to name your paradigm charities, I suspect that most of you would name donative entities – your church, the Salvation Army, the Red Cross, the United Way, maybe certain arts organizations.

I think that any discussion of reforming the rules for tax exemption ought to include some thought about the overall system for granting tax exemption, particularly for charitable entities under 501(c)(3), and whether you agree with my suggestion about using donations as this core rationale or not, I would urge the Committee to give some thought to this general point as it deliberates on these issues.

Thank you.

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[1] Treas. Regs. 1.501(c)(6)-1.



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[2] Marion Fremont-Smith, Governing Nonprofit Organizations 6-7 (Belknap Press 2003). This number is likely significantly higher than what is reported, because churches do not have to file with the IRS for recognition of exemption under Section 501(c)(3) and therefore are not included in the IRS Master File.

[3] Under the "community benefit" test of exemption promulgated by the IRS in 1969, free care for the uninsured is not a requirement for a hospital to receive exemption under Section 501(c)(3). *See* Rev. Rul. 69-545, 1969-2 C.B. 117; John D. Colombo, *The Role of Access in Charitable Tax Exemption*, 82 Wash. U.L.Q. 343, 347 (2004). For a review of the empirical evidence, see John D. Colombo, *The Failure of Community Benefit*, 15 Health Matrix 29 (forthcoming 2005).

[4] John D. Colombo and Mark A. Hall, The Charitable Tax Exemption (Westview Press, 1995); Mark A. Hall and John D. Colombo, The Donative Theory of the Charitable Tax Exemption, 52 Ohio St. L.J. 1379 (1991).

EXHIBIT
Exhibit 203

CSOC.CBR.00012403

House Committee on Ways and Means

Statement of Frances R. Hill, Professor, University of Miami School of Law, Miami, Florida

Testimony Before the House Committee on Ways and Means

April 20, 2005

Thank you for the opportunity to present this testimony. The comments presented are my personal views and do not represent the views, if any, of the University of Miami or the University of Miami School of Law.

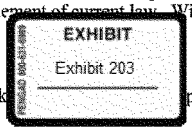
Exempt entities provide important benefits to the public. Without a vibrant, diverse, dynamic and growing exempt sector, many important social, cultural, and economic needs of the American people could not and would not be served. All of us are beneficiaries of this sector no matter how fortunate or unfortunate our circumstances.

Maintaining the vibrancy and dynamism of the exempt sector that provides such important benefits to the public is enhanced by continuing oversight from Congress and responsible administration of the law by the Internal Revenue Service (the "Service"). Such efforts must protect the public interest in ensuring that exemption serves public purposes. At the same time, efforts to constrain the creativity of the exempt sector by unduly circumscribing the independence of exempt entities would be counterproductive. The exempt sector must be accountable but should not be constrained. Evidence of malfeasance by certain organization managers or the inattentiveness or even dereliction by certain directors should not be generalized to the entire sector, just as these unacceptable behaviors should not be excused by reference to the benefits provided by exempt organizations. Government administration and oversight should be seen as part of a larger process of ensuring accountability through participatory monitoring by organization members and beneficiaries.

The twenty-eight types of exempt entities enumerated in section 501(c) of the Internal Revenue Code of 1986, as amended (the "Code") differ in their requirements for exemption and the activities that support exempt status. But, they share the common feature that, in every case, exemption depends upon providing a public benefit to a defined class of beneficiaries.[1] This common feature provides a rationale for exemption and an analytical framework for understanding whether current law and the way it is being administered are consistent with the foundational reason for exemption.

While current law indeed provides that provision of benefits to the designated class of beneficiaries is the foundational requirement for exemption, this requirement has not been developed as an affirmative requirement. Instead, administrative efforts, policy discussions, and academic analyses focus largely on preventing impermissible private benefit. Preventing misuse of exempt organizations' resources is a matter of central importance. But, it does not provide either a rationale for exemption or an analytical framework for understanding exemption. As exempt entities engage in an ever-broadening range of activities and as the exempt sector grows larger, more dynamic and more diverse, this is an appropriate time to consider the reasons for the exemption and the relationships between these fundamental rationales and current law.

A rationale or framework addressing the reasons for exemption is an analytical and policy tool, not a justification offered to defend every element of current law. Without such a framework, a rationale



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rather than a mere rationalization, rules become isolated requirements that are easily manipulated to support activities largely unrelated to the statutory purposes exempt entities are created to serve. When the law is easily manipulated, resources are diverted from activities that serve exempt purposes to activities that serve other ends and confidence in the exempt sector erodes. The result is a classic moral hazard in which aggressive entities pursing problematic strategies win at least tacit acceptance, while entities that are attempting to comply are given little useful guidance and find few positive rewards for their efforts.

This is not to suggest applicable law and acceptable practices will not or should not change. The world in which exempt entities operate is changing and the needs addressed by exempt entities are changing. Change in activities undertaken, structures created, and relationships with other sectors developed should be seen as practical adaptations to changing circumstances. At the same time, certain things need not and should not change. Exempt entities should always operate to provide a public benefit to the beneficiaries they have been organized to serve. Exempt entities should never be treated as the private domain of managers or board members or substantial contributors who treat either the tangible or intangible resources of the exempt organization as something to be used for personal benefit. The challenge is to reconcile useful change with these foundational principles. This is the work of every person who cares about the exempt sector. In a democracy, views on how to do this can be expected to differ.

My comments today will focus on a public benefit framework for exemption. I shall address the following topics: (1) the elements of a public benefit framework; (2) oversight priorities arising from a public benefit framework; (3) oversight priorities for data collection and research; (4) oversight priorities relating to guidance and compliance; and (5) oversight and ensuring that exempt entities operate for a public benefit.

I. Elements of a Public Benefit Framework

Exemption is a subsidy granted for defined public policy purposes.[2] The Code, the applicable regulations, and the legislative history all support the nexus between exemption and provision of a public benefit. No one would disagree that provision of the statutorily mandated public benefit is the essential activity of any exempt entity.

Yet, the concept of a public benefit has not figured centrally in either policy discussions or academic analyses of exempt entities. Instead, both policy makers and commentators have equated the absence of private benefit with the presence of a public benefit. The dominant academic framework in the last quarter century was based on the private benefit avoidance framework presented by Professor Henry Hansmann in terms of a "nondistribution constraint."[3] Much of policy focus during this same period was on developing an administrable private benefit provision, which was enacted in the excess benefit transaction provision of section 4958.

Concern with private benefit is a fundamentally important element in the law relating to exemption. But, the mere absence of a private benefit does not provide a rationale for exemption that can provide guidance for administration and oversight of the exempt sector. A rationale for exemption and a framework for analysis, policy, administration, and oversight depends on developing the concept of a public benefit, which provides an affirmative rationale for exemption consistent with the exempt purposes set forth in current law. A public benefit rationale for exemption points toward additional issues that are critical in determining whether entities are serving their intended exempt purposes.

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Making public benefit a focal point of inquiry leads to the question of whether current law and the manner in which it is being administered are consistent with the efficiency of exemption. To the extent that exemption means that a public benefit is being provided to an appropriate class of beneficiaries, it is operating efficiently. To the extent that exemption serves simply as a mechanism for avoiding taxes on income that would be taxed if performed by another type of entity, then exemption is inefficient. A focus on efficiency in this sense permits one to raise the question of whether increases in the number and revenue of exempt entities mean that provision of public benefits has increased to a commensurate extent. The only response in light of current data is that no one can say with any certainty. As this testimony suggests below, development of a public benefit framework for exemption permits the kind of analysis that can lead to collection of the information required to answer this fundamental question.

A public benefit framework directs attention to a fact that has been curiously overlooked. Analyses of exempt organizations have overlooked the significance of the noun and focused instead on the adjective. Ignoring the fact that exempt activities are conducted through organizations is a central analytical error. This error is compounded by the unarticulated "organizational presumption" of current law and its administration.[4] Activities conducted by exempt organizations are generally presumed to be consistent with the organization's exempt status. In practice, the definition of an exempt activity is an activity conducted by an exempt organization. But, no one knows what exempt entities are in fact doing. Current law anticipates that exempt entities will engage not only in exempt activities but also in permissible activities that do not in themselves support exemption and which are not intended to be the organization's primary activity. But, to the extent that these permissible activities become characterized as exempt activities by invoking the organizational presumption as the core element of characterization, exemption becomes inefficient.

A second problem obscured by the lack of attention to the concept of an organization is the difficulty of determining the primary purpose of an organization. Section 501 and the regulations there under provide that exempt organizations of all types are exempt only if they are organized and operated primarily for an exempt purpose. There is no guidance on what constitutes "primary" for this purpose. Is a peppercorn of exempt activity sufficient? No one can say, and there is no guidance on how to determine which activities in fact support exemption. This is not simply a problem of data but more fundamentally a problem of conceptualizing exempt organizations. This issue is particularly important in light of the dynamism of the exempt sector. Balancing this necessary dynamism with an administrable concept of what is a primary purpose is not an easy task but it is a necessary one which should no longer be deferred.

The dynamism of the exempt sector has led some to suggest that the kind of activities in which exempt entities are permitted to engage should be closely constrained. This not likely to be a useful or workable approach. The idea that certain activities should be performed solely by exempt entities or solely by taxable entities is no longer either plausible or desirable. Efforts to prohibit taxable schools or to ban gift shops at zoos or restaurants at museums would seem to serve no useful purpose. The question posed here is not what activities are permissible but what activities are consistent with the efficient provision of a public benefit to an appropriate class of beneficiaries. To the extent that exempt entities use resources for activities that do not provide a public benefit, exemption operates inefficiently. This kind of inefficiency cannot be addressed by a "nondistribution constraint" implemented through the private benefit provisions. The absence of private benefit does not establish the presence of a public benefit. Addressing exemption inefficiency requires specification of a public benefit framework implemented through a "nondiversion constraint" that imposes disincentives on the diversion of resources from exempt activities to other activities.[5]

II. Oversight Priorities: Reconcilin 

ework with Unaddressed Issues and

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Contemporary Developments

The following discussion of six contemporary developments in the exempt sector should not be read as identification of problematic or abusive behavior. As noted above, the dynamism of American social, cultural and economic life are strengths of our country. This is true with respect to the exempt sector as well as to the taxable sector. At the same time, exemption must continue to serve its public purposes by providing public benefits to appropriately defined beneficiaries. The six oversight priorities arising from a public benefit framework for understanding exemption are: (1) what constitutes a public benefit; (2) identifying beneficiaries; (3) overcoming internal diversions of resources; (4) operation of complex structures; (5) transfers of resources among various types of exempt and taxable entities; (6) the role of the unrelated business income tax ("UBIT") provisions from a public benefit perspective; and (7) interdicting the abuse of exemption represented by serving as accommodation parties in tax shelter transactions. Each of these will be discussed in turn.

1. Specifying What Is Meant By a Public Benefit

Some subsections of 501(c) specify permissible exempt benefits in some detail. The primary exception is section 501(c)(3). The broad range of exempt purposes under section 501(c)(3) is consistent with providing public benefits that range from such tangible benefits as food, clothing, and shelter to intangible benefits like education.

Efforts to address perceived abuses by restricting the nature of benefits, with only certain kinds of benefits treated as qualifying public benefits, would introduce a counterproductive inefficiency that robs the exempt sector of its dynamism and its ability to fulfill its purposes. The issue is not to restrict activities, but to determine what kinds of activities should be funded with exempt funds.

2. Identifying Appropriate Beneficiaries Entitled to Receive Public Benefits

Many types of exempt entities have clearly defined criteria for beneficiaries, who are also members of the organization. This is the case with respect to section 501(c)(5) labor organizations, section 501(c)(6) business leagues, section 501(c)(7) social clubs, section 501(c)(8) fraternal benefit organizations, section 501(c)(10) fraternal societies, section 501(c)(19) veterans organizations, and section 501(c)(21) black lung trusts.

Section 501(c)(3) does not specify categories of persons who may receive the benefits providing the foundation for exemption. Beneficiaries of section 501(c)(3) are in some cases readily identified but in other cases are not. Generally recipients of more tangible public benefits are more readily identifiable, while recipients of less tangible but still vitally important benefits are not readily identifiable as a distinct "charitable class." This distinction causes significant confusion with respect to organizations providing intangible benefits to a charitable class that is not readily identifiable. In these cases, it is easy but wrong to take the position that the organization is providing no public benefit to appropriate beneficiaries. Greater attention to issues of the concept of a charitable class would help eliminate such confusion and would protect the diversity and dynamism of the exempt sector.

3. Overcoming Internal Diversion of Resources by Addressing the Organizational Presumptions

As discussed above, exempt purposes are pursued through exempt organizations. Current law requires that exempt purposes constitute an organization's primary purpose. However, current practice is based on an "organizational presumption" that treats activities as exempt activities if they are conducted by an exempt entity. The resulting circularit[illegible] diversion of resources to activities that are



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only tangentially, at best, related to exempt purposes.

There are two possible approaches to addressing this kind of internal diversion. One is to provide guidance on what constitutes an organization's primary purpose. While this would seem to be fundamental to administering current law, in fact there is no practical, useful guidance at all on this matter.

A second approach would be to direct tax benefits only to expenditures for exempt activity while not constraining other activities. This approach treats an exempt organization as an aggregate of activities, only some of which are treated as exempt, and makes the benefits of exemption available only with respect to funds used for exempt activities. This approach is based on targeting the benefits of exemption to those activities that in fact provide a public benefit to an appropriate class of beneficiaries.

4. Complex Structures

Exempt entities are increasingly operating in complex structures of related exempt entities of different types with different exempt purposes serving differently defined beneficiaries. How these various purposes and beneficiaries are to be appropriately served is a question of what public benefits are being provided. In the worst case, activities that are consistent with the exempt status of one type of exempt entity can jeopardize the exempt status of other types of exempt entities. The issue is to avoid inappropriate diversion of resources while at the same time appropriately protecting the exempt statuses of the various entities. Complex structures may also involve both taxable and tax exempt entities. These structures can create synergy that enables exempt entities to provide a public benefit more efficiently. At the same time, issues of diversion and potential conflicts of interest require more timely guidance and continuing oversight.

5. Transferring Resources

Exempt entities may choose to fund projects or programs operated by other exempt entities. There is virtually no guidance on such transfers. Unaddressed issues include questions of what kinds of transfers between what types of entities are permissible, what kind of oversight and recordkeeping are required, and under what circumstances transfers might jeopardize the exempt status of either the transferor or the recipient. These kinds of questions arise with respect to transfers between exempt entities of the same type, between exempt entities of different types, and between exempt and taxable entities.

6. UBIT and Public Benefit

The UBIT provisions exist to tax the income derived from unrelated trade or business activities. The original purpose of the UBIT provisions was to prevent unfair competition with taxable business engaged in the same activities. The issue now is more a matter of diversion of resources to capitalizing the unrelated trade or business than a matter of unfair competition with taxable entities. UBIT is not designed to address this kind of diversion and in fact does not do so. The issue is whether UBIT should be reconsidered or whether some other form of no diversion constraint should be considered. In addition, the extent of unrelated trade or business activity that is consistent with exempt status remains unaddressed. It should also be noted that those activities subject to the unrelated business income tax represent only a portion of the commercial activities exempt entities engage in because the exceptions to UBIT have come to be so expansively applied.

7. Exempt Entities as Accommodation Parties in Tax Shelters



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Serving as an accommodation party in a tax shelter can never be treated as an activity that provides a public benefit.[6] More attention is needed to efforts of shelter promoters to entice exempt entities to play this role.

The appropriate response is likely to involve some mixture of tax on the fee on the theory it is a taxable fee for providing a service, as well as penalties imposed on organizations, organization managers, and professional advisers and the possibility of revocation of exemption. Revocation by itself is unlikely to have much effect on special purpose exempt entities created for the purpose of serving as an accommodation party. In addition, the Service has historically been reluctant to revoke exempt status even in cases of quite egregious private benefit.

III. Oversight Priorities for Data Collection and Research

A public benefit framework directs attention to the question of whether the growth in the number of exempt entities and the increase in their revenue is matched by an increase in provision of benefits to appropriate beneficiaries. This question can be answered only by developing a more precise idea of what exempt entities are in fact doing.

There are two important components to this inquiry. The first relates to the sources of funds and the second relates to the uses of funds and what empirical patterns, if any, can be identified between sources and uses. Looking at the relationship between sources and uses of funds inside organizations creates an empirical basis for assessing claims that all funds, however derived, are used for exempt activities. This is a rationalization for ignoring the primary purpose issue and for defining virtually anything an exempt organization does as an exempt activity.

Current data provide little basis for addressing this issue. Most research is based on Form 990, which is publicly available. But, the data on Form 990 are collected for compliance, not for research. In addition, there is no external check on the reliability of this self-reported data.[7] The data needed will necessarily be based on the books and records of organizations, which poses a significant barrier to research. Such research should not be linked to enforcement efforts by the Service.

IV. Oversight Priorities Relating to Guidance and Compliance

Guidance and compliance are inextricably interrelated. Compliance initiatives are one means of identifying areas requiring issuance of additional guidance. Guidance permits organizations and their professional advisers to comply more effectively. Guidance is also a necessary predicate for compliance initiatives and public acceptance of such initiatives. Concerns about compliance burdens on exempt entities are important, and issuance of timely guidance will ease the compliance burden.

The Service has issued little precedential guidance in recent years. The lack of a program for issuing precedential guidance with respect to the most significant foundational issues exacerbates the moral hazard of giving greater scope for aggressive actions while failing to assist those seeking to comply. Any such comprehensive program for issuing guidance requires personnel with a high level of expertise and experience in the substantive area. The issues to be addressed call for a sophisticated understanding of the technical rules, an appreciation of the policy purposes being served, and a well-honed sense of what kinds of approaches the Service can administer.

Any priorities identified through the oversight process must necessarily lead to administrable tax policies. There are substantial questio[illegible]e can administer at its current funding and

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staffing levels. The lack of guidance and the slow pace of compliance efforts suggest to this outside observer that the Service requires additional resources and additional personnel. The Service seems particularly short of persons with the required expertise in developing guidance. It is also important to provide funds for attracting, training, and retaining young lawyers who now may not be inclined to consider careers with the Service.

These comments should not be construed as lack of confidence in the skill and commitment of the many dedicated tax professionals who work on exempt organization matters. There are simply too few persons with the requisite expertise to provide the guidance needed by the exempt sector. I urge Congress to consider substantially increasing the funding for the exempt organization function at the Service.

V. Oversight and Public Benefit

Oversight efforts can help ensure that the provision of public benefits is the criterion for retaining exempt status. This is consistent with the mission of exempt entities and the commitments of the dedicated people who work in the exempt sector.

Oversight can help develop greater understanding of how the provision of public benefits is funded and what are the main reason that organizations divert particular types of funds to other uses. Such empirical research and consideration of the policy responses to such research are not likely to be developed rapidly or in response to one or another example of indefensible behavior. Incremental efforts based on greater understanding of what exempt entities in fact do and how they do it seems the most productive approach to ensuring that this vital sector can continue to make its unique contributions. Continued consideration of an appropriate framework for exemption will keep attention focused on what should never change in exempt organization law and what changes are appropriate accommodations to changing circumstances.

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[1] For analyses of these various types of exempt entities, *see*Frances R. Hill and Douglas M. Mancino, Taxation of Exempt Organizations Warren, Gorham & Lamont, 2002, with semiannual supplements) ("Hill and Mancino").

[2] *Regan v. Taxation with Representation,* 461 U.S. 540 (1983).

[3] Henry Hansmann, *The Role of Nonprofit Enterprises,* 89 Yale L.J. 835 (1980); *Reforming Nonprofit Corporation Law, , 129 U. Pa. L. Rev.497 (1981).*

[4] *Frances R. Hill, Targeting Exemption for Charitable Efficiency: Designing a Nondiversion Constraint, 56 Sn. Meth. L. Rev. 675 (2003)("Targeting Exemption").*

[5] *For a discussion of a nondiversion constraint, see Targeting Exemption, supra note 4.*

[6] *See new Chapter 37, Exempt Entities and Tax Shelters, in the most recent supplement to Hill and Mancino, suprara note 1.*

[7] *See, General Accounting Office, Tax-Exempt Organizations: Improvements Possible in Public,*

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IRS, and State Oversight of Charities (2002)(GAO-02-526).



House Committee on Ways and Means

Statement of The Honorable Sheldon S. Cohen, Partner, Morgan, Lewis and Bockius, and Commissioner, Internal Revenue Service, 1965-1969

Testimony Before the House Committee on Ways and Means

April 20, 2005

Chairman Thomas and distinguished members of the Committee, I am Sheldon Cohen, senior counsel in the Washington D.C. office of the law firm of Morgan, Lewis & Bockius and a former Chief Counsel and Commissioner of the Internal Revenue Service. I am pleased to appear before you today at your request to testify on issues relating to the historical background of certain organizations that are tax-exempt under Section 501(c). My testimony today is in my personal capacity and represents my own views and not those of my firm or any of its clients.

By way of background, I served in the Internal Revenue Service on several different occasions. During the period 1952-1956, I served as a legislative draftsperson during the drafting of the 1954 Code and Regulations. In the period from January 1964 through January 1969, I served as Chief Counsel for one year and then as Commissioner of the Internal Revenue Service for four years. I have also served as an officer and Trustee of the National Academy of Public Administration and have served as a panel member of several studies dealing with the administrative aspects of the Internal Revenue Service. I also served as Co-Chair of a study of the collection and privacy portions of the Internal Revenue Code for the Administrative Conference of the U.S. (The changes recommended by that group, co-chaired by Justice Scalia in one of his prior positions as chair of the Administrative Conference of the United States, were adopted by the Congress in 1976.)

Given our limited time today, I will first discuss some background information about a number of the numerous organizations that are tax-exempt under Section 501(c) and some of the changes Congress and the IRS have made over the years as various problems have arisen with respect to different exempt organizations. Then, I will briefly address some of the critical questions that arise with respect to evaluating these organizations' qualification for exemption from Federal income tax. I have attached an appendix to my written testimony listing all of the categories of organizations exempt under Section 501 (c).

Questions about the tax-exempt sector are increasingly important given that the sector is growing in both size and assets and has been playing an ever more important role in our society. The number of organizations exempt from tax in the United States has increased tremendously in the past 30 years. According to the Statistics of Income Division, there were only about 220,000 organizations (excluding private foundations) exempt under Section 501(c) filing Form 990 annual information returns with the IRS in 1975. (Please note that this figure does not include churches and religious organizations and a few other organizations not required to file Form 990.) By 1995, the number of organizations filing an annual information return with the IRS had skyrocketed to approximately 1.2 million exempt organizations. The sector has even grown tremendously in the past 10 years alone – today, there are over 1.8 million organizations exempt from tax under Section 501(c) filing Form 990 with the IRS each year.

There are 28 categories of tax-exempt organizations under Section 501(c), and approximately 1 million of the organizations exempt under Section 501(c) are categorized under Section 501(c)(3). Section 501 (c)(3) organizations stand apart from c ns, and have, over the years, received a

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good deal of the attention focused on the non-profit sector. In fact, they have received almost all of the attention.

Section 501(c)(3) organizations are distinguished by being considered charitable in nature and include organizations such as universities and schools, hospitals, scientific research organizations, social service organizations, community development groups, performing arts groups, and environmental support organizations. Also exempt under Section 501(c)(3) are private foundations, which operate programs, provide services and/or make grants in order to fulfill their charitable purposes.

Organizations exempt from Federal income tax under one of the other Section 501(c) subsections of the Internal Revenue Code provide an array of not-for-profit services, and are frequently formed as membership organizations to primarily benefit their members. These other tax-exempt organizations are distinguished from Section 501(c)(3) organizations because they are not considered to be charitable in nature or to primarily benefit the public. Unlike Section 501(c)(3) organizations, most of these other exempt organizations are not eligible to receive tax-deductible charitable contributions. The primary advantage they receive for qualifying under Section 501 is, therefore, exemption from Federal income tax. As you requested, I will not be addressing Section 501(c)(3) organizations or organizations that are exempt under Section 501(c)(5), which are labor, agricultural and horticultural organizations, or Section 501(c)(6) organizations, which are business leagues.

One of the hot topics in the exempt organizations field today concerns the exemption of credit unions. Credit unions can potentially be exempt under two sections – 501(c)(1) and 501(c)(14). Section 501(c)(1) exempts federal instrumentalities from tax. Organizations exempt under this section include the FDIC, Federal Land Banks, Federal Reserve Banks and similar organizations. Also included are Federal credit unions organized and operated in accordance with the Federal Credit Union Act, which are considered instrumentalities of the United States. Section 501(c)(1) organizations are not required to file Form 990 annual informational returns, they are not subject to the unrelated business income tax and they are entitled to receive tax-deductible contributions. In the 1970s, the IRS conducted a review of the 1,000 or so organizations exempt under this Section. This review revealed that many of these organizations did not qualify as Federal instrumentalities and were classified under Section 501(c)(1) inadvertently. As a result, there are only about 150 Section 501(c)(1) organizations today.

Credit unions that are state chartered and other mutual financial organizations may obtain exemption under Section 501(c)(14) rather than Section 501(c)(1). Exemption under Section 501(c)(1) is preferable for credit unions because the IRS has assumed an audit position that 501(c)(14) credit unions are subject to the unrelated business income tax whereas 501(c)(1) organizations are not, given that the Internal Revenue Code does not address this point.

Organizations that are exempt under Section 501(c)(2) and Section 501(c)(25) are title holding companies for tax-exempt organizations. Section 501(c)(2) provides exemption for single parent organizations, and was added to the Code in 1916. Section 501(c)(25) was added to the Code in 1986 in response to the IRS' position that title-holding entities which otherwise qualified under Section 501(c)(2) could not be exempt if two or more of its parent organizations were unrelated.

Section 501(c)(4) was incorporated in the Code in 1913 and includes organizations to promote the common good and general welfare of the community, such as civic leagues, social welfare organizations, homeowners' associations, etc. They are similar to Section 501(c)(3)'s but they are permitted to engage in some legislative and political activities, so long as this does not constitute their primary activity. Section 501(c)(4) does not include social clubs or other clubs organized for pleasure or recreation. Such organizations are instead exempt under Section 501(c)(7) and have been exempt since 1916. A few years ago, the IRS made [redacted] ensure that social clubs were properly

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paying the unrelated business income tax on their investment income.

Many veterans organizations used to be exempt under Section 501(c)(4) and (c)(7). In 1969, 501(c)(4) organizations were made subject to the unrelated business income tax. Given that veterans organizations often provide insurance, many were concerned that their insurance activities would be taxable. As a result, Section 501(c)(19) was passed in 1972 to specifically provide exemption for veterans organizations offering insurance to their members.

Section 501(c)(8) exempts fraternal organizations which were historically created to provide insurance to their members. I believe there are about 30,000 Section 501(c)(8) organizations. Section 501(c)(10) was added in the Tax Reform Act of 1969 to exempt certain of these organizations that stopped providing insurance to their members, like the Masons.

Section 501(c)(9) is for VEBAs – Voluntary Employees' Beneficiary Associations, which provide for life, sickness, accident and other benefits to their members who must all have a common employment-related bond. In the early 1980s, VEBAs were used in an abusive scheme in which employers were seeking to take advance deductions for contributions to welfare plans that provided benefits in the nature of deferred compensation. Congress solved this problem by passing Section 419 in the Deficit Reduction Act of 1984, which places objective limits on the amount an employer can deduct for contributions to welfare plans for employees.

Section 501(c)(12) originated in 1916 and is designed for mutual and cooperative associations. Section 501(c)(13) has been around since 1913 and provides exemption for non-profit cemeteries.

There are several subsections of 501(c) that exempt very few organizations in practice. I understand that there are only 2 organizations currently exempt under Section 501(c)(23). Section 501(c)(23) was passed in 1982 to exempt associations organized before 1880 more than 75 percent of the members of which are present or past members of the Armed Forces and a principal purpose of which is to provide insurance and other benefits to veterans or their dependents. It is my understanding that there is also only a single remaining organization that is exempt under Section 501(c)(18) (Employee Funded Pension Trusts, which must have been created before June 25, 1959) and Section 501(c)(24) (Trust Described in Section 4049 of ERISA). I do not believe there are any organizations exempt as Section 501(c)(22) Trusts for Multiemployer Plans Under ERISA. Section 501(c)(20) (Group Legal Services Plan) expired in 1992, although there are still a handful of organizations exempt under this Section. Furthermore, I understand that there are only about 50 or significantly fewer organizations exempt under Section 501(c)(11) (Teachers' Retirement Fund Associations of a Purely Local Character), Section 501 (c)(16) (crop financing organizations), Section 501(c)(21) (Black Lung Benefit Trusts), Section 501(c) (26) (State-Sponsored High-Risk Health Coverage Organizations) and Section 501(c)(27) (State-sponsored Workmen's Compensation Reinsurance Corporations).

These are just some examples of the numerous organizations that are exempt under Section 501(c), and some of the various considerations that have arisen over time. As Congress reviews exempt organizations, there are several questions to consider with respect to those organizations that are exempt under subsets of Section 501(c) other than Section 501(c)(3).

First, given that exempt organizations have been added to the Code piecemeal over time to address particular contemporary factors, the most basic issues in assessing these organizations are to determine whether they still serve their intended purpose and whether the Code should be amended to reflect current realities. As you can see from this review of Section 501(c), specific exemptions were made to address particular concerns at various [illegible] instances, Congress and the IRS have



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reacted to the realities – the concerns, needs and abuses – of the tax-exempt sector. Nonetheless, although many, if not most, of these organizations are still serving the purpose for which they were granted exemption, others merit revisiting.

The second question is whether all organizations exempt under Section 501 should be required to apply to the IRS for recognition of their exempt status. Of all the Section 501(c) organizations, only those exempt under Section 501(c)(3) are required to apply to the IRS for recognition of their exempt status. Other organizations are nonetheless required to file an annual information return, Form 990, but only if they have gross receipts over $25,000 a year. In practice, the IRS tends to request that any organization filing a Form 990 submit an application for recognition of tax exemption. But because organizations that have gross receipts of less than $25,000 a year are not required to file Form 990, small organizations may escape the IRS' notice completely or for a long time.

Third, Congress may want to consider whether the Code should be amended to institute penalties against insiders who deal unfairly with all Section 501(c) exempt organizations. Although nine categories of organizations exempt under Section 501(c) are prohibited from having any benefits "inure" to insiders at an organization, only Section 501(c)(3) and (c)(4) organizations are subject to rules which sanction the actual individuals who deal improperly with an exempt organization. Attention has been focused on exempt organizations recently in part because of high profile cases in which private individuals received inappropriate benefits from charities with which they were affiliated. Private foundations are subject to the "self-dealing" rules of Section 4941 (passed by Congress in the Tax Reform Act of 1969) and public charities are regulated by the "intermediate sanctions" provisions of Section 4958 (passed in 1996). Section 501(c)(4) organizations were also specifically made subject to the intermediate sanctions rules. These rules are an important part of IRS oversight of exempt organizations, in large part because they provide a way to halt and redress abuse of tax-exempt resources without revoking the exempt status of an organization that may be making valuable contributions to our society.

Finally, although these categories of organizations exempt under Section 501(c) merit review, IRS resources are scarce. The question of whether the IRS is devoting appropriate audit attention to these organizations may depend to a large extent on budgetary constraints and the need for enforcement efforts in other areas.

In closing I would like to thank the Committee and its staff for allowing me to give you my views on this topic.

APPENDIX

Types of Exempt Organizations under Internal Revenue Code Section 501(c)

Internal Revenue Code Section	Description of activities
501(c)(1)	Corporations organized under Act of Congress Instrumentalities of the United States
501(c)(2)	Title holding corporation for an exempt organization
501(c)(3)	Charitable, religious, educational, scientific, and literary organizations, interna[illegible]mpetitions, organizations that prevent

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	cruelty to children and animals, and organizations that test for public safety
501(c)(4)	Civic leagues, social welfare organizations and local employees' associations
501(c)(5)	Labor, agricultural, and horticultural organizations
501(c)(6)	Business leagues, chambers of commerce, and real estate boards
501(c)(7)	Social and recreational clubs
501(c)(8)	Fraternal beneficiary societies that provide life, sickness, or accident benefits to members
501(c)(9)	Voluntary employees' beneficiary associations, which provide for payment of life, sickness, accident, or other benefits
501(c)(10)	Domestic fraternal societies that do not provide life, sickness, or accident benefits to members
501(c)(11)	Teachers' retirement fund associations
501(c)(12)	Local benevolent life insurance associations, mutual ditch or irrigation companies, mutual or cooperative telephone companies, and like organizations
501(c)(13)	Cemetery companies
501(c)(14)	State-chartered credit unions and mutual financial organizations
501(c)(15)	Certain mutual insurance companies or associations that provide insurance to members substantially at cost
501(c)(16)	Farmers cooperatives organized to finance crop operations
501(c)(17)	Supplemental unemployment benefit trusts
501(c)(18)	Employee-funded pension trusts
501(c)(19)	War veterans organizations (e.g., American Legion Posts)
501(c)(20)	Group Legal Services Plan Organizations
501(c)(21)	Black Lung Benefit Trusts
501(c)(22)	Trusts for Multiemployer Plans Under ERISA
501(c)(23)	Association organized before 1880 more than 75% of the members of which are present or past members of the Armed Forces and a principal purpose [redacted] surance and other benefits to veterans or



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	their dependents
501(c)(24)	Trust Described in Section 4049 of ERISA
501(c)(25)	Title-Holding Corporations or Trusts for Multiple Parents
501(c)(26)	State-sponsored high-risk health coverage organizations
501(c)(27)	State-sponsored Workers' Compensation Reinsurance Organizations
501(c)(28)	The National Railroad Retirement Investment Trust established under Section 15(j) of the Railroad Retirement Act of 1974



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House Committee on Ways and Means

Statement of Bruce Hopkins, Attorney, Polsinelli Shalton Welte Suelthaus, P.C., Kansas City, Missouri

Testimony Before the House Committee on Ways and Means

April 20, 2005

I have been asked to provide the Committee with a summary of the history and evolution of the federal tax law pertaining to the charitable sector of the United States. The term "charitable" includes charitable, educational, scientific, and religious organizations within the meaning of Internal Revenue Code section ("IRC §") 501(c)(3)). This sector thus embraces both public charities and private foundations.

Tax exemption for these organizations is traceable to the Revenue Act of 1913 and can be found in earlier laws. Therefore, we are rapidly approaching the centennial of these rules.

I have also been asked to provide the Committee with my view of the present-day state of the statutory law of tax-exempt organizations.

Further, I have been asked to provide a summary of the law concerning tax-exempt labor organizations.

Summary of Testimony

My testimony essentially centers on four points:

1. The statutory law concerning tax-exempt organizations has evolved over the decades in a disorderly, unplanned fashion. Congress has not been sufficiently explicit about the rules governing tax-exempt organizations.

2. Congress made major revisions in this law in 1917, 1950, and 1969. Overall, Congress has frequently modified and expanded the law concerning the exempt sector. Nearly 30 tax acts have brought some revision and/or addition to this area of the law.

3. The state of the federal tax law today is that it is unbalanced and uneven.

4. Many aspects of today's statutory law of tax-exempt organizations are unclear. As the sector has grown, this situation has fostered or facilitated misunderstandings and abuses by certain tax-exempt organizations and tax law planners. Federal tax statutory law that addresses the gaps in the present-day overall statutory regime would provide a full legal structure that would address this problem. This, in turn would facilitate the ability of the IRS to provide meaningful guidance within that framework.

As background, I have been in the private practice of law for 35 years, representing charitable and other tax-exempt organizations. I have taught in two law schools, and continue to present at conferences and seminars around the country. I have written several books, including *The Law of Tax-Exempt Organizations* (8th ed., annually supplemented). I write a monthly newsletter on exempt organizations law subject, *Bruce R. Hopkins' Nonprofit Counsel*.



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Summary of Statutory Law Evolution

Tax exemption for charitable organizations began in 1913, when Congress enacted the first constitutional federal income tax. There have, of course, been many major pieces of tax legislation since then. The following acts are of major consequence: establishment of the concept of federal income tax exemption in 1913; enactment of the charitable contribution deductions in 1917, 1921, and 1932; enactment of the unrelated business rules in 1950; and enactment of the public charity and private foundation definitions and rules in 1969.

Thus, the statutory law of tax-exempt organizations was initiated in 1913, and given major boosts in 1950 and 1969. Indeed, today's statutory structure (along with the charitable giving rules) was shaped substantially by the 1969 legislation.

In somewhat of a second-tier categorization of important exempt charitable organizations legislation, the limitations on legislative activities were enacted in 1934, the prohibition on political campaign activities was adopted in 1954, public charity lobbying rules were enacted in 1976, excise taxes on legislative and political expenditures were enacted in 1987, and the excess benefit transactions (intermediate sanctions) rules were enacted in 1996.

Nearly every tax act of any consequence since then (particularly in 1974, 1976, 1982, 1984, 1986, 1987, 1993, 1996, 1997, 2000, 2002, 2003, and 2004) has added to this body of law. (Additional legislation that would have augmented this collection of law, passed in 1992, 1995, and 1998, was vetoed.)

Below, I have provided the Committee with the history and evolution of this statutory law, summarizing each of the 28 acts. Also, I traced the history of these acts by year and Internal Revenue Code sections. This history illustrates the fact that the statutory law of tax-exempt organizations has indeed evolved in a disorderly fashion.

Another factor shaping the evolution of the federal statutory law of tax-exempt organizations is Congressional reaction to positions taken by the IRS. In the attached statement, I have provided 18 instances where statutory exempt organizations law was created in response to a policy position of the agency.

State of the Statutory Law

Today, the tax-exempt sector of the United States is confronted with a dazzling array of federal tax law reform proposals. These are found in a recent report from the staff of the Joint Committee on Taxation, a paper prepared last year by the staff of the Senate Committee on Finance, the Administration's fiscal year 2006 proposed budget, and the interim report recently published by Independent Sector's Panel on the Nonprofit Sector.

Some of these proposals are referenced below. Before addressing them, however, I note that many of these proposals are reflective of the inadequate state of the federal statutory tax law of tax-exempt organizations. There are many more gaps in this body of law than there should be. The Department of the Treasury, the Internal Revenue Service, and the courts, from time to time, attempt to fill these voids but the absence of a full and balanced statutory regime contributes to the need for many of the reforms being advocated at this time.

The state of the federal statutory law of tax-exempt organizations can best be described in words that may be somewhat redundant: disparat and uneven. This aspect of the tax law

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(other than the charitable giving rules) consists of the following 20 elements:

1. Criteria for exemption
2. Organizational test
3. Operational test
4. Public charities and private foundations
5. Private inurement
6. Private benefit
7. Intermediate sanctions
8. Legislative activities
9. Political activities
10. Commerciality
11. Unrelated business
12. Tax-exempt subsidiaries
13. For-profit subsidiaries
14. Exempt organizations in partnerships
15. Exempt organizations in other joint ventures
16. Internet use
17. Reporting requirements
18. Disclosure requirements
19. Corporate governance principles
20. Fundraising

Of these 20 elements, only six of them are generally adequate reflected in existing statutory law: the subjects of public charities and private foundations, the intermediate sanctions rules, the law as to attempts to influence legislation, the unrelated business rules, tax-exempt subsidiaries (often supporting organizations), and the reporting requirements.

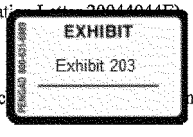
By contrast, the statutory law concerning the income, gift, and estate tax charitable giving rules is far more complete and balanced, enabling the IRS to issue timely and meaningful guidance.

These gaps in the exempt organizations statutory law cannot be properly filled by tax regulations and rulings. Treasury and the IRS try this from time to time and often trigger litigation over whether the department and agency have the authority to promulgate the rules. Some examples of these attempts are the regulations concerning the facts-and-circumstances test for qualifying as a publicly supported charitable organization, and the advertising and travel tour regulations in the unrelated business context.

In fact, two law changes made by the IRS years ago reverberate in controversy today. Back in 1959, the IRS promulgated what was then radically new regulations defining what is charitable, educational, and the scientific. Before these rules, the definition of charitable and the like was quite narrow. Also, in 1969, the IRS ruled that promotion of health is a stand-alone definition of what is charitable, setting in motion today's ongoing debate over the scope of that term.

The IRS lacks the capability to promulgate sufficient regulations in this area and, to a large degree, should not be placed in that position. Indeed, these holes in the statutory structure create an environment where the IRS issues private letter rulings containing questionable, incorrect, and even ludicrous statements. Here are some examples of IRS private letter rulings that fit these criteria:

1. Ruling purporting to state the "traditional attributes of a charity" (none of which are correct) (Exemption Denial and Revocat... Letter 200444044E)



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2. Ruling that an exempt organization's website is evidence of unwarranted commerciality (Ex. Den. and Rev. Ltr. 20044045E),

3. Ruling stating that "avoidance of regulation" is nonexempt activity (Priv. Ltr. Rul. 200452036).

4. Ruling applying private benefit standard to social welfare organizations (Ex. Den. and Rev. Ltr. 20044008E).

5. Ruling applying commerciality doctrine to social welfare organizations (Priv. Ltr. Rul. 200501020).

6. Technical advice memorandum declaring that charities must devote assets of for-profit subsidiary to charitable ends (Tech. Adv. Mem. 200437040).

Ideally, then, the full statutory design would be established by Congress and then the IRS could provide meaningful guidance within that framework.

As noted, these voids are mirrored in the reform proposals being advocated in various quarters. For example, proposals to add law concerning tax exemption for hospitals, credit counseling agencies, fraternal beneficiary societies, donor-advised funds, and to some extent supporting organizations reflect the paucity of law concerning the criteria for tax-exempt status.

Here are some proposals for the Committee's consideration:

1. Create law spelling out the criteria for tax-exempt status. For example, legislation could address what is charitable, educational, and scientific. Other categories of exemption, however, could also benefit from this type of clarification, such as social welfare organizations (IRC § 501(c)(4) entities), labor organizations (IRC § 501(c)(5) entities, and business leagues (IRC § 501(c)(6) entities). It is in this setting that law could be created stating criteria for exemption for hospitals, donor-advised funds, fraternal beneficiary societies, and the like.

   It may be noted that, as an example of this imbalance, the statutory law spelling out the criteria for exemption for multi-parent title-holding companies (IRC § 501(c)(25)), of which there are few, is three times the size of the statutory law concerning the bulk of the tax-exempt sector: entities referenced in IRC § 501(c)(3)-(7).

2. Develop law outlining an organizational test for at least the principal categories of tax-exempt organizations.

3. Spell out the elements of the private inurement doctrine, including the criteria for determining the reasonableness of compensation, lending arrangements, rental arrangements, and sales transactions.

4. Codify a version of the private benefit doctrine, in the process clarifying whether the doctrine applies to tax-exempt organizations other than charitable entities.

5. Amplify the political activities rules, both for charitable entities and other forms of tax-exempt organizations, particularly social welfare organizations (IRC § 501(c)(4) entities), labor organizations (IRC § 501(c)(5) entities), and associations (business leagues) (IRC § 501(c)(6) entities).

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6. Codify a version of the commerciality doctrine, in the process clarifying whether the doctrine applies to tax-exempt organizations other than charitable entities.

7. Enact rules concerning the use of for-profit subsidiaries by tax-exempt organizations.

8. Enact rules concerning the involvement of tax-exempt organizations in partnerships and other joint ventures.

9. Develop statutory law concerning exempt organizations' use of the Internet, such as for advocacy, unrelated business, and fundraising purposes.

10. In the context of reporting and disclosure, consider whether the proposals for a five-year review filing with the IRS, an annual notice requirement for small organizations, and certification as to compliance with the unrelated business rules for large exempt organizations.

11. Enactment of federal law corporate governance principles.

12. Federal law concerning charitable fundraising.

This type of statutory law is required to eliminate the imbalances in the present law and to provide the IRS with a complete regulatory framework within which to provide guidance in the form of regulations, revenue rulings, private determinations, and more.

History and Evolution of Statutory Law

The original statutory tax exemption for nonprofit organizations in U.S. law for charitable organizations was part of the Tariff Act of 1894.[1] The provision stated that "nothing herein contained shall apply to . . . corporations, companies, or associations organized and conducted solely for charitable, religious, or educational purposes."[2]

After ratification of the Sixteenth Amendment by the states in 1913, which provided Congress with the authority to enact an income tax, Congress enacted the **Revenue Act of 1913**, exempting from federal income tax "any corporation or association organized and operated exclusively for religious, charitable, scientific, or educational purposes, no part of the net income of which inures to the benefit of any private shareholder or individual."[3]

The federal income charitable contribution deduction was enacted when Congress passed the **Revenue Act of 1917**.[4] The **Revenue Act of 1921** brought the estate tax charitable contribution deduction, which was made retroactive to 1917.[5] The gift tax charitable contribution deduction can into being as part of the **Revenue Act of 1932**.[6]

In the **Revenue Act of 1918**, the enumeration of tax-exempt charitable organizations was expanded to include those organized "for the prevention of cruelty to children or animals."[7] The **Revenue Act of 1921** further expanded the statute to exempt "any community chest, fund or foundation" and added "literary" groups to the list of exempt entities.[8] The Revenue Acts of 1924,[9] 1926,[10] 1928,[11] and 1932[12] did not provide for any changes in the law of exempt organizations.

The **Revenue Act of 1934** carried forward the tax exemption requirements as stated in the prior revenue measures and added the rule that "no substantial part" of the activities of an exempt charitable organization can involve the carrying [illegible] attempting to influence legislation."[13]

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The Revenue Acts of 1936[14] and 1938[15] brought forward these rules, as did the Internal Revenue Code of 1939.[16]

Tax-exempt organizations were required to file annual information returns, beginning in 1944. This requirement came into the federal tax law as part of the **Tax Revenue Act of 1943**.[17]

The unrelated business rules were enacted as part of the **Revenue Act of 1950**.[18] These rules tax the net income of charitable and other tax-exempt organizations when they regularly carry on businesses that are not substantially related to the achievement of exempt purposes. This was a radical addition to the law, in part because it introduced the concept that some or all otherwise tax-exempt organizations could be taxed. This would lead to many more federal taxes on or in connection with "tax-exempt" organizations.

The rules for charitable and like organizations, as stated in the tax exemption law provision that remains in use today,[19] came into being as a consequence of enactment of the **Internal Revenue Code of 1954**.[20] The previous rules were retained and two additions to the statute were made: The listing of exempt organizations was amplified to include entities that are organized and operated for the purpose of "testing for public safety," and organizations otherwise described in the provision became forbidden to "participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office."

Enactment of the **Revenue and Expenditure Control Act of 1968** brought rules concerning cooperative hospital service organizations.[21] These rules were amended by provisions of the **Tax Reform Act of 1976**, the **Revenue Act of 1988**, and the **Taxpayer Relief Act of 1997**. The rules pertaining to cooperative service organizations of operating educational organizations were enacted in 1974[22] (as was statutory law concerning political organizations[23]).

The **Tax Reform Act of 1969**[24] -- the most significant of the modern tax acts from the standpoint of the law of tax-exempt organizations -- introduced a stupendous array of exempt organizations laws, including the exemption recognition application rules, rules differentiating public charities from private foundations, imposing taxes on various aspects of the operations of private foundations, and revising the unrelated debt-financed property rules.[25]

The **Tax Reform Act of 1976** brought law concerning declaratory judgment rules for charitable organizations, lobbying by public charities (the expenditure test), and amateur sports organizations.[26]

The **Tax Equity and Fiscal Responsibility Act of 1982** amended the law concerning amateur sports organizations.[27] The **Tax Reform Act of 1984** brought the church audit rules, changes in the U.S. instrumentalities rules, and the child care organizations rules.[28] The **Deficit Reduction Act of 1984** brought the tax-exempt entity leasing rules.[29]

The **Tax Reform Act of 1986** changed the Internal Revenue Code formal reference to the Code of 1986 (which, as amended, is its status today).[30] This act also introduced the law concerning provision of commercial-type insurance, liquidations of for-profit entities into tax-exempt organizations, and multiparent title-holding corporations; also, it revised the exempt entity leasing rules.

The **Revenue Act of 1987** brought taxes on public charities for engaging in excessive lobbying and political campaign activities, as well as fundraising disclosure requirements for noncharitable organizations.[31] Enactment of the **Omnibus Budget Reconciliation Act of 1993** introduced rules concerning the nondeductibility of ex[illegible]political campaign activities, and

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disclosure rules as to these activities for associations.[32] The 1993 legislation also introduced law in the charitable giving arena, concerning substantiation requirements and quid pro quo contributions.

Legislation known as the **Taxpayer Bill of Rights 2**, enacted in 1996, added the intermediate sanctions rules, expanded the penalties for failure to timely file complete annual information returns, expanded the contents of these returns, revised disclosure rules, and added the private inurement language to the law pertaining to tax-exempt social welfare organizations.[33] The **Small Business Job Protection Act of 1996** added revisions to the unrelated business rules, exemption opportunities for charitable risk pools and state tuition programs, and the ability of exempt charitable organizations to own stock in small business corporations.[34]

The enactment of the **Taxpayer Relief Act of 1997** caused several changes and additions to the law of exempt organizations, including various modifications of the unrelated business income rules.[35]

The **Victims of Terrorism Tax Relief Act of 2001** brought rules concerning the provision of assistance by charitable organizations to individuals who are victims of terrorism and clarified the law concerning exempt organization-funded disaster relief programs.[36]

The **Jobs and Growth Tax Relief Reconciliation Act of 2003** changed the tax rates for dividends and capital gains, which has had an impact on charitable giving and rules pertaining to the administration of charitable remainder trusts.[37]

The **Military Family Tax Relief Act of 2003** introduced rules by which the tax-exempt status of charitable organizations could be suspended if designated as supporting or engaging in terrorist activity. [38] **The Working Families Tax Relief Act of 2004** extended the rules concerning charitable contributions of computer technology and equipment used for educational purposes.[39]

The American Jobs Creation Act of 2004 introduced rules concerning the treatment of charitable contributions of patents and other forms of intellectual property, rules concerning the treatment of charitable contributions of motor and other vehicles, increasing reporting for noncash contributions, an exclusion from unrelated business income for gain or loss on the sale or exchange of certain brownfield properties, and extended the IRS user fee program.[40]

References by Present-Law Internal Revenue Code Sections

The following provisions of the Internal Revenue Code, concerning tax-exempt charitable organizations, are correlated by the year of enactment:

1913

Tax exemption for charitable organizations created, with inclusion of private inurement doctrine (predecessor to IRC § 501(c)(3)).

1917

Income tax charitable contribution deduction enacted (predecessor to IRC § 170).

1918

Tax exemption for charitable organiza[EXHIBIT Exhibit 203]essor to IRC § 501(c)(3)).

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1921

Estate tax charitable contribution deduction enacted (predecessor to IRC § 2055). Tax exemption for charitable organizations expanded again (predecessor to IRC § 501(c)(3)).

1932

Gift tax charitable contribution deduction enacted (predecessor to IRC § 2522).

1934

Addition to law of prohibition on substantial legislative activities by exempt charitable organizations (predecessor to IRC § 501(c)(3)).

1944

Tax-exempt organizations become required to file annual information returns (predecessor to IRC § 6033).

1950

Unrelated business income rules enacted (predecessor to IRC §§ 511-514).

1954

Tax exemption for charitable organizations expanded again (IRC § 501(c)(3)). Addition to law of prohibition on political campaign activities by exempt charitable organizations (*id.*).

1968, 1974, 1976, 1988, 1997

Enactment of rules concerning tax-exempt charitable cooperative entities (IRC § 501(e), (f)).

1969

Enactment of exemption notice rules (IRC § 508), definitions of public charities and private foundations (IRC § 509), the private foundation rules (IRC §§ 507, 4940-4948), expansion of the debt-financed income rules (IRC § 514), and introduction of the planned giving rules (such as for charitable remainder trusts (IRC § 664)).

1976

Enactment of declaratory judgment rules for charitable organizations (IRC § 7428), public charity lobbying rules (IRC §§ 501(h), 4911), and rules concerning amateur sports organizations (IRC § 501(c)(3)).

1982

Addition of rules concerning amateur sports organizations (IRC § 501(j)).

1984

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Enactment of church audit rules (IRC § 7611), the child care organizations rules (IRC § 501(k)), and the tax-exempt entity leasing rules (IRC § 168(h)).

1986

Enactment of the commercial-type insurance rules (IRC § 501(m)), liquidations of charitable and other exempt organizations (IRC § 337), and revision of exempt entity leasing rules.

1987

Enactment of excise taxes on public charities for excessive lobbying (IRC § 4912) and for political campaign activity (IRC § 4955).

1993

Enactment of general charitable gift substantiation rules (IRC § 170(f)(8)) and quid pro quo contributions rules (IRC § 6115).

1996

Enactment of the intermediate sanctions rules (IRC § 4958) and extension of the doctrine of private inurement to exempt social welfare organizations (IRC § 501(c)(4) entities). The unrelated business rules (IRC §§ 512, 513) were revised, rules concerning charitable risk pools (IRC § 501(n)) and prepaid tuition plans (IRC § 529) were enacted, and charitable organizations were accorded the ability to own stock in small business corporations (IRC § 512(e)).

1997

The unrelated business income rules were modified again and the corporate sponsorship rules (IRC § 513(i)) were enacted

2001

Congress clarified rules for providing assistance by charitable organizations to victims of terrorism and natural disasters.

2003

Tax rates for dividends and capital gains lowered (affecting the charitable remainder trust distribution ordering rules). The tax exemption suspension rules (IRC § 501(p)) were enacted.

2004

Enactment of rules concerning the treatment of charitable contributions of patents and other forms of intellectual property (IRC § 170(m)), rules concerning the treatment of charitable contributions of motor and other vehicles (IRC § 170(f)(12)), increasing reporting for noncash contributions (IRC § 170(f)(11)), an exclusion from unrelated business income for gain or loss on the sale or exchange of certain brownfield properties (IRC § 512(b)(19)), and extension of the IRS user fee program (IRC § 7528).

Other Law



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The foregoing statutory framework has been augmented and expanded over the decades by court opinions, Department of the Treasury Regulations, and Internal Revenue Service public and private determinations. Indeed, in some instances, the statutory law was enacted in response to the position of a court, the Treasury Department, or the IRS.

In the tax-exempt organizations context, for example, Congress has added 18 provisions to the Internal Revenue Code to overturn an IRS position. They are:

1. Enactment of law in 1950 (IRC § 513(a)(3)) to exempt from unrelated business income tax sales of items acquired by gift, to overrule IRS position that nonprofit thrift shops were not tax-exempt.

2. Enactment of cooperative hospital service organization rules in 1968 (IRC § 501(e)), to overrule IRS position that cooperatives could not qualify for tax exemption by reason of IRC § 501(c)(3).

3. Enactment of cooperative service organization of educational organizations rule in 1974 (IRC § 501(f)), to overrule IRS position that this type of entity could not qualify for tax exemption by reason of IRC § 501(c)(3).

4. Enactment of definition of term *agricultural* in 1976 (IRC § 501(g)), to overrule IRS position that the term, for purposes of IRC § 501(c)(5), does not encompass the harvesting of aquatic resources.

5. Enactment of public entertainment rules in 1976 (IRC § 513(d)((2)), to overrule IRS (and courts') position that horse racing at exempt agricultural organizations' fairs was nonexempt activity.

6. Enactment of trade show rules in 1976 (IRC § 513(d)(3)), to overrule IRS position that order-taking and selling at these shows was nonexempt activity.

7. Enactment of law in 1976 (IRC § 513(e)) to allow exempt hospitals to provide certain services to other exempt hospitals, to overrule IRS position that these services were nonexempt functions.

8. Enactment of law in 1978 concerning securities lending transactions (IRC § 513(b)(1)), to overrule IRS position that securities lending by exempt organizations was unrelated business.

9. Enactment of law in 1978 (IRC § 513(f)) to exempt bingo games from unrelated business rules, to overrule IRS position to the contrary.

10. Enactment of special rules for amateur sports organizations in 1982 (IRC § 501(j)), to overrule IRS position that these organizations could not qualify for tax exemption by reason of IRC § 501 (c)(3).

11. Enactment of child-care center rules in 1984 (IRC § 501(k)), to overrule IRS position that day care and like organizations could not be exempt educational entities because of too much private benefit.

12. Enactment of rules in 1986 (IRC § 513(h)) to allow charitable organizations to distribute low-cost articles in fundraising context, to overrule IRS position that charities were selling these articles.

13. Enactment of charitable deduction rule for certain payments to institutions of higher education in 1988 (IRC § 170(l)), to overrule IRS position that no portion of these payments was deductible as charitable gifts.

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14. Enactment of a rule in 1993 that tax-exempt title-holding companies (IRC § 501(c)(2) and (25) entities can generate a certain amount of unrelated business taxable income, to overrule IRS position that these entities could not have any active unrelated business income.

15. Enactment of rules in 1996 (IRC § 512(d)) to exempt certain associate member dues from unrelated business income taxation, to overrule IRS attempt to tax many forms of these dues.

16. Enactment of rules in 1996 (IRC § 512(b)(17)) concerning foreign source income taxable as unrelated business income, to overrule IRS position that certain forms of this income were nontaxable dividends.

17. Enactment of rules in 1997 concerning revenue received by tax-exempt organizations from controlled subsidiaries (IRC §§ 512(b)(13), 318), to overrule IRS position that these rules did not extend to revenue from second-tier subsidiaries.

18. Enactment of corporate sponsorship rules in 1997 (IRC § 513(i)) to overrule IRS position that payments by corporate sponsors were forms of unrelated business income.

Some amendments to the Internal Revenue Code in this context were added at the request of the IRS. Examples of this are the intermediate sanctions rules (IRC § 4958) and the commercial-type insurance rules (IRC § 501(m)).

Tax Exemption for Labor Organizations

There is relatively little law on the federal tax exemption for labor organizations. This category of exemption, in present-day IRC § 501(c)(5), was first added to the statutory law in 1909 (Corporation Excise Tax Act of 1909, 36 Stat. 11). The statute provides merely that tax exemption is available for "labor" organizations. No criteria for exemption are provided – an instance of the need for statutory criteria for exemption if the federal statutory law in this context is to be brought into balance.

The tax regulations amplify this aspect of exempt organizations law. There it is provided that an exempt labor organization is an entity that has as its objects the betterment of the working conditions of its members and development among its members of a higher degree of efficiency in their occupations, and does not cause its net earnings to inure to the benefit of a member (Reg. § 1.501(c)(5)-1(a)). This category of exemption is not available for organizations that have as their principal activity the investing and management of funds associated with savings or investment plans, including retirement savings programs (Reg. § 1.501(c)(5)-1(b)). The regulations make it clear that exempt labor organizations are nonetheless subject to the unrelated business rules (Reg. § 1.501(c)(5)-1(c)).

There are a few court opinions and IRS revenue rulings on the subject. This law amplifies somewhat the concept of the exempt labor organization. One court held that a labor organization is an entity that is organized to "protect and promote the interests of labor" (Portland Cooperative Labor Temple Association v. Commissioner, 39 B.T.A. 450 (1939)).

Labor organizations have traditionally engaged in collective action directed toward the workers' common objective of improving working conditions. They include labor unions that negotiate with employers on behalf of workers for improved wages, fringe benefits, hours and similar working conditions, and certain union-controlled organizations, such as strike funds, that provide benefits to workers that enhance the union's ability to effectively bargain (Rev. Rul. 67-7, 1967-1 C.B. 137), and publishers of labor newspapers. Exem[illegible]o not include strike funds that provide

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income to union members but are not controlled by unions (Rev. Rul. 76-420, 1976-2 C.B. 153).

Labor organizations may also meet the requirements for exemption by providing benefits that directly improve working conditions or compensate for unpredictable hazards that interrupt work. Examples of these benefits include operating a dispatch hall to match union members with work assignments and providing industry stewards who represent employees with grievances against management (Rev. Rul. 75-473, 1975-2 C.B. 213; Rev. Rul. 77-5, 1977-1 C.B. 148). Conversely, managing saving and investment plans for workers, including retirement plans, does not bear directly on working conditions (Rev. Rul. 77-46, 1977-1 C.B. 147). Accordingly, the IRS does not accord exemption to organizations that manage retirement savings as their principal activity (cf. Morganbesser v. United States, 984 F.2d 560 (2d Cir. 1993), which led to promulgation of the above-referenced Reg. § 1.501(c)(5)-1(b)).

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[1] 28 Stat. 556 (Act ch. 349).

[2] The income tax law enacted in 1894 was declared unconstitutional by the U.S. Supreme Court in Pollock v. Farmer's Loan & Trust Co., 158 U.S. 601 (1895), overruled on other grounds in State of S.C. v. Baker, 485 U.S. 505 (1988). Congress first created the office of the Commissioner of Internal Revenue and enacted an income tax in 1862, to finance Civil War expenses; that tax was repealed in 1872.

[3] 38 Stat. 114, 166.

[4] 40 Stat. 300.

[5] 42 Stat. 227.

[6] 47 Stat. 169.

[7] 40 Stat. 1076.

[8] 42 Stat. 227.

[9] 43 Stat. 282.

[10] 44 Stat. 40.

[11] 45 Stat. 813.

[12] 47 Stat. 193.

[13] 48 Stat. 700.

[14] 49 Stat. 1674.

[15] 52 Stat. 481.

[16] 53 Stat. 1.

[17] 58 Stat. 21.



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[18] 64 Stat. 906.

[19] IRC § 501(c)(3).

[20] 68A Stat. 163.

[21] 82 Stat. 269.

[22] 88 Stat. 235.

[23] 88 Stat. 2108.

[24] 83 Stat. 487.

[25] While, as discussed, there was law pertaining to, and law practices concerning, tax-exempt organizations before 1969, enactment of the Tax Reform Act of 1969 ushered in the contemporary bases of this area of the law (other than the unrelated business law structure) and the modern exempt organizations law practice).

[26] 90 Stat. 1520.

[27] 96 Stat. 324.

[28] 98 Stat. 494.

[29] *Id.*

[30] 100 Stat. 1951.

[31] 101 Stat. 1330.

[32] 107 Stat. 312.

[33] 110 Stat. 1452.

[34] 110 Stat. 1755.

[35] 111 Stat. 788.

[36] 115 Stat. 2427.

[37] 117 Stat. 752.

[38] 117 Stat. 1335.

[39] 118 Stat. 1166.

[40] 118 Stat. 1418.



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JOINT COMMITTEE ON TAXATION
April 20, 2005
JCX-26-05

**TESTIMONY OF GEORGE K. YIN, CHIEF OF STAFF
OF THE JOINT COMMITTEE ON TAXATION
AT A HEARING OF THE HOUSE COMMITTEE ON WAYS AND MEANS ON
"AN OVERVIEW OF THE TAX-EXEMPT SECTOR"**

Mr. Chairman, Mr. Rangel, members of the Committee, I am pleased to testify today on the tax-exempt sector. I first provide a brief overview of the size and growth of the exempt sector, discuss some of the reasons why organizations have been granted tax-exempt status, and describe some common tax law features of exempt organizations. I conclude my testimony by focusing on charitable organizations, the largest category by far of exempt organizations. I summarize the requirements for exempt status as a charitable organization and review selected current issues relating to those organizations.

A. Overview of Organizations Exempt from Federal Income Tax

Size and growth of the exempt sector generally

Since the inception of the Federal income tax, the Congress has exempted certain types of entities from income taxation. Many exempt entities, such as charitable organizations, are familiar. Yet charitable organizations are but one type of exempt entity. The benefit of tax exemption is extended to groups as diverse as social welfare organizations, title holding companies, fraternal organizations, small insurance companies, credit unions, cooperative organizations, and cemetery companies. The statistics reported in this document do not include churches, which are not required to file returns with the Internal Revenue Service ("IRS"), and are not recorded in the IRS Master File of Exempt Organizations.

There are now 28 different types of organizations listed in the main exemption section of the Code (section 501), and numerous other exemptions provided elsewhere.[1] The number and financial holdings of these organizations are large and have grown significantly since record-keeping began in 1975. The revenue reported to the IRS by such organizations has increased from approximately $0.3 trillion (in 2001 dollars) in 1975 to about $1.2 trillion in 2001. The

[1] In general, my testimony does not discuss entities that are exempt under section 401 of the Code, which are subject to a completely different regulatory apparatus than those exempt under section 501.



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2001 revenue represented approximately 12.2 percent of gross domestic product in that year. The assets reported by the organizations have similarly increased, from approximately $0.5 trillion (in 2001 dollars) in 1975 to almost $2.9 trillion in 2001.

While a large majority of exempt entities fall into familiar categories, such as charitable organizations, there are also a fair number of organizations that fall into more obscure categories. Eight categories have fewer than 150 qualifying entities each, with four categories having fewer than five entities each.

Size and growth of the charitable sector

Charitable organizations described in section 501(c)(3) represent by far the largest category of exempt organizations, comprising about two-thirds of all exempt organizations. The 2004 IRS Master File of Exempt Organizations shows 1,010,365 charitable organizations. In terms of asset size and revenues, the share of charitable organizations in the exempt sector is similar. In 2001, the total revenue of charitable organizations (including private foundations but not including churches and other organizations not required to file) was about 9.3 percent of gross domestic product.

Among charitable organizations not including churches, the largest categories of organizations are hospitals and post-secondary educational organizations. In 2001, hospitals held 29 percent of total assets and collected 42 percent of total revenues in the exempt sector. Colleges and universities held 21 percent of the total assets and collected 11 percent of total revenue.

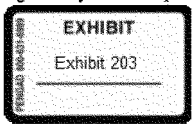
There has been significant recent growth in the number and size of charitable organizations. The number of such organizations has increased from 259,523 in 1976 to 1,010,365 in 2004, an increase of 289 percent. The total asset value and revenues (in 2001 dollars) reported to the IRS by charitable organizations similarly increased from about $360 billion and $155 billion, respectively, in 1975, to over $2 trillion and about $942 billion, respectively, in 2001.

The growth in the number and size of charitable organizations has been accompanied by growth in the amount of charitable deductions. In 1975, the total amount claimed as charitable deductions was about $43.7 billion whereas in 2002, the total was about $145 billion (both numbers in constant 2000 dollars).

B. Reasons for Tax Exemption

There is no unifying theme or singular principle that explains tax exemption for the many diverse organizations in the exempt sector, although there are some factors that may help to explain the exemption for certain of them.

Over the years, Congress has granted tax exemption only to certain types of organizations. As an initial matter, not all "nonprofit" organizations are afforded tax exemption, and not all tax-exempt organizations have the typical characteristics of a "nonprofit" organization. The term "nonprofit" generally refers to an organization's form under State law, not its Federal tax status. State law generally does not prohibit "nonprofits" from earning a



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profit, as one might expect. Instead, State law typically prohibits the distribution of earnings by nonprofit corporations (but not necessarily by other forms of entities) to their members.

The Federal exemption is extended in some instances to organizations that are not subject to a State-law constraint on distributions, as some entities are not required for exemption purposes to be organized in corporate form. Therefore, exemption may be obtained by some organizations that do not fit the classic definition of "nonprofit." However, the Federal tax laws applicable to certain types of exempt organizations (though not all) contain prohibitions, such as the "no private inurement" and "no private benefit" doctrines, that are in some respects similar to the State-law constraint.

For some organizations, exemption from tax may be explained based on the nature of its activities. For example, charitable activities or activities that provide a public benefit may be viewed as governmental in nature and therefore not appropriate subjects of taxation. This may explain the exemption for charitable organizations, social welfare organizations, U.S. instrumentalities, and State and local governments. Promotion of certain activities may also be viewed as desirable policy, and therefore tax exemption is intended to encourage the activity. This may explain the tax exemption for arrangements to provide employee benefits, arrangements for individuals to save for health, retirement, and education, and the exemption for small or rural commercial organizations that engage in certain activities, such as farming, provision of financial services, insurance, electricity, or other public good.

Exempt status may also be attributable to the structure of an organization. Some organizations are funded exclusively by their members and expend all funds exclusively for members. If such an organization collects more in membership dues than its expenses, the excess is reinvested in the organization for the benefit of the members. Under general tax principles, the organization may not be considered as having any income because there has not been a shifting of benefit from the member to the organization – the organization merely facilitates a joint activity of its members. Thus, in some cases, the Code adopts a result that might occur even in the absence of statutory law, e.g., social clubs, fraternal organizations, voluntary employees' beneficiary associations, cemetery companies, and homeowners associations.

Another factor that may explain some cases of tax exemption is the nature of the legislative process. As noted, Congress did not provide exemption for all organizations that are not organized for profit; rather, the general rule is that an organization is subject to tax absent a specific exemption. Such a rule means that once broad categories of exemption are codified, there will be specific classes of organizations that do not fit within the broad category and that seek and receive exempt status. Social welfare organizations, business leagues, labor, agricultural, and horticultural organizations and other organizations may be examples.

Another factor to consider is simple expediency, in that taxing certain small organizations was viewed at the time the exemption was granted as too costly to administer, especially when often little or no tax would be due. This appears partially to explain the reason for exempting single-parent title holding companies from tax as well as social clubs. As stated in 1916 legislative history: "the securing of returns from them has been a source of annoyance and



expense and has resulted in the collection of either no tax or an amount which is practically negligible."

C. Common Tax Law Features of Exempt Organizations

In general

Despite varying standards regarding qualification for exempt status, different categories of exempt organizations share some common characteristics. For example, many types of exempt organizations are subject to a prohibition against "private inurement," and most exempt organizations are subject to the general rules regarding the taxation of unrelated business income. Contributions to a limited number of exempt organizations are deductible as charitable contributions, while contributions to others may be deductible as a business expense but not as a charitable contribution. Most exempt organizations also are subject to rules regarding lobbying and political campaign activities and are required to file annual information returns.

Private inurement prohibition

The doctrine of private inurement generally prohibits an exempt organization from using its assets for the benefit of a person or entity with a close relationship to the organization. For example, section 501(c)(3) provides that an organization will qualify for charitable exempt status only if "no part of the net earnings [of the organization] inures to the benefit of any private shareholder or individual." The regulations under section 501(a), which generally apply to organizations subject to the inurement proscription, define "private shareholder or individual" as "persons having a personal and private interest in the activities of the organization." Inurement thus applies to transactions between applicable exempt organizations and persons sometimes deemed "insiders" of the organization, such as directors, officers, and key employees. The issue of private inurement often arises where an organization pays unreasonable compensation (i.e., more than the value of the services) to such an insider. However, the inurement prohibition is designed to reach any transaction through which an insider is unduly benefited by an organization, either directly or indirectly.

There is no "de minimis" exception under the inurement prohibition, and an organization that engages in an inurement transaction may face revocation of its exempt status. Until 1996, there was no sanction short of revocation of exempt status in the event of an inurement transaction. In 1996, however, Congress imposed excise taxes, frequently referred to as "intermediate sanctions," on "excess benefit transactions" between certain exempt organizations and "disqualified persons." The intermediate sanctions rules, which apply only to transactions involving organizations exempt under sections 501(c)(3) and 501(c)(4), impose excise taxes on a disqualified person who receives an excess benefit and, under certain circumstances, on organization managers who approved the transaction. No such sanctions are presently imposed against the organization itself.

Section 501(c)(3) organizations (but not other organizations) also are subject to a prohibition against conferring more than incidental "private benefit." The private benefit prohibition applies to non-fair market value transactions with individuals or entities, not merely with insiders, and thus is in some respects broader than the private inurement prohibition.



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Unrelated business income tax

In general, an exempt organization may have revenue from four sources: contributions, gifts, and grants; trade or business income that is related to exempt activities (e.g., program service revenue); investment income; and trade or business income that is not related to exempt activities. In general, the Federal income tax exemption extends to the first three categories, and does not extend to an organization's unrelated trade or business income. In some cases, however, the investment income of an organization is taxed as if it were unrelated trade or business income.

The unrelated business income tax was introduced in 1950 to address the problem of unfair competition between for profit companies and non profit organizations conducting an unrelated for profit activity. The unrelated business income tax generally applies to income derived from a trade or business regularly carried on by the organization that is not substantially related to the performance of the organization's tax-exempt functions. Most exempt organizations are subject to the tax.

Most exempt organizations generally may operate an unrelated trade or business so long as it is not a primary purpose of the organization. Therefore, engaging in a substantial amount of unrelated business activity before jeopardizing exempt status is permitted. By contrast, a charitable organization may not operate an unrelated trade or business as a substantial part of its activities.

Certain types of income are specifically exempt from the unrelated business income tax, such as dividends, interest, royalties, and certain rents, unless derived from debt-financed property or from certain 50-percent controlled subsidiaries.

For the tax year 2001, 35,540 organizations filed unrelated business income tax returns, reporting a total of $7.9 billion of gross unrelated business income. This translated into unrelated business taxable income (after taking into account allowable deductions) of approximately $792 million and total tax of approximately $226 million.

Contributions

Another feature of a minority of tax-exempt organizations is that contributions to such organizations may be deductible by the donor as charitable contributions for income, estate, and gift tax purposes. Contributions to charitable organizations, for example, generally are deductible for income, estate, and gift tax purposes, although the amount of deduction may be affected by such factors as the recipient organization's classification as a public charity or private foundation and the type of property contributed. Other types of organizations that are eligible recipients of charitable contributions include: certain Federal, State, and local government entities, if the contribution is exclusively for public purposes; certain fraternal beneficiary societies, if the contributions are used for charitable purposes; cemetery companies, if the contributions are used for certain purposes; and certain organizations of war veterans.

Contributions to other types of exempt organizations generally are not deductible as charitable contributions. Under certain circumstances, however, contributions to a membership organization, such as a social welfare organization or trade association, may be deductible as a



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business expense under section 162. In addition, contributions to tax-exempt employee benefit arrangements (e.g., qualified retirement plans) or individual savings arrangements (such as individual retirement accounts) may be deductible.

Lobbying and political activities

Tax-exempt organizations are also subject to rules regarding the permissible level of lobbying and political campaign activities. In general, the lobbying and political activity rules applicable to charitable organizations are more severe than the rules applicable to other types of exempt organizations.

Information returns

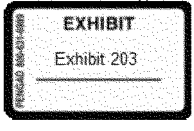
Exempt organizations are required to file an annual information return, stating specifically the items of gross income, receipts, disbursements, and such other information as the Secretary may prescribe. The requirement that an exempt organization file an annual information return does not apply to certain exempt organizations, including organizations (other than private foundations) the gross receipts of which in each taxable year normally are not more than $25,000. Also exempt from the requirement are churches, their integrated auxiliaries, and conventions or associations of churches; the exclusively religious activities of any religious order; certain state institutions whose income is excluded from gross income under section 115; an interchurch organization of local units of a church; certain mission societies; certain church-affiliated elementary and high schools; and certain other organizations, including some that the IRS has relieved from the filing requirement pursuant to its statutory discretionary authority.

D. Summary of Requirements of Exempt Status of Charitable Organizations and Selected Issues Relating to Such Organizations

In general

In general, the requirements for exempt status of an organization under section 501(c)(3) of the Code are that (1) the organization must be organized and operated exclusively for certain purposes; (2) there must not be private inurement to organization insiders; (3) there must be no more than an incidental private benefit to private persons who are not organization insiders; (4) no substantial part of the organization's activities may be lobbying; and (5) the organization may not participate or intervene in political activities. Permitted purposes are religious, charitable, scientific, testing for public safety, literary, educational, the fostering of national or international amateur sports competition, or the prevention of cruelty to children or animals. Failure to satisfy any of these requirements should result in an organization not qualifying for exempt status under section 501(c)(3), or should result in a loss of such status once a violation is detected by the IRS. Most of the Federal law of charitable organizations is designed around ensuring that each of the requirements is satisfied by an organization initially and on an ongoing basis. Each of the requirements is simple to state, but none are simple, as each carries with it a significant body of statutory, common, and administrative law.

If an organization satisfies each of the requirements, there is a further question of what type of charitable organization it is. A section 501(c)(3) organization is either a public charity or a private foundation. In general, the basis for distinguishing between public charities and private



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foundations is the level of public support an organization receives over time. Organizations with widespread public support tend to qualify as public charities; organizations funded by just a few donors tend to be classified as private foundations. There is a substantial body of law detailing how to determine whether an organization is publicly supported. Certain organizations also may qualify as public charities as a matter of law (e.g., churches, hospitals). The classification matters because private foundations generally are subject to more restrictions on their activities than are public charities, are subject to tax on their net investment income, and contributions to private foundations generally do not receive as favorable treatment as do contributions to public charities for purposes of the charitable contribution deduction.

Satisfaction of the requirements for exemption, classification of an organization as a public charity or private foundation, plus the resulting benefit that contributions to charitable organizations generally are tax deductible provides the simplest snapshot of the law of charitable organizations.

Exempt purposes of section 501(c)(3) organizations

The meaning of charity – present law

In general, there are two approaches to the meaning of the term charitable -- the legal sense and the ordinary and popular sense. The legal definition is derived from the law of charitable trusts and is broader than the ordinary sense of the term, which generally means the relief of the poor and distressed. Since 1959, Treasury regulations have defined the term "charitable" in the legal sense, to include:

> Relief of the poor and distressed or of the underprivileged; advancement of religion; advancement of education or science; erection or maintenance of public buildings, monuments, or works; lessening of the burdens of Government; and promotion of social welfare by organizations designed to accomplish any of the above purposes, or (i) to lessen neighborhood tensions; (ii) to eliminate prejudice and discrimination; (iii) to defend human and civil rights secured by law; or (iv) to combat community deterioration and juvenile delinquency.

This definition is broad, encompassing several ideas that would not generally be considered as charitable in the ordinary sense. In addition to meeting the regulatory definition of charitable, an organization described in section 501(c)(3) is not organized and operated for exempt purposes if a purpose of the organization is against public policy or is illegal.

In addition to the public policy requirement, certain common law principles inform the Federal tax law definition of charity. The charitable class requirement provides that an organization be organized to benefit a sufficiently large or indefinite class of people. The community benefit doctrine permits exemption as a charitable organization if the result of an activity inures to the benefit of the community, even though a private person is the immediate beneficiary of the activity.



The meaning of charity and the rationale for tax exemption and charitable deductions

There is no agreed upon explanation of the rationale behind the charitable tax exemption and tax deduction. Some of the basic rationales that have been offered, described in greater detail in Part II.C of this pamphlet, may be summarized as follows: (1) charitable organizations serve the public and therefore should be supported through provision of tax benefits; (2) charitable organizations provide goods and services that otherwise would have to be provided by the Government and therefore should be supported by the Government; (3) it is difficult to measure the net income of charitable organizations, and therefore they should be exempt from tax; (4) charitable organizations promote pluralism; (5) charitable organizations are efficient providers of services but have inherent limits on their ability to raise capital compared to for-profit entities and therefore need government support in the form of tax exemption (and charitable contributions); and (6) exemption is afforded to those organizations that can prove their worth through sustained donations.

Educational purposes

Tax exemption for educational organizations was provided in the Tariff Act of 1894, and has been replicated in each subsequent income tax act. Educational organizations have been eligible to receive tax deductible contributions since 1917. Like the term charitable, the term educational has no precise meaning. The Treasury regulations set forth the basic definition as relating to the "instruction or training of the individual for the purpose of improving or developing his capabilities." This definition is consistent with provision of exemption for organizations that fit within the common conception of an educational organization, such as schools, colleges, and universities. Yet educational organizations are not limited to such traditional forms. The "instruction of the individual standard" may be met by many other types of organization. The Treasury regulations also provide that educational means the "instruction of the public on subjects useful to the individual and beneficial to the community." The IRS and the courts have permitted a broad array of organizations to be considered educational under this standard.

A primary issue in determining whether something is educational is not the content of the information but the method the organization uses to convey information, irrespective of content. In general, the analytical exercise is to determine whether an organization's presentation of information is objective and balanced, or whether the organization instead is an advocate or a mouthpiece for propaganda.

Religious purposes

The Federal tax exemption for organizations operated for religious purposes was, along with charitable and educational purposes, provided for originally in the Tariff Act of 1894, and religious organizations were designated as eligible for charitable contributions in 1917. There is no definition of "religious" provided by regulation. The manifest reason is the constitutional law framework that limits Federal involvement in religion. The IRS has developed a multi-factor list of characteristics that inform whether an organization may be considered a church (which is a kind of religious organization), and the IRS is careful to point out that this list is not comprehensive and that in each case, the facts and circumstances will be considered. In many



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cases in which a religious organization's claim to exempt status is questioned, the issue of whether the organization serves religious purposes often is not addressed because exempt status may be denied on other grounds, for example, private benefit or private inurement, commerciality, or violation of the political activities prohibition.

The Constitutional concerns regarding Federal involvement in religious organizations extend to the application of regulatory requirements. For example, certain religious organizations are exempted from the requirement to apply for tax exempt status, from annual information return requirements, and special audit procedures apply to churches. As a result, although religious organizations, particularly churches, constitute a significant part of the charitable sector, information about such organizations is scarce.

Scientific purposes

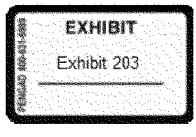
Scientific purposes were the first addition to the original three exempt charitable purposes and were added in 1913. Charitable contributions to scientific organizations were made deductible in 1917. A tax exempt scientific purpose hinges on the performance of basic or fundamental research in the public interest. Scientific research that is "applied" or "practical" may be subject to the unrelated business income tax, but generally is not inconsistent with exempt purposes. There is no precise definition of scientific research, and, in general, courts and the IRS have determined whether an organization is engaged in scientific research on a case-by-case basis. Scientific research must be in the public interest. Scientific research does not include activities of a type ordinarily carried on as incidental to commercial or industrial operations.

Selected issues involving charitable organizations

Selected issues relating to the public charity – private foundation distinction

In 2005, thirty-six years after Congress first drew a meaningful legal distinction between publicly supported organizations and private foundations, it may not be as clear, given the growth and diversity of publicly supported organizations, why some of the private foundation rules are not relevant for certain public charities, or whether some of the private foundation rules are performing their intended purpose. For example, the retention of substantial holdings in a commercial business, the making of investments or expenditures that jeopardize or are inconsistent with exempt purposes, or the maintenance of large endowment funds raise some of the same concerns whether conducted by a public charity or a private foundation.

In defining a private foundation, the 1969 Act provided that an organization that provides support to a public charity (a "supporting organization") is considered a public charity and not a private foundation. Thus, supporting organizations receive the benefit of the favorable charitable contribution deduction rules and avoid the excise tax regime applicable to private foundations. Donors to supporting organizations may take a fair market value deduction for contributions of capital gain property such as closely held stock, which would not be permitted for gifts to private foundations. As a public charity, supporting organizations also are not subject to the private foundation self-dealing rules (e.g., barring loans and other transactions with insiders), limitations on business holdings, or subject to the private foundation payout rules. However, unlike other



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public charities but like private foundations, supporting organizations generally do not have broadly based support, and may resemble private foundations in other respects.

Community foundations and donor advised funds, which generally qualify as public charities, offer limited ways for donors to exercise post-transfer control or direction over the use of funds or other property transferred to a charity for which the donor is entitled to a deduction in the year of transfer. Contributors to community foundations and donor advised funds receive the benefit of the favorable public charity rules and some elements of the control over distributions without being subject to the legal constraints placed on a private foundation. Thus, a donor can fund an account in a community foundation or donor advised fund with cash or capital gain property, take a fair market value deduction, accumulate income in the fund, and from time to time recommend that amounts be paid out of the fund for charitable purposes. Community foundations and donor advised funds, like supporting organizations, resemble private foundations in many ways, but are considered public charities.

Selected issues relating to the unrelated business income tax

In general, exempt organizations have greater discretion than taxable organizations in determining whether to report income as taxable or not, through the questions of whether income is from a regularly conducted trade or business, and whether the conduct of such a trade or business is "substantially related" to exempt purposes. In addition, even if an exempt organization treats income as unrelated and therefore as subject to tax, an exempt organization might allocate expenses for an exempt activity to an unrelated activity in order to minimize or eliminate the tax.

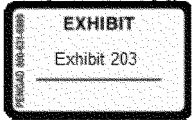
Issues often arise regarding whether certain types of receipts constitute royalties, which generally are excluded in determining an organization's unrelated business taxable income. Two issues that have been the source of considerable debate in this area are: (1) whether income from an affinity credit card program constitutes a royalty and (2) whether income from a mailing list rental constitutes a royalty. Notwithstanding several court decisions, a taxpayer that provides more than a small amount of clerical services may risk having payments received in exchange for a license classified as payments for services rather than as excludable royalties.

Charitable hospitals

In general

The Code does not provide a per se charitable exemption for hospitals. Rather, a hospital qualifies for exemption if it is organized and operated for a charitable purpose and meets additional requirements of section 501(c)(3). The promotion of health has long been recognized as a charitable purpose that is beneficial to the community as a whole. It includes not only the establishment or maintenance of charitable hospitals, but clinics, homes for the aged, and other providers of health care.

Medical care generally is provided by government-owned, for-profit, and tax-exempt organizations. In the hospital sector, tax-exempt organizations dominate, with approximately 60 percent of the nation's hospitals operating as charitable institutions. Historically, charitable hospitals were characterized as voluntary because they generally were supported by



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philanthropy, staffed by doctors who worked without compensation, and served, almost exclusively, the sick poor. However, the character of the charitable hospital sector has changed significantly over the past several decades due to the growth of such resources as employer-provided health insurance and governmental programs such as Medicare (for the elderly and disabled) and Medicaid (for the poor). Today, charitable hospitals generally provide medical and other health-related services in a manner similar to their for-profit counterparts. They operate under the same healthcare regulations, compete for the same patients and doctors, and derive funding from many of the same sources as other types of hospitals.

Evolution of the legal standard

Financial Ability Standard.–Much like the nature of the health-care industry itself, the definition of the term charitable as applied to hospitals has not been static. In 1956, the IRS adopted the "financial ability standard," requiring that a charitable hospital be "operated to the extent of its financial ability for those not able to pay for the services rendered and not exclusively for those who are able and expected to pay." This standard effectively meant that a charitable hospital could not refuse to accept patients in need of hospital care who could not pay for such services. However, the IRS acknowledged that hospitals normally charge patients who are able to pay for services in order to meet the hospital's operating expenses and stated that the "fact that the hospital's charity record is relatively low is not conclusive that a hospital is not operated for charitable purposes to the full extent of its financial ability." The ruling's requirement that charitable hospitals provide some amount of free or reduced-rate care reflected the view that hospitals and other health care institutions were only charitable if they both provided relief to the poor and promoted health.

Community Benefit Standard.–The financial ability standard governed charitable hospitals until 1969. Congress had criticized the financial ability standard as imprecise concerning the extent to which a hospital must accept patients who are unable to pay. In addition, the creation of Medicare and Medicaid in 1965 had a fundamental effect on hospitals; a substantial portion of the free care previously subsidized by charitable hospitals now was reimbursed through these governmental programs. In response to these developments, the IRS adopted the "community benefit standard," which remains the test applied by the IRS for determining whether a hospital is charitable. Under the community benefit standard, the promotion of health care is "one of the purposes in the general law of charity that is deemed beneficial to the community as a whole even though the class of beneficiaries eligible to receive a direct benefit from its activities does not include all members of the community, such as indigent members, provided that the class is not so small that its relief is not of benefit to the community." Applying this community benefit standard, the IRS found that a hospital's operation of a generally accessible emergency room open to all persons, regardless of ability to pay, provided a benefit to a sufficiently broad class of persons in the community. The requirement of the financial ability standard that charitable hospitals provide care to patients without charge or at rates below cost was removed. The community benefit standard applies not only to traditional hospitals, but also other health care provider organizations, such as clinics or health maintenance organizations (HMOs).



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Credit counseling organizations

In a 1969 ruling, the IRS concluded that a credit counseling organization was exempt as a charitable or educational organization described in section 501(c)(3) by virtue of aiding low-income people who had financial problems and providing education to the public. The organization had two functions: (1) educating the public on personal money management, such as budgeting, buying practices, and the sound use of consumer credit through the use of films, speakers, and publications; and (2) providing individual counseling to low-income individuals and families without charge. As part of its counseling activities, the organization established debt management plans for clients who required such services, at no charge to the clients. The organization was supported by contributions primarily from creditors, and its board of directors was comprised of representatives from religious organizations, civic groups, labor unions, business groups, and educational institutions. In 1978, a court held that the law did not require that an organization must perform its exempt functions solely for the benefit of low-income individuals to be considered charitable. The court found the debt management plans of the agency at issue were an integral part of its counseling function.

During the period from 1994 to late 2003, 1,215 credit counseling organizations applied to the IRS for tax exempt status under section 501(c)(3), including 810 from 2000 to 2003. As of late 2003, the IRS has recognized more than 850 credit counseling organizations as tax exempt under section 501(c)(3). A number of new credit counseling entities have engaged in aggressive marketing and advertising while providing very little legitimate credit counseling or financial training. In addition, many of today's credit counseling organizations conduct as their primary activity, and derive most of their revenues from, debt management planning and other activities. Because of these changes in the industry, Congress and the IRS have expressed concern that tax-exempt credit counseling organizations are not fulfilling their exempt purpose. The IRS has commenced a broad examination and compliance program with respect to the credit counseling industry. The IRS concluded in a recent legal memorandum that many credit counseling organizations may not qualify for exemption under section 501(c)(3) because of operation for a substantial nonexempt purpose, substantial private benefit, and private inurement.

* * *

Thank you for the opportunity to testify. I would be pleased to answer any questions.



CSOC.CBR.00012442

Jackson, Sarah

From: SteveGunderson
Sent: Wednesday, November 08, 2006 1:00 PM
To: Tellado, Marta L
Subject: Legislative Update

COUNCIL *on* FOUNDATIONS

Dear Marta:

We considered sending you a legislative update last week. With some concern that you'd see it as just another piece of campaign literature, we decided to wait until after the election. This also allows us to share some insights with you regarding the impact of the election on our sector.

With Democrats taking control of the House of Representatives, we expect Congressman Charles Rangel of New York to become the new chair of the House Ways and Means Committee. Less certain are the questions of who will chair the Ways and Means Oversight Subcommittee, which has jurisdiction over the Internal Revenue Service (IRS) and the nonprofit sector. If the present ranking member were to become subcommittee chairman, Congressman John Lewis (D-GA) would assume this role. However, with Congressman Ben Cardin (D-MD) having been elected to the U.S. Senate, there is a chance that subcommittee chairs (and even possibly subcommittee jurisdictions) will change.

As for the Senate, it is clear the margins of control will be very close. Yet, whether the Democrats or Republicans are in control, we can assume that Senators Grassley and Baucus will work together. We expect some type of legislation to come from the Senate Finance Committee regarding governance of the nonprofit sector, and we anticipate that Senator Baucus will continue his deep interest in rural philanthropy. You should know that a number of our board members are meeting with Senator Baucus next Monday on this issue. And we've already committed to co-sponsoring a Forum on Rural Philanthropy in Montana next summer.

The Pension Protection Act of 2006
We also wanted to share with you the extensive work of our legislative and legal staffs related to the implementation of the Pension Protection Act of 2006 (PPA, or H.R. 4).

As you know, President Bush signed new charitable reforms and incentives into law as part of the PPA in August. Since that time, the Council's legal and government relations teams have been working to educate our membership and the field about the new law.

Activities include:

- Over 1,000 of you participati[illegible]alls on the topic.

EXHIBIT
Exhibit 204

- Four sessions on the PPA at the Community Foundation Fall Conference.
- An in-depth web page (www.cof.org/hr4) as a resource for the entire charitable community.
- Constant analyses and updates by our legal team.

Along with educating the field we have been listening to your concerns. We know that community foundations are struggling with several aspects of the new law, including the definition of donor-advised fund and its impact on their scholarship funds. We've also learned that private foundations are spending hours trying to figure out if their grantees are Type III supporting organizations and, if so, whether they are functionally integrated.

Our preference is to solve these issues by working with the Treasury Department and the IRS. The Council has sent three letters to the Treasury Department. The first requested immediate guidance on PPA charitable provisions effective on or before enactment (August 16); the second offered a draft notice that the IRS could publish to provide immediate guidance on the donor-advised fund and supporting organization provisions (September 26); and the third requested transition relief for scholarship funds (October 17).

In addition to these efforts, we have reached out to our colleagues in the field and on Capitol Hill to help us encourage the Treasury Department and the IRS to issue guidance on the PPA. The Council recently joined forces with Independent Sector to send a joint memorandum to the IRS asking it to do the following:

- Allow an appropriate transition period for enforcement of provisions that went into effect on or before enactment of the bill, such as the limitation on grants by private foundations to Type III supporting organizations.
- Clarify that the definition of donor-advised fund does not include:
  - funds established by charities and governmental entities
  - funds established by corporations that benefit employees in the aftermath of disasters or in other hardship circumstances
- Provide a transition rule for scholarships awarded by donor-advised funds prior to the date of enactment.
- Clarify that the term "distribution" does not include the purchase of goods and services at fair-market value.

On the disaster relief fund issue, we've been working with Congressman Jim McCrery (R-LA), a member of the House Ways and Means Committee. In an October 25 letter, Congressman McCrery urged the Treasury Department to clarify that disaster relief and emergency hardship funds established by an employer at a community foundation are not included within the new definition of donor-advised funds established in the PPA. The Council is grateful that Rep. McCrery has agreed to champion an issue of concern to many of our members.

We are awaiting the Treasury Department and IRS responses to these requests. They have yet to indicate when or how they will provide guidance. If these problematic provisions are not clarified or corrected through the regulatory process, the Council is prepared to introduce a PPA corrections bill when Congress returns later this month. In the meantime, we will continue to provide new resources on the PPA and will schedule additional conference calls and forums to answer your questions.

Looking Ahead to 2007



As we prepare for the beginning of a new Congress in January, we keep in mind two important lessons from our experience with the PPA: 1) Advocating without a specific legislative vehicle—a specific bill with specific language—is dangerous and undesirable; and 2) Our sector must never again be put on the defensive in our legislative discussions with Congress.

I strongly believe that we must be proactive and introduce a bill that will help us shape and define the philanthropic agenda on Capitol Hill during the 110th Congress. Our government relations and legal teams, working with our volunteer leaders, have begun the process to develop this proactive legislation. In the coming weeks, you will have opportunities to comment on potential proposals. We welcome and appreciate your input and feedback.

We also need to do a better job of educating our lawmakers about philanthropy. Whether you are a trustee, an executive, or a staff member, I want to encourage you to participate in Foundations on the Hill, taking place February 27–28, 2007, in Washington, DC. Foundations on the Hill, co-sponsored by the Council and the Forum of Regional Associations of Grantmakers, is our annual opportunity to share our views and concerns directly with members of Congress on Capitol Hill. With a new Congress convening next year, it is critical that we educate new leaders and members about philanthropy.

Please register today and join us in February for Foundations on the Hill. An online registration form is available at www.foundationsonthehill.org. Family foundation trustees, executives and staff attending the Council's Family Foundation Conference in Baltimore, MD, (February 25–27, 2007) can register for both the conference and Foundations on the Hill at www.cof.org/familyconf. The Council will provide transportation from Baltimore to Washington, DC, at the conclusion of the conference.

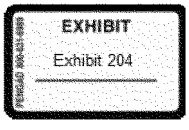
Finally, let me express my appreciation to all of you who continue to communicate our concerns to your members of Congress. We are going to need your help and support as we work to ensure a positive legislative and regulatory environment for philanthropy. Please continue to watch in the coming weeks for Legislative Network updates (www.cof.org/legnet) and alerts on the PPA, our proactive legislation and Foundations on the Hill. And please do not hesitate to contact us if you have any questions or comments.

Thanks again for your efforts.

Sincerely,

Steve Gunderson
President and CEO

This message was sent to the email address m.tellado@fordfound.org because our records show Marta Tellado is affiliated with the Council on Foundations.
If this information is incorrect, please send a note to webmaster@cof.org.



COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515

January 17, 2007

The Honorable Henry Waxman
Chairman
Committee on Government Reform
2157 Rayburn House Office Building
U.S. House of Representatives
Washington, DC 20515

The Honorable Juanita Millender-McDonald
Chairwoman
Committee on House Administration
1309 Longworth House Office Building
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Waxman and Chairwoman Millender-McDonald:

In accordance with the requirements of clause 2 of rule X of the Rules of the House of Representatives, the following is a list of hearings and oversight-related activities that the Committee on Ways and Means and its Subcommittees plan to conduct during the 110th Congress.

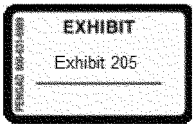
Full Committee:

Economic Security and Federal Budget--

- **Current Economy and Outlook**. Oversight hearings to examine current economic conditions and the economic outlook. Specifically, examine topics such as the impact of globalization on U.S. workers and competitiveness, economic opportunities for low- and middle-income workers, the economic costs of poverty, and additional concerns.

- **Priorities of the Office of Management and Budget**. Oversight hearings with the Office of Management and Budget Director to discuss the overall state of the federal budget and the Administration's priorities for the 110th Congress. Also, discuss and consider budgetary proposals affecting the various programs under the Committee's jurisdiction, including tax, health, human resources, Social Security, pensions, and trade-related matters.

- **Additional Issues**. Oversight hearings on a number of overall budget issues, particularly those related to federal finances and debt, the short- and long-term fiscal outlook, the growing reliance of the United States on foreign debt, and other matters considered by the Department of the Treasury.



Tax Issues--

- **Priorities of the Department of the Treasury.** Oversight hearings with the Treasury Secretary to discuss priorities for the 110th Congress, with the goal of finding common ground for policies and legislation to benefit all Americans. Specifically, discuss and consider tax legislation proposed in the President's 2008 budget submitted to the Congress.

- **Administration of the Tax Laws.** Oversight hearing to receive information from the Internal Revenue Service (IRS) Commissioner concerning overall agency operations and efforts to collect federal taxes, ensure compliance, and provide taxpayer services. Specifically, discuss proposed funding and staffing levels for the IRS and legislation to address the tax gap as proposed in the President's 2008 budget submitted to the Congress.

- **Technical Corrections.** Oversight hearing to evaluate the need for technical corrections to previously-enacted legislation, including the Tax Increase Prevention and Reconciliation Act of 2005, Gulf Opportunity Zone Act of 2005, Energy Policy Act of 2005, American Jobs Creation Act of 2004, Jobs and Growth Tax Relief Reconciliation Act of 2003, Economic Growth Tax Relief Reconciliation Act of 2001, and certain provisions of the Pension Protection Act of 2006.

- **Tax Relief for Individuals and Families.** Oversight hearings on tax relief for individual taxpayers and families, including alternative minimum tax relief and child-related tax benefits.

- **Energy.** Oversight hearings on energy tax issues, including incentives for alternative fuel production, energy conservation, and increasing U.S. energy independence.

- **Housing.** Oversight hearings on tax incentives for moderately-priced housing, focusing on options for increasing the supply of middle-income taxpayer rental housing and home ownership in tandem with federal and state housing spending programs.

- **Education.** Oversight hearings on current law rules governing the use of tax credit bonds to finance school construction and renovation, and options to simplify the current complex structure of tax benefits for higher education.

Health and Human Services Issues--

- **Priorities of the Department of Health and Human Services.** Oversight hearing with the Health and Human Services Secretary to discuss priorities for the 110th Congress and concerns related to the delivery of health services and reimbursement under Medicare. Specifically, discuss and consider health and human services-related legislation proposed in the President's 2008 budget submitted to the Congress.



Trade--

- **Priorities of the Office of the United States Trade Representative.** Oversight hearings with the United States Trade Representative to discuss priorities for the 110th Congress and concerns related to international trade. Specifically, discuss and consider trade proposals in the President's 2008 budget submitted to the Congress and other proposals.

The full Committee intends to conduct additional oversight over the next two years, as becomes necessary to fulfill its oversight responsibilities to the Congress and the American people. The following is a list of further oversight hearings and activities that the six subcommittees of the Committee on Ways and Means (Oversight, Health, Income Security and Family Support, Social Security, Trade, and Select Revenue Measures) anticipate developing during the course of the 110th Congress.

Subcommittee on Oversight:

- **Programs within the Committee's Jurisdiction**. Oversight investigations and joint subcommittee hearings on issues requiring periodic or timely oversight review. The Subcommittee on Oversight will coordinate with other subcommittees, as appropriate, to ensure comprehensive oversight of programs and laws under the Committee's jurisdiction.

- **IRS Operations.** Oversight of the major IRS programs, including examination, collection, taxpayer services, and returns processing. Consider analyses and reports provided to the Congress by oversight groups, such as the IRS Taxpayer Advocate, IRS Oversight Board, Treasury Inspector General for Tax Administration, and the U.S. Government Accounting Office.

- **Tax Gap.** Oversight of the $345 billion annual tax gap, the difference between taxes paid and taxes owed the federal government. Consider the components of the tax gap, causes of taxpayer non-compliance, and possible solutions.

- **IRS Funding and Staffing Levels.** Oversight of IRS funding and staffing levels needed to effectively and efficiently enforce the tax laws and provide taxpayer assistance. Consider the impact of underfunding the IRS on non-compliance, audit rates, and uncollected taxes. Examine the costs and rates of return for IRS collection activities in comparison to those for private-sector debt collectors under contract with the IRS. Evaluate options for providing the IRS with a permanent funding authorization that, in part, supports additional tax enforcement efforts.

- **Tax-Exempt Organizations**. Oversight review of the advantages and disadvantages of recently-enacted tax provisions that affect charities and foundations, particularly how the new rules affect charitable efforts and the ability of these organizations to serve those in need. Evaluate overall IRS efforts to monitor tax-exempt organization activities, prevent abuse, and ensure timely information to the public about charity activities and finances.



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- **Tax Code and Tax Form Complexity.** Oversight of tax code complexity, particularly for individuals and small businesses, with the goal of simplification. Review areas where taxpayers and professional return preparers make the most errors and consider solutions. Evaluate tax return filing seasons, including electronic filing, IRS and volunteer taxpayer assistance programs, the Internet Free File Program, and progress with electronic filing. Also, consider options for meaningful tax reform and greater fairness in the tax system.

- **IRS Audit/Collection Priorities.** Oversight review of IRS audit/collection levels, focusing on the allocation of enforcement resources among low-, middle-, and high-income individual taxpayers. Consider IRS efforts to deal with small business, large corporate, and estate tax liabilities, particularly those known to the IRS but uncollected. Also, review the extent of abusive tax shelters and illegal offshore tax transactions.

- **Earned Income Tax Credit (EITC).** Oversight of IRS programs designed to provide tax assistance to more than 20 million low-income working taxpayers claiming the EITC. Evaluate information showing that: approximately seven million eligible workers do not claim the EITC; only a small percentage of workers obtain EITC benefits in their paychecks through employer-assisted "advance refunding"; and nearly two-thirds of EITC taxpayers use paid professional return preparers to file their returns. Evaluate the results of EITC certification, program integrity, and efforts to provide educational outreach to reduce errors in claiming the EITC.

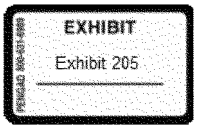
- **Tax Scams.** Oversight of the latest sophisticated tax scams and what can be done to protect taxpayers.

- **Illegal Networks.** Oversight of Department of the Treasury and IRS activities to deter money laundering, illegal drug, and terrorists networks.

- **Pensions and Retirement Security.** Oversight review of the Pension Benefit Guaranty Corporation (PBGC), including the financial status and management of pension plan funding. Oversight review of the increasing decline in employer-sponsored defined-benefit plans with the corresponding weakening of workers' retirement security and federally-guaranteed pension benefits. Overview of the growing disparity of retirement benefits for corporate executives and rank-and-file workers.

Subcommittee on Health:

- **Medicare Part A and Part B (Hospitals, Physicians, and Other Providers).** Oversight of the major Medicare programs to ensure efficient use of resources, quality, and access for Medicare beneficiaries. Specific topics to include: relationship between payment policy and workforce issues (future supply); adequacy of program benefits, such as mental health and cost sharing; treatment of specific populations such as people with disabilities and low-income beneficiaries; quality improvement efforts; accreditation; overpayments to providers;



IVIG; DME competitive bidding; post-acute care common patient assessment tool; and waste, fraud, and abuse activities.

- **Medicare Part C (Private Plans).** Oversight of private plan types, enrollment, and locations; value and payments; benefit packages and actuarial equivalence determinations; administrative costs; quality; consumer protection; and ability to manage and treat chronic illnesses and achieve improved health outcomes.

- **Medicare Part D (Prescription Drug Plans).** Oversight of implementation and ongoing activities related to the Medicare prescription drug program, including: treatment of dual eligibles, low-income subsidy beneficiaries, and nursing home residents; drug pricing; late enrollment penalties; benefit packages and actuarial equivalence evaluations; true out-of-pocket policy (TROOP); formularies for covered drugs and appeals; enrollment issues; plan reporting of consumer data; marketing, promotion, and advertising efforts of the Center for Medicare and Medicaid Services (CMS) and the plans; administrative costs; bidding process and premium setting; retiree drug coverage; pharmacy-plan issues; creating a Medicare-sponsored drug option; and negotiated price mechanisms.

- **Medicare Entitlement.** Oversight of the 45 percent trigger, payments to private plans, and the Part B premium.

- **CMS Administration.** Oversight of the CMS, including the adequacy of its budget and staffing, contracting activities, and general agency accountability.

- **Health Insurance Coverage.** Oversight review of health coverage and the uninsured, including children, early retirees, and small business employees; adequacy of benefits; mental health parity; COBRA; lack of coverage for various groups; and options to expand coverage.

- **Health Savings Accounts (HSAs).** Oversight of the use of health savings accounts, including the demographics and profile of account holders, the prevalence and use of HSAs, the value of accounts, and the influence on broader health care systems and spending.

- **Executive Orders.** Oversight of Administration activities regarding public transparency of price and quality initiatives, and health information technology.

- **Trade Adjustment Assistance (TAA) Health Insurance.** Oversight of implementation and ongoing activities related to the TAA health care tax credits, including administrative costs and contractual relationships.

- **Emergency Care.** Oversight of emergency health care and areas where reforms are needed.



Subcommittee on Income Security and Family Support:

- **Poverty.** Oversight assessment of poverty in America. Examine the growth in the number of Americans living in poverty by 5.4 million Americans since 2001, review factors that contributed to such rise, and explore proposals for expanding economic opportunity and reducing the extent and severity of poverty.

- **Welfare and Work Programs.** Oversight of programs that help needy families and promote work, especially the Temporary Assistance for Needy Families (TANF) program. Review State efforts to implement new statutory and regulatory requirements under the TANF program, including present and potential impacts on poverty, caseloads, educational opportunities, impacts on disabled populations, employment outcomes, assistance for needy families and administrative burdens. Evaluate recent legislative changes in related programs, such as child care and child support enforcement, in terms of the impact on self-sufficiency and economic opportunity for low-income families. Review the integrity of related programs to ensure accurate payments and eligibility.

- **Vulnerable Children.** Oversight of the Nation's child welfare system, including foster care, adoption assistance, and child and family programs under Title IVB of the Social Security Act. Examine barriers to ensuring safety and permanency for the over one-half million children in foster care, as well as for the thousands of other children that come into contact with the child welfare system every year. Review proposals to improve the financing of child welfare programs to ensure better outcomes for at-risk children and families.

- **Disconnected Populations.** Oversight of "disconnected populations," including youth between the ages of 16 and 24. Review proposals to reach out to an estimated two to three million youth who are neither in school nor working.

- **Unemployment Compensation.** Oversight of the Nation's unemployment compensation system, with a particular focus on barriers between dislocated workers and unemployment benefits and on reforms designed to modernize the program, including helping dislocated workers return to work.

- **Supplemental Security Income (SSI).** Oversight of the SSI program, including reviewing proposals to better reward and promote employment by program recipients and to better serve those in need of program benefits.

Subcommittee on Social Security:

- **General Oversight of Social Security.** Oversight of the importance of Social Security for American workers and their families; the essential role it plays in assuring economic security for retirees, disabled workers, and survivors; and how best to manage the challenges and opportunities presented by an aging society, given the central role Social Security plays in



income security, and the importance of adopting a balanced approach to address those challenges and opportunities that has the support of the American people.

- **Social Security Administration (SSA).** Oversight of the administrative operations of the Social Security Administration and the agency's stewardship of Social Security programs.

- **Disability Case Processing Backlogs.** Oversight of SSA's processing of disability cases, including Continuing Disability Reviews, and its current backlog of over one million unprocessed initial claims and appeals requests for disability benefits. Examine why, after SSA has taken steps in recent years to address this backlog, the problem continues to grow. Consider the impact on claimants as they endure disabling health conditions for months, or even years, without income as they wait for their cases to be decided.

- **Management of the Ticket-To-Work Program.** Oversight of the implementation and effectiveness of the Ticket-to-Work program and its related work incentives. Consider how the program operates in conjunction with Social Security Act work incentives and other federal programs aimed at supporting work. Determine why implementation of the program has been criticized, regulatory reforms are delayed, and results have been modest.

- **New Disability Adjudication Process.** Oversight of SSA's phased-in implementation of its new disability adjudication process (resulting from its 2006 regulation modifying how it adjudicates disability claims), the impact of the change in agency leadership on the process, and early results. Examine how claimants are faring under the new process, and whether the process is fair and consistent, evidence collection is improving, claims are receiving full consideration, and the right decision is being made earlier in the process.

- **Social Security Number Protection.** Oversight of the problem of identity theft and misuse of the Social Security number. Consider the role of the Social Security number, the Social Security card, Social Security benefits, and SSA with respect to immigration policy and enforcement.

Subcommittee on Trade:

- **Fast Track.** Oversight of Trade Promotion Authority (TPA), that formally expires on June 30, 2007, including review of agreements concluded to date, the role of the Congress, and labor and environmental concerns.

- **Korea Free Trade Agreement (FTA).** Oversight of Korea FTA negotiations as they reach a critical stage in early 2007, including discussion of automobile, manufacturing, labor, environmental, and other issues.

- **Other Free Trade Agreements (FTAs).** Oversight of ongoing negotiations, for example involving Panama, Thailand and Malaysia, signed FTAs involving Peru and Colombia, and



implementation of recently-implemented FTAs involving the Central American/Dominican Republic (CAFTA), Oman, Bahrain, and earlier FTAs with Singapore, Chile, Australia, and Morocco.

- **Preference Programs.** Oversight of major U.S. trade preference programs such as the Generalized System of Preferences (GSP), African Growth and Opportunity Act (AGOA), Caribbean Basin Initiative (CBI), Andean Trade Preference Act (ATPA), and Haitian Hemispheric Opportunity Through Partnership Encouragement Act.

- **Haiti**. Oversight of U.S. trade policy for Haiti, including impact of textile quota elimination.

- **World Trade Organization (WTO) Negotiations.** Oversight of U.S. goals in the areas of agriculture, manufacturing, services, fair trade laws.

- **Improving U.S. Trade Laws.** Oversight of proposals to strengthen U.S. fair trade laws and improve U.S. tools leverage to open foreign markets and other areas, including oversight of WTO decisions involving U.S. fair trade laws, defense of U.S. trade law challenges in the WTO, and administration by the Department of Commerce and U.S. International Trade Commission of U.S. fair trade laws.

- **China**. Oversight of China's rampant theft of massive quantities of U.S. intellectual property, including in the automotive, semiconductor, motion picture, and recording industries. Also, oversight of China's refusal to allow its currency to freely float, industrial subsidies, and other areas.

- **Europe.** Oversight of the second largest bilateral trade deficit of more than $100 billion in 2005, as well as sectoral issues, such as Airbus subsidies, discriminatory regulations in high technology transfer and sectors, attempts at technology transfer, discriminatory barriers to U.S. farm exports, European Union (EU) practices in the WTO negotiations, and EU practice concerning regional trade agreements.

- **Trade and Developing Countries.** Oversight of U.S. trade relations with developing countries, role of developing countries in the WTO and world trading system, extent to which developing countries have benefitted from the trading system over the past 20 years and, in regard particularly with respect to the least developed countries, why many of these countries have lost ground over the last 20 years and what can be done in the area of trade and aid to reverse this trend.

- **Trade and U.S. Workers.** Oversight of the ability of the United States to conduct an effective trade policy that is good for American workers, farmers, businesses, and the country as a whole. Examine options to improve education, on-the-job training, trade adjustment, and portable health care/pensions.



- **Other.** Oversight of the WTO dispute settlement system, Bush Administration labor rules in FTAs, and balance between protecting pharmaceutical patents and promoting access to essential medicines in poor countries.

Subcommittee on Select Revenue Measures:

- **Various tax matters.** Oversight of a variety of tax issues and tax legislation, as directed by the Committee Chairman.

This list is not intended to be exclusive. The Committee anticipates that additional oversight hearings and activities will be scheduled as issues arise and as time permits. Also, the Committee's oversight priorities and particular concerns may change as the 110th Congress progresses over the coming two years and issues arise meriting the Committee and subcommittees' attention.

Sincerely,

Charles B. Rangel
Chairman

cc: The Honorable Jim McCrery
Ranking Member

EXHIBIT
Exhibit 205

ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS

SUBCOMMITTEE ON OVERSIGHT

FOR IMMEDIATE RELEASE
July 09, 2007
OV-5

CONTACT: (202) 225-[redacted]

Lewis Announces Overview Hearing on Tax-Exempt Charitable Organizations

House Ways and Means Oversight Subcommittee Chairman John Lewis (D-GA) announced today that the Subcommittee will hold an overview hearing on tax-exempt organizations, which will focus on charities and foundations described in Internal Revenue Code section 501(c)(3). **The hearing will take place on Tuesday, July 24, 2007, in the main Committee hearing room, 1100 Longworth House Office Building, beginning at 10:00 a.m.**

In view of the limited time available to hear witnesses, oral testimony at this hearing will be from invited witnesses only. Invited witnesses will represent the Internal Revenue Service, the U.S. Government Accounting Office, the Independent Sector, and the Council on Foundations. However, any individual or organization not scheduled for an oral appearance may submit a written statement for consideration by the Subcommittee and for inclusion in the record of the hearing.

BACKGROUND:

There are approximately 1.6 million tax-exempt organizations described in the twenty-eight categories listed in Internal Revenue Code section 501(c). Two-thirds, or more than one million, of these organizations are described in Internal Revenue Code section 501(c)(3). Currently, the assets of section 501(c)(3) organizations exceed $2.5 trillion. They have annual revenues of nearly $1.2 trillion and spend approximately $900 billion on program services. Section 501(c)(3) organizations continue to grow each year with more than 350,000 organizations granted tax-exempt status since 1997.

Internal Revenue Code section 501(c)(3) describes organizations that are organized and operated exclusively for religious, charitable, scientific, educational, and certain other specified exempt purposes. These organizations include, among others, public charities and private foundations. They are eligible to receive tax-deductible contributions and are subject to operating restrictions, including a prohibition on engaging in political activities.

There have been a number of recent legislative and administrative developments that relate to section 501(c)(3) organizations and may affect their operations. These developments include the enactment of the Pension Protection Act of 2006 (P.L. 109-280), the release of the redesigned draft Form 990 (Return of Organization Exempt from Income Tax), and the activities of the Exempt Organizations Office of the IRS's Tax Exempt and Government Entities Division.

In announcing the hearing, Chairman Lewis stated: **"The volunteers and organizations that make up the charitable community work day after day providing services to our communities that are critical to all Americans and essenti[redacted]ur Country. The Congress and the**

EXHIBIT
Exhibit 206

CSOC.CBR.00025883

public must continue to support this community. I look forward to beginning a dialogue about the important role charities play in American life. The Subcommittee will continue its review of tax-exempt issues throughout the 110th Congress, including charities' efforts to assist diverse communities and other specific areas of concern."

FOCUS OF THE HEARING:

The Subcommittee will undertake a broad overview of Section 501(c)(3) charitable organizations. The Subcommittee will review the overall state of this sector, including activities and measures for ensuring public accountability and good governance.

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Please Note: **Written statements submitted to the Subcommittee pursuant to the June 12, 2007, Subcommittee Advisory, OV-4, soliciting comments on tax-exempt provisions contained in the Pension Protection Act of 2006 will be included in the submissions for record on this hearing and do not need to be submitted again. Accordingly, only one statement in total is necessary for any individual or organization with respect to comments on the Pension Protection Act of 2006.** Any person(s) and/or organization(s) wishing to submit for the record must follow the appropriate link on the hearing page of the Committee website and complete the informational forms. From the Committee homepage, http://waysandmeans.house.gov, select "110th Congress" from the menu entitled, "Committee Hearings" (http://waysandmeans.house.gov/Hearings.asp?congress=18). Select the request for written comments for which you would like to submit, and click on the link entitled, "Click here to provide a submission for the record." Once you have followed the online instructions, completing all informational forms and clicking "submit" on the final page, an email will be sent to the address which you supply confirming your interest in providing a submission for the record. You MUST REPLY to the email and ATTACH your submission as a Word or WordPerfect document, in compliance with the formatting requirements listed below, by close of business **Tuesday, August 7, 2007**. Finally, please note that due to the change in House mail policy, the U.S. Capitol Police will refuse sealed-package deliveries to all House Office Buildings. For questions, or if you encounter technical problems, please call (202) 225-1721.

FORMATTING REQUIREMENTS:

The Committee relies on electronic submissions for printing the official record. As always, submissions will be included in the record according to the discretion of the Committee. The Committee will not alter the content of your submission, but we reserve the right to format it according to our guidelines. Any submission provided to the Committee by a witness, any supplementary materials submitted for the printed record, and any written comments in response to a request for written comments must conform to the guidelines listed below. Any submission or supplementary item not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All submissions and supplementary materials must be provided in Word or WordPerfect format and MUST NOT exceed a total of 10 pages, including attachments. Witnesses and submitters are advised that the Committee relies on electronic submissions for printing the official record.

2. Copies of whole documents submitted as exhibit material will not be accepted for printing. Instead, exhibit material should be referenced and quoted or paraphrased. All exhibit material not meeting these specifications will be maintained in the Committee files for review and use by the Committee.

EXHIBIT
Exhibit 206

CSOC.CBR.00025884

COUNCIL *on* FOUNDATIONS

Subcommittee on Oversight
Committee on Ways and Means
Hearing on Tax-Exempt Charitable Organizations
July 24, 2007

Statement for the Record by the Honorable Steve Gunderson
President and CEO, Council on Foundations

Thank you for the opportunity to appear this morning.

The Council on Foundations (COF) is a membership organization of more than 2,000 grantmaking foundations and giving programs worldwide. For more than 55 years, the Council has served the public good by promoting and enhancing responsible and effective philanthropy. The Council's membership includes private foundations, community foundations, company foundations, corporate giving departments and public charities that are primarily grantmakers. The world of philanthropy is growing and changing and the Council is changing with it.

We gather today at a unique time in American history, and philanthropy. Thanks to the combination of demographics and personal resources, we are looking at the most significant generational transfer of wealth at anytime in world history. Whether we can use this moment to create new philanthropic resources committed to enhancing the public good depends upon how well we – you, the Congress, and those of us in philanthropy – can partner to create the tools for a new generation of service to society. One of the most distinguished leaders in our sector, Barry Gaberman of the Ford Foundation, defines philanthropy as the "voluntary transfer of personal resources to the public good." This is our moment.

Today, the Foundation Center (one of our sector's best research organizations) estimates that the nation's more than 71,000 grantmaking institutions contributed over $40 billion in 2006 to the betterment of communities in America and around the world. Collectively, these philanthropic institutions hold approximately $550 billion in assets. Consider these commitments. In 2005, philanthropy resources were allocated as follows:

- 24% to education
- 21% to health care
- 26% to the combination of human services and public affairs/society benefit, a category which includes the promotion of civil society, civil rights, and community improvement.
- the remainder to arts and culture, environment and animals, international affairs, science and technology, social sciences, religion, and other

Half a trillion dollars in assets is a vast sum of money, but a word of caution is in order. Even with these generous resources, philanthropy can never take on government's role in providing services and resources to Americans. Just as an example, foundation assets in 2006 – that's total assets, not grants – equaled just 21 percent of a single year's federal budget. If grantmakers spent all the money



they have, they could cover one year of Social Security payments or three years of interest on the national debt. But then the money would be gone.

Although philanthropic institutions can never replace government, foundations can and do play a vital role in strengthening and sustaining communities. In doing so there are times when foundations collaborate with government to pioneer innovative solutions to pressing problems. At other times, philanthropy's role may be to challenge government to do better. Let me cite several examples.

Atlanta

The Community Foundation for Greater Atlanta recently led a successful three-year pilot program, the Metro Atlanta Youth Opportunities Initiative (MAYOI), to help young people make successful transitions from foster care to adulthood. The pilot enrolled 240 youth and made use of multiple strategies to assist youth through this transition period. One of these – a program to encourage savings by combining instruction in financial literacy with a 1:1 match of participants' deposits resulted in 82 young people saving $83,000 toward asset purchases.

- Two participants became homeowners and two others opened successful small businesses.
- 32 participants secured rental housing
- 46 participants purchased vehicles
- Two participants used the match funds toward investments
- Two participants used the match funds for educational expenses (the state offers tuition waivers for foster youth)

Based on the lessons learned from the pilot effort, the community foundation is now working with its public and private partners on a second three-year effort to institutionalize components of the pilot effort statewide and to provide reliable financing for the program, including maximizing federal and state funding, making existing funding streams more flexible, and creating public-private partnerships with local banks.

The Arthur M. Blank Family Foundation has a vision for Atlanta of a community that holds promise for every child; of a city with a sense of place and potential; of vital neighborhoods, rich with vibrant cultural opportunities for all. In support of this vision, the foundation awarded $23 million in grants last year, primarily in Atlanta.

- The foundation's Pathways to Success partnership provided over $4 million, payable over four years, to support programs for students who attend Atlanta's New Schools at Carver - the Southeast's first "small high school" campus.
- Early grants from the Blank Family Foundations Inspiring Spaces program led to the development of the plan for The Atlanta BeltLine, a proposed 22-mile loop of trails, transit, and parks, which promises not only to connect communities, spur development, mobilize residents, and increase green space, but to redefine and transform the City of Atlanta. The foundation has continued to provide support for land acquisition, trail development, park advocacy and park improvement.
- Through the Better Beginnings initiative the Blank Family Foundation is helping more children in Atlanta's toughest neighborhoods and poorest circumstances get a fair start in life, by funding early learning and family support services. For example, $450,000 in mini-grants will support nonprofit organizations and child care centers that implement



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practices designed to reduce child abuse and neglect, promote child development and family well-being, and lead to improved long-term outcomes for children.

Over the last ten years, IBM, whose Corporate Citizenship and Corporate Affairs Department is headquartered in Atlanta, has been one of the largest corporate contributors of cash, equipment, and people to nonprofit organizations and educational institutions across the U.S. and around the world. The company's efforts focus on helping people use information technology to improve the quality of life for themselves and others. As one example, the IBM KidSmart Early Learning Program integrates new interactive teaching and learning activities using the latest technology into the pre-kindergarten curricula. The program is now being implemented in 60 countries internationally, serving more than 2 million children from remote geographic areas to underprivileged areas of town and cities

Kalamazoo, MI

For more than a century, the local economy of Kalamazoo County, Michigan's population of 250,000 had relied on the presence of "Big Pharma"–namely, Upjohn Corp. – for its continued robust health. When Upjohn merged with Pharmacia and then was acquired by Pfizer, Inc, the resulting loss of jobs, people and philanthropic support was potentially devastating to the area. More than 1,200 jobs were eliminated with the Pfizer purchase alone. Community leaders banded together with Southwest Michigan First (the area's private, nonprofit economic development organization) to develop a far-reaching, forward-thinking plan to help save Kalamazoo's economy. An integral component of the plan was a scientific incubator designed to encourage biotech and life scientists to stay in the area. After receiving state, city and county funding, as well as private donations, Southwest Michigan First was $2 million short of its Innovation Center construction budget. The Kalamazoo Community Foundation stepped in with a $2 million program-related investment to make up that shortfall. Today, the Southwest Michigan Innovation Center is home to a dozen thriving start-ups, launched and staffed largely by ex-Pfizer scientists, creating high-skill/high-wage jobs and contributing to the area's continued economic growth and development.

Rhode Island

HousingWorks RI is a coalition of more than 120 organizations, led and financed by The Rhode Island Foundation, to ensure every Rhode Islander a quality, affordable home. Coalition members include banks, builders, chambers of commerce, colleges, community-based agencies, faith-based groups, manufacturers, municipal officials, preservationists and unions. Through its members, activities and website: HousingWorks RI:

- Draws attention to housing issues in Rhode Island.
- Provides a one-stop, authoritative source of information about affordable housing in Rhode Island.
- Hunts down new ideas and best practices from across the nation.
- Celebrates housing progress in our communities.
- Advocates for solutions that will end the housing crisis.

The coalition achieved its most significant victory to date in November 2006, when 66 percent of Rhode Island voters approved a $50 million affordable housing bond, the largest majority given any affordable housing referendum in the United States. Since then, Rhode Island's Housing Resources



Commission (HRC) has received more than 60 applications seeking funding to construct 936 affordable homeownership and rental units.

Philanthropy's Growth in Size

As I look at global philanthropy in the 21st century, I am convinced that we will be defined by the three Ss. We'll certainly grow in size. Projections are that we'll witness no less than $41 trillion in asset transfer by the middle of this century; no less than $6 trillion of this for charitable giving. We don't know how much of that giving will be directed to foundations, but whatever the amount, it is clear that we will witness growth at rates much faster and much larger than previously anticipated.

Philanthropy's Growth in Service

We will grow in our service to the common good. In area after area, we are witnessing the growth of philanthropic leadership, which complements effective grantmaking. We are looking at new ways in which philanthropy fills the void left by government at all levels when political polarization results in policy paralysis. It is not philanthropy's role to step in where government has failed to do its proper duty. But it is clear that the vision, leadership, and innovation in addressing the challenges facing our social sector will come more and more from philanthropy. Philanthropy's very mission is to innovate, take risks, be creative, sometimes even fail – but keep moving forward to find new ways to respond to the challenges of society.

As we grow in service, we will also embrace a new generation of philanthropic leadership. Today, the Council on Foundations has just become the program leader for a coalition of philanthropic organizations seeking to create new partnerships between public, private and philanthropic resources aimed at workforce investment.

As I speak, we are engaged in a national feasibility study to determine how philanthropy can better respond to our national disasters in the future. We too learned from our response to Katrina. Today, we are proposing to our field a national task force of philanthropic experts in disaster response who would be prepared for instant relocation to a disaster to determine how philanthropy can best coordinate its resources to a most effective response. We are also asking the question of whether we should capitalize a philanthropic disaster fund to more effectively coordinate our resources.

Next month, we are convening in Missoula, Montana a national conference on Philanthropy and Rural America. We hope to use these three days of meetings with rural funders from all over the nation to craft "A 21st Century Agenda for Philanthropy and Rural America."

We are also presently engaged in an Initiative of the America's to grow philanthropy's role in addressing the social challenges facing our neighbors in the Latin American/Caribbean region. The Council has just committed $100,000 to strengthen the philanthropy infrastructure and to translate our materials into Spanish to provide better access to these materials in ways that will grow philanthropy's service.

Around the globe, philanthropy is playing critical roles to fight HIV/AIDS in Africa, and to promote civil society in the new democracies of Eastern Europe. Because of our continued interest in supporting and expanding all international philanthropy, I wanted to share with you some comments about the Treasury Department's Anti-Terrorist Financing Guidelines: Voluntary Best Practices for



U.S.-Based Charities and their potential to harm our collective work. The Guidelines based on Treasury's view that the U.S. charitable sector is a significant source of financing for terrorists.

Let me be clear, the Council on Foundations is steadfastly opposed to the use of charitable vehicles for the support of terrorist activities at any time in any place. Our work is geared towards supporting appropriate safeguards against any use of the charitable sector for this purpose.

In fact, we have seen no evidence to indicate that U.S. charities are a major source of terrorist support. Out of hundreds of thousands of U.S. charities and billions of dollars given out in grants and material aid each year, only six U.S. charities are alleged to have intentionally supported terrorists. Thus far, Treasury has not identified a single case of inadvertent diversion of funds from a legitimate U.S. charity to a terrorist organization. In other words, *bona fide* charities are doing an excellent job of following IRS rules concerning due diligence and taking reasonable precautions to ensure that charitable assets are not diverted for terrorism or any other unlawful purpose.

The principal difficulty with the Guidelines is that they call on charities to collect a prodigious amount of information about their grantees – much more than is legally required. If charities were to fully comply, they would incur substantial additional administrative costs resulting in less funding going directly to charitable activities. Given that existing due diligence has apparently been sufficient to prevent the diversion of funds, the collection of this additional information should not be necessary. An even larger issue is that, by exaggerating the extent to which U.S. charities serve as a source of terrorist funding, Treasury is fueling an environment in which wary donors may refrain from making charitable contributions.

The Council-led Treasury Guidelines Working Group of 75 foundations, charities, associations, advocacy groups and legal experts has met with Treasury, commented on various versions of the Guidelines, and developed a helpful alternative for the charitable sector titled the *Principles of International Charity*. While acknowledging that successive versions of the Treasury Guidelines have improved, the Working Group has continued to feel that, on balance, they are not useful and we have consistently urged that they be withdrawn.

Philanthropy's Growth in Scrutiny:

We will also grow in scrutiny as both policymakers and the media seek to monitor, investigate, and yes, regulate this field. And regulation of the philanthropic sector is part of why we're all here today. Hardly a month now goes by when I'm not spending time with a new reporter just assigned to the philanthropic beat of their news agency. And hardly a week goes by when we don't hear from the Washington Post, the New York Times, the Los Angeles Times, or the Wall Street Journal.

In defining our field, philanthropic organizations must be ethical, accountable, and effective. As Council board chair, Max King, CEO of the Heinz Endowments, said at our Annual Conference this year:

> For us, these matters of good governance, accountability, and strong ethics are, we know, central to our mission and our success. We must all become expert in managing these public-trust issues, and we must become highly skilled in collaboration and communication in order to ensure that the general public and its representatives fully understand our work and the requirements for success.



Our growth and our service are dependent upon our ability to earn and maintain the public trust. Our growth and our service are also dependent upon policymakers becoming our partners in creating the environment that encourages the growth of philanthropy. There are times when legislation and regulation are appropriate and necessary. But we must be partners in this effort in ways that achieve the proper balance – both in the environment we create and in the impact these regulations have on philanthropy. For our part, the Council and its members will continue the steps we have taken toward effective, credible self-regulation. We have established standards for every sector of our membership. We have significantly enhanced our ethical review process. The Council on Foundations takes self-regulation seriously and our members join us in this commitment.

You should know, Mr. Chairman, that the Council on Foundations has embarked upon a major leadership initiative to promote diversity within our sector. Last year, our Board of Directors approved an aggressive agenda recommended by our Committee on Inclusiveness. The agenda consists of six initiatives:

1. Philanthropy Corps – To attract and retain diverse talent in service to philanthropy.
2. Emerging Philanthropic Leaders Fellowships – To mentor and highlight promising talent that is new to the sector.
3. Effectiveness Requires Inclusiveness: Educational Programs for Grantmakers
4. Communicate Philanthropy's Value and Knowledge on Societal Issues
5. Research on the Value of Inclusiveness
6. Connecting US Expertise with International Outreach.

We have just completed a national search and in August the Council's new Director of Diversity and Inclusive Practices will lead our efforts to ensure that our field reflects the face of those we seek to serve in every way.

Building a Partnership

Mr. Chairman, your call for this hearing talked about the Partnership between the public and non-profit sectors in serving society. We share this commitment. And we ask our partners in the Congress to help us create the legislative and regulatory environment which enhances the growth of philanthropy – in order to grow our service to society.

The committee has also asked for comments on the Pension Protection Act of 2006. The Council will be filing detailed comments by the July 31 deadline, but let me make just a few key points, particularly with respect to the Act's regulation of donor advised funds.

The Council's membership includes 561 community foundations, all of which have assets held in donor advised funds and many of which also are supported by supporting organizations. The Council's membership also includes about 130 other public charities that are primarily grantmakers. Some of these members also offer donor advised giving as an option to their donors and some also have supporting organizations. Some public charities in this latter group focus on international grantmaking, while other support a community of interest such as the environment or women's issues.



Donor Advised Funds

Donor advised funds are a critical and increasingly important source of funding for important community programs. In a recent Council survey, 85 of the 125 largest community foundations reported making more than $1.05 billion in donor advised grants in 2005.

There are probably as many reasons for establishing advised funds as there are donors to them. However, the most important is that donors are generous and committed people with a passion for their causes and their communities. Through their donor advised funds, they provide support for charities today and, in many cases, create a legacy for the future. To take just one example, last year six donors to the Minneapolis Foundation recommended grants totaling $16,500 from their advised funds to the Sleep Out 2006 Campaign, which supports Interfaith Outreach & Community Partners' emergency housing services and long-term housing solutions. During FY2005-06, IOCP responded to 2,325 emergency housing assists, provided temporary emergency shelter for 59 homeless households, and prevented 13 families from losing their homes. IOCP also partnered with Twin Cities Habitat for Humanity and CommonBond Communities, among others, to begin construction on 54 units of long-term affordable housing in Plymouth and Wayzata.

Increasing Participation in Philanthropy: Donor advised funds offer donors several advantages over both private foundations and supporting organizations. Chief among them is that they give a broader segment of society the ability to participate in philanthropy. Many community foundations permit donors to maintain advised funds with as little as $10,000 and some even offer "acorn" funds that allow donors to create a fund with even less, bringing their funds to the minimum level over a specified period of time. This low cost structure has allowed many middle-income families to participate in philanthropy and their participation has brought major benefits to communities.

Efficiency: Donor advised funds offer efficiencies that could not normally be achieved in comparably sized private foundations or supporting organizations. Donors are attracted to advised funds because they are relatively simple and inexpensive to create and maintain.

The active oversight of a public charity that owns the funds replaces the need to create yet another nonprofit corporation or trust, seek IRS recognition of its charity status, and file annual information returns with the IRS and the states. Relying on the sponsoring charity to provide oversight, and to serve as a single point of contact with regulators, not only reduces administrative costs, but also benefits both the state and federal government by reducing the total number of exempt entities each must oversee. For the IRS alone, the reduction in the number of exemption applications and information returns that would otherwise have to be filed each year is significant.

Effectiveness: Donor advised funds at Council members offer donors the benefit of access to the members' professional expertise. By choosing to establish advised funds at community foundations and similar public charities, donors bring themselves within the organization's web of knowledge about the communities the organization serves. Donors and foundations, working together, can establish goals for the donors' philanthropy, then explore the wide range of charities working in the community to identify those that efficiently and effectively offer the services the donors want to support.

Stewardship: Donors appreciate, as well, the prudent stewardship of their charitable gifts. Council members employ professional investment managers and investment consultants to advise on the investment of the foundations' assets. These managers are overseen by volunteer boards and



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generally by volunteer investment committees that also possess investment expertise. Many small private foundations are unable to access similar expertise.

Focus on Mission: Yet another benefit to donors from choosing an advised fund over a private foundation or supporting organization is that they do not have to concern themselves with the administrative details of running a small organization. Instead, they can focus their efforts on supporting their charitable causes, while relying on the sponsoring organization to ensure that fund investments and distributions are fully compliant with IRS and state requirements.

Facilitating Giving: Donor advised funds are well-suited to the needs of donors who are planning to sell a substantial asset such as a business or real property. The proceeds from the sale will significantly increase the donors' income, enabling them to make a generous gift, but they may not know how their gift can be employed most efficiently and effectively. Donor advised funds allow these donors to make a substantial gift, permanently dedicated to supporting charity, yet still have the opportunity to consider how those funds can be most effectively used to promote the public good. Without such flexibility, many charitable gifts would be delayed and some ultimately might never be made.

Finally, advised funds benefit many small charities. Many smaller organizations lack the expertise to accept and process even fairly simple gifts of property such as publicly traded stock. Further, they would incur substantial fees if donors, for example, were to break up a gift of securities into odd lots. This benefit is even more pronounced when donors contribute a substantial asset, such as real property, that requires liquidation to free up assets for charitable use. Donors in these situations often want to benefit more than one charity. An advised fund allows them to do so, by making their gift to a single charitable organization and then recommending grants to other charities they wish to support.

Supporting Organizations

Supporting organizations that support Council members offer many of the benefits of advised funds. Typically, donors establish supporting organizations when they have substantial assets to contribute – many Council members require gifts of at least $1 to $5 million to justify the expense of creating a supporting organization. Most supporting organizations at Council members are Type I, although there are some Type IIs established to accept gifts of real property and a scattering of Type IIIs.

Donors who establish supporting organizations generally are also weighing the benefits of setting up a private foundation. The factors they consider often include the more favorable income tax deduction rules that apply to gifts to supporting organizations because of their public charity status compared with the control they are permitted to exercise if they establish a private foundation. Donors who choose a supporting organization over a donor advised fund generally do so because they want to play an active role in the organization's governance, even though they are not permitted to control it.

The Pension Protection Act has made the choice of philanthropic vehicle more difficult. This is particularly the case for the comparison between supporting organizations and private foundations because the rules that apply to supporting organizations are now stricter than the comparable rules for private foundations. This has led some supporting organizations to convert to private foundation status and is likely to lead to fewer supporting organizations in the future.



Like donor-advised funds, supporting organizations provide substantial and important support to communities. For example, the F.T. Stent Family Foundation, a supporting organization of the Community Foundation for Greater Atlanta made a $20,000 grant to Action Ministries, Inc. in 2005 to provide transitional housing and supportive services to 25 individuals displaced by Hurricane Katrina, most of whom will be making Georgia their home. In addition to providing direct support, the grant from the Stent Family Foundation enabled Action Ministries to claim approximately $75,000 in federal and state money for case management and program operation. In 2005, Action Ministries' transitional housing and case management services supported 144 individuals, which included 57 adults and 87 children. Of the 13 families that graduated from the program, 11 obtained permanent housing.

The Pension Protection Act

The Council supported and continues to support many of the reforms that Congress enacted last year in the Pension Protection Act of 2006. Council members not only have not abused the public trust, they have been a key source of support for their communities. However, there were some examples of the use of donor advised funds and supporting organizations for the personal gain of the donor, a promoter, or both. Changes made by the PPA, and particularly the institution of penalties for donors who misuse charitable contributions for their private benefit, effectively address these outliers.

However, the Council and its members were deeply disturbed by the last-minute decision to exclude gifts to donor advised funds, supporting organizations, and private foundations from the legislation's principal incentive to increase giving, the charitable IRA rollover provision. Our members have reported to us the extreme frustration of their donors that the law did not permit IRA rollover distributions to their donor advised funds. Our members are also reporting that many donors are choosing a second-best option by creating funds for charities designated at the time of gift. Because these designations cannot be changed once they are made, the resulting fund will lack flexibility to address emerging community needs. We urge you to extend the IRA charitable rollover before it expires at the end of this year, but we also urge you to allow donors to choose how they want to direct their gifts.

We were also disturbed by the decision to subject donor advised funds to the private foundation excess business holdings rule. We are aware of media reports in which donors have used certain Type III supporting organizations in the same way pre-1969 donors had used private foundations to secure current deductions for gifts of business interests that subsequently generated no corresponding support for operating charities. The PPA appropriately addresses this abuse by subjecting non-functionally integrated Type III supporting organizations to the section 4943 business holdings limitations. By contrast, neither the media nor Congress identified, and the Council on Foundations is not aware of, any significant cases in which donor advised funds were making decisions about how long to retain business holdings based on the private interests of the donor (as opposed to maximizing the long-term value of the assets to the fund). Further, there is no reason to believe that any such abuses would occur more frequently when the gift is made to a public charity to establish a donor advised fund than when given to a public charity for another type of fund. We believe Congress should repeal the application of the excess business holdings rule to donor advised funds.

Finally, we are concerned that Congress singled out families who choose to create Type I supporting organizations to carry on their philanthropy and treated them more harshly than families that create private foundations by refusing to permit compensation for services provided to the supporting organization or even the reimbursement of a family member's out-of-pocket expenses. We believe that Type I, II and functionally integrated III supporting organizations, should be able to provide



compensation and expense reimbursement provided the payments are approved in advance by the organization's non-family board members.

The Council is also calling on Congress to make a series of adjustments to the Pension Protection Act reforms to address some situations in which the Act is hampering community philanthropy. These include:

- Clarifying the ability of sponsoring organizations to purchase goods and services on the open market using advised fund assets
- Excluding funds created by public charities and governmental entities from the definition of donor advised fund
- Permitting, with appropriate safeguards, advised funds to make grants to individuals for the relief of poverty or distress
- Clarifying that the designation in a gift instrument of scholarship committee members by title or position does not constitute an appointment by the donor of persons holding those positions
- Providing for abatement of first-tier taxes for the new penalty provisions of the PPA on the same basis as for existing penalty taxes
- Temporarily suspending the penalties for making grants to certain supporting organizations until the Internal Revenue Service can reliably identify those organizations
- Including certain publicly-supported charitable organizations within the definition of functionally-integrated Type III supporting organizations.

We will outline these areas in more detail in the statement we submit in response to the Committee's request for comments on the PPA.

Before leaving the PPA, let me underscore one other important point. That is the clear and pressing need for guidance from the Internal Revenue Service on interpreting the new requirements and for the IRS to mount and maintain an effective enforcement presence in the exempt organization area. Otherwise, we will find ourselves in a kind of death spiral in which Congress legislates ever more restrictive rules that seriously impede the ability of philanthropic organizations to accomplish their work while the abuses continue unchecked.

While the Council seeks help from Congress in fixing certain aspects of the Pension Protection Act, we are also committed to creating a positive legislative agenda to foster the growth of responsible and effective philanthropy. You will be hearing more from us about this in the future, but we are looking at such issues as:

- Changes to the rules for program related investments by private foundations to facilitate these investments, which are key to both urban and rural economic development activities. Our changes would allow entities, such as the proposed low-profit, limited liability companies or L3Cs, that want to receive these grants to pre-qualify as eligible recipients.

- Legislation to create an Office of Rural Philanthropy in the Department of Agriculture that would assist communities in creating new community foundations and other vehicles for philanthropy.

- Flattening the private foundation excise tax to 1 percent to remove the tax's perverse disincentive to increase giving and to increase the flow of grant dollars



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- Extending the PPA's incentives for gifts of qualified conservation property
- Making Indian tribal governments qualified recipients of charitable contributions of certain gifts of food by businesses

As part of our commitment to a positive agenda to enhance philanthropy, I am very pleased to share with you the news about the establishment of a Congressional Philanthropy Caucus. I applaud the leadership of your colleagues, Representatives Stephanie Tubbs Jones (OH) and Robin Hayes (NC) for establishing this bipartisan caucus and serving as its House Co-chairs. The goals of the Congressional Philanthropy Caucus include informing Members of Congress and congressional staff about foundations and the important role that foundations play in our communities and around the globe, as well as identifying issues of mutual interest to the philanthropic sector and lawmakers. A Dear Colleague letter was circulated July 12th so we encourage you to join.

Turning back to the main topic of this morning's hearing, we must find a way to work together to produce healthier communities, more educated children, higher rates of employability and employment, decent housing, and compassion for those who cannot compete. Sustainability is the measure of outcomes, of change actually achieved—not only to make a difference, but also to make it again and again. Healthy children and communities are not "programs," nor are they mere ideals. They are outcomes that flow from hard and sometimes dangerous work, results that are earned by sweat and sometimes blood. Communities are not clouds that drift by or wishes that go gently to sleep; they roar with traffic and crying children, they grow with investment and a neighbor's sturdy nature; they shrink and collapse when poverty grinds them down. They burn when we are so angry we no longer have hope. They are resurrected when leaders come forward with integrity and a vision built on better knowledge, keener listening, greater diversity, and a commitment to finer outcomes. Together we must allow the creative energy of philanthropy to fulfill every donor's dream of a better world.



CSOC.CBR.00025895

From: Caroline Keeley
Sent: Thursday, January 24, 2008 2:49 PM (GMT)
To: Program Staff <[redacted]>
Subject: FW: 2008 Foundations On The Hill Invitation

Caroline Keeley
THE STARR FOUNDATION
Program Officer
tel: 212.909.[redacted]
fax: 212.750.[redacted]

From: nyrag [[redacted]]
Sent: Wednesday, January 23, 2008 3:13 PM
To: NYRAG Members
Subject: 2008 Foundations On The Hill Invitation

NYRAG
New York Regional Association of Grantmakers

Dear NYRAG Member,

We are pleased to invite you to join the New York Regional Association of Grantmakers and its members at Foundations On The Hill in Washington, DC on Tuesday, March 4th and Wednesday, March 5th. Foundations On The Hill offers funders an opportunity to visit with members of Congress and alert them of philanthropic issues and opportunities in the New York City region.

This annual event has become an important focus of our national public policy agenda. It gives funders the opportunity to meet with policymakers and their staffs to discuss current legislative and tax issues which will affect the philanthropic and nonprofit sectors throughout our region. Foundations On the Hill brings organized philanthropy together to educate our representatives about the value and importance of the nonprofit sector to our social and economic well-being.

We feel that participation in this event could be of great benefit to you in your work.

We are currently striving to schedule meetings with the following Representatives and Senators' staff members, each of whom serve on key committees:

- M. Jeff Hamond
  Economic Policy Director
  Office of Senator Charles E. Schumer (Banking, Housing, and Urban Affairs Committee; Finance Committee; Judiciary Committee; Rules and Administration Committee)

- Michael L. Szymanski
  Legislative Assistant



Office of Senator Hillary Rodham Clinton (Health, Education, Labor, and Pensions Committee; Environment and Public Works Committee; Special Committee on Aging; Armed Services Committee)

- Representative Charles Rangel (Manhattan)
  Chairman of the Committee on Ways and Means
  Chairman of the Board of the Democratic Congressional Campaign Committee

- Representative Carolyn Maloney (Manhattan/Queens)
  Chair of the House Financial Services Committee's Financial Institutions Subcommittee; senior member of the House Oversight and Government Reform Committee

- Representative Jerrold Nadler (Manhattan/Brooklyn)
  House Judiciary Committee; House Transportation Committee;
  Chairman of the Constitution, Civil Rights, and Civil Liberties Subcommittee

- Representative Edolphus "Ed" Towns (Brooklyn)
  Energy and Commerce Committee

- Representative Anthony Weiner (Queens/Brooklyn)
  House Judiciary Committee; Transportation and Infrastructure Committee

- Representative José E. Serrano (Bronx)
  House Appropriations Committee
  Chairman of the Subcommittee on Financial Services and General Government

These visits to our elected officials make an impact. The nationwide efforts of representatives of foundations and regional associations with their legislators in 2007 informed the Senate and the House, helped them to avoid enacting new regulations that would hamper the charitable efforts of our members, and have encouraged more support of increased charitable giving.

There will be a joint Council on Foundations and Forum of Regional Associations of Grantmakers briefing on the afternoon of Tuesday, March 4th, followed by a reception to network with colleagues from around the country. On Wednesday, March 5th, NYRAG's delegation will spend the day on Capitol Hill, beginning with a 7:30 kickoff breakfast with colleagues from around the United States For more information, please visit the Foundations On the Hill website (http://www.foundationsonthehill.org/agenda.htm).

If you would like to participate in the NYRAG delegation, please call Roshni Melia, Profession Education Associate, at 212-714- or email her at rmelia

Sincerely,

Ronna Brown
President
New York Regional Association of Grantmakers

You are currently subscribed to this list as: caroline.keeley
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ISSUE PAPER

Simplifying the Excise Tax on Private Foundations

The Council's Position:
The Council on Foundations supports simplifying the excise tax by either eliminating the private foundation excise tax on investment earnings or replacing the two-tiered tax with a single rate of not more than 1 percent.

Current Law: Private foundations that are exempt from federal income tax are subject to a 2 percent excise tax on their net investment income. However, the tax is reduced to 1 percent in any year in which the foundation's percentage of distributions for charitable purposes exceeds the average percentage of its distributions over the five preceding taxable years. Private non-operating foundations are also required to make annual distributions, for charitable purposes, equal to at least 5 percent of the fair market value of the foundation's non-charitable use assets (with certain adjustments). The amount that a foundation is required to distribute annually for charitable purposes is reduced by the amount of the excise tax it pays. The excise tax raises approximately $300-$400 million a year.

Problem with Current Law: The revenue raised by the tax is not being used for its original intended purpose: to cover the IRS's oversight costs of exempt organizations. The total resources that the IRS devotes to ensure that exempt organizations are following their legal obligations are a small fraction of the tax revenue.

Although it was intended to reward foundations that distribute more than the 5 percent payout requirement, the current two-tiered tax structure actually deters foundations from increasing their charitable giving. Many foundations set spending policies of 5 or 6 percent so that they can preserve the long-term value of their endowments. But if they substantially increase their grantmaking in a particular year—for example, for Katrina relief or for September 11, 2001—they also increase the five-year average on which the tax rate is determined. Quite often, the foundation pays tax at the 2 percent rate for the next five years. Eliminating the tax will remove this perverse incentive not to increase grantmaking at times of great need. In addition, other tax-exempt organizations are audited but are not subject to a similar excise tax. By reducing or eliminating the tax, foundations will increase their giving to charitable causes.

Current Legislation: President Bush's proposed federal budget for Fiscal Year 2008 calls for replacing the "two-tier" structure of the excise tax with a single rate of 1 percent. The proposal would be effective for tax years beginning after December 31, 2007.

Position Rationale: Because the tax paid reduces the amount a foundation must distribute for charitable purposes, many foundations would have to increase giving in order to continue to meet their payout obligation if the excise tax is simplified or eliminated.

There is general agreement that the tax should be simplified or eliminated. Because of its complexity, the Joint Committee on Taxation staff recommended repealing the tax in an April 2001 report ("Study of the Overall State of the Federal Tax System and Recommendations for Simplification," JCS-3-01, Volume 2, pp. 456-459.) Repeal, the report noted, "would relieve private foundations of having to make the necessary calculations of net investment income, file estimated tax returns, and consider the optimal level of charitable activity in terms of the rate of tax."

For more information, contact the Council's Government Relations Department at 202/466-6512 or govt@cof.org.

COUNCIL *on* FOUNDATIONS

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EXHIBIT
Exhibit 209

ISSUE PAPER

Expanding and Permanently Extending the IRA Charitable Rollover

The Council's Position:
The Council on Foundations supports the Public Good IRA Rollover Act of 2007 (S.819, H.R.1419), which expands the IRA charitable rollover to:

1) include taxpayers who would like to make distributions to donor-advised funds, supporting organizations, and private foundations
2) allow planned gifts
3) allow gifts above $100,000

The bill also makes this full IRA charitable rollover permanent.

For more information, contact the Council's Government Relations Department at 202/466-6512 or govt@cof.org.

Current Law: In August 2006, Congress passed and President Bush signed into law the Pension Protection Act of 2006 (PPA). The PPA included a limited IRA charitable rollover provision, which allows taxpayers aged 70-and-a-half or older to make tax-free distributions totaling up to $100,000 to charitable organizations from their traditional IRA accounts. The provision is effective for contributions made in 2006 and 2007.

Problem with Current Law: The PPA, which is effective for two years, has significantly limited donors' rights to choose how to direct their gifts because distributions from IRA accounts to donor-advised funds, supporting organizations, and private foundations **are not eligible** for this incentive.

Current Legislation: In March 2007, Senators Byron Dorgan (D-ND) and Olympia Snowe (R-ME) and Representatives Earl Pomeroy (D-ND) and Wally Herger (R-CA) introduced the Public Good IRA Rollover Act of 2007 (S.819, H.R.1419). This legislation expands the IRA charitable rollover to: 1) give taxpayers the freedom to make their own charitable giving choices by allowing distributions to donor-advised funds, supporting organizations, and private foundations; 2) allow planned gifts; and 3) allow gifts above $100,000. The bill also permanently extends this full IRA charitable rollover.

Position Rationale: The robust performance of the stock market over the last 20 years has unexpectedly given many Americans large individual retirement accounts (IRAs)— some in the seven figures. The PPA gave these donors the right to distribute up to $100,000 a year to charitable organizations from their IRAs. However, the PPA is in effect for only two years and significantly limits donors' right to choose how to direct their gifts.

It is clear that the limited IRA charitable rollover provision included in the PPA has resulted in increased charitable giving. So far, individuals have given more than $25 million through the rollovers. It is also clear that charitable giving will continue to increase if Congress expands the IRA charitable rollover to gifts made to donor-advised funds, supporting organizations, and private foundations, lifts the $100,000 cap, and allows planned gifts.

Many donors create advised funds and supporting organizations at their local community foundations and at other public charities so that they can make thoughtful and informed decisions about their philanthropy. Congress should allow donors to determine how they wish to direct the charitable transfers of their retirement assets.

October 2007

COUNCIL *on* FOUNDATIONS

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EXHIBIT
Exhibit 210

ISSUE PAPER

Improvements to Charitable Provisions in the Pension Protection Act of 2006 (PPA)

The Council's Position: The Council on Foundations supports improvements to the Pension Protection Act of 2006 to ensure that the charitable reforms included in the act do not inadvertently stifle charitable activities.

For more information, contact the Council's Government Relations Department at 202/466-6512 or govt@cof.org.

The Pension Protection Act of 2006 (PPA) included several new provisions that regulate how donor-advised funds and supporting organizations operate. Because our members are committed to the principle that neither donor-advised funds nor supporting organizations should ever be used for the private benefit of any person, the Council on Foundations supported and will continue to support most of the PPA reforms.

However, while our members have worked to incorporate the reforms into their administration of donor-advised funds and supporting organizations, they have identified three key areas where the PPA should be clarified and improved upon. Doing so will ensure that the reforms do not inadvertently stifle charitable activities that benefit America's communities.

The Council is working on a legislative proposal that would, among its other goals, address two key areas where the PPA should be clarified and improved upon. We hope to count on you to support this legislation.

1) **Recommendations for improving how donor-advised funds are regulated:**
   - Repeal the application of the excess business holdings rule to donor-advised funds
   - Exclude, with appropriate safeguards, funds that make distributions to individuals to alleviate poverty and distress
   - Clarify that sponsoring organizations may use assets held in donor-advised funds to purchase goods and services needed to carry out legitimate charitable activities
   - Amend the definition of a donor-advised fund to exclude funds created by public charities and governmental entities
   - Keep in place the committee structure for any scholarship that existed on or before August 17, 2006, and that had a formally designated committee overseeing the fund
   - Allow the IRS to decrease/stop initial penalties for funds that violate sections 4966 and 4967 on the same basis as penalties under section 4958, and coordinate penalties that fund managers incur to ensure they are not penalized twice for the same transgression

2) **Recommendations for improving how supporting organizations are regulated:**
   - Permit Type I and Type II supporting organizations to enter into transactions with the supporting organization's substantial contributor and related parties, under the rules that now apply to private foundations
   - Suspend penalties for donor-advised fund and private foundation grants to certain supporting organizations until the IRS can integrate classification information into IRS Publication 78
   - Define functionally integrated Type III supporting organizations to include supporting organizations that meet the public support test

EXHIBIT
Exhibit 211
PRINCIPAL 202-627-2000

Clear all data and reset fields
Go to 'Form Completed'

Clerk of the House of Representatives Legislative Resource Center B-106 Cannon Building Washington, DC 20515	Secretary of the Senate Office of Public Records 232 Hart Building Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

1. Registrant name ☒ Organization ☐ Individual

Organization Clark Consulting Federal Policy Group

2. Address ☐ Check if different than previously reported

Address1 101 Constitution Avenue, NW #701E Address 2

City Washington State DC Zip Code 20001 Country USA

3. Principal place of business (if different than line 2)

City State Zip Code Country

City State/Zip or Country

4a. Contact Name Prefix Full Name Mr. Peter Woelper
b. Telephone number 202-772-2485
c. E-mail pete.woelper@clarkconsulting.co

5. Senate ID #

7. Client Name ☐ Self
Council on Foundations

6. House ID # 35888076

TYPE OF REPORT 8. Year 2005 Midyear (January 1-June30) ☐ OR Year End (July 1-December 31) ☒

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ ⇨ Termination Date _____ 11. No Lobbying Activity ☐

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying Firms

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☒ ⇨ $ 140,000

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSES relating to lobbying activities for this reporting period were:

Less than $10,000 ☐

$10,000 or more ☐ ⇨ $ _____

14. REPORTING METHOD. Check box to indicate expense accounting method. See instructions for description of options.

☐ **Method A.** Reporting amounts using LDA definitions only
☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code
☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Edit Form > Print Complete >
Senate Password File with Senate >

Signature James F Carlisle Date 2/13/2006

Printed Name and Title James F. Carlisle - Director

LD-2DS (Rev. 4.04)

EXHIBIT
Exhibit 212

Page 1 of 2

CSOC.CBR.00032329

Go to "Form Completed"

Delete this page

Registrant Name Clark Consulting Federal Policy Group Client Name Council on Foundations

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code TAX - Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues

Charitable governance issues (S. 2020, H.R. 3908, S. 1780)

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

House, Senate

18. Name of each individual who acted as a lobbyist in this issue area

Name First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Ken	Kies			☐
Rob	Leonard			☐
Pat	Raffaniello			☐
Jim	Carlisle			☐
Jayne	Fitzgerald			☐
Tim	Hanford			☐
Scott	Parven			☐
John	Meagher			☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Signature *Document digitally signed on Page 1.* Date 2/13/2006

Printed Name and Title James F. Carlisle

EXHIBIT
Exhibit 212

LD-2DS (Rev. 4.04)

Bill Summary & Status

H.R.3908

Search Results > H.R.3908 > Overview

Modify Search | New Search | Save Search/Alert Help | Contact Us

H.R.3908 [109th]
Title: Charitable Giving Act of 2005
Sponsor: Rep Blunt, Roy [R-MO-7] (introduced 9/27/2005) **Cosponsors:** 88
Committees: House Ways and Means; House Education and the Workforce
Related Bills: S.6, S.1780
Latest Major Action: 11/7/2005 Referred to House subcommittee. Status: Referred to the Subcommittee on Select Education.

Jump to: Titles, Major Actions, Committees, Summary

TITLE(S): (*italics indicate a title for a portion of a bill*)

- SHORT TITLE(S) AS INTRODUCED:
  Charitable Giving Act of 2005
- OFFICIAL TITLE AS INTRODUCED:
  To amend the Internal Revenue Code of 1986 to provide incentives for charitable contributions by individuals and businesses, and for other purposes.

MAJOR ACTIONS: [SELECTED] *(dates in italics indicate Senate actions)* For more details, see: Bill Status Display.

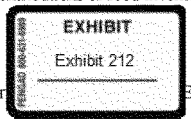
NONE

COMMITTEE(S):

Committee/Subcommittee:	Activity:
House Ways and Means	Referral, In Committee
House Education and the Workforce	Referral, In Committee
Subcommittee on 21st Century Competitiveness	Referral
Subcommittee on Select Education	Referral

SUMMARY AS OF:
9/27/2005--Introduced.

Charitable Giving Act of 2005 - Amends the Internal Revenue Code with respect to charitable giving and charitable organizations to: (1) allow individuals who do not itemize a deduction from gross income for a portion of their charitable contributions; (2) allow tax-free distributions from individual retirement accounts for charitable purposes; (3) increase the cap on corporate charitable contributions; (4) allow non-corporate taxpayers a tax deduction for charitable contributions of food inventory; (5) revise certain excise taxes related



CSOC.CBR.00032331

to private foundations; (6) modify the excise tax on unrelated business taxable income of charitable remainder trusts; (7) extend and expand the charitable contribution for scientific property used for research and for computer technology and equipment used for educational purposes; (8) adjust the basis of S corporation stock for certain charitable contributions; (9) revise church tax inquiry provisions; and (10) exclude from gross income certain landowner initiatives programs to conserve endangered habitats or species.

Amends title IV of the Social Security Act to: (1) authorize the Secretary of Health and Human Services to make grants to any private entity that operates a promising social services program (as defined by this Act): and (2) restore the 10 percent limit on transfers to the Social Services Block Grant Program.

Amends the Assets for Independence Act to reauthorize the assets for independence demonstration program through FY2008.

Expresses the sense of Congress encouraging corporate contributions to faith-based organizations.

Amends the Runaway and Homeless Youth Act to include maternity group homes within the program for transitional living youth projects for homeless youth.

Search Results > H.R.3908 > Overview

Modify Search | New Search | Save Search/Alert Help | Contact Us



CSOC.CBR.00032332

Clear all data and reset fields
Go to 'Form Completed'

Clerk of the House of Representatives Legislative Resource Center B-106 Cannon Building Washington, DC 20515	Secretary of the Senate Office of Public Records 232 Hart Building Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

1. Registrant name ☒ Organization ☐ Individual

Organization Akin Gump Strauss Hauer & Feld LLP

2. Address ☐ Check if different than previously reported

Address1 1333 New Hampshire Ave., NW Address 2

City Washington State DC Zip Code 20036 Country USA

3. Principal place of business (if different than line 2)

City State Zip Code Country

City State/Zip or Country

4a. Contact Name Prefix Full Name Mr. Bill Paxon b. Telephone number 202-887-4117 c. E-mail mstosik@akingump.com

5. Senate ID # 682-4555

7. Client Name ☐ Self Council on Foundations

6. House ID # 31784323

TYPE OF REPORT 8. Year 2006 Midyear (January 1-June30) ☒ OR Year End (July 1-December 31) ☐

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☒ ⇨ Termination Date 06/30/2006 11. No Lobbying Activity ☐

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying Firms

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☒ ⇨ $ 140,000

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSES relating to lobbying activities for this reporting period were:

Less than $10,000 ☐

$10,000 or more ☐ ⇨ $

14. REPORTING METHOD. Check box to indicate expense accounting method. See instructions for description of options.

☐ **Method A.** Reporting amounts using LDA definitions only

☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Edit Form > Form Completed >

Senate Password File with Senate >

Signature Margaret A Stosik Digitally signed by Margaret A Stosik DN: CN = Margaret A Stosik, C = US, O = DST Acme Unaffiliated Individual Date: 2006.08.06 12:08:50 -04'00' Date 8/6/2006

Printed Name and Title Bill Paxon, Senior Advisor

LD-2DS (Rev. 4.06)

EXHIBIT
Exhibit 213

CSOC.CBR.00032261

Go to 'Form Completed'

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Registrant Name Akin Gump Strauss Hauer & Feld LLP Client Name Council on Foundations

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code TAX - Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues

Issues affecting private foundations; S. 2020, Tax Relief Act of 2005

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

U.S. House of Representatives
U.S. Senate

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First Name	Last Name	Suffix		
Jeffrey	McMillen			☐
Bill	Paxon			☐
Paul	Scolese			☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Signature *Document digitally signed on Page 1.* Date 8/6/2006

Printed Name and Title Bill Paxon, Senior

EXHIBIT
Exhibit 213

LD-2DS (Rev. 4.06)

Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

1. Registrant name ☒ ☐
Caplin & Drysdale, Chartered

2. Address ☐ Check if different than previously reported
One Thomas Circle, NW Suite 1100
Washington DC 20005 USA

3. Principal place of business (if different than line 2)
City State/Zip or Country

4a. Contact Name b. Telephone number c. E-mail
Mr. Michael W. Durham (202) 862-5031 mwd@capdale.com

5. Senate ID # 8203-51

7. Client Name ☐ Self
Council on Foundations

6. House ID # 31112003

TYPE OF REPORT 8. Year 2006 Midyear (January 1-June30) ☒ OR Year End (July 1-December 31) ☐

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ ⇨ Termination Date 11. No Lobbying Activity ☐

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying Firms

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☒ ⇨ $ 40,000

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSES relating to lobbying activities for this reporting period were:

Less than $10,000 ☐

$10,000 or more ☐ ⇨ $

14. REPORTING METHOD. Check box to indicate expense accounting method. See instructions for description of options.

☐ **Method A.** Reporting amounts using LDA definitions only
☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code
☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Edit Form >
Senate Password File with Senate >

Signature Michael W Durham Digitally signed by Michael W Durham DN: CN = Michael W Durham, C = US, O = DST Area Unaffiliated Individual Date: 2006.08.14 10:47:19 -04'00' Date 8/14/2006

Printed Name and Title Michael W. Durham - Attorney

LD-2DS (Rev. 4.06)

EXHIBIT
Exhibit 214

Registrant Name Caplin & Drysdale, Chartered Client Name Council on Foundations

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code TAX - Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues

Provisions of S. 2020 and H.R. 4297 related to regulation of the nonprofit sector.
Regulation of donor-advised funds.
Anti-Terrorist Financing Guidelines (Voluntary Best Practices for U.S.-Based Charities).

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

Department of Treasury

18. Name of each individual who acted as a lobbyist in this issue area

Name	Covered Official Position (if applicable)	New
Robert Boisture		☐
Marcus Owens		☐
		☐
		☐
		☐
		☐
		☐
		☐
		☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Signature *Document digitally signed on Page 1.* Date 8/14/2006

Printed Name and Title Michael W. Durhan

EXHIBIT
Exhibit 214

LD-2DS (Rev. 4.06)

Registrant Name Caplin & Drysdale, Chartered Client Name Council on Foundations

Information Update Page - Complete ONLY where registration information has changed.

20. Client new address

Address

21. Client new principal place of business (if different than line 20)

City State/Zip

22. New general description of client's business or activities

LOBBYIST UPDATE

23. Name of each previously reported individual who is **no longer** expected to act as a lobbyist for the client

1 3

2 4

ISSUE UPDATE

Find the code to select below.

24. General lobbying issues that **no longer** pertain

AFFILIATED ORGANIZATIONS

25. Add the following affiliated organization(s)

Name	Address	Principal place of Business (city and state or country)
	Address C/S/Z Address C/S/Z	

26. Name of each previously reported organization that is **no longer** affiliated with the registrant or client

1 2 3

FOREIGN ENTITIES

27. Add the following foreign entities

Name	Address Street Address City State/Province Country	Principal place of business (city and state or country)	Amount of contribution for lobbying activities	Ownership percentage in client
				%

28. Name of each previously reported foreign entity that **no longer** owns, **or** controls, **or** is affiliated with the registrant, client or affiliated organization

1 3 5

2 4 6

Signature *Document digitally signed on Page 1.* Date 8/14/2006

Printed Name and Title Michael W. Durham - Attorney

LD-2DS (REV. 4.06)

EXHIBIT
Exhibit 214

Bill Summary & Status

H.R.4297

H.R.4297 [109th] **Major Actions:** Help House Senate Law

Title: Tax Increase Prevention and Reconciliation Act of 2005
Sponsor: Rep Thomas, William M. [R-CA-22] (introduced 11/10/2005) **Cosponsors:** (none)
Committees: House Ways and Means
House Reports: 109-304; **Latest Conference Report:** 109-455 (in Congressional Record H2209-2299)
Related Bills: H.RES.588, H.RES.805, H.R.4323, H.R.4388, S.2020
Latest Major Action: 5/17/2006 Became Public Law No: 109-222 [Text, PDF]

Jump to: Titles, Major Actions, Committees, Summary

TITLE(S): (*italics indicate a title for a portion of a bill*)

- POPULAR TITLE(S):
  Tax Reconciliation bill (identified by CRS)
- SHORT TITLE(S) AS REPORTED TO HOUSE:
  Tax Relief Extension Reconciliation Act of 2005
- SHORT TITLE(S) AS PASSED HOUSE:
  Tax Relief Extension Reconciliation Act of 2005
- SHORT TITLE(S) AS PASSED SENATE:
  Tax Relief Act of 2005
  Strengthening America's Military Act
- SHORT TITLE(S) ON CONFERENCE REPORT:
  Tax Increase Prevention and Reconciliation Act of 2005
- SHORT TITLE(S) AS ENACTED:
  Tax Increase Prevention and Reconciliation Act of 2005
- OFFICIAL TITLE AS INTRODUCED:
  To provide for reconciliation pursuant to section 201(b) of the concurrent resolution on the budget for fiscal year 2006.

MAJOR ACTIONS: [SELECTED] *(dates in italics indicate Senate actions)* For more details, see: Bill Status Display.

11/10/2005	Introduced in House
11/17/2005	Reported (Amended) by the Committee on Ways and Means. H. Rept. 109-304.
12/8/2005	Passed/agreed to in House: On passage Passed by the Yeas and Nays: 234 - 197 (Roll no. 621).
2/2/2006	Passed/agreed to in Senate: Passed Senate with an amendment by Yea-Nay. 66 - 31. Record Vote Number: 10.
5/9/2006	Conference report H. Rept. 109-455 filed.

EXHIBIT
Exhibit 214

5/10/2006	Conference report agreed to in House: On agreeing to the conference report Agreed to by recorded vote: 244 - 185 (Roll no. 135).
5/11/2006	Conference report agreed to in Senate: Senate agreed to conference report by Yea-Nay Vote. 54 - 44. Record Vote Number: 118.
5/11/2006	Cleared for White House.
5/16/2006	Presented to President.
5/17/2006	Signed by President.
5/17/2006	Became Public Law No: 109-222 [Text, PDF]

COMMITTEE(S):

Committee/Subcommittee:	Activity:
House Ways and Means	Referral, Markup, Reporting

SUMMARY AS OF:
5/17/2006--Public Law. (There are 5 other summaries)

(This measure has not been amended since the Conference Report was filed in the House on May 9, 2006. The summary of that version is repeated here.)

Tax Increase Prevention and Reconciliation Act of 2005 - **Title I: Extension and Modification of Certain Provisions** - (Sec. 101) Amends the Internal Revenue Code to extend through 2009: (1) the increased expensing allowance (from $25,000 to $100,000) for depreciable business property; (2) the increased threshold amount ($400,000) for determining reductions to the expensing allowance; (3) the period during which a taxpayer may revoke an election to expense depreciable business property; and (4) the eligibility of certain computer software for the increased expensing allowance.

(Sec. 102) Extends through 2010 reductions in capital gains and dividends tax rates enacted by the Jobs and Growth Tax Relief Reconciliation Act of 2003.

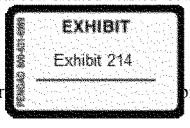
(Sec. 103) Extends through 2008 exemptions from classification as subpart F income (income of controlled foreign corporations) for: (1) income that is derived in the active conduct of a banking, financing, or similar business or in the conduct of an insurance business; and (2) dividends, interest, rents, and royalties received by a controlled foreign corporation from a related controlled foreign corporation to the extent such items are attributable or properly allocable to non-subpart F income of the payor.

Title II: Other Provisions - (Sec. 201) Exempts from taxation certain settlement funds established to pay claims under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980. Terminates this exemption after 2010.

(Sec. 202) Allows all members of a corporation's affiliated group to be treated as one corporation for purposes of evaluating active business requirements for tax-free corporate reorganizations. Applies such provisions to corporate distributions in a reorganization on or before December 31, 2010.

(Sec. 203) Redefines "qualified veteran" for veterans in Alaska, Oregon, and Wisconsin for purposes of the tax exemption for veterans' mortgage bonds. Eliminates, for such veterans, the eligibility requirement of active service prior to 1977. Establishes volume limits for veterans' mortgage bonds for Alaska, Oregon, and Wisconsin, effective through 2010.

(Sec. 204) Allows taxpayers to elect to treat self-created musical compositions or copyrights in such



CSOC.CBR.00032320

compositions sold or exchanged before January 1, 2011, as the sale or exchange of a capital asset.

(Sec. 205) Revises the definition of qualifying vessels for purposes of the alternative tax on qualifying shipping activities to reduce the tonnage requirement for such vessels from 10,000 to 6,000 deadweight tons for 2006 through 2010.

(Sec. 206) Extends until August 31, 2009, special arbitrage rules enacted by the Deficit Reduction Act of 1984 governing certain securities or obligations held in a fund subject to state law restrictions continuously in effect since October 9, 1969.

(Sec. 207) Allows five-year amortization of expenses for creating or acquiring musical compositions or related copyrights.

(Sec. 208) Accelerates from September 30, 2009, to December 31, 2006, the effective date for increased issuance authority for qualified small issue bonds.

(Sec. 209) Modifies until December 31, 2010, provisions allowing certain continuing care facilities a tax exemption for interest imputed to below-market rate interest loans by: (1) decreasing from 65 to 62 the qualifying age for lenders to continuing care facilities; (2) eliminating the $90,000 limitation on loans to such facilities; (3) modifying continuing care contract requirements; and (4) revising the definition of continuing care facility to include an independent living unit, plus an assisted living or nursing facility, or both.

Title III: Alternative Minimum Tax Relief - (Sec. 301) Increases the alternative minimum tax exemption amount for individual taxpayers (to $42,500 for single taxpayers and $62,550 for married taxpayers) and extends such increased exemption amount through 2006.

(Sec. 302) Extends through 2006 special provisions allowing certain nonrefundable personal tax credits to the full extent of regular and alternative minimum tax liability.

Title IV: Corporate Estimated Tax Provisions - Increases estimated tax payments for corporations with assets of at least $1 billion for the third quarters of 2006, 2012 and 2013. Delays the payment date of certain corporate estimated taxes in September 2010 and 2011.

Title V: Revenue Offset Provisions - (Sec. 501) Authorizes the issuance of final Treasury regulations applying earning stripping rules to corporations which own a direct or indirect interest in a partnership.

(Sec. 502) Repeals the exemption from tax reporting requirements for interest on tax-exempt bonds.

(Sec. 503) Requires five-year amortization of geological and geophysical expenditures for major integrated oil companies. Defines "major integrated oil company" as a producer of crude oil that has an average daily worldwide production of at least 500,000 barrels, gross receipts in excess of $1 billion in 2005, and an ownership interest in a crude oil refinery of 15% or more.

(Sec. 504) Revises the definition of "regulated investment company" for purposes of restrictions on foreign investors in U.S. real property interests.

(Sec. 505) Imposes additional tax and withholding requirements on certain distributions by a qualified investment entity to foreign individuals or corporations.

(Sec. 506) Sets forth a special rule to prevent foreign investors from avoiding the payment of tax on the sale of U.S. property interests through wash sale transactions (i.e., structured sale and repurchase transactions occurring within a 60-day period).



CSOC.CBR.00032321

(Sec. 507) Disallows tax exemptions for corporate reorganizations involving disqualified investment corporations. Defines a "disqualified investment corporation" as a distributing or controlled corporation if the fair market value of the investment assets of such corporation exceeds a certain percentage of the fair market value of all assets of the corporation.

(Sec. 508) Imposes certain loan and redemption requirements on tax-exempt pooled financing bonds. Requires: (1) issuers of pooled financing bonds to reasonably expect that at least 30% of the net proceeds of a bond issue will be lent to borrowers within one year of issuance; (2) a written loan commitment of at least 30% of the net proceeds of a bond issue; and (3) the redemption of outstanding bonds within a specified loan origination period.

(Sec. 509) Revises rules for offers-in-compromise of tax liability to require taxpayers to: (1) include a downpayment of 20% of the amount of any lump sum offer-in-compromise when submitting such offer; and (2) pay all scheduled installments due under a proposed offer-in-compromise while such offer is being evaluated by the Internal Revenue Service (IRS) for approval .

Requires the IRS to approve offers-in-compromise within two years of submission (otherwise, such an offer is deemed approved).

(Sec. 510) Provides that minor children under age 18 (currently, under age 14) shall be taxed on passive income at their parents' marginal income tax rate.

(Sec. 511) Requires federal, state, and local governments to withhold 3% of payments for goods and services made to such governments after December 31, 2010.

(Sec. 512) Repeals the adjusted gross income limitation for the conversion of an individual retirement account (IRA) to a Roth IRA. Allows taxpayers who convert to a Roth IRA in 2010 to spread conversion income over a two-year period for income tax purposes.

(Sec. 513) Amends the FSC Repeal and Extraterritorial Income Exclusion Act of 2000 to repeal the binding contract exemption from the repeal of foreign sales corporation rules.

Amends the American Jobs Creation Act of 2004 to repeal the binding contract exemption from the repeal of the tax exclusion for extraterritorial income.

(Sec. 514) Modifies the definition of "W-2 wages" for purposes of the tax deduction for domestic manufacturing income to allow only such wages that are properly allocable to domestic production gross receipts.

(Sec. 515) Accelerates from 2008 to 2006 the inflation adjustment to the exclusion amount for foreign earned income. Revises the formula for calculating the housing cost amount for purposes of the tax exclusion of foreign housing income.

(Sec. 516) Imposes an excise tax penalty on certain tax-exempt entities (and entity managers) for participation in prohibited tax shelter activities.

Search Results > H.R.4297 > Overview

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LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

1. Registrant name ☒ Organization ☐ Individual

Organization Clark Consulting Federal Policy Group

2. Address ☐ Check if different than previously reported

Address1 101 Constitution Avenue, NW #701E Address 2

City Washington State DC Zip Code 20001 Country USA

3. Principal place of business (if different than line 2)

City State Zip Code Country

City State/Zip or Country

4a. Contact Name Prefix Full Name: Mr. Peter Woelper

b. Telephone number: 202-772-2485

c. E-mail: pete.woelper@clarkconsulting.co

5. Senate ID #: 72975-1558

7. Client Name ☐ Self: Council on Foundations

6. House ID #: 35888076

TYPE OF REPORT 8. Year 2006 Midyear (January 1-June30) ☒ OR Year End (July 1-December 31) ☐

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ ⇨ Termination Date _____ 11. No Lobbying Activity ☐

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying Firms

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☒ ⇨ $ 120,000

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSES relating to lobbying activities for this reporting period were:

Less than $10,000 ☐

$10,000 or more ☐ ⇨ $ _____

14. REPORTING METHOD. Check box to indicate expense accounting method. See instructions for description of options.

☐ **Method A.** Reporting amounts using LDA definitions only

☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

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Senate Password File with Senate >

Signature James F Carlisle Date 8/12/2006

Printed Name and Title James F. Carlisle - Director

LD-2DS (Rev. 4.04)

EXHIBIT

Exhibit 215

Page 1 of 2

CSOC.CBR.00032340

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Delete this page

Registrant Name Clark Consulting Federal Policy Group Client Name Council on Foundations

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code TAX - Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues

Charitable governance issues (S. 2020, H.R. 3908, S. 1780, H.R. 4297, H.R. 2830)

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

House, Senate

18. Name of each individual who acted as a lobbyist in this issue area

Name First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Ken	Kies			☐
Rob	Leonard			☐
Pat	Raffaniello			☐
Jim	Carlisle			☐
Jayne	Fitzgerald			☐
Tim	Hanford			☐
Scott	Parven			☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Signature *Document digitally signed on Page 1.* Date 8/12/2006

Printed Name and Title James F. Carlisle

EXHIBIT
Exhibit 215

LD-2DS (Rev. 4.04)

Bill Summary & Status

H.R.4297

H.R.4297 [109th] **Major Actions:** Help House Senate Law

Title: Tax Increase Prevention and Reconciliation Act of 2005
Sponsor: Rep Thomas, William M. [R-CA-22] (introduced 11/10/2005) **Cosponsors:** (none)
Committees: House Ways and Means
House Reports: 109-304; **Latest Conference Report:** 109-455 (in Congressional Record H2209-2299)
Related Bills: H.RES.588, H.RES.805, H.R.4323, H.R.4388, S.2020
Latest Major Action: 5/17/2006 Became Public Law No: 109-222 [Text, PDF]

Jump to: Titles, Major Actions, Committees, Summary

TITLE(S): (*italics indicate a title for a portion of a bill*)

- POPULAR TITLE(S):
  Tax Reconciliation bill (identified by CRS)
- SHORT TITLE(S) AS REPORTED TO HOUSE:
  Tax Relief Extension Reconciliation Act of 2005
- SHORT TITLE(S) AS PASSED HOUSE:
  Tax Relief Extension Reconciliation Act of 2005
- SHORT TITLE(S) AS PASSED SENATE:
  Tax Relief Act of 2005
  Strengthening America's Military Act
- SHORT TITLE(S) ON CONFERENCE REPORT:
  Tax Increase Prevention and Reconciliation Act of 2005
- SHORT TITLE(S) AS ENACTED:
  Tax Increase Prevention and Reconciliation Act of 2005
- OFFICIAL TITLE AS INTRODUCED:
  To provide for reconciliation pursuant to section 201(b) of the concurrent resolution on the budget for fiscal year 2006.

MAJOR ACTIONS: [SELECTED] *(dates in italics indicate Senate actions)* For more details, see: Bill Status Display.

11/10/2005	Introduced in House
11/17/2005	Reported (Amended) by the Committee on Ways and Means. H. Rept. 109-304.
12/8/2005	Passed/agreed to in House: On passage Passed by the Yeas and Nays: 234 - 197 (Roll no. 621).
2/2/2006	Passed/agreed to in Senate: Passed Senate with an amendment by Yea-Nay. 66 - 31. Record Vote Number: 10.
5/9/2006	Conference report H. Rept. 109-455 filed.

EXHIBIT
Exhibit 215

5/10/2006	Conference report agreed to in House: On agreeing to the conference report Agreed to by recorded vote: 244 - 185 (Roll no. 135).
5/11/2006	Conference report agreed to in Senate: Senate agreed to conference report by Yea-Nay Vote. 54 - 44. Record Vote Number: 118.
5/11/2006	Cleared for White House.
5/16/2006	Presented to President.
5/17/2006	Signed by President.
5/17/2006	Became Public Law No: 109-222 [Text, PDF]

COMMITTEE(S):

Committee/Subcommittee:	**Activity:**
House Ways and Means	Referral, Markup, Reporting

SUMMARY AS OF:
5/17/2006--Public Law. (There are 5 other summaries)

(This measure has not been amended since the Conference Report was filed in the House on May 9, 2006. The summary of that version is repeated here.)

Tax Increase Prevention and Reconciliation Act of 2005 - **Title I: Extension and Modification of Certain Provisions** - (Sec. 101) Amends the Internal Revenue Code to extend through 2009: (1) the increased expensing allowance (from $25,000 to $100,000) for depreciable business property; (2) the increased threshold amount ($400,000) for determining reductions to the expensing allowance; (3) the period during which a taxpayer may revoke an election to expense depreciable business property; and (4) the eligibility of certain computer software for the increased expensing allowance.

(Sec. 102) Extends through 2010 reductions in capital gains and dividends tax rates enacted by the Jobs and Growth Tax Relief Reconciliation Act of 2003.

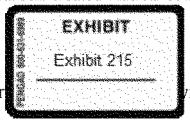
(Sec. 103) Extends through 2008 exemptions from classification as subpart F income (income of controlled foreign corporations) for: (1) income that is derived in the active conduct of a banking, financing, or similar business or in the conduct of an insurance business; and (2) dividends, interest, rents, and royalties received by a controlled foreign corporation from a related controlled foreign corporation to the extent such items are attributable or properly allocable to non-subpart F income of the payor.

Title II: Other Provisions - (Sec. 201) Exempts from taxation certain settlement funds established to pay claims under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980. Terminates this exemption after 2010.

(Sec. 202) Allows all members of a corporation's affiliated group to be treated as one corporation for purposes of evaluating active business requirements for tax-free corporate reorganizations. Applies such provisions to corporate distributions in a reorganization on or before December 31, 2010.

(Sec. 203) Redefines "qualified veteran" for veterans in Alaska, Oregon, and Wisconsin for purposes of the tax exemption for veterans' mortgage bonds. Eliminates, for such veterans, the eligibility requirement of active service prior to 1977. Establishes volume limits for veterans' mortgage bonds for Alaska, Oregon, and Wisconsin, effective through 2010.

(Sec. 204) Allows taxpayers to elect to treat self-created musical compositions or copyrights in such



compositions sold or exchanged before January 1, 2011, as the sale or exchange of a capital asset.

(Sec. 205) Revises the definition of qualifying vessels for purposes of the alternative tax on qualifying shipping activities to reduce the tonnage requirement for such vessels from 10,000 to 6,000 deadweight tons for 2006 through 2010.

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(Sec. 207) Allows five-year amortization of expenses for creating or acquiring musical compositions or related copyrights.

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(Sec. 209) Modifies until December 31, 2010, provisions allowing certain continuing care facilities a tax exemption for interest imputed to below-market rate interest loans by: (1) decreasing from 65 to 62 the qualifying age for lenders to continuing care facilities; (2) eliminating the $90,000 limitation on loans to such facilities; (3) modifying continuing care contract requirements; and (4) revising the definition of continuing care facility to include an independent living unit, plus an assisted living or nursing facility, or both.

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(Sec. 302) Extends through 2006 special provisions allowing certain nonrefundable personal tax credits to the full extent of regular and alternative minimum tax liability.

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Title V: Revenue Offset Provisions - (Sec. 501) Authorizes the issuance of final Treasury regulations applying earning stripping rules to corporations which own a direct or indirect interest in a partnership.

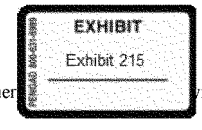
(Sec. 502) Repeals the exemption from tax reporting requirements for interest on tax-exempt bonds.

(Sec. 503) Requires five-year amortization of geological and geophysical expenditures for major integrated oil companies. Defines "major integrated oil company" as a producer of crude oil that has an average daily worldwide production of at least 500,000 barrels, gross receipts in excess of $1 billion in 2005, and an ownership interest in a crude oil refinery of 15% or more.

(Sec. 504) Revises the definition of "regulated investment company" for purposes of restrictions on foreign investors in U.S. real property interests.

(Sec. 505) Imposes additional tax and withholding requirements on certain distributions by a qualified investment entity to foreign individuals or corporations.

(Sec. 506) Sets forth a special rule to prevent foreign investors from avoiding the payment of tax on the sale of U.S. property interests through wash sale transactions (i.e., structured sale and repurchase transactions occurring within a 60-day period).



CSOC.CBR.00032344

(Sec. 507) Disallows tax exemptions for corporate reorganizations involving disqualified investment corporations. Defines a "disqualified investment corporation" as a distributing or controlled corporation if the fair market value of the investment assets of such corporation exceeds a certain percentage of the fair market value of all assets of the corporation.

(Sec. 508) Imposes certain loan and redemption requirements on tax-exempt pooled financing bonds. Requires: (1) issuers of pooled financing bonds to reasonably expect that at least 30% of the net proceeds of a bond issue will be lent to borrowers within one year of issuance; (2) a written loan commitment of at least 30% of the net proceeds of a bond issue; and (3) the redemption of outstanding bonds within a specified loan origination period.

(Sec. 509) Revises rules for offers-in-compromise of tax liability to require taxpayers to: (1) include a downpayment of 20% of the amount of any lump sum offer-in-compromise when submitting such offer; and (2) pay all scheduled installments due under a proposed offer-in-compromise while such offer is being evaluated by the Internal Revenue Service (IRS) for approval .

Requires the IRS to approve offers-in-compromise within two years of submission (otherwise, such an offer is deemed approved).

(Sec. 510) Provides that minor children under age 18 (currently, under age 14) shall be taxed on passive income at their parents' marginal income tax rate.

(Sec. 511) Requires federal, state, and local governments to withhold 3% of payments for goods and services made to such governments after December 31, 2010.

(Sec. 512) Repeals the adjusted gross income limitation for the conversion of an individual retirement account (IRA) to a Roth IRA. Allows taxpayers who convert to a Roth IRA in 2010 to spread conversion income over a two-year period for income tax purposes.

(Sec. 513) Amends the FSC Repeal and Extraterritorial Income Exclusion Act of 2000 to repeal the binding contract exemption from the repeal of foreign sales corporation rules.

Amends the American Jobs Creation Act of 2004 to repeal the binding contract exemption from the repeal of the tax exclusion for extraterritorial income.

(Sec. 514) Modifies the definition of "W-2 wages" for purposes of the tax deduction for domestic manufacturing income to allow only such wages that are properly allocable to domestic production gross receipts.

(Sec. 515) Accelerates from 2008 to 2006 the inflation adjustment to the exclusion amount for foreign earned income. Revises the formula for calculating the housing cost amount for purposes of the tax exclusion of foreign housing income.

(Sec. 516) Imposes an excise tax penalty on certain tax-exempt entities (and entity managers) for participation in prohibited tax shelter activities.

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Clerk of the House of Representatives	Secretary of the Senate
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B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) **- All Filers Are Required to Complete This Page**

1. Registrant Name ☑ Organization ☐ Individual

CLARK CONSULTING FEDERAL POLICY GROUP

2. Address ☐ **Check if different than previously reported**

Address1 101 CONSTITUTION AVENUE, NW #701E Address2

City WASHINGTON State DC Zip Code 20001 - Country USA

3. Principal place of business (if different than line 2)

City State Zip Code - Country

4a. Contact Name	b. Telephone Number ☐ International Number	c. E-mail	5. Senate ID#
Mr. PETER WOELPER	(202) 772-2485		72975-1558
7. Client Name ☐ **Self**			6. House ID#
COUNCIL ON FOUNDATIONS			358880076

TYPE OF REPORT 8. Year 2006 Midyear (January 1-June30) ☐ Year End (July 1-December 31) ☑

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ Termination Date 11. No Lobbying Activity ☒

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☑ $ 140,000.00

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSE relating to lobbying activities for this reporting period were:

Less than $10,000 ☒

$10,000 or more ☒ $

14. REPORTING Check box to indicate expense accounting method. See instructions for description of options.

☒ **Method A.** Reporting amounts using LDA definitions only

☒ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☒ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Signature Digitally Signed By: James F Carlisle **Date** 02/13/2007

US, DST ACES Business Representative, ACES TrustID Business Certificate, James F Carlisle

Printed Name and Title James F. Carlisle - Director

v5.0.0j

EXHIBIT
Exhibit 216

Registrant CLARK CONSULTING FEDERAL POLICY GROUP Client Name COUNCIL ON FOUNDATIONS

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code TAX Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues

Charitable issues (H.R. 3908, S. 1780, H.R. 4)

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☐ Other

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
Ken	Kies			☐
Rob	Leonard			☐
Pat	Raffaniello			☐
Jim	Carlisle			☐
Jayne	Fitzgerald			☐
Tim	Hanford			☐
Scott	Parven			☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title James F. Carlisle - Director

v5.0.0j

EXHIBIT
Exhibit 216

Bill Summary & Status

H.R.3908

H.R.3908 [109th]
Title: Charitable Giving Act of 2005
Sponsor: Rep Blunt, Roy [R-MO-7] (introduced 9/27/2005) **Cosponsors:** 88
Committees: House Ways and Means; House Education and the Workforce
Related Bills: S.6, S.1780
Latest Major Action: 11/7/2005 Referred to House subcommittee. Status: Referred to the Subcommittee on Select Education.

Jump to: Titles, Major Actions, Committees, Summary

TITLE(S): *(italics indicate a title for a portion of a bill)*

- SHORT TITLE(S) AS INTRODUCED:
  Charitable Giving Act of 2005
- OFFICIAL TITLE AS INTRODUCED:
  To amend the Internal Revenue Code of 1986 to provide incentives for charitable contributions by individuals and businesses, and for other purposes.

MAJOR ACTIONS: [SELECTED] *(dates in italics indicate Senate actions)* For more details, see: Bill Status Display.

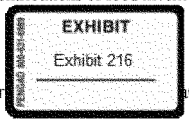
NONE

COMMITTEE(S):

Committee/Subcommittee:	Activity:
House Ways and Means	Referral, In Committee
House Education and the Workforce	Referral, In Committee
Subcommittee on 21st Century Competitiveness	Referral
Subcommittee on Select Education	Referral

SUMMARY AS OF:
9/27/2005--Introduced.

Charitable Giving Act of 2005 - Amends the Internal Revenue Code with respect to charitable giving and charitable organizations to: (1) allow individuals who do not itemize a deduction from gross income for a portion of their charitable contributions; (2) allow tax-free distributions from individual retirement accounts for charitable purposes; (3) increase the cap on corporate charitable contributions; (4) allow non-corporate taxpayers a tax deduction for charitable contributions of food inventory; (5) revise certain excise taxes related



CSOC.CBR.00032352

to private foundations; (6) modify the excise tax on unrelated business taxable income of charitable remainder trusts; (7) extend and expand the charitable contribution for scientific property used for research and for computer technology and equipment used for educational purposes; (8) adjust the basis of S corporation stock for certain charitable contributions; (9) revise church tax inquiry provisions; and (10) exclude from gross income certain landowner initiatives programs to conserve endangered habitats or species.

Amends title IV of the Social Security Act to: (1) authorize the Secretary of Health and Human Services to make grants to any private entity that operates a promising social services program (as defined by this Act): and (2) restore the 10 percent limit on transfers to the Social Services Block Grant Program.

Amends the Assets for Independence Act to reauthorize the assets for independence demonstration program through FY2008.

Expresses the sense of Congress encouraging corporate contributions to faith-based organizations.

Amends the Runaway and Homeless Youth Act to include maternity group homes within the program for transitional living youth projects for homeless youth.

Search Results > H.R.3908 > Overview

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Bill Summary & Status

H.R.4

Search Results > H.R.4 > Overview

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H.R.4 [109th] **Major Actions:** Help House Senate Law

Title: Pension Protection Act of 2006
Sponsor: Rep Boehner, John A. [R-OH-8] (introduced 7/28/2006) **Cosponsors:** 4
Committees: House Ways and Means; House Education and the Workforce
Related Bills: H.RES.966, H.R.2830, H.R.4944
Latest Major Action: 8/17/2006 Became Public Law No: 109-280 [Text, PDF]

Jump to: Titles, Major Actions, Committees, Summary

TITLE(S): (*italics indicate a title for a portion of a bill*)

- POPULAR TITLE(S):
  Pension Reform bill (identified by CRS)
- SHORT TITLE(S) AS INTRODUCED:
  Pension Protection Act of 2006
  Miscellaneous Trade and Technical Corrections Act of 2006
- SHORT TITLE(S) AS PASSED HOUSE:
  Pension Protection Act of 2006
  Miscellaneous Trade and Technical Corrections Act of 2006
- SHORT TITLE(S) AS PASSED SENATE:
  Pension Protection Act of 2006
  Miscellaneous Trade and Technical Corrections Act of 2006
- SHORT TITLE(S) AS ENACTED:
  Pension Protection Act of 2006
  Miscellaneous Trade and Technical Corrections Act of 2006
- OFFICIAL TITLE AS INTRODUCED:
  To provide economic security for all Americans, and for other purposes.

MAJOR ACTIONS: [SELECTED] *(dates in italics indicate Senate actions)* For more details, see: Bill Status Display.

7/28/2006	Introduced in House
7/28/2006	Passed/agreed to in House: On passage Passed by recorded vote: 279 - 131, 1 Present (Roll no. 422).
8/3/2006	Passed/agreed to in Senate: Passed Senate without amendment by Yea-Nay Vote. 93 - 5. Record Vote Number: 230.
8/3/2006	Cleared for White House.
8/14/2006	Presented to President.



CSOC.CBR.00032356

8/17/2006 Signed by President.
8/17/2006 Became Public Law No: 109-280 [Text, PDF]

COMMITTEE(S):

Committee/Subcommittee:	Activity:
House Ways and Means	Referral
House Education and the Workforce	Referral

SUMMARY AS OF:
8/17/2006--Public Law. (There are 3 other summaries)

(This measure has not been amended since it was passed by the House on July 28, 2006. The summary of that version is repeated here.)

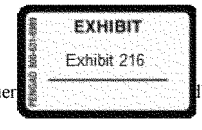
Pension Protection Act of 2006 - **Title I: Reform of Funding Rules for Single-Employer Defined Benefit Pension Plans: Subtitle A: Amendments to Employee Retirement Income Security Act of 1974** - (Sec. 101) Amends the Employee Retirement Income Security Act (ERISA) to repeal existing funding rules for defined benefit pension plans for plan years beginning after 2007. Establishes new minimum funding standards for single-employer defined benefit pension plans, single-employer money purchase plans, and multiemployer plans. Requires employers to pay certain minimum required contributions. Allows the Secretary of the Treasury to: (1) waive minimum funding standards in the event of a temporary substantial business hardship for single-employer plans or a substantial business hardship in the case of a multiemployer plan if application of the standard would be adverse to the interests of plan participants in the aggregate; (2) require a single-employer maintaining such a plan to provide security to such plan as a condition for granting or modifying a waiver. Limits the number of waivers that may be granted. Prohibits any amendment which increases the liability of a plan from being adopted if a waiver is in effect.

(Sec. 102) Amends ERISA to set forth funding rules for single-employer defined benefit pension plans. Makes the minimum required contribution for single-employer plans the sum of the target normal cost of the plan for the plan year, the shortfall amortization charge, and the waiver amortization charge. Allows funding shortfalls to be amortized over seven years. Allows waiver charges to be amortized over five years.

Sets forth rules governing the valuation of plan assets and liabilities. Allows a plan to determine the value of plan assets using fair market value if certain requirements are met. Requires a determination of present value to be based on actuarial assumptions and methods which: (1) are reasonable, taking into account the experience of the plan and reasonable expectations; and (2) offer the actuary's best estimate of anticipated experience under the plan.

Establishes a segmented interest rate for determining the present value of plan benefits. Bases the interest rate on the corporate bond yield curve for bonds which mature at three different times: in less than 5 years; between 5 and 20 years; and after 20 years. Defines "corporate bond yield curve" as a yield curve prescribed by the Secretary of the Treasury which reflects the two-year average of monthly yields on investment grade corporate bonds with varying maturities and that are in the top three quality levels available. Sets forth transition rules for plans to implement the segmented interest rates.

Requires the Secretary of the Treasury to prescribe mortality tables to be used for determining any present value based on the actual experience of pension plans and projected trends in such experience. Requires such tables to be revised at least every 10 years to reflect the actual experience of pension plans and projected trends in such experience.



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Sets forth special rules for at-risk plans based on whether they are underfunded. Requires such plans to make different actuarial assumptions, which include assuming that participants will retire at the earliest possible date.

(Sec. 103) Sets forth limitations on distributions and benefit accruals under single-employer plans.

Prohibits the payment of benefits due to plant shutdowns and other unpredictable contingent events if the adjusted funding target attainment percentage for a plan year: (1) is less than 60%; or (2) would be less than 60% taking into account such occurrence.

Prohibits underfunded plans, with funding targets less than 80% as of their valuation dates, from: (1) adopting amendments that increase plan liabilities; and (2) providing lump sum distributions or other accelerated forms of benefits. Prohibits underfunded plans, with funding targets less than 60% as of their valuation dates, from all future benefit accruals. Sets forth exceptions to such prohibitions, as well as special timing rules, provisions for restoration of benefits, and notice requirements.

(Sec. 104) Delays the effective date of the funding rules under this Act for eligible cooperative plans until: (1) the first plan year for which the plan ceases to be an eligible cooperative plan; or (2) January 1, 2017. Revises the interest rate used to determine the current liability and required contribution of an eligible cooperative plan sponsored by multiple employers to use the third segment rate, which is the rate of interest based on the corporate bond yield curve for such month taking into account only bonds maturing after 20 years. Makes such rate effective after 2007 and before new funding rules apply.

(Sec. 105) Delays application of the funding rules for a PBGC settlement plan until January 1, 2014. Applies the third segment rate after 2007 and before 2014 to determine such a plan's current liability and required contribution.

(Sec. 106) Delays application of the funding rules for an eligible government contractor cooperative plan until, at the latest, January 1, 2011. Applies the third segment rate after 2007 and before the funding rules become effective.

(Sec. 107) Makes technical and conforming amendments.

Subtitle B: Amendments to Internal Revenue Code of 1986 - (Sec. 111) Amends the Internal Revenue Code (IRC) to establish minimum funding standards for single-employer defined benefit pension plans.

(Sec. 112) Sets forth funding rules for single-employer defined benefit pension plans.

(Sec. 113) Sets forth limitations on distributions and benefit accruals under single-employer plans.

(Sec. 114) Makes technical and conforming amendments.

(Sec. 115) Sets forth a special funding rule for any underfunded plan sponsored by an employer engaged primarily in the interurban or interstate passenger bus service.

(Sec. 116) Sets forth the treatment, including tax treatment, of deferred compensation to certain executives or highly compensated employees under nonqualified deferred compensation plans during any period when an employer's defined benefit plan is in, or within six months of, at-risk status or bankruptcy.

Title II: Funding Rules for Multiemployer Defined Benefit Plans and Related Provisions - Subtitle A: Amendments to Employee Retirement Income Security Act of 1974 - (Sec. 201) Amends ERISA to establish new funding rules for multiemployer defined benefit plans.

Requires amounts attributable to unfunded past service liability, plan amendments, investment gains and



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losses, actuarial changes, and waived funding deficiency to be amortized over 15 years. Directs the Secretary of the Treasury to extend the amortization period for up to 5 years upon a determination that: (1) without the extension, the plan would have an accumulated funding deficiency in any of the next 10 plan years; (2) the plan sponsor has adopted a plan to improve the plan's funded status; and (3) the plan is projected to have sufficient assets to pay expected benefit liabilities and other anticipated expenses in a timely manner. Authorizes the Secretary to grant an additional 5-year extension if not permitting it would result in substantial risk to voluntary continuation of the plan, or substantial curtailment of pension benefit levels or employee compensation, and be adverse to plan participants' aggregate interests.

(Sec. 202) Establishes additional funding rules for multiemployer plans in endangered or critical status, including certification and notice requirements.

Deems a plan to be in endangered status if it is not in critical status for the plan year and either: (1) its funded percentage for the plan year is less than 80%; or (2) it has an accumulated funding deficiency for the plan year or is projected to have such a deficiency for any of the six succeeding plan years, taking into account any extension of certain amortization periods. Deems plans to be in critical status if their funded percentage is less than 65% and certain other conditions are present, and in specified alternative circumstances.

Requires for endangered plans (in various degrees of endangered status): (1) funding improvement plans; (2) sponsor actions, maintenance of contributions, and benefit restrictions pending such funding improvement plans' approval; (3) certain restrictions upon such approval; (4) default (critical status) if an improvement plan is not adopted; (5) standard funding improvement periods; (6) special rules for seriously underfunded plans; and (7) sponsor recommendation of alternative proposals to bargaining parties, and making relevant information available.

Requires for plans in critical status: (1) rehabilitation plans; (2) 10-year rehabilitation periods; (3) plan development proposals that include at least one for the reduction of future benefit accruals (at a limited rate) and one for an increase in contributions; (4) default schedules, with allocation rules for those containing reductions in future benefit accruals; (5) automatic employer surcharges; and (6) benefit adjustments. Allows plan sponsors discretion to treat a failure of a contributing employer to make required contributions under the rehabilitation plan as a withdrawal from the plan.

(Sec. 203) Amends ERISA to require a sponsor of a plan in reorganization who determines that the plan will be insolvent in the next five years (by comparing the value of plan assets with the total amount of benefit payments made under the plan) to make such comparison at least annually until the sponsor determines that the plan will not be insolvent in any of the next five plan years.

(Sec. 204) Revises the table used to determine an employer's withdrawal liability upon the employer's sale of assets.

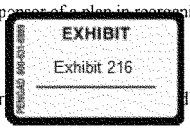
(Sec. 205) Prohibits a sponsor of a multiemployer plan or any other person from discriminating against any contributing employer for: (1) exercising rights under this Act; or (2) testifying before Congress in any proceeding relating to this Act.

(Sec. 206) Exempts a multiemployer plan that is a party to an agreement approved by PBGC that increases benefits and provides for special withdrawal liability rules from the funding rules and withdrawal liability rules under this Act.

Subtitle B: Amendments to Internal Revenue Code of 1986 - (Sec. 211) Amends the IRC to establish funding rules for multiemployer defined benefit plans.

(Sec. 212) Establishes additional funding rules for multiemployer plans in endangered or critical status.

(Sec. 213) Amends the IRC to require a sponsor of a plan in reorganization who determines that the plan will



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be insolvent in the next five years to evaluate the plan at least annually until the sponsor determines that the plan will not be insolvent in any of the next five plan years.

(Sec. 214) Prohibits a tax from being imposed for any accumulated funding deficiency of a multiemployer pension plan meeting certain requirements, including having contributing employers that participate in a federal fishery capacity reduction program and the Northeast Fisheries Assistance Program.

Subtitle C: Sunset of Additional Funding Rules - (Sec. 221) Directs the Secretaries of Labor and the Treasury and the PBGC Executive Director to report to Congress on the effect of this Act on the operation and status of multiemployer plans.

Provides for the sunset of multiemployer funding rules under this subtitle. Provides that such rules shall cease to apply to plan years beginning after December 31, 2014, and that ERISA and IRC rules in effect before the amendments made by this Act shall be applicable again, except with respect to any plan operating under a funding improvement or rehabilitation plan for its last year beginning before January 1, 2015.

Title III: Interest Rate Assumptions - (Sec. 301) Extends through 2007 interest rate rules that require the use of a rate based on long-term investment grade corporate bonds rather than 30-year Treasury securities to calculate a defined benefit plan's liability and required contributions, current liability, and the premium to be paid to PBGC.

(Sec. 302) Sets forth the interest rate calculation and mortality tables for determining the present value of a qualified joint and survivor annuity or a qualified preretirement survivor annuity that will be immediately distributed. Phases in use of a yield curve method involving interest rates on corporate bonds to determine the amount of such payments.

(Sec. 303) Revises the interest rate assumptions for adjusting a benefit for lump sum distributions.

Title IV: PBGC Guarantee and Related Provisions - (Sec. 401) Replaces the interest rate based on 30-year Treasury securities used for the valuation of vested benefits with segmented interest rates based on investment grade corporate bonds with varying maturities.

Makes permanent provisions establishing additional premiums to be paid to PBGC upon termination of a single-employer plan.

(Sec. 402) Allows commercial passenger airline plan sponsors to elect to: (1) apply an alternative funding schedule and special rules, including amortization of unfunded liability over 17 years; or (2) use applicable funding rules, but amortize the shortfall amortization base over a period of 10 years (rather than 7).

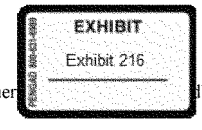
(Sec. 403) Makes PBGC responsible, in the event of an unpredictable contingent event, for benefits as of the date of the event.

(Sec. 404) Sets the terminating date of a pension plan for PBGC purposes as the date the plan sponsor files for bankruptcy.

(Sec. 405) Sets forth maximum premiums to be paid to PBGC by small employers.

(Sec. 406) Authorizes PBGC to pay interest on the amount of any premium overpayment refunded to a designated payor.

(Sec. 407) Revises rules for substantial owner benefits in terminated plans with respect to: (1)the phase-in of guarantee; and (2) the allocation of assets.



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(Sec. 408) Provides for accelerated computation of benefits payable to participants and beneficiaries by the PBGC from recoveries of employer liability. Revises provisions relating to: (1) the average recovery percentage of the outstanding amount of such benefits; and (2) the valuation of recovery liability in determining such benefit amounts.

(Sec. 409) Establishes a special rule for treatment of certain plans where a member that maintained a single-employer defined benefit plan that is fully funded ceases to be a member of a controlled group.

(Sec. 410) Directs PBGC to issue missing participant rules for multiemployer plans. Allows the transfer of missing participants' benefits to PBGC upon plan termination for certain plans not subject to the PBGC termination insurance program.

(Sec. 411) Replaces the chairman of the board of directors with a Director to head PBGC, to be approved by the Senate.

(Sec. 412) Requires certain information to be included in the PBGC annual report, including: (1) a summary of the Pension Insurance Modeling System microsimulation model; (2) a comparison of the average return on investments earned by PBGC compared to an average return on other specified investments; and (3) a statement regarding the deficit or surplus for such year that PBGC would have had if the corporation earned the same return as the specified investments.

Title V: Disclosure - (Sec. 501) Revises requirements for defined benefit plan funding notices and the types of information which multiemployer plans must provide. Requires single-employer plans to provide such notices.

(Sec. 502) Requires an administrator of a multiemployer pension plan to furnish actuarial reports, financial reports, and any application for an amortization extension upon the request of any plan participant or beneficiary, employee representative, or any employer with an obligation to contribute to the plan. Requires plan sponsors or administrators to furnish a notice of potential withdrawal liability upon the request of any employer. Requires notice of any amendment providing for a significant reduction in the rate of future benefit accruals to be provided to each such employer.

(Sec. 503) Sets forth additional requirements for annual reports to the Secretary of Labor by defined benefit plans, including the funded percentage of each plan and explanations of actuarial assumptions and methods used.

(Sec. 504) Requires identification, basic plan information, and actuarial information included in the annual report to be: (1) filed in an electronic format; and (2) displayed on a website maintained by the Secretary of Labor and on an intranet website maintained by the plan sponsor or administrator.

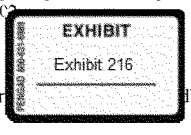
(Sec. 505) Requires a contributing sponsor to file a financial report with PBGC if the funding target attainment percentage of the plan is less than 80%. (Currently, the criteria for sponsor reporting is based on the aggregate unfunded vested benefits of the plan.)

(Sec. 506) Sets forth requirements for a single-employer plan to disclose termination information to affected parties.

(Sec. 507) Requires plan administrators to notify plan participants or beneficiaries of their right to divest employer securities at least 30 days before eligibility.

(Sec. 508) Requires an administrator of an individual account plan or a defined benefit plan to provide participants or beneficiaries with a pension benefit statement on a specified schedule.

(Sec. 509) Revises the definition of "one-participant retirement plan." Makes such change effective as if it were included in the Sarbanes-Oxley Act of 20



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Title VI: Investment Advice, Prohibited Transactions, and Fiduciary Rules - Subtitle A: Investment Advice - (Sec. 601) Exempts from prohibited transaction rules the provision of investment advice (and certain transactions pursuant to such advice, as well as certain fees for such advice) to a plan and its participants and beneficiaries regarding plan assets subject to such participants' and beneficiaries' direction, if such advice is given by fiduciary advisors meeting specified requirements.

Subtitle B: Prohibited Transactions - (Sec. 611) Establishes exemptions from prohibited transaction rules for specified types of transactions involving: (1) block trading; (2) bonding relief; (3) providing services between a plan and a party in interest, but only if adequate consideration is involved; (4) electronic communication and similar networks subject to governmental regulation, where the identity of the parties is not taken into account; (5) foreign exchange; and (6) cross trading.

(Sec. 612) Establishes a prohibited transaction exemption for a transaction that would have been prohibited but is corrected within 14 days after the fiduciary or party in interest or other person discovers, or reasonably should have discovered, that the transaction would constitute a prohibited transaction.

Subtitle C: Fiduciary and Other Rules - (Sec. 621) Makes certain provisions for relief from fiduciary liability inapplicable during suspensions of the ability of participants or beneficiaries to direct investments.

(Sec. 622) Increases the maximum bond amount required for fiduciaries of an employee benefit plan who hold employer securities.

(Sec. 623) Increases penalties for coercive interference with the exercise of ERISA rights.

(Sec. 624) Treats a participant in an individual account plan as exercising control over assets where a plan designates default investments meeting certain requirements.

(Sec. 625) Directs the Secretary of Labor to issue regulations clarifying that the selection of an annuity contract as an optional form of distribution from an individual account plan to a participant or beneficiary is not subject to the safest available annuity standard.

Title VII: Benefit Accrual Standards - (Sec. 701) Revises ERISA rules relating to reductions in accrued benefits.

Sets forth the requirements with which defined benefit pension plans, including hybrid plans such as cash balance plans, must comply to be deemed nondiscriminatory as to age in cases of a reduction in accrued benefits because of attainment of any age.

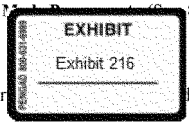
(Sec. 702) Directs the Secretary of the Treasury to prescribe regulations to apply such requirements to cases where conversions to applicable defined benefit plans are made with respect to groups who become employees due to mergers, acquisitions, or similar transactions.

Title VIII: Pension Related Revenue Provisions - Subtitle A: Deduction Limitations - (Sec. 801) Set forth rules establishing the deduction limit for single-employer defined benefit plans.

(Sec. 802) Sets the maximum deductible amount for multiemployer defined benefit plans as not less than the excess of 140% of the current liability of the plan over the value of the plan's assets.

(Sec. 803) Applies deduction limits for plan sponsors maintaining both defined benefit plans and defined contribution plans, in the case of employer contributions to one or more defined contribution plans, only to the extent that those contributions exceed 6% of the compensation otherwise paid or accrued to beneficiaries during the plan year.

Subtitle B: Certain Pension Provisions [illegible] 811) Repeals the sunset of provisions of the



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Economic Growth and Tax Relief Reconciliation Act of 2001 related to individual retirement accounts and pensions.

(Sec. 812) Repeals the sunset of the tax credit for qualified retirement savings contributions.

Subtitle C: Improvements in Portability, Distribution, and Contribution Rules - (Sec. 821) Revises the definition of "permissive service credit" to include: (1) service credit for periods for which there is no performance of service; and (2) service credited in order to provide an increased benefit for service credit which a participant is recovering under the plan.

(Sec. 822) Allows rollover of after-tax amounts to an annuity contract.

(Sec. 823) Requires the Secretary of the Treasury to issue regulations under which a governmental plan shall be treated as having complied with trust distribution requirements if the plan complies with a reasonable good faith interpretation of those requirements.

(Sec. 824) Allows direct rollovers from eligible retirement plans to Roth IRAs.

(Sec. 825) Provides that an individual is not precluded from participating in an eligible deferred compensation plan by reason of having received a distribution from a governmental plan or a tax-exempt employer.

(Sec. 826) Requires the Secretary of the Treasury to modify rules for determining whether a participant has had a hardship or unforeseen financial emergency.

(Sec. 827) Exempts a distribution made to a reservist who is called to active duty for at least 179 days from the imposition of a tax for early distribution from qualified retirement plans. Makes provision retroactive to September 11, 2001.

(Sec. 828) Exempts a distribution made to a qualified public safety employee after separation of service after attainment of age 50 (currently, 55) from the imposition of a tax for early distribution from qualified retirement plans. Applies such exemption to police, firefighters, and emergency medical service personnel.

(Sec. 829) Permits a distribution from an eligible retirement plan of a deceased employee to an individual retirement plan of a designated beneficiary that is not the surviving spouse of the employee.

(Sec. 830) Requires the Secretary of the Treasury to make available a form for individuals to direct that a portion of any tax refund be paid directly to an individual retirement plan.

(Sec. 831) Allows, and gives credit for, additional individual retirement account payments in certain bankruptcy cases.

(Sec. 832) Amends the calculation of the average compensation for the high three years when calculating the annual benefit limit under a defined benefit plan.

(Sec. 833) Adjusts for inflation the maximum income limits for the tax credit for qualified retirement savings contributions.

Subtitle D: Health and Medical Benefits - (Sec. 841) Permits an employer maintaining a defined benefit plan to transfer excess pension assets to cover current retirees future health liabilities.

(Sec. 842) Removes the exclusion that prevents multiemployer pension plans from transferring excess pension assets to health benefits accounts for retirees.



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(Sec. 843) Allows qualified asset accounts to include a reserve for medical benefits provided through bona fide association health plans.

(Sec. 844) Excludes from gross income any charge against the cash value of an annuity contract or the cash surrender value of a life insurance contract made as payment for coverage under a qualified long-term care insurance contract which is part of or a rider on such annuity or life insurance contract if the investment in the contract is reduced (but not below zero). Requires an individual excluding such charges from gross income to file a return with the Secretary of the Treasury.

(Sec. 845) Excludes from gross income direct distributions from governmental retirement plans to pay for health and long-term care insurance premiums for retired public safety officers.

Subtitle E: United States Tax Court Modernization - (Sec. 851) Provides for cost-of-living increases to annuities for surviving spouses and dependents of Tax Court judges based on increases paid under the Civil Service Retirement System.

(Sec. 852) Authorizes the Tax Court to pay increases in the cost of Federal Employees' Group Life Insurance for judges age 65 and over.

(Sec. 853) Allows Tax Court judges to participate in the Thrift Savings Plan.

(Sec. 854) Provides for the payment of annuities to surviving spouses and dependents of magistrate judges.

(Sec. 855) Grants exclusive jurisdiction to the Tax Court for collection due process case appeals.

(Sec. 856) Authorizes the Chief Judge of the Tax Court to recall retired magistrate judges for service. Limits the term of such service to 90 days in any calendar year.

(Sec. 857) Authorizes the assignment of employment tax cases involving $50,000 or less to special trial judges.

(Sec. 858) Permits the Tax Court to apply the doctrine of equitable recoupment (a defendant's right to claim an offset against a debt in a creditor action) to the same extent that it is available in civil tax cases before the U.S. District Court and the U.S. Court of Federal Claims.

(Sec. 859) Authorizes the Tax Court to impose a fee of up to $60 for the filing of any petition.

(Sec. 860) Requires a portion of Tax Court practitioner fees to be used to provide services to pro se taxpayers (taxpayers representing themselves before the Tax Court).

Subtitle F: Other Provisions - (Sec. 861) Extends to all governmental plans the exemption from application of minimum participation and nondiscrimination rules in favor of highly compensated employees applicable to state and local plans.

(Sec. 862) Eliminates the limit that prohibited payments from the Black Lung Disability Trust Fund to pay accident or health benefits for retired miners and their spouses and dependents from exceeding an amount based on aggregate limits from all taxable years. Requires that such limits be based only on the prior taxable year.

(Sec. 863) Includes in gross income benefits paid to other employees, directors, and highly compensated employees under employer-owned life insurance contracts upon the death of an insured employee that exceed the sum of the premiums and other amounts paid for the contract.

(Sec. 864) Amends the Revenue Reconciliation Act of 1978 to deem to not be an employee any individual



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providing services as a test proctor or room supervisor by assisting in the administration of college entrance or placement examinations.

(Sec. 865) Provides that annuity payments from qualified church plans that otherwise meet specified distribution requirements for money purchase pension plans under the IRC shall not fail to satisfy qualified trust distribution requirements merely because the payments are not made under an annuity contract purchased from an insurance company.

(Sec. 866) Defines a "qualified organization" to include a church-maintained retirement income account for purposes of determining the tax on unrelated debt-financed income from real property interests.

(Sec. 867) Exempts participants in church plans who are not highly compensated employees from certain defined benefit plan limitations.

(Sec. 868) Requires that the amount of a qualified gratuitous transfer to an employee stock ownership plan allocated each year be determined on the basis of the fair market value of securities when allocated to participants.

Title IX: Increase in Pension Plan Diversification and Participation and Other Pension Provisions - (Sec. 901) Requires defined contribution plans holding publicly traded securities to provide employees with: (1) the opportunity to divest employer securities; and (2) at least three investment options other than employer securities.

(Sec. 902) Allows qualified automatic contribution arrangements where eligible employees are treated as having elected to have the employer make elective contributions in an amount equal to a qualified percentage of compensation until the employees otherwise make an affirmative election.

(Sec. 903) Sets forth benefit, contribution, and notice requirements for treatment of eligible combined defined benefit plans and qualified cash or deferred arrangements.

(Sec. 904) Provides for faster vesting of employer contributions in defined contribution plans.

(Sec. 905) Revises the definition of "employee pension benefit plan" to allow distributions prior to termination of covered employment that is made to an employee who has attained age 62 and who is not separated from employment at the time of the distribution.

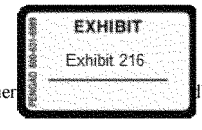
(Sec. 906) Revises the definition of governmental plan to treat Indian tribal pension plans as tax-qualified governmental plans.

Title X: Provisions Relating to Spousal Pension Protection - (Sec. 1001) Directs the Secretary of Labor to issue regulations relating to the time and order of issuance of qualified domestic relations orders under ERISA and IRC provisions.

(Sec. 1002) Amends the Railroad Retirement Act of 1974 to eliminate the requirement that an individual be entitled to and receiving an annuity in order for a divorced spouse to receive an annuity.

(Sec. 1003) Extends the payment of any portion of Tier II railroad retirement benefits to surviving former spouses pursuant to court decrees upon the death of the individual who performed the service, unless the termination of benefits is required by such court decree.

(Sec. 1004) Requires pension plans to offer participants the option of a qualified joint and 3/4 survivor annuity (as an alternative to the current qualified joint and survivor annuity).



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Title XI: Administrative Provisions - (Sec. 1101) Grants the Secretary of the Treasury full authority to establish, implement, update, and improve the Employee Plans Compliance Resolution System and any other employee plans correction policies, including the authority to waive income, excise, or other taxes to ensure that any tax, penalty, or sanction is not excessive and bears a reasonable relationship to the nature, extent, and severity of the failure.

(Sec. 1102) Increases the period during which: (1) a participant may elect to waive the qualified joint and survivor annuity form of benefit; and (2) a plan must provide notice to a participant. Requires the notification to describe not only a participant's right (if any) to defer receipt of a distribution but also the consequences of failing to defer such receipt.

(Sec. 1103) Requires the Secretary of the Treasury to modify the requirements for filing annual returns to ensure that one-participant plans with assets of $250,000 or less are not required to file an annual return. Requires the Secretary of the Treasury and the Secretary of Labor to provide for the filing of a simplified annual return for any retirement plan which covers fewer than 25 participants.

(Sec. 1104) Amends the IRC and the Age Discrimination in Employment Act of 1967 to treat certain voluntary early retirement incentive and employment retention plans of local educational agencies and of educational associations as bona fide severance pay plans to the extent that payments as early retirement benefits could otherwise be made, subject to specified conditions. Amends ERISA to treat such plans as welfare plans (not pension plans) for purposes of such payments.

(Sec. 1105) Prohibits states from reducing unemployment compensation as a result of any pension, retirement or retired pay, annuity, or similar payment which is not included in the gross income of the individual for the taxable year because it was part of a rollover distribution.

(Sec. 1106) Allows a plan to revoke its election to not be treated as a multiemployer plan under certain circumstances.

(Sec. 1107) Sets forth provisions relating to plan amendments.

Title XII: Provisions Relating to Exempt Organizations - Subtitle A: Charitable Giving Incentives - (Sec. 1201) Amends the IRC to exclude from the gross income of certain individual retirement account holders up to $100,000 of their distributions from such accounts made for charitable purposes. Terminates this tax exclusion after 2007.

Increases penalties for the failure of split-interest trusts and trusts claiming certain tax deductions for charitable contributions to file required informational returns.

(Sec. 1202) Extends through 2007 provisions allowing non-corporate taxpayers to make tax deductible contributions of food inventory.

(Sec. 1203) Provides that the amount of an S corporation shareholder's basis reduction in the stock of such corporation due to a charitable contribution made by the corporation will be the shareholder's pro rata share of the adjusted basis of the contributed property.

(Sec. 1204) Extends through 2007 the increased tax deduction for corporate contributions of book inventories to public schools.

(Sec. 1205) Sets forth a special rule for the tax treatment of payments of interest, rents, annuities, or royalty payments made to a tax-exempt organization which has a controlling interest in the entity making such payments. Terminates such rule after 2007. Requires the Secretary to report to the Senate Finance Committee and the House Ways and Means Committee on the effectiveness of the Internal Revenue Service (IRS) in administering this tax provision.



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(Sec. 1206) Allows individual taxpayers an increased tax deduction (50% of taxpayer contribution base) for qualified conservation contributions (real property donated to a charitable organization exclusively for conservation purposes). Increases such tax deduction to 100% for contributions by certain farmers or ranchers. Allows a 15-year carryforward of unused deduction amounts. Allows an increased tax deduction (and 15-year carryover of such tax deduction) for qualified conservation contributions made by corporate farmers and ranchers. Terminates such provisions after 2007.

(Sec. 1207) Exempts tax-exempt blood collector organizations from: (1) the excise tax on diesel and special motor fuels; (2) the manufacturer's excise tax; (3) the communication excise tax; and (4) the excise tax on heavy vehicles.

Subtitle B: Reforming Exempt Organizations - Part I: General Reforms - (Sec. 1211) Requires tax-exempt organizations which acquire a direct or indirect interest in certain life insurance, annuity, or endowment contracts to file informational returns during a specified two-year period. Imposes penalties on such organizations for failure to file required information. Directs the Secretary of the Treasury to study the use of such contracts by tax-exempt organizations and to report to the Senate Finance Committee and the House Ways and Means Committee.

(Sec. 1212) Increases penalties on charitable organizations, including private foundations, for: (1) self-dealing and excess benefit transactions; (2) failure to distribute income; (3) excess business holdings; (4) investments which jeopardize charitable purpose; and (5) taxable expenditures (e.g., political activities). Increases penalties on managers of such organizations for prohibited activities.

(Sec. 1213) Modifies requirements for the tax deduction for charitable contributions of easements on buildings in registered historic districts to require such easements to preserve the entire exterior of the building and to prohibit any change that is inconsistent with the historical character of such exterior.

(Sec. 1214) Disallows enhanced tax deductions for charitable contributions of taxidermy property (a work of art which is the reproduction or preservation of a dead animal).

(Sec. 1215) Sets forth rules for the recapture of tax benefits for charitable contributions of tax-exempt use property which is not used for charitable purposes. Modifies reporting requirements relating to the disposition of charitable deduction property by a donee. Imposes a $10,000 penalty for the fraudulent identification of tax-exempt use property.

(Sec. 1216) Disallows a tax deduction for clothing or household items that are not in good used condition or better. Defines "household items" to include furniture, electronics, appliances, linens, and other similar items, but excludes food, paintings, antiques and other objects of art, jewelry and gems, and collectibles.

(Sec. 1217) Modifies recordkeeping requirements for charitable contributions of monetary gifts to require bank records for such contributions or confirmation letters from the donee organizations.

(Sec. 1218) Requires a tax-exempt organization which receives a donation of a fractional interest in an item of tangible property to take actual possession of such item for the portion of the year corresponding to the organization's percentage interest in such item.

(Sec. 1219) Increases penalties for substantial and gross overstatements of valuations of charitable deduction property. Imposes a penalty for intentional misstatements of appraisal values. Sets forth definitions relating to appraisers and appraisals.

(Sec. 1220) Establishes standards and requirements for tax-exempt credit counseling organizations.

(Sec. 1221) Revises the definitions of private foundation gross investment income and capital gain net income for purposes of the excise tax on such inco



CSOC.CBR.00032367

(Sec. 1222) Defines "convention or association of churches" to include individuals (with or without voting rights) as well as churches.

(Sec. 1223) Imposes certain reporting requirements on exempt organizations not currently required to file information returns (e.g., organizations with gross receipts of less than $25,000).

(Sec. 1224) Authorizes the Secretary of the Treasury to notify state officials of adverse actions taken by the IRS against certain charitable organizations.

(Sec. 1225) Permits public disclosure of unrelated business income tax returns filed by tax-exempt charitable organizations.

(Sec. 1226) Directs the Secretary to study the organization and operation of donor advised funds and report to the Senate Finance Committee and the House Ways and Means Committee on such study.

Part 2: Improved Accountability of Donor Advised Funds - (Sec. 1231) Imposes a 20% excise tax on supporting organizations (5% tax on fund management) for making taxable distributions from a donor advised fund. Limits the amount of such tax to $10,000 for any one taxable distribution.

Defines "sponsoring organization" as a tax-exempt organization which is not a private foundation and which maintains one or more donor advised funds. Defines " donor advised fund" as a separately identified fund which is owned and controlled by a sponsoring organization and which permits a donor to have advisory privileges as to the distribution or investment of fund assets. Authorizes the Secretary to exempt a fund from treatment as a donor advised fund under certain conditions.

Imposes penalty taxes on prohibited benefits resulting from certain distributions made from donor advised funds.

(Sec. 1232) Extends penalties applicable to tax-exempt organizations for excess benefit transactions involving donor advised funds.

(Sec. 1233) Extends penalties applicable to private foundations for excess benefit holdings of donor advised funds.

(Sec. 1234) Limits the tax deductibility of charitable contributions made to donor advised funds by individuals, estates, and donors of gifts.

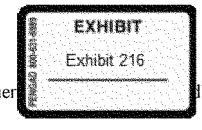
(Sec. 1235) Requires a supporting organization to report for its taxable year: (1) its total number of its donor advised funds; (2) the aggregate value of assets held in such funds; and (3) the aggregate contributions to, and grants made from, such funds.

Part 3: Improved Accountability of Supporting Organizations - (Sec. 1241) Sets forth requirements for supporting organizations relating to distributions and responsiveness to supported organizations.

(Sec. 1242) Extends penalties applicable to tax-exempt organizations for excess benefit transactions involving supporting organizations.

(Sec. 1243) Extends penalties applicable to private foundations for excess benefit holdings of supporting organizations.

(Sec. 1244) Limits distributions and taxable expenditures made by nonoperating private foundations to supporting organizations.



CSOC.CBR.00032368

(Sec. 1245) Sets forth reporting requirements for supporting organizations.

Title XIII: Other Provisions - (Sec. 1301) Amends the Federal Mine Safety and Health Act of 1977, as amended by the Mine Improvement and New Emergency Response Act of 2006, to make technical changes.

(Sec. 1302) Amends the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users to change the amount authorized for the Going-to-the-Sun Road at Glacier National Park, Montana, and to make such funds available as if they were apportioned consistent with other federal highway aid. Increases the unobligated funds apportioned to the states before September 30, 2009, for certain transportation activities that are subject to rescission.

(Sec. 1303) Excludes electricity provided to the city of Hoonah, Alaska, from the determination as to whether any private activity bond issued before May 31, 2006, and used to finance the Snettisham or Lake Dorothy hydroelectric facilities is a qualified bond for purposes of excluding bond interest from gross income.

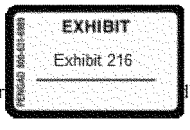
(Sec. 1304) Amends the Economic Growth and Tax Relief Reconciliation Act of 2001 to permanently extend provisions related to a qualified tuition program. Allows the Secretary of the Treasury to prescribe regulations to carry out or prevent abuse of such provisions.

Title XIV: Tariff Provisions - Miscellaneous Trade and Technical Corrections Act of 2006 - **Subtitle A: Temporary Duty Suspensions and Reductions - Chapter 1: New Suspensions and Reductions** - (Sec. 1411) Amends the Harmonized Tariff Schedule of the United States (HTS) to provide for temporary duty suspensions, increases, or reductions through December 31, 2009 for: (1) certain non-knit auto mechanic's gloves; (2) certain microphones for automotive interiors; (3) various specified acrylic or modacrylic synthetic staple fibers and filament tows; (4) nitrocellulose; (5) potassium sorbate; (6) sorbic acid; (7) certain capers; (8) certain preparations of pepperoncini; (9) certain chemicals, chemical mixtures, and dyes; (10) hydraulic control units; (11) shield asy-steering gear; (12) certain master cylinder assembles; (13) certain transaxles; (14) converter asy; (15) module and bracket asy-power steering; (16) unit asy-battery hi volt; (17) certain articles of natural cork; (18) DEMBB distilled-iso tank; (19) certain acrylic fiber tow; (20) M-alcohol; (21) certain machines for the assembly of motorcycle wheels; (22) palm fatty acid distillate; (23) certain cosmetic bags; (24) formulations of prosulfuron; (25) ion-exchange resins; (26) ion-exchange resin powder; (27) certain cases for toys; (28) aspirin; (29) various specified kinds of camel and vicuna hair; (30) low expansion laboratory glass; (31) stoppers, lids, and other closures; (32) various specified kinds of basketballs; (33) certain volleyballs; (34) certain decorative plates, sculptures, and plaques, and architectural miniatures; (35) certain music boxes; (36) certain footwear; (37) certain refracting and reflecting telescopes; (38) certain liquid crystal device (LCD) panel assemblies; and (39) certain watertube boilers and reactor vessel heads.

Chapter 2: Existing Duty Suspensions and Reductions - (Sec. 1611) Extends the existing suspension or reduction of duty through December 31, 2009, for: (1) certain chemicals and dyes; (2) certain yarn of viscose rayon; (3) certain ion-exchange resins; (4) certain bags for toys; (5) cases for certain children's products; (6) certain children's products; (7) certain light absorbing photo dyes; (8) certain R-core transformers; (9) certain filament yarns; (10) certain semi-manufactured forms of gold; (11) sodium petroleum sulfonate; and (12) ceiling fans.

Extends the suspension of duty on certain chemicals through December 31, 2009. Imposes a duty on certain chemicals through December 31, 2009 (thus, rescinding their duty-free treatment). Decreases the duty on certain chemicals through December 31, 2009.

Subtitle B: Other Tariff Provisions - Chapter 1: Liquidation or Reliquidation of Certain Entries - (Sec. 1621) Directs the Commissioner of the Bureau of Customs and Border Protection (Commissioner) to admit free of duty into the United States three tramway cars and their associated spare parts manufactured in Ostrava, Czech Republic, for the use by the city of Portland, Oregon, and imported pursuant to a contract with the city. Requires the Commissioner to reliquidate (refund the duties) paid on such entries before enactment of this section.



CSOC.CBR.00032369

(Sec. 1622) Requires the Commissioner to liquidate or reliquidate, and refund any amounts owed or interest previously paid on, certain entries of: (1) candles without assessment of antidumping duties and interest; (2) roller chain without assessment of interest; and (3) soundspa clock radios.

Chapter 2 - Miscellaneous Provisions - (Sec. 1631) Amends the Tariff Act of 1930 and the HTS to exempt from duty the cost of equipment, repair parts, and materials involved in the repair of certain vessels by U.S. crews done in foreign waters or in a foreign port that does not involve foreign shipyard repairs by foreign labor.

(Sec. 1632) Suspends from April 2, 2006 through June 30, 2009, the requirement that the administering authority direct the Customs Service to allow, at the option of the importer of such merchandise, the posting, until completion of the review, of a bond or security in lieu of a cash deposit for each entry of the subject merchandise (bonding privileges).

Requires the Secretary of the Treasury to report to specified congressional committees: (1) recommendations on whether such suspension should be extended; and (2) assessments of the effectiveness of any administrative measures that have been implemented to address the difficulties giving rise to the suspension.

Requires the Secretary of the Treasury to report to specified congressional committees, with recommendations for additional action, on the major problems experienced in the collection of duties, including fraudulent activities intended to avoid their payment.

(Sec. 1633) Amends the HTS to extend the duty suspensions and duty-free treatment for certain wool products through December 31, 2009.

Amends the Wool Suit and Textile Trade Extension Act of 2004 to require the Bureau of Customs and Border Protection to make annual (currently, two additional) payments from the Wool Apparel Manufacturers Trust Fund to importing and nonimporting manufacturers of certain wool products during calendar year 2005.

Requires each subsequent annual payment to be made after January 1 of each subsequent year, but on or before April 15 of such year through calendar year 2010.

Extends the authorization of the Secretary of Commerce through calendar year 2009 to provide grants to manufacturers of certain worsted wool fabrics during calendar years 1999, 2000, and 2001.

Makes only manufacturers who weave worsted wool fabric in the United States eligible for such grants.

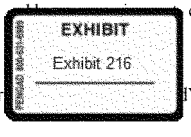
Amends the Trade and Development Act of 2000, as amended by the Wool Suit and Textile Trade Extension Act of 2004, to extend the Wool Research, Development, and Promotion Trust Fund through December 31, 2010.

(Sec. 1634) Authorizes the President to proclaim modifications to the HTS to carry out amendments to the Agreement proposed by the United States and the Dominican Republic-Central America-United States Free Trade Agreement (DR-CAFTA), the terms of which are contained in letters of understanding specified in this Act.

Terminates such authority on December 31, 2007.

Authorizes the President to proclaim such modifications to carry out amendments proposed by the United States, Costa Rica, and the Dominican Republic, the terms of which are contained in the letters of understanding exchanged between the countries relating to the rules of origin for articles containing pocket bag fabric used in an apparel article classifiable under the HTS that contains a pocket or pockets.

Subjects such modification to consultaton [illegible] of the Dominican Republic-Central



CSOC.CBR.00032370

America-United States Free Trade Agreement Implementation Act (DR-CAFTA IA). Makes such modification ineffective if a joint resolution of Congress is enacted into law disapproving it.

Terminates such authority on December 31, 2007.

Authorizes the Commissioner of Customs to require an importer to submit at the time the importer files a claim for preferential tariff treatment under the Agreement a certificate of eligibility, properly completed and signed, or transmitted pursuant to an authorized electronic data interchange system, by an authorized official of the government of Nicaragua to implement the tariff preference level for Nicaragua provided in the Agreement.

Authorizes the President to proclaim a reduction in the overall limit in such tariff preference level if Nicaragua fails to comply with a commitment under an agreement between the United States and Nicaragua with regard to the administration of such tariff preference.

Makes a technical correction to the DR-CAFTA IA relating to retroactive application for certain liquidations and reliquidations of textile or apparel goods.

Requires, within 30 days after enactment of this Act, and at least quarterly thereafter, the U.S. Trade Representative (USTR) to report to the appropriate congressional committees on the status of negotiations and amendments proposed by the United States, Nicaragua, El Salvador, Honduras, Guatemala, Costa Rica, and the Dominican Republic to the Agreement regarding any change to the rule of origin or alteration of the tariff treatment of certain socks classified or described in this Act.

Requires the USTR to provide to the appropriate congressional committees copies of any amendments: (1) to be proposed by the United States before the amendments are offered; and (2) received by the United States relating to such negotiations.

Terminates such reporting requirements on the date on which any change is made to the rule of origin pursuant to the Agreement for such socks or December 31, 2007, whichever occurs later.

(Sec. 1635) Amends the Tariff Act of 1930, the Trade Act of 1974, the Consolidated Omnibus Budget Reconciliation Act of 1985, and the Bipartisan Trade Promotion Authority Act of 2002 to make technical corrections.

Subtitle C: Effective Date - (Sec. 1641) Sets forth the effective date for amendments made by this title.

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CSOC.CBR.00032371

Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) **- All Filers Are Required to Complete This Page**

1. Registrant Name ☑ Organization ☐ Individual

CAPLIN & DRYSDALE, CHARTERED

2. Address ☐ **Check if different than previously reported**

Address1 ONE THOMAS CIRCLE, NW Address2 SUITE 1100

City WASHINGTON State DC Zip Code 20005 - Country USA

3. Principal place of business (if different than line 2)

City State Zip Code - Country

4a. Contact Name	b. Telephone Number ☐ International Number	c. E-mail	5. Senate ID#
Mr. JOSEPH BIRKENSTOCK	(202) 862-5000		8203-51

7. Client Name ☐ **Self**	6. House ID#
Council on Foundations	311120003

TYPE OF REPORT 8. Year 2007 Midyear (January1-June30) ☐ Year End (July 1-December 31) ☑

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ Termination Date _____ 11. No Lobbying Activity ▨

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☑ $ 40,000.00

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSE relating to lobbying activities for this reporting period were:

Less than $10,000 ▨

$10,000 or more ▨ $

14. REPORTING Check box to indicate expense accounting method. See instructions for description of options.

▨ **Method A.** Reporting amounts using LDA definitions only

▨ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

▨ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Signature ✓ **Digitally Signed By: Joseph Birkenstock** **Date** **02/12/2008**

Printed Name and Title Joseph Birkenstock - Attorney

EXHIBIT
Exhibit 217

Registrant CAPLIN & DRYSDALE, CHARTERED Client Name Council on Foundations

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code TAX Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues

Issues relating to offshore hedge funds and blocker subsidiaries.
Amendments to exempt organization provisions on Pension Protection Act of 2007.
Amendment to proposed rules on program related investments.

17. House(s) of Congress and Federal agencies ☐ Check if None ☐ House ☑ Senate ☑ Other

Treasury Department

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
Robert	Boisture			☐
Richard	Schmalbeck			☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Joseph Birkenstock - Attorney

EXHIBIT
Exhibit 217

ADDENDUM for General Lobbying Issue Area: TAX - Taxation/Internal Revenue Code

Issues relating to low-profit limited liability companies options.
US/Mexico Tax Treaty Issues.

Printed Name and Title Joseph Birkenstock - Attorney



Bill Summary & Status

H.R.4839

Previous Result | **2 of 2**

Search Results > H.R.4839 > Overview

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H.R.4839 [110th] **Major Actions:** Help House Senate Law

Title: Tax Technical Corrections Act of 2007
Sponsor: Rep Rangel, Charles B. [D-NY-15] (introduced 12/19/2007) **Cosponsors:** (none)
Committees: House Ways and Means
Related Bills: H.R.4195, S.2374
Latest Major Action: 12/29/2007 Became Public Law No: 110-172 [Text, PDF]

Jump to: Titles, Major Actions, Committees, Summary

TITLE(S): (*italics indicate a title for a portion of a bill*)

- SHORT TITLE(S) AS INTRODUCED:
  Tax Technical Corrections Act of 2007
- SHORT TITLE(S) AS PASSED HOUSE:
  Tax Technical Corrections Act of 2007
- SHORT TITLE(S) AS PASSED SENATE:
  Tax Technical Corrections Act of 2007
- SHORT TITLE(S) AS ENACTED:
  Tax Technical Corrections Act of 2007
- OFFICIAL TITLE AS INTRODUCED:
  To amend the Internal Revenue Code of 1986 to make technical corrections, and for other purposes.

MAJOR ACTIONS: [SELECTED] *(dates in italics indicate Senate actions)* For more details, see: Bill Status Display.

12/19/2007	Introduced in House
12/19/2007	Committee on Ways and Means discharged.
12/19/2007	Passed/agreed to in House: On passage Passed without objection.
12/19/2007	Passed/agreed to in Senate: Received in the Senate, read twice, considered, read the third time, and passed without amendment by Unanimous Consent.
12/19/2007	Cleared for White House.
12/27/2007	Presented to President.
12/29/2007	Signed by President.
12/29/2007	Became Public Law No: 110-172 [Text, PDF]

COMMITTEE(S):

Committee/Subcommittee:	Activity:



CSOC.CBR.00032326

House Ways and Means Referral, Discharged

SUMMARY AS OF:
12/29/2007--Public Law. (There is 1 other summary)

(This measure has not been amended since it was introduced. The summary has been expanded because action occurred on the measure.)

Tax Technical Corrections Act of 2007 - Makes technical amendments and clerical corrections to the Internal Revenue Code, including corrections to provisions enacted by: (1) the Tax Relief and Health Care Act of 2006; (2) the Pension Protection Act of 2006; (3) the Tax Increase Prevention and Reconciliation Act of 2005; (4) the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users; (5) the Energy Policy Act of 2005; (6) the American Jobs Creation Act of 2004; (7) the Economic Growth and Tax Relief Reconciliation Act of 2001; (8) the Tax Relief Extension Act of 1999; and (9) the Internal Revenue Service Restructuring and Reform Act of 1998. Makes the amendments made by this Act effective as of the effective date of the Acts to which they relate.

(Sec. 2) Revises the formula for calculating the alternative minimum tax (AMT) refundable credit amount.

(Sec. 3) Revises and expands the exclusion from gross income for distributions from individual retirement accounts (IRAs) made for charitable purposes.

Revises the basis rule for contributions of appreciated property by an S corporation.

Modifies criteria for charitable contributions of property to tax-exempt organizations to require officers of such organizations to certify that the organization's use of such property was substantial.

Eliminates special valuation rules for estate and gift tax purposes.

Applies certain tax penalties for substantial and gross valuation misstatements to estates and gifts.

Provides for the inclusion of capital gains from appreciation in the tax base of private foundation net investment income.

Requires the Internal Revenue Service (IRS) to make public certain tax information relating to the unrelated business income of tax-exempt organizations.

(Sec. 4) Revises the tax treatment of dividends, interest, rents, and royalties received by a controlled foreign corporation from a related entity that creates or increases a deficit in subpart F income.

Modifies rules for the foreign tax credit relating to the definition of active business income and the tentative minimum tax on nonexcluded income.

(Sec. 5) Modifies rules for filing excise tax refund claims for alternative fuel mixtures and the definition of alternative fuels relating to hydrogen and carbon resources.

(Sec. 6) Modifies provisions relating to the authority of the Secretary of the Treasury to allocate amounts under the tax credit for production of electricity from nuclear power facilities.

Revises definitions relating to qualified alternative fuel refueling property for purposes of the tax credit for investment in such property.



CSOC.CBR.00032327

Limits the type of energy research eligible for the tax credit for increasing research activities.

Permits a refund in the amount of the Leaking Underground Storage Tank Trust Fund financing rate of additional taxes imposed from the use of dyed fuel. Makes such financing rate applicable to off-highway business use of gasoline.

(Sec. 7) Removes certain restrictions relating to basis reduction and deductibility for the tax credit for production of low sulfur diesel fuel.

Eliminates the requirement that open-loop biomass be segregated from other waste material in order to be eligible for the tax credit for producing electricity from renewable resources.

Eliminates certain restrictions on tax-exempt use property.

Provides additional rules for the treatment of losses on positions in identified straddles (i.e., offsetting positions in actively traded personal property).

(Sec. 8) Applies certain tax rules relating to deferral limits and social security taxes for Roth IRA contributions.

(Sec. 9) Qualifies certain wind energy facilities placed in service prior to June 30, 1999, for the tax credit for producing electricity from renewable resources.

Revises the definition of "lodging facility" for purposes of tax rules relating to real estate investment trusts (REITs).

(Sec. 10) Authorizes redactions to background documents (to the extent permitted by law) used by the Office of the IRS Chief Counsel to provide tax advice or information.

Search Results > H.R.4839 > Overview

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◂Previous Result | **2 of 2**



CSOC.CBR.00032328

Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) **- All Filers Are Required to Complete This Page**

1. Registrant Name ☑ Organization ☐ Individual

FEDERAL POLICY GROUP (CLARK & WAMBERG LLC)

2. Address ☐ **Check if different than previously reported**

Address1 101 CONSTITUTION AVENUE, NW #701E Address2

City WASHINGTON State DC Zip Code 20001 - Country USA

3. Principal place of business (if different than line 2)

City State Zip Code - Country

4a. Contact Name	b. Telephone Number ☐ International Number	c. E-mail	5. Senate ID#
Mr. PETER WOELPER	(202) 772-2485		72975-1558

7. Client Name ☐ **Self**	6. House ID#
COUNCIL ON FOUNDATIONS	358880076

TYPE OF REPORT 8. Year 2007 Midyear (January 1-June30) ☐ Year End (July 1-December 31) ☑

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ Termination Date 11. No Lobbying Activity ☐

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☑ $ 140,000.00

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSE relating to lobbying activities for this reporting period were:

Less than $10,000 ☐

$10,000 or more ☐ $

14. REPORTING Check box to indicate expense accounting method. See instructions for description of options.

☐ **Method A.** Reporting amounts using LDA definitions only

☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Signature Digitally Signed By: Jim Carlisle **Date** 02/06/2008

Printed Name and Title Jim Carlisle, Director

v5.0.1b

EXHIBIT
Exhibit 218

Registrant FEDERAL POLICY GROUP (CLARK & WAMBERG LLC) Client Name COUNCIL ON FOUNDATIONS

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code TAX Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues

Charitable IRA rollover (H.R. 1419, S. 819); UBIT issues (H.R. 3501; modifications to charitable provisions of the Pension Protection Act of 2006; donor-advised funds; private foundations and supporting organizations

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☐ Other

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
Ken	Kies			☐
Pat	Raffaniello			☐
Tim	Hanford			☐
Jim	Carlisle			☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Jim Carlisle, Director

v5.0.1b

EXHIBIT
Exhibit 218

Bill Summary & Status

H.R.1419

Search Results > H.R.1419 > Overview

Modify Search | New Search | Save Search/Alert Help | Contact Us

H.R.1419 [110th]
Title: Public Good IRA Rollover Act of 2007
Sponsor: Rep Pomeroy, Earl [D-ND] (introduced 3/8/2007) **Cosponsors:** 125
Committees: House Ways and Means
Related Bills: S.819
Latest Major Action: 3/8/2007 Referred to House committee. Status: Referred to the House Committee on Ways and Means.

Jump to: Titles, Major Actions, Committees, Summary

TITLE(S): (*italics indicate a title for a portion of a bill*)

- SHORT TITLE(S) AS INTRODUCED:
  Public Good IRA Rollover Act of 2007
- OFFICIAL TITLE AS INTRODUCED:
  To amend the Internal Revenue Code of 1986 to expand tax-free distributions from individual retirement accounts for charitable purposes.

MAJOR ACTIONS: [SELECTED] *(dates in italics indicate Senate actions)* For more details, see: Bill Status Display.

NONE

COMMITTEE(S):

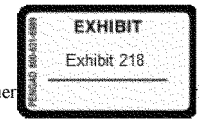
Committee/Subcommittee:	Activity:
House Ways and Means	Referral, In Committee

SUMMARY AS OF:
3/8/2007--Introduced.

Public Good IRA Rollover Act of 2007 - Amends the Internal Revenue Code to exclude from gross income distributions from individual retirement accounts for certain charitable purposes.

Search Results > H.R.1419 > Overview

Modify Search | New Search | Save Search/Alert Help | Contact Us



CSOC.CBR.00032383

Bill Summary & Status

H.R.3501

Search Results > H.R.3501 > Overview

Modify Search | New Search | Save Search/Alert Help | Contact Us

H.R.3501 [110th]

Title: To amend the Internal Revenue Code of 1986 to provide that indebtedness incurred by a partnership in acquiring securities and commodities is not treated as acquisition indebtedness by organizations which are limited partners for purposes of the unrelated business income tax.

Sponsor: Rep Levin, Sander M. [D-MI-12] (introduced 9/7/2007) **Cosponsors:** 10

Committees: House Ways and Means

Latest Major Action: 9/7/2007 Referred to House committee. Status: Referred to the House Committee on Ways and Means.

Jump to: Titles, Major Actions, Committees, Summary

TITLE(S): (*italics indicate a title for a portion of a bill*)

- OFFICIAL TITLE AS INTRODUCED:
  To amend the Internal Revenue Code of 1986 to provide that indebtedness incurred by a partnership in acquiring securities and commodities is not treated as acquisition indebtedness by organizations which are limited partners for purposes of the unrelated business income tax.

MAJOR ACTIONS: [SELECTED] *(dates in italics indicate Senate actions)* For more details, see: Bill Status Display.

NONE

COMMITTEE(S):

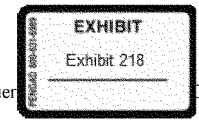
Committee/Subcommittee:	Activity:
House Ways and Means	Referral, In Committee

SUMMARY AS OF:
9/7/2007--Introduced.

Amends Internal Revenue Code provisions relating to the tax on the unrelated business income of tax-exempt organizations to exempt from treatment as acquisition indebtedness (subject to the unrelated business income tax) indebtedness incurred or continued by a limited partnership in a partnership to purchase or carry certain securities or commodities.

Search Results > H.R.3501 > Overview

Modify Search | New Search | Save Search/Alert Help | Contact Us



CSOC.CBR.00032384

Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510
http://lobbyingdisclosure.house.gov	http://www.senate.gov/lobby

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

1. Registrant Name ☑ Organization/Lobbying Firm ☐ Self Employed Individual

Federal Policy Group (Clark & Wamberg LLC)

2. Address ☐ **Check if different than previously reported**

Address1 101 Constitution Avenue, NW #701E Address2

City Washington State DC Zip Code 20001 - Country USA

3. Principal place of business (if different than line 2)

City State Zip Code - Country

4a. Contact Name	b. Telephone Number ☐ International Number	c. E-mail	5. Senate ID#
Mr. Pete Woelper	(202) 772-2485		72975-1558

7. Client Name ☐ *Self* ☐ *Check if client is a state or local government or instrumentality*	6. House ID#
Council on Foundations	358880076

TYPE OF REPORT 8. Year 2008 Q1 (1/1 - 3/31) ☑ Q2 (4/1 - 6/30) ☐ Q3 (7/1-9/30) ☐ Q4 (10/1 - 12/31) ☐

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ Termination Date 11. No Lobbying Issue Activity ☒

INCOME OR EXPENSES - **YOU MUST complete either Line 12 or Line 13**

12. Lobbying

INCOME relating to lobbying activities for this reporting period was:

Less than $5,000 ☐

$5,000 or more ☑ **$** 70,000.00

Provide a good faith estimate, rounded to the nearest $10,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSE relating to lobbying activities for this reporting period were:

Less than $5,000 ☒

$5,000 or more ☒ **$**

14. REPORTING Check box to indicate expense accounting method. See instructions for description of options.

☒ **Method A.** Reporting amounts using LDA definitions only

☒ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☒ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Signature Digitally Signed By: Kenneth J. Kies **Date** 04/21/2008

Printed Name and Title Kenneth J. Kies

v6.0.1f

EXHIBIT
Exhibit 219

Registrant Federal Policy Group (Clark & Wamberg LLC) Client Name Council on Foundations

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Add additional page(s) as needed.

15. General issue area code | TAX | Taxation/Internal Revenue Code | (one per page)

16. Specific lobbying issues

Charitable IRA rollover (H.R. 1419, S. 819); UBIT issues (H.R. 3501; modifications to charitable provisions of the Pension Protection Act of 2006; donor-advised funds; private foundations and supporting organizations

17. House(s) of Congress and Federal agencies ☐ Check if None

U.S. HOUSE OF REPRESENTATIVES, U.S. SENATE

18. Name of each individual who acted as a lobbyist in this issue area

First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Ken	Kies		Chief of Staff, Joint Committee on Taxation	☐
Matt	Dolan		Counsel, Senator David Durenberger	☐
Pat	Raffaniello		Chief of Staff, Congressman Bill Brewster	☐
Jim	Carlisle			☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Kenneth J. Kies

v6.0.1f

EXHIBIT
Exhibit 219

Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510
http://lobbyingdisclosure.house.gov	http://www.senate.gov/lobby

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) **- All Filers Are Required to Complete This Page**

1. Registrant Name ☑ Organization/Lobbying Firm ☐ Self Employed Individual

The Raben Group

2. Address ☐ **Check if different than previously reported**

Address1 1640 RHODE ISLAND AVENUE, NW Address2 SUITE 600

City WASHINGTON State DC Zip Code 20036 - Country USA

3. Principal place of business (if different than line 2)

City State Zip Code - Country

4a. Contact Name	b. Telephone Number ☐ International Number	c. E-mail	5. Senate ID#
Mr. Robert Raben	(202) 466-8585		61458-61531

7. Client Name ☐ *Self* ☐ *Check if client is a state or local government or instrumentality*	6. House ID#
Council on Foundations	353940063

TYPE OF REPORT 8. Year 2008 Q1 (1/1 - 3/31) ☐ Q2 (4/1 - 6/30) ☐ Q3 (7/1-9/30) ☐ Q4 (10/1 - 12/31) ☑

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ Termination Date 11. No Lobbying Issue Activity ☒

INCOME OR EXPENSES - YOU MUST complete either Line 12 or Line 13

12. Lobbying

INCOME relating to lobbying activities for this reporting period was:

Less than $5,000 ☐

$5,000 or more ☑ $ 15,000.00

Provide a good faith estimate, rounded to the nearest $10,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSE relating to lobbying activities for this reporting period were:

Less than $5,000 ☒

$5,000 or more ☒ $

14. REPORTING Check box to indicate expense accounting method. See instructions for description of options.

☒ **Method A.** Reporting amounts using LDA definitions only

☒ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☒ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Signature Digitally Signed By: Robert Raben **Date** 03/26/2009

Printed Name and Title Robert Raben, President

v6.0.1f

EXHIBIT
Exhibit 220

Registrant The Raben Group | Client Name Council on Foundations

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Add additional page(s) as needed.

15. General issue area code TAX Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues

Lobbying in support of excise tax reform for private foundations and charitable IRA rollover provisions for donor advised funds. These discussions were regarding possible legislation in the 111th Congress.

17. House(s) of Congress and Federal agencies ☐ Check if None

U.S. HOUSE OF REPRESENTATIVES, U.S. SENATE

18. Name of each individual who acted as a lobbyist in this issue area

First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Robert	Raben			☐
Karen	Marangi			☐
Haley	Griffin			☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Robert Raben, President

v6.0.1f

EXHIBIT
Exhibit 220

Clear all data and reset fields

Go to 'Form Completed' >

Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

1. Registrant name ☒ Organization ☐ Individual

Organization: Caplin & Drysdale, Chartered

2. Address ☐ Check if different than previously reported

Address1: One Thomas Circle, NW | Address 2: Suite 1100

City: Washington | State: DC | Zip Code: 20005 | Country: USA

3. Principal place of business (if different than line 2)

City | State/Zip or Country | Zip Code | Country

4a. Contact Name Prefix	Full Name	b. Telephone number	c. E-mail	5. Senate ID #
Mr.	Michael W. Durham	(202) 862-5031	mwd@capdale.com	8203-176

7. Client Name ☐ Self

Independent Sector

6. House ID # 31112015

TYPE OF REPORT 8. Year 2005 Midyear (January 1-June30) ☐ OR Year End (July 1-December 31) ☒

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ ⇨ Termination Date _____ 11. No Lobbying Activity ☐

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying Firms

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☒ ⇨ $ 120,000

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSES relating to lobbying activities for this reporting period were:

Less than $10,000 ☐

$10,000 or more ☐ ⇨ $ _____

14. REPORTING METHOD. Check box to indicate expense accounting method. See instructions for description of options.

☐ **Method A.** Reporting amounts using LDA definitions only

☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Edit Form > | Form Complete >

Senate Password _____ | File with Senate >

Signature: Michael W Durham (Digitally signed by Michael W Durham, DN: CN = Michael W Durham, O = N/A, OU = 3267 Non-Until Individual, Date: 2006.02.14 18:02:42 -05'00') Date: 2/14/2006

Printed Name and Title: Michael W. Durham - Attorney

LD-2DS (Rev. 4.06)

EXHIBIT
Exhibit 221

Go to 'Form Completed' >

Delete this page

Registrant Name Caplin & Drysdale, Chartered Client Name Independent Sector

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code TAX - Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues

Add page to continue specific issues description for this issue

Comprehensive review of regulation of the nonprofit sector in response to Congressional interest in that issue; provisions of S. 2020 related to the nonprofit sector.

17. House(s) of Congress and Federal agencies contacted ☒ Check if None

18. Name of each individual who acted as a lobbyist in this issue area

Add a page to continue adding lobbyists for this issue

Name: First Name	Name: Last Name	Name: Suffix	Covered Official Position (if applicable)	New
Robert	Boisture			☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature _____ Date 2/14/2006

Printed Name and Title Michael W. Durham - Attorney

LD-2DS (Rev. 4.06)

EXHIBIT
Exhibit 221

Go to 'Form Completed'

Delete this page

Registrant Name Caplin & Drysdale, Chartered Client Name Independent Sector

Information Update Page - Complete ONLY where registration information has changed.

20. Client new address

Address

City State Zip Code Country

21. Client new principal place of business (if different than line 20)

City State/Zip State Zip Code Country

22. New general description of client's business or activities

LOBBYIST UPDATE

23. Name of each previously reported individual who is **no longer** expected to act as a lobbyist for the client

	First Name	Last Name	Suffix		First Name	Last Name	Suffix
1	Lloyd	Mayer		3			
2				4			

ISSUE UPDATE

Find the code to select below.

24. General lobbying issues **that no longer** pertain

AFFILIATED ORGANIZATIONS

25. Add the following affiliated organization(s)

Name	Address	Principal place of Business (city and state or country)
	Address	City
	C/S/Z	State Country
	Address	City
	C/S/Z	State Country

26. Name of each previously reported organization that is **no longer** affiliated with the registrant or client

1 2 3

FOREIGN ENTITIES

27. Add the following foreign entities

Name	Address (Street Address, City, State/Province, Country)	Principal place of business (city and state or country)	Amount of contribution for lobbying activities	Ownership percentage in client
		City State Country		%

28. Name of each previously reported foreign entity that **no longer** owns, **or** controls, **or** is affiliated with the registrant, client or affiliated organization

1 3 5

2 4 6

Add a page for more updates

Signature _____ Date 2/14/2006

Printed Name and Title Michael W. Durham - Attorney

LD-2DS (R[illegible])

EXHIBIT
Exhibit 221

Clear all data and reset fields

Go to 'Form Completed' >

Clerk of the House of Representatives Legislative Resource Center B-106 Cannon Building Washington, DC 20515	Secretary of the Senate Office of Public Records 232 Hart Building Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

1. Registrant name ☒ Organization ☐ Individual

Organization Independent Sector

2. Address ☐ Check if different than previously reported

Address1 1200 18th Street, NW Suite 200 Address 2

City Washington State DC Zip Code 20036 Country USA

3. Principal place of business (if different than line 2)

City State Zip Code Country

City State/Zip or Country

4a. Contact Name Prefix Full Name: Ms. Patricia Read

b. Telephone number: 202-467-6147

c. E-mail: patr@independentsector.org

5. Senate ID #: 19252-12

7. Client Name ☒ Self: Independent Sector

6. House ID #: 32743000

TYPE OF REPORT 8. Year 2005 Midyear (January 1-June30) ☐ OR Year End (July 1-December 31) ☒

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ ⇨ Termination Date _____ 11. No Lobbying Activity ☐

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying Firms

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☐ ⇨ $ _____

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSES relating to lobbying activities for this reporting period were:

Less than $10,000 ☐

$10,000 or more ☒ ⇨ $ 20,000

14. REPORTING METHOD. Check box to indicate expense accounting method. See instructions for description of options.

☐ **Method A.** Reporting amounts using LDA definitions only

☒ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Edit Form > Form Complete >

Senate Password File with Senate >

Signature Patricia Read Digitally signed by Patricia Read DN: CN = Patricia Read, C = US, O = DST Asset Unaffiliated Individual Date: 2006.02.14 14:26:31 -05'00' Date 2/14/2006

Printed Name and Title Patricia Read, Senior Vice President, Public Policy and Government Relations

LD-2DS (Rev. 4.06)

EXHIBIT
Exhibit 222

CSOC.CBR.00032760

Go to 'Form Completed' >

Delete this page

Registrant Name Independent Sector Client Name Independent Sector

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code TAX - Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues *Add page to continue specific issues description for this issue*

1. S. 2020/ H.R. 4297, the Tax Relief Act of 2005, Title III, Provisions Relating to Charitable Donations, all provisions relating to charitable giving incentives and charitable reforms
2. S. 1780, the CARE Act, all provisions relating to charitable giving incentives and charitable reforms
3. H.R. 3908, the Charitable Giving Act, charitable giving incentives and charitable reforms
4. H.R. 8, Estate Tax Repeal Act, effect on charitable giving of repeal of the estate tax
5. H.R. 1607, S. 1366, the Public Good IRA Rollover Act, facilitating charitable donations from IRAs

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

U.S. House of Representatives
U.S. Senate
White House Office of Faith-Based and Community Initiatives

18. Name of each individual who acted as a lobbyist in this issue area *Add a page to continue adding lobbyists for this issue*

Name First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Diana	Aviv			☐
Patricia	Read			☐
Ellen	Witman			☐
Steven	Bloom			☐
Mary	Coogan			☐
Washington	Council E&Y			☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature _____ Date 2/14/2006

Printed Name and Title Patricia Read, Senior Vice President, Public Policy and Government Relations

LD-2DS (Rev. 4.06)

EXHIBIT
Exhibit 222

Go to 'Form Completed' >

Delete this page

Registrant Name Independent Sector Client Name Independent Sector

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code MMM - Medicare/Medicaid (one per page)

16. Specific lobbying issues

Add page to continue specific issues description for this issue

1. S. 1716, the Emergency Health Care Relief Act, providing Medicaid coverage for hurricane survivors
2. S. 1932, Budget Reconciliation Act, (Deficit Reduction Act of 2005), Section 6011, provisions regarding Medicaid asset transfer rules

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

US Senate
US.House of Representatives
White House Office of Faith-Based and Community Initiatives

18. Name of each individual who acted as a lobbyist in this issue area

Add a page to continue adding lobbyists for this issue

Name: First Name	Name: Last Name	Name: Suffix	Covered Official Position (if applicable)	New
Diana	Aviv			☐
Patricia	Read			☐
Steven	Bloom			☐
Ellen	Witman			☐
Mary	Coogan			☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature Date

Printed Name and Title Patricia Read, Senior Vice President, Public Policy and Government Relations

LD-2DS (Rev. 4.06)

EXHIBIT
Exhibit 222

Go to 'Form Completed' >

Delete this page

Registrant Name Independent Sector Client Name Independent Sector

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code HOU - Housing (one per page)

16. Specific lobbying issues

Add page to continue specific issues description for this issue

H.R. 1461, Federal Housing Finance Reform Act of 2005, Section 128, Affordable Housing Fund, advocacy restrictions on nonprofit applicants

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

U.S. House of Representatives

18. Name of each individual who acted as a lobbyist in this issue area

Add a page to continue adding lobbyists for this issue

Name			Covered Official Position (if applicable)	New
First Name	Last Name	Suffix		
Diana	Aviv			☐
Patricia	Read			☐
Steven	Bloom			☐
Ellen	Witman			☐
Mary	Coogan			☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature Date

Printed Name and Title Patricia Read, Senior Vice President, Public Policy and Government Relations

LD-2DS (Rev. 4.06)

EXHIBIT
Exhibit 222

Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

1. Registrant Name ☑ Organization ☐ Individual

Washington Council Ernst & Young

2. Address ☐ **Check if different than previously reported**

Address1 1150 17TH STREET, N.W. Address2 SUITE 601

City WASHINGTON State DC Zip Code 20036 - Country USA

3. Principal place of business (if different than line 2)

City State Zip Code - Country

4a. Contact Name	b. Telephone Number ☐ International Number	c. E-mail	5. Senate ID#
Mr. NICK GIORDANO	(202) 293-7474		57475-2195

7. Client Name ☐ Self	6. House ID#
INDEPENDENT SECTOR	351850098

TYPE OF REPORT 8. Year 2006 Midyear (January1-June30) ☐ Year End (July 1-December 31) ☑

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ Termination Date 11. No Lobbying Activity ☐

INCOME OR EXPENSES - **Complete Either Line 12 OR Line 13**

12. Lobbying

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☑ $ 100,000.00

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSE relating to lobbying activities for this reporting period were:

Less than $10,000 ☐

$10,000 or more ☐ $

14. REPORTING Check box to indicate expense accounting method. See instructions for description of options.

☐ **Method A.** Reporting amounts using LDA definitions only

☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Signature Digitally Signed By: Nicholas P Giordano **Date** 02/12/2007

US, DST ACES Business Representative, DST ACES Business Representative, Nicholas P Giordano

Printed Name and Title Nick Giordano, Partner

v5.0.0j

EXHIBIT
Exhibit 223

Registrant Washington Council Ernst & Young Client Name INDEPENDENT SECTOR

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code TAX Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues

Charitable tax incentives and other general tax issues

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☑ Other

Treasury

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
Tara	Bradshaw			☐
John	Doney			☐
LaBrenda	Garrett-Nelson			☐
Gary	Gasper			☐
Bruce	Gates			☐
Nick	Giordano			☐
Francis	Grab			☐
Dave	Koshgarian			☐
Anne	Phelps			☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Nick Giordano, Partner

EXHIBIT
Exhibit 223

Registrant Washington Council Ernst & Young Client Name INDEPENDENT SECTOR

ADDENDUM for General Lobbying Issue Area: TAX - Taxation/Internal Revenue Code

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
John	Porter			☐
Robert	Rozen			☐
Donna	Steele-Flynn			☐
Tim	Urban			☐
				☐
				☐
				☐
				☐
				☐
				☐
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				☐
				☐
				☐
				☐

Printed Name and Title Nick Giordano, Partner

EXHIBIT
Exhibit 223

Registrant Washington Council Ernst & Young Client Name INDEPENDENT SECTOR

Information Update Page - Complete ONLY where registration information has changed.

20. Client new address

Address

City State Zip Code - Country

21. Client new principal place of business (if different than line 20)

City State Zip Code - Country

22. New General description of client's business or activities

LOBBYIST UPDATE

23. Name of each previously reported individual who is no longer expect to act as a lobbyist for the client

	First Name	Last Name	Suffix		First Name	Last Name	Suffix
1	Marty	McGuinness		3			
2	Lauren	Bazel		4			

ISSUE UPDATE

24. General lobbying issue that no longer pertain

AFFILIATED ORGANIZATIONS

25. Add the following affiliated organization(s)

Name	Address (Street Address, City, State/Province, Zip, Country)	Principal Place of Business (city and state or country)
		City State Country City State Country

26. Name of each previously reported organization that is no longer affiliated with the registrant or client

1 2 3

FOREIGN ENTITIES

27. Add the following foreign entities

Name	Address (Street Address, City, State/Province, Country)	Principal place of business (city and state or country)	Amount of contribution for lobbying activities	Ownership percentage in client
		City State Country		%

28. Name of each previously reported foreign entity that no longer owns, or controls, or is affiliated with the registrant, client or affiliated organization

1 3 5

2 4 6

Printed Name and Title Nick Giordano, Partner

v5.0.0j

EXHIBIT
Exhibit 223

Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

1. Registrant Name ☑ Organization ☐ Individual

INDEPENDENT SECTOR

2. Address ☐ **Check if different than previously reported**

Address1 1200 18TH STREET, NW, #200 Address2

City WASHINGTON State DC Zip Code 20036 - Country USA

3. Principal place of business (if different than line 2)

City State Zip Code - Country

4a. Contact Name	b. Telephone Number ☐ International Number	c. E-mail	5. Senate ID#
Ms. PATRICIA READ	(202) 467-6147		19252-12

7. Client Name ☑ **Self**	6. House ID#
INDEPENDENT SECTOR	327430000

TYPE OF REPORT

8. Year 2006 Midyear (January1-June30) ☐ Year End (July 1-December 31) ☑

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ Termination Date 11. No Lobbying Activity ☐

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☐ $

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSE relating to lobbying activities for this reporting period were:

Less than $10,000 ☐

$10,000 or more ☑ $ 10,000.00

14. REPORTING Check box to indicate expense accounting method. See instructions for description of options.

- ☐ **Method A.** Reporting amounts using LDA definitions only
- ☑ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code
- ☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Signature Digitally Signed By: Patricia Read **Date** 02/13/2007

US, DST Aces Unaffiliated Individual, Patricia Read

Printed Name and Title Patricia Read, Senior Vice President, Public Policy and Government Affairs

v5.0.0j

EXHIBIT
Exhibit 224

Registrant INDEPENDENT SECTOR Client Name INDEPENDENT SECTOR

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code TAX Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues

1. H.R. 4, the Pension Protection Act, Title XII, provisions relating to exempt organizations
2. S.1366 and H.R. 1607, the Public Good IRA Rollover Act, allowing charitable contributions from IRAs

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☑ Other

Office of the President

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
Steven	Bloom			☐
Washington Council	Ernst & Young			☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Patricia Read, Senior Vice President, Public Policy and Government Affairs

EXHIBIT
Exhibit 224

Registrant INDEPENDENT SECTOR Client Name INDEPENDENT SECTOR

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code BUD Budget/Appropriations (one per page)

16. Specific lobbying issues

1. H.R. 5576, Treasury Appropriations, provisions related to funding the Internal Revenue Service
2. H.Con. Res. 376, S. Con. Res. 83, budget resolutions, provisions for domestic discretionary spending
2. the President's Fiscal Year 2008 Budget Request

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☑ Other

Office of the President

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
Sarah	Tomeo			☐
Washington Council	Ernst & Young			☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Patricia Read, Senior Vice President, Public Policy and Government Affairs

EXHIBIT
Exhibit 224

Registrant INDEPENDENT SECTOR Client Name INDEPENDENT SECTOR

Information Update Page - Complete ONLY where registration information has changed.

20. Client new address

Address

City State Zip Code - Country

21. Client new principal place of business (if different than line 20)

City State Zip Code - Country

22. New General description of client's business or activities

LOBBYIST UPDATE

23. Name of each previously reported individual who is no longer expect to act as a lobbyist for the client

	First Name	Last Name	Suffix		First Name	Last Name	Suffix
1	Diana	Aviv		3	Gloria	Engelke	
2	Mary	Coogan		4	Patricia	Read	

ISSUE UPDATE

24. General lobbying issue that no longer pertain

AFFILIATED ORGANIZATIONS

25. Add the following affiliated organization(s)

Name	Address: Street Address / City / State/Province / Zip / Country	Principal Place of Business (city and state or country)
		City State Country City State Country

26. Name of each previously reported organization that is no longer affiliated with the registrant or client

1 2 3

FOREIGN ENTITIES

27. Add the following foreign entities

Name	Address: Street Address / City / State/Province / Country	Principal place of business (city and state or country)	Amount of contribution for lobbying activities	Ownership percentage in client
		City State Country		%

28. Name of each previously reported foreign entity that no longer owns, or controls, or is affiliated with the registrant, client or affiliated organization

1 3 5

2 4 6

Printed Name and Title Patricia Read, Senior Vice President, Public Policy and Government Affairs

v5.0.0j

EXHIBIT
Exhibit 224

CSOC.CBR.00032768

Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) **- All Filers Are Required to Complete This Page**

1. Registrant Name ☑ Organization ☐ Individual

Washington Council Ernst & Young

2. Address ☐ **Check if different than previously reported**

Address1 1001 Pennsylvania Avenue, N.W Address2 SUITE 601

City WASHINGTON State DC Zip Code 20004 - Country USA

3. Principal place of business (if different than line 2)

City State Zip Code - Country

4a. Contact Name	b. Telephone Number ☐ International Number	c. E-mail	5. Senate ID#
Mr. NICK GIORDANO	(202) 293-7474		57475-2195

7. Client Name ☐ Self	6. House ID#
INDEPENDENT SECTOR	351850098

TYPE OF REPORT 8. Year 2007 Midyear (January1-June30) ☐ Year End (July 1-December 31) ☑

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ Termination Date 11. No Lobbying Activity ☐

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☑ $ 100,000.00

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSE relating to lobbying activities for this reporting period were:

Less than $10,000 ☐

$10,000 or more ☐ $

14. REPORTING Check box to indicate expense accounting method. See instructions for description of options.

☐ **Method A.** Reporting amounts using LDA definitions only

☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Signature Digitally Signed By: Nicholas P Giordano **Date** 02/01/2008

US, DST ACES Business Representative, DST ACES Business Representative, Nicholas P Giordano

Printed Name and Title Nick Giordano, Principal

v5.0.0m

EXHIBIT
Exhibit 225

Registrant Washington Council Ernst & Young Client Name INDEPENDENT SECTOR

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code TAX Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues

Charitable tax incentives and other general tax issues

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☑ Other

Treasury

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
Tara	Bradshaw			☐
John	Doney			☐
Donna	Steele-Flynn			☐
LaBrenda	Garrett-Nelson			☐
Gary	Gasper			☐
Bruce	Gates			☐
Nick	Giordano			☐
Francis	Grab			☐
Dave	Koshgarian			☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Nick Giordano, Principal

EXHIBIT
Exhibit 225

Registrant Washington Council Ernst & Young Client Name INDEPENDENT SECTOR

ADDENDUM for General Lobbying Issue Area: TAX - Taxation/Internal Revenue Code

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
Richard	Meltzer			☐
Anne	Phelps			☐
John	Porter			☐
Will	Heyniger			☐
Kurt	Ritterpusch			☐
Robert	Rozen			☐
Tim	Urban			☐
				☐
				☐
				☐
				☐
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				☐
				☐
				☐

Printed Name and Title Nick Giordano, Principal

v5.0.0m

EXHIBIT
Exhibit 225

CSOC.CBR.00032771

Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

1. Registrant Name ☑ Organization ☐ Individual

INDEPENDENT SECTOR

2. Address ☐ **Check if different than previously reported**

Address1 1200 18TH STREET, NW, #200 Address2

City WASHINGTON State DC Zip Code 20036 - Country USA

3. Principal place of business (if different than line 2)

City State Zip Code - Country

4a. Contact Name	b. Telephone Number ☐ International Number	c. E-mail	5. Senate ID#
Ms. PATRICIA READ	(202) 467-6147		19252-12

7. Client Name ☑ **Self**	6. House ID#
INDEPENDENT SECTOR	327430000

TYPE OF REPORT

8. Year 2007 Midyear (January1-June30) ☐ Year End (July 1-December 31) ☑

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ Termination Date 11. No Lobbying Activity ☐

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☐ $

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSE relating to lobbying activities for this reporting period were:

Less than $10,000 ☑

$10,000 or more ☐ $

14. REPORTING Check box to indicate expense accounting method. See instructions for description of options.

- ☐ **Method A.** Reporting amounts using LDA definitions only
- ☑ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code
- ☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Signature Digitally Signed By: Patricia Read **Date** 02/14/2008

Printed Name and Title Patricia Read, Senior Vice President, Public Policy and Government Affairs

EXHIBIT
Exhibit 226

Registrant INDEPENDENT SECTOR Client Name INDEPENDENT SECTOR

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code TAX Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues

1. H.R. 1419 and S. 819, the Public Good IRA Rollover Act, allowing charitable contributions from IRAs
2. H.R. 3996, Temporary Tax Relief Act of 2007, lobbied for inclusion of provision extending the IRA charitable rollover.

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☐ Other

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
David	Thompson		Senior Pension Counsel, US Senate	☐
Steven	Bloom			☐
Patricia	Read			☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Patricia Read, Senior Vice President, Public Policy and Government Affairs

EXHIBIT
Exhibit 226

Registrant INDEPENDENT SECTOR Client Name INDEPENDENT SECTOR

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code GOV Government Issues (one per page)

16. Specific lobbying issues

1. S. 1, Honest Leadership and Open Government Act of 2007, provision related to Member and staff attendance at charity events.

17. House(s) of Congress and Federal agencies ☐ Check if None ☐ House ☑ Senate ☐ Other

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
David	Thompson		Senior Pension Counsel, US Senate	☐
Patricia	Read			☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Patricia Read, Senior Vice President, Public Policy and Government Affairs

EXHIBIT
Exhibit 226

Registrant INDEPENDENT SECTOR Client Name INDEPENDENT SECTOR

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code EDU Education (one per page)

16. Specific lobbying issues

1. H.R. 2669, College Cost Reduction Act, provision allowing student loan forgiveness for public service, including service at 501(c)(3) organizations.

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☐ Other

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
David	Thompson		Senior Pension Counsel, US Senate	☐
Patricia	Read			☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Patricia Read, Senior Vice President, Public Policy and Government Affairs

EXHIBIT
Exhibit 226

Registrant INDEPENDENT SECTOR Client Name INDEPENDENT SECTOR

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code BUD Budget/Appropriations (one per page)

16. Specific lobbying issues

1. H.R. 2829, Financial Services and General Government Appropriations Act, provisions related to funding the Internal Revenue Service

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☐ Other

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
David	Thompson		Senior Pension Counsel, US Senate	☐
Patricia	Read			☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Patricia Read, Senior Vice President, Public Policy and Government Affairs

EXHIBIT
Exhibit 226

Registrant INDEPENDENT SECTOR Client Name INDEPENDENT SECTOR

Information Update Page - Complete ONLY where registration information has changed.

20. Client new address

Address

City State Zip Code - Country

21. Client new principal place of business (if different than line 20)

City State Zip Code - Country

22. New General description of client's business or activities

LOBBYIST UPDATE

23. Name of each previously reported individual who is no longer expected to act as a lobbyist for the client

	First Name	Last Name	Suffix		First Name	Last Name	Suffix
1	Steven	Bloom		3	Avi	Schaeffer	
2	Peter	Shiras		4			

ISSUE UPDATE

24. General lobbying issue that no longer pertains

AFFILIATED ORGANIZATIONS

25. Add the following affiliated organization(s)

Name	Address (Street Address; City; State/Province; Zip; Country)	Principal Place of Business (city and state or country)
		City / State / Country
		City / State / Country

26. Name of each previously reported organization that is no longer affiliated with the registrant or client

1 2 3

FOREIGN ENTITIES

27. Add the following foreign entities

Name	Address (Street Address; City; State/Province; Country)	Principal place of business (city and state or country)	Amount of contribution for lobbying activities	Ownership percentage in client
		City / State / Country		%

28. Name of each previously reported foreign entity that no longer owns, or controls, or is affiliated with the registrant, client or affiliated organization

1 3 5

2 4 6

Printed Name and Title Patricia Read, Senior Vice President, Public Policy and Government Affairs

v5.0.1b

EXHIBIT
Exhibit 226

CHARLES B. RANGEL
16TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
RANKING MEMBER
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

2354 RAYBURN HOUSE OFFICE BU
WASHINGTON, DC 20515–321
TELEPHONE: (202) 225–436

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–3900

PLEASE RESPOND TO
OFFICE CHECKED

June 13, 2005

Ivan G. Seidenberg, Chair
The Verizon Foundation
1095 Avenue of the Americas, Rm. 3200
New York, NY 10036

Dear Mr. Seidenberg:

I am writing to you, as a leader in the corporate philanthropic community with a shared vision and commitment to public service, to share news of an initiative with a potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the College has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

As you know, throughout my public career I have believed in the special strength derived from our racial and ethnic diversity and that we as lawmakers must lead in assuring that opportunity for public service be made available to all with the goal of achieving a policymaking community that reflects the rich tapestry of cultures, faiths, colors and ethnicities that make us who we are as a great nation. I am asking you to join me in the creation of a public policy center that will motivate and prepare young people presently underrepresented in public life to pursue careers in public service.

Today, non-whites make up nearly thirty percent of the US population. Yet, according to the Equal Economic Opportunity Commission's 2003 report on the federal workforce, only 13.8% of the men and women who occupy the top



managerial, supervisory, and policy-making positions in the US Federal government are members of minority groups. And by 2050, minority groups in the US will comprise more than 50% of our population.

The Charles B. Rangel Center in the City College of New York, a school in the most ethnically diverse city in our nation and with an unparalleled history of supporting the empowerment of immigrant ethnic groups, will help to ensure that those who run our nation will be reflective of our diversity. I have embraced the College's concept because it will allow me to locate the inspirational aspects of my legacy in my home Harlem community.

As you will see from the enclosed presentation, the Rangel Center at the City College of New York will be alive with the work of scholars and students working on public policy issues and studying the political dimension of change. It will not be a Library or a Museum, but a living institution brimming with ideas and stimulating debate.

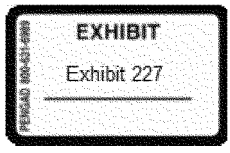
I will be exploring with my Congressional colleagues how best to move this idea through the appropriations process and am optimistic about securing funds for the planning phase of the creation of the Center. I request your advice and assistance concerning how to approach the donor community, particularly private and corporate foundations interested in education. I look forward to entering into a dialogue with you on the funding of the Rangel Center concept in the coming weeks and months.

Sincerely,

Charles B. Rangel
Member of Congress

CBR:gad

CBR 002684



Ivan Seidenberg/EMPL/NY/Verizon	To	Patrick Gaston/EMPL/DC/Verizon@VZNotes
	cc	
06/23/2005 09:12 PM	bcc	
	Subject	Re: Congressman Rangel request

This is a tricky one...I'm not sure that Congressman Rangel will be satisfied with a modest participation...As a first step I agree you should explore this with his staff and then let's see what the situation might be...Just call his office and find out who you might meet with to explore this...Wait on a letter from me until we know what we intend to do.....igs



Roger A. Mott/EMPL/DC/Verizon
06/28/2005 10:12 AM

To jon.sheiner@mail.house.gov
cc
bcc
Subject Fw: CWA Letter on FET

Jon

Thanks for the time the other day to chat about repeal of the FET.

Enclosed is a CWA letter on the same issue I wanted to pass along in case you don't have it.

Let me know when the latest injury is healed so we can actually hit the course.

Take care.

Roger



CWA House Ltr HR 1898 61005.pdf



Communications Workers of America
AFL-CIO, CLC

501 Third Street, N.W.
Washington, D.C. 20001-2797
202/434-[illegible] Fax 202/434-[illegible]

Barbara J. Easterling
Secretary-Treasurer

June 10, 2005

House of Representatives
Washington, D.C. 20515

Dear Representative:

The Communications Workers of America (CWA) urges you to cosponsor the Telephone Excise Tax Repeal Act, H.R. 1898, introduced by Congressman Gary Miller (R-CA).

The federal excise tax on telephone service originated as a provision of the Spanish War Act of 1898. The 55th Congress enacted this tax to help finance the military conflict between the United States and Spain. The Spanish American War lasted six months. The federal excise tax on telephone service has lasted 107 years.

In 1898, when Congress enacted the telephone tax, there were 1,376 telephones throughout the United States. Possession of a telephone was a luxury, confined to the wealthy elite. Today, nearly 100 million households and almost 30 million businesses possess telephones. Each of these subscribers is required to pay the three percent federal excise tax that is applied to monthly bills. Rather than a luxury, possession of a telephone today is a necessity.

The three percent telephone excise tax is a regressive levy that harms low-income households. Because this tax is fixed at three percent - - regardless of whether a household has an annual income of $10,000 or $10,000,000 - - it causes poor families to pay more proportionately to receive telephone service than wealthy families do. It is estimated that families with less than $10,000 in annual income spend more than nine percent of their income on telephone service while families with more than $80,000 in annual income spend one percent or less of their income on telephone service.

The federal excise tax on telephone service worsens the "digital divide" between rich and poor consumers of telephone service. This discriminatory penalty imposed on poor households contradicts the intent of the law that Congress enacted in 1898 when it established the telephone excise tax as a luxury levy applied to a service utilized by the wealthy elite.



On behalf of the more than 700,000 workers whom the Communications Workers of America represents in collective bargaining, I request that you cosponsor H.R. 1898, legislation that would disconnect the archaic telephone excise tax from the Internal Revenue Code.

Sincerely,

Barbara Easterling
Secretary-Treasurer



Patrick Gaston/EMPL/DC/Verizon
06/28/2005 12:12 PM

To Roger A. Mott/EMPL/DC/Verizon@VZNotes
cc
bcc
Subject Re: Congressman Rangel request

Thanks Roger. I will follow up with her. Patrick

Roger A. Mott

Roger A. Mott
06/28/2005 10:51 AM

To: Patrick Gaston/EMPL/DC/Verizon@VZNotes
cc:
Subject: Re: Congressman Rangel request

Patrick

In line with our conversation I have spoken with George Dalley, Charlie Rangel's Chief of Staff here in DC. The Congressman is most appreciative that we have responded and are willing to meet to discuss further.

George asked that you contact Rachelle Butler, VP of Development for CCNY at 212-650-[redacted] and hold an initial meeting with her.

Roger
Patrick Gaston/EMPL/DC/Verizon

Patrick Gaston/EMPL/DC/Verizon
06/23/2005 03:39 PM

To Ivan Seidenberg/EMPL/NY/Verizon@VZNotes
cc
Subject Congressman Rangel request

Ivan,

I have reviewed a recent letter that you received from Congressman Rangel requesting your support and counsel for the creation of "The Charles B. Rangel Center" at the City College of New York. The center's primary emphasis will be to provide education and training in public policy to underprivileged students in the NYC area. I have discussed this request with Paul Crotty and Roger Mott as well. I recommend that I formulate a letter for your signature advising Congressman Rangel of our willingness to assist and that I will be in touch to set up a meeting with him to explore ways in which we can provide support. In light of the center's emphasis on training and education, I am hopeful that we can find a suitable/modest program aligned with our priorities.

Your thoughts are appreciated.

Patrick



Telephone Report
Date: June 28, 2005
To: File
From: Shelly Butler
Re: Rangel Center

Today, I received a call from Bernice Bradshaw at 212 395[illegible] about the proposed Rangel Center. Charles Rangel had told Mr. Mott to ask Patrick Gaston, president of the Verizon Foundation, to call me. I am waiting for her to get back to me.



CSOC.CBR.00024468

Call Report
Date: July 13, 2005
To: File
From: Shelly Butler
Re: Rangel Center for Public Service

To have the men and women who occupy the top managerial, supervisory and policy-making positions should mirror the diversity of the nation and that the federal workforce should reflect that

The City College of New York is the only public college in Harlem, in Rangel's district, and he has a close association with our school and our president, Dr. Gregory Williams

Diversity

Last year, US News ranked us most diverse college in the nation where African-Americans were the largest group; this year were Hispanic-Americans largest group—90 languages—150 nations;

Historically, for 158 years, our mission has been excellence and access; opportunity to obtain a first-class education and enter the professions:
Majority of our students come from families $30k/year
Immigrants or children of immigrants
First in their families to go to college
¾ work

Graduate program for students from underrepresented groups—prepare them for public service--Inspire our best students to move into graduate work and pursue careers in public service

prepare the Harlem limestone mansion adjacent to campus to be the Rangel Center

now in the private sector approach—public/private sector partnership; signal to other private sector donors; we will get seed money, but then the rest will depend on how well we do in the private sector outreach

Name the communications network center/smart classroom—Verizon - $500k--$100k/year for five years; preference not to multi-year; $500k over three years
a large conference room--$300k
a meeting/seminar room--$150k

Patrick said they're interested in literacy and learning—early childhood—with this new center, a lot easier to consider if
we do believe that we can utilize technology to enhance the learning process

buy-in for school of ed—he liked that



CSOC.CBR.00024450

will the rangel center be part of city college? Yes, the rangel center will be a part of city college

I've got to get back to my folks—can't consider this until the beginning of next year—real money—until 2006; but pledge can come earlier

Give me a couple of weeks to get this socialized; I'll get back to you with the next steps
Get back to congressman rangel—good conversations, looks positive

Send him a recap

patrick.g.gastor

he wanted to know if other corporations were interested—I told him Ford, JP Morgan Chase, Citibank, etc.

he wanted to know if this would be a big thing and I said yes, it would be national and that this would be the only Rangel Center

Do we know Rangel? I said he and the president are close

Spoke to george dalley

Sunday, july 17 email from Patrick:

I think that there is a good possibility to do this over a period of 3 to 5 years beginning in 2006. Let's discuss this week to firm up. Please call me at 202-236- next Tuesday to discuss.

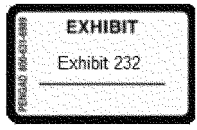
July 19, 2005

202-236-

called Patrick –he talked to Ivan and things look good; we would want to it be technology, where people could improve their IT skills and literacy; thing that 's a little tricky; we're not accustomed to doing pledges—he still has to get it approved by CFO and board is there a way; unless we have a grant in the system and it's got to be approved; money doesn't need to be released

I will give you a written grant proposal; similar
$500k over a period of three-five years; go online—do a budget; benefits pretty specific

board of directors only approve written grants



CSOC.CBR.00024451

CSOC.CBR.00024451

baby is 5 days old; Christopher Pierre Gaston--$25k this year and the remainder over the next three years

not ironclad, but we're very optimistic; brother Daniel—15 months
if we get it approved,

Joseph Scaccia, Director of Finance and Operations
will call me to help

Patrick Gaston, President
Verizon Foundation
Send it to 1095 Sixth Avenue
New York, NY 10036

Joe called today: need to put a grant request in the system:

Joe gave me a name: rbutler[redacted]
And password: [redacted]

Technology thread, basic literacy, e-learning, education

Budget: $10k for 2005; 157k for 2006; 167k for 2007; 166k for 2008=$500k

Joe 212 395-[redacted] email: joseph.e.scaccia[redacted]
where it says "critical evaluation" you would like to see a measurement and evaluation component—how are we going to see the success of this program; true and measurable outcome at the end of the program; who will benefit;

Proposal goes to joe and if he has any comments he can send back to me
Call him at (212) 395-[redacted]– NUMBER NOT IN SERVICE

Conversation with Joe Scaccia August 31, 2005

1. Does the cost for digitization ($145k) represent hardware, software, or both or the cost of people digitizing? And if it is both, what is the breakdown? Digitization done on campus with equipment which will be kept for the future

2. Is it accurate to say that the verizon center will be inside the rangel center; it will be located in the RC, but its work will go far beyond, around the campus, to other campuses—videoconferencing; digitization, etc.

3. accurate to say that he lion's share represents equipment and computers?: of the $500k request, what % represents equipment and what does the balance represent



CSOC.CBR.00024452

CSOC.CBR.00024452

I said equipment, but not computers, but that was wrong

$460/$500k (92%) is either equipment or special facility needs

the balance is $40/500k (8%) is project management, training, and consulting fees

of the 92%, $130k or 28%, is special facility needs including computers and their stations embedded with tech options; large-screen data projection equipment and chairs; also Electrical, Lighting, and Data, Power, Audio and Video Outlets, Sound Proof Walls, Blackout Shades, Flooring; Programmable Control System (e.g., Crestron)

the remainder, or $330k or 72%, is hardware and software, including the costs of digitization

Vince:

there are scanners that you can buy that convert the printed word to pdf files--$900 each—50 pages/minute

pay them $10/hour person hours—let's say you can do 20 scans (50pp) per hour—let's say 500 pages per labor hour for every computer --not just scanning willie/nillie but organizing

talk about $4k per terminal—top of the line desktop at $3k, plus scanner at $900

get four or five—that's $20k—then labor costs

build in a couple of conferences

rangel's lifelong output ---1,000,000 or 100 10,000's

so much of her effort is cataloguing and organizing—may need to bring in people to talk about the criteria for digitizing; weekly workshops, lead team to make decisions; people at the student level who can implement it

upper-level consultancy meeting conferences--

September 22, 2006
DIALED joe scaccia's number—not in service
called Patrick gaston's number and left message



CSOC.CBR.00024453

CSOC.CBR.00024453

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE
WAYS AND MEANS
RANKING MEMBER

JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-3215
TELEPHONE: (202) 225-4365

DISTRICT OFFICE
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900

PLEASE RESPOND TO:
UPPER CHELSEA

July 15, 2005

Mr. Ivan Seidenburg
Verizon Foundation
1095 Ave. of the Americas, Rm. 3200
New York, NY 10036

Dear Mr. Seidenburg:

Thank you for arranging for a meeting between the Executive Director of the Verizon Foundation and the Vice President for Development of the City College of New York to discuss funding possibilities for the Charles B. Rangel Center for Public Service at the City College of the City University of New York. As you know, the Center will provide an opportunity for education and training centers in public service for the underprivileged students the college has traditionally served.

I understood that the meeting went well and the foundation may be considering a grant in support of the Center.

I appreciate your interest in this endeavor and look forward to continuing our discussion.

Please do not hesitate to contact me about the creation of the Center.

Sincerely,

CHARLES B. RANGEL
Member of Congress

CBR/jys

EXHIBIT
Exhibit 233

CBR 003088

CSOC.CBR.00007279

Ivan Seidenberg/EMPL/NY/Verizon	To	Patrick Gaston/EMPL/DC/Verizon@VZNotes
	cc	
07/16/2005 12:53 PM	bcc	
	Subject	Re: Rangel center follow up

A 500k commitment over a five year period sounds like it might work.....From the description,it sounds like a good program...The key here is to make sure that Mr. Rangel appreciates this level of support ....igs



VZ-CCNY 1197

CSOC.CBR.00022688



Patrick Gaston/EMPL/DC/Verizon@VZNotes
07/17/2005 05:50 PM

To "rbutler" <[redacted]>
cc
bcc
Subject Re: The Rangel Center

Hi Shelly,

I think that there is a good possibility to do this over a period of 3 to 5 years beginning in 2006. Let's discuss this week to firm up. Please call me at 202-236-[redacted] next Tuesday to discuss.

Thanks,

Patrick

Sent from my BlackBerry Wireless Handheld

Grant in system
10,000 $25,000 2005
157,000 142,000 2006
167,000 2007
166,000 2008
$ 500,000

----- Original Message -----
From: "Rachelle Butler" [redacted]
Sent: 07/17/2005 11:38 AM
To: Patrick Gaston/EMPL/DC/Verizon@VZNotes
Subject: The Rangel Center

tech, literacy, education.

Dear Patrick,

Thanks so much for our wonderful conversation about the proposed Charles B. Rangel Center for Public Service at The City College of New York (CCNY). We feel very privileged to be able to establish this Center at City College in honor of one of America's most distinguished public servants. The City College of New York, the only public college in Harlem, is located in Congressman Rangel's district, and he has long had a close association with our school and its leadership, including our current president, Dr. Gregory Williams. The creation of the Center at The College will be an event of national and international importance, as this will be the only Center honoring the Congressman in the US, and it should be of considerable interest to the press.

As we discussed, we are now in the phase of the public/private sector partnership that is required by the Congress for their support of the project. Many corporations and foundations have expressed interest in participating, including the Ford Foundation, J.P. Morgan Chase, Citibank, and many others. We anticipate receiving seed money from Congress, but full support will depend on how well we do in the private sector outreach phase.

I'm sure you know that Congressman Rangel has always advanced the idea that the men and women who occupy the top managerial, supervisory and policy-making positions should mirror the diversity of the nation and that the federal workforce should reflect that. I know that Verizon shares this goal and we believe that City College's diversity and mission make us the best source of talent to fulfill it.

Last year, US News and World Report ranked CCNY the most diverse college in the nation where African-Americans were the largest group; this year we were ranked the most diverse college in the nation where Hispanic-Americans are the largest group. More than 90 languages are spoken on our campus and our



students hail from more than 150 countries.

Historically, for 158 years, City College's mission has been one of excellence and access, offering our students opportunity to obtain a first-class education at an affordable price and enter the professions. The majority of our students come from families making less than $30k/year; they are mostly immigrants or the children of immigrants; they are often the first in their families to go to college; and, more than 75% of them work, either full time or at one or more part-time jobs. Today, once again, City College is selective and is widely seen to be entering its second Golden Age.

Briefly, the Rangel Center will include:

- A combined BA/MA program and a stand-alone MA graduate program for students from groups currently underrepresented in public service; the goal is to inspire our best students to move into graduate work and pursue careers in public service:

- A Mid-Career Leadership Program targeted at outstanding leaders from communities underrepresented in public service and designed to advance them into public service leadership positions;

- The Charles B. Rangel Library, which will contain the product of 50 years of public service by Congressman Rangel, the major African-American statesman of the 20th and early 21st centuries; scholarly research in the archives will generate work of great importance, both in the academic and public spheres;

- The Center itself, housed in the restored and renovated Harlem limestone mansion adjacent to The City College campus.

We would very much like to have the Verizon Foundation as one of our partners in this major initiative and we believe that what would be most appropriate for both Verizon and the Rangel Center would be to name the communications network center for the Verizon Foundation.

Today, we know that the learning process is enhanced through carefully designed and applied technology. The new cutting-edge communications network center will be the heart of that technology, connecting the Rangel Center Library with the City College library and other research and practice institutions, enabling state-of-the-art wireless computer access within the Center, and offering the prospect of future technical advances. We feel, too, that other departments in The College, such as the School of Education, will be very interested in observing how such a communication center can increase learning.

The cost for creating the communications center will be $500,000 and we would like to name it the Verizon Foundation Communications Center in honor of our friends and partners at Verizon. At his moment, we are asking only for signed pledges although we hope to begin work on the Center in late 2005 or early 2006.

As you requested, I have contacted the Congressman's office and asked them to notify him that we have had a very good conversation. I look forward to hearing from you after you have consulted with other Verizon leaders and to beginning what I hope will be a long and happy relationship between Verizon, City College, and the Rangel Center.

Again, my warmest thanks.



Sincerely,

Shelly

--
Rachelle D. Butler, Vice President
Development and Institutional Advancement
The City College of New York
Shepard S-154
138th and Convent Avenue
New York, NY 10031
Tel: (212) 650- (212) 650-
Fax: (212) 650-
Email: rbutler

--



2/18/05

To: <patrick.g.gaston[redacted]
Subject: The Rangel Center

Dear Patrick,

Thanks so much for our wonderful conversation about the proposed Charles B. Rangel Center for Public Service at The City College of New York (CCNY). We feel very privileged to be able to establish this Center at City College in honor of one of America's most distinguished public servants. The City College of New York, the only public college in Harlem, is located in Congressman Rangel's district, and he has long had a close association with our school and its leadership, including our current president, Dr. Gregory Williams. The creation of the Center at The College will be an event of national and international importance, as this will be the only Center honoring the Congressman in the US, and it should be of considerable interest to the press.

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Briefly, the Rangel Center will include:

- A combined BA/MA program and a stand-alone MA graduate program for students

EXHIBIT
Exhibit 236

VZ-CCNY 0004

CSOC.CBR.00022990

from groups currently underrepresented in public service; the goal is to inspire our best students to move into graduate work and pursue careers in public service:

- A Mid-Career Leadership Program targeted at outstanding leaders from communities underrepresented in public service and designed to advance them into public service leadership positions;

- The Charles B. Rangel Library, which will contain the product of 50 years of public service by Congressman Rangel, the major African-American statesman of the 20th and early 21st centuries; scholarly research in the archives will generate work of great importance, both in the academic and public spheres;

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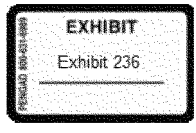
Again, my warmest thanks.

Sincerely,

Shelly



Patrick Gaston/EMPL/DC/Verizon
07/27/2005 12:47 PM

To Roger A. Mott/EMPL/DC/Verizon@VZNotes
cc
bcc
Subject Re: The Rangel Center

History: This message has been replied to.

We will do 500k over 3-5 years beginning early 2006. We have confirmed with Shelly Butler of City College who will be submitting the grant in our system. It will still need to be approved by Doreen and the Foundation Board. However its safe to say that its a go pending these approvals.

Sent from my BlackBerry Wireless Handheld
Roger A. Mott

From: Roger A. Mott
Sent: 07/27/2005 10:47 AM
To: Patrick Gaston
Subject: Re: The Rangel Center

Patrick

Just checking in with you to see if this is firm or still in discussion stage. Seeing Charlie later this week and not bringing it up but need status in case he raises with me.

Thanks Roger
Patrick Gaston/EMPL/DC/Verizon

Patrick Gaston/EMPL/DC/Verizon
07/17/2005 09:24 PM

To Roger A. Mott/EMPL/DC/Verizon@VZNotes
cc
Subject Re: The Rangel Center

I did not want to confirm with her in writing but I am confident it will happen. I will let you know.

Sent from my BlackBerry Wireless Handheld

----- Original Message -----
From: Roger A. Mott
Sent: 07/17/2005 09:10 PM
To: CN=Patrick Gaston/OU=EMPL/OU=DC/O=Verizon@VZNotes
Subject: Re: The Rangel Center

Patrick

Sounds good. Thanks for keeping me posted. Know you will let me know if it firms up in coming days.

Roger



VZ-CCNY 1198

CSOC.CBR.00022689

Sent from my BlackBerry Wireless Handheld

----- Original Message -----
From: Patrick Gaston
Sent: 07/17/2005 05:50 PM
To: "rbutler" <[redacted]>
Subject: Re: The Rangel Center

Hi Shelly,

I think that there is a good possibility to do this over a period of 3 to 5 years beginning in 2006. Let's discuss this week to firm up. Please call me at 202-236-[redacted] next Tuesday to discuss.

Thanks,

Patrick

Sent from my BlackBerry Wireless Handheld

----- Original Message -----
From: "Rachelle Butler" [redacted]
Sent: 07/17/2005 11:38 AM
To: Patrick Gaston/EMPL/DC/Verizon@VZNotes
Subject: The Rangel Center

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Again, my warmest thanks.



Sincerely,

Shelly

--
Rachelle D. Butler, Vice President
Development and Institutional Advancement
The City College of New York
Shepard S-154
138th and Convent Avenue
New York, NY 10031
Tel: (212) 650-[redacted], (212) 650-[redacted]
Fax: (212) 650-[redacted]
Email: rbutler[redacted]

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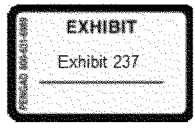


Roger A. Mott/EMPL/DC/Verizon
07/29/2005 09:09 AM

To "Dalley, George" <George.Dalley@mail.house.gov>
cc
bcc
Subject RE: Video Choice Act of 2005

George

Thanks very much. Most appreciated. Know it is a crazy day.

Roger
"Dalley, George" <George.Dalley@mail.house.gov>



"Dalley, George" <George.Dalley@mail.house.gov>
07/29/2005 09:05 AM

To Roger A. Mott/EMPL/DC/Verizon@VZNotes, "Featherson, Wendy" <Wendy.Featherson@mail.house.gov>
cc
Subject RE: Video Choice Act of 2005

Charlie has our memo recommending cosponsorship, but he is swamped. We'll have a decision to you by COB today.

-----Original Message-----
From: roger.a.mott
Sent: Friday, July 29, 2005 9:03 AM
To: Featherson, Wendy; Dalley, George
Subject: Fw: Video Choice Act of 2005

Wendy and George

In addition to the group of Democratic cosponsors you already have, yesterday we added the following:

Greg Meeks
Carolyn Maloney
Patrick Kennedy
Mike Michaud
Joe Baca

Along with Wynn, Bennie Thompson, Sanford Bishop, Crowley, Neal, Rahall, Mollohan, Rothman and Wexler, we have 14 Democratic cosponsors and 32 total.

Hope Charlie can join in today. It would be a huge boost to our efforts and most appreciated by Ivan and certainly by me

Thanks Roger
----- Forwarded by Roger A. Mott/EMPL/DC/Verizon on 07/29/2005 08:57 AM



Roger A.
Mott/EMPL/DC/Veri
zon

07/28/2005 10:32
AM

To: wendy.featherson@mail.house.gov, george.dalley@mail.house.gov
cc:
Subject: Fw: Video Choice Act of 2005

Wendy and George

Sanford Bishop and Rahall were added last night to go with the group already on. Anything you can do today before adjournment to encourage Charlie is most appreciated.

Thanks Roger
----- Forwarded by Roger A. Mott/EMPL/DC/Verizon on 07/28/2005 10:30 AM -----

Roger A.
Mott/EMPL/DC/Veri
zon

07/27/2005 11:01
AM

To: wendy.featherson@mail.house.gov, george.dalley@mail.house.gov
cc:
Subject: Fw: Video Choice Act of 2005

Wendy and George

Below is the e-mail with background material I sent earlier this month. We are trying to build enough momentum to either push the Blackburn/Wynn bill forward or get the House Commerce Committee to include language in its overall Telecom Reform bill they are working on now to draft, that will assure competition for the first time ever in the cable/video marketplace. Good consumer issue as evidenced by the GAO study showing in those rare cases where cable does have competition, prices are 15% lower for individual customers.

On the Democratic side, in addition to our primary sponsor Al Wynn, the following have agreed to cosponsor:



Crowley
Neal
Bennie Thompson
Wexler
Rothman
Mollohan

More are close as we speak and I am comfortable we will have at least 20 Democratic cosponsors by end of the week. We are focused on the old NYNEX territory in our efforts or we would have even more if it were a nationwide effort.

Charlie would be a wonderful cosponsor. Holler if you need anything else from me.

Thanks Roger
----- Forwarded by Roger A. Mott/EMPL/DC/Verizon on 07/27/2005 10:53 AM -----

Roger A. Mott/EMPL/DC/Verizon
07/15/2005 12:51 PM

To: wendy.featherson@mail.house.gov, george.dalley@mail.house.gov
cc:
Subject: Fw: Video Choice Act of 2005

Wendy and George

I am contacting you both on this issue because in addition to being a legislative issue, it has local political impact.

It would be greatly appreciated if Charlie can cosponsor HR 3146, the Blackburn-Wynn Video Choice Act. Below are some background materials that should be helpful.

Our buildout of Fiber to the Premises is a once in a generation upgrade of our existing system to accommodate super high speed internet and also video services.

The issue of nationwide franchising is Verizon's top priority and quite frankly will determine the future of the business. We feel confident we can compete with cable, just as they are succeeding in competing with us today for phone customers in an unhindered fashion. However, we can't enter the video business in a timely fashion if we must first negotiate 10,000 separate franchise agreements across the Verizon territory. Going one by one will slow the process down to the point our business plans lose any viability and actual cable competition will not happen.

On the political side of the equation it means cable choice, as well as price competition in this area, for the first time ever. It also means a



union company, Verizon finally giving the nonunion cable companies the competition that has been lacking for so long.

Thanks for raising this request with Charlie. We are anxious to line up key cosponsors ASAP. Glad to come by to discuss further if that is helpful.

Roger

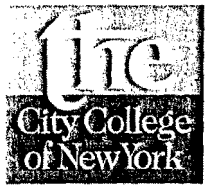
(See attached file: HOUSEFINAL.pdf)

(See attached file: BlackburnWynnpressrelease.doc)

(See attached file: VZonepager.DOC)

(See attached file: Housedearcolleague.doc)





Proposal to The Verizon Foundation

for

The Verizon Network Communications Center

at the

Charles B. Rangel Center for Public Service

August 3, 2005



A Proud History and Mission – The Children of the Whole People

The City College of New York was founded in 1847 by Townsend Harris to offer higher education to the children of the working class and immigrants. The College has produced great scientists, captains of industry, public servants, teachers, doctors, lawyers, architects and engineers, opening doors for young men and women with few material resources and opportunities.



Today's City College is a microcosm of New York City, with one of the most diverse student bodies of any college in America. Its more than 12,000 students carry on a tradition of excellence as they win prestigious awards and fellowships, gain acceptance to leading graduate and professional schools, and make their marks in the sciences, in the arts, in public service, in industry, in education.

Access and Excellence

For 158 years, The City College of New York has symbolized the union of excellence and public higher education. The most important avenue to upward mobility and social advancement for generations of New Yorkers, City College has provided an unsurpassed educational opportunity to hundreds of thousands of talented but needy students. With particular focus on meeting the needs of "the children of the whole people," The College provides unique opportunities for underrepresented populations to enter fields new to them with expert skills and education.



Diversity and Need

Many schools talk about diversity; City College lives it
Last year, *US News and World Report* ranked City College first in diversity in the nation, with African-Americans as the largest minority. This year, City College was ranked first with Hispanic-Americans as the largest minority. The 2004 issue of CCNY's *City Facts* states that in the voluntary section of the admissions application, 87% of CCNY students describe themselves as members of a minority group.

The *Chronicle of Higher Education 2003 Almanac* reports that nationally, within the category of bachelor's degrees earned at all colleges, White students earn 75% of the total, Blacks 8.5%, Hispanics 6.5%, and Asian-Pacific Islanders 6.2%. The same year at City College, however, Blacks received 34.1%, Hispanics 30.1% and Asian/Pacific Islanders 11%, an incredible record of success in populations underrepresented in bachelor's degrees earned. Many of these degrees are awarded in exceptionally demanding programs unique to City College which do not exist elsewhere in the City University system, such as engineering, architecture, biomedical education, and certain science programs.

Most of CCNY's students come from the New York City public schools. Many are immigrants or children of immigrants; they speak 91 languages other than English and were born in 147 countries. City College students are usually the first in their families to go to college, following a tradition that reflects the pattern of generations of CCNY alumni, whose achievements became the model for their own families.





Founded to provide children of the poor and new immigrants access to the American dream now still, as in its storied past, CCNY students are financially needy. ***Approximately 58% come from families with combined incomes of $25,000 or less;*** three-quarters of the students work while attending school, some at more than one job. Over half of the students attend part time, most often for financial reasons. They pay $5,000/year in tuition, books, and fees. While the comparatively low tuition narrowly makes it possible for them to attend a top quality college, the cost is high when compared to the income many of them, or their families, earn. Because they frequently need to support themselves and sometimes even help support their families, they often

EXHIBIT
Exhibit 239

take longer to graduate, sometimes having to leave before they earn the bachelor's degree. Working longer hours takes away valuable time from their studies, making it that much more difficult to attain the success they strive for and merit. Few have the time for public service, but many strive to do it nevertheless.

Why Students Come to City College

A small university, with unique courses of study, 40 graduate degree programs and 10 of CUNY's doctoral programs.

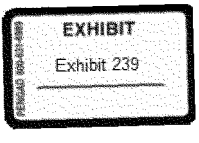
City College draws many of the neediest applicants to the City University system. Why? Because The City College of New York is the only college in the CUNY system with Schools of Architecture, Engineering, and Biomedical Education, and many innovative programs in environmental engineering and science, graphic design, media arts production, publishing, and urban legal studies. Indeed, in most cases, these are the only public schools or programs of their kind in New York City. Consequently, City College is the sole gateway for these students to enter these professions, as they cannot afford to attend private institutions that may offer a comparable course of study. Most have meager financial resources but great resolve.

Profiles in Determination

The 2003 valedictorian, Sylvia Arrendondo, worked as a housekeeper while she completed her demanding chemical engineering program here. She now has a full graduate fellowship at the University of Texas in engineering. Zhanna Soushko, the 2004 CCNY valedictorian, worked as a waitress during her entire time at City College. After graduation, she entered the Ph.D. program at the University of Denver on a full fellowship.



City College also has the biggest undergraduate science research program in the New York Metropolitan area, including Columbia and NYU. Rhodes Scholar Lev Sviridov, who was homeless when he first came to this country from Russia a mere 10 years ago, participates in this program, exemplifying the kind of student City College attracts and nourishes. These stories are not unique; in fact, they are characteristic of the typical student profile at City College.



The Charles B. Rangel Center for Public Service
at
The City College of New York

In a distinguished career spanning more than four decades, The Honorable Charles B. Rangel has done as much as any single person in public service to empower the least powerful among our citizens to achieve their goals and to change their communities and the nation, not only because that is what they deserve, but also because it is what America needs to be herself/ He has thought and acted locally, at the state and national level, and globally, to ensure that the laws and policies of this nation reflect her best instincts and her highest promise.

Fundamental to Congressman Rangel's lifelong service is a belief that America's "governing class" – those men and women who make our laws and policies –must reflect the rich tapestry of cultures, faiths, and ethnicities that make us who we are as a country. Today, non-whites make up nearly 30% of the US population. Yet fewer than 14% of men and women in middle and senior levels of the Federal Civil Service and 8% of the United States Foreign Service are members of minority groups. The mission of The Charles Rangel Center for Public Service is to build upon his legacy of public service in conjunction with The City College of New York's mission of access and excellence in higher education.

The Center will accomplish this through the establishment of a rigorous graduate program coordinated with programs on the undergraduate level, many unique to City College, designed to attract talented students from underrepresented groups and prepare them for public service, including elective office and careers in government, at the policy-making level. The Charles Rangel Center will also house the Charles Rangel Library, an archival repository of documents, photographs, and memorabilia, recording the life of one of America's most important public servants, and serving as a rich repository of knowledge and experience for students and scholars alike. The Center's home will be a restored Harlem mansion adjacent to The City College campus.

The City College of New York (CCNY) is honored to establish the Charles B. Rangel Center for Public Service on its campus in tribute to one of America's most distinguished public servants. The City College, the only public college in Harlem, is located in Congressman Rangel's district and he has long had a close association with The College and its leadership. The creation of the Center at The College will be an event of national and international importance, as this will be the only Center honoring the Congressman in the United States.



The Charles B. Rangel Center

The Rangel Center for Public Service will recruit and prepare students from underserved and underrepresented populations to its Master's Program in Public Service; will arrange for and compensate student participation in internships/placements in service organizations; will offer coursework on poverty, ethnicity, and diversity; will organize, archive, and make available to scholars, particularly those at City College, the papers of Congressman Rangel; will provide professional advancement training for mid-career, minority government employees; and will sponsor research on barriers to participation in public service of underserved populations. Through these efforts, the Rangel Center will strive to become a national center for the promotion of greater diversity in public service.

The Charles B. Rangel Center for Public Service at The City College of New York will consist of five major elements:

- **The Charles B. Rangel Library,** consisting of documents, archives, and memorabilia from Congressman Rangel's lifetime of public service;
- **The Master's Program in Public Service** at The City College of New York, which will seek to prepare young people who have an interest in pursuing a career in government service. Upon completion of the degree, graduates will be eligible for a program analogous to the Federal Career Intern Program, entering government service for a 2-year temporary appointment with eligibility for a permanent assignment upon completion. This program will encourage the involvement of members of underrepresented minority groups and those with financial need;
- **A Combined BA/MA Program in Public Service** that will work together with several undergraduate programs unique to City College (described below) and that are particularly suited to draw outstanding students interested in public service. The BA/MA Program will attract students capable of and interested in an intensive "fast-track" program leading to the master's degree. It will prepare them for public service with high-level coursework, experienced government personnel mentors, and hands-on training in internships and service learning courses.
- **Professional Advancement Training** for mid-career, minority government employees of particular accomplishment and promise for an academic year of study; the training program will be called the **Charles B. Rangel Mid-Career Program in Leadership and Policy Innovation**
- **The Charles B. Rangel Center,** which will be housed in a magnificent Harlem limestone townhouse adjacent to the City College campus, and include the Rangel Library, a conference center, and offices for visiting scholars. The



Network Communications Center, located in the Rangel Center, will serve as a crucial resource for computer literacy; distance learning; wireless access; and digitized access on and off campus to the Rangel Library.

The Verizon Communications Network Center

The City College of New York would like to invite the Verizon Foundation to become a partner in this major initiative by naming the Communications Network Center in its honor.

Today, we know that the learning process is greatly enhanced through carefully designed and applied technology. The new cutting-edge communications network center will be the heart of that technology, connecting the Rangel Center Library with the City College library and other research and practice institutions, enabling state-of-the-art wireless computer access within the Center, and offering the prospect of future technical advances.

The Verizon Network Communications Center will serve as a resource not only to public service students, but also to The City College community at large. For example:

- Engineering and architecture students will learn about applying their coursework to the public sector.
- Students researching social issues of computing can cross reference materials from the Rangel Library regarding work on legislation on the issue.
- The Verizon Communications Network Center will serve as the hub for video-conferencing, computerized presentations, and digital archive access. This will enable collaboration with other schools, including the Henry Jackson Center at the University of Washington and other City College academic partners.

Technology

By effectively integrating technology and technology applications into daily operations, City College will improve significantly the delivery of education to its faculty, students, and visiting scholars.

City College students know that they must be technologically fluent to enter the work force. Computer labs are used around the clock on campus. Honors College students receive their own laptops as freshmen. The Verizon Network Communications Center will support computer literacy and go beyond it to give students proficiency in interactive conferencing and computer presentations.

E-Learning – Web and Computer Based Presentations
The Verizon Network Communications Center will offer training in critical technology, including Web- and computer-based presentations requiring the sharing of key graphs and charts. Faculty and students can also log onto Websites simultaneously for scheduled supplementary out-of-classroom study. In addition, e-learning prepares students for the



working world, where employers increasingly turn to computers and the job for job-based training.

Video Conferencing
Used effectively, video conferencing dramatically enhances how professors teach and students learn, adding another dynamic to communication not previously possible in typical classrooms.

- **Distance Learning –Educators and Role Models** - The ability to bring speakers onto CCNY's Harlem campus and into the classroom without physically transporting them here opens new possibilities. Professors will be able to turn to leaders in the field of public service – a city-councilman from Chicago, an immigration rights lawyer in Arizona, a non-profit lobbyist in Washington DC – for live interactive examples of work in the field. Students will have access to key leaders and mentors without City College reallocating tight resources for unnecessary travel costs.

- **Distance Learning - Student Collaboration** – Classrooms across the country and around the world will be at the disposal of the City College community. The College's public service students, who serve as interns, will be able to learn from other students' experiences around the United States through video conferencing technology--comparing experiences and building on the lessons learned from their individual service.

- **Distance Learning – Access to Other Campuses** – Video conferencing can also enable students to enroll in additional courses at institutions of higher education across the country. If a course being taught at another institution complements the coursework of the Rangel students, then this critical technology will provide access.

Digital Archive Access
The Digital Archive will enable researchers to access invaluable historical material in ways never before possible, with lightning-fast searches of the Charles B. Rangel Library for specific topics, issues, and date ranges. The Rangel Library and Archives will tell the story not only of one great man, but also of a nation's progress during the last half of the 20th century and the beginning of the 21st. It will trace the nature of government, the growth and development of minorities in the United States, and the contributions of underrepresented populations in government and public service. It will be the heart of a living, growing center – a productive environment for emerging ideas, thoughtful advocacy and visionary projects.

The Verizon Network Communications Center will be invaluable in providing the technology for both the digitization process and for access for researchers.



Wireless Access
The underlying technology that will bring the entire Charles B. Rangel Center for Public Service into the future is wireless access throughout the building. Students will be able to open their laptops to communicate with their professors and one another. They can access other campus libraries via the web across campus and coordinate study groups. Since the Center will be used by not only the public service students, but also by education, engineering, and architecture students, the wireless communication component will be even more advantageous.

Wireless access fosters students' computer literacy. As more and more students use laptops for communication and studying around campus, other students feel compelled to jump on this technology bandwagon. Also, as more students become proficient in using computers for a variety of tasks, the likelihood of their coaching their friends and families increases.

Basic Literacy

Since 1921, City College's School of Education has played a leading role in training teachers, supervisors and administrators to become outstanding professionals in the context of an urban, multicultural public school system. Currently, the School of Education is the largest provider of administrators and supervisors for the New York City school system, with the School's graduates filling spots from Assistant Principal to Superintendent. Teaching literacy is a key component of their coursework and the approaches to overcoming illiteracy are many and varied. Access to the Verizon Communications Center will advance the School of Education's literacy mission.

The School of Education understands that knowledge and skills develop over time through thoughtful sequencing of coursework, fieldwork and supervised student teaching. Novice teachers gain entry-level pedagogical skills that include reasoning and problem-solving, principles and procedures for organizing and implementing instruction, and understanding multiple approaches to instruction. Through sequenced fieldwork, they grow in their ability to apply these skills in teaching practice with urban students. Both fieldwork and coursework provide opportunities for candidates to develop the skills for direct work with diverse students and their families. One of the critical skills needed for all of these phases of teaching teachers is an understanding of how to use technology in the classroom today.

The City College School of Education students will use the Center for educational projects that span the School of Education's range of curricula.

- Undergraduate and graduate programs in early childhood education will tap the Center for its technology when sharing best practices.
- Candidates using the Center who are currently teaching and pursuing professional certification may
    - specialize in literacy development,
    - educate students who are English-language learners,



- teach children who have special needs,
- learn how to teach and use pedagogic computer applications in the software education center, or
- work with children who are in their early childhood years

- The integrated program between the Rangel Center and the School of Education will allow students studying to become teachers in urban areas to tap into resources across the country and to compare their fieldwork with other students using the above technological aids.

Measurement and Evaluation Process

In order to evaluate the success of the Verizon Network Communications Center, determine a true and measurable outcome, and assess the benefits to The College, the Rangel Center, and the community, the Rangel Center will keep records on the following:

- the number of students per year who use the Verizon Center,
- the number of uses of videoconferencing, and
- the number of uses of computerized presentations.

At the end of years one, two, and three, the Rangel Center will also ask Verizon Center users to fill out a questionnaire regarding their experiences with the Center. The College will survey and analyze findings based on:

- usage,
- quality of facilities, and
- satisfaction with the learning experience at CCNY before and after access to Center.

After five and 10 years, The College's surveys of Rangel Center alumni will quantify:

- how many entered public service,
- in which capacities, and
- how they felt the Verizon Center assisted them in the long term.

EXHIBIT
Exhibit 239

Our Request of the Verizon Foundation

Therefore: On behalf of The City College of New York, in order to create:

The Verizon Network Communications Center
at the
The Charles B. Rangel Center

We ask you to consider a grant of $500,000 to be used for the following projected costs:

Area	Total
Planning and Development	$10,000
Installation, Training, Consulting	$30,000
Network Building (wired and wireless) including Connectivity to Campus	$40,000
Electrical, Lighting, and Data, Power, Audio and Video Outlets, Sound Proof Walls, Blackout Shades, Flooring; Programmable Control System (e.g., Crestron)	$60,000
ISDN and ISDN/IP Gateway	$10,000
25 computer stations; table embedded with rich technology options; chairs; large-screen data projection	$70,000
Videoconference system with dual displays	$40,000
Audio Reinforcement	$10,000
Powered Rack with Computer/VCR/DCD/Slide Projector/Document Camera	$15,000
Media Recording/Storage/Delivery System (eg. VBrick; Starbak)	$50,000
Digitization and online access for initial Library resources	$100,000
Digitization for Future Documents	$20,000
Administrative Costs (10%)	$45,000
TOTAL	$500,000

The College will begin work on the Center in late 2006 or early 2007 and would like to propose the following payment schedule

2006:$ 10,000
2007: $157,000
2008: $167,000
2009, $166,000

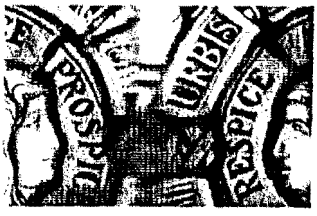


Conclusion

On behalf of the aspiring students of The City College of New York, we thank you for your thoughtful consideration of this request. If you have any questions or need further information, please contact President Gregory H. Williams at the numbers below or Vice President Rachelle Butler at the Office of Development and Institutional Advancement. Once again, thank you.

Gregory H. Williams, President
The City College of New York
138th Street and Convent Avenue, A-300
New York, NY 10031
Telephone: *212-650-*
Fax: *212-650-*
Email: *gwilliams*

Rachelle Butler, Vice President
Office of Development and Institutional Advancement
The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: *212-650-*
212-650-
Fax: *212-650-*
Email: *rbutler*



"Transforming lives towards the future of our nation."



Application Submitted

The application you previously submitted appears below. No further changes may be made to this application. Click here to return to the Welcome page.

Contact Information

Salutation	Ms.
Last Name *(required)*	Butler
First Name *(required)*	Shelly
Middle Name	
Title *(required)*	VP for Development and Institutional Advancement
Contact Type *(required)*	Primary Contact
Address *(required)*	138TH ST AND CONVENT AVE, Shepard Hall, RM 154
City *(required)*	NEW YORK
State *(required)*	New York
Province	
ZIP Code *(required)*	10031-0000
Telephone *(required)*	(212) 650-
Fax	212-650-
E-mail Address *(required)*	rbutler

Organization Information

Legal Name *(required)*	THE CITY COLLEGE OF THE CITY UNIVERSITY OF NEW YORK
AKA Name	The City College Of New York
In Care Of Name	City College 21st Century Foundation
Relationship to 'in care of' organization	The CC21CF is the fiscal agent for The City College of New York
Address *(required)*	138TH ST AND CONVENT AVE, Shepard Hall, RM 154
City *(required)*	NEW YORK
State *(required)*	New York
ZIP Code *(required)*	10031-0000

EXHIBIT
Exhibit 240

VZ-CCNY 0032

CSOC.CBR.00023018

Province	
Country *(required)*	United States
Telephone *(required)*	(212) 650-
Fax	212-650-
Web Site Address	www.cuny.ccny.edu
E-mail Address	nmuid
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approx. 10 page maximum

Proposal Information

Project Title *(required)*	Verizon Communications Center
Request Date *(required)*	08/10/05
Request Amount *(required)*	$500,000.00
Project Budget	$500,000.00
Funding Principle *(required)*	Education
Project Start Date	12/31/05
Project End Date	
What is the nature of this request? *(required)*	The Charles B. Rangel Center for Public Service at



The City College of New York

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7 A Combined BA/MA Program in Public Service will work together with several undergraduate programs unique to City College (described below) and that are particularly suited to draw outstanding students interested in public service. The BA/MA Program will attract students capable of and interested in an intensive ""fast-track"" program leading to the master's degree. It will prepare them for public service with high-level coursework, experienced government personnel mentors, and hands-on training in internships and service learning courses.

7 Professional Advancement Training for mid-career, minority government employees of particular accomplishment and promise for an academic year of study; the training program will be called the Charles B. Rangel Mid-Career Program in Leadership and Policy Innovation.

7 The Charles B. Rangel Center, which will be housed in a magnificent Harlem limestone townhouse adjacent to the City College campus, and include the Rangel Library, a conference center, and offices for visiting scholars. The Communications Center, located in the Rangel Center, will serve as a crucial resource for computer literacy; distance learning; wireless access; and digitized access on and off campus to the Rangel Library.



The Verizon Communications Center

The City College of New York would like to invite the Verizon Foundation to become a partner in this major initiative by naming the Communications Center in its honor.

Today, we know that the learning process is greatly enhanced through carefully designed and applied technology. The new cutting-edge communications center will be the heart of that technology, connecting the Rangel Center Library with the City College library and other research and practice institutions, enabling state-of-the-art wireless computer access within the Center, and offering the prospect of future technical advances.

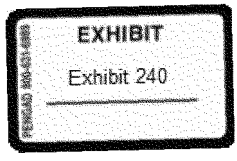
The Verizon Communications Center will serve as a resource not only to public service students, but also to The City College community at large. For example:

7 Engineering and architecture students will learn about applying their coursework in the public sector.

7 Students researching social issues of computing can cross reference materials from the Rangel Library regarding work on legislation on the issue.

7 The Verizon Communications Center will serve as the hub for video-conferencing, computerized presentations, and digital archive access. This will enable collaboration with other schools, including the Henry Jackson Center at the University of Washington and other City College academic partners.

7 Education students will use the technology to access other schools across the country that prepare teachers to teach in urban districts and to learn about the possibilities for using



technology in the classroom.

Technology

By effectively integrating technology and technology applications into daily operations, City College will improve significantly the delivery of education to its faculty, students, and visiting scholars.

City College students know that they must be technologically fluent to enter the work force. Computer labs are used around the clock on campus. Honors College students receive their own laptops as freshmen. The Verizon Communications Center will support computer literacy and go beyond it to give students proficiency in interactive conferencing and computer presentations.

E-Learning -- Web and Computer Based Presentations

The Verizon Communications Center will offer training in critical technology, including Web- and computer-based presentations requiring the sharing of key graphs and charts. Faculty and students can also log onto Websites simultaneously for scheduled supplementary out-of-classroom study. In addition, e-learning prepares students for the working world, where employers increasingly turn to computers and the job for job-based training.

Video Conferencing

Used effectively, video conferencing dramatically enhances how professors teach and students learn, adding another dynamic to communication not previously possible in typical classrooms.

7 Distance Learning --Educators and Role Models - The ability to bring speakers onto CCNY's Harlem campus and into the classroom without physically transporting them here opens new possibilities.



Professors will be able to turn to leaders in the field of public service -- a city-councilman from Chicago, an immigration rights lawyer in Arizona, a non-profit lobbyist in Washington DC -- for live interactive examples of work in the field. Students will have access to key leaders and mentors without City College reallocating tight resources for unnecessary travel costs.

7 Distance Learning - Student Collaboration -- Classrooms across the country and around the world will be at the disposal of the City College community. The College's public service students, who serve as interns, will be able to learn from other students' experiences around the United States through video conferencing technology--comparing experiences and building on the lessons learned from their individual service.

7 Distance Learning -- Access to Other Campuses -- Video conferencing can also enable students to enroll in additional courses at institutions of higher education across the country. If a course being taught at another institution complements the coursework of the Rangel students, then this critical technology will provide access.

Digital Archive

The Digital Archive will enable researchers to access invaluable historical material in ways never before possible, with lightning-fast searches of the Charles B. Rangel Library for specific topics, issues, and date ranges. The Rangel Library and Archives will tell the story not only of one great man, but also of a nation's progress during the last half of the 20th century and the beginning of the 21st. It will trace the nature of government, the growth and development of minorities in the United States, and the contributions of underrepresented populations in government and public service. It will be

EXHIBIT
Exhibit 240

the heart of a living, growing center -- a productive environment for emerging ideas, thoughtful advocacy and visionary projects.

The Verizon Communications Center will be invaluable in providing the technology for both the digitization process and access for researchers.

Wireless Access

The underlying technology that will bring the entire Charles B. Rangel Center for Public Service into the future is wireless access throughout the building. Students will be able to open their laptops to communicate with their professors and one another. They can access other campus libraries via the web across campus and coordinate study groups. Since the Center will be used by not only the public service students, but also by education, engineering, and architecture students, the wireless communication component will be even more advantageous.

Wireless access fosters students' computer literacy. As more and more students use laptops for communication and studying around campus, other students feel compelled to jump on this technology bandwagon. Also, as more students become proficient in using computers for a variety of tasks, the likelihood of their coaching their friends and families increases.

Basic Literacy

Since 1921, City College's School of Education has played a leading role in training teachers, supervisors and administrators to become outstanding professionals in the context of an urban, multicultural public school system. Currently, the School of Education is the largest provider of administrators and supervisors for the New York City school system, with the School's graduates filling spots from Assistant Principal to



Superintendent. Teaching literacy is a key component of their coursework and the approaches to overcoming illiteracy are many and varied. Access to the Verizon Communications Center will advance the School of Education's literacy mission.

The School of Education understands that knowledge and skills develop over time through thoughtful sequencing of coursework, fieldwork and supervised student teaching. Novice teachers gain entry-level pedagogical skills that include reasoning and problem-solving, principles and procedures for organizing and implementing instruction, and understanding multiple approaches to instruction. Through sequenced fieldwork, they grow in their ability to apply these skills in teaching practice with urban students. Both fieldwork and coursework provide opportunities for candidates to develop the skills for direct work with diverse students and their families. One of the critical skills needed for all of these phases of teaching teachers is an understanding of how to use technology in the classroom today.

The City College School of Education students will use the Center for educational projects that span the School of Education's range of curricula.

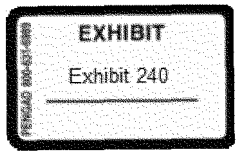
7 Undergraduate and graduate programs in early childhood education will tap the Center for its technology when sharing best practices via video conferencing, computerized presentation and the Web.

7 Candidates using the Center who are currently teaching and pursuing professional certification may

o specialize in literacy development,

o educate students who are English-language learners,

o teach children who have special needs,



o learn how to teach and use pedagogic computer applications in the software education center, or

o work with children who are in their early childhood years

7 The integrated program between the Rangel Center and the School of Education will allow students studying to become teachers in urban areas to tap into resources across the country and to compare their fieldwork with other students using the above technological aids.

The Verizon Communications Center, located in the Rangel Center, will serve as a critical resource for computer literacy, distance learning, digitized access to the Rangel Library and wireless access.

Our Request of the Verizon Foundation

On behalf of The City College of New York, in order to create:

The Verizon Communications Center

at the

The Charles B. Rangel Center

We respectfully ask you to consider a grant of $500,000 to cover the projected costs covered in the attached budget.

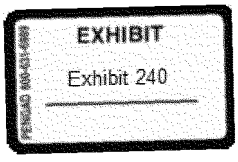
The College will begin work on the Rangel Center in late 2005 or early 2006 and would like to propose the following payment schedule

2005: $10,000

2006: $157,000

2007: $167,000

2008, $166,000



Conclusion

On behalf of the aspiring students of The City College of New York, we thank you for your thoughtful consideration of this request. If you have any questions or need further information, please contact Vice President Rachelle Butler at the Office of Development and Institutional Advancement.

Rachelle Butler, Vice President

Office of Development and Institutional Advancement

The City College of New York

138th Street and Convent Avenue, S-154

New York, NY 10031

Telephone: 212-650-7125

212-650-

Fax: 212-650-

Email: rbutler

""Transforming lives towards the future of our nation.""

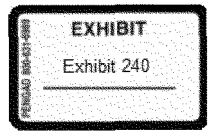
approx. 10 page maximum

Project Background ***(required)***

Related Technology on Campus
Some capabilities exist at the City College campus for basic computerized presentations. In addition, there is a video conference room in City College's Sophie Davis School of Biomedical Education. It is used primarily for the students and faculty in the BS/MD program for communication with their medical schools.

Note on Population Served Statistics

To meet the guidelines in the Population



Served section that all fields total 100%, we had to rework the actual statistics. At City College, there is substantial crossover between categories. For example, many of our students who are minorities are also underprivileged. Please note that the actual statistics are as follows:

86% of our students are minorities

3% of our students have disabilities

19% of our students are studying to be teachers

67% of our students are underprivileged

The figures listed in the Population Served section were computed by taking the real percentages, converting them to numbers, adding them and then dividing each by the total. So, 86+3+19+67=175 We took 86 for minorities and divided it by 175 to reach the number 49, which was placed in the minorities field. Please let us know if we can clarify. The converted numbers, which were placed in the Population Served section are listed below.

Minority -- 49%

Disabilities - 2%

Teachers - 11%

Underprivileged -- 38%

approx. 10 page maximum

Additional Funding for the Project *(required)*

None. We are requesting the full amount from the Verizon Foundation for the Verizon Communications Center. However, please note that we are in the process of raising the additional $29.5 million for the Rangel Center (total cost $30 million) from other foundations, corporations, individuals and the government.

approx. 10 page maximum



Critical Evaluation Process *(required)*

Measurement and Evaluation Process
In order to evaluate the success of the Verizon Communications Center, determine a true and measurable outcome, and assess the benefits to The College, the Rangel Center, and the community, the Rangel Center will keep records on the following:

7 the number of students per year who use the Verizon Center,

7 the number of uses of videoconferencing, and

7 the number of uses of computerized presentations.

At the end of years one, two, and three, the Rangel Center will also ask Verizon Center users to fill out a questionnaire regarding their experiences with the Center. The College will survey and analyze findings based on:

7 usage,

7 quality of facilities, and

7 satisfaction with the learning experience at CCNY before and after access to Center.

After five and 10 years, The College's surveys of Rangel Center alumni will quantify:

7 how many entered public service,

7 in which capacities, and

7 how they felt the Verizon Center assisted them in the long term.

2000 character maximum

Describe how you plan to publicize this grant in local news media *(required)*

Publicity
The City College of New York will promote the Verizon Communications Center, as part of the Charles B. Rangel Center for Public Service, through all available means, including a full-court press in the



media, articles in the Alumnus Magazine and the President's Newsletter (distributed to 60,000), and on the College and Center websites.

In addition, to celebrate the opening of the Rangel Center, City College will hold a press briefing and host various receptions and events. The proposed Verizon Communications Center will be highlighted as one of the critical components of the building and public service program.

2000 character maximum

Project Budget Breakdown

The Verizon Communications Center Budget.doc (25.5 K)

Grant Routing ***(required)***

National - Community Technology Development

Population Served

Gender ***(required)***

51% Females
49% Males

Age Group ***(required)***

100% College

Ethnicity ***(required)***

22% Asian or Pacific Islander
29% Black or African American
35% Hispanic or Latino
14% White or Caucasian

Population Served ***(required)***

49% Minority
2% People with disabilities
11% Teachers
38% Underprivileged



Project Budget Breakdown – Verizon Communications Center

Income Section	Total
Foundations/Corporations Funding	$500,000
Total Income	$500,000

Expense Section	Total
Project Management Fees	$20,000
Technology (hardware & software)	$330,000
Training Costs	$10,000
Consulting Fees	$10,000
Facility Costs (include utility costs)	$130,000
Total Expense	$500,000

Technology includes network building (wired and wireless), ISDN and ISDN/IP Gateway, videoconference system with dual displays, audio reinforcement, powered rack with computer, VCR/DVD, slide projector, document camera, media recording/storage/delivery system (eg. Vbrick; Starbak), digitization and online access for initial library resources and digitization for future documentation.

Facility costs include data, power, audio and video outlets, sound proof walls, blackout shades, flooring, programmable control system, 25 computer stations at a table embedded with rich technology options, chairs, and large-screen data projection.



Project Budget Breakdown – Verizon Communications Center

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Facility costs include data, power, audio and video outlets, sound proof walls, blackout shades, flooring, programmable control system, 25 computer stations at a table embedded with rich technology options, chairs, and large-screen data projection.



Digitization Equipment for Congressman Rangel's Library

	Hardware	Software	Installation/ Training	1 yr Warranty /or Maintenance
Kodak i620 Document Scanner	$27,548	$6,900	$3,395	$7,290
Minolta PS 7000 Book Scanner with Cradle	$17,995	$159	$1,800	$3,240
Kodak i260 Document Scanner	$7,115	$8,600	$3,176	$1,500
OCR Conversion Module - IRIS Pdf Server	$3,000			$540
Kodak i9600 Reference Archive Writer	$38,557	$6,000	$3,500	$8,575
Microfilm Scanner, Reader &Printer - Kodak 2400DSV-E	$13,643			$1,008
Captaris Alchemy Gold Document Management Software	$14,495			$2,609
TOTAL	$122,353	$21,659	$11,871	$24,762

Our estimates of $145,000 for digitization process come from the above costs for Kodak and Minolta equipment. The hardware plus installation/training costs total $134,224. The software costs are $21,659 or $155,883 for all hardware and software. This does not include another $6000 for computer terminals and personnel costs for scanning and managing the process.
The $20,000 figure for future costs is for maintenance and warranty. The above prices are list prices. We expect a small discount when we are able to put through bids in a few months.

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Verizon's Previous Questions and Answers based on attached spreadsheet:

1. Does the cost for digitization ($145k) represent hardware, software, or both or the cost of people digitizing? And if it is both, what is the breakdown?

Hardware is 86%; software is 14%
Digitization done on campus with equipment, which will be kept for the future.

2. Is it accurate to say that the Verizon Center will be inside the Rangel Center?

It will be located in the RC, but its work will go far beyond, around the campus, to other campuses—videoconferencing; digitization, etc.

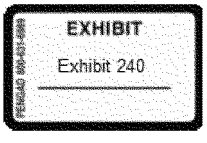
3. Is it accurate to say that the lion's share represents equipment and computers? Of the $500k request, what % represents equipment and what does the balance represent?

$460/$500k (92%) is either equipment or special facility needs

Of the 92%, $130k or 28%, is special facility needs including computers and their stations embedded with tech options; large-screen data projection equipment and chairs; also Electrical, Lighting, and Data, Power, Audio and Video Outlets, Sound Proof Walls, Blackout Shades, Flooring; Programmable Control System (e.g., Crestron)

The remainder, $330k or 72%, is hardware and software, including the costs of digitization

The balance, $40/500k (8%), is project management, training, and consulting fees.



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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark one)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2005

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission file number 1-8606

Verizon Communications Inc.

(Exact name of registrant as specified in its charter)

Delaware	**23-2259884**
(State of incorporation)	(I.R.S. Employer Identification No.)
140 West Street **New York, New York**	**10007**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (212) 395-1000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $.10 par value	New York, Philadelphia, Boston, Chicago and Pacific Stock Exchanges

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has fil[illegible]iled by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such [illegible]rant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. [illegible]



Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

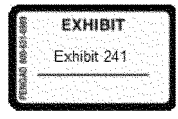
At June 30, 2005, the aggregate market value of the registrant's voting stock held by nonaffiliates was approximately $96,045,598,000.

At January 31, 2006, 2,926,823,217 shares of the registrant's Common Stock were outstanding, after deducting 11,356,177 shares held in treasury.

Documents incorporated by reference:

Portions of the registrant's Annual Report to Shareowners for the year ended December 31, 2005 (Parts I and II).

Portions of the registrant's Proxy Statement prepared in connection with the 2006 Annual Meeting of Shareowners (Part III).



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Unless otherwise indicated, all information is as of March 8, 2006



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PART I

Item 1. Business

General

Verizon Communications Inc. (Verizon) is one of the world's leading providers of communications services. Verizon's domestic wireline telecommunications business provides local telephone services, including broadband, in 28 states and Washington, D.C. and nationwide long-distance and other communications products and services. Verizon's domestic wireless business, operating as Verizon Wireless, provides wireless voice and data products and services across the United States using one of the most extensive wireless networks. Information Services operates directory publishing businesses and provides electronic commerce services. Verizon's International segment includes wireline and wireless communications operations and investments in the Americas and Europe. In connection with the closing of the merger with MCI, Inc. (MCI), which occurred on January 6, 2006, Verizon now owns and operates one of the most expansive end-to-end global Internet Protocol (IP) networks which includes over 270,000 domestic and 360,000 international route miles of fiber optic cable and provides access to over 140 countries worldwide. Operating as Verizon Business, we are now better able to provide next-generation IP network services to medium and large businesses and government customers. Stressing diversity and commitment to the communities in which we operate, Verizon has a highly diverse workforce of 250,000 employees, including Verizon Business.

Verizon was formerly known as Bell Atlantic Corporation, which was incorporated in 1983 under the laws of the State of Delaware. We began doing business as Verizon Communications on June 30, 2000, when Bell Atlantic Corporation merged with GTE Corporation.

Our principal executive offices are located at 140 West Street, New York, New York 10007 (telephone number 212-395-1000).

We have four reportable segments, which we operate and manage as strategic business units and organize by products and services. Our segments and their principal activities consist of the following:

Domestic Telecom	Domestic Telecom provides local telephone services, including voice, DSL, data transport, enhanced and custom calling features, network access, directory assistance, private lines and public telephones in 28 states and Washington, D.C. This segment also provides long distance services, customer premises equipment distribution, video services, data solutions and systems integration, billing and collections and inventory management services.
Domestic Wireless	Domestic wireless products and services include wireless voice and data services and equipment sales across the United States.
Information Services	Information Services' multi-platform business comprises yellow and white pages directories, SuperPages.com, our online directory and search services, and SuperPages On the Go, our directory and information services on wireless telephones. This segment's operations are principally in the United States.
International	International wireline and wireless communications operations and investments in the Americas and Europe.

You can find additional business information under the heading "Overview" on pages 14 through 15 and segment financial information under the heading "Segment Results of Operations" on pages 20 through 25 and in Note 17 on pages 61 through 63 of the 2005 Verizon Annual Report to Shareowners, which is incorporated herein by reference.

Domestic Telecom

Operations

Our Domestic Telecom segment, principally representing our wireline telephone operations, provided approximately 50% of 2005 total operating revenues. Our telephone operations presently serve a territory consisting of 48.8 million access lines in 28 states and Washington, D.C. This segment also provides long distance and other telecommunication services. Domestic Telecom provides mainly two types of telecommunications services:

- Exchange telecommunications service is the transmission of telecommunications among customers located within a local calling area within a local access and transport area (LATA). Examples of exchange telecommunications services include switched local residential and business services, local private line voice and data services and Centrex services. We also provide toll services within a LATA (intraLATA long distance) and toll services outside a LATA (interLATA long distance).
- Exchange access service links a customer's p facilities of other telecommunications carriers, generally interLATA carriers. Examples of exchange ac d access and special access services.



We have organized our Domestic Telecom segment into four marketing units operating across our telephone subsidiaries. The units focus on specific markets. We are not dependent on any single customer. Our telephone operations remain responsible within their respective service areas for the provision of telephone services, financial performance and regulatory matters.

The *Enterprise* unit markets communications and information technology and services to large businesses and to departments, agencies and offices of the executive, judicial and legislative branches of the federal, state and local governments. These services include voice switching/processing services (e.g., dedicated private lines, custom Centrex, call management and voice messaging), end-user networking (e.g.,



credit and debit card transactions and personal computer-based conferencing, including data and video), internetworking (establishing links between the geographically disparate networks of two or more companies or within the same company), network optimization (disaster avoidance and 911 service) and other communications services. The Enterprise unit also provides data transmission, Internet and network integration services, interLATA long distance services, network monitoring services and telecommunications equipment sales to medium and large businesses. Revenues in 2005 were approximately $5.6 billion, representing approximately 15% of Domestic Telecom's aggregate revenues.

The *Retail* unit markets communications and information services to residential customers and to small and medium-sized businesses within our territory, including our long distance services and Internet access services. Our long distance subsidiary provides national and international long distance services in all 50 states to residential and business customers, including calling cards, 800/888 services and operator services. This unit also provides operator and pay telephone services and sells customer premises equipment. Revenues in 2005 were approximately $21.8 billion, representing approximately 58% of Domestic Telecom's aggregate revenues. These revenues were derived primarily from the provision of telephone services to residential users.

The *Partner Solutions Wholesale* unit markets our network operations, which principally includes our carrier access and telecom industry services. Revenues in 2005 were approximately $9.2 billion, representing approximately 24% of Domestic Telecom's aggregate revenues. Approximately 67% of total wholesale revenues were derived from interexchange carriers (switched and special access). The remaining revenues come from our telecom industry services, principally from other local exchange carriers which resell network connections to their own customers.

The *Network* unit is principally responsible for the construction and maintenance of our telephone operations' networks. This unit is also responsible for the procurement and management of inventory and supplies for our subsidiaries and sells materials and logistic services to third-party carriers. Revenues in 2005 (after eliminations and combined with all other Domestic Telecom revenues) were approximately $1.0 billion, representing approximately 3% of Domestic Telecom's aggregate revenues.

Telecommunications Act of 1996

The Telecommunications Act of 1996, regulatory and judicial actions and the development of new technologies, products and services have created opportunities for alternative telecommunication service providers, many of which are subject to fewer regulatory constraints. We are unable to predict definitively the impact that the ongoing changes in the telecommunications industry will ultimately have on our business, results of operations or financial condition. The financial impact will depend on several factors, including the timing, extent and success of competition in our markets, the timing and outcome of various regulatory proceedings and any appeals, and the timing, extent and success of our pursuit of new opportunities resulting from the Telecommunications Act of 1996 and technological advances.

FCC Regulation and Interstate Rates

Our services are subject to the jurisdiction of the Federal Communications Commission (FCC) with respect to interstate telecommunications services and other matters for which the FCC has jurisdiction under the Communications Act of 1934, as amended.

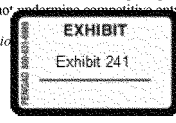
Broadband

The FCC has adopted a series of orders that recognize the competitive nature of the broadband market, and impose lesser regulatory requirements to broadband services and facilities than apply to narrowband. With respect to facilities, the FCC has determined that certain unbundling requirements that apply to narrowband facilities do not apply to broadband facilities such as fiber to the premise loops and packet switches. With respect to services, the FCC has concluded that broadband Internet access services offered by telephone companies and their affiliates qualify as largely deregulated information services. The same order also concluded that telephone companies may offer the underlying broadband transmission services that are used as an input to Internet access services through private carriage arrangements on negotiated commercial terms. The FCC's order addressing the appropriate regulatory treatment of broadband Internet access services is the subject of a pending appeal.

Video

The FCC has a body of rules that apply to cable operators under Title VI of the Communications Act of 1934, and these rules also generally apply to telephone companies that provide cable services over their networks. In addition, companies that provide cable service over a cable system generally must obtain a local cable franchise. The FCC currently is conducting a rulemaking proceeding to determine whether the local franchising process is serving as a barrier to entry for new providers of video services, like Verizon. In this proceeding, the FCC is evaluating the scope of its authority over the local franchise process and is considering adopting rules under Section 621 of the Communications Act of 1934 to ensure that the local franchising process does not undermine competitive entry.

Interstate Access Charges and Intercarrier Compensatio



The current framework for interstate access rates was established in the Coalition for Affordable Local and Long Distance Services (CALLS) plan, which the FCC adopted on May 31, 2000. The CALLS plan has three main components. First, it establishes portable interstate access universal service support of $650 million for the industry that replaces implicit support previously embedded in interstate access charges. Second, the plan simplifies the patchwork of common line charges into one subscriber line charge (SLC) and provides for de-averaging of the



SLC by zones and class of customers. Third, the plan set into place a mechanism to transition to a set target of $.0055 per minute for switched access services. Once that target rate is reached, local exchange carriers are no longer required to make further annual price cap reductions to their switched access prices. As a result of tariff adjustments which became effective in July 2003, virtually all of our switched access lines reached the $.0055 benchmark.

The FCC currently is conducting a broad rulemaking proceeding to consider new rules governing intercarrier compensation including, but not limited to, access charges, compensation for Internet traffic, and reciprocal compensation for local traffic. The notice seeks comments about intercarrier compensation in general, and requests input on seven specific reform proposals.

The FCC also has pending before it issues relating to intercarrier compensation for dial-up Internet-bound traffic. The FCC previously found this traffic is not subject to reciprocal compensation under Section 251(b)(5) of the Telecommunications Act of 1996. Instead, the FCC established federal rates per minute for this traffic that declined from $.0015 to $.0007 over a three-year period, established caps on the total minutes of this traffic subject to compensation in a state, and required incumbent local exchange carriers to offer to both bill and pay reciprocal compensation for local traffic at the same rate as they are required to pay on Internet-bound traffic. The U.S. Court of Appeals for the D.C. Circuit rejected part of the FCC's rationale, but declined to vacate the order while it is on remand. As a result, pending further action by the FCC, the FCC's underlying order remains in effect. The FCC subsequently denied a petition to discontinue the $.0007 rate cap on this traffic, but removed the caps on the total minutes of Internet-bound traffic subject to compensation. That decision is the subject of an appeal by several parties. Disputes also remain pending in a number of forums relating to the appropriate compensation for Internet-bound traffic during previous periods under the terms of our interconnection agreements with other carriers.

The FCC also is conducting a rulemaking proceeding to address the regulation of services that use Internet protocol, including whether access charges should apply to voice or other Internet protocol services. The FCC also considered several petitions asking whether, and under what circumstances, services that employ Internet protocol are subject to access charges. The FCC previously has held that one provider's peer-to-peer Internet protocol service that does not use the public switched network is an interstate information service and is not subject to access charges, while a service that utilizes Internet protocol for only one intermediate part of a call's transmission is a telecommunications service that is subject to access charges. Another petition asking the FCC to forbear from applying access charges to voice over Internet protocol services that are terminated on switched local exchange networks was withdrawn by the carrier that filed that petition. The FCC also declared the services offered by one provider of a voice over Internet protocol service to be jurisdictionally interstate on the grounds that it was impossible to separate that carrier's Internet protocol service into interstate and intrastate components. The FCC also stated that its conclusion would apply to other services with similar characteristics. That order has been appealed.

The FCC also has adopted rules for special access services that provide for pricing flexibility and ultimately the removal of services from price regulation when prescribed competitive thresholds are met. More than half of special access revenues are now removed from price regulation. The FCC currently has a rulemaking proceeding underway to evaluate experience under its pricing flexibility rules, and to determine whether any changes to those rules are warranted.

Universal Service

The FCC also has a body of rules implementing the universal service provisions of the Telecommunications Act of 1996, including rules governing support to rural and non-rural high-cost areas, support for low income subscribers, and support for schools, libraries and rural health care. The FCC's current rules for support to high-cost areas served by larger "non-rural" local telephone companies were previously remanded by U.S. Court of Appeals for the Tenth Circuit, which had found that the FCC had not adequately justified these rules. The FCC has initiated a rulemaking proceeding in response to the court's remand, but its rules remain in effect pending the results of the rulemaking. The FCC also has proceedings underway to evaluate possible changes to its current rules for assessing contributions to the universal service fund. Any change in the current assessment mechanism could result in a change in the contribution that local telephone companies, wireless carriers or others must make and that would have to be collected from customers.

Unbundling of Network Elements

Under section 251 of the Telecommunications Act of 1996, incumbent local exchange carriers were required to provide competing carriers with access to components of their network on an unbundled basis, known as UNEs, where certain statutory standards are satisfied. The Telecommunications Act of 1996 also adopted a cost-based pricing standard for these UNEs, which the FCC interpreted as allowing it to impose a pricing standard known as "total element long run incremental cost" or "TELRIC." The FCC's rules defining the unbundled network elements that must be made available at TELRIC prices have been overturned on multiple occasions by the courts. In its most recent order issued in response to these court decisions, the FCC eliminated the requirement to unbundle mass market local switching on a nationwide basis, with the obligation to accept new orders ending as of the effective date of the order (March 11, 2005). The FCC also established a one year transition for existing UNE switching arrangements. For high capacity transmission facilities, the FCC established criteria for determining whether high capacity loops, transport or dark fiber trans dividual wire centers, and stated that these standards were only expected to affect a small number of wire centers. T obligation to provide dark fiber loops and found that there is no obligation to provide UNEs exclusively for wirele n any instance where a particular high capacity facility no

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longer has to be made available as a UNE, the FCC established a similar one year transition for any existing high capacity loop or transport UNEs, and an 18 month transition for any existing dark fiber UNEs. Verizon and other parties have challenged various aspects of the new FCC rules on appeal.



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As noted above, the FCC has concluded that the requirement under Section 251 of the Telecommunications Act of 1996 to provide unbundled network elements at TELRIC prices generally does not apply with respect to broadband facilities, such as fiber to the premises loops, the packet-switched capabilities of hybrid loops and packet switching. The FCC also has held that any separate unbundling obligations that may be imposed by Section 271 of the Telecommunications Act of 1996 do not apply to these same facilities. The decision with respect to Section 271 is the subject of an ongoing appeal.

State Regulation of Rates and Services

State public utility commissions regulate our telephone operations with respect to intrastate rates and services and other matters. In many jurisdictions the telephone operations have been able to replace rate of return regulation with price regulation plans.

Verizon California Inc.

Arizona

Verizon California's operations in Arizona are subject to rate of return regulation.

California

Verizon California's operations in California have operated under the New Regulatory Framework (NRF) since 1990. The NRF allows for a gradual transition to less regulation on a service-by-service basis. The NRF is reviewed every three years and currently has the following features:

- Earnings Ceiling: The ceiling is suspended.
- Price Cap Index: By setting inflation equal to productivity, the California Public Utilities Commission (CPUC) has suspended the price cap index. Limited exogenous changes are allowed. Generally, exogenous changes are changes unique to or specifically targeted to a company that are beyond its control (in this case, changes are permitted only for matters mandated by the CPUC or changes in total intrastate cost recovery resulting from changes between federal and state jurisdictions).
- Price Flexibility: Services fall into three categories.
- Category I services cannot be changed without CPUC approval.
- Category II services are partially competitive and can be adjusted within a ceiling/floor range. The current price (effectively the ceiling) cannot be increased without a formal application.
- Category III services are considered competitive and can be increased or decreased on short notice.
- New Services: New services can be classified as Category II or III. If introduced as Category III, Verizon California must demonstrate insignificant market power.

The CPUC is currently reviewing the NRF features.

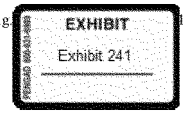
Nevada

Verizon California's operations in Nevada are subject to rate of return regulation.

Verizon Delaware Inc.

Since 1994, Verizon Delaware has been regulated under the alternative regulation provisions of the Delaware Telecommunications Technology Investment Act of 1993 (Delaware Telecommunications Act). On June 7, 2005, the Delaware Public Service Commission (DEPSC) granted Verizon Delaware's request that it continue to be regulated under the Delaware Telecommunications Act through September 2011, with the opportunity for Verizon Delaware to propose to the DEPSC an alternative regime for regulation during this time period. On September 9, 2003, the DEPSC approved a stipulation permitting Verizon Delaware to continue to be regulated under the Delaware Telecommunications Act through September 2006. The Delaware Telecommunications Act provides the following:

- The prices of "Basic Telephone Services" (e.g., dial-tone and local usage) will remain regulated and cannot change in any one year by more than the Gross Domestic Product – Price Index (GDP-PI) less 3%.
- The prices of "Discretionary Services" (e.g. Waiting) cannot increase more than 15% per year per service.



- The prices of "Competitive Services" (e.g., voice messaging and message toll service) are not subject to tariff or price regulation.



- Verizon Delaware will develop a technology deployment plan with a commitment to invest a minimum of $250 million in Delaware's telecommunications network during the first five years of the plan.

Verizon Florida Inc.

Florida statutes govern the price cap plan. Beginning January 1, 2001, Verizon Florida was able to raise basic local rates on 30 days notice once in any 12-month period not to exceed the GDP-PI less 1%. Verizon Florida may increase rates for non-basic services but increases for any category cannot exceed 6% in any 12-month period unless another company is providing service in a given exchange, at which time Verizon Florida can increase its price up to 20% in a 12-month period. Earnings are not regulated. Legislation was passed in 2003 that allows Verizon Florida to offset a reduction in intrastate access rates with an increase in basic local exchange revenues upon Florida Public Service Commission (FPSC) approval. The offset must be revenue neutral and take place over two to four years. In evaluating a petition filed under this statute, the FPSC is to consider whether granting the petition will remove current support for basic local telecommunications services preventing the creation of a more attractive competitive local exchange market for the benefit of residential consumers and enhanced market entry. The FPSC approved Verizon Florida's petition in 2003, and the Florida Supreme Court affirmed that decision in 2005. When Verizon Florida's rates are reduced to parity as defined by the statute, Verizon Florida's basic services become subject to the same regulatory treatment as its non-basic services.

Verizon Maryland Inc.

In 2005, the Public Service Commission of Maryland approved a new price cap plan for regulating the intrastate services provided by Verizon Maryland. Under the plan, services are divided into six categories: Access; Basic-Residential; Basic-Business; Discretionary; Competitive; and Miscellaneous. Rates for Access, Basic-Residential, Basic-Business and Discretionary Services can be increased or decreased annually under a formula that is based upon changes in the GDP-PI plus or minus exogenous change adjustments, however, Basic-Residential Rates will be capped until November 23, 2007. Rates for Competitive Services may be increased without regulatory limits.

Verizon New England Inc.

Maine

In June 2001, the Maine Public Utilities Commission (MPUC) ordered the continuation of an Alternative Form of Regulation (AFOR) for Verizon Maine for a second five-year term.

The Maine Public Advocate appealed the MPUC's 2001 AFOR decision to the Maine Supreme Judicial Court, claiming that any extension to the AFOR must be preceded by an investigation of Verizon Maine's costs and earnings utilizing traditional rate of return principles. On February 28, 2003, the court ruled that while state law requires that telephone rates under an AFOR are no higher than under rate of return regulation, the MPUC has broad discretion in making such a determination that would not necessarily require a full rate of return inquiry. However, the court vacated and remanded the decision to the MPUC for its failure to expressly make such a determination, or in the alternative that if such a showing cannot be made, that it nonetheless remains in the best interest of ratepayers to proceed with an AFOR. No change in any of Verizon Maine's rates was required by the court's decision while the remand proceeding was pending.

In March 2003, the MPUC opened a proceeding to address the Maine Supreme Judicial Court's remand of the 2001 AFOR decision. In an order issued on July 11, 2003, the MPUC ruled that it would keep in place the $1.78 increase in Verizon New England's monthly basic exchange rates pending completion of the remand and maintain certain elements (pricing flexibility, Service Quality Index) of the proposed AFOR on an interim basis until a final decision on the remand. On September 25, 2003, the MPUC issued an order reinstating the AFOR and that order was appealed. On January 26, 2005, the Maine Supreme Judicial Court vacated the MPUC order and remanded the case for further investigation. The court held that the MPUC did not sufficiently comply with the statutory requirement that it ensure that local rates under an AFOR will not be higher than under traditional rate of return.

On February 17, 2005, the MPUC initiated a second remand proceeding to comply with the deficiencies identified in the court's January 26, 2005 order. With the consent of the parties, the MPUC proposed to consider a new AFOR, rather than seek to re-instate the 2001 AFOR (that likely would have expired, on its own terms, before the remand could be completed). In the interim, while the second remand investigation is pending, the MPUC determined it would keep in place the $1.78 increase (and subsequent further increases) in Verizon New England's monthly basic exchange rates until the remand proceeding is concluded. In addition, certain elements of the 2001 AFOR (pricing flexibility, Service Quality Index) were also extended, on an interim basis, until a final decision on the second remand proceeding. Hearings in the second remand investigation are scheduled for the second quarter of 2006, with a decision by the MPUC later in the year.

Massachusetts

In May 2003, the Massachusetts Department of Telecom[illegible]DTE) approved an alternative regulatory plan for Verizon New England. The plan contains no earnings review an[illegible]nd pricing flexibility for most retail business services and residence non-basic services, including second dial-tone[illegible]bject to price floor requirements. The DTE also approved



rate reductions for state switched access prices to interstate levels with offsetting revenue-neutral increases in residence dial-tone rates. Those rate changes became effective on June 1, 2003.

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New Hampshire

Verizon New England's operations in New Hampshire are currently subject to rate of return regulation. On January 16, 2004, the New Hampshire Public Utilities Commission (NHPUC) concluded a comprehensive proceeding examining the appropriate cost of capital for Verizon. In its order, the NHPUC set the average weighted cost of capital for Verizon at 8.2%. At present, the newly determined cost of capital has no effect on Verizon's retail revenues. The NHPUC directed Verizon to file revised UNE rates reflecting this new cost determination by March 16, 2004. Verizon's current UNE rates were approved in 2001 relying upon an average weighted cost of capital of 10.46%. Verizon filed an appeal of the NHPUC decision in federal district court in New Hampshire. The NHPUC's order to file new UNE rates was stayed by stipulation during the appeal. On August 17, 2005, the district court issued a ruling overturning the NHPUC's decision. The court found that the agency had failed to apply the FCC's standards in reaching its determination. On July 9, 2004, the NHPUC issued an order finding the existing Directory Licensing Agreement between Verizon New England and its affiliated Yellow Pages company to be unreasonable as it did not include a directory revenue sharing provision. As a result, the NHPUC directed that Verizon impute $23.3 million for purposes of intrastate ratemaking in New Hampshire. On October 19, 2004, the NHPUC issued an order denying Verizon's Motion for Reconsideration of the decision. Verizon New England appealed the ruling to the New Hampshire Supreme Court which issued a ruling on December 28, 2005, affirming the NHPUC's decision. At present, the NHPUC ruling regarding imputation has no effect on Verizon's retail rates.

Rhode Island

On December 21, 2005, the Rhode Island Public Utilities Commission (RIPUC) approved a new alternative regulation plan proposed by Verizon Rhode Island to replace the existing alternative regulation plan that was to expire at the end of December 2005. The principal components of the newly approved plan are:

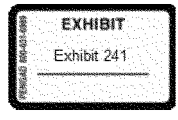
- Pricing flexibility for all retail services, subject only to a long-run incremental cost (LRIC)-based price floor;
- The company is allowed to reduce the Lifeline subsidy for unlimited basic service by $2 per month over two years;
- All retail service quality penalties are eliminated. Service quality reporting requirements are reduced from monthly to quarterly;
- The company must continue to file an annual earnings statement and semi-annual reports showing the total number of access lines served by the company and the number and type of access lines served by competitors; and
- The initial term of the plan is three years, but the plan will continue indefinitely unless Verizon or the RIPUC seeks to make changes.

Vermont

On September 26, 2005, the Vermont Public Service Board (VPSB) issued a final order establishing a successor alternative regulatory plan for Verizon New England to replace a plan adopted in 2000. The new plan is retroactive to July 1, 2005, and runs through June 2008. The VPSB's final order requires (i) rate reductions or investment in broadband and network diversity and (ii) separate publishing and distribution of directories for Verizon New England's Vermont operations white and yellow pages listings or the company is subject to additional revenue reductions. The final order reduces rates by $8.2 million in 2005, $1.6 million in 2007, and $1.8 million in 2008. In the alternative, Verizon New England may avoid the price decreases by making annual investments in broadband and network diversity. Any such investment is required in each year of the plan and must include the current year's revenue reduction plus any revenue reduction offset by investment in prior years. The final order also requires an annual $40 million investment in infrastructure. Although the plan provides pricing flexibility for all new services (including those introduced since the last plan such as Freedom), no price increases are permitted for existing services (basic exchange service, Message Toll Service and most vertical services). The final order also continues a service quality plan with a $10.5 million penalty cap. Verizon New England has filed tariffs with the VPSB proposing rated reductions of $8.2 million. Those tariffs are under review by the VPSB. Verizon New England has also filed an appeal of the VPSB's order with the Vermont Supreme Court.

Verizon New Jersey Inc.

The 1992 New Jersey Telecommunications Act classifies telecommunications services as "competitive" or "protected." "Protected telephone services" include basic residence, touch-tone, access services other than those otherwise deemed competitive by the New Jersey Board of Public Utilities (NJBPU), business local service for customers with less than two lines, and the ordering, installation and restoration of these services. Verizon New Jersey provides "protected telephone services" and other services, including vertical services (Rate-Regulated Services), under a Plan for Alternative Form of Regulation, which became effective on July 1, 2002. The plan eliminates earnings regulation, eliminates earnings sharing provisions, streamlines the process to introduce new services and strengthens commitments to service quality, lifeline service and schools and public libraries.



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Verizon New York Inc.

New York

The New York State Public Service Commission (NYSPSC) adopted an incentive plan to regulate the services of Verizon New York, effective March 1, 2002. The plan expired in 2005. The plan establishes state-wide service quality standards, with the potential for customer credits if Verizon New York fails to meet those standards. Verizon New York completed its transition to generally accepted accounting principles for preparing financial statements for regulatory purposes in March 2005. Verizon New York's rates are proposed by the company based on several factors, including the competitiveness of the service and the company's underlying costs, and are subject to approval by the NYSPSC.

Connecticut

In August 2005, the Connecticut Department of Public Utility Control adopted an incentive regulation plan proposed by Verizon New York, which eliminates regulation of earnings and provides other deregulatory benefits for Verizon New York's operations in Connecticut.

Verizon North Inc.

Illinois

Verizon North's telephone operations in Illinois are subject to rate of return regulation. Optional toll plans, Integrated Services Digital Network (ISDN), frame relay, payphones, CentraNet, and other data services are considered deregulated and have total pricing flexibility.

Indiana

Verizon North's telephone operations in Indiana became subject to an alternative regulatory plan during 2004. Among other matters, earnings are not subject to regulation, tariff filings are streamlined, 3 tiers of services are subject to differing levels of pricing regulation and can be shifted between tiers, regulation of certain accounting standards and financings are eliminated and depreciation rates are not subject to approval. The plan has a three and one-half year term.

Michigan

Since the Michigan Telecommunications Act was passed in 1991, a form of regulation that focuses on services, prices and costs has replaced rate of return regulation. Earnings are not regulated. All rates for regulated services must meet a cost floor. Subject to that condition, after November 22, 2005, only rates for primary basic local exchange services (PBLES) are rate regulated by the Michigan Public Service Commission (MPSC). Verizon North may increase the PBLES rate annually up to 1% less than the Consumer Price Index. Any rate increases above that amount must be approved by the MPSC as "just and reasonable." The MPSC may only approve such rate increases for PBLES based upon one or more of the following 5 factors: total service LRIC; comparison to other provider rates; whether a new function, feature or capability is offered; increase in costs to provide local service; and whether further investment is economically justified. The MPSC has no jurisdiction over numerous unregulated services.

Ohio

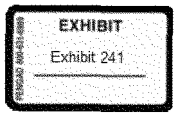
Verizon North's telephone operations in Ohio are subject to rate of return regulation.

Pennsylvania

On July 26, 2001, the Pennsylvania Public Utility Commission (PPUC) rejected, in part, and accepted, in part, a proposed price cap plan filed by Verizon North. The PPUC accepted, with some modification, that part of the plan that provided for the deregulation of the pricing of competitive services; adoption of a productivity factor based on inflation; a provision to adjust rates for exogenous events; and a price cap for the rates for competitive services. The PPUC rejected that part of Verizon North's plan that provided for improvement of Verizon North's network infrastructure. The PPUC subsequently approved a revised infrastructure plan for Verizon North that requires, inter alia, universal broadband deployment by 2015.

On November 30, 2004, a statute reauthorizing alternative regulation in Pennsylvania (Act 183) was enacted into law and on May 20, 2005 the PPUC approved an amended price cap plan for Verizon North pursuant to Act 183:

- Requires Verizon North to deploy a universal broadband network, defined at 1.544 megabits per second, not later than 2015, and the plan cannot be subsequently changed without Verizon North's consent;
- Permits annual price increases on non-competEXHIBIT
Exhibit 241]xceeding, the GDP-PI minus .5%.
- Allows nonprotected services to be declared c[r]'s notice filing with the PPUC.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- Reduces PPUC reporting and other regulatory oversight requirements.
- Requires Verizon North to contribute annually up to 20% of the first year effect of GDP-PI price increases and an allocated portion of $7 million (based on its share of Verizon access lines in Pennsylvania) to a fund designed to promote broadband in schools and broadband education and to provide funding for certain programs to assist local communities in obtaining broadband facilities and services; the amended plan also requires Verizon North to establish certain programs to assist local communities in obtaining broadband facilities and services and to provide discounts to schools for certain broadband services.

Wisconsin

Verizon North entered a price cap plan in 1995. The plan does not regulate earnings and price cap index increases can be accumulated and deferred up to three years. The maximum increase for any single basic rate element is 10% or the increase in the GDP-PI, whichever is greater. Overall basic local service increases are limited to GDP-PI less 2%. Intrastate access service mirrors interstate rates. There are no restrictions on other services as long as they cover LRICs. Rate changes are effective on one day's notice after customer notice and new services take effect after ten days. The statute requires that no earlier than six years, and no more frequently than every three years thereafter, the Public Service Commission of Wisconsin may by rule increase or decrease the GDP-PI productivity factor in any twelve-month period to reflect any statewide changes in the productivity experience of the telecommunications industry. The latest productivity factor review is complete and the factor was not changed.

Verizon Northwest Inc.

California

Verizon Northwest's California operations (under the name Verizon West Coast Inc.) are subject to rate of return regulation.

Idaho

Rate for intrastate services provided by Verizon Northwest's Idaho operations have been deregulated under 2005 legislation. Various consumer protection regulations remain.

Oregon

Verizon Northwest's Oregon operations are subject to rate of return regulation. Pricing flexibility is permitted in competitive zones and Verizon Northwest currently has Digital Channel Service, ISDN, PBX trunks (telephone switching equipment on customer premises), DID trunks (trunks from the customer premises switches to the central office) and single line business service offerings in these zones. Billing and collection, intraLATA toll and CentraNet and out-of-franchise (Seattle area) data services are in a competitive class and are flexibly priced. The company obtains support for basic service in high cost areas from a state universal service fund.

Washington

Verizon Northwest's Washington operations are subject to rate of return regulation. IntraLATA toll, operator services and billing and collection are flexibly priced.

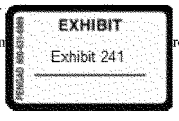
Verizon Pennsylvania Inc.

The PPUC regulates Verizon Pennsylvania under an Alternative Regulation Plan approved in 1994. The plan provides for a pure price cap plan with no sharing of earnings with customers and replaces rate base, rate of return regulation. Competitive services, including toll, directory advertising, billing services, Centrex service, paging, speed calling, repeat calling, and HiCap (high capacity private line) and business services provided to larger customers are price deregulated. All non-competitive services are price regulated.

The plan:

- Permits annual price increases up to, but not exceeding, the GDP-PI minus 2.93%;
- Requires annual price decreases when the GDP-PI falls below 2.93%;
- Caps prices for protected services, including residential and business basic exchange services, special access and switched access, through 1999; and
- Permits revenue-neutral rate restructuring for

The PPUC's order approving the Bell Atlantic–GTE m residential and business basic exchange services through 2003.

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The plan also requires deployment of a universal broadband network. On September 17, 2003, the PPUC approved a revised plan that requires Verizon Pennsylvania to deploy a universal broadband network, defined at 1.544 megabits per second, in the following phases: 50% by 2004; 60% by 2006; 70% by 2008; 80% by 2010, 90% by 2012 and 100% by 2015. Verizon Pennsylvania is also required to make broadband services at 45 megabits per second available on a commercially reasonable time frame to 50% of exchanges by 2004 and 100% by 2015.

In December 2003, the statute authorizing alternative regulation in Pennsylvania expired. In January 2004, the PPUC issued a policy statement that the expiration of the statute had no effect upon current incentive regulation plans.

As described in Verizon North's Pennsylvania operations above, on November 30, 2004, a new statute reauthorizing alternative regulation in Pennsylvania, Act 183, was enacted into law. The provisions of Act 183 also apply to Verizon Pennsylvania.

Verizon South Inc.

North Carolina

Verizon South's operations in North Carolina have been under a price cap plan since 1996, which was modified in June 2005. Earnings are not regulated and local rates can be increased by GDP-PI times 1.5, but specific rate elements cannot be increased beyond 10% in one year. Rate increases are effective on fourteen days notice. Verizon South has complete flexibility to increase rates for billing and collection, Centrex, enhanced digital switch service, and premium local calling plan services.

South Carolina

Verizon South's South Carolina price cap plan started during 2000. Under the statute, existing rates are deemed just and reasonable on the date of notification. Residential and single-line business local service rates are capped for two years from the date of election. After two years, these rates may be adjusted annually pursuant to an inflation-based index. Rates for other services are flexibly priced. Price decreases are effective in seven days. Price increases and new services prices are effective in fourteen days.

Virginia

On December 21, 2000, the Virginia State Corporation Commission (VSCC) approved a price cap plan for Verizon South that was substantially similar to Verizon Virginia's plan. In January 2005, the VSCC approved modifications to the plan described below.

Verizon Southwest

In general, the Texas Public Utilities Commission regulates Verizon Southwest under a price cap plan with no cap on earnings pursuant to the Public Utility Regulatory Act (PURA). The plan places services into three categories:

- Basic services – These include basic local residential charges such as service connection, mandatory expanded calling plans and, until July 1, 2006, residential call waiting. Price increases require the Texas Public Utilities Commission approval. Full packaging (an integrated offering of some or all of our products and services) is allowed.
- Access charges – Prices are capped; carriers can reduce rates to any amount above LRIC.
- Non-basic services – This category represents all other regulated services, including basic local business services, intraLATA toll, custom calling features (except residential call waiting), special access, operator services, PBX and ISDN services. These services have unlimited upward pricing flexibility. Full packaging is allowed.

In 2005, PURA was amended to allow incumbent local exchange carriers to deregulate all or some of their exchanges. Verizon Southwest opted into this plan, and in 2005 the Texas Public Utilities Commission granted Verizon Southwest's petition to deregulate eleven of its most populous exchanges. In these deregulated exchanges, Verizon Southwest has upward pricing flexibility for all basic telecommunications services, including basic residential service, provided that Verizon Southwest offers "stand-alone residential local exchange voice service" at capped rates. This rate cap expires in September 2007. As a result of opting into PURA's deregulation plan, Verizon Southwest must phase-down its intrastate switched access rates over time to interstate levels.

Verizon Virginia Inc.

Effective in 1995, the VSCC approved an alternative regulatory plan that regulates Verizon Virginia's noncompetitive services on a price cap basis and does not regulate Verizon Virginia's competitive services. The plan does not regulate profits. In June 2001, the VSCC modified the plan and extended the moratorium on rate increases for basic local telephone service until 2004. In January 2005, the VSCC again modified the plan, permitting additional pricing flexibility for noncont[illegible]ting various regulatory requirements. The plan's effective date is February 1, 2005 and it has no expiration date.

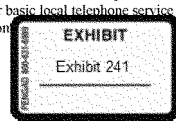


EXHIBIT
Exhibit 241

Verizon Washington, DC Inc.

On September 9, 2004, the District of Columbia Public Service Commission (DCPSC) approved an amended price cap plan for local retail services provided by Verizon Washington, D.C. Key provisions of the 2004 plan include:

- A three-year term;
- No earnings restrictions, service penalties or revenue sharing;
- Four service categories: basic residential, basic business, discretionary and competitive;
- A cap on residential dial-tone line rates until 2006;
- Annual pricing flexibility for all other basic residential services, with the increase in total revenues from these services limited to the annual inflation rate (as measured by the change in GDP-PI) and increases for any individual service in the category limited to 10%;
- Classification of all business services as competitive with complete pricing flexibility except for basic business dial-tone lines and message units, E911, local directory service and Connect Request;
- Pricing flexibility on discretionary services, with a 15% annual limit on any rate increase; and
- Flexibility to bundle or package existing services.

Verizon West Virginia Inc.

On October 3, 2001, the West Virginia Public Service Commission (WVPSC) approved Verizon West Virginia's new Incentive Regulation Plan (IRP). The IRP continued, until December 31, 2005, the flexible price regulation of competitive services, caps on basic rates, infrastructure commitments and unlimited earnings freedom that had been in place since 1988. Verizon West Virginia may petition the WVPSC for another incentive regulatory plan at any time.

Competition

Current and potential competitors in telecommunication services include long distance companies, other local telephone companies, cable companies, wireless service providers, foreign telecommunications providers, electric utilities, Internet service providers and other companies that offer network services. Many of these companies have a strong market presence, brand recognition and existing customer relationships, all of which contribute to intensifying competition and may affect our future revenue growth.

Local Exchange Services

The ability to offer local exchange services historically has been subject to regulation by state regulatory commissions. Applications from competitors to provide and resell local exchange services have been approved in every jurisdiction in our service territory. The Telecommunications Act of 1996 has significantly increased the level of competition in our local exchange markets.

One of the purposes of the Telecommunications Act of 1996 was to ensure, and accelerate, the emergence of competition in local exchange markets. Toward this end, the 1996 Act requires most existing local exchange carriers (incumbent local exchange carriers, or ILECs), including our telephone operations, to permit potential competitors (competitive local exchange carriers, or CLECs) to:

- Purchase service from the ILEC for resale to CLEC customers;
- Purchase UNEs from the ILEC; and/or
- Interconnect the CLEC's network with the ILEC's network.

As a result, competition in our local exchange markets continues to increase. Our telephone operations generally have been required to sell their services to CLECs at significant discounts from the prices our telephone operations charge their retail customers. The scope of these obligations going forward will be affected by the new unbundling rules described above, and the rates we charge local exchange competitors for access to UNEs remain under near-continual review and revision by state regulators and often result in reductions in those rates. See "State Regulation of Rates and Services."

Long Distance Services

We offer intraLATA and interLATA long distance servi[illegible]ginate and terminate within the same LATA, but generally cover a greater distance than a local call. State regulator[illegible]deral authorities generally regulate these services. Federal



regulators have jurisdiction over interstate toll services. All of our state regulatory commissions (except in Washington, D.C., where intraLATA



toll service is not provided) permit other carriers to offer intraLATA toll services within the state. InterLATA toll calls terminate outside the LATA of origination. We now offer long distance services throughout the United States, capping a seven-year effort. Our authority in Alaska is limited to interstate and international services. A number of our major competitors in the long distance business have strong brand recognition and existing customer relationships.

Alternative Access Services

A substantial portion of our telephone operations' revenues from business and government customers is derived from a relatively small number of large, multiple-line subscribers.

We face competition from alternative communications systems, constructed by large end-users, interexchange carriers and alternative access vendors, which are capable of originating and/or terminating calls without the use of our plant. The FCC's orders requiring us to offer collocated interconnection for special and switched access services have enhanced the ability of such alternative access providers to compete with us.

Other potential sources of competition include cable television systems, shared tenant services and other noncarrier systems which are capable of bypassing our telephone operations' local plant, either partially or completely, through substitution of special access for switched access or through concentration of telecommunications traffic on fewer of our telephone operations' lines, and through substitution of UNEs for special access services.

Voice over Internet Protocol Services

Our wireline telecommunications services also face increasing competition from companies which provide Voice over Internet Protocol (VoIP) services. These services use the Internet or private broadband networks to transmit voice communications. VoIP services are available from a wide range of companies including cable companies, long-distance companies, national VoIP providers and regional service providers.

Wireless Services

Wireless services also constitute a significant source of competition to our wireline telecommunications services, especially as wireless carriers (including Verizon Wireless) expand and improve their network coverage and continue to lower their prices to end-users. As a result, more end-users are substituting wireless services for basic wireline service. Wireless telephone services can also be used for data transmission.

Public Telephone Services

The growth of wireless communications has significantly decreased usage of public telephones, as more customers are substituting wireless services for public telephone services. In addition, we face competition from other providers of public telephone services.

Operator Services

Our operator services product line faces competition from alternative operator services providers and Internet service providers.

Domestic Wireless

Operations

Our Domestic Wireless segment provides wireless voice and data services and equipment sales in the United States, principally through Verizon Wireless.

Verizon Wireless is the industry-leading wireless communications provider in the United States in terms of profitability, as measured by operating income. Verizon Wireless has the second largest customer base of any U.S. wireless provider, with 51.3 million wireless subscribers as of December 31, 2005, and provides wireless voice and data services across one of the most extensive networks in the United States. Approximately 282 million people reside in areas of the U.S. in which we have FCC licenses to offer our services and approximately 250 million people reside in areas covered by our service. This coverage includes approximately 90% of the population in our licensed areas and 49 of the 50 and 98 of the 100 most populated U.S. metropolitan areas.

Wireless licenses are granted by the FCC for an initial 10-year term and are renewable for successive 10-year terms. To date, all Verizon Wireless and predecessor company wireless licenses have been successfully renewed.

Background



The wireless joint venture was formed in April 2000 in connection with the combination of the U.S. wireless operations and interests of Verizon and Vodafone Group Plc (Vodafone). The wireless joint venture operates as Verizon Wireless. Verizon owns a controlling 55% interest in Verizon Wireless and Vodafone owns the remaining 45%.



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Recent Acquisitions

On March 4, 2005, we completed the purchase from Qwest Wireless, LLC of all of its personal communications services (PCS) licenses and related network assets for $419 million in cash, including post-closing adjustments. The licenses cover a population of approximately 31 million in 62 markets, and will provide additional spectrum capacity in certain of our existing major markets, such as Denver, Portland, Phoenix, Salt Lake City and Seattle.

On April 13, 2005, we completed the purchase of all of the stock of NextWave Telecom Inc., whereby we acquired 23 PCS licenses for $3,003 million in cash. The licenses cover a population of approximately 73 million and will provide spectrum capacity in key markets such as New York, Los Angeles, Boston, Washington D.C. and Detroit, and will expand our footprint into Tulsa, Oklahoma.

On May 11, 2005, we completed the purchase from Metro PCS, Inc. of its PCS license in the San Francisco basic trading area for $230 million in cash. The license covers a population of approximately 7 million and will provide spectrum capacity in the San Francisco, Oakland and San Jose markets.

On February 15, 2005, the FCC's auction of broadband personal communications services licenses ended and Verizon Wireless and Vista PCS, LLC were the highest bidders for 63 licenses totaling approximately $697 million. On May 13, 2005, the licenses won by Verizon Wireless were granted by the FCC. The licenses won by Vista PCS remain subject to FCC approval.

Competition

There is substantial competition in the wireless telecommunications industry. We expect competition to intensify as a result of the higher penetration levels that currently exist in the industry, ongoing industry consolidation, the development and deployment of new technologies, the introduction of new products and services, new market entrants, the availability of additional spectrum, both licensed and unlicensed, and regulatory changes. Other wireless providers, including other cellular and PCS operators and resellers, serve each of the markets in which we operate. We currently provide service to 49 of the top 50 markets in the U.S., and each of these 49 markets is served by other competing wireless providers. Competition also may increase if smaller, stand-alone wireless providers transfer licenses to larger, better capitalized and more experienced wireless providers. In addition, resellers that buy bulk wholesale service from facilities-based carriers for resale provide another set of differentiated competitors in the marketplace. Also, as wireless data proliferates, content will become an increasingly significant factor in the appeal of these services. This may give content providers and other participants in the wireless value chain opportunities for increased leverage and/or opportunities to compete for wireless data revenues.

We compete primarily against three other national wireless service providers: Cingular Wireless LLC, Sprint Nextel Corporation and T-Mobile USA, Inc. In addition, in many markets we also compete with regional carriers, such as ALLTEL Corporation and US Cellular Corporation.

We believe that the following are the most important competitive factors in our industry:

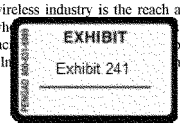
Network reliability, capacity and coverage: Lower prices, improved service quality and new service offerings have led to increased minutes of use per customer. As a result, the ability to keep pace with network capacity needs and offer highly reliable national coverage through one's own network is important. We have an extensive national network, and we continue to look for expansion opportunities through the build-out of existing licenses, acquisitions and/or spectrum leasing. We own licenses that cover much of the country but we will need to spend significant amounts to expand our capacity and extend our coverage area and maintain and improve the quality of our network. Our competitors also have these needs and they are using similar means to address them.

Pricing: Service and equipment pricing is an important area in which wireless carriers compete. We seek to compete in this area by offering our customers services and equipment that they will regard as the best available value for their money.

Customer service: Quality customer service is essential to ensure that existing customers do not terminate service and to obtain new customers. We believe that our quality customer service will be a key factor in retaining our customers and in attracting new customers and those who want to switch from other carriers. We are very focused on continually enhancing our customer service. Our competitors also recognize the importance of customer service and are also focusing on improving the customer experience.

Product Development: As wireless technologies develop and wireless broadband networks proliferate, continued customer and revenue growth will be increasingly dependent on the development of new and enhanced products and services. We are committed to continue pursuing the development, evaluation and rapid deployment of new and innovative devices and customer solutions, both independently and in collaboration with application service providers.

Distribution: Key to achieving sales success in the wireless industry is the reach and quality of sales channels and distribution points. We believe that the optimal mix of direct, indirect and wh[illegible] is an important ingredient in achieving industry-leading profitability. A goal of our distribution strategy is to inc[illegible]any-operated stores and our outside sales team, as well as through telemarketing and web-based sales and fulfillm[illegible]ting this is an extensive indirect distribution network of



retail outlets and prepaid replenishment locations, original equipment manufacturers and value-added distributors, as well as various resellers who buy our service on a wholesale basis.

Capital resources: In order to expand the capacity and coverage of their networks and introduce new products and services, wireless providers require significant capital resources. We generate significant cash flow from operations. Some of our competitors also have significant cash flow.



Our success will depend on our ability to anticipate and respond to various factors affecting the industry, including the factors described above, as well as new technologies, changes in customer preferences, regulatory changes, demographic trends, economic conditions and pricing strategies of competitors.

Information Services

Information Services is a world leader in print and online directory publishing and a content provider for electronic communications products and services. A leader in linking buyers and sellers, we produce Verizon yellow and white pages directories, as well as the Internet's most advanced online directory, SuperPages.com. We pursue growth by offering customers comprehensive advertising programs that include bundled print and electronic commerce offerings.

Information Services provides sales, publishing and other related services for approximately 1,726 directory titles in 44 states, Washington, D.C., four countries and a Commonwealth outside the United States. This includes over 1,200 Verizon directory titles with a circulation of approximately 121 million copies in the U.S. and 8 million copies internationally.

In 2003, we completed the sale of our directory businesses in Europe, which consisted of publishing operations in Austria, the Czech Republic, Gibraltar, Hungary, Poland and Slovakia.

In 2004, Verizon sold Verizon Information Services Canada Inc. directory operations to an affiliate of Bain Capital, a private investment firm, for $1.6 billion. The sale closed in the fourth quarter 2004, generating an after tax-gain of $516 million.

Our directory publishing business competes within the yellow pages industry with five major U.S.-based directory publishers (AT&T Inc., BellSouth Corporation, R.H. Donnelley Corporation, Dex Media, Inc. and Yellow Book USA) and encounters competition in nearly all of our domestic print markets. We also compete against alternative advertising media, including radio, network and cable television, newspapers, magazines, Internet, direct mail and others for a share of the total U.S. advertising media market. Our SuperPages.com competitors include national directory and local Internet search engines including Yahoo and Google.

In December 2005, Verizon announced that it is exploring divesting Information Services through a spin-off, sale or other strategic transaction.

International

Our International segment includes international wireline and wireless communications operations and investments in the Americas and Europe. Our consolidated international investments as of December 31, 2005 included Verizon Dominicana, C. por A. (Verizon Dominicana) in the Dominican Republic and Telecomunicaciones de Puerto Rico, Inc. (TELPRI) in Puerto Rico. As of December 31, 2005, our International segment managed approximately 5 million access lines and provided wireless services to approximately 31 million customers.

Americas

Dominican Republic

We own 100% of Verizon Dominicana, the principal telecommunications provider in the Dominican Republic. Verizon Dominicana provides local, wireless, national and international long distance and Internet access services throughout the Dominican Republic. At December 31, 2005, Verizon Dominicana served approximately 752,000 access lines and 1.9 million wireless customers.

Puerto Rico

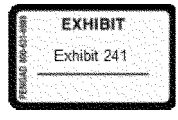
We own a 52% interest in TELPRI, which owns Puerto Rico Telephone Company (PRTC), Puerto Rico's principal wireline company. Verizon Wireless Puerto Rico (VWPR), a division of PRTC, is Puerto Rico's second largest wireless company. At December 31, 2005, PRTC served 1.1 million access lines and VWPR provided wireless services to approximately 485,000 customers.

Venezuela

We own a 28.5% interest in Compañia Anónima Nacional Teléfonos de Venezuela (CANTV), Venezuela's largest full-service telecommunications provider. CANTV offers local services, national and international long distance, Internet access and wireless services in Venezuela as well as public telephone, private network, data transmission, directory and other value-added services. At December 31, 2005, CANTV served approximately 3.5 million access lines and 5.2 million wireless customers.

Europe

Italy



We own a 23.1% interest in Vodafone Omnitel N.V. (Vodafone Omnitel), an Italian digital cellular telecommunications company. It is the second largest wireless provider in Italy. At December 31, 2005, Vodafone Omnitel served 23.7 million subscribers.



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Gibraltar

Gibraltar NYNEX Communications Limited, operating as Gibtelecom, is a full-service provider of wireline, wireless, and Internet access services to the country of Gibraltar. We currently own a 50% interest in the company. Our sole partner in the company is the Government of Gibraltar.

Other

In September 2005, we sold our 100% interest in Micronesian Telecommunications Corporation (MTC), a full-service telecommunications provider.

International Regulatory and Competitive Trends

For several years, the telecommunications industry has been experiencing dynamic changes as national and international regulatory reforms embrace competition.

In the Dominican Republic, Verizon Dominicana faces both wireline and wireless competitors, although it remains the principal service provider in all telecommunication segments. Notwithstanding, competition is particularly dynamic in wireless services and the number of emerging operators in Long Distance and VoIP is growing. Verizon Dominicana's primary competitors are Orange Dominicana, Tricom and Centennial Dominicana. These three companies all have wireless networks and Tricom has a fixed line presence in the island's principal population centers. There are several other companies that INDOTEL, the country's independent regulator, has authorized to provide wireless and/or wireline phone and Internet services. At least four of those companies are likely to commence operations in 2006.

Under Dominican Republic law, pricing is set at market rates and telecommunication companies are free to provide services according to their own criteria. INDOTEL is primarily focused on providing a regulatory framework for the industry and protecting end-users' rights. INDOTEL may intervene if parties fail to agree on interconnection agreements or if competition for network services is insufficient. INDOTEL has indicated that it expects to address the cost standard it will apply in establishing rates in circumstances where it is required to intervene, number portability, equal access and resale of services during 2006.

In Puerto Rico, TELPRI operates in a highly competitive telecommunications market. All wireline services, including local, long distance, Internet access and data, face competition from various providers including a facilities-based local carrier, interexchange carriers, resellers, cable providers, and Internet service providers. PRTC remains the leading wireline service provider in Puerto Rico. In the wireless market, VWPR competes against five other wireless carriers and is second in wireless market share operating under the Verizon Wireless brand. With respect to regulatory matters, PRTC continues to operate in a very challenging environment. In April 2005, PRTC filed with the Puerto Rico Telecommunications Regulatory Board (TRB) a new tariff structure for basic telephone service that creates a single local calling zone across the island. A number of carriers asked the TRB to initiate a proceeding to determine if the plan met the statutory standard. After numerous changes and delays in the schedule for concluding this proceeding, PRTC withdrew the tariff on February 3, 2006. PRTC plans in the near future to implement a new tariff plan which will address customer needs and market realities.

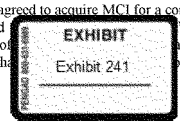
In Venezuela, CANTV's wireless operations have faced competition since inception. In late 2000, the government opened the basic telephone market for local, national and international long distance service to competition and issued new guidelines governing interconnection and the use of wireless spectrum. At the end of 2005, CVG Telecom, the government sponsored telephone operator, was granted a license to provide services in seven Venezuelan states and Internet services nationwide, in direct competition with CANTV. CANTV remains Venezuela's leading provider of switched, fixed local and domestic and international long distance services and is one of the country's top providers of wireless services. CANTV is still subject to comprehensive price cap regulation, especially with respect to residential services, that limits the company's ability to raise prices to keep pace with changes in foreign exchange rates and inflation. The regulator, CONATEL, has indicated an intention to move to an efficient enterprise model for establishing regulated rates for basic services.

In Italy, Vodafone Omnitel operates in an intensely competitive and highly penetrated market. It continues to perform well in Italy through customer growth, driven by successful promotions and a focus on high value customers through targeted retention initiatives. Vodafone Omnitel was awarded a license for third-generation mobile spectrum in 2000, which was subsequently extended from a 15-year life to a 20-year life in November 2001. During 2004, Vodafone Omnitel launched the commercial operations of its third-generation network.

Recent Developments

MCI Merger

On February 14, 2005, Verizon announced that it had agreed to acquire MCI for a combination of Verizon common shares and cash (including MCI dividends). On May 2, 2005, Verizon announced [illegible] further amend its agreement to acquire MCI for cash and stock of at least $26.00 per share, consisting of cash of [illegible] special dividend by MCI on October 27, 2005, after the October 6, 2005 approval of the transaction by MCI sha[illegible] of .5743 Verizon shares for each MCI common share or a



sufficient number of Verizon shares to deliver to shareholders $20.40 of value. Under this price protection feature, Verizon had the option of paying additional cash instead of issuing additional shares over the .5743 exchange ratio. This consideration was subject to adjustment at closing and



may have been decreased based on MCI's bankruptcy claims-related experience and international tax liabilities. The merger received the required state, federal and international regulatory approvals by year-end 2005, and on January 6, 2006, Verizon and MCI closed the merger.

Under terms of the merger agreement, MCI shareholders received .5743 shares of Verizon and cash for each of their MCI shares. Verizon elected to make a supplemental cash payment of $2.738 per MCI share, $779 million in the aggregate, rather than issue additional shares of Verizon common stock, so that the merger consideration was equal to at least $20.40 per MCI share. Verizon and MCI management mutually agreed that there was no purchase price adjustment related to the amount of MCI's bankruptcy claims-related experience and international tax liabilities.

Separately, on April 9, 2005, Verizon entered into a stock purchase agreement with eight entities affiliated with Carlos Slim Helu to purchase 43.4 million shares of MCI common stock for $25.72 per share in cash plus an additional cash amount of 3% per annum from April 9, 2005 until the closing of the purchase of those shares. The transaction closed on May 17, 2005 and the additional cash payment was made through May 13, 2005. The total cash payment was $1,121 million. Under the stock purchase agreement, Verizon will pay the Slim entities an adjustment at the end of one year in an amount per MCI share calculated by multiplying (i) .7241 by (ii) the amount, if any, by which the price of Verizon's common stock exceeds $35.52 per share (measured over a 20-day period), subject to a maximum excess amount per Verizon share of $26.98. After the closing of the stock purchase agreement, Verizon transferred the shares of MCI common stock it had purchased to a trust established pursuant to an agreement between Verizon and the Department of Justice. We received the special dividend of $5.60 per MCI share on these 43.4 million MCI shares, or $243 million, on October 27, 2005.

Redemption of MCI Debt

On January 17, 2006, Verizon announced offers to purchase two series of MCI senior notes, MCI $1,983 million aggregate principal amount of 6.688% Senior Notes Due 2009 and MCI $1,699 million aggregate principal amount of 7.735% Senior Notes Due 2014, at 101% of their par value. Due to the change in control of MCI that occurred in connection with the merger with Verizon on January 6, 2006, Verizon is required to make this offer to noteholders within 30 days of the closing of the merger of MCI and Verizon. Separately, Verizon notified noteholders that MCI is exercising its right to redeem both series of Senior Notes prior to maturity under the optional redemption procedures provided in the indentures. The 6.688% Notes were redeemed on March 1, 2006, and the 7.735% Notes were redeemed on February 16, 2006.

In addition, on January 20, 2006, Verizon announced an offer to repurchase MCI $1,983 million aggregate principal amount of 5.908% Senior Notes Due 2007 at 101% of their par value. On February 21, 2006, $1,804 million of these notes were redeemed by Verizon. Verizon satisfied and discharged the indenture governing this series of notes shortly after the close of the offer for those noteholders who did not accept this offer.

Issuance of Debt

In February 2006, Verizon issued $4,000 million of floating rate and fixed rate notes maturing from 2007 through 2035.

Spectrum Purchases

On February 15, 2005, the FCC's auction of broadband personal communications services licenses ended and Verizon Wireless and Vista PCS, LLC were the highest bidders for 63 licenses totaling approximately $697 million. On May 13, 2005, the licenses won by Verizon Wireless were granted by the FCC. The licenses won by Vista PCS remain subject to FCC approval.

Sales of Businesses and Investments

Information Services

In December 2005, we announced that we are exploring divesting Information Services through a spin-off, sale or other strategic transaction. However, since this process is still ongoing, Information Services' results of operations, financial position and cash flows remain in Verizon's continuing operations.

Telephone Access Lines

We continually consider plans for a reduction in the size of our access line business, including through a spin-off mechanism or otherwise, so that we may pursue our strategy of placing greater focus on the higher growth businesses of broadband and wireless.

Environmental Matters

During 2003, under a government-approved plan, remediation commenced at the site of a former Sylvania facility in Hicksville, New York that processed nuclear fuel rods in the 1950s and 1960s. Rem ectations proved to be necessary and a reassessment of the anticipated remediation costs was conducted. A reassess ediation efforts at several other former facilities was also undertaken. As a result, an additional environmental rem llion was recorded in 2003, for remedial activities likely to

EXHIBIT
Exhibit 241

take place over the next several years. In September 2005 the Army Corps of Engineers (ACE) accepted the Hicksville site into the Formerly Utilized Sites Remedial Action Program. This may result in the ACE performing some or all of the remediation effort for the Hicksville site with a corresponding decrease in costs to Verizon. To the extent that the ACE assumes responsibility for remedial work at the Hicksville site,



an adjustment to this reserve may be made. Adjustments may also be made based upon actual conditions discovered during the remediation at any of the sites requiring remediation.

New York Recovery Funding

In August 2002, President Bush signed the Supplemental Appropriations bill that included $5.5 billion in New York recovery funding. Of that amount, approximately $750 million has been allocated to cover utility restoration and infrastructure rebuilding as a result of the September 11th terrorist attacks on lower Manhattan. These funds will be distributed through the Lower Manhattan Development Corporation following an application and audit process. As of September 2004, we had applied for reimbursement of approximately $266 million under Category One, although we did not record this amount as a receivable. We received advances totaling $88 million in connection with this application process. On December 22, 2004, we applied for reimbursement of an additional $136 million of "category 2" losses, and on March 29, 2005 we amended our application seeking an additional $3 million. Category 2 funding is for permanent restoration and infrastructure improvement. According to the plan, permanent restoration is reimbursed up to 75% of the loss. On November 3, 2005, we received the results of preliminary audit findings disallowing all but $44 million of our original $266 million of costs in our Category One applications. On December 8, 2005, we provided a detailed rebuttal to the preliminary audit findings and are currently awaiting the final audit report. Our applications are pending.

Employees

As of December 31, 2005, Verizon and its subsidiaries had approximately 217,000 employees. Unions represent approximately 46% of our employees.

Information on Our Internet Website

We make available, free of charge on our website, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission (SEC). Our website address is www.verizon.com. This information is included in "Investor Information" on our website.



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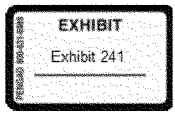
Cautionary Statement Concerning Forward-Looking Statements

In this Annual Report on Form 10-K we have made forward-looking statements. These statements are based on our estimates and assumptions and are subject to risks and uncertainties. Forward-looking statements include the information concerning our possible or assumed future results of operations. Forward-looking statements also include those preceded or followed by the words "anticipates," "believes," "estimates," "hopes" or similar expressions. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

The following important factors, along with those discussed elsewhere in this Annual Report, could affect future results and could cause those results to differ materially from those expressed in the forward-looking statements:

- materially adverse changes in economic and industry conditions and labor matters, including workforce levels and labor negotiations, and any resulting financial and/or operational impact, in the markets served by us or by companies in which we have substantial investments;
- material changes in available technology;
- technology substitution;
- an adverse change in the ratings afforded our debt securities by nationally accredited ratings organizations;
- the final results of federal and state regulatory proceedings concerning our provision of retail and wholesale services and judicial review of those results;
- the effects of competition in our markets;
- the timing, scope and financial impacts of our deployment of fiber-to-the-premises broadband technology;
- the ability of Verizon Wireless to continue to obtain sufficient spectrum resources;
- changes in our accounting assumptions that regulatory agencies, including the SEC, may require or that result from changes in the accounting rules or their application, which could result in an impact on earnings; and
- the extent and timing of our ability to obtain revenue enhancements and cost savings following our business combination with MCI.



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Item 1A. Risk Factors

We face significant competition that may reduce our market share and lower our profits

We face significant competition in our industry. The rapid development of new technologies, services and products has eliminated the traditional lines between local, long distance, wireless, cable and Internet communication services and brought new competitors to our markets, including other telephone companies, cable companies, wireless service providers, satellite providers, electric utilities, and providers of VoIP services. While these changes have enabled us to offer new types of services, they have also allowed other service providers to broaden the scope of their own competitive offerings. Our ability to compete successfully will depend on how successfully we anticipate and respond to various competitive factors, including new services that may be introduced by our competitors, changes in consumer preferences, demographic trends and pricing pressures. Because many of our competitors are subject to less regulation and have lower cost structures than us, due in part to the absence of a unionized work force and fewer retirees, they may be able to offer services at lower prices. The resulting pressure on the price of services provided by us may result in reduced revenues and reduction of profits.

Unless we effectively keep pace with technological developments in the telecommunications industry we may experience a decline in demand for our services

Our industry is experiencing rapid change as new technologies are developed that offer consumers an array of choices for their communications needs. In order to grow and remain competitive, we will need to adapt to future changes in technology, to enhance our existing offerings and introduce new offerings to address our customers' changing demands. If we are unable to meet future advances in competing technologies on a timely basis or at an acceptable cost, we could lose customers to our competitors. In general, the development of new services in our industry requires us to anticipate and respond to the varied and continually changing demands of our customers. We may not be able to accurately predict technological trends or the success of new services in the market. In addition, there could be legal or regulatory restraints to our introduction of new services. If these services fail to gain acceptance in the marketplace, or if costs associated with implementation and completion of the introduction of these services materially increase, our ability to retain and attract customers could be adversely affected.

Changes in the regulatory regime under which we operate could adversely affect our business prospects or results of operations

Our operations are subject to regulation by the FCC and other federal, state and local agencies. It is impossible to predict with any certainty the outcome of pending federal and state regulatory proceedings relating to our provision of retail or wholesale services, or the reviews by federal or state courts of regulatory rulings. Unless we are able to obtain relief, existing laws and regulations may inhibit our ability to expand our business and introduce new products and services. In addition, the adoption of new laws or regulations or changes to the existing regulatory framework could adversely affect our business plans. For example, the development of new technologies, such as Internet Protocol-based services, including VoIP and super high-speed broadband and video, could be subject to conflicting regulation between the FCC and various state and local authorities, which could significantly increase the cost of implementing and introducing new services based on this technology.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

General

Our principal properties do not lend themselves to simple description by character and location. Our total investment in plant, property and equipment was approximately $194 billion at December 31, 2005 and $186 billion at December 31, 2004, including the effect of retirements, but before deducting accumulated depreciation. Our gross investment in plant, property and equipment consisted of the following at December 31:

	2005	2004
Network equipment	**80.9%**	80.5%
Land, buildings and building equipment	**9.1**	9.1
Furniture and other equipment	**6.7**	7.0
Other	**3.3**	3.4
	100.0%	100.0%



Our properties are divided among our operating segments at December 31, as follows:

	2005	2004
Domestic Telecom	74.6%	76.2%
Domestic Wireless	21.7	19.9
Information Services	0.3	0.3
International	2.7	3.0
Corporate and Other	0.7	0.6
	100.0%	100.0%

Network equipment consists primarily of aerial cable, underground cable, conduit and wiring, wireless plant, telephone poles, switching equipment, transmission equipment and related facilities. Land, buildings and building equipment consists of land and land improvements and central office buildings. Furniture and other equipment consists of public telephone instruments and telephone equipment (including PBXs), furniture, office equipment, motor vehicles and other work equipment. Other property consists primarily of plant under construction, capital leases, capitalized computer software costs and leasehold improvements. A portion of our property is subject to the liens of their respective mortgages securing funded debt.

The customers of our telephone operations are served by electronic switching systems that provide a wide variety of services. At December 31, 2005, substantially all of the access lines were served by digital capability.

Capital Expenditures

We continue to make significant capital expenditures to meet the demand for telecommunications services and to further improve such services. Capital spending for Domestic Telecom was $8,267 million in 2005, $7,118 million in 2004 and $6,820 million in 2003. Capital spending for Domestic Wireless was $6,484 million in 2005, $5,633 million in 2004 and $4,590 million in 2003. Capital spending for Information Services, International and Corporate and Other businesses was $573 million in 2005, $508 million in 2004 and $464 million in 2003. Capital spending for those years includes capitalized software and excludes additions under capital leases. In 2006, Verizon management expects capital expenditures to be in the range of $15.4 billion to $15.7 billion, excluding capital expenditures associated with MCI. Including MCI, capital expenditures are expected to be $17.0 billion to $17.4 billion in 2006.

Item 3. Legal Proceedings

None.

Item 4. Submission of Matters to a Vote of Security Holders

Not Applicable.

Executive Officers of the Registrant

Set forth below is information with respect to our executive officers.

Name	Age	Office	Held Since
Ivan G. Seidenberg	59	Chairman and Chief Executive Officer	2000
Lawrence T. Babbio, Jr.	61	Vice Chairman and President	2000
William P. Barr	55	Executive Vice President and General Counsel	2000
Thomas A. Bartlett	47	Senior Vice President and Controller	2005
John W. Diercksen	56	Executive Vice President – Strategy, Development and Planning	2003
Marc C. Reed	47	Executive Vice President – Human Resources	2004
Dennis F. Strigl	59	Executive Vice President and President and CEO – Verizon Wireless	2000
Thomas J. Tauke	55	Executive Vice President – Public Affairs, Policy and Communications	2004
Doreen A. Toben	56	Executive Vice President and Chief Financial Officer	2002
Catherine T. Webster	53	Senior Vice President and Treasurer	2005

Prior to serving as an executive officer, each of the above officers have held high level managerial positions with the company or one of its subsidiaries for at least five years.

Officers are not elected for a fixed term of office but are [illegible] of the Board of Directors.

EXHIBIT
Exhibit 241

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PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The principal market for trading in the common stock of Verizon is the New York Stock Exchange. The common stock is also listed in the United States on the Boston, Chicago, Pacific and Philadelphia stock exchanges. As of December 31, 2005, there were 947,767 shareowners of record.

High and low stock prices, as reported on the New York Stock Exchange composite tape of transactions, and dividend data are as follows:

		Market Price		Cash Dividend Declared
		High	Low	
2005	**First Quarter**	**$ 41.06**	**$ 34.38**	**$ .405**
	Second Quarter	**36.25**	**33.71**	**.405**
	Third Quarter	**34.97**	**31.65**	**.405**
	Fourth Quarter	**32.78**	**29.13**	**.405**
2004	First Quarter	$ 39.54	$ 35.08	$ .385
	Second Quarter	38.20	34.25	.385
	Third Quarter	41.01	34.13	.385
	Fourth Quarter	42.27	38.26	.385

The following table provides information about Verizon's common stock repurchases during the fourth quarter of 2005.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (2)
October 2005	–	$ –	–	64,201,280
November 2005	1,600,000	31.19	1,600,000	62,601,280
December 2005	–	–	–	62,601,280
	1,600,000	31.19	1,600,000	62,601,280

(1) On January 22, 2004, Verizon's Board of Directors authorized a common stock repurchase program.

(2) The program authorizes total repurchases of up to 80 million common shares and expires no later than the close of business on February 28, 2006. Under the plan, Verizon had the option to repurchase shares for the corporation over time, with the amount and timing of repurchases depending on market conditions and corporate needs.

On January 19, 2006, the Board of Directors authorized the repurchase of up to 100 million common shares terminating no later than the close of business on February 28, 2008. The Board of Directors also determined that no additional common shares may be purchased under the previous program.

Item 6. Selected Financial Data

Information required by this item is included in the 2005 Verizon Annual Report to Shareowners under the heading "Selected Financial Data" on page 13, which is incorporated herein by reference.

Item 7. Management's Discussion and Analysis of Results of Operations and Financial Condition

Information required by this item is included in the 2005 Verizon Annual Report to Shareowners under the heading "Management's Discussion and Analysis of Results of Operations and Financial Condition" on pages 14 through 35, which is incorporated herein by reference.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Information required by this item is included in the 2005 Verizon Annual Report to Shareowners under the heading "Market Risk" on page 30, which is incorporated herein by reference.

Item 8. Financial Statements and Supplementary Data

Information required by this item is included in the 2005 Verizon Annual Report to Shareowners on pages 36 through 71, which is incorporated herein by reference.

EXHIBIT
Exhibit 241

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.



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Item 9A. Controls and Procedures

Our chief executive officer and chief financial officer have evaluated the effectiveness of the registrant's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934), as of the end of the period covered by this annual report, that ensure that information relating to the registrant which is required to be disclosed in this report is recorded, processed, summarized and reported, within required time periods. Based on this evaluation, our chief executive officer and chief financial officer have concluded that the registrant's disclosure controls and procedures were adequate and effective to ensure that material information relating to the registrant and its consolidated subsidiaries would be accumulated and communicated to them by others within those entities, particularly during the period in which this annual report was being prepared, to allow timely decisions regarding required disclosure. There were no changes in the registrant's internal control over financial reporting during the period covered by this annual report that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

Management's report on internal control over financial reporting and the attestation report of Verizon's independent registered accounting firm is included in the 2005 Verizon Annual Report to Shareowners on pages 36 through 37 and is incorporated herein by reference.

Item 9B. Other Information

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

For information with respect to our executive officers, see "Executive Officers of the Registrant" at the end of Part I of this Report. For other information required by this item see the Proxy Statement for our 2006 Annual Meeting of Shareholders filed pursuant to Regulation 14A, which is incorporated herein by reference.

Item 11. Executive Compensation

For information with respect to executive compensation, see the Proxy Statement for our 2006 Annual Meeting of Shareholders filed pursuant to Regulation 14A, which is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management

For information with respect to the security ownership of the Directors and Executive Officers and related stockholder matters, see the Proxy Statement for our 2006 Annual Meeting of Shareholders filed pursuant to Regulation 14A, which is incorporated herein by reference. In addition, see the following table for other equity compensation plan information:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	204,434,714	$ 48.66	113,515,713
Equity compensation plans not approved by security holders	52,061,908	42.37	5,972,715*
Total	256,496,622	47.39	119,488,428

* Indicates the number of securities available for issuance under the Verizon Communications 2000 Broad-Based Incentive Plan, which provides for awards of nonqualified stock options, restricted stock, restricted stock units and other equity-based hypothetical stock units to employees of Verizon and its subsidiaries.

Item 13. Certain Relationships and Related Transactions

None.

Item 14. Principal Accounting Fees and Services

For information with respect to principal accounting fees and services, see the Proxy Statement for our 2006 Annual Meeting of Shareholders filed pursuant to Regulation 14A, which is incorporated

EXHIBIT
Exhibit 241

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PART IV
Item 15. Exhibits, Financial Statement Schedules

(a) Documents filed as part of this report:

		Page
(1)	Report of Management on Internal Control Over Financial Reporting	*
	Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting	*
	Report of Independent Registered Public Accounting Firm on Financial Statements	*
	Financial Statements covered by Report of Independent Registered Public Accounting Firm:	
	Consolidated Statements of Income	*
	Consolidated Balance Sheets	*
	Consolidated Statements of Cash Flows	*
	Consolidated Statements of Changes in Shareowners' Investment	*
	Notes to Consolidated Financial Statements	*
	* Incorporated herein by reference to the appropriate portions of the registrant's annual report to shareowners for the fiscal year ended December 31, 2005. (See Part II.)	
(2)	Financial Statement Schedule	
	II – Valuation and Qualifying Accounts	26
(3)	Exhibits	

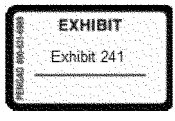

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Exhibit Number	
3a	Restated Certificate of Incorporation of Verizon Communications Inc. (Verizon) filed herewith.
3b	Bylaws of Verizon, as amended and restated, filed herewith.
4	No instrument which defines the rights of holders of long-term debt of Verizon and its consolidated subsidiaries is filed herewith pursuant to Regulation S-K, Item 601(b)(4)(iii)(A). Pursuant to this regulation, Verizon hereby agrees to furnish a copy of any such instrument to the SEC upon request.
10a	Description of Verizon Deferred Compensation Plan for Non-Employee Directors (Exhibit 10a to Form 10-K for the year ended December 31, 2000).*
	10a(i) Description of Amendment to Plan (Exhibit 10a(i) to Form 10-K for the year ended December 31, 2004).
10b	Bell Atlantic Deferred Compensation Plan for Outside Directors, as amended and restated (Exhibit 10a to Form 10-K for the year ended December 31, 1998).*
10c	Deferred Compensation Plan for Non-Employee Members of the Board of Directors of GTE, as amended (Exhibit 10-1 to GTE's Form 10-K for the year ended December 31, 1997 and Exhibit 10.1 to GTE's Form 10-K for the year ended December 31, 1998, File No. 1-2755).*
10d	GTE's Directors' Deferred Stock Unit Plan (Exhibit 10-8 to GTE's Form 10-K for the year ended December 31, 1997, File No. 1-2755).*
10e	Description of Plan for Non-Employee Directors' Travel Accident Insurance (Exhibit 10c to Form 10-K for the year ended December 31, 1999).*
10f	Bell Atlantic Directors' Charitable Giving Program, as amended (Exhibit 10p to Form SE dated March 29, 1990 and Exhibit 10p to Form SE dated March 29, 1993).*
10g	GTE's Charitable Awards Program (Exhibit 10-10 to GTE's Form 10-K for the year ended December 31, 1992, File No. 1-2755).*
10h	NYNEX Directors' Charitable Award Program (Exhibit 10i to Form 10-K for the year ended December 31, 2000).*
10i	Verizon Communications 2000 Broad-Based Incentive Plan (Exhibit 10h to Form 10-Q for the period ended September 30, 2000).*
10j	Verizon Communications Inc. Long-Term Incentive Plan (Appendix B to Verizon's 2001 Proxy Statement filed March 12, 2001).*
	10j(i) Performance Stock Unit Agreement 2003-2005 Award Cycle filed herewith.*
	10j(ii) Performance Stock Unit Agreement 2004-2006 Award Cycle filed herewith.*
	10j(iii) Restricted Stock Unit Agreement 2005-2007 Award Cycle (Exhibit 10a to Form 10-Q for the period ended March 31, 2005).*
	10j(iv) Performance Stock Unit Agreement 2005-2007 Award Cycle (Exhibit 10b to Form 10-Q for the period ended March 31, 2005).*
	10j(iv)(a) Addendum to Performance Stock Unit Agreement 2005-2007 Award Cycle filed herewith.*
	10j(v) Restricted Stock Unit Agreement 2006-2008 Award Cycle filed herewith.*
	10j(vi) Performance Stock Unit Agreement 2006-2008 Award Cycle filed herewith.*
10k	GTE's Long-Term Incentive Plan, as amended (Exhibit B to GTE's 1997 Proxy Statement and Exhibit 10.5 to GTE's 1998 Form 10-K for the year ended December 31, 1998, File No. 1-2755); Description of Amendments (Exhibit 10l to Form 10-K for the year ended December 31, 2000).*
10m	NYNEX 1995 Stock Option Plan, as amended (Exhibit No. 1 to NYNEX's Proxy Statement dated March 20, 1995, File No. 1-8608); Description of Amendments (Exhibit 10n to Form 10-K for the year ended December 31, 2000).*
10n	Verizon Communications Inc. Short-Term Incentive Plan (Appendix C to Verizon's 2001 Proxy Statement filed March 12, 2001).*
10o	Verizon Communications Inc. Income Deferral Plan (Exhibit 10f to Form 10-Q for the period ended June 30, 2002).*



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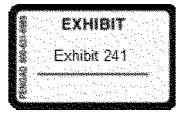
	10o(i) Description of Amendment to Plan (Exhibit 10o(i) to Form 10-K for the year ended December 31, 2004).*
10p	Verizon Communications Inc. Excess Pension Plan (Exhibit 10p to Form 10-K for the year ended December 31, 2004).*
	10p(i) Description of Amendment to Plan (Exhibit 10p(i) to Form 10-K for the year ended December 31, 2004).*
10q	GTE's Executive Salary Deferral Plan, as amended (Exhibit 10.10 to GTE's Form 10-K for the year ended December 31, 1998, File No. 1-2755).*
10r	Bell Atlantic Senior Management Long-Term Disability and Survivor Protection Plan, as amended (Exhibit 10h to Form SE filed on March 27, 1986 and Exhibit 10b(ii) to Form 10-K for the year ended December 31, 1997).*
10s	Description of Bell Atlantic Senior Management Estate Management Plan (Exhibit 10rr to Form 10-K for year ended December 31, 1997).*
10t	GTE's Executive Retired Life Insurance Plan, as amended (Exhibits 10-6, 10-6 and 10-6 to GTE's Form 10-K for the years ended December 31, 1991, 1992 and 1993, respectively, File No. 1-2755).*
10u	NYNEX Supplemental Life Insurance Plan (Exhibit No. 10 iii 21 to NYNEX's Form 10-Q for the period ended June 30, 1996, File No. 1-8608).*
10v	Summary Plan Description of Verizon Executive Deferral Plan filed herewith.*
10w	Description of salary increase for Ivan G. Seidenberg (Exhibit 10w to Form 10-K for the year ended December 31, 2004).*
10x	Employment Agreement between Verizon and Lawrence T. Babbio (Exhibit 10a to Form 10-Q for the period ended September 30, 2000).*
10y	Employment Agreement between Verizon and Marc C. Reed (Exhibit 10a to Form 10-Q for the period ended June 30, 2004).*
10z	Employment Agreement between Verizon and William P. Barr (Exhibit 10z to Form 10-Q for the period ended March 31, 2003).*
10cc	Employment Agreement between Verizon and Doreen A. Toben (Exhibit 10d to Form 10-Q for the period ended June 30, 2002).*
10dd	Description of the Split-Dollar Insurance Arrangements (Exhibit 10g to Form 10-Q for the period ended June 30, 2002).*
	10dd(i) Description of Changes to Arrangements (Exhibit 10dd(i) to Form 10-K for the year ended December 31, 2004).*
10ee	Employment Agreement between Verizon Wireless and Dennis F. Strigl (Exhibit 10f to Form 10-Q for the period ended September 30, 2000).*
10ff	Employment Agreement between Verizon and Thomas J. Tauke (Exhibit 10b to Form 10-Q for the period ended June 30, 2004).*
10gg	Form of Employment Agreement between Verizon and Band 1 Senior Management Employee (Exhibit 10gg to the Form 10-K for the year ended December 31, 2004).*
10hh	NYNEX Deferred Compensation Plan for Non-Employee Directors (Exhibit 10gg to NYNEX's Registration Statement No. 2-87850, File No. 1-8608).*
	10hh(i) Amendment to NYNEX Corporation Deferred Compensation Plan for Non-Employee Directors (Exhibit 10iii 5a to NYNEX's Quarterly Report on Form 10-Q for the period ended June 30, 1996, File No. 1-8608).*
10ii	U.S. Wireless Agreement, dated September 21, 1999, among Bell Atlantic and Vodafone Airtouch plc, including the forms of Amended and Restated Partnership Agreement and the Investment Agreement (Exhibit 10 to Form 10-Q for the period ended September 30, 1999).
12	Computation of Ratio of Earnings to Fixed Charges filed herewith.
13	Portions of Verizon's Annual Report to Shareowners for the fiscal year ended December 31, 2005. Only the information incorporated by reference into this Form 10-K is included in the exhibit.
21	List of principal subsidiaries of Verizon filed herewith.



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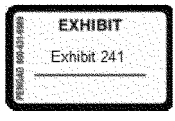
23	Consent of Ernst & Young LLP filed herewith.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Indicates management contract or compensatory plan or arrangement.



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Schedule II – Valuation and Qualifying Accounts

Verizon Communications Inc. and Subsidiaries

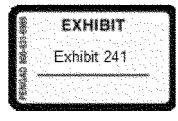
For the Years Ended December 31, 2005, 2004 and 2003

(dollars in millions)

Description	Balance at Beginning of Period	Additions: Charged To Expenses	Additions: Charged to Other Accounts Note (a)	Deductions Note (b)	Balance at End of Period
Allowance for Uncollectible Accounts Receivable:					
Year 2005	**$ 1,670**	**$ 1,290**	**$ 566**	**$ 2,238**	**$ 1,288**
Year 2004	2,382	1,181	980	2,873	1,670
Year 2003	2,767	1,789	949	3,123	2,382
Valuation Allowance for Deferred Tax Assets:					
Year 2005	**$ 1,217**	**$ 46**	**$ 43**	**$ 491**	**$ 815**
Year 2004	1,463	6	–	252	1,217
Year 2003	661	844	–	42	1,463
Discontinued Businesses:					
Year 2005	**$ 287**	**$ 5**	**$ –**	**$ 44**	**$ 248**
Year 2004	331	39	15	98	287
Year 2003	151	240	60	120	331

(a) Allowance for Uncollectible Accounts Receivable includes: (1) amounts previously written off which were credited directly to this account when recovered, and (2) accruals charged to accounts payable for anticipated uncollectible charges on purchases of accounts receivable from others which were billed by us. Also includes amounts transferred from other accounts.

(b) Amounts written off as uncollectible or transferred to other accounts or utilized.



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Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Verizon Communications Inc.

Date: March 14, 2006

By: /s/ Thomas A. Bartlett
Thomas A. Bartlett
Senior Vice President and Controller

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Principal Executive Officer:

/s/ Ivan G. Seidenberg Ivan G. Seidenberg	Chairman and Chief Executive Officer	March 14, 2006

Principal Financial Officer:

/s/ Doreen A. Toben Doreen A. Toben	Executive Vice President and Chief Financial Officer	March 14, 2006

Principal Accounting Officer:

/s/ Thomas A. Bartlett Thomas A. Bartlett	Senior Vice President and Controller	March 14, 2006



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Signatures – Continued

/s/ Ivan G. Seidenberg Ivan G. Seidenberg	Director	March 14, 2006
/s/ James R. Barker James R. Barker	Director	March 14, 2006
/s/ Richard L. Carrión Richard L. Carrión	Director	March 14, 2006
/s/ Robert W. Lane Robert W. Lane	Director	March 14, 2006
/s/ Sandra O. Moose Sandra O. Moose	Director	March 14, 2006
/s/ Joseph Neubauer Joseph Neubauer	Director	March 14, 2006
/s/ Donald T. Nicolaisen Donald T. Nicolaisen	Director	March 14, 2006
/s/ Thomas H. O'Brien Thomas H. O'Brien	Director	March 14, 2006
/s/ Clarence Otis, Jr. Clarence Otis, Jr.	Director	March 14, 2006
/s/ Hugh B. Price Hugh B. Price	Director	March 14, 2006
/s/ Walter V. Shipley Walter V. Shipley	Director	March 14, 2006
/s/ John R. Stafford John R. Stafford	Director	March 14, 2006
/s/ Robert D. Storey Robert D. Storey	Director	March 14, 2006

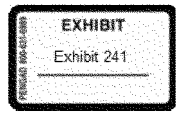


EXHIBIT 3a

VERIZON COMMUNICATIONS INC.

RESTATED CERTIFICATE OF INCORPORATION

February 22, 2006



RESTATED CERTIFICATE OF INCORPORATION
OF
VERIZON COMMUNICATIONS INC.

Verizon Communications Inc., a corporation organized and existing under the laws of the State of Delaware, hereby certifies as follows:

1. The name of the corporation is Verizon Communications Inc., and the name under which the corporation was originally incorporated is Bell Atlantic Corporation. The date of filing of its original Certificate of Incorporation with the Secretary of State was October 7, 1983.

2. This Restated Certificate of Incorporation only restates and integrates and does not further amend the provisions of the Certificate of Incorporation of the corporation as heretofore amended or supplemented and there is no discrepancy between those provisions and the provisions of this Restated Certificate of Incorporation.

3. The text of the Certificate of Incorporation as amended or supplemented heretofore is hereby restated without further amendments or changes to read as herein set forth in full in Exhibit A attached hereto.

4. This Restated Certificate of Incorporation was duly adopted by the Board of Directors in accordance with Section 245 of the General Corporation Law of the State of Delaware.

5. This Restated Certificate of Incorporation shall be effective upon filing with the Secretary of State of the State of Delaware.

IN WITNESS WHEREOF, said Verizon Communications Inc. has caused this Certificate to be signed by Marianne Drost, its Senior Vice President, Deputy General Counsel and Corporate Secretary this 21st day of February, 2006.

VERIZON COMMUNICATIONS INC.

By /s/ Marianne Drost

Marianne Drost
Senior Vice President, Deputy
General Counsel and Corporate
Secretary



EXHIBIT A

RESTATED CERTIFICATE
OF INCORPORATION
OF
VERIZON COMMUNICATIONS INC.

1. Corporate Name . The name of the corporation is Verizon Communications Inc. (the "Corporation").

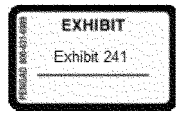
2. Registered Office . The address of the registered office of the Corporation is 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of the registered agent of the Corporation at such address is The Corporation Trust Company.

3. Corporate Purpose . The nature of the business of the Corporation or the purposes of the Corporation to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware, as amended from time to time (the "GCL").

4. Capital Stock .

A. Authorized Shares . The total number of shares of all classes of stock which the Corporation shall have the authority to issue is 4,500,000,000 shares, of which 4,250,000,000 shares are Common Stock, $.10 par value per share, and 250,000,000 shares Series Preferred Stock, $.10 par value.

B. Authority of Board to Fix Terms of Series Preferred Stock . The Board of Directors of the Corporation is hereby expressly authorized at any time and from time to time to provide for the issuance of all or any shares of the Series Preferred Stock in one or more classes or series, and to fix for each such class or series such voting powers, full or limited, or no voting powers, and such distinctive designations, preferences and relative, participating, optional or other special rights and such qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions adopted by the Board of Directors providing for the issuance of such class or series and to the fullest extent as may now or hereafter be permitted by the GCL, including, without limiting the generality of the foregoing, the authority to provide that any such class or series may be (i) subject to redemption at such time or times and at such price or prices; (ii) entitled to receive dividends (which may be cumulative or non-cumulative) at such rates, on such conditions, and at such times, and payable in preference to, or in such relation to, the dividends payable on any other class or classes or any other series; (iii) entitled to such rights upon the dissolution of, or upon any distribution of the assets of, the Corporation; or (iv) convertible into, or exchangeable for,



shares of any other class or classes of stock, or of any other series of the same or any other class or classes of stock, or other securities or property, of the Corporation at such price or prices or at such rates of exchange and with such adjustments; all as may be stated in such resolution or resolutions. Unless otherwise provided in such resolution or resolutions, shares of Series Preferred Stock of such class or series which shall be issued and thereafter acquired by the Corporation through purchase, redemption, exchange, conversion or otherwise shall return to the status of authorized but unissued Series Preferred Stock.

5. Board of Directors of the Corporation .

A. Responsibilities . The business and affairs of the Corporation shall be managed under the direction of the Board of Directors.

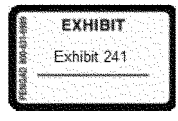
B. Number . Subject to the right of the Board of Directors to increase or decrease the number of directors pursuant to this Article 5.B., the Board of Directors shall consist of 22 directors. The Board of Directors may increase or decrease the number of directors by the affirmative vote of (a) three-quarters of the entire Board of Directors if the effective date of such increase or decrease is prior to the date on which Raymond W. Smith ceases to be Chairman of the Corporation (hereinafter referred to as the "Retirement Date"), and (b) a majority of the entire Board of Directors if the effective date of the increase or decrease is on or after the Retirement Date.

C. Elections of Directors . Elections of directors need not be by written ballot unless the Bylaws of the Corporation shall so provide.

D. Nominations for Directors . Except as otherwise permitted in Article 5.E., only persons who are nominated in accordance with the procedures established in the Bylaws shall be eligible for election as directors.

E. Vacancies . Vacancies and newly created directorships may be filled by the Board of Directors, provided that on or prior to the Retirement Date, such action shall be in accordance with the method for the selection of directors set forth in Section 4.16 of the Bylaws.

6. Bylaws . The Board of Directors is expressly authorized from time to time to make, alter or repeal the Bylaws of the Corporation in the manner set forth in the Bylaws from time to time.

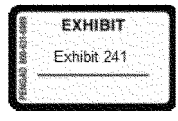


7. Indemnification.

A. I ndemnification of Authorized Representatives in Third Party Proceedings. —The Corporation shall indemnify any person who was or is an authorized representative of the Corporation, and who was or is a party, or is threatened to be made a party to any third party proceeding, by reason of the fact that such person was or is an authorized representative of the Corporation, against expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such third party proceeding if such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interests of the Corporation and, with respect to any criminal third party proceeding, had no reasonable cause to believe such conduct was unlawful. The termination of any third party proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the authorized representative did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to, the best interests of the Corporation, or, with respect to any criminal third party proceeding, had reasonable cause to believe that such conduct was unlawful.

B. Indemnification of Authorized Representatives in Corporate Proceedings. —The Corporation shall indemnify any person who was or is an authorized representative of the Corporation and who was or is a party or is threatened to be made a party to any corporate proceeding, by reason of the fact that such person was or is an authorized representative of the Corporation, against expenses actually and reasonably incurred by such person in connection with the defense or settlement of such corporate proceeding if such person acted in good faith and in a manner reasonably believed to be in, or not opposed to, the best interests of the Corporation; provided, however, that, except as provided in this Article 7 with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such person in connection with an action, suit or proceeding (or part thereof) initiated by such person only if the initiation of such action, suit or proceeding (or part thereof) was authorized by the Board of Directors; provided further, however, that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery or the court in which such corporate proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such authorized representative is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

C. Mandatory Indemnification of Authorized Representatives .—To the extent that an authorized representative or other employee or agent of the Corporation has been successful on the merits or otherwise in defense of any third party or corporate proceeding or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses actually and reasonably incurred by such person in connection therewith.



D. Determination of Entitlement to Indemnification. —Any indemnification under section 7(A), (B) or (C) of this Article (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the authorized representative or other employee or agent is proper in the circumstances because such person has either met the applicable standard of conduct set forth in section 7(A) or (B) of this Article or has been successful on the merits or otherwise as set forth in section 7(C) of this Article and that the amount requested has been actually and reasonably incurred. Such determination shall be made:

(1) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such third party or corporate proceeding; or

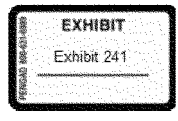
(2) if such a quorum is not obtainable, or even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion; or

(3) by the stockholders.

E. Advancing Expenses .—Expenses actually and reasonably incurred in defending a third party or corporate proceeding shall be paid on behalf of an authorized representative by the Corporation in advance of the final disposition of such third party or corporate proceeding and within 30 days of receipt by the secretary of the Corporation of (i) an application from such authorized representative setting forth the basis for such indemnification, and (ii) if required by law at the time such application is made, an undertaking by or on behalf of the authorized representative to repay such amount if it shall ultimately be determined that the authorized representative is not entitled to be indemnified by the Corporation as authorized in this Article. The financial ability of any authorized representative to make a repayment contemplated by this section shall not be a prerequisite to the making of an advance. Expenses incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the Board of Directors deems appropriate.

F. Definitions .—For purposes of this Article:

(1) "authorized representative" shall mean any and all directors and officers of the Corporation and any person designated as an authorized representative by the Board of Directors of the Corporation or any officer of the Corporation to whom the Board has delegated the authority to make such designations (which "authorized representative" may, but need not, include any person serving at the request of the Corporation as a director, officer, employee, trustee or agent of another corporation, partnership, joint venture, trust or other enterprise);



(2) "Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article with respect to the resulting or surviving corporation as such person would have with respect to such constituent corporation if its separate existence had continued;

(3) "corporate proceeding" shall mean any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor and any investigative proceeding by the Corporation;

(4) "criminal third party proceeding" shall include any action or investigation which could or does lead to a criminal third party proceeding;

(5) "expenses" shall include attorneys' fees and disbursements;

(6) "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan;

(7) actions "not opposed to the best interests of the Corporation" shall include without limitation actions taken in good faith and in a manner the authorized representative reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan;

(8) "other enterprises" shall include employee benefit plans;

(9) "party" shall include the giving of testimony or similar involvement;

(10) "serving at the request of the Corporation" shall include without limitation any service as a director, officer or employee of the Corporation which imposes duties on, or involves services by, such director, officer or employee with respect to an employee benefit plan, its participants, or beneficiaries; and

(11) "third party proceeding" shall mean any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative, other than an action by or in the right of the Corporation.



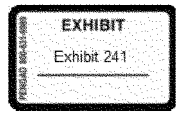
G. Insurance .—The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against the person and incurred by the person in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power or the obligation to indemnify such person against such liability under the provisions of this Article.

H. Scope of Article .—The indemnification of authorized representatives and advancement of expenses, as authorized by the preceding provisions of this Article, shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any agreement, vote of stockholders or disinterested directors or otherwise, both as to action in an official capacity and as to action in another capacity while holding such office. The indemnification and advancement of expenses provided by or granted pursuant to this Article shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be an authorized representative and shall inure to the benefit of the heirs, executors and administrators of such a person.

I. Reliance on Provisions .—Each person who shall act as an authorized representative of the Corporation shall be deemed to be doing so in reliance upon rights of indemnification provided by this Article. Any repeal or modification of the provisions of this Article 7 by the stockholders of the Corporation shall not adversely affect any right or benefit of a director existing at the time of such repeal or modification.

J. Severability .—If this Article 7 or any portion thereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each authorized representative of the Corporation as to expenses, judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, including, without limitation, a grand jury proceeding and an action, suit or proceeding by or in the right of the Corporation, to the fullest extent permitted by any applicable portion of this Article 7 that shall not have been invalidated, by the GCL or by any other applicable law.

8. Duty of Care . A director of the Corporation shall not be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law, (iii) under Section 174 of the GCL, or (iv) for any transaction from which the director derived an improper personal benefit. If the GCL is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the GCL, as so amended. Any repeal or modification of the provisions of this Article 8 by the stockholders of the Corporation shall not adversely affect any right or benefit of a director of the Corporation existing at the time of such repeal or modification.



9. Board Consideration of All Relevant Factors . The Board of Directors of the Corporation, when evaluating any offer of another party to (a) make a tender or exchange offer for any equity security of the Corporation, (b) merge or consolidate the Corporation with another corporation, or (c) purchase or otherwise acquire all or substantially all of the properties and assets of the Corporation, may, in connection with the exercise of its judgment in determining what is in the best interests of the Corporation and its stockholders, give due consideration to (i) all relevant factors, including without limitation the social, legal, environmental and economic effects on employees, customers, suppliers and other affected persons, firms and corporations and on the communities and geographical areas in which the Corporation and its subsidiaries operate or are located and on any of the businesses and properties of the Corporation or any of its subsidiaries, as well as such other factors as the directors deem relevant, and (ii) the consideration being offered, not only in relation to the then current market price for the Corporation's outstanding shares of capital stock, but also in relation to the then current value of the Corporation in a freely negotiated transaction and in relation to the Board of Directors' estimate of the future value of the Corporation (including the unrealized value of its properties and assets) as an independent going concern.

10. Unanimous Consent of Stockholders in Lieu of Meeting . Any action required to be taken at any annual or special meeting of stockholders of the Corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of all of the outstanding stock entitled to vote to take such action at any annual or special meeting of stockholders of the Corporation and shall be delivered to the Corporation by delivery to its registered office in Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the books in which proceedings or meetings of stockholders are recorded. Every written consent shall bear the date of signature of each stockholder who signs the consent and no written consent shall be effective to take the corporate action referred to unless, within 60 days of the earliest dated consent delivered in the manner required in this section to the Corporation, written consents signed by the holders of all of the outstanding stock entitled to vote to take such action are delivered to the Corporation by delivery to its registered office in Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the books in which proceedings of meetings of stockholders are recorded. Delivery made to a Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested.

11. Amendments . The Corporation reserves the right to amend, alter, change or repeal any provision contained in this certificate of incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

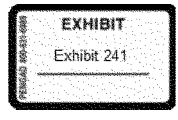


EXHIBIT 3b

VERIZON COMMUNICATIONS INC.

BYLAWS

As amended, effective as of September 1, 2005

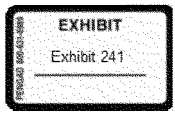


BYLAWS

OF

VERIZON COMMUNICATIONS INC.

(a Delaware corporation)



BYLAWS
OF
VERIZON COMMUNICATIONS INC.

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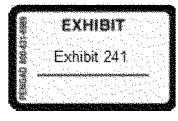

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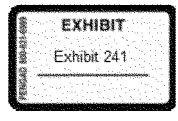


BYLAWS

OF

VERIZON COMMUNICATIONS INC.

(a Delaware corporation)

ARTICLE I
Offices and Fiscal Year

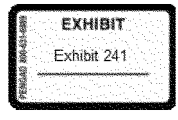
SECTION 1.01. **Registered Office.** —The registered office of the corporation shall be in the City of Wilmington, County of New Castle, State of Delaware until a different office is established by resolution of the board of directors and a certificate certifying the change is filed in the manner provided by statute.

SECTION 1.02. **Fiscal Year.** —The fiscal year of the corporation shall end on the 31st day of December in each year.

ARTICLE II
Notice - Waivers - Meetings

SECTION 2.01. **Notice, What Constitutes.** —Whenever, under the provisions of the Delaware General Corporation Law ("GCL") or the certificate of incorporation or these Bylaws, notice is required to be given to any director or stockholder, it shall not be construed to require personal notice, but such notice may be given in writing, by mail or by telegram (with messenger service specified), telex or TWX (with answerback received) or courier service, charges prepaid, or by telephone or facsimile transmission to the address (or to the telex, TWX, facsimile or telephone number) of the person appearing on the books of the corporation, or in the case of directors, supplied to the corporation for the purpose of notice. If the notice is sent by mail, telegram or courier service, it shall be deemed to be given when deposited in the United States mail or with a telegraph office or courier service for delivery to that person or, in the case of telex or TWX, when dispatched, or in the case of facsimile transmission, when received.

SECTION 2.02. **Notice of Meetings of Board of Directors.** —Notice of a regular meeting of the board of directors need not be given. Notice of every special meeting of the board of directors shall be given to each director in person or by telephone or in writing at least 24 hours (in the case of notice in person or by telephone, telex, TWX or facsimile transmission) or 48 hours (in the case of notice by telegram, courier service or express mail) or five days (in the case of notice by first class mail) before the time at which the meeting is to be held. Every such notice shall state the time and place of the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board need be specified in a notice of the meeting.



SECTION 2.03. **Notice of Meetings of Stockholders.** —Written notice of the place, date and hour of every meeting of the stockholders, whether annual or special, shall be given to each stockholder of record entitled to vote at the meeting not less than ten nor more than 60 days before the date of the meeting. Every notice of a special meeting shall state the purpose or purposes thereof. If the notice is sent by mail, it shall be deemed to have been given when deposited in the United States mail, postage prepaid, directed to the stockholder at the address of the stockholder as it appears on the records of the corporation.

SECTION 2.04. **Waivers of Notice.**

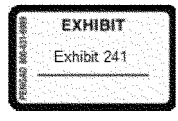
(a) **Written Waiver.** —Whenever notice is required to be given under any provisions of the GCL or the certificate of incorporation or these Bylaws, a written waiver, signed by the person or persons entitled to the notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors, or members of a committee of directors need be specified in any written waiver of notice of such meeting.

(b) **Waiver by Attendance.** —Attendance of a person at a meeting, either in person or by proxy, shall constitute a waiver of notice of such meeting, except where a person attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting was not lawfully called or convened.

SECTION 2.05. **Exception to Requirements of Notice.**

(a) **General Rule.** —Whenever notice is required to be given, under any provision of the GCL or the certificate of incorporation or these Bylaws, to any person with whom communication is unlawful, the giving of such notice to such person shall not be required and there shall be no duty to apply to any governmental authority or agency for a license or permit to give such notice to such person. Any action or meeting which shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given.

(b) **Stockholders Without Forwarding Addresses.** —Whenever notice is required to be given, under any provision of the GCL or the certificate of incorporation or these Bylaws, to any stockholder to whom (i) notice of two consecutive annual meetings, and all notices of meetings or of the taking of action by written consent without a meeting to such person during the period between such two consecutive annual meetings, or (ii) all, and at least two, payments (if sent by first class mail) of dividends or interest on securities during a 12 month period, have been mailed addressed to such person at his address as shown on the records of the corporation and have been returned undeliverable, the giving of such notice to such person shall not be required. Any action or meeting which shall be taken or held without notice to such person shall have the same force and effect as if such notice had been duly given. If any such person shall deliver to the corporation a written notice setting forth the person's then current address, the requirement that notice be given to such person shall be reinstated.



SECTION 2.06. **Conference Telephone Meetings.** —One or more directors may participate in a meeting of the board, or of a committee of the board, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this section shall constitute presence in person at such meeting.

ARTICLE III
Meetings of Stockholders

SECTION 3.01. **Place of Meeting.** —All meetings of the stockholders of the corporation shall be held at such place within or without the State of Delaware as shall be designated by the board of directors in the notice of such meeting (or by the Chairman calling a meeting pursuant to Section 3.03).

SECTION 3.02. **Annual Meeting.** —The board of directors may fix and designate the date and time of the annual meeting of the stockholders. At said meeting the stockholders then entitled to vote shall elect directors and shall transact such other business as may properly be brought before the meeting.

SECTION 3.03. **Special Meetings.** —Special meetings of the stockholders of the corporation may be called at any time by the chairman of the board or a majority of the board of directors. At any time, upon the written request of any person or persons who have duly called a special meeting, which written request shall state the purpose or purposes of the meeting, it shall be the duty of the secretary to fix the date of the meeting which shall be held at such date and time as the secretary may fix, not less than ten nor more than 60 days after the receipt of the request, and to give due notice thereof. If the secretary shall neglect or refuse to fix the time and date of such meeting and give notice thereof, the person or persons calling the meeting may do so.

SECTION 3.04. **Quorum, Manner of Acting and Adjournment.**

(a) **Quorum.** —The holders of a majority of the shares entitled to vote, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders except as otherwise provided by the GCL, by the certificate of incorporation or by these Bylaws. If a quorum is not present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented. At any such adjourned meeting at which a quorum is present or represented, the corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

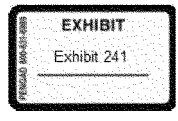


(b) **Manner of Acting.** —Directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy and entitled to vote at the meeting on the election of directors. In all matters other than the election of directors, the affirmative vote of the majority of shares present in person or represented by proxy at the meeting and entitled to vote and voting thereon shall be the act of the stockholders, unless the question is one upon which, by express provision of the applicable statute, the certificate of incorporation or these Bylaws, a different vote is required in which case such express provision shall govern and control the decision of the question. The stockholders present in person or by proxy at a duly organized meeting can continue to do business until adjournment, notwithstanding withdrawal of enough stockholders to leave less than a quorum.

(c) **Stockholder Proposals.** —Nominations by stockholders of persons for election to the board of directors of the corporation may be made at an annual meeting in compliance with Section 4.13 hereof. The proposal of other business to be considered by the stockholders at an annual meeting of stockholders may be made (i) pursuant to the corporation's notice of meeting, (ii) by or at the direction of the board of directors, or (iii) by any stockholder of the corporation pursuant to timely notice in writing to the secretary of the corporation. To be timely, a stockholder's notice shall be delivered to or mailed and received at the principal executive offices of the corporation not less than 90 days prior to the anniversary date of the prior year's annual meeting. Such stockholder's notice to the secretary shall set forth (a) as to the stockholder giving notice and the beneficial owner, if any on whose behalf the proposal is made, (i) their name and record address, and (ii) the class and number of shares of capital stock of the corporation which are beneficially owned by each of them, and (b) a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder giving notice and the beneficial owner, if any, on whose behalf the proposal is made. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the corporation's notice of meeting. Only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this section.

(d) The chairman of the meeting may, if the facts warrant, determine and declare to the meeting that any proposal made at the meeting was not made in accordance with the foregoing procedures and, in such event, the proposal shall be disregarded. Any decision by the chairman of the meeting shall be conclusive and binding upon all stockholders of the corporation for any purpose.

SECTION 3.05. **Organization.** —At every meeting of the stockholders, the chairman of the board, if there be one, or in the case of a vacancy in the office or absence of the chairman of the board, one of the following persons present in the order stated: the president, the vice chairman, if one has been appointed, a chairman designated by the board of directors or a chairman chosen by the stockholders entitled to cast a majority of the votes which all stockholders present in person or by proxy are entitled to cast, shall act as chairman, and the secretary, or, in the absence of the secretary, an assistant secretary, or in the absence of the secretary and the assistant secretaries, a person appointed by the chairman, shall act as secretary.



SECTION 3.06. **Voting.**

(a) **General Rule.** —Unless otherwise provided in the certificate of incorporation, each stockholder shall be entitled to one vote, in person or by proxy, for each share of capital stock having voting power held by such stockholder.

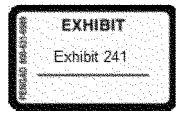
(b) **Voting and Other Action by Proxy.**

(1) A stockholder may execute a writing authorizing another person or persons to act for the stockholder as proxy. Such execution may be accomplished by the stockholder or the authorized officer, director, employee or agent of the stockholder signing such writing or causing his or her signature to be affixed to such writing by any reasonable means including, but not limited to, by facsimile signature. A stockholder may authorize another person or persons to act for the stockholder as proxy by transmitting or authorizing the transmission of a telegram, cablegram, or other means of electronic transmission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such transmission if such telegram, cablegram or other means of electronic transmission sets forth or is submitted with information from which it can be determined that the telegram, cablegram or other electronic transmission was authorized by the stockholder.

(2) No proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.

(3) A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only so long as, it is coupled with an interest sufficient in law to support an irrevocable power. A proxy may be made irrevocable regardless of whether the interest with which it is coupled is an interest in the stock itself or an interest in the corporation generally.

SECTION 3.07. **Voting Lists.** —The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting. The list shall be arranged in alphabetical order, showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.



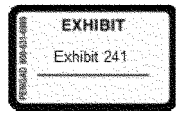
SECTION 3.08. **Inspectors of Election.**

(a) **Appointment.** —All elections of directors shall be by written ballot; the vote upon any other matter need not be by ballot. In advance of any meeting of stockholders the board of directors may appoint one or more inspectors, who need not be stockholders, to act at the meeting and to make a written report thereof. The board of directors may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the person's best ability.

(b) **Duties.** —The inspectors shall ascertain the number of shares outstanding and the voting power of each, shall determine the shares represented at the meeting and the validity of proxies and ballots, shall count all votes and ballots, shall determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, and shall certify their determination of the number of shares represented at the meeting and their count of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors.

(c) **Polls.** —The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting. No ballot, proxies or votes, nor any revocations thereof or changes thereto, shall be accepted by the inspectors after the closing of the polls unless the Court of Chancery upon application by a stockholder shall determine otherwise.

(d) **Reconciliation of Proxies and Ballots.** —In determining the validity and counting of proxies and ballots, the inspectors shall be limited to an examination of the proxies, any envelopes submitted with those proxies, any information transmitted in accordance with section 3.06, ballots and the regular books and records of the corporation, except that the inspectors may consider other reliable information for the limited purpose of reconciling proxies and ballots submitted by or on behalf of banks, brokers, their nominees or similar persons which represent more votes than the holder of a proxy is authorized by the record owner to cast or more votes than the stockholder holds of record. If the inspectors consider other reliable information for the limited purpose permitted herein, the inspectors at the time they make their certification pursuant to subsection (b) shall specify the precise information considered by them including the person or persons from whom they obtained the information, when the information was obtained, the means by which the information was obtained and the basis for the inspectors' belief that such information is accurate and reliable.



ARTICLE IV
Board of Directors

SECTION 4.01. **Powers.** —All powers vested by law in the corporation shall be exercised by or under the authority of, and the business and affairs of the corporation shall be managed under the direction of, the board of directors.

SECTION 4.02. **Number.** —Subject to the provisions of the certificate of incorporation, the board of directors shall consist of such number of directors as may be determined from time to time by resolution adopted by a vote of a majority of the entire board of directors.

SECTION 4.03. **Term of Office.** —Directors of the corporation shall hold office until the next annual meeting of stockholders and until their successors shall have been elected and qualified, except in the event of death, resignation or removal.

SECTION 4.04. **Vacancies.**

(a) Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and a director so chosen shall hold office until the next annual election of the class for which such director shall have been elected and until a successor is duly elected and qualified. If there are no directors in office, then an election of directors may be held in the manner provided by statute.

(b) Whenever the holders of any class or classes of stock or series thereof are entitled to elect one or more directors by the provisions of the certificate of incorporation, vacancies and newly created directorships of such class or classes or series may be filled by a majority of the directors elected by such class or classes or series thereof then in office, or by a sole remaining director so elected.

(c) If, at the time of filling any vacancy or any newly created directorship, the directors then in office shall constitute less than a majority of the entire board (as constituted immediately prior to any such increase), the Court of Chancery may, upon application of any stockholder or stockholders holding at least ten percent of the total number of the shares at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorship, or to replace the directors chosen by the directors then in office.

SECTION 4.05. **Resignations.** —Any director may resign at any time upon written notice to the chairman, president or secretary of the corporation. The resignation shall be effective upon receipt thereof by the corporation or at such subsequent time as shall be specified in the notice of resignation and, unless otherwise specified in the notice, the acceptance of the resignation shall not be necessary to make it effective.



SECTION 4.06. **Organization.** —At every meeting of the board of directors, the chairman of the board, if there be one, or, in the case of a vacancy in the office or absence of the chairman of the board, one of the following officers present in the order stated: the president, the vice chairman, if one has been appointed, the vice presidents in their order of rank and seniority, or a chairman chosen by a majority of the directors present, shall preside, and the secretary, or, in the absence of the secretary, an assistant secretary, or in the absence of the secretary and the assistant secretaries, any person appointed by the chairman of the meeting, shall act as secretary.

SECTION 4.07. **Place of Meeting.** —Meetings of the board of directors, both regular and special, shall be held at such place within or without the State of Delaware as the board of directors may from time to time determine, or as may be designated in the notice of the meeting.

SECTION 4.08. **Regular Meetings.** —Regular meetings of the board of directors shall be held without notice at such time and place as shall be designated from time to time by resolution of the board of directors.

SECTION 4.09. **Special Meetings.** —Special meetings of the board of directors shall be held whenever called by the chairman or by three or more of the directors.

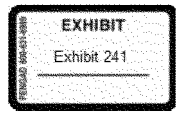
SECTION 4.10. **Quorum, Manner of Acting and Adjournment.**

(a) **General Rule.** —At all meetings of the board one-third of the total number of directors shall constitute a quorum for the transaction of business. The vote of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, except as may be otherwise specifically provided by the GCL or by the certificate of incorporation. If a quorum is not present at any meeting of the board of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

(b) **Unanimous Written Consent.** —Unless otherwise restricted by the certificate of incorporation, any action required or permitted to be taken at any meeting of the board of directors may be taken without a meeting, if all members of the board consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the board.

SECTION 4.11. **Committees of the Board.**

(a) **Establishment.** —The board of directors may, by resolution adopted by a majority of the entire board, establish one or more other committees, each committee to consist of one or more directors. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee and the alternate or alternates, if any, designated for such member, the member or members of the committee present at any meeting and not disqualified from voting, whether or not they constitute a quorum, may unanimously appoint another director to act at the meeting in the place of any such absent or disqualified member.



(b) **Powers.** —Any such committee, to the extent provided in the resolution establishing such committee, shall have and may exercise all the power and authority of the board of directors in the management of the business and affairs of the corporation and may authorize the seal of the corporation to be affixed to all papers which may require it; but no such committee shall have such power or authority in reference to amending the certificate of incorporation (except that a committee may, to the extent authorized in the resolution or resolutions providing for the issuance of shares of stock adopted by the board of directors as provided in Section 151(a) of the GCL, fix the designation and any of the preferences or rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the corporation or the conversion into, or the exchange of such shares for, shares of any other class or classes or any other series of the same or any other class or classes of stock of the corporation or fix the number of shares of any series of stock or authorize the increase or decrease of shares of any series), adopting an agreement of merger or consolidation under Section 251, 252, 254, 255, 256, 257, 258, 263, or 264 of the GCL, recommending to the stockholders the sale, lease or exchange of all or substantially all of the corporation's property and assets, recommending to the stockholders a dissolution of the corporation or a revocation of a dissolution, or amending the Bylaws of the corporation. Such committees shall have such name or names as may be determined from time to time by resolution adopted by the board of directors. Each committee so formed shall keep regular minutes of its meetings and report the same to the board of directors when required.

(c) **Committee Procedures.** —The term "board of directors" or "board," when used in any provision of these Bylaws relating to the organization or procedures of or the manner of taking action by the board of directors, shall be construed to include and refer to any committee of the board.

SECTION 4.12. **Compensation of Directors.** —Unless otherwise restricted by the certificate of incorporation, the board of directors shall have the authority to fix the compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the board of directors and may be paid a fixed sum for attendance at each meeting of the board of directors or a stated salary as director. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

SECTION 4.13. **Qualifications and Election of Directors.**

(a) All directors of the corporation shall be natural persons of full age, but need not be residents of Delaware or stockholders of the corporation. Except in the case of vacancies, directors shall be elected by the stockholders. If directors of more than one class are to be elected, each class of directors to be elected at the meeting shall be nominated and elected separately. A director shall retire from the board at the board meeting next following his or her 72 nd birthday. The term of office of any director elected or appointed in conformity with the preceding sentence shall continue (to the extent provided in the certificate of incorporation and these Bylaws) after such director reaches 72 years of age.

(b) Nominations of persons for election to the board of directors of the corporation may be made at a meeting of stockholders by or at the direction of the board of directors.



(c) Nominations of persons for election to the board of directors of the corporation may also be made at the meeting by any stockholder of the corporation entitled to vote for the election of directors who complies with the notice procedures set forth in this Section 4.13 (c) and (d). Such nominations, other than those made by or at the direction of the board, shall be made pursuant to timely notice in writing to the secretary of the corporation. To be timely, a stockholder's notice shall be delivered to or mailed and received at the principal executive offices of the corporation not less than 90 days prior to the anniversary date of the prior year's meeting for the election of directors. Such stockholder's notice to the secretary shall set forth (a) as to each person whom the stockholder proposes to nominate for election or re-election as a director, (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class and number of shares of capital stock of the corporation which are beneficially owned by the person, and (iv) any other information relating to the person that is required to be disclosed in solicitations for proxies for election of directors pursuant to the rules and regulations promulgated under the Securities Exchange Act of 1934 as amended; and (b) as to the stockholder giving the notice (i) the name and record address of the stockholder and (ii) the class and number of shares of capital stock of the corporation which are beneficially owned by the stockholder. The corporation may require any proposed nominee to furnish such other information as may reasonably be required by the corporation to determine the eligibility of such proposed nominee to serve as a director of the corporation. No person shall be eligible for election as a director by the stockholders of the corporation unless nominated in accordance with the procedures set forth herein.

(d) The chairman of the meeting may, if the facts warrant, determine and declare to the meeting that any nomination made at the meeting was not made in accordance with the foregoing procedures and, in such event, the nomination shall be disregarded. Any decision by the chairman of the meeting shall be conclusive and binding upon all stockholders of the corporation for any purpose.

SECTION 4.14. **Voting of Stock.** —Unless otherwise ordered by the board of directors, each of the chairman of the board, the president, and the principal accounting officer (as identified in the corporation's most recent report filed with the United States Securities and Exchange Commission) shall have full power and authority, on behalf of the corporation, to attend and to act and vote, in person or by proxy, at any meeting of the stockholders of any company in which the corporation may hold stock, and at any such meeting shall possess and may exercise any and all of the rights and powers incident to the ownership of such stock which, as the owner thereof, the corporation might have possessed and exercised if present. The board of directors, by resolution adopted from time to time, may confer like powers upon any other person or persons.

SECTION 4.15. **Endorsement of Securities for Transfer.** —Each of the chairman of the board, the president, and the principal accounting officer shall have the power to endorse and deliver for sale, assignment or transfer certificates for stock, bonds or other securities, registered in the name of or belonging to the corporation, whether issued by the corporation or by any other corporation, government, state or municipality or agency thereof; and the board of directors from time to time may confer like power upon any other officer, agent or person by resolution adopted from time to time. Every such endorsement shall be countersigned by the treasurer or an assistant treasurer.



ARTICLE V
Officers

SECTION 5.01. **Number, Qualifications and Designation.** —The corporation shall have such officers with such titles and duties as shall be specified by resolution of the board of directors. Any number of offices may be held by the same person. Officers may, but need not, be directors or stockholders of the corporation. The board of directors may elect from among the members of the board a chairman of the board and one or more vice chairmen of the board.

SECTION 5.02. **Election and Term of Office.** —The officers of the corporation, except those elected by delegated authority pursuant to section 5.03 of this Article, shall be elected annually by the board of directors, and each such officer shall hold office for a term of one year and until a successor is elected and qualified, or until his or her earlier resignation or removal. Any officer may resign at any time upon written notice to the corporation.

SECTION 5.03. **Subordinate Officers, Committees and Agents.** —Each officer of the corporation shall have the power to appoint subordinate officers (including without limitation one or more assistant secretaries and one or more assistant treasurers) and to retain or appoint employees or other agents, or committees thereof, and to prescribe the authority and duties of such subordinate officers, committees, employees or other agents.

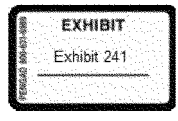
SECTION 5.04. **Officers' Bonds.** —No officer of the corporation need provide a bond to guarantee the faithful discharge of the officer's duties unless the board of directors shall by resolution so require a bond in which event such officer shall give the corporation a bond (which shall be renewed if and as required) in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of office.

SECTION 5.05. **Salaries.** —The salaries of the officers and agents of the corporation elected by the board of directors shall be fixed from time to time by the board of directors.

ARTICLE VI
Certificates of Stock, Transfer, Etc.

SECTION 6.01. **Form and Issuance.**

(a) **Issuance.** —The shares of the corporation shall be represented by certificates unless the board of directors shall by resolution provide that some or all of any class or series of stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until the certificate is surrendered to the corporation. Notwithstanding the adoption of any resolution providing for uncertificated shares, every holder of stock represented by certificates and upon request every holder of uncertificated shares shall be entitled to have a certificate signed by, or in the name of the corporation by, the chairman or vice chairman of the board of directors, or the president or vice president, and by the treasurer or an assistant treasurer, or the secretary or an assistant secretary, representing the number of shares registered in certificate form.



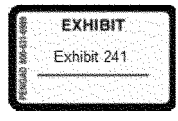
(b) **Form and Records.** —Stock certificates of the corporation shall be in such form as approved by the board of directors. The stock record books and the blank stock certificate books shall be kept by the secretary or by any agency designated by the board of directors for that purpose. The stock certificates of the corporation shall be numbered and registered in the stock ledger and transfer books of the corporation as they are issued.

(c) **Signatures.** —Any of or all the signatures upon the stock certificates of the corporation may be a facsimile. In case any officer, transfer agent or registrar who has signed, or whose facsimile signature has been placed upon, any share certificate shall have ceased to be such officer, transfer agent or registrar before the certificate is issued, it may be issued with the same effect as if the signatory were such officer, transfer agent or registrar at the date of its issue.

SECTION 6.02. **Transfer.** —Transfers of shares shall be made on the share register or transfer books of the corporation upon surrender of the certificate therefor, endorsed by the person named in the certificate or by an attorney lawfully constituted in writing. No transfer shall be made which would be inconsistent with the provisions of applicable law.

SECTION 6.03. **Lost, Stolen, Destroyed or Mutilated Certificates.** —The board of directors may direct a new certificate of stock or uncertificated shares to be issued in place of any certificate theretofore issued by the corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the board of directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or the legal representative of the owner, to give the corporation a bond sufficient to indemnify against any claim that may be made against the corporation on account of the alleged loss, theft or destruction of such certificate or the issuance of such new certificate or uncertificated shares.

SECTION 6.04. **Record Holder of Shares.** —The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

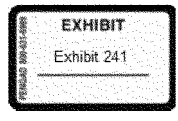


SECTION 6.05. **Determination of Stockholders of Record.**

(a) **Meetings of Stockholders.** —In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the board of directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the board of directors, and which record date shall not be more than 60 nor less than ten days before the date of such meeting. If no record date is fixed by the board of directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting unless the board of directors fixes a new record date for the adjourned meeting.

(b) **Consent of Stockholders.** —In order that the corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the board of directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the board of directors, and which date shall not be more than ten days after the date upon which the resolution fixing the record date is adopted by the board of directors. If no record date has been fixed by the board of directors, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the board of directors is required by the GCL, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the corporation by delivery to its registered office in Delaware, its principal place of business, or an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to a corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the board of directors and prior action by the board of directors is required by the GCL, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the board of directors adopts the resolution taking such prior action.

(c) **Dividends.** —In order that the corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights of the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the board of directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than 60 days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the board of directors adopts the resolution relating thereto.



ARTICLE VII
General Provisions

SECTION 7.01. **Dividends.** —Subject to the restrictions contained in the GCL and any restrictions contained in the certificate of incorporation, the board of directors may declare and pay dividends upon the shares of capital stock of the corporation.

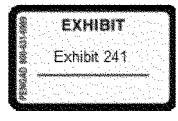
SECTION 7.02. **Contracts.** —Except as otherwise provided in these Bylaws, the board of directors may authorize any officer or officers including the chairman and vice chairman of the board of directors, or any agent or agents, to enter into any contract or to execute or deliver any instrument on behalf of the corporation and such authority may be general or confined to specific instances. Any officer so authorized may, unless the authorizing resolution otherwise provides, delegate such authority to one or more subordinate officers, employees or agents, and such delegation may provide for further delegation.

SECTION 7.03. **Corporate Seal.** —The corporation shall have a corporate seal, which shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

SECTION 7.04. **Checks, Notes, Etc.** —All checks, notes and evidences of indebtedness of the corporation shall be signed by such person or persons as the board of directors may from time to time designate.

SECTION 7.05. **Corporate Records.**

(a) **Examination by Stockholders.** —Every stockholder shall, upon written demand under oath stating the purpose thereof, have a right to examine, in person or by agent or attorney, during the usual hours for business, for any proper purpose, the stock ledger, list of stockholders, books or records of account, and records of the proceedings of the stockholders and directors of the corporation, and to make copies or extracts therefrom. A proper purpose shall mean a purpose reasonably related to such person's interest as a stockholder. In every instance where an attorney or other agent shall be the person who seeks the right to inspection, the demand under oath shall be accompanied by a power of attorney or such other writing which authorizes the attorney or other agent to so act on behalf of the stockholder. The demand under oath shall be directed to the corporation at its registered office in Delaware or at its principal place of business. Where the stockholder seeks to inspect the books and records of the corporation, other than its stock ledger or list of stockholders, the stockholder shall first establish (1) that the stockholder has complied with the provisions of this section respecting the form and manner of making demand for inspection of such documents; and (2) that the inspection sought is for a proper purpose. Where the stockholder seeks to inspect the stock ledger or list of stockholders of the corporation and has complied with the provisions of this section respecting the form and manner of making demand for inspection of such documents, the burden of proof shall be upon the corporation to establish that the inspection sought is for an improper purpose.



(b) **Examination by Directors.** —Any director shall have the right to examine the corporation's stock ledger, a list of its stockholders and its other books and records for a purpose reasonably related to the person's position as a director.

SECTION 7.06. **Amendment of Bylaws.** —Except as otherwise provided herein, these Bylaws may be altered, amended or repealed or new Bylaws may be adopted either (1) by vote of the stockholders at a duly organized annual or special meeting of stockholders in accordance with the certificate of incorporation, or (2) by vote of a majority of the entire board of directors at any regular or special meeting of directors if such power is conferred upon the board of directors by the certificate of incorporation.

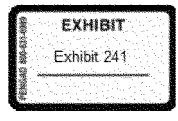


EXHIBIT 10j(i)

VERIZON COMMUNICATIONS INC. LONG-TERM INCENTIVE PLAN

PERFORMANCE STOCK UNIT AGREEMENT

2003-05 AWARD CYCLE

AGREEMENT between Verizon Communications Inc. ("Verizon") and the participant identified on the attached signature page (the "Participant").

1. *Purpose of Agreement.* The purpose of this Agreement is to provide a one-time grant of performance stock units ("PSUs") to the Participant.

2. *Agreement* . This Agreement is entered into pursuant to the terms of the 2001 Verizon Communications Inc. Long-Term Incentive Plan (the "Plan"), and evidences the grant of a performance stock award in the form of PSUs pursuant to the Plan. This Agreement is designed to comply with the requirements of Section 162(m) of the Code and the Treasury Department Regulations thereunder. The PSUs and this Agreement are subject to the terms and provisions of the Plan. (The Participant may request a copy of the Plan from the Verizon Compensation and Executive Benefits Department.) By executing this Agreement, the Participant agrees to be bound by the terms and provisions of the Plan, and by the actions of the Plan Administrator, the Human Resources Committee of Verizon's Board of Directors or any successor thereto (the "Committee"), and any designee of the Committee.

3. *Contingency.* The grant of PSUs is contingent on the Participant's timely execution of this Agreement and satisfaction of certain other conditions contained herein. If the Participant does not execute this Agreement and return it as provided on the attached signature page within 30 business days of its receipt, the Participant shall not be entitled to the PSUs.

4. *Number of Units* . The Participant is granted the number of PSUs specified on the attached signature page as of February 3, 2003. A PSU is a hypothetical share of Verizon's common stock. The value of a PSU on any given date shall be equal to the closing price of Verizon's common stock as of such date. A PSU does not represent an equity interest in Verizon and carries no voting rights. A Dividend Equivalent Unit ("DEU") or fraction thereof shall be added to each PSU each time that a dividend is paid on Verizon's common stock. The amount of each DEU shall be equal to the dividend paid on a share of Verizon's common stock. The DEU shall be converted into PSUs or fractions thereof based upon the average of the high and low sales prices of Verizon's common stock traded on the New York Stock Exchange on the dividend payment date of each declared dividend on Verizon's common stock, and such PSUs or fractions thereof shall be added to the Participant's PSU balance.



5. *Vesting.*

(a) The Participant shall vest in the PSUs to the extent provided in paragraph 5(b) ("Performance Requirement") only if the Participant satisfies the requirements of paragraph 5(c) ("Three-Year Continuous Employment Requirement"), except as otherwise provided in paragraph 7 ("Early Cancellation/Accelerated Vesting of PSUs").

(b) *Performance Requirement.*

(1) The PSUs shall vest based on the average annual total shareholder return ("TSR") of Verizon's Common Stock during the three-year period beginning January 1, 2003, and ending December 31, 2005, relative to the combined weighted average annual TSR of the companies in the Standard & Poor's 500 ("S&P 500") Index and the companies in the Telecom Peer Company ("TPC") Index during the same three-year period as provided in the following table—

Relative TSR Position	**Vested Percentage of PSUs ***
Below 20%	0%
20%	40%
30%	60%
40%	80%
50%	100%
60%	120%
70%	140%
80% or more	200%

*For amounts between 20% and 80%, the vested percentage of PSUs shall equal twice the Relative TSR Position (*e.g.*, a Relative TSR Position of 52% equals a 104% vested percentage). However, the Committee's discretion to administer the Plan includes the absolute discretion to reduce the vested percentage of PSUs at any Relative TSR Position, and the Committee's exercise of this discretion shall be final, conclusive and binding. Note : No PSUs shall vest if the Relative TSR Position is less than 20% and the maximum percentage of PSUs to vest shall be 200%.

(2) For purposes of the table set forth in paragraph 5(b)(1)—

(i) "Relative TSR Position" shall equal (A) 60% of the average annual Verizon S&P 500 TSR Position during the Award Cycle, plus (B) 40% of the average annual Verizon TPC TSR Position during the Award Cycle. The Committee's discretion to



administer the Plan includes the absolute discretion to substitute or eliminate companies in the Telecom Peer Index and determine the Relative TSR Position for any period, and the Committee's exercise of this discretion shall be final, conclusive and binding.

(ii) "Verizon S&P 500 TSR Position" shall be, as determined by the Committee, Verizon's rank among companies in the S&P 500 Index in terms of TSR, expressed as a percentage equal to the number of companies in the S&P 500 Index with a TSR less than or equal to that of Verizon divided by the total number of companies in such index.

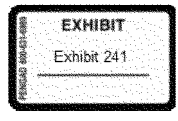
(iii) "Verizon TPC TSR Position" shall be, as determined by the Committee, where Verizon would rank among companies in the Telecom Peer Company Index in terms of TSR if Verizon were included in such index, expressed as a percentage equal to the number of companies in the TPC Index with a TSR less than or equal to that of Verizon divided by the total number of companies in such index.

(iv) "TSR" or "Total Shareholder Return" shall mean the change in the price of a share of common stock from the beginning of a period (as measured by the closing price of a share of such stock on the last trading day preceding the beginning of the period) until the end of such period (as measured by the closing price of a share of such stock on the last trading day of the period), adjusted to reflect the reinvestment of dividends (if any) through the purchase of common stock and as may be necessary to take into account stock splits or other events similar to those described in Section 4.3 of the Plan.

(v) "Award Cycle" shall mean the three-year period beginning on January 1, 2003 and ending at the close of business on December 31, 2005.

(c) *Three-Year Continuous Employment Requirement.* Except as otherwise determined by the Committee, the PSUs shall vest only if the Participant is continuously employed by Verizon from the date the PSUs are granted through the end of the Award Cycle.

(d) *Transfer.* Transfer of employment from Verizon to a Related Company (as defined in paragraph 13), from a Related Company to Verizon, or from one Related Company to another Related Company shall not constitute a separation from employment hereunder, and service with a Related Company shall be treated as service with Verizon for purposes of the three-year continuous employment requirement in paragraph 5(c).



6. *Payment* . All payments under this Agreement shall be made in shares of Verizon's Common Stock, except for any fractional shares, which shall be paid in cash. As soon as practicable after the end of the Award Cycle, except as described in paragraph 7(c), the value of the PSUs (minus any withholding for income taxes) shall be paid to the Participant (subject, however, to any deferral application that the Participant has made under the deferral plan then available to the Participant and under procedures adopted by the Plan Administrator). If the Participant dies before any payment due hereunder is made, such payment shall be made to the Participant's beneficiary. Once a payment has been made with respect to a PSU, the PSU shall be canceled.

7. *Early Cancellation/Accelerated Vesting of PSUs.* Subject to the provisions of paragraph 7(c), PSUs may vest or be forfeited before vesting in accordance with paragraph 5 as follows:

(a) *Voluntary Separation and Discharge for Cause.*

(1) If the Participant is not eligible to Retire (as defined in paragraph 7(b)(5)) and quits, if the Participant is terminated for Cause (as defined below), or if the Participant separates from employment under circumstances not described in paragraph 7(b), all then-unvested PSUs shall be canceled immediately and shall not be payable.

(2) For purposes of this Agreement, "Cause" means (i) grossly incompetent performance or substantial or continuing inattention to or neglect of the duties and responsibilities assigned to the Participant; fraud, misappropriation or embezzlement involving the Company; or a material breach of the Code of Business Conduct or any provision incorporated in Exhibit A ("Covenants") to this Agreement, all as determined by the Plan Administrator in its discretion, or (ii) commission of any felony of which the Participant is finally adjudged guilty by a court of competent jurisdiction.

(b) *Retirement, Involuntary Termination Without Cause, Death or Disability.*

(1) This paragraph 7(b) shall apply if, on or before the last day of the Award Cycle, the Participant—

(i) Retires, or

(ii) separates from employment by reason of an involuntary termination without Cause (as determined by the Plan Administrator), death or disability.

(2) Subject to paragraph 7(b)(3), if the Participant separates from employment under circumstances described in paragraph 7(b)(1), the Participant`s then-unvested PSUs shall be subject to the vesting



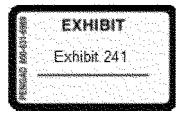
provisions set forth in paragraph 5(a), except that the three-year continuous employment requirement set forth in paragraph 5(c) shall not apply, provided that the Participant executes a release satisfactory to the Company waiving any claims he may have against the Company.

(3) The Participant shall vest under this paragraph 7(b) only in a percentage of the PSUs that would otherwise have vested based upon the ratio of (i) the number of months the Participant was actively at work during the Award Cycle to (ii) the total number of months in the Award Cycle. For this purpose, a Participant who is actively at work through and including the 15th day of any month shall receive credit for the full month, and a Participant who is not actively at work through and including the 15th day of the month shall not receive any credit for that month.

(4) Any PSUs that vest pursuant to this paragraph 7(b)(3) shall be payable as soon as practicable after the end of the Award Cycle, except as described in paragraph 7(c). However, the Plan Administrator's discretion to administer the Plan includes the absolute discretion to determine whether and the extent to which the Participant is eligible to receive DEUs with respect to dividends declared after the Participant's separation from employment, and the Plan Administrator's exercise of this discretion shall be final, conclusive and binding.

(5) For purposes of this Agreement, "Retire" means (i) to retire after having attained at least 15 years of Net Credited Service (as defined under the Verizon Management Pension Plan) and a combination of age and years of Net Credited Service that equals or exceeds 75 points, or (ii) retirement under any other circumstances determined in writing by the Plan Administrator.

(c) *Change in Control* . Upon the occurrence of a Change in Control (as defined in the Plan) on or before the last day of the Award Cycle, all then-unvested PSUs shall vest and be payable immediately (without prorating of the award) at 50% of the maximum award payout without regard to the performance requirement in paragraph 5(b) or the three-year continuous employment requirement in paragraph 5(c); provided, however, that if the Participant terminates employment before the Change in Control occurs under the circumstances described in paragraph 7(b)(3), the immediately payable award described in this sentence shall be prorated as described in paragraph 7(b)(3). A Change in Control that occurs after the end of the Award Cycle shall have no effect on whether any PSUs vest or become payable. A Participant who receives the immediate award payment provided in this paragraph 7(c) shall be entitled to receive payment for all dividends declared before the Change in Control, even if such dividends are paid or payable after the Change in Control.



(d) *Vesting Schedule.* Except as provided in paragraphs 7(b) and (3), nothing in this paragraph 7 shall alter the vesting schedule prescribed by paragraph 5.

8. *Shareholder Rights.* The Participant shall have no rights as a shareholder with respect to shares of common stock to which this grant relates until the date on which the Participant becomes the holder of record of such shares. Except as provided in the Plan or in this Agreement, no adjustment shall be made for dividends or other rights for which the record date is prior to such date.

9. *Revocation or Amendment of Agreement* . Except to the extent required by law or specifically contemplated under this Agreement (including, but not limited to, the determination of Relative TSR Position, Verizon S&P 500 TSR Position, and Verizon TPC TSR Position, and whether the Participant has been terminated for Cause, has a disability, or has satisfied the three-year continuous employment requirement), the Committee may not, without the written consent of the Participant, (a) revoke this Agreement insofar as it relates to the PSUs granted hereunder, or (b) make or change any determination or change any term, condition or provision affecting the PSUs if the determination or change would materially and adversely affect the PSUs or the Participant's rights thereto. Nothing in the preceding sentence shall preclude the Committee from exercising reasonable administrative discretion with respect to the Plan or this Agreement.

10. *Assignment.* The PSUs shall not be assignable or transferable except by will or by the laws of descent and distribution. During the Participant's lifetime, the PSUs may be deferred only by the Participant or by the Participant's guardian or legal representative.

11. *Beneficiary.* The Participant shall designate a beneficiary in writing and in such manner as is acceptable to the Plan Administrator. If the Participant fails to so designate a beneficiary, or if no such designated beneficiary survives the Participant, the Participant's beneficiary shall be the Participant's estate.

12. *Other Plans and Agreements.* Any gain realized by the Participant pursuant to this Agreement shall not be taken into account as compensation in the determination of the Participant's benefits under any pension, savings, group insurance, or other benefit plan maintained by Verizon or a Related Company, except as determined by the board of directors of such company. The Participant acknowledges that receipt of this Agreement or any prior PSU agreement shall not entitle the Participant to any other benefits under the Plan or any other plans maintained by the Company.

13. *Company and Related Company.* For purposes of this Agreement, "Company" means Verizon and Related Companies. "Related Company" means (a) any



corporation, partnership, joint venture, or other entity in which Verizon hold a direct or indirect ownership or proprietary interest of 50 percent or more, or (b) any corporation, partnership, joint venture, or other entity in which Verizon holds an ownership or other proprietary interest of less than 50 percent but which, in the discretion of the Committee, is treated as a Related Company for purposes of this Agreement.

14. *Employment Status.* The grant of the PSUs shall not be deemed to constitute a contract of employment between the Company and the Participant, nor shall it constitute a right to remain in the employ of any such company.

15. *Taxes.* It shall be a condition to the issuance or delivery of shares of common stock as to which the PSUs relate that provisions satisfactory to the Company shall have been made for payment of any taxes determined by the Company to be required to be paid or withheld pursuant to any applicable law or regulation. The Participant shall be responsible for any income taxes and the employee portion of any employment taxes that arise in connection with this grant of PSUs.

16. *Securities Laws.* The Company shall not be required to issue or deliver any shares of common stock prior to the admission of such shares to listing on any stock exchange on which the stock may then be listed and the completion of any registration or qualification of such shares under any federal or state law or rulings or regulations of any government body that the Company, in its sole discretion, determines to be necessary or advisable.

17. *Committee Authority.* The Committee shall have complete discretion in the exercise of its rights, powers, and duties under this Agreement. Any interpretation or construction of any provision of, and the determination of any question arising under, this Agreement shall be made by the Committee in its sole discretion and shall be final, conclusive, and binding. The Committee may designate any individual or individuals to perform any of its functions hereunder.

18. *Successors.* This Agreement shall be binding upon, and inure to the benefit of, any successor or successors of the Company and the person or entity to whom the PSUs may have been transferred by will, the laws of descent and distribution, or beneficiary designation. All terms and conditions of this Agreement imposed upon the Participant shall, unless the context clearly indicates otherwise, be deemed, in the event of the Participant's death, to refer to and be binding upon such last-mentioned person or entity.

19. *Construction.* This Agreement is intended to grant the PSUs upon the terms and conditions authorized by the Plan. Any provisions of this Agreement that cannot be so administered, interpreted, or construed shall be disregarded. In the event that any provision of this Agreement is held invalid or unenforceable by a court of competent jurisdiction, such provision shall be considered separate and apart from the remainder of this Agreement, which shall remain in full force and effect. In the event that any provision is held to be unenforceable for being unduly broad as written, such provision shall be deemed amended to narrow its application to the extent necessary to make the provision enforceable according to applicable law and shall be enforced as amended.



20. *Defined Terms.* Except where the context clearly indicates otherwise, all capitalized terms used herein shall have the definitions ascribed to them by the Plan, and the terms of the Plan shall apply where appropriate.

21. *Execution of Agreement.* The Participant shall indicate consent to the terms of this Agreement and the Plan by executing the attached signature page which is made a part of this Agreement and otherwise complying with the requirements of paragraph 3.

22. *Confidentiality.* Except to the extent otherwise required by law, the Participant shall not disclose, in whole or in part any of the terms of this Agreement. This paragraph 22 does not prevent the Participant from disclosing the terms of this Agreement to the Participant's spouse or to the Participant's legal, tax, or financial adviser, provided that the Participant take all reasonable measures to assure that he or she does not disclose the terms of this Agreement to a third party except as otherwise required by law.

23. *Additional Remedies.* In addition to any other rights or remedies, whether legal, equitable, or otherwise, that each of the parties to this Agreement may have (including the right of the Company to terminate the Participant for Cause), the Participant acknowledges that—

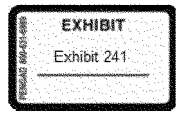
(a) The covenants incorporated in Exhibit A to this Agreement are essential to the continued good will and profitability of the Company;

(b) The Participant has broad-based skills that will serve as the basis for employment opportunities that are not prohibited by the covenants incorporated in Exhibit A;

(c) When the Participant's employment with the Company terminates, the Participant shall be able to earn a livelihood without violating any of the covenants incorporated in Exhibit A;

(d) Irreparable damage to the Company shall result in the event that the covenants incorporated in Exhibit A are not specifically enforced and that monetary damages will not adequately protect the Company from a breach of these covenants;

(e) If any dispute arises concerning the violation by the Participant of the covenants incorporated in Exhibit A, an injunction may be issued restraining such violation pending the determination of such controversy, and no bond or other security shall be required in connection therewith;



(f) Such covenants shall continue to apply after any expiration, termination, or cancellation of this Agreement; and

(g) The Participant's breach of any of such covenants shall result in the Participant's immediate forfeiture of all rights and benefits under this Agreement.



SIGNATURE PAGE

By executing this page, the undersigned Participant agrees to be bound by the terms of the 2001 Verizon Communications Inc. Long-Term Incentive Plan and the Performance Stock Unit Agreement (2003-05 Award Cycle), the terms of which are incorporated herein by reference, in connection with the following grant to the Participant under the Plan:

NAME OF PARTICIPANT:	
SOCIAL SECURITY NUMBER:	
NUMBER OF PSUs:	

IN WITNESS WHEREOF, Verizon Communications Inc., by its duly authorized Officer, and the Participant have executed this Agreement.

VERIZON COMMUNICATIONS INC.

By: _____
Ezra D. Singer
Executive Vice President -
Human Resources

_____
Participant

_____
Date

Please indicate your acceptance by signing above and returning the signed Agreement to the Compensation and Executive Benefits Department at 1095 Avenue of the Americas, 34th Floor, New York, New York 10036 within thirty business days of your receipt of this Agreement.

Attachment: Exhibit A - Covenant

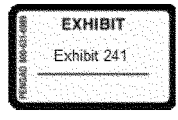


Exhibit A—Covenants

1. Noncompetition — In consideration for the benefits described in the Agreement to which this Exhibit A is attached, you, the Participant, agree that:

(a) Prohibited Conduct — During the period of your employment with the Company, and for the period ending six months after your termination of employment for any reason from the Company, you shall not, without the prior written consent of the Plan Administrator:

(1) personally engage in Competitive Activities (as defined below); or

(2) work for, own, manage, operate, control, or participate in the ownership, management, operation, or control of, or provide consulting or advisory services to, any individual, partnership, firm, corporation, or institution engaged in Competitive Activities, or any company or person affiliated with such person or entity engaged in Competitive Activities; provided that your purchase or holding, for investment purposes, of securities of a publicly traded company shall not constitute "ownership" or "participation in ownership" for purposes of this paragraph so long as your equity interest in any such company is less than a controlling interest;

provided that this paragraph (a) shall not prohibit you from (i) being employed by, or providing services to, a consulting firm, provided that you do not personally engage in Competitive Activities or provide consulting or advisory services to any individual, partnership, firm, corporation, or institution engaged in Competitive Activities, or any company or person affiliated with such person or entity engaged in Competitive Activities, or (ii) engaging in the private practice of law as a sole practitioner or as a partner in (or as an employee of or counsel to) a law firm in accordance with applicable legal and professional standards.

(b) Competitive Activities — For purposes of the Agreement to which this Exhibit A is attached, "Competitive Activities" means business activities relating to products or services of the same or similar type as the products or services (1) which are sold (or, pursuant to an existing business plan, will be sold) to paying customers of the Company, and (2) for which you then have responsibility to plan, develop, manage, market, oversee or perform, or had any such responsibility within your most recent 24 months of employment with the Company. Notwithstanding the previous sentence, a business activity shall not be treated as a Competitive Activity if the geographic marketing area of the relevant products or services sold by you or a third party does not overlap with the geographic marketing area for the applicable products and services of the Company.

2. Interference With Business Relations — During the period of your employment with the Company, and for a period ending with the expiration of twelve (12) months following your termination of employment for any reason from the Company, you shall not, without the written consent of the Plan Administrator:

(a) recruit or solicit any employee of the Company for employment or for retention as a consultant or service provider;

(b) hire or participate (with another company or third party) in the process of hiring (other than for the Company) any person who is then an employee of the Company, or provide names or other information about Company employees to any person, entity or business (other than the Company) under circumstances that could lead to the use of any such information for purposes of recruiting or hiring;

(c) interfere with the relationship of the Company with any of its employees, agents, or representatives;

(d) solicit or induce, or in any manner attempt to solicit or induce, any client, customer, or prospect of the Company (1) to cease being, or not to become, a customer of the Company or (2) to divert any business of such customer or prospect from the Company; or

(e) otherwise interfere with, disrupt, or attempt to interfere with or disrupt, the relationship, contractual or otherwise, between the Company and any of its customers, clients, prospects, suppliers, consultants, or employees.

3. Return Of Property; Intellectual Property Rights — You agree that on or before your termination of employment for any reason with the Company, you shall return to the Company all property owned by the Company or in which the Company has an interest, including files, documents, data and records (whether on paper or in tapes, disks, or other machine-readable form), office equipment, credit cards, and employee identification cards. You acknowledge that the Company is the rightful owner of any programs, ideas, inventions, discoveries, patented or copyrighted material, or trademarks that you may have originated or developed, or assisted in originating or developing, during your period of employment with the Company, where any such origination or development involved the use of Company time, information or resources, or the exercise of your responsibilities for or on behalf of the Company. You shall at all times, both before and after termination of employment, cooperate with the Company in executing and delivering documents requested by the Company, and taking any other actions, that are necessary or requested by the Company to assist the Company in patenting, copyrighting, protecting, enforcing or registering any programs, ideas, inventions, discoveries, works of authorship, data, information, patented or copyrighted material, or trademarks, and to vest title thereto solely in the Company.

4. Proprietary And Confidential Information — You



he confidentiality of all Proprietary Information (defined below) and trade secrets of the Company, except and re of such information is legally required. "Proprietary

information" means information or data related to the Company, including information entrusted to the Company by others, which has not been fully disclosed to the public by the Company and which is treated as confidential or protected within the business of the Company or is of value to competitors, such as strategic or tactical business plans; undisclosed financial data; ideas, processes, methods, techniques, systems, non-public information, models, devices, programs, computer software, or related information; documents relating to regulatory matters and correspondence with governmental entities; undisclosed information concerning any past, pending, or threatened legal dispute; pricing and cost data; reports and analyses of business prospects; business transactions that are contemplated or planned; research data; personnel information and data; identities of users and purchasers of the Company's products or services; and other confidential matters pertaining to or known by the Company, including confidential information of a third party that you know or should know the Company is obligated to protect.

5. Definitions — Except where clearly provided to the contrary, all capitalized terms used in this Exhibit A shall have the definitions given to those terms in the Agreement to which this Exhibit A is attached.

6. Agreement to Covenants. You shall indicate your agreement to these Covenants in accordance with the instructions provided. You and Verizon hereby expressly agree that the use of electronic media to indicate confirmation, consent, signature, acceptance, agreement and delivery shall be legally valid and have the same legal force and effect as if you and Verizon executed these Covenants in paper form.



EXHIBIT 10j(ii)

VERIZON COMMUNICATIONS INC. LONG-TERM INCENTIVE PLAN
PERFORMANCE STOCK UNIT AGREEMENT
2004–06 AWARD CYCLE

AGREEMENT between Verizon Communications Inc. ("Verizon") and you (the "Participant").

1. Purpose of Agreement. The purpose of this Agreement is to provide a one-time grant of performance stock units ("PSUs") to the Participant.

2. Agreement. This Agreement is entered into pursuant to the terms of the 2001 Verizon Communications Inc. Long-Term Incentive Plan (the "Plan"), and evidences the grant of a performance stock award in the form of PSUs pursuant to the Plan. This Agreement is designed to comply with the requirements of Section 162(m) of the Code and the Treasury Department Regulations thereunder. The PSUs and this Agreement (including the covenants set forth in Exhibit A (the "Covenants"), which are incorporated into and shall be a part of the Agreement) are subject to the terms and provisions of the Plan. (The Participant may request a copy of the Plan from the Verizon Compensation and Executive Benefits Department.) By executing this Agreement, the Participant agrees to be bound by the terms and provisions of the Plan, and by the actions of the Plan Administrator, the Human Resources Committee of Verizon's Board of Directors or any successor thereto (the "Committee"), and any designee of the Committee.

3. Contingency. The grant of PSUs is contingent on the Participant's timely acceptance of this Agreement and satisfaction of certain other conditions contained herein. If the Participant does not properly accept (or revokes acceptance of) this Agreement the Participant shall not be entitled to the PSUs.

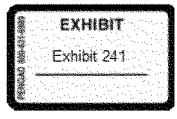
4. Number of Units. The Participant is granted the number of PSUs specified on the cover letter provided in conjunction with this Agreement. A PSU is a hypothetical share of Verizon's common stock. The value of a PSU on any given date shall be equal to the closing price of Verizon's common stock as of such date. A PSU does not represent an equity interest in Verizon and carries no voting rights. A Dividend Equivalent Unit ("DEU") or fraction thereof shall be added to each PSU each time that a dividend is paid on Verizon's common stock. The amount of each DEU shall be equal to the dividend paid on a share of Verizon's common stock. The DEU shall be converted into PSUs or fractions thereof based upon the average of the high and low sales prices of Verizon's common stock traded on the New York Stock Exchange on the dividend payment date of each declared dividend on Verizon's common stock, and such PSUs or fractions thereof shall be added to the Participant's PSU balance.

5. Vesting.

(a) General. The Participant shall vest in the PSUs to the extent provided in paragraph 5(b) ("Performance Requirement") only if the Participant satisfies the requirements of paragraph 5(c) ("Three-Year Continuous Employment Requirement"), except as otherwise provided in paragraph 7 ("Early Cancellation/Accelerated Vesting of PSUs").

(b) Performance Requirement.

(1) The PSUs shall vest based on the average annual total shareholder return ("TSR") of Verizon's common stock during the three-year period beginning January 1, 2004, and ending December 31, 2006, relative to the combined weighted average annual TSR of the companies in



the Standard & Poor's 500 ("S&P 500 ®") Index and the companies in the Telecom Peer Company ("TPC") Index during the same three-year period as provided in the following table:

Relative TSR Position	Vested Percentage of PSUs*
Below 20%	0%
20%	40%
30%	60%
40%	80%
50%	100%
60%	120%
70%	140%
80% or more	200%

*For amounts between 20% and 80%, the vested percentage of PSUs shall equal twice the Relative TSR Position (e.g., a Relative TSR Position of 52% equals a 104% vested percentage). However, the Committee's discretion to administer the Plan includes the absolute discretion to reduce the vested percentage of PSUs at any Relative TSR Position, and the Committee's exercise of this discretion shall be final, conclusive and binding.

Note: No PSUs shall vest if the Relative TSR Position is less than 20% and the maximum percentage of PSUs to vest shall be 200%.

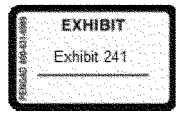
(2) For purposes of the table set forth in paragraph 5(b)(1)—

(i) "Relative TSR Position" shall equal (A) 40% of the average annual Verizon S&P 500 TSR Position during the Award Cycle, plus (B) 60% of the average annual Verizon TPC TSR Position during the Award Cycle. The Committee's discretion to administer the Plan includes the absolute discretion to substitute or eliminate companies in the Telecom Peer Index and determine the Relative TSR Position for any period, and the Committee's exercise of this discretion shall be final, conclusive and binding.

(ii) "Verizon S&P 500 TSR Position" shall be, as determined by the Committee, Verizon's rank among companies in the S&P 500 Index in terms of TSR, expressed as a percentage equal to the number of companies in the S&P 500 Index with a TSR less than or equal to that of Verizon divided by the total number of companies in such index.

(iii) "Verizon TPC TSR Position" shall be, as determined by the Committee, where Verizon would rank among companies in the Telecom Peer Company Index in terms of TSR if Verizon were included in such index, expressed as a percentage equal to the number of companies in the TPC Index with a TSR less than or equal to that of Verizon divided by the total number of companies in such index.

(iv) "TSR" or "Total Shareholder Return" shall mean the change in the price of a share of common stock from the beginning of a period (as measured by the closing price of a share of such stock on the last trading day preceding the beginning of the period) until the end of such period (as measured by the closing price of a share of such stock on the last trading day of the period), adjusted to reflect the reinvestment of dividends (if any) through the purchase of common stock and as may be necessary to take into account stock splits or other events similar to those described in Section 4.3 of the Plan.



(v) "Award Cycle" shall mean the three-year period beginning on January 1, 2004, and ending at the close of business on December 31, 2006.

(c) Three-Year Continuous Employment Requirement. Except as otherwise determined by the Committee, the PSUs shall vest only if the Participant is continuously employed by the Company from the date the PSUs are granted through the end of the Award Cycle.

(d) Transfer. Transfer of employment from Verizon to a Related Company (as defined in paragraph 13), from a Related Company to Verizon, or from one Related Company to another Related Company shall not constitute a separation from employment hereunder, and service with a Related Company shall be treated as service with the Company for purposes of the three-year continuous employment requirement in paragraph 5(c).

6. Payment. All payments under this Agreement shall be made in cash. As soon as practicable after the end of the Award Cycle, except as described in paragraph 7(c), the value of the PSUs (minus any withholding for income taxes) shall be paid to the Participant (subject, however, to any deferral application that the Participant has made under the deferral plan (if any) then available to the Participant and under procedures adopted by the Plan Administrator). If the Participant dies before any payment due hereunder is made, such payment shall be made to the Participant's beneficiary. Once a payment has been made with respect to a PSU, the PSU shall be canceled.

7. Early Cancellation/Accelerated Vesting of PSUs. Subject to the provisions of paragraph 7(c), PSUs may vest or be forfeited before vesting in accordance with paragraph 5 as follows:

(a) Voluntary Separation or Discharge for Cause.

(1) If the Participant is not eligible to Retire (as defined in paragraph 7(b)(5)) and (i) quits, (ii) is terminated for Cause (as defined below), or (iii) separates from employment under circumstances not described in paragraph 7(b), all then-unvested PSUs shall be canceled immediately and shall not be payable.

(2) For purposes of this Agreement, "Cause" means (i) grossly incompetent performance or substantial or continuing inattention to or neglect of the duties and responsibilities assigned to the Participant; fraud, misappropriation or embezzlement involving the Company; or a material breach of the Code of Business Conduct or any of the Covenants set forth in Exhibit A to this Agreement, all as determined by the Plan Administrator in its discretion, or (ii) commission of any felony of which the Participant is finally adjudged guilty by a court of competent jurisdiction.

(b) Retirement, Involuntary Termination Without Cause, Death or Disability.

(1) This paragraph 7(b) shall apply if, on or before the last day of the Award Cycle, the Participant:

(i) Retires (as defined below), or

(ii) Separates from employment by reason of an involuntary termination without Cause (as determined by the Plan Administrator), death, or disability.



(2) Subject to paragraph 7(b)(3), if the Participant separates from employment under circumstances described in paragraph 7(b)(1), the Participant's then-unvested PSUs shall be subject to the vesting provisions set forth in paragraph 5(a), except that the three-year continuous employment requirement set forth in paragraph 5(c) shall not apply, provided that the Participant does not commit a material breach of any of the Covenants and provided that the Participant executes a release satisfactory to the Company waiving any claims he may have against the Company.

(3) The Participant shall vest under this paragraph 7(b) only in a percentage of the PSUs that would otherwise have vested based upon the ratio of (i) the number of months the Participant was actively at work during the Award Cycle to (ii) the total number of months in the Award Cycle. For this purpose, a Participant who is actively at work through and including the 15th day of any month shall receive credit for the full month, and a Participant who is not actively at work through and including the 15th day of the month shall not receive any credit for that month.

(4) Any PSUs that vest pursuant to paragraph 7(b)(3) shall be payable as soon as practicable after the end of the Award Cycle, except as described in paragraph 7(c). However, the Plan Administrator's discretion to administer the Plan includes the absolute discretion to determine whether and the extent to which the Participant is eligible to receive DEUs with respect to dividends declared after the Participant's separation from employment, and the Plan Administrator's exercise of this discretion shall be final, conclusive and binding.

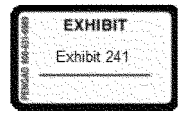
(5) For purposes of this Agreement, "Retire" means (i) to retire after having attained at least 15 years of Net Credited Service (as defined under the Verizon Management Pension Plan) and a combination of age and years of Net Credited Service that equals or exceeds 75 points, or (ii) retirement under any other circumstances determined in writing by the Plan Administrator.

(c) Change in Control. Upon the occurrence of a Change in Control (as defined in the Plan) on or before the last day of the Award Cycle, all then-unvested PSUs shall vest and be payable immediately (without prorating of the award) at 50% of the maximum award payout without regard to the performance requirement in paragraph 5(b) or the three-year continuous employment requirement in paragraph 5(c); provided, however, that if the Participant terminates employment before the Change in Control occurs under the circumstances described in paragraph 7(b)(3), the immediately payable award described in this sentence shall be prorated as described in paragraph 7(b)(3). A Change in Control that occurs after the end of the Award Cycle shall have no effect on whether any PSUs vest or become payable. A Participant who receives the immediate award payment provided in this paragraph 7(c) shall be entitled to receive payment for all dividends declared before the Change in Control, even if such dividends are paid or payable after the Change in Control.

(d) Vesting Schedule. Except as provided in paragraphs 7(b) and (c), nothing in this paragraph 7 shall alter the vesting schedule prescribed by paragraph 5.

8. Shareholder Rights. The Participant shall have no rights as a shareholder with respect to shares of common stock to which this grant relates. Except as provided in the Plan or in this Agreement, no adjustment shall be made, for dividends or other rights for which the record date occurs while the PSUs are outstanding.

9. Revocation or Amendment of Agreement. Except to the extent required by law or specifically contemplated under this Agreement (including, but not limited to, the determination of Relative TSR Position, Verizon S&P 500 TSR Position, and Verizon TPC TSR Position, and whether the Participant has been terminated for Cause, has a disability, or has satisfied the three-year continuous employment



requirement), the Committee may not, without the written consent of the Participant, (a) revoke this Agreement insofar as it relates to the PSUs granted hereunder, or (b) make or change any determination or change any term, condition or provision affecting the PSUs if the determination or change would materially and adversely affect the PSUs or the Participant's rights thereto. Nothing in the preceding sentence shall preclude the Committee from exercising reasonable administrative discretion with respect to the Plan or this Agreement.

10. Assignment. The PSUs shall not be assignable or transferable except by will or by the laws of descent and distribution. During the Participant's lifetime, the PSUs may be deferred only by the Participant or by the Participant's guardian or legal representative.

11. Beneficiary. The Participant shall designate a beneficiary in writing and in such manner as is acceptable to the Plan Administrator. If the Participant fails to so designate a beneficiary, or if no such designated beneficiary survives the Participant, the Participant's beneficiary shall be the Participant's estate.

12. Other Plans and Agreements. Any gain realized by the Participant pursuant to this Agreement shall not be taken into account as compensation in the determination of the Participant's benefits under any pension, savings, group insurance, or other benefit plan maintained by Verizon or a Related Company, except as determined by the board of directors of such company. The Participant acknowledges that receipt of this Agreement or any prior PSU agreement shall not entitle the Participant to any other benefits under the Plan or any other plans maintained by the Company.

13. Company and Related Company. For purposes of this Agreement, "Company" means collectively Verizon and Related Companies. "Related Company" means (a) any corporation, partnership, joint venture, or other entity in which Verizon holds a direct or indirect ownership or proprietary interest of 50 percent or more, or (b) any corporation, partnership, joint venture, or other entity in which Verizon holds an ownership or other proprietary interest of less than 50 percent but which, in the discretion of the Committee, is treated as a Related Company for purposes of this Agreement.

14. Employment Status. The grant of the PSUs shall not be deemed to constitute a contract of employment between the Company and the Participant, nor shall it constitute a right to remain in the employ of any such company.

15. Withholding. The Participant shall be responsible for any income taxes and the employee portion of any employment taxes that arise in connection with this grant of PSUs, and the Company shall make such arrangements as it deems necessary for withholding of any taxes it determines are required to be withheld pursuant to any applicable law or regulation.

16. Securities Laws. The Company shall not be required to make payment with respect to any shares of common stock prior to the admission of such shares to listing on any stock exchange on which the stock may then be listed and the completion of any registration or qualification of such shares under any federal or state law or rulings or regulations of any government body that the Company, in its sole discretion, determines to be necessary or advisable.

17. Committee Authority. The Committee shall have complete discretion in the exercise of its rights, powers, and duties under this Agreement. Any interpretation or construction of any provision of, and the determination of any question arising under, this Agreement shall be made by the Committee in its sole discretion and shall be final, conclusive, and binding. The Committee may designate any individual or individuals to perform any of its functions hereunder.



18. Successors. This Agreement shall be binding upon, and inure to the benefit of, any successor or successors of the Company and the person or entity to whom the PSUs may have been transferred by will, the laws of descent and distribution, or beneficiary designation. All terms and conditions of this Agreement imposed upon the Participant shall, unless the context clearly indicates otherwise, be deemed, in the event of the Participant's death, to refer to and be binding upon such last-mentioned person or entity.

19. Construction. This Agreement is intended to grant the PSUs upon the terms and conditions authorized by the Plan. Any provisions of this Agreement that cannot be so administered, interpreted, or construed shall be disregarded. In the event that any provision of this Agreement is held invalid or unenforceable by a court of competent jurisdiction, such provision shall be considered separate and apart from the remainder of this Agreement, which shall remain in full force and effect. In the event that any provision is held to be unenforceable for being unduly broad as written, such provision shall be deemed amended to narrow its application to the extent necessary to make the provision enforceable according to applicable law and shall be enforced as amended.

20. Defined Terms. Except where the context clearly indicates otherwise, all capitalized terms used herein shall have the definitions ascribed to them by the Plan, and the terms of the Plan shall apply where appropriate.

21. Execution of Agreement. The Participant shall indicate consent to the terms of this Agreement (including its Exhibit) and the Plan by executing this Agreement pursuant to the instructions provided and otherwise complying with the requirements of paragraph 3. The Participant and Verizon hereby expressly agree that the use of electronic media to indicate confirmation, consent, signature, acceptance, agreement and delivery shall be legally valid and have the same legal force and effect as if the Participant and Verizon executed this Agreement (including its Exhibit) in paper form.

22. Confidentiality. Except to the extent otherwise required by law, the Participant shall not disclose, in whole or in part, any of the terms of this Agreement. This paragraph 22 does not prevent the Participant from disclosing the terms of this Agreement to the Participant's spouse or to the Participant's legal, tax, or financial adviser, provided that the Participant take all reasonable measures to assure that he or she does not disclose the terms of this Agreement to a third party except as otherwise required by law.

23. Additional Remedies. In addition to any other rights or remedies, whether legal, equitable, or otherwise, that each of the parties to this Agreement may have (including the right of the Company to terminate the Participant for Cause), the Participant acknowledges that—

(a) The Covenants in Exhibit A to this Agreement are essential to the continued goodwill and profitability of the Company;

(b) The Participant has broad-based skills that will serve as the basis for employment opportunities that are not prohibited by the Covenants in Exhibit A;

(c) When the Participant's employment with the Company terminates, the Participant shall be able to earn a livelihood without violating any of the Covenants in Exhibit A;

(d) Irreparable damage to the Company shall result in the event that the Covenants in Exhibit A are not specifically enforced and that monetary damages will not adequately protect the Company from a breach of these Covenants;



(e) If any dispute arises concerning the violation by the Participant of the Covenants in Exhibit A, an injunction may be issued restraining such violation pending the determination of such controversy, and no bond or other security shall be required in connection therewith;

(f) Such Covenants shall continue to apply after any expiration, termination, or cancellation of this Agreement; and

(g) The Participant's breach of any of such Covenants shall result in the Participant's immediate forfeiture of all rights and benefits under this Agreement.



Exhibit A - Covenants

1. Noncompetition — In consideration for the benefits described in the Agreement to which this Exhibit A is attached, you, the Participant, agree that:

(a) Prohibited Conduct — During the period of your employment with the Company, and for the period ending six months after your termination of employment for any reason from the Company, you shall not, without the prior written consent of the Plan Administrator:

(1) personally engage in Competitive Activities (as defined below); or

(2) work for, own, manage, operate, control, or participate in the ownership, management, operation, or control of, or provide consulting or advisory services to, any individual, partnership, firm, corporation, or institution engaged in Competitive Activities, or any company or person affiliated with such person or entity engaged in Competitive Activities; provided that your purchase or holding, for investment purposes, of securities of a publicly traded company shall not constitute "ownership" or "participation in ownership" for purposes of this paragraph so long as your equity interest in any such company is less than a controlling interest;

provided that this paragraph (a) shall not prohibit you from (i) being employed by, or providing services to, a consulting firm, provided that you do not personally engage in Competitive Activities or provide consulting or advisory services to any individual, partnership, firm, corporation, or institution engaged in Competitive Activities, or any company or person affiliated with such person or entity engaged in Competitive Activities, or (ii) engaging in the private practice of law as a sole practitioner or as a partner in (or as an employee of or counsel to) a law firm in accordance with applicable legal and professional standards.

(b) Competitive Activities — For purposes of the Agreement to which this Exhibit A is attached, "Competitive Activities" means business activities relating to products or services of the same or similar type as the products or services (1) which are sold (or, pursuant to an existing business plan, will be sold) to paying customers of the Company, and (2) for which you then have responsibility to plan, develop, manage, market, oversee or perform, or had any such responsibility within your most recent 24 months of employment with the Company. Notwithstanding the previous sentence, a business activity shall not be treated as a Competitive Activity if the geographic marketing area of the relevant products or services sold by you or a third party does not overlap with the geographic marketing area for the applicable products and services of the Company.

2. Interference With Business Relations — During the period of your employment with the Company, and for a period ending with the expiration of twelve (12) months following your termination of employment for any reason from the Company, you shall not, without the written consent of the Plan Administrator:

(a) recruit or solicit any employee of the Company for employment or for retention as a consultant or service provider;

(b) hire or participate (with another company or third party) in the process of hiring (other than for the Company) any person who is then an employee of the Company, or provide names or other



information about Company employees to any person, entity or business (other than the Company) under circumstances that could lead to the use of any such information for purposes of recruiting or hiring;

(c) interfere with the relationship of the Company with any of its employees, agents, or representatives;

(d) solicit or induce, or in any manner attempt to solicit or induce, any client, customer, or prospect of the Company (1) to cease being, or not to become, a customer of the Company or (2) to divert any business of such customer or prospect from the Company; or

(e) otherwise interfere with, disrupt, or attempt to interfere with or disrupt, the relationship, contractual or otherwise, between the Company and any of its customers, clients, prospects, suppliers, consultants, or employees.

3. Return Of Property; Intellectual Property Rights — You agree that on or before your termination of employment for any reason with the Company, you shall return to the Company all property owned by the Company or in which the Company has an interest, including files, documents, data and records (whether on paper or in tapes, disks, or other machine-readable form), office equipment, credit cards, and employee identification cards. You acknowledge that the Company is the rightful owner of any programs, ideas, inventions, discoveries, patented or copyrighted material, or trademarks that you may have originated or developed, or assisted in originating or developing, during your period of employment with the Company, where any such origination or development involved the use of Company time, information or resources, or the exercise of your responsibilities for or on behalf of the Company. You shall at all times, both before and after termination of employment, cooperate with the Company in executing and delivering documents requested by the Company, and taking any other actions, that are necessary or requested by the Company to assist the Company in patenting, copyrighting, protecting, enforcing or registering any programs, ideas, inventions, discoveries, works of authorship, data, information, patented or copyrighted material, or trademarks, and to vest title thereto solely in the Company.

4. Proprietary And Confidential Information — You shall at all times preserve the confidentiality of all Proprietary Information (defined below) and trade secrets of the Company, except and to the extent that disclosure of such information is legally required. "Proprietary information" means information or data related to the Company, including information entrusted to the Company by others, which has not been fully disclosed to the public by the Company and which is treated as confidential or protected within the business of the Company or is of value to competitors, such as strategic or tactical business plans; undisclosed financial data; ideas, processes, methods, techniques, systems, non-public information, models, devices, programs, computer software, or related information; documents relating to regulatory matters and correspondence with governmental entities; undisclosed information concerning any past, pending, or threatened legal dispute; pricing and cost data; reports and analyses of business prospects; business transactions that are contemplated or planned; research data; personnel information and data; identities of users and purchasers of the Company's products or services; and other confidential matters pertaining to or known by the Company, including confidential information of a third party that you know or should know the Company is obligated to protect.

5. Definitions — Except where clearly provided to the contrary, all capitalized terms used in this Exhibit A shall have the definitions given to those terms in the Agreement to which this Exhibit A is attached.

6. Agreement to Covenants. You shall indicate your agreement to these Covenants in accordance with the instructions provided. You and Verizon hereby expressly agree that the use of electronic media to indicate confirmation, consent, signature, acceptance, agreement and delivery shall be legally valid and have the same legal force and effect as if you and Verizon executed these Covenants in paper form.



EXHIBIT 10j(iv)(a)

ADDENDUM TO VERIZON COMMUNICATIONS INC. LONG-TERM INCENTIVE PLAN
PERFORMANCE STOCK UNIT AGREEMENT
FOR THE 2005-2007 AWARD CYCLE

This is an addendum to the Performance Stock Unit Agreement for the 2005-2007 Award Cycle (the "Agreement") entered into between Verizon Communications Inc. ("Verizon" or the "Company") and Ivan Seidenberg (the "Participant"). The effective date of this addendum is March 3, 2006, and it shall remain in effect through December 31, 2007.

1. Purpose. The purpose of this addendum is to describe the terms of an arrangement between the Participant and the Company wherein the Participant can earn a long-term incentive payout under the Agreement, based on the extent to which the Company achieves certain strategic objectives (as defined in paragraph 3 below) during the Award Cycle. Except as modified by this addendum, all of the terms and conditions of the Agreement shall remain in effect.

2. Payment. Subject to the limitation set forth in paragraph 4 below, the Committee shall have the sole discretion to determine the size of any additional payment pursuant to this addendum, based on the Company's achievement of the strategic objectives referred to in paragraph 3 below. This addendum and any payment made in accordance with this addendum are not intended to comply with the Performance-Based Exception (set forth in Code Section 162(m)(4)(C)) to the tax deductibility limitation imposed by Code Section 162(m).

3. Achievement of Objectives. The Committee shall have the sole discretion to determine whether the Participant is entitled to a payout pursuant to this addendum and the size of any such payout (subject to the limitations contained in paragraph 4 below), based on the Company's achievement of strategic objectives related to the successful launch of Verizon Business, key legislative initiatives, FiOS and broad band initiatives, and wireless growth objectives during the Award Cycle; provided that no payment shall be made pursuant to this addendum unless the Committee determines that, at the end of the three-year Award Cycle specified in paragraph 5 of the Agreement, Verizon's average annual total shareholder return during the Award Cycle met the specific threshold performance requirement specified in said paragraph 5.

4. Aggregate Limitation. The amount of any payment made under paragraph 6 of the Agreement (including any amount attributable to stock appreciation and dividend equivalent units payable under the terms of the Agreement and disregarding any deferral election) plus the amount of any payment under this addendum (disregarding any deferral election) shall not exceed $22.68 million.

5. Payment. Any payment pursuant to this addendum shall be made in cash. As soon as practicable after the end of the 2007 calendar year (but no later than March 15, 2008), the Committee shall determine whether an amount is to be paid pursuant to this addendum and the amount of any such payment. Any such amount (minus any withholding for taxes) shall be paid to the Participant no later than March 15, 2008 (subject, however, to any valid deferral election that the Participant has made under the deferral plan (if any) then available to the Participant). If the Participant dies before any payment due hereunder is made, such payment shall be made to the Participant's beneficiary.

6. Defined Terms. Except where the context clearly indicates otherwise, all capitalized terms used herein shall have the definitions ascribed to them by the Plan or the Agreement, and the terms of the Plan or Agreement shall apply where appropriate.



IN WITNESS WHEREOF, the parties hereto have entered into this addendum as of March 3, 2006.

VERIZON COMMUNICATIONS INC.

By: /S/ MARC C. REED
Marc C. Reed
Executive Vice President

THE PARTICIPANT

By: /S/ IVAN G. SEIDENBERG
Ivan G. Seidenberg

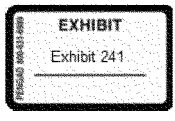


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EXHIBIT 10j(v)

VERIZON COMMUNICATIONS INC. LONG-TERM INCENTIVE PLAN
RESTRICTED STOCK UNIT AGREEMENT
2006–08 AWARD CYCLE

AGREEMENT between Verizon Communications Inc. ("Verizon" or the "Company") and you (the "Participant") and your heirs and beneficiaries.

1. Purpose of Agreement. The purpose of this Agreement is to provide a grant of restricted stock units ("RSUs") to the Participant.

2. Agreement. This Agreement is entered into pursuant to the terms of the 2001 Verizon Communications Inc. Long-Term Incentive Plan (the "Plan"), and evidences the grant of a restricted stock award in the form of RSUs pursuant to the Plan. The RSUs and this Agreement (including the covenants set forth in Exhibit A (the "Covenants"), which are incorporated into and shall be a part of the Agreement) are subject to the terms and provisions of the Plan. By executing this Agreement, the Participant agrees to be bound by the terms and provisions of the Plan, this Agreement, and by the actions of the Human Resources Committee of Verizon Communication's Board of Directors or any successor thereto (the "Committee"), and any designee of the Committee. To the extent that there is a conflict between the terms of the Plan and the terms of this Agreement, the terms of this Agreement shall control.

3. Contingency. The grant of RSUs is contingent on the Participant's timely acceptance of this Agreement and satisfaction of the other conditions contained herein. If the Participant does not properly accept (or revokes acceptance of) this Agreement the Participant shall not be entitled to the RSUs regardless of the extent to which the vesting requirements in paragraph 5 ("Vesting") are satisfied.

4. Number of Units. The Participant is granted the number of RSUs as specified on their account under the 2006 RSU grant, administered by Fidelity Investments. A RSU is a hypothetical share of Verizon's common stock. The value of a RSU on any given date shall be equal to the closing price of Verizon's common stock on the New York Stock Exchange as of such date. A RSU does not represent an equity interest in Verizon and carries no voting rights. A Dividend Equivalent Unit ("DEU") or fraction thereof shall be added to each RSU each time that a dividend is paid on Verizon's common stock. The amount of each DEU shall be equal to the dividend paid on a share of Verizon's common stock. The DEU shall be converted into RSUs or fractions thereof based upon the average of the high and low sales prices of Verizon's common stock traded on the New York Stock Exchange on the dividend payment date of each declared dividend on Verizon's common stock, and such RSUs or fractions thereof shall be added to the Participant's RSU balance. To the extent that Fidelity or the Company makes an administrative error with respect to the number or value of the RSUs granted to the Participant under this Agreement, the Company specifically reserves the right to correct such error and the Participant agrees that he or she shall be legally bound by any corrective action taken by the Company or the Plan Administrator.

5. Vesting.

(a) General. The Participant shall vest in the RSUs only if the Participant is continuously employed by the Company or a Related Company (as defined in paragraph 13) from the date the RSUs are granted through the end of the Award Cycle, except as otherwise provided in paragraph 7 ("Early Cancellation/Accelerated Vesting of RSUs") or as otherwise provided by the Committee. For purposes of these RSUs, "Award Cycle" shall mean the three-year period beginning on January 1, 2006, and ending at the close of business on December 31, 2008.



(b) Transfer. Transfer of employment from Verizon to a Related Company (as defined in paragraph 13), from a Related Company to Verizon, or from one Related Company to another Related Company shall not constitute a separation from employment hereunder, and service with a Related Company shall be treated as service with the Company for purposes of the three-year continuous employment requirement in paragraph 5(a).

6. Payment. All payments under this Agreement shall be made in cash. As soon as practicable after the end of the Award Cycle (but in no event later than March 15, 2009), except as described in paragraph 7(c), the value of the vested RSUs (minus any withholding for taxes) shall be paid to the Participant (subject, however, to any deferral application that the Participant has made under the deferral plan (if any) then available to the Participant). The amount of cash that shall be paid (plus withholding for taxes and any applicable deferral election) shall equal the number of vested RSUs *times* the closing price of Verizon's common stock on the New York Stock Exchange as of the last trading day in the Award Cycle. If the Participant dies before any payment due hereunder is made, such payment shall be made to the Participant's beneficiary. Once a payment has been made with respect to a RSU, the RSU shall be canceled.

7. Early Cancellation/Accelerated Vesting of RSUs. Subject to the provisions of paragraph 7(c) and 5, RSUs may vest or be forfeited before vesting as follows:

(a) Retirement Before July 1, 2006, Voluntary Separation On or Before December 31, 2008 or Discharge for Cause On or Before December 31, 2008.

(1) If the Participant (i) Retires (as defined in paragraph 7(b)(4)) before July 1, 2006, (ii) quits on or before December 31, 2008, (iii) is terminated for Cause (as defined below) on or before December 31, 2008, or (iv) separates from employment on or before December 31, 2008 under circumstances not described in paragraph 7(b), all then-unvested RSUs shall be canceled immediately and shall not be payable.

(2) For purposes of this Agreement, "Cause" means (i) grossly incompetent performance or substantial or continuing inattention to or neglect of the duties and responsibilities assigned to the Participant; fraud, misappropriation or embezzlement involving the Company; or a material breach of the Verizon Code of Business Conduct or any of the Covenants set forth in Exhibit A to this Agreement, all as determined by the Executive Vice President – Human Resources of Verizon in his or her discretion, and the exercise of such discretion shall be final, conclusive and binding, or (ii) commission of any felony of which the Participant is finally adjudged guilty by a court of competent jurisdiction.

(b) Retirement After June 30, 2006, Involuntary Termination Without Cause On or Before December 31, 2008, Termination Due to Death or Disability On or Before December 31, 2008.

(1) This paragraph 7(b) shall apply if the Participant:

(i) Retires (as defined below) after June 30, 2006, or

(ii) Separates from employment by reason of an involuntary termination without Cause (as determined by the Executive Vice President – Human Resources of Verizon), death, or disability (as defined below) on or before the last day of the Award Cycle. "Disability" shall mean the total and permanent disability of the Participant as defined by, or determined under, the Company's long-term disability benefit plan.



(2) If the Participant separates from employment prior to the end of the Award Cycle under circumstances described in paragraph 7(b)(1), the Participant's then-unvested RSUs shall vest without regard to the three-year continuous employment requirement set forth in paragraph 5(a), provided that the Participant has not and does not commit a material breach of any of the Covenants and provided that the Participant executes a release satisfactory to the Company waiving any claims he or she may have against the Company.

(3) Any RSUs that vest pursuant to paragraph 7(b)(2) shall be payable as soon as practicable after the end of the Award Cycle (but in no event later than March 15, 2009), except as described in paragraph 7(c). However, the Committee retains the discretion to determine whether and the extent to which the Participant is eligible to receive DEUs with respect to dividends declared after the Participant's separation from employment pursuant to paragraph 7(b)(1), and the Committee's exercise of this discretion shall be final, conclusive and binding.

(4) For purposes of this Agreement, "Retire" means (i) to retire after having attained at least 15 years of Net Credited Service (as defined under the Verizon Management Pension Plan) and a combination of age and years of Net Credited Service that equals or exceeds 75 points, or (ii) retirement under any other circumstances determined in writing by the Executive Vice President – Human Resources of Verizon.

(c) Change in Control. Upon the occurrence of a Change in Control of Verizon (as defined in the Plan) on or before the last day of the Award Cycle, all then-unvested RSUs shall vest and be payable immediately (without prorating of the award) without regard to the three-year continuous employment requirement in paragraph 5(a). A Change in Control that occurs after the end of the Award Cycle shall have no effect on whether any RSUs vest or become payable. A Participant who receives the immediate award payment provided in this paragraph 7(c) shall be entitled to receive payment for all DEUs earned before the Change in Control, even if such DEUs are paid or payable after the Change in Control.

(d) Vesting Schedule. Except and to the extent provided in paragraphs 7(b) and (c), nothing in this paragraph 7 shall alter the vesting schedule prescribed by paragraph 5.

8. Shareholder Rights. The Participant shall have no rights as a shareholder with respect to shares of common stock to which this grant relates. Except as provided in the Plan or in this Agreement, no adjustment shall be made, for dividends or other rights for which the record date occurs while the RSUs are outstanding.

9. Revocation or Amendment of Agreement. Except to the extent required by law or specifically contemplated under this Agreement (including, but not limited to, corrections of any administrative errors, the determination of whether the Participant has been terminated for Cause, has a disability, or has satisfied the three-year continuous employment requirement), the Committee or the Executive Vice President – Human Resources of Verizon may not, without the written consent of the Participant, (a) revoke this Agreement insofar as it relates to the RSUs granted hereunder, or (b) make or change any determination or change any term, condition or provision affecting the RSUs if the determination or change would materially and adversely affect the RSUs or the Participant's legitimate rights thereto. Nothing in the preceding sentence shall preclude the Committee or the Executive Vice President – Human Resources of Verizon from exercising reasonable administrative discretion with respect to the Plan or this Agreement, and the exercise of such discretion shall be final, conclusive and binding.



10. Assignment. The RSUs shall not be assigned, pledged or transferred except by will or by the laws of descent and distribution. During the Participant's lifetime, the RSUs may be deferred only by the Participant or by the Participant's guardian or legal representative in accordance with the deferral regulations, if any, established by the Company.

11. Beneficiary. The Participant shall designate a beneficiary in writing and in such manner as is acceptable to the Executive Vice President – Human Resources of Verizon. If the Participant fails to so designate a beneficiary, or if no such designated beneficiary survives the Participant, the Participant's beneficiary shall be the Participant's estate.

12. Other Plans and Agreements. Any payment received by the Participant pursuant to this Agreement shall not be taken into account as compensation in the determination of the Participant's benefits under any pension, savings, group insurance, severance or other benefit plan maintained by Verizon or a Related Company. The Participant acknowledges that receipt of this Agreement or any prior RSU agreement shall not entitle the Participant to any other benefits under the Plan or any other plans maintained by the Company or a Related Company.

13. Company and Related Company. For purposes of this Agreement, "Company" means Verizon Communications Inc. "Related Company" means (a) any corporation, partnership, joint venture, or other entity in which Verizon Communications Inc. holds a direct or indirect ownership or proprietary interest of 50 percent or more, or (b) any corporation, partnership, joint venture, or other entity in which Verizon Communications Inc. holds an ownership or other proprietary interest of less than 50 percent but which, in the discretion of the Committee, is treated as a Related Company for purposes of this Agreement.

14. Employment Status. The grant of the RSUs shall not be deemed to constitute a contract of employment for a particular term between the Company or a Related Company and the Participant, nor shall it constitute a right to remain in the employ of any such Company or Related Company.

15. Withholding. The Participant shall be responsible for any taxes that arise in connection with this grant of RSUs, and the Company shall make such arrangements as it deems necessary for withholding of any taxes it determines are required to be withheld pursuant to any applicable law or regulation.

16. Securities Laws. The Company shall not be required to make payment with respect to any shares of common stock prior to the admission of such shares to listing on any stock exchange on which the stock may then be listed and the completion of any registration or qualification of such shares under any federal or state law or rulings or regulations of any government body that the Company, in its discretion, determines to be necessary or advisable, and the exercise of such discretion shall be final, conclusive and binding.

17. Committee Authority. The Committee shall have complete discretion in the exercise of its rights, powers, and duties under this Agreement. Any interpretation or construction of any provision of, and the determination of any question arising under, this Agreement shall be made by the Committee in its discretion and such exercise shall be final, conclusive, and binding. The Committee may designate any individual or individuals to perform any of its functions hereunder.

18. Successors. This Agreement shall be binding upon, and inure to the benefit of, any successor or successors of the Company and the person or entity to whom the RSUs may have been transferred by will, the laws of descent and distribution, or beneficiary designation. All terms and conditions of this Agreement imposed upon the Participant shall, unless the context clearly indicates otherwise, be deemed, in the event of the Participant's death, to refer to and be binding upon the Participant's heirs and beneficiaries.



19. Construction. This Agreement is intended to grant the RSUs upon the terms and conditions authorized by the Plan. Any provisions of this Agreement that cannot be so administered, interpreted, or construed shall be disregarded. In the event that any provision of this Agreement is held invalid or unenforceable, such provision shall be considered separate and apart from the remainder of this Agreement, which shall remain in full force and effect. In the event that any provision, including any Covenant, is held to be unenforceable for being unduly broad as written, such provision shall be deemed amended to narrow its application to the extent necessary to make the provision enforceable according to applicable law and shall be enforced as amended.

20. Defined Terms. Except where the context clearly indicates otherwise, all capitalized terms used herein shall have the definitions ascribed to them by the Plan, and the terms of the Plan shall apply where appropriate.

21. Execution of Agreement. The Participant shall indicate consent to the terms of this Agreement (including its Exhibit) and the Plan by executing this Agreement pursuant to the instructions provided and otherwise shall comply with the requirements of paragraph 3. The Participant and Verizon hereby expressly agree that the use of electronic media to indicate confirmation, consent, signature, acceptance, agreement and delivery shall be legally valid and have the same legal force and effect as if the Participant and Verizon executed this Agreement (including its Exhibit) in paper form.

22. Confidentiality. Except to the extent otherwise required by law, the Participant shall not disclose, in whole or in part, any of the terms of this Agreement. This paragraph 22 does not prevent the Participant from disclosing the terms of this Agreement to the Participant's spouse or beneficiary or to the Participant's legal, tax, or financial adviser, provided that the Participant take all reasonable measures to assure that the individual to whom disclosure was made does not disclose the terms of this Agreement to a third party except as otherwise required by law.

23. Applicable Law. The validity, construction, interpretation and effect of this Agreement shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to the conflicts of laws provisions thereof.

24. Notice. Any notice to the Company provided for in this Agreement shall be addressed to the Company in care of the Executive Vice President – Human Resources of Verizon at One Verizon Way, Basking Ridge, NJ 07920-1097 and any notice to the Participant shall be addressed to the Participant at the current address shown on the payroll of the Company, or to such other address as the Participant may designate to the Company in writing. Any notice shall be delivered by hand, sent by telecopy or enclosed in a properly sealed envelope as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service.

25. Dispute Resolution.

(a) General. Except as otherwise provided in paragraph 26 below, all disputes arising under the Plan or this Agreement and all claims in which a Participant seeks damages that relate in any way to RSUs or other benefits of the Plan are subject to the dispute resolution procedure described below in paragraph 25. The parties to this Agreement are not required to arbitrate Employment Claims, as defined in subsection (a)(ii) below, in which the Participant does not seek damages that relate in any way to RSUs or other benefits of the Plan or this Agreement.

(i) For purposes of this Agreement, the term "Units Award Dispute" shall mean any claim against the Company or a Related Company regarding (A) the interpretation of the Plan or this Agreement, (B) any of the terms or conditions of the RSUs issued under this

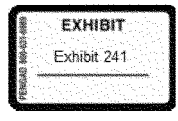


Agreement, or (C) allegations of entitlement to RSUs or additional RSUs, or any other benefits under the Plan, other than Employment Claims described in subsection (a)(ii) below; provided, however, that any dispute relating to the forfeiture of an award as a result of a breach of any of the Covenants contained in Exhibit A shall not be subject to the dispute resolution procedures provided for in this paragraph 25.

(ii) For purposes of this Agreement, the term "Units Damages Dispute" shall mean any employment related claims between the Participant and the Company or a Related Company or against the directors, officers, employees, representatives, or agents of the Company or a Related Company, including claims of alleged employment discrimination, wrongful termination, or violations of Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, the Age Discrimination in Employment Act, 42 U.S.C. § 1981, the Fair Labor Standards Act, the Family Medical Leave Act, the Sarbanes-Oxley Act, or any other federal, state or local law, statute, regulation, or ordinance relating to employment or any common law theories of recovery relating to employment, such as breach of contract, tort, or public policy claims ("Employment Claims"), in which the damages sought relate in any way to RSUs or other benefits of the Plan.

(b) Internal Dispute Resolution Procedure. All Units Award Disputes shall be referred in the first instance to the Verizon Employee Benefits Committee ("EB Committee") for resolution internally within Verizon. Except where otherwise prohibited by law, all Units Award Disputes must be filed in writing with the EB Committee no later than one year from the date that the dispute accrues. Consistent with paragraph 25(c)(i) of this Agreement, decisions about the enforceability of the limitations period contained herein are for the arbitrator to decide. To the fullest extent permitted by law, the EB Committee shall have full power, discretion, and authority to interpret the Plan and this Agreement and to decide all Units Award Disputes brought under this Plan and Agreement before them. Determinations made by the EB Committee shall be final, conclusive and binding, subject only to review by arbitration pursuant to subsection (c) below under the arbitrary and capricious standard of review.

(c) Arbitration. All appeals from determinations of Units Award Disputes by the EB Committee as described in subsection (b) above, as well as all Units Damages Disputes, shall be submitted to the American Arbitration Association ("AAA") for final and binding arbitration on an individual basis (and not on a collective or class action basis) before a single arbitrator pursuant to its Commercial Arbitration Rules in effect at the time this grant is accepted. Except where otherwise prohibited by law, all appeals of Units Award Disputes and all Units Damages Disputes must be filed in writing with the AAA no later than one year from the date that the appeal or dispute accrues. Consistent with paragraph 25(c)(i) of this Agreement, decisions about the enforceability of the limitations period contained herein are for the arbitrator to decide. If the Participant and either the Company or a Related Company are party to any prior agreement to arbitrate claims before the AAA under rules other than its Commercial Arbitration Rules, claims that are arbitrable under any such agreements shall be submitted to the AAA for disposition under its Commercial Arbitration Rules together with disputes that are arbitrable under this Agreement in order to promote expeditious and efficient dispute resolution. A copy of the AAA's Commercial Arbitration Rules may be obtained from Human Resources. The arbitration shall be held at the office of the AAA nearest the place of the Participant's most recent employment by the Company or a Related Company, unless the parties agree to a different location. All claims by the Company or a Related Company against the Participant, except for breaches of any of the Covenants, shall also be raised in such arbitration proceedings.



(i) The arbitrator shall have the authority to determine whether this arbitration agreement is enforceable and whether any dispute submitted for arbitration hereunder is arbitrable. The arbitrator shall decide all issues submitted for arbitration according to the terms of the Plan, this Agreement, existing Company policy, and applicable substantive state and federal law and shall have the authority to award any remedy or relief which could be awarded by a court. The decision of the arbitrator shall be final and binding and enforceable in any applicable court.

(ii) **The Participant understands and agrees that when Units Award Disputes or Units Damages Disputes are submitted for arbitration pursuant to this Agreement, both the Participant and the Company or a Related Company waive any right to sue each other in a court of law or equity, to have a trial by jury, or to resolve disputes on a collective, or class, basis, and that the sole forum available for the resolution of such issues is arbitration as provided herein. This dispute resolution procedure shall not prevent either the Participant or the Company or a Related Company from commencing an action in any court of competent jurisdiction for the purpose of obtaining injunctive relief to prevent irreparable harm pending arbitration hereunder; in such event, both the Participant and the Company or a Related Company agree that the party who commences the action may proceed without necessity of posting a bond.**

(iii) In consideration of the Participant's agreement in subsection (ii) above, the Company or a Related Company will pay all filing, administrative and arbitrator's fees incurred in connection with the arbitration proceedings. If the AAA requires the Participant to pay the initial filing fee, the Company or a Related Company will reimburse the Participant for that fee.

(iv) The parties intend that the arbitration procedure to which they hereby agree shall be the exclusive means for resolving all Units Award Disputes and Units Damages Disputes. Their agreement in this regard shall be interpreted as broadly and inclusively as reason permits to realize that intent.

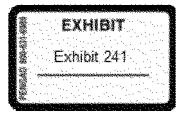
(v) Notwithstanding any other provision of this Agreement, this dispute resolution provision shall be governed by laws of the State of New York to the extent that it is not governed by the Federal Arbitration Act.

26. Additional Remedies. Notwithstanding the dispute resolution procedures, including arbitration, of paragraph 25 of this Agreement, and in addition to any other rights or remedies, whether legal, equitable, or otherwise, that each of the parties to this Agreement may have (including the right of the Company to terminate the Participant for Cause), the Participant acknowledges that—

(a) The Covenants in Exhibit A to this Agreement are essential to the continued goodwill and profitability of the Company;

(b) The Participant has broad-based skills that will serve as the basis for employment opportunities that are not prohibited by the Covenants in Exhibit A;

(c) When the Participant's employment with the Company terminates, the Participant shall be able to earn a livelihood without violating any of the Covenants in Exhibit A;



(d) Irreparable damage to the Company shall result in the event that the Covenants in Exhibit A are not specifically enforced and that monetary damages will not adequately protect the Company from a breach of these Covenants;

(e) If any dispute arises concerning the violation or anticipated or threatened violation by the Participant of any of the Covenants in Exhibit A, an injunction may be issued restraining such violation pending the determination of such controversy, and no bond or other security shall be required in connection therewith;

(f) The Covenants in Exhibit A shall continue to apply after any expiration, termination, or cancellation of this Agreement;

(g) The Participant's breach of any of the Covenants in Exhibit A shall result in the Participant's immediate forfeiture of all rights and benefits, including all RSUs and DEUs, under this Agreement; and

(h) All disputes relating to the Covenants in Exhibit A, including their interpretation and enforceability and any damages (including but not limited to damages resulting in the forfeiture of an award under this Agreement) that may result from the breach of such Covenants, shall not be subject to the dispute resolution procedures, including arbitration, of paragraph 25 of this Agreement, but shall instead be determined in a court of competent jurisdiction.



Exhibit A - Covenants

1. Noncompetition — In consideration for the benefits described in the Agreement to which this Exhibit A is attached and other good and valuable consideration, you, the Participant, agree that:

(a) Prohibited Conduct — During the period of your employment with the Company or any Related Company, and for the period ending twelve (12) months following a termination of your employment for any reason with the Company or any Related Company, you shall not, without the prior written consent of the Executive Vice President – Human Resources of Verizon:

(1) personally engage in Competitive Activities (as defined below); or

(2) work for, own, manage, operate, control, or participate in the ownership, management, operation, or control of, or provide consulting or advisory services to, any person, partnership, firm, corporation, institution or other entity engaged in Competitive Activities, or any company or person affiliated with such person or entity engaged in Competitive Activities; provided that your purchase or holding, for investment purposes, of securities of a publicly traded company shall not constitute "ownership" or "participation in the ownership" for purposes of this paragraph so long as your equity interest in any such company is less than a controlling interest;

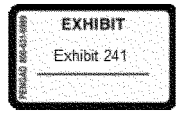
provided that this paragraph (a) shall not prohibit you from (i) being employed by, or providing services to, a consulting firm, provided that you do not personally engage in Competitive Activities or provide consulting or advisory services to any individual, partnership, firm, corporation, institution or other entity engaged in Competitive Activities, or any person or entity affiliated with such individual, partnership, firm, corporation, institution or other entity engaged in Competitive Activities, or (ii) engaging in the private practice of law as a sole practitioner or as a partner in (or as an employee of or counsel to) a law firm in accordance with applicable legal and professional standards.

(b) Competitive Activities — For purposes of the Agreement, to which this Exhibit A is attached, "Competitive Activities" means activities relating to products or services of the same or similar type as the products or services (1) which are sold (or, pursuant to an existing business plan, will be sold) to paying customers of the Company or any Related Company, and (2) for which you have responsibility to plan, develop, manage, market, oversee or perform, or had any such responsibility within your most recent 24 months of employment with the Company or any Related Company. Notwithstanding the previous sentence, an activity shall not be treated as a Competitive Activity if the geographic marketing area of the relevant products or services does not overlap with the geographic marketing area for the applicable products and services of the Company or any Related Company.

2. Interference With Business Relations — During the period of your employment with the Company or any Related Company, and for a period ending with the expiration of twelve (12) months following a termination of your employment for any reason with the Company or any Related Company, you shall not, without the written consent of the Executive Vice President – Human Resources of Verizon:

(a) recruit, induce or solicit any employee, directly or indirectly, of the Company or Related Company for employment or for retention as a consultant or service provider;

(b) hire or participate (with another person or entity) in the process of hiring (other than for the Company or any Related Company) any person who is then an employee of the Company or any Related Company, or provide names or other information about any employees of the Company or Related Company to



any person or entity (other than the Company or any Related Company), directly or indirectly, under circumstances that could lead to the use of any such information for purposes of recruiting, soliciting or hiring;

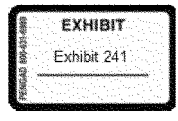
(c) interfere, directly or indirectly, with the relationship of the Company or any Related Company with any of its employees, agents, or representatives;

(d) solicit or induce, or in any manner attempt to solicit or induce, directly or indirectly, any client, customer, or prospect of the Company or any Related Company (1) to cease being, or not to become, a customer of the Company or any Related Company or (2) to divert any business of such customer or prospect from the Company or any Related Company; or

(e) otherwise interfere with, disrupt, or attempt to interfere with or disrupt, the relationship, contractual or otherwise, between the Company or any Related Company and any of its customers, clients, prospects, suppliers, consultants, employees, agents, or representatives.

3. Return Of Property; Intellectual Property Rights — You agree that on or before termination of your employment for any reason with the Company or any Related Company, you shall return to the Company all property owned by the Company or any Related Company or in which the Company or any Related Company has an interest, including files, documents, data and records (whether on paper or in tapes, disks, or other machine-readable form), office equipment, credit cards, and employee identification cards. You acknowledge that the Company (or, as applicable, a Related Company) is the rightful owner of, and you hereby do assign, all right, title and interest in and to any programs, ideas, inventions, discoveries, patentable or copyrighted material, or trademarks that you may have originated or developed, or assisted in originating or developing, during your period of employment with the Company or a Related Company, where any such origination or development involved the use of Company or Related Company time, information or resources, was made in the exercise of your responsibilities for or on behalf of the Company or a Related Company or was related to the Company's or a Related Company's business or to the Company's or a Related Company's actual or demonstrably anticipated research or development. You shall at all times, both before and after termination of your employment, cooperate with the Company (or, as applicable, any Related Company) in executing and delivering documents requested by the Company or a Related Company, and taking any other actions, that are necessary or requested by the Company or a Related Company to assist the Company or any Related Company in patenting, copyrighting, protecting, enforcing or registering any programs, ideas, inventions, discoveries, works of authorship, data, information, patentable or copyrighted material, or trademarks, and to vest title thereto solely in the Company (or, as applicable, a Related Company).

4. Proprietary And Confidential Information — You shall at all times, including after any termination of your employment with the Company or any Related Company, preserve the confidentiality of all Proprietary Information (defined below) and trade secrets of the Company or any Related Company, and you shall not use for the benefit of any person, other than the Company or a Related Company, or disclose to any person, except and to the extent that disclosure of such information is legally required, any Proprietary Information or trade secrets of the Company or any Related Company. "Proprietary Information" means any information or data related to the Company or any Related Company, including information entrusted to the Company or a Related Company by others, which has not been fully disclosed to the public by the Company or a Related Company and which is treated as confidential or protected within the Company or any Related Company or is of value to competitors, such as strategic or tactical business plans; undisclosed business, operational or financial data; ideas, processes, methods, techniques, systems, models, devices, programs, computer software, or related information; documents relating to regulatory matters or correspondence with governmental entities; undisclosed information concerning any past, pending, or threatened legal dispute; pricing or cost data; the identity, reports or analyses of business prospects; business transactions that are contemplated or planned; research data; personnel information or data; identities of users or purchasers of the Company's or Related Company's products or services; the Agreement to which this Exhibit A is attached; and other non-public



information pertaining to or known by the Company or a Related Company, including confidential or non-public information of a third party that you know or should know the Company or a Related Company is obligated to protect.

5. Definitions — Except where clearly provided to the contrary, all capitalized terms used in this Exhibit A shall have the definitions given to those terms in the Agreement to which this Exhibit A is attached.

6. Agreement to Covenants. You shall indicate your agreement to these Covenants in accordance with the instructions provided in the Agreement, and your acceptance of the Agreement shall include your acceptance of these Covenants. You and Verizon hereby expressly agree that the use of electronic media to indicate confirmation, consent, signature, acceptance, agreement and delivery shall be legally valid and have the same legal force and effect as if you and Verizon executed these Covenants in paper form.



EXHIBIT 10j(vi)

VERIZON COMMUNICATIONS INC. LONG-TERM INCENTIVE PLAN
PERFORMANCE STOCK UNIT AGREEMENT
2006–08 AWARD CYCLE

AGREEMENT between Verizon Communications Inc. ("Verizon" or the "Company") and you (the "Participant") and your heirs and beneficiaries.

1. Purpose of Agreement. The purpose of this Agreement is to provide a grant of performance stock units ("PSUs") to the Participant.

2. Agreement. This Agreement is entered into pursuant to the terms of the 2001 Verizon Communications Inc. Long-Term Incentive Plan (the "Plan"), and evidences the grant of a performance stock award in the form of PSUs pursuant to the Plan. This Agreement is intended to comply with the requirements of Section 162(m) of the Code and the Treasury Department Regulations thereunder. The PSUs and this Agreement (including the covenants set forth in Exhibit A (the "Covenants"), which are incorporated into and shall be a part of the Agreement) are subject to the terms and provisions of the Plan. By executing this Agreement, the Participant agrees to be bound by the terms and provisions of the Plan, this Agreement and by the actions of the Human Resources Committee of Verizon Communication's Board of Directors or any successor thereto (the "Committee"), and any designee of the Committee. To the extent that there is a conflict between the terms of the Plan and the terms of this Agreement, the terms of this Agreement shall control.

3. Contingency. The grant of PSUs is contingent on the Participant's timely acceptance of this Agreement and satisfaction of the other conditions contained herein. If the Participant does not properly accept (or revokes acceptance of) this Agreement the Participant shall not be entitled to the PSUs regardless of the extent to which the vesting requirements in paragraph 5 ("Vesting") are satisfied.

4. Number of Units. The Participant is granted the number of PSUs as specified on their account under the 2006 PSU grant, administered by Fidelity Investments. A PSU is a hypothetical share of Verizon's common stock. The value of a PSU on any given date shall be equal to the closing price of Verizon's common stock on the New York Stock Exchange as of such date. A PSU does not represent an equity interest in Verizon and carries no voting rights. A Dividend Equivalent Unit ("DEU") or fraction thereof shall be added to each PSU each time that a dividend is paid on Verizon's common stock. The amount of each DEU shall be equal to the dividend paid on a share of Verizon's common stock. The DEU shall be converted into PSUs or fractions thereof based upon the average of the high and low sales prices of Verizon's common stock traded on the New York Stock Exchange on the dividend payment date of each declared dividend on Verizon's common stock, and such PSUs or fractions thereof shall be added to the Participant's PSU balance. To the extent that Fidelity or the Company makes an administrative error with respect to the number or value of the PSUs granted to the Participant under this Agreement, the Company specifically reserves the right to correct such error and the Participant agrees that he or she shall be legally bound by any corrective action taken by the Company or the Plan Administrator.

5. Vesting.

(a) General. The Participant shall vest in the PSUs to the extent provided in paragraph 5(b) ("Performance Requirement") only if the Participant satisfies the requirements of paragraph 5(c) ("Three-Year Continuous Employment Requirement"), except as otherwise provided in paragraph 7 ("Early Cancellation/Accelerated Vesting of PSUs").



(b) Performance Requirement.

(1) ***General.*** The PSUs shall vest based on the average annual total shareholder return ("TSR") of Verizon's common stock during the three-year period beginning January 1, 2006, and ending at the close of business on December 31, 2008 (the "Award Cycle"), relative to the combined weighted average annual TSR of the companies in the Standard & Poor's 500 ("S&P 500") Index and the companies in the Industry Peer Company ("IPC") Index during the same three-year period. No PSUs shall vest unless the Committee determines that certain threshold performance requirements have been satisfied. The formula for determining the total number of PSUs that may vest and become payable (the "Payout Formula") will equal the number of units that you are granted as described in paragraph 4 (plus any additional PSUs added with respect to DEUs credited over the Award Cycle) *times* the Total Vested Percentage (as defined below). For example, if (a) you are granted 1,000 PSUs, and (b) those PSUs are credited with an additional 150 PSUs as a result of DEUs paid over the Award Cycle, and (c) the Total Vested Percentage is 96%, you will generally vest in (1,000 PSUs + 150 PSUs from DEUs) *times* 96%, or 1,104 PSUs, which shall be payable in cash as described in paragraph 6. Please note that the Committee retains the discretion to determine the Total Vested Percentage, the Verizon S&P 500 Vested Percentage, the Verizon IPC Vested Percentage and the extent to which you are eligible to receive DEUs with respect to dividends declared after your separation from employment pursuant to paragraph 7(b)(1), and the Committee's exercise of this discretion shall be final, conclusive and binding.

(2) ***Definitions.*** For purposes of the performance requirement and Payout Formula set forth in paragraph 5(b)(1)—

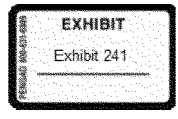
(i) "Total Vested Percentage" shall be *equal to* (i) 40% of the average annual Verizon S&P 500 Vested Percentage during the Award Cycle, *plus* (ii) 60% of the average annual Verizon IPC Vested Percentage during the Award Cycle.

(ii) "Verizon S&P 500 Vested Percentage" shall be an amount (between 0% and 200%), as determined by the Committee, for each year in the Award Cycle as provided in the following table:

Verizon S&P 500 TSR Position	Verizon S&P 500 Vested Percentage
Below 20%	0%
At least 20% but less than 80%	2 Times the Verizon S&P 500 TSR Position
80% or more	200%

(iii) "Verizon S&P 500 TSR Position" shall be, as determined by the Committee, Verizon's rank among companies in the S&P 500 Index in terms of TSR, expressed as a percentage equal to the number of companies in the S&P 500 Index (including Verizon) with a TSR less than or equal to that of Verizon divided by the total number of companies in such index. The Committee retains the discretion to determine the Verizon S&P 500 TSR Position for any period, and the Committee's exercise of this discretion shall be final, conclusive and binding.

(iv) "Verizon IPC Vested Percentage" shall be an amount (between 0% and 200%), as determined by the Committee, for each year in the Award Cycle as provided in the following table:



Verizon IPC TSR Position	Verizon IPC Vested Percentage
Below 20%	0%
At least 20% but less than 55%	1.5 times the Verizon IPC TSR Position
55%	100%
More than 55%	2 times the Verizon IPC TSR Position

(v) "Verizon IPC TSR Position" shall be, as determined by the Committee, where Verizon would rank among companies in an Industry Peer Company Index in terms of TSR if Verizon were included in such index, expressed as a percentage equal to the number of companies in the IPC Index (including Verizon) with a TSR less than or equal to that of Verizon divided by the total number of companies in such index. The Committee retains the discretion to substitute, add or eliminate companies in the Industry Peer Company Index and to determine the Verizon IPC TSR Position for any period, and the Committee's exercise of this discretion shall be final, conclusive and binding.

(vi) "TSR" or "Total Shareholder Return" shall mean the change in the price of a share of common stock from the beginning of a period (as measured by the closing price of a share of such stock on the last trading day preceding the beginning of the period) until the end of such period (the "Measurement Period")(as measured by the closing price of a share of such stock on the last trading day of the period), adjusted to reflect the reinvestment of dividends (if any) through the purchase of common stock and as may be necessary to take into account stock splits or other events similar to those described in Section 4.3 of the Plan. Measurement Periods may vary between and/or during an Award Cycle, and may or may not be coextensive with the Award Cycle. The Committee retains the discretion to determine and to change the Measurement Periods which shall be used to calculate TSRs for the Award Cycle, both before and during the Award Cycle, and the Committee's exercise of this discretion shall be final, conclusive and binding.

(c) Three-Year Continuous Employment Requirement. Except as otherwise determined by the Committee, or except as otherwise provided in paragraph 7(b), the PSUs shall vest only if the Participant is continuously employed by the Company from the date the PSUs are granted through the end of the Award Cycle.

(d) Transfer. Transfer of employment from Verizon to a Related Company (as defined in paragraph 13), from a Related Company to Verizon, or from one Related Company to another Related Company shall not constitute a separation from employment hereunder, and service with a Related Company shall be treated as service with the Company for purposes of the three-year continuous employment requirement in paragraph 5(c).

6. Payment. All payments under this Agreement shall be made in cash. As soon as practicable after the end of the Award Cycle (but in no event later than March 15, 2009), except as described in paragraph 7(c), the value of the vested PSUs (minus any withholding for taxes) shall be paid to the Participant (subject, however, to any deferral application that the Participant has made under the deferral plan (if any) then available to the Participant). The amount of cash that shall be paid (plus withholding for taxes and any applicable deferral election) shall equal the number of vested PSUs *times* the closing price of Verizon's common stock on the New York Exchange as of the last trading day in the Award Cycle. If the Participant dies before any payment due hereunder is made, such payment shall be made to the Participant's beneficiary. Once a payment has been made with respect to a PSU, the PSU shall be canceled.



7. Early Cancellation/Accelerated Vesting of PSUs. Subject to the provisions of paragraph 7(c) and 5, PSUs may vest or be forfeited before vesting as follows:

(a) Retirement Before July 1, 2006, Voluntary Separation On or Before December 31, 2008 or Discharge for Cause On or Before December 31, 2008.

(1) If the Participant (i) Retires (as defined in paragraph 7(b)(4)) before July 1, 2006, (ii) quits on or before December 31, 2008, (iii) is terminated for Cause (as defined below) on or before December 31, 2008, or (iv) separates from employment on or before December 31, 2008 under circumstances not described in paragraph 7(b), all then-unvested PSUs shall be canceled immediately and shall not be payable.

(2) For purposes of this Agreement, "Cause" means (i) grossly incompetent performance or substantial or continuing inattention to or neglect of the duties and responsibilities assigned to the Participant; fraud, misappropriation or embezzlement involving the Company; or a material breach of the Verizon Code of Business Conduct or any of the Covenants set forth in Exhibit A to this Agreement, all as determined by the Executive Vice President – Human Resources of Verizon in his or her discretion, and the exercise of such discretion shall be final, conclusive and binding, or (ii) commission of any felony of which the Participant is finally adjudged guilty by a court of competent jurisdiction.

(b) Retirement After June 30, 2006, Involuntary Termination Without Cause On or Before December 31, 2008, Termination Due to Death or Disability On or Before December 31, 2008.

(1) This paragraph 7(b) shall apply if the Participant:

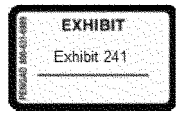
(i) Retires (as defined below) after June 30, 2006, or

(ii) Separates from employment by reason of an involuntary termination without Cause (as determined by the Executive Vice President – Human Resources of Verizon), death, or disability (as defined below) on or before the last day of the Award Cycle. "Disability" shall mean the total and permanent disability of the Participant as defined by, or determined under, the Company's long-term disability benefit plan.

(2) If the Participant separates from employment prior to the end of the Award Cycle under circumstances described in paragraph 7(b)(1), the Participant's then-unvested PSUs shall be subject to the vesting provisions set forth in paragraph 5(a), except that the three-year continuous employment requirement set forth in paragraph 5(c) shall not apply, provided that the Participant has not and does not commit a material breach of any of the Covenants and provided that the Participant executes a release satisfactory to the Company waiving any claims he may have against the Company.

(3) Any PSUs that vest pursuant to paragraph 7(b)(2) shall be payable as soon as practicable after the end of the Award Cycle (but in no event later than March 15, 2009), except as described in paragraph 7(c). However, the Committee retains the discretion to determine whether and the extent to which the Participant is eligible to receive DEUs with respect to dividends declared after the Participant's separation from employment pursuant to paragraph 7(b)(1), and the Committee's exercise of this discretion shall be final, conclusive and binding.

(4) For purposes of this Agreement, "Retire" means (i) to retire after having attained at least 15 years of Net Credited Service (as defined under the Verizon Management Pension Plan) and a



combination of age and years of Net Credited Service that equals or exceeds 75 points, or (ii) retirement under any other circumstances determined in writing by the Executive Vice President – Human Resources of Verizon.

(c) Change in Control. Upon the occurrence of a Change in Control of Verizon (as defined in the Plan) on or before the last day of the Award Cycle, all then-unvested PSUs shall vest and be payable immediately (without prorating of the award) at 50% of the maximum award payout without regard to the performance requirement in paragraph 5(b) or the three-year continuous employment requirement in paragraph 5(c). A Change in Control that occurs after the end of the Award Cycle shall have no effect on whether any PSUs vest or become payable. A Participant who receives the immediate award payment provided in this paragraph 7(c) shall be entitled to receive payment for all DEUs earned before the Change in Control, even if such DEUs are paid or payable after the Change in Control.

(d) Vesting Schedule. Except and to the extent provided in paragraphs 7(b) and (c), nothing in this paragraph 7 shall alter the vesting schedule prescribed by paragraph 5.

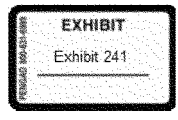
8. Shareholder Rights. The Participant shall have no rights as a shareholder with respect to shares of common stock to which this grant relates. Except as provided in the Plan or in this Agreement, no adjustment shall be made, for dividends or other rights for which the record date occurs while the PSUs are outstanding.

9. Revocation or Amendment of Agreement. Except to the extent required by law or specifically contemplated under this Agreement (including, but not limited to, corrections of any administrative errors, the determination of the total percentage of PSUs that become payable, the Measurement Period or Periods for the Award Cycle, Verizon's or any other company's TSR, Verizon S&P 500 TSR Position, and Verizon IPC TSR Position, and whether the Participant has been terminated for Cause, has a disability, or has satisfied the three-year continuous employment requirement), the Committee or the Executive Vice President – Human Resources of Verizon may not, without the written consent of the Participant, (a) revoke this Agreement insofar as it relates to the PSUs granted hereunder, or (b) make or change any determination or change any term, condition or provision affecting the PSUs if the determination or change would materially and adversely affect the PSUs or the Participant's legitimate rights thereto. Nothing in the preceding sentence shall preclude the Committee or the Executive Vice President – Human Resources of Verizon from exercising reasonable administrative discretion with respect to the Plan or this Agreement, and the exercise of such discretion shall be final, conclusive and binding.

10. Assignment. The PSUs shall not be assigned, pledged or transferred except by will or by the laws of descent and distribution. During the Participant's lifetime, the PSUs may be deferred only by the Participant or by the Participant's guardian or legal representative in accordance with the deferral regulations, if any, established by the Company.

11. Beneficiary. The Participant shall designate a beneficiary in writing and in such manner as is acceptable to the Executive Vice President – Human Resources of Verizon. If the Participant fails to so designate a beneficiary, or if no such designated beneficiary survives the Participant, the Participant's beneficiary shall be the Participant's estate.

12. Other Plans and Agreements. Any payment received by the Participant pursuant to this Agreement shall not be taken into account as compensation in the determination of the Participant's benefits under any pension, savings, group insurance, severance or other benefit plan maintained by Verizon or a Related Company. The Participant acknowledges that receipt of this Agreement or any prior PSU agreement shall



not entitle the Participant to any other benefits under the Plan or any other plans maintained by the Company or Related Company.

13. Company and Related Company. For purposes of this Agreement, "Company" means Verizon Communications Inc. "Related Company" means (a) any corporation, partnership, joint venture, or other entity in which Verizon Communications Inc. holds a direct or indirect ownership or proprietary interest of 50 percent or more, or (b) any corporation, partnership, joint venture, or other entity in which Verizon Communications Inc. holds an ownership or other proprietary interest of less than 50 percent but which, in the discretion of the Committee, is treated as a Related Company for purposes of this Agreement.

14. Employment Status. The grant of the PSUs shall not be deemed to constitute a contract of employment for a particular term between the Company or a Related Company and the Participant, nor shall it constitute a right to remain in the employ of any such Company or Related Company.

15. Withholding. The Participant shall be responsible for any taxes that arise in connection with this grant of PSUs, and the Company shall make such arrangements as it deems necessary for withholding of any taxes it determines are required to be withheld pursuant to any applicable law or regulation.

16. Securities Laws. The Company shall not be required to make payment with respect to any shares of common stock prior to the admission of such shares to listing on any stock exchange on which the stock may then be listed and the completion of any registration or qualification of such shares under any federal or state law or rulings or regulations of any government body that the Company, in its discretion, determines to be necessary or advisable, and the exercise of such discretion shall be final, conclusive and binding.

17. Committee Authority. The Committee shall have complete discretion in the exercise of its rights, powers, and duties under this Agreement. Any interpretation or construction of any provision of, and the determination of any question arising under, this Agreement shall be made by the Committee in its discretion and such exercise shall be final, conclusive, and binding. The Committee may designate any individual or individuals to perform any of its functions hereunder.

18. Successors. This Agreement shall be binding upon, and inure to the benefit of, any successor or successors of the Company and the person or entity to whom the PSUs may have been transferred by will, the laws of descent and distribution, or beneficiary designation. All terms and conditions of this Agreement imposed upon the Participant shall, unless the context clearly indicates otherwise, be deemed, in the event of the Participant's death, to refer to and be binding upon the Participant's heirs and beneficiaries.

19. Construction. This Agreement is intended to grant the PSUs upon the terms and conditions authorized by the Plan. Any provisions of this Agreement that cannot be so administered, interpreted, or construed shall be disregarded. In the event that any provision of this Agreement is held invalid or unenforceable, such provision shall be considered separate and apart from the remainder of this Agreement, which shall remain in full force and effect. In the event that any provision, including any Covenant, is held to be unenforceable for being unduly broad as written, such provision shall be deemed amended to narrow its application to the extent necessary to make the provision enforceable according to applicable law and shall be enforced as amended.

20. Defined Terms. Except where the context clearly indicates otherwise, all capitalized terms used herein shall have the definitions ascribed to them by the Plan, and the terms of the Plan shall apply where appropriate.



21. Execution of Agreement. The Participant shall indicate consent to the terms of this Agreement (including its Exhibit) and the Plan by executing this Agreement pursuant to the instructions provided and otherwise shall comply with the requirements of paragraph 3. The Participant and Verizon hereby expressly agree that the use of electronic media to indicate confirmation, consent, signature, acceptance, agreement and delivery shall be legally valid and have the same legal force and effect as if the Participant and Verizon executed this Agreement (including its Exhibit) in paper form.

22. Confidentiality. Except to the extent otherwise required by law, the Participant shall not disclose, in whole or in part, any of the terms of this Agreement. This paragraph 22 does not prevent the Participant from disclosing the terms of this Agreement to the Participant's spouse or beneficiary or to the Participant's legal, tax, or financial adviser, provided that the Participant take all reasonable measures to assure that the individual to whom disclosure is made does not disclose the terms of this Agreement to a third party except as otherwise required by law.

23. Applicable Law. The validity, construction, interpretation and effect of this Agreement shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to the conflicts of laws provisions thereof.

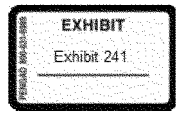
24. Notice. Any notice to the Company provided for in this Agreement shall be addressed to the Company in care of the Executive Vice President – Human Resources of Verizon at One Verizon Way, Basking Ridge, NJ, 07920-1097 and any notice to the Participant shall be addressed to the Participant at the current address shown on the payroll of the Company, or to such other address as the Participant may designate to the Company in writing. Any notice shall be delivered by hand, sent by telecopy or enclosed in a properly sealed envelope as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service.

25. Dispute Resolution.

(a) General. Except as otherwise provided in paragraph 26 below, all disputes arising under the Plan or this Agreement and all claims in which a Participant seeks damages that relate in any way to PSUs or other benefits of the Plan are subject to the dispute resolution procedure described below in this paragraph 25. The parties to this Agreement are not required to arbitrate Employment Claims, as defined in subsection (a)(ii) below, in which the Participant does not seek damages that relate in any way to PSUs or other benefits of the Plan or this Agreement.

(i) For purposes of this Agreement, the term "Units Award Dispute" shall mean any claim against the Company or a Related Company regarding (A) the interpretation of the Plan or this Agreement, (B) any of the terms or conditions of the PSUs issued under this Agreement, or (C) allegations of entitlement to PSUs or additional PSUs, or any other benefits under the Plan, other than Employment Claims described in subsection (a)(ii) below; provided, however, that any dispute relating to the forfeiture of an award as a result of a breach of any of the Covenants contained in Exhibit A shall not be subject to the dispute resolution procedures provided for in this paragraph 25.

(ii) For purposes of this Agreement, the term "Units Damages Dispute" shall mean any employment related claims between the Participant and the Company or a Related Company or against the directors, officers, employees, representatives, or agents of the Company or a Related Company, including claims of alleged employment discrimination, wrongful termination, or violations of Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, the Age Discrimination in Employment Act, 42 U.S.C. § 1981, the Fair Labor Standards Act, the Family Medical Leave Act, the Sarbanes-Oxley



Act, or any other federal, state or local law, statute, regulation, or ordinance relating to employment or any common law theories of recovery relating to employment, such as breach of contract, tort, or public policy claims ("Employment Claims"), in which the damages sought relate in any way to PSUs or other benefits of the Plan.

(b) Internal Dispute Resolution Procedure. All Units Award Disputes shall be referred in the first instance to the Verizon Employee Benefits Committee ("EB Committee") for resolution internally within Verizon. Except where otherwise prohibited by law, all Units Award Disputes must be filed in writing with the EB Committee no later than one year from the date that the dispute accrues. Consistent with paragraph 25(c)(i) of this Agreement, decisions about the enforceability of the limitations period contained herein are for the arbitrator to decide. To the fullest extent permitted by law, the EB Committee shall have full power, discretion, and authority to interpret the Plan and this Agreement and to decide all Units Award Disputes brought under this Plan and Agreement before them. Determinations made by the EB Committee shall be final, conclusive and binding, subject only to review by arbitration pursuant to subsection (c) below under the arbitrary and capricious standard of review.

(c) Arbitration. All appeals from determinations of Units Award Disputes by the EB Committee as described in subsection (b) above, as well as all Units Damages Disputes, shall be submitted to the American Arbitration Association ("AAA") for final and binding arbitration on an individual basis (and not on a collective or class action basis) before a single arbitrator pursuant to its Commercial Arbitration Rules in effect at the time this grant is accepted. Except where otherwise prohibited by law, all appeals of Units Award Disputes and all Units Damages Disputes must be filed in writing with the AAA no later than one year from the date that the appeal or dispute accrues. Consistent with paragraph 25(c)(i) of this Agreement, decisions about the enforceability of the limitations period contained herein are for the arbitrator to decide. If the Participant and either the Company or a Related Company are party to any prior agreement to arbitrate claims before the AAA under rules other than its Commercial Arbitration Rules, claims that are arbitrable under any such agreements shall be submitted to the AAA for disposition under its Commercial Arbitration Rules together with disputes that are arbitrable under this Agreement in order to promote expeditious and efficient dispute resolution. A copy of the AAA's Commercial Arbitration Rules may be obtained from Human Resources. The arbitration shall be held at the office of the AAA nearest the place of the Participant's most recent employment by the Company or a Related Company, unless the parties agree to a different location. All claims by the Company or a Related Company against the Participant, except for breaches of any of the Covenants, shall also be raised in such arbitration proceedings.

(i) The arbitrator shall have the authority to determine whether this arbitration agreement is enforceable and whether any dispute submitted for arbitration hereunder is arbitrable. The arbitrator shall decide all issues submitted for arbitration according to the terms of the Plan, this Agreement, existing Company policy, and applicable substantive state and federal law and shall have the authority to award any remedy or relief which could be awarded by a court. The decision of the arbitrator shall be final and binding and enforceable in any applicable court.

(ii) **The Participant understands and agrees that when Units Award Disputes or Units Damages Disputes are submitted for arbitration pursuant to this Agreement, both the Participant and the Company or a Related Company waive any right to sue each other in a court of law or equity, to have a trial by jury, or to resolve disputes on a collective, or class, basis, and that the sole forum available for the resolution of such issues is arbitration as provided herein. This dispute resolution procedure**



shall not prevent either the Participant or the Company or a Related Company from commencing an action in any court of competent jurisdiction for the purpose of obtaining injunctive relief to prevent irreparable harm pending arbitration hereunder; in such event, both the Participant and the Company or a Related Company agree that the party who commences the action may proceed without necessity of posting a bond.

(iii) In consideration of the Participant's agreement in subsection (ii) above, the Company or a Related Company will pay all filing, administrative and arbitrator's fees incurred in connection with the arbitration proceedings. If the AAA requires the Participant to pay the initial filing fee, the Company or a Related Company will reimburse the Participant for that fee.

(iv) The parties intend that the arbitration procedure to which they hereby agree shall be the exclusive means for resolving all Units Award Disputes and Units Damages Disputes. Their agreement in this regard shall be interpreted as broadly and inclusively as reason permits to realize that intent.

(v) Notwithstanding any other provision of this Agreement, this dispute resolution provision shall be governed by laws of the State of New York to the extent that it is not governed by the Federal Arbitration Act.

26. Additional Remedies. Notwithstanding the dispute resolution procedures, including arbitration, of paragraph 25 of this Agreement, and in addition to any other rights or remedies, whether legal, equitable, or otherwise, that each of the parties to this Agreement may have (including the right of the Company to terminate the Participant for Cause), the Participant acknowledges that—

(a) The Covenants in Exhibit A to this Agreement are essential to the continued goodwill and profitability of the Company;

(b) The Participant has broad-based skills that will serve as the basis for employment opportunities that are not prohibited by the Covenants in Exhibit A;

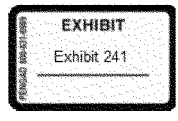
(c) When the Participant's employment with the Company terminates, the Participant shall be able to earn a livelihood without violating any of the Covenants in Exhibit A;

(d) Irreparable damage to the Company shall result in the event that the Covenants in Exhibit A are not specifically enforced and that monetary damages will not adequately protect the Company from a breach of these Covenants;

(e) If any dispute arises concerning the violation or anticipated or threatened violation by the Participant of any of the Covenants in Exhibit A, an injunction may be issued restraining such violation pending the determination of such controversy, and no bond or other security shall be required in connection therewith;

(f) The Covenants in Exhibit A shall continue to apply after any expiration, termination, or cancellation of this Agreement;

(g) The Participant's breach of any of the Covenants in Exhibit A shall result in the Participant's immediate forfeiture of all rights and benefits, including all PSUs and DEUs, under this Agreement; and



(h) All disputes relating to the Covenants in Exhibit A, including their interpretation and enforceability and any damages (including but not limited to damages resulting in the forfeiture of an award under this Agreement) that may result from the breach of such Covenants, shall not be subject to the dispute resolution procedures, including arbitration, of paragraph 25 of this Agreement, but shall instead be determined in a court of competent jurisdiction.



Exhibit A—Covenants

1. Noncompetition — In consideration for the benefits described in the Agreement to which this Exhibit A is attached and other good and valuable consideration, you, the Participant, agree that:

(a) Prohibited Conduct — During the period of your employment with the Company or any Related Company, and for the period ending twelve (12) months following a termination of your employment for any reason with the Company or any Related Company, you shall not, without the prior written consent of the Executive Vice President – Human Resources of Verizon:

(1) personally engage in Competitive Activities (as defined below); or

(2) work for, own, manage, operate, control, or participate in the ownership, management, operation, or control of, or provide consulting or advisory services to, any person, partnership, firm, corporation, institution or other entity engaged in Competitive Activities, or any company or person affiliated with such person or entity engaged in Competitive Activities; provided that your purchase or holding, for investment purposes, of securities of a publicly traded company shall not constitute "ownership" or "participation in the ownership" for purposes of this paragraph so long as your equity interest in any such company is less than a controlling interest;

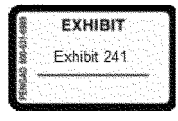
provided that this paragraph (a) shall not prohibit you from (i) being employed by, or providing services to, a consulting firm, provided that you do not personally engage in Competitive Activities or provide consulting or advisory services to any individual, partnership, firm, corporation, institution or other entity engaged in Competitive Activities, or any person or entity affiliated with such individual, partnership, firm, corporation, institution or other entity engaged in Competitive Activities, or (ii) engaging in the private practice of law as a sole practitioner or as a partner in (or as an employee of or counsel to) a law firm in accordance with applicable legal and professional standards.

(b) Competitive Activities — For purposes of the Agreement, to which this Exhibit A is attached, "Competitive Activities" means activities relating to products or services of the same or similar type as the products or services (1) which are sold (or, pursuant to an existing business plan, will be sold) to paying customers of the Company or any Related Company, and (2) for which you have responsibility to plan, develop, manage, market, oversee or perform, or had any such responsibility within your most recent 24 months of employment with the Company or any Related Company. Notwithstanding the previous sentence, an activity shall not be treated as a Competitive Activity if the geographic marketing area of the relevant products or services does not overlap with the geographic marketing area for the applicable products and services of the Company or any Related Company.

2. Interference With Business Relations — During the period of your employment with the Company or any Related Company, and for a period ending with the expiration of twelve (12) months following a termination of your employment for any reason with the Company or any Related Company, you shall not, without the written consent of the Executive Vice President – Human Resources of Verizon:

(a) recruit, induce or solicit any employee, directly or indirectly, of the Company or Related Company for employment or for retention as a consultant or service provider;

(b) hire or participate (with another person or entity) in the process of hiring (other than for the Company or any Related Company) any person who is then an employee of the Company or any Related Company, or provide names or other information about any employees of the Company or Related Company to



any person or entity (other than the Company or any Related Company), directly or indirectly, under circumstances that could lead to the use of any such information for purposes of recruiting, soliciting or hiring;

(c) interfere, directly or indirectly, with the relationship of the Company or any Related Company with any of its employees, agents, or representatives;

(d) solicit or induce, or in any manner attempt to solicit or induce, directly or indirectly, any client, customer, or prospect of the Company or any Related Company (1) to cease being, or not to become, a customer of the Company or any Related Company or (2) to divert any business of such customer or prospect from the Company or any Related Company; or

(e) otherwise interfere with, disrupt, or attempt to interfere with or disrupt, the relationship, contractual or otherwise, between the Company or any Related Company and any of its customers, clients, prospects, suppliers, consultants, employees, agents, or representatives.

3. Return Of Property; Intellectual Property Rights — You agree that on or before termination of your employment for any reason with the Company or any Related Company, you shall return to the Company all property owned by the Company or any Related Company or in which the Company or any Related Company has an interest, including files, documents, data and records (whether on paper or in tapes, disks, or other machine-readable form), office equipment, credit cards, and employee identification cards. You acknowledge that the Company (or, as applicable, a Related Company) is the rightful owner of, and you hereby do assign, all right, title and interest in and to any programs, ideas, inventions, discoveries, patentable or copyrighted material, or trademarks that you may have originated or developed, or assisted in originating or developing, during your period of employment with the Company or a Related Company, where any such origination or development involved the use of Company or Related Company time, information or resources, was made in the exercise of your responsibilities for or on behalf of the Company or a Related Company or was related to the Company's or a Related Company's business or to the Company's or a Related Company's actual or demonstrably anticipated research or development. You shall at all times, both before and after termination of your employment, cooperate with the Company (or, as applicable, any Related Company) in executing and delivering documents requested by the Company or a Related Company, and taking any other actions, that are necessary or requested by the Company or a Related Company to assist the Company or any Related Company in patenting, copyrighting, protecting, enforcing or registering any programs, ideas, inventions, discoveries, works of authorship, data, information, patentable or copyrighted material, or trademarks, and to vest title thereto solely in the Company (or, as applicable, a Related Company).

4. Proprietary And Confidential Information — You shall at all times, including after any termination of your employment with the Company or any Related Company, preserve the confidentiality of all Proprietary Information (defined below) and trade secrets of the Company or any Related Company, and you shall not use for the benefit of any person, other than the Company or a Related Company, or disclose to any person, except and to the extent that disclosure of such information is legally required, any Proprietary Information or trade secrets of the Company or any Related Company. "Proprietary Information" means any information or data related to the Company or any Related Company, including information entrusted to the Company or a Related Company by others, which has not been fully disclosed to the public by the Company or a Related Company and which is treated as confidential or protected within the Company or any Related Company or is of value to competitors, such as strategic or tactical business plans; undisclosed business, operational or financial data; ideas, processes, methods, techniques, systems, models, devices, programs, computer software, or related information; documents relating to regulatory matters or correspondence with governmental entities; undisclosed information concerning any past, pending, or threatened legal dispute; pricing or cost data; the identity, reports or analyses of business prospects; business transactions that are contemplated or planned; research data; personnel information or data; identities of users or purchasers of the Company's or Related Company's products or services; the Agreement to which this Exhibit A is attached; and other non-public



information pertaining to or known by the Company or a Related Company, including confidential or non-public information of a third party that you know or should know the Company or a Related Company is obligated to protect.

5. Definitions — Except where clearly provided to the contrary, all capitalized terms used in this Exhibit A shall have the definitions given to those terms in the Agreement to which this Exhibit A is attached.

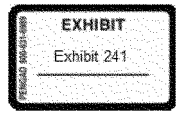
6. Agreement to Covenants. You shall indicate your agreement to these Covenants in accordance with the instructions provided in the Agreement, and your acceptance of the Agreement shall include your acceptance of these Covenants. You and Verizon hereby expressly agree that the use of electronic media to indicate confirmation, consent, signature, acceptance, agreement and delivery shall be legally valid and have the same legal force and effect as if you and Verizon executed these Covenants in paper form.



EXHIBIT 10v

verizon

VERIZON EXECUTIVE DEFERRAL PLAN
SUMMARY PLAN DESCRIPTION



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INTRODUCTION

The Verizon Executive Deferral Plan (the "Plan" or "EDP") provides an easy way for you to set aside a portion of your annual base salary, your entire short-term incentive award and certain long-term incentive awards for the future in order to avoid current Federal, State and Local income taxes (where applicable) and to receive valuable contributions from Verizon (the "Company"). It reaches beyond the limits of a traditional 401(k) to provide exceptional value. For non-employee directors, it allows for the deferral of your annual cash retainer and associated meeting fees and equity compensation.

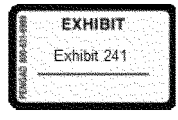
- The EDP allows you to defer a portion of your annual base salary, all of your short-term incentive award or non-employee director's annual retainer and associated meeting fees and certain long-term incentive awards that otherwise provide for deferral into the Plan; and
- The EDP also allows you to receive the full company matching contribution on the amounts you defer up to 6% of your compensation, without any limitations imposed by the Internal Revenue Code. However, non-employee members of the board of directors are not eligible for any company matching contributions, and the deferral of any long-term incentive awards also will not be eligible for company matching contributions.

Because the EDP is an account-based plan, your benefit will equal the balance in a hypothetical account kept for you under the Plan. You can invest your EDP account in a broad variety of investment options and your account balance will increase or decrease depending on the performance of the investments you choose. Therefore, you should exercise care when making your investment choices.

The savings opportunities of the EDP mean you can set aside significantly more money for your future than you could if you could make deferrals only under the management savings plan. Verizon expects these advantages to serve you well as you strive to meet your future financial goals.

You should be aware that the Plan succeeds the Verizon Income Deferral Plan (the "IDP") and the Verizon Deferred Compensation Plan for Non-Employee Directors (the "Directors' Plan"), which were frozen as of December 31, 2004. If you were a participant in the IDP or the Directors' Plan, vested amounts in your account in those plans as of December 31, 2004, remain in those plans and subject to the rules that govern those plans. However, in order to comply with changes in the law that were effective January 1, 2005, amounts in your IDP account that were not vested as of December 31, 2004, have been transferred to the EDP and are now subject to the rules that govern EDP accounts generally.

This booklet is intended to summarize the terms of the Executive Deferral Plan, effective January 1, 2006. To the extent this summary conflicts with the terms of the Plan, the terms of the Plan will control. If you would like to review the terms of the Plan or if you have any questions about your Plan benefits, please contact the Total Rewards department at 1-888-560-3669.



PLAN HIGHLIGHTS

Nature of Plan and Benefit	Your Plan benefit is expressed in terms of an account balance and will equal the value of that account balance when you receive payments from the Plan. The value of your account balance will increase or decrease based upon your investment elections. The Plan is an unfunded, nonqualified benefit plan.
Deferrals for Active Participants	• You can defer up to 100% of the portion of your base salary that exceeds a limit included in the Internal Revenue Code ($220,000 in 2006) (your "Eligible Base Salary"). • You can defer up to 100% of your short-term incentive award or directors' cash retainer and associated meeting fees. • You may also be able to defer up to 100% of your long-term incentive award or annual equity grant to the extent otherwise permitted under the terms of the award. • Generally, deferral elections for Eligible Base Salary or directors' fees for a year must be submitted during an enrollment period in November or December of the preceding year and cannot be changed after December 31st of that preceding year. For example, if you make an election in December 2005 to defer a percentage of your 2006 base salary, you cannot change that election after December 31, 2005, and it will remain in effect for all of 2006. • Generally, deferral elections for performance based short-term and long-term incentive awards must be made during an enrollment period in May or June of the year in which the award is earned and cannot be changed after June 30th of that year. For example, if you make an election in June 2005 to defer a percentage of your short-term incentive award earned in 2006 (and payable in 2007), you cannot change that election after June 30, 2006, and it will remain in effect for all of 2006. • If you are promoted or hired into an eligible position, you will be provided a 30-day window in which to submit your salary and/or incentive deferral elections, if appropriate. A similar rule applies to newly-appointed non-employee members of the board of directors.

Company Contributions	• The Company will add a "matching contribution credit" to your account equal to—
	  • if you defer at least 6% of the sum of your Eligible Base Salary and short-term incentive under the Plan, 5% of the sum of your Eligible Base Salary and short-term incentive; or
	  • if you defer less than 6% of the sum of your Eligible Base Salary and short-term incentive under the Plan, 100% of the first 4% and 50% of the next 2% of the sum of the Eligible Base Salary and short-term incentive that you defer.
	• Non-employee members of the board of directors are not eligible for any company matching contribution credits.
	• Any deferrals of long-term incentive awards are not eligible for company matching contribution credits.

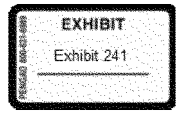
Account Investments	Generally, you can elect to have your EDP account treated as if it were invested in any of the investment options available under the Verizon Savings Plan for Management Employees. You can also elect to have your EDP account treated as if it were invested in an account that provides a return that mirrors the yield on certain corporate bonds.



PLAN HIGHLIGHTS

Distributions from the Plan of Your Personal Deferrals	• At the time you elect to defer you must also elect when and how you would like to have your benefit distributed. You may elect one of the following distribution forms:
	  • One lump sum payment; or
	  • Annual installments (for between 2 and 20 years).
	• Distributions can generally begin at separation from service or on a specified date either before or after your separation from service.
	• If you elect to receive a distribution based on a specified date rather than beginning at separation from service, the earliest you can receive a distribution with respect to a deferred amount is at least 2 years following the year the full deferral has been credited to your account.
	• If you elect to receive a lump sum or begin receiving installments at separation from service, your distribution election is irrevocable.
	• If you elect to receive a distribution based on a specific date, you can change your distribution elections with respect to a deferred amount provided that (1) you make the election change at least 12 months prior to the original distribution date, (2) you delay the date you would have otherwise received your distributions by at least 5 years, and (3) you will not receive your distribution sooner or over a shorter period of time. You may not switch from annual installments to a lump sum distribution.

Distributions from the Plan of Company Contributions	All Company contributions in your EDP account (including amounts transferred to the EDP from the IDP or Directors' Plan) will be distributed in a lump sum payment following your separation from service (or six months after your separation from service if you are a "key" employee).
Vesting	• Your personal deferrals under the Plan are vested immediately. • The matching contribution credits vest at the same time you vest in the matching contributions under the Verizon Savings Plan for Management Employees. • Your matching contribution credits will also vest if your employment is involuntarily terminated without cause and you sign a release, if you become disabled, if you die, or if there is a change in control of Verizon. • Any other Company contributions transferred to the EDP from another plan (including Retirement Contribution Credits transferred from the IDP) will vest according to the vesting schedule in place under the other plan at the time of the transfer.



PARTICIPATING IN THE PLAN

You can participate in the Plan on either an "active" or an "inactive" basis. The principal difference between the two is that, as an "active" participant, you can make deferrals into your EDP account and you are eligible to receive matching contribution credits. As either an "active" or "inactive" participant, you can invest your EDP account in the investment options available under the Plan and make elections that will determine when you receive distributions of your Plan account.

ACTIVE PARTICIPATION

If you were a director level employee or above ("Eligible Participant") or a non-employee member of the Company's Board of Directors (the "Board") on January 1, 2005, you automatically became an active participant in the Plan on that date. If you were hired or promoted to an Eligible Participant position or became a non-employee member of the Company's Board of Directors after January 1, 2005, you will automatically become an active participant in the Plan on the date you become an Eligible Participant or a non-employee member of the Board. Once you become an active participant, you will remain an active participant eligible for the Plan provisions applicable to Eligible Participants for as long as you are an Eligible Participant or a non-employee member of the Board. If you are demoted to position not eligible for participation in the EDP, you will become an inactive participant after your demotion.

INACTIVE PARTICIPATION

You will become an inactive participant if your employment with the Company ends, if you decide not to defer any part of your Eligible Base Salary, short-term incentive, long-term incentive or director's fees under the Plan, if you are demoted below the status of director or any equivalent level, or if you cease to be a non-employee member of the Board. Once you become an inactive participant, you will remain an inactive participant as long as you have a positive balance in your EDP account or until you again become an active participant.



YOUR ACCOUNT BALANCE

YOUR BEGINNING BALANCE

Depending on the circumstances under which you became an active participant, you might have a beginning balance in your EDP account when you first become eligible for the Plan provisions applicable to active participants.

If you participated in the Verizon Income Deferral Plan (IDP) or the Verizon Deferred Compensation Plan for Non-Employee Directors (Directors' Plan) prior to January 1, 2005, any unvested benefit under those plans was transferred to the EDP and credited to your EDP account as a beginning balance. (As noted in "Effect on Other Benefit Plans" beginning on page 14, you will no longer be eligible for a benefit under the plan from which the benefit was transferred with respect to the amounts transferred to the EDP.) Any amounts in your beginning EDP account that were transferred from the IDP will be characterized as "Personal Deferral Credits," "Matching Contribution Credits," or "Retirement Contribution Credits" (as defined below) by the Plan's administrator depending on the nature of those credits under the plan from which the amounts were transferred.

Amounts transferred to the Plan might be subject to various restrictions in addition to those described in this summary. The Plan's administrator will advise you if any such restrictions apply to any part of your EDP account.

ADDING TO YOUR BALANCE

The balance in your EDP account can increase while you are an active participant through your deferral of salary, short-term incentive, long-term incentives, directors' fees or annual equity awards into your EDP account and through Company Matching Contributions that are credited to your EDP account. As previously noted, the value of your account may also increase or decrease due to investment performance.

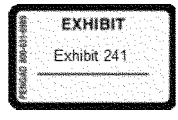
Your Deferral of Compensation

Personal Deferral Credits

The Internal Revenue Code limits the amount of your pay that can be treated as "compensation" under the Company's "qualified" savings plan and "qualified" pension plan. This limit is $220,000 for the year 2006. Any base salary you earn over this limit is referred to under the Plan as "Eligible Base Salary."

You can elect to defer receipt of all or part of your Eligible Base Salary or your director's fees into your EDP account. In addition, you may defer all or part of your short-term incentive from the Short-Term Incentive Plan into your EDP account, provided that you are still an active participant in the Plan when the short-term incentive is payable. You may also be able to defer receipt of certain other forms of compensation (including certain long-term incentive awards) if permitted by the Plan's administrator.

If you elect to defer compensation under the Plan, you waive your right to receive the amount deferred at the time it would otherwise be paid and agree instead to receive the amount deferred under the terms of the Plan.



Any deferrals of Eligible Base Salary, short-term incentive, long-term incentive or directors' fees are known under the Plan as "Personal Deferral Credits," and the balance of your EDP account attributable to Personal Deferral Credits, including any investment earnings (or minus any investment losses) on these credits, is known as your "Employee Balance."

Making an Election to Defer Compensation

If you elect to defer all or part of your Eligible Base Salary, short-term incentive, director's fee, or other eligible compensation, your election must be made according to any terms and conditions the Plan's administrator may impose.

Eligible Base Salary deferral elections must be submitted during an annual enrollment period specified by the Plan's administrator. This enrollment period will generally be in November or December of the year prior to when the salary is earned. (For example, elections with respect to 2006 base salary must be made during November or December of 2005.) At the time you elect to defer Eligible Base Salary, you must also make an election on how and when you would like to receive your payments of those deferred amounts.

Your election will apply only to Eligible Base Salary earned in the year *after* the year in which you make the election—you cannot make your election retroactive. Your election will remain in effect only through the end of the tax year for which the election was made and will not be renewed automatically for the following year. In addition, you can not change or revoke your election after December 31st. (For example, the election you make in November or December of 2005 will remain in effect throughout 2006 unless you change it before December 31, 2005.) Similar rules apply to the deferral of directors' fees.

To defer all or part of your performance based short-term incentive or long-term incentive, you must submit an annual election to the Plan's administrator during the specified enrollment period, generally in May or June before the year in which the award becomes payable. (For example, you will make your deferral election with respect to your 2006 annual bonus (which is payable in 2007) during May or June 2006.) Performance based short-term and long-term incentive deferrals are irrevocable after June 30th. Your election will remain in effect only until the end of the year for which the election is made and will not be renewed automatically for the following year.

If you are promoted or hired into an eligible position, you will be provided a 30-day window in which to submit your salary and/or incentive deferral elections, if appropriate, for the year of your hire or promotion. (You will be treated just like all other participants for each subsequent year.) A newly eligible employee who does not submit a deferral election within 30 days of the effective date of hire or promotion will be considered to have elected not to defer any salary or incentive compensation for the year in which he or she was hired or promoted. This is true with respect to incentive awards even if you are hired or promoted before the specified enrollment period in May or June. In other words, if you are hired into an eligible position in



March 2006, you must make your deferral elections for 2006 salary and any 2006 bonuses within 30 days of your date of hire, even though participants who have participated in the Plan for the entire year are not required to make deferral elections with respect to their 2006 bonuses until May or June 2006. In addition, individuals who are promoted into eligible positions during the year will be able to defer only a pro-rated portion of their bonus for the year of the promotion.

All personal deferral credits are managed in class years. Compensation deferred as follows constitutes one class year:

- One full tax year of Eligible Base Salary or directors' fees; and
- One annual short-term or long-term incentive award.

Each class year requires a corresponding distribution election. If no distribution election is made, your deferrals for that class year will be distributed as explained in "Default Form and Timing of Payments" beginning on page 11.

The Company's Contributions

Matching Contribution Credits

If you elect to defer all or part of your Eligible Base Salary and/or short-term incentive, you will receive additional credits in your EDP account when your Personal Deferral Credits are credited to your EDP account. These credits are known under the Plan as "Matching Contribution Credits," and the balance of your EDP account attributable to Matching Contribution Credits, including any investment earnings (or minus any investment losses) on these credits, is known as your "Employer Balance." Matching Contribution Credits are designed to replicate the Company matching contributions under the Company's "qualified" savings plan. Non-employee Directors are not eligible for Matching Contribution Credits.

For each Plan year, your Matching Contribution Credits will be determined as follows—

- If you defer at least 6% of the sum of your Eligible Base Salary and short-term incentive into your EDP account, you will receive Matching Contribution Credits equal to 5% of the sum of your Eligible Base Salary and short-term incentive; or
- If you defer less than 6% of the sum of your Eligible Base Salary and short-term incentive into your EDP account, you will receive Matching Contribution Credits equal to the sum of—
  - 100% of the first 4% of the sum of the Eligible Base Salary and short-term incentive that you defer; and
  - 50% of the next 2% of the sum of the Eligible Base Salary and short-term incentive that you defer.

However, if you are no longer an active participant in the Plan when your short-term incentive is payable, you generally cannot defer your short-term incentive and, as a result, will not be eligible to receive Matching Contribution Credits with respect to your short-term incentive.



EXAMPLE. You have $50,000 in Eligible Base Salary and earn a $100,000 short-term incentive in 2006. You defer 100% of your Eligible Base Salary and 75% of your short-term incentive into your EDP account. For the year, you will have $132,500 in total contributions to your EDP account, calculated as follows:

Personal Deferral Credits: $125,000 (100% of $50,000 plus 75% of $100,000); and

Matching Contribution Credits: $7,500 (Because you have deferred at least 6% of your total Eligible Base Salary plus short-term incentive into your EDP account, your Matching Contribution Credits equal 5% of $150,000, or $7,500.)

Retirement Contribution Credits

Participants who were eligible to receive Retirement Contribution Credits under the IDP with respect to base salary and incentives earned in 2004 will receive those credits under the EDP in the early part of 2005. No Retirement Contribution Credits will be made with respect to base salary and incentives earned after 2004.

INVESTING YOUR ACCOUNT

Investment Options

You will be able to invest your EDP account as long as you are either an active or an inactive participant in the Plan. The investment options available under the Plan mirror those available under the Verizon Savings Plan for Management Employees and are subject to any restrictions imposed by the Verizon Savings Plan for Management Employees. For example, the restriction in the Verizon Savings Plan for Management Employees that you cannot buy shares under the Company stock fund within seven days after you sell shares in that fund applies under the Verizon Shares Fund in the EDP as well. In addition, you can invest your EDP account in a "Moody's" investment fund that provides a return that mirrors the yield on certain long-term, high-grade corporate bonds.

Allocating Your Account Balance Among the Investment Options

When you first become a participant in the Plan, your initial EDP account balance (if you have one as discussed under "Your Beginning Balance" on page 5) will be allocated in the same manner these credits were allocated in the IDP or the Directors' Plan. Thereafter, you may elect (or change an existing election) at any time to allocate all or any part of your existing or new Personal Deferral Credits to any of the investment options available under the Plan, except that, again as noted above and under "Your Beginning Balance" on page 5, special rules apply with respect to certain restricted amounts in your EDP account. If, upon becoming an active participant, you do not make an election with respect to your Personal Deferral Credits, those credits will be invested in the "Moody's" investment fund until you make a valid election.

Your Matching Contribution Credits will all be allocated to the Verizon Shares Fund, an investment option that mirrors the return on the Company's common stock. You can transfer your Matching Contribution Credits to any other investment fund only in accordance with the "diversification" transfer rules for matching contributions under the Verizon Savings Plan for Management Employees. In general, if you have at least one year of service with



Verizon, these diversification transfer rules permit you to transfer up to 50% of your Matching Contribution Credits out of the Verizon Shares Fund beginning at age 50 and up to 100% of your Matching Contribution Credits out of the Verizon Shares Fund beginning at age 55. For more information about these diversification transfer rules, please consult the summary materials provided for the Verizon Savings Plan for Management Employees.

Exchange Restrictions on Four Funds

The EDP restricts exchanges (transfers) into the investment options that mirror the four funds listed below in order to encourage longer-term investing and discourage excessive short-term trading:

- Active International Equity Fund
- Passive International Equity Index Fund
- Fidelity REIT Collective Pool
- Active U.S. Small Capitalization Fund

Participants who make exchanges (transfers) out of any of these four investment options will not be able to exchange back into the same option for seven calendar days. You may continue to exchange out of these options at any time, but you must wait seven calendar days before exchanging back into that same investment option.



DISTRIBUTIONS FROM THE PLAN

MAKING AN ELECTION

Each time you elect to defer either Eligible Base Salary, incentive awards or directors' fees into the EDP, you also need to indicate how and when you would like to receive your benefit – this is called class year accounting. You may elect one of the following distribution forms with respect to each class year of deferrals:

- One lump sum payment; or
- Annual installments (for between 2 and 20 years).

You can elect to receive your benefit at separation from service or at a specific date. (In the case of installments, this is the date when the first installment is paid.) However, if you elect to receive a distribution based on a specific date, you may not elect a distribution date that is earlier than 2 years following the year the full deferral was credited to your account.

If you elect to receive a distribution based on a specific date, you can make a subsequent election to change an existing election with respect to a class year of deferrals provided that (1) you make the election change at least 12 months prior to the original distribution date, (2) you delay the date you would have otherwise received your distributions by at least 5 years, and (3) under the terms of the new election, you will not receive your distribution sooner or over a shorter period of time.

Consequently, you cannot make a subsequent election that results in your receiving your distribution sooner. In addition, you cannot change from installment payments to a lump sum and you cannot change from 20 annual installments to 5 annual installments. Lastly, if you have elected to receive a distribution as of a specific date, you cannot change that election to receive payment at separation from service, as this may accelerate your distribution. Please keep these rules in mind when you are making your initial elections.

Once you are in distribution status for a particular class year of deferrals, you can no longer submit another distribution election to further defer receiving the distribution of that class year of deferrals.

EXAMPLE. You have elected to receive your Excess Base Salary deferred in 2005 in two annual installments beginning on January 1, 2008. On December 1, 2007, you submit a new election to receive your Excess Base Salary deferred in 2005 in a lump-sum on January 1, 2013. Because you did not submit this new election within 12 months of when your payment was scheduled to begin, your new election is **invalid,** and you will receive your first installment in January 2008. You will receive your second installment in January 2009 because you can not change your distribution election once your benefit is in pay status.



If you attempt to modify your election and all or any part of your new election is invalid, any valid election in effect immediately before you submitted the modification will continue to be effective. If there is no such valid election in effect, the default rules discussed under "Default Form and Timing of Payments" beginning on page 11 will apply.

If you elect to commence payments when your employment ends and your employment ends during the first 12 months after you submit your election, you will receive your payments at the end of the 12 month period required in order for your election to be valid. All vested Company Contributions will be distributed in a lump sum payment after you separate from service (or six months after you separate from service if you are a "key" employee of the Company, as discussed under "Special Rules" below).

DEFAULT FORM AND TIMING OF PAYMENTS

If you do not have a valid election to receive payments of all or any part of your vested EDP account, you will receive payments of your EDP account (or the part of your EDP account for which no valid election has been made) in a lump sum as soon as administratively practicable after the month in which you separate from service with the Company.

TIMING OF PAYMENTS

You can elect to begin receiving payments of your Personal Deferrals —

- on any specific date that is 2 years following the year that the Personal Deferral was credited to your account; or
- at your separation from service with the Company (including its affiliates).

All vested Matching Contributions and any other Company Contributions will be distributed to you in a lump sum payment as soon as administratively practicable following your separation from service.

In addition, there are some special rules that apply to the timing of payments for "key" employees of the Company, which are discussed below under "Special Rules".

FORM OF PAYMENTS

Subject to certain limitations discussed below under "Special Rules", your vested Plan benefit can be paid in—

- a single sum; or
- annual installments over a period of two to twenty years.

Distributions from the EDP will be made to your Fidelity brokerage account unless other arrangements are made at least 2 weeks prior to the valuation date of the distribution.

SPECIAL RULES

Twenty-Year Limit on Benefit Payments

Your vested Plan benefits must be fully paid within 20 years of when your employment with Verizon (and its affiliates) ends. This could impact your benefit payments in the following ways—



- if you elect to receive all or part of your Plan benefit in a single sum on a specific date and the date you elect is more than 20 years from the date your employment with Verizon ends, you will be deemed to have elected to receive your lump sum 20 years from the date your employment ends;
- if you elect to receive all or part of your Plan benefit in annual installments and, upon payment commencement, your annual installments would last more than 20 years from the date your employment with Verizon ends, you will be deemed to have elected the number of installments equal to the maximum number of installments between your payment commencement date and the date that is 20 years from the date your employment ended.

Special Rule for Key Employees

Employees who, at the time of distribution, are "key" employees of Verizon cannot receive distributions from the EDP on account of their separation from service until at least six months after their separation from service from Verizon and its affiliates. (Distributions scheduled to begin on a fixed date are not affected by this rule.) In general, "key" employees include the top 50 highest paid corporate officers of the Company. The Plan administrator reserves the right to determine who the "key" employees of the Company are.

Special Rules that Apply at Disability

If you become disabled (as defined in the Plan) before your employment with Verizon ends, you will receive your Plan benefit according to the terms of any valid election made in accordance with the general terms of the Plan then in effect or under the default rules for form and timing of payments discussed beginning on page 11. However, in no event will you receive any installment payments before the first business day of the first calendar quarter that begins after the date of your disability.

If you become disabled after your employment with Verizon ends, you may only change your election regarding the form and timing of your Plan payments in accordance with the otherwise applicable terms of the Plan.

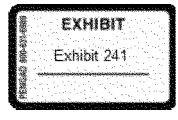
Special Rules that Apply at Death

At time of death, your beneficiary will receive a lump sum payout of any unpaid portion of your account as soon as administratively practicable following your death.

Your beneficiary or beneficiaries will not be permitted to name their own beneficiaries or to change the form or timing of the benefit payments that they will receive.

Hardship Payments

You may at any time request payment of all or part of your Personal Deferral Credits if you can demonstrate to the Plan's administrator that you have incurred unusual, extraordinary expenses or hardship caused by events beyond your control, such as an accident or illness. The maximum amount that you can withdraw under these circumstances is the amount necessary to relieve the hardship or financial emergency on which the request is based.



VESTING AND OTHER ISSUES

VESTING

"Vesting" refers to your right to the balance in all or part of your EDP account.

Your Employee Balance

You are always 100% vested in your Personal Deferral Credits, unless you and the Company have a written agreement providing that part of your Personal Deferral Credits will vest on a different schedule.

Your Employer Balance

You will be fully vested in your Matching Contribution upon the *earliest* to occur of the following—

- your account in the Verizon Savings Plan for Management Employees is fully vested, which usually occurs after three years of service with Verizon;
- your employment with the Company is involuntarily terminated without cause, and you execute a release in a form acceptable to the Plan's administrator or the Plan's administrator otherwise determines that all or a portion of your Matching Contribution Credits should be vested;
- you become disabled or die while employed with Verizon; or
- there is a change in control of Verizon.

You will vest in any employer contributions transferred to the EDP under the terms of the plan from which those amounts were transferred. In addition, you will vest in any Retirement Contribution Credits received with respect to 2004 salary and bonuses under the vesting provisions of the IDP applicable to Retirement Contribution Credits. Note if you are retirement eligible or become retirement eligible under the terms of the Verizon Management Pension Plan all Retirement Contribution Credits will be fully vested on such date.

FORFEITURE

You can never forfeit your Personal Deferral Credits or the vested portion of your Matching Contribution Credits. However, if you resign from Verizon or if you are terminated for cause, you will forfeit any unvested account balance.

In addition, the IDP rules with respect to forfeitures for violations of non-competition and non-solicit covenants continue to apply to unvested Retirement Contribution Credits transferred from the IDP and to Retirement Contribution Credits provided under the EDP with respect to salary and incentives earned in 2004.



MISCELLANEOUS MATTERS

PLAN ADMINISTRATION

The Plan's administrator is the most senior Human Resources officer of the Company, which will generally be the Executive Vice President—Human Resources. However, if you are an "insider" for purposes of certain securities laws, the Plan's administrator is the Human Resources Committee of the Company's Board of Directors. The Plan's administrator has full discretionary authority and responsibility to administer and interpret the Plan, and has the discretion to charge participants for reasonable Plan administration expenses. All decisions of the Plan's administrator are final and controlling for purposes of the Plan.

AMENDMENT AND TERMINATION

The Company intends to operate the Plan indefinitely. However, the Company has the right to amend or terminate the Plan at any time as long as (except with respect to certain changes in the law) no amendment or termination adversely affects the present dollar value of the vested balance in your EDP account at the time the amendment is made or the Plan is terminated. In addition, for five years following a change in control of Verizon, no amendment may adversely affect your rights under the Plan other than your right to future Matching Contribution Credits.

EFFECT ON OTHER BENEFIT PLANS

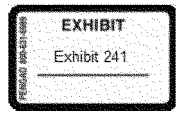
By participating in the Plan, you agree that the Plan will provide all of your Company-sponsored non-qualified deferred compensation benefits beginning January 1, 2005. You will no longer be eligible to make personal contributions or receive company contributions under the Verizon Income Deferral Plan or the Directors' Plan.

However, amounts you deferred into the IDP or Directors' Plan that were vested on or before December 31, 2004, and were not transferred to the EDP will remain in the IDP or Directors' Plan and subject to the applicable provisions of those plans as they may be amended from time to time. Amounts you deferred into the IDP or Directors' Plan that were *not* vested on or before December 31, 2004, and were transferred to the EDP as of January 1, 2005, will be subject to the terms of the EDP and *not* subject to the terms of the IDP or Directors' Plan after December 31, 2004.

HYPOTHETICAL NATURE OF PLAN ACCOUNTS AND INVESTMENTS

Your EDP account is hypothetical in nature. That is, your Employee Balance and your Employer Balance are maintained for bookkeeping purposes only—there are no actual funds or assets in any of these accounts.

Similarly, the investments under the Plan are only hypothetical in nature. You will instruct the Plan's administrator as to how you would like your EDP account invested. However, because your EDP account is only hypothetical, the Plan's administrator will not necessarily make any actual investments in accordance with your instructions. Nonetheless, the Plan's administrator will track your investment selections and will credit your EDP account with investment gains (or losses) based on the gains (or losses) on the investments you choose.



PLAN ASSETS NOT HELD IN TRUST

Unlike the Verizon Savings Plan for Management Employees and the Verizon Management Pension Plan, the EDP is not funded and your benefits under the Plan are not protected by a trust. (If your EDP account were funded by a trust, you would be subject to immediate income tax on your vested Plan benefits, even though you would not receive your vested Plan benefits until some future date—one that is possibly many years in the future.) Consequently, in the unlikely event that the Company becomes bankrupt, you will only be a general, unsecured creditor of the Company with respect to the balance in your EDP account, and you may not receive all of your benefits.

ASSIGNMENT AND ALIENATION

In general, your rights under the Plan may not be assigned or alienated. However, the Plan will recognize and abide by the terms of certain domestic relations orders.

WITHHOLDING AND OTHER TAX CONSEQUENCES

The Plan's administrator has full authority to withhold any taxes (including employment taxes) applicable to amounts deferred from your compensation, credits made to your EDP account, or payments of your Plan benefit. All deferrals and company match to the EDP are subject to FICA taxes (Medicare and Social Security up to annual limits).

CONTINUED EMPLOYMENT

Nothing in the Plan confers on you the right to continue in the employment or service of the Company or to receive an annual base salary of any particular amount.



EXHIBIT 12

Computation of Ratio of Earnings to Fixed Charges
Verizon Communications Inc. and Subsidiaries

(dollars in millions)

Years Ended December 31,	2005	2004	2003	2002	2001
Income before provision for income taxes, discontinued operations, extraordinary items, and cumulative effect of accounting change	**$ 10,607**	$ 10,112	$ 4,673	$ 6,130	$ 2,660
Minority interest	**3,045**	2,409	1,583	1,404	625
Equity in (earnings) loss of unconsolidated businesses	**(689)**	(1,691)	(1,278)	1,547	(446)
Dividends from unconsolidated businesses	**2,336**	162	198	97	178
Interest expense	**2,180**	2,384	2,797	3,130	3,276
Portion of rent expense representing interest	**511**	449	445	418	419
Amortization of capitalized interest	**108**	104	103	87	70
Income, as adjusted	**$ 18,098**	$ 13,929	$ 8,521	$ 12,813	$ 6,782
Fixed charges:					
Interest expense	**$ 2,180**	$ 2,384	$ 2,797	$ 3,130	$ 3,276
Portion of rent expense representing interest	**511**	449	445	418	419
Capitalized interest	**352**	177	144	185	368
Preferred stock dividend requirement	**9**	8	12	18	61
Fixed Charges	**$ 3,052**	$ 3,018	$ 3,398	$ 3,751	$ 4,124
Ratio of Earnings to Fixed Charges	**5.93**	4.62	2.51	3.42	1.64

EXHIBIT 13

Selected Financial Data Verizon Communications Inc. and Subsidiaries

(dollars in millions, except per share amounts)

	2005	2004	2003	2002	2001
Results of Operations					
Operating revenues	**$ 75,112**	$ 71,283	$ 67,468	$ 67,056	$ 66,513
Operating income	**14,814**	13,117	7,407	14,877	11,402
Income before discontinued operations, extraordinary items and cumulative effect of accounting change	**7,397**	7,261	3,460	4,591	545
Per common share – basic	**2.67**	2.62	1.26	1.68	.20
Per common share – diluted	**2.65**	2.59	1.25	1.67	.20
Net income	**7,397**	7,831	3,077	4,079	389
Net income available to common shareowners	**7,397**	7,831	3,077	4,079	389
Per common share – basic	**2.67**	2.83	1.12	1.49	.14
Per common share – diluted	**2.65**	2.79	1.12	1.49	.14
Cash dividends declared per common share	**1.62**	1.54	1.54	1.54	1.54
Financial Position					
Total assets	**$ 168,130**	$ 165,958	$ 165,968	$ 167,468	$ 170,795
Long-term debt	**31,869**	35,674	39,413	44,003	44,873
Employee benefit obligations	**18,819**	17,941	16,754	15,392	11,895
Minority interest	**26,754**	25,053	24,348	24,057	21,915
Shareowners' investment	**39,680**	37,560	33,466	32,616	32,539

- Significant events affecting our historical earnings trends in 2003 through 2005 are described in Management's Discussion and Analysis of Results of Operations and Financial Condition.
- 2002 data includes gains on investments and sales o[illegible]l and/or non-recurring items.

EXHIBIT
Exhibit 241

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- 2001 data includes losses on investments, severance benefits charges, and other special and/or non-recurring items.



Management's Discussion and Analysis of Results of Operations and Financial Condition

Overview

Verizon Communications Inc. (Verizon) is one of the world's leading providers of communications services. Verizon's domestic wireline telecommunications business provides local telephone services, including broadband, in 28 states and Washington, D.C. and nationwide long-distance and other communications products and services. Verizon's domestic wireless business, operating as Verizon Wireless, provides wireless voice and data products and services across the United States using one of the most extensive wireless networks. Information Services operates directory publishing businesses and provides electronic commerce services. Verizon's International segment includes wireline and wireless communications operations and investments in the Americas and Europe. In connection with the closing of the merger with MCI, Inc. (MCI), which occurred on January 6, 2006, Verizon now owns and operates one of the most expansive end-to-end global Internet Protocol (IP) networks which includes over 270,000 domestic and 360,000 international route miles of fiber optic cable and provides access to over 140 countries worldwide. Operating as Verizon Business, we are now better able to provide next-generation IP network services to medium and large businesses and government customers. Stressing diversity and commitment to the communities in which we operate, Verizon has a highly diverse workforce of 250,000 employees, including Verizon Business.

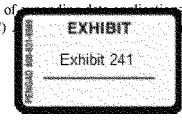
The sections that follow provide information about the important aspects of our operations and investments, both at the consolidated and segment levels, and include discussions of our results of operations, financial position and sources and uses of cash. In addition, we have highlighted key trends and uncertainties to the extent practicable. The content and organization of the financial and non-financial data presented in these sections are consistent with information used by our chief operating decision makers for, among other purposes, evaluating performance and allocating resources. We also monitor several key economic indicators as well as the state of the economy in general, primarily in the United States where the majority of our operations are located, in evaluating our operating results and analyzing and understanding business trends. While most key economic indicators, including gross domestic product, impact our operations to some degree, we have noted higher correlations to housing starts, non-farm employment, personal consumption expenditures and capital spending, as well as more general economic indicators such as inflation and unemployment rates.

Our results of operations, financial position and sources and uses of cash in the current and future periods reflect Verizon management's focus on the following four key areas:

- Revenue Growth – Our emphasis is on revenue transformation, devoting more resources to higher growth markets such as wireless, wireline broadband connections, including digital subscriber lines (DSL) and fiber optics to the home (Verizon's FiOS data product), long distance and other data services as well as expanded services to business markets, rather than to traditional wireline voice services, where we have been experiencing access line losses. In 2005, revenues from these growth areas increased by 15% compared to 2004 and represent 58% of our total revenues, up from 53% of total revenues in 2004 and 47% in 2003. Verizon reported consolidated revenue growth of 5.4% in 2005 compared to 2004, led by 16.8% higher revenue at Domestic Wireless and 10.5% total data revenue growth at Domestic Telecom. Verizon added 7,521,000 wireless customers, 1,659,000 broadband connections and 992,000 long distance lines. Excluding the revenues of Verizon's Hawaii wireline and directory operations, which were sold in 2005, consolidated revenue growth would have been 6.0% in 2005 compared to 2004.

- Operational Efficiency – While focusing resources on growth markets, we are continually challenging our management team to lower expenses, particularly through technology-assisted productivity improvements including self-service initiatives. The effect of these and other efforts, such as the 2003 labor agreements and voluntary separation plans, real estate consolidations and call center routing improvements, has been to significantly change the company's cost structure and maintain stable operating income margins. Real estate consolidations include our decision to establish Verizon Center for the leadership team. In 2005, Verizon restructured its management retirement benefit plans such that management employees will no longer earn pension benefits or earn service towards the company retiree medical subsidy after June 30, 2006, after receiving an 18-month enhancement of the value of their pension and retiree medical benefits, but will receive higher savings plan matching contributions. The net effect of these management benefit plan changes is expected to be a reduction in pretax benefit expenses of approximately $3 billion over 10 years. In addition, Domestic Telecom's salary and benefits expenses have declined in 2005 and 2004 as a result of the 2003 voluntary separation plan. Workforce levels in 2005 and 2004 increased to 217,000 and 209,000, respectively, from 200,000 as of December 31, 2003 driven by wireless and wireline broadband growth markets.

- Capital Allocation – Verizon's capital expenditures continue to be directed toward growth markets. High-speed wireless data (Evolution-Data Optimized, or EV-DO) services, replacement of copper access lines with fiber optics to the home, as well as expanded services to business markets are examples of areas of capital expenditures in support of these growth markets. In 2005, Verizon achieved targeted increased capital expenditures of $15,324 million compared to 2004 capital expenditures of $13,259 million in support of growth initiatives. Approximately 69% of 2005 capital expenditures related to growth initiatives. In 2006, Verizon management expects capital expenditures to be in the range of $15.4 billion to $15.7 billion, excluding capital expenditures associated with MCI. Including MCI, capital expenditures are expected to be $17.0 billion to $17.4 billion in 2006. In addition to capital expenditures, Domestic Wireless continues to acquire wireless spectrum in support of [illegible] and customer base. In 2005, this included participation in the Federal Communications Commission (FCC) [illegible] ve Telecom Inc. (NextWave) and Qwest Wireless, LLC acquisitions.



- Cash Flow Generation – The financial statements reflect the emphasis of management on not only directing resources to growth markets, but also using cash provided by our operating and investing activities for the repayment of debt in addition to providing a competitive dividend to our shareowners. In 2005, Verizon increased its dividend by 5.2% to $1.62 per share from $1.54 per share in 2004. At December 31, 2005, Verizon's total debt was $39,010 million, a decrease of $257 million from $39,267 million at December 31, 2004.



However, Verizon's balance of cash and cash equivalents at December 31, 2005 of $776 million declined by $1,514 million from $2,290 million at December 31, 2004.

Supporting these key focus areas are continuing initiatives to package more effectively and add more value to our products and services. In 2004, Verizon announced a deployment expansion of FiOS in several states in our service territory. As of the end of 2005, we have met our goal of passing three million premises by the end of 2005. We have achieved a penetration rate of 9% in markets where Verizon has been actively marketing for more than six months and 14% in markets where we have been marketing for nine months, and continue to progress toward our goal of reaching 30% penetration in five years. In 2005, Verizon began offering video on the FiOS network in three markets and expects to begin offering video services in markets in New York, Massachusetts and California in the first quarter of 2006. In Keller, Texas, the first market that FiOS TV has been offered, we have achieved a 21% penetration rate in four months. FiOS TV includes a collection of all-digital programming with more than 375 channels, 47 music channels and 20 high-definition television channels. Innovative product bundles include local wireline, long distance, wireless and broadband services for consumer and general business retail customers. These efforts will also help counter the effects of competition and technology substitution that have resulted in access line losses that have contributed to declining Domestic Telecom revenues over the past several years.

Verizon Business will serve medium and large businesses and government customers from related business operations within Domestic Telecom that market communications and information technology and services to large businesses and governments and MCI's global, corporate and government customers group. Beginning in 2006, Verizon will be positioned as a global communications solutions provider. In connection with this merger, Verizon expects to achieve merger synergies with a net present value of approximately $8 billion; annual synergies over the next three years are estimated to be $550 million in 2006, $825 million in 2007 and $1,100 million in 2008. Integration costs over that same three year period are estimated to be $400 million in 2006, $325 million in 2007 and $275 million in 2008 and integration capital expenditures are estimated to be between $1.6 billion and $1.9 billion, of which $550 million is expected to be spent in 2006. Examples of these synergies include moving more voice and data traffic, such as long-haul long distance traffic, onto Verizon's networks rather than paying third party access providers and duplicate work force reductions.

At Domestic Wireless, we will continue to execute on the fundamentals of our network superiority and value proposition to deliver growth for the business while at the same time provide new and innovative products and services for our customers. We are continuing to expand the areas where we are offering BroadbandAccess, our EV-DO service. During 2005, Domestic Wireless expanded its broadband network to 180 major metropolitan areas, covering over 150 million people across the United States. We have achieved our goal of reaching approximately one-half of the U.S. population by the end of 2005. During 2005, we launched V CAST, our consumer broadband wireless service offering, which provides customers with unlimited access to a variety of video and gaming content on EV-DO handsets. In the first year of V CAST service, customers received 11.8 million downloads. Beginning in 2006, Domestic Wireless launched V CAST Music, a comprehensive mobile music service in which customers can download music over the air directly to their wireless phones and to their personal computers.

In December 2005, Verizon announced that it is exploring divesting Information Services through a spin-off, sale or other strategic transaction. However, since this process is still ongoing, Information Services' results of operations, financial position and cash flows remain in Verizon's continuing operations.

Consolidated Results of Operations

In this section, we discuss our overall results of operations and highlight special and non-recurring items. In the following section, we review the performance of our four reportable segments. We exclude the effects of the special and non-recurring items from the segments' results of operations since management does not consider them in assessing segment performance, due primarily to their non-recurring and/or non-operational nature. We believe that this presentation will assist readers in better understanding our results of operations and trends from period to period. This section on consolidated results of operations carries forward the segment results, which exclude the special and non-recurring items, and highlights and describes those items separately to ensure consistency of presentation in this section and the "Segment Results of Operations" section.

The special and non-recurring items include operating results through the sale date of our wireline and directory businesses in Hawaii which operated approximately 700,000 switched access lines and were sold in the second quarter of 2005. These operating results are not in segment results of operations to enhance comparability. Segment results also do not include discontinued operations in segment income. See "Other Consolidated Results – Discontinued Operations" for a discussion of these results of operations. In addition, consolidated operating results include several other events and transactions that are highlighted because of their non-recurring and/or non-operational nature. See "Special Items" for additional discussion of these items.

Consolidated Revenues

					(dollars in millions)	
Years Ended December 31,	2005	2004	% Change	2004	2003	% Change
Domestic Telecom	$		)			)
			(1.1%	$ 38,021	$ 39,055	(2.6%
Domestic Wireless			16.8	27,662	22,489	23.0

EXHIBIT
Exhibit 241

Information Services	**3,452**	3,549	(2.7)	3,549	3,763	(5.7)
International	**2,193**	2,014	8.9	2,014	1,949	3.3
Corporate & Other	**(652)**	(558)	16.8	(558)	(402)	38.8
Revenues of Hawaii operations sold	**202**	595	(66.1)	595	614	(3.1)
Consolidated Revenues	**$ 75,112**	$ 71,283	5.4	$ 71,283	$ 67,468	5.7



2005 Compared to 2004

Consolidated revenues in 2005 were higher by $3,829 million, or 5.4% compared to 2004 revenues. This increase was primarily the result of significantly higher revenues at Domestic Wireless and higher International revenues, partially offset by lower revenues at Domestic Telecom and the sale of Hawaii operations in the second quarter of 2005.

Domestic Wireless's revenues increased by $4,639 million, or 16.8% in 2005 compared to 2004 due to a 7.5 million, or 17.2% increase in customers to 51.3 million as of December 31, 2005 and higher equipment and other revenue, partially offset by a decrease in average revenue per customer per month. Increased equipment and other revenues was principally the result of an increase in wireless devices sold together with an increase in revenue per unit sold. Average revenue per customer per month decreased 1.5% to $49.49 in 2005 compared to 2004, primarily due to pricing changes in early 2005, partially offset by a 71.7% increase in data revenue per customer in 2005 compared to 2004, driven by increased use of our messaging and other data services. Data revenues were $2,243 million in 2005 compared to $1,116 million in 2004. Average minutes of use (MOUs) per customer increased to 665, or 16.1% in 2005 compared to 2004.

Domestic Telecom's revenues in 2005 were lower than 2004 by $405 million, or 1.1% primarily due to lower revenues from local services, partially offset by higher network access and long distance services revenues. The decline in local service revenues of $669 million, or 3.7% in 2005 was mainly due to lower demand and usage of our basic local exchange and accompanying services, as reflected by declines in switched access lines in service of 6.7% in 2005, driven by the effects of competition and technology substitution. Our network access revenues increased by $159 million, or 1.3% in 2005 principally due to increased DSL and carrier special access revenues, partially offset by the impact of decreasing switched MOUs and access lines and mandatory price reductions associated with federal and state price cap filings and other regulatory decisions. We added 1.7 million new broadband connections, for a total of 5.1 million lines in service at December 31, 2005, an increase of 47.6% compared to 3.5 million lines in service at December 31, 2004. Switched MOUs declined by 7.1% in 2005 compared to 2004 reflecting the impact of access line loss and technology substitution. Network access revenues also increased in 2005 as a result of a favorable adjustment associated with a recent regulatory decision. Long distance service revenues increased $206 million, or 5.0% in 2005 principally as a result of customer growth from our interLATA long distance services. In 2005, we added 1.0 million long distance lines, for a total of 18.4 million long distance lines nationwide, representing a 5.7% increase from December 31, 2004. The introduction of our Freedom service plans continues to stimulate growth in long distance services. As of December 31, 2005, approximately 53% of our local wireline customers have chosen Verizon as their long distance carrier.

Lower revenue of Hawaii operations sold of $393 million, or 66.1% in 2005 compared to 2004 was the result of the sale during the second quarter of 2005 of our wireline and directory operations in Hawaii.

2004 Compared to 2003

Consolidated revenues in 2004 were higher by $3,815 million, or 5.7% compared to 2003 revenues. This increase was primarily the result of significantly higher revenues at Domestic Wireless, partially offset by lower revenues at Domestic Telecom.

Domestic Wireless's revenues increased by $5,173 million, or 23.0% in 2004 compared to 2003 as a result of 6.3 million net customer additions and higher revenue per customer per month, including higher data revenue per customer. Average revenue per customer per month was $50.22, or 2.8% higher in 2004 compared to 2003, primarily due to a larger number of customers on higher access price plan offerings as well as an increase in data revenues per subscriber. Data revenues were $1,116 million in 2004 compared to $449 million in 2003. These increases were partially offset by decreased roaming revenue due to bundled pricing.

Domestic Telecom's revenues in 2004 were lower than 2003 by $1,034 million, or 2.6% primarily due to lower local and network access services, partially offset by higher long distance revenues. The decline in local service revenues of $916 million, or 4.8% in 2004 was mainly due to lower demand and usage of our basic local exchange and accompanying services, as reflected by a decline in switched access lines in service of 4.6% in 2004. These revenue declines were mainly driven by the effects of competition, regulatory pricing rules for unbundled network elements (UNEs) and technology substitution. Network access revenues declined by $486 million, or 3.9% in 2004 compared to 2003 principally due to decreasing MOUs and access lines, as well as mandatory price reductions associated with federal and state price cap filings and other regulatory decisions. Switched MOUs declined in 2004 by 5.7% compared to 2003, reflecting the impact of access line loss and wireless substitution. Domestic Telecom's long distance service revenues increased $390 million, or 10.4% in 2004 compared to 2003, principally as a result of customer growth from our interLATA long distance services. In 2004, we added 2.3 million long distance lines, for a total of 17.7 million long distance lines nationwide, representing a 15.5% increase from December 31, 2003.

Consolidated Operating Expenses

					(dollars in millions)	
Years Ended December 31,	2005	2004	% Change	2004	2003	% Change
Cost of services and sales	$ 25,469	$ 23,168	9.9%	$ 23,168	$ 21,701	6.8%
Selling, general and administrative expense	[illegible]	[illegible]	1.1	21,088	24,894	(15.3)
Depreciation and amortization expense			1.0	13,910	13,607	2.2
Sales of businesses, net			nm	–	(141)	(100.0)

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Exhibit 241

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Consolidated Operating Expenses	$ 60,298	$ 58,166	3.7	$ 58,166	$ 60,061	(3.2)

nm – Not meaningful



2005 Compared to 2004

Cost of Services and Sales

Cost of services and sales increased by $2,301 million, or 9.9% in 2005 compared to 2004. This increase was principally due to increases in pension and other postretirement benefit costs, higher direct wireless network costs, increases in wireless equipment costs and higher costs associated with our wireline growth businesses.

The overall impact of pension and other postretirement benefit plan assumption changes, combined with lower asset returns over the last several years, increased net pension and postretirement benefit expenses by $399 million in 2005 (primarily in cost of services and sales) compared to 2004. Higher direct wireless network charges resulted from increased MOUs in 2005 compared to 2004, partially offset by lower roaming, local interconnection and long distance rates. Cost of equipment sales was higher in 2005 due primarily to an increase in wireless devices sold together with an increase in cost per unit sold, driven by growth in customer additions and an increase in equipment upgrades in 2005. Higher costs associated with our wireline growth businesses, long distance and broadband connections, included a 2,400, or 1.7% increase in the number of Domestic Telecom employees as of December 31, 2005 compared to December 31, 2004. Costs in 2004 were impacted by lower interconnection expense charged by competitive local exchange carriers (CLECs) and settlements with carriers, including the MCI settlement recorded in 2004.

Selling, General and Administrative Expense

Selling, general and administrative expense was $224 million, or 1.1% higher in 2005 compared to 2004. This increase was driven by increases in salary, pension and benefits costs, including an increase in the customer care and sales channel work force and sales commissions, partially offset by gains on real estate sales in 2005 and lower bad debt costs. In addition, 2004 included the favorable resolution of a 2003 Telecomunicaciones de Puerto Rico, Inc. (TELPRI) charge. Special and non-recurring items in selling, general and administrative expenses in 2005 were $315 million compared to special and non-recurring items in 2004 of $995 million.

Special and non-recurring items in 2005 included a pretax impairment charge of $125 million pertaining to our leasing operations for airplanes leased to airlines experiencing financial difficulties, a net pretax charge of $98 million related to the restructuring of the Verizon management retirement benefit plans and a pretax charge of $59 million associated with employee severance costs and severance-related activities in connection with the voluntary separation program to surplus union-represented employees. Special and non-recurring items recorded in 2004 included $815 million related to pension settlement losses incurred in connection with the voluntary separation of approximately 21,000 employees in the fourth quarter of 2003 who received lump-sum distributions during 2004. Special charges in 2004 also include an expense credit of $204 million resulting from the favorable resolution of pre-bankruptcy amounts due from MCI, partially offset by a charge of $113 million related to operating asset losses.

Depreciation and Amortization Expense

Depreciation and amortization expense increased by $137 million, or 1.0% in 2005 compared to 2004. This increase was primarily due to the increase in depreciable assets and software, partially offset by lower rates of depreciation on telephone plant.

Sales of Businesses, Net

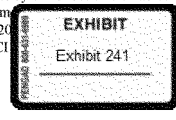
During the second quarter of 2005, we sold our wireline and directory businesses in Hawaii and recorded a net pretax gain of $530 million.

2004 Compared to 2003

Cost of Services and Sales

Cost of services and sales increased by $1,467 million, or 6.8% in 2004 compared to 2003. This increase was principally due to increased pension and other postretirement benefit costs, primarily at Domestic Telecom, higher direct wireless network charges and customer handset costs at Domestic Wireless as a result of customer base growth and higher costs at Domestic Telecom associated with growth businesses, partially offset by lower workforce levels and other cost reductions at Domestic Telecom.

The overall impact of pension and other postretirement benefit plan assumption changes, combined with lower asset returns over the last several years, increased net pension and postretirement benefit expenses by $1,166 million in 2004 (primarily in cost of services and sales) compared to 2003. Costs increased in 2004 at Domestic Wireless primarily due to higher direct wireless network charges resulting from increased MOUs in 2004 compared to 2003 and higher cost of equipment sales due to an increase in handsets sold, driven by growth in customer additions and an increase in equipment upgrades in 2004 compared to 2003. Higher customer premises equipment and other costs associated with our growth businesses at Domestic Telecom such as long distance and DSL also contributed to the increase in cost of services and sales. These expense increases were partially offset by the effect of workforce reductions. In 2004, Domestic Telecom benefited from an average of approximately 15,000 fewer employees com eduction in employees was principally due to a voluntary separation plan, which was completed in November 20 impacted by lower interconnection expense charged by CLECs and settlements with carriers, including the MCI cond quarter of 2004.



Selling, General and Administrative Expense

Selling, general and administrative expense was $3,806 million, or 15.3% lower in 2004 compared to 2003. This decrease was driven by lower special charges in 2004 by $5,390 million and lower costs at Domestic Telecom associated with workforce reductions and by lower bad debt expense, partially offset by cost increases at Domestic Wireless and Domestic Telecom. Special charges related to severance, pension and benefits were $4,607 million lower in 2004 compared to 2003, driven primarily by fourth quarter 2003 charges incurred in connection with the



voluntary separation of approximately 21,000 employees. Lease impairment and other special charges in 2003 were $496 million, compared to other special credits, net of $91 million in 2004.

Domestic Wireless's salary and benefits expense increased by $821 million, including a $447 million increase in costs incurred in 2004 related to that segment's long-term incentive program, and by an increase in the employee base, primarily in the customer care and sales channels. Also contributing to the increase at Domestic Wireless were higher sales commissions in our direct and indirect channels primarily related to an increase in customer additions and renewals during the year. Cost increases in 2004 at Domestic Telecom included higher net pension and benefit costs, as described in costs of services and sales above, additional other employee benefit costs and higher professional and general costs.

Depreciation and Amortization Expense

Depreciation and amortization expense increased by $303 million, or 2.2% in 2004 compared to 2003. This increase was primarily due to increased depreciation expense related to the increase in depreciable assets, partially offset by lower rates of depreciation on telephone plant.

Sales of Businesses, Net

In 2003, Information Services recorded a pretax gain of $141 million primarily related to the sale of its European directory publication operations in Austria, the Czech Republic, Gibraltar, Hungary, Poland and Slovakia.

Pension and Other Postretirement Benefits

For 2005 pension and other postretirement benefit costs, the discount rate assumption was lowered to 5.75% from 6.25% in 2004 consistent with interest rate levels at the end of 2004. The expected rate of return on pension plan assets remained 8.50% while the expected rate of return on postretirement benefit plan assets was lowered to 7.75% from 8.50% in 2004. The medical cost trend rate was 10% for 2005. For 2004 pension and other postretirement benefit costs, the discount rate assumption was lowered to 6.25% from 6.75% in 2003, consistent with interest rate levels at the end of 2003. The expected rate of return on pension and postretirement benefit plan assets was maintained at 8.50%. The medical cost trend rate assumption was 10% in 2004.

For 2006 pension and other postretirement benefit costs, we evaluated our key employee benefit plan assumptions in response to current conditions in the securities markets and medical and prescription drug cost trends. The discount rate assumption will be maintained at 5.75%, consistent with interest rate levels at the end of 2005. The expected rate of return on pension plan assets will remain 8.50% while the expected rate of return on postretirement benefit plan assets will increase to 8.25% from 7.75% in 2005. The medical cost trend rate will be 10% for 2006.

Verizon's union contracts contain health care cost provisions that limit company payments toward health care costs to specific dollar amounts (known as caps). These caps pertain to both current and future retirees, and have a significant impact on the actuarial valuation of postretirement benefits. These caps have been included in union contracts for several years, but have exceeded the annual health care cost every year until 2003. During the negotiation of new collective bargaining agreements for union contracts covering 79,000 unionized employees in the second half of 2003, the date health care caps would become effective was extended and the dollar amounts of the caps were increased. In the fourth quarter of 2003, we began recording retiree health care costs as if there were no caps, in connection with the ratification of the union contracts. Since the caps are an assumption included in the actuarial determination of Verizon's postretirement obligation, the effect of extending and increasing the caps increased the accumulated postretirement obligation in the fourth quarter of 2003 by $5,158 million, which increased the annual postretirement benefit expense by $667 million in 2004.

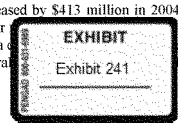
During 2005, we recorded net pension and postretirement benefit expense of $1,376 million ($839 million after-tax, or $.30 per diluted share), compared to net pension and postretirement benefit expense of $977 million ($596 million after-tax, or $.21 per diluted share) in 2004 and net pension and postretirement benefit income of $(189) million ($115 million after-tax, or $.04 per diluted share) in 2003.

Other Consolidated Results

Equity in Earnings of Unconsolidated Businesses

Equity in earnings of unconsolidated businesses decreased by $1,002 million in 2005 compared to 2004. The decrease is primarily due to a pretax gain of $787 million recorded on the sale of our 20.5% interest in TELUS Corporation (TELUS) in the fourth quarter of 2004 and the sale of another investment in 2004, lower equity income resulting from the sale of TELUS and estimated additional pension liabilities at Compañía Anónima Nacional Teléfonos de Venezuela (CANTV), partially offset by higher tax benefits and operational results at our Italian investment Vodafone Omnitel N.V. (Vodafone Omnitel).

Equity in earnings of unconsolidated businesses increased by $413 million in 2004 compared to 2003. The increase was primarily due to a pretax gain of $787 million recorded on the sale of our [illegible] 2004. This increase was partially offset by tax benefits in 2003 from a reorganization at Vodafone Omnitel and a [illegible]efiting Vodafone Omnitel. In early 2003, Vodafone Group Plc (Vodafone) completed the reorganization of several [illegible]fone Omnitel that resulted in the consolidation of several



holding companies. As a result, the intangible assets held by these holding companies were transferred to Vodafone Omnitel and became tax-deductible for Italian tax purposes. It was determined that this intangible asset was deductible over a three-year period as a customer database. At the time that the reorganization was effective, Vodafone Omnitel began recording the tax benefit associated with the newly created intangible asset in its reported income and Verizon recorded its share of that tax benefit. Separately, in September 2003, the European Court of Justice ruled that an Italian contribution tax on the use of wireless frequencies, established by Italy in 1998, was contrary to European Union law and that the Italian government must refund amounts previously paid by Italian wireless carriers. During the fourth quarter of 2003, Verizon



recorded its share of the earnings impact of this favorable ruling. In 2003, we also recorded a pretax gain of $348 million in connection with the sale of our interest in Eurotel Praha, spol. s r.o. (Eurotel Praha), a wireless joint venture in the Czech Republic.

Income From Other Unconsolidated Businesses

Income from other unconsolidated businesses increased by $17 million in 2005 compared to 2004 and decreased by $256 million in 2004 compared to 2003. The decrease in 2004 was primarily driven by a $176 million net gain recorded in 2003 as a result of a payment received in connection with the liquidation of Genuity Inc. (Genuity) and the sales of shares of investments, including Taiwan Cellular Corporation (TCC) and TelecomAsia Corporation Public Company Limited (TelecomAsia) in 2003. This decrease was partially offset by a pretax gain of $43 million recorded in connection with the sale of our investment in Iowa Telecom preferred stock and TCC share sales in 2004.

Other Income and (Expense), Net

			(dollars in millions)
Years Ended December 31,	2005	2004	2003
Interest income	$ 120	$ 116	$ 95
Foreign exchange gains (losses), net	10	(13)	(11)
Other, net	107	(81)	(47)
Total	$ 237	$ 22	$ 37

In 2005, the changes in Other Income and (Expense), Net were primarily due to other, net income in the current year compared to other, net expenses in the prior year. Other, net in 2005 includes a pretax gain on the sale of a small international business, leased asset gains and investment gains. Other, net in 2005 and 2004 include expenses of $14 million and $55 million, respectively, related to the early retirement of debt. The changes in Other Income and (Expense), Net in 2004 were primarily due to higher other, net expenses, partially offset by higher interest income. Other, net in 2004 and 2003 includes expenses of $55 million and $61 million, respectively, related to the early retirement of debt.

Interest Expense

			(dollars in millions)
Years Ended December 31,	2005	2004	2003
Total interest expense	$ 2,180	$ 2,384	$ 2,797
Capitalized interest costs	352	177	144
Total interest costs on debt balances	$ 2,532	$ 2,561	$ 2,941
Average debt outstanding	$ 39,939	$ 42,555	$ 49,181
Effective interest rate	6.3%	6.0%	6.0%

In 2005, the decrease in interest costs was primarily due to a reduction in average debt level of $2,616 million compared to 2004, partially offset by higher average interest rates. Higher capital expenditures contributed to higher capitalized interest costs. In 2004, the decrease in interest costs was primarily due to a reduction in average debt level of $6,626 million compared to 2003. Higher capital expenditures contributed to higher capitalized interest costs.

Minority Interest

			(dollars in millions)
Years Ended December 31,	2005	2004	2003
Minority interest	$ 3,045	$ 2,409	$ 1,583

The increase in minority interest expense in 2005 was primarily due to higher earnings at Domestic Wireless, which has a significant minority interest attributable to Vodafone. The increase in minority interest expense in 2004 was primarily due to higher earnings at Domestic Wireless and higher earnings at TELPRI.

Provision for Income Taxes

			(dollars in millions)
Years Ended December 31,	2005	2004	2003
Provision for income taxes	$ 3,210	$ 2,851	$ 1,213
Effective income tax rate	30.3%	28.2%	26.0%

The effective income tax rate is the provision for income taxes as a percentage of income from continuing operations before the provision for income taxes. Our effective income tax rate in 2005 was [illegible]es on overseas earnings repatriated during the year, lower foreign-related tax benefits and lower favorable deferre[illegible]ents. As a result of the capital gain realized in the second quarter of 2005 in connection with the sale of our Hawa[illegible]ax benefits of $336 million primarily related to prior year

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investment losses, which were largely offset by a net tax provision of $206 million related to the repatriation of foreign earnings under the provisions of the American Jobs Creation Act of 2004. The effective income tax rate in 2004 was favorably impacted by the reversal of a valuation allowance relating to investments, and tax benefits related to deferred tax balance adjustments and expense credits that are not taxable.



Our effective income tax rate in 2004 was higher than 2003 due to lower foreign-related tax benefits, particularly associated with lower equity income from our investment in Vodafone Omnitel and higher state taxes. Vodafone Omnitel income is not taxable until received in the form of dividends. The effective income tax rate in 2004 was favorably impacted from the reversal of a valuation allowance relating to investments, and tax benefits related to deferred tax balance adjustments and expense credits that are not taxable. The effective income tax rate in 2003 was favorably impacted by higher equity income from Vodafone Omnitel, a decrease in state taxes and a benefit related to a deferred tax balance adjustment.

A reconciliation of the statutory federal income tax rate to the effective rate for each period is included in Note 16 to the consolidated financial statements.

Discontinued Operations

Discontinued operations represent the results of operations of Verizon Information Services Canada Inc. for all years presented in the consolidated statements of income and Grupo Iusacell, S.A. de C.V. (Iusacell) prior to the sale of Iusacell in July 2003. During 2004, we announced our decision to sell Verizon Information Services Canada Inc. and, in accordance with Statement of Financial Accounting Standards (SFAS) No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," we have classified the results of operations of Verizon Information Services Canada as discontinued operations. The sale closed in the fourth quarter of 2004 and resulted in a pretax gain of $1,017 million ($516 million after-tax, or $.18 per diluted share). In connection with the decision to sell our interest in Iusacell and a comparison of expected net sale proceeds to the net book value of our investment in Iusacell (including the foreign currency translation balance), we recorded a pretax loss of $957 million ($931 million after-tax, or $.33 per diluted share) in the second quarter of 2003.

Cumulative Effect of Accounting Change

Directory Accounting Change

During 2003, we changed our method for recognizing revenues and expenses in our directory business from the publication-date method to the amortization method. The publication-date method recognizes revenues and direct expenses when directories are published. Under the amortization method, revenues and direct expenses, primarily printing and distribution costs, are recognized over the life of the directory, which is usually 12 months. This accounting change affected the timing of the recognition of revenues and expenses. As required by generally accepted accounting principles, the directory accounting change was recorded effective January 1, 2003. The cumulative effect of the accounting change was a one-time charge of $2,697 million ($1,647 million after-tax, or $.58 per diluted share).

Impact of SFAS No. 143

We adopted the provisions of SFAS No. 143, "Accounting for Asset Retirement Obligations," on January 1, 2003. SFAS No. 143 requires that companies recognize the fair value of a liability for asset retirement obligations in the period in which the obligations are incurred and capitalize that amount as part of the book value of the long-lived asset. We determined that Verizon does not have a material legal obligation to remove long-lived assets as described by this statement. However, prior to the adoption of SFAS No. 143, we included estimated removal costs in our group depreciation models. Consequently, in connection with the initial adoption of SFAS No. 143 we reversed accrued costs of removal in excess of salvage from our accumulated depreciation accounts for these assets. The adjustment was recorded as a cumulative effect of an accounting change, resulting in the recognition of a gain of $3,499 million ($2,150 million after-tax, or $.76 per diluted share).

Segment Results of Operations

We have four reportable segments, which we operate and manage as strategic business units and organize by products and services. Our segments are Domestic Telecom, Domestic Wireless, Information Services and International. You can find additional information about our segments in Note 17 to the consolidated financial statements.

We measure and evaluate our reportable segments based on segment income. This segment income excludes unallocated corporate expenses and other adjustments arising during each period. The other adjustments include transactions that the chief operating decision makers exclude in assessing business unit performance due primarily to their non-recurring and/or non-operational nature. Although such transactions are excluded from business segment results, they are included in reported consolidated earnings. We previously highlighted the more significant of these transactions in the "Consolidated Results of Operations" section. Gains and losses that are not individually significant are included in all segment results, since these items are included in the chief operating decision makers' assessment of unit performance. These gains and losses are primarily contained in Information Services and International since they actively manage investment portfolios.

Domestic Telecom

Domestic Telecom provides local telephone services, including voice, DSL, data transport, enhanced and custom calling features, network access, directory assistance, private lines and public telephones in 28 states and Washington, D.C. As discussed earlier under "Consolidated Results of Operations," in the second quarter of 2005, we [illegible] Hawaii representing approximately 700,000 access lines or 1% of the total Domestic Telecom switched access line[illegible]ty purposes, the results of operations shown in the tables

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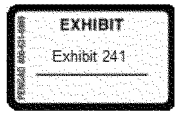
below exclude the Hawaii properties that have been sold. This segment also provides long distance services, customer premises equipment distribution, video services, data solutions and systems integration, billing and collections and inventory management services.



Operating Revenues

Years Ended December 31,	2005	2004	(dollars in millions) 2003
Local services	$ 17,600	$ 18,269	$ 19,185
Network access services	12,217	12,058	12,544
Long distance services	4,347	4,141	3,751
Other services	3,452	3,553	3,575
	$ 37,616	$ 38,021	$ 39,055

Local Services

Local service revenues are earned by our telephone operations from the provision of local exchange, local private line, wire maintenance, voice messaging and value-added services. Value-added services are a family of services that expand the utilization of the network, including products such as Caller ID, Call Waiting and Return Call. The provision of local exchange services not only includes retail revenues but also includes local wholesale revenues from UNEs, interconnection revenues from CLECs and wireless carriers, and some data transport revenues.

The decline in local service revenues of $669 million, or 3.7% in 2005 and $916 million, or 4.8% in 2004 was mainly due to lower demand and usage of our basic local exchange and accompanying services, as reflected by declines in switched access lines in service of 6.7% in 2005 and 4.6% in 2004. These revenue declines were mainly driven by the effects of competition and technology substitution. Technology substitution affected local service revenue growth in both years, as declining demand for residential access lines resulted in 8.4% fewer lines at December 31, 2005 compared to December 31, 2004 and a reduction in lines of 5.4% during 2004, as more customers substituted wireless, broadband and cable services for traditional landline services. At the same time, basic business access lines declined by 3.5% in 2005 and 3.1% in 2004, primarily reflecting competition and a shift to high-speed, high-volume special access lines.

In the first quarter of 2005, the FCC adopted significant new unbundling rules which eliminated the requirement to unbundle mass market local switching for new orders on a nationwide basis, and provided for a one year transition period for existing UNE switching arrangements. See "Other Factors That May Affect Future Results – Regulatory and Competitive Trends – FCC Regulation" for additional information on FCC rulemakings concerning UNEs. Due to a decision by two major competitors to deemphasize their local market initiatives, wholesale voice connections (commercial local wholesale arrangements, UNE platform and resale lines) declined 1.1 million in 2005, to 5.5 million as of December 31, 2005, which reflected a 16.1% decrease compared to December 31, 2004. In 2004, prior to the adoption of these new rules, wholesale voice connections increased 0.8 million to 6.6 million as of December 31, 2004.

We continue to seek opportunities to retain and win-back customers. Our Freedom service plans offer local services with various combinations of long distance, wireless and Internet access services in a discounted bundle available on one customer bill. Since 2003, we have introduced our Freedom service plans in nearly all of our key markets. As of December 31, 2005, approximately 65% of Verizon's residential customers have purchased local services in combination with either Verizon long distance or Verizon DSL, or both. For small businesses, we have also introduced Verizon Freedom for Business in eleven key markets, covering approximately 86% of business access lines.

Network Access Services

Network access services revenues are earned from end-user customers and long distance and other competing carriers who use our local exchange facilities to provide usage services to their customers. Switched access revenues are derived from fixed and usage-based charges paid by carriers for access to our local network. Special access revenues originate from carriers and end-users that buy dedicated local exchange capacity to support their private networks. End-user access revenues are earned from our customers and from resellers who purchase dial-tone services. Further, network access revenues include our DSL services.

Our network access revenues increased by $159 million, or 1.3% in 2005, and decreased $486 million, or 3.9% in 2004. These changes were principally due to increased DSL and carrier special access revenues, partially offset in 2005, and more than offset in 2004, by the impact of decreasing switched MOUs and access lines and mandatory price reductions associated with federal and state price cap filings and other regulatory decisions. We added 1.7 million new broadband connections, for a total of 5.1 million lines in service at December 31, 2005, an increase of 47.6% compared to 3.5 million lines in service at December 31, 2004. Total revenues for high-capacity and data services were $8,489 million in 2005, an increase of 10.5% compared to 2004 revenues of $7,679 million, which increased 7.1% compared to 2003. Special access revenue growth reflects continuing demand in the business market for high-capacity, high speed digital services, partially offset by lessening demand for older, low-speed data products and services and ongoing price reductions. Switched access revenues decreased due to declines in switched MOUs of 7.1% in 2005 compared to 2004 and 5.7% in 2004 compared to 2003, reflecting the impact of access line loss and technology substitution, partially offset in 2005 by a favorable adjustment associated with a recent regulatory decision.

The FCC regulates the rates that we charge long distance carriers and end-user customers for interstate access services. See "Other Factors That May Affect Future Results – Regulatory and Compe[illegible]lation" for additional information on FCC rulemakings concerning federal access rates, universal service and un[illegible]s and broadband services.

Long Distance Services

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Long distance service revenues include both intraLATA toll services and interLATA long distance voice and data services.

Long distance service revenues increased $206 million, or 5.0% in 2005 and $390 million, or 10.4% in 2004, principally as a result of customer growth from our interLATA long distance services. In 2005, we added 1.0 million long distance lines, for a total of 18.4 million long distance lines nationwide, representing a 5.7% increase from December 31, 2004. In 2004, we added 2.3 million long distance lines, representing an



increase of 15.5% from December 31, 2003. The introduction of our Freedom service plans continues to stimulate growth in long distance services. As of December 31, 2005, approximately 53% of our local wireline customers have chosen Verizon as their long distance carrier.

Other Services

Our other services include such services as billing and collections for long distance carriers, public (coin) telephone and customer premises equipment and supply sales. Other services revenues also include services provided by our non-regulated subsidiaries such as data solutions and systems integration businesses, and other services.

Revenues from other services declined by $101 million, or 2.8% in 2005, and by $22 million, or 0.6% in 2004. Revenues decreased due to the dissolution of non-strategic businesses, including the termination of a large commercial inventory management contract in 2005, and reduced business volumes related to billing and collection services and public telephone services, partially offset by increases resulting from higher sales of voice and data customer premises equipment and other services.

Operating Expenses

Years Ended December 31,	2005	2004	(dollars in millions) 2003
Cost of services and sales	$ 15,604	$ 14,830	$ 14,512
Selling, general and administrative expense	8,419	8,621	8,363
Depreciation and amortization expense	8,801	8,910	9,107
	$ 32,824	$ 32,361	$ 31,982

Cost of Services and Sales

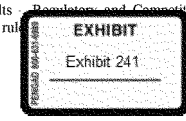
Cost of services and sales includes the following costs directly attributable to a service or product: salaries and wages, benefits, materials and supplies, contracted services, network access and transport costs, customer provisioning costs, computer systems support and cost of products sold. Aggregate customer care costs, which include billing and service provisioning, are allocated between cost of services and sales and selling, general and administrative expense.

In 2005, our cost of services and sales increased by $774 million, or 5.2% compared to 2004. Costs in 2005 were impacted by increased pension and other postretirement benefit costs. As of December 31, 2004, Verizon evaluated key employee benefit plan assumptions in response to conditions in the securities markets. The expected rate of return on pension plan assets has been maintained at 8.50%. However, the discount rate assumption has been lowered from 6.25% in 2004 to 5.75% in 2005, consistent with interest rate levels at the end of 2004. Further, there was an increase in the retiree health care cost trend rates. The overall impact of these assumption changes, combined with the impact of lower than expected actual asset returns over the last several years, resulted in net pension and other postretirement benefit expense (primarily in cost of services and sales) of $1,248 million in 2005, compared to net pension and postretirement benefit expense of $803 million in 2004. Also contributing to expense increases in cost of services and sales were higher costs associated with our growth businesses, including a 2,400, or 1.7% increase in the number of employees as of December 31, 2005 compared to December 31, 2004. Further, the expense increase was impacted by favorable adjustments to our interconnection expense in 2004, as a result of our ongoing reviews of local interconnection expense charged by CLECs and settlements with carriers, including the MCI settlement recorded in 2004.

In 2004, our cost of services and sales increased by $318 million, or 2.2% compared to 2003. Costs in 2004 were also impacted by increased pension and other postretirement benefit costs. As of December 31, 2003, Verizon evaluated key employee benefit plan assumptions in response to conditions in the securities markets and the result of extending and increasing limits (caps) on company payments toward retiree health care costs in connection with the union contracts ratified in 2003. The overall impact of these assumption changes, combined with the impact of lower than expected actual asset returns over the last several years, resulted in net pension and other postretirement benefit expense (primarily in cost of services and sales) of $803 million in 2004, as compared to pension income, net of other postretirement benefit expense of $312 million in 2003. Higher customer premises equipment and other costs associated with our growth businesses and annual wage increases also contributed to the increase in cost of services and sales. Further, the comparison of 2004 to 2003 cost of services and sales was affected by the 2003 reduction in operating expenses (primarily cost of services and sales) of approximately $130 million in 2003 for insurance recoveries related to the terrorist attacks on September 11, 2001.

These 2004 expense increases were partially offset by the effect of workforce reductions of an average of approximately 15,000 employees, principally due to a voluntary separation plan in November 2003. Costs in 2004 were also impacted by lower interconnection expense as a result of our ongoing reviews of local interconnection expense charged by CLECs and settlements with carriers, including the MCI settlement. Expense comparisons were also impacted by 2003 contingency costs incurred in connection with labor negotiations and other costs recorded in 2003.

See "Other Factors That May Affect Future Results – Regulatory and Competitive Trends – Interstate Access Charges and Intercarrier Compensation" for additional information on FCC rul[illegible]ecisions addressing intercarrier compensation for dial-up connections for Internet-bound traffic.



Selling, General and Administrative Expense

Selling, general and administrative expense includes salaries and wages and benefits not directly attributable to a service or product, bad debt charges, taxes other than income, advertising and sales commission costs, customer billing, call center and information technology costs, professional service fees and rent for administrative space.



Selling, general and administrative expense in 2005 decreased by $202 million, or 2.3% compared to 2004. This decrease was attributable to gains on the sale of real estate in 2005, lower property and gross receipts taxes and reduced bad debt costs, partially offset by higher net pension and benefit costs, as described above, and a prior year gain on the sale of two small business units.

In 2004, our selling, general and administrative expense increased by $258 million, or 3.1% compared to 2003. This increase includes higher net pension and benefit costs and higher professional and general costs, partially offset by the effect of workforce reductions and by lower bad debt expense, reduced property and gross receipts taxes, and a gain on the sale of two small business units.

Depreciation and Amortization Expense

The decreases in depreciation and amortization expense in 2005 of $109 million, or 1.2%, and $197 million, or 2.2% in 2004, were mainly driven by lower rates of depreciation, partially offset by higher plant, property and equipment balances and software amortization costs.

Segment Income

			(dollars in millions)
Years Ended December 31,	2005	2004	2003
Segment Income	$ 1,906	$ 2,652	$ 3,299

Segment income decreased by $746 million, or 28.1% in 2005 and $647 million, or 19.6% in 2004 primarily as a result of the after-tax impact of operating revenues and operating expenses described above. Special and non-recurring items of ($168) million, $346 million and $1,063 million, after-tax, affected the Domestic Telecom segment but were excluded from segment income in 2005, 2004 and 2003, respectively. Special and non-recurring items in 2005 primarily included a gain on the sale of the Hawaii wireline operations, Hawaii results of operations, and a net gain on the sale of a New York City office building, partially offset by net expenses associated with changes to management retirement benefit plans, severance costs and Verizon Center relocation-related costs. Special and non-recurring items in 2004 primarily included pension settlement losses, operating asset losses, and costs associated with the early retirement of debt, partially offset by an expense credit resulting from the favorable resolution of pre-bankruptcy amounts due from MCI as well as a gain on the sale of an investment. Special and non-recurring items in 2003 primarily include the costs associated with severance activity, including retirement enhancement costs, and pension settlements, partially offset by the favorable impact of adopting SFAS No. 143.

Domestic Wireless

Our Domestic Wireless segment provides wireless voice and data services and equipment sales across the United States. This segment primarily represents the operations of the Verizon Wireless joint venture with Vodafone. Verizon owns a 55% interest in the joint venture and Vodafone owns the remaining 45%. All financial results included in the tables below reflect the consolidated results of Verizon Wireless.

Operating Revenues

			(dollars in millions)
Years Ended December 31,	2005	2004	2003
Wireless sales and services	$ 32,301	$ 27,662	$ 22,489

Domestic Wireless's total revenues of $32,301 million were $4,639 million, or 16.8% higher in 2005 compared to 2004. Service revenues of $28,131 million were $3,731 million, or 15.3% higher than 2004. The service revenue growth was primarily due to increased customers, partially offset by a decrease in average revenue per customer per month. Equipment and other revenue increased by $908 million, or 27.8%, principally as a result of an increase in wireless devices sold together with an increase in revenue per unit sold.

Our Domestic Wireless segment ended 2005 with 51.3 million customers, an increase of 7.5 million net new customers, or 17.2% compared to December 31, 2004. Retail net additions accounted for 7.2 million, or 95.8% of the total net additions. The overall composition of our Domestic Wireless customer base as of December 31, 2005 was 92.4% retail postpaid, 3.1% retail prepaid and 4.5% resellers. The average monthly churn rate, the rate at which customers disconnect service, decreased to 1.3% in 2005 compared to 1.5% in 2004. Retail postpaid churn decreased to 1.1% in 2005 compared to 1.3% in 2004.

Average revenue per customer per month decreased 1.5% to $49.49 in 2005 compared to 2004, primarily due to pricing changes to our America's Choice and Family Share plans earlier in the year. Partially offsetting the impact of these pricing changes was a 71.7% increase in data revenue per customer in 2005 compared to 2004, driven by increased use of our messaging and other data services. Data revenues were $2,243 million and accounted for 8.0% of service revenue in 2005, compared to $1,116 million and 4.6% of service revenue in 2004. Average MOUs per customer increased to 665, or 16.1% in 2005 compared to 2004.

Domestic Wireless's total revenues of $27,662 million were $5,173 million, or 23.0% higher in 2004 compared to 2003. Service revenues of $24,400 million were $4,064 million, or 20.0% higher than 2003. This revenue growth was largely attributable to customer additions and higher revenue per customer per month, including highe At December 31, 2004, customers totaled 43.8 million, an increase of 16.8% compared to December 31, 2003. Re for 5.8 million, or 92.5% of the total net additions. Total churn decreased to 1.5% in 2004 compared to 1.8% in customer per month increased by 2.8% to $50.22 in 2004

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compared to 2003, primarily due to a larger number of customers on higher access price plan offerings as well as an increase in data revenues per subscriber. Data revenues were $1,116 million in 2004 compared to $449 million in 2003. These increases were partially offset by decreased roaming revenue due to bundled pricing. Average MOUs per customer increased to 573, or 16.5% in 2004 compared to 2003.



Operating Expenses

Years Ended December 31,	2005	2004	2003
			(dollars in millions)
Cost of services and sales	$ 9,393	$ 7,747	$ 6,460
Selling, general and administrative expense	10,768	9,591	8,057
Depreciation and amortization expense	4,760	4,486	3,888
	$ 24,921	$ 21,824	$ 18,405

Cost of Services and Sales

Cost of services and sales, which are costs to operate the wireless network as well as the cost of roaming, long distance and equipment sales, increased by $1,646 million, or 21.2% in 2005 compared to 2004. Cost of services increased primarily due to higher direct wireless network charges resulting from increased MOUs in 2005 compared to 2004, partially offset by lower roaming, local interconnection and long distance rates. Cost of equipment sales was higher by 23.0% in 2005, due primarily to an increase in wireless devices sold together with an increase in cost per unit sold, driven by growth in customer additions and an increase in equipment upgrades in 2005 compared to 2004.

Cost of services and sales increased by $1,287 million, or 19.9% in 2004 compared to 2003. This increase was due primarily to increased network costs resulting from increased MOUs and an increase in cost of equipment sales driven by growth in new customer additions and increased equipment upgrades. These cost increases were partially offset by lower roaming, local interconnection and long distance rates.

Selling, General and Administrative Expense

Selling, general and administrative expense increased by $1,177 million, or 12.3% in 2005 compared to 2004. This increase was primarily due to an increase in salary and benefits expense of $382 million, which included a $70 million increase in costs incurred in 2005 related to our long-term incentive program, and by an increase in the employee base, primarily in the customer care and sales channels. Also contributing to the increase were higher sales commissions in our direct and indirect channels of $215 million, primarily related to an increase in customer additions and renewals during the year. Costs associated with regulatory fees, primarily the universal service fund, increased by $179 million in 2005 compared to 2004.

Selling, general and administrative expense increased by $1,534 million, or 19.0% in 2004 compared to 2003. This increase was due primarily to higher salary and benefits expense and increased sales commissions related to the growth in customer additions and higher costs associated with our long-term incentive program.

Depreciation and Amortization Expense

Depreciation and amortization expense increased by $274 million, or 6.1% in 2005 compared to 2004 and increased by $598 million, or 15.4% in 2004 compared to 2003. These increases were primarily due to increased depreciation expense related to the increases in depreciable assets.

Segment Income

Years Ended December 31,	2005	2004	2003
			(dollars in millions)
Segment Income	$ 2,219	$ 1,645	$ 1,083

Segment income increased by $574 million, or 34.9% in 2005 compared to 2004 and increased by $562 million, or 51.9% in 2004 compared to 2003, primarily as a result of the after-tax impact of operating revenues and operating expenses described above, partially offset by higher minority interest. There were no special items affecting this segment in 2005, 2004 or 2003.

Increases in minority interest in 2005 and 2004 were principally due to the increased income of the wireless joint venture and the significant minority interest attributable to Vodafone.

Information Services

Information Services' multi-platform business comprises yellow pages directories, SuperPages.com, our online directory and search services, and SuperPages On the Go, our directory and information services on wireless telephones. This segment's operations are principally in the United States.

We sold our directory operations in Hawaii in connection with the sale of Verizon's wireline properties in Hawaii discussed earlier under "Consolidated Results of Operations." For comparability purposes, the results of operations shown in the tables below exclude the Hawaii operations that have been sold. In 2004, Verizon sold Verizon Information Services Canada, our directory operations in Canada, to an affiliate of Bain Capital, a private investment firm, for $1.6 bill after-tax gain of $516 million. This gain and current and prior years' results of operations for this business unit d operations in accordance with SFAS No. 144, and are excluded from Information Services segment results.

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Operating Revenues

Years Ended December 31,	2005	2004	2003
			(dollars in millions)
Operating Revenues	**$ 3,452**	$ 3,549	$ 3,763



Operating revenues in 2005 decreased $97 million, or 2.7% compared to 2004, primarily due to reduced domestic print advertising revenue, partially offset by SuperPages.com revenue growth. Verizon's domestic Internet directory service, SuperPages.com, achieved growth of 18% in gross revenues compared with 2004.

Operating revenues in 2004 decreased $214 million, or 5.7% compared to 2003, primarily due to reduced domestic print advertising revenue and elimination of revenue from the 2003 sale of European operations. SuperPages.com reported a 22% increase in revenue over 2003.

Operating Expenses

			(dollars in millions)
Years Ended December 31,	2005	2004	2003
Cost of services and sales	$ 593	$ 542	$ 554
Selling, general and administrative expense	1,107	1,319	1,387
Depreciation and amortization expense	92	87	79
Sales of businesses, net	–	–	(141)
	$ 1,792	$ 1,948	$ 1,879

Cost of Services and Sales

Cost of services and sales in 2005 increased $51 million, or 9.4% compared to 2004 and decreased by $12 million, or 2.2% in 2004 compared to 2003. The 2005 increase was primarily due to increased printing and distribution costs and higher costs associated with SuperPages.com. The decrease in 2004 was primarily due to reduced expenses related to the July 2003 sale of European operations.

Selling, General and Administrative Expense

Selling, general and administrative expenses decreased $212 million, or 16.1% in 2005 compared to 2004. This decrease was due primarily to cost reductions, as well as reduced bad debt and legal expenses. Selling, general and administrative expenses decreased $68 million, or 4.9% in 2004 compared to 2003. Lower bad debt expenses and reduced expenses related to the July 2003 sale of European operations were partially offset by higher domestic pension and benefit costs.

Depreciation and Amortization Expense

Depreciation and amortization expense in 2005 increased by $5 million, or 5.7% compared to 2004 and by $8 million, or 10.1% in 2004 compared to 2003, primarily due to increased software amortization expense.

Sales of Businesses, Net

In 2003, we recorded a net pretax gain of $141 million primarily related to the sale of our European directory publication operations in Austria, the Czech Republic, Gibraltar, Hungary, Poland and Slovakia.

Segment Income

			(dollars in millions)
Years Ended December 31,	2005	2004	2003
Segment Income	$ 1,044	$ 968	$ 1,128

Segment income in 2005 increased by $76 million, or 7.9% compared to 2004 and decreased by $160 million, or 14.2% in 2004 compared to 2003. The increase in 2005 and decrease in 2004 were primarily the result of the after-tax impact of the operating revenues and expenses described above and lower interest expense in 2005 compared to 2004.

Special and non-recurring items of $(10) million, $(596) million, $1,660 million, after-tax, affected the Information Services segment but were excluded from segment income in 2005, 2004 and 2003, respectively. The special and non-recurring items in all years include the results of operations of the Hawaii directory operations. The special and non-recurring items in 2004 and 2003 include the results of operations of Verizon Information Services Canada. The special and non-recurring items in 2004 also included the gain on the sale of Verizon Information Services Canada, partially offset by pension settlement losses for employees who received lump-sum distributions under a prior year voluntary separation plan. Special and non-recurring items in 2003 also included a loss recorded in connection with the cumulative effect of the directory accounting change from the publication-date method of recognizing revenue and expenses to the amortization method, effective January 1, 2003, and severance charges related to a voluntary separation plan.

International

Our International segment includes international wire[illegible]unication operations in the Americas and Europe. Our consolidated international investments as of Decembe[illegible]n Dominicana, C. por A. (Verizon Dominicana) in the



Dominican Republic and TELPRI in Puerto Rico. Either the cost or the equity method is applied to those investments in which we have less than a controlling interest.

On June 13, 2003, we announced our decision to sell our 39.4% consolidated interest in Iusacell and reclassified our investment and the results of operations of Iusacell as discontinued operations. We sold our shares in Iusacell on July 29, 2003. The results of operations for this business unit in 2003 are classified as discontinued operations in accordance with SFAS No. 144, and are excluded from International segment results.



Operating Revenues

Years Ended December 31,	2005	2004	2003
			(dollars in millions)
Operating Revenues	$ 2,193	$ 2,014	$ 1,949

Revenues generated by our international businesses increased by $179 million, or 8.9% in 2005 compared to 2004 and by $65 million, or 3.3% in 2004 compared to 2003. The increase in 2005 was primarily due to favorable foreign exchange rates in the Dominican Republic as well as favorable wireless growth at both TELPRI and Verizon Dominicana, partially offset by a favorable adjustment to carrier access revenues at TELPRI in 2004. The increase in 2004 was primarily due to operational growth at Verizon Dominicana and a 2003 adjustment to carrier access revenues at TELPRI, partially offset by declining foreign exchange rates in the Dominican Republic.

Operating Expenses

Years Ended December 31,	2005	2004	2003
			(dollars in millions)
Cost of services and sales	$ 707	$ 626	$ 574
Selling, general and administrative expense	675	471	691
Depreciation and amortization expense	340	324	346
	$ 1,722	$ 1,421	$ 1,611

Cost of Services and Sales

Cost of services and sales increased in 2005 by $81 million, or 12.9% compared to 2004 and by $52 million, or 9.1% in 2004 compared to 2003. The increase in 2005 was due primarily to higher variable costs at Verizon Dominicana and at TELPRI as well as the appreciation of the Dominican Republic peso. The increase in 2004 reflected higher variable costs at Verizon Dominicana, partially offset by the decline of the Dominican Republic's foreign exchange rates.

Selling, General and Administrative Expense

Selling, general and administrative expenses increased in 2005 by $204 million, or 43.3% compared to 2004 and decreased by $220 million, or 31.8% in 2004 compared to 2003. The increase in 2005 reflects the favorable resolution in 2004 of a 2003 TELPRI charge recorded as a result of an adverse Puerto Rico Circuit Court of Appeals ruling on intra-island long distance access rates, the appreciation of the Dominican Republic peso and higher employee-related costs and commission expenses. The decrease in 2004 was primarily due to a TELPRI charge recorded in 2003 as a result of the Puerto Rico Circuit Court of Appeals ruling as well as the favorable resolution to the charge in 2004, an asset write-off in 2003, and declining foreign exchange rates in the Dominican Republic.

Depreciation and Amortization Expense

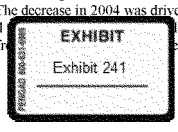
Depreciation and amortization expense increased in 2005 by $16 million, or 4.9% compared to 2004 and decreased $22 million, or 6.4% in 2004 compared to 2003. The increase in 2005 primarily reflects the appreciation of the Dominican Republic peso. The decrease in 2004 was due primarily to declining foreign exchange rates in the Dominican Republic and the adoption of SFAS No. 143 in 2003, offset in part by increased depreciation related to ongoing network capital expenditures in 2004.

Segment Income

Years Ended December 31,	2005	2004	2003
			(dollars in millions)
Segment Income	$ 1,251	$ 1,225	$ 1,392

Segment income increased in 2005 by $26 million, or 2.1% compared to 2004 and decreased by $167 million, or 12.0% in 2004 compared to 2003. The increase in 2005 reflects an increase in interest income, foreign exchange gains and lower income taxes, largely offset by lower equity in earnings of unconsolidated businesses and Verizon's share (after minority interest) of the after-tax impact of the operating revenues and operating expenses previously described. The decrease in 2004 was primarily the result of the decrease in equity in earnings of unconsolidated businesses and income from other unconsolidated businesses, partially offset by Verizon's share (after minority interest) of the after-tax impact of the operating revenues and operating expenses previously described.

Equity in earnings of unconsolidated businesses decreased in 2005 by $224 million, or 21.7% compared to 2004 and decreased by $60 million, or 5.5% in 2004 compared to 2003. The decrease in 2005 primarily resulted from lower equity income due to the sale of our TELUS interest in 2004, estimated additional pension liabilities at CANTV and the gain on the sale of an equity investment in 2004, partially offset by higher tax benefits and operational results at Vodafone Omnitel. The decrease in 2004 was driven primarily from Italian tax benefits in 2003 arising from a reorganization and the 2003 contribution tax reversal [illegible] European Court of Justice ruling at Vodafone Omnitel, partially offset by favorable foreign currency impacts fr[illegible]nt and continued operational growth, as well as a gain on



the sale of an equity investment in 2004. Income from other unconsolidated businesses decreased by $138 million, or 81.7% in 2004 compared to 2003. This decrease reflects lower gains realized from the sale of investments compared to 2003.

Special and non-recurring items of $(112) million, $(797) million and $791 million, after-tax, affected the International segment but were excluded from segment income in 2005, 2004 and 2003, respectively. The special and non-recurring items in 2005 primarily related to tax benefits realized in connection with prior years' investment losses, partially offset by a net tax provision from the repatriation of foreign



earnings. The special and non-recurring items in 2004 were related to the gain on sale of our investment in TELUS and tax benefits realized in connection with prior years' sales of investments, partially offset by pension settlement losses for employees that received lump-sum distributions under a voluntary separation plan. The special and non-recurring items in 2003 include the impairment of our investment in Iusacell, partially offset by a gain on the sale of Eurotel Praha.

Special Items

Discontinued Operations

During 2004, we announced our decision to sell Verizon Information Services Canada to an affiliate of Bain Capital, a global private investment firm, for $1,540 million (Cdn. $1,985 million). The sale closed during the fourth quarter of 2004 and resulted in a gain of $1,017 million ($516 million after-tax, or $.18 per diluted share). In accordance with SFAS No. 144, we have classified the results of operations of Verizon Information Services Canada as discontinued operations in the consolidated statements of income in all years.

During 2003, we announced our decision to sell our 39.4% consolidated interest in Iusacell into a tender offer launched by Movil Access, a Mexican company. Verizon tendered its shares shortly after the tender offer commenced, and the tender offer closed on July 29, 2003. In accordance with SFAS No. 144, we have classified the results of operations of Iusacell as discontinued operations in the consolidated statements of income in all years until the sale. In connection with a comparison of expected net sale proceeds to net book value of our investment in Iusacell (including the foreign currency translation balance), we recorded a pretax loss of $957 million ($931 million after-tax, or $.33 per diluted share).

Sales of Businesses and Investments, Net

Sales of Businesses, Net

During 2005, we sold our wireline and directory businesses in Hawaii, including Verizon Hawaii Inc. which operated approximately 700,000 switched access lines, as well as the services and assets of Verizon Long Distance, Verizon Online, Verizon Information Services and Verizon Select Services Inc. in Hawaii, to an affiliate of The Carlyle Group for $1,326 million in cash proceeds. In connection with this sale, we recorded a net pretax gain of $530 million ($336 million after-tax, or $.12 per diluted share).

Sales of Investments, Net

During 2004, we recorded a pretax gain of $787 million ($565 million after-tax, or $.20 per diluted share) on the sale of our 20.5% interest in TELUS in an underwritten public offering in the U.S. and Canada. In connection with this sale transaction, Verizon recorded a contribution of $100 million to Verizon Foundation to fund its charitable activities and increase its self-sufficiency. Consequently, we recorded a net gain of $500 million after taxes, or $.18 per diluted share related to this transaction and the accrual of the Verizon Foundation contribution.

Also during 2004, we sold all of our investment in Iowa Telecom preferred stock, which resulted in a pretax gain of $43 million ($43 million after-tax, or $.02 per diluted share). This preferred stock was received in 2000 in connection with the sale of access lines in Iowa.

During 2003, we recorded a pretax gain of $348 million on the sale of our interest in Eurotel Praha. Also during 2003, we recorded a net pretax gain of $176 million as a result of a payment received in connection with the liquidation of Genuity. In connection with these sales transactions, Verizon recorded contributions of $150 million for each of the transactions to Verizon Foundation to fund its charitable activities and increase its self-sufficiency. Consequently, we recorded a net gain of $44 million after taxes, or $.02 per diluted share related to these transactions and the accrual of the Verizon Foundation contributions.

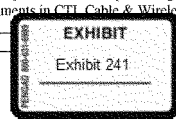
Tax Matters

During 2005, we recorded a tax benefit of $336 million ($.12 per diluted share) in connection with capital gains and prior year investment losses. As a result of the capital gain realized in 2005 in connection with the sale of our Hawaii businesses, we recorded a tax benefit of $242 million ($.09 per diluted share) related to prior year investment losses. The investment losses pertain to Iusacell, CTI Holdings, S.A. (CTI) and TelecomAsia.

Also during 2005, we recorded a net tax provision of $206 million ($.07 per diluted share) related to the repatriation of foreign earnings under the provisions of the American Jobs Creation Act of 2004, which provides for a favorable federal income tax rate in connection with the repatriation of foreign earnings, provided the criteria described in the law is met. Two of Verizon's foreign investments repatriated earnings resulting in income taxes of $332 million, partially offset by a tax benefit of $126 million.

As a result of the capital gain realized in 2004 in connection with the sale of Verizon Information Services Canada, we recorded tax benefits of $234 million ($.08 per diluted share) in the fourth quarter of 2004 pertaining to prior year investment impairments. The investment impairments primarily related to debt and equity investments in CTI, Cable & Wireless plc and NTL Incorporated.

Facility and Employee-Related Items



During 2005, we recorded a net pretax gain of $18 million ($8 million after-tax, or less than $.01 per diluted share) in connection with our planned relocation of several functions to Verizon Center, including a pretax gain of $120 million ($72 million after-tax, or $.03 per diluted share) related to the sale of a New York City office building, partially offset by a pretax charge of $102 million ($64 million after-tax, or $.02 per diluted share) primarily associated with relocation-related employee severance costs and related activities. Additional relocation costs are anticipated in 2006.



During 2005, we recorded a net pretax charge of $98 million ($59 million after-tax, or $.02 per diluted share) related to the restructuring of the Verizon management retirement benefit plans. This pretax charge was recorded in accordance with SFAS No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits" and SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" and includes the unamortized cost of prior pension enhancements of $441 million offset partially by a pretax curtailment gain of $343 million related to retiree medical benefits. In connection with this restructuring, management employees will no longer earn pension benefits or earn service towards the company retiree medical subsidy after June 30, 2006, after receiving an 18-month enhancement of the value of their pension and retiree medical subsidy, but will receive a higher savings plan matching contribution.

In addition, during 2005 we recorded a charge of $59 million ($36 million after-tax, or $.01 per diluted share) associated with employee severance costs and severance-related activities in connection with the voluntary separation program for surplus union-represented employees.

During 2004, we recorded pretax pension settlement losses of $815 million ($499 million after-tax, or $.18 per diluted share) related to employees that received lump-sum distributions during 2004 in connection with the voluntary separation plan under which more than 21,000 employees accepted the separation offer in the fourth quarter of 2003. These charges were recorded in accordance with SFAS No. 88, which requires that settlement losses be recorded once prescribed payment thresholds have been reached.

Total pension, benefit and other costs related to severance activities were $5,524 million ($3,399 million after-tax, or $1.20 per diluted share) in 2003, primarily in connection with the voluntary separation of more than 25,000 employees, as follows:

- In connection with the voluntary separation of more than 21,000 employees during the fourth quarter of 2003, we recorded a pretax charge of $4,695 million ($2,882 million after-tax, or $1.02 per diluted share). This pretax charge included $2,716 million recorded in accordance with SFAS No. 88 and SFAS No. 106, for pension and postretirement benefit enhancements and a net curtailment gain for a significant reduction of the expected years of future service resulting from early retirements. In addition, we recorded a pretax charge of $76 million for pension settlement losses related to lump-sum settlements of some existing pension obligations. The fourth quarter pretax charge also included severance costs of $1,720 million and costs related to other severance-related activities of $183 million.

- We also recorded a special charge in 2003 of $235 million ($150 million after-tax, or $.05 per diluted share) primarily associated with employee severance costs and severance-related activities in connection with the voluntary separation of approximately 4,000 employees. In addition, we recorded pretax pension settlement losses of $131 million ($81 million after-tax, or $.03 per diluted share) in 2003 related to employees that received lump-sum distributions during the year in connection with previously announced employee separations.

- Further, in 2003 we recorded a special charge of $463 million ($286 million after-tax, or $.10 per diluted share) in connection with enhanced pension benefits granted to employees retiring in the first half of 2003, estimated costs associated with the July 10, 2003 Verizon New York arbitration ruling and pension settlement losses related to lump-sum pay-outs in 2003. On July 10, 2003, an arbitrator ruled that Verizon New York's termination of 2,300 employees in 2002 was not permitted under a union contract; similar cases were pending impacting an additional 1,100 employees. Verizon offered to reinstate all 3,400 impacted employees, and accordingly, recorded a charge in the second quarter of 2003 representing estimated payments to employees and other related company-paid costs.

Other Special Items

During 2005, we recorded pretax charges of $139 million ($133 million after-tax, or $.05 per diluted share) including a pretax impairment charge of $125 million ($125 million after-tax, or $.04 per diluted share) pertaining to our leasing operations for aircraft leases involved in recent airline bankruptcy proceedings and a pretax charge of $14 million ($8 million after-tax, or less than $.01 per diluted share) in connection with the early retirement of debt.

In 2004, we recorded an expense credit of $204 million ($123 million after-tax, or $.04 per diluted share) resulting from the favorable resolution of pre-bankruptcy amounts due from MCI. Previously reached settlement agreements became fully effective when MCI emerged from bankruptcy proceedings in the second quarter of 2004.

Also during 2004, we recorded a charge of $113 million ($87 million after-tax, or $.03 per diluted share) related to operating asset losses pertaining to our international long distance and data network. In addition, we recorded pretax charges of $55 million ($34 million after-tax, or $.01 per diluted share) in connection with the early retirement of debt.

During 2003, we recorded other special pretax charges of $557 million ($419 million after-tax, or $.15 per diluted share). These charges included $240 million ($156 million after-tax, or $.06 per diluted share) primarily in connection with environmental remediation efforts relating to several discontinued businesses, including a former facility that processed nuclear fuel rods in Hicksville, New York (see "Other Factors That May Affect Future Results – Recent Developments – Environmental Matters") and a pretax impairment charge of $184 million ($184 million after-tax, or $.06 per diluted share) pertaining to our leasing operations for airplanes leased to airlines experiencing financial difficulties and for power generating facilities. These 2003 charges also include pretax charges of $61 million ($38 million after-tax, or $.01 per diluted share) related to the early retirement of debt and [illegible] million ($41 million after-tax, or $.01 per diluted share).



Consolidated Financial Condition

Years Ended December 31,	2005	2004	2003
			(dollars in millions)
Cash Flows Provided By (Used In)			
Operating activities	**$ 22,012**	$ 21,820	$ 22,467
Investing activities	**(18,492)**	(10,343)	(12,236)
Financing activities	**(5,034)**	(9,856)	(10,959)
Increase (Decrease) In Cash and Cash Equivalents	**$ (1,514)**	$ 1,621	$ (728)

We use the net cash generated from our operations to fund network expansion and modernization, repay external financing, pay dividends and invest in new businesses. Additional external financing is utilized when necessary. While our current liabilities typically exceed current assets, our sources of funds, primarily from operations and, to the extent necessary, from readily available external financing arrangements, are sufficient to meet ongoing operating and investing requirements. We expect that capital spending requirements will continue to be financed primarily through internally generated funds. Additional debt or equity financing may be needed to fund additional development activities or to maintain our capital structure to ensure our financial flexibility.

Cash Flows Provided By Operating Activities

Our primary source of funds continues to be cash generated from operations. In 2005, the increase in cash from operations compared to 2004 was primarily driven by the repatriation of $2.2 billion of foreign earnings from unconsolidated businesses and lower severance payments in 2005, largely offset by cash income tax payments, including taxes paid in 2005 related to the 2004 sales of Verizon Information Services Canada and TELUS shares, and higher pension fund contributions.

In 2004, the decrease in cash from operations compared to 2003 was primarily driven by an increase in working capital requirements. The increase in working capital requirements was driven by higher severance payments in 2004 compared to higher severance accruals in 2003, primarily related to the fourth quarter 2003 voluntary separation plan. In addition, a higher tax refund was recorded in the 2003 period.

Cash Flows Used In Investing Activities

Capital expenditures continue to be our primary use of capital resources and facilitate the introduction of new products and services, enhance responsiveness to competitive challenges and increase the operating efficiency and productivity of our networks. Including capitalized software, we invested $8,267 million in our Domestic Telecom business in 2005, compared to $7,118 million and $6,820 million in 2004 and 2003, respectively. We also invested $6,484 million in our Domestic Wireless business in 2005, compared to $5,633 million and $4,590 million in 2004 and 2003, respectively. The increase in capital spending of both Domestic Telecom and Domestic Wireless represents our continuing effort to invest in high growth areas including wireless, long distance, broadband and other wireline data initiatives.

In 2006, capital expenditures including capitalized software are expected to be in the range of $15.4 billion to $15.7 billion, excluding capital expenditures associated with MCI. Including MCI, capital expenditures are expected to be $17.0 billion to $17.4 billion in 2006.

We invested $4,684 million in acquisitions and investments in businesses during 2005, including $3,003 million to acquire NextWave Telecom Inc. (NextWave) personal communications services licenses, $641 million to acquire 63 broadband wireless licenses in connection with FCC auction 58, $419 million to purchase Qwest Wireless, LLC's spectrum licenses and wireless network assets in several existing and new markets, $230 million to purchase spectrum from MetroPCS, Inc. and $297 million for other wireless properties and licenses. In 2004, we invested $1,196 million in acquisitions and investments in businesses, including $1,052 million for wireless licenses and businesses, including the NextWave licenses covering the New York metropolitan area, and $144 million related to Verizon's limited partnership investments in entities that invest in affordable housing projects. In 2003, we invested $1,162 million in acquisitions and investments in businesses, including $762 million to acquire 50 wireless licenses and related network assets from Northcoast Communications LLC, $242 million related to Verizon's limited partnership investments in entities that invest in affordable housing projects and $157 million for other wireless properties.

In 2005, we received cash proceeds of $1,326 million in connection with the sale of Verizon's wireline and directory operations in Hawaii. In 2004, we received cash proceeds of $1,720 million, including $1,603 million from the sale of Verizon Information Services Canada and $117 million from the sale of a small business unit. In 2003, we received cash proceeds of $229 million, from the sale of our European directory publication operations in Austria, the Czech Republic, Gibraltar, Hungary, Poland and Slovakia.

Our short-term investments include principally cash equivalents held in trust accounts for payment of employee benefits. In 2005, 2004 and 2003, we invested $1,978 million, $1,827 million and $1,887 million, respectively, in short-term investments, primarily to pre-fund active employees' health and welfare benefits. Proceeds from the sales of all short-term investments, principally for the payment of these benefits, were $1,634 million, $1,727 million and $1,767 million in the years 2005, 2004 and 2003, respectively.

Other, net investing activities for 2005 includes a net inv[illegible] the purchase of 43.4 million shares of MCI common stock from eight entities affiliated with Carlos Slim Helu, off[illegible] million from property sales, including a New York City office building, and $349 million of repatriated proceed[illegible] investments in prior years. Other, net investing activities

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for 2004 include net cash proceeds of $1,632 million received in connection with the sale of our 20.5% interest in TELUS and $650 million in connection with sales of our interests in various other investments, including a partnership venture with Crown Castle International Corp., EuroTel Bratislava, a.s. and Iowa Telecom preferred stock. Other, net investing activities for 2003 include net cash proceeds of $415 million in



connection with sales of our interests in various investments, primarily TCC and Crown Castle International Corp. and $195 million in connection with the sale of our interest in Eurotel Praha, representing a portion of the total proceeds of $525 million.

Under the terms of an investment agreement, Vodafone may require Verizon Wireless to purchase up to an aggregate of $20 billion worth of Vodafone's interest in Verizon Wireless at designated times at its then fair market value. In the event Vodafone exercises its put rights, we have the right, exercisable at our sole discretion, to purchase up to $12.5 billion of Vodafone's interest instead of Verizon Wireless for cash or Verizon stock at our option. Vodafone had the right to require the purchase of up to $10 billion during the 61-day period opening on June 10 and closing on August 9 in 2005, and did not exercise that right. As a result, Vodafone still has the right to require the purchase of up to $20 billion worth of its interest, not to exceed $10 billion in any one year, during a 61-day period opening on June 10 and closing on August 9 in 2006 and 2007. Vodafone also may require that Verizon Wireless pay for up to $7.5 billion of the required repurchase through the assumption or incurrence of debt.

Cash Flows Used In Financing Activities

Cash of $303 million was used to reduce our total debt during 2005. We repaid $1,533 million of Domestic Wireless, $1,183 million of Domestic Telecom, $996 million of Verizon Global Funding Corp., $113 million of other corporate and $93 million of International long-term debt. The Domestic Telecom debt repayment includes the early retirement of $350 million of long-term debt and $806 million of other long-term debt at maturity. This decrease was largely offset by the issuance by Verizon Global Funding of long-term debt with a total principal amount of $1,500 million, resulting in total cash proceeds of $1,478 million, net of discounts and costs, and an increase in our short-term borrowings of $2,129 million.

Cash of $5,467 million was used to reduce our total debt during 2004. We repaid $2,315 million and $2,769 million of Domestic Telecom and corporate long-term debt, respectively. The Domestic Telecom debt repayment includes the early retirement of $1,275 million of long-term debt and $950 million of other long-term debt at maturity. The corporate debt repayment includes $1,984 million of zero-coupon convertible notes redeemed by Verizon Global Funding and $723 million of other corporate long-term debt at maturity. Also, during 2004, we decreased our short-term borrowings by $783 million and Verizon Global Funding issued $500 million of long-term debt.

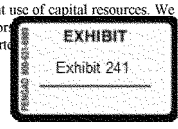
Cash of $7,436 million was used to reduce our total debt during 2003. We repaid $5,646 million of Verizon Global Funding, $2,190 million of Domestic Telecom, $1,582 million of Domestic Wireless and $1,239 million of other corporate long-term debt, and reduced our short-term borrowings by $1,330 million with cash from operations and the issuance of Verizon Global Funding, Domestic Telecom and Domestic Wireless long-term debt. Verizon Global Funding, Domestic Telecom and Domestic Wireless issued long-term debt with principal amounts of $1,500 million, $1,653 million and $1,525 million, respectively, resulting in total cash proceeds of $4,591 million, net of discounts, costs and a payment related to a hedge on the interest rate for an anticipated financing.

Our ratio of debt to debt combined with shareowners' equity was 49.6% at December 31, 2005 compared to 51.1% at December 31, 2004.

As of December 31, 2005, we had $11 million in bank borrowings outstanding. We also had approximately $6.7 billion of unused bank lines of credit (including a $6.0 billion three-year committed facility which expires in June 2008, a $400 million one-year committed facility for TELPRI which expires in February 2006 and various other facilities totaling approximately $400 million). In addition, our financing subsidiary had shelf registrations for the issuance of up to $8.5 billion of unsecured debt securities. The debt securities of our telephone and financing subsidiaries continue to be accorded high ratings by primary rating agencies. In February 2005, both Standard & Poor's and Moody's Investors Service (Moody's) indicated that the proposed acquisition of MCI (see "Other Factors That May Affect Future Results – Recent Developments – MCI Merger") may result in downgrades in Verizon's debt ratings. At that time, Moody's placed the short-term and long-term debt of Verizon and its telephone subsidiaries on review for possible downgrade, while simultaneously changing the outlook on the A3-rated Verizon Wireless debt to stable from positive. Standard & Poor's placed the A+ long-term debt rating of Verizon and affiliates (including Verizon Wireless) on credit watch with negative implications. Fitch Ratings also placed the A+ rating of Verizon, along with the ratings of its affiliates, on ratings watch negative as a result of the proposed acquisition of MCI. In December 2005, Moody's downgraded the long-term debt rating of Verizon to A3 from A2. At the same time, the short-term debt ratings of Verizon Global Funding and Verizon Network Funding were changed to Prime-2 from Prime-1. Both outlooks were changed to stable. Moody's also placed the A3-rated long-term debt of Verizon Wireless on review for possible upgrade. These actions resolved the reviews initiated in February 2005. In January 2006, Fitch Ratings affirmed the A+ long-term debt ratings of Verizon and affiliates (including Verizon Wireless), removed them from rating watch negative, and assigned stable rating outlooks. The F1 short-term debt ratings of Verizon Global Funding and Verizon Network Funding were also affirmed. These short-term ratings had not been on rating watch negative. Also in January 2006, Standard & Poor's lowered the long-term ratings of Verizon and subsidiaries (including Verizon Wireless) to A from A+, removed them from credit watch, and assigned a negative outlook. Short-term ratings assigned by Standard & Poor's to Verizon Global Funding and Verizon Network Funding remain at A-1.

We and our consolidated subsidiaries are in compliance with all of our debt covenants.

As in prior years, dividend payments were a significant use of capital resources. We determine the appropriateness of the level of our dividend payments on a periodic basis by considering such factors as growth opportunities, internal cash requirements and the expectations of our shareowners. In 2005, Verizon increased its quarterly dividend to $.41 per share, or 5.2% to $.405 per share. In 2004 and 2003, we declared quarterly cash dividends of $.385 per share.



Common stock has generally been issued to satisfy some of the funding requirements of employee benefit plans. On January 19, 2006, the Board of Directors authorized the repurchase of up to 100 million common shares terminating no later than the close of business on February 28, 2008. The Board of Directors also determined that no additional common shares may be purchased under the previous program.



Increase (Decrease) In Cash and Cash Equivalents

Our cash and cash equivalents at December 31, 2005 totaled $776 million, a $1,514 million decrease compared to cash and cash equivalents at December 31, 2004 of $2,290 million. The decrease in cash and cash equivalents in 2005 was primarily driven by increased capital expenditures and higher acquisitions and investments, partially offset by proceeds from the sale of businesses and lower repayments of borrowings. Our cash and cash equivalents at December 31, 2004 was $1,621 million higher compared to December 31, 2003. The increase was driven by higher proceeds from disposition of businesses and investments and lower debt repayment activity, partially offset by higher capital expenditures.

Additional Minimum Pension Liability and Employee Benefit Plan Contributions

We evaluate each pension plan to determine whether an additional minimum pension liability is required or whether any adjustment is necessary as determined by the provisions of SFAS No. 87, "Employers' Accounting for Pensions." In 2005, we recorded a net benefit of $59 million, primarily in Employee Benefit Obligations and Other Assets. In 2004, we recorded an additional minimum pension liability of $587 million, primarily in Employee Benefit Obligations in the consolidated balance sheets, as a result of a lower discount rate at December 31, 2004. The changes in the assets and liabilities are recorded in Accumulated Other Comprehensive Loss, net of a tax benefit, in shareowners' investment in the consolidated balance sheets.

We operate numerous qualified and nonqualified pension plans and other postretirement benefit plans. These plans primarily relate to our domestic business units and TELPRI. The majority of Verizon's pension plans are adequately funded. We contributed $744 million, $325 million and $123 million in 2005, 2004 and 2003, respectively, to our qualified pension trusts. We also contributed $108 million, $118 million and $159 million to our nonqualified pension plans in 2005, 2004 and 2003, respectively.

Federal legislation was enacted on April 10, 2004 that provides temporary pension funding relief for the 2004 and 2005 plan years. The legislation replaced the 30-year treasury rate with a higher corporate bond rate for determining the current liability. Based on the funded status of the plans at December 31, 2005, we anticipate qualified pension trust contributions of $100 million in 2006, primarily for the TELPRI plans. Our estimate of the amount and timing of required qualified pension trust contributions for 2007 is based on current regulations including continued pension funding relief and is approximately $1,200 million, including TELPRI plans. Nonqualified pension contributions are estimated to be approximately $145 million and $180 million for 2006 and 2007, respectively.

Contributions to our other postretirement benefit plans generally relate to payments for benefits primarily on an as-incurred basis since the other postretirement benefit plans do not have similar funding requirements as the pension plans. Consequently, we contributed $1,085 million, $1,143 million and $1,014 million to our other postretirement benefit plans in 2005, 2004 and 2003, respectively. Contributions to our other postretirement benefit plans are estimated to be approximately $1,180 million in 2006 and $1,370 million in 2007, prior to anticipated receipts related to Medicare subsidies.

Leasing Arrangements

We are the lessor in leveraged and direct financing lease agreements under which commercial aircraft and power generating facilities, which comprise the majority of the portfolio, along with industrial equipment, real estate property, telecommunications and other equipment are leased for remaining terms of less than 1 year to 50 years as of December 31, 2005. Minimum lease payments receivable represent unpaid rentals, less principal and interest on third-party nonrecourse debt relating to leveraged lease transactions. Since we have no general liability for this debt, which holds a senior security interest in the leased equipment and rentals, the related principal and interest have been offset against the minimum lease payments receivable in accordance with generally accepted accounting principles. All recourse debt is reflected in our consolidated balance sheets. See "Special Items" for a discussion of lease impairment charges.

Off Balance Sheet Arrangements and Contractual Obligations

Contractual Obligations and Commercial Commitments

The following table provides a summary of our contractual obligations and commercial commitments at December 31, 2005. Additional detail about these items is included in the notes to the consolidated financial statements.

(dollars in millions)

	Payments Due By Period				
Contractual Obligations	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-term debt (see Note 11)	$ 36,683	$ 4,909	$ 7,078	$ 4,439	$ 20,257
Capital lease obligations (see Note 10)	112	17	36	18	41
Total long-term debt	36,795	4,926	7,114	4,457	20,298
Interest on long-term debt (see Note 11)	24,972	2,219	3,587	3,116	16,051
Operating leases (see Note 10)	2,677	1,184	1,443	820	1,050
Purchase obligations (see Note 22)	647	486	151	22	10
Other long-term liabilities (see Note 15)	1,280	2,570	–	–	–

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Total contractual obligations	$ 70,784	$ 10,095	$ 14,865	$ 8,415	$ 37,409



Guarantees

In connection with the execution of agreements for the sales of businesses and investments, Verizon ordinarily provides representations and warranties to the purchasers pertaining to a variety of nonfinancial matters, such as ownership of the securities being sold, as well as financial losses.

Subsequent to the sale of Verizon Information Services Canada (see "Special Items – Discontinued Operations"), our Information Services segment continues to provide a guarantee to publish directories, which was issued when the directory business was purchased in 2001 and had a 30-year term (before extensions). The preexisting guarantee continues, without modification, following the sale of Verizon Information Services Canada. The possible financial impact of the guarantee, which is not expected to be adverse, cannot be reasonably estimated since a variety of the potential outcomes available under the guarantee result in costs and revenues or benefits that may offset. In addition, performance under the guarantee is not likely.

As of December 31, 2005, letters of credit totaling $140 million had been executed in the normal course of business, which support several financing arrangements and payment obligations to third parties.

MARKET RISK

We are exposed to various types of market risk in the normal course of business, including the impact of interest rate changes, foreign currency exchange rate fluctuations, changes in equity investment prices and changes in corporate tax rates. We employ risk management strategies using a variety of derivatives, including interest rate swap agreements, interest rate locks, foreign currency forwards and collars and equity options. We do not hold derivatives for trading purposes.

It is our general policy to enter into interest rate, foreign currency and other derivative transactions only to the extent necessary to achieve our desired objectives in limiting our exposures to the various market risks. Our objectives include maintaining a mix of fixed and variable rate debt to lower borrowing costs within reasonable risk parameters and to protect against earnings and cash flow volatility resulting from changes in market conditions. We do not hedge our market risk exposure in a manner that would completely eliminate the effect of changes in interest rates, equity prices and foreign exchange rates on our earnings. We do not expect that our net income, liquidity and cash flows will be materially affected by these risk management strategies.

Interest Rate Risk

The table that follows summarizes the fair values of our long-term debt and interest rate derivatives as of December 31, 2005 and 2004. The table also provides a sensitivity analysis of the estimated fair values of these financial instruments assuming 100-basis-point upward and downward parallel shifts in the yield curve. Our sensitivity analysis did not include the fair values of our commercial paper and bank loans because they are not significantly affected by changes in market interest rates.

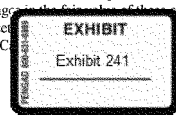
(dollars in millions)

At December 31, 2005	Fair Value	Fair Value assuming +100 basis point shift	Fair Value assuming -100 basis point shift
Long-term debt and interest rate derivatives	**$ 38,052**	**$ 36,123**	**$ 40,202**
At December 31, 2004			
Long-term debt and interest rate derivatives	$ 42,072	$ 39,952	$ 44,378

Foreign Currency Translation

The functional currency for our foreign operations is the local currency. At December 31, 2005, our primary translation exposure was to the Venezuelan bolivar, Dominican Republic peso and the euro. The translation of income statement and balance sheet amounts of our foreign operations into U.S. dollars are recorded as cumulative translation adjustments, which are included in Accumulated Other Comprehensive Loss in our consolidated balance sheets. We also periodically hold cash balances in foreign currencies. The translation of foreign currency cash balances is recorded in the consolidated statements of income in Other Income and (Expense), Net. During 2005, the translation of these cash balances were not material. During 2005, we entered into zero cost euro collars to hedge a portion of our net investment in Vodafone Omnitel. In accordance with the provisions of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" and related amendments and interpretations, changes in the fair value of these contracts due to exchange rate fluctuations are recognized in Accumulated Other Comprehensive Loss and offset the impact of foreign currency changes on the value of our net investment in the operation being hedged. As of December 31, 2005, our positions in the zero cost euro collars have been settled. We have not hedged our accounting translation exposure to foreign currency fluctuations relative to the carrying value of our other investments.

During 2004, we entered into foreign currency forward contracts to hedge our net investment in our Canadian operations and investments. In accordance with the provisions of SFAS No. 133, chang[illegible]ontracts due to exchange rate fluctuations were recognized in Accumulated Other Comprehensive Loss and offset[illegible]ency changes on the value of our net investment in the operations being hedged. During 2004, we sold our C[illegible]stments. Accordingly, the unrealized losses on these net



investment hedge contracts were realized in net income along with the corresponding foreign currency translation balance. We recorded realized losses of $106 million ($58 million after-tax) related to these hedge contracts.



Our earnings were affected by foreign currency gains or losses associated with the U.S. dollar denominated assets and liabilities at Verizon Dominicana.

Through June 30, 2003, our earnings were affected by foreign currency gains or losses associated with the unhedged portion of U.S. dollar denominated debt at Iusacell (see "Consolidated Results of Operations – Other Consolidated Results – Discontinued Operations").

Significant Accounting Policies and Recent Accounting Pronouncements

Significant Accounting Policies

A summary of the significant accounting policies used in preparing our financial statements are as follows:

- Special and non-recurring items generally represent revenues and gains as well as expenses and losses that are non-operational and/or non-recurring in nature. Several of these special and non-recurring items include impairment losses. These impairment losses were determined in accordance with our policy of comparing the fair value of the asset with its carrying value. The fair value is determined by quoted market prices or by estimates of future cash flows. There is inherent subjectivity involved in estimating future cash flows, which can have a significant impact on the amount of any impairment.

- Verizon's plant, property and equipment balance represents a significant component of our consolidated assets. Depreciation expense on Verizon's telephone operations is principally based on the composite group remaining life method and straight-line composite rates, which provides for the recognition of the cost of the remaining net investment in telephone plant, less anticipated net salvage value, over the remaining asset lives. We depreciate other plant, property and equipment generally on a straight-line basis over the estimated useful life of the assets. Changes in the remaining useful lives of assets as a result of technological change or other changes in circumstances, including competitive factors in the markets where we operate, can have a significant impact on asset balances and depreciation expense.

- We maintain benefit plans for most of our employees, including pension and other postretirement benefit plans. In the aggregate, the fair value of pension plan assets exceeds benefit obligations, which contributes to pension plan income. Other postretirement benefit plans have larger benefit obligations than plan assets, resulting in expense. Significant benefit plan assumptions, including the discount rate used, the long-term rate of return on plan assets and heath care trend rates are periodically updated and impact the amount of benefit plan income, expense, assets and obligations (see "Consolidated Results of Operations – Consolidated Operating Expenses – Pension and Other Postretirement Benefits"). A sensitivity analysis of the impact of changes in these assumptions on the benefit obligations and expense (income) recorded as of December 31, 2005 and for the year then ended pertaining to Verizon's pension and postretirement benefit plans is provided in the tables below. Note that some of these sensitivities are not symmetrical as the calculations were based on all of the actuarial assumptions as of year-end.

Pension Plans

	Percentage point change	Benefit obligation increase (decrease) at December 31, 2005	(dollars in millions) Pension expense increase (decrease) for the year ended December 31, 2005
Discount rate	+ 1.00	$ (4,093)	$ (216)
	- 1.00	5,165	173
Long-term rate of return on plan assets	+ 1.00	–	(393)
	- 1.00	–	393

Postretirement Plans

	Percentage point change	Benefit obligation increase (decrease) at December 31, 2005	(dollars in millions) Postretirement benefit expense increase (decrease) for the year ended December 31, 2005
Discount rate	+ 1.00	$ (3,315)	$ (186)
	- 1.00	3,774	221
Long-term rate of return on plan assets	+ 1.00	–	(45)
	- 1.00	–	45
Health care trend rates	+ 1.00	3,378	474
	- 1.00	(2,745)	(352)

- Our accounting policy concerning the method of accounting applied to investments (consolidation, equity or cost) involves an evaluation of all significant terms of the investments that explicitly grant or suggest evidence of control or influence over the operations of the entity in which we have invested. Where control is de[illegible]e investment. If we determine that we have significant influence over the operating and financial policies o[illegible] invested, we apply the equity method. We apply the cost method in situations where we determine that we do[illegible]ce.

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- Our current and deferred income taxes, and associated valuation allowances, are impacted by events and transactions arising in the normal course of business as well as in connection with special and non-recurring items. Assessment of the appropriate amount and classification of income taxes is dependent on several factors, including estimates of the timing and realization of deferred income tax assets and the timing of income tax payments. Actual collections and payments may materially differ from these estimates as a result of changes in tax laws as well as unanticipated future transactions impacting related income tax balances.

- Intangible assets are a significant component of our consolidated assets. Wireless licenses of $47,804 million represent the largest component of our intangible assets. Our wireless licenses are indefinite-lived intangible assets, and as required by SFAS No. 142, are not amortized but are periodically evaluated for impairment. Any impairment loss would be determined by comparing the fair value of the wireless licenses with their carrying value. For 2004 and 2003, we used a residual method, which determined fair value by estimating future cash flows of the wireless business. Beginning in 2005, we began using a direct value approach in accordance with a September 29, 2004 Staff Announcement from the staff of the Securities and Exchange Commission (SEC), "Use of the Residual Method to Value Acquired Assets Other Than Goodwill." The direct value approach also determines fair value by estimating future cash flows. There is inherent subjectivity involved in estimating future cash flows, which can have a material impact on the amount of any impairment.

Recent Accounting Pronouncements

Stock-Based Compensation

In December 2004, the FASB issued SFAS No. 123(R), "Share-Based Payment," which revises SFAS No. 123. SFAS No. 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized as compensation expense based on their fair value. Effective January 1, 2003, Verizon adopted the fair value recognition provisions of SFAS No. 123. We plan to adopt SFAS No. 123(R) effective January 1, 2006, using the modified prospective method and expect that any impact will not be material to our financial position or ongoing results of operations.

Other Factors That May Affect Future Results

Recent Developments

MCI Merger

On February 14, 2005, Verizon announced that it had agreed to acquire MCI for a combination of Verizon common shares and cash (including MCI dividends). On May 2, 2005, Verizon announced that it agreed with MCI to further amend its agreement to acquire MCI for cash and stock of at least $26.00 per share, consisting of cash of $5.60, which was paid as a special dividend by MCI on October 27, 2005, after the October 6, 2005 approval of the transaction by MCI shareholders, plus the greater of .5743 Verizon shares for each MCI common share or a sufficient number of Verizon shares to deliver to shareholders $20.40 of value. Under this price protection feature, Verizon had the option of paying additional cash instead of issuing additional shares over the .5743 exchange ratio. This consideration was subject to adjustment at closing and may have been decreased based on MCI's bankruptcy claims-related experience and international tax liabilities. The merger received the required state, federal and international regulatory approvals by year-end 2005, and on January 6, 2006, Verizon and MCI closed the merger.

Under terms of the merger agreement, MCI shareholders received .5743 shares of Verizon and cash for each of their MCI shares. Verizon elected to make a supplemental cash payment of $2.738 per MCI share, $779 million in the aggregate, rather than issue additional shares of Verizon common stock, so that the merger consideration was equal to at least $20.40 per MCI share. Verizon and MCI management mutually agreed that there was no purchase price adjustment related to the amount of MCI's bankruptcy claims-related experience and international tax liabilities.

Separately, on April 9, 2005, Verizon entered into a stock purchase agreement with eight entities affiliated with Carlos Slim Helu to purchase 43.4 million shares of MCI common stock for $25.72 per share in cash plus an additional cash amount of 3% per annum from April 9, 2005 until the closing of the purchase of those shares. The transaction closed on May 17, 2005 and the additional cash payment was made through May 13, 2005. The total cash payment was $1,121 million. Under the stock purchase agreement, Verizon will pay the Slim entities an adjustment at the end of one year in an amount per MCI share calculated by multiplying (i) .7241 by (ii) the amount, if any, by which the price of Verizon's common stock exceeds $35.52 per share (measured over a 20-day period), subject to a maximum excess amount per Verizon share of $26.98. After the closing of the stock purchase agreement, Verizon transferred the shares of MCI common stock it had purchased to a trust established pursuant to an agreement between Verizon and the Department of Justice. We received the special dividend of $5.60 per MCI share on these 43.4 million MCI shares, or $243 million, on October 27, 2005.

Redemption of MCI Debt

On January 17, 2006, Verizon announced offers to purchase two series of MCI senior notes, MCI $1,983 million aggregate principal amount of 6.688% Senior Notes Due 2009 and MCI $1,699 millio[illegible] of 7.735% Senior Notes Due 2014, at 101% of their par value. Due to the change in control of MCI that occurred[illegible]er with Verizon on January 6, 2006, Verizon is required to make this offer to noteholders within 30 days of the clo[illegible]nd Verizon. Separately, Verizon notified noteholders that

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MCI is exercising its right to redeem both series of Senior Notes prior to maturity under the optional redemption procedures provided in the indentures. The 6.688% Notes were redeemed on March 1, 2006, and the 7.735% Notes were redeemed on February 16, 2006.



In addition, on January 20, 2006, Verizon announced an offer to repurchase MCI $1,983 million aggregate principal amount of 5.908% Senior Notes Due 2007 at 101% of their par value. On February 21, 2006, $1,804 million of these notes were redeemed by Verizon. Verizon satisfied and discharged the indenture governing this series of notes shortly after the close of the offer for those noteholders who did not accept this offer.

Issuance of Debt

In February 2006, Verizon issued $4,000 million of floating rate and fixed rate notes maturing from 2007 through 2035.

Spectrum Purchases

On February 15, 2005, the FCC's auction of broadband personal communications services licenses ended and Verizon Wireless and Vista PCS, LLC were the highest bidders for 63 licenses totaling approximately $697 million. On May 13, 2005, the licenses won by Verizon Wireless were granted by the FCC. The licenses won by Vista PCS remain subject to FCC approval.

Sales of Businesses and Investments

Information Services

In December 2005, we announced that we are exploring divesting Information Services through a spin-off, sale or other strategic transaction. However, since this process is still ongoing, Information Services' results of operations, financial position and cash flows remain in Verizon's continuing operations.

Telephone Access Lines

We continually consider plans for a reduction in the size of our access line business, including through a spin-off mechanism or otherwise, so that we may pursue our strategy of placing greater focus on the higher growth businesses of broadband and wireless.

Environmental Matters

During 2003, under a government-approved plan, remediation commenced at the site of a former Sylvania facility in Hicksville, New York that processed nuclear fuel rods in the 1950s and 1960s. Remediation beyond original expectations proved to be necessary and a reassessment of the anticipated remediation costs was conducted. A reassessment of costs related to remediation efforts at several other former facilities was also undertaken. As a result, an additional environmental remediation expense of $240 million was recorded in 2003, for remedial activities likely to take place over the next several years. In September 2005, the Army Corps of Engineers (ACE) accepted the Hicksville site into the Formerly Utilized Sites Remedial Action Program. This may result in the ACE performing some or all of the remediation effort for the Hicksville site with a corresponding decrease in costs to Verizon. To the extent that the ACE assumes responsibility for remedial work at the Hicksville site, an adjustment to this reserve may be made. Adjustments may also be made based upon actual conditions discovered during the remediation at any of the sites requiring remediation.

New York Recovery Funding

In August 2002, President Bush signed the Supplemental Appropriations bill that included $5.5 billion in New York recovery funding. Of that amount, approximately $750 million has been allocated to cover utility restoration and infrastructure rebuilding as a result of the September 11th terrorist attacks on lower Manhattan. These funds will be distributed through the Lower Manhattan Development Corporation following an application and audit process. As of September 2004, we had applied for reimbursement of approximately $266 million under Category One, although we did not record this amount as a receivable. We received advances totaling $88 million in connection with this application process. On December 22, 2004, we applied for reimbursement of an additional $136 million of "category 2" losses, and on March 29, 2005 we amended our application seeking an additional $3 million. Category 2 funding is for permanent restoration and infrastructure improvement. According to the plan, permanent restoration is reimbursed up to 75% of the loss. On November 3, 2005, we received the results of preliminary audit findings disallowing all but $44 million of our original $266 million of costs in our Category One applications. On December 8, 2005, we provided a detailed rebuttal to the preliminary audit findings and are currently awaiting the final audit report. Our applications are pending.

Regulatory and Competitive Trends

Competition and Regulation

Technological, regulatory and market changes have provided Verizon both new opportunities and challenges. These changes have allowed Verizon to offer new types of services in this increasingly competitive market. At the same time, they have allowed other service providers to broaden the scope of their own competitive offering[illegible]mpetitors for network services include other telephone companies, cable companies, wireless service providers[illegible]s providers, satellite providers, electric utilities, Internet service providers, providers of voice over the Internet, [illegible] companies that offer network services using a variety of technologies. Many of these companies have a strong [illegible]gnition and existing customer relationships, all of which

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contribute to intensifying competition and may affect our future revenue growth. Many of our competitors also remain subject to fewer regulatory constraints than Verizon.

We are unable to predict definitively the impact that the ongoing changes in the telecommunications industry will ultimately have on our business, results of operations or financial condition. The financial impact will depend on several factors, including the timing, extent and success of competition in our markets, the timing and outcome of various regulatory proceedings and any appeals, and the timing, extent and success of our pursuit of new opportunities.



FCC Regulation

Our services are subject to the jurisdiction of the FCC with respect to interstate telecommunications services and other matters for which the FCC has jurisdiction under the Communications Act of 1934, as amended.

Broadband

The FCC has adopted a series of orders that recognize the competitive nature of the broadband market, and impose lesser regulatory requirements to broadband services and facilities than apply to narrowband. With respect to facilities, the FCC has determined that certain unbundling requirements that apply to narrowband facilities do not apply to broadband facilities such as fiber to the premise loops and packet switches. With respect to services, the FCC has concluded that broadband Internet access services offered by telephone companies and their affiliates qualify as largely deregulated information services. The same order also concluded that telephone companies may offer the underlying broadband transmission services that are used as an input to Internet access services through private carriage arrangements on negotiated commercial terms. The FCC's order addressing the appropriate regulatory treatment of broadband Internet access services is the subject of a pending appeal.

Video

The FCC has a body of rules that apply to cable operators under Title VI of the Communications Act of 1934, and these rules also generally apply to telephone companies that provide cable services over their networks. In addition, companies that provide cable service over a cable system generally must obtain a local cable franchise. The FCC currently is conducting a rulemaking proceeding to determine whether the local franchising process is serving as a barrier to entry for new providers of video services, like Verizon. In this proceeding, the FCC is evaluating the scope of its authority over the local franchise process and is considering adopting rules under Section 621 of the Communications Act of 1934 to ensure that the local franchising process does not undermine competitive entry.

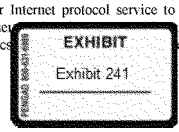
Interstate Access Charges and Intercarrier Compensation

The current framework for interstate access rates was established in the Coalition for Affordable Local and Long Distance Services (CALLS) plan, which the FCC adopted on May 31, 2000. The CALLS plan has three main components. First, it establishes portable interstate access universal service support of $650 million for the industry that replaces implicit support previously embedded in interstate access charges. Second, the plan simplifies the patchwork of common line charges into one subscriber line charge (SLC) and provides for de-averaging of the SLC by zones and class of customers. Third, the plan set into place a mechanism to transition to a set target of $.0055 per minute for switched access services. Once that target rate is reached, local exchange carriers are no longer required to make further annual price cap reductions to their switched access prices. As a result of tariff adjustments which became effective in July 2003, virtually all of our switched access lines reached the $.0055 benchmark.

The FCC currently is conducting a broad rulemaking proceeding to consider new rules governing intercarrier compensation including, but not limited to, access charges, compensation for Internet traffic, and reciprocal compensation for local traffic. The notice seeks comments about intercarrier compensation in general, and requests input on seven specific reform proposals.

The FCC also has pending before it issues relating to intercarrier compensation for dial-up Internet-bound traffic. The FCC previously found this traffic is not subject to reciprocal compensation under Section 251(b)(5) of the Telecommunications Act of 1996. Instead, the FCC established federal rates per minute for this traffic that declined from $.0015 to $.0007 over a three-year period, established caps on the total minutes of this traffic subject to compensation in a state, and required incumbent local exchange carriers to offer to both bill and pay reciprocal compensation for local traffic at the same rate as they are required to pay on Internet-bound traffic. The U.S. Court of Appeals for the D.C. Circuit rejected part of the FCC's rationale, but declined to vacate the order while it is on remand. As a result, pending further action by the FCC, the FCC's underlying order remains in effect. The FCC subsequently denied a petition to discontinue the $.0007 rate cap on this traffic, but removed the caps on the total minutes of Internet-bound traffic subject to compensation. That decision is the subject of an appeal by several parties. Disputes also remain pending in a number of forums relating to the appropriate compensation for Internet-bound traffic during previous periods under the terms of our interconnection agreements with other carriers.

The FCC also is conducting a rulemaking proceeding to address the regulation of services that use Internet protocol, including whether access charges should apply to voice or other Internet protocol services. The FCC also considered several petitions asking whether, and under what circumstances, services that employ Internet protocol are subject to access charges. The FCC previously has held that one provider's peer-to-peer Internet protocol service that does not use the public switched network is an interstate information service and is not subject to access charges, while a service that utilizes Internet protocol for only one intermediate part of a call's transmission is a telecommunications service that is subject to access charges. Another petition asking the FCC to forbear from applying access charges to voice over Internet protocol services that are terminated on switched local exchange networks was withdrawn by the carrier that filed that petition. The FCC also declared the services offered by one provider of a voice over Internet protocol service to be jurisdictionally interstate on the grounds that it was impossible to separate that carrier's Internet protocol se[illegible]state components. The FCC also stated that its conclusion would apply to other services with similar characteristics[illegible]ed.



The FCC also has adopted rules for special access services that provide for pricing flexibility and ultimately the removal of services from price regulation when prescribed competitive thresholds are met. More than half of special access revenues are now removed from price regulation. The FCC currently has a rulemaking proceeding underway to evaluate experience under its pricing flexibility rules, and to determine whether any changes to those rules are warranted.



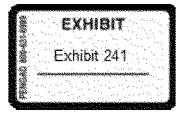
Universal Service

The FCC also has a body of rules implementing the universal service provisions of the Telecommunications Act of 1996, including rules governing support to rural and non-rural high-cost areas, support for low income subscribers, and support for schools, libraries and rural health care. The FCC's current rules for support to high-cost areas served by larger "non-rural" local telephone companies were previously remanded by U.S. Court of Appeals for the Tenth Circuit, which had found that the FCC had not adequately justified these rules. The FCC has initiated a rulemaking proceeding in response to the court's remand, but its rules remain in effect pending the results of the rulemaking. The FCC also has proceedings underway to evaluate possible changes to its current rules for assessing contributions to the universal service fund. Any change in the current assessment mechanism could result in a change in the contribution that local telephone companies, wireless carriers or others must make and that would have to be collected from customers.

Unbundling of Network Elements

Under section 251 of the Telecommunications Act of 1996, incumbent local exchange carriers were required to provide competing carriers with access to components of their network on an unbundled basis, known as UNEs, where certain statutory standards are satisfied. The Telecommunications Act of 1996 also adopted a cost-based pricing standard for these UNEs, which the FCC interpreted as allowing it to impose a pricing standard known as "total element long run incremental cost" or "TELRIC." The FCC's rules defining the unbundled network elements that must be made available at TELRIC prices have been overturned on multiple occasions by the courts. In its most recent order issued in response to these court decisions, the FCC eliminated the requirement to unbundle mass market local switching on a nationwide basis, with the obligation to accept new orders ending as of the effective date of the order (March 11, 2005). The FCC also established a one year transition for existing UNE switching arrangements. For high capacity transmission facilities, the FCC established criteria for determining whether high capacity loops, transport or dark fiber transport must be unbundled in individual wire centers, and stated that these standards were only expected to affect a small number of wire centers. The FCC also eliminated the obligation to provide dark fiber loops and found that there is no obligation to provide UNEs exclusively for wireless or long distance service. In any instance where a particular high capacity facility no longer has to be made available as a UNE, the FCC established a similar one year transition for any existing high capacity loop or transport UNEs, and an 18 month transition for any existing dark fiber UNEs. Verizon and other parties have challenged various aspects of the new FCC rules on appeal.

As noted above, the FCC has concluded that the requirement under Section 251 of the Telecommunications Act of 1996 to provide unbundled network elements at TELRIC prices generally does not apply with respect to broadband facilities, such as fiber to the premises loops, the packet-switched capabilities of hybrid loops and packet switching. The FCC also has held that any separate unbundling obligations that may be imposed by Section 271 of the Telecommunications Act of 1996 do not apply to these same facilities. The decision with respect to Section 271 is the subject of an ongoing appeal.



In this Management's Discussion and Analysis of Results of Operations and Financial Condition, and elsewhere in this Annual Report, we have made forward-looking statements. These statements are based on our estimates and assumptions and are subject to risks and uncertainties. Forward-looking statements include the information concerning our possible or assumed future results of operations. Forward-looking statements also include those preceded or followed by the words "anticipates," "believes," "estimates," "hopes" or similar expressions. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

The following important factors, along with those discussed elsewhere in this Annual Report, could affect future results and could cause those results to differ materially from those expressed in the forward-looking statements:

- materially adverse changes in economic and industry conditions and labor matters, including workforce levels and labor negotiations, and any resulting financial and/or operational impact, in the markets served by us or by companies in which we have substantial investments;
- material changes in available technology;
- technology substitution;
- an adverse change in the ratings afforded our debt securities by nationally accredited ratings organizations;
- the final results of federal and state regulatory proceedings concerning our provision of retail and wholesale services and judicial review of those results;
- the effects of competition in our markets;
- the timing, scope and financial impacts of our deployment of fiber-to-the-premises broadband technology;
- the ability of Verizon Wireless to continue to obtain sufficient spectrum resources;
- changes in our accounting assumptions that regulatory agencies, including the SEC, may require or that result from changes in the accounting rules or their application, which could result in an impact on earnings; and
- the extent and timing of our ability to obtain revenue enhancements and cost savings following our business combination with MCI.



Report of Management on Internal Control Over Financial Reporting

We, the management of Verizon Communications Inc., are responsible for establishing and maintaining adequate internal control over financial reporting of the company. Management has evaluated internal control over financial reporting of the company using the criteria for effective internal control established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Management has assessed the effectiveness of the company's internal control over financial reporting as of December 31, 2005. Based on this assessment, we believe that the internal control over financial reporting of the company is effective as of December 31, 2005. In connection with this assessment, there were no material weaknesses in the company's internal control over financial reporting identified by management.

The company's financial statements included in this annual report have been audited by Ernst & Young LLP, independent registered public accounting firm. Ernst & Young LLP has also issued an attestation report on management's assessment of the company's internal control over financial reporting.

/s/ Ivan G. Seidenberg

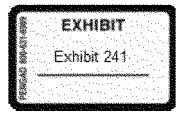
Ivan G. Seidenberg
Chairman and Chief Executive Officer

/s/ Doreen A. Toben

Doreen A. Toben
Executive Vice President and Chief Financial Officer

/s/ Thomas A. Bartlett

Thomas A. Bartlett
Senior Vice President and Controller



Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting

To The Board of Directors and Shareowners of Verizon Communications Inc.:

We have audited management's assessment, included in the accompanying Report of Management on Internal Control Over Financial Reporting, that Verizon Communications Inc. and subsidiaries (Verizon) maintained effective internal control over financial reporting as of December 31, 2005, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Verizon's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that Verizon maintained effective internal control over financial reporting, as of December 31, 2005, is fairly stated, in all material respects, based on the COSO criteria. Also, in our opinion, Verizon maintained, in all material respects, effective internal control over financial reporting as of December 31, 2005, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Verizon as of December 31, 2005 and 2004, and the related consolidated statements of income, cash flows and changes in shareowners' investment for each of the three years in the period ended December 31, 2005 and our report dated February 23, 2006 expressed an unqualified opinion thereon.

Ernst & Young LLP
Ernst & Young LLP
New York, New York

February 23, 2006



To The Board of Directors and Shareowners of Verizon Communications Inc.:

We have audited the accompanying consolidated balance sheets of Verizon Communications Inc. and subsidiaries (Verizon) as of December 31, 2005 and 2004, and the related consolidated statements of income, cash flows and changes in shareowners' investment for each of the three years in the period ended December 31, 2005. These financial statements are the responsibility of Verizon's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Verizon at December 31, 2005 and 2004, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2005, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 2 to the consolidated financial statements, Verizon changed its methods of accounting for directory revenues and expenses, stock-based compensation and asset retirement obligations effective January 1, 2003.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Verizon's internal control over financial reporting as of December 31, 2005, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 23, 2006 expressed an unqualified opinion thereon.

Ernst & Young LLP
Ernst & Young LLP
New York, New York

February 23, 2006

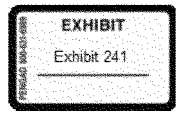


Consolidated Statement of Income

Years Ended December 31,	2005	2004	2003
	(dollars in millions, except per share amounts)		
Operating Revenues	$ 75,112	$ 71,283	$ 67,468
Operating Expenses			
Cost of services and sales (exclusive of items shown below)	**25,469**	23,168	21,701
Selling, general & administrative expense	**21,312**	21,088	24,894
Depreciation and amortization expense	**14,047**	13,910	13,607
Sales of businesses, net	**(530)**	–	(141)
Total Operating Expenses	**60,298**	58,166	60,061
Operating Income	**14,814**	13,117	7,407
Equity in earnings of unconsolidated businesses	**689**	1,691	1,278
Income from other unconsolidated businesses	**92**	75	331
Other income and (expense), net	**237**	22	37
Interest expense	**(2,180)**	(2,384)	(2,797)
Minority interest	**(3,045)**	(2,409)	(1,583)
Income Before Provision for Income Taxes, Discontinued Operations and Cumulative Effect of Accounting Change	**10,607**	10,112	4,673
Provision for income taxes	**(3,210)**	(2,851)	(1,213)
Income Before Discontinued Operations and Cumulative Effect of Accounting Change	**7,397**	7,261	3,460
Discontinued Operations			
Income (loss) from operations	**–**	1,116	(869)
Provision for income taxes	**–**	(546)	(17)
Income (loss) on discontinued operations, net of tax	**–**	570	(886)
Cumulative Effect of Accounting Change, Net of Tax	**–**	–	503
Net Income	$ 7,397	$ 7,831	$ 3,077
Basic Earnings Per Common Share:			
Income before discontinued operations and cumulative effect of accounting change	$ **2.67**	$ 2.62	$ 1.26
Income (loss) on discontinued operations, net of tax	**–**	.21	(.32)
Cumulative effect of accounting change, net of tax	**–**	–	.18
Net Income [1]	$ **2.67**	$ 2.83	$ 1.12
Weighted-average shares outstanding (in millions)	**2,766**	2,770	2,756
Diluted Earnings Per Common Share:			
Income before discontinued operations and cumulative effect of accounting change	$ **2.65**	$ 2.59	$ 1.25
Income (loss) on discontinued operations, net of tax	**–**	.20	(.31)
Cumulative effect of accounting change, net of tax	**–**	–	.18
Net Income [1]	$ **2.65**	$ 2.79	$ 1.12
Weighted-average shares outstanding (in millions)	**2,817**	2,831	2,832

(1) Total per share amounts may not add due to rounding.

See Notes to Consolidated Financial Statements.



Consolidated Balance Sheet

At December 31,	(dollars in millions, except per share amounts) 2005	2004
Assets		
Current assets		
Cash and cash equivalents	$ 776	$ 2,290
Short-term investments	2,498	2,257
Accounts receivable, net of allowances of $1,288 and $1,670	9,171	9,801
Inventories	1,780	1,535
Assets held for sale	–	950
Prepaid expenses and other	2,223	2,646
Total current assets	16,448	19,479
Plant, property and equipment	193,610	185,522
Less accumulated depreciation	118,305	111,398
	75,305	74,124
Investments in unconsolidated businesses	4,604	5,855
Wireless licenses	47,804	42,090
Goodwill	836	837
Other intangible assets, net	4,293	4,521
Other assets	18,840	19,052
Total assets	$ 168,130	$ 165,958
Liabilities and Shareowners' Investment		
Current liabilities		
Debt maturing within one year	$ 7,141	$ 3,593
Accounts payable and accrued liabilities	12,351	13,177
Liabilities related to assets held for sale	–	525
Other	5,571	5,834
Total current liabilities	25,063	23,129
Long-term debt	31,869	35,674
Employee benefit obligations	18,819	17,941
Deferred income taxes	22,411	22,532
Other liabilities	3,534	4,069
Minority interest	26,754	25,053
Shareowners' investment		
Series preferred stock ($.10 par value; none issued)	–	–
Common stock ($.10 par value; 2,774,865,381 shares issued in both periods)	277	277
Contributed capital	25,369	25,404
Reinvested earnings	15,905	12,984
Accumulated other comprehensive loss	(1,783)	(1,053)
Common stock in treasury, at cost	(353)	(142)
Deferred compensation-employee stock ownership plans and other	265	90
Total shareowners' investment	39,680	37,560
Total liabilities and shareowners' investment	$ 168,130	$ 165,958

See Notes to Consolidated Financial Statements.



Consolidated Statements of Cash Flows Verizon Communications Inc. and Subsidiaries

Years Ended December 31,	2005	2004	2003
		(dollars in millions)	
Cash Flows from Operating Activities			
Net Income	**$ 7,397**	$ 7,831	$ 3,077
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	**14,047**	13,910	13,607
Sales of businesses, net	**(530)**	–	(141)
(Gain) loss on sale of discontinued operations	**–**	(516)	931
Employee retirement benefits	**1,840**	1,999	3,048
Deferred income taxes	**(1,059)**	1,842	826
Provision for uncollectible accounts	**1,290**	1,181	1,789
Income from unconsolidated businesses	**(781)**	(1,766)	(1,609)
Cumulative effect of accounting change, net of tax	**–**	–	(503)
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses:			
Accounts receivable	**(933)**	(1,617)	(938)
Inventories	**(252)**	(274)	(80)
Other assets	**(191)**	578	101
Accounts payable and accrued liabilities	**(1,034)**	(1,930)	2,657
Other, net	**2,218**	582	(298)
Net cash provided by operating activities	**22,012**	21,820	22,467
Cash Flows from Investing Activities			
Capital expenditures (including capitalized software)	**(15,324)**	(13,259)	(11,874)
Acquisitions, net of cash acquired, and investments	**(4,684)**	(1,196)	(1,162)
Proceeds from disposition of businesses	**1,326**	117	229
Proceeds from discontinued operations	**–**	1,603	–
Net change in short-term and other current investments	**(344)**	(100)	(120)
Other, net	**534**	2,492	691
Net cash used in investing activities	**(18,492)**	(10,343)	(12,236)
Cash Flows from Financing Activities			
Proceeds from long-term borrowings	**1,487**	514	4,653
Repayments of long-term borrowings and capital lease obligations	**(3,919)**	(5,198)	(10,759)
Increase (decrease) in short-term obligations, excluding current maturities	**2,129**	(783)	(1,330)
Dividends paid	**(4,427)**	(4,262)	(4,239)
Proceeds from sale of common stock	**37**	320	839
Purchase of common stock for treasury	**(271)**	(370)	–
Other, net	**(70)**	(77)	(123)
Net cash used in financing activities	**(5,034)**	(9,856)	(10,959)
Increase (decrease) in cash and cash equivalents	**(1,514)**	1,621	(728)
Cash and cash equivalents, beginning of year	**2,290**	669	1,397
Cash and cash equivalents, end of year	**$ 776**	$ 2,290	$ 669

See Notes to Consolidated Financial Statements.

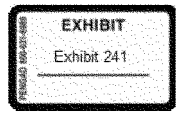


EXHIBIT
Exhibit 241

CSOC.CBR.00032062

CONSOLIDATED STATEMENT OF SHAREOWNERS' EQUITY

(dollars in millions, except per share amounts, and shares in thousands)

Years Ended December 31,	2005		2004		2003	
	Shares	Amount	Shares	Amount	Shares	Amount
Common Stock						
Balance at beginning of year	**2,774,865**	**$ 277**	2,772,314	$ 277	2,751,650	$ 275
Shares issued						
Employee plans	**–**	**–**	2,501	–	20,664	2
Shareowner plans	**–**	**–**	50	–	–	–
Shares retired	**–**	**–**	–	–	–	–
Balance at end of year	**2,774,865**	**277**	2,774,865	277	2,772,314	277
Contributed Capital						
Balance at beginning of year		**25,404**		25,363		24,685
Shares issued-employee and shareowner plans		**(24)**		2		725
Tax benefit from exercise of stock options		**–**		41		12
Other		**(11)**		(2)		(59)
Balance at end of year		**25,369**		25,404		25,363
Reinvested Earnings						
Balance at beginning of year		**12,984**		9,409		10,536
Net income		**7,397**		7,831		3,077
Dividends declared ($1.62, $1.54 and $1.54 per share)		**(4,479)**		(4,265)		(4,250)
Shares issued-employee and shareowner plans		**–**		–		39
Other		**3**		9		7
Balance at end of year		**15,905**		12,984		9,409
Accumulated Other Comprehensive Loss						
Balance at beginning of year		**(1,053)**		(1,250)		(2,110)
Foreign currency translation adjustment		**(755)**		548		568
Unrealized gains on net investment hedges		**2**		–		–
Unrealized gains (losses) on marketable securities		**(21)**		7		1
Unrealized derivative gains (losses) on cash flow hedges		**10**		17		(21)
Minimum pension liability adjustment		**34**		(375)		312
Other comprehensive income (loss)		**(730)**		197		860
Balance at end of year		**(1,783)**		(1,053)		(1,250)
Treasury Stock						
Balance at beginning of year	**(5,213)**	**(142)**	(4,554)	(115)	(8,624)	(218)
Shares purchased	**(7,859)**	**(271)**	(9,540)	(370)	–	–
Shares distributed						
Employee plans	**1,594**	**59**	8,881	343	4,047	102
Shareowner plans	**22**	**1**	–	–	23	1
Balance at end of year	**(11,456)**	**(353)**	(5,213)	(142)	(4,554)	(115)
Deferred Compensation–ESOPs and Other						
Balance at beginning of year				(218)		(552)
Amortization				301		312
Other				7		22

EXHIBIT
Exhibit 241

CSOC.CBR.00032063

Balance at end of year	**265**	90	(218)
Total Shareowners' Investment	**$ 39,680**	$ 37,560	$ 33,466
Comprehensive Income			
Net income	**$ 7,397**	$ 7,831	$ 3,077
Other comprehensive income (loss) per above	**(730)**	197	860
Total Comprehensive Income	**$ 6,667**	$ 8,028	$ 3,937

See Notes to Consolidated Financial Statements.



Note 1

Description of Business and Summary of Significant Accounting Policies

Description of Business

Verizon Communications Inc. (Verizon) is one of the world's leading providers of communications services. Verizon's domestic wireline telecommunications business provides local telephone services, including broadband, in 28 states and Washington, D.C. and nationwide long-distance and other communications products and services. Verizon's domestic wireless business, operating as Verizon Wireless, provides wireless voice and data products and services across the United States using one of the most extensive wireless networks. Information Services operates directory publishing businesses and provides electronic commerce services. Verizon's International segment includes wireline and wireless communications operations and investments in the Americas and Europe. We have four reportable segments, which we operate and manage as strategic business units: Domestic Telecom, Domestic Wireless, Information Services and International. For further information concerning our business segments, see Note 17.

In connection with the closing of the merger with MCI, Inc. (MCI), which occurred on January 6, 2006, Verizon now owns and operates one of the most expansive end-to-end global Internet Protocol (IP) networks which includes over 270,000 domestic and 360,000 international route miles of fiber optic cable and provides access to over 140 countries worldwide. Operating as Verizon Business, we are now better able to provide next-generation IP network services to medium and large businesses and government customers. For further information concerning the merger with MCI, see Note 24.

Consolidation

The method of accounting applied to investments, whether consolidated, equity or cost, involves an evaluation of all significant terms of the investments that explicitly grant or suggest evidence of control or influence over the operations of the investee. The consolidated financial statements include our controlled subsidiaries. Investments in businesses which we do not control, but have the ability to exercise significant influence over operating and financial policies, are accounted for using the equity method. Investments in which we do not have the ability to exercise significant influence over operating and financial policies are accounted for under the cost method. Equity and cost method investments are included in Investments in Unconsolidated Businesses in our consolidated balance sheets. Certain of our cost method investments are classified as available-for-sale securities and adjusted to fair value pursuant to Statement of Financial Accounting Standards (SFAS) No. 115, "Accounting for Certain Investments in Debt and Equity Securities."

All significant intercompany accounts and transactions have been eliminated.

We have reclassified prior year amounts to conform to the current year presentation.

Discontinued Operations, Assets Held for Sale, and Sales of Businesses and Investments

We classify as discontinued operations any component of our business that we hold for sale or dispose of that has operations and cash flows that are clearly distinguishable operationally and for financial reporting purposes from the rest of Verizon. For those components, Verizon has no significant continuing involvement after disposal and their operations and cash flows are eliminated from Verizon's ongoing operations. Sales not classified as discontinued operations are reported as either Sales of Businesses, Net, Equity in Earnings of Unconsolidated Businesses or Income From Other Unconsolidated Businesses in our consolidated statements of income.

Use of Estimates

We prepare our financial statements using generally accepted accounting principles (GAAP), which require management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.

Examples of significant estimates include the allowance for doubtful accounts, the recoverability of plant, property and equipment, intangible assets and other long-lived assets, valuation allowances on tax assets and pension and postretirement benefit assumptions.

Revenue Recognition

Domestic Telecom

Our Domestic Telecom segment earns revenue based upon usage of our network and facilities and contract fees. In general, fixed fees for local telephone, long distance and certain other services are billed one month in advance and recognized the following month when earned. Revenue from other products that are not fixed fee or that exceed contracted amounts is recognized when such services are provided.

We recognize equipment revenue for services, in wh[illegible]nt with maintenance and monitoring services, when the equipment is installed in accordance with contractual sp[illegible] customer's use. The maintenance and monitoring services

EXHIBIT
Exhibit 241

are recognized monthly over the term of the contract as we provide the services. Long-term contracts are accounted for using the percentage of completion method. We use the completed contract method if we cannot estimate the costs with a reasonable degree of reliability.

Customer activation fees, along with the related costs up to but not exceeding the activation fees, are deferred and amortized over the customer relationship period.



Domestic Wireless

Our Domestic Wireless segment earns revenue by providing access to and usage of our network, which includes roaming and long distance revenue. In general, access revenue is billed one month in advance and recognized when earned. Airtime and usage revenue, roaming revenue and long distance revenue are recognized when the service is rendered. Equipment sales revenue associated with the sale of wireless handsets and accessories is recognized when the products are delivered to and accepted by the customer, as this is considered to be a separate earnings process from the sale of wireless services. Customer activation fees are considered additional consideration when handsets are sold to the customers at a discount and are recorded as equipment sales revenue.

Information Services

Information Services earns revenues primarily from print and online directory publishing. This segment recognizes revenues and expenses in our print directory business using the amortization method. Under the amortization method, revenues and direct expenses, primarily printing and distribution costs, are recognized over the life of the directory, which is usually 12 months. Revenue from our online directory, SuperPages.com, is recognized in the month it is earned.

International

The consolidated wireline and wireless businesses that comprise our International segment recognize revenue in a similar manner as our other segments. In addition, this segment holds several investments that are either accounted for under the equity or cost method of accounting. For additional detail on our accounting policy related to these investments, see "Consolidation" above.

Maintenance and Repairs

We charge the cost of maintenance and repairs, including the cost of replacing minor items not constituting substantial betterments, principally to Cost of Services and Sales as these costs are incurred.

Earnings Per Common Share

Basic earnings per common share are based on the weighted-average number of shares outstanding during the year. Diluted earnings per common share include the dilutive effect of shares issuable under our stock-based compensation plans, an exchangeable equity interest (see Note 9), and the zero-coupon convertible notes (see Note 11), which represent the only potentially dilutive common shares.

Cash and Cash Equivalents

We consider all highly liquid investments with a maturity of 90 days or less when purchased to be cash equivalents, except cash equivalents held as short-term investments. Cash equivalents are stated at cost, which approximates market value.

Short-Term Investments

Our short-term investments consist primarily of cash equivalents held in trust to pay for certain employee benefits. Short-term investments are stated at cost, which approximates market value.

Marketable Securities

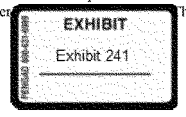
We continually evaluate our investments in marketable securities for impairment due to declines in market value considered to be other than temporary. That evaluation includes, in addition to persistent, declining stock prices, general economic and company-specific evaluations. In the event of a determination that a decline in market value is other than temporary, a charge to earnings is recorded for the loss, and a new cost basis in the investment is established. These investments are included in the accompanying consolidated balance sheets in Investments in Unconsolidated Businesses or Other Assets.

Inventories

We include in inventory new and reusable supplies and network equipment of our telephone operations, which are stated principally at average original cost, except that specific costs are used in the case of large individual items. Inventories of our other subsidiaries are stated at the lower of cost (determined principally on either an average cost or first-in, first-out basis) or market.

Plant and Depreciation

We record plant, property and equipment at cost. Our telephone operations' depreciation expense is principally based on the composite group remaining life method and straight-line composite rates. This method provides for the recognition of the cost of the remaining net investment in telephone plant, less anticipated net salvage value, over [illegible] This method requires the periodic revision of depreciation rates.



The asset lives used by our telephone operations are presented in the following table:

Average Lives (in years)	
Buildings	25 - 42
Central office equipment	5 - 11
Outside communications plant	
Copper cable	13 - 18
Fiber cable	20
Poles and conduit	30 - 50
Furniture, vehicles and other	3 - 15

When we replace or retire depreciable plant used in our wireline network, we deduct the carrying amount of such plant from the respective accounts and charge it to accumulated depreciation (see Note 2 for additional information on the adoption of SFAS No. 143, "Accounting for Asset Retirement Obligations").

Plant, property and equipment of our other subsidiaries is generally depreciated on a straight-line basis over the following estimated useful lives: buildings, 8 to 42 years; wireless plant equipment, 3 to 15 years; and other equipment, 1 to 20 years.

When the depreciable assets of our other subsidiaries are retired or otherwise disposed of, the related cost and accumulated depreciation are deducted from the plant accounts, and any gains or losses on disposition are recognized in income.

We capitalize network software purchased or developed in connection with related plant assets. We also capitalize interest associated with the acquisition or construction of plant assets. Capitalized interest is reported as a cost of plant and a reduction in interest cost.

In connection with our ongoing review of the estimated remaining useful lives of plant, property and equipment and associated depreciation rates, we determined that, effective January 1, 2005, the remaining useful lives of three categories of telephone assets would be shortened by 1 to 2 years. These changes in asset lives were based on Verizon's plans, and progress to date on those plans, to deploy fiber optic cable to homes, replacing copper cable. While the timing and extent of current deployment plans are subject to modification, Verizon management believes that current estimates of reductions in impacted asset lives is reasonable and subject to ongoing analysis as deployment of fiber optic lines continues. The asset categories impacted and useful life changes are as follows:

Average Lives (in years)	From	To
Central office equipment		
Digital switches	12	11
Circuit equipment	9	8 - 9
Outside plant		
Copper cable	15 - 19	13 - 18

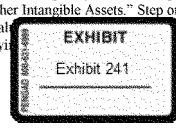
Computer Software Costs

We capitalize the cost of internal-use network and non-network software which has a useful life in excess of one year in accordance with Statement of Position (SOP) No. 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." Subsequent additions, modifications or upgrades to internal-use network and non-network software are capitalized only to the extent that they allow the software to perform a task it previously did not perform. Software maintenance and training costs are expensed in the period in which they are incurred. Also, we capitalize interest associated with the development of non-network internal-use software. Capitalized non-network internal-use software costs are amortized using the straight-line method over a period of 1 to 7 years and are included in Other Intangible Assets, Net in our consolidated balance sheets. For a discussion of our impairment policy for capitalized software costs under SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," see "Goodwill and Other Intangibles" below. Also, see Note 7 for additional detail of non-network internal-use software reflected in our consolidated balance sheets.

Goodwill and Other Intangible Assets

Goodwill

Goodwill is the excess of the acquisition cost of businesses over the fair value of the identifiable net assets acquired. Impairment testing for goodwill is performed at least annually unless indicators of impairment exist. The impairment test for goodwill uses a two-step approach, which is performed at the reporting unit level. Reporting units may be operating segments or one level below an operating segment, referred to as a component. Businesses for which discrete financial information is available are generally considered to be components of an operating segment. Components that are economically similar and managed by the same segment management group are aggregated and considered a reporting unit under SFAS No. 142, "Goodwill and Other Intangible Assets." Step one compares the fair value of the reporting unit (calculated using a discounted cash flow method) to its carrying val eds the fair value, there is a potential impairment and step two must be performed. Step two compares the carryi it's goodwill to its implied fair value (i.e., fair value of



reporting unit less the fair value of the unit's assets and liabilities, including identifiable intangible assets). If the carrying value of goodwill exceeds its implied fair value, the excess is required to be recorded as an impairment.



Intangible Assets Not Subject to Amortization

A significant portion of our intangible assets are Domestic Wireless licenses, including licenses associated with equity method investments, that provide our wireless operations with the exclusive right to utilize designated radio frequency spectrum to provide cellular communication services. While licenses are issued for only a fixed time, generally ten years, such licenses are subject to renewal by the Federal Communications Commission (FCC). Renewals of licenses have occurred routinely and at nominal cost. Moreover, we have determined that there are currently no legal, regulatory, contractual, competitive, economic or other factors that limit the useful life of our wireless licenses. As a result, we treat the wireless licenses as an indefinite-lived intangible asset under the provisions of SFAS No. 142. We reevaluate the useful life determination for wireless licenses each reporting period to determine whether events and circumstances continue to support an indefinite useful life.

We have tested our Domestic Wireless licenses for impairment at least annually unless indicators of impairment exist. Beginning in 2005, we began using a direct value approach in performing our annual impairment test on our Domestic Wireless licenses. The direct value approach determines fair value using estimates of future cash flows associated specifically with the licenses. Previously, we used a residual method, which determined the fair value of the wireless business by estimating future cash flows of the wireless operations. The fair value of aggregate wireless licenses was determined by subtracting from the fair value of the wireless business the fair value of all of the other net tangible and intangible (primarily recognized and unrecognized customer relationship intangible assets) assets of our wireless operations. We determined the fair value of our customer relationship intangible assets based on our average customer acquisition costs. We began using the direct value approach in 2005 in accordance with a September 29, 2004 Staff Announcement from the staff of the Securities and Exchange Commission (SEC), "Use of the Residual Method to Value Acquired Assets Other Than Goodwill." Under either the direct method or the residual method, if the fair value of the aggregated wireless licenses was less than the aggregated carrying amount of the licenses, an impairment would have been recognized.

Intangible Assets Subject to Amortization

Our intangible assets that do not have indefinite lives (primarily customer lists and non-network internal-use software) are amortized over their useful lives and reviewed for impairment in accordance with SFAS No. 144, which only requires testing whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If any indicators were present, we would test for recoverability by comparing the carrying amount of the asset to the net undiscounted cash flows expected to be generated from the asset. If those net undiscounted cash flows do not exceed the carrying amount (i.e., the asset is not recoverable), we would perform the next step which is to determine the fair value of the asset and record an impairment, if any. We reevaluate the useful life determination for these intangible assets each reporting period to determine whether events and circumstances warrant a revision in their remaining useful life.

For information related to the carrying amount of goodwill by segment as well as the major components and average useful lives of our other acquired intangible assets, see Note 7.

Sale of Stock By Subsidiary

We recognize in consolidation changes in our ownership percentage in a subsidiary caused by issuances of the subsidiary's stock as adjustments to Contributed Capital.

Income Taxes

Verizon and its domestic subsidiaries file a consolidated federal income tax return.

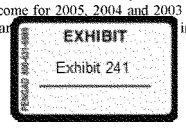
Our telephone operations use the deferral method of accounting for investment tax credits earned prior to the repeal of investment tax credits by the Tax Reform Act of 1986. We also defer certain transitional credits earned after the repeal. We amortize these credits over the estimated service lives of the related assets as a reduction to the Provision for Income Taxes.

Stock-Based Compensation

Prior to 2003, we accounted for stock-based employee compensation under Accounting Principals Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations, and followed the disclosure-only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation."

Effective January 1, 2003, we adopted the fair value recognition provisions of SFAS No. 123, using the prospective method (as permitted under SFAS No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure") to all new awards granted, modified or settled after January 1, 2003. Under the prospective method, employee compensation expense in the first year will be recognized for new awards granted, modified, or settled. The options generally vest over a term of three years, therefore the expenses related to stock-based employee compensation included in the determination of net income for 2005, 2004 and 2003 are less than what would have been recorded if the fair value method was also applied to previously issued awar information on the impact of adopting SFAS No. 123).

Foreign Currency Translation



The functional currency for all of our foreign operations is the local currency. For these foreign entities, we translate income statement amounts at average exchange rates for the period, and we translate assets and liabilities at end-of-period exchange rates. We record these translation adjustments in Accumulated Other Comprehensive Loss, a separate component of Shareowners' Investment, in our consolidated balance sheets. We report exchange gains and losses on intercompany foreign currency transactions of a long-term nature in Accumulated Other Comprehensive Loss. Other exchange gains and losses are reported in income.



Employee Benefit Plans

Pension and postretirement health care and life insurance benefits earned during the year as well as interest on projected benefit obligations are accrued currently. Prior service costs and credits resulting from changes in plan benefits are amortized over the average remaining service period of the employees expected to receive benefits.

In December 2005, we announced that Verizon management employees will no longer earn pension benefits or earn service towards the company retiree medical subsidy after June 30, 2006. See Note 15 for additional information.

Derivative Instruments

We have entered into derivative transactions to manage our exposure to fluctuations in foreign currency exchange rates, interest rates and equity prices. We employ risk management strategies using a variety of derivatives including foreign currency forwards and collars, equity options, interest rate swap agreements and interest rate locks. We do not hold derivatives for trading purposes.

In accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" and related amendments and interpretations, we measure all derivatives, including derivatives embedded in other financial instruments, at fair value and recognize them as either assets or liabilities on our consolidated balance sheets. Changes in the fair values of derivative instruments not qualifying as hedges or any ineffective portion of hedges are recognized in earnings in the current period. Changes in the fair values of derivative instruments used effectively as fair value hedges are recognized in earnings, along with changes in the fair value of the hedged item. Changes in the fair value of the effective portions of cash flow hedges are reported in other comprehensive income (loss), and recognized in earnings when the hedged item is recognized in earnings.

Recent Accounting Pronouncements

Stock-Based Compensation

In December 2004, the FASB issued SFAS No. 123(R), "Share-Based Payment," which revises SFAS No. 123. SFAS No. 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized as compensation expense based on their fair value. Effective January 1, 2003, Verizon adopted the fair value recognition provisions of SFAS No. 123. We plan to adopt SFAS No. 123(R) effective January 1, 2006, using the modified prospective method and expect that any impact will not be material to our financial position or ongoing results of operations.

Note 3
Accounting Change

Directory Accounting

Effective January 1, 2003, we changed our method for recognizing revenues and expenses in our directory business from the publication-date method to the amortization method. The cumulative effect of this accounting change resulted in a charge of $2,697 million ($1,647 million after-tax), recorded as of January 1, 2003.

Stock – Based Compensation

As discussed in Note 1, we adopted the fair value recognition provisions of SFAS No. 123 using the prospective method as permitted under SFAS No. 148. The following table illustrates the effect on reported net income and earnings per share if the fair value method had been applied to all outstanding and unvested options in each period.

	(dollars in millions, except per share amounts)		
Years Ended December 31,	**2005**	2004	2003
Net Income, As Reported	**$ 7,397**	$ 7,831	$ 3,077
Add: Stock option-related employee compensation expense included in reported net income, net of related tax effects	**57**	53	44
Deduct: Total stock option-related employee compensation expense determined under fair value based method for all awards, net of related tax effects	**(57)**	(124)	(215)
Pro Forma Net Income	**$ 7,397**	$ 7,760	$ 2,906
Earnings Per Share			
Basic – as reported	**$ 2.67**	$ 2.83	$ 1.12
Basic – pro forma	**2.67**	2.80	1.05
Diluted – as reported	**2.65**	2.79	1.12
Diluted – pro forma	**2.65**	2.77	1.06



After-tax compensation expense for other stock-based compensation included in net income as reported for the years ended December 31, 2005, 2004 and 2003 was $370 million, $254 million and $80 million, respectively.

For additional information on assumptions used to determine the pro forma amounts as well as other information related to our stock-based compensation plans, see Note 14.

Asset Retirement Obligations

We adopted the provisions of SFAS No. 143 on January 1, 2003. SFAS No. 143 requires that companies recognize the fair value of a liability for asset retirement obligations in the period in which the obligations are incurred and capitalize that amount as part of the book value of the long-lived asset. We determined that Verizon does not have a material legal obligation to remove long-lived assets as described by this statement. However, prior to the adoption of SFAS No. 143, we included estimated removal costs in our group depreciation models. Consequently, in connection with the initial adoption of SFAS No. 143 we reversed accrued costs of removal in excess of salvage from our accumulated depreciation accounts for these assets. The adjustment was recorded as a cumulative effect of an accounting change, resulting in the recognition of a gain of $3,499 million ($2,150 million after-tax). Additionally, on December 31, 2005, FASB Interpretation (FIN) No. 47, "Accounting for Conditional Asset Retirement Obligations – an interpretation of FASB Statement No. 143" became effective. There was no impact of the adoption of FIN No. 47 on Verizon's results of operations or financial position.

Note 3

Discontinued Operations and Sales of Businesses, Net

Discontinued Operations

Verizon Information Services Canada

During 2004, we announced our decision to sell Verizon Information Services Canada Inc. to an affiliate of Bain Capital, a global private investment firm, for $1,540 million (Cdn. $1,985 million). The sale closed during the fourth quarter of 2004 and resulted in a gain of $1,017 million ($516 million after-tax). In accordance with SFAS No. 144, we have classified the results of operations of Verizon Information Services Canada as discontinued operations in the consolidated statements of income in all years through the date of divestiture. Summarized results of operations for Verizon Information Services Canada are as follows:

	(dollars in millions)	
Years Ended December 31,	2004	2003
Income from operations of Verizon Information Services Canada before income taxes	$ 99	$ 88
Gain on sale of investment	1,017	–
Income tax provision	(546)	(39)
Income on discontinued operations, net of tax	$ 570	$ 49

Included in income from operations of Verizon Information Services Canada before income taxes in the preceding table are operating revenues of Verizon Information Services Canada prior to its sale in the fourth quarter of 2004 of $280 million and $284 million for the years ended December 31, 2004 and 2003, respectively.

Iusacell

Discontinued operations also include the results of operations of Grupo Iusacell, S.A. de C.V. (Iusacell) prior to the sale of Iusacell in July 2003. In connection with the decision to sell our interest in Iusacell and a comparison of expected sale proceeds, less cost to sell, to the net book value of our investment in Iusacell (including the foreign currency translation balance), we recorded a pretax loss of $957 million ($931 million after-tax) in the second quarter of 2003. This loss included $317 million of goodwill.

Summarized results of operations for Iusacell, which was part of our International segment, follows:

	(dollars in millions)
Year Ended December 31,	2003
Loss from operations of Iusacell before income taxes	$ –
Investment loss	(957)
Income tax benefit	22
Loss on discontinued operations, net of tax	$ (935)

Included in loss from operations of Iusacell before inc able are operating revenues of $181 million for the year ended December 31, 2003.



Sales of Businesses, Net

Verizon Hawaii Inc.

During the second quarter of 2004, we entered into an agreement to sell our wireline and directory businesses in Hawaii, including Verizon Hawaii Inc. which operated approximately 700,000 switched access lines, as well as the services and assets of Verizon Long Distance, Verizon



Online, Verizon Information Services and Verizon Select Services Inc. in Hawaii, to an affiliate of The Carlyle Group. This transaction closed during the second quarter of 2005. In connection with this sale, we received net proceeds of $1,326 million and recorded a net pretax gain of $530 million ($336 million after-tax). As a result of entering into the agreement to sell the Hawaii businesses, we separately classified the assets held for sale and related liabilities in the December 31, 2004 condensed consolidated balance sheet. Additional detail related to the assets held for sale, and related liabilities, follows:

	(dollars in millions) At December 31, 2004
Current assets	$ 109
Plant, property and equipment, net	820
Other non-current assets	21
Total assets	$ 950
Debt maturing within one year	$ 125
Other current liabilities	48
Long-term debt	302
Other non-current liabilities	50
Total liabilities	$ 525

Other Transactions

In 2003, we recorded a net pretax gain of $141 million ($88 million after-tax) primarily related to the sale of our European directory publication operations in Austria, the Czech Republic, Gibraltar, Hungary, Poland and Slovakia.

Note 4

Other Strategic Actions

Facility and Employee-Related Items

During 2005, we recorded a net pretax gain of $18 million ($8 million after-tax) in connection with our planned relocation of several functions to Verizon Center, including a pretax gain of $120 million ($72 million after-tax) related to the sale of a New York City office building, partially offset by a pretax charge of $102 million ($64 million after-tax) primarily associated with relocation-related employee severance costs and related activities.

During 2005, we recorded a net pretax charge of $98 million ($59 million after-tax) related to the restructuring of the Verizon management retirement benefit plans. This pretax charge was recorded in accordance with SFAS No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits" and SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" and includes the unamortized cost of prior pension enhancements of $441 million offset partially by a pretax curtailment gain of $343 million related to retiree medical benefits. In connection with this restructuring, management employees will no longer earn pension benefits or earn service towards the company retiree medical subsidy after June 30, 2006, after receiving an 18-month enhancement of the value of their pension and retiree medical subsidy, but will receive a higher savings plan matching contribution.

In addition, during 2005 we recorded a charge of $59 million ($36 million after-tax) associated with employee severance costs and severance-related activities in connection with the voluntary separation program for surplus union-represented employees.

During 2004, we recorded pretax pension settlement losses of $815 million ($499 million after-tax) related to employees that received lump-sum distributions during 2004 in connection with the voluntary separation plan under which more than 21,000 employees accepted the separation offer in the fourth quarter of 2003. These charges were recorded in accordance with SFAS No. 88, which requires that settlement losses be recorded once prescribed payment thresholds have been reached.

Total pension, benefit and other costs related to severance activities were $5,524 million ($3,399 million after-tax) in 2003, primarily in connection with the voluntary separation of more than 25,000 employees, as follows:

- In connection with the voluntary separation of more than 21,000 employees during the fourth quarter of 2003, we recorded a pretax charge of $4,695 million ($2,882 million after-tax). This pretax charge included $2,716 million recorded in accordance with SFAS No. 88 and SFAS No. 106, for pension and postretirement benefit enhancements and a net curtailment gain for a significant reduction of the expected years of future service resulting from early retirements. In addition, we recorded a pretax charge of $76 million for pension settlement losses related to lump-sum settlements of some existing pension obligations. The fourth quarter pretax charge also included severance costs of $1,720 million and costs related to other severance-related activities of $183 million.
- We also recorded a special charge in 2003 of $23[illegible]-tax) primarily associated with employee severance costs and severance-related activities in connection with [illegible] approximately 4,000 employees. In addition, we recorded pretax pension settlement losses of $131 million ($[illegible] related to employees that received lump-sum distributions



during the year in connection with previously announced employee separations.



- Further, in 2003 we recorded a special charge of $463 million ($286 million after-tax) in connection with enhanced pension benefits granted to employees retiring in the first half of 2003, estimated costs associated with the July 10, 2003 Verizon New York arbitration ruling and pension settlement losses related to lump-sum pay-outs in 2003. On July 10, 2003, an arbitrator ruled that Verizon New York's termination of 2,300 employees in 2002 was not permitted under a union contract; similar cases were pending impacting an additional 1,100 employees. Verizon offered to reinstate all 3,400 impacted employees, and accordingly, recorded a charge in the second quarter of 2003 representing estimated payments to employees and other related company-paid costs.

Tax Matters

During 2005, we recorded a tax benefit of $336 million in connection with capital gains and prior year investment losses. As a result of the capital gain realized in 2005 in connection with the sale of our Hawaii businesses, we recorded a tax benefit of $242 million related to prior year investment losses. The investment losses pertain to Iusacell, CTI Holdings, S.A. (CTI) and TelecomAsia.

Also during 2005, we recorded a net tax provision of $206 million related to the repatriation of foreign earnings under the provisions of the American Jobs Creation Act of 2004, which provides for a favorable federal income tax rate in connection with the repatriation of foreign earnings, provided the criteria described in the law is met. Two of Verizon's foreign investments repatriated earnings resulting in income taxes of $332 million, partially offset by a tax benefit of $126 million.

As a result of the capital gain realized in 2004 in connection with the sale of Verizon Information Services Canada, we recorded tax benefits of $234 million in the fourth quarter of 2004 pertaining to prior year investment impairments. The investment impairments primarily related to debt and equity investments in CTI, Cable & Wireless plc and NTL Incorporated.

Other Charges and Special Items

During 2005, we recorded pretax charges of $139 million ($133 million after-tax) including a pretax impairment charge of $125 million ($125 million after-tax) pertaining to our leasing operations for aircraft leases involved in recent airline bankruptcy proceedings and a pretax charge of $14 million ($8 million after-tax) in connection with the early retirement of debt.

In 2004, we recorded an expense credit of $204 million ($123 million after-tax) resulting from the favorable resolution of pre-bankruptcy amounts due from MCI. Previously reached settlement agreements became fully effective when MCI emerged from bankruptcy proceedings in the second quarter of 2004.

Also during 2004, we recorded a charge of $113 million ($87 million after-tax) related to operating asset losses pertaining to our international long distance and data network. In addition, we recorded pretax charges of $55 million ($34 million after-tax) in connection with the early retirement of debt.

During 2003, we recorded other special pretax charges of $557 million ($419 million after-tax). These charges included $240 million ($156 million after-tax) primarily in connection with environmental remediation efforts relating to several discontinued businesses, including a former facility that processed nuclear fuel rods in Hicksville, New York (see Note 22) and a pretax impairment charge of $184 million ($184 million after-tax) pertaining to our leasing operations for airplanes leased to airlines experiencing financial difficulties and for power generating facilities. These 2003 charges also include pretax charges of $61 million ($38 million after-tax) related to the early retirement of debt and other pretax charges of $72 million ($41 million after-tax).

NOTE 3

Marketable Securities and Other Investments

We have investments in marketable securities which are considered "available-for-sale" under SFAS No. 115. These investments have been included in our consolidated balance sheets in Investments in Unconsolidated Businesses and Other Assets.

Under SFAS No. 115, available-for-sale securities are required to be carried at their fair value, with unrealized gains and losses (net of income taxes) that are considered temporary in nature recorded in Accumulated Other Comprehensive Loss. The fair values of our investments in marketable securities are determined based on market quotations. We continually evaluate our investments in marketable securities for impairment due to declines in market value considered to be other than temporary. That evaluation includes, in addition to persistent, declining stock prices, general economic and company-specific evaluations. In the event of a determination that a decline in market value is other than temporary, a charge to earnings is recorded in Income From Other Unconsolidated Businesses in the consolidated statements of income for all or a portion of the unrealized loss, and a new cost basis in the investment is established. As of December 31, 2005, no impairments were determined to exist.



The following table shows certain summarized information related to our investments in marketable securities:

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
			(dollars in millions)	
At December 31, 2005				
Investments in unconsolidated businesses	**$ 215**	**$ 13**	**$ (3)**	**$ 225**
Other assets	**225**	**14**	**–**	**239**
	$ 440	**$ 27**	**$ (3)**	**$ 464**
At December 31, 2004				
Investments in unconsolidated businesses	$ 184	$ 7	$ (4)	$ 187
Other assets	149	40	–	189
	$ 333	$ 47	$ (4)	$ 376

Our investments in marketable securities are primarily bonds and mutual funds.

On April 9, 2005, Verizon entered into a stock purchase agreement with eight entities affiliated with Carlos Slim Helu to purchase 43.4 million shares of MCI common stock for $25.72 per share in cash plus an additional cash amount of 3% per annum from April 9, 2005 until the closing of the purchase of those shares. The transaction closed on May 17, 2005 and the additional cash payment was made through May 13, 2005. The total cash payment was $1,121 million. Under the stock purchase agreement, Verizon will pay the Slim entities an adjustment at the end of one year in an amount per MCI share calculated by multiplying (i) .7241 by (ii) the amount, if any, by which the price of Verizon's common stock exceeds $35.52 per share (measured over a 20-day period), subject to a maximum excess amount per Verizon share of $26.98. After the closing of the stock purchase agreement, Verizon transferred the shares of MCI common stock it had purchased to a trust established pursuant to an agreement between Verizon and the Department of Justice. We received the special dividend of $5.60 per MCI share on these 43.4 million MCI shares, or $243 million, on October 27, 2005. See Note 24 for additional information about the MCI merger.

During 2004, we sold all of our investment in Iowa Telecom preferred stock, which resulted in a pretax gain of $43 million ($43 million after-tax) included in Income From Other Unconsolidated Businesses in the consolidated statements of income. The preferred stock was received in 2000 in connection with the sale of access lines in Iowa.

Certain other investments in securities that we hold are not adjusted to market values because those values are not readily determinable and/or the securities are not marketable. We have, however, adjusted the carrying values of these securities in situations where we believe declines in value below cost were other than temporary. During 2003, we recorded a net pretax gain of $176 million as a result of a payment received in connection with the liquidation of Genuity, Inc. In connection with this payment, Verizon recorded a contribution of $150 million to Verizon Foundation to fund its charitable activities and increase its self-sufficiency. Consequently, we recorded a net gain of $17 million after taxes related to this transaction and the accrual of the Verizon Foundation contribution. The carrying values for investments not adjusted to market value were $5 million at December 31, 2005 and $52 million at December 31, 2004.

Note 8

Plant, Property and Equipment

The following table displays the details of plant, property and equipment, which is stated at cost:

At December 31,	2005	2004
	(dollars in millions)	
Land	**$ 753**	$ 772
Buildings and equipment	**16,800**	16,159
Network equipment	**156,719**	149,261
Furniture, office and data processing equipment	**12,929**	13,064
Work in progress	**1,651**	1,719
Leasehold improvements	**2,373**	1,948
Other	**2,385**	2,599
	193,610	185,522
Accumulated depreciation	**(118,305)**	(111,398)
Total	**$ 75,305**	$ 74,124



Note 7

Goodwill and Other Intangible Assets

Goodwill

Changes in the carrying amount of goodwill are as follows:

(dollars in millions)

	Domestic Telecom	Information Services	International	Total
Balance at December 31, 2003	$ 314	$ 77	$ 444	$ 835
Goodwill reclassifications and other	1	–	1	2
Balance at December 31, 2004	315	77	445	837
Goodwill reclassifications and other	–	–	(1)	(1)
Balance at December 31, 2005	**$ 315**	**$ 77**	**$ 444**	**$ 836**

Other Intangible Assets

(dollars in millions)

	At December 31, 2005		At December 31, 2004	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets:				
Customer lists (1 to 7 years)	**$ 3,452**	**$ 3,295**	$ 3,444	$ 2,832
Non-network internal-use software (1 to 7 years)	**7,504**	**3,427**	6,866	2,997
Other (1 to 20 years)	**83**	**24**	62	22
Total	**$ 11,039**	**$ 6,746**	$ 10,372	$ 5,851
Unamortized intangible assets:				
Wireless licenses	**$ 47,804**		$ 42,090	

Intangible asset amortization expense was $1,528 million, $1,402 million, and $1,397 million for the years ended December 31, 2005, 2004 and 2003, respectively. It is estimated to be $1,183 million in 2006, $868 million in 2007, $702 million in 2008, $565 million in 2009 and $349 million in 2010, primarily related to customer lists and non-network internal-use software.

Note 8

Investments in Unconsolidated Businesses

Our investments in unconsolidated businesses are comprised of the following:

(dollars in millions)

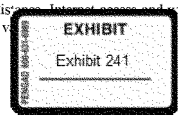
At December 31,	Ownership	2005 Investment	Ownership	2004 Investment
Equity Investees				
CANTV	**28.5%**	**$ 152**	28.5%	$ 199
Vodafone Omnitel	**23.1**	**2,591**	23.1	4,642
Other	**Various**	**772**	Various	876
Total equity investees		**3,515**		5,717
Cost Investees	**Various**	**1,089**	Various	138
Total investments in unconsolidated businesses		**$ 4,604**		$ 5,855

Dividends and repatriations of foreign earnings received from investees amounted to $2,336 million in 2005, $162 million in 2004 and $198 million in 2003, respectively, and are reported in Other, Net operating activities in the consolidated statements of cash flows.

Equity Investees

CANTV

Compañía Anónima Nacional Teléfonos de Venezuela (CANTV) is Venezuela's largest full-service telecommunications provider. CANTV offers local services, national and international long dis[illegible] Internet access and wireless services in Venezuela as well as public telephone, private network, data transmission, directory and other v[illegible]



Vodafone Omnitel

Vodafone Omnitel N.V. (Vodafone Omnitel) is an Italian digital cellular telecommunications company. It is the second largest wireless provider in Italy. At December 31, 2005 and 2004, our investment in Vodafone Omnitel included goodwill of $937 million and $1,072 million, respectively.

During 2005, we repatriated $2,202 million of Vodafone Omnitel's earnings through the repurchase of issued and outstanding shares of its equity. Vodafone Omnitel's owners, Verizon and Vodafone Group Plc (Vodafone), participated on a pro rata basis; consequently, Verizon's ownership interest after the share repurchase remained at 23.1%.

TELUS

TELUS Corporation (TELUS) is a full-service telecommunications provider and provides subscribers with a full range of telecommunications products and services including data, voice and wireless services across Canada.

During the fourth quarter of 2004, we recorded a pretax gain of $787 million ($565 million after-tax) on the sale of our 20.5% interest in TELUS in an underwritten public offering in the U.S. and Canada. In connection with this sale transaction, Verizon recorded a contribution of $100 million to Verizon Foundation to fund its charitable activities and increase its self-sufficiency. Consequently, we recorded a net gain of $500 million after taxes related to this transaction and the accrual of the Verizon Foundation contribution.

Other Equity Investees

Verizon has limited partnership investments in entities that invest in affordable housing projects, for which Verizon provides funding as a limited partner and receives tax deductions and tax credits based on its partnership interests. At December 31, 2005 and 2004, Verizon had equity investments in these partnerships of $652 million and $755 million, respectively. Verizon currently adjusts the carrying value of these investments for any losses incurred by the limited partnerships through earnings.

During 2003, we recorded a pretax gain of $348 million on the sale of our interest in Eurotel Praha, spol. s r.o. In connection with this sale transaction, Verizon recorded a contribution of $150 million to Verizon Foundation to fund its charitable activities and increase its self-sufficiency. Consequently, we recorded a net gain of $27 million after taxes related to this transaction and the accrual of the Verizon Foundation contribution.

The remaining investments include wireless partnerships in the U.S., and several other domestic and international investments.

Cost Investees

Some of our cost investments are carried at their current market value. Other cost investments are carried at their original cost, except in cases where we have determined that a decline in the estimated market value of an investment is other than temporary as described in Note 5. Our cost investments include a variety of domestic and international investments primarily involved in providing telecommunication services.

The increase in our cost investments in unconsolidated businesses is primarily the result of the purchase of 43.4 million shares of MCI common stock from eight entities affiliated with Carlos Slim Helu (see Note 5).

Note 9

Minority Interest

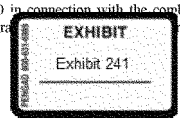
Minority interests in equity of subsidiaries were as follows:

At December 31,	2005	(dollars in millions) 2004
Minority interests in consolidated subsidiaries*:		
Wireless joint venture (55%)	$ 24,683	$ 23,034
Cellular partnerships and other (various)	1,652	1,584
TELPRI (52%)	319	335
Preferred securities issued by subsidiaries	100	100
	$ 26,754	$ 25,053

* Indicated ownership percentages are Verizon's consolidated interests.

Wireless Joint Venture

The wireless joint venture was formed in April 2000 in connection with the combination of the U.S. wireless operations and interests of Verizon and Vodafone. The wireless joint venture opera[illegible]izon owns a controlling 55% interest in Verizon Wireless and Vodafone owns the remaining 45%.



Under the terms of an investment agreement, Vodafone may require Verizon Wireless to purchase up to an aggregate of $20 billion worth of Vodafone's interest in Verizon Wireless at designated times at its then fair market value. In the event Vodafone exercises its put rights, we have the right, exercisable at our sole discretion, to purchase up to $12.5 billion of Vodafone's interest instead of Verizon Wireless for cash or Verizon stock at our option. Vodafone had the right to require the purchase of up to $10 billion during the 61-day period opening on June 10 and closing on August 9 in 2005, and did not exercise that right. As a result, Vodafone still has the right to require the purchase of up to $20



billion worth of its interest, not to exceed $10 billion in any one year, during a 61-day period opening on June 10 and closing on August 9 in 2006 and 2007. Vodafone also may require that Verizon Wireless pay for up to $7.5 billion of the required repurchase through the assumption or incurrence of debt.

Cellular Partnerships and Other

In August 2002, Verizon Wireless and Price Communications Corp. (Price) combined Price's wireless business with a portion of Verizon Wireless in a transaction valued at approximately $1.7 billion, including $550 million of net debt. The resulting limited partnership is controlled and managed by Verizon Wireless. In exchange for its contributed assets, Price received a limited partnership interest in the new partnership which is exchangeable into common stock of Verizon Wireless if an initial public offering of that stock occurs, or into the common stock of Verizon on the fourth anniversary of the asset contribution date if the initial public offering of Verizon Wireless common stock does not occur prior to then. The price of the Verizon common stock used in determining the number of Verizon common shares received in an exchange is also subject to a maximum and minimum amount.

TELPRI

Telecomunicaciones de Puerto Rico, Inc. (TELPRI) provides local, wireless, long distance, paging and Internet-access services in Puerto Rico.

Preferred Securities Issued By Subsidiaries

On December 7, 2005, Verizon issued a notice to redeem $100 million Verizon International Holdings Ltd. Series A variable term voting cumulative preferred stock on January 15, 2006 at the redemption price per share of $100,000, plus accrued and unpaid dividends.

Note 11
Leasing Arrangements

As Lessor

We are the lessor in leveraged and direct financing lease agreements under which commercial aircraft and power generating facilities, which comprise the majority of the portfolio, along with industrial equipment, real estate property, telecommunications and other equipment are leased for remaining terms of less than 1 year to 50 years as of December 31, 2005. Minimum lease payments receivable represent unpaid rentals, less principal and interest on third-party nonrecourse debt relating to leveraged lease transactions. Since we have no general liability for this debt, which holds a senior security interest in the leased equipment and rentals, the related principal and interest have been offset against the minimum lease payments receivable in accordance with GAAP. All recourse debt is reflected in our consolidated balance sheets. See Note 4 for information on lease impairment charges.

Finance lease receivables, which are included in Prepaid Expenses and Other and Other Assets in our consolidated balance sheets are comprised of the following:

(dollars in millions)

At December 31,	2005			2004		
	Leveraged Leases	Direct Finance Leases	Total	Leveraged Leases	Direct Finance Leases	Total
Minimum lease payments receivable	$ 3,847	$ 123	$ 3,970	$ 4,133	$ 173	$ 4,306
Estimated residual value	1,937	9	1,946	2,319	15	2,334
Unearned income	(2,260)	(11)	(2,271)	(2,631)	(19)	(2,650)
	$ 3,524	$ 121	3,645	$ 3,821	$ 169	3,990
Allowance for doubtful accounts			(375)			(326)
Finance lease receivables, net			$ 3,270			$ 3,664
Current			$ 30			$ 43
Noncurrent			$ 3,240			$ 3,621

Accumulated deferred taxes arising from leveraged leases, which are included in Deferred Income Taxes, amounted to $3,049 million at December 31, 2005 and $3,226 million at December 31, 2004.

The following table is a summary of the components of income from leveraged leases:

(dollars in millions)

Years Ended December 31,	2005	2004	2003
Pretax lease income	$ 119	$ 63	$ 108
Income tax expense/(benefit)	(25)	(52)	11
Investment tax credits	4	3	3

EXHIBIT
Exhibit 241
CSOC.CBR.00032082

The future minimum lease payments to be received from noncancelable leases, net of nonrecourse loan payments related to leveraged and direct financing leases in excess of debt service requirements, for the periods shown at December 31, 2005, are as follows:

		(dollars in millions)
Years	Capital Leases	Operating Leases
2006	$ 103	$ 22
2007	122	7
2008	128	4
2009	187	6
2010	161	2
Thereafter	3,269	–
Total	$ 3,970	$ 41

As Lessee

We lease certain facilities and equipment for use in our operations under both capital and operating leases. Total rent expense from continuing operations under operating leases amounted to $1,532 million in 2005, $1,347 million in 2004 and $1,334 million in 2003.

Capital lease amounts included in plant, property and equipment are as follows:

	(dollars in millions)	
At December 31,	2005	2004
Capital leases	$ 313	$ 596
Accumulated amortization	(137)	(412)
Total	$ 176	$ 184

The aggregate minimum rental commitments under noncancelable leases for the periods shown at December 31, 2005, are as follows:

		(dollars in millions)
Years	Capital Leases	Operating Leases
2006	$ 37	$ 1,184
2007	28	791
2008	21	652
2009	13	504
2010	12	316
Thereafter	55	1,050
Total minimum rental commitments	166	$ 4,497
Less interest and executory costs	(54)	
Present value of minimum lease payments	112	
Less current installments	(17)	
Long-term obligation at December 31, 2005	$ 95	

As of December 31, 2005, the total minimum sublease rentals to be received in the future under noncancelable operating and capital subleases were $46 million and $1 million, respectively.

Note 11

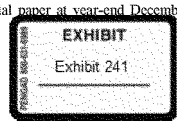
Debt

Debt Maturing Within One Year

Debt maturing within one year is as follows:

		(dollars in millions)
At December 31,	2005	2004
Long-term debt maturing within one year	$ 4,926	$ 3,569
Commercial paper	2,204	–
Other short-term debt	11	24
Total debt maturing within one year	$ 7,141	$ 3,593

The weighted average interest rate for our commercial paper at year-end December 31, 2005 was 4.3%. There was no commercial paper outstanding at December 31, 2004.



Capital expenditures (primarily construction of telephone plant) are partially financed, pending long-term financing, through bank loans and the issuance of commercial paper payable within 12 months.

At December 31, 2005, we had approximately $6.7 billion of unused bank lines of credit. Certain of these lines of credit contain requirements for the payment of commitment fees.



Long-Term Debt

Outstanding long-term debt obligations are as follows:

			(dollars in millions)	
At December 31,	Interest Rates %	Maturities	2005	2004
Notes payable	4.00 – 8.61	2006 – 2035	$ 16,310	$ 17,481
Telephone subsidiaries – debentures and first/refunding mortgage bonds	4.63 – 7.00	2006 – 2042	11,869	12,958
	7.15 – 7.65	2007 – 2032	1,725	1,825
	7.85 – 9.67	2010 – 2031	1,926	1,930
Other subsidiaries – debentures and other	4.25 – 8.75	2006 – 2028	3,410	3,480
Zero-coupon convertible notes, net of unamortized discount of $790 and $830	3.18	2021	1,360	1,320
Employee stock ownership plan loans:				
NYNEX debentures	9.55	2010	113	145
Capital lease obligations (average rate 11.9% and 9.4%)			112	138
Property sale holdbacks held in escrow, vendor financing and other	3.00 – 3.25	2006 – 2009	13	21
Unamortized discount, net of premium			(43)	(55)
Total long-term debt, including current maturities			36,795	39,243
Less: debt maturing within one year			(4,926)	(3,569)
Total long-term debt			$ 31,869	$ 35,674

Telephone Subsidiaries' Debt

Our first mortgage bonds of $172 million are secured by certain telephone operations assets.

See Note 21 for additional information about guarantees of operating subsidiary debt.

Zero-Coupon Convertible Notes

In May 2001, Verizon Global Funding Corp. (Verizon Global Funding) issued approximately $5.4 billion in principal amount at maturity of zero-coupon convertible notes due 2021, resulting in gross proceeds of approximately $3 billion. The notes are convertible into shares of our common stock at an initial price of $69.50 per share if the closing price of Verizon common stock on the New York Stock Exchange exceeds specified levels or in other specified circumstances. The conversion price increases by at least 3% a year. The initial conversion price represents a 25% premium over the May 8, 2001 closing price of $55.60 per share. The zero-coupon convertible notes are callable by Verizon Global Funding on or after May 15, 2006. In addition, the notes are redeemable at the option of the holders on May 15th in each of the years 2004, 2006, 2011 and 2016. On May 15, 2004, $3,292 million of principal amount of the notes ($1,984 million after unamortized discount) were redeemed by Verizon Global Funding. As of December 31, 2005, the remaining zero-coupon convertible notes were classified as debt maturing within one year since they are redeemable at the option of the holders on May 15, 2006.

Support Agreements

All of Verizon Global Funding's debt has the benefit of Support Agreements between us and Verizon Global Funding, which give holders of Verizon Global Funding debt the right to proceed directly against us for payment of interest, premium (if any) and principal outstanding should Verizon Global Funding fail to pay. The holders of Verizon Global Funding debt do not have recourse to the stock or assets of most of our telephone operations; however, they do have recourse to dividends paid to us by any of our consolidated subsidiaries as well as assets not covered by the exclusion. Verizon Global Funding's long-term debt, including current portion, aggregated $14,152 million at December 31, 2005. The carrying value of the available assets reflected in our consolidated balance sheets was approximately $63.9 billion at December 31, 2005.

Verizon and NYNEX Corporation are the joint and several co-obligors of the 20-Year 9.55% Debentures due 2010 previously issued by NYNEX on March 26, 1990. As of December 31, 2005, $113 million principal amount of this obligation remained outstanding. In addition, Verizon Global Funding has guaranteed the debt obligations of GTE Corporation (but not the debt of its subsidiary or affiliate companies) that were issued and outstanding prior to July 1, 2003. As of December 31, 2005, $3,400 million principal amount of these obligations remained outstanding. NYNEX and GTE no longer issue public debt or file SEC reports. See Note 21 for information on guarantees of operating subsidiary debt listed on the New York Stock Exchange.

On February 1, 2006, Verizon announced the merger of [illegible] Verizon.



Debt Covenants

We and our consolidated subsidiaries are in compliance with all of our debt covenants.

Maturities of Long-Term Debt

Maturities of long-term debt outstanding at December 31, 2005 are $4.9 billion in 2006, $4.7 billion in 2007, $2.5 billion in 2008, $1.7 billion in 2009, $2.8 billion in 2010 and $20.2 billion thereafter. These amounts include the debt, redeemable at the option of the holder, at the earliest redemption dates.

Note 13

Financial Instruments

Derivatives

The ongoing effect of SFAS No. 133 and related amendments and interpretations on our consolidated financial statements will be determined each period by several factors, including the specific hedging instruments in place and their relationships to hedged items, as well as market conditions at the end of each period.

Interest Rate Risk Management

We have entered into domestic interest rate swaps, to achieve a targeted mix of fixed and variable rate debt, where we principally receive fixed rates and pay variable rates based on LIBOR. These swaps hedge against changes in the fair value of our debt portfolio. We record the interest rate swaps at fair value in our balance sheet as assets and liabilities and adjust debt for the change in its fair value due to changes in interest rates. The ineffective portions of these hedges were recorded as gains in the consolidated statements of income of $4 million and $2 million for the years ended December 31, 2004 and 2003, respectively. During 2005, we entered into interest rate derivatives to limit our exposure to interest rate changes. In accordance with the provisions of SFAS No. 133, changes in fair value of these cash flow hedges due to interest rate fluctuations are recognized in Accumulated Other Comprehensive Loss. As of December 31, 2005, we have recorded unrealized gains of $5 million in Other Comprehensive Income (Loss) related to these interest rate cash flow hedges.

Foreign Exchange Risk Management

Our foreign exchange risk management includes the use of foreign currency forward contracts and cross currency interest rate swaps with foreign currency forwards. These contracts are typically used to hedge short-term foreign currency transactions and commitments, or to offset foreign exchange gains or losses on the foreign currency obligations and are designated as cash flow hedges. There were no foreign currency contracts outstanding as of December 31, 2005. We record these contracts at fair value as assets or liabilities and the related gains or losses are deferred in shareowners' investment as a component of Other Comprehensive Income (Loss). We have recorded net gains of $17 million and losses of $21 million in Other Comprehensive Income (Loss) for the years ended December 31, 2004 and 2003, respectively.

Net Investment Hedges

During 2005, we entered into zero cost euro collars to hedge a portion of our net investment in Vodafone Omnitel. In accordance with the provisions of SFAS No. 133 and related amendments and interpretations, changes in fair value of these contracts due to exchange rate fluctuations are recognized in Accumulated Other Comprehensive Loss and offset the impact of foreign currency changes on the value of our net investment in the operation being hedged. As of December 31, 2005, our positions in the zero cost euro collars have been settled. As of December 31, 2005, we have recorded unrealized gains of $2 million in Accumulated Other Comprehensive Loss related to these hedge contracts.

During 2004, we entered into foreign currency forward contracts to hedge our net investment in our Canadian operations and investments. In accordance with the provisions of SFAS No. 133, changes in the fair value of these contracts due to exchange rate fluctuations were recognized in Accumulated Other Comprehensive Loss and offset the impact of foreign currency changes on the value of our net investment in the operations being hedged. During 2004, we sold our Canadian operations and investments. Accordingly, the unrealized losses on these net investment hedge contracts were realized in net income along with the corresponding foreign currency translation balance. We recorded realized losses of $106 million ($58 million after-tax) related to these hedge contracts.

Other Derivatives

On May 17, 2005, we purchased 43.4 million shares of MCI common stock under a stock purchase agreement that contained a provision for the payment of an additional cash amount determined immediately prior to April 9, 2006 based on the market price of Verizon's common stock (see Note 5). Under SFAS No. 133, this additional cash payment is an embedded derivative which we carry at fair value and is subject to changes in the market price of Verizon stock. Since this [illegible] for hedge accounting under SFAS No. 133, changes in its fair value are recorded in the consolidated statements of [illegible] (Expense), Net. During 2005, we recorded pretax income of $57 million in connection with this embedded derivat[illegible]



In addition, we previously entered into several other contracts and similar arrangements that require fair value accounting under the provisions of SFAS No. 133 and related amendments and interpretations. We recorded charges of $3 million, gains of $4 million and charges of $13 million as mark-to-market adjustments related to these instruments for the years ended December 31, 2005, 2004 and 2003, respectively.



Concentrations of Credit Risk

Financial instruments that subject us to concentrations of credit risk consist primarily of temporary cash investments, short-term and long-term investments, trade receivables, certain notes receivable including lease receivables, preferred stock and derivative contracts. Our policy is to deposit our temporary cash investments with major financial institutions. Counterparties to our derivative contracts are also major financial institutions and organized exchanges. The financial institutions have all been accorded high ratings by primary rating agencies. We limit the dollar amount of contracts entered into with any one financial institution and monitor our counterparties' credit ratings. We generally do not give or receive collateral on swap agreements due to our credit rating and those of our counterparties. While we may be exposed to credit losses due to the nonperformance of our counterparties, we consider the risk remote and do not expect the settlement of these transactions to have a material effect on our results of operations or financial condition.

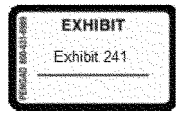
Fair Values of Financial Instruments

The tables that follow provide additional information about our significant financial instruments:

Financial Instrument	Valuation Method
Cash and cash equivalents and short-term investments	Carrying amounts
Short- and long-term debt (excluding capital leases)	Market quotes for similar terms and maturities or future cash flows discounted at current rates
Cost investments in unconsolidated businesses, derivative assets and liabilities and notes receivable	Future cash flows discounted at current rates, market quotes for similar instruments or other valuation models

(dollars in millions)

At December 31,	2005		2004	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Short- and long-term debt	**$ 38,898**	**$ 40,313**	$ 39,129	$ 42,231
Cost investments in unconsolidated businesses	**1,089**	**1,089**	138	138
Short- and long-term derivative assets	**62**	**62**	127	127
Notes receivable, net	**80**	**80**	81	81
Short- and long-term derivative liabilities	**22**	**22**	3	3



Note 3

Earnings Per Share and Shareowners' Investment

Earnings Per Share

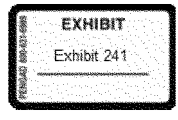
The following table is a reconciliation of the numerators and denominators used in computing earnings per common share:

Years Ended December 31,	(dollars and shares in millions, except per share amounts) 2005	2004	2003
Net Income Used For Basic Earnings Per Common Share			
Income before discontinued operations and cumulative effect of accounting change	$ 7,397	$ 7,261	$ 3,460
Income (loss) on discontinued operations, net of tax	–	570	(886)
Cumulative effect of accounting change, net of tax	–	–	503
Net income	$ 7,397	$ 7,831	$ 3,077
Net Income Used For Diluted Earnings Per Common Share			
Income before discontinued operations and cumulative effect of accounting change	$ 7,397	$ 7,261	$ 3,460
After-tax minority interest expense related to exchangeable equity interest	32	27	21
After-tax interest expense related to zero-coupon convertible notes	28	41	61
Income before discontinued operations and cumulative effect of accounting change – after assumed conversion of dilutive securities	7,457	7,329	3,542
Income (loss) on discontinued operations, net of tax	–	570	(886)
Cumulative effect of accounting change, net of tax	–	–	503
Net income – after assumed conversion of dilutive securities	$ 7,457	$ 7,899	$ 3,159
Basic Earnings Per Common Share			
Weighted-average shares outstanding – basic	2,766	2,770	2,756
Income before discontinued operations and cumulative effect of accounting change	$ 2.67	$ 2.62	$ 1.26
Income (loss) on discontinued operations, net of tax	–	.21	(.32)
Cumulative effect of accounting change, net of tax	–	–	.18
Net income	$ 2.67	$ 2.83	$ 1.12
Diluted Earnings Per Common Share [a]			
Weighted-average shares outstanding	2,766	2,770	2,756
Effect of dilutive securities:			
Stock options	5	5	5
Exchangeable equity interest	29	29	28
Zero-coupon convertible notes	17	27	43
Weighted-average shares – diluted	2,817	2,831	2,832
Income before discontinued operations and cumulative effect of accounting change	$ 2.65	$ 2.59	$ 1.25
Income (loss) on discontinued operations, net of tax	–	.20	(.31)
Cumulative effect of accounting change, net of tax	–	–	.18
Net income	$ 2.65	$ 2.79	$ 1.12

(1) Total per share amounts may not add due to rounding.

Certain outstanding options to purchase shares were not included in the computation of diluted earnings per common share because to do so would have been anti-dilutive for the period, including approximately 242 million shares during 2005, 253 million shares during 2004 and 248 million shares during 2003.

The diluted earnings per share calculation considers the assumed conversion of an exchangeable equity interest (see Note 9) and Verizon's zero-coupon convertible notes (see Note 11).



Shareowners' Investment

Our certificate of incorporation provides authority for the issuance of up to 250 million shares of Series Preferred Stock, $.10 par value, in one or more series, with such designations, preferences, rights, qualifications, limitations and restrictions as the Board of Directors may determine.

We are authorized to issue up to 4.25 billion shares of common stock.

On January 22, 2004, the Board of Directors authorized the repurchase of up to 80 million common shares terminating no later than the close of business on February 28, 2006. We repurchased 7.9 million and 9.5 million common shares during 2005 and 2004, respectively.

On January 19, 2006, the Board of Directors authorized the repurchase of up to 100 million common shares terminating no later than the close of business on February 28, 2008. The Board of Directors also determined that no additional common shares may be purchased under the previous program.

Note 14
Stock Incentive Plans

We determined stock-option related employee compensation expense for 2004 and 2003 using the Black-Scholes option-pricing model based on the following weighted-average assumptions:

	2004	2003
Dividend yield	4.2%	4.0%
Expected volatility	31.3	30.9
Risk-free interest rate	3.3	3.4
Expected lives (in years)	6	6

We did not grant options during 2005.

The weighted-average value of options granted during 2004 and 2003 was $7.88 and $8.41, respectively. Our stock incentive plans are described below:

Fixed Stock Option Plans

We have fixed stock option plans for substantially all employees. Options to purchase common stock were granted at a price equal to the market price of the stock at the date of grant. The options generally vest over three years and have a maximum term of ten years.

This table summarizes our fixed stock option plans:

	Stock Options (in thousands)	Weighted-Average Exercise Price
Outstanding, January 1, 2003	261,437	$ 48.32
Granted	22,207	38.94
Exercised	(4,634)	31.29
Canceled/forfeited	(7,917)	47.87
Outstanding, December 31, 2003	271,093	47.86
Granted	16,824	36.75
Exercised	(10,163)	29.90
Canceled/forfeited	(6,364)	49.69
Outstanding, December 31, 2004	271,390	47.80
Granted	–	–
Exercised	(1,095)	29.74
Canceled/forfeited	(19,319)	51.36
Outstanding, December 31, 2005	250,976	47.62
Options exercisable, December 31,		
2003	233,374	48.27
2004	239,093	48.91
2005	236,158	48.27



The following table summarizes information about fixed stock options outstanding as of December 31, 2005:

	Stock Options Outstanding			Stock Options Exercisable	
Range of Exercise Prices	Shares (in thousands)	Weighted-Average Remaining Life	Weighted-Average Exercise Price	Shares (in thousands)	Weighted-Average Exercise Price
$20.00 – 29.99	32	6.74 years	$ 27.25	32	$ 27.25
30.00 – 39.99	56,085	5.24	36.73	41,281	36.52
40.00 – 49.99	98,448	4.65	45.33	98,435	45.33
50.00 – 59.99	95,087	4.11	56.22	95,086	56.22
60.00 – 69.99	1,324	3.79	62.11	1,324	62.11
Total	250,976	4.57	47.62	236,158	48.27

Performance-Based Shares

In 2005, stock compensation awards consisted of performance-based stock units and restricted stock units that vest over three years. The 2005 performance-based stock units and restricted stock units will be paid in cash upon vesting. The expense associated with these awards is disclosed as part of other stock-based compensation (see Note 2).

In 2004, stock compensation awards consisted of stock options, performance-based stock units and restricted stock units that vest over three years. The 2004 performance-based stock units and restricted stock units will be paid in cash upon vesting. The expense associated with these awards is disclosed as part of other stock-based compensation (see Note 2).

In 2003, stock compensation awards consisted of stock options and performance-based stock units that vest over three years. This was the first grant of performance based shares since 2000, when certain key Verizon employees were granted restricted stock units that vest over a three to five year period.

The number of shares accrued for the performance-based share programs was 5,521,000, 5,993,000 and 6,707,000 at December 31, 2005, 2004 and 2003, respectively.

Note 11

Employee Benefits

We maintain noncontributory defined benefit pension plans for many of our employees. The postretirement health care and life insurance plans for our retirees and their dependents are both contributory and noncontributory and include a limit on the company's share of cost for certain recent and future retirees. We also sponsor defined contribution savings plans to provide opportunities for eligible employees to save for retirement on a tax-deferred basis. We use a measurement date of December 31 for our pension and postretirement health care and life insurance plans.

Pension and Other Postretirement Benefits

Pension and other postretirement benefits for many of our employees are subject to collective bargaining agreements. Modifications in benefits have been bargained from time to time, and we may also periodically amend the benefits in the management plans.

In December 2005, we announced that Verizon management employees will no longer earn pension benefits or earn service towards the company retiree medical subsidy after June 30, 2006. In addition, new management employees hired after December 31, 2005 are not eligible for pension benefits and managers with less than 13.5 years of service as of June 30, 2006 are not eligible for company-subsidized retiree healthcare or retiree life insurance benefits. Beginning July 1, 2006, management employees will receive an increased company match on their savings plan contributions.

The following tables summarize benefit costs, as well as the benefit obligations, plan assets, funded status and rate assumptions associated with pension and postretirement health care and life insurance benefit plans.



Obligations and Funded Status

	Pension		(dollars in millions) Health Care and Life	
At December 31,	2005	2004	2005	2004
Change in Benefit Obligation				
Beginning of year	$ 37,395	$ 40,968	$ 27,077	$ 24,581
Service cost	721	712	373	282
Interest cost	2,070	2,289	1,519	1,479
Plan amendments	181	(65)	59	248
Actuarial loss, net	390	2,467	520	2,017
Benefits paid	(2,977)	(2,884)	(1,706)	(1,532)
Termination benefits	11	4	1	2
Settlements	(35)	(6,105)	–	–
Acquisitions and divestitures, net	(194)	–	(34)	–
Other	(1)	9	–	–
End of year	37,561	37,395	27,809	27,077
Change in Plan Assets				
Beginning of year	39,106	42,776	4,549	4,467
Actual return on plan assets	4,246	4,874	348	471
Company contributions	852	443	1,085	1,143
Benefits paid	(2,977)	(2,884)	(1,706)	(1,532)
Settlements	(35)	(6,105)	–	–
Acquisitions and divestitures, net	(202)	2	–	–
End of year	40,990	39,106	4,276	4,549
Funded Status				
End of year	3,429	1,711	(23,533)	(22,528)
Unrecognized				
Actuarial loss, net	4,761	5,486	7,585	7,335
Prior service cost	1,075	1,387	4,310	4,193
Transition obligation	1	1	16	18
Net amount recognized	$ 9,266	$ 8,585	$ (11,622)	$ (10,982)
Amounts recognized on the balance sheet				
Prepaid pension cost (in Other Assets)	$ 12,704	$ 12,302	$ –	$ –
Assets held for sale	–	1	–	–
Other assets	478	463	–	–
Employee benefit obligation	(5,473)	(5,774)	(11,622)	(10,953)
Liabilities related to assets held for sale	–	–	–	(29)
Minority interest	168	145	–	–
Accumulated other comprehensive loss	1,389	1,448	–	–
Net amount recognized	$ 9,266	$ 8,585	$ (11,622)	$ (10,982)

Changes in benefit obligations were caused by factors including changes in actuarial assumptions (see Assumptions below), curtailments and settlements.

In 2005 as a result of our announcement regarding management retiree benefits, we recorded pre-tax expense of $441 million for pension curtailments and pre-tax income of $343 million for retiree medical curtailments (see Note 4 for additional information).

Verizon's union contracts contain health care cost provisions that limit company payments toward health care costs to specific dollar amounts (known as caps). These caps pertain to both current and future retirees, and have a significant impact on the actuarial valuation of postretirement benefits. These caps have been included in union contracts for several years, but have exceeded the annual health care cost every year until 2003. During the negotiation of new collective bargaining agreements for union contracts covering 79,000 unionized employees in the second half of 2003, the date health care caps would become effective was extended and the dollar amounts of the caps were increased. In the fourth quarter of 2003, we began recording retiree health care costs as if there were no caps, in connection with the ratification of the union contracts. Since the caps are an assumption included in the actuarial determination of Verizon's postretirement obligation, the effect of extending and increasing the caps increased the accumulated postretirement obligation in the fourth quarter of 2003 by $5,158 million.



In 2003 Verizon reduced its workforce using its employee severance plans (see Note 4). Additionally, in 2005, 2004 and 2003, several of the pension plans' lump-sum pension distributions surpassed the settlement threshold equal to the sum of service cost and interest cost requiring settlement recognition for all cash settlements for each of those years.

The accumulated benefit obligation for all defined benefit pension plans was $36,128 million and $35,389 million at December 31, 2005 and 2004, respectively.

Information for pension plans with an accumulated benefit obligation in excess of plan assets follows:

		(dollars in millions)
At December 31,	2005	2004
Projected benefit obligation	$ 13,100	$ 12,979
Accumulated benefit obligation	12,575	12,508
Fair value of plan assets	8,605	7,816

Net Periodic Cost

						(dollars in millions)
	Pension			Health Care and Life		
Years Ended December 31,	2005	2004	2003	2005	2004	2003
Service cost	$ 721	$ 712	$ 785	$ 373	$ 282	$ 176
Interest cost	2,070	2,289	2,436	1,519	1,479	1,203
Expected return on plan assets	(3,348)	(3,709)	(4,150)	(353)	(414)	(430)
Amortization of transition asset	–	(4)	(41)	2	2	2
Amortization of prior service cost	45	60	23	285	234	(9)
Actuarial loss (gain), net	146	57	(337)	278	187	130
Net periodic benefit (income) cost	(366)	(595)	(1,284)	2,104	1,770	1,072
Termination benefits	3	4	2,588	1	2	508
Termination benefits – Hawaii operations sold	8	–	–	–	–	–
Settlement loss	–	815	229	–	–	–
Settlement loss – Hawaii operations sold	80	–	–	–	–	–
Curtailment (gain) loss and other, net	441	1	65	(343)	2	(130)
Curtailment loss – Hawaii operations sold	6	–	–	–	–	–
Subtotal	538	820	2,882	(342)	4	378
Total cost	$ 172	$ 225	$ 1,598	$ 1,762	$ 1,774	$ 1,450

The termination benefits, settlement loss and curtailment loss amounts pertaining to the Hawaii operations sold were recorded in the consolidated statements of income in Sales of Businesses, Net.

Additional Information

We evaluate each pension plan to determine whether any additional minimum liability is required. As a result of changes in interest rates and changes in investment returns, an adjustment to the additional minimum pension liability was required for a small number of plans as indicated below. The adjustment in the liability is recorded as a charge or (credit) to Accumulated Other Comprehensive Loss, net of tax, in shareowners' investment in the consolidated balance sheets.

		(dollars in millions)
Years Ended December 31,	2005	2004	2003
Increase (decrease) in minimum liability included in other comprehensive income, before tax	$ (59)	$ 587	$ (513)

Assumptions

The weighted-average assumptions used in determining benefit obligations follow:

	Pension		Health Care and Life	
At December 31,	2005	2004	2005	2004
Discount rate	5.75%	5.75%	5.75%	5.75%
Rate of future increases in compensation	4.00	5.00	4.00	4.00

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The weighted-average assumptions used in determining net periodic cost follow:

	Pension			Health Care and Life		
Years Ended December 31,	2005	2004	2003	2005	2004	2003
Discount rate	5.75%	6.25%	6.75%	5.75%	6.25%	6.75%
Expected return on plan assets	8.50	8.50	8.50	7.75	8.50	8.50
Rate of compensation increase	5.00	5.00	5.00	4.00	4.00	4.00

In order to project the long-term target investment return for the total portfolio, estimates are prepared for the total return of each major asset class over the subsequent 10-year period, or longer. Those estimates are based on a combination of factors including the following: current market interest rates and valuation levels, consensus earnings expectations, historical long-term risk premiums and value-added. To determine the aggregate return for the pension trust, the projected return of each individual asset class is then weighted according to the allocation to that investment area in the trust's long-term asset allocation policy.

The assumed Health Care Cost Trend Rates follow:

	Health Care and Life		
At December 31,	2005	2004	2003
Health care cost trend rate assumed for next year	10.00%	10.00%	10.00%
Rate to which cost trend rate gradually declines	5.00	5.00	5.00
Year the rate reaches level it is assumed to remain thereafter	2010	2009	2008

Assumed health care trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in the assumed health care cost trend rate would have the following effects:

	(dollars in millions)	
One-Percentage-Point	Increase	Decrease
Effect on 2005 total service and interest cost	$ 295	$ (232)
Effect on postretirement benefit obligation as of December 31, 2005	3,378	(2,745)

Plan Assets

Pension Plans

The weighted-average asset allocations for the pension plans by asset category follow:

At December 31,	2005	2004
Asset Category		
Equity securities	63.4%	63.0%
Debt securities	17.5	18.2
Real estate	3.2	3.5
Other	15.9	15.3
Total	100.0%	100.0%

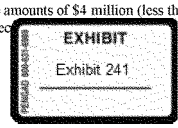
Equity securities include Verizon common stock in the amounts of $72 million (less than 1% of total plan assets) and $121 million (less than 1% of total plan assets) at December 31, 2005 and 2004, respectively. Other assets include cash and cash equivalents (primarily held for the payment of benefits), private equity and investments in absolute return strategies.

Health Care and Life Plans

The weighted-average asset allocations for the other postretirement benefit plans by asset category follow:

At December 31,	2005	2004
Asset Category		
Equity securities	71.9%	66.7%
Debt securities	22.1	25.6
Real estate	0.1	0.1
Other	5.9	7.6
Total	100.0%	100.0%

Equity securities include Verizon common stock in the amounts of $4 million (less than 1% of total plan assets) and $8 million (less than 1% of total plan assets) at December 31, 2005 and 2004, respec



The portfolio strategy emphasizes a long-term equity orientation, significant global diversification, the use of both public and private investments and professional financial and operational risk controls. Assets are allocated according to a long-term policy neutral position and held within a relatively narrow and pre-determined range. Both active and passive management approaches are used depending on perceived market efficiencies and various other factors.



Cash Flows

Federal legislation was enacted on April 10, 2004 that provides temporary pension funding relief for the 2004 and 2005 plan years. The legislation replaced the 30-year treasury rate with a higher corporate bond rate for determining the current liability. In 2005, we contributed $744 million to our qualified pension trusts, $108 million to our nonqualified pension plans and $1,085 million to our other postretirement benefit plans. Our estimate of the amount and timing of required qualified pension trust contributions for 2006 is based on current regulations, including continued pension funding relief, and is approximately $100 million, primarily for the TELPRI plans. We anticipate $145 million in contributions to our non-qualified pension plans in 2006 and $1,180 million to our other postretirement benefit plans.

Estimated Future Benefit Payments

The benefit payments to retirees, which reflect expected future service, are expected to be paid as follows:

	(dollars in millions)	
	Pension Benefits	Health Care and Life Gross of Medical Subsidy
2006	$ 2,626	$ 1,679
2007	2,649	1,769
2008	2,607	1,825
2009	2,887	1,853
2010	3,187	1,925
2011 – 2015	17,217	9,651

Medicare Prescription Drug subsidies expected to offset the future Health Care and Life benefit payments noted above are as follows:

	(dollars in millions)
	Health Care and Life
2006	$ 88
2007	93
2008	96
2009	97
2010	101
2011 – 2015	500

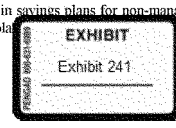
Savings Plan and Employee Stock Ownership Plans

We maintain four leveraged employee stock ownership plans (ESOP). Under these plans, we match a certain percentage of eligible employee contributions to the savings plans with shares of our common stock from these ESOPs. Common stock is allocated from all leveraged ESOP trusts based on the proportion of principal and interest paid on ESOP debt in a year to the remaining principal and interest due over the term of the debt. The final debt service payments and related share allocations for two of our leveraged ESOPs were made in 2004. At December 31, 2005, the number of unallocated and allocated shares of common stock was 5 million and 76 million, respectively. All leveraged ESOP shares are included in earnings per share computations.

We recognize leveraged ESOP cost based on the modified shares allocated method for the leveraged ESOP trusts which purchased securities before December 15, 1989 and the shares allocated method for the leveraged ESOP trust which purchased securities after December 15, 1989. ESOP cost and trust activity consist of the following:

			(dollars in millions)
Years Ended December 31,	2005	2004	2003
Compensation	$ 39	$ 159	$ 148
Interest incurred	–	12	22
Dividends	(16)	(16)	(24)
Net leveraged ESOP cost	23	155	146
Additional ESOP cost	208	81	127
Total ESOP cost	$ 231	$ 236	$ 273
Dividends received for debt service	$ 16	$ 62	$ 76
Total company contributions to leveraged ESOP trusts	$ 259	$ 275	$ 306

In addition to the ESOPs described above, we maintain savings plans for non-management employees and employees of certain subsidiaries. Compensation expense associated with these savings pla $234 million in 2004 and $220 million in 2003.



Severance Benefits

The following table provides an analysis of our severance liability recorded in accordance with SFAS Nos. 112 and 146:

(dollars in millions)

Year	Beginning of Year	Charged to Expense	Payments	Other	End of Year
2003	$ 1,137	$ 1,985	$ (857)	$ –	$ 2,265
2004	2,265	–	(1,442)	(48)	775
2005	**775**	**102**	**(256)**	**(8)**	**613**

The remaining severance liability includes future contractual payments to employees separated as of December 31, 2005.

Note 10

Income Taxes

The components of Income Before Provision for Income Taxes, Discontinued Operations and Cumulative Effect of Accounting Change are as follows:

(dollars in millions)

Years Ended December 31,	2005	2004	2003
Domestic	$ 9,183	$ 7,802	$ 2,892
Foreign	1,424	2,310	1,781
	$ 10,607	$ 10,112	$ 4,673

The components of the provision for income taxes from continuing operations are as follows:

(dollars in millions)

Years Ended December 31,	2005	2004	2003
Current			
Federal	$ 3,355	$ 305	$ 48
Foreign	195	369	72
State and local	719	335	267
	4,269	1,009	387
Deferred			
Federal	(829)	1,694	820
Foreign	(37)	33	18
State and local	(186)	123	(2)
	(1,052)	1,850	836
Investment tax credits	(7)	(8)	(10)
Total income tax expense	$ 3,210	$ 2,851	$ 1,213

The following table shows the principal reasons for the difference between the effective income tax rate and the statutory federal income tax rate:

Years Ended December 31,	2005	2004	2003
Statutory federal income tax rate	35.0%	35.0%	35.0%
State and local income tax, net of federal tax benefits	3.3	2.9	3.7
Tax benefits from investment losses	(3.6)	(2.9)	(3.1)
Equity in earnings from unconsolidated businesses	(2.8)	(6.4)	(10.6)
Other, net	(1.6)	(.4)	1.0
Effective income tax rate	30.3%	28.2%	26.0%

During 2005, we recorded a tax benefit of $336 million in connection with capital gains and prior year investment losses. As a result of the capital gain realized in 2005 in connection with the sale of our Hawaii businesses, we recorded a tax benefit of $242 million related to prior year investment losses. Also during 2005, we recorded a net tax provision of $206 million related to the repatriation of foreign earnings under the provisions of the American Jobs Creation Act of 2004, which provides for a favorable federal income tax rate in connection with the repatriation of foreign earnings, provided the criteria described in the law is met. Two of Verizon's foreign investments repatriated earnings resulting in income taxes of $332 million, partially offset by a tax benefit of $126 million.

The favorable impact on our 2004 and 2003 effective i ly driven by increased earnings from our unconsolidated businesses and tax benefits from valuation allowance rev

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Deferred taxes arise because of differences in the book and tax bases of certain assets and liabilities. Significant components of deferred tax liabilities (assets) are shown in the following table:

		(dollars in millions)
At December 31,	2005	2004
Depreciation	$ 9,445	$ 10,307
Employee benefits	(1,971)	(1,704)
Leasing activity	3,001	3,212
Loss on investments	(369)	(752)
Wireless joint venture including wireless licenses	11,786	10,382
Uncollectible accounts receivable	(406)	(501)
Other – net	(505)	(837)
	20,981	20,107
Valuation allowance	815	1,217
Net deferred tax liability	$ 21,796	$ 21,324
Net long-term deferred tax liabilities	$ 22,411	$ 22,532
Less net current deferred tax assets (in Prepaid Expenses and Other)	511	1,076
Less deferred investment tax credit	104	132
Net deferred tax liability	$ 21,796	$ 21,324

At December 31, 2005, undistributed earnings of our foreign subsidiaries amounted to approximately $3.0 billion. Deferred income taxes are not provided on these earnings as it is intended that the earnings are indefinitely invested outside of the U.S. It is not practical to estimate the amount of taxes that might be payable upon the remittance of such earnings.

The valuation allowance primarily represents the tax benefits of certain state net operating loss carry forwards, capital loss carry forwards and other deferred tax assets which may expire without being utilized. During 2005, the valuation allowance decreased $402 million. This decrease primarily relates to the valuation allowance reversals relating to utilizing prior year investment losses to offset the capital gains realized on the sale of Hawaii businesses.



Note 2

Segment Information

Reportable Segments

We have four reportable segments, which we operate and manage as strategic business units and organize by products and services. We measure and evaluate our reportable segments based on segment income. This segment income excludes unallocated corporate expenses and other adjustments arising during each period. The other adjustments include transactions that the chief operating decision makers exclude in assessing business unit performance due primarily to their non-recurring and/or non-operational nature. Although such transactions are excluded from the business segment results, they are included in reported consolidated earnings. Gains and losses that are not individually significant are included in all segment results, since these items are included in the chief operating decision makers' assessment of unit performance. These gains and losses are primarily contained in Information Services and International since they actively manage investment portfolios.

Our segments and their principal activities consist of the following:

Segment	Description
Domestic Telecom	Domestic Telecom provides local telephone services, including voice, DSL, data transport, enhanced and custom calling features, network access, directory assistance, private lines and public telephones in 28 states and Washington, D.C. This segment also provides long distance services, customer premises equipment distribution, video services, data solutions and systems integration, billing and collections and inventory management services.
Domestic Wireless	Domestic wireless products and services include wireless voice and data services and equipment sales across the United States. This segment primarily represents the operations of the Verizon Wireless joint venture with Vodafone. Verizon owns a 55% interest in the joint venture and Vodafone owns the remaining 45%. All financial results included in the tables below reflect the consolidated results of Verizon Wireless.
Information Services	Information Services' multi-platform business comprises yellow pages directories, SuperPages.com, our online directory and search services, and SuperPages On the Go, our directory and information services on wireless telephones. This segment's operations are principally in the United States.
International	International wireline and wireless communications operations and investments in the Americas and Europe.



The following table provides operating financial information for our four reportable segments:

(dollars in millions)

2005	Domestic Telecom	Domestic Wireless	Information Services	International	Total Segments
External revenues	$ 36,628	$ 32,219	$ 3,452	$ 2,159	$ 74,458
Intersegment revenues	988	82	–	34	1,104
Total operating revenues	37,616	32,301	3,452	2,193	75,562
Cost of services and sales	15,604	9,393	593	707	26,297
Selling, general & administrative expense	8,419	10,768	1,107	675	20,969
Depreciation & amortization expense	8,801	4,760	92	340	13,993
Total operating expenses	32,824	24,921	1,792	1,722	61,259
Operating income	4,792	7,380	1,660	471	14,303
Equity in earnings of unconsolidated businesses	–	27	–	807	834
Income from other unconsolidated businesses	–	–	–	56	56
Other income and (expense), net	79	6	17	259	361
Interest expense	(1,701)	(601)	–	(127)	(2,429)
Minority interest	–	(2,995)	(7)	(44)	(3,046)
Provision for income taxes	(1,264)	(1,598)	(626)	(171)	(3,659)
Segment income	$ 1,906	$ 2,219	$ 1,044	$ 1,251	$6,420
Assets	$ 75,188	$ 76,729	$ 1,525	$ 11,603	$ 165,045
Investments in unconsolidated businesses	2	154	1	2,767	2,924
Plant, property and equipment, net	49,618	22,790	166	2,155	74,729
Capital expenditures	8,267	6,484	80	283	15,114

(dollars in millions)

2004	Domestic Telecom	Domestic Wireless	Information Services	International	Total Segments
External revenues	$ 37,160	$ 27,586	$ 3,549	$ 1,982	$ 70,277
Intersegment revenues	861	76	–	32	969
Total operating revenues	38,021	27,662	3,549	2,014	71,246
Cost of services and sales	14,830	7,747	542	626	23,745
Selling, general & administrative expense	8,621	9,591	1,319	471	20,002
Depreciation & amortization expense	8,910	4,486	87	324	13,807
Total operating expenses	32,361	21,824	1,948	1,421	57,554
Operating income	5,660	5,838	1,601	593	13,692
Equity in earnings of unconsolidated businesses	–	45	–	1,031	1,076
Income from other unconsolidated businesses	–	–	–	31	31
Other income and (expense), net	100	11	15	35	161
Interest expense	(1,602)	(661)	(33)	(85)	(2,381)
Minority interest	–	(2,323)	(6)	(80)	(2,409)
Provision for income taxes	(1,506)	(1,265)	(609)	(300)	(3,680)
Segment income	$ 2,652	$ 1,645	$ 968	$ 1,225	$ 6,490
Assets	$ 78,824	$ 68,027	$ 1,680	$ 14,885	$ 163,416
Investments in unconsolidated businesses	3	148	4	4,914	5,069
Plant, property and equipment, net	50,608	20,516	179	2,391	73,694
Capital expenditures	7,118	5,633	87	382	13,220



(dollars in millions)

2003	Domestic Telecom	Domestic Wireless	Information Services	International	Total Segments
External revenues	$ 38,281	$ 22,436	$ 3,763	$ 1,921	$ 66,401
Intersegment revenues	774	53	–	28	855
Total operating revenues	39,055	22,489	3,763	1,949	67,256
Cost of services and sales	14,512	6,460	554	574	22,100
Selling, general & administrative expense	8,363	8,057	1,387	691	18,498
Depreciation & amortization expense	9,107	3,888	79	346	13,420
Sales of businesses, net	–	–	(141)	–	(141)
Total operating expenses	31,982	18,405	1,879	1,611	53,877
Operating income	7,073	4,084	1,884	338	13,379
Equity in earnings (loss) of unconsolidated businesses	–	15	(1)	1,091	1,105
Income (loss) from other unconsolidated businesses	(4)	–	–	169	165
Other income and (expense), net	45	12	7	32	96
Interest expense	(1,648)	(626)	(38)	(160)	(2,472)
Minority interest	–	(1,554)	(8)	(20)	(1,582)
Provision for income taxes	(2,167)	(848)	(716)	(58)	(3,789)
Segment income	$ 3,299	$ 1,083	$ 1,128	$ 1,392	$ 6,902
Assets	$ 82,087	$ 65,166	$ 1,726	$ 11,872	$ 160,851
Investments in unconsolidated businesses	64	288	4	4,555	4,911
Plant, property and equipment, net	53,378	18,998	190	2,164	74,730
Capital expenditures	6,820	4,590	74	358	11,842

Reconciliation To Consolidated Financial Information

A reconciliation of the results for the operating segments to the applicable line items in the consolidated financial statements is as follows:

(dollars in millions)

	2005	2004	2003
Operating Revenues			
Total reportable segments	**$ 75,562**	$ 71,246	$ 67,256
Hawaii operations	**202**	595	614
Corporate, eliminations and other	**(652)**	(558)	(402)
Consolidated operating revenues – reported	**$ 75,112**	$ 71,283	$ 67,468
Operating Expenses			
Total reportable segments	**$ 61,259**	$ 57,554	$ 53,877
Hawaii operations	**124**	393	478
Sales of businesses and investments, net (see Notes 3, 5, and 8)	**(530)**	100	300
Severance, pension and benefit charges (see Note 4)	**157**	815	5,523
Verizon Center relocation, net (see Note 4)	**(18)**	–	–
MCI exposure, lease impairment and other special items (see Note 4)	**125**	(91)	496
Corporate, eliminations and other	**(819)**	(605)	(613)
Consolidated operating expenses – reported	**$ 60,298**	$ 58,166	$ 60,061



	2005	2004	2003
			(dollars in millions)
Net Income			
Segment income – reportable segments	$ 6,420	$ 6,490	$ 6,902
Sales of businesses and investments, net (see Notes 3, 5 and 8)	336	1,059	44
Severance, pension and benefit charges (see Note 4)	(95)	(499)	(3,399)
Verizon Center relocation, net (see Note 4)	8	–	–
MCI exposure, lease impairment and other special items (see Note 4)	(133)	2	(419)
Iusacell charge (see Note 3)	–	–	(931)
Tax benefits (see Note 4)	336	234	–
Tax provision on repatriated earnings (see Note 4)	(206)	–	–
Income on discontinued operations (see Note 3)	–	54	46
Cumulative effect of accounting change (see Note 2)	–	–	503
Corporate and other	731	491	331
Consolidated net income – reported	$ 7,397	$ 7,831	$ 3,077
Assets			
Total reportable segments	$ 165,045	$ 163,416	$ 160,851
Reconciling items	3,085	2,542	5,117
Consolidated assets	$ 168,130	$ 165,958	$ 165,968

Results of operations for Domestic Telecom and Information Services exclude the effects of our wireline and directory businesses in Hawaii, including Verizon Hawaii Inc. which operated approximately 700,000 switched access lines, as well as the services and assets of Verizon Long Distance, Verizon Online, Verizon Information Services and Verizon Select Services in Hawaii (see Note 3). Financial information for Information Services excludes the effects of Verizon Information Services Canada (see Note 3).

Corporate, eliminations and other includes unallocated corporate expenses, intersegment eliminations recorded in consolidation, the results of other businesses such as lease financing, and asset impairments and expenses that are not allocated in assessing segment performance due to their non-recurring nature.

We generally account for intersegment sales of products and services and asset transfers at current market prices. We are not dependent on any single customer.

Geographic Areas

Our foreign investments are located principally in the Americas and Europe. Domestic and foreign operating revenues are based on the location of customers. Long-lived assets consist of plant, property and equipment (net of accumulated depreciation) and investments in unconsolidated businesses. The table below presents financial information by major geographic area:

Years Ended December 31,	2005	2004	2003
			(dollars in millions)
Domestic			
Operating revenues	$ 72,701	$ 69,173	$ 65,303
Long-lived assets	74,978	72,668	74,346
Foreign			
Operating revenues	2,411	2,110	2,165
Long-lived assets	4,931	7,311	6,745
Consolidated			
Operating revenues	75,112	71,283	67,468
Long-lived assets	79,909	79,979	81,091

Note 18

Comprehensive Income

Comprehensive income consists of net income and other gains and losses affecting shareowners' investment that, under GAAP, are excluded from net income.



Changes in the components of other comprehensive income (loss), net of income tax expense (benefit), are as follows:

			(dollars in millions)
Years Ended December 31,	2005	2004	2003
Foreign Currency Translation Adjustments, net of taxes of $–, $– and $–	$ (755)	$ 548	$ 568
Unrealized Gains (Losses) on Net Investment Hedges			
Unrealized gains (losses), net of taxes of $1, $(48) and $–	2	(58)	–
Less reclassification adjustments for losses realized in net income, net of taxes of $–, $(48) and $–	–	(58)	–
Net unrealized gains on net investment hedges	2	–	–
Unrealized Derivative Gains (Losses) on Cash Flow Hedges			
Unrealized gains (losses), net of taxes of $–, $(2) and $(1)	4	(9)	30
Less reclassification adjustments for gains (losses) realized in net income, net of taxes of $(2), $(2) and $(1)	(6)	(26)	51
Net unrealized derivative gains (losses) on cash flow hedges	10	17	(21)
Unrealized Gains (Losses) on Marketable Securities			
Unrealized gains, net of taxes of $10, $4 and $2	4	8	5
Less reclassification adjustments for gains realized in net income, net of taxes of $14, $1 and $1	25	1	4
Net unrealized gains (losses) on marketable securities	(21)	7	1
Minimum Pension Liability Adjustment, net of taxes of $25, $(212) and $201	34	(375)	312
Other Comprehensive Income (Loss)	$ (730)	$ 197	$ 860

The foreign currency translation adjustment in 2005 represents unrealized losses from the decline in the functional currencies on our investments in Vodafone Omnitel, Verzion Dominicana, C. por A. (Verizon Dominicana) and CANTV. The foreign currency translation adjustment in 2004 represents unrealized gains from the appreciation of the functional currencies at Verizon Dominicana and our investment in Vodafone Omnitel as well as the reclassification of the foreign currency translation loss in connection with the sale of our 20.5% interest in TELUS (see Note 8), partially offset by unrealized losses from the decline in the functional currency on our investment in CANTV. The foreign currency translation adjustment in 2003 is primarily driven by the impact of the euro on our investment in Vodafone Omnitel and a reclassification of the foreign currency translation loss of Iusacell of $577 million in connection with the sale of Iusacell (see Note 3), partially offset by unrealized foreign currency translation losses at Verizon Dominicana and CANTV.

During 2005, we entered into zero cost euro collars to hedge a portion of our net investment in Vodafone Omnitel. As of December 31, 2005, our positions in the zero cost euro collars have been settled. During 2004, we entered into foreign currency forward contracts to hedge our net investment in Verizon Information Services Canada and TELUS (see Note 12). In connection with the sales of these interests in the fourth quarter of 2004, the unrealized losses on these net investment hedges were realized in net income along with the corresponding foreign currency translation balance.

The changes in the minimum pension liability in 2005, 2004 and 2003 were required by accounting rules for certain pension plans based on their funded status (see Note 15).

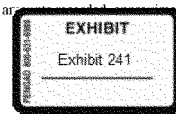
The components of Accumulated Other Comprehensive Loss are as follows:

		(dollars in millions)
At December 31,	2005	2004
Foreign currency translation adjustments	$ (867)	$ (112)
Unrealized gains on net investment hedges	2	–
Unrealized derivative losses on cash flow hedges	(27)	(37)
Unrealized gains on marketable securities	10	31
Minimum pension liability adjustment	(901)	(935)
Accumulated other comprehensive loss	$ (1,783)	$ (1,053)

Note 19

Accounting for the Impact of the September 11, 2001 Terrorist Attacks

The primary financial statement impact of the September 11, 2001 terrorist attacks pertains to Verizon's plant, equipment and administrative office space located either in, or adjacent to the World Trade Center complex, and the associated service restoration efforts. We recorded insurance recoveries related to the terrorist attacks of $270 million in 2003 and $200 million in 2002, primarily offsetting fixed asset losses and expenses incurred in 2005 and preceding years. Of the ar[illegible]ely $130 million in 2003 and $112 million in 2002 relate



to operating expenses (primarily cost of services and sales) reported in the consolidated statements of income, and also reported by our Domestic Telecom segment. The costs and estimated insurance recoveries were recorded in accordance with EITF No. 01-10, "Accounting for the Impact of the Terrorist Attacks of September 11, 2001." As of December 31, 2005, we received insurance proceeds of $849 million.

Note 7
Additional Financial Information

The tables that follow provide additional financial information related to our consolidated financial statements:

Income Statement Information

		(dollars in millions)	
Years Ended December 31,	2005	2004	2003
Depreciation expense	$ 12,519	$ 12,508	$ 12,210
Interest expense incurred	2,533	2,561	2,941
Capitalized interest	(352)	(177)	(144)
Advertising expense	1,914	1,685	1,419

Balance Sheet Information

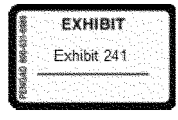
		(dollars in millions)
At December 31,	2005	2004
Accounts Payable and Accrued Liabilities		
Accounts payable	$ 2,827	$ 2,827
Accrued expenses	3,036	3,071
Accrued vacation pay	914	842
Accrued salaries and wages	2,390	2,526
Interest payable	579	585
Accrued taxes	2,605	3,326
	$ 12,351	$ 13,177
Other Current Liabilities		
Advance billings and customer deposits	$ 1,985	$ 1,899
Dividends payable	1,137	1,083
Other	2,449	2,852
	$ 5,571	$ 5,834

Cash Flow Information

		(dollars in millions)	
Years Ended December 31,	2005	2004	2003
Cash Paid			
Income taxes, net of amounts refunded	$ 4,744	$ 597	$ (716)
Interest, net of amounts capitalized	2,077	2,723	2,646
Supplemental Investing and Financing Transactions			
Assets acquired in business combinations	635	8	880
Liabilities assumed in business combinations	35	–	13
Debt assumed in business combinations	9	–	4

Note 8
Guarantees of Operating Subsidiary Debt

Verizon has guaranteed the following two obligations of indirect wholly owned operating subsidiaries: $480 million 7% debentures series B, due 2042 issued by Verizon New England Inc. and $300 million 7% debentures series F issued by Verizon South Inc. due 2041. These guarantees are full and unconditional and would require Verizon to make scheduled payments immediately if either of the two subsidiaries failed to do so. Both of these securities were issued in denominations of $25 and were sold primarily to retail investors and are listed on the New York Stock Exchange. SEC rules permit us to include condensed consolidating financial information for these two subsidiaries in our periodic SEC reports rather than filing separate subsidiary periodic SEC reports.



Below is the condensed consolidating financial information. Verizon New England and Verizon South are presented in separate columns. The column labeled Parent represents Verizon's investments in all of its subsidiaries under the equity method and the Other column represents all other subsidiaries of Verizon on a combined basis. The Adjustments column reflects intercompany eliminations.

(dollars in millions)

Condensed Consolidating Statements of Income Year Ended December 31, 2005	Parent	Verizon New England	Verizon South	Other	Adjustments	Total
Operating revenues	$ –	$ 3,936	$ 907	$ 70,766	$ (497)	$ 75,112
Operating expenses	8	3,628	684	56,475	(497)	60,298
Operating Income (Loss)	(8)	308	223	14,291	–	14,814
Equity in earnings of unconsolidated businesses	6,698	23	–	276	(6,308)	689
Income from other unconsolidated businesses	35	–	–	57	–	92
Other income and (expense), net	502	(4)	6	141	(408)	237
Interest expense	(58)	(172)	(63)	(1,905)	18	(2,180)
Minority interest	–	–	–	(3,045)	–	(3,045)
Income before provision for income taxes	7,169	155	166	9,815	(6,698)	10,607
Income tax benefit (provision)	228	(40)	(62)	(3,336)	–	(3,210)
Net Income	$ 7,397	$ 115	$ 104	$ 6,479	$ (6,698)	$ 7,397

(dollars in millions)

Condensed Consolidating Statements of Income Year Ended December 31, 2004	Parent	Verizon New England	Verizon South	Other	Adjustments	Total
Operating revenues	$ –	$ 3,955	$ 934	$ 66,756	$ (362)	$ 71,283
Operating expenses	260	3,664	717	53,887	(362)	58,166
Operating Income (Loss)	(260)	291	217	12,869	–	13,117
Equity in earnings of unconsolidated businesses	7,714	59	–	1,438	(7,520)	1,691
Income from other unconsolidated businesses	–	–	–	75	–	75
Other income and (expense), net	171	8	7	38	(202)	22
Interest expense	(20)	(165)	(63)	(2,144)	8	(2,384)
Minority interest	–	–	–	(2,409)	–	(2,409)
Income before provision for income taxes and discontinued operations	7,605	193	161	9,867	(7,714)	10,112
Income tax benefit (provision)	229	(50)	(34)	(2,996)	–	(2,851)
Income Before Discontinued Operations	7,834	143	127	6,871	(7,714)	7,261
Gain (loss) on discontinued operations, net of tax	(3)	–	–	573	–	570
Net Income	$ 7,831	$ 143	$ 127	$ 7,444	$ (7,714)	$ 7,831



(dollars in millions)

Condensed Consolidating Statements of Income Year Ended December 31, 2003	Parent	Verizon New England	Verizon South	Other	Adjustments	Total
Operating revenues	$ –	$ 4,102	$ 951	$ 62,692	$ (277)	$ 67,468
Operating expenses	562	4,148	808	54,820	(277)	60,061
Operating Income (Loss)	(562)	(46)	143	7,872	–	7,407
Equity in earnings (loss) of unconsolidated businesses	3,176	(42)	–	1,272	(3,128)	1,278
Income (loss) from other unconsolidated businesses	(10)	–	–	341	–	331
Other income and (expense), net	75	(1)	2	(3)	(36)	37
Interest expense	(78)	(160)	(64)	(2,483)	(12)	(2,797)
Minority interest	–	–	–	(1,583)	–	(1,583)
Income (loss) before provision for income taxes, discontinued operations and cumulative effect of accounting change	2,601	(249)	81	5,416	(3,176)	4,673
Income tax benefit (provision)	476	82	(32)	(1,739)	–	(1,213)
Income (Loss) Before Discontinued Operations And Cumulative Effect Of Accounting Change	3,077	(167)	49	3,677	(3,176)	3,460
Loss on discontinued operations, net of tax	–	–	–	(886)	–	(886)
Cumulative effect of accounting change, net of tax	–	369	47	87	–	503
Net Income	$ 3,077	$ 202	$ 96	$ 2,878	$ (3,176)	$ 3,077

(dollars in millions)

Condensed Consolidating Balance Sheets At December 31, 2005	Parent	Verizon New England	Verizon South	Other	Adjustments	Total
Cash	$ –	$ –	$ –	$ 776	$ –	$ 776
Short-term investments	–	216	32	2,250	–	2,498
Accounts receivable, net	20	910	142	9,429	(1,330)	9,171
Other current assets	9,365	166	185	3,784	(9,497)	4,003
Total current assets	9,385	1,292	359	16,239	(10,827)	16,448
Plant, property and equipment, net	1	[illegible]	[illegible]	68,000	–	75,305
Investments in unconsolidated businesses	32,593			10,017	(38,122)	4,604

EXHIBIT
Exhibit 241

CSOC.CBR.00032106

Other assets	532	472	390	70,609	(230)	71,773
Total Assets	$ 42,511	$ 8,026	$ 1,907	$ 164,865	$ (49,179)	$ 168,130
Debt maturing within one year	$ 22	$ 471	$ –	$ 16,452	$ (9,804)	$ 7,141
Other current liabilities	2,511	1,049	176	15,209	(1,023)	17,922
Total current liabilities	2,533	1,520	176	31,661	(10,827)	25,063
Long-term debt	92	2,702	901	28,404	(230)	31,869
Employee benefit obligations	205	1,892	254	16,468	–	18,819
Deferred income taxes	–	537	220	21,654	–	22,411
Other liabilities	1	146	27	3,360	–	3,534
Minority interest	–	–	–	26,754	–	26,754
Total shareowners' investment	39,680	1,229	329	36,564	(38,122)	39,680
Total Liabilities and Shareowners' Investment	$ 42,511	$ 8,026	$ 1,907	$ 164,865	$ (49,179)	$ 168,130



(dollars in millions)

Condensed Consolidating Balance Sheets At December 31, 2004	Parent	Verizon New England	Verizon South	Other	Adjustments	Total
Cash	$ –	$ –	$ –	$ 2,290	$ –	$ 2,290
Short-term investments	–	187	33	2,037	–	2,257
Accounts receivable, net	6	913	151	9,751	(1,020)	9,801
Other current assets	7,632	151	123	4,985	(7,760)	5,131
Total current assets	7,638	1,251	307	19,063	(8,780)	19,479
Plant, property and equipment, net	1	6,444	1,204	66,475	–	74,124
Investments in unconsolidated businesses	32,191	116	–	9,639	(36,091)	5,855
Other assets	408	488	374	65,460	(230)	66,500
Total Assets	$ 40,238	$ 8,299	$ 1,885	$ 160,637	$ (45,101)	$ 165,958
Debt maturing within one year	$ 31	$ 168	$ –	$ 11,222	$ (7,828)	$ 3,593
Other current liabilities	2,372	1,217	181	16,718	(952)	19,536
Total current liabilities	2,403	1,385	181	27,940	(8,780)	23,129
Long-term debt	113	2,966	901	31,924	(230)	35,674
Employee benefit obligations	160	1,940	235	15,606	–	17,941
Deferred income taxes	–	571	249	21,712	–	22,532
Other liabilities	2	253	34	3,780	–	4,069
Minority interest	–	–	–	25,053	–	25,053
Total shareowners' investment	37,560	1,184	285	34,622	(36,091)	37,560
Total Liabilities and Shareowners' Investment	$ 40,238	$ 8,299	$ 1,885	$ 160,637	$ (45,101)	$ 165,958

(dollars in millions)

Condensed Consolidating Statements of Cash Flows Year Ended December 31, 2005	Parent	Verizon New England	Verizon South	Other	Adjustments	Total
Net cash from operating activities	**$ 7,605**	**$ 831**	**$ 284**	**$ 20,229**	**$ (6,937)**	**$ 22,012**
Net cash from investing activities	**(913)**	**(784)**	**(221)**	**(16,343)**	**(231)**	**(18,492)**
Net cash from financing activities	**(6,692)**	**(47)**	**(63)**	**(5,400)**	**7,168**	**(5,034)**
Net Decrease in Cash	**$ –**	**$ –**	**$ –**	**$ (1,514)**	**$ –**	**$ (1,514)**

(dollars in millions)

Condensed Consolidating Statements of Cash Flows Year Ended December 31, 2004	Parent	Verizon New England	Verizon South	Other	Adjustments	Total
Net cash from operating activities	$ 6,650	$ 1,219	$ 282	$ 20,133	$ (6,464)	$ 21,820
Net cash from investing activities	–	(655)	(75)	(9,559)	(54)	(10,343)
Net cash from financing activities	(6,650)	(		(8,953)	6,518	(9,856)
Net Increase in Cash	$ –	$		$ 1,621	$ –	$ 1,621

EXHIBIT
Exhibit 241

(dollars in millions)

Condensed Consolidating Statements of Cash Flows Year Ended December 31, 2003	Parent	Verizon New England	Verizon South	Other	Adjustments	Total
Net cash from operating activities	$ 8,763	$ 1,304	$ 283	$ 20,630	$ (8,513)	$ 22,467
Net cash from investing activities	–	(628)	(229)	(11,506)	127	(12,236)
Net cash from financing activities	(8,763)	(676)	(54)	(9,852)	8,386	(10,959)
Net Decrease in Cash	$ –	$ –	$ –	$ (728)	$ –	$ (728)

Note 21
Commitments and Contingencies

Several state and federal regulatory proceedings may require our telephone operations to pay penalties or to refund to customers a portion of the revenues collected in the current and prior periods. There are also various legal actions pending to which we are a party and claims which, if asserted, may lead to other legal actions. We have established reserves for specific liabilities in connection with regulatory and legal actions, including environmental matters, that we currently deem to be probable and estimable. We do not expect that the ultimate resolution of pending regulatory and legal matters in future periods, including the Hicksville matters described below, will have a material effect on our financial condition, but it could have a material effect on our results of operations.



During 2003, under a government-approved plan, remediation commenced at the site of a former Sylvania facility in Hicksville, New York that processed nuclear fuel rods in the 1950s and 1960s. Remediation beyond original expectations proved to be necessary and a reassessment of the anticipated remediation costs was conducted. A reassessment of costs related to remediation efforts at several other former facilities was also undertaken. As a result, an additional environmental remediation expense of $240 million was recorded in Selling, General and Administrative Expense in the consolidated statements of income in 2003, for remedial activities likely to take place over the next several years. In September 2005, the Army Corps of Engineers (ACE) accepted the Hicksville site into the Formerly Utilized Sites Remedial Action Program. This may result in the ACE performing some or all of the remediation effort for the Hicksville site with a corresponding decrease in costs to Verizon. To the extent that the ACE assumes responsibility for remedial work at the Hicksville site, an adjustment to this reserve may be made. Adjustments may also be made based upon actual conditions discovered during the remediation at any of the sites requiring remediation.

There are also litigation matters associated with the Hicksville site primarily involving personal injury claims in connection with alleged emissions arising from operations in the 1950s and 1960s at the Hicksville site. These matters are in various stages, and no trial date has been set.

In connection with the execution of agreements for the sales of businesses and investments, Verizon ordinarily provides representations and warranties to the purchasers pertaining to a variety of nonfinancial matters, such as ownership of the securities being sold, as well as financial losses.

Subsequent to the sale of Verizon Information Services Canada (see Note 3), our Information Services segment continues to provide a guarantee to publish directories, which was issued when the directory business was purchased in 2001 and had a 30-year term (before extensions). The preexisting guarantee continues, without modification, following the sale of Verizon Information Services Canada. The possible financial impact of the guarantee, which is not expected to be adverse, cannot be reasonably estimated since a variety of the potential outcomes available under the guarantee result in costs and revenues or benefits that may offset. In addition, performance under the guarantee is not likely.

As of December 31, 2005, letters of credit totaling $140 million had been executed in the normal course of business, which support several financing arrangements and payment obligations to third parties.

We have several commitments primarily to purchase network services, equipment and software from a variety of suppliers totaling $669 million. Of this total amount, $486 million, $110 million, $41 million, $18 million, $4 million and $10 million are expected to be purchased in 2006, 2007, 2008, 2009, 2010 and thereafter, respectively.

Note 23
Quarterly Financial Information (Unaudited)

(dollars in millions, except per share amounts)

Quarter Ended	Operating Revenues	Operating Income	Income Before Discontinued Operations Amount	Per Share-Basic	Per Share-Diluted	Net Income
2005						
March 31	**$ 18,179**	**$ 3,382**	**$ 1,757**	**$ .63**	**$ .63**	**$ 1,757**
June 30 [a]	**18,569**	**4,092**	**2,113**	**.76**	**.75**	**2,113**
September 30 [b]	**19,038**	**3,633**	**1,869**	**.68**	**.67**	**1,869**
December 31	**19,326**	**3,707**	**1,658**	**.60**	**.59**	**1,658**
2004						
March 31 [c]	$ 17,056	$ 2,466	$ 1,183	$ .43	$ .42	$ 1,199
June 30	17,758	3,701	1,782	.64	.64	1,797
September 30	18,206	3,597	1,779	.64	.64	1,796
December 31 [d]	18,263	3,353	2,517	.91	.90	3,039

(a) Results of operations for the second quarter of 2005 include a $336 million net after-tax gain on the sale of our wireline and directory businesses in Hawaii, tax benefits of $242 million associated with prior investment losses and a net tax provision of $232 million related to the repatriation of foreign earnings under the provisions of the American Jobs Creation Act of 2004.

(b) Results of operations for the third quarter of 2005 include an impairment charge of $125 million pertaining to our leasing operations for airplanes leased to airlines experiencing financial difficulties.

(c) Results of operations for the first quarter of 2004 include a $446 million after-tax charge for severance and related pension settlement benefits.

(d) Results of operations for the fourth quarter of 20 net after-tax gain on the sale of an investment and $234

EXHIBIT
Exhibit 241

million of tax benefits associated with prior investment losses.

Income before discontinued operations per common share is computed independently for each quarter and the sum of the quarters may not equal the annual amount.



Note 2

Subsequent Events (Unaudited)

MCI Merger

On February 14, 2005, Verizon announced that it had agreed to acquire MCI for a combination of Verizon common shares and cash (including MCI dividends). On May 2, 2005, Verizon announced that it agreed with MCI to further amend its agreement to acquire MCI for cash and stock of at least $26.00 per share, consisting of cash of $5.60, which was paid as a special dividend by MCI on October 27, 2005, after the October 6, 2005 approval of the transaction by MCI shareholders, plus the greater of .5743 Verizon shares for each MCI common share or a sufficient number of Verizon shares to deliver to shareholders $20.40 of value. Under this price protection feature, Verizon had the option of paying additional cash instead of issuing additional shares over the .5743 exchange ratio. This consideration was subject to adjustment at closing and may have been decreased based on MCI's bankruptcy claims-related experience and international tax liabilities. The merger received the required state, federal and international regulatory approvals by year-end 2005, and on January 6, 2006, Verizon and MCI closed the merger.

Under terms of the merger agreement, MCI shareholders received .5743 shares of Verizon and cash for each of their MCI shares. Verizon elected to make a supplemental cash payment of $2.738 per MCI share, $779 million in the aggregate, rather than issue additional shares of Verizon common stock, so that the merger consideration was equal to at least $20.40 per MCI share. Verizon and MCI management mutually agreed that there was no purchase price adjustment related to the amount of MCI's bankruptcy claims-related experience and international tax liabilities.

Redemption of MCI Debt

On January 17, 2006, Verizon announced offers to purchase two series of MCI senior notes, MCI $1,983 million aggregate principal amount of 6.688% Senior Notes Due 2009 and MCI $1,699 million aggregate principal amount of 7.735% Senior Notes Due 2014, at 101% of their par value. Due to the change in control of MCI that occurred in connection with the merger with Verizon on January 6, 2006, Verizon is required to make this offer to noteholders within 30 days of the closing of the merger of MCI and Verizon. Separately, Verizon notified noteholders that MCI is exercising its right to redeem both series of Senior Notes prior to maturity under the optional redemption procedures provided in the indentures. The 6.688% Notes were redeemed on March 1, 2006, and the 7.735% Notes were redeemed on February 16, 2006.

In addition, on January 20, 2006, Verizon announced an offer to repurchase MCI $1,983 million aggregate principal amount of 5.908% Senior Notes Due 2007 at 101% of their par value. On February 21, 2006, $1,804 million of these notes were redeemed by Verizon. Verizon satisfied and discharged the indenture governing this series of notes shortly after the close of the offer for those noteholders who did not accept this offer.

Issuance of Debt

In February 2006, Verizon issued $4,000 million of floating rate and fixed rate notes maturing from 2007 through 2035.



EXHIBIT 21

Verizon Communications Inc. and Subsidiaries
Principal Subsidiaries of Registrant at December 31, 2005

Name	Jurisdiction of Organization
Verizon California Inc.	California
Verizon Delaware Inc.	Delaware
Verizon Florida Inc.	Florida
Verizon Maryland Inc.	Maryland
Verizon New England Inc.	New York
Verizon New Jersey Inc.	New Jersey
Verizon New York Inc.	New York
Verizon North Inc.	Wisconsin
Verizon Northwest Inc.	Washington
Verizon Pennsylvania Inc.	Pennsylvania
Verizon South Inc.	Virginia
GTE Southwest Incorporated (d/b/a Verizon Southwest)	Delaware
Verizon Virginia Inc.	Virginia
Verizon Washington, DC Inc.	New York
Verizon West Virginia Inc.	West Virginia
Cellco Partnership (d/b/a Verizon Wireless)	Delaware
Verizon Capital Corp.	Delaware
Verizon Global Funding Corp.	Delaware
Verizon Information Services Inc.	Delaware
Verizon International Holdings Ltd.	Bermuda



EXHIBIT 23

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Verizon Communications Inc. (Verizon) of our reports dated February 23, 2006, with respect to the consolidated financial statements of Verizon, Verizon management's assessment of the effectiveness of internal control over financial reporting, and the effectiveness of internal control over financial reporting of Verizon, included in the 2005 Annual Report to Shareowners of Verizon.

Our audits also included the financial statement schedule of Verizon listed in Item 15(a). This schedule is the responsibility of Verizon's management. Our responsibility is to express an opinion based on our audits. In our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also consent to the incorporation by reference in the following registration statements of Verizon and where applicable, related Prospectuses, of our reports dated February 23, 2006, with respect to the consolidated financial statements of Verizon, Verizon management's assessment of the effectiveness of internal control over financial reporting, and the effectiveness of internal control over financial reporting of Verizon, incorporated by reference in this Annual Report (Form 10-K) for the year ended December 31, 2005: Form S-8, No. 333-66459; Form S-8, No. 333-66349; Form S-4, No. 333-11573; Form S-8, No. 333-41593; Form S-8, No. 333-42801; Form S-4, No. 333-76171; Form S-8, No. 333-75553; Form S-8, No. 333-76171; Form S-8, No. 333-50146; Form S-8, No. 333-53830; Form S-3, No. 333-73612; Form S-4, No. 333-82408; Form S-8, No. 333-82690; Form S-3, No. 333-109028-01; Form S-3, No. 333-106750; Form S-8, No. 333-105512; Form S-8, No. 333-105511; Form S-8, No. 333-118904; Form S-8, No. 333-123374; and Form S-4, No. 333-124008.

/s/ Ernst & Young LLP
Ernst & Young LLP
New York, New York

March 14, 2006



EXHIBIT 31.1

I, Ivan G. Seidenberg, certify that:

1. I have reviewed this annual report on Form 10-K of Verizon Communications Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 14, 2006

/s/ Ivan G. Seidenberg
Ivan G. Seidenberg
Chairman and Chief Executive Officer



EXHIBIT 31.2

I, Doreen A. Toben, certify that:

1. I have reviewed this annual report on Form 10-K of Verizon Communications Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 14, 2006

/s/ Doreen A. Toben
Doreen A. Toben
Executive Vice President and Chief Financial Officer



EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002, PURSUANT TO SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE

I, Ivan G. Seidenberg, Chairman and Chief Executive Officer of Verizon Communications Inc. (the "Company"), certify that:

(1) the report of the Company on Form 10-K for the annual period ending December 31, 2005 (the "Report") fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934 (the "Exchange Act"); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods referred to in the Report.

Date: March 14, 2006

/s/ Ivan G. Seidenberg
Ivan G. Seidenberg
Chairman and Chief Executive Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Verizon Communications Inc. and will be retained by Verizon Communications Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

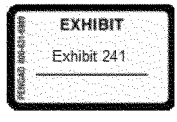


EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002, PURSUANT TO SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE

I, Doreen A. Toben, Executive Vice President and Chief Financial Officer of Verizon Communications Inc. (the "Company"), certify that:

(1) the report of the Company on Form 10-K for the annual period ending December 31, 2005 (the "Report") fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934 (the "Exchange Act"); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods referred to in the Report.

Date: March 14, 2006

/s/ Doreen A. Toben
Doreen A. Toben
Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Verizon Communications Inc. and will be retained by Verizon Communications Inc. and furnished to the Securities and Exchange Commission or its staff upon request.



Go to "Form Completed"

Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

1. Registrant name ☒ Organization ☐ Individual

Organization: Verizon & its affiliates, except Verizon Wireless

2. Address ☐ Check if different than previously reported

Address1: 1300 I Street, NW | Address 2: Suite 400 West

City: Washington | State: DC | Zip Code: 20005 | Country: USA

3. Principal place of business (if different than line 2)

City: 140 West Street | State: NY | Zip Code: 10007 | Country: USA

City | State/Zip or Country

4a. Contact Name (Prefix / Full Name)	b. Telephone number	c. E-mail	5. Senate ID #
Mr. Mark S. Mullet	202-515-2553	mark.s.mullet@verizon.com	5836-12

7. Client Name ☒ Self

Verizon & its affiliates, except Verizon Wireless

6. House ID # 31572000

TYPE OF REPORT 8. Year 2005 Midyear (January 1-June30) ☐ OR Year End (July 1-December 31) ☒

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ ⇨ Termination Date _____ 11. No Lobbying Activity ☐

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying Firms

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☐ ⇨ $ _____

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSES relating to lobbying activities for this reporting period were:

Less than $10,000 ☐

$10,000 or more ☒ ⇨ $ 4,260,000

14. REPORTING METHOD. Check box to indicate expense accounting method. See instructions for description of options.

☒ **Method A.** Reporting amounts using LDA definitions only

☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Edit Form >

Senate Password _____ File with Senate >

Signature: Peter Davidson

Digitally signed by Peter Davidson
DN: CN = Peter Davidson, C = US, O = ENT ACES Business Representative, OU = ACES Trusted Business Certificate
Date: 2006.02.28 15:53:51 -05'00'

Date: 2/28/2006

Printed Name and Title: Peter B. Davidson, Senior Vice President

EXHIBIT
Exhibit 242

LD-2DS (Rev. 4.06)

Go to 'Form Completed'

Delete this page

Registrant Name Verizon & its affiliates, except Verizon Wireless Client Name Verizon & its affiliates, except Verizon Wireless

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code BUD - Budget/Appropriations (one per page)

16. Specific lobbying issues

Add codes or continue lobbying issues description for this issue

General appropriations
Homeland Security appropriations
FCC appropriations
Tax outlays

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

House of Representatives
Senate

18. Name of each individual who acted as a lobbyist in this issue area

Add a page to continue lobbying activities for this issue

Name			Covered Official Position (if applicable)	New
First Name	Last Name	Suffix		
Peter	Davidson		General Counsel - USTR	☐
Frank	Dillow			☐
J. Michael	Hickey			☐
Andrew	Mekelburg			☐
Mark	Mullet		Tax Counsel to Senator Roth	☐
Gregg	Rothschild		Minority Counsel, House Comm. Energy and Cmrce	☐
Roger	Mott			☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for additional clients

Signature *Document digitally signed on Page 1.* Date 2/28/2006

Printed Name and Title Peter B. Davidson,

EXHIBIT
Exhibit 242

LD-2DS (Rev. 4.06)

Go to 'Form Completed'

Delete this page

Registrant Name Verizon & its affiliates, except Verizon Wireless Client Name Verizon & its affiliates, except Verizon Wireless

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code CPI - Computer Industry (one per page)

16. Specific lobbying issues

H.R.29, Securely Protect Yourself Against Cyber Trespass Act,
H.R.744, Internet Spyware (I-SPY) Prevention act of 2005,
S.1004, Enhanced Consumer Protection Against Spyware Act of 2005,
S.1095, Protecting American Goods and Services Act of 2005,
S.1326,Notification of Risk to Personal Data Act,
S.1332,A bill to prevent and mitigate identity theft; to ensure privacy; and to enhance criminal etc.

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

Executive Office of the President
House of Representatives
Senate

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First Name	Last Name	Suffix		
Davidson	Peter		General Counsel - USTR	☐
Deutsch	Sarah			☐
Dillow	Frank			☐
Flannery	John			☐
Mekelburg	Andrew			☐
Mott	Roger			☐
Senn	Ed			☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Signature Date

Printed Name and Title Peter B. Davidson,

EXHIBIT
Exhibit 242

LD-2DS (Rev. 4.06)

Go to 'Form Completed'
Delete this page

Registrant Name Verizon & its affiliates, except Verizon Wireless

Client Name Verizon & its affiliates, except Verizon Wireless

ADDENDUM for General Lobbying Issue Area CPI

16. Specific lobbying issues (continued from previous page)

S.1608,Safe Web Act,
S.1699,Stop Counterfeiting in Manufactured Goods Act,
S.1789,Personal Data Privacy and Security Act
S.1326,S.751,Notification of Risk to Personal Data Act
H.R.4127, Data Accountability and Trust Act
S.472, Anti-phishing Act of 2005
S.687, Software Principles Yielding Better Levels of Consumer Knowledge Act
SPY BLOCK Act,

Privacy
Piracy
Data Retention
Spam Issues
Digital Rights Management
Broadband
RIAA Case
Intellectual property
Internet blocking
Internet gambling
FOIA exemption
Peer-to-peer file sharing
Media ownership
Security breach notification

EXHIBIT
Exhibit 242

Go to 'Form Completed'

Delete this page

Registrant Name Verizon & its affiliates, except Verizon Wireless Client Name Verizon & its affiliates, except Verizon Wireless

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code CPT - Copyright/Patent/Trademark (one per page)

16. Specific lobbying issues

Add page to continue specific issues information for this issue

H.R.2795, Patent Reform Act of 2005

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

Department of Commerce
Department of State
Executive Office of the President
House of Representatives
Senate

18. Name of each individual who acted as a lobbyist in this issue area

Add a page for previous lobbying lobbyists for this issue

Name			Covered Official Position (if applicable)	New
First Name	Last Name	Suffix		
Sarah	Deutsch			☐
Kathleen	Zanowic			☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for additional names

Signature Date

Printed Name and Title Peter B. Davidson

EXHIBIT
Exhibit 242

LD-2DS (Rev. 4.06)

Go to 'Form Completed'

Delete this page

Registrant Name Verizon & its affiliates, except Verizon Wireless Client Name Verizon & its affiliates, except Verizon Wireless

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code HCR - Health Issues (one per page)

16. Specific lobbying issues

Add page to continue specific issues described for this issue

H.R.2234, 21st Century Health Information Act of 2005
S.1197, Violence Against Women act of 2005
S.1227, Health Information Technology Act of 2005
S.1262, Health Technology to Enhance Quality Act of 2005 Health TEQ Act of 2005
S.1418, Wired for Healthcare Quality Act of 2005

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

House of Representatives
Senate

18. Name of each individual who acted as a lobbyist in this issue area

Add a page to continue lobbying lobbyists for this issue

Name			Covered Official Position (if applicable)	New
First Name	Last Name	Suffix		
Andrew	Mekelburg			☐
John	Flannery			☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different client

Signature Date

Printed Name and Title Peter B. Davidson,

EXHIBIT
Exhibit 242

LD-2DS (Rev. 4.06)

Go to 'Form Completed'
Delete this page

Registrant Name Verizon & its affiliates, except Verizon Wireless Client Name Verizon & its affiliates, except Verizon Wireless

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code LBR - Labor Issues/Antitrust/Workplace (one per page)

16. Specific lobbying issues

Add page to continue specific issues description for this issue

H.R. 2830, Pension Protection Act of 2005
H.R.3, Transportation Equity Act: A Legacy for Users, Workplace safety
S.219, National Employee Savings and Trust Equity Guarantee Act of 2005
S.1783, Pension Protection
FMLA

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

Department of Labor
Department of Transportation
Department of the Treasury
Executive Office of the President
House of Representatives
Senate

18. Name of each individual who acted as a lobbyist in this issue area Add a page to continue lobbyist for this issue

Name First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Joanna	McIntosh			☐
Andrew	Mekelburg			☐
Roger	Mott			☐
Mark	Mullet		Tax Counsel to Senator Roth	☐
Ed	Senn			☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for additional names

Signature Date

Printed Name and Title Peter B. Davidson

EXHIBIT
Exhibit 242

LD-2DS (Rev. 4.06)

Go to "Free Completed"
Delete this page

Registrant Name Verizon & its affiliates, except Verizon Wireless

Client Name Verizon & its affiliates, except Verizon Wireless

ADDENDUM for General Lobbying Issue Area LBR

16. Specific lobbying issues (continued from previous page)

Center for Medicare Procurement Reform
Management Compensation (Public Law 108-357)
Number of hours truck drivers allowed to drive
FLSA reform
Pension legislation



Go to "Form Completed"

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Registrant Name Verizon & its affiliates, except Verizon Wireless Client Name Verizon & its affiliates, except Verizon Wireless

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code TAX - Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues

Add page for additional specific issues for this issue

H.R.1684, Internet Tax Nondiscrimination Act of 2005
H.R.1685, Internet Consumer Protection Act of 2005
H.R.1898 and S.1321, Telephone Excise Tax Repeal Act of 2005
H.R.2320, To amend the Internal Revenue Code of 1986 to permanently extend the 50-percent bonus depreciation added by Jobs and Growth Tax Relief Reconciliation Act of 2003
H.R. 2911, To amend the Internal Revenue Code of 1986 to modify the active business definition under

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

Department of Labor
Department of the Treasury
Executive Office of the President
House of Representatives
Internal Revenue Service
Senate

18. Name of each individual who acted as a lobbyist in this issue area

Add a page for additional lobbyists for this issue

Name			Covered Official Position (if applicable)	New
First Name	Last Name	Suffix		
Peter	Davidson		General Counsel - USTR	☐
Frank	Dillow			☐
John	Flannery			☐
Roger	Mott			☐
Mark	Mullet			☐
Ed	Senn			☐
Kathleen	Zanowic			☐
Del	Velasquez			☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for additional names

Signature Date

Printed Name and Title Peter B. Davidson,

EXHIBIT
Exhibit 242

LD-2DS (Rev. 4.06)

Go to "Form Completed"
Delete this page

Registrant Name Verizon & its affiliates, except Verizon Wireless Client Name Verizon & its affiliates, except Verizon Wireless

ADDENDUM for General Lobbying Issue Area TAX

16. Specific lobbying issues (continued from previous page)

Section 355
H.R.3367, To amend the Internal Revenue Code of 1986 to include wireless telecommunications equipment in the definition of qualified technological equipment for purposes of determining the depreciation
H.R.6, Energy Policy Act of 2005
H.R.809, To make permanent the individual income tax rates for capital gains and dividends
S.10, Energy Policy Act of 2005
H.R.4297, Tax Relief Act of 2005
S.2020, Tax Relief Act of 2005
S.1321, Telephone Excise Tax Repeal Act of 2005
S.1327, A bill to amend the Internal Revenue Code of 1986 to modify the active business definition under Section 355
S.1441, To amend the Internal Revenue Code of 1986 to include wireless telecommunications equipment in the definition of qualified technological equipment for purposes of determining the depreciation
S.1524, To repeal the sunset on the reduction of capital gains rates for individuals and on the taxation of dividends of individuals at capital gain rates.
S.7, Jobs and Growth Tax Relief Act of 2005
S.849, Internet Tax Nondiscrimination Act
Research and Development Tax Credit
Tax stimulus/jobs programs
Internet taxation
International tax legislation
FCS Lease Arrangements
State and local communications taxes



CSOC.CBR.00032512

Go to Form Completed
Delete this page

Registrant Name Verizon & its affiliates, except Verizon Wireless Client Name Verizon & its affiliates, except Verizon Wireless

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code TEC - Telecommunications (one per page)

16. Specific lobbying issues

H.R.2418, IP-Enabled Voice Communications and Public Safety Act of 2005
H.R.2726, Preserving Innovation in Telecom Act of 2005
H.R.3146, To promote deployment of competitive video services and eliminate redundant and unnecessary regulation
S.1063, IP-Enabled Voice Communications and Public Safety Act of 2005
S.1294, Community Broadband Act of 2005

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

Immigration and Naturalization Service
Internal Revenue Service
United States Trade Representative
Department of Commerce
Department of Justice, State, Treasury, Commerce and Labor
Executive Office of the President
Federal Bureau of Investigation
Federal Communications Commission

18. Name of each individual who acted as a lobbyist in this issue area

Name First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Peter	Davidson		General Counsel - USTR	☐
Frank	Dillow			☐
Robert	Fisher		Professional Staff Member - Sen. Commerce Comm	☐
John	Flannery			☐
Joanna	McIntosh			☐
Andrew	Mekelburg			☐
Roger	Mott			☐
Mark	Mullet		Tax Counsel to Senator Roth	☐
Gregg	Rothschild		Minority Counsel, House Comm. Energy/Commerce	☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Signature Date

Printed Name and Title Peter B. Davidson

EXHIBIT
Exhibit 242

LD-2DS (Rev. 4.06)

Go to 'Form Completed'

Delete this page

Registrant Name Verizon & its affiliates, except Verizon Wireless

Client Name Verizon & its affiliates, except Verizon Wireless

ADDENDUM for General Lobbying Issue Area TEC

16. Specific lobbying issues (continued from previous page)

S.1349, A bill to promote deployment of competitve video services eliminate redundant and unnecessary regulation and further the development of next generation broadband networks
S. 1504, The Broadband Investment and Consumer Choice Act
S. 1583, universal Service for the 21st Century Act
S. 284, Rural Universal Services Equity Act of 2005
S. 497, Broadband Rural Revitalization Act of 2005
S. 241, A bill to amend section 254 of the Communications Act of 1934 to provide that funds received as universal service contributions and the universal service support programs established pursuant to that section are not subject to certain provisions of title.
S. 2113, Digital Age Communications Act
Universal service
Cable franchise reform
Broadband deployment incentives
Antitrust
Verizon-MCI acquisition
Reform of Telecommunications Act of 1996
USF Anti-Deficiency Act exemption
AT&T Calling Card dispute
Program access
UNE/Telecom competition
E911
FOIA Exemption
FTC Reauthorization
FCC Reauthorization
FCC appointments

EXHIBIT
Exhibit 242

CSOC.CBR.00032514

Go to Form Completed

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Registrant Name Verizon & its affiliates, except Verizon Wireless

Client Name Verizon & its affiliates, except Verizon Wireless

ADDENDUM for General Lobbying Issue Area TEC

18. Name of each individual who acted as a lobbyist in this issue area (continued from previous page)

Name			Covered Official Position (if applicable)	New
First Name	Last Name	Suffix		
Ed	Senn			☐
Del	Velasquez		Office of Vice President Bush	☐
Kathleen	Zanowic			☐
				☐
				☐
				☐
				☐
				☐
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				☐

Add a page to continue answers for this issue

Form LD-2DS

EXHIBIT
Exhibit 242

Go to Form Completed

Delete this page

Registrant Name Verizon & its affiliates, except Verizon Wireless Client Name Verizon & its affiliates, except Verizon Wireless

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code TRD - Trade (Domestic & Foreign) (one per page)

16. Specific lobbying issues

Add page to continue specific issues for this issue

FTC Reauthorization/Common Carrier oversight
Antitrust
Supreme Court Trinko Case

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

House of Representatives
Senate

18. Name of each individual who acted as a lobbyist in this issue area

Add a page to continue lobbying activity for this issue

Name			Covered Official Position (if applicable)	New
First Name	Last Name	Suffix		
Peter	Davidson		General Counsel - USTR	☐
Frank	Dillow			☐
Roger	Mott			☐
Ed	Senn			☐
Kathleen	Zanowic			☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for additional entities

Signature Date

Printed Name and Title Peter B. Davidson

EXHIBIT
Exhibit 242

LD-2DS (Rev. 4) 6)

Organization (By Category and Name)	Amount Requested	Project Description/Highlights	Intended Outcomes/Impacts	Audience	Recommending Executive
21st Century Literacy and Education					
CITY COLLEGE OF NEW YORK	$500K over 2 years	Preliminary discussions around support for the new Charles B. Rangel Center for Public Service and/or an educational project tied to the Center's Worker Education Program serving working adults whose access to higher education was limited due to age, income, work situation of family responsibilities			Ivan Seidenberg/Peter Davidson

VZ-CCNY 1183

CSOC.CBR.00022674

Roger A.
Mott/EMPL/DC/Verizon
04/19/2006 11:09 AM

To jon.sheiner@mail.house.gov
cc
bcc
Subject Fw: Tops in Diversity, Improving Health Care, Big Market for FiOS TV, Managed IP Sale

Jon

I forward this article to you simply because when I saw Charlie at the former Members Dinner last month he indicated Comcast officials spoke to CBC and touted how great they were on the diversity issue and by inference, that Verizon was not. Charlie said get me some information on that as well as their other contention that Verizon will cherry pick on rolling out its new state of the art fiber optic lines. Nothing could be further from the truth on either count, as evidenced by some of what I have forwarded in recent days to you and the additional material still to come on both issues.

I expect a vote in the full House on Nationwide Franchising sometime in May. I would probably be good for me, along with Monica Azare, our head person for government in New York State (also Charlie's constituent), to visit with you and Charlie whenever you think it is appropriate. I don't want to jump the gun, but with a vote within 4-6 weeks it is probably timely for the personal visit.

We have a good story to tell.

Thanks Roger

PS See you tomorrow morning.

Lost the dam article sending it separately now.



Roger A. Mott/EMPL/DC/Verizon
05/01/2006 11:28 AM

To jon.sheiner@mail.house.gov
cc
bcc
Subject Fw: NY Urban League affiliate video choice letter to Towns

Jon

NY Urban League letter to Ed Towns before Commerce Committee vote last week supporting Video Choice bill. Reported out of committee 42-12, with more than half the Democrats on committee voting yes.

Towns, Wynn and Rush were Rock Stars for us during the entire process.

May be on House Floor next week. Let me know what else I should be doing to work to gain Charlie's support. Again good New York story to be told here and Monica Azare, (Charlie's constituent), who heads our NY operation, would be glad to meet with him in district office or down here.

Thanks for your guidance.

Roger

NYUrbanLeague.pdf

EXHIBIT
Exhibit 245

VZ-CCNY 1342

CSOC.CBR.00022834

Roger A. Mott/EMPL/DC/Verizon
08/30/2006 04:19 PM

To Patrick Gaston/EMPL/DC/Verizon@VZNotes
cc
bcc
Subject Re: The Rangel Center

Patrick

Hope you are well.

Can you update me on this one from last year? I am going to see Charlie next week down here and want to have latest info. at the ready in case this comes up.

Thanks Roger

Patrick Gaston/EMPL/DC/Verizon

Patrick Gaston/EMPL/DC/Verizon
07/27/2005 12:47 PM

To Roger A. Mott/EMPL/DC/Verizon@VZNotes
cc
Subject Re: The Rangel Center

We will do 500k over 3-5 years beginning early 2006. We have confirmed with Shelly Butler of City College who will be submitting the grant in our system. It will still need to be approved by Doreen and the Foundation Board. However its safe to say that its a go pending these approvals.

Sent from my BlackBerry Wireless Handheld
Roger A. Mott

From: Roger A. Mott
Sent: 07/27/2005 10:47 AM
To: Patrick Gaston
Subject: Re: The Rangel Center

Patrick

Just checking in with you to see if this is firm or still in discussion stage . Seeing Charlie later this week and not bringing it up but need status in case he raises with me.

Thanks Roger
Patrick Gaston/EMPL/DC/Verizon

Patrick Gaston/EMPL/DC/Verizon
07/17/2005 09:24 PM

To Roger A. Mott/EMPL/DC/Verizon@VZNotes
cc
Subject Re: The Rangel Center



VZ-CCNY 1207

CSOC.CBR.00022698

I did not want to confirm with her in writing but I am confident it will happen. I will let you know.

Sent from my BlackBerry Wireless Handheld

----- Original Message -----
From: Roger A. Mott
Sent: 07/17/2005 09:10 PM
To: CN=Patrick Gaston/OU=EMPL/OU=DC/O=Verizon@VZNotes
Subject: Re: The Rangel Center

Patrick

Sounds good. Thanks for keeping me posted. Know you will let me know if it firms up in coming days.

Roger

Sent from my BlackBerry Wireless Handheld

----- Original Message -----
From: Patrick Gaston
Sent: 07/17/2005 05:50 PM
To: "rbutler" <[redacted]>
Subject: Re: The Rangel Center

Hi Shelly,

I think that there is a good possibility to do this over a period of 3 to 5 years beginning in 2006. Let's discuss this week to firm up. Please call me at 202-236-[redacted] next Tuesday to discuss.

Thanks,

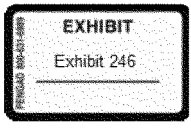
Patrick

Sent from my BlackBerry Wireless Handheld

----- Original Message -----
From: "Rachelle Butler" [redacted]
Sent: 07/17/2005 11:38 AM
To: Patrick Gaston/EMPL/DC/Verizon@VZNotes
Subject: The Rangel Center

Dear Patrick,

Thanks so much for our wonderful conversation about the proposed Charles B. Rangel Center for Public Service at The City College of New York (CCNY). We feel very privileged to be able to establish this Center at City College in honor of one of America's most distinguished public servants. The City College of New York, the only public college in Harlem, is located in Congressman Rangel's district, and he has long had a close association with our school and



its leadership, including our current president, Dr. Gregory Williams. The creation of the Center at The College will be an event of national and international importance, as this will be the only Center honoring the Congressman in the US, and it should be of considerable interest to the press.

As we discussed, we are now in the phase of the public/private sector partnership that is required by the Congress for their support of the project. Many corporations and foundations have expressed interest in participating, including the Ford Foundation, J.P. Morgan Chase, Citibank, and many others. We anticipate receiving seed money from Congress, but full support will depend on how well we do in the private sector outreach phase.

I'm sure you know that Congressman Rangel has always advanced the idea that the men and women who occupy the top managerial, supervisory and policy-making positions should mirror the diversity of the nation and that the federal workforce should reflect that. I know that Verizon shares this goal and we believe that City College's diversity and mission make us the best source of talent to fulfill it.

Last year, US News and World Report ranked CCNY the most diverse college in the nation where African-Americans were the largest group; this year we were ranked the most diverse college in the nation where Hispanic-Americans are the largest group. More than 90 languages are spoken on our campus and our students hail from more than 150 countries.

Historically, for 158 years, City College's mission has been one of excellence and access, offering our students opportunity to obtain a first-class education at an affordable price and enter the professions. The majority of our students come from families making less than $30k/year; they are mostly immigrants or the children of immigrants; they are often the first in their families to go to college; and, more than 75% of them work, either full time or at one or more part-time jobs. Today, once again, City College is selective and is widely seen to be entering its second Golden Age.

Briefly, the Rangel Center will include:

- A combined BA/MA program and a stand-alone MA graduate program for students from groups currently underrepresented in public service; the goal is to inspire our best students to move into graduate work and pursue careers in public service:

- A Mid-Career Leadership Program targeted at outstanding leaders from communities underrepresented in public service and designed to advance them into public service leadership positions;

- The Charles B. Rangel Library, which will contain the product of 50 years of public service by Congressman Rangel, the major African-American statesman of the 20th and early 21st centuries; scholarly research in the archives will generate work of great importance, both in the academic and public spheres;

- The Center itself, housed in the restored and renovated Harlem limestone mansion adjacent to The City College campus.

We would very much like to have the Verizon Foundation as one of our partners in this major initiative and we believe that what would be most appropriate for both Verizon and the Rangel Center would be to name the communications network center for the Verizon Foundation.

Today, we know that the learning process is enhanced through carefully designed and applied technology. The new cutting-edge communications network



center will be the heart of that technology, connecting the Rangel Center Library with the City College library and other research and practice institutions, enabling state-of-the-art wireless computer access within the Center, and offering the prospect of future technical advances. We feel, too, that other departments in The College, such as the School of Education, will be very interested in observing how such a communication center can increase learning.

The cost for creating the communications center will be $500,000 and we would like to name it the Verizon Foundation Communications Center in honor of our friends and partners at Verizon. At his moment, we are asking only for signed pledges although we hope to begin work on the Center in late 2005 or early 2006.

As you requested, I have contacted the Congressman's office and asked them to notify him that we have had a very good conversation. I look forward to hearing from you after you have consulted with other Verizon leaders and to beginning what I hope will be a long and happy relationship between Verizon, City College, and the Rangel Center.

Again, my warmest thanks.

Sincerely,

Shelly

--
Rachelle D. Butler, Vice President
Development and Institutional Advancement
The City College of New York
Shepard S-154
138th and Convent Avenue
New York, NY 10031
Tel: (212) 650-[redacted], (212) 650-[redacted]
Fax: (212) 650-[redacted]
Email: rbutler[redacted]

--



----- Forwarded by Roger A. Mott/EMPL/DC/Verizon on 12/18/2006 10:18 AM -----

Patrick Gaston/EMPL/DC/Verizon
08/31/2006 09:52 AM

To: Roger A. Mott/EMPL/DC/Verizon@VZNotes
cc:
Subject: The Rangel Center

Roger,

There is a good possibility to do this (i.e., $500,000) over a period of three years beginning in 2007 (i.e., $167,000, 167,000, and $166,000, respectively).

Status as of 08/25/05 per Shelly Butler

Pending Commitments:
1- Congressman Rangel will be presenting a bill to Congress for seed money in the range of $3-$7 million. It was assumed that this bill will be successful.

Timeline For Fund-raising:
2- Phase I: Congressman Rangel submitting a bill to Congress for seed money.
Phase II: Cementing the public/private partnership that Congress requires for such a project Phase III: Congress providing the balance of the funds after a successful second phase

Building Plans for the Charles Rangel Center:
3- Estimated starting date - March 2006; build-out date estimated at December 2006

Building of the Verizon Communications Center:
4- Part of the Charles Rangel Center (i.e., 500-700 square feet). Timeline is the same as number three above.

Start date of the use of the Center:
5- Approximately September 1, 2007

The status report above is per our last conversation with Shelly. It is a bricks and mortar project that is contingent upon governmental funding and the construction of the Charles Rangel Center. Based upon our review of the grant request, Verizon thus far is the only corporation that is potentially funding this capital campaign. We are waiting word from them on whether or not federal funding was secured and if they have gotten other corporate partners interested in this initiative.

Please call me if you wish to discuss.

Patrick



Brett Silverstein

Date: Wed, 22 Nov 2006 09:37:46 -0500
From: "Shelly Butler" <[redacted]>
Subject: RE: talks with the verizon foundation
To: <bsilverstein[redacted]>

Brett,
This looks very good--can you give me some course names and some more details about this proposed program? Would it be for mid-career people or for everyone? The more information you can give me, the better.
Thanks
Shelly

Shelly Butler, Vice President
Development & Institutional Advancement
The City College of New York
160 Convent Avenue, S-154
New York, NY 10031
Tel: (212) 650-[redacted]; 650-[redacted]
Fax: (212) 650-[redacted]
Email: rbutler[redacted]

-----Original Message-----
From: Brett Silverstein [redacted]
Sent: Tuesday, November 21, 2006 5:59 PM
To: rbutler[redacted]
Subject: RE: talks with the verizon foundation

Shelly,

On the books (i.e. not having to be created through bureaucracy) is a MA program in Management of Information (last word is either Systems or Technology). In the past it has been meant mostly for the private sector, I think. It has been defunct for a while but we are already in the process of reviving it. It will be a stand alone program but we could offer the training to students in the public service program interested in using it in public service. It might be a concentration in the Master's Program in Public Service Management. I have already modified the letter of intent needed to create the program to include several other concentrations: 1. Public-Private Partnerships in the Management of Infrastructure; 2. Environmental Issues; 3. International Issues; 4 Ethnicity and Immigration; 5. Urban New York.

Brett

---------- Original Message ----------
From: "Shelly Butler" <[redacted]>
Reply-To: <rbutler[redacted]>
Date: Tue, 21 Nov 2006 16:56:04 -0500

>I love it!
>Brett?
>
>

EXHIBIT
Exhibit 248

CSOC.CBR.00024362

CSOC.CBR.00024362

>Shelly Butler, Vice President
>Development & Institutional Advancement
>The City College of New York
>160 Convent Avenue, S-154
>New York, NY 10031
>Tel: (212) 650- ; 650-
>Fax: (212) 650-
>Email: rbutler
>
>
>-----Original Message-----
>From: Lisa Silverman
>Sent: Tuesday, November 21, 2006 4:37 PM
>To: rbutler ; bsilverstein
>Subject: RE: talks with the verizon foundation
>
>Does it make sense to create a program or certificate in "Managing IT
>for
>the Public Sector?"
>
>Lisa J. Silverman
>Senior Capital Campaign Consultant
>The City College of New York
>212-650- phone
>212-650- fax
>
>-----Original Message-----
>From: Shelly Butler
>Sent: Tuesday, November 21, 2006 4:33 PM
>To: bsilverstein
>Cc: 'Lisa Silverman'
>Subject: talks with the verizon foundation
>
>Brett,
>Verizon may or may not give to the rangel center because of the
>political issues but they would consider it--I did get the contact from
>rangel's office and want to try for that first
>
>they are not interested in funding the technology center of the rangel
>building, but rather in giving to anything having to do with
technology-
>
>is there a technology curriculum for these folks?-maybe mid-career
>people who are looking to advance their careers and need technology
such
>as text messaging-mobile communications,on-line multi-streaming
>
>they are ok with giving us some money to purchase materials, some for
>staff salaries for researcher to develop curriculum
>
>I thought the rangel mid-career fellows might want to return to school
>to learn how to use technology more effectively--they are interested in
>cwe but would be willing to consider the above for rangel
>
>Can we make a case for it? Have you thought at all about technology and
>management? Maybe a certificate program in Rangel?
>
>I'm supposed to give them a concept paper on the idea--want to think
>about it and give me something? $250-500k
>

EXHIBIT
Exhibit 248

CSOC.CBR.00024363

CSOC.CBR.00024363

>Thanks
>Shelly
>
>
>
>Shelly Butler, Vice President
>Development & Institutional Advancement
>The City College of New York
>160 Convent Avenue, S-154
>New York, NY 10031
>Tel: (212) 650- ; 650-
>Fax: (212) 650-
>Email: rbutler
>
>
>
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>
>
>

EXHIBIT
Exhibit 248

CSOC.CBR.00024364

From: roger.a.mott
Sent: Monday, December 18, 2006 10:33 AM
To: Dalley, George
Subject: RE: The Rangel Center

As I understand it is for $500,000 over a three year period for the Charles Rangel Telecommunications Center within the Rangel Center. That is why I think Patrick's wording in his memo to me refers to our piece may be contingent on getting an overall facility up and running to house our Telecom portion.

I can arrange for Patrick to come down and fill you in personally or I can set something up by conference call if that helps.

"Dalley, George" <George.Dalley@mail.house.gov>
12/18/2006 10:27 AM

To: Roger A. Mott/EMPL/DC/Verizon@VZNotes
cc:
Subject: RE: The Rangel Center

Roger, with the recent developments re earmarks we are going to need your help now more than ever. Do you know the contemplated level of support?

-----Original Message-----
From: roger.a.mott
Sent: Monday, December 18, 2006 10:25 AM
To: Dalley, George
Subject: Fw: The Rangel Center

George

Hope you are well. I saw Jon Sheiner at our NY AA Dinner and mentioned to him Verizon's involvement in the Charles Rangel Center. He was not sure if you were aware we have been in discussion with the CUNY folks for over a year.

Below is an update I requested from Patrick Gaston, President of the Verizon Foundation back in August. I am not sure if this is contingent on the Federal appropriation, which I understand may be at risk.

I will keep you posted from our end as discussions progress, but wanted you to know of our long-standing commitment to be helpful for a great cause.

Thanks Roger

EXHIBIT
Exhibit 249

CBR 003381

CSOC.CBR.00006655

Brett Silverstein

Date: Thu, 28 Dec 2006 06:50:20 -0500
From: "Lemons" <[redacted]>
Subject: CWE proposal to Verizon
To: <[redacted]>, <[redacted]>
Cc: "Lisa Silverman" <[redacted]>

Hi all - I just finished another great curry lunch in a little hole-in-the-wall in Jaipur, but I'll try to focus; the cow outside the cyber cafe is a little distracting but...

I think we can creatively package this under the Rangel Center, and not split it into two; CWE will be an active participant in the BA/MA program, and the BA/MA has a BA component; as Brett points out, we hope to offer some of the MA courses at CWE as well; to do both of these it makes sense to be sure that CWE has a technology infrastructure that is equal to what is available on the main campus; in what I put together for Shelly, all four aspects are integral to our being a part of the BA/MA public service program: 1 - technology supporting the liberal arts base (required for the BA part), 2 - technological literacy (important for the BA and MA parts); 3 - concentrations in technology-focused areas (such as the public sector-specific applications)and 4 - the Masters in information systems which could be uptown and downtown.

I won't be able to rework the write-up along these lines until the weekend, but perhaps it won't need much except for getting it in the right context.

I'll check email tomorrow again to see what you think.

-Dan

--
Dr. Daniel E. Lemons, Dean
The City College Center for Worker Education
99 Hudson St., 7th Floor
New York, NY 10013

212-925-[redacted]
reply to: dlemons[redacted]
website: http://www.ccny.cuny.edu/cwe

--

EXHIBIT
Exhibit 250

CSOC.CBR.00024365

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark one)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2006

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission file number 1-8606

Verizon Communications Inc.

(Exact name of registrant as specified in its charter)

Delaware	**23-2259884**
(State of incorporation)	(I.R.S. Employer Identification No.)
140 West Street **New York, New York**	**10007**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (212) 395-1000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $.10 par value	New York, Philadelphia, Boston, Chicago, London, Swiss, Amsterdam and Frankfurt Stock Exchanges

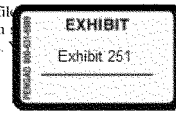
Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has fil[illegible]iled by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such [illegible]rant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.



Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

At June 30, 2006, the aggregate market value of the registrant's voting stock held by nonaffiliates was approximately $93,436,462,000.

At January 31, 2007, 2,909,893,627 shares of the registrant's Common Stock were outstanding, after deducting 57,758,811 shares held in treasury.

Documents incorporated by reference:

Portions of the registrant's Annual Report to Shareowners for the year ended December 31, 2006 (Parts I and II).

Portions of the registrant's Proxy Statement prepared in connection with the 2007 Annual Meeting of Shareowners (Part III).



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Unless otherwise indicated, all information is as of February 23, 2007



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PART I

Item 1. Business

General

Verizon Communications Inc. (Verizon) is one of the world's leading providers of communications services. Our Wireline business provides telephone services, including voice, network access and nationwide long-distance services, broadband video and data services, and other communications products and services. Our wireline business also owns and operates one of the most expansive end-to-end global Internet Protocol (IP) networks. Our domestic wireless business, operating as Verizon Wireless, provides wireless voice and data products and services across the United States using one of the most extensive domestic wireless networks. Stressing diversity and commitment to the communities in which we operate, we have a highly diverse workforce of 242,000 employees.

Verizon, formerly known as Bell Atlantic Corporation, was incorporated in 1983 under the laws of the State of Delaware. We began doing business as Verizon Communications on June 30, 2000 following our merger with GTE Corporation. We completed our merger with MCI on January 6, 2006, and have incorporated its operations into our wireline business.

Our principal executive offices are located at 140 West Street, New York, New York 10007 (telephone number 212-395-1000).

We have two reportable segments, Wireline and Domestic Wireless, which we operate and manage as strategic business units and organize by products and services. Our segments and their principal activities consist of the following:

Wireline	Wireline provides communications services including voice, broadband video and data, next generation IP network services, network access, long distance and other services to consumers, carriers, business and government customers both domestically and globally in 150 countries.
Domestic Wireless	Domestic Wireless products and services include wireless voice and data products and other value added services and equipment sales across the United States.

You can find additional business information under the heading "Overview" on pages 18 through 19 and segment financial information under the heading "Segment Results of Operations" on pages 24 through 27 and in Note 17 on pages 69 through 71 of the 2006 Verizon Annual Report to Shareowners, which is incorporated herein by reference.

Wireline

Background

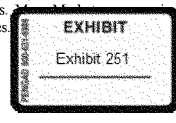
Our Wireline segment, which includes the operations of the former MCI, is comprised of two strategic units, Verizon Telecom and Verizon Business. Revenues in 2006 were $50,794 million, representing approximately 58% of Verizon's aggregate revenues. Verizon Telecom provides local telecommunications, broadband data and video services in 28 states and Washington, D.C., as well as nationwide long-distance and other communications products and services. Verizon is deploying a fiber-to-the-premises network under the FiOS service mark, that we believe is the platform of the future for digital voice, data and video services with sufficient bandwidth and capabilities to meet our customers needs for the foreseeable future. FiOS allows us to offer our customers fast, reliable broadband access speeds, as well as robust video services. The Wireline segment also includes Verizon Business, a provider of next-generation IP network and Information Technology (IT) products and services to medium and large businesses and government customers.

Operations

Verizon Telecom

Verizon Telecom consists of three lines of business which operate across our telephone subsidiaries and focus on specific customer market areas. We are not dependent on any single customer. Our telephone operations remain responsible within their respective service areas for the provision of telephone services and regulatory matters.

Our *Mass Markets* line of business markets communications and information services to residential customers and small businesses including basic telecommunication service and end-user access; value-added services such as voicemail, caller ID and call forwarding; and broadband services, which include digital subscriber lines (DSL) and fiber optics to the premise (FiOS data and FiOS television services). Our long distance subsidiary provides national and international long distance services in all 50 states to residential and business customers, including calling cards, 800/888 services and operator services. [illegible] 2006 were approximately $22,528 million, representing approximately 44% of Wireline's aggregate revenues. [illegible]ved primarily from the provision of telecommunication services to residential users.



Our *Wholesale* line of business markets our long distance and local exchange network facilities for resale to other long distance and competing communications carriers. Wholesale services include switched access, special access, high-capacity, high-speed digital services, unbundled network elements (UNE's) and interconnection revenues from competitive local exchange carriers (CLEC) and wireless carriers. Wholesale revenues in 2006 were approximately $8,323 million, representing approximately 16% of Wireline's aggregate revenues. Approximately 70% of total Wholesale revenues were derived from interexchange carriers. The remaining revenues principally come from other local exchange carriers, which resell network connections to their own customers.

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Other services include operator services (including deaf relay services), public (coin) telephone, as well as former MCI dial around services including 10-10-987, 10-10-220, 1-800-COLLECT and Prepaid phone cards. Other revenues in 2006 were approximately $2,408 million, representing approximately 5% of Wireline's aggregate revenues.

Verizon Business

Verizon Business consists of three lines of business which focus on the needs of our enterprise business customers. We are not dependent on any single customer.

Our *Enterprise Business* line of business markets voice, data and internet communications services to medium and large business customers, multi-national corporations, and state and federal governments. The Enterprise Business also provides value-added services that make communications more secure, reliable and efficient, as well as managed network services that enable customers to outsource all or a portion of their communications and information processing operations. In addition, Enterprise Business provides traditional data services in specific markets, such as Private Line, Frame Relay and ATM services, as well as advanced IP network services, both domestically and internationally. Enterprise Business's fastest growing product line is the Internet suite of products that include Private IP, IP VPN, Web Hosting and Voice over Internet Protocol (VoIP). Enterprise Business revenues in 2006 were approximately $13,999 million, representing approximately 28% of Wireline's aggregate revenues.

Our *Wholesale* line of business focuses on the domestic wholesale services markets, which includes all wholesale traffic in the United States, as well as traffic that originates in the United States and terminates in a different country. Total Wholesale revenue was approximately $3,381 million in 2006, representing approximately 7% of Wireline's aggregate revenues. Revenues from Wholesale local and long distance voice products, including transport, were approximately $1,601 million in 2006, representing 47% of Wholesale's aggregate revenues. Wholesale revenue is influenced by aggressive competitive pricing, in particular long distance voice services. Revenues from Wholesale data and internet products were approximately $1,780 million in 2006, representing approximately 53% of Wholesale's aggregate revenues.

Our *International and Other* operations serve businesses, government entities and telecommunication carriers outside of the United States and include our Skytel paging business. The International and Other market represents a new revenue stream to Verizon resulting from the MCI acquisition. Our revenues from International and Other were approximately $3,110 million, representing approximately 6% of Wireline's aggregate revenues in 2006. Of this amount, International and Other had voice revenue of approximately $1,822 million representing approximately 4% of Wireline's aggregate revenues.

Competition

The telecommunications industry is highly competitive. Factors contributing to the industry's increasingly competitive market include regulatory changes, product substitution, technological advances, excess network capacity and the entrance of new competitors. In this environment, competition is based on price and pricing plans, the types of services offered, the combination of services into bundled offerings, customer service, the quality and reliability of services provided and the development of new products and services. Current and potential competitors in telecommunication services include cable companies, wireless service providers, long distance companies, other local telephone companies, foreign telecommunications providers, electric utilities, Internet service providers and other companies that offer network services. Many of these companies have a strong market presence, brand recognition and existing customer relationships, all of which contribute to intensifying competition and may affect our future revenue growth.

Cable Services

Cable competitors have aggressively increased the size and digital capacity of their cable networks. Cable companies have continued to upgrade their networks to offer more digital products and services. They continue to aggressively market competitive bundled offerings that include high-speed internet access, digital television and voice services.

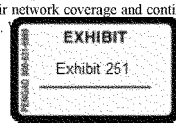
Voice over Internet Protocol Services

Our wireline telecommunications services also face increasing competition from companies which provide VoIP services. These services use the Internet or private broadband networks to transmit voice communications. VoIP services are available from a wide range of companies including cable companies, long-distance companies, national VoIP providers and regional service providers.

Wireless Services

Wireless services also constitute a significant source of competition to our wireline telecommunications services, especially as wireless carriers (including Verizon Wireless) expand and improve their network coverage and continue to lower their prices. As a result, more consumers are substituting wireless services for basic wireline service. [illegible] can also be used for data transmission.

Local Exchange Services



The ability to offer local exchange services historically has been subject to regulation by state regulatory commissions. Applications from competitors to provide and resell local exchange services have been approved in every jurisdiction in our service territory. The Telecommunications Act of 1996 has significantly increased the level of competition in our local exchange markets.



As a result of the Telecommunications Act of 1996, which required us to permit potential competitors to purchase our services for resale, or access components of our network on an unbundled basis (UNEs) at a prescribed cost, competition in our local exchange markets continues to increase. Our telephone operations generally have been required to sell their services to CLECs at significant discounts from the prices our telephone operations charge their retail customers. The scope of these obligations going forward and the rates we receive, are subject to ongoing review and revision by the Federal Communications Commission (FCC) and state regulators. See "Regulatory and Competitive Trends."

Long Distance Services

We offer long distance services regionally and throughout the United States. State regulatory commissions rather than federal authorities generally regulate regional long distance services. Federal regulators have jurisdiction over interstate long distance services. All of our state regulatory commissions (except in Washington, D.C., where regional long distance is not provided) permit other carriers to provide long distance services within the state. Our authority in Alaska is limited to interstate and international services. A number of our major competitors in the long distance business have strong brand recognition and existing customer relationships.

Public Telephone Services

The growth of wireless communications has significantly decreased usage of public telephones, as more customers are substituting wireless services for public telephone services. In addition, we face competition from other providers of public telephone services.

Operator Services

Our operator services product line faces competition from alternative operator services providers and Internet service providers.

Equipment Manufacturers

In addition to producing telecommunications products and computer network devices and systems, equipment manufacturers may also provide consulting and outsourcing services that compete directly with products and services we offer.

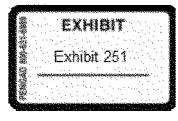
International Competition

Our international business competes primarily with incumbent telephone companies, some of which have special regulatory status and exclusive rights to provide certain services and have historically dominated their local markets. We also compete with other international service providers, some of which are affiliated with incumbent telephone companies in other countries.

Network

Verizon Telecom presently serves a territory of 45.1 million access lines in 28 states and Washington D.C. We continue to upgrade our network in order to provide an ever increasing number of customers with broadband capabilities. Our advanced FiOS network uses state of the art fiber-optic cable and optical electronics to directly link homes and businesses to our network. Our fiber network will offer us the opportunity to provide our customers with improved network reliability and speed for voice, data and video connections. As of the end of 2006, our FiOS network passed more than 6 million homes, doubling the amounts of premises passed from the previous year.

Verizon Business owns and operates one of the most expansive IP backbone networks in the world. The Verizon Business data network includes more than 446,000 route miles, including terrestrial and undersea cable, spanning six continents and access to another 187,000 route miles from Verizon Telecom. Verizon Business provides voice, data and Internet services on its state-of-the-art fiber-optic network to customers in more than 2,700 cities and 150 countries. Verizon Business currently operates eight satellite facilities located throughout the United States and Guam. Verizon Business also operates satellite links to more than 200 teleports worldwide in approximately 110 countries for both government and business customers.



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Wireline Offerings

Verizon Telecom provides a broad array of communications services to our residential and small business customers, including voice, broadband data and video, network access, long-distance and other communications products and services.

- Voice services include the provision of local exchange services, local private line, wire maintenance, voice messaging and value-added services. Value-added services are a family of services that expand the utilization of our network, including products such as Caller ID, Call Waiting and Return Call.
- Broadband data and video services include DSL and FiOS high speed data and FiOS TV services.
- Network access services are provided to end-user customers and long distance and other competing carriers who use our local exchange facilities to provide usage services to their customers.
- Long-distance services include regional toll and long distance voice and data services.
- Other communications products and services include operator services (including deaf relay services), public (coin) telephone, as well as former MCI dial around services including 10-10-987, 10-10-220, 1-800 COLLECT and Prepaid phone cards.

Domestic Wireless

Background

Our Domestic Wireless segment, Cellco Partnership doing business as Verizon Wireless (Verizon Wireless), is a joint venture formed in April 2000 by the combination of the U.S. wireless operations and interests of Verizon and Vodafone Group Plc (Vodafone). Verizon owns a controlling 55% interest in Verizon Wireless and Vodafone owns the remaining 45%.

Operations

Verizon Wireless provides wireless voice and data services across one of the most extensive wireless networks in the U.S. Verizon Wireless is the largest domestic wireless carrier in terms of total revenue and the most profitable, as measured by operating income. We believe, based on publicly available information, that Verizon Wireless has the largest base of retail customers, that is, customers who are directly served and managed by Verizon Wireless and who buy its branded services.

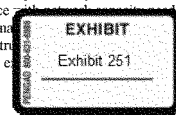
Competition

There is substantial competition in the wireless telecommunications industry. Other wireless providers, including other cellular and PCS operators and resellers, serve each of the markets in which we operate. We currently compete primarily against three other national wireless service providers: AT&T (formerly Cingular), Sprint Nextel and T-Mobile USA. In addition, in many markets we also compete with regional carriers, such as ALLTEL and US Cellular. Competition may increase due to ongoing industry consolidation, if smaller, stand-alone wireless providers transfer licenses to larger, better capitalized and more experienced wireless providers. Resellers, now sometimes referred to as Mobile Virtual Network Operators, who buy bulk wholesale services from facilities-based carriers for resale, provide yet another set of differentiated competitors in the marketplace.

We expect competition for both customers and network usage to intensify as a result of the higher penetration levels that currently exist in the industry, the development and deployment of new technologies, the introduction of new wireless and fixed line products and services, new market entrants, the availability of additional spectrum, both licensed and unlicensed, and regulatory changes. For example, we face increased competition as a result of the use of other high-speed wireless technologies, such as Wi-Fi and WiMAX, which are being deployed or proposed, to meet the growing customer appetite for wireless communications in fixed, nomadic and fully mobile environments. In addition, some cable companies have partnered with wireless carriers, acquired wireless spectrum and are now introducing wireless offerings to their customers. We are also experiencing competition from providers of fixed line VoIP services, which displace in-building usage from cellular/PCS carriers. Additionally, as wireless data proliferates, content is becoming an increasingly significant factor in the appeal of these services. This may give content providers and other participants in the wireless value chain opportunities for increased leverage and/or opportunities to compete for wireless data revenues.

We believe that the following are the most important competitive factors in our industry:

- *Network reliability, capacity and coverage.* Lower prices, improved service quality and new service offerings have led to increased network usage. As a result, the ability to keep pace with network capacity needs and offer highly reliable national coverage through one's own network is important. We have an extensive na[illegible]nue to look for expansion opportunities through the build-out of existing licenses, acquisitions and/or spectr[illegible]s that cover much of the country but we expect to spend significant amounts to expand our capacity and e[illegible]t maintain and improve the quality of our network. Our



competitors also have these needs and they are using similar means to address them.



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- *Pricing* . Service and equipment pricing is an important area in which wireless carriers compete, as evidenced by recent increases in the marketing of minutes-sharing plans, free mobile-to-mobile calling, and offerings of larger bundles of included minutes at price points, with no roaming or long distance charges. We seek to compete in this area by offering our customers services and equipment that they will regard as the best available value for their money.

- *Customer service* . Quality customer service is essential to ensure that we can obtain new customers and retain existing customers. We believe that the quality of our customer service is a key factor in retaining our customers and in attracting both new-to-wireless customers and those customers of other carriers who want to switch their wireless service. Our competitors also recognize the importance of customer service and are also focusing on improving the customer experience.

- *Product Differentiation* . As wireless technologies develop and wireless broadband networks proliferate, continued customer and revenue growth will be increasingly dependent on the development of new and differentiated products and services. We are committed to providing customer solutions through the development and rapid deployment of new and innovative products and services developed both internally and in collaboration with application service providers.

- *Sales and Distribution* . Key to achieving sales success in the wireless industry is the reach and quality of sales channels and distribution points. We believe that the optimal mix of direct, indirect and wholesale distribution channels is an important ingredient in achieving industry-leading profitability. A goal of our distribution strategy is to increase sales through our company-operated stores and our outside sales team, as well as through telemarketing and web-based sales and fulfillment capabilities. Supplementing this is an extensive indirect distribution network of retail outlets and prepaid replenishment locations, original equipment manufacturers and value-added distributors, as well as various resellers who buy our service on a wholesale basis.

Our success will depend on our ability to anticipate and respond to various factors affecting the industry, including the factors described above, as well as new technologies, new business models, changes in customer preferences, regulatory changes, demographic trends, economic conditions, and pricing strategies of competitors.

Network

A key part of our business strategy is to provide the highest network reliability. We believe that network reliability is a key differentiator in the U.S. market and a driver of customer satisfaction. Consistent with this strategy, we will continue to build-out, expand and upgrade our network in an effort to provide sufficient capacity and seamless and superior coverage and reliability throughout our licensed area so that our customers can enjoy consistent features and high-quality service, regardless of location. In addition, we will continue to explore strategic opportunities to expand our overall national coverage through selective acquisitions of wireless operations and spectrum licenses.

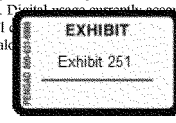
Our network is among the largest in the U.S., with licensed and operational coverage in 49 of the 50 largest metropolitan areas. Our built network covered a population of approximately 256 million and provided service to 59.1 million customers, as of December 31, 2006.

Network Technology

Our primary network technology platform is CDMA, based on spread-spectrum digital radio technology. CDMA technology's compatible 1XRTT upgrade, a wireless technology developed by Qualcomm as part of its family of technologies known as CDMA2000, is presently deployed in virtually all of our cell sites nationwide. 1XRTT increases the voice traffic capacity available to us and provides increased data rates. Further, 1XRTT is a modular infrastructure upgrade that has proven to be cost-efficient and practical for rapid nationwide deployment. In addition to 1XRTT, in 2004 we began deploying EV-DO (Revision 0), a 3G packet-based technology that is a part of the CDMA2000 technology path. EV-DO is intended primarily for high-speed data transmission. As with 1XRTT, we have been able to implement EV-DO by changing and/or adding modular components and software in our network. EV-DO service, branded and marketed as BroadbandAccess, was available in markets covering a population of approximately 200 million as of December 31, 2006. Coverage expansions and additional market launches are planned for 2007. In addition, during 2006, we began deploying EV-DO (Revision A) infrastructure that will enable faster data rates.

Spectrum

We have licenses to provide mobile wireless services on the 800-900 MHz and 1800 -1900 MHz portions of the radio spectrum. In addition, we recently acquired Advanced Wireless Services spectrum on the 1700 and 2100 MHz portions of the radio spectrum, which we anticipate using for advanced wireless broadband services. Collectively, these licenses cover territories in which approximately 292 million people, or approximately 99% of the estimated U.S. population, reside. The 800-900 MHz portion is used to provide both analog and digital cellular voice and data services, while our 1800-1900 MHz portion provides all-digital PCS voice and data services. Our digital wireless service is available to all of the population to which we provide coverage. Digital usage currently accounts for more than 99% of our busy-hour traffic. While we provide digital coverage in all of our markets, we will continue to provide analog coverage in our cellular markets. The FCC will no longer require cellular carriers to provide analog service after February 18, 2008, and our intent is to no longer offer such service after that date.



Recent Acquisitions

On November 29, 2006, we were granted thirteen 20 MHz licenses we won in an FCC auction of Advanced Wireless Services spectrum that concluded on September 18, 2006, for which we had bid a total of $2,809 million. These licenses, which we anticipate using for the provision



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of advanced wireless broadband services, cover a population of nearly 200 million. We have made all required payments to the FCC for these licenses.

In August 2002, Verizon Wireless and Price Communications Corp. (Price) combined Price's wireless business with a portion of Verizon Wireless. The resulting limited partnership, Verizon Wireless of the East LP (VZ East), is controlled and managed by Verizon Wireless. In exchange for its contributed assets, Price received a limited partnership interest in the new partnership which was exchangeable into the common stock of Verizon Wireless if an initial public offering of that stock occurred, or into the common stock of Verizon on the fourth anniversary of the asset contribution date. On August 15, 2006, Verizon delivered 29.5 million shares of newly-issued Verizon common stock to Price valued at $1,007 million in exchange for Price's limited partnership interest in VZ East. As a result of acquiring Price's limited partnership interest, Verizon recorded goodwill of $345 million in the third quarter of 2006 attributable to its Domestic Wireless segment.

Wireless Offerings

We believe that increasing the value of our service offerings to customers will help us to retain our existing customers, attract new customers and increase customer usage, all of which will, in turn, drive revenue and net income growth.

Our service packages are designed around key customer groups, from the young adult market to multinational business accounts. We tailor our wireless services, which include both voice and data offerings, and postpaid and prepaid pricing options, to the needs of these customers.

Wireless Services

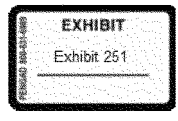
Voice services. We offer a variety of packages for voice services with features and competitive pricing plans that are predominantly offered on a postpaid basis with a contract term. Specifically, we offer our *America's Choice* plans, which provide a choice in amounts of bundled minutes together with no roaming or long distance charges for calls on our preferred network; family/small group and shared minute plans for multiple-user households and small businesses; and plans targeted to business accounts with over 100 lines and national accounts with over 1,000 lines. In addition, we offer a national prepaid product that enables individuals to obtain wireless voice services without a long-term contract by paying in advance.

Data services. We believe that we are in a strong position to take advantage of the growing demand for wireless data services. Our strategy is to continue to expand our wireless data, messaging and multi-media offerings for both consumer and business customers.

We offer an array of data transmission and content services, such as:

- *BroadbandAccess/NationalAccess* . EV-DO, our Wide Area Network packet IP solution, which we market as BroadbandAccess, provides significantly increased data transmission rates on existing applications and enables the provisioning of enhanced data applications that can operate at broadband speeds. In addition, our 1XRTT digital technology, which we market as NationalAccess, enables higher-speed applications, such as e-mail, enterprise applications, image downloads, and full browsing capabilities for laptop computer users.
- *Text and Picture Messaging* . With compatible wireless devices, our customers can send and receive text messages, as well as still pictures and full-motion video clips with sound.
- *V CAST* . Our V CAST service, available on EV-DO-enabled handsets, enables customers to access daily-updated videos from leading content providers of current news, weather, sports and entertainment programming. In addition, our V CAST Music service enables customers to download music either directly to their V CAST Music-enabled phones or to their personal computers.
- *Get It Now* . Our *Get It Now* service enables our customers to download hundreds of applications to their handsets, such as ring tones, games and wallpapers .
- *Mobile Web* . Our Mobile Web service offers customized access to content through our portal, and allows customers to access the Internet, e-mail and personal information management tools, such as calendars and address books, through handset-based menus.
- *Location Based Services (LBS)* . Our location-based service, VZ Navigator, enables customers to obtain audible turn-by-turn directions to their destination, locate various points of interest and access other location-related information by using VZ Navigator-capable handsets.
- *Wireless Business Solutions – VZOffice* . Through our suite of *VZOffice* services, we provide enterprise customers solutions for accessing the Internet and corporate intranet, which allow for optimized wireless access to the customer's corporate applications or databases. In addition, we offer our corporate customers the ability to wirelessly send and receive e-mail using various handheld devices, including wirelessly equipped PDA devices.

Wireless Device



We believe our position in the U.S. wireless industry has enabled us to become a service provider of choice for wireless device manufacturers and has helped us to develop exclusive offers for our customers and branded handsets that complement our focus on high-quality service and an optimal user experience. The wireless devices that we offer are predominantly EV-DO enabled, and all of them are compatible with our 1XRTT



network. In addition, all of the handsets that we offer are headphone/earphone compatible and, through GPS functionality, compliant with the FCC's E-911 requirements.

Marketing

We focus our marketing strategy on targeting solutions based upon our customers' needs, promoting our brand, leveraging our extensive distribution network and cross-marketing with our owners.

Our marketing efforts are focused on a coordinated program of television, print, radio, outdoor signage, Internet and point-of-sale media promotions. We coordinate our marketing efforts throughout our service area in order to ensure that our marketing message is consistently presented across all of our markets. Our promotion of the "Verizon Wireless" brand is complemented by Verizon Communications' own brand marketing efforts, reinforcing the awareness of our services in shared markets and capitalizing on the size and breadth of Verizon Communications' customer base.

Sales and Distribution Channels

Our sales strategy is to use a mix of direct, indirect and wholesale distribution channels in order to increase customer growth while reducing customer acquisition costs.

Our company-operated stores are a core component of our distribution strategy. Our experience has been that customers entering through this direct channel are generally higher-value customers who generate higher revenue per month on average and are less likely to cancel their service than those who come through other mass-market channels. We had 2,231 company-operated stores and kiosks (including our "store-within-a-store" kiosks in Circuit City and BJ's Wholesale locations) as of December 31, 2006. In addition, our direct channel also includes our business-to-business organization, which is focused on supporting the needs of our local, regional and national business customers, as well as a telemarketing sales force dedicated to receiving incoming calls. We also offer fully-automated, end-to-end, web-based sales of wireless handsets, accessories and service in all of our markets.

We have indirect retail locations throughout the U.S. selling wireless services, including both full-service locations and locations selling our prepaid products and services, such as Wal-Mart and Target. We also sell wireless access on a wholesale basis. Our wholesale business involves the sale of wholesale access and minutes to independent companies that package and resell wireless services to end-users.

Customer Service, Retention and Satisfaction

We believe that quality customer service increases customer satisfaction, which reduces churn, and is a key differentiator in the wireless industry. We are committed to providing high-quality customer service, investing in loyalty and retention efforts and continually monitoring customer satisfaction in all facets of our service.

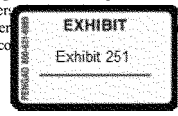
While our customer service representatives are available during our normal business hours, we also have representatives available 24 hours a day, 7 days a week for emergency and technical customer issues. In addition, customers can do business with us at any time, without having to speak with a customer service representative, through our enhanced self-service applications via our interactive voice response system, through our web site, and via applications accessible from the customer's handset.

Under our enhanced Worry Free Guarantee, a national retention and loyalty initiative, we commit to our customers an extensive and advanced network, responsive customer service with end-to-end resolution, the option to change at any time to any qualifying price plan without payment of any additional fees, a satisfaction guarantee, an early termination fee that declines each full month that a customer remains on their contract and, for customers who do business with us on line, free back-up protection that stores a copy of the customer's phone list on a secure website. The initiative also includes a handset upgrade credit every two years, provided that the customer signs a new two-year contract on a calling plan with at least $35 monthly access. Another major retention and loyalty program is a customer life cycle management program in which we contact customers at key points in their service tenure with targeted offers and to provide proactive rate-plan analysis.

Regulatory and Competitive Trends

Competition and Regulation

Technological, regulatory and market changes have provided Verizon both new opportunities and challenges. These changes have allowed Verizon to offer new types of services in this increasingly competitive market. At the same time, they have allowed other service providers to broaden the scope of their own competitive offerings. Current and potential competitors for network services include other telephone companies, cable companies, wireless service providers, us providers, satellite providers, electric utilities, Internet service providers, providers of VoIP services, and other rk services using a variety of technologies. Many of these companies have a strong market presence, brand reco er relationships, all of which contribute to intensifying



competition and may affect our future revenue growth. Many of our competitors also remain subject to fewer regulatory constraints than Verizon.

We are unable to predict definitively the impact that the ongoing changes in the telecommunications industry will ultimately have on our business, results of operations or financial condition. The financial impact will depend on several factors, including the timing, extent and success of competition in our markets, the timing and outcome of various regulatory proceedings and any appeals, and the timing, extent and success of our pursuit of new opportunities.



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FCC Regulation

Our services are subject to the jurisdiction of the FCC with respect to interstate telecommunications services and other matters for which the FCC has jurisdiction under the Communications Act of 1934, as amended ("Communications Act"). The Communications Act generally obligates us not to charge unjust or unreasonable rates nor engage in unreasonable discrimination when we are providing services as a common carrier, and regulates some of the rates, terms and conditions under which we provide certain services. The FCC also has adopted regulations governing various aspects of our business, such as the following: (i) use and disclosure of customer proprietary network information; (ii) telemarketing; (iii) assignment of telephone numbers to customers; (iv) provision to law enforcement agencies of the capability to obtain call identifying information and call content information from calls pursuant to lawful process; (v) accessibility of services and equipment to individuals with disabilities if readily achievable; (vi) interconnection with the networks of other carriers; and (vii) customers' ability to keep (or "port") their telephone numbers when switching to another carrier. In addition, we pay various fees to support other FCC programs, such as the universal service program discussed below. Changes to these mandates, or the adoption of additional mandates, could require us to make changes to our operations or otherwise increase our costs of compliance.

Broadband

The FCC has adopted a series of orders that recognize the competitive nature of the broadband market, and impose lesser regulatory requirements on broadband services and facilities than apply to narrowband. With respect to facilities, the FCC has determined that certain unbundling requirements that apply to narrowband facilities do not apply to broadband facilities such as fiber to the premise loops and packet switches. With respect to services, the FCC has concluded that broadband Internet access services offered by telephone companies and their affiliates qualify as largely deregulated information services. The same order also concluded that telephone companies may offer the underlying broadband transmission services that are used as an input to Internet access services through private carriage arrangements on negotiated commercial terms. In addition, a Verizon petition asking the FCC to forbear from applying common carrier regulation to certain broadband services sold primarily to larger business customers when those services are not used for Internet access was deemed granted by operation of law on March 19, 2006 when the FCC did not deny the petition by the statutory deadline. Both the FCC's order addressing the appropriate regulatory treatment of broadband Internet access services and the relief obtained through the forbearance petition are the subject of pending appeals.

Video

The FCC has a body of rules that apply to cable operators under Title VI of the Communications Act, and these rules also generally apply to telephone companies that provide cable services over their networks. In addition, companies that provide cable service over a cable system generally must obtain a local cable franchise. On December 21, 2006, the FCC announced the adoption of rules under Section 621 of the Communications Act to set parameters consistent with federal law, on the timing and scope of franchise negotiations by local franchising authorities.

Interstate Access Charges and Intercarrier Compensation

The current framework for interstate access rates was established in the Coalition for Affordable Local and Long Distance Services (CALLS) plan, which the FCC adopted on May 31, 2000. The CALLS plan has three main components. First, it establishes portable interstate access universal service support of $650 million for the industry that replaces implicit support previously embedded in interstate access charges. Second, the plan simplifies the patchwork of common line charges into one subscriber line charge (SLC) and provides for de-averaging of the SLC by zones and class of customers. Third, the plan set into place a mechanism to transition to a set target of $.0055 per minute for switched access services. Once that target rate is reached, local exchange carriers are no longer required to make further annual price cap reductions to their switched access prices. As a result of tariff adjustments which became effective in July 2003, virtually all of our switched access lines reached the $.0055 benchmark.

The FCC currently is conducting a broad rulemaking proceeding to consider new rules governing intercarrier compensation including, but not limited to, access charges, compensation for Internet traffic, and reciprocal compensation for local traffic. The FCC has sought comments about intercarrier compensation in general, and has requested input on several specific reform proposals.

The FCC also has pending before it issues relating to intercarrier compensation for dial-up Internet-bound traffic. The FCC previously found that this traffic is not subject to reciprocal compensation under Section 251(b)(5) of the Telecommunications Act of 1996. Instead, the FCC established federal rates per minute for this traffic that declined from $.0015 to $.0007 over a three-year period, established caps on the total minutes of this traffic subject to compensation in a state, and required incumbent local exchange carriers to offer to both bill and pay reciprocal compensation for local traffic at the same rate as they are required to pay on Internet-bound traffic. The U.S. Court of Appeals for the D.C. Circuit rejected part of the FCC's rationale, but declined to vacate the order while it is on remand. As a result, pending further action by the FCC, the FCC's underlying order remains in effect. The[illegible] petition to discontinue the $.0007 rate cap on this traffic, but removed the caps on the total minutes of Internet-bo[illegible]sation. That decision has been upheld on appeal. Disputes



also remain pending in a number of forums relating to the appropriate compensation for Internet-bound traffic during previous periods under the terms of our interconnection agreements with other carriers.

The FCC also is conducting a rulemaking proceeding to address the regulation of services that use Internet protocol, including whether access charges should apply to voice or other Internet protocol services. The FCC also considered several petitions asking whether, and under what circumstances, services that employ Internet protocol are subject to access charges. The FCC previously has held that one provider's peer-to-peer Internet protocol service that does not use the public switched network is an interstate information service and is not subject to access charges, while a service that utilizes Internet protocol for only one intermediate part of a call's transmission is a telecommunications service that is subject to access charges. Another petition asking the FCC to forbear from applying access charges to voice over Internet protocol services



that are terminated on switched local exchange networks was withdrawn by the carrier that filed that petition. The FCC also declared the services offered by one provider of a voice over Internet protocol service to be jurisdictionally interstate on the grounds that it was impossible to separate that carrier's Internet protocol service into interstate and intrastate components. The FCC also stated that its conclusion would apply to other services with similar characteristics. That order has been appealed.

The FCC also has adopted rules for special access services that provide for pricing flexibility and ultimately the removal of services from price regulation when prescribed competitive thresholds are met. More than half of special access revenues are now removed from price regulation. The FCC currently has a rulemaking proceeding underway to evaluate experience under its pricing flexibility rules, and to determine whether any changes to those rules are warranted.

Universal Service

The FCC also has a body of rules implementing the universal service provisions of the Telecommunications Act of 1996, including rules governing support to rural and non-rural high-cost areas, support for low income subscribers, and support for schools, libraries and rural health care. The FCC's current rules for support to high-cost areas served by larger "non-rural" local telephone companies were previously remanded by U.S. Court of Appeals for the Tenth Circuit, which had found that the FCC had not adequately justified these rules. The FCC has initiated a rulemaking proceeding in response to the court's remand, but its rules remain in effect pending the results of the rulemaking. The FCC also has proceedings underway to evaluate possible changes to its current rules for assessing contributions to the universal service fund. As an interim step, in June 2006, the FCC ordered that providers of VoIP services are subject to federal universal service obligations. The FCC also increased the percentage of revenues subject to federal universal service obligations that wireless providers may use as a safe harbor. These decisions are the subject of a pending appeal. Any further change in the current assessment mechanism could result in a change in the contribution that local telephone companies, wireless carriers or others must make and that would have to be collected from customers.

Unbundling of Network Elements

Under Section 251 of the Telecommunications Act of 1996, incumbent local exchange carriers were required to provide competing carriers with access to components of their network on an unbundled basis, known as UNEs, where certain statutory standards are satisfied. The Telecommunications Act of 1996 also adopted a cost-based pricing standard for these UNEs, which the FCC interpreted as allowing it to impose a pricing standard known as "total element long run incremental cost" or "TELRIC." The FCC's rules defining the unbundled network elements that must be made available at TELRIC prices have been overturned on multiple occasions by the courts. In its most recent order issued in response to these court decisions, the FCC eliminated the requirement to unbundle mass market local switching on a nationwide basis, with the obligation to accept new orders ending as of the effective date of the order (March 11, 2005). The FCC also established a one year transition for existing UNE switching arrangements. For high capacity transmission facilities, the FCC established criteria for determining whether high capacity loops, transport or dark fiber transport must be unbundled in individual wire centers, and stated that these standards were only expected to affect a small number of wire centers. The FCC also eliminated the obligation to provide dark fiber loops and found that there is no obligation to provide UNEs exclusively for wireless or long distance service. In any instance where a particular high capacity facility no longer has to be made available as a UNE, the FCC established a similar one year transition for any existing high capacity loop or transport UNEs, and an 18 month transition for any existing dark fiber UNEs. This decision has been upheld on appeal.

As noted above, the FCC has concluded that the requirement under Section 251 of the Telecommunications Act of 1996 to provide unbundled network elements at TELRIC prices generally does not apply with respect to broadband facilities, such as fiber to the premises loops, the packet-switched capabilities of hybrid loops and packet switching. The FCC also has held that any separate unbundling obligations that may be imposed by Section 271 of the Telecommunications Act of 1996 do not apply to these same facilities. The decision with respect to Section 271 has been upheld on appeal and a petition for rehearing of that appellate order was denied.

Wireless Services

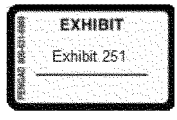
The FCC regulates the licensing, construction, operation, acquisition and transfer of wireless communications systems, including the systems that Verizon Wireless operates, pursuant to the Communications Act, other legislation, and the FCC's rules. The FCC and Congress continuously consider changes to these laws and rules. Adoption of new laws or rules may raise the cost of providing service or require modification of Verizon Wireless' business plans or operations.

To use the radio frequency spectrum, wireless communications systems must be licensed by the FCC to operate the wireless network and mobile devices in assigned spectrum segments. Verizon Wireless holds FCC licenses to operate in several different radio services, including the cellular radiotelephone service, personal communications service, advanced wireless service, and point-to-point radio service. The technical and service rules, the specific radio frequencies and amounts of spectrum we hold, and the sizes of the geographic areas we are authorized to operate in, vary for each of these services. However, all of the licenses Verizon Wireless holds allow it to use spectrum to provide a wide range of mobile and fixed communications services, including [illegible]s, and Verizon Wireless operates a seamless network that utilizes those licenses to provide services to customers. [illegible]censes for only a fixed time, generally 10 years, Verizon Wireless must periodically seek renewal of those license[illegible]tinely renewed all of Verizon Wireless' licenses that have



come up for renewal to date, challenges could be brought against the licenses in the future. If a wireless license were revoked or not renewed upon expiration, Verizon Wireless would not be permitted to provide services on the licensed spectrum in the area covered by that license.

The FCC has also imposed specific mandates on carriers that operate wireless communications systems, which increase Verizon Wireless' costs. These mandates include requirements that Verizon Wireless: (i) meet specific construction and geographic coverage requirements during the license term; (ii) meet technical operating standards that, among other things, limit the radio frequency radiation from mobile devices and antennas; (iii) deploy "Enhanced 911" wireless services that provide the wireless caller's number, location and other information upon request by a state or local public safety agency that handles 911 calls; and (iv) comply with regulations for the construction of transmitters and towers that, among other things, restrict siting of towers in environmentally sensitive locations and in places where the towers would affect a site listed



or eligible for listing on the National Register of Historic Places. Changes to these mandates could require Verizon Wireless to make changes to operations or increase its costs of compliance.

The Communications Act imposes restrictions on foreign ownership of U.S. wireless systems. The FCC has approved the interest that Vodafone Group Plc holds, through various of its subsidiaries, in Verizon Wireless. The FCC may need to approve any increase in Vodafone's interest or the acquisition of an ownership interest by other foreign entities. In addition, as part of the FCC's approval of Vodafone's ownership interest, Verizon Wireless, Verizon and Vodafone entered into an agreement with the U.S. Department of Defense, Department of Justice and Federal Bureau of Investigation which imposes national security and law enforcement-related obligations on the ways in which Verizon Wireless stores information and otherwise conducts its business.

Verizon Wireless anticipates that it will need additional spectrum to meet future demand. It can meet spectrum needs by purchasing licenses or leasing spectrum from other licensees, or by acquiring new spectrum licenses from the FCC. Under the Communications Act, before Verizon Wireless can acquire a license from another licensee in order to expand its coverage or its spectrum capacity in a particular area, it must file an application with the FCC, and the FCC can grant the application only after a period for public notice and comment. This review process can delay acquisition of spectrum needed to expand services. The Communications Act also requires the FCC to award new licenses for most commercial wireless services through a competitive bidding process in which spectrum is awarded to bidders in an auction. Verizon Wireless has participated in spectrum auctions to acquire licenses in the personal communication service and most recently the advanced wireless service. However, the timing of future auctions, and the spectrum being sold, may not match Verizon Wireless' needs, and the company may not be able to secure the spectrum in the auction.

The FCC is also conducting several proceedings to explore whether and how to use spectrum more intensively by, for example, allowing unlicensed wireless devices to operate in licensed spectrum bands. These proceedings could increase radio interference to Verizon Wireless' operations from other spectrum users, or allow other users to share its spectrum. These changes may adversely impact the ways in which it uses spectrum, the capacity of that spectrum to carry traffic, and the value of that spectrum.

State Regulation and Local Approvals

Telephone Operations

State public utility commissions regulate our telephone operations with respect to certain telecommunications intrastate rates and services and other matters. Our competitive local exchange carrier and long distance operations are generally classified as nondominant and lightly regulated the same as other similarly situated carriers. Our incumbent local exchange operations are generally classified as dominant. These latter operations predominantly are subject to alternative forms of regulation (AFORs) in the various states, although they remain subject to rate of return regulation in a few states. Arizona, Illinois, Nevada, New Hampshire, Oregon and Washington are rate of return regulated with various levels of pricing flexibility for competitive services. California, Connecticut, Delaware, the District of Columbia, Florida, Indiana, Maryland, Michigan, Maine, Massachusetts, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Texas, Vermont, Virginia, West Virginia and Wisconsin are under AFORs with various levels of pricing flexibility, detariffing, and service quality standards. None of the AFORs include earnings regulation. In Idaho, Verizon has made the election under a recent statutory amendment into a deregulatory regime that phases out all price regulation.

Video

Companies that provide cable service over a cable system are typically subject to state and/or local cable television rules and regulations. As noted above, cable operators generally must obtain a local cable franchise from each local unit of government prior to providing cable service in that local area. Some states have recently enacted legislation that enables cable operators to apply for, and obtain, a single cable franchise at the state, rather than local, level. To date, Verizon has applied for and received state-issued franchises in Indiana, New Jersey and Texas. California has enacted statewide franchise reform legislation, but has not yet finalized implementing rules.

Wireless Services

The rapid growth of the wireless industry has led to an increase in efforts by some state legislatures and state public utility commissions to regulate the industry in ways that may impose additional costs on Verizon Wireless. The Communications Act generally preempts regulation by state and local governments of the entry of, or the rates charged by, wireless carriers. Although a state may petition the FCC to allow it to impose rate regulation, no state has done so. In addition, the Communications Act does not prohibit the states from regulating the other "terms and conditions" of wireless service. While numerous state commissions do not currently have jurisdiction over wireless services, state legislatures may decide to grant them such jurisdiction, and those commissions that already have authority to impose regulations on wireless carriers may adopt new rules.

State efforts to regulate wireless services have included [illegible]er billing, termination of service, trial periods for service, advertising, network outages, the use of handsets while [illegible] emergency or alert services. Over the past several years, only a few states have imposed regulation in one or m[illegible]006 a federal appellate court struck down one such state



statute, but Verizon Wireless expects these efforts to continue. Some states also impose their own universal service support regimes on wireless and other telecommunications carriers, and other states are considering whether to create such regimes.

Verizon Wireless (as well as AT&T (formerly Cingular) and Sprint-Nextel) is a party to an Assurance of Voluntary Compliance ("AVC") with 33 State Attorneys General. The AVC, which generally reflected Verizon Wireless' practices at the time it was entered into in July 2004, obligates the company to disclose certain rates and terms during a sales transaction, to provide maps depicting coverage, and to comply with various requirements regarding advertising, billing, and other practices.



At the state and local level, wireless facilities are subject to zoning and land use regulation. Under the Communications Act, neither state nor local governments may categorically prohibit the construction of wireless facilities in any community or take actions, such as indefinite moratoria, which have the effect of prohibiting service. Nonetheless, securing state and local government approvals for new tower sites has been and is likely to continue to be a difficult, lengthy and expensive process. Finally, state and local governments continue to impose new or higher fees and taxes on wireless carriers.

Recent Developments

MCI Merger

On January 6, 2006, Verizon acquired 100% of the outstanding common stock of MCI, Inc. (MCI) for a combination of Verizon common shares and cash. MCI was a global communications company that provided Internet, data and voice communication services to businesses and government entities throughout the world and consumers in the United States.

On April 9, 2005, Verizon entered into a stock purchase agreement with eight entities affiliated with Carlos Slim Helú to purchase 43.4 million shares of MCI common stock for $25.72 per share in cash plus an additional cash amount of 3% per annum from April 9, 2005, until the closing of the purchase of those shares. The transaction closed on May 17, 2005. The total cash payment was $1,121 million and the investment was accounted for as a cost investment. No payments were made under a provision that required Verizon to pay an additional amount at the end of one year to the extent that the price of Verizon's common stock exceeded $35.52 per share. We received a special dividend of $5.60 per MCI share on these 43.4 million MCI shares, or $243 million, on October 27, 2005.

Under the terms of the merger agreement, MCI shareholders received .5743 shares of Verizon common stock ($5,050 million in the aggregate) and cash of $2.738 ($779 million in the aggregate) for each of their MCI shares. The merger consideration was equal to $20.40 per MCI share, excluding the $5.60 per share special dividend paid by MCI to its shareholders on October 27, 2005. There was no purchase price adjustment.

Price Communications

In August 2002, Verizon Wireless and Price Communications Corp. (Price) combined Price's wireless business with a portion of Verizon Wireless. The resulting limited partnership, Verizon Wireless of the East LP (VZ East), is controlled and managed by Verizon Wireless. In exchange for its contributed assets, Price received a limited partnership interest in the new partnership which was exchangeable into the common stock of Verizon Wireless if an initial public offering of that stock occurred, or into the common stock of Verizon on the fourth anniversary of the asset contribution date. On August 15, 2006, Verizon delivered 29.5 million shares of newly-issued Verizon common stock to Price valued at $1,007 million in exchange for Price's limited partnership interest in VZ East. As a result of acquiring Price's limited partnership interest, Verizon recorded goodwill of $345 million in the third quarter of 2006 attributable to its Domestic Wireless segment.

Disposition of Businesses and Investments

Verizon Dominicana C. por A., Telecomunicaciones de Puerto Rico, Inc., and Compañía Anónima Nacional Teléfonos de Venezuela

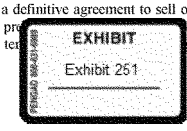
During the second quarter of 2006, we reached definitive agreements to sell our interests in our Caribbean and Latin American telecommunications operations in three separate transactions to América Móvil, S.A. de C.V. (América Móvil), a wireless service provider throughout Latin America, and a company owned jointly by Teléfonos de México, S.A. de C.V. (Telmex) and América Móvil. We agreed to sell our 100 percent indirect interest in Verizon Dominicana C. por A. (Verizon Dominicana) and our 52 percent interest in Telecomunicaciones de Puerto Rico, Inc. (TELPRI) to América Móvil. An entity jointly owned by América Móvil and Telmex agreed to purchase our indirect 28.5 percent interest in Compañía Anónima Nacional Teléfonos de Venezuela (CANTV).

In accordance with SFAS No. 144, *"Accounting for the Impairment or Disposal of Long-Lived Assets,"* (SFAS No. 144) we have classified the results of operations of Verizon Dominicana and TELPRI as discontinued operations. CANTV continues to be accounted for as an equity method investment.

On December 1, 2006, we closed the sale of Verizon Dominicana. The transaction resulted in net pretax cash proceeds of $2,042 million, net of a purchase price adjustment of $373 million. The U.S. taxes that became payable and were recognized at the time the transaction closed exceeded the $30 million pretax gain resulting in an after-tax loss of $541 million.

We expect to close the sale of our interest in TELPRI in 2007 subject to the receipt of regulatory approvals and in accordance with the terms of the definitive agreement. We expect that the sale will result in approximately $900 million in net pretax cash proceeds.

During the second quarter of 2006, we entered into a definitive agreement to sell our indirect 28.5% interest in CANTV to an entity jointly owned by America Movil and Telmex for estimated pr[illegible]n. Regulatory authorities in Venezuela never commenced the formal review of that transaction and the related te[illegible] equity securities of CANTV. On February 8, 2007, after



two prior extensions, the parties terminated the stock purchase agreement because the parties mutually concluded that the regulatory approvals would not be granted by the Government.



In January 2007, the Bolivarian Republic of Venezuela (the Republic) declared its intent to nationalize certain companies, including CANTV. On February 12, 2007, we entered into a Memorandum of Understanding (MOU) with the Republic. The MOU provides that the Republic will offer to purchase all of the equity securities of CANTV through public tender offers in Venezuela and the United States at a price equivalent to $17.85 per ADS. If the tender offers are completed, the aggregate purchase price for Verizon's shares would be $572 million. If the 2007 dividend that has been recommended by the CANTV Board is approved by shareholders and paid prior to the closing of the tender offers, this amount will be reduced by the amount of the dividend. Verizon has agreed to tender its shares if the offers are commenced. The Republic has agreed to commence the offers within forty-five days assuming the satisfactory completion of its due diligence investigation of CANTV. The tender offers are subject to certain conditions including that a majority of the outstanding shares are tendered to the Government and receipt of regulatory approvals. Based upon the terms of the MOU and our current investment balance in CANTV, we expect that we will record a loss on our investment in the first quarter of 2007. The ultimate amount of the loss depends on a variety of factors, including the successful completion of the tender offer and the satisfaction of other terms in the MOU.

Spin-off of Verizon Information Services

On November 17, 2006 we completed the spin-off of Idearc to shareowners of Verizon. Verizon distributed a dividend of one share of Idearc common stock for every 20 shares of Verizon common stock. Cash was paid for fractional shares. The distribution of Idearc common stock is considered a tax free transaction for us and for our shareowners, except for the cash payments for fractional shares which are generally taxable. Idearc now owns what was the Verizon domestic print and Internet yellow pages directories publishing operations, which had been the principal component of our Information Services segment. This transaction resulted in an increase of nearly $9 billion in shareowners' equity, as well as a reduction of total debt by more than $7 billion and we received approximately $2 billion in cash.

Telephone Access Lines Spin-off

On January 16, 2007, we announced a definitive agreement with FairPoint Communications, Inc. (FairPoint) that will result in Verizon establishing a separate entity for its local exchange and related business assets in Maine, New Hampshire and Vermont, spinning off that new entity to Verizon's shareowners, and immediately merging it with and into FairPoint.

Upon the closing of the transaction, Verizon shareowners will own approximately 60 percent of the new company and FairPoint stockholders will own approximately 40 percent. Verizon Communications will not own any shares in FairPoint after the merger. In connection with the merger, Verizon shareowners will receive one share of FairPoint stock for approximately every 55 shares of Verizon stock held as of the record date. Both the spin-off and merger are expected to qualify as tax-free transactions, except to the extent that cash is paid to Verizon shareowners in lieu of fractional shares.

The total value to be received by Verizon and its shareowners in exchange for these operations will be approximately $2,715 million. Verizon shareowners will receive approximately $1,015 million of FairPoint common stock in the merger, based upon FairPoint's recent stock price and the terms of the merger agreement. Verizon will receive $1,700 million in value through a combination of cash distributions to Verizon and debt securities issued to Verizon prior to the spin-off. Verizon may exchange these newly issued debt securities for certain debt that was previously issued by Verizon, which would have the effect of reducing Verizon's then-outstanding debt.

Redemption of Debt

Debt assumed from MCI merger

On January 17, 2006, Verizon announced offers to purchase two series of MCI senior notes, MCI $1,983 million aggregate principal amount of 6.688% Senior Notes Due 2009 and MCI $1,699 million aggregate principal amount of 7.735% Senior Notes Due 2014, at 101% of their par value. Due to the change in control of MCI that occurred in connection with the merger with Verizon on January 6, 2006, Verizon was required to make this offer to noteholders within 30 days of the closing of the merger of MCI and Verizon. Separately, Verizon notified noteholders that MCI was exercising its right to redeem both series of Senior Notes prior to maturity under the optional redemption procedures provided in the indentures. The 6.688% Notes were redeemed on March 1, 2006, and the 7.735% Notes were redeemed on February 16, 2006.

In addition, on January 20, 2006, Verizon announced an offer to repurchase MCI $1,983 million aggregate principal amount of 5.908% Senior Notes Due 2007 at 101% of their par value. On February 21, 2006, $1,804 million of these notes were redeemed by Verizon. Verizon satisfied and discharged the indenture governing this series of notes shortly after the close of the offer for those noteholders who did not accept this offer.

Zero-Coupon Convertible Notes

Previously, Verizon Global Funding issued approximately $5,442 million in principal amount at maturity of zero-coupon convertible notes due 2021 which were callable by Verizon on or after Ma[illegible]06, we redeemed the remaining $1,375 million accreted principal of the outstanding zero-coupon convertible not[illegible]639.76 per $1,000 principal plus interest of approximately $0.5767 per $1,000 principal. The total payment on the c[illegible]ximately $1,377 million.

EXHIBIT
Exhibit 251

CSOC.CBR.00032143

Other Debt Redemptions/Prepayments

Other debt redemptions/prepayments included approximately $697 million of outstanding debt issuances at various rates associated with our operating telephone companies. Original maturity dates ranged from 2010 through 2026.



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On December 15, 2006, Verizon Wireless's six year 5.375% fixed rate note of $2.5 billion matured. At December 31, 2006, Verizon Wireless had no third-party debt outstanding.

On January 8, 2007, we redeemed the remaining $1,580 million of the outstanding notes of the Verizon Communications Inc. floating rate notes due 2007.

The gain/(loss) on these redemptions and prepayments were immaterial.

Issuance of Debt

In February 2006, Verizon issued $4,000 million of floating rate and fixed rate notes maturing from 2007 through 2035.

Spectrum Purchases

On November 29, 2006, we were granted thirteen 20 MHz licenses we won in an FCC auction of Advanced Wireless Services spectrum that concluded on September 18, 2006, for which we had bid a total of $2,809 million. These licenses, which we anticipate using for the provision of advanced wireless broadband services, cover a population of nearly 200 million. We have made all required payments to the FCC for these licenses.

Environmental Matters

During 2003, under a government-approved plan, remediation commenced at the site of a former Sylvania facility in Hicksville, New York that processed nuclear fuel rods in the 1950s and 1960s. Remediation beyond original expectations proved to be necessary and a reassessment of the anticipated remediation costs was conducted. A reassessment of costs related to remediation efforts at several other former facilities was also undertaken. In September 2005, the Army Corps of Engineers (ACE) accepted the Hicksville site into the Formerly Utilized Sites Remedial Action Program. This may result in the ACE performing some or all of the remediation effort for the Hicksville site with a corresponding decrease in costs to Verizon. To the extent that the ACE assumes responsibility for remedial work at the Hicksville site, an adjustment to a reserve previously established for the remediation may be made. Adjustments may also be made based upon actual conditions discovered during the remediation at any of the sites requiring remediation.

New York Recovery Funding

In August 2002, President Bush signed the Supplemental Appropriations bill that included $5.5 billion in New York recovery funding. Of that amount, approximately $750 million has been allocated to cover utility restoration and infrastructure rebuilding as a result of the September 11th terrorist attacks on lower Manhattan. These funds will be distributed through the Lower Manhattan Development Corporation following an application and audit process. As of September 2004, we had applied for reimbursement of approximately $266 million under Category One, although we did not record this amount as a receivable. We received advances totaling $88 million in connection with this application process. On December 22, 2004, we applied for reimbursement of an additional $136 million of Category Two losses, and on March 29, 2005 we amended our application seeking an additional $3 million. Category Two funding is for permanent restoration and infrastructure improvement. According to the plan, permanent restoration is reimbursed up to 75% of the loss. On November 3, 2005, we received the results of preliminary audit findings disallowing all but $44 million of our $266 million of Category One application. On December 8, 2005, we provided a detailed rebuttal to the preliminary audit findings. We received a copy of the final audit report for Verizon's Category One applications and, on January 4, 2007, we filed an appeal of the final audit report. That appeal, as well as our Category Two applications, are pending.

Employees

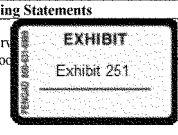
As of December 31, 2006, Verizon and its subsidiaries had approximately 242,000 employees. Unions represent approximately 40% of our employees.

Information on Our Internet Website

We make available, free of charge on our website, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission (SEC). Our website address is www.verizon.com. This information is included in "Investor Information" on our website.

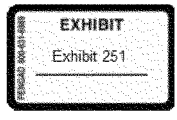
Cautionary Statement Concerning Forward-Looking Statements

In this Annual Report on Form 10-K we have made forw se statements are based on our estimates and assumptions and are subject to risks and uncertainties. Forward-loc information concerning our possible or assumed future

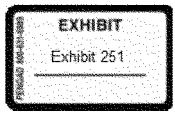


results of operations. Forward-looking statements also include those preceded or followed by the words "anticipates," "believes," "estimates," "hopes" or similar expressions. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

The following important factors, along with those discussed elsewhere in this Annual Report, could affect future results and could cause those results to differ materially from those expressed in the forward-looking statements:



- materially adverse changes in economic and industry conditions and labor matters, including workforce levels and labor negotiations, and any resulting financial and/or operational impact, in the markets served by us or by companies in which we have substantial investments;
- material changes in available technology, including disruption of our suppliers' provisioning of critical products or services;
- technology substitution;
- an adverse change in the ratings afforded our debt securities by nationally accredited ratings organizations;
- the final results of federal and state regulatory proceedings concerning our provision of retail and wholesale services and judicial review of those results;
- the effects of competition in our markets;
- the timing, scope and financial impacts of our deployment of fiber-to-the-premises broadband technology;
- the ability of Verizon Wireless to continue to obtain sufficient spectrum resources;
- changes in our accounting assumptions that regulatory agencies, including the SEC, may require or that result from changes in the accounting rules or their application, which could result in an impact on earnings;
- the timing of the closings of the sales of our Latin American and Caribbean properties; and
- the extent and timing of our ability to obtain revenue enhancements and cost savings following our business combination with MCI, Inc.



We face significant competition that may reduce our market share and lower our profits.

We face significant competition in our industry. The rapid development of new technologies, services and products has eliminated the traditional lines between local, long distance, wireless, cable and Internet communication services and brought new competitors to our markets, including other telephone companies, cable companies, wireless service providers, satellite providers, electric utilities, and providers of VoIP services. While these changes have enabled us to offer new types of services, they have also allowed other service providers to broaden the scope of their own competitive offerings. Our ability to compete successfully will depend on how successfully we anticipate and respond to various competitive factors, including new services that may be introduced by our competitors, changes in consumer preferences, demographic trends and pricing pressures. Because we are subject to more regulation and have higher cost structures than many of our competitors, due in part to the presence of a unionized workforce and a large retiree population in our wireline business, our competitors may be able to offer services at lower prices. The resulting pressure on the price of services provided by us may result in reduced revenues and reduction of profits. In addition, while the workforce of our wireless business is almost entirely non-union, we cannot predict what level of success unions may have in organizing this workforce or the potentially negative impact of such labor organizing on our costs.

Unless we are able to take advantage of technological developments in the telecommunications industry on a timely basis, we may experience a decline in a demand for our services or may be unable to implement our business strategy.

Our industry is experiencing rapid change as new technologies are developed that offer consumers an array of choices for their communications needs. In order to grow and remain competitive, we will need to adapt to future changes in technology, to enhance our existing offerings and introduce new offerings to address our customers' changing demands. If we are unable to meet future advances in competing technologies on a timely basis or at an acceptable cost, we could lose customers to our competitors. In general, the development of new services in our industry requires us to anticipate and respond to the varied and continually changing demands of our customers. We may not be able to accurately predict technological trends or the success of new services in the market. In addition, there could be legal or regulatory restraints to our introduction of new services. If these services fail to gain acceptance in the marketplace, or if costs associated with implementation and completion of the introduction of these services materially increase, our ability to retain and attract customers could be adversely affected.

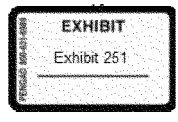
While we believe our primary wireless technology platform, CDMA, and its upgrades offer many advantages, many competing wireless service providers have chosen GSM or other technologies as the technology platforms for their wireless networks. There are risks that current or future versions of the wireless technologies and evolutionary path that we have selected may not be demanded by existing and prospective customers or provide the advantages that we expect. In addition, there are risks that other wireless carriers on whom our customers roam may change their technology to GSM or other technologies that are incompatible with ours. As a result, the ability of our and such other carriers' customers to roam on our respective wireless networks could be adversely affected. If these risks materialize, our ability to provide national wireless service to our customers, to retain and attract customers, and to maintain and grow our customer revenues could be materially adversely affected.

We depend on key suppliers and vendors to provide equipment that we need to operate our business.

We also depend upon various key suppliers and vendors to provide us with the equipment that we need to operate our business. If these suppliers or vendors fail to provide equipment or service to us on a timely basis, it could have an adverse impact on our ability to implement our business strategy and, in addition, we might be unable to satisfy the requirements contained in our FCC licenses regarding the construction of our wireless network. These suppliers and vendors may be subject to litigation with respect to technology that we depend on for our service offerings.

Changes in the regulatory framework under which we operate could adversely affect our business prospects or results of operations.

Our operations are subject to regulation by the FCC and other federal, state and local agencies. It is impossible to predict with any certainty the outcome of pending federal and state regulatory proceedings relating to our provision of retail or wholesale services, or the reviews by federal or state courts of regulatory rulings. Unless we are able to obtain relief, existing laws and regulations may inhibit our ability to expand our business and introduce new products and services. In addition, the adoption of new laws or regulations or changes to the existing regulatory framework could adversely affect our business plans. For example, the development of new technologies, such as Internet Protocol-based services, including VoIP and super high-speed broadband and video, could be subject to conflicting regulation between the FCC and various state and local authorities, which could significantly increase the cost of implementing and introducing new services based on this technology. In addition, the rapid growth of the wireless industry has led to an increase in efforts by some state legislatures and state public utility commissions to regulate the industry in ways that may impose additional costs on Verizon Wireless. Moreover, many states have also imposed significant taxes on providers in the wireless industry.



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We are subject to a significant amount of litigation, which could require us to pay significant damages or settlements.

Our business faces a substantial amount of litigation, including patent infringement lawsuits, antitrust class actions, personal injury claims and lawsuits relating to our advertising, sales, billing and collection practices. In addition, our wireless business also faces personal injury and consumer class action lawsuits relating to alleged health effects of wireless phones or radiofrequency transmitters, and class action lawsuits that challenge marketing practices and disclosures relating to alleged adverse health effects of handheld wireless phones. We may incur significant expenses in defending these lawsuits. In addition, we may be required to pay significant awards or settlements.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

General

Our principal properties do not lend themselves to simple description by character and location. Our total investment in plant, property and equipment was approximately $204 billion at December 31, 2006 and $188 billion at December 31, 2005, including the effect of retirements, but before deducting accumulated depreciation. Our gross investment in plant, property and equipment consisted of the following at December 31:

	2006	2005
Network equipment	**80.1%**	81.2%
Land, buildings and building equipment	**9.9**	9.1
Furniture and other equipment	**6.3**	6.5
Other	**3.7**	3.2
	100.0%	100.0%

Our properties are divided among our operating segments at December 31, as follows:

	2006	2005
Wireline	**76.7%**	76.9%
Wireless	**22.7**	22.4
Corporate and Other	**0.6**	0.7
	100.0%	100.0%

Network equipment consists primarily of aerial cable, underground cable, conduit and wiring, wireless plant, telephone poles, switching equipment, transmission equipment and related facilities. Land, buildings and building equipment consists of land and land improvements and central office buildings. Furniture and other equipment consists of public telephone instruments and telephone equipment (including PBXs), furniture, office equipment, motor vehicles and other work equipment. Other property consists primarily of plant under construction, capital leases, capitalized computer software costs and leasehold improvements. A portion of our property is subject to the liens of their respective mortgages securing funded debt.

The customers of our telephone operations are served by electronic switching systems that provide a wide variety of services. At December 31, 2006, substantially all of the access lines were served by digital capability.

Capital Expenditures

We continue to make significant capital expenditures to meet the demand for telecommunications services and to further improve such services. Capital spending for Wireline was $10,259 million in 2006, $8,267 million in 2005 and $7,118 million in 2004. Capital spending for Domestic Wireless was $6,618 million in 2006, $6,484 million in 2005 and $5,633 million in 2004. In 2007, Verizon management expects capital expenditures to be in the range of $17.5 billion to $17.9 billion.

Item 3. Legal Proceedings

Verizon and a number of other telecommunications co[illegible]ject of multiple class action suits concerning its alleged participation in intelligence-gathering activities allegedl[illegible]overnment, at the direction of the President of the United States, as part of the government's post-September 1[illegible]rist attacks. Plaintiffs generally allege that Verizon has



participated by permitting the government to gain access to the content of its subscribers' telephone calls and/or records concerning those calls and that such action violates federal and/or state constitutional and statutory law. Relief sought in the cases includes injunctive relief, attorneys' fees, and statutory and punitive damages. On August 9, 2006, the Judicial Panel on Multidistrict Litigation ("Panel") ordered that these actions be transferred, consolidated and coordinated in the U.S. District Court for the Northern District of California. The Panel subsequently ordered that a number of "tag along" actions also be transferred to the Northern District of California. Verizon has not answered or otherwise responded to any of the complaints. Verizon believes that these lawsuits are without merit.

In the Matter of Certain Baseband Processor Chips and Chipsets, Transmitter and Receiver (Radio) Chips, Power Control Chips, and Products Containing Same, Including Cellular Telephone Handsets, an action brought before the United States International Trade Commission,



Broadcom Corporation alleges that certain chips and chipsets manufactured by respondent Qualcomm Corporation infringe three Broadcom patents. Broadcom is currently seeking a ban on the importation of certain devices containing Qualcomm's EV-DO chipsets, but not with respect to data cards, PDAs, smartphones or handheld email devices containing those chips. Verizon Wireless was granted permission to intervene in the proceeding on the issue of remedy but not on the issue of liability. The ITC staff, which is a party to the proceeding, has supported Broadcom's position with respect to liability and remedy. The trial on remedy was completed on July 11, 2006 before an ITC administrative law judge. The Administrative Law Judge issued an initial determination, finding that Qualcomm has infringed one of the three Broadcom patents and recommended that Qualcomm's chipsets should be excluded from importation into the United States. However, the Administrative Law Judge further recommended that Verizon Wireless handsets that incorporate the Qualcomm EV-DO chipsets should not be subject to an exclusion order. Broadcom and the ITC staff requested review of the initial determination by the full ITC. On December 8, 2006, the ITC affirmed in substantial part the Administrative Law Judge's initial determination with respect to liability, determining that Qualcomm infringed one Broadcom patent. The ITC will hold a public hearing on the issues of remedy and the public interest on March 21, 2007. The decision of the full ITC with respect to remedy is expected to be made by May 8, 2007. During a 60-day period following any exclusion order by the ITC, the President of the United States may disapprove the order. Further, ITC exclusion orders are reviewable by the U.S. Court of Appeals for the Federal Circuit. Disruption of the supply of handsets incorporating Qualcomm EV-DO chipsets could have a material adverse effect on the availability of handsets to Verizon Wireless customers and could therefore have a material adverse effect on its business.

Item 4. Submission of Matters to a Vote of Security Holders

Not Applicable.

Executive Officers of the Registrant

Set forth below is information with respect to our executive officers.

Name	Age	Office	Held Since
Ivan G. Seidenberg	60	Chairman and Chief Executive Officer	2000
William P. Barr	56	Executive Vice President and General Counsel	2000
Thomas A. Bartlett	48	Senior Vice President and Controller	2005
John W. Diercksen	57	Executive Vice President – Strategy, Development and Planning	2003
Shaygan Kheradpir	46	Executive Vice President and Chief Information Officer	2007
John F. Killian	52	President – Verizon Business	2006
Lowell C. McAdam	52	President and Chief Executive Officer – Verizon Wireless	2007
Marc C. Reed	48	Executive Vice President – Human Resources	2004
Virginia P. Ruesterholz	45	President – Verizon Telecom	2006
John G. Stratton	45	Executive Vice President and Chief Marketing Officer	2007
Dennis F. Strigl	60	President and Chief Operating Officer	2007
Thomas J. Tauke	56	Executive Vice President – Public Affairs, Policy and Communications	2004
Doreen A. Toben	57	Executive Vice President and Chief Financial Officer	2002
Catherine T. Webster	54	Senior Vice President and Treasurer	2005

Prior to serving as an executive officer, each of the above officers held high level managerial positions with the company or one of its subsidiaries for at least five years.

Officers are not elected for a fixed term of office but are removable at the discretion of the Board of Directors.

Lawrence T. Babbio Jr. (62) served as Vice Chairman and President and as an executive officer through December 31, 2006.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The principal market for trading in the common stock of Verizon is the New York Stock Exchange. The common stock is also listed in the United States on the Boston, Chicago and Philadelphia stock exchanges. As of December 31, 2006, there were 887,678 shareowners of record.

High and low stock prices, as reported on the New York Stock Exchange composite tape of transactions, and dividend data are as follows:

		Market Price		Cash Dividend Declared
		High	Low	
2006	**First Quarter**	**$ 33.89**	**$ 28.95**	**$ .405**
	Second Quarter	**33.46**	**29.00**	**.405**
	Third Quarter	**36.62**	**30.22**	**.405**

EXHIBIT
Exhibit 251

	Fourth Quarter	**37.64**	**33.99**	**.405**
2005	First Quarter	$ 39.56	$ 33.13	$ .405
	Second Quarter	34.93	32.48	.405
	Third Quarter	33.70	30.50	.405
	Fourth Quarter	31.59	28.07	.405

* All Verizon prices have been adjusted for the spin-off of Idearc.



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The following table provides information about Verizon's common stock repurchases during the fourth quarter of 2006.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (2)
October	3,555,000	$ 37.22	3,555,000	56,020,200
November	475,000	37.65	475,000	55,545,200
December	5,611,600	35.80	5,611,600	49,933,600
	9,641,600		9,641,600	49,933,600

(1) On January 19, 2006, Verizon's Board of Directors authorized a common stock repurchase program.

(2) The program authorizes total repurchases of up to 100 million common shares terminating no later than the close of business on February 28, 2008. Under the plan, Verizon has the option to repurchase shares for the corporation over time, with the amount and timing of repurchases depending on market conditions and corporate needs.

Item 6. Selected Financial Data

Information required by this item is included in the 2006 Verizon Annual Report to Shareowners under the heading "Selected Financial Data" on page 17, which is incorporated herein by reference.

Item 7. Management's Discussion and Analysis of Results of Financial Condition and Results of Operations

Information required by this item is included in the 2006 Verizon Annual Report to Shareowners under the heading "Management's Discussion and Analysis of Results of Operations and Financial Condition" on pages 18 through 39, which is incorporated herein by reference.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Information required by this item is included in the 2006 Verizon Annual Report to Shareowners under the heading "Market Risk" on page 32, which is incorporated herein by reference.

Item 8. Financial Statements and Supplementary Data

Information required by this item is included in the 2006 Verizon Annual Report to Shareowners on pages 40 through 79, which is incorporated herein by reference.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Our chief executive officer and chief financial officer have evaluated the effectiveness of the registrant's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934), as of the end of the period covered by this annual report, that ensure that information relating to the registrant which is required to be disclosed in this report is recorded, processed, summarized and reported, within required time periods. Based on this evaluation, our chief executive officer and chief financial officer have concluded that the registrant's disclosure controls and procedures were effective as of December 31, 2006.

We completed the merger with MCI on January 6, 2006, at which time MCI became a subsidiary of Verizon. The Company has extended its Section 404 compliance program under the Sarbanes-Oxley Act of 2002 and the applicable rules and regulations under such Act to include the merged entity's internal controls over financial reporting.

There were no changes in the registrant's internal control over financial reporting during the fourth quarter of 2006 that have materially affected, or are reasonably likely to materially affect the registrant's internal control over financial reporting.

Management's report on internal control over financial reporting and the attestation report of Verizon's independent registered accounting firm is included in the 2006 Verizon Annual Report to Shareowners on pages 40 through 41 and is incorporated herein by reference.



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Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance of the Registrant

For information with respect to our executive officers, see "Executive Officers of the Registrant" at the end of Part I of this Report. For other information required by this item see the sections entitled "Election of Directors," "Structure and Practices of the Board" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the Proxy Statement for our 2007 Annual Meeting of Shareholders filed pursuant to Regulation 14A, which is incorporated herein by reference.

Item 11. Executive Compensation

For information with respect to executive compensation, see the section entitled "Executive Compensation" in the Proxy Statement for our 2007 Annual Meeting of Shareholders filed pursuant to Regulation 14A, which is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

For information with respect to the security ownership of the Directors and Executive Officers and related stockholder matters, see the section entitled "Security Ownership of Certain Beneficial Owners and Management" in the Proxy Statement for our 2007 Annual Meeting of Shareholders filed pursuant to Regulation 14A, which is incorporated herein by reference. In addition, see the following table for other equity compensation plan information:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	185,110,937	$ 47.55	128,833,578
Equity compensation plans not approved by security holders	45,337,060	41.90	9,900,616*
Total	230,447,997	46.44	138,734,194

* Indicates the number of securities available for issuance under the Verizon Communications 2000 Broad-Based Incentive Plan, which provides for awards of nonqualified stock options, restricted stock, restricted stock units and other equity-based hypothetical stock units to employees of Verizon and its subsidiaries.

Item 13. Certain Relationships and Related Transactions, and Director Independence

For information with respect to certain relationships and related transactions, and director independence, see the "Structure and Practices of the Board" section of the Proxy Statement for our 2007 Annual Meeting of Shareholders filed pursuant to Regulation 14A, which is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

For information with respect to principal accounting fees and services, see the Proxy Statement for our 2007 Annual Meeting of Shareholders filed pursuant to Regulation 14A, which is incorporated herein by reference.



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PART IV

Item 15. Exhibits, Financial Statement Schedules

Documents filed as part of this report:

		Page
(1)	Report of Management on Internal Control Over Financial Reporting	*
(2)	Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting	*
(3)	Report of Independent Registered Public Accounting Firm on Financial Statements	*
	Financial Statements covered by Report of Independent Registered Public Accounting Firm:	
	Consolidated Statements of Income	*
	Consolidated Balance Sheets	*
	Consolidated Statements of Cash Flows	*
	Consolidated Statements of Changes in Shareowners' Investment	*
	Notes to Consolidated Financial Statements	*
	* Incorporated herein by reference to the appropriate portions of the registrant's annual report to shareowners for the fiscal year ended December 31, 2006. (See Part II.)	
(4)	Financial Statement Schedule	
	II – Valuation and Qualifying Accounts	24
(5)	Exhibits	

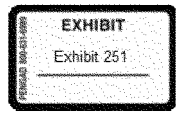

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Exhibit Number

3a Restated Certificate of Incorporation of Verizon Communications Inc. (Verizon) (Exhibit 3a to Form 10-K for the year ended December 31, 2005).

3b Bylaws of Verizon, as amended and restated (Exhibit 3b to Form 10-Q for the period ended September 30, 2006).

4 No instrument which defines the rights of holders of long-term debt of Verizon and its consolidated subsidiaries is filed herewith pursuant to Regulation S-K, Item 601(b)(4)(iii)(A). Pursuant to this regulation, Verizon hereby agrees to furnish a copy of any such instrument to the SEC upon request.

10a Description of Verizon Deferred Compensation Plan for Non-Employee Directors (Exhibit 10a to Form 10-K for the year ended December 31, 2000).*

10a(i) Description of Amendment to Plan (Exhibit 10a(i) to Form 10-K for the year ended December 31, 2004).

10b Bell Atlantic Deferred Compensation Plan for Outside Directors, as amended and restated (Exhibit 10a to Form 10-K for the year ended December 31, 1998).*

10c Deferred Compensation Plan for Non-Employee Members of the Board of Directors of GTE, as amended (Exhibit 10-1 to GTE's Form 10-K for the year ended December 31, 1997 and Exhibit 10.1 to GTE's Form 10-K for the year ended December 31, 1998, File No. 1-2755).*

10d GTE's Directors' Deferred Stock Unit Plan (Exhibit 10-8 to GTE's Form 10-K for the year ended December 31, 1997, File No. 1-2755).*

10e Description of Plan for Non-Employee Directors' Travel Accident Insurance (Exhibit 10c to Form 10-K for the year ended December 31, 1999).*

10f Bell Atlantic Directors' Charitable Giving Program, as amended (Exhibit 10p to Form SE dated March 29, 1990 and Exhibit 10p to Form SE dated March 29, 1993).*

10g GTE's Charitable Awards Program (Exhibit 10-10 to GTE's Form 10-K for the year ended December 31, 1992, File No. 1-2755).*

10h NYNEX Directors' Charitable Award Program (Exhibit 10i to Form 10-K for the year ended December 31, 2000).*

10i Verizon Communications 2000 Broad-Based Incentive Plan (Exhibit 10h to Form 10-Q for the period ended September 30, 2000).*

10j Verizon Communications Inc. Long-Term Incentive Plan (Appendix B to Verizon's 2001 Proxy Statement filed March 12, 2001).*

10j(i) Performance Stock Unit Agreement 2003-2005 Award Cycle (Exhibit 10j(i) to Form 10-K for the year ended December 31, 2005).*

10j(ii) Performance Stock Unit Agreement 2004-2006 Award Cycle (Exhibit 10j(ii) to Form 10-K for the year ended December 31, 2005).*

10j(iii) Restricted Stock Unit Agreement 2005-2007 Award Cycle (Exhibit 10a to Form 10-Q for the period ended March 31, 2005).*

10j(iv) Performance Stock Unit Agreement 2005-2007 Award Cycle (Exhibit 10b to Form 10-Q for the period ended March 31, 2005).*

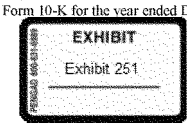
10j(iv)(a) Addendum to Performance Stock Unit Agreement 2005-2007 Award Cycle (Exhibit 10j(iv)(a) to Form 10-K for the year ended December 31, 2005).*

10j(v) Restricted Stock Unit Agreement 2006-2008 Award Cycle (Exhibit 10j(v) to Form 10-K for the year ended December 31, 2005).*

10j(vi) Performance Stock Unit Agreement 2006-2008 Award Cycle (Exhibit 10j(vi) to Form 10-K for the year ended December 31, 2005).*

10k GTE's Long-Term Incentive Plan, as amended (Exhibit B to GTE's 1997 Proxy Statement and Exhibit 10.5 to GTE's 1998 Form 10-K for the year ended December 31, 1998, File No. 1-2755); Description of Amendments (Exhibit 10l to Form 10-K for the year ended December 31, 2000).*

10m NYNEX 1995 Stock Option Plan, as amended (Exhibit No. 1 to NYNEX's Proxy Statement dated March 20, 1995, File No. 1-8608); Description of Amendments (Exhibit 10n to Form 10-K for the year ended December 31, 2000).*



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10n	Verizon Communications Inc. Short-Term Incentive Plan (Appendix C to Verizon's 2001 Proxy Statement filed March 12, 2001).*
10o	Verizon Communications Inc. Income Deferral Plan (Exhibit 10f to Form 10-Q for the period ended June 30, 2002).*
	10o(i) Description of Amendment to Plan (Exhibit 10o(i) to Form 10-K for the year ended December 31, 2004).*
10p	Verizon Communications Inc. Excess Pension Plan (Exhibit 10p to Form 10-K for the year ended December 31, 2004).*
	10p(i) Description of Amendment to Plan (Exhibit 10p(i) to Form 10-K for the year ended December 31, 2004).*
10q	GTE's Executive Salary Deferral Plan, as amended (Exhibit 10.10 to GTE's Form 10-K for the year ended December 31, 1998, File No. 1-2755).*
10r	Bell Atlantic Senior Management Long-Term Disability and Survivor Protection Plan, as amended (Exhibit 10h to Form SE filed on March 27, 1986 and Exhibit 10b(ii) to Form 10-K for the year ended December 31, 1997).*
10s	Description of Bell Atlantic Senior Management Estate Management Plan (Exhibit 10rr to Form 10-K for year ended December 31, 1997).*
10t	GTE's Executive Retired Life Insurance Plan, as amended (Exhibits 10-6, 10-6 and 10-6 to GTE's Form 10-K for the years ended December 31, 1991, 1992 and 1993, respectively, File No. 1-2755).*
10u	NYNEX Supplemental Life Insurance Plan (Exhibit No. 10 iii 21 to NYNEX's Form 10-Q for the period ended June 30, 1996, File No. 1-8608).*
10v	Summary Plan Description of Verizon Executive Deferral Plan (Exhibit 10(v) to Form 10-K for the year ended December 31, 2005).*
10w	Description of salary increase for Ivan G. Seidenberg (Exhibit 10w to Form 10-K for the year ended December 31, 2004).*
10x	Employment Agreement between Verizon and Lawrence T. Babbio (Exhibit 10a to Form 10-Q for the period ended September 30, 2000).*
10y	Employment Agreement between Verizon and Marc C. Reed (Exhibit 10a to Form 10-Q for the period ended June 30, 2004).*
10z	Employment Agreement between Verizon and William P. Barr (Exhibit 10z to Form 10-Q for the period ended March 31, 2003).*
10cc	Employment Agreement between Verizon and Doreen A. Toben (Exhibit 10d to Form 10-Q for the period ended June 30, 2002).*
10dd	Description of the Split-Dollar Insurance Arrangements (Exhibit 10g to Form 10-Q for the period ended June 30, 2002).*
	10dd(i) Description of Changes to Arrangements (Exhibit 10dd(i) to Form 10-K for the year ended December 31, 2004).*
10ee	Employment Agreement between Verizon and Dennis F. Strigl (Exhibit 10f to Form 10-Q for the period ended September 30, 2000).*
10ff	Employment Agreement between Verizon and Thomas J. Tauke (Exhibit 10b to Form 10-Q for the period ended June 30, 2004).*
10gg	Form of Employment Agreement between Verizon and Band 1 Senior Management Employee (Exhibit 10gg to the Form 10-K for the year ended December 31, 2004).*
10hh	NYNEX Deferred Compensation Plan for Non-Employee Directors (Exhibit 10gg to NYNEX's Registration Statement No. 2-87850, File No. 1-8608).*
	10hh(i) Amendment to NYNEX Corporation Deferred Compensation Plan for Non-Employee Directors (Exhibit 10iii 5a to NYNEX's Quarterly Report on Form 10-Q for the period ended June 30, 1996, File No. 1-8608).*
10ii	U.S. Wireless Agreement, dated September 21, 1999, among Bell Atlantic and Vodafone Airtouch plc, including the forms of Amended and Restated Partnership Agreement and the Investment Agreement (Exhibit 10 to Form 10-Q for the period ended September 30, 1999).
12	Computation of Ratio of Earnings to Fixed Charges filed herewith.
13	Portions of Verizon's Annual Report to Shareowners for the fiscal year ended December 31, 2006. Only the information incorporated by reference into this Form 10-K is included in the exhibit.
21	List of principal subsidiaries of Verizon filed herewith.



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23	Consent of Ernst & Young LLP filed herewith.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Indicates management contract or compensatory plan or arrangement.



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Schedule II – Valuation and Qualifying Accounts

Verizon Communications Inc. and Subsidiaries

For the Years Ended December 31, 2006, 2005 and 2004

(dollars in millions)

Description	Balance at Beginning of Period	Additions: Charged To Expenses	Additions: Charged to Other Accounts Note (a)	Deductions Note (b)	Balance at End of Period
Allowance for Uncollectible Accounts Receivable:					
Year 2006	**$ 1,100**	**$ 1,034**	**$ 1,627**	**$ 2,622**	**$ 1,139**
Year 2005	1,363	1,076	794	2,133	1,100
Year 2004	2,382	890	1,234	3,143	1,363
Valuation Allowance for Deferred Tax Assets:					
Year 2006	**$ 815**	**$ 51**	**$ 2,234**	**$ 500**	**$ 2,600**
Year 2005	1,217	46	43	491	815
Year 2004	1,463	6	–	252	1,217
Discontinued Businesses:					
Year 2006	**$ 248**	**$ –**	**$ –**	**$ 11**	**$ 237**
Year 2005	287	5	–	44	248
Year 2004	331	39	15	98	287

(a) Allowance for Uncollectible Accounts Receivable includes: (1) amounts previously written off which were credited directly to this account when recovered, and (2) accruals charged to accounts payable for anticipated uncollectible charges on purchases of accounts receivable from others which were billed by us. Also includes amounts transferred from other accounts. The 2006 amounts charged to other accounts for the allowance for uncollectible accounts receivable and valuation allowance for deferred tax assets were primarily due to the acquisition of MCI.

(b) Amounts written off as uncollectible or transferred to other accounts or utilized.



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Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Verizon Communications Inc.

Date: March 1, 2007

By: /s/ Thomas A. Bartlett
Thomas A. Bartlett
Senior Vice President and Controller

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Principal Executive Officer:

/s/ Ivan G. Seidenberg Ivan G. Seidenberg	Chairman and Chief Executive Officer	March 1, 2007

Principal Financial Officer:

/s/ Doreen A. Toben Doreen A. Toben	Executive Vice President and Chief Financial Officer	March 1, 2007

Principal Accounting Officer:

/s/ Thomas A. Bartlett Thomas A. Bartlett	Senior Vice President and Controller	March 1, 2007



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Signatures – Continued

/s/ Ivan G. Seidenberg Ivan G. Seidenberg	Director	March 1, 2007
/s/ James R. Barker James R. Barker	Director	March 1, 2007
/s/ Richard L. Carrión Richard L. Carrión	Director	March 1, 2007
/s/ M. Frances Keeth M. Frances Keeth	Director	March 1, 2007
/s/ Robert W. Lane Robert W. Lane	Director	March 1, 2007
/s/ Sandra O. Moose Sandra O. Moose	Director	March 1, 2007
/s/ Joseph Neubauer Joseph Neubauer	Director	March 1, 2007
/s/ Donald T. Nicolaisen Donald T. Nicolaisen	Director	March 1, 2007
/s/ Thomas H. O'Brien Thomas H. O'Brien	Director	March 1, 2007
/s/ Clarence Otis, Jr. Clarence Otis, Jr.	Director	March 1, 2007
/s/ Hugh B. Price Hugh B. Price	Director	March 1, 2007
/s/ Walter V. Shipley Walter V. Shipley	Director	March 1, 2007
/s/ John W. Snow John W. Snow	Director	March 1, 2007
/s/ John R. Stafford John R. Stafford	Director	March 1, 2007
/s/ Robert D. Storey Robert D. Storey		March 1, 2007

EXHIBIT
Exhibit 251


EXHIBIT
Exhibit 251

EXHIBIT 12

Computation of Ratio of Earnings to Fixed Charges
Verizon Communications Inc. and Subsidiaries

Years Ended December 31,	2006	2005	2004	2003	2002
				(dollars in millions)	
Income before provision for income taxes, discontinued operations, extraordinary items, and cumulative effect of accounting change	$ 8,154	$ 8,448	$ 7,977	$ 2,681	$ 3,797
Minority interest	4,038	3,001	2,329	1,562	1,303
Equity in (earnings) loss of unconsolidated businesses	(773)	(686)	(1,690)	(1,273)	1,548
Dividends from unconsolidated businesses	42	2,336	162	198	96
Interest expense	2,349	2,129	2,336	2,741	3,072
Portion of rent expense representing interest	530	511	449	432	391
Amortization of capitalized interest	112	108	104	103	87
Income, as adjusted	$ 14,452	$ 15,847	$ 11,667	$ 6,444	$ 10,294
Fixed charges:					
Interest expense	$ 2,349	$ 2,129	$ 2,336	$ 2,741	$ 3,072
Portion of rent expense representing interest	530	511	449	432	391
Capitalized interest	462	352	177	144	185
Preferred stock dividend requirement	2	9	8	12	18
Fixed Charges	$ 3,343	$ 3,001	$ 2,970	$ 3,329	$ 3,666
Ratio of Earnings to Fixed Charges	4.32	5.28	3.93	1.94	2.81

EXHIBIT 13

Selected Financial Data (Verizon Communications Inc. and Subsidiaries)

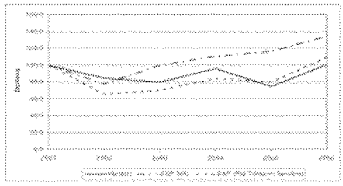
	2006	2005	2004	2003	2002
				(dollars in millions, except per share amounts)	
Results of Operations					
Operating revenues	$ 88,144	$ 69,518	$ 65,751	$ 61,754	$ 60,907
Operating income	13,373	12,581	10,870	5,312	12,386
Income before discontinued operations and cumulative effect of accounting change	5,480	6,027	5,899	2,168	3,016
Per common share – basic	1.88	2.18	2.13	.79	1.11
Per common share – diluted	1.88	2.16	2.11	.79	1.11
Net income	6,197	7,397	7,831	3,077	4,079
Net income available to common shareowners	6,197	7,397	7,831	3,077	4,079
Per common share – basic	2.13	2.67	2.83	1.12	1.49
Per common share – diluted	2.12	2.65	2.79	1.12	1.49
Cash dividends declared per common share	1.62	1.62	1.54	1.54	1.54
Financial Position					
Total assets	$ 188,804	$ 168,130	$ 165,958	$ 165,968	$ 167,468
Long-term debt	28,646	31,569	34,970	38,609	43,066
Employee benefit obligations	30,779	17,693	16,796	15,726	14,484
Minority interest	28,337	26,433	24,709	24,023	23,749
Shareowners' investment	48,535	39,680	37,560	33,466	32,616

- Significant events affecting our historical earnings trends in 2004 through 2006 are described in Management's Discussion and Analysis of Results of Operations and Financial Condition.
- 2003 data includes severance, pension and benefit c[illegible] or non-recurring items.
- 2002 data includes gains on investments and sales o[illegible] l and/or non-recurring items.



Stock Performance Graph

COMPARISON OF FIVE-YEAR TOTAL RETURN AMONG VERIZON, S&P 500 TELECOM SERVICES INDEX AND S&P 500 STOCK INDEX



Data Points in Dollars*	At December 31,					
	2001	2002	2003	2004	2005	2006
Verizon	100.0	84.9	80.3	96.5	75.2	101
S&P 500	100.0	77.9	100.2	111.1	116.6	135
S&P 500 Telecom Services	100.0	65.9	70.7	84.7	80.2	109

* Assumes $100 invested on December 31, 2001

The graph compares the cumulative total returns of Verizon, the S&P 500 Telecommunications Services Index, and the S&P 500 Stock Index over a five-year period. It assumes $100 was invested on December 31, 2001, with dividends reinvested.



Management's Discussion and Analysis of Results of Operations and Financial Condition

Overview

Verizon Communications Inc. (Verizon) is one of the world's leading providers of communications services. Verizon's wireline business, which includes the operations of the former MCI, provides telephone services, including voice, broadband data and video services, network access, nationwide long-distance and other communications products and services, and also owns and operates one of the most expansive end-to-end global Internet Protocol (IP) networks. Verizon's domestic wireless business, operating as Verizon Wireless, provides wireless voice and data products and services across the United States using one of the most extensive and reliable wireless networks. Stressing diversity and commitment to the communities in which we operate, Verizon has a highly diverse workforce of approximately 242,000 employees.

The sections that follow provide information about the important aspects of our operations and investments, both at the consolidated and segment levels, and include discussions of our results of operations, financial position and sources and uses of cash. In addition, we have highlighted key trends and uncertainties to the extent practicable. The content and organization of the financial and non-financial data presented in these sections are consistent with information used by our chief operating decision makers for, among other purposes, evaluating performance and allocating resources. We also monitor several key economic indicators as well as the state of the economy in general, primarily in the United States where the majority of our operations are located, in evaluating our operating results and analyzing and understanding business trends. While most key economic indicators, including gross domestic product, impact our operations to some degree, we have noted higher correlations to housing starts, non-farm employment, personal consumption expenditures and capital spending, as well as more general economic indicators such as inflation and unemployment rates.

Our results of operations, financial position and sources and uses of cash in the current and future periods reflect Verizon management's focus on the following four key areas:

- Revenue Growth – Our emphasis is on revenue growth, devoting more resources to higher growth markets such as wireless, including wireless data, wireline broadband connections, including fiber optics to the premises (Verizon's FiOS data and TV services), digital subscriber lines (DSL) and other data services, long distance, as well as expanded strategic services to business markets, rather than to the traditional wireline voice market, where we have been experiencing access line losses. Verizon reported consolidated revenue growth of 26.8% in 2006 compared to 2005, primarily driven by the merger with MCI and 17.8% higher revenue at Domestic Wireless. Verizon added 7,715,000 wireless customers and 1,838,000 broadband connections in 2006.

- Operational Efficiency – While focusing resources on growth, we are continually challenging our management team to lower expenses, particularly through technology-assisted productivity improvements including self-service initiatives. The effect of these and other efforts, such as real estate consolidations, call center routing improvements and the formation of Verizon Services Organization, has been to change the company's cost structure and maintain stable operating income margins. Real estate consolidations include the establishment of the Verizon Center. The Verizon Services Organization provides centralized services across our business, including procurement, finance operations and real estate services. With our deployment of the FiOS network, we expect to realize savings in annual, ongoing operating expenses as a result of efficiencies gained from fiber network facilities. As the deployment of the FiOS network gains scale and installation automation improvements occur, costs per home connected are expected to decline. Since the merger with MCI, we have gained operational benefits from sales force and product and systems integration initiatives. While workforce levels in 2006 increased to 242,000 from 206,000 primarily as a result of the acquisition of MCI, productivity improvements and merger synergy savings led to headcount reductions of about 9,200 in our wireline business.

- Capital Allocation – Our capital spending continues to be directed toward growth markets. High-speed wireless data (Evolution-Data Optimized, or EV-DO) services, replacement of copper access lines with fiber optics to the premises, as well as expanded services to business markets are examples of areas of capital spending in support of these growth markets. Excluding discontinued operations, in 2006, capital expenditures were $17,101 million compared to 2005 capital expenditures of $14,964 million. Of the increase, $1,602 million was primarily attributable to capital spending related to the former MCI, with the remainder in support of growth initiatives. In 2007, Verizon management expects capital expenditures to be in the range of $17.5 billion to $17.9 billion. In addition to capital expenditures, Verizon Wireless continues to participate in the Federal Communications Commission's (FCC) wireless spectrum auctions and continues to evaluate spectrum acquisitions in support of expanding data applications and its growing customer base. In 2006, this included participation in the FCC Auction 66 of Advanced Wireless Services spectrum (AWS auction) in which Verizon Wireless was the high bidder on thirteen 20 MHz licenses covering a population of nearly 200 million.

- Cash Flow Generation and Shareowner Value Creation – The financial statements reflect the emphasis of management on not only directing resources to growth markets, but also creating value for shareowners through the use of cash provided by our operating and investing activities for the repayment of debt, share repurchases and providing a stable dividend to our shareowners, in addition to returning value to shareowners through spin-off and other strategic transactions. Verizon's total debt decreased to $36,361 million as of December 31, 2006 from $38,257 million as of December 31, 2005 primarily as a result of the debt reduction resulting from the spin-off of Idearc Inc. (Idearc), formerly our U.S. print and [illegible]tories business, and the use of cash acquired in the MCI merger and generated through strategic asset sales ([illegible] Affect Future Results – Recent Developments"), partially offset by debt acquired in connection with the M[illegible]ales included the sale of Verizon Dominicana C. por A.

EXHIBIT
Exhibit 251

(Verizon Dominicana), which closed on December 1, 2006. Verizon's ratio of debt to debt combined with shareowners' equity was 42.8% as of December 31, 2006 compared with 49.1% as of December 31, 2005. Management has recommended to the Board of Directors that our dividend be maintained at a level no less than that immediately preceding the Idearc spin-off. In addition, we repurchased $1,700 million of our common stock as part of our previously announced program during 2006, and we plan to continue our share buyback program at



similar levels in 2007. Additionally, Verizon's balance of cash and cash equivalents at December 31, 2006 of $3,219 million increased by $2,459 million from $760 million at December 31, 2005.

Supporting these key focus areas are continuing initiatives to enhance the value of our products and services through well-managed deployment of proven advanced technology and through competitive products and services packaging. At Wireline, as of December 31, 2006, we met our goal of passing six million premises with our high-capacity fiber network (FiOS), doubling the number of premises passed compared to year-end 2005. We added 517,000 new FiOS data connections in 2006. In 2005, Verizon began offering video on the FiOS network in three markets. By the end of 2006, Verizon had obtained over 600 video franchises covering 7.3 million households with service available for sale to 2.4 million premises. We had 207,000 FiOS TV customers by the end of 2006. We are also developing and marketing innovative product bundles to include local wireline, long distance, wireless and broadband services for consumer and general business retail customers. These efforts will also help counter the effects of competition and technology substitution that have resulted in access line losses, and will enable us to grow revenues by becoming a leading video provider.

Also at Wireline, we will continue to focus investments in strategic areas by rolling-out next generation global IP networks to meet the ongoing global enterprise market shift to IP-based products and services. Deployment of new strategic service offerings, including expansion of our voice over IP (VoIP) and international Ethernet capabilities, introduction of cutting edge video and web-based conferencing capabilities and enhancements to our virtual private network portfolio, will allow us to continue to gain share in the enterprise market. Additionally, we will continue to integrate the business of the former MCI to drive continued growth in synergy, supporting a focus on operational efficiency and continued creation of shareowner value.

At Verizon Wireless, we will continue to execute on the fundamentals of our network superiority and value proposition to deliver growth for the business and provide new and innovative products and services for our customers such as Broadband Access, our EV-DO service. To accomplish our goal of being the acknowledged market leader in providing wireless voice and data communication services in the U.S, we will continue to implement the following key elements of our business strategy: provide the highest network reliability through our code division multiple access (CDMA) 1XRTT technology and EV-DO (Revision A) infrastructure, which significantly increases data transmission rates; profitably acquire, satisfy and retain our customers; and increase the value of our service offerings to customers while achieving revenue and net income growth. We also continue to expand our wireless data, messaging and multi-media offerings for both consumer and business customers and take advantage of the growing demand for wireless data services and focus on operating margins and capital efficiency by driving down costs and leveraging our scale.

In January 2007, Verizon announced a definitive agreement with FairPoint Communications, Inc. (FairPoint) that will result in Verizon establishing a separate entity for its local exchange access lines and related business assets in Maine, New Hampshire and Vermont, spinning off that new entity to Verizon's shareowners, and immediately merging it with and into FairPoint. The total value to be received by Verizon and its shareowners in exchange for these operations will be approximately $2,715 million.

Consolidated Results of Operations

In this section, we discuss our overall results of operations and highlight special and non-recurring items. As a result of the spin-off of our U.S. print and Internet yellow pages directories business, which was included in the Information Services segment, as well as reaching definitive agreements to sell our interests in Telecomunicaciones de Puerto Rico, Inc. (TELPRI) and Verizon Dominicana, each of which was included in the International segment, the operations of our former U.S. print and Internet yellow pages directories business, Verizon Dominicana and TELPRI are reported as discontinued operations and assets held for sale. Accordingly, we now have two reportable segments – Wireline and Domestic Wireless. Prior period amounts and discussions are revised to reflect this change. We include in our results of operations the results of the former MCI business subsequent to the close of the merger on January 6, 2006.

This section on consolidated results of operations carries forward the segment results, which exclude the special and non-recurring items, and highlights and describes those items separately to ensure consistency of presentation in this section and the "Segment Results of Operations" section. In the following section, we review the performance of our two reportable segments. We exclude the effects of the special and non-recurring items from the segments' results of operations since management does not consider them in assessing segment performance, due primarily to their non-recurring and/or non-operational nature. We believe that this presentation will assist readers in better understanding our results of operations and trends from period to period.



Consolidated Revenues

Years Ended December 31,	2006	2005	% Change	2005	2004	% Change
				(dollars in millions)		
Wireline						
Verizon Telecom	**$ 33,259**	$ 32,114		$ 32,114	$ 32,261	
Verizon Business	**20,490**	7,394		7,394	7,414	
Intrasegment eliminations	**(2,955)**	(1,892)		(1,892)	(1,654)	
						)
	50,794	37,616	35.0%	37,616	38,021	(1.1%
Domestic Wireless	**38,043**	32,301	17.8	32,301	27,662	16.8
Corporate & Other	**(693)**	(579)	19.7	(579)	(461)	25.6
Revenues of Hawaii operations sold	**–**	180	(100.0)	180	529	(66.0)
Consolidated Revenues	**$ 88,144**	$ 69,518	26.8	$ 69,518	$ 65,751	5.7

2006 Compared to 2005

Consolidated revenues in 2006 were higher by $18,626 million, or 26.8% compared to 2005 revenues. This increase was primarily the result of significantly higher revenues at Wireline and Domestic Wireless.

Wireline's revenues in 2006 increased by $13,178 million, or 35.0% compared to 2005 due to the acquisition of MCI and growth from broadband and long distance services. We added 1.8 million new broadband connections, for a total of 7.0 million lines in service at December 31, 2006, an increase of 35.7% compared to 5.1 million lines in service at December 31, 2005. The number of Freedom service plans continue to stimulate growth in long distance services, as the number of packages reached 7.9 million as of December 31, 2006, representing a 44.1% increase from December 31, 2005. These increases were partially offset by declines in wholesale revenues at Verizon Telecom due to subscriber losses resulting from technology substitution, including wireless and VoIP. Wholesale revenues at Verizon Telecom declined by $752 million, or 8.3% in 2006 compared to similar periods in 2005 primarily due to the exclusion of affiliated access revenues billed to the former MCI mass market entities in 2006. Revenues at Verizon Business increased primarily due to the acquisition of MCI.

Domestic Wireless's revenues increased by $5,742 million, or 17.8% compared to 2005 due to increases in service revenues, including data revenues, and equipment and other revenues. Data revenues increased by $2,232 million or 99.5% compared to 2005. Domestic Wireless ended 2006 with 59.1 million customers, an increase of 15.0% over 2005. Domestic Wireless's retail customer base as of December 31, 2006 was approximately 56.8 million, a 15.9% increase over December 31, 2005, and comprised approximately 96.1% of our total customer base. Average service revenue per customer (ARPU) increased by 0.6% to $49.80 in 2006 compared to 2005, primarily attributable to increases in data revenue per customer driven by increased use of our messaging and other data services. Retail ARPU increased by 0.7% to $50.44 for 2006 compared to 2005. Increases in wireless devices sold and revenue per unit sold drove increases in equipment and other revenue in 2006 compared to 2005.

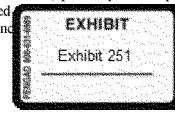
Lower revenue of Hawaii operations sold of $180 million, or 100% in 2006 compared to 2005 was the result of their sale during the second quarter of 2005.

2005 Compared to 2004

Consolidated revenues in 2005 were higher by $3,767 million, or 5.7% compared to 2004 revenues. This increase was primarily the result of significantly higher revenues at Domestic Wireless, partially offset by lower revenues at Wireline and the sale of our Hawaii wireline operations in the second quarter of 2005.

Wireline's revenues in 2005 were lower than 2004 by $405 million, or 1.1% primarily due to lower revenues from local services, partially offset by higher network access and long distance services revenues. We added 1.7 million new broadband connections, for a total of 5.1 million lines in service at December 31, 2005, an increase of 47.6% compared to 3.5 million lines in service at December 31, 2004. The introduction of our Freedom service plans stimulated growth in long distance services. As of December 31, 2005, approximately 53% of our local wireline customers chose Verizon as their long distance carrier. These increases were offset by declines in wholesale revenues at Verizon Telecom due to subscriber losses resulting from technology substitution, including wireless and VoIP.

Domestic Wireless's revenues increased by $4,639 million, or 16.8% in 2005 compared to 2004 due to increases in service revenues, including data revenues, and equipment and other revenues. Data revenues increased by $1,127 million or 101.0% compared to 2004. Domestic Wireless ended 2005 with 51.3 million customers, an increase of 17.2% over 2004. Domestic Wireless's retail customer base as of December 31, 2005 was approximately 49.0 million, a 17.2% increase over December 31, 2004, and comprised approximately 95.5% of our total customer base. ARPU decreased 1.5% to $49.49 in 2005 compared to 2004, primarily due to pricing changes in early 2005, partially offset by a 71.7% increase in data revenue per customer in 2005 compared [illegible] use of our messaging and other data services. Increases in wireless devices sold and revenue per unit sold drove inc[illegible]er revenue in 2005 compared to 2004.



Lower revenue of Hawaii operations sold of $349 million, or 66.0% in 2005 compared to 2004 was the result of the sale during the second quarter of 2005 of our wireline and directory operations in Hawaii.

Consolidated Operating Expenses

Years Ended December 31,	2006	2005	% Change	2005	(dollars in millions) 2004	% Change
Cost of services and sales	$ 34,994	$ 24,200	44.6%	$ 24,200	$ 22,032	9.8%
Selling, general and administrative expense	25,232	19,652	28.4	19,652	19,346	1.6
Depreciation and amortization expense	14,545	13,615	6.8	13,615	13,503	0.8
Sales of businesses, net	–	(530)	(100.0)	(530)	–	nm
Consolidated Operating Expenses	$ 74,771	$ 56,937	31.3	$ 56,937	$ 54,881	3.7

nm – Not meaningful

2006 Compared to 2005

Cost of Services and Sales

Cost of services and sales increased by $10,794 million, or 44.6% in 2006 compared to 2005. This increase was driven by the inclusion of the former MCI operations, higher wireless network costs, increases in wireless equipment costs and increases in pension and other postretirement benefit costs, partially offset by the net impact of productivity improvement initiatives.

The higher wireless network costs were caused by increased network usage relating to both voice and data services in 2006 compared to 2005, partially offset by decreased roaming, local interconnection and long distance rates. Cost of wireless equipment sales increased in 2006 compared to 2005 primarily as a result of an increase in wireless devices sold due to an increase in gross activations and equipment upgrades, together with an increase in cost per unit.

Costs in these periods were also impacted by increased pension and other postretirement benefit costs. The overall impact of the 2006 assumptions, combined with the impact of lower than expected actual asset returns over the past several years, resulted in pension and other postretirement benefit expense of approximately $1,377 million in 2006 compared to net pension and postretirement benefit expense of $1,231 million in 2005. Special and non-recurring items recorded during 2006 included $25 million of merger integration costs.

Selling, General and Administrative Expense

Selling, general and administrative expense includes salaries and wages and benefits not directly attributable to a service or product, bad debt charges, taxes other than income, advertising and sales commission costs, customer billing, call center and information technology costs, professional service fees and rent for administrative space.

Selling, general and administrative expense increased by $5,580 million, or 28.4% in 2006 compared to 2005. This increase was driven by the inclusion of the former MCI operations, increases in the Domestic Wireless segment primarily related to increased salary and benefits expenses, and special and non-recurring charges. Special and non-recurring items in selling, general and administrative expenses in 2006 were $816 million compared to special and non-recurring items in 2005 of $311 million.

Special and non-recurring items in 2006 included $56 million related to pension settlement losses incurred in connection with our benefit plans, a net pretax charge of $369 million for employee severance and severance-related activities in connection with the involuntary separation of approximately 4,100 employees, who were separated in 2006. Special and non-recurring charges in 2006 also included $207 million of merger integration costs, primarily for advertising and other costs related to re-branding initiatives and systems integration activities, and a net pretax charge of $184 million for Verizon Center relocation costs. Special and non-recurring items in 2005 included a pretax impairment charge of $125 million pertaining to our leasing operations for aircraft leased to airlines experiencing financial difficulties, a net pretax charge of $98 million related to the restructuring of the Verizon management retirement benefit plans and a pretax charge of $59 million associated with employee severance costs and severance-related activities in connection with the voluntary separation program for surplus union-represented employees.

Depreciation and Amortization Expense

Depreciation and amortization expense increased by $930 million, or 6.8% in 2006 compared to 2005. This increase was primarily due to higher depreciable and amortizable asset bases as a result of the MCI merger and, to a lesser extent, increased capital expenditures.



2005 Compared to 2004

Cost of Services and Sales

Cost of services and sales increased by $2,168 million, or 9.8% in 2005 compared to 2004. This increase was principally due to increases in pension and other postretirement benefit costs, higher direct wireless network costs, increases in wireless equipment costs and higher costs associated with our wireline growth businesses.

The overall impact of pension and other postretirement benefit plan assumption changes, combined with lower asset returns over the last several years, increased net pension and postretirement benefit expenses by $407 million in 2005 (primarily in cost of services and sales) compared to 2004. Higher direct wireless network charges resulted from increased network usage in 2005 compared to 2004, partially offset by lower roaming, local interconnection and long distance rates. Cost of equipment sales was higher in 2005 due primarily to an increase in wireless devices sold together with an increase in cost per unit sold, driven by growth in customer additions and an increase in equipment upgrades in 2005. Higher costs associated with our wireline growth businesses, long distance and broadband connections, included a 2,400, or 1.7% increase in the number of Wireline employees as of December 31, 2005 compared to December 31, 2004. Costs in 2004 were impacted by lower interconnection expense charged by competitive local exchange carriers (CLECs) and settlements with carriers, including the MCI settlement recorded in 2004.

Selling, General and Administrative Expense

Selling, general and administrative expense increased by $306 million, or 1.6% in 2005 compared to 2004. This increase was driven by increases in salary, pension and benefits costs, including an increase in the customer care and sales channel work force and sales commissions, partially offset by gains on real estate sales in 2005 and lower bad debt costs. Special and non-recurring items in selling, general and administrative expenses in 2005 were $311 million compared to special and non-recurring items in 2004 of $971 million.

Special and non-recurring items in 2005 included a pretax impairment charge of $125 million pertaining to our leasing operations for aircraft leased to airlines experiencing financial difficulties, a net pretax charge of $98 million related to the restructuring of the Verizon management retirement benefit plans and a pretax charge of $59 million associated with employee severance costs and severance-related activities in connection with the voluntary separation program to surplus union-represented employees. Special and non-recurring items recorded in 2004 included $805 million related to pension settlement losses incurred in connection with the voluntary separation of approximately 21,000 employees in the fourth quarter of 2003 who received lump-sum distributions during 2004. Special charges in 2004 also include an expense credit of $204 million resulting from the favorable resolution of pre-bankruptcy amounts due from MCI, partially offset by a charge of $113 million related to operating asset losses.

Depreciation and Amortization Expense

Depreciation and amortization expense increased by $112 million, or 0.8% in 2005 compared to 2004. This increase was primarily due to the increase in depreciable assets and software, partially offset by lower rates of depreciation on telephone plant.

Sales of Businesses, Net

During the second quarter of 2005, we sold our wireline and directory businesses in Hawaii and recorded a net pretax gain of $530 million.

Pension and Other Postretirement Benefits

For 2006 pension and other postretirement benefit costs, the discount rate assumption remained at 5.75%, consistent with interest rate levels at the end of 2005. The expected rate of return on pension plan assets remained 8.50%, while the expected rate of return on postretirement benefit plan assets was increased to 8.25% from 7.75% in 2005. The medical cost trend rate was 10% for 2006. For 2005 pension and other postretirement benefit costs, the discount rate assumption was lowered to 5.75% from 6.25% in 2004, consistent with interest rate levels at the end of 2004. The medical cost trend rate assumption was 10% in 2005. The expected rate of return on pension and postretirement benefit plan assets for 2004 was maintained at 8.50%.

For 2007 pension and other postretirement benefit costs, we evaluated our key employee benefit plan assumptions in response to current conditions in the securities markets and medical and prescription drug cost trends. The discount rate assumption will be increased to 6.00%, consistent with interest rate levels at the end of 2006. The medical cost trend rate will be 10% for 2007. The expected rate of return on pension plan assets will remain at 8.50% and the expected rate of return on postretirement benefit plan assets will remain at 8.25% in 2007.



During 2006, we recorded net pension and postretirement benefit expense of $1,377 million, compared to net pension and postretirement benefit expense of $1,231 million in 2005 and net pension and postretirement benefit expense of $824 million in 2004.

Other Consolidated Results

Equity in Earnings of Unconsolidated Businesses

Equity in earnings of unconsolidated businesses increased by $87 million, or 12.7% in 2006 compared to 2005. The increase is primarily due to additional pension liabilities that Compañía Anónima Nacional Teléfonos de Venezuela (CANTV) recognized in 2005, as well as the effect of favorable operating results and lower taxes in 2006. In addition, the increase reflects our proportionate share, or $85 million, of a tax benefit at Vodafone Omnitel N.V. (Vodafone Omnitel) in the third quarter of 2006. A similar benefit was recorded in the third quarter of 2005 of $76 million.

Equity in earnings of unconsolidated businesses decreased by $1,004 million, or 59.4% in 2005 compared to 2004. The decrease is primarily due to a pretax gain of $787 million recorded on the sale of our 20.5% interest in TELUS Corporation (TELUS) in the fourth quarter of 2004 and the sale of another investment in 2004, lower equity income resulting from the sale of TELUS and estimated additional pension liabilities at CANTV, partially offset by higher tax benefits and operational results at Vodafone Omnitel.

Other Income and (Expense), Net

		(dollars in millions)	
Years Ended December 31,	2006	2005	2004
Interest income	$ 201	$ 103	$ 97
Foreign exchange gains (losses), net	(3)	11	(7)
Other, net	197	197	(8)
Total	$ 395	$ 311	$ 82

Other Income and (Expense), Net in 2006 increased $84 million, or 27% compared to 2005. The increase was primarily due to increased interest income as a result of higher average cash balances coupled with higher interest rates in 2006 compared to 2005, partially offset by foreign exchange losses. Other, net in 2006 includes pretax gains on sales of investments, as well as leased asset gains.

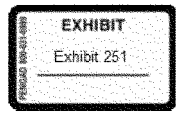
Other, net in 2005 includes a pretax gain on the sale of a small international business and investment gains. Other Income and (Expense), Net in 2005 and 2004 include expenses of $14 million and $55 million, respectively, related to the early retirement of debt.

Interest Expense

		(dollars in millions)	
Years Ended December 31,	2006	2005	2004
Interest expense	$ 2,349	$ 2,129	$ 2,336
Capitalized interest costs	462	352	177
Total interest costs on debt balances	$ 2,811	$ 2,481	$ 2,513
Weighted average debt outstanding	$ 41,500	$ 39,152	$ 41,781
Effective interest rate	6.8%	6.3%	6.0%

In 2006, interest costs increased $330 million compared to 2005 primarily due to an increase in average debt level of $2,348 million and increased interest rates compared to 2005. Higher capital expenditures in 2006 contributed to higher capitalized interest costs.

In 2005, the decrease in interest costs was primarily due to a reduction in average debt level of $2,629 million compared to 2004, partially offset by higher average interest rates. Higher capital expenditures in 2005 contributed to higher capitalized interest costs.



Minority Interest

Years Ended December 31,	2006	2005	2004
			(dollars in millions)
Minority interest	$ 4,038	$ 3,001	$ 2,329

The increase in minority interest expense in 2006 compared to 2005, and in 2005 compared to 2004 was attributable to higher earnings at Domestic Wireless, which is 45% owned by Vodafone Group Plc (Vodafone).

Provision for Income Taxes

Years Ended December 31,	2006	2005	2004
			(dollars in millions)
Provision for income taxes	$ 2,674	$ 2,421	$ 2,078
Effective income tax rate	32.8%	28.7%	26.1%

The effective income tax rate is the provision for income taxes as a percentage of income from continuing operations before the provision for income taxes. Our effective income tax rate in 2006 was higher than 2005 primarily as a result of favorable tax settlements and the recognition of capital loss carryforwards in 2005. These increases were partially offset by tax benefits from foreign operations and lower state taxes in 2006 compared to 2005.

Our effective income tax rate in 2005 was higher than 2004 due to taxes on overseas earnings repatriated during the year, lower foreign-related tax benefits and lower favorable deferred tax reconciliation adjustments. Included in the provision of income taxes in 2005 are capital gains realized in connection with the sale of our Hawaii business, which resulted in the realization of tax benefits of $336 million primarily related to capital loss carryforwards. This was largely offset by a tax provision of $206 million related to the repatriation of foreign earnings under the provisions of the American Jobs Creation Act of 2004. The effective income tax rate in 2004 was favorably impacted by the reversal of a valuation allowance relating to investments, tax benefits related to deferred tax balance adjustments and expense credits that are not taxable.

A reconciliation of the statutory federal income tax rate to the effective rate for each period is included in Note 16 to the consolidated financial statements.

Discontinued Operations

Discontinued operations represents the results of operations of TELPRI for all years presented in the consolidated statements of income and Verizon Dominicana, Verizon Information Services and Verizon Information Services Canada Inc. prior to their sale or spin-off in December 2006, November 2006 and the fourth quarter of 2004, respectively.

In the second quarter of 2006, we announced our decision to sell Verizon Dominicana and TELPRI and, in accordance with Statement of Financial Accounting Standards (SFAS) No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, (SFAS No. 144) we have classified the results of operations of Verizon Dominicana and TELPRI as discontinued operations. The sale of Dominicana closed in December 2006 and, primarily due to taxes on previously unremitted earnings, a pretax gain of $30 million resulted in an after-tax loss of $541 million (or $.18 per diluted share).

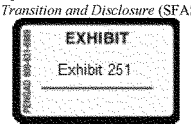
We completed the spin-off of Idearc to our shareholders on November 17, 2006, which resulted in an $8,695 million increase to contributed capital in shareowners' investment.

Discontinued operations also include the results of operations of Verizon Information Services Canada Inc. prior to its sale in the fourth quarter of 2004. The sale resulted in a pretax gain of $1,017 million ($516 million after-tax, or $.18 per diluted share).

Income from discontinued operations, net of tax decreased by $611 million, or 44.6% in 2006 compared to 2005. This decrease was primarily due to the after-tax loss recorded in 2006 on the sale of Verizon Dominicana, partially offset by cessation of depreciation on fixed assets held for sale. Income from discontinued operations, net of tax decreased by $562 million, or 29.1% in 2005 compared to 2004. The decrease was primarily driven by the after-tax gain recorded on the sale of Verizon Information Services Canada Inc. in 2004.

Cumulative Effect of Accounting Change

In December 2004, the Financial Accounting Standards Board (FASB) issued SFAS No. 123(R), *Share-Based Payment* , (SFAS No. 123(R)) which revises SFAS No. 123, *Accounting for Stock-Based Compensation* (SFAS No. 123). SFAS No. 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized as compensation expense based on their fair value. Effective January 1, 2003, we adopted the fair value recognition provisions of SFAS No. 123, using the prospective method (as permitted under SFAS No. 148, *Accounting for Stock-Based Compensation – Transition and Disclosure* (SFAS No. 148)) for all new awards granted, modified or



settled after January 1, 2003. Under the prospective method, employee compensation expense in the first year is recognized for new awards granted, modified, or settled. The options generally vest over a term of three years, therefore, the expenses related to stock-based employee compensation included in the determination of net income for 2006, 2005 and 2004 are less than what would have been recorded if the fair value method had been applied to previously issued awards.

Effective January 1, 2006, we adopted SFAS No. 123(R) utilizing the modified prospective method. SFAS No. 123(R) requires the measurement of stock-based compensation expense based on the fair value of the award on the date of grant. Under the modified prospective method, the provisions of SFAS No. 123(R) apply to all awards granted or modified after the date of adoption. SFAS No. 123(R) is supplemented by Staff Accounting Bulletin (SAB) No. 107, "Share-Based Payments" (SAB No. 107). This SAB, which was issued by the Securities and Exchange Commission (SEC) in March 2005, expresses the views of the SEC staff regarding the relationship between SFAS No. 123(R) and certain SEC rules and regulations. In particular, this SAB provides guidance related to valuation methods, the classification of compensation expense, non-GAAP financial measures, the accounting for income tax effects of share-based payment arrangements, disclosures in Management's Discussion and Analysis subsequent to adoption of SFAS No. 123(R), and interpretations of other share-based payment arrangements. We also adopted SAB No. 107 on January 1, 2006.

We recorded a $42 million cumulative effect of accounting change as of January 1, 2006, net of taxes and after minority interest, to recognize the effect of initially measuring the outstanding liability awards (VARs) of the Verizon Wireless joint venture at fair value utilizing a Black-Scholes model. We do not expect SFAS No. 123(R) to have a material effect on our consolidated financial statements in future periods.

Segment Results of Operations

On November 17, 2006, we completed the spin-off to our shareowners of our U.S. print and Internet yellow pages directories, which was included in the Information Services segment. The spin-off resulted in a new company, named Idearc Inc. In addition, on April 2, 2006, we reached definitive agreements to sell our interests in TELPRI and Verizon Dominicana, each of which was included in the International segment. In accordance with SFAS No. 144, we have classified the results of operations for our U.S. print and Internet yellow pages directories business, Verizon Dominicana and TELPRI as discontinued operations and assets held for sale. Accordingly, we now have two reportable segments and prior period amounts and discussions are revised to reflect this change. Our segments are Wireline and Domestic Wireless. You can find additional information about our segments in Note 17 to the consolidated financial statements.

We measure and evaluate our reportable segments based on segment income. Corporate, eliminations and other includes unallocated corporate expenses, intersegment eliminations recorded in consolidation, the results of other businesses such as our investments in unconsolidated businesses, primarily Omnitel and CANTV, lease financing, and asset impairments and expenses that are not allocated in assessing segment performance due to their non-recurring nature. These adjustments include transactions that the chief operating decision makers exclude in assessing business unit performance due primarily to their non-recurring and/or non-operational nature. Although such transactions are excluded from the business segment results, they are included in reported consolidated earnings. Gains and losses that are not individually significant are included in all segment results, since these items are included in the chief operating decision makers' assessment of unit performance.

Wireline

The Wireline segment, which includes the operations of the former MCI, consists of the operations of Verizon Telecom, a provider of telephone services, including voice, broadband video and data, network access, long distance, and other services to consumer and small business customers and carriers, and Verizon Business, a provider of next-generation IP network services globally to medium and large businesses and government customers. As discussed earlier under "Consolidated Results of Operations," in the second quarter of 2005, we sold wireline properties in Hawaii representing approximately 700,000 access lines or 1% of the total Verizon Telecom switched access lines in service. For comparability purposes, the results of operations shown in the tables below exclude the Hawaii properties that have been sold.

Operating Revenues

Years Ended December 31,	2006	2005	(dollars in millions) 2004
Verizon Telecom			
Mass Markets	**$ 22,528**	$ 20,446	$ 20,447
Wholesale	**8,323**	9,075	9,128
Other	**2,408**	2,593	2,686
Verizon Business			
Enterprise Business	**13,999**	6,018	6,196
Wholesale	**3,381**	1,376	1,218
International and Other	**3,110**	–	–
Intrasegment Eliminations	**(2,955)**	(1,892)	(1,654)
Total Wireline Operating Revenues	**$ 50,794**	$ 37,616	$ 38,021



In connection with the completion of the MCI merger, our product lines were realigned to be reflective of the Line of Business structure in which the product lines are currently being managed. Prior period amounts and discussions were reclassified to conform to the current presentation.

Verizon Telecom

Mass Markets

Verizon Telecom's Mass Markets revenue includes local exchange (basic service and end-user access), value-added services, long distance, broadband services for residential and certain small business accounts and FiOS TV services. Value-added services are a family of services that expand the utilization of the network, including products such as Caller ID, Call Waiting, Home Voicemail and Return Call. Long distance includes both regional toll services and long distance services. Broadband services include DSL and FiOS.

Our Mass Market revenues increased by $2,082 million, or 10.2% in 2006, and decreased by $1 million, or 0.0% in 2005. The increase in 2006 was principally due to the inclusion of revenues from the former MCI and, in 2006 and 2005, growth from broadband and long distance. In both years revenue increases were offset by lower demand and usage of our basic local exchange and accompanying services attributable to subscriber losses due to technology substitution, including wireless and VoIP.

We added 1,838,000 new broadband connections, including 517,000 for FiOS in 2006, for a total of 6,982,000 lines at December 31, 2006, an increase of 35.7% compared to 5,144,000 lines in service at December 31, 2005. We have achieved a FiOS data penetration rate of 14% across all markets where we have been selling this service. Our Freedom service plans continue to stimulate growth in long distance services, as the number of plans reached 7.9 million as of December 31, 2006, representing a 44.1% increase from December 31, 2005. As of December 31, 2006, approximately 58% of our legacy Verizon wireline customers have chosen Verizon as their long distance carrier.

Declines in switched access lines in service of 7.6% in 2006 and 6.7% in 2005 were mainly driven by the effects of competition and technology substitution. Demand for legacy Verizon residential access lines declined 7.1% in 2006 and 6.3% in 2005, as customers substituted wireless, broadband and cable services for traditional landline services. At the same time, legacy Verizon business access lines declined 3.2% in 2006, and 4.2% in 2005, primarily reflecting competition and a shift to high-speed, high-volume special access lines.

We continue to seek opportunities to retain and win back customers. Our Freedom service plans offer local services with various combinations of long distance and Internet access services in a discounted bundle available on one bill. We have introduced our Freedom service plans in nearly all of our key markets.

Wholesale

Wholesale revenues are earned from long distance and other competing carriers who use our local exchange facilities to provide usage services to their customers. Switched access revenues are derived from fixed and usage-based charges paid by carriers for access to our local network. Special access revenues originate from carriers that buy dedicated local exchange capacity to support their private networks. Wholesale services also include local wholesale revenues from unbundled network elements (UNEs), interconnection revenues from CLECs and wireless carriers, and some data transport revenues.

Wholesale revenues decreased by $752 million, or 8.3% in 2006 and by $53 million, or 0.6% in 2005, due to the exclusion, in 2006, of affiliated access revenues billed to the former MCI mass market entities, and, in 2006 and 2005, to declines in legacy Verizon switched access revenues and local wholesale revenues, offset by increases in special access revenues.

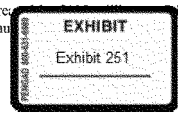
Switched minutes of use declined in 2006 and 2005, reflecting the impact of access line loss and technology substitution. Wholesale lines decreased by 17.1% in 2006 due to the impact of a decision by a major competitor to deemphasize their local market initiatives in 2005. Special access revenue growth reflects continuing demand in the business market for high-capacity, high-speed digital services, partially offset by lessening demand for older, low-speed data products and services. As of December 31, 2006, customer demand for high capacity and digital data services increased 8.9% compared to 2005.

The FCC regulates the rates that we charge customers for interstate access services. See "Other Factors That May Affect Future Results – Regulatory and Competitive Trends – FCC Regulation" for additional information on FCC rulemaking concerning federal access rates, universal service and certain broadband services.

Other

Other revenues include services such as operator services (including deaf relay services), public (coin) telephone, card services and supply sales, as well as former MCI dial-around services including 10-10-987, 10-10-220, 1-800-COLLECT and Prepaid Cards.

Verizon Telecom's revenues from other services decre[illegible]1% in 2006, and by $93 million, or 3.5% in 2005. These revenue decreases were mainly due to the discontinu[illegible]esses, including the termination of a large commercial



inventory management contract in 2005, and reduced business volumes, which were partially offset by the inclusion of revenues from the former MCI in 2006.



Verizon Business

Enterprise Business

Our Enterprise Business market provides voice, data and internet communications services to medium and large business customers, multi-national corporations, and state and federal government customers. In addition, the Enterprise Business market also provides value-added services that make communications more secure, reliable and efficient managed network services for customers that outsource all or portions of their communications and information processing operations. Traditional local and long distance services comprise $6,551 million, or 47% of revenue in 2006, $4,110 million, or 68% of revenue in 2005, and $4,447 million, or 72% of total Enterprise Business revenue in 2004. Enterprise Business also provides data services such as Private Line, Frame Relay and ATM services, both domestically and internationally, as well as managed network services to its customers.

Enterprise Business 2006 revenues of $13,999 million, increased $7,981 million, or 132.6% compared to 2005 primarily due to the acquisition of MCI, and declined $178 million, or 2.9% in 2005 compared to 2004. Data services revenue was $5,430, or 39% of Enterprise Business's revenue stream in 2006, $1,908 million, or 32% in 2005, and $1,749 million, or 28% in 2004. Internet services revenue was $2,018 million in 2006, or 14% of Enterprise Business's revenues, the first year Enterprise Business offered Internet services. The Internet suite of products is Enterprise Business's fastest growing and includes Private IP, IP VPN, Web Hosting and VoIP.

Enterprise Business 2005 revenues of $6,018 million declined $178 million compared to 2004, primarily due to a 3.5% decline in business access lines, reflecting competition and a shift to high-speed, high volume special access lines.

Wholesale

Our Wholesale revenues relate to domestic wholesale services, which include all wholesale traffic sold in the United States, as well as international traffic that originates in the United States.

In the year ended December 31, 2006, our Verizon Business Wholesale revenues of $3,381 million, increased $2,005 million, or 145.7%, compared to 2005, primarily due to the MCI acquisition. Local and long distance voice products, including transport, represented $1,601 million or 47% of the market's total revenue in 2006, the first year the Wholesale business group has offered voice products. Wholesale revenue is influenced by aggressive competitive pricing, in particular long distance voice services. Wholesale data and Internet revenues were $1,780 million, or 52% of total Wholesale revenue for the year ended December 31, 2006, $1,376 million, or 100% of total Wholesale revenue in 2005 and $1,218 million, or 100% of total Wholesale revenues in 2004.

International and Other

Our International operations serve businesses, government entities and telecommunication carriers outside of the United States. Other operations include our Skytel paging business.

Our revenues from International and Other in the year ended December 31, 2006 were $3,110 million. This market represents a new revenue stream to Verizon resulting from the MCI acquisition. International and Other had voice revenue of $1,822 million in the year ended December 31, 2006, or 58% of the total International and Other revenues. Internet revenue represented $894 million, or 29% of total revenue in the period. Data revenue was $394 million, or 13% of total International and Other revenue in the year ended December 31, 2006.

Operating Expenses

			(dollars in millions)
Years Ended December 31,	2006	2005	2004
Cost of services and sales	$ 24,522	$ 15,604	$ 14,830
Selling, general and administrative expense	12,116	8,419	8,621
Depreciation and amortization expense	9,590	8,801	8,910
	$ 46,228	$ 32,824	$ 32,361

Cost of Services and Sales

Cost of services and sales includes the following costs directly attributable to a service or product: salaries and wages, benefits, materials and supplies, contracted services, network access and transport costs, customer provisioning costs, computer systems support, costs to support our outsourcing contracts and technical facilities, contributions to the universal service fund, customer provisioning costs and cost of products sold. Aggregate customer care costs, which include billing and service provisioning, are allocated between cost of services and sales and selling, general and administrative expense.

Cost of services and sales increased by $8,918 million, [illegible] to 2005. These increases were primarily due to the MCI merger in 2006 partially offset by the net impact of oth[illegible]s associated with our growth businesses and annual wage increases were partially offset by productivity improver[illegible]ed cost of services and sales expenses in 2006. Expenses were also impacted by increased net pension and other p[illegible]he overall impact of the 2006 assumption changes

EXHIBIT
Exhibit 251

combined with the impact of lower than expected actual asset returns over the past several years, resulted in pension and other postretirement benefit expense of $1,408 million (primarily in cost of services and sales) in 2006 compared to net pension and postretirement benefit expense of $1,248 million in 2005. Further, expenses decreased in both years due to the discontinuation of non-strategic businesses, including the termination of a large commercial inventory management contract in 2005.

In 2005, our cost of services and sales increased by $774 million, or 5.2% compared to 2004. Costs in 2005 were impacted by increased pension and other postretirement benefit costs. At December 31, 2004, in connection with an evaluation of key employee benefit plan assumptions, the discount rate assumption was lowered from 6.25% in 2004 to 5.75% in 2005, consistent with interest rate levels at the end of 2004. Further, there was an increase in the retiree health care cost trend rates. The overall impact of these assumption changes, combined with the impact of lower than expected actual asset returns over the last several years, resulted in net pension and other postretirement benefit expense (primarily in cost of services and sales) of $1,248 million in 2005, compared to net pension and postretirement benefit expense of $803 million in 2004. Also contributing to expense increases in cost of services and sales were higher costs associated with our growth businesses. Further, the expense increase was impacted by favorable adjustments to our interconnection expense in 2004, as a result of our ongoing reviews of local interconnection expense charged by CLECs and settlements with carriers.

Selling , General and Administrative Expense

Selling, general and administrative expenses in 2006 increased by $3,697 million or 43.9% compared to 2005. These increases were primarily due to the inclusion of expenses from the former MCI in 2006 partially offset by synergy savings resulting from our merger integration efforts, the impact of gains from real estate sales and lower bad debt costs.

In 2005, our selling, general and administrative expense decreased by $202 million, or 2.3% compared to 2004. This decrease was attributable to gains on the sale of real estate in 2005, lower property and gross receipts taxes and reduced bad debt costs, partially offset by higher net pension and benefit costs, as described above, and a prior year gain on the sale of two small business units.

Depreciation and Amortization Expense

The increase in depreciation and amortization expense of $789 million, or 9.0% in 2006 was mainly driven by the acquisition of MCI's depreciable property and equipment and finite-lived intangibles, including its customer lists and capitalized non-network software, measured at fair value and by growth in depreciable telephone plant and non-network software assets. The decrease in depreciation and amortization expense of $109 million or 1.2%, in 2005 compared to 2004 was mainly driven by lower rates of depreciation, partially offset by higher plant, property and equipment balances and software amortization costs.

Segment Income

Years Ended December 31,	2006	2005	2004
			(dollars in millions)
Segment Income	$ 1,634	$ 1,906	$ 2,652

Segment income decreased by $272 million, or 14.3% in 2006 and by $746 million, or 28.1% in 2005, due to the after-tax impact of operating revenues and operating expenses described above, along with the impact of favorable income tax adjustments in 2005.

Special and non-recurring items not included in Verizon Wireline's segment income totaled $407 million, ($168) million and $346 million in 2006, 2005, and 2004 respectively. Special and non-recurring items in 2006 included costs associated with severance activity, pension settlement losses, Verizon Center relocation-related costs, and merger integration costs. Merger integration costs primarily included costs related to advertising and re-branding initiatives, and labor and contractor costs related to information technology integration initiatives. Special and non-recurring items in 2005 related to the Hawaii results of operations and gain on the sale of the Hawaii wireline operations, the net gain on the sale of a New York City office building, changes to management retirement benefit plans, severance costs, and Verizon Center relocation-related costs. Special and non-recurring items in 2004 primarily included pension settlement losses, operating asset losses, and costs associated with the early retirement of debt, partially offset by an expense credit resulting from the favorable resolution of pre-bankruptcy amounts due from MCI as well as a gain on the sale of an investment.

Domestic Wireless

Our Domestic Wireless segment provides wireless voice and data services and equipment sales across the United States. This segment primarily represents the operations of the Verizon Wireless joint venture with Vodafone. Verizon owns a 55% interest in the joint venture and Vodafone owns the remaining 45%. All financial results included in the tables below reflect the consolidated results of Verizon Wireless.

Operating Revenues

Years Ended December 31,	2006	2005	2004
			(dollars in millions)
Wireless sales and services	$ 38,043	$ 32,301	$ 27,662

EXHIBIT
Exhibit 251
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Domestic Wireless's total revenues of $38,043 million were $5,742 million, or 17.8% higher in 2006 compared to 2005. Service revenues of $32,796 million were $4,665 million, or 16.6% higher than 2005. The service revenue increase was primarily due to a 15.0% increase in customers as of December 31, 2006 compared to December 31, 2005, and increased average revenue per customer. Equipment and other revenue increased $1,077 million, or 25.8% in 2006 compared to 2005 principally as a result of increases in the number and price of wireless devices sold. Other revenue also increased due to increases in regulatory fees, primarily the universal service fund, and cost recovery surcharges.

Our Domestic Wireless segment ended 2006 with 59.1 million customers, an increase of 7.7 million net new customers, or 15.0% compared to December 31, 2005. Substantially all of the net customers added during 2006 were retail customers. The overall composition of our Domestic Wireless customer base as of December 31, 2006 was 92.6% retail postpaid, 3.6% retail prepaid and 3.8% resellers. Total average monthly churn, the rate at which customers disconnect service, decreased to 1.17% in 2006 compared to 1.26% in 2005. Retail postpaid churn decreased to 0.9% in 2006 compared to 1.1% in 2005.

Average revenue per customer per month increased 0.6% to $49.80 in 2006 compared to 2005. Average service revenue per customer reflected a 72% increase in data revenue per customer in 2006, compared to 2005, driven by increased use of our messaging, *VZAccess* and other data services. Retail service revenue per retail customer of $50.44 also grew in 2006, compared to 2005. However, Domestic Wireless continued to experience an increase in the proportion of customers on its Family Share price plans, which put downward pressure on average service revenue per customer during 2006. Data revenues were $4,475 million and accounted for 13.6% of service revenue in 2006, compared to $2,243 million and 8.0% of service revenue in 2005.

Domestic Wireless's total revenues of $32,301 million were $4,639 million, or 16.8% higher in 2005 compared to 2004. Service revenues of $28,131 million were $3,731 million, or 15.3% higher than 2004. This revenue growth was primarily due to increased customers, partially offset by a decrease in average revenue per customer per month, and increases in equipment and other revenue, principally as a result of an increase in wireless devices sold together with an increase in revenue per unit sold. At December 31, 2005, customers totaled 51.3 million, an increase of 17.2% compared to December 31, 2004. Retail net additions accounted for 7.2 million, or 95.8% of the total net additions. Total churn decreased to 1.3% in 2005, compared to 1.5% in 2004. Retail postpaid churn decreased to 1.1% in 2005 compared to 1.3% in 2004.

Average revenue per customer per month decreased 1.5% to $49.49 in 2005 compared to 2004, primarily due to pricing changes to our America's Choice and Family Share plans earlier in the year. Partially offsetting the impact of these pricing changes was a 71.7% increase in data revenue per customer in 2005 compared to 2004, driven by increased use of our messaging and other data services. Data revenues were $2,243 million and accounted for 8.0% of service revenue in 2005, compared to $1,116 million and 4.6% of service revenue in 2004.

Operating Expenses

			(dollars in millions)
Years Ended December 31,	2006	2005	2004
Cost of services and sales	$ 11,491	$ 9,393	$ 7,747
Selling, general and administrative expense	12,039	10,768	9,591
Depreciation and amortization expense	4,913	4,760	4,486
	$ 28,443	$ 24,921	$ 21,824

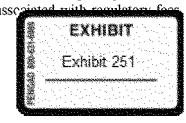
Cost of Services and Sales

Cost of services and sales, which are costs to operate the wireless network as well as the cost of roaming, long distance and equipment sales, increased by $2,098 million, or 22.3% in 2006 compared to 2005. Cost of services increased due to higher wireless network costs in 2006 caused by increased network usage relating to both voice and data services, partially offset by lower rates for long distance, roaming and local interconnection. Cost of equipment sales grew by 29.7% in 2006 compared to 2005. The increase was primarily attributed to an increase in wireless devices sold, resulting from an increase in equipment upgrades and gross retail activations, together with an increase in cost per unit driven by increased sales of higher cost advanced wireless devices, in 2006, compared to 2005.

Cost of services and sales increased by $1,646 million, or 21.2% in 2005 compared to 2004. This increase was primarily due to higher network charges resulting from increased network usage in 2005 compared to 2004, and an increase in cost of equipment sales driven by increased wireless devices sold and equipment upgrades in 2005 compared to 2004.

Selling, General and Administrative Expense

Selling, general and administrative expense increased by $1,271 million, or 11.8% in 2006 compared to 2005. This increase was primarily due to an increase in salary and benefits expense of $632 million, resulting from an increase in employees, primarily in the sales and customer care areas, and higher per employee salary and benefit costs. Advertising and promotion expense increased $207 million in 2006, compared to 2005. Also contributing to the increase were higher costs associated with regulatory fees, primarily the universal service fund, which increased by $167 million in 2006 compared to 2005.



Selling, general and administrative expense increased by $1,177 million, or 12.3% in 2005 compared to 2004. This increase was primarily due to increased salary and benefits expense and higher sales commissions, related to an increase in customer additions and renewals during 2005 compared to 2004.

Depreciation and Amortization Expense

Depreciation and amortization expense increased by $153 million, or 3.2% in 2006 compared to 2005 and increased by $274 million, or 6.1% in 2005 compared to 2004. These increases were primarily due to increased depreciation expense related to the increases in depreciable assets. The increase in 2006 was partially offset by a decrease in amortization expense due to fully amortized customer lists.

Segment Income

			(dollars in millions)
Years Ended December 31,	2006	2005	2004
Segment Income	$ 2,976	$ 2,219	$ 1,645

Segment income increased by $757 million, or 34.1% in 2006 compared to 2005 and increased by $574 million, or 34.9% in 2005 compared to 2004, primarily as a result of the after-tax impact of operating revenues and operating expenses described above, partially offset by higher minority interest expense. Special and non-recurring items of $42 million after-tax were due to the adoption of SFAS 123 (R). There were no special items affecting this segment in 2005 or 2004.

Increases in minority interest expense in 2006 and 2005 were principally due to the increased income of the wireless joint venture and the significant minority interest attributable to Vodafone.

Special Items

Disposition of Businesses and Investments

Sale of Discontinued Operations

On December 1, 2006, we closed the sale of Verizon Dominicana. The transaction resulted in net pretax cash proceeds of $2,042 million. The U.S. taxes that became payable and were recognized at the time the transaction closed significantly exceeded the amount of the pretax gain of $30 million. The sale resulted in an after-tax loss of $541 million (or $.18 per diluted share). There were no similar items in 2005. In 2004, we closed on the sale of Verizon Information Services Canada Inc. and recorded a gain of $1,017 million ($516 million after-tax, or $.18 per diluted share).

Sales of Businesses, Net

During 2005, we sold our wireline and directory businesses in Hawaii, including Verizon Hawaii Inc. which operated approximately 700,000 switched access lines, as well as the services and assets of Verizon Long Distance, Verizon Online, Verizon Information Services and Verizon Select Services Inc. in Hawaii, to an affiliate of The Carlyle Group for $1,326 million in cash proceeds. In connection with this sale, we recorded a net pretax gain of $530 million ($336 million after-tax, or $.12 per diluted share). There were no similar items in 2006 and 2004.

Sales of Investments, Net

During 2004, we recorded a pretax gain of $787 million ($565 million after-tax, or $.20 per diluted share) on the sale of our 20.5% interest in TELUS in an underwritten public offering in the U.S. and Canada. In connection with this sale transaction, Verizon recorded a contribution of $100 million to Verizon Foundation to fund its charitable activities and increase its self-sufficiency. Consequently, we recorded a net gain of $500 million after taxes, or $.18 per diluted share related to this transaction and the accrual of the Verizon Foundation contribution.

Also during 2004, we sold all of our investment in Iowa Telecom preferred stock, which resulted in a pretax gain of $43 million ($43 million after-tax, or $.02 per diluted share). This preferred stock was received in 2000 in connection with the sale of access lines in Iowa. There were no similar items in 2006 and 2005.

Spin-off Related Charges

In 2006, we recorded pretax charges of $117 million ($101 million after-tax, or $.03 per diluted share) for costs related to the spin-off of Idearc. These costs primarily consisted of banking and legal fees, as well as filing fees, printing and mailing costs. There were no similar charges in 2005 and 2004.



Merger Integration Costs

In 2006, we recorded pretax charges of $232 million ($146 million after-tax, or $.05 per diluted share) related to integration costs associated with the MCI acquisition that closed on January 6, 2006. These costs are primarily comprised of advertising and other costs related to re-branding initiatives and systems integration activities. There were no similar charges incurred in 2005 and 2004.

Facility and Employee-Related Items

During 2006, we recorded pretax charges of $184 million ($118 million after-tax) in connection with the continued relocation of employees and business operations to Verizon Center located in Basking Ridge, New Jersey. During 2005, we recorded a net pretax gain of $18 million ($8 million after-tax) in connection with this relocation of our new operations center, Verizon Center, including a pretax gain of $120 million ($72 million after-tax) related to the sale of a New York City office building, partially offset by a pretax charge of $102 million ($64 million after-tax) primarily associated with relocation, employee severance and related activities. There were no similar charges incurred in 2004.

During 2006, we recorded net pretax severance, pension and benefits charges of $425 million ($258 million after-tax, including $3 million of income recorded to discontinued operations, or $.09 per diluted share). These charges included net pretax pension settlement losses of $56 million ($26 million after-tax, or $.01 per diluted share) related to employees that received lump-sum distributions primarily resulting from our separation plans. These charges were recorded in accordance with SFAS No. 88, *Employ ers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits* (SFAS No. 88), which requires that settlement losses be recorded once prescribed payment thresholds have been reached. Also included are pretax charges of $369 million ($228 million after-tax, or $.08 per diluted share), for employee severance and severance-related costs in connection with the involuntary separation of approximately 4,100 employees. In addition, during 2005 we recorded a charge of $59 million ($36 million after-tax, or $.01 per diluted share) associated with employee severance costs and severance-related activities in connection with the voluntary separation program for surplus union-represented employees.

During 2005, we recorded a net pretax charge of $98 million ($59 million after-tax) related to the restructuring of the Verizon management retirement benefit plans. This pretax charge was recorded in accordance with SFAS No. 88, and SFAS No. 106, *Employers' Accounting for Postretirement Benefits Other Than Pensions* (SFAS No. 106) and includes the unamortized cost of prior pension enhancements of $430 million offset partially by a pretax curtailment gain of $332 million related to retiree medical benefits. In connection with this restructuring, management employees: no longer earn pension benefits or earn service towards the company retiree medical subsidy after June 30, 2006; received an 18-month enhancement of the value of their pension and retiree medical subsidy; and receive a higher savings plan matching contribution.

During 2004, we recorded pretax pension settlement losses of $805 million ($492 million after-tax) related to employees that received lump-sum distributions during 2004 in connection with the voluntary separation plan under which more than 21,000 employees accepted the separation offer in the fourth quarter of 2003. These charges were recorded in accordance with SFAS No. 88. In addition, we recorded a $7 million after-tax charge in income from discontinued operations, related to the 2003 separation plan.

Tax Matters

During 2005, we recorded tax benefits of $336 million in connection with capital gains and prior year investment losses. As a result of the capital gain realized in 2005 in connection with the sale of our Hawaii businesses, we recorded a tax benefit of $242 million related to capital losses incurred in previous years. The investment losses pertain to Iusacell, CTI Holdings, S.A. (CTI) and TelecomAsia.

Also during 2005, we recorded a net tax provision of $206 million related to the repatriation of foreign earnings under the provisions of the American Jobs Creation Act of 2004, for two of our foreign investments.

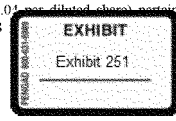
As a result of the capital gain realized in 2004 in connection with the sale of Verizon Information Services Canada, we recorded tax benefits of $234 million in the fourth quarter of 2004 pertaining to prior year investment impairments. The investment impairments primarily related to debt and equity investments in CTI, Cable & Wireless plc and NTL Incorporated.

Other Special Items

During 2006, we recorded pretax charges of $26 million ($16 million after-tax, or $.01 per diluted share) resulting from the extinguishment of debt assumed in connection with the completion of the MCI merger.

As discussed in the "Cumulative Effect of Accounting Change" section, during 2006, we recorded after-tax charges of $42 million ($.01 per diluted share) to recognize the adoption of SFAS No. 123 (R).

During 2005, we recorded pretax charges of $139 million ($133 million after-tax, or $.05 per diluted share) including a pretax impairment charge of $125 million ($125 million after-tax, or $.04 per diluted share) pertaining to aircraft leased to airlines involved in bankruptcy proceedings and a pretax charge of $14 million ($8 [illegible] an $.01 per diluted share) in connection with the early extinguishment of debt.



In the second quarter of 2004, we recorded an expense credit of $204 million ($123 million after-tax, or $.04 per diluted share) resulting from the favorable resolution of pre-bankruptcy amounts due from MCI that were recovered upon the emergence of MCI from bankruptcy.

Also during 2004, we recorded a charge of $113 million ($87 million after-tax, or $.03 per diluted share) related to operating asset losses pertaining to our international long distance and data network. In addition, we recorded pretax charges of $55 million ($34 million after-tax, or $.01 per diluted share) in connection with the early extinguishment of debt.

Consolidated Financial Condition

(dollars in millions)

Years Ended December 31,	2006	2005	2004
Cash Flows Provided By (Used In)			
Operating activities	**$ 24,106**	$ 22,025	$ 21,791
Investing activities	**(15,616)**	(18,492)	(10,343)
Financing activities	**(6,031)**	(5,034)	(9,856)
Increase (Decrease) In Cash and Cash Equivalents	**$ 2,459**	$ (1,501)	$ 1,592

We use the net cash generated from our operations to fund network expansion and modernization, repay external financing, pay dividends and invest in new businesses. Additional external financing is utilized when necessary. While our current liabilities typically exceed current assets, our sources of funds, primarily from operations and, to the extent necessary, from readily available external financing arrangements, are sufficient to meet ongoing operating and investing requirements. We expect that capital spending requirements will continue to be financed primarily through internally generated funds. Additional debt or equity financing may be needed to fund additional development activities or to maintain our capital structure to ensure our financial flexibility.

Cash Flows Provided By Operating Activities

Our primary source of funds continues to be cash generated from operations. In 2006, the increase in cash from operating activities compared to 2005 was primarily due to higher earnings at Domestic Wireless, which included higher minority interest earnings, and lower dividends paid to minority partners. Total minority interest earnings, net of dividends paid to minority interest partners, was $3.2 billion in 2006 compared to $1.7 billion in 2005. In addition, higher operating cash flow in 2006 compared to 2005 was due to lower cash taxes paid in 2006, resulting from 2005 tax payments related to foreign operations and investments sold during the fourth quarter of 2004. Partially offsetting these increases were significant 2005 repatriations of foreign earnings of unconsolidated businesses.

In 2005, the increase in cash from operations compared to 2004 was primarily driven higher by the repatriation of $2.2 billion of foreign earnings from unconsolidated businesses, higher minority interest earnings, net of dividends paid to minority partners of $1.0 billion and lower severance payments in 2005. These increases were largely offset by higher cash income tax payments, including taxes paid in 2005 related to the 2004 sales of Verizon Information Services Canada and TELUS shares, and higher pension fund contributions.

Operating cash flows from discontinued operations decreased $505 million to $1,076 million in 2006 due to the completion of the Idearc spin-off on November 17, 2006 and the close of the sale of Verizon Dominicana on December 1, 2006, partially offset by the operating activities of the remaining assets held for sale. Operating cash flows from discontinued operations decreased $34 million from $1,615 million in 2004 to $1,581 million in 2005 due to the completion of the sale of Verizon Information Services Canada in the fourth quarter of 2004, partially offset by operating activities of the remaining assets held for sale.

Cash Flows Used In Investing Activities

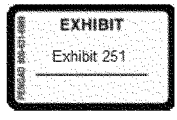
Capital expenditures continue to be our primary use of capital resources as they facilitate the introduction of new products and services, enhance responsiveness to competitive challenges and increase the operating efficiency and productivity of our networks. Including capitalized software, we invested $10,259 million in our Wireline business in 2006, compared to $8,267 million and $7,118 million in 2005 and 2004, respectively. We also invested $6,618 million in our Verizon Wireless business in 2006, compared to $6,484 million and $5,633 million in 2005 and 2004, respectively. The increase in capital spending at Wireline is mainly driven by the acquisition of MCI, coupled with increased spending in high growth areas such as broadband. Capital spending at Verizon Wireless represents our continuing effort to invest in this high growth business.

In 2007, capital expenditures including capitalized software are expected to be in the range of $17.5 billion to $17.9 billion.

In 2006, we invested $1,422 million in acquisitions and investments in businesses, including $2,809 million to acquire thirteen 20 MHz licenses in connection with the FCC Advanced Wireless Services auction and $57 million to acquire other wireless properties. This was offset by MCI's cash balances of $2,361 million at the date of the merger, of which $779 million was used for a cash payment to MCI shareholders. In 2005, we invested $4,684 million in acquisitions and investments in businesses, including $3,003 million to acquire NextWave Telecom Inc. (NextWave) personal communications services licenses, $1,663 million for broadband wireless licenses in connection with FCC auction 58, $419 million to purchase Qwest Wireless, LLC and wireless network assets in several existing and new markets, $230 million to purchase spectrum from Metr[illegible] for other wireless properties and licenses. In 2004, we

EXHIBIT
Exhibit 251

invested $1,196 million in acquisitions and investments in businesses, including $1,052 million for wireless licenses and businesses, including a NextWave license covering the New York metropolitan area, and $144 million related to Verizon's limited partnership investments in entities that invest in affordable housing projects.



In 2005, we received cash proceeds of $1,326 million in connection with the sale of Verizon's wireline operations in Hawaii. In 2004, we received cash proceeds of $117 million from the sale of a small business unit.

Our short-term investments include principally cash equivalents held in trust accounts for payment of employee benefits. In 2006, 2005 and 2004, we invested $1,915 million, $1,955 million and $1,801 million, respectively, in short-term investments, primarily to pre-fund active employees' health and welfare benefits. Proceeds from the sales of all short-term investments, principally for the payment of these benefits, were $2,205 million, $1,609 million and $1,711 million in the years 2006, 2005 and 2004, respectively.

Other, net investing activities for 2006 include cash proceeds of $283 million from property sales. Other, net investing activities for 2005 includes a net investment of $913 million for the purchase of 43.4 million shares of MCI common stock from eight entities affiliated with Carlos Slim Helú, offset by cash proceeds of $713 million from property sales, including a New York City office building, and $349 million of repatriated proceeds from the sales of European investments in prior years. Other, net investing activities for 2004 includes net cash proceeds of $1,632 million received in connection with the sale of our 20.5% interest in TELUS and $650 million in connection with sales of our interests in various other investments, including a partnership venture with Crown Castle International Corp., EuroTel Bratislava, a.s. and Iowa Telecom preferred stock.

In 2006, investing activities of discontinued operations include net pretax cash proceeds of $2,042 million in connection with the sale of Verizon Dominicana. In 2005, investing activities of discontinued operations are primarily related to capital expenditures related to discontinued operations. In 2004, investing activities of discontinued operations include cash proceeds of $1,603 million from the sale of Verizon Information Services Canada, partially offset by capital expenditures related to discontinued operations.

Under the terms of an investment agreement, Vodafone had the right to require Verizon Wireless to purchase up to an aggregate of $20 billion worth of Vodafone's interest in Verizon Wireless at designated times (put windows) at its then fair market value, not to exceed $10 billion in any one put window. Vodafone had the right to require the purchase of up to $10 billion during a 61-day period which opened on June 10 and closed on August 9 in 2006, and did not exercise that right. As of December 31, 2006, Vodafone only has the right to require the purchase of up to $10 billion worth of its interest, during a 61-day period opening on June 10 and closing on August 9 in 2007, under its one remaining put window. Vodafone also may require that Verizon Wireless pay for up to $7.5 billion of the required repurchase through the assumption or incurrence of debt. In the event Vodafone exercises its one remaining put right, we (instead of Verizon Wireless) have the right, exercisable at our sole discretion, to purchase up to $2.5 billion of Vodafone's interest for cash or Verizon stock at our option.

Cash Flows Used In Financing Activities

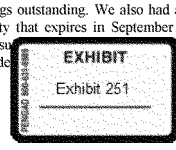
Our total debt was reduced by $1,896 million during 2006. We repaid $6,838 million of Wireline debt, including premiums associated with the retirement of $5,665 million of aggregate principal amount of long-term debt assumed in connection with the MCI merger. The Wireline repayments also included the early retirement/prepayment of $697 million of long-term debt and $155 million of other long-term debt at maturity. We repaid $2.5 billion of Domestic Wireless 5.375% fixed rate notes that matured on December 15, 2006. At December 31, 2006, Verizon Wireless had no third-party debt. Also, we redeemed the $1,375 million accreted principal of our remaining zero-coupon convertible notes and retired $482 million of other corporate long-term debt at maturity. These repayments were partially offset by our issuance of long-term debt with a total aggregate principal amount of $4,000 million, resulting in cash proceeds of $3,958 million, net of discounts, issuance costs and the receipt of cash proceeds related to hedges on the interest rate of an anticipated financing. In connection with the spin-off of Idearc, we received net cash proceeds of approximately $2 billion and retired debt in the aggregate principal amount of approximately $7 billion (see Other Consolidated Results – Discontinued Operations – Verizon Information Services).

Cash of $240 million was used to reduce our total debt during 2005. We repaid $1,533 million of Domestic Wireless, $1,183 million of Wireline and $1,109 million of Verizon corporate long-term debt. The Wireline debt repayment included the early retirement of $350 million of long-term debt and $806 million of other long-term debt at maturity. This decrease was largely offset by the issuance by Verizon corporate of long-term debt with a total principal amount of $1,500 million, resulting in total cash proceeds of $1,478 million, net of discounts and costs, and an increase in our short-term borrowings of $2,098 million.

Cash of $5,401 million was used to reduce our total debt during 2004. We repaid $2,315 million and $2,769 million of Wireline and Verizon corporate long-term debt, respectively. The Wireline debt repayment includes the early retirement of $1,275 million of long-term debt and $950 million of other long-term debt at maturity. The corporate debt repayment includes $1,984 million of zero-coupon convertible notes redeemed by Verizon corporate and $723 million of other corporate long-term debt at maturity. Also, during 2004, we decreased our short-term borrowings by $747 million and Verizon corporate issued $500 million of long-term debt.

Our ratio of debt to debt combined with shareowners' equity was 42.8% at December 31, 2006 compared to 49.1% at December 31, 2005.

As of December 31, 2006, we had no bank borrowings outstanding. We also had approximately $6.2 billion of unused bank lines of credit (including a $6.0 billion three-year committed facility that expires in September 2009 and various other facilities totaling approximately $400 million) and we had shelf registrations for the issu unsecured debt securities. The debt securities of Verizon and our telephone subsidiaries continue to be accorde rating agencies. In order to simplify and streamline our



financing entities, Verizon Global Funding merged into Verizon Communications on February 1, 2006. Verizon Communications is now the primary issuer of all long-term and short-term debt for Verizon. The short-term ratings of Verizon Communications are: Moody's P-2;



S&P A-1; and Fitch F1. The long-term ratings of Verizon Communications are: Moody's A3 with stable outlook; S&P A with negative outlook; and Fitch A+ with stable outlook. In June 2006, the long-term debt rating of Verizon Wireless was upgraded by Moody's to A2 from A3 and assigned a stable outlook and the long-term debt rating of Verizon Communications was affirmed at A3 with a stable outlook. In December 2006, Fitch affirmed the long-term debt rating of Verizon Communications at A+ with a stable outlook. Following the maturity of its remaining external debt in December 2006, Moody's and Fitch withdrew the rating on Verizon Wireless.

We and our consolidated subsidiaries are in compliance with all of our debt covenants.

As in prior years, dividend payments were a significant use of capital resources. We determine the appropriateness of the level of our dividend payments on a periodic basis by considering such factors as long-term growth opportunities, internal cash requirements and the expectations of our shareowners. In 2006 and 2005, Verizon declared quarterly cash dividends of $.405 per share. In 2004, we declared quarterly cash dividends of $.385 per share.

Common stock has been used from time to time to satisfy some of the funding requirements of employee and shareowner plans. On January 19, 2006, the Board of Directors determined that no additional common shares could be purchased under previously authorized share repurchase programs and gave authorization to repurchase of up to 100 million common shares terminating no later than the close of business on February 28, 2008. We repurchased $1,700 million of our common stock as part of this program.

Increase (Decrease) In Cash and Cash Equivalents

Our cash and cash equivalents at December 31, 2006 totaled $3,219 million, a $2,459 increase compared to cash and cash equivalents at December 31, 2005 of $760 million. The increase in cash and cash equivalents in 2006 was primarily driven by proceeds from the disposition of Verizon Dominicana and the spin-off of Idearc, cash acquired in connection with the merger of MCI and higher debt borrowings, partially offset by increased capital expenditures and higher repayments of borrowings. Our cash and cash equivalents at December 31, 2005 totaled $760 million, a $1,501 million decrease compared to cash and cash equivalents at December 31, 2004 of $2,261 million. The decrease in cash and cash equivalents in 2005 was primarily driven by increased capital expenditures and higher acquisitions and investments, partially offset by proceeds from the sale of businesses and lower repayments of borrowings.

Employee Benefit Plan Funded Status and Contributions

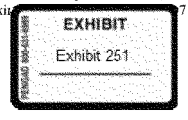
In September 2006, the FASB issued Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans – an amendment of FASB Statements No. 87, 88, 106, and 132(R)* (SFAS No. 158). SFAS No. 158 requires the recognition of a defined benefit postretirement plan's funded status as either an asset or liability on the balance sheet. SFAS No. 158 also requires the immediate recognition of the unrecognized actuarial gains and losses and prior service costs and credits that arise during the period as a component of Other Accumulated Comprehensive Income, net of applicable income taxes. Additionally, the fair value of plan assets must be determined as of the company's year-end. We adopted SFAS No. 158 effective December 31, 2006 which resulted in a net decrease to shareowners' investment of $6,883 million. This included a net increase in pension obligations of $2,403 million, an increase in Other Postretirement Benefits Obligations of $10,828 million and an increase in Other Employee Benefit Obligations of $31 million, partially offset by a net decrease of $1,205 million to reverse the Additional Minimum Pension Liability and an increase in deferred taxes of $5,174 million.

Prior to the adoption of SFAS No. 158 we evaluated each pension plan to determine whether an additional minimum pension liability was required or whether any adjustment was necessary as determined by the provisions of SFAS No. 87, *Employers' Accounting for Pensions*. In 2005, we recorded a benefit of $51 million, net of tax, primarily in Employee Benefit Obligations in the consolidated balance sheets. The changes in the assets and liabilities were recorded in Accumulated Other Comprehensive Loss, net of a tax benefit, in shareowners' investment in the consolidated balance sheets.

We operate numerous qualified and nonqualified pension plans and other postretirement benefit plans. These plans primarily relate to our domestic business units. The majority of Verizon's pension plans are adequately funded. We contributed $451 million, $593 million and $145 million in 2006, 2005 and 2004, respectively, to our qualified pension trusts. We also contributed $117 million, $105 million and $114 million to our nonqualified pension plans in 2006, 2005 and 2004, respectively.

Based on the funded status of the plans at December 31, 2006, we anticipate qualified pension trust contributions of $510 million in 2007. Our estimate of required qualified pension trust contributions for 2008 is approximately $300 million. Nonqualified pension contributions are estimated to be approximately $120 million and $180 million for 2007 and 2008, respectively.

Contributions to our other postretirement benefit plans generally relate to payments for benefits primarily on an as-incurred basis since the other postretirement benefit plans do not have funding requirements similar to the pension plans. We contributed $1,099 million, $1,040 million and $1,099 million to our other postretirement benefit plans in 2006, 2005 and 2004, respectively. Contributions to our other postretirement benefit plans are estimated to be approxi[illegible]7 and $1,580 million in 2008, prior to anticipated receipts related to Medicare subsidies.



Leasing Arrangements

We are the lessor in leveraged and direct financing lease agreements under which commercial aircraft and power generating facilities, which comprise the majority of the portfolio, along with industrial equipment, real estate, telecommunications and other equipment are leased for remaining terms of less than 1 year to 49 years as of December 31, 2006. Minimum lease payments receivable represent unpaid rentals, less principal and interest on third-party nonrecourse debt relating to leveraged lease transactions. Since we have no general liability for this debt, which holds a senior security interest in the leased assets and rentals, the related principal and interest have been offset against the minimum lease payments receivable in accordance with generally accepted accounting principles. All recourse debt is reflected in our consolidated balance sheets. See "Special Items" for a discussion of lease impairment charges.

Off Balance Sheet Arrangements and Contractual Obligations

Contractual Obligations and Commercial Commitments

The following table provides a summary of our contractual obligations and commercial commitments at December 31, 2006. Additional detail about these items is included in the notes to the consolidated financial statements.

(dollars in millions)

	Payments Due By Period				
Contractual Obligations	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-term debt (see Note 11)	$ 32,425	$ 4,084	$ 3,784	$ 5,316	$ 19,241
Capital lease obligations (see Note 10)	360	55	101	81	123
Total long-term debt	32,785	4,139	3,885	5,397	19,364
Interest on long-term debt (see Note 11)	23,300	1,915	3,449	2,965	14,971
Operating leases (see Note 10)	6,843	1,739	2,192	1,183	1,729
Purchase obligations (see Note 21)	812	566	217	16	13
Other long-term liabilities (see Note 15)	3,600	1,720	1,880	–	–
Total contractual obligations	$ 67,340	$ 10,079	$ 11,623	$ 9,561	$ 36,077

Guarantees

In connection with the execution of agreements for the sales of businesses and investments, Verizon ordinarily provides representations and warranties to the purchasers pertaining to a variety of nonfinancial matters, such as ownership of the securities being sold, as well as financial losses.

As of December 31, 2006, letters of credit totaling $223 million had been executed in the normal course of business, which support several financing arrangements and payment obligations to third parties.

Market Risk

We are exposed to various types of market risk in the normal course of business, including the impact of interest rate changes, foreign currency exchange rate fluctuations, changes in equity investment prices and changes in corporate tax rates. We employ risk management strategies using a variety of derivatives, including interest rate swap agreements, interest rate locks, foreign currency forwards and collars and equity options. We do not hold derivatives for trading purposes.

It is our general policy to enter into interest rate, foreign currency and other derivative transactions only to the extent necessary to achieve our desired objectives in limiting our exposures to the various market risks. Our objectives include maintaining a mix of fixed and variable rate debt to lower borrowing costs within reasonable risk parameters and to protect against earnings and cash flow volatility resulting from changes in market conditions. We do not hedge our market risk exposure in a manner that would completely eliminate the effect of changes in interest rates, equity prices and foreign exchange rates on our earnings. We do not expect that our net income, liquidity and cash flows will be materially affected by these risk management strategies.



Interest Rate Risk

The table that follows summarizes the fair values of our long-term debt and interest rate derivatives as of December 31, 2006 and 2005. The table also provides a sensitivity analysis of the estimated fair values of these financial instruments assuming 100-basis-point upward and downward parallel shifts in the yield curve. Our sensitivity analysis did not include the fair values of our commercial paper and bank loans because they are not significantly affected by changes in market interest rates.

			(dollars in millions)
At December 31, 2006	Fair Value	Fair Value assuming +100 basis point shift	Fair Value assuming -100 basis point shift
Long-term debt and interest rate derivatives	$ 33,569	$ 31,724	$ 35,607
At December 31, 2005			
Long-term debt and interest rate derivatives	$ 37,340	$ 35,421	$ 39,478

Foreign Currency Translation

The functional currency for our foreign operations is primarily the local currency. The translation of income statement and balance sheet amounts of our foreign operations into U.S. dollars are recorded as cumulative translation adjustments, which are included in Accumulated Other Comprehensive Loss in our consolidated balance sheets. The translation gains and losses of foreign currency transactions and balances are recorded in the consolidated statements of income in Other Income and (Expense), Net and Income from Discontinued Operations, Net of Tax. At December 31, 2006, our primary translation exposure was to the Venezuelan bolivar, British pound and the euro. During 2005, we entered into zero cost euro collars to hedge a portion of our net investment in Vodafone Omnitel. In accordance with the provisions of SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* and related amendments and interpretations, changes in the fair value of these contracts due to exchange rate fluctuations are recognized in Accumulated Other Comprehensive Loss and offset the impact of foreign currency changes on the value of our net investment in the operation being hedged. As of December 31, 2005, our positions in the zero cost euro collars have been settled. We have not hedged our accounting translation exposure to foreign currency fluctuations relative to the carrying value of our other investments.

Significant Accounting Policies and Recent Accounting Pronouncements

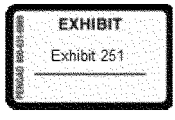
Significant Accounting Policies

A summary of the significant accounting policies used in preparing our financial statements are as follows:

- Special and non-recurring items generally represent revenues and gains as well as expenses and losses that are non-operational and/or non-recurring in nature. Special and non-recurring items include asset impairment losses, which were determined in accordance with our policy of comparing the fair value of the asset with its carrying value. The fair value is determined by quoted market prices or by estimates of future cash flows. There is inherent subjectivity involved in estimating future cash flows, which can have a significant impact on the amount of any impairment.

- Verizon's plant, property and equipment balance represents a significant component of our consolidated assets. Depreciation expense on Verizon's local telephone operations is principally based on the composite group remaining life method and straight-line composite rates, which provides for the recognition of the cost of the remaining net investment in telephone plant, less anticipated net salvage value, over the remaining asset lives. We depreciate other plant, property and equipment generally on a straight-line basis over the estimated useful life of the assets. Changes in the remaining useful lives of assets as a result of technological change or other changes in circumstances, including competitive factors in the markets where we operate, can have a significant impact on asset balances and depreciation expense.

- We maintain benefit plans for most of our employees, including pension and other postretirement benefit plans. In the aggregate, the fair value of pension plan assets exceeds benefit obligations, which contributes to pension plan income. Other postretirement benefit plans have larger benefit obligations than plan assets, resulting in expense. Significant benefit plan assumptions, including the discount rate used, the long-term rate of return on plan assets and health care trend rates are periodically updated and impact the amount of benefit plan income, expense, assets and obligations (see "Consolidated Results of Operations – Consolidated Operating Expenses – Pension and Other Postretirement Benefits"). A sensitivity analysis of the impact of changes in these assumptions on the benefit obligations and expense (income) recorded as of December 31, 2006 and for the year then ended pertaining to Verizon's pension and postretirement benefit plans is provided in the tables below. Note that some of these sensitivities are not symmetrical as the calculations were based on all of the actuarial assumptions as of year-end.



	Percentage point change	Benefit obligation increase (decrease) at December 31, 2006	(dollars in millions) Expense increase (decrease) for the year ended December 31, 2006
Pension plans discount rate	+ 1.00	$ (3,844)	$ (130)
	- 1.00	4,597	266
Long-term rate of return on pension plan assets	+ 1.00	–	(378)
	- 1.00	–	378
Postretirement plans discount rate	+ 1.00	(3,245)	(209)
	- 1.00	3,693	236
Long-term rate of return on postretirement plan assets	+ 1.00	–	(40)
	- 1.00	–	40
Health care trend rates	+ 1.00	3,339	472
	- 1.00	(2,731)	(357)

- Our accounting policy concerning the method of accounting applied to investments (consolidation, equity or cost) involves an evaluation of all significant terms of the investments that explicitly grant or suggest evidence of control or influence over the operations of the entity in which we have invested. Where control is determined, we consolidate the investment. If we determine that we have significant influence over the operating and financial policies of an entity in which we have invested, we apply the equity method. We apply the cost method in situations where we determine that we do not have significant influence.

- Our current and deferred income taxes, and associated valuation allowances, are impacted by events and transactions arising in the normal course of business as well as in connection with the adoption of new accounting standards, acquisitions of businesses and special and non-recurring items. Assessment of the appropriate amount and classification of income taxes is dependent on several factors, including estimates of the timing and realization of deferred income tax assets and the timing of income tax payments. Actual collections and payments may materially differ from these estimates as a result of changes in tax laws as well as unanticipated future transactions impacting related income tax balances.

- Goodwill and other intangible assets are a significant component of our consolidated assets. Wireline goodwill of $5,310 million represents the largest component of our goodwill and, as required by SFAS No. 142, *Goodwill and Other Intangible Assets* (SFAS No. 142), is periodically evaluated for impairment. The evaluation of Wireline goodwill for impairment is primarily based on a discounted cash flow model that includes estimates of future cash flows. There is inherent subjectivity involved in estimating future cash flows, which can have a material impact on the amount of any potential impairment. Wireless licenses of $50,959 million represent the largest component of our intangible assets. Our wireless licenses are indefinite-lived intangible assets, and as required by SFAS No. 142, are not amortized but are periodically evaluated for impairment. Any impairment loss would be determined by comparing the fair value of the wireless licenses with their carrying value. For 2004 and 2003, we used a residual method, which determined fair value by estimating future cash flows of the wireless business. Beginning in 2005, we began using a direct value approach in accordance with a September 29, 2004 Staff Announcement from the staff of the Securities and Exchange Commission (SEC), "Use of the Residual Method to Value Acquired Assets Other Than Goodwill." The direct value approach also determines fair value by estimating future cash flows. There is inherent subjectivity involved in estimating future cash flows, which can have a material impact on the amount of any impairment.

Other Recent Accounting Pronouncements

Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans

In September 2006, the FASB issued SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans—an amendment of FASB Statements No. 87, 88, 106, and 132(R)* (SFAS No. 158). SFAS No. 158 requires the recognition of a defined benefit postretirement plan's funded status as either an asset or liability on the balance sheet. SFAS No. 158 also requires the immediate recognition of the unrecognized actuarial gains and losses and prior service costs and credits that arise during the period as a component of Other Accumulated Comprehensive Income, net of applicable income taxes. Additionally, the fair value of plan assets must be determined as of the company's year-end. We adopted SFAS No. 158 effective December 31, 2006, which resulted in a net decrease to shareowners' investment of $6,883 million.

Uncertainty in Income Taxes

In July 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" (FIN 48). FIN 48 requires the use of a two-step approach for recognizing and measuring tax benefits taken or expected to be taken in a tax return and disclosures regarding



uncertainties in income tax positions. We are required to adopt FIN 48 effective January 1, 2007. The cumulative effect of initially adopting FIN 48 will be recorded as an adjustment to opening retained earnings (or to goodwill, in certain cases for a prior acquisition) in the year of adoption and will be presented separately. Only tax positions that meet the more likely than not recognition threshold at the effective date may be recognized upon adoption of FIN 48. We anticipate that as a result of the adoption of FIN 48, we will record an adjustment to our opening retained earnings. We are also reviewing the potential impact of FIN 48 on prior purchase accounting. Any such purchase accounting adjustment will not impact retained earnings or current earnings. We are reviewing the final impact of the adoption of FIN 48. We anticipate that any required adjustment under the adoption of FIN 48 will not be material.

Leveraged Leases

In July 2006, the FASB issued Staff Position No. FAS 13-2, "Accounting for a Change or Projected Change in the Timing of Cash Flows Relating to Income Taxes Generated by a Leveraged Lease Transaction" (FSP 13-2). FSP 13-2 requires that changes in the projected timing of income tax cash flows generated by a leveraged lease transaction be recognized as a gain or loss in the year in which change occurs. We are required to adopt FSP 13-2 effective January 1, 2007. The cumulative effect of initially adopting this FSP will be recorded as an adjustment to opening retained earnings in the year of adoption. We anticipate that any required adjustment under the adoption of FSP 13-2 will not be material.

Fair Value Measurements

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurement* (SFAS No. 157). SFAS No. 157 expands disclosures about fair value measurements. SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and establishes a hierarchy that categorizes and prioritizes the sources to be used to estimate fair value. We are required to adopt SFAS No. 157 effective January 1, 2008 on a prospective basis. We are currently evaluating the impact this new standard will have on our future results of operations and financial position.

Other Factors That May Affect Future Results

Recent Developments

MCI Merger

On January 6, 2006, Verizon acquired 100% of the outstanding common stock of MCI, Inc. (MCI) for a combination of Verizon common shares and cash. MCI was a global communications company that provided Internet, data and voice communication services to businesses and government entities throughout the world and consumers in the United States.

On April 9, 2005, Verizon entered into a stock purchase agreement with eight entities affiliated with Carlos Slim Helú to purchase 43.4 million shares of MCI common stock for $25.72 per share in cash plus an additional cash amount of 3% per annum from April 9, 2005, until the closing of the purchase of those shares. The transaction closed on May 17, 2005. The total cash payment was $1,121 million and the investment was originally accounted for as a cost investment. No payments were made under a provision that required Verizon to pay an additional amount at the end of one year to the extent that the price of Verizon's common stock exceeded $35.52 per share. We received a special dividend of $5.60 per MCI share on these 43.4 million MCI shares, or $243 million, on October 27, 2005.

Under the terms of the merger agreement, MCI shareholders received .5743 shares of Verizon common stock ($5,050 million in the aggregate) and cash of $2.738 ($779 million in the aggregate) for each of their MCI shares. The merger consideration was equal to $20.40 per MCI share, excluding the $5.60 per share special dividend paid by MCI to its shareholders on October 27, 2005. There was no purchase price adjustment.

Price Communications

In August 2002, Verizon Wireless and Price Communications Corp. (Price) combined Price's wireless business with a portion of Verizon Wireless. The resulting limited partnership, Verizon Wireless of the East LP (VZ East), is controlled and managed by Verizon Wireless. In exchange for its contributed assets, Price received a limited partnership interest in the new partnership which was exchangeable into the common stock of Verizon Wireless if an initial public offering of that stock occurred, or into the common stock of Verizon on the fourth anniversary of the asset contribution date. On August 15, 2006, Verizon delivered 29.5 million shares of newly-issued Verizon common stock to Price valued at $1,007 million in exchange for Price's limited partnership interest in VZ East. As a result of acquiring Price's limited partnership interest, Verizon recorded goodwill of $345 million in the third quarter of 2006 attributable to its Domestic Wireless segment.

Disposition of Businesses and Investments

Verizon Dominicana C. por A., Telecomunicaciones de Puerto Rico, Inc., and Compañía Anónima Nacional Teléfonos de Venezuela

During the second quarter of 2006, we reached de our interests in our Caribbean and Latin American telecommunications operations in three separate transa A. de C.V. (América Móvil), a wireless service provider throughout Latin America, and a company owned jointly A. de C.V. (Telmex) and América Móvil. We agreed to



sell our 100 percent indirect interest in Verizon Dominicana and our 52 percent interest in Telecomunicaciones de Puerto Rico, Inc. (TELPRI) to América Móvil. An entity jointly owned by América Móvil and Telmex agreed to purchase our indirect 28.5 percent interest in CANTV.

In accordance with SFAS No. 144 we have classified the results of operations of Verizon Dominicana and TELPRI as discontinued operations. CANTV continues to be accounted for as an equity method investment.

On December 1, 2006, we closed the sale of Verizon Dominicana. The transaction resulted in net pretax cash proceeds of $2,042 million, net of a purchase price adjustment of $373 million. The U.S. taxes that became payable and were recognized at the time the transaction closed exceeded the $30 million pretax gain resulting in an after-tax loss of $541 million (or $.18 per diluted share).

We expect to close the sale of our interest in TELPRI in 2007 subject to the receipt of regulatory approvals and in accordance with the terms of the definitive agreement. We expect that the sale will result in approximately $900 million in net pretax cash proceeds.

During the second quarter of 2006, we entered into a definitive agreement to sell our indirect 28.5% interest in CANTV to an entity jointly owned by América Móvil and Telmex for estimated pretax proceeds of $677 million. Regulatory authorities in Venezuela never commenced the formal review of that transaction and the related tender offers for the remaining equity securities of CANTV. On February 8, 2007, after two prior extensions, the parties terminated the stock purchase agreement because the parties mutually concluded that the regulatory approvals would not be granted by the Government.

In January 2007, the Bolivarian Republic of Venezuela (the Republic) declared its intent to nationalize certain companies, including CANTV. On February 12, 2007, we entered into a Memorandum of Understanding (MOU) with the Republic. The MOU provides that the Republic will offer to purchase all of the equity securities of CANTV through public tender offers in Venezuela and the United States at a price equivalent to $17.85 per ADS. If the tender offers are completed, the aggregate purchase price for Verizon's shares would be $572 million. If the 2007 dividend that has been recommended by the CANTV Board is approved by shareholders and paid prior to the closing of the tender offers, this amount will be reduced by the amount of the dividend. Verizon has agreed to tender its shares if the offers are commenced. The Republic has agreed to commence the offers within forty-five days assuming the satisfactory completion of its due diligence investigation of CANTV. The tender offers are subject to certain conditions including that a majority of the outstanding shares are tendered to the Government and receipt of regulatory approvals. Based upon the terms of the MOU and our current investment balance in CANTV, we expect that we will record a loss on our investment in the first quarter of 2007. The ultimate amount of the loss depends on a variety of factors, including the successful completion of the tender offer and the satisfaction of other terms in the MOU.

Spin-off of Idearc

On November 17, 2006 we completed the spin-off of Idearc to shareowners of Verizon. Verizon distributed a dividend of one share of Idearc common stock for every 20 shares of Verizon common stock. Cash was paid for fractional shares. The distribution of Idearc common stock is considered a tax free transaction for us and for our shareowners, except for the cash payments for fractional shares which are generally taxable. Idearc now owns what was the Verizon domestic print and Internet yellow pages directories publishing operations, which had been the principal component of our Information Services segment. This transaction resulted in an increase of nearly $9 billion in shareowners' equity, as well as a reduction of total debt by more than $7 billion and we received approximately $2 billion in cash.

Telephone Access Lines Spin-off

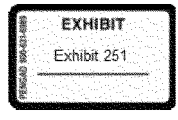
On January 16, 2007, we announced a definitive agreement with FairPoint Communications, Inc. (FairPoint) that will result in Verizon establishing a separate entity for its local exchange and related business assets in Maine, New Hampshire and Vermont, spinning off that new entity to Verizon shareowners, and immediately merging it with and into FairPoint.

Upon the closing of the transaction, Verizon shareowners will own approximately 60 percent of the new company and FairPoint stockholders will own approximately 40 percent. Verizon Communications will not own any shares in FairPoint after the merger. In connection with the merger, Verizon shareowners will receive one share of FairPoint stock for approximately every 55 shares of Verizon stock held as of the record date. Both the spin-off and merger are expected to qualify as tax-free transactions, except to the extent that cash is paid to Verizon shareowners in lieu of fractional shares.

The total value to be received by Verizon and its shareowners in exchange for these operations will be approximately $2,715 million. Verizon shareowners will receive approximately $1,015 million of FairPoint common stock in the merger, based upon FairPoint's recent stock price and the terms of the merger agreement. Verizon will receive $1,700 million in value through a combination of cash distributions to Verizon and debt securities issued to Verizon prior to the spin-off. Verizon may exchange these newly issued debt securities for certain debt that was previously issued by Verizon, which would have the effect of reducing Verizon's then-outstanding debt.

Redemption of Debt

Debt assumed from MCI merger



On January 17, 2006, Verizon announced offers to purchase two series of MCI senior notes, MCI $1,983 million aggregate principal amount of 6.688% Senior Notes Due 2009 and MCI $1,699 million aggregate principal amount of 7.735% Senior Notes Due 2014, at 101% of their par value. Due to the change in control of MCI that occurred in connection with the merger with Verizon on January 6, 2006, Verizon was required



to make this offer to noteholders within 30 days of the closing of the merger of MCI and Verizon. Separately, Verizon notified noteholders that MCI was exercising its right to redeem both series of Senior Notes prior to maturity under the optional redemption procedures provided in the indentures. The 6.688% Notes were redeemed on March 1, 2006, and the 7.735% Notes were redeemed on February 16, 2006.

In addition, on January 20, 2006, Verizon announced an offer to repurchase MCI $1,983 million aggregate principal amount of 5.908% Senior Notes Due 2007 at 101% of their par value. On February 21, 2006, $1,804 million of these notes were redeemed by Verizon. Verizon satisfied and discharged the indenture governing this series of notes shortly after the close of the offer for those noteholders who did not accept this offer.

Zero-Coupon Convertible Notes

Previously, Verizon Global Funding issued approximately $5,442 million in principal amount at maturity of zero-coupon convertible notes due 2021 which were callable by Verizon on or after May 15, 2006. On May 15, 2006, we redeemed the remaining $1,375 million accreted principal of the outstanding zero-coupon convertible notes at a redemption price of $639.76 per $1,000 principal plus interest of approximately $0.5767 per $1,000 principal. The total payment on the date of redemption was approximately $1,377 million.

Other Debt Redemptions/Prepayments

Other debt redemptions/prepayments included approximately $697 million of outstanding debt issuances at various rates associated with our operating telephone companies. Original maturity dates ranged from 2010 through 2026. On December 15, 2006, Verizon Wireless' six year 5.375% fixed rate note of $2.5 billion matured. At December 31, 2006, Verizon Wireless had no third-party debt outstanding. On January 8, 2007, we redeemed the remaining $1,580 million of the outstanding notes of the Verizon Communications Inc. floating rate notes due 2007. The gain/(loss) on these redemptions and prepayments were immaterial.

Issuance of Debt

In February 2006, Verizon issued $4,000 million of floating rate and fixed rate notes maturing from 2007 through 2035.

Spectrum Purchases

On November 29, 2006, we were granted thirteen 20 MHz licenses we won in an FCC auction of Advanced Wireless Services spectrum that concluded on September 18, 2006, for which we had bid a total of $2,809 million. These licenses, which we anticipate using for the provision of advanced wireless broadband services, cover a population of nearly 200 million. We have made all required payments to the FCC for these licenses.

Environmental Matters

During 2003, under a government-approved plan, remediation commenced at the site of a former Sylvania facility in Hicksville, New York that processed nuclear fuel rods in the 1950s and 1960s. Remediation beyond original expectations proved to be necessary and a reassessment of the anticipated remediation costs was conducted. A reassessment of costs related to remediation efforts at several other former facilities was also undertaken. In September 2005, the Army Corps of Engineers (ACE) accepted the Hicksville site into the Formerly Utilized Sites Remedial Action Program. This may result in the ACE performing some or all of the remediation effort for the Hicksville site with a corresponding decrease in costs to Verizon. To the extent that the ACE assumes responsibility for remedial work at the Hicksville site, an adjustment to a reserve previously established for the remediation may be made. Adjustments may also be made based upon actual conditions discovered during the remediation at any of the sites requiring remediation.

New York Recovery Funding

In August 2002, President Bush signed the Supplemental Appropriations bill that included $5.5 billion in New York recovery funding. Of that amount, approximately $750 million has been allocated to cover utility restoration and infrastructure rebuilding as a result of the September 11th terrorist attacks on lower Manhattan. These funds will be distributed through the Lower Manhattan Development Corporation following an application and audit process. As of September 2004, we had applied for reimbursement of approximately $266 million under Category One, although we did not record this amount as a receivable. We received advances totaling $88 million in connection with this application process. On December 22, 2004, we applied for reimbursement of an additional $136 million of Category Two losses, and on March 29, 2005 we amended our application seeking an additional $3 million. Category Two funding is for permanent restoration and infrastructure improvement. According to the plan, permanent restoration is reimbursed up to 75% of the loss. On November 3, 2005, we received the results of preliminary audit findings disallowing all but $44 million of our $266 million of Category One application. On December 8, 2005, we provided a detailed rebuttal to the preliminary audit findings. We received a copy of the final audit report for Verizon's Category One applications and, on January 4, 2007, we filed an appeal of the final audit report. That appeal, as well as our Category Two applications, are pending.



Regulatory and Competitive Trends

Competition and Regulation

Technological, regulatory and market changes have provided Verizon both new opportunities and challenges. These changes have allowed Verizon to offer new types of services in this increasingly competitive market. At the same time, they have allowed other service providers to broaden the scope of their own competitive offerings. Current and potential competitors for network services include other telephone companies, cable companies, wireless service providers, foreign telecommunications providers, satellite providers, electric utilities, Internet Service Providers, providers of VoIP services, and other companies that offer network services using a variety of technologies. Many of these companies have a strong market presence, brand recognition and existing customer relationships, all of which contribute to intensifying competition and may affect our future revenue growth. Many of our competitors also remain subject to fewer regulatory constraints than Verizon.

We are unable to predict definitively the impact that the ongoing changes in the telecommunications industry will ultimately have on our business, results of operations or financial condition. The financial impact will depend on several factors, including the timing, extent and success of competition in our markets, the timing and outcome of various regulatory proceedings and any appeals, and the timing, extent and success of our pursuit of new opportunities.

FCC Regulation

Our services are subject to the jurisdiction of the FCC with respect to interstate telecommunications services and other matters for which the FCC has jurisdiction under the Communications Act of 1934, as amended (Communications Act). The Communications Act generally obligates us not to charge unjust or unreasonable rates nor engage in unreasonable discrimination when we are providing services as a common carrier, and regulates some of the rates, terms and conditions under which we provide certain services. The FCC also has adopted regulations governing various aspects of our business, such as the following: (i) use and disclosure of customer proprietary network information; (ii) telemarketing; (iii) assignment of telephone numbers to customers; (iv) provision to law enforcement agencies of the capability to obtain call identifying information and call content information from calls pursuant to lawful process; (v) accessibility of services and equipment to individuals with disabilities if readily achievable; (vi) interconnection with the networks of other carriers; and (vii) customers' ability to keep (or "port") their telephone numbers when switching to another carrier. In addition, we pay various fees to support other FCC programs, such as the universal service program discussed below. Changes to these mandates, or the adoption of additional mandates, could require us to make changes to our operations or otherwise increase our costs of compliance.

Broadband

The FCC has adopted a series of orders that recognize the competitive nature of the broadband market, and impose lesser regulatory requirements on broadband services and facilities than apply to narrowband. With respect to facilities, the FCC has determined that certain unbundling requirements that apply to narrowband facilities do not apply to broadband facilities such as fiber to the premise loops and packet switches. With respect to services, the FCC has concluded that broadband Internet access services offered by telephone companies and their affiliates qualify as largely deregulated information services. The same order also concluded that telephone companies may offer the underlying broadband transmission services that are used as an input to Internet access services through private carriage arrangements on negotiated commercial terms. In addition, a Verizon petition asking the FCC to forbear from applying common carrier regulation to certain broadband services sold primarily to larger business customers when those services are not used for Internet access was deemed granted by operation of law on March 19, 2006 when the FCC did not deny the petition by the statutory deadline. Both the FCC's order addressing the appropriate regulatory treatment of broadband Internet access services and the relief obtained through the forbearance petition are the subject of pending appeals.

Video

The FCC has a body of rules that apply to cable operators under Title VI of the Communications Act, and these rules also generally apply to telephone companies that provide cable services over their networks. In addition, companies that provide cable service over a cable system generally must obtain a local cable franchise. On December 21, 2006, the FCC announced the adoption of rules under Section 621 of the Communications Act to set parameters consistent with federal law, on the timing and scope of franchise negotiations by local franchising authorities.

Interstate Access Charges and Intercarrier Compensation

The current framework for interstate access rates was established in the Coalition for Affordable Local and Long Distance Services (CALLS) plan, which the FCC adopted on May 31, 2000. The CALLS plan has three main components. First, it establishes portable interstate access universal service support of $650 million for the industry that replaces implicit support previously embedded in interstate access charges. Second, the plan simplifies the patchwork of common li[illegible]er line charge (SLC) and provides for de-averaging of the SLC by zones and class of customers. Third, the plan se[illegible]ransition to a set target of $.0055 per minute for switched access services. Once that target rate is reached, local c[illegible]er required to make further annual price cap reductions to



their switched access prices. As a result of tariff adjustments which became effective in July 2003, virtually all of our switched access lines reached the $.0055 benchmark.



The FCC currently is conducting a broad rulemaking proceeding to consider new rules governing intercarrier compensation including, but not limited to, access charges, compensation for Internet traffic, and reciprocal compensation for local traffic. The FCC has sought comments about intercarrier compensation in general, and has requested input on several specific reform proposals.

The FCC also has pending before it issues relating to intercarrier compensation for dial-up Internet-bound traffic. The FCC previously found that this traffic is not subject to reciprocal compensation under Section 251(b)(5) of the Telecommunications Act of 1996. Instead, the FCC established federal rates per minute for this traffic that declined from $.0015 to $.0007 over a three-year period, established caps on the total minutes of this traffic subject to compensation in a state, and required incumbent local exchange carriers to offer to both bill and pay reciprocal compensation for local traffic at the same rate as they are required to pay on Internet-bound traffic. The U.S. Court of Appeals for the D.C. Circuit rejected part of the FCC's rationale, but declined to vacate the order while it is on remand. As a result, pending further action by the FCC, the FCC's underlying order remains in effect. The FCC subsequently denied a petition to discontinue the $.0007 rate cap on this traffic, but removed the caps on the total minutes of Internet-bound traffic subject to compensation. That decision has been upheld on appeal. Disputes also remain pending in a number of forums relating to the appropriate compensation for Internet-bound traffic during previous periods under the terms of our interconnection agreements with other carriers.

The FCC also is conducting a rulemaking proceeding to address the regulation of services that use Internet protocol, including whether access charges should apply to voice or other Internet protocol services. The FCC also considered several petitions asking whether, and under what circumstances, services that employ Internet protocol are subject to access charges. The FCC previously has held that one provider's peer-to-peer Internet protocol service that does not use the public switched network is an interstate information service and is not subject to access charges, while a service that utilizes Internet protocol for only one intermediate part of a call's transmission is a telecommunications service that is subject to access charges. Another petition asking the FCC to forbear from applying access charges to voice over Internet protocol services that are terminated on switched local exchange networks was withdrawn by the carrier that filed that petition. The FCC also declared the services offered by one provider of a voice over Internet protocol service to be jurisdictionally interstate on the grounds that it was impossible to separate that carrier's Internet protocol service into interstate and intrastate components. The FCC also stated that its conclusion would apply to other services with similar characteristics. That order has been appealed.

The FCC also has adopted rules for special access services that provide for pricing flexibility and ultimately the removal of services from price regulation when prescribed competitive thresholds are met. More than half of special access revenues are now removed from price regulation. The FCC currently has a rulemaking proceeding underway to evaluate experience under its pricing flexibility rules, and to determine whether any changes to those rules are warranted.

Universal Service

The FCC also has a body of rules implementing the universal service provisions of the Telecommunications Act of 1996, including rules governing support to rural and non-rural high-cost areas, support for low income subscribers, and support for schools, libraries and rural health care. The FCC's current rules for support to high-cost areas served by larger "non-rural" local telephone companies were previously remanded by U.S. Court of Appeals for the Tenth Circuit, which had found that the FCC had not adequately justified these rules. The FCC has initiated a rulemaking proceeding in response to the court's remand, but its rules remain in effect pending the results of the rulemaking. The FCC also has proceedings underway to evaluate possible changes to its current rules for assessing contributions to the universal service fund. As an interim step, in June 2006, the FCC ordered that providers of VoIP services are subject to federal universal service obligations. The FCC also increased the percentage of revenues subject to federal universal service obligations that wireless providers may use as a safe harbor. These decisions are the subject of a pending appeal. Any further change in the current assessment mechanism could result in a change in the contribution that local telephone companies, wireless carriers or others must make and that would have to be collected from customers.

Unbundling of Network Elements

Under Section 251 of the Telecommunications Act of 1996, incumbent local exchange carriers were required to provide competing carriers with access to components of their network on an unbundled basis, known as UNEs, where certain statutory standards are satisfied. The Telecommunications Act of 1996 also adopted a cost-based pricing standard for these UNEs, which the FCC interpreted as allowing it to impose a pricing standard known as "total element long run incremental cost" or "TELRIC." The FCC's rules defining the unbundled network elements that must be made available at TELRIC prices have been overturned on multiple occasions by the courts. In its most recent order issued in response to these court decisions, the FCC eliminated the requirement to unbundle mass market local switching on a nationwide basis, with the obligation to accept new orders ending as of the effective date of the order (March 11, 2005). The FCC also established a one year transition for existing UNE switching arrangements. For high capacity transmission facilities, the FCC established criteria for determining whether high capacity loops, transport or dark fiber transport must be unbundled in individual wire centers, and stated that these standards were only expected to affect a small number of wire centers. The FCC also eliminated the obligation to provide dark fiber loops and found that there is no obligation to provide UNEs exclusively for wireless or long distance service. In any instance where a particular high capacity facility no longer has to be made available as a UNE, the FCC established a similar one year transition for any existing high capacity loop or transport UNEs, and an 18 month transition for any existing dark fiber UNEs. This decision has been upheld on appeal.

As noted above, the FCC has concluded that the require[illegible]e Telecommunications Act of 1996 to provide unbundled network elements at TELRIC prices generally does no[illegible]dband facilities, such as fiber to the premises loops, the

EXHIBIT
Exhibit 251

packet-switched capabilities of hybrid loops and packet switching. The FCC also has held that any separate unbundling obligations that may be imposed by Section 271 of the Telecommunications Act of 1996 do not apply to these same facilities. The decision with respect to Section 271 has been upheld on appeal and a petition for rehearing of that appellate order was denied.



Wireless Services

The FCC regulates the licensing, construction, operation, acquisition and transfer of wireless communications systems, including the systems that Verizon Wireless operates, pursuant to the Communications Act, other legislation, and the FCC's rules. The FCC and Congress continuously consider changes to these laws and rules. Adoption of new laws or rules may raise the cost of providing service or require modification of Verizon Wireless's business plans or operations.

To use the radio frequency spectrum, wireless communications systems must be licensed by the FCC to operate the wireless network and mobile devices in assigned spectrum segments. Verizon Wireless holds FCC licenses to operate in several different radio services, including the cellular radiotelephone service, personal communications service, advanced wireless service, and point-to-point radio service. The technical and service rules, the specific radio frequencies and amounts of spectrum we hold, and the sizes of the geographic areas we are authorized to operate in, vary for each of these services. However, all of the licenses Verizon Wireless holds allow it to use spectrum to provide a wide range of mobile and fixed communications services, including both voice and data services, and Verizon Wireless operates a seamless network that utilizes those licenses to provide services to customers. Because the FCC issues licenses for only a fixed time, generally 10 years, Verizon Wireless must periodically seek renewal of those licenses. Although the FCC has routinely renewed all of Verizon Wireless's licenses that have come up for renewal to date, challenges could be brought against the licenses in the future. If a wireless license were revoked or not renewed upon expiration, Verizon Wireless would not be permitted to provide services on the licensed spectrum in the area covered by that license.

The FCC has also imposed specific mandates on carriers that operate wireless communications systems, which increase Verizon Wireless's costs. These mandates include requirements that Verizon Wireless: (i) meet specific construction and geographic coverage requirements during the license term; (ii) meet technical operating standards that, among other things, limit the radio frequency radiation from mobile devices and antennas; (iii) deploy "Enhanced 911" wireless services that provide the wireless caller's number, location and other information upon request by a state or local public safety agency that handles 911 calls; and (iv) comply with regulations for the construction of transmitters and towers that, among other things, restrict siting of towers in environmentally sensitive locations and in places where the towers would affect a site listed or eligible for listing on the National Register of Historic Places. Changes to these mandates could require Verizon Wireless to make changes to operations or increase its costs of compliance.

The Communications Act imposes restrictions on foreign ownership of U.S. wireless systems. The FCC has approved the interest that Vodafone Group Plc holds, through various of its subsidiaries, in Verizon Wireless. The FCC may need to approve any increase in Vodafone's interest or the acquisition of an ownership interest by other foreign entities. In addition, as part of the FCC's approval of Vodafone's ownership interest, Verizon Wireless, Verizon and Vodafone entered into an agreement with the U.S. Department of Defense, Department of Justice and Federal Bureau of Investigation which imposes national security and law enforcement-related obligations on the ways in which Verizon Wireless stores information and otherwise conducts its business.

Verizon Wireless anticipates that it will need additional spectrum to meet future demand. It can meet spectrum needs by purchasing licenses or leasing spectrum from other licensees, or by acquiring new spectrum licenses from the FCC. Under the Communications Act, before Verizon Wireless can acquire a license from another licensee in order to expand its coverage or its spectrum capacity in a particular area, it must file an application with the FCC, and the FCC can grant the application only after a period for public notice and comment. This review process can delay acquisition of spectrum needed to expand services. The Communications Act also requires the FCC to award new licenses for most commercial wireless services through a competitive bidding process in which spectrum is awarded to bidders in an auction. Verizon Wireless has participated in spectrum auctions to acquire licenses in the personal communication service and most recently the advanced wireless service. However, the timing of future auctions, and the spectrum being sold, may not match Verizon Wireless's needs, and the company may not be able to secure the spectrum in the auction.

The FCC is also conducting several proceedings to explore whether and how to use spectrum more intensively by, for example, allowing unlicensed wireless devices to operate in licensed spectrum bands. These proceedings could increase radio interference to Verizon Wireless's operations from other spectrum users, or allow other users to share its spectrum. These changes may adversely impact the ways in which it uses spectrum, the capacity of that spectrum to carry traffic, and the value of that spectrum.

State Regulation and Local Approvals

Telephone Operations

State public utility commissions regulate our telephone operations with respect to certain telecommunications intrastate rates and services and other matters. Our competitive local exchange carrier and long distance operations are generally classified as nondominant and lightly regulated the same as other similarly situated carriers. Our incumbent local exchange operations are generally classified as dominant. These latter operations predominantly are subject to alternative forms of regulation (AFORs) in the various states, although they remain subject to rate of return regulation in a few states. Arizona, Illinois, Nevada, New Hampshire, Oregon and Washington are rate of return regulated with various levels of pricing flexibility for competitive services. California, Connecticut, Delaware, the District of Columbia, Florida, Indiana, Maryland, Michigan, Maine, Massachusetts, New Jers[illegible]ina, Ohio, Pennsylvania, Rhode Island, South Carolina, Texas, Vermont, Virginia, West Virginia and Wisconsi[illegible]rious levels of pricing flexibility, detariffing, and service

EXHIBIT
Exhibit 251

quality standards. None of the AFORs include earnings regulation. In Idaho, Verizon has made the election under a recent statutory amendment into a deregulatory regime that phases out all price regulation.



Video

Companies that provide cable service over a cable system are typically subject to state and/or local cable television rules and regulations. As noted above, cable operators generally must obtain a local cable franchise from each local unit of government prior to providing cable service in that local area. Some states have recently enacted legislation that enables cable operators to apply for, and obtain, a single cable franchise at the state, rather than local, level. To date, Verizon has applied for and received state-issued franchises in Indiana, New Jersey and Texas. California has enacted statewide franchise reform legislation, but has not yet finalized implementing rules.

Wireless Services

The rapid growth of the wireless industry has led to an increase in efforts by some state legislatures and state public utility commissions to regulate the industry in ways that may impose additional costs on Verizon Wireless. The Communications Act generally preempts regulation by state and local governments of the entry of, or the rates charged by, wireless carriers. Although a state may petition the FCC to allow it to impose rate regulation, no state has done so. In addition, the Communications Act does not prohibit the states from regulating the other "terms and conditions" of wireless service. While numerous state commissions do not currently have jurisdiction over wireless services, state legislatures may decide to grant them such jurisdiction, and those commissions that already have authority to impose regulations on wireless carriers may adopt new rules.

State efforts to regulate wireless services have included proposals to regulate customer billing, termination of service, trial periods for service, advertising, network outages, the use of handsets while driving, and the provision of emergency or alert services. Over the past several years, only a few states have imposed regulation in one or more of these areas, and in 2006 a federal appellate court struck down one such state statute, but Verizon Wireless expects these efforts to continue. Some states also impose their own universal service support regimes on wireless and other telecommunications carriers, and other states are considering whether to create such regimes.

Verizon Wireless (as well as AT&T (formerly Cingular) and Sprint-Nextel) is a party to an Assurance of Voluntary Compliance ("AVC") with 33 State Attorneys General. The AVC, which generally reflected Verizon Wireless's practices at the time it was entered into in July 2004, obligates the company to disclose certain rates and terms during a sales transaction, to provide maps depicting coverage, and to comply with various requirements regarding advertising, billing, and other practices.

At the state and local level, wireless facilities are subject to zoning and land use regulation. Under the Communications Act, neither state nor local governments may categorically prohibit the construction of wireless facilities in any community or take actions, such as indefinite moratoria, which have the effect of prohibiting service. Nonetheless, securing state and local government approvals for new tower sites has been and is likely to continue to be a difficult, lengthy and expensive process. Finally, state and local governments continue to impose new or higher fees and taxes on wireless carriers.

Cautionary Statement Concerning Forward-Looking Statements

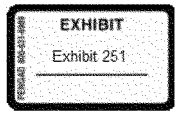
In this Annual Report on Form 10-K we have made forward-looking statements. These statements are based on our estimates and assumptions and are subject to risks and uncertainties. Forward-looking statements include the information concerning our possible or assumed future results of operations. Forward-looking statements also include those preceded or followed by the words "anticipates," "believes," "estimates," "hopes" or similar expressions. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

The following important factors, along with those discussed elsewhere in this Annual Report, could affect future results and could cause those results to differ materially from those expressed in the forward-looking statements:

- materially adverse changes in economic and industry conditions and labor matters, including workforce levels and labor negotiations, and any resulting financial and/or operational impact, in the markets served by us or by companies in which we have substantial investments;
- material changes in available technology, including disruption of our suppliers' provisioning of critical products or services;
- technology substitution;
- an adverse change in the ratings afforded our debt securities by nationally accredited ratings organizations;
- the final results of federal and state regulatory proceedings concerning our provision of retail and wholesale services and judicial review of those results;
- the effects of competition in our markets;
- the timing, scope and financial impacts of our deployment of fiber to the premises broadband technology;
- the ability of Verizon Wireless to continue to obtain [illegible]s;



- changes in our accounting assumptions that regulatory agencies, including the SEC, may require or that result from changes in the accounting rules or their application, which could result in an impact on earnings;
- the timing of the sales of our Latin American and Caribbean properties; and
- the extent and timing of our ability to obtain revenue enhancements and cost savings following our business combination with MCI, Inc.



Company Management's Report on Internal Control Over Financial Reporting

We, the management of Verizon Communications Inc., are responsible for establishing and maintaining adequate internal control over financial reporting of the company. Management has evaluated internal control over financial reporting of the company using the criteria for effective internal control established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Management has assessed the effectiveness of the company's internal control over financial reporting as of December 31, 2006. Based on this assessment, we believe that the internal control over financial reporting of the company is effective as of December 31, 2006. In connection with this assessment, there were no material weaknesses in the company's internal control over financial reporting identified by management.

The company's financial statements included in this annual report have been audited by Ernst & Young LLP, independent registered public accounting firm. Ernst & Young LLP has also issued an attestation report on management's assessment of the company's internal control over financial reporting.

/s/ Ivan G. Seidenberg

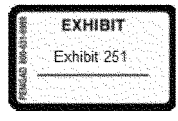
Ivan G. Seidenberg
Chairman and Chief Executive Officer

/s/ Doreen A. Toben

Doreen A. Toben
Executive Vice President and Chief Financial Officer

/s/ Thomas A. Bartlett

Thomas A. Bartlett
Senior Vice President and Controller



Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting

To The Board of Directors and Shareowners of Verizon Communications Inc.:

We have audited management's assessment, included in the accompanying Report of Management on Internal Control Over Financial Reporting, that Verizon Communications Inc. and subsidiaries (Verizon) maintained effective internal control over financial reporting as of December 31, 2006, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Verizon's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that Verizon maintained effective internal control over financial reporting, as of December 31, 2006, is fairly stated, in all material respects, based on the COSO criteria. Also, in our opinion, Verizon maintained, in all material respects, effective internal control over financial reporting as of December 31, 2006, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Verizon as of December 31, 2006 and 2005, and the related consolidated statements of income, cash flows and changes in shareowners' investment for each of the three years in the period ended December 31, 2006 of Verizon and our report dated February 23, 2007 expressed an unqualified opinion thereon.

Ernst & Young LLP

Ernst & Young LLP
New York, New York

February 23, 2007



To The Board of Directors and Shareowners of Verizon Communications Inc.:

We have audited the accompanying consolidated balance sheets of Verizon Communications Inc. and subsidiaries (Verizon) as of December 31, 2006 and 2005, and the related consolidated statements of income, cash flows and changes in shareowners' investment for each of the three years in the period ended December 31, 2006. These financial statements are the responsibility of Verizon's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Verizon at December 31, 2006 and 2005, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2006, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 1 to the consolidated financial statements, Verizon changed its methods of accounting for stock-based compensation effective January 1, 2006 and pension and other post-retirement obligations effective December 31, 2006.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Verizon's internal control over financial reporting as of December 31, 2006, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 23, 2007 expressed an unqualified opinion thereon.

Ernst & Young LLP

Ernst & Young LLP
New York, New York

February 23, 2007



Consolidated Statement of Income

Years Ended December 31,	2006	2005	2004
		(dollars in millions, except per share amounts)	
Operating Revenues	**$ 88,144**	$ 69,518	$ 65,751
Operating Expenses			
Cost of services and sales (exclusive of items shown below)	**34,994**	24,200	22,032
Selling, general & administrative expense	**25,232**	19,652	19,346
Depreciation and amortization expense	**14,545**	13,615	13,503
Sales of businesses, net	**–**	(530)	–
Total Operating Expenses	**74,771**	56,937	54,881
Operating Income	**13,373**	12,581	10,870
Equity in earnings of unconsolidated businesses	**773**	686	1,690
Other income and (expense), net	**395**	311	82
Interest expense	**(2,349)**	(2,129)	(2,336)
Minority interest	**(4,038)**	(3,001)	(2,329)
Income Before Provision for Income Taxes, Discontinued Operations and Cumulative Effect of Accounting Change	**8,154**	8,448	7,977
Provision for income taxes	**(2,674)**	(2,421)	(2,078)
Income Before Discontinued Operations and Cumulative Effect of Accounting Change	**5,480**	6,027	5,899
Income on discontinued operations, net of tax	**759**	1,370	1,932
Cumulative effect of accounting change, net of tax	**(42)**	–	–
Net Income	**$ 6,197**	$ 7,397	$ 7,831
Basic Earnings Per Common Share (1)			
Income before discontinued operations and cumulative effect of accounting change	**$ 1.88**	$ 2.18	$ 2.13
Income on discontinued operations, net of tax	**.26**	.50	.70
Cumulative effect of accounting change, net of tax	**(.01)**	–	–
Net Income	**$ 2.13**	$ 2.67	$ 2.83
Weighted-average shares outstanding (in millions)	**2,912**	2,766	2,770
Diluted Earnings Per Common Share (1)			
Income before discontinued operations and cumulative effect of accounting change	**$ 1.88**	$ 2.16	$ 2.11
Income on discontinued operations, net of tax	**.26**	.49	.68
Cumulative effect of accounting change, net of tax	**(.01)**	–	–
Net Income	**$ 2.12**	$ 2.65	$ 2.79
Weighted-average shares outstanding (in millions)	**2,938**	2,817	2,831

(1) Total per share amounts may not add due to rounding.

See Notes to Consolidated Financial Statements.



Consolidated Balance Sheets

At December 31,	(dollars in millions, except per share amounts) 2006	2005
Assets		
Current assets		
Cash and cash equivalents	$ 3,219	$ 760
Short-term investments	2,434	2,146
Accounts receivable, net of allowances of $1,139 and $1,100	10,891	8,534
Inventories	1,514	1,522
Assets held for sale	2,592	4,233
Prepaid expenses and other	1,888	2,125
Total current assets	22,538	19,320
Plant, property and equipment	204,109	187,761
Less accumulated depreciation	121,753	114,774
	82,356	72,987
Investments in unconsolidated businesses	4,868	4,602
Wireless licenses	50,959	47,781
Goodwill	5,655	315
Other intangible assets, net	5,140	4,068
Other assets	17,288	19,057
Total assets	$ 188,804	$ 168,130
Liabilities and Shareowners' Investment		
Current liabilities		
Debt maturing within one year	$ 7,715	$ 6,688
Accounts payable and accrued liabilities	14,320	11,747
Liabilities related to assets held for sale	2,154	2,870
Other	8,091	5,395
Total current liabilities	32,280	26,700
Long-term debt	28,646	31,569
Employee benefit obligations	30,779	17,693
Deferred income taxes	16,270	22,831
Other liabilities	3,957	3,224
Minority interest	28,337	26,433
Shareowners' investment		
Series preferred stock ($.10 par value; none issued)	–	–
Common stock ($.10 par value; 2,967,652,438 shares and 2,774,865,381 shares issued)	297	277
Contributed capital	40,124	25,369
Reinvested earnings	17,324	15,905
Accumulated other comprehensive loss	(7,530)	(1,783)
Common stock in treasury, at cost	(1,871)	(353)
Deferred compensation-employee stock ownership plans and other	191	265
Total shareowners' investment	48,535	39,680
Total liabilities and shareowners' investment	$ 188,804	$ 168,130

See Notes to Consolidated Financial Statements.



Consolidated Statements of Cash Flows – Alcoa and Subsidiaries

(dollars in millions)

Years Ended December 31,	2006	2005	2004
Cash Flows from Operating Activities			
Net Income	$ 6,197	$ 7,397	$ 7,831
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	14,545	13,615	13,503
Sales of businesses, net	–	(530)	–
(Gain) loss on sale of discontinued operations	541	–	–
Employee retirement benefits	1,923	1,695	1,836
Deferred income taxes	(252)	(1,093)	1,721
Provision for uncollectible accounts	1,034	1,076	890
Equity in earnings of unconsolidated businesses	(773)	(686)	(1,690)
Cumulative effect of accounting change, net of tax	42	–	–
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses:			
Accounts receivable	(1,312)	(788)	(1,293)
Inventories	8	(236)	(226)
Other assets	52	(176)	539
Accounts payable and accrued liabilities	(383)	(899)	(1,820)
Other, net	1,408	1,069	(1,115)
Net cash provided by operating activities – continuing operations	23,030	20,444	20,176
Net cash provided by operating activities – discontinued operations	1,076	1,581	1,615
Net cash provided by operating activities	24,106	22,025	21,791
Cash Flows from Investing Activities			
Capital expenditures (including capitalized software)	(17,101)	(14,964)	(12,794)
Acquisitions, net of cash acquired, and investments	(1,422)	(4,684)	(1,196)
Proceeds from disposition of businesses	–	1,326	117
Net change in short-term and other current investments	290	(346)	(90)
Other, net	811	532	2,474
Net cash used in investing activities – continuing operations	(17,422)	(18,136)	(11,489)
Net cash provided by (used in) investing activities – discontinued operations	1,806	(356)	1,146
Net cash used in investing activities	(15,616)	(18,492)	(10,343)
Cash Flows from Financing Activities			
Proceeds from long-term borrowings	3,983	1,487	514
Repayments of long-term borrowings and capital lease obligations	(11,233)	(3,825)	(5,168)
Increase (decrease) in short-term obligations, excluding current maturities	7,944	2,098	(747)
Dividends paid	(4,719)	(4,427)	(4,262)
Proceeds from sale of common stock	174	37	320
Purchase of common stock for treasury	(1,700)	(271)	(370)
Other, net	(201)	(57)	(125)
Net cash used in financing activities – continuing operations	(5,752)	(4,958)	(9,838)
Net cash used in financing activities – discontinued operations	(279)	(76)	(18)
Net cash used in financing activities	(6,031)	(5,034)	(9,856)
Increase (decrease) in cash and cash equivalents	2,459	(1,501)	1,592
Cash and cash equivalents, beginning of year	760	2,261	669
Cash and cash equivalents, end of year	$ 3,219	$ 760	$ 2,261

See Notes to Consolidated Financial Statements.



Consolidated Statement of Shareowners' Investment and Comprehensive Income

(dollars in millions, except per share amounts, and shares in thousands)

Years Ended December 31,	2006		2005		2004	
	Shares	Amount	Shares	Amount	Shares	Amount
Common Stock						
Balance at beginning of year	**2,774,865**	$ **277**	2,774,865	$ 277	2,772,314	$ 277
Shares issued						
Employee plans	**–**	**–**	–	–	2,501	–
Shareowner plans	**–**	**–**	–	–	50	–
Shares issued MCI/Price acquisitions	**192,787**	**20**	–	–	–	–
Balance at end of year	**2,967,652**	**297**	2,774,865	277	2,774,865	277
Contributed Capital						
Balance at beginning of year		**25,369**		25,404		25,363
Shares issued-employee and shareowner plans		**–**		(24)		2
Shares issued-MCI/Price acquisitions		**6,009**		–		–
Net tax benefit from employee stock compensation		**(2)**		–		41
Idearc Inc. spin-off		**8,695**		–		–
Other		**53**		(11)		(2)
Balance at end of year		**40,124**		25,369		25,404
Reinvested Earnings						
Balance at beginning of year		**15,905**		12,984		9,409
Net income		**6,197**		7,397		7,831
Dividends declared ($1.62, $1.62 and $1.54 per share)		**(4,781)**		(4,479)		(4,265)
Other		**3**		3		9
Balance at end of year		**17,324**		15,905		12,984
Accumulated Other Comprehensive Loss						
Balance at beginning of year		**(1,783)**		(1,053)		(1,250)
Foreign currency translation adjustment		**1,196**		(755)		548
Unrealized gains on net investment hedges		**–**		2		–
Unrealized gains (losses) on marketable securities		**54**		(21)		7
Unrealized gains on cash flow hedges		**14**		10		17
Minimum pension liability adjustment		**788**		51		(332)
Adoption of SFAS No. 158		**(7,671)**		–		–
Other		**(128)**		(17)		(43)
Other comprehensive income (loss)		**(5,747)**		(730)		197
Balance at end of year		**(7,530)**		(1,783)		(1,053)
Treasury Stock						
Balance at beginning of year	**(11,456)**	**(353)**	(5,213)	(142)	(4,554)	(115)
Shares purchased	**(50,066)**	**(1,700)**	(7,859)	(271)	(9,540)	(370)
Shares distributed						
Employee plans	**5,355**	**181**	1,594	59	8,881	343
Shareowner plans	**20**	**1**	22	1	–	–
Balance at end of year	**(56,147)**	**(1,871)**	(11,456)	(353)	(5,213)	(142)
Deferred Compensation – ESOPs and Other						
Balance at beginning of year				90		(218)
Amortization				174		301



Other	–	1	7
Balance at end of year	191	265	90
Total Shareowners' Investment	**$ 48,535**	$ 39,680	$ 37,560
Comprehensive Income			
Net income	**$6,197**	$7,397	$7,831
Other comprehensive income (loss) per above	**(5,747)**	(730)	197
Total Comprehensive Income (Loss)	**$ 450**	$ 6,667	$ 8,028

See Notes to Consolidated Financial Statements.



Note 1

Description of Business and Summary of Significant Accounting Policies

Description of Business

Verizon Communications Inc. (Verizon) is one of the world's leading providers of communications services. Our wireline business provides telephone services, including voice, broadband video and data, network access, nationwide long-distance and other communications products and services, and also owns and operates one of the most expansive end-to-end global Internet Protocol (IP) networks. We continue to deploy advanced broadband network technology, with our fiber-to-the-premises network (FiOS) creating a platform with sufficient bandwidth and capabilities to meet customers' current and future needs. FiOS allows Verizon to offer our customers a wide array of broadband services including advanced data and television offerings. Our IP network includes over 446,000 route miles of fiber optic cable and provides access to over 150 countries across six continents, enabling us to provide next-generation IP network products and Information Technology (IT) services to medium and large businesses and government customers worldwide.

Verizon's domestic wireless business, operating as Verizon Wireless, provides wireless voice and data products and other value added services and equipment across the United States using one of the most extensive wireless networks. Verizon Wireless continues to expand our wireless data, messaging and multi-media offerings for both consumer and business customers. NationalAccess is our national wireless Internet service that offers customers access to the internet, email and business applications with a laptop computer. VCAST is a consumer wireless broadband multimedia service that brings high-quality video, 3D games and music to a wide array of new phones.

We have two reportable segments, Wireline and Domestic Wireless, which we operate and manage as strategic business units and organize by products and services. For further information concerning our business segments, see Note 17.

Consolidation

The method of accounting applied to investments, whether consolidated, equity or cost, involves an evaluation of all significant terms of the investments that explicitly grant or suggest evidence of control or influence over the operations of the investee. The consolidated financial statements include our controlled subsidiaries. Investments in businesses which we do not control, but have the ability to exercise significant influence over operating and financial policies, are accounted for using the equity method. Investments in which we do not have the ability to exercise significant influence over operating and financial policies are accounted for under the cost method. Equity and cost method investments are included in Investments in Unconsolidated Businesses in our consolidated balance sheets. Certain of our cost method investments are classified as available-for-sale securities and adjusted to fair value pursuant to the Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards (SFAS) No. 115, *Accounting for Certain Investments in Debt and Equity Securities* .

All significant intercompany accounts and transactions have been eliminated.

We have reclassified prior year amounts to conform to the current year presentation.

Discontinued Operations, Assets Held for Sale, and Sales of Businesses and Investments

We classify as discontinued operations for all periods presented any component of our business that we hold for sale or dispose of that has operations and cash flows that are clearly distinguishable operationally and for financial reporting purposes from the rest of Verizon. For those components, Verizon has no significant continuing involvement after disposal and their operations and cash flows are eliminated from Verizon's ongoing operations. Sales of significant components of our business not classified as discontinued operations are reported as either Sales of Businesses, Net, Equity in Earnings of Unconsolidated Businesses or Other Income and (Expense), Net in our consolidated statements of income.

Use of Estimates

We prepare our financial statements using generally accepted accounting principles (GAAP), which require management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.

Examples of significant estimates include the allowance for doubtful accounts, the recoverability of plant, property and equipment, intangible assets and other long-lived assets, valuation allowances on tax assets and pension and postretirement benefit assumptions.



Revenue Recognition

Wireline

Our Wireline segment earns revenue based upon usage of our network and facilities and contract fees. In general, fixed monthly fees for local telephone, long distance and certain other services are billed one month in advance and recognized the following month when earned. Revenue from services that are not fixed in amount and are based on usage are recognized when such services are provided.

We recognize equipment revenue for services, in which we bundle the equipment with maintenance and monitoring services, when the equipment is installed in accordance with contractual specifications and ready for the customer's use. The maintenance and monitoring services are recognized monthly over the term of the contract as we provide the services. Long-term contracts are accounted for using the percentage of completion method. We use the completed contract method if we cannot estimate the costs with a reasonable degree of reliability.

Customer activation fees, along with the related costs up to but not exceeding the activation fees, are deferred and amortized over the customer relationship period.

Domestic Wireless

Our Domestic Wireless segment earns revenue by providing access to and usage of our network, which includes roaming revenue. In general, access revenue is billed one month in advance and recognized when earned. Access revenue, usage revenue and roaming revenue are recognized when service is rendered. Equipment sales revenue associated with the sale of wireless handsets and accessories is recognized when the products are delivered to and accepted by the customer, as this is considered to be a separate earnings process from the sale of wireless services. Customer activation fees are considered additional consideration when handsets are sold to customers at a discount and are recorded as equipment sales revenue.

Maintenance and Repairs

We charge the cost of maintenance and repairs, including the cost of replacing minor items not constituting substantial betterments, principally to Cost of Services and Sales as these costs are incurred.

Earnings Per Common Share

Basic earnings per common share are based on the weighted-average number of shares outstanding during the period. Diluted earnings per common share include the dilutive effect of shares issuable under our stock-based compensation plans, an exchangeable equity interest (see Note 9), and the zero-coupon convertible notes (see Note 11), which represent the only potentially dilutive common shares. As of December 31, 2006, the exchangeable equity interest and zero-coupon convertible notes are no longer outstanding.

Cash and Cash Equivalents

We consider all highly liquid investments with a maturity of 90 days or less when purchased to be cash equivalents, except cash equivalents held as short-term investments. Cash equivalents are stated at cost, which approximates market value.

Short-Term Investments

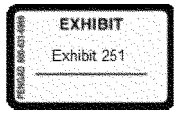
Our short-term investments consist primarily of cash equivalents held in trust to pay for certain employee benefits. Short-term investments are stated at cost, which approximates market value.

Marketable Securities

We continually evaluate our investments in marketable securities for impairment due to declines in market value considered to be other than temporary. That evaluation includes, in addition to persistent, declining stock prices, general economic and company-specific evaluations. In the event of a determination that a decline in market value is other than temporary, a charge to earnings is recorded for the loss, and a new cost basis in the investment is established. These investments are included in the accompanying consolidated balance sheets in Investments in Unconsolidated Businesses or Other Assets.

Inventories

We include in inventory new and reusable supplies and network equipment of our local telephone operations, which are stated principally at average original cost, except that specific costs are used in the case of large individual items. Inventories of our other subsidiaries are stated at the lower of cost (determined principally on either an average cost or first-in, first-out basis) or market.



Plant and Depreciation

We record plant, property and equipment at cost. Our local telephone operations' depreciation expense is principally based on the composite group remaining life method and straight-line composite rates. This method provides for the recognition of the cost of the remaining net investment in telephone plant, less anticipated net salvage value, over the remaining asset lives. This method requires the periodic revision of depreciation rates.

The asset lives used by our Wireline operations are presented in the following table:

Average Lives (in years)	
Buildings	15 - 42
Central office equipment	5 - 11
Outside communications plant	
Copper cable	13 - 18
Fiber cable	11 - 20
Microwave towers	30
Poles and conduit	30 - 50
Furniture, vehicles and other	3 - 20

When we replace or retire depreciable plant used in our local telephone network, we deduct the carrying amount of such plant from the respective accounts and charge it to accumulated depreciation.

Plant, property and equipment of our other subsidiaries are generally depreciated on a straight-line basis over the following estimated useful lives: buildings, 8 to 40 years; plant equipment, 3 to 15 years; and other equipment, 3 to 5 years.

When the depreciable assets of our other subsidiaries are retired or otherwise disposed of, the related cost and accumulated depreciation are deducted from the plant accounts, and any gains or losses on disposition are recognized in income.

We capitalize network software purchased or developed along with related plant assets. We also capitalize interest associated with the acquisition or construction of network-related assets. Capitalized interest is reported as part of the cost of the network-related assets and as a reduction in interest expense.

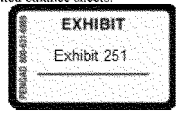
In connection with our ongoing review of the estimated remaining useful lives of plant, property and equipment and associated depreciation rates, we determined that, effective January 1, 2005, the remaining useful lives of three categories of telephone assets would be shortened by 1 to 2 years. These changes in asset lives were based on Verizon's plans, and progress to date on those plans, to deploy fiber optic cable to homes, replacing copper cable. While the timing and extent of current deployment plans are subject to modification, Verizon management believes that current estimates of reductions in impacted asset lives is reasonable and subject to ongoing analysis as deployment of fiber optic lines continues. The asset categories impacted and useful life changes are as follows:

Average Lives (in years)	From	To
Central office equipment		
Digital switches	12	11
Circuit equipment	9	8 - 9
Outside plant		
Copper cable	15 - 19	13 - 18

In connection with our ongoing review noted above, we determined that, effective January 1, 2006, the remaining useful lives of circuit equipment would be shortened from 8-9 years to 8 years.

Computer Software Costs

We capitalize the cost of internal-use network and non-network software which has a useful life in excess of one year in accordance with Statement of Position (SOP) No. 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." Subsequent additions, modifications or upgrades to internal-use network and non-network software are capitalized only to the extent that they allow the software to perform a task it previously did not perform. Software maintenance and training costs are expensed in the period in which they are incurred. Also, we capitalize interest associated with the development of non-network internal-use software. Capitalized non-network internal-use software costs are amortized using the straight-line method over a period of 1 to 7 years and are included in Other Intangible Assets, Net in our consolidated balance sheets. For a discussion of our impairment policy for capitalized software costs under SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, see "Goodwill and Other Intangibles" below. Also, see Note 7 for additional detail of non-network internal-use software reflected in our consolidated balance sheets.



Goodwill and Other Intangible Assets

Goodwill

Goodwill is the excess of the acquisition cost of businesses over the fair value of the identifiable net assets acquired. Impairment testing for goodwill is performed annually, and more frequently if indications of impairment exist. The impairment test for goodwill uses a two-step approach, which is performed at the reporting unit level. We have determined that, in our case, the reporting units are our operating segments since that is the lowest level at which discrete, reliable financial and cash flow information is available. Step one compares the fair value of the reporting unit (calculated using a discounted cash flow method) to its carrying value. If the carrying value exceeds the fair value, there is a potential impairment and step two must be performed. Step two compares the carrying value of the reporting unit's goodwill to its implied fair value (i.e., fair value of reporting unit less the fair value of the unit's assets and liabilities, including identifiable intangible assets). If the carrying value of goodwill exceeds its implied fair value, the excess is required to be recorded as an impairment.

Intangible Assets Not Subject to Amortization

A significant portion of our intangible assets are Domestic Wireless licenses that provide our wireless operations with the exclusive right to utilize designated radio frequency spectrum to provide cellular communication services. While licenses are issued for only a fixed time, generally ten years, such licenses are subject to renewal by the Federal Communications Commission (FCC). Renewals of licenses have occurred routinely and at nominal cost. Moreover, we have determined that there are currently no legal, regulatory, contractual, competitive, economic or other factors that limit the useful life of our wireless licenses. As a result, we treat the wireless licenses as an indefinite-lived intangible asset under the provisions of SFAS No. 142, *Goodwill and Other Intangible Assets* (SFAS No. 142). We reevaluate the useful life determination for wireless licenses each reporting period to determine whether events and circumstances continue to support an indefinite useful life.

We test our Domestic Wireless licenses for impairment annually, and more frequently if indications of impairment exist. Beginning in 2005, we began using a direct value approach in performing our annual impairment test on our Domestic Wireless licenses. The direct value approach determines fair value using estimates of future cash flows associated specifically with the licenses. Previously, we used a residual method, which determined the fair value of the wireless licenses by subtracting from the fair value of the wireless business the fair value of all of the other net tangible and intangible (primarily recognized and unrecognized customer relationship intangible assets) assets of our wireless operations. We began using the direct value approach in 2005 in accordance with a September 29, 2004 Staff Announcement from the staff of the Securities and Exchange Commission (SEC), "Use of the Residual Method to Value Acquired Assets Other Than Goodwill." Under either the direct method or the residual method, if the fair value of the aggregated wireless licenses is less than the aggregated carrying amount of the licenses, an impairment is recognized.

Intangible Assets Subject to Amortization

Our intangible assets that do not have indefinite lives (primarily customer lists and non-network internal-use software) are amortized over their useful lives and reviewed for impairment in accordance with SFAS No. 144, whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If any indications were present, we would test for recoverability by comparing the carrying amount of the asset to the net undiscounted cash flows expected to be generated from the asset. If those net undiscounted cash flows do not exceed the carrying amount (i.e., the asset is not recoverable), we would perform the next step which is to determine the fair value of the asset and record an impairment, if any. We reevaluate the useful life determination for these intangible assets each reporting period to determine whether events and circumstances warrant a revision in their remaining useful life.

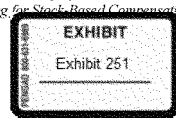
For information related to the carrying amount of goodwill by segment as well as the major components and average useful lives of our other acquired intangible assets, see Note 7.

Income Taxes

Verizon and its domestic subsidiaries file a consolidated federal income tax return.

Stock-Based Compensation

Effective January 1, 2006, we adopted SFAS No. 123(R), *Share-Based Payment* utilizing the modified prospective method. SFAS No. 123(R) requires the measurement of stock-based compensation expense based on the fair value of the award on the date of grant. Under the modified prospective method, the provisions of SFAS No. 123(R) apply to all awards granted or modified after the date of adoption. The impact to Verizon primarily resulted from Verizon Wireless, for which we recorded a $42 million cumulative effect of accounting change as of January 1, 2006, net of taxes and after minority interest, to recognize the effect of initially measuring the outstanding liability for Value Appreciation Rights (VARs) granted to Domestic Wireless employees at fair value utilizing a Black-Scholes model. We have been expensing stock options since adopting SFAS No. 123, *Accounting for Stock-Based Compensation* effective January 1, 2003.



Foreign Currency Translation

The functional currency for all of our foreign operations is generally the local currency. For these foreign entities, we translate income statement amounts at average exchange rates for the period, and we translate assets and liabilities at end-of-period exchange rates. We record these translation adjustments in Accumulated Other Comprehensive Loss, a separate component of Shareowners' Investment, in our consolidated balance sheets. We report exchange gains and losses on intercompany foreign currency transactions of a long-term nature in Accumulated Other Comprehensive Loss. Other exchange gains and losses are reported in income.

Employee Benefit Plans

Pension and postretirement health care and life insurance benefits earned during the year as well as interest on projected benefit obligations are accrued currently. Prior service costs and credits resulting from changes in plan benefits are amortized over the average remaining service period of the employees expected to receive benefits.

As of July 1, 2006, Verizon management employees no longer earn pension benefits or earn service towards the company retiree medical subsidy (See Note 15).

In September 2006, the FASB issued SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans – an amendment of FASB Statements No. 87, 88, 106, and 132(R)* (SFAS No. 158). SFAS No. 158 requires the recognition of a defined benefit postretirement plan's funded status as either an asset or liability on the balance sheet. SFAS No. 158 also requires the immediate recognition of the unrecognized actuarial gains and losses and prior service costs and credits that arise during the period as a component of other accumulated comprehensive income, net of applicable income taxes. Additionally, the fair value of plan assets must be determined as of the company's year-end. We adopted SFAS No. 158 effective December 31, 2006, which resulted in a net decrease to shareowners' investment of $6,883 million (see Note 15).

Derivative Instruments

We have entered into derivative transactions to manage our exposure to fluctuations in foreign currency exchange rates, interest rates and equity prices. We employ risk management strategies using a variety of derivatives including foreign currency forwards and collars, equity options, interest rate swap agreements and interest rate locks. We do not hold derivatives for trading purposes.

In accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* (SFAS No. 133) and related amendments and interpretations, we measure all derivatives, including derivatives embedded in other financial instruments, at fair value and recognize them as either assets or liabilities on our consolidated balance sheets. Changes in the fair values of derivative instruments not qualifying as hedges or any ineffective portion of hedges are recognized in earnings in the current period. Changes in the fair values of derivative instruments used effectively as fair value hedges are recognized in earnings, along with changes in the fair value of the hedged item. Changes in the fair value of the effective portions of cash flow hedges are reported in other comprehensive income (loss) and recognized in earnings when the hedged item is recognized in earnings.

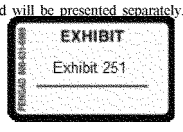
Other Recent Accounting Pronouncements

Uncertainty in Income Taxes

In July 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" (FIN 48). FIN 48 requires the use of a two-step approach for recognizing and measuring tax benefits taken or expected to be taken in a tax return and disclosures regarding uncertainties in income tax positions. We are required to adopt FIN 48 effective January 1, 2007. The cumulative effect of initially adopting FIN 48 will be recorded as an adjustment to opening retained earnings (or to goodwill, in certain cases for a prior acquisition) in the year of adoption and will be presented separately. Only tax positions that meet the more likely than not recognition threshold at the effective date may be recognized upon adoption of FIN 48. We anticipate that as a result of the adoption of FIN 48, we will record an adjustment to our opening retained earnings. We are also reviewing the potential impact of FIN 48 on prior purchase accounting. Any such purchase accounting adjustment will not impact retained earnings or current earnings. We are reviewing the final impact of the adoption of FIN 48. We anticipate that any required adjustment under the adoption of FIN 48 will not be material.

Leveraged Leases

In July 2006, the FASB issued Staff Position No. FAS 13-2, "Accounting for a Change or Projected Change in the Timing of Cash Flows Relating to Income Taxes Generated by a Leveraged Lease Transaction" (FSP 13-2). FSP 13-2 requires that changes in the projected timing of income tax cash flows generated by a leveraged lease transaction be recognized as a gain or loss in the year in which change occurs. We are required to adopt FSP 13-2 effective January 1, 2007. The cumulative effect of initially adopting this FSP will be recorded as an adjustment to opening retained earnings in the year of adoption and will be presented separately. We anticipate that any required adjustment under the adoption of FSP 13-2 will not be material.



Fair Value Measurements

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurement* (SFAS No. 157). SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, establishes a hierarchy that categorizes and prioritizes the sources to be used to estimate fair value and expands disclosures about fair value measurements. We are required to adopt SFAS No. 157 effective January 1, 2008 on a prospective basis. We are currently evaluating the impact this new standard will have on our future results of operations and financial position.

Note 2
Acquisitions

Completion of Merger with MCI

On February 14, 2005, Verizon announced that it agreed to acquire 100% of the outstanding common stock of MCI, Inc. (MCI) for a combination of Verizon common shares and cash. MCI was a global communications company that provided Internet, data and voice communication services to businesses and government entities throughout the world and consumers in the United States. After receiving the required state, federal and international regulatory approvals, Verizon and MCI closed the merger on January 6, 2006.

On April 9, 2005, Verizon entered into a stock purchase agreement with eight entities affiliated with Carlos Slim Helú to purchase 43.4 million shares of MCI common stock for $25.72 per share in cash plus an additional cash amount of 3% per annum from April 9, 2005, until the closing of the purchase of those shares. The transaction closed on May 17, 2005. The total cash payment was $1,121 million and the investment was accounted for as a cost investment. No payments were made under a provision that required Verizon to pay an additional amount at the end of one year to the extent that the price of Verizon's common stock exceeded $35.52 per share. We received the special dividend of $5.60 per MCI share on these 43.4 million MCI shares, or $243 million, on October 27, 2005.

Under the terms of the merger agreement, MCI shareholders received .5743 shares of Verizon common stock ($5,050 million in the aggregate) and cash of $2.738 ($779 million in the aggregate) for each of their MCI shares. The merger consideration was equal to $20.40 per MCI share, excluding the $5.60 per share special dividend paid by MCI to its shareholders on October 27, 2005. There was no purchase price adjustment.

The merger was accounted for using the purchase method in accordance with the SFAS No. 141, *Business Combinations* (SFAS No. 141), and the aggregate transaction value was $6,890 million, consisting of the cash and common stock issued at closing ($5,829 million), the consideration for the shares acquired from the Carlos Slim Helú entities, net of the portion of the special dividend paid by MCI that was treated as a return of our investment ($973 million) and closing and other direct merger-related costs. The number of shares issued was based on the "Average Parent Stock Price," as defined in the merger agreement. The consolidated financial statements include the results of MCI's operations from the date of the close of the merger.

Prior to the merger, there were commercial transactions between us and the former MCI entities for telecommunications services at rates comparable to similar transactions with other third parties. Subsequent to the merger, these transactions are eliminated in consolidation.

Reasons for the Merger

We believe that the merger will make us a more efficient competitor in providing a broad range of communications services and will result in several significant strategic benefits to us, including the following:

- Strategic Position. Following the merger, it is expected that our core strengths in communication services will be enhanced by MCI's employee and business customer base, portfolio of advanced data and IP services and network assets.
- Growth Platform. MCI's presence in the U.S. and international enterprise sector and its long haul fiber network infrastructure are expected to provide us with a stronger platform from which we can market our products and services.
- Operational Benefits. We believe that we will achieve operational benefits through, among other things, eliminating duplicative staff and information and operating systems and to a lesser extent overlapping network facilities; reducing procurement costs; using the existing networks more efficiently; reducing line support functions; reducing general and administrative expenses; improving information systems; optimizing traffic flow; eliminating planned or potential Verizon capital expenditures for new long-haul network capability; and offering wireless capabilities to MCI's customers.



Allocation of the cost of the merger

In accordance with SFAS No. 141, the cost of the merger was allocated to the assets acquired and liabilities assumed based on their fair values as of the close of the merger, with the amounts exceeding the fair value being recorded as goodwill. The process to identify and record the fair value of assets acquired and liabilities assumed included an analysis of the acquired fixed assets, including real and personal property; various contracts, including leases, contractual commitments, and other business contracts; customer relationships; investments; and contingencies.

The fair values of the assets acquired and liabilities assumed were determined using one or more of three valuation approaches: market, income and cost. The selection of a particular method for a given asset depended on the reliability of available data and the nature of the asset, among other considerations. The market approach, which indicates value for a subject asset based on available market pricing for comparable assets, was utilized for certain acquired real property and investments. The income approach, which indicates value for a subject asset based on the present value of cash flow projected to be generated by the asset, was used for certain intangible assets such as customer relationships, as well as for favorable/unfavorable contracts. Projected cash flow is discounted at a required rate of return that reflects the relative risk of achieving the cash flow and the time value of money. Projected cash flows for each asset considered multiple factors, including current revenue from existing customers; distinct analysis of expected price, volume, and attrition trends; reasonable contract renewal assumptions from the perspective of a marketplace participant; expected profit margins giving consideration to marketplace synergies; and required returns to contributory assets. The cost approach, which estimates value by determining the current cost of replacing an asset with another of equivalent economic utility, was used for the majority of personal property. The cost to replace a given asset reflects the estimated reproduction or replacement cost for the property, less an allowance for loss in value due to depreciation or obsolescence, with specific consideration given to economic obsolescence if indicated.

The following table summarizes the allocation of the cost of the merger to the assets acquired, including cash of $2,361 million, and liabilities assumed as of the close of the merger. Certain of the amounts in the following table have been revised since the initial allocation to reflect information that has since become available.

	(dollars in millions)
Assets acquired	
Current assets	$ 6,001
Property, plant & equipment	6,453
Intangible assets subject to amortization	
Customer relationships	1,162
Rights of way and other	176
Deferred income taxes and other assets	1,995
Goodwill	5,085
Total assets acquired	$ 20,872
Liabilities assumed	
Current liabilities	$ 6,093
Long-term debt	6,169
Deferred income taxes and other non-current liabilities	1,720
Total liabilities assumed	13,982
Purchase price	$ 6,890

The goodwill resulting from the merger with MCI was assigned to the Wireline segment, which includes the operations of the former MCI. The customer relationships are being amortized on a straight-line basis over 3-8 years based on whether the relationship is with a consumer or a business customer since this correlates to the pattern in which the economic benefits are expected to be realized.

In connection with the merger, we recorded $193 million of severance and severance-related costs and $427 million of contract termination costs in the above allocation of the cost of the merger in accordance with the Emerging Issues Task Force Issue (EITF) No. 95-3, "Recognition of Liabilities in Connection with a Purchase Business Combination." We paid $116 million of the severance and severance-related costs in 2006 with the remaining costs to be paid in 2007. We paid $128 million of contract termination costs in 2006 and the remaining costs will be paid over the remaining contract periods through 2009. The following table summarizes the obligations recognized in connection with the MCI merger and the activity to date:

				(dollars in millions)
	Initial Allocation	Other Increases	Payments	Ending Balance
Severance costs and contract termination costs	$ 459	$ 161	$ (244)	$ 376



Pro Forma Information

The following unaudited pro forma consolidated results of operations assume that the MCI merger was completed as of January 1 for the periods shown below:

	(dollars in millions, except per share amounts)	
Years Ended December 31,	2006	2005
Revenues	$ 88,371	$ 85,739
Income before discontinued operations and cumulative effect of accounting change	5,480	6,724
Net income	6,197	8,176
Basic earnings per common share:		
Income before discontinued operations and cumulative effect of accounting change	1.88	2.30
Net income	2.13	2.79
Diluted earnings per common share:		
Income before discontinued operations and cumulative effect of accounting change	1.88	2.28
Net income	2.12	2.76

The unaudited pro forma information presents the combined operating results of Verizon and the former MCI, with the results prior to the acquisition date adjusted to include the pro forma impact of: the elimination of transactions between Verizon and the former MCI; the adjustment of amortization of intangible assets and depreciation of fixed assets based on the purchase price allocation; the elimination of merger expenses incurred by the former MCI; the elimination of the loss on the early redemption of MCI's debt; the adjustment of interest expense reflecting the redemption of all of MCI's debt and the replacement of that debt with $4 billion of new debt issued in February 2006 at Verizon's weighted average borrowing rate; and to reflect the impact of income taxes on the pro forma adjustments utilizing Verizon's statutory tax rate of 40%. The unaudited pro forma results for 2005 include $82 million for discontinued operations that were sold by MCI during the first quarter of 2005. The unaudited pro forma results for 2005 include approximately $300 million of net tax benefits resulting from tax reserve adjustments recognized by the former MCI primarily during the third and fourth quarters of 2005, including audit settlements and other activity.

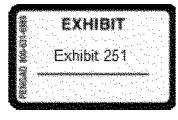
The unaudited pro forma consolidated basic and diluted earnings per share for 2006 and 2005 are based on the consolidated basic and diluted weighted average shares of Verizon and the former MCI. The historical basic and diluted weighted average shares of the former MCI were converted for the actual number of shares issued upon the closing of the merger.

The unaudited pro forma results are presented for illustrative purposes only and do not reflect the realization of potential cost savings, or any related integration costs. Certain cost savings may result from the merger; however, there can be no assurance that these cost savings will be achieved. Cost savings, if achieved, could result from, among other things, the reduction of overhead expenses, including employee levels and the elimination of duplicate facilities and capital expenditures. These pro forma results do not purport to be indicative of the results that would have actually been obtained if the merger occurred as of the beginning of each of the periods presented, nor does the pro forma data intend to be a projection of results that may be obtained in the future.

Other Acquisitions

In August 2002, Verizon Wireless and Price Communications Corp. (Price) combined Price's wireless business with a portion of Verizon Wireless. The resulting limited partnership, Verizon Wireless of the East LP (VZ East), is controlled and managed by Verizon Wireless. In exchange for its contributed assets, Price received a limited partnership interest in the new partnership which was exchangeable into the common stock of Verizon Wireless if an initial public offering of that stock occurred, or into the common stock of Verizon on the fourth anniversary of the asset contribution date. On August 15, 2006, Verizon delivered 29.5 million shares of newly-issued Verizon common stock to Price valued at $1,007 million in exchange for Price's limited partnership interest in VZ East. As a result of acquiring Price's limited partnership interest, Verizon recorded goodwill of $345 million in the third quarter of 2006 attributable to its Domestic Wireless segment.

On November 29, 2006, we were granted thirteen 20MHz licenses we won in an FCC auction that concluded on September 18, 2006. We paid a total of $2,809 million for the licenses, which cover a population of nearly 200 million.



Note 3

Discontinued Operations and Sales of Businesses, Net

Verizon Information Services

In October, 2006, we announced our intention to spin-off our domestic print and Internet yellow pages directories publishing operations, which have been organized into a newly formed company known as Idearc Inc. (Idearc). On October 18, 2006, the Verizon Board of Directors declared a dividend consisting of 1 share of Idearc for each 20 shares of Verizon owned. In making its determination to effect the spin-off, Verizon's Board of Directors considered, among other things, that the spin-off may allow each company to separately focus on its core business, which may facilitate the potential expansion and growth of Verizon and Idearc, and allow each company to determine its own capital structure.

On November 17, 2006, we completed the spin-off of Idearc. Cash was paid for fractional shares. The distribution of Idearc common stock to our shareholders is considered a tax free transaction for us and for our shareowners, except for the cash payments for fractional shares which are generally taxable.

At the time of the spin-off, the exercise price of and number of shares of Verizon common stock underlying options to purchase shares of Verizon common stock, restricted stock units (RSU's) and performance stock units (PSU's) were adjusted pursuant to the terms of the applicable Verizon equity incentive plans, taking into account the change in the value of Verizon common stock as a result of the spin-off.

In connection with the spin-off, Verizon received approximately $2.0 billion in cash from the proceeds of loans under an Idearc term loan facility and transferred to Idearc debt obligations in the aggregate principal amount of approximately $7.1 billion thereby reducing Verizon's outstanding debt at that time. We incurred pretax charges of approximately $117 million ($101 million after-tax), including debt retirement costs, costs associated with accumulated vesting benefits of Idearc employees, investment banking fees and other transaction costs related to the spin-off, which are included in discontinued operations.

In connection with the spin-off, we named Idearc the exclusive official publisher of Verizon print directories of wireline listings in markets where Verizon is the current incumbent local exchange carrier. We also entered into other agreements that defined responsibility for obligations arising before or that may arise after the spin-off, including, among others, obligations relating to Idearc employees, certain transition services and taxes. In general, the agreements governing the exchange of services between us and Idearc are for specified periods at cost-based or commercial rates.

Verizon Dominicana C. por A., Telecomunicaciones de Puerto Rico, Inc. and Compañia Anónima Nacional Teléfonos de Venezuela

During the second quarter of 2006, we reached definitive agreements to sell our interests in our Caribbean and Latin American telecommunications operations in three separate transactions to América Móvil, S.A. de C.V. (América Móvil), a wireless service provider throughout Latin America, and a company owned jointly by Teléfonos de México, S.A. de C.V. (Telmex) and América Móvil. We agreed to sell our 100 percent indirect interest in Verizon Dominicana C. por A. (Verizon Dominicana) and our 52 percent interest in Telecomunicaciones de Puerto Rico, Inc. (TELPRI) to América Móvil. An entity jointly owned by América Móvil and Telmex agreed to purchase our indirect 28.5 percent interest in Compañía Anónima Nacional Teléfonos de Venezuela (CANTV).

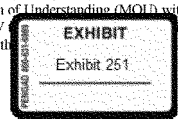
In accordance with SFAS No. 144, *"Accounting for the Impairment or Disposal of Long-Lived Assets,"* (SFAS No. 144) we have classified the results of operations of Verizon Dominicana and TELPRI as discontinued operations. CANTV continues to be accounted for as an equity method investment.

On December 1, 2006, we closed the sale of Verizon Dominicana. The transaction resulted in net pretax cash proceeds of $2,042 million, net of a purchase price adjustment of $373 million. The U.S. taxes that became payable and were recognized at the time the transaction closed exceeded the $30 million pretax gain resulting in an after-tax loss of $541 million.

We expect to close the sale of our interest in TELPRI in 2007 subject to the receipt of regulatory approvals and in accordance with the terms of the definitive agreement. We expect that the sale will result in approximately $900 million in net pretax cash proceeds.

During the second quarter of 2006, we entered into a definitive agreement to sell our indirect 28.5% interest in CANTV to an entity jointly owned by América Móvil and Telmex for estimated pretax proceeds of $677 million. Regulatory authorities in Venezuela never commenced the formal review of that transaction and the related tender offers for the remaining equity securities of CANTV. On February 8, 2007, after two prior extensions, the parties terminated the stock purchase agreement because the parties mutually concluded that the regulatory approvals would not be granted by the Government.

In January 2007, the Bolivarian Republic of Venezuela (the Republic) declared its intent to nationalize certain companies, including CANTV. On February 12, 2007, we entered into a Memorandum of Understanding (MOU) with the Republic. The MOU provides that the Republic will offer to purchase all of the equity securities of CANTV [illegible] in Venezuela and the United States at a price equivalent to $17.85 per ADS. If the tender offers are completed, th[illegible] for Verizon's shares would be $572 million. If the 2007



dividend that has been recommended by the CANTV Board is approved by shareholders and paid prior to the closing of the tender offers, this amount will be reduced by the amount of the dividend. Verizon has agreed to tender its shares if the offers are commenced. The Republic has



agreed to commence the offers within forty-five days assuming the satisfactory completion of its due diligence investigation of CANTV. The tender offers are subject to certain conditions including that a majority of the outstanding shares are tendered to the Government and receipt of regulatory approvals. Based upon the terms of the MOU and our current investment balance in CANTV, we expect that we will record a loss on our investment in the first quarter of 2007. The ultimate amount of the loss depends on a variety of factors, including the successful completion of the tender offer and the satisfaction of other terms in the MOU.

Verizon Information Services Canada

During 2004, we announced our decision to sell Verizon Information Services Canada Inc. to an affiliate of Bain Capital, a global private investment firm, for $1,540 million (Cdn. $1,985 million). The sale closed during the fourth quarter of 2004 and resulted in a gain of $1,017 million ($516 million after-tax).

In accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* (SFAS No. 144), we have classified the results of operation of the U.S. print and Internet yellow pages directories business, Verizon Dominicana and Verizon Information Services Canada as discontinued operations in the consolidated statements of income for all years presented through the date of the spin-off or sale. We have also classified the results of operations of TELPRI, which we continued to own at December 31, 2006, as discontinued operations in the consolidated statements of income. Our investment in CANTV continues to be accounted for as an equity method investment in continuing operations.

The assets and liabilities of the U.S print and Internet yellow pages directories business, Verizon Information Services Canada, Verizon Dominicana and TELPRI are disclosed as current assets and current liabilities held for sale in the consolidated balance sheets for all years presented through the date of their spin-off or divestiture. Additional detail related to those assets and liabilities are as follows:

		(dollars in millions)
	At December 31, 2006	At December 31, 2005
Current assets	**$ 303**	$ 995
Plant, property and equipment, net	**1,436**	2,318
Other non-current assets	**853**	920
Total assets	**$ 2,592**	$ 4,233
Current liabilities	**$ 181**	$ 1,369
Long-term debt	**575**	300
Other non-current liabilities	**1,398**	1,201
Total liabilities	**$ 2,154**	$ 2,870

Related to the assets and liabilities above is $241 million and $898 million included as Accumulated Other Comprehensive Loss in the condensed consolidated balance sheets as of December 31, 2006 and December 31, 2005, respectively.

Income from discontinued operations, net of tax presented in the consolidated statements of income included the following:

			(dollars in millions)
Years Ended December 31,	**2006**	2005	2004
Operating Revenues	**$ 5,077**	$ 5,595	$ 5,812
Income before provision for income taxes	**2,041**	2,159	3,251
Provision for income taxes	**(1,282)**	(789)	(1,319)
Income on discontinued operations, net of tax	**$ 759**	$ 1,370	$ 1,932

Verizon Hawaii Inc.

During the second quarter of 2004, we entered into an agreement to sell our wireline and directory businesses in Hawaii, including Verizon Hawaii Inc. which operated approximately 700,000 switched access lines, as well as the services and assets of Verizon Long Distance, Verizon Online, Verizon Information Services and Verizon Select Services Inc. in Hawaii, to an affiliate of The Carlyle Group. This transaction closed during the second quarter of 2005. In connection with this sale, we received net proceeds of $1,326 million and recorded a net pretax gain of $530 million ($336 million after-tax).



Notes

Other Strategic Actions

Spin-off Transaction Charges

In 2006, we recorded pretax charges of $117 million ($101 million after-tax) for costs related to the spin-off of Idearc. These costs primarily consisted of banking and legal fees; as well as filing fees, printing and mailing costs. There were no similar charges in 2005 and 2004.

Merger Integration Costs

In 2006, we recorded pretax charges of $232 million ($146 million after-tax) related to integration costs associated with the MCI acquisition that closed on January 6, 2006. These costs are primarily comprised of advertising and other costs related to re-branding initiatives and systems integration activities. There were no similar charges incurred in 2005 and 2004.

Facility and Employee-Related Items

During 2006, we recorded pretax charges of $184 million ($118 million after-tax) in connection with the continued relocation of employees and business operations to Verizon Center located in Basking Ridge, New Jersey. During 2005, we recorded a net pretax gain of $18 million ($8 million after-tax) in connection with this relocation of our new operations center, Verizon Center, including a pretax gain of $120 million ($72 million after-tax) related to the sale of a New York City office building, partially offset by a pretax charge of $102 million ($64 million after-tax) primarily associated with relocation, employee severance and related activities. There were no similar charges incurred in 2004.

During 2006, we recorded net pretax severance, pension and benefits charges of $425 million ($258 million after-tax, including $3 million of income recorded to discontinued operations). These charges included net pretax pension settlement losses of $56 million ($26 million after-tax) related to employees that received lump-sum distributions primarily resulting from our separation plans. These charges were recorded in accordance with SFAS No. 88, *Employ*ers' *Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits* (SFAS No. 88), which requires that settlement losses be recorded once prescribed payment thresholds have been reached. Also included are pretax charges of $369 million ($228 million after-tax), for employee severance and severance-related costs in connection with the involuntary separation of approximately 4,100 employees. In addition, during 2005 we recorded a charge of $59 million ($36 million after-tax) associated with employee severance costs and severance-related activities in connection with the voluntary separation program for surplus union-represented employees.

During 2005, we recorded a net pretax charge of $98 million ($59 million after-tax) related to the restructuring of the Verizon management retirement benefit plans. This pretax charge was recorded in accordance with SFAS No. 88, and SFAS No. 106, *Employers' Accounting for Postretirement Benefits Other Than Pensions* (SFAS No. 106) and includes the unamortized cost of prior pension enhancements of $430 million offset partially by a pretax curtailment gain of $332 million related to retiree medical benefits. In connection with this restructuring, management employees: no longer earn pension benefits or earn service towards the company retiree medical subsidy after June 30, 2006; received an 18-month enhancement of the value of their pension and retiree medical subsidy; and receive a higher savings plan matching contribution.

During 2004, we recorded pretax pension settlement losses of $805 million ($492 million after-tax) related to employees that received lump-sum distributions during 2004 in connection with the voluntary separation plan under which more than 21,000 employees accepted the separation offer in the fourth quarter of 2003. These charges were recorded in accordance with SFAS No. 88. In addition, we recorded a $7 million after-tax charge in income from discontinued operations, related to the 2003 separation plan.

Tax Matters

During 2005, we recorded a tax benefit of $336 million in connection with capital gains and prior year investment losses. As a result of the capital gain realized in 2005 in connection with the sale of our Hawaii businesses, we recorded a tax benefit of $242 million related to capital losses incurred in previous years. The investment losses pertain to Iusacell, CTI Holdings, S.A. (CTI) and TelecomAsia.

Also during 2005, we recorded a net tax provision of $206 million related to the repatriation of foreign earnings under the provisions of the American Jobs Creation Act of 2004, for two of our foreign investments.

As a result of the capital gain realized in 2004 in connection with the sale of Verizon Information Services Canada, we recorded tax benefits of $234 million in the fourth quarter of 2004 pertaining to prior year investment impairments. The investment impairments primarily related to debt and equity investments in CTI, Cable & Wireless plc and NTL Incorporated.



Other Charges and Special Items

During 2006, we recorded pretax charges of $26 million ($16 million after-tax) resulting from the extinguishment of debt assumed in connection with the completion of the MCI merger.

During 2006, we recorded after-tax charges of $42 million to recognize the adoption of SFAS No. 123 (R).

During 2005, we recorded pretax charges of $139 million ($133 million after-tax) including a pretax impairment charge of $125 million pertaining to aircraft leased to airlines involved in bankruptcy proceedings and a pretax charge of $14 million ($8 million after-tax) in connection with the early extinguishment of debt.

In the second quarter of 2004, we recorded an expense credit of $204 million ($123 million after-tax) resulting from the favorable resolution of pre-bankruptcy amounts due from MCI that were recovered upon the emergence of MCI from bankruptcy.

Also during 2004, we recorded an impairment charge of $113 million ($87 million after-tax) related to our international long distance and data network. In addition, we recorded pretax charges of $55 million ($34 million after-tax) in connection with the early extinguishment of debt.

During 2004, we recorded a pretax gain of $787 million ($565 million after-tax) on the sale of our 20.5% interest in TELUS in an underwritten public offering in the U.S. and Canada. In connection with this sale transaction, Verizon recorded a contribution of $100 million to Verizon Foundation to fund its charitable activities and increase its self-sufficiency. Consequently, we recorded a net gain of $500 million after taxes related to this transaction and the accrual of the Verizon Foundation contribution.

Note 5

Marketable Securities and Other Investments

We have investments in marketable securities which are considered "available-for-sale" under SFAS No. 115. These investments have been included in our consolidated balance sheets in Short-Term Investments, Investments in Unconsolidated Businesses and Other Assets.

Under SFAS No. 115, available-for-sale securities are required to be carried at their fair value, with unrealized gains and losses (net of income taxes) that are considered temporary in nature recorded in Accumulated Other Comprehensive Loss. The fair values of our investments in marketable securities are determined based on market quotations. We continually evaluate our investments in marketable securities for impairment due to declines in market value considered to be other than temporary. That evaluation includes, in addition to persistent, declining stock prices, general economic and company-specific evaluations. In the event of a determination that a decline in market value is other than temporary, a charge to earnings is recorded in Other Income and Expense, Net in the consolidated statements of income for all or a portion of the unrealized loss, and a new cost basis in the investment is established. As of December 31, 2006, no impairments were determined to exist.

The following table shows certain summarized information related to our investments in marketable securities:

(dollars in millions)

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
At December 31, 2006				
Short-term investments	**$ 616**	**$ 28**	**$ –**	**$ 644**
Investments in unconsolidated businesses	**259**	**38**	**(2)**	**295**
Other assets	**594**	**31**	**–**	**625**
	$ 1,469	**$ 97**	**$ (2)**	**$ 1,564**
At December 31, 2005				
Short-term investments	$ 373	$ 9	$ –	$ 382
Investments in unconsolidated businesses	215	13	(3)	225
Other assets	548	19	–	567
	$ 1,136	$ 41	$ (3)	$ 1,174

Our investments in marketable securities are primarily bonds and mutual funds.

During 2004, we sold all of our investment in Iowa Telecom preferred stock, which resulted in a pretax gain of $43 million ($43 million after-tax) included in Other Income and Expense, Net in the consolidated statements of income. The preferred stock was received in 2000 in connection with the sale of access lines in Iowa.

Certain other investments in securities that we hold are not adjusted to market values because those values are not readily determinable and/or the securities are not marketable. We have, however, ad these securities in situations where we believe declines in value below cost were other than temporary. The c nts not adjusted to market value were $12 million at December 31, 2006 and $5 million at December 31, 200



Note 6

Plant, Property and Equipment

The following table displays the details of plant, property and equipment, which is stated at cost:

At December 31,	2006	(dollars in millions) 2005
Land	$ 959	$ 706
Buildings and equipment	19,207	16,312
Network equipment	163,580	152,409
Furniture, office and data processing equipment	12,789	12,272
Work in progress	2,315	1,475
Leasehold improvements	3,061	2,297
Other	2,198	2,290
	204,109	187,761
Accumulated depreciation	(121,753)	(114,774)
Total	$ 82,356	$ 72,987

Note 7

Goodwill and Other Intangible Assets

Goodwill

Changes in the carrying amount of goodwill are as follows:

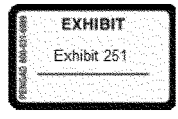
	Wireline	Domestic Wireless	(dollars in millions) Total
Balance at December 31, 2004 and 2005	$ 315	$ –	$ 315
Acquisitions	5,085	345	5,430
Goodwill reclassifications and other	(90)	–	(90)
Balance at December 31, 2006	$ 5,310	$ 345	$ 5,655

Other Intangible Assets

The following table displays the details of other intangible assets:

	At December 31, 2006		(dollars in millions) At December 31, 2005	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Finite-lived intangible assets:				
Customer lists (3 to 8 years)	$ 1,278	$ 270	$ 3,436	$ 3,279
Non-network internal-use software (1 to 7 years)	7,777	3,826	7,081	3,193
Other (1 to 25 years)	204	23	26	3
Total	$ 9,259	$ 4,119	$ 10,543	$ 6,475
Indefinite-lived intangible assets:				
Wireless licenses	$ 50,959		$ 47,781	

Customer lists of $1,278 million includes $1,162 million related to the MCI acquisition. Customer lists of $3,313 million at Domestic Wireless became fully amortized and were written off during 2006. Intangible asset amortization expense was $1,423 million, $1,444 million, and $1,334 million for the years ended December 31, 2006, 2005 and 2004, respectively. It is estimated to be $1,201 million in 2007, $1,047 million in 2008, $856 million in 2009, $633 million in 2010 and $483 million in 2011, primarily related to customer lists and non-network internal-use software.



Note 3

Investments in Unconsolidated Businesses

Our investments in unconsolidated businesses are comprised of the following:

(dollars in millions)

At December 31,	Ownership	2006 Investment	Ownership	2005 Investment
Equity Investees				
CANTV	**28.5%**	**$ 230**	28.5%	$ 152
Vodafone Omnitel	**23.1**	**3,624**	23.1	2,591
Other	**Various**	**744**	Various	770
Total equity investees		**4,598**		3,513
Cost Investees	**Various**	**270**	Various	1,089
Total investments in unconsolidated businesses		**$ 4,868**		$ 4,602

Dividends and repatriations of foreign earnings received from investees amounted to $42 million in 2006, $2,335 million in 2005 and $162 million in 2004, respectively, and are reported in Other, Net operating activities in the consolidated statements of cash flows.

Equity Investees

CANTV

CANTV is Venezuela's largest full-service telecommunications provider. CANTV offers local services, national and international long distance, Internet access and wireless services in Venezuela as well as public telephone, private network, data transmission, directory and other value-added services. Our $230 million investment in CANTV is net of approximately $400 million of foreign currency translation adjustments that are included in Accumulated Other Comprehensive Loss.

In the second quarter of 2006, we reached a definitive agreement to sell our indirect 28.5% interest in CANTV to an entity jointly owned by América Móvil and Telmex. That agreement was terminated on February 8, 2007. On February 12, 2007, we announced our intention to participate in the Venezuelan government's offer to purchase our shares in CANTV through public tender offers in Venezuela and the U.S. (See Note 23).

Vodafone Omnitel

Vodafone Omnitel N.V. (Vodafone Omnitel) is an Italian digital cellular telecommunications company. It is the second largest wireless provider in Italy. At December 31, 2006 and 2005, our investment in Vodafone Omnitel included goodwill of $1,044 million and $937 million, respectively.

During 2005, we repatriated $2,202 million of Vodafone Omnitel's earnings through the repurchase of issued and outstanding shares of its equity. Vodafone Omnitel's owners, Verizon and Vodafone Group Plc (Vodafone), participated on a pro rata basis; consequently, Verizon's ownership interest after the share repurchase remained at 23.1%.

Other Equity Investees

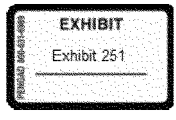
Verizon has limited partnership investments in entities that invest in affordable housing projects, for which Verizon provides funding as a limited partner and receives tax deductions and tax credits based on its partnership interests. At December 31, 2006 and 2005, Verizon had equity investments in these partnerships of $659 million and $652 million, respectively. Verizon currently adjusts the carrying value of these investments for any losses incurred by the limited partnerships through earnings.

The remaining investments include wireless partnerships in the U.S., and other smaller domestic and international investments.

Cost Investees

Some of our cost investments are carried at their current market value. Other cost investments are carried at their original cost, except in cases where we have determined that a decline in the estimated market value of an investment is other than temporary as described in Note 5. Our cost investments include a variety of domestic and international investments primarily involved in providing communication services.

Our cost investments in unconsolidated businesses included 43.4 million of shares of MCI common stock that were converted upon the closing of the MCI merger (see Note 2).



Note 9
Minority Interest

Minority interests in equity of subsidiaries were as follows:

At December 31,	2006	(dollars in millions) 2005
Minority interests in consolidated subsidiaries*:		
Wireless joint venture (55%)	$ 27,854	$ 24,683
Cellular partnerships and other (various)	483	1,650
Preferred securities issued by subsidiaries	–	100
	$ 28,337	$ 26,433

* Indicated ownership percentages are Verizon's consolidated interests.

Wireless Joint Venture

The wireless joint venture was formed in April 2000 in connection with the combination of the U.S. wireless operations and interests of Verizon and Vodafone. The wireless joint venture operates as Verizon Wireless. Verizon owns a controlling 55% interest in Verizon Wireless and Vodafone owns the remaining 45%.

Under the terms of an investment agreement, Vodafone had the right to require Verizon Wireless to purchase up to an aggregate of $20 billion worth of Vodafone's interest in Verizon Wireless at designated times (put windows) at its then fair market value, not to exceed $10 billion in any one put window. Vodafone had the right to require the purchase of up to $10 billion during a 61-day period which opened on June 10 and closed on August 9 in 2006, and did not exercise that right. As of December 31, 2006, Vodafone only has the right to require the purchase of up to $10 billion worth of its interest, during a 61-day period opening on June 10 and closing on August 9 in 2007, under its one remaining put window. Vodafone also may require that Verizon Wireless pay for up to $7.5 billion of the required repurchase through the assumption or incurrence of debt. In the event Vodafone exercises its one remaining put right, we (instead of Verizon Wireless) have the right, exercisable at our sole discretion, to purchase up to $2.5 billion of Vodafone's interest for cash or Verizon stock at our option.

Cellular Partnerships and Other

In August 2002, Verizon Wireless and Price Communications Corp. (Price) combined Price's wireless business with a portion of Verizon Wireless. The resulting limited partnership, Verizon Wireless of the East LP (VZ East), is controlled and managed by Verizon Wireless. In exchange for its contributed assets, Price received a limited partnership interest in the new partnership which was exchangeable into the common stock of Verizon Wireless if an initial public offering of that stock occurred, or into the common stock of Verizon on the fourth anniversary of the asset contribution date. On August 15, 2006, Verizon delivered 29.5 million shares of newly-issued Verizon common stock to Price valued at $1,007 million in exchange for Price's limited partnership interest in VZ East.

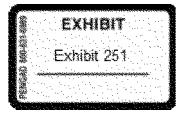
Preferred Securities Issued By Subsidiaries

On January 15, 2006, Verizon redeemed $100 million Verizon International Holdings Ltd. Series A variable term voting cumulative preferred stock at the redemption price per share of $100,000, plus accrued and unpaid dividends.

Note 10
Leasing Arrangements

As Lessor

We are the lessor in leveraged and direct financing lease agreements under which commercial aircraft and power generating facilities, which comprise the majority of the portfolio, along with industrial equipment, real estate property, telecommunications and other equipment are leased for remaining terms up to 49 years as of December 31, 2006. Minimum lease payments receivable represent unpaid rentals, less principal and interest on third-party nonrecourse debt relating to leveraged lease transactions. Since we have no general liability for this debt, which holds a senior security interest in the leased equipment and rentals, the related principal and interest have been offset against the minimum lease payments receivable in accordance with GAAP. All recourse debt is reflected in our consolidated balance sheets. See Note 4 for information on lease impairment charges.



Finance lease receivables, which are included in Prepaid Expenses and Other and Other Assets in our consolidated balance sheets are comprised of the following:

(dollars in millions)

At December 31,	2006			2005		
	Leveraged Leases	Direct Finance Leases	Total	Leveraged Leases	Direct Finance Leases	Total
Minimum lease payments receivable	$ 3,311	$ 128	$ 3,439	$ 3,847	$ 123	$ 3,970
Estimated residual value	1,637	18	1,655	1,937	9	1,946
Unearned income	(1,895)	(22)	(1,917)	(2,260)	(11)	(2,271)
	$ 3,053	$ 124	3,177	$ 3,524	$ 121	3,645
Allowance for doubtful accounts			(175)			(375)
Finance lease receivables, net			$ 3,002			$ 3,270
Current			$ 40			$ 30
Noncurrent			$ 2,962			$ 3,240

Accumulated deferred taxes arising from leveraged leases, which are included in Deferred Income Taxes, amounted to $2,674 million at December 31, 2006 and $3,049 million at December 31, 2005.

The following table is a summary of the components of income from leveraged leases:

(dollars in millions)

Years Ended December 31,	2006	2005	2004
Pretax lease income	$ 96	$ 119	$ 63
Income tax expense/(benefit)	57	(25)	(52)
Investment tax credits	4	4	3

The future minimum lease payments to be received from noncancelable leases, net of nonrecourse loan payments related to leveraged and direct financing leases in excess of debt service requirements, for the periods shown at December 31, 2006, are as follows:

(dollars in millions)

Years	Capital Leases	Operating Leases
2007	$ 128	$ 32
2008	92	18
2009	153	14
2010	132	11
2011	114	8
Thereafter	2,820	24
Total	$ 3,439	$ 107

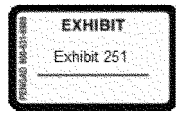
As Lessee

We lease certain facilities and equipment for use in our operations under both capital and operating leases. Total rent expense from continuing operations under operating leases amounted to $1,608 million in 2006, $1,458 million in 2005 and $1,278 million in 2004.

Capital lease amounts included in plant, property and equipment are as follows:

(dollars in millions)

At December 31,	2006	2005
Capital leases	$ 359	$ 313
Accumulated amortization	(160)	(137)
Total	$ 199	$ 176



The aggregate minimum rental commitments under noncancelable leases for the periods shown at December 31, 2006, are as follows:

Years	Capital Leases	(dollars in millions) Operating Leases
2007	$ 80	$ 1,739
2008	69	1,194
2009	64	998
2010	55	724
2011	51	459
Thereafter	161	1,729
Total minimum rental commitments	480	$ 6,843
Less interest and executory costs	(120)	
Present value of minimum lease payments	360	
Less current installments	(55)	
Long-term obligation at December 31, 2006	$ 305	

As of December 31, 2006, the total minimum sublease rentals to be received in the future under noncancelable operating and capital subleases were $124 million and $0.9 million, respectively.

Note 11

Debt

Debt Maturing Within One Year

Debt maturing within one year is as follows:

At December 31,	2006	(dollars in millions) 2005
Long-term debt maturing within one year	$ **4,139**	$ 4,526
Commercial paper	**3,576**	2,152
Other short-term debt	**–**	10
Total debt maturing within one year	$ **7,715**	$ 6,688

The weighted average interest rate for our commercial paper at year-end December 31, 2006 and December 31, 2005 was 5.3% and 4.3%, respectively.

Capital expenditures (primarily acquisition and construction of network assets) are partially financed, pending long-term financing, through bank loans and the issuance of commercial paper payable within 12 months.

At December 31, 2006, we had approximately $6.2 billion of unused bank lines of credit. Certain of these lines of credit contain requirements for the payment of commitment fees.

Long - Term Debt

Outstanding long-term debt obligations are as follows:

At December 31,	Interest Rates %	Maturities	2006	(dollars in millions) 2005
Notes payable	4.00 – 8.25	2007 – 2035	$ **14,805**	$ 15,610
Telephone subsidiaries – debentures and first/refunding mortgage bonds	4.63 – 7.00	2007 – 2042	**11,703**	11,869
	7.15 – 7.65	2007 – 2032	**1,275**	1,725
	7.85 – 8.75	2010 – 2031	**1,679**	1,926
Other subsidiaries – debentures and other	4.25 – 10.75	2007 – 2028	**2,977**	3,410
Zero-coupon convertible notes, net of unamortized discount of $– and $790	–	–	**–**	1,360
Employee stock ownership plan loans:				
NYNEX debentures	9.55	2010	**92**	113
Capital lease obligations (average rate 8.0% and 11.9%)		–	**360**	112
Property sale holdbacks held in escrow, vendor financing			**–**	13
Unamortized discount, net of premium			**(106)**	(43)

EXHIBIT
Exhibit 251

Total long-term debt, including current maturities	**32,785**	36,095
Less: debt maturing within one year	**(4,139)**	(4,526)
Total long-term debt	**$ 28,646**	$ 31,569



Telephone Subsidiaries' Debt

Our first mortgage bonds of $100 million are secured by certain telephone operations assets.

See Note 20 for additional information about guarantees of operating subsidiary debt.

Redemption of Debt Assumed in Merger

On January 17, 2006, Verizon announced offers to purchase two series of MCI senior notes, MCI $1,983 million aggregate principal amount of 6.688% Senior Notes Due 2009 and MCI $1,699 million aggregate principal amount of 7.735% Senior Notes Due 2014, at 101% of their par value. Due to the change in control of MCI that occurred in connection with the merger with Verizon on January 6, 2006, Verizon was required to make this offer to noteholders within 30 days of the closing of the merger. Noteholders tendered $165 million of the 6.688% Senior Notes. Separately, Verizon notified noteholders that MCI was exercising its right to redeem both series of Senior Notes prior to maturity under the optional redemption procedures provided in the indentures. The 6.688% Notes were redeemed on March 1, 2006, and the 7.735% Notes were redeemed on February 16, 2006.

In addition, on January 20, 2006, Verizon announced an offer to repurchase MCI $1,983 million aggregate principal amount of 5.908% Senior Notes Due 2007 at 101% of their par value. On February 21, 2006, $1,804 million of these notes were redeemed by Verizon. Verizon satisfied and discharged the indenture governing this series of notes shortly after the close of the offer for those noteholders who did not accept this offer.

Other Debt Redemptions/Prepayments

During the second quarter of 2006, we redeemed/prepaid several debt issuances, including: Verizon North Inc. $200 million 7.625% Series C debentures due May 15, 2026; Verizon Northwest Inc. $175 million 7.875% Series B debentures due June 1, 2026; Verizon South Inc. $250 million 7.5% Series D debentures due March 15, 2026; Verizon California Inc. $25 million 9.41% Series W first mortgage bonds due 2014; Verizon California Inc. $30 million 9.44% Series X first mortgage bonds due 2015; Verizon Northwest Inc. $3 million 9.67% Series HH first mortgage bonds due 2010 and Contel of the South Inc. $14 million 8.159% Series GG first mortgage bonds due 2018. The gain/(loss) from these retirements was immaterial.

During the third quarter of 2005, we redeemed Verizon New England Inc. $250 million 6.875% debentures due October 1, 2023 resulting in a pretax charge of $10 million ($6 million after-tax) in connection with the early extinguishment of the debt.

Zero-Coupon Convertible Notes

Previously in May 2001, Verizon Global Funding issued approximately $5.4 billion in principal amount at maturity of zero-coupon convertible notes due 2021, resulting in gross proceeds of approximately $3 billion. The notes were convertible into shares of our common stock at an initial price of $69.50 per share if the closing price of Verizon common stock on the New York Stock Exchange exceeded specified levels or in other specified circumstances. The conversion price increased by at least 3% a year. The initial conversion price represented a 25% premium over the May 8, 2001 closing price of $55.60 per share. The notes were redeemable at the option of the holders on May 15th in each of the years 2004, 2006, 2011 and 2016. On May 15, 2004, $3,292 million of principal amount of the notes ($1,984 million after unamortized discount) were redeemed by Verizon Global Funding. In addition, the zero-coupon convertible notes were callable by Verizon on or after May 15, 2006. On May 16, 2006, we redeemed the remaining $1,375 million accreted principal of the remaining outstanding zero-coupon convertible principal. The total payment on the date of redemption was $1,377 million.

Support Agreements

All of Verizon Global Funding's debt had the benefit of Support Agreements between us and Verizon Global Funding, which gave holders of Verizon Global Funding debt the right to proceed directly against us for payment of interest, premium (if any) and principal outstanding should



Verizon Global Funding fail to pay. The holders of Verizon Global Funding debt did not have recourse to the stock or assets of most of our telephone operations; however, they did have recourse to dividends paid to us by any of our consolidated subsidiaries as well as assets not covered by the exclusion. On February 1, 2006, Verizon announced the merger of Verizon Global Funding into Verizon. As a result of the merger all of Verizon Global Funding's debt has been assumed by Verizon by operation of law.

In addition, Verizon Global Funding had guaranteed the debt obligations of GTE Corporation (but not the debt of its subsidiary or affiliate companies) that were issued and outstanding prior to July 1, 2003. In connection with the merger of Verizon Global Funding into Verizon, Verizon has assumed this guarantee. As of December 31, 2006, $2,950 million principal amount of these obligations remained outstanding.

Verizon and NYNEX Corporation are the joint and several co-obligors of the 20-Year 9.55% Debentures due 2010 previously issued by NYNEX on March 26, 1990. As of December 31, 2006, $92 million principal amount of this obligation remained outstanding. NYNEX and GTE no longer issue public debt or file SEC reports. See Note 20 for information on guarantees of operating subsidiary debt listed on the New York Stock Exchange.

Debt Covenants

We and our consolidated subsidiaries are in compliance with all of our debt covenants.

Maturities of Long-Term Debt

Maturities of long-term debt outstanding at December 31, 2006 are $4.1 billion in 2007, $2.5 billion in 2008, $1.4 billion in 2009, $2.8 billion in 2010, $2.6 billion in 2011 and $19.4 billion thereafter.

Note 8

Financial Instruments

Derivatives

The ongoing effect of SFAS No. 133 and related amendments and interpretations on our consolidated financial statements will be determined each period by several factors, including the specific hedging instruments in place and their relationships to hedged items, as well as market conditions at the end of each period.

Interest Rate Risk Management

We have entered into domestic interest rate swaps, to achieve a targeted mix of fixed and variable rate debt, where we principally receive fixed rates and pay variable rates based on LIBOR. These swaps hedge against changes in the fair value of our debt portfolio. We record the interest rate swaps at fair value in our balance sheet as assets and liabilities and adjust debt for the change in its fair value due to changes in interest rates. The ineffective portions of these hedges were recorded as gains in the consolidated statements of income of $4 million for the year ended December 31, 2004.

We also enter into interest rate derivatives to limit our exposure to interest rate changes. In accordance with the provisions of SFAS No. 133, changes in fair value of these cash flow hedges due to interest rate fluctuations are recognized in Accumulated Other Comprehensive Loss. We recorded Other Comprehensive Income (Loss) of $14 million and $10 million related to these interest rate cash flow hedges for the years ended December 31, 2006 and 2005, respectively.

Foreign Exchange Risk Management

From time to time, our foreign exchange risk management has included the use of foreign currency forward contracts and cross currency interest rate swaps with foreign currency forwards. These contracts are typically used to hedge short-term foreign currency transactions and commitments, or to offset foreign exchange gains or losses on the foreign currency obligations and are designated as cash flow hedges. There were no foreign currency contracts outstanding as of December 31, 2006 and 2005. We record these contracts at fair value as assets or liabilities and the related gains or losses are deferred in shareowners' investment as a component of Accumulated Other Comprehensive Loss. We have recorded net unrealized gains of $17 million in Other Comprehensive Income (Loss) for the year ended December 31, 2004.

Net Investment Hedges

During 2005, we entered into zero cost euro collars to hedge a portion of our net investment in Vodafone Omnitel. In accordance with the provisions of SFAS No. 133 and related amendments and interpretations, changes in fair value of these contracts due to exchange rate fluctuations were recognized in Accumulated Other Comprehensive Loss and offset the impact of foreign currency changes on the value of our net investment. During 2005, our positions in the zero cost euro collars were settled. As of December 31, 2006 and 2005, Accumulated Other Comprehensive Loss includes unrecognized gains of $ [illegible] edge contracts, which along with the unrealized foreign currency translation balance of the investment hedged, r [illegible] is sold.



During 2004, we entered into foreign currency forward contracts to hedge our net investment in our Canadian operations. In accordance with the provisions of SFAS No. 133, changes in the fair value of these contracts due to exchange rate fluctuations were recognized in Accumulated Other Comprehensive Loss and offset the impact of foreign currency changes on the value of our net investment. During 2004, we sold our Canadian operations and the unrealized losses on these net investment hedge contracts were recognized in net income along with the corresponding foreign currency translation balance. We recorded realized losses of $106 million ($58 million after-tax) related to these hedge contracts.

Other Derivatives

On May 17, 2005, we purchased 43.4 million shares of MCI common stock under a stock purchase agreement that contained a provision for the payment of an additional cash amount determined immediately prior to April 9, 2006 based on the market price of Verizon's common stock. (See Note 2). Under SFAS No. 133, this additional cash payment was an embedded derivative which we carried at fair value and was subject to changes in the market price of Verizon stock. Since this derivative did not qualify for hedge accounting under SFAS No. 133, changes in its fair value were recorded in the consolidated statements of income in Other Income and (Expense), Net. During 2006 and 2005, we recorded pretax income of $4 million and $57 million, respectively, in connection with this embedded derivative. As of December 31, 2006, this embedded derivative has expired with no requirement for an additional cash payment made under the stock purchase agreement.

Concentrations of Credit Risk

Financial instruments that subject us to concentrations of credit risk consist primarily of temporary cash investments, short-term and long-term investments, trade receivables, certain notes receivable including lease receivables and derivative contracts. Our policy is to deposit our temporary cash investments with major financial institutions. Counterparties to our derivative contracts are also major financial institutions and organized exchanges. The financial institutions have all been accorded high ratings by primary rating agencies. We limit the dollar amount of contracts entered into with any one financial institution and monitor our counterparties' credit ratings. We generally do not give or receive collateral on swap agreements due to our credit rating and those of our counterparties. While we may be exposed to credit losses due to the nonperformance of our counterparties, we consider the risk remote and do not expect the settlement of these transactions to have a material effect on our results of operations or financial condition.

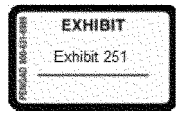
Fair Values of Financial Instruments

The tables that follow provide additional information about our significant financial instruments:

Financial Instrument	Valuation Method
Cash and cash equivalents and short-term investments	Carrying amounts
Short- and long-term debt (excluding capital leases)	Market quotes for similar terms and maturities or future cash flows discounted at current rates
Cost investments in unconsolidated businesses, derivative assets and liabilities and notes receivable	Future cash flows discounted at current rates, market quotes for similar instruments or other valuation models

(dollars in millions)

At December 31,	2006		2005	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Short- and long-term debt	$ 36,000	$ 37,165	$ 38,145	$ 39,549
Cost investments in unconsolidated businesses	270	270	1,089	1,089
Short- and long-term derivative assets	31	31	62	62
Short- and long-term derivative liabilities	10	10	21	21



Note 3

Earnings Per Share and Shareowners' Investment

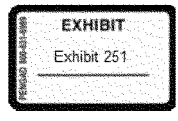
Earnings Per Share

The following table is a reconciliation of the numerators and denominators used in computing earnings per common share:

Years Ended December 31,	2006	2005	2004
	(dollars and shares in millions, except per share amounts)		
Net Income Used For Basic Earnings Per Common Share			
Income before discontinued operations and cumulative effect of accounting change	$ 5,480	$ 6,027	$ 5,899
Income on discontinued operations, net of tax	759	1,370	1,932
Cumulative effect of accounting change, net of tax	(42)	–	–
Net income	$ 6,197	$ 7,397	$ 7,831
Net Income Used For Diluted Earnings Per Common Share			
Income before discontinued operations and cumulative effect of accounting change	$ 5,480	$ 6,027	$ 5,899
After-tax minority interest expense related to exchangeable equity interest	20	32	27
After-tax interest expense related to zero-coupon convertible notes	11	28	41
Income before discontinued operations and cumulative effect of accounting change – after assumed conversion of dilutive securities	5,511	6,087	5,967
Income on discontinued operations, net of tax	759	1,370	1,932
Cumulative effect of accounting change, net of tax	(42)	–	–
Net income – after assumed conversion of dilutive securities	$ 6,228	$ 7,457	$ 7,899
Basic Earnings Per Common Share (1)			
Weighted-average shares outstanding – basic	2,912	2,766	2,770
Income before discontinued operations and cumulative effect of accounting change	$ 1.88	$ 2.18	$ 2.13
Income on discontinued operations, net of tax	.26	.50	.70
Cumulative effect of accounting change, net of tax	(.01)	–	–
Net income	$ 2.13	$ 2.67	$ 2.83
Diluted Earnings Per Common Share (1)			
Weighted-average shares outstanding	2,912	2,766	2,770
Effect of dilutive securities:			
Stock options	1	5	5
Exchangeable equity interest	18	29	29
Zero-coupon convertible notes	7	17	27
Weighted-average shares – diluted	2,938	2,817	2,831
Income before discontinued operations and cumulative effect of accounting change	$ 1.88	$ 2.16	$ 2.11
Income on discontinued operations, net of tax	.26	.49	.68
Cumulative effect of accounting change, net of tax	(.01)	–	–
Net income	$ 2.12	$ 2.65	$ 2.79

(1) Total per share amounts may not add due to rounding.

Certain outstanding options to purchase shares were not included in the computation of diluted earnings per common share because to do so would have been anti-dilutive for the period, including approximately 228 million shares during 2006, 250 million shares during 2005 and 262 million shares during 2004.



The zero-coupon convertible notes were retired on May 15, 2006. (see Note 11).

The exchangeable equity interest was converted on August 15, 2006 by issuing 29.5 million Verizon shares (see Note 9).

Shareowners' Investment

Our certificate of incorporation provides authority for the issuance of up to 250 million shares of Series Preferred Stock, $.10 par value, in one or more series, with such designations, preferences, rights, qualifications, limitations and restrictions as the Board of Directors may determine.

We are authorized to issue up to 4.25 billion shares of common stock.

On January 22, 2004, the Board of Directors authorized the repurchase of up to 80 million common shares terminating no later than the close of business on February 28, 2006. We repurchased 7.9 million and 9.5 million common shares during 2005 and 2004, respectively.

On January 19, 2006, the Board of Directors determined that no additional common shares may be purchased under the previously authorized program and gave authorization to repurchase of up to 100 million common shares terminating no later than the close of business on February 28, 2008. We repurchased approximately 50 million common shares under this authorization during 2006.

Note 14
Stock-Based Compensation

Effective January 1, 2006, we adopted SFAS No. 123(R) utilizing the modified prospective method. SFAS No. 123(R) requires the measurement of stock-based compensation expense based on the fair value of the award on the date of grant. Under the modified prospective method, the provisions of SFAS No. 123(R) apply to all awards granted or modified after the date of adoption. The impact to Verizon primarily resulted from Verizon Wireless, for which we recorded a $42 million cumulative effect of accounting change, net of taxes and after minority interest, to recognize the effect of initially measuring the outstanding liability for awards granted to Domestic Wireless employees at fair value utilizing a Black-Scholes model.

Previously, effective January 1, 2003, we adopted the fair value recognition provisions of SFAS No. 123 using the prospective method (as permitted under SFAS No. 148, *Accounting for Stock-Based Compensation – Transition and Disclosure*) for all new awards granted, modified or settled after January 1, 2003.

Verizon Communications Long Term Incentive Plan

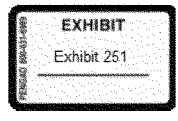
The Verizon Communications Long Term Incentive Plan (the "Plan"), permits the grant of nonqualified stock options, incentive stock options, restricted stock, restricted stock units, performance shares, performance share units and other awards. The maximum number of shares for awards is 200 million.

Restricted Stock Units

The Plan provides for grants of restricted stock units (RSUs) that vest at the end of the third year after the grant. The RSUs are classified as liability awards because the RSUs are paid in cash upon vesting. The RSU award liability is measured at its fair value at the end of each reporting period and, therefore, will fluctuate based on the performance of Verizon's stock.

The following table summarizes Verizon's Restricted Stock Unit activity.

(Shares in thousands)	Restricted Stock Units	Weighted Average Grant-Date Fair Value
Outstanding, January 1, 2004	–	$ –
Granted	532	36.75
Cancelled/Forfeited	(7)	36.75
Outstanding, December 31, 2004	525	36.75
Granted	6,410	36.06
Cancelled/Forfeited	(66)	36.07
Outstanding, December 31, 2005	6,869	36.12
Granted	**9,116**	**31.88**
Cancelled/Forfeited	**(392)**	**35.01**
Outstanding, December 31, 2006	**15,593**	**33.67**



Performance Share Units

The Plan also provides for grants of performance share units (PSUs) that vest at the end of the third year after the grant. The 2006, 2005 and 2004 performance share units will be paid in cash upon vesting. The 2003 PSUs were paid out in February 2006 in Verizon shares.

The target award is determined at the beginning of the period and can increase (to a maximum 200% of the target) or decrease (to zero) based on a key performance measure, Total Shareholder Return (TSR). At the end of the period, the PSU payment is determined by comparing Verizon's TSR to the TSR of a predetermined peer group and the S&P 500 companies. All payments are subject to approval by the Board's Human Resources Committee. The PSUs are classified as liability awards because the PSU awards are paid in cash upon vesting. The PSU award liability is measured at its fair value at the end of each reporting period and, therefore, will fluctuate based on the performance of Verizon's stock as well as Verizon's TSR relative to the peer group's TSR and S&P 500 TSR.

The following table summarizes Verizon's Performance Share Unit activity.

(Shares in thousands)	Performance Share Units	Weighted Average Grant-Date Fair Value
Outstanding, January 1, 2004	4,219	$ 38.54
Granted	6,477	36.81
Cancelled/Forfeited	(617)	37.40
Outstanding, December 31, 2004	10,079	37.50
Granted	9,300	36.13
Cancelled/Forfeited	(288)	36.91
Outstanding, December 31, 2005	19,091	36.84
Granted	**14,166**	**32.05**
Payments	**(3,607)**	**38.54**
Cancelled/Forfeited	**(1,227)**	**37.25**
Outstanding, December 31, 2006	**28,423**	**34.22**

As of December 31, 2006, unrecognized compensation expense related to the unvested portion of Verizon's RSUs and PSUs was approximately $392 million and is expected to be recognized over the next two years.

MCI Restricted Stock Plan

MCI's Management Restricted Stock Plan (MRSP) provides for the granting of stock-based compensation to management. Following the acquisition by Verizon on January 6, 2006, awards outstanding under the MRSP were converted into Verizon common stock in accordance with the Merger Agreement. MCI has not issued new MRSPs since February 2005.

The following table summarizes MRSP's restricted stock activity.

(Shares in thousands)	Restricted Stock	Weighted Average Grant-Date Fair Value
Outstanding, January 1, 2006	–	$ –
Acquisition by Verizon	**3,456**	30.75
Payments	**(2,756)**	30.75
Cancellations/Forfeitures	**(53)**	30.75
Outstanding, December 31, 2006	**647**	**30.75**

As of December 31, 2006, unrecognized compensation expense related to the unvested portion of the MRSP restricted stock was approximately $9 million and is expected to be recognized over the next year.

Verizon Wireless Long-Term Incentive Plan

The 2000 Verizon Wireless Long-Term Incentive Plan (the "Wireless Plan") provides compensation opportunities to eligible employees and other participating affiliates of the Cellco Partnership, d.b.a. Verizon Wireless (the "Partnership"). The Wireless Plan provides rewards that are tied to the long-term performance of the Partnership. Under the Wireless Plan, VARs are granted to eligible employees. The aggregate number of VARs that may be issued under the Wireless Plan is approximately 343 million.

VARs reflect the change in the value of the Partnership, as defined in the Wireless Plan, similar to stock options. Once VARs become vested, employees can exercise their VARs and receive a paym ence between the VAR price on the date of grant and the VAR price on the date of exercise, less applicable taxes. hree years from the date of grant with a maximum term of

EXHIBIT
Exhibit 251

10 years. All VARs are granted at a price equal to the estimated fair value of the Partnership, as defined in the Wireless Plan, at the date of the grant.

With the adoption of SFAS No. 123(R), the Partnership began estimating the fair value of VARs granted using a Black-Scholes option valuation model. The following table summarizes the assumptions used in the model during 2006:

	Ranges
Risk-free interest rate	4.6% - 5.2%
Expected term (in years)	1.0 - 3.5
Expected volatility	17.6% - 22.3%
Expected dividend yield	n/a

The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of the measurement date. The expected term of the VARs granted was estimated using a combination of the simplified method as prescribed in Staff Accounting Bulletin (SAB) No. 107, "Share Based Payments," (SAB No. 107) historical experience, and management judgment. Expected volatility was based on a blend of the historical and implied volatility of publicly traded peer companies for a period equal to the VARs expected life, ending on the measurement date, and calculated on a monthly basis.

The following table summarizes the VARs activity.

(Shares in thousands)	VARs	Weighted Average Grant-Date Fair Value
Outstanding rights, January 1, 2004	119,809	$ 16.31
Granted	48,999	13.89
Exercised	(2,144)	16.39
Cancelled/Forfeited	(6,003)	14.65
Outstanding rights, December 31, 2004	160,661	15.63
Granted	10	14.85
Exercised	(47,964)	12.27
Cancelled/Forfeited	(3,784)	15.17
Outstanding rights, December 31, 2005	108,923	17.12
Exercised	**(7,448)**	**13.00**
Cancelled/Forfeited	**(7,008)**	**23.25**
Outstanding rights, December 31, 2006	**94,467**	**16.99**

As of December 31, 2006, unrecognized compensation expense related to the unvested portion of the VARs was approximately $50 million and is expected to be recognized within one year.

Stock-Based Compensation Expense

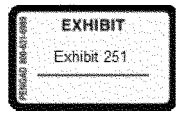
After-tax compensation expense for stock based compensation related to RSUs, PSUs, MRSPs and VARs described above included in net income as reported was $535 million, $359 million and $248 million for 2006, 2005 and 2004, respectively.

Stock Options

The Verizon Long Term Incentive Plan provides for grants of stock options to employees at an option price per share of 100% of the fair market value of Verizon Stock on the date of grant. Each grant has a 10 year life, vesting equally over a three year period, starting at the date of the grant. We have not granted new stock options since 2004.

We determined stock-option related employee compensation expense for the 2004 grant using the Black-Scholes option-pricing model based on the following weighted-average assumptions:

	2004
Dividend yield	4.2%
Expected volatility	31.3%
Risk-free interest rate	3.3%
Expected lives (in years)	6
Weighted average value of options granted	$ 7.61



The following table summarizes Verizon's stock option activity.

(Shares in thousands)	Stock Options	Weighted Average Exercise Price
Outstanding, January 1, 2004	280,581	$ 46.24
Granted	17,413	35.51
Exercised	(10,519)	28.89
Cancelled/forfeited	(6,586)	48.01
Outstanding, December 31, 2004	280,889	46.18
Exercised	(1,133)	28.73
Cancelled/forfeited	(19,996)	49.62
Outstanding, December 31, 2005	259,760	46.01
Exercised	**(3,371)**	**32.12**
Cancelled/forfeited	**(27,025)**	**43.72**
Options outstanding, December 31, 2006	**229,364**	**46.48**
Options exercisable, December 31,		
2004	247,461	47.26
2005	244,424	46.64
2006	**225,067**	**46.69**

The following table summarizes information about Verizon's stock options outstanding as of December 31, 2006:

	Stock Options Outstanding			Stock Options Exercisable	
Range of Exercise Prices	Shares (in thousands)	Weighted-Average Remaining Life	Weighted-Average Exercise Price	Shares (in thousands)	Weighted-Average Exercise Price
$ 20.00 – 29.99	73	3.4 years	$ 28.50	73	$ 28.50
30.00 – 39.99	44,874	5.5	36.36	40,577	36.45
40.00 – 49.99	96,154	3.7	43.92	96,154	43.92
50.00 – 59.99	87,687	3.1	54.40	87,687	54.40
60.00 – 69.99	576	2.8	60.93	576	60.93
Total	229,364		46.48	225,067	46.69

The weighted average remaining contractual term was 3.8 years for stock options outstanding and exercisable as of December 31, 2006. The total intrinsic value was approximately $44 million and $37 million for stock options outstanding and exercisable, respectively, as of December 31, 2006. The total intrinsic value for stock options exercised was $10 million, $6 million and $97 million, during 2006, 2005 and 2004, respectively.

The amount of cash received from the exercise of stock options was approximately $101 million, $34 million and $306 million for 2006, 2005 and 2004, respectively.

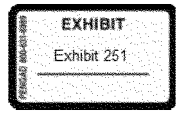
The after-tax compensation expense for stock options was $28 million, $53 million and $50 million for 2006, 2005 and 2004, respectively. As of December 31, 2006, unrecognized compensation expense related to the unvested portion of stock options was approximately $3 million.

Note 13

Employee Benefits

We maintain noncontributory defined benefit pension plans for many of our employees. The postretirement health care and life insurance plans for our retirees and their dependents are both contributory and noncontributory and include a limit on the company's share of cost for certain recent and future retirees. We also sponsor defined contribution savings plans to provide opportunities for eligible employees to save for retirement on a tax-deferred basis. We use a measurement date of December 31 for our pension and postretirement health care and life insurance plans.

In September 2006, the FASB issued SFAS No. 158. SFAS No. 158 requires the recognition of a defined benefit postretirement plan's funded status as either an asset or liability on the balance sheet. SFAS No. 158 also requires the immediate recognition of the unrecognized actuarial gains and losses and prior service costs and credits that arise during the period as a component of other accumulated comprehensive income, net



of applicable income taxes. Additionally, the fair value of plan assets must be determined as of the company's year-end. We adopted SFAS No. 158 effective December 31, 2006 which resulted in a net decrease to shareowners' investment of $6,883 million. This included a net increase in pension obligations of $2,403 million, an increase in Other Postretirement Benefits Obligations of $10,828 million and an increase in Other Employee Benefit Obligations of $31 million, partially offset by a net decrease of $1,205 million to reverse the Additional Minimum Pension Liability and an increase in deferred taxes of $5,174 million. If we had recorded an Additional Minimum Pension Liability at December 31, 2006, it would have been $396 million, ($262 million after-tax).

Pension and Other Postretirement Benefits

Pension and other postretirement benefits for many of our employees are subject to collective bargaining agreements. Modifications in benefits have been bargained from time to time, and we may also periodically amend the benefits in the management plans.

As of June 30, 2006, Verizon management employees no longer earned pension benefits or earned service towards the company retiree medical subsidy. In addition, new management employees hired after December 31, 2005 are not eligible for pension benefits and managers with less than 13.5 years of service as of June 30, 2006 are not eligible for company-subsidized retiree healthcare or retiree life insurance benefits. Beginning July 1, 2006, management employees receive an increased company match on their savings plan contributions.

The following tables summarize benefit costs, as well as the benefit obligations, plan assets, funded status and rate assumptions associated with pension and postretirement health care and life insurance benefit plans.

Obligations and Funded Status

			(dollars in millions)	
	Pension		Health Care and Life	
At December 31,	2006	2005	2006	2005
Change in Benefit Obligation				
Beginning of year	**$ 35,540**	$ 35,479	**$ 26,783**	$ 26,181
Service cost	**581**	675	**356**	358
Interest cost	**1,995**	1,959	**1,499**	1,467
Plan amendments	**–**	149	**50**	69
Actuarial (gain) loss, net	**(282)**	327	**152**	403
Benefits paid	**(2,762)**	(2,831)	**(1,564)**	(1,662)
Termination benefits	**47**	11	**14**	1
Acquisitions and divestitures, net	**477**	(194)	**40**	(34)
Settlements	**(1,437)**	(35)	**–**	–
End of year	**$ 34,159**	$ 35,540	**$ 27,330**	$ 26,783
Change in Plan Assets				
Beginning of year	**39,227**	37,461	**4,275**	4,549
Actual return on plan assets	**5,536**	4,136	**493**	348
Company contributions	**568**	698	**1,099**	1,040
Benefits paid	**(2,762)**	(2,831)	**(1,564)**	(1,662)
Settlements	**(1,437)**	(35)	**–**	–
Acquisitions and divestitures, net	**377**	(202)	**–**	–
End of year	**$ 41,509**	$ 39,227	**$ 4,303**	$ 4,275
Funded Status				
End of year	**7,350**	3,687	**(23,027)**	(22,508)
Unrecognized				
Actuarial loss, net	**–**	4,685	**–**	7,056
Prior service cost	**–**	1,018	**–**	4,339
Net amount recognized	**$ 7,350**	$ 9,390	**$ (23,027)**	$ (11,113)
Amounts recognized on the balance sheet				
Prepaid pension cost (in Other Assets)	**$ 12,058**	$ 12,704	**$ –**	$ –
Other assets	**–**	458	**–**	–
Employee benefit obligation	**(4,708)**	(4,977)	**(23,027)**	(11,113)
Accumulated other comprehensive loss	**–**	1,205	**–**	–
Net amount recognized	**$ 7,350**	$ 9,390	**$ (23,027)**	$ (11,113)
Amounts recognized in Accumulated Other Comprehensive Income				
Actuarial loss, net			**$ 6,799**	
Prior service cost			**4,029**	



Total	$ 2,403	$ 10,828
Estimated amounts to be amortized from Accumulated Other Comprehensive Income during 2007 fiscal year		
Actuarial (gain) loss, net	$ 98	$ 316
Prior service cost	43	393
Total	$ 141	$ 709



Changes in benefit obligations were caused by factors including changes in actuarial assumptions, curtailments and settlements.

In 2005, as a result of changes in management retiree benefits, we recorded pretax expense of $430 million for pension curtailments and pretax income of $332 million for retiree medical curtailments (see Note 4 for additional information).

The accumulated benefit obligation for all defined benefit pension plans was $32,724 million and $34,232 million at December 31, 2006 and 2005, respectively.

Information for pension plans with an accumulated benefit obligation in excess of plan assets follows:

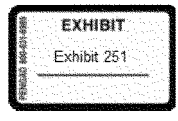
	(dollars in millions)	
At December 31,	2006	2005
Projected benefit obligation	$ 11,495	$ 11,567
Accumulated benefit obligation	11,072	11,165
Fair value of plan assets	8,288	7,500

Net Periodic Cost

The following table displays the details of net periodic pension and other postretirement costs:

					(dollars in millions)	
	Pension			Health Care and Life		
Years Ended December 31,	2006	2005	2004	2006	2005	2004
Service cost	$ 581	$ 675	$ 666	$ 356	$ 358	$ 269
Interest cost	1,995	1,959	2,144	1,499	1,467	1,422
Expected return on plan assets	(3,173)	(3,231)	(3,565)	(328)	(349)	(409)
Amortization of transition asset	–	–	(4)	–	–	–
Amortization of prior service cost	44	42	57	360	290	236
Actuarial loss, net	182	124	45	290	258	169
Net periodic benefit (income) cost	(371)	(431)	(657)	2,177	2,024	1,687
Termination benefits	47	11	1	14	1	–
Settlement loss	56	80	805	–	–	–
Curtailment (gain) loss and other, net	–	436	–	–	(332)	–
Subtotal	103	527	806	14	(331)	–
Total cost	$ (268)	$ 96	$ 149	$ 2,191	$ 1,693	$ 1,687

Termination benefits and settlement and curtailment losses of $94 million pertaining to the sale of Hawaii operations in 2005 were recorded in the consolidated statements of income in Sales of Businesses, Net.



Additional Information

As a result of the adoption of SFAS No. 158, we no longer record an additional minimum pension liability. In prior years, as a result of changes in interest rates and changes in investment returns, an adjustment to the additional minimum pension liability was required for a number of plans, as indicated below. The adjustment in the liability was recorded as a charge or (credit) to Accumulated Other Comprehensive Loss, net of tax, in shareowners' investment in the consolidated balance sheets.

			(dollars in millions)
Years Ended December 31,	2006	2005	2004
Increase (decrease) in minimum liability included in other comprehensive income, net of tax	$ (788)	$ (51)	$ 332

Assumptions

The weighted-average assumptions used in determining benefit obligations follow:

	Pension		Health Care and Life	
At December 31,	2006	2005	2006	2005
Discount rate	6.00%	5.75%	6.00%	5.75%
Rate of future increases in compensation	4.00	4.00	4.00	4.00

The weighted-average assumptions used in determining net periodic cost follow:

	Pension			Health Care and Life		
Years Ended December 31,	2006	2005	2004	2006	2005	2004
Discount rate	5.75%	5.75%	6.25%	5.75%	5.75%	6.25%
Expected return on plan assets	8.50	8.50	8.50	8.25	7.75	8.50
Rate of compensation increase	4.00	5.00	5.00	4.00	4.00	4.00

In order to project the long-term target investment return for the total portfolio, estimates are prepared for the total return of each major asset class over the subsequent 10-year period, or longer. Those estimates are based on a combination of factors including the following: current market interest rates and valuation levels, consensus earnings expectations, historical long-term risk premiums and value-added. To determine the aggregate return for the pension trust, the projected return of each individual asset class is then weighted according to the allocation to that investment area in the trust's long-term asset allocation policy.

The assumed Health Care Cost Trend Rates follow:

	Health Care and Life		
At December 31,	2006	2005	2004
Health care cost trend rate assumed for next year	10.00%	10.00%	10.00%
Rate to which cost trend rate gradually declines	5.00	5.00	5.00
Year the rate reaches level it is assumed to remain thereafter	2011	2010	2009

A one-percentage-point change in the assumed health care cost trend rate would have the following effects:

		(dollars in millions)
One-Percentage-Point	Increase	Decrease
Effect on 2006 service and interest cost	$ 282	$ (223)
Effect on postretirement benefit obligation as of December 31, 2006	3,339	(2,731)

Plan Assets

Pension Plans

The weighted-average asset allocations for the pension plans by asset category follow:

At December 31,	2006	2005
Asset Category		
Equity securities	62.5%	63.4%
Debt securities	16.3	17.5
Real estate	4.5	3.2
Other	16.7	15.9
Total	100.0%	100.0%



Equity securities include Verizon common stock of $95 million and $72 million at December 31, 2006 and 2005, respectively. Other assets include cash and cash equivalents (primarily held for the payment of benefits), private equity and investments in absolute return strategies.

Health Care and Life Plans

The weighted-average asset allocations for the other postretirement benefit plans by asset category follow:

At December 31,	2006	2005
Asset Category		
Equity securities	**72.1%**	71.9%
Debt securities	**20.4**	22.1
Real estate	**0.1**	0.1
Other	**7.4**	5.9
Total	**100.0%**	100.0%

Equity securities include Verizon common stock of $4 million at December 31, 2005. There was no Verizon common stock held at the end of 2006.

The portfolio strategy emphasizes a long-term equity orientation, significant global diversification, the use of both public and private investments and professional financial and operational risk controls. Assets are allocated according to a long-term policy neutral position and held within a relatively narrow and pre-determined range. Both active and passive management approaches are used depending on perceived market efficiencies and various other factors.

Cash Flows

In 2006, we contributed $451 million to our qualified pension trusts, $117 million to our nonqualified pension plans and $1,099 million to our other postretirement benefit plans. We estimate required qualified pension trust contributions for 2007 to be approximately $510 million. We also anticipate $120 million in contributions to our non-qualified pension plans and $1,210 million to our other postretirement benefit plans in 2007.

Estimated Future Benefit Payments

The benefit payments to retirees, which reflect expected future service, are expected to be paid as follows:

			(dollars in millions)
	Pension Benefits	Health Care and Life Prior to Medicare Prescription Drug Subsidy	Expected Medicare Prescription Drug Subsidy
2007	$ 2,491	$ 1,717	$ 91
2008	2,552	1,806	97
2009	2,749	1,869	102
2010	3,042	1,936	108
2011	3,503	1,991	112
2012 – 2016	16,472	9,983	589

Savings Plan and Employee Stock Ownership Plans

We maintain four leveraged employee stock ownership plans (ESOP), only one plan currently has unallocated shares. Under this plan, we match a certain percentage of eligible employee contributions to the savings plans with shares of our common stock from this ESOP. Common stock is allocated from the leveraged ESOP trust based on the proportion of principal and interest paid on ESOP debt in a year to the remaining principal and interest due over the term of the debt. The final debt service payments and related share allocations for two of our leveraged ESOPs were made in 2004. At December 31, 2006, the number of unallocated and allocated shares of common stock was 5 million and 77 million, respectively. All leveraged ESOP shares are included in earnings per share computations.

Total savings plan costs were $669 million, $499 million, and $501 million in 2006, 2005 and 2004 respectively. A portion of these costs were funded through a leveraged ESOP. We recognize leveraged ESOP costs based on the shares allocated method.



Leveraged ESOP costs and trust activity consist of the following:

Years Ended December 31,	2006	2005	2004
		(dollars in millions)	
Compensation	$ 24	$ 39	$ 159
Interest incurred	–	–	12
Dividends	(9)	(16)	(16)
Net leveraged ESOP cost	$ 15	$ 23	$ 155

Severance Benefits

The following table provides an analysis of our severance liability recorded in accordance with SFAS Nos. 112 and 146:

Year	Beginning of Year	Charged to Expense	Payments	Other	End of Year
			(dollars in millions)		
2004	$ 2,150	$(40)	$(1,356)	$(1)	$753
2005	753	99	(251)	(5)	596
2006	**596**	**343**	**(383)**	**88**	**644**

The remaining severance liability includes future contractual payments to employees separated as of December 31, 2006. The 2006 expense includes charges for the involuntary separation of 4,100 employees (see Note 4).

Note 16

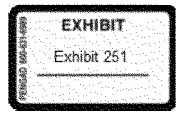
Income Taxes

The components of Income Before Provision for Income Taxes, Discontinued Operations and Cumulative Effect of Accounting Change are as follows:

Years Ended December 31,	2006	2005	2004
		(dollars in millions)	
Domestic	$ 6,682	$ 7,496	$ 6,186
Foreign	1,472	952	1,791
	$ 8,154	$ 8,448	$ 7,977

The components of the provision for income taxes from continuing operations are as follows:

Years Ended December 31,	2006	2005	2004
		(dollars in millions)	
Current			
Federal	$ 2,364	$ 2,772	$ (162)
Foreign	141	81	249
State and local	420	661	271
	2,925	3,514	358
Deferred			
Federal	(9)	(844)	1,580
Foreign	(45)	(55)	53
State and local	(190)	(187)	95
	(244)	(1,086)	1,728
Investment tax credits	(7)	(7)	(8)
Total income tax expense	$ 2,674	$ 2,421	$ 2,078



The following table shows the principal reasons for the difference between the effective income tax rate and the statutory federal income tax rate:

Years Ended December 31,	2006	2005	2004
Statutory federal income tax rate	**35.0%**	35.0%	35.0%
State and local income tax, net of federal tax benefits	**1.8**	3.6	3.0
Tax benefits from investment losses	**(.9)**	(4.5)	(3.7)
Equity in earnings from unconsolidated businesses	**(3.8)**	(3.5)	(8.0)
Other, net	**.7**	(1.9)	(.2)
Effective income tax rate	**32.8%**	28.7%	26.1%

The favorable impact on our 2006 effective income tax rate was primarily driven by earnings from our unconsolidated businesses and tax benefits from valuation allowance reversals. These favorable impacts to the 2006 effective tax rate were partially offset by the unfavorable impact of tax reserve adjustments which is included in the Other, net line above. During 2006, we recorded a tax benefit of $80 million in connection with capital gains and prior year investment losses.

During 2005, we recorded a tax benefit of $336 million in connection with capital gains and prior year investment losses. As a result of the capital gain realized in 2005 in connection with the sale of our Hawaii businesses, we recorded a tax benefit of $242 million related to prior year investment losses. Also during 2005, we recorded a net tax provision of $206 million related to the repatriation of foreign earnings under the provisions of the American Jobs Creation Act of 2004, which provides for a favorable federal income tax rate in connection with the repatriation of foreign earnings, provided the criteria described in the law is met. Two of our foreign investments repatriated earnings resulting in income taxes of $332 million, partially offset by a tax benefit of $126 million.

The favorable impact on our 2004 effective income tax rate was primarily driven by increased earnings from our unconsolidated businesses and tax benefits from valuation allowance reversals.

Deferred taxes arise because of differences in the book and tax bases of certain assets and liabilities. Significant components of deferred tax liabilities (assets) are shown in the following table:

		(dollars in millions)
At December 31,	2006	2005
Employee benefits	$ **(7,788)**	$ (1,778)
Loss on investments	**(124)**	(369)
Former MCI tax loss carry forwards	**(2,026)**	–
Uncollectible accounts receivable	**(455)**	(375)
	(10,393)	(2,522)
Valuation allowance	**2,600**	815
Deferred tax assets	**(7,793)**	(1,707)
Former MCI intercompany accounts receivable basis difference	**2,003**	–
Depreciation	**7,617**	9,676
Leasing activity	**2,638**	3,001
Wireless joint venture including wireless licenses	**12,177**	11,786
Other – net	**782**	(370)
Deferred tax liabilities	**25,217**	24,093
Net deferred tax liability	$ **17,424**	$ 22,386
Net long-term deferred tax liabilities	$ **16,270**	$ 22,831
Plus net current deferred tax liabilities (in Other current liabilities)	**1,154**	–
Less net current deferred tax assets (in Prepaid expenses and other)	**–**	445
Net deferred tax liability	$ **17,424**	$ 22,386

At December 31, 2006, employee benefits deferred tax assets include $5,174 million as a result of the adoption of SFAS No. 158 (see Note 15).

At December 31, 2006, undistributed earnings of our foreign subsidiaries amounted to approximately $3 billion. Deferred income taxes are not provided on these earnings as it is intended that the earnings are indefinitely invested outside of the U.S. It is not practical to estimate the amount of taxes that might be payable upon the remittance of such earnings.



The valuation allowance primarily represents the tax benefits of certain foreign and state net operating loss carry forwards, capital loss carry forwards and other deferred tax assets which may expire without being utilized. During 2006, the valuation allowance increased $1,785 million. This increase was primarily due to the addition of former MCI valuation allowances. This increase was offset by valuation allowance reversals relating to utilizing prior year investment losses to offset the capital gains realized on the sale of various businesses including Verizon Dominicana.

Former MCI tax loss carry forwards include federal, state and foreign net operating loss tax carry forwards as well as capital loss tax carry forwards. As a result of the MCI Bankruptcy and the application of the related tax attribute reduction rules, MCI reduced the tax basis in intercompany accounts receivables. This reduction in tax basis results in a deferred tax liability as reflected above.

Note 7

Segment Information

Reportable Segments

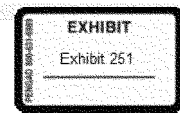
On November 17, 2006, we completed the spin-off of our U.S. print and Internet yellow pages directories to our shareowners, which was included in the Information Services segment. The spin-off resulted in a new company, named Idearc Inc. In addition, we reached definitive agreements to sell our interests in TELPRI and Verizon Dominicana, each of which were included in the International segment. The operations of our U.S. print and Internet yellow pages directories business, Verizon Dominicana and TELPRI are reported as discontinued operations and assets held for sale. Accordingly we have two reportable segments, which we operate and manage as strategic business units and organize by products and services. We measure and evaluate our reportable segments based on segment income. Corporate, eliminations and other includes unallocated corporate expenses, intersegment eliminations recorded in consolidation, the results of other businesses such as our investments in unconsolidated businesses, primarily Omnitel and CANTV, lease financing, and asset impairments and expenses that are not allocated in assessing segment performance due to their non-recurring nature. These adjustments include transactions that the chief operating decision makers exclude in assessing business unit performance due primarily to their non-recurring and/or non-operational nature. Although such transactions are excluded from the business segment results, they are included in reported consolidated earnings. Gains and losses that are not individually significant are included in all segment results, since these items are included in the chief operating decision makers' assessment of unit performance.

Our segments and their principal activities consist of the following:

Segment	Description
Wireline	Wireline provides communications services including voice, broadband video and data, next generation IP network services, network access, long distance and other services to consumers, carriers, business and government customers both domestically and globally in 150 countries.
Domestic Wireless	Domestic wireless products and services include wireless voice and data products and other value added services and equipment sales across the United States.

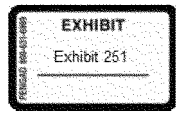
The following table provides operating financial information for our two reportable segments:

2006	Wireline	Domestic Wireless	(dollars in millions) Total Segments
External revenues	$ 49,621	$ 37,930	$ 87,551
Intersegment revenues	1,173	113	1,286
Total operating revenues	50,794	38,043	88,837
Cost of services and sales	24,522	11,491	36,013
Selling, general & administrative expense	12,116	12,039	24,155
Depreciation & amortization expense	9,590	4,913	14,503
Total operating expenses	46,228	28,443	74,671
Operating income	4,566	9,600	14,166
Equity in earnings of unconsolidated businesses	–	19	19
Other income and (expense), net	250	4	254
Interest expense	(2,062)	(452)	(2,514)
Minority interest	–	(4,038)	(4,038)
Provision for income taxes	(1,120)	(2,157)	(3,277)
Segment income	$ 1,634	$ 2,976	$ 4,610
Assets	$ 92,274	$ 81,989	$ 174,263
Investments in unconsolidated businesses	28	87	115
Plant, property and equipment, net	7,031	24,659	81,690
Capital expenditures	),259	6,618	16,877



2005	Wireline	Domestic Wireless	(dollars in millions) Total Segments
External revenues	$ 36,628	$ 32,219	$ 68,847
Intersegment revenues	988	82	1,070
Total operating revenues	37,616	32,301	69,917
Cost of services and sales	15,604	9,393	24,997
Selling, general & administrative expense	8,419	10,768	19,187
Depreciation & amortization expense	8,801	4,760	13,561
Total operating expenses	32,824	24,921	57,745
Operating income	4,792	7,380	12,172
Equity in earnings of unconsolidated businesses	–	27	27
Other income and (expense), net	79	6	85
Interest expense	(1,701)	(601)	(2,302)
Minority interest	–	(2,995)	(2,995)
Provision for income taxes	(1,264)	(1,598)	(2,862)
Segment income	$ 1,906	$ 2,219	$ 4,125
Assets	$ 75,188	$ 76,729	$ 151,917
Investments in unconsolidated businesses	2	154	156
Plant, property and equipment, net	49,618	22,790	72,408
Capital expenditures	8,267	6,484	14,751

2004	Wireline	Domestic Wireless	(dollars in millions) Total Segments
External revenues	$ 37,160	$ 27,586	$ 64,746
Intersegment revenues	861	76	937
Total operating revenues	38,021	27,662	65,683
Cost of services and sales	14,830	7,747	22,577
Selling, general & administrative expense	8,621	9,591	18,212
Depreciation & amortization expense	8,910	4,486	13,396
Total operating expenses	32,361	21,824	54,185
Operating income	5,660	5,838	11,498
Equity in earnings of unconsolidated businesses	–	45	45
Other income and (expense), net	100	11	111
Interest expense	(1,602)	(661)	(2,263)
Minority interest	–	(2,323)	(2,323)
Provision for income taxes	(1,506)	(1,265)	(2,771)
Segment income	$ 2,652	$ 1,645	$ 4,297
Assets	$ 78,824	$ 68,027	$ 146,851
Investments in unconsolidated businesses	3	148	151
Plant, property and equipment, net	50,608	20,516	71,124
Capital expenditures	7,118	5,633	12,751



Reconciliation To Consolidated Financial Information

A reconciliation of the results for the operating segments to the applicable line items in the consolidated financial statements is as follows:

	2006	2005	2004
			(dollars in millions)
Operating Revenues			
Total reportable segments	$ 88,837	$ 69,917	$ 65,683
Hawaii operations	–	180	529
Corporate, eliminations and other	(693)	(579)	(461)
Consolidated operating revenues – reported	$ 88,144	$ 69,518	$ 65,751
Operating Expenses			
Total reportable segments	$ 74,671	$ 57,745	$ 54,185
Merger integration costs (see Note 4)	232	–	–
Severance, pension and benefit charges (see Note 4)	425	157	805
Verizon Center relocation, net (see Note 4)	184	(18)	–
Former MCI exposure, lease impairment and other special items (see Note 4)	–	125	(91)
Hawaii operations	–	118	375
Sales of businesses and investments, net (see Notes 3 and 5)	–	(530)	100
Corporate, eliminations and other	(741)	(660)	(493)
Consolidated operating expenses – reported	$ 74,771	$ 56,937	$ 54,881

	2006	2005	2004
			(dollars in millions)
Net Income			
Segment income – reportable segments	$ 4,610	$ 4,125	$ 4,297
Debt extinguishment costs (see Note 11)	(16)	–	–
Merger integration costs (see Note 4)	(146)	–	–
Sales of businesses and investments, net (see Notes 3 and 5)	(541)	336	1,059
Idearc spin-off costs (see Note 4)	(101)	–	–
Severance, pension and benefit charges (see Note 4)	(258)	(95)	(499)
Verizon Center relocation, net (see Note 4)	(118)	8	–
Former MCI exposure, lease impairment and other special items (see Note 4)	–	(133)	2
Tax benefits (see Note 4)	–	336	234
Tax provision on repatriated earnings (see Note 4)	–	(206)	–
Income from discontinued operations, net of tax (see Note 3)	1,398	1,370	1,423
Cumulative effect of accounting change (see Note 1)	(42)	–	–
Corporate and other	1,411	1,656	1,315
Consolidated net income – reported	$ 6,197	$ 7,397	$ 7,831
Assets			
Total reportable segments	$ 174,263	$ 151,917	$ 146,851
Reconciling items	14,541	16,213	19,107
Consolidated assets	$ 188,804	$ 168,130	$ 165,958

Financial information for Wireline excludes the effects of Hawaii access lines and directory operations sold in 2005.

We generally account for intersegment sales of products and services and asset transfers at current market prices. We are not dependent on any single customer.



Geographic Areas

Our foreign investments are located principally in the Americas and Europe. Domestic and foreign operating revenues are based on the location of customers. Long-lived assets consist of plant, property and equipment (net of accumulated depreciation) and investments in unconsolidated businesses. The table below presents financial information by major geographic area:

			(dollars in millions)
Years Ended December 31,	2006	2005	2004
Domestic			
Operating revenues	**$ 84,693**	$ 69,327	$ 65,659
Long-lived assets	**82,277**	74,813	72,488
Foreign			
Operating revenues	**3,451**	191	92
Long-lived assets	**4,947**	2,776	4,973
Consolidated			
Operating revenues	**88,144**	69,518	65,751
Long-lived assets	**87,224**	77,589	77,461

Note 18
Comprehensive Income

Comprehensive income consists of net income and other gains and losses affecting shareowners' investment that, under GAAP, are excluded from net income.

Changes in the components of other comprehensive income (loss), net of income tax expense (benefit), are as follows:

			(dollars in millions)
Years Ended December 31,	2006	2005	2004
Foreign Currency Translation Adjustments	**$ 1,196**	$ (755)	$ 548
Unrealized Gains (Losses) on Net Investment Hedges			
Unrealized gains (losses), net of taxes of $–, $1 and $(48)	**–**	2	(58)
Less reclassification adjustments for losses realized in net income, net of taxes of $–, $– and $(48)	**–**	–	(58)
Net unrealized gains on net investment hedges	**–**	2	–
Unrealized Derivative Gains (Losses) on Cash Flow Hedges			
Unrealized gains (losses), net of taxes of $(1), $– and $(2)	**11**	4	(9)
Less reclassification adjustments for (losses) realized in net income, net of taxes of $(1), $(2) and $(2)	**(3)**	(6)	(26)
Net unrealized derivative gains on cash flow hedges	**14**	10	17
Unrealized Gains (Losses) on Marketable Securities			
Unrealized gains, net of taxes of $30, $10 and $4	**79**	4	8
Less reclassification adjustments for gains realized in net income, net of taxes of $13, $14 and $1	**25**	25	1
Net unrealized gains (losses) on marketable securities	**54**	(21)	7
Minimum Pension Liability Adjustment , net of taxes of $417, $37 and $(185)	**788**	51	(332)
Defined benefit pension and postretirement plans – SFAS No. 158 adoption, net of taxes of $(5,591)	**(7,671)**	–	–
Other, net of taxes of $(159), $(20) and $(53)	**(128)**	(17)	(43)
Other Comprehensive Income (Loss)	**$ (5,747)**	$ (730)	$ 197

The foreign currency translation adjustment in 2006 represents the realization of the cumulative foreign currency translation loss of approximately $800 million in connection with the sale of our consolidated interest in Verizon Dominicana (see Note 3), as well as unrealized



gains from the appreciation of the functional currency on our investment in Vodafone Omnitel. The minimum pension liability adjustment in 2006 represents the adoption of SFAS No. 158.

The foreign currency translation adjustment in 2005 represents unrealized losses from the decline in the functional currencies of our investments in Vodafone Omnitel, Verizon Dominicana and CANTV. The foreign currency translation adjustment in 2004 represents unrealized gains from the appreciation of the functional currencies at Verizon Dominicana and our investment in Vodafone Omnitel as well as the realization of the cumulative foreign currency translation loss in connection with the sale of our 20.5% interest in TELUS (see Note 4), partially offset by unrealized losses from the decline in the functional currency on our investment in CANTV.

During 2005, we entered into zero cost euro collars to hedge a portion of our net investment in Vodafone Omnitel. As of December 31, 2005, our positions in the zero cost euro collars have been settled. During 2004, we entered into foreign currency forward contracts to hedge our net investment in Verizon Information Services Canada and TELUS (see Note 3). In connection with the sales of these interests in the fourth quarter of 2004, the unrealized losses on these net investment hedges were realized in net income along with the corresponding foreign currency translation balance.

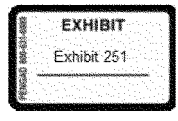
As discussed in Note 15, we adopted SFAS No. 158 effective December 31, 2006, which resulted in a net decrease to shareowners' investment of $6,883 million.

The changes in the minimum pension liability in 2005 and 2004 were required by accounting rules for certain pension plans based on their funded status (see Note 15). In connection with our adoption of SFAS No. 158 on December 31, 2006, we no longer record a minimum pension liability adjustment as a discrete component of Accumulated Other Comprehensive Loss.

The components of Accumulated Other Comprehensive Loss are as follows:

		(dollars in millions)
At December 31,	**2006**	2005
Foreign currency translation adjustments	**$ 329**	$ (867)
Unrealized gains on net investment hedges	**2**	2
Unrealized derivative losses on cash flow hedges	**(13)**	(27)
Unrealized gains on marketable securities	**64**	10
Minimum pension liability	**–**	(788)
Defined benefit pension and postretirement plans – SFAS 158 adoption	**(7,671)**	–
Other	**(241)**	(113)
Accumulated other comprehensive loss	**$ (7,530)**	$ (1,783)

As discussed above, the change in foreign currency translation adjustments during 2006 is due primarily to the sale of Verizon Dominicana (approximately $800 million). Foreign currency translation adjustments at year-end 2006 is primarily comprised of unrealized gains in the functional currencies at Vodafone Omnitel, partially offset by unrealized losses of approximately $400 million at CANTV. The reduction in our minimum pension liability adjustment balance to zero at year-end 2006 is due to the adoption of SFAS No. 158.



Note 8

Additional Financial Information

The tables that follow provide additional financial information related to our consolidated financial statements:

Income Statement Information

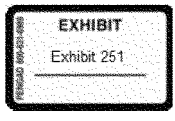
Years Ended December 31,	2006	2005	2004
		(dollars in millions)	
Depreciation expense	**$ 13,122**	$ 12,171	$ 12,169
Interest cost incurred	**2,811**	2,481	2,513
Capitalized interest	**(462)**	(352)	(177)
Advertising expense	**2,271**	1,844	1,617

Balance Sheet Information

At December 31,	2006	2005
		(dollars in millions)
Accounts Payable and Accrued Liabilities		
Accounts payable	**$ 4,392**	$ 2,620
Accrued expenses	**2,982**	2,891
Accrued vacation, salaries and wages	**3,575**	3,179
Interest payable	**614**	573
Accrued taxes	**2,757**	2,484
	$ 14,320	$ 11,747
Other Current Liabilities		
Advance billings and customer deposits	**$ 2,226**	$ 1,964
Dividends payable	**1,199**	1,137
Other	**4,666**	2,294
	$ 8,091	$ 5,395

Cash Flow Information

Years Ended December 31,	2006	2005	2004
		(dollars in millions)	
Cash Paid			
Income taxes, net of amounts refunded	**$ 3,299**	$ 4,189	$ 152
Interest, net of amounts capitalized	**2,103**	2,025	2,226
Supplemental Investing and Financing Transactions			
Cash acquired in business combination	**2,361**	–	–
Assets acquired in business combinations	**18,511**	635	8
Liabilities assumed in business combinations	**7,813**	35	–
Debt assumed in business combinations	**6,169**	9	–
Shares issued to Price to acquire limited partnership interest in VZ East (Note 2)	**1,007**	–	–



Guarantees of Operating Subsidiary Debt

Verizon has guaranteed the obligations of two wholly-owned operating subsidiaries: $480 million 7% debentures series B, due 2042 issued by Verizon New England Inc. and $300 million 7% debentures series F issued by Verizon South Inc. due 2041. These guarantees are full and unconditional and would require Verizon to make scheduled payments immediately if either of the two subsidiaries failed to do so. Both of these securities were issued in denominations of $25 and were sold primarily to retail investors and are listed on the New York Stock Exchange. SEC rules permit us to include condensed consolidating financial information for these two subsidiaries in our periodic SEC reports rather than filing separate subsidiary periodic SEC reports.

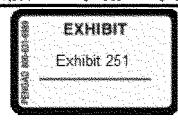
Below is the condensed consolidating financial information. Verizon New England and Verizon South are presented in separate columns. The column labeled Parent represents Verizon's investments in all of its subsidiaries under the equity method and the Other column represents all other subsidiaries of Verizon on a combined basis. The Adjustments column reflects intercompany eliminations.

(dollars in millions)

Condensed Consolidating Statements of Income Year Ended December 31, 2006	Parent	Verizon New England	Verizon South	Other	Adjustments	Total
Operating revenues	$ –	$ 3,852	$ 858	$ 84,208	$ (774)	$ 88,144
Operating expenses	164	3,685	634	71,062	(774)	74,771
Operating Income (Loss)	(164)	167	224	13,146	–	13,373
Equity in earnings of unconsolidated businesses	6,011	14	–	(708)	(4,544)	773
Other income and (expense), net	1,579	11	14	283	(1,492)	395
Interest expense	(1,185)	(174)	(54)	(961)	25	(2,349)
Minority interest	–	–	–	(4,038)	–	(4,038)
Income (loss) before provision for income taxes, discontinued operations and cumulative effect of accounting change	6,241	18	184	7,722	(6,011)	8,154
Income tax benefit (provision)	33	(19)	(68)	(2,620)	–	(2,674)
Income (Loss) Before Discontinued Operations And Cumulative Effect Of Accounting Change	6,274	(1)	116	5,102	(6,011)	5,480
Income on discontinued operations, net of tax	(77)	–	–	836	–	759
Cumulative effect of accounting change, net of tax	–	–	–	(42)	–	(42)
Net Income	$ 6,197	$ (1)	$ 116	$ 5,896	$ (6,011)	$ 6,197

(dollars in millions)

Condensed Consolidating Statements of Income Year Ended December 31, 2005	Parent	Verizon New England	Verizon South	Other	Adjustments	Total
Operating revenues	$ –	$ 3,936	$ 907	$ 65,172	$ (497)	$ 69,518
Operating expenses	8	3,628	684	53,114	(497)	56,937
Operating Income (Loss)	(8)	308	223	12,058	–	12,581
Equity in earnings of unconsolidated businesses	6,698	23	–	273	(6,308)	686
Other income and (expense), net	537	(4)	6	180	(408)	311
Interest expense	(58)	(172)	(63)	(1,854)	18	(2,129)
Minority interest	–	–	–	(3,001)	–	(3,001)
Income before provision for income taxes and discontinued operations	7,169	155	166	7,656	(6,698)	8,448
Income tax benefit (provision)	228	(40)	(62)	(2,547)	–	(2,421)
Income Before Discontinued Operations	7,397	115	104	5,109	(6,698)	6,027
Income on discontinued operations, net of tax	–	–	–	1,370	–	1,370
Net Income	$ 7,397	$ 115	$ 104	$ 6,479	$ (6,698)	$ 7,397



(dollars in millions)

Condensed Consolidating Statements of Income Year Ended December 31, 2004	Parent	Verizon New England	Verizon South	Other	Adjustments	Total
Operating revenues	$ –	$ 3,955	$ 934	$ 61,224	$ (362)	$ 65,751
Operating expenses	260	3,664	717	50,602	(362)	54,881
Operating Income (Loss)	(260)	291	217	10,622	–	10,870
Equity in earnings of unconsolidated businesses	7,714	59	–	1,437	(7,520)	1,690
Other income and (expense), net	171	8	7	98	(202)	82
Interest expense	(20)	(165)	(63)	(2,096)	8	(2,336)
Minority interest	–	–	–	(2,329)	–	(2,329)
Income before provision for income taxes and discontinued operations	7,605	193	161	7,732	(7,714)	7,977
Income tax benefit (provision)	229	(50)	(34)	(2,223)	–	(2,078)
Income Before Discontinued Operations	7,834	143	127	5,509	(7,714)	5,899
Income (loss) on discontinued operations, net of tax	(3)	–	–	1,935	–	1,932
Net Income	$ 7,831	$ 143	$ 127	$ 7,444	$ (7,714)	$ 7,831

(dollars in millions)

Condensed Consolidating Balance Sheets At December 31, 2006	Parent	Verizon New England	Verizon South	Other	Adjustments	Total
Cash	$ –	$ –	$ –	$ 3,219	$ –	$ 3,219
Short-term investments	–	215	33	2,186	–	2,434
Accounts receivable, net	4	705	104	10,999	(921)	10,891
Other current assets	32,680	134	28	5,830	(32,678)	5,994
Total current assets	32,684	1,054	165	22,234	(33,599)	22,538
Plant, property and equipment, net	1	6,165	1,120	75,070	–	82,356
Investments in unconsolidated businesses	44,048	116	–	7,488	(46,784)	4,868
Other assets	5,045	288	389	73,550	(230)	79,042
Total Assets	$ 81,778	$ 7,623	$ 1,674	$ 178,342	$ (80,613)	$ 188,804
Debt maturing within one year	$ 6,735	$ 333	$ 232	$ 33,302	$ (32,887)	$ 7,715
Other current liabilities	2,354	1,032	182	21,709	(712)	24,565
Total current liabilities	9,089	1,365	414	55,011	(33,599)	32,280
Long-term debt	11,392	2,573	417	14,494	(230)	28,646
Employee benefit obligations	12,419	1,625	259	16,476	–	30,779
Deferred income taxes	337	560	203	15,170	–	16,270
Other liabilities	6	111	19	3,821	–	3,957
Minority interest	–	–	–	28,337	–	28,337
Total shareowners' investment	48,535	1,389	362	45,033	(46,784)	48,535
Total Liabilities and Shareowners' Investment	$ 81,778	$ 7,623	$ 1,674	$ 178,342	$ (80,613)	$ 188,804



(dollars in millions)

Condensed Consolidating Balance Sheets At December 31, 2005	Parent	Verizon New England	Verizon South	Other	Adjustments	Total
Cash	$ –	$ –	$ –	$ 760	$ –	$ 760
Short-term investments	–	216	32	1,898	–	2,146
Accounts receivable, net	20	910	142	8,792	(1,330)	8,534
Other current assets	9,365	166	185	7,661	(9,497)	7,880
Total current assets	9,385	1,292	359	19,111	(10,827)	19,320
Plant, property and equipment, net	1	6,146	1,158	65,682	–	72,987
Investments in unconsolidated businesses	32,593	116	–	10,015	(38,122)	4,602
Other assets	532	472	390	70,057	(230)	71,221
Total Assets	$ 42,511	$ 8,026	$ 1,907	$ 164,865	$ (49,179)	$ 168,130
Debt maturing within one year	$ 22	$ 471	$ –	$ 15,999	$ (9,804)	$ 6,688
Other current liabilities	2,511	1,049	176	17,299	(1,023)	20,012
Total current liabilities	2,533	1,520	176	33,298	(10,827)	26,700
Long-term debt	92	2,702	901	28,104	(230)	31,569
Employee benefit obligations	205	1,892	254	15,342	–	17,693
Deferred income taxes	–	537	220	22,074	–	22,831
Other liabilities	1	146	27	3,050	–	3,224
Minority interest	–	–	–	26,433	–	26,433
Total shareowners' investment	39,680	1,229	329	36,564	(38,122)	39,680
Total Liabilities and Shareowners' Investment	$ 42,511	$ 8,026	$ 1,907	$ 164,865	$ (49,179)	$ 168,130

(dollars in millions)

Condensed Consolidating Statements of Cash Flows Year Ended December 31, 2006	Parent	Verizon New England	Verizon South	Other	Adjustments	Total
Net cash from operating activities	**$ 5,919**	**$ 1,211**	**$ 311**	**$ 22,260**	**$ (5,595)**	**$ 24,106**
Net cash from investing activities	**(779)**	**(919)**	**15**	**(14,032)**	**99**	**(15,616)**
Net cash from financing activities	**(5,140)**	**(292)**	**(326)**	**(5,769)**	**5,496**	**(6,031)**
Net Increase in Cash	$ –	$ –	$ –	$ 2,459	$ –	$ 2,459

(dollars in millions)

Condensed Consolidating Statements of Cash Flows Year Ended December 31, 2005	Parent	Verizon New England	Verizon South	Other	Adjustments	Total
Net cash from operating activities	$ 7,605	$ 831	$ 284	$ 20,242	$ (6,937)	$ 22,025
Net cash from investing activities	(913)	(784)	(221)	(16,343)	(231)	(18,492)
Net cash from financing activities	(6,692)	(47)	(63)	(5,400)	7,168	(5,034)
Net Decrease in Cash	$ –	$ –	$ –	$ (1,501)	$ –	$ (1,501)

(dollars in millions)

Condensed Consolidating Statements of Cash Flows Year Ended December 31, 2004	Parent	Verizon New England	Verizon South	Other	Adjustments	Total
Net cash from operating activities	$ 6,650	$ 1,219	$ 282	$ 20,104	$ (6,464)	$ 21,791
Net cash from investing activities	–	(655)	(75)	(9,559)	(54)	(10,343)
Net cash from financing activities	(6,650)			(8,953)	6,518	(9,856)
Net Increase in Cash	$ –			$ 1,592	$ –	$ 1,592

EXHIBIT
Exhibit 251

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Note 21

Commitments and Contingencies

Several state and federal regulatory proceedings may require our telephone operations to pay penalties or to refund to customers a portion of the revenues collected in the current and prior periods. There are also various legal actions pending to which we are a party and claims which, if asserted, may lead to other legal actions. We have established reserves for specific liabilities in connection with regulatory and legal actions, including environmental matters, that we currently deem to be probable and estimable. We do not expect that the ultimate resolution of pending regulatory and legal matters in future periods, including the Hicksville matters described below, will have a material effect on our financial condition, but it could have a material effect on our results of operations.



During 2003, under a government-approved plan, remediation commenced at the site of a former Sylvania facility in Hicksville, New York that processed nuclear fuel rods in the 1950s and 1960s. Remediation beyond original expectations proved to be necessary and a reassessment of the anticipated remediation costs was conducted. A reassessment of costs related to remediation efforts at several other former facilities was also undertaken. In September 2005 the Army Corps of Engineers (ACE) accepted the Hicksville site into the Formerly Utilized Sites Remedial Action Program. This may result in the ACE performing some or all of the remediation effort for the Hicksville site with a corresponding decrease in costs to Verizon. To the extent that the ACE assumes responsibility for remedial work at the Hicksville site, an adjustment to a reserve previously established for the remediation may be made. Adjustments may also be made based upon actual conditions discovered during the remediation at any of the sites requiring remediation.

There are also litigation matters associated with the Hicksville site primarily involving personal injury claims in connection with alleged emissions arising from operations in the 1950s and 1960s at the Hicksville site. These matters are in various stages, and no trial date has been set.

In connection with the execution of agreements for the sales of businesses and investments, Verizon ordinarily provides representations and warranties to the purchasers pertaining to a variety of nonfinancial matters, such as ownership of the securities being sold, as well as financial losses.

Subsequent to the sale of Verizon Information Services Canada (see Note 3), we continue to provide a guarantee to publish directories, which was issued when the directory business was purchased in 2001 and had a 30-year term (before extensions). The preexisting guarantee continues, without modification, following the sale of Verizon Information Services Canada. As a result of the Idearc spin-off, we continue to be responsible for this guarantee. The possible financial impact of the guarantee, which is not expected to be adverse, cannot be reasonably estimated since a variety of the potential outcomes available under the guarantee result in costs and revenues or benefits that may offset. In addition, performance under the guarantee is not likely.

As of December 31, 2006, letters of credit totaling $223 million had been executed in the normal course of business, which support several financing arrangements and payment obligations to third parties.

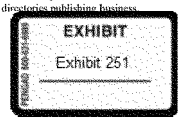
We have several commitments primarily to purchase network services, equipment and software from a variety of suppliers totaling $812 million. Of this total amount, $566 million, $164 million, $53 million, $11 million, $5 million and $13 million are expected to be purchased in 2007, 2008, 2009, 2010, 2011 and thereafter, respectively.

Quarterly Financial Information (Unaudited)

(dollars in millions, except per share amounts)

Quarter Ended	Operating Revenues	Operating Income	Income Before Discontinued Operations Amount	Per Share-Basic	Per Share-Diluted	Net Income
2006						
March 31	**$ 21,221**	**$ 3,175**	**$ 1,282**	**$ .44**	**$ .44**	**$ 1,632**
June 30	**21,876**	**3,217**	**1,263**	**.43**	**.43**	**1,611**
September 30	**22,449**	**3,537**	**1,545**	**.53**	**.53**	**1,922**
December 31	**22,598**	**3,444**	**1,390**	**.48**	**.48**	**1,032**
2005						
March 31	$ 16,785	$ 2,828	$ 1,407	$ .51	$ .50	$ 1,757
June 30	17,177	3,561	1,804	.65	.65	2,113
September 30	17,629	3,040	1,506	.54	.54	1,869
December 31	17,927	3,152	1,310	.47	.47	1,658

- Results of operations for the first quarter of 2006 include after-tax charges of $16 million for the early extinguishment of debt related to the MCI merger, $28 million for costs associated with the relocation to Verizon Center, $42 million for the impact of accounting for share based payments, and $35 million for merger integration costs.
- Results of operations for the second quarter of 2006 include after-tax charges of $48 million for merger integration costs, $29 million for costs associated with the relocation to Verizon Center and $186 million for severance, pension and benefits charges.
- Results of operations for the third quarter of 2006 include after-tax charges of $16 million for merger integration costs, $31 million for costs associated with the relocation to Verizon Center and $17 million for severance, pension and benefits charges.
- Results of operations for the fourth quarter of 2006 include after-tax charges of $47 million for merger integration costs, $30 million for costs associated with the relocation to Verizon Center, $55 million severance, pension and benefits charges, $541 million for the loss on sale of Verizon Dominicana included in discontinued operations, and $101 million for costs associated with the spin-off of our directories publishing business.



- Results of operations for the second quarter of 2005 include a $336 million net after-tax gain on the sale of our wireline and directory businesses in Hawaii, tax benefits of $242 million associated with prior investment losses and a net tax provision of $206 million related to the repatriation of foreign earnings under the provisions of the American Jobs Creation Act of 2004.

- Results of operations for the third quarter of 2005 include an impairment charge of $125 million pertaining to our leasing operations for aircraft leased to airlines experiencing financial difficulties.

Income before discontinued operations per common share is computed independently for each quarter and the sum of the quarters may not equal the annual amount.

Note 23

Subsequent Events

Disposition of Businesses and Investments

Telephone Access Lines Spin-off

On January 16, 2007, we announced a definitive agreement with FairPoint Communications, Inc. (FairPoint) that will result in Verizon establishing a separate entity for its local exchange and related business assets in Maine, New Hampshire and Vermont, spinning off that new entity to Verizon shareowners, and immediately merging it with and into FairPoint.

Upon the closing of the transaction, Verizon shareowners will own approximately 60 percent of the new company and FairPoint stockholders will own approximately 40 percent. Verizon Communications will not own any shares in FairPoint after the merger. In connection with the merger, Verizon shareowners will receive one share of FairPoint stock for approximately every 55 shares of Verizon stock held as of the record date. Both the spin-off and merger are expected to qualify as tax-free transactions, except to the extent that cash is paid to Verizon shareowners in lieu of fractional shares.

The total value to be received by Verizon and its shareowners in exchange for these operations will be approximately $2,715 million. Verizon shareowners will receive approximately $1,015 million of FairPoint common stock in the merger, based upon FairPoint's recent stock price and the terms of the merger agreement. Verizon will receive $1,700 million in value through a combination of cash distributions to Verizon and debt securities issued to Verizon prior to the spin-off. Verizon may exchange these newly issued debt securities for certain debt that was previously issued by Verizon, which would have the effect of reducing Verizon's then-outstanding debt.

CANTV

During the second quarter of 2006, we entered into a definitive agreement to sell our indirect 28.5% interest in CANTV to an entity jointly owned by América Móvil and Telmex for estimated pretax proceeds of $677 million. Regulatory authorities in Venezuela never commenced the formal review of that transaction and the related tender offers for the remaining equity securities of CANTV. On February 8, 2007, after two prior extensions, the parties terminated the stock purchase agreement because the parties mutually concluded that the regulatory approvals would not be granted by the Government.

In January 2007, the Bolivarian Republic of Venezuela (the Republic) declared its intent to nationalize certain companies, including CANTV. On February 12, 2007, we entered into a Memorandum of Understanding (MOU) with the Republic. The MOU provides that the Republic will offer to purchase all of the equity securities of CANTV through public tender offers in Venezuela and the United States at a price equivalent to $17.85 per ADS. If the tender offers are completed, the aggregate purchase price for Verizon's shares would be $572 million. If the 2007 dividend that has been recommended by the CANTV Board is approved by shareholders and paid prior to the closing of the tender offers, this amount will be reduced by the amount of the dividend. Verizon has agreed to tender its shares if the offers are commenced. The Republic has agreed to commence the offers within forty-five days assuming the satisfactory completion of its due diligence investigation of CANTV. The tender offers are subject to certain conditions including that a majority of the outstanding shares are tendered to the Government and receipt of regulatory approvals. Based upon the terms of the MOU and our current investment balance in CANTV, we expect that we will record a loss on our investment in the first quarter of 2007. The ultimate amount of the loss depends on a variety of factors, including the successful completion of the tender offer and the satisfaction of other terms in the MOU.

Redemption of Debt

On January 8, 2007, we redeemed the remaining $1,580 million of the outstanding Verizon Communications Inc. floating rate notes due 2007. The gain/(loss) on this redemption was immaterial.

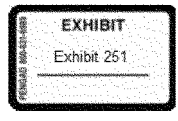


EXHIBIT 21

Verizon Communications Inc. and Subsidiaries
Principal Subsidiaries of Registrant at December 31, 2006

Name	Jurisdiction of Organization
Verizon California Inc.	California
Verizon Delaware LLC.	Delaware
Verizon Florida LLC.	Florida
Verizon Maryland Inc.	Maryland
Verizon New England Inc.	New York
Verizon New Jersey Inc.	New Jersey
Verizon New York Inc.	New York
Verizon North Inc.	Wisconsin
Verizon Northwest Inc.	Washington
Verizon Pennsylvania Inc.	Pennsylvania
Verizon South Inc.	Virginia
GTE Southwest Incorporated (d/b/a Verizon Southwest)	Delaware
Verizon Virginia Inc.	Virginia
Verizon Washington, DC Inc.	New York
Verizon West Virginia Inc.	West Virginia
Cellco Partnership (d/b/a Verizon Wireless)	Delaware
Verizon Capital Corp.	Delaware
Verizon Business Global LLC	Delaware



EXHIBIT 23

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Verizon Communications Inc. (Verizon) of our reports dated February 23, 2007, with respect to the consolidated financial statements of Verizon, Verizon management's assessment of the effectiveness of internal control over financial reporting, and the effectiveness of internal control over financial reporting of Verizon, included in the 2006 Annual Report to Shareowners of Verizon.

Our audits also included the financial statement schedule of Verizon listed in Item 15(a). This schedule is the responsibility of Verizon's management. Our responsibility is to express an opinion based on our audits. In our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also consent to the incorporation by reference in the following registration statements of Verizon and where applicable, related Prospectuses, of our reports dated February 23, 2007, with respect to the consolidated financial statements of Verizon, Verizon management's assessment of the effectiveness of internal control over financial reporting, and the effectiveness of internal control over financial reporting of Verizon, incorporated by reference in this Annual Report (Form 10-K) for the year ended December 31, 2006: Form S-8, No. 333-66459; Form S-8, No. 333-66349; Form S-4, No. 333-11573; Form S-8, No. 333-41593; Form S-8, No. 333-42801; Form S-4, No. 333-76171; Form S-8, No. 333-75553; Form S-8, No. 333-76171; Form S-8, No. 333-50146; Form S-8, No. 333-53830; Form S-4, No. 333-82408; Form S-8, No. 333-82690; Form S-3, No. 333-109028-01; Form S-3, No. 333-106750; Form S-8, No. 333-105512; Form S-8, No. 333-105511; Form S-8, No. 333-118904; Form S-8, No. 333-123374; Form S-4, No. 333-124008; Form S-8, No. 333-124008; Form S-4, No. 333-132651; Form S-8, No. 333-134846; Form S-8, No. 333-137475; and Form S-3, No. 333-138705.

Ernst & Young LLP

Ernst & Young LLP
New York, New York

February 23, 2007



EXHIBIT 31.1

I, Ivan G. Seidenberg, certify that:

1. I have reviewed this annual report on Form 10-K of Verizon Communications Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 1, 2007

/s/ Ivan G. Seidenberg
Ivan G. Seidenberg
Chairman and Chief Executive Officer



EXHIBIT 31.2

I, Doreen A. Toben, certify that:

1. I have reviewed this annual report on Form 10-K of Verizon Communications Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 1, 2007

/s/ Doreen A. Toben
Doreen A. Toben
Executive Vice President and Chief Financial Officer



EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002, PURSUANT TO SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE

I, Ivan G. Seidenberg, Chairman and Chief Executive Officer of Verizon Communications Inc. (the "Company"), certify that:

(1) the report of the Company on Form 10-K for the annual period ending December 31, 2006 (the "Report") fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934 (the "Exchange Act"); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods referred to in the Report.

Date: March 1, 2007

/s/ Ivan G. Seidenberg
Ivan G. Seidenberg
Chairman and Chief Executive Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Verizon Communications Inc. and will be retained by Verizon Communications Inc. and furnished to the Securities and Exchange Commission or its staff upon request.



EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002, PURSUANT TO SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE

I, Doreen A. Toben, Executive Vice President and Chief Financial Officer of Verizon Communications Inc. (the "Company"), certify that:

(1) the report of the Company on Form 10-K for the annual period ending December 31, 2006 (the "Report") fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934 (the "Exchange Act"); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods referred to in the Report.

Date: March 1, 2007

/s/ Doreen A. Toben
Doreen A. Toben
Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Verizon Communications Inc. and will be retained by Verizon Communications Inc. and furnished to the Securities and Exchange Commission or its staff upon request.



Go to 'Form Completed'

Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

1. Registrant name ☒ Organization ☐ Individual

Organization Capitol Tax Partners, LLP

2. Address ☐ Check if different than previously reported

Address1 101 Constitution Avenue NW Suite 675 East Address 2

City Washington State DC Zip Code 20001 Country USA

3. Principal place of business (if different than line 2)

City State Zip Code Country

City State/Zip or Country

4a. Contact Name Prefix Full Name b. Telephone number c. E-mail

Mr. Lindsay Hooper 202-289-8700 faddoul@capitoltax.com

5. Senate ID #

7. Client Name ☐ Self

Verizon Communications

6. House ID # 35617086

TYPE OF REPORT 8. Year 2006 Midyear (January 1-June30) ☐ OR Year End (July 1-December 31) ☒

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ ⇨ Termination Date _____ 11. No Lobbying Activity ☐

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying Firms

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☒ ⇨ $ 60,000

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSES relating to lobbying activities for this reporting period were:

Less than $10,000 ☐

$10,000 or more ☐ ⇨ $ _____

14. REPORTING METHOD. Check box to indicate expense accounting method. See instructions for description of options.

☐ **Method A.** Reporting amounts using LDA definitions only

☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Edit Form > Form Completed >

Senate Password File with Senate >

Signature Danielle Faddoul Date 2/8/2007

Printed Name and Title Lindsay D. Hooper - Partner

LD-2DS (Rev. 4.06MAC)

EXHIBIT

Exhibit 252

Page 1 of 2

CSOC.CBR.00032308

Go to "Form Completed"

Delete this page

Registrant Name Capitol Tax Partners, LLP Client Name Verizon Communications

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code TAX - Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues

Add page to continue specific issues description for this issue

Tax issues related to retirement and pension benefits.

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

U.S. Senate

18. Name of each individual who acted as a lobbyist in this issue area

Add a page to continue lobbying activities for this issue

Name			Covered Official Position (if applicable)	New
First Name	Last Name	Suffix		
Lindsay	Hooper	D		☐
Jonathan	Talisman		Assistant Treasury Secretary for Tax Policy	☐
Richard	Grafmeyer		Deputy Chief of Staff, JCT	☐
Joseph	Mikrut		Tax Legislative Counsel - US Treasury	☐
Lawrence	Willcox	G.	Staff Director, Senate Republican Policy Committee	☒
William	McKenney		Staff Director, Ways & Means Over Sub	☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for additional names

Signature *Document digitally signed on Page 1.* Date 2/8/2007

Printed Name and Title Lindsay D. Hooper

EXHIBIT
Exhibit 252

LD-2DS (Rev. 4.06MAC)

Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) **- All Filers Are Required to Complete This Page**

1. Registrant Name ☑ Organization ☐ Individual

VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS

2. Address ☐ **Check if different than previously reported**

Address1 1300 I STREET, NW Address2

City WASHINGTON State DC Zip Code 20005 - Country USA

3. Principal place of business (if different than line 2)

City 140 West Street State NY Zip Code 10007 - Country USA

4a. Contact Name	b. Telephone Number ☐ International Number	c. E-mail	5. Senate ID#
Ms. DEHAVILLAND RAY ELDER	(202) 515-2555		5836-12

7. Client Name ☑ **Self**	6. House ID#
VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS	315720000

TYPE OF REPORT 8. Year 2006 Midyear (January1-June30) ☐ Year End (July 1-December 31) ☑

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ Termination Date _____ 11. No Lobbying Activity ☒

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☒

$10,000 or more ☒ $ _____

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSE relating to lobbying activities for this reporting period were:

Less than $10,000 ☐

$10,000 or more ☑ $ 5,230,000.00

14. REPORTING Check box to indicate expense accounting method. See instructions for description of options.

☑ **Method A.** Reporting amounts using LDA definitions only

☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Signature ✓ **Digitally Signed By: Peter Davidson** **Date** **08/02/2007**

US, DST ACES Business Representative, VERIZON, Peter Davidson

Printed Name and Title Peter B. Davidson, Senior Vice President

EXHIBIT
Exhibit 253

Registrant VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS Client Name VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code BUD Budget/Appropriations (one per page)

16. Specific lobbying issues

General Appropriations
Homeland Security Appropriations
FCC Appropriations
Tax Outlays

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☐ Other

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
Peter B.	Davidson		General Counsel - USTR	☐
Frank	Dillow			☐
J. Michael	Hickey			☐
Andrew	Mekelburg			☐
Mark	Mullet		Tax Counsel to Senator Roth	☐
Roger	Mott			☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Peter B. Davidson, Senior Vice President

EXHIBIT
Exhibit 253

Registrant VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS Client Name VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code CPI Computer Industry (one per page)

16. Specific lobbying issues

H.R. 29-Securely Protect Yourself Against Cyber Trepass Act
S. 1004-Enhanced Consumer Protection Against Spyware Act of 2005
S. 1326-Notification of Risk to Personal Data Act
H.R. 5318-Cyber-Security Enhancement and Consumer Data Protection Act

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☑ Other

Executive Office of the President

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
Peter B.	Davidson		General Counsel - USTR	☐
Christopher	MacKay			☐
Barbara	Sacks			☐
Christiaan	Collins			☐
Frank	Dillow			☐
Andrew	Mekelburg			☐
Ed	Senn			☐
Roger	Mott			☐
Sarah	Deutsch			☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Peter B. Davidson, Senior Vice President



ADDENDUM for General Lobbying Issue Area: CPI - Computer Industry

S. 1608-Safe Web Act
S. 1699-Stop Counterfeiting in Manufactured Good Act
S. 1789-Personal Data Privacy and Security Act
H.R. 4127-Data Accountability and Trust Act
H.R. 4157-The Health Information Technology Promotion Act of 2005
H.R. 5825-Electronic Surveillance Modernization Act
S. 472-Anti-Phishing Act of 2005
S. 687-Software Principles Yielding Better Levels of Consumer Knowledge Act
SPY BLOCK Act
Piracy
Spam Issues
Digital Rights Management
Broadband
RIAA Case
Intellectural Property
Port Security
Internet Locking
Internet Gambling
FOIA Exemption
Peer-to-Peer File Sharing
Media Ownership
Child Pornograpy
Data Retention
Privacy
Security Breach Notification

Printed Name and Title Peter B. Davidson, Senior Vice President



Registrant VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS Client Name VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code LBR Labor Issues/Antitrust/Workplace (one per page)

16. Specific lobbying issues

H.R. 2830-Pension Protection Act of 2005
H.R. 3-Transportation Equity Act: A Legacy for Users, Workplace Safety
S. 219-National Employee Savings and Trust Equity Guarantee Act of 2005
S. 1783-Pension Protection

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☑ Other

Department of Labor
Department of Transportation
Department of the Treasury
Executive Office of the President

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
Peter B.	Davidson		General Counsel - USTR	☐
Roger	Mott			☐
Mark	Mullet		Tax Counsel to Senator Roth	☐
Ed	Senn			☐
Andrew	Mekelburg			☐
Christopher	MacKay			☐
Christiaan	Collins			☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Peter B. Davidson, Senior Vice President

EXHIBIT
Exhibit 253

ADDENDUM for General Lobbying Issue Area: LBR - Labor Issues/Antitrust/Workplace

H.R. 4-Pension Protection Act of 2005
FMLA
Center for Medicare Priotection Reform
Management Compensation (Public Law 108-357)
Pension Legislation

Printed Name and Title Peter B. Davidson, Senior Vice President



Registrant VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS Client Name VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code TAX Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues

H.R. 1684-Internet Tax Nondiscrimination Act of 2005
H.R. 1685-Internet Consumer Protection Act of 2005
H.R. 1898 & S. 1321-Telephone Excise Tax Repeal Act of 2005
H.R. 2911 & S. 1327-To amend the Internal Revenue Code of 1986 to modify the active business definition under Section 355

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☑ Other

Department of Labor
Department of Transportation
Department of the Treasury
Executive Office of the President

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
Peter B.	Davidson		General Counsel - USTR	☐
Frank	Dillow			☐
Christopher	MacKay			☐
Roger	Mott			☐
Mark	Mullet		Tax Counsel to Senator Roth	☐
Ed	Senn			☐
Del	Velasquez		Office of Vice President Bush	☐
Andrew	Mekelburg			☐
Christiaan	Collins			☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Peter B. Davidson, Senior Vice President



ADDENDUM for General Lobbying Issue Area: TAX - Taxation/Internal Revenue Code

H.R. 2320-To amend the Internal Revenue Code of 1986 to permanently extent the 50-percent bonus depreciation added by Jobs and Growth Tax Relief Reconciliation Act of 2003
H.R. 3367 & S 1441-To amend the Internal Revenue Code of 1986 t o include wireless communications equipment in the definition of qualified technological equipment for purposes of determining the depreciation
H.R. 6 & S. 10-Energy Policy Act of 2005
H.R. 4297 & S. 2020-Tax Relief Act of 2005
S. 1321-Telephone Excise Tax Repeal Act of 2005
S. 1524-To repeal the sunset on the reduction of capital gains rates for individuals and on th taxation of dividends of individuals at capital gains rates
S. 7-Jobs and Growth Tax Relief Act of 2005
S. 849-Internet Tax Nondiscrimination Act
H.R. 4862-To amend the Internet Tax Freedom Act to make permanent the moratorium on certain taxes relating to the Internet and to electronic commerce
H.R. 5422-To amend the Internet Tax Freedom Act to make permanent the mortorium on taxes on internet access and on muliple and discriminatory taxes on electronic commerce
H.R. 4440-To amend the Internal Revenue Code of 1986 to provide tax benefits for the Gulf Opportunity Zone and certain areas affected by Hurricanes Rita and Wilma, and for other purposes
H.R. 4145-To amend the Internal Revenue Code of 1986 to provide tax benefits for the Gulf Opportunity Zone and certain areas affected by Hurricane Rita, and for other purposes
H.R. 4377-To amend the Internal Revenue Code of 1986 to provide for Gulf tax credit bonds and advance refundings of certain tax-exempt bonds, and to provide a Federal guarantee of certain State bonds
H.R. 6111-Tax Relief and Health Care Act of 2006
H.R. 6408-A bill to extend the wind energy tax credit
H.R. 4388-Tax Revision Act of 2005
Research and Development Tax Credit
Tax Stimulus/Jobs Programs
International Tax Legislation
FCS Lease Arrangements
State and Local Communications Taxes

Printed Name and Title Peter B. Davidson, Senior Vice President



Registrant VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS Client Name VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code IMM Immigration (one per page)

16. Specific lobbying issues

S. 2611-Comprehensive Immigration Reform Act of 2006
S. 2691-Securing Knowledge, Innovation, and Leadership Act

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☐ Other

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
Christiaan	Collins			☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Peter B. Davidson, Senior Vice President

EXHIBIT
Exhibit 253

Registrant VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS Client Name VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code TEC Telecommunications (one per page)

16. Specific lobbying issues

H.R. 2418 & S. 1063-IP-Enabled Voice Communications and Public Safety Act of 2005
H.R. 2726-Preserving Innovation in Teleom Act of 2005
H.R. 3146 & S. 1349-Video Choice Act
H.R. 4709-Law Enforcement and Phone Privacy Protection Act of 2006

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☑ Other

Immigration and Naturalization Service	Department of Justice, State, Treasury, Commerce & Labor
Internal Revenue Service	Federal Bureau of Investigation
United States Trade Representative	Federal Communications Commission
Department of Commerce	Federal Trade Commission

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
Peter B.	Davidson		General Counsel - USTR	☐
Ed	Senn			☐
Robert	Fisher		Prof. Staff Member-Senate,Commerce Comm.	☐
Gregg	Rothschild		Minority Counsel-House, Energy & Commerce	☐
Joanna	McIntosh			☐
Andrew	Mekelburg			☐
Roger	Mott			☐
Mark	Mullet		Tax Counsel to Senator Roth	☐
Frank	Cantrel	Jr.		☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Peter B. Davidson, Senior Vice President

EXHIBIT
Exhibit 253

ADDENDUM for General Lobbying Issue Area: TEC - Telecommunications

H.R. 5417-Net Neutrality Bill-To amend the Clayton Act with respect to competitive and nondiscriminatory access to the Internet.
H.R. 5273-Net Neutrality Act of 2006
H.R. 5252-Communications, Opportunity, Promotion and Enhancement Act of 2006
H.R. 4780-Global Online Freedom Act of 2006
H.R. 1898-The Telephone Excise Repeal Act of 2005
S. 1504-The Broadband Investment and Consumer Choice Act
S. 1583-Universal Service for the 21st Century
S. 284-Rural Universal Sevice Equity Act of 2005
S. 497-Broadband Rural Revitalization Act of 2005
S. 241-A bill to amend Section 254 of the Communications Act of 1934 to provide that funds received as universal service contributions and the universal support programs established pursuant to that section are not subject to certain provisions of title
S. 2113-Digital Age Communications Act
S. 2686-Communications, Consumers Choice and Braodband Act of 2006
S. 2917-Internet Freedom Presevation Act
S. 193-Broadcast Decency Enforcement Act of 2005
S. 3457-Consumers Having Options in Cable Entertainment Act
S. 2389-Protecting Consumer Phone Records Act
S. 2360-Internet Non-Discrimination Act of 2006
S. 2178-Consumer Telephone Records Protection Act of 2006
Net Neutrality
Univerisal Service
Cable Franchise Reform
Broadband Deployment Incentives
Antitrust
Verizon-MCI Acquisition
Reform of Telecommunications Act of 1996
USF Anti-deficienty Act Exemption
AT&T Calling Card Dispute
Program Access
UNE/Telecom Competition
E911
FOIA Exemption
FTC Reauthorization
FCC Reauthorization
FCC Appointments

Printed Name and Title Peter B. Davidson, Senior Vice President



Registrant VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS Client Name VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS

ADDENDUM for General Lobbying Issue Area: TEC - Telecommunications

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
Christopher	MacKay			☐
Christiaan	Collins			☐
Barbara	Sacks			☐
Tom	Edwards			☐
Frank	Dillow			☐
Del	Velasquez		Office of Vice President Bush	☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐
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				☐
				☐
				☐
				☐
				☐

Printed Name and Title Peter B. Davidson, Senior Vice President



Registrant VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS Client Name VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code TRD Trade (Domestic/Foreign) (one per page)

16. Specific lobbying issues

FTC Reauthorization/Common Carrier Oversight
Antitrust
Supreme Court Trinko Case

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☐ Other

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
Peter B.	Davidson		General Counsel - USTR	☐
Ed	Senn			☐
Roger	Mott			☐
Frank	Dillow			☐
Christopher	MacKay			☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Peter B. Davidson, Senior Vice President

EXHIBIT
Exhibit 253

Registrant VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS Client Name VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code GOV Government Issues (one per page)

16. Specific lobbying issues

H.R. 5576-Transporation, Treasury, HUD Appropriations
S. 3660-An original bill making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said district fo the fiscal year, and for other purposes

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☑ Other

Department of Transportation
Office of Management and Budget

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
Frank	Cantrel	Jr.		☐
Christopher	MacKay			☐
Andrew	Mekelburg			☐
Roger	Mott			☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Peter B. Davidson, Senior Vice President

v5.0.0j

EXHIBIT
Exhibit 253

ADDENDUM for General Lobbying Issue Area: GOV - Government Issues

FAA-FTI ATC Transition

Printed Name and Title Peter B. Davidson, Senior Vice President



Registrant VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS Client Name VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code | CPT | Copyright/Patent/Trademark | (one per page)

16. Specific lobbying issues

H.R. 2795-Patent Reform Act of 2005
IP Enforcement

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☑ Other

Department of Commerce
Department of State
Executive Office of the President

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
Christopher	MacKay			☐
Sarah	Deutsch			☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Peter B. Davidson, Senior Vice President



"Rachelle Butler"
<rbutler@ccny.cuny.edu>
01/14/2007 11:44 AM
Please respond to
rbutler

To Patrick Gaston/EMPL/DC/Verizon@VZNotes, Susan Sullivan/EMPL/NY/Verizon@VZNotes
cc dlemons bsilverstein
bcc
Subject Concept Paper from The City College of New York

January 14, 2007

Mr. Patrick Gaston
President
Verizon Foundation
By email: Patrick.g.gaston

Ms. Susan A. Sullivan
Director
Strategic Planning & Partnerships
Verizon Foundation
By email: susan.a.sullivan

Dear Patrick and Susan,

First, let me wish you both a very Happy New Year. I hope your holidays were enjoyable.

We are now ready to present to the Verizon Foundation a concept paper relating to technology for a joint initiative between the Charles B. Rangel Center for Public Service and the Center for Worker Education (CWE), both at The City College of New York.

In crafting a concept that would both answer our needs and also relate to the work that the Verizon Foundation forwards, CWE Dean Dan Lemons and Dean of Social Science Brett Silverstein, Director of the Rangel Center, concluded that technological advances would make a tremendous difference in the lives and future careers of students participating in programs at CWE and the Rangel Center. With assistance from the Verizon Foundation, we propose to enhance and grow the curricula through the resourceful use of new technologies that would enable our students to gain the skills they need to advance professionally.

As you requested, this is a concept paper rather than a full proposal, but we think it encapsulates our ideas in ways that should give you a broad sense of what can be accomplished through this initiative. Once we have reached agreement on the overall concept, we would then provide you with more details on specific costs and programming. Please do let me know your thoughts on this initial paper and if it needs tailoring to meet the Foundation's guidelines and principles. Until then, our warmest thanks for your interest and permission to present this concept paper.

Sincerely,

Shelly

Rachelle Butler
Vice President



Enc.

cc: Dean Dan Lemons, CWE
Dean Brett Silverstein
Director, Charles B. Rangel Center

--
Rachelle D. Butler, Vice President
Development and Institutional Advancement
The City College of New York
Shepard S-154
138th and Convent Avenue
New York, NY 10031
Tel: (212) 650- , (212) 650-
Fax: (212) 650-
Email: rbutler

--

Verizon Concept Paper 01-14-07.doc



Concept Paper:

Technology Initiatives at the Center for Worker Education (CWE) and the BA/MA Program in Public Service at The Charles B. Rangel Center for Public Service

at the City College of New York

Background

The goal of the new Charles B. Rangel Center for Public Service at The City College of New York is to bring more people from diverse groups into public service. The Center will focus on increasing the number of individuals in managerial and executive positions in government who are from populations that are currently underrepresented in such positions. The Center for Worker Education of City College (CWE) will play an important role in helping to meet that ambitious goal.

CWE is a program specifically designed for working adults seeking college degrees and serves students with diverse life experiences, educational backgrounds and career aspirations. It is particularly noteworthy that that a sizeable percentage of CWE students works in the public sector and that Public Administration has always been a concentration area for many CWE students. For a number of years CWE faculty taught courses at Federal Plaza for federal workers there. Many staff members from the offices of State Legislators and City Council members have been and are students at CWE because of its proximity to 250 Broadway, where many city and state offices are located.

This concept paper explores the idea of helping CWE participate fully in the BA/MA program of the new Rangel Center at both of CCNY's campuses. The proposed program focuses on improving technology skills of CWE students who will continue to work in the public sector, and for whom the BA/MA degree will create possibilities for advancement to leadership positions. More than 90% of CWE students are from minority groups underrepresented in managerial positions in government and public service; these are individuals who will benefit greatly from this initiative.



Concept

On January 2, 2007, CWE moved into a new facility at 25 Broadway, which has a state-of-the-art technology infrastructure, including CAT-5e wiring throughout. Funding provided by the New York City Council will support technology upgrades at CWE in the next fiscal year for smart classrooms, some portable computer clusters on a cart that make any classroom a computer lab, and new video production capability. Verizon Foundation support for technology could significantly amplify the effectiveness of CWE's developing technological environment and build on the Council's funding. Expanding technology at CWE would help to:

- Maximize use of communications advances so that public service programs can be offered to students at both CCNY campuses, uptown and downtown;
- Integrate technology across the core and elective courses to fulfill more effectively CWE's interdisciplinary learning objectives;
- Expand existing programs and create new programs using technology; and
- Ensure that students graduate with significant technological literacy to help them advance in public service careers.

City College requests support from the Verizon Foundation over the next three years to:

- Add software to CWE's hardware system;
- Carry out systematic faculty training in the use of technology;
- Expand CWE's hardware infrastructure to achieve full classroom coverage both uptown and downtown; and
- Support the development of new computer applications, coursework, and majors in the social sciences and humanities, particularly in the BA/MA Program in Public Service offered through the Charles B. Rangel Center.

I. Using Technology to Enhance Communications between Campuses

The main campus of the City College of New York is in uptown Manhattan while the CWE campus is downtown. To allow maximum participation by CWE students in the BA/MA Program centered at the Rangel Center, faculty will teach courses in the curriculum at each campus and enable students from one campus the opportunity to attend courses taught at the other. Of particular importance, the Rangel program will offer a seminar series in which experienced public servants make presentations. Given recent advances in video conferencing, it is now possible to increase student access from both campuses. We propose to set up a room at each campus that will allow classes and presentations to be held simultaneously at both, particularly for those unique and extraordinary lectures, seminars, and workshops.

Costs will include funding for new equipment, implementation, installation, wiring, etc.



II. Technology across the Curriculum: Using Technology to Enhance Liberal Arts Learning Objectives

Every candidate for the BA/MA in Public Service will need to satisfy core and elective requirements for the undergraduate component of her or his joint degree. Until now, the CWE curriculum has been delivered in a mostly traditional way with occasional use of technology such as BlackBoard®, the widely-used commercial package for online course delivery. CWE seeks to use the best of technology, avoid its worst pitfalls, and enhance the existing learning objectives for its liberal arts program. Faculty will need training to incorporate new technologies into their courses and to learn how to avoid technological snares.

- Technology can create a more active environment for students in class and sustain their engagement out of class through on-line discussions and asynchronous exchanges with peers and instructors. For instance, philosophy or history classes can continue discussions through the week as students read new material. This would be a major advance at a commuter school like CWE where most classes meet only once a week.

- Technology can also enrich the curriculum, making it more dynamic and alive through easy access to film footage, art and document archives, and other resources. Social science courses can utilize the Internet's capability to map geographic variables of interest with programs like Google Earth. Higher education is just at the beginning stages of this expanding set of options and CWE intends to benefit from them to enrich its curriculum.

- Long experience with technology in the classroom has revealed some very real technological pitfalls that should be avoided. Foremost among these is the inappropriate use of PowerPoint in ways that make classes more didactic and less interactive, resulting in more passive students who may well learn less than with traditional methods of teaching. Students need to be made aware that tools should serve not drive the presentation.

Costs will include funding for new software and hardware.



VZ-CCNY 1220

CSOC.CBR.00022711

III. Expand Existing and Create New Programs using Technology

CWE and the Rangel Center will jointly develop new programs and improve existing ones by means of the creative use of technology. New initiatives will:

- Expand and enhance the Media and Communication Arts Concentration, adding several certificates in emerging technology and communications so students can hone their skills in the service of their major.

- Offer liberal arts courses such as Writing for Technology, Presenting Ideas in Technology, and Analyzing and Interpreting Data on Technology—courses that fit within the liberal arts approach and focus on technology.

- Activate the dormant Masters of Science in Information Systems degree program in conjunction with the City College Computer Science Department. This program ran in the early 1990's and was highly successful, but was dropped in favor of more theoretical approaches by the Computer Science Department. Our new facilities at 25 Broadway will allow us to once again make this a successful program for working adults.

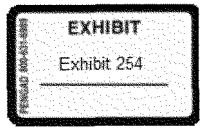
Costs will include faculty support to develop new programs, coursework, concentrations, and majors.

IV. Ensure Technology Competence as an Avenue to Career Advancement

CWE plans to make technological literacy a major goal that is addressed throughout its curriculum. It is critical for all students to know how to use: MS Office and Power Point, the Internet, certain Web-based programs, video-conferencing, and other common computer tools for the standard user. This is certainly true for students with careers in government and public service where, more and more, technology is being integrated into every area. Graduating with solid technological literacy makes every student better qualified to perform well at work and meet the criteria for advancement.

Adult students may have missed the technology wave of the past 15-20 years and lack the skills needed to advance their careers; they frequently lag far behind their own children who have grown up with computers in their laps. The systematic incorporation of technology into many of CWE's courses will ensure that all students graduate with high levels of competence in the use of technology for research, writing, presentations, and emerging forms of electronic communication. Specifically, technological competence will be an important component of CWE students' arsenal of skills as they work toward attaining managerial and policy-making positions in government and public service.

Costs will include training hardware, software, and teacher instruction time.



Program Funding and Time Frame

Funding of $135,000/year for three years for a total grant of $500,000 is requested to cover:

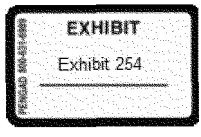
Software and training:
Training software and materials for students
Instructors for faculty training sessions
Faculty stipends for student classes
Software upgrades and additions

Classroom Hardware:
Mobile portable computer clusters
Smart Boards
Fast response classroom systems (PERS)

New Software Applications

Once funding is in place, the faculty would plan the program in consultation with the computer science and MCA departments of the college and with outside experts. The program could begin as early as fall 2007.

On behalf of the students and faculty of The City College of New York, thank you for your consideration of this concept paper.



Appendix

A wide array of courses could support the goals and objectives.

Courses that could be developed include the following as well as a number of others that would be added over time:

HIST		Responses to Industrialization, Telecommunications & Technology
ENGL		Writing for Technology
SOC		Societal Impact of Technology
MCA		Digital Story-Telling
MCA		Trends in Person-to-Person Communication
MCA		Desktop Publishing
IAS		Fundamentals of Workplace Computing
LBST		Technology in the Work Environment

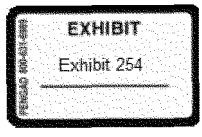
In addition, the following course areas would benefit greatly from the inclusion of upgraded technological tools in their pedagogy.

- Communication, in the non-technological sense - writing, reading, presenting - is a core liberal arts area, and one that is important for anyone hoping to advance their career.

- Social science courses in history, anthropology, psychology, and economics are potentially excellent courses for developing sophisticated thinking, analysis and writing.

- Humanities courses in literature, the communications arts and philosophy also can be enriched by such tools and techniques.

- Courses in management, public relations, advertising and disaster response offer pathways of specialization for individual students who want to branch out using technology as a base.



Contacts

Dr. Daniel E. Lemons, Dean
The City College Center for Worker Education
25 Broadway, 7th Floor
New York, NY 10004
Phone: 212.925.
Email: dlemons

Dr. Brett Silverstein, Dean
Division of Social Science and
Director, Rangel Center for Public Service
The City College of New York
160 Convent Avenue, NA 6/141
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New York, NY 10031
Phone: 212.650.
Fax: 212.650.
Email: rbutler



VZ-CCNY 1224

CSOC.CBR.00022715

Ivan Seidenberg/EMPL/NY/Verizon
04/11/2007 05:42 PM

To Peter B. Davidson/EMPL/DC/Verizon@VZNotes
cc
bcc
Subject Re: Rangel event

Ok

Peter B. Davidson

From: Peter B. Davidson
Sent: 04/11/2007 12:37 PM EDT
To: Ivan Seidenberg
Subject: Re: Rangel event

Rangel's folks are excited about doing the event in Harlem. He can't do a lunch, but wants to do breakfast...which we will probably have to do at a restaurant due to fundraising rules. Because the Rangel fundraiser wants to bring in an amount between 40 and 50, would you be OK with inviting people from outside the company/using your list of other NYC contacts? We will also hit our consultants and internal people, as usual.

Ivan Seidenberg

From: Ivan Seidenberg
Sent: 04/10/2007 11:19 AM EDT
To: Peter Davidson
Subject: Re: Rangel event

Peter,
Agree we should do an event for C. Rangel...The 31st in the morning or for lunch looks good...Here is the unusual question...Would you consider doing this in his district...We have a few locations where this might work.....I'm not sure whether this would affect participation,but I know Charlie and he would be very pleasantly surprised if we could get the right attendance in Harlem....Let me know your thoughts...I've only sent this to you....igs
Peter B. Davidson/EMPL/DC/Verizon@VZNotes



Peter B. Davidson/EMPL/DC/Verizon@VZNotes
04/09/2007 05:08 PM

To Ivan Seidenberg/EMPL/NY/Verizon@VZNotes
cc Tom Tauke/EMPL/DC/Verizon@VZNotes
Subject Rangel event

We have been approached by Charlie Rangel's folks about doing a fundraiser in NYC. We've tentatively checked some dates, and it appears that May 31st would work, if you approve going forward with the event.

A couple of reasons why I believe a Rangel event would be the right move for our next NY event.....First



and foremost he is new Chairman of House Ways and Means Committee. He has struck a bipartisan tone and is working with Ranking Member Jim McCrery to find common ground. He was helpful in derailing Executive Comp package when it came over from the Senate. He is currently working to craft agreement with White House and USTA on several important trade issues.

As you may remember, you called Charlie and a number of other NY Members about 18 months ago when the CWA was urging Members to contact you about Verzion Wireless unionization. The George Miller letter was circulating at the time. We did not have great success with many New Yorkers, but Charlie said he appreciated your call explanation of our point of view. Charlie refused to sign the Miller letter.

Just two weeks ago CWA pushed the NY Delegation again, this time re: the 500 MCI technicians in the Northeast and Charlie again indicated he would not send any letter to you. This really bugs the CWA guy in NY, Bob Masters, but Charlie is someone they can't get to knuckle under like some of the more junior Members.

In addition, he is Chairman and Dean of the 31 Member NY Delegation. Also, arguably is the second most influential CBC (Congressional Black Caucus) Member after Jim Clyburn, the Majority Whip.

Let me know if it is OK with you to proceed with planning the event for May 31st. Thanks



THOMAS J. TAUKE PETER B. DAVIDSON HOWARD E. WOOLLEY

May 2, 2007

Dear:

Ivan Seidenberg is hosting a breakfast fundraiser for Congressman Charles Rangel, of New York, on Thursday, May 31, from 8:00 a.m. to 9:00 a.m., at Melba's located at 300 West 114th Street in New York.

Congressman Rangel is the new Chairman of the House Ways and Means Committee, as well as Chairman and Dean of the 31 Member New York Congressional Delegation. The Ways and Means Committee is responsible for taxes, trade and numerous other issues of concern to the business community. Chairman Rangel has already received very high marks for his efforts to gain bipartisan support for a number of initiatives and has developed a good working relationship with the ranking Republican on the committee, Jim McCrery of Louisiana.

We hope that you can help support Congressman Rangel's campaign and join Ivan for breakfast on Thursday, May 31st. The suggested contribution for the event is $1,000. Even if you are unable to attend, we still encourage your support of Congressman Rangel's campaign.

Please RSVP to LeVera Sutton at (212) 862-[redacted] or email levera@rangelcampaign.org. You may return your contribution and the donor information sheet using the enclosures provided. Thank you for your help in this effort.

Sincerely,

Thomas J. Tauke Peter B. Davidson Howard E. Woolley

Paid for by Rangel for Congress P.O. Box 5577 Manhattanville Station New York, NY 10027

EXHIBIT
Exhibit 256

VZ-CCNY 0704

CSOC.CBR.00023691

Ivan Seidenberg

Cordially Invites You to Join Him for a
Breakfast Honoring

CONGRESSMAN CHARLES B. RANGEL

CHAIRMAN, WAYS AND MEANS COMMITTEE
DEAN, NEW YORK DELEGATION

Thursday, May 31, 2007
8:00 a.m. to 9:00 a.m.

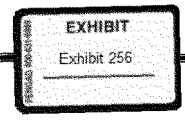
Melba's
300 West 114th Street
(Corner of Frederick Douglass Blvd.)
New York, New York

Suggested contribution
$2,000 per PAC or $1,000 Individual

Please make checks payable to:
Rangel for Congress
P.O. Box 5577 Manhattanville Station
New York, New York 10027

For more information or to RSVP please contact
LeVera Sutton at (212) 862- or levera@rangelcampaign.org

Paid for by Rangel for Congress P.O. Box 5577 Manhattanville Station New York, NY 10027



Roger A. Mott/EMPL/DC/Verizon
05/03/2007 04:51 PM

To "Sheiner, Jon" <Jon.Sheiner@mail.house.gov>
cc
bcc
Subject Re:

I did not hear back. I will call our guy who met with Joe Stroud. Will let you know.

Sent from my BlackBerry Wireless Handheld

----- Original Message -----
From: "Sheiner, Jon" [Jon.Sheiner@mail.house.gov]
Sent: 05/03/2007 04:42 PM AST
To: Roger Mott
Subject: RE:

I still need you. We are wondering how the meeting between Joe Stroud and your VP in NYC went.

Jon Sheiner
Committee on Ways & Means
Office of Cong. Charles Rangel
2354 RHOB
202-225-[redacted]

From: roger.a.mott[redacted]
Sent: Thursday, May 03, 2007 3:26 PM
To: Sheiner, Jon
Subject:

Returned your call last night. Did not want to bug you, but if you still need me I am around,.



VZ-CCNY 1376

CSOC.CBR.00022868

Roger A. Mott/EMPL/DC/Verizon

05/09/2007 11:39 AM

To Patrick Gaston/EMPL/DC/Verizon@VZNotes

cc

Subject Fw: Rangel Invite

Patrick

Excellent presentation last Friday. Glad I went. Have a daughter graduating from college in June and starting a career as a third grade teacher this fall. Our website will come in very handy.

Attached is an invite for an Ivan Seidenberg hosted fundraiser for Charlie Rangel in NYC on May 31. Small Verizon focused group for breakfast at Melbas Restaurant in Charlie's district. Hope you will consider attending and supporting financially. Very important to Ivan because of Charlie's role in Congress and his leadership in NY.

On separate note it might be good to update Ivan re: the Charlie Rangel Telecommunications Center at CUNY. I know when you updated me a year ago our support was contingent on Charlie securing Federal funds to build the actual building. I don't think that has progressed very far, but Verzion's willingness to fund a Telecom Center is a very positive message I know Ivan would want to personally convey to Charlie that morning. Just thinking whatever the status is now, we should probably get Ivan and Tom in the loop.

Thanks for your consideration.

Roger

TTPDHWRangelInvite.doc Rangel Flyer.doc

EXHIBIT

Exhibit 258

VZ-CCNY 0097

CSOC.CBR.00023083



Sandra Wilson/EMPL/NY/Verizon
05/14/2007 06:25 PM

To Melvin I. Norris/EMPL/NY/Verizon@VZNotes
cc Susan Sullivan/EMPL/NY/Verizon@VZNotes
bcc
Subject Rangel Center at City College

Hi Melvin,

Over the past year, the Foundation has been in discussions with representatives of CUNY. We have been exploring ways to provide support for a technology literacy program at the Rangel Center for Public Service and/or the Center for Worker Education (CWE). Nothing yet firmed up.

Sandy Wilson, Director
Verizon External Affairs
140 West Street, 26th Floor
New York, NY 10007
212-321-[redacted]

Melvin I. Norris/EMPL/NY/Verizon

Melvin I. Norris/EMPL/NY/Verizon
05/14/2007 05:58 PM

To Sandra Wilson/EMPL/NY/Verizon@VZNotes
cc
Subject Rangel Center at City College

Hi Sandy, I ran into the Congressman last week and he spoke to me about a commitment (I do not know what it entails) from Ivan for the Rangel Center at City College that will prepare college students for foreign service careers. Would you happen to know about this and if we are preparing to satisfy our commitment to him?

Thanks,

Melvin



Roger A. Mott/EMPL/DC/Verizon
05/23/2007 12:45 PM

To jon.sheiner@mail.house.gov
cc
bcc
Subject Background for May 31 Verizon event

Jon

Some background for next Thursday, May 31 Verizon discussion with Charlie at Melba's in Charlie's district. 8 AM.

Verizon issues:

Winning franchises so we can compete head to head with the cable guys to provide telephone, high speed internet and cable TV. Cable folks already have this triple play and have been in the phone business for the last four years. No hurdles imposed to slow their entry in to this arena. On other hand, phone guys have to obtain town by town video franchises before we can compete across the board. The House last June passed a nationwide video franchise bill which would have required us to obtain one FCC issued nationwide franchise. All franchise fees to the communities, including public education and government channel funding, were part of the bill, so local communities would not be shortchanged. Charlie voted for the bill and his support is most appreciated by Verizon. Senate never took any action. Head to head competition is good for our customers and Members constituents because for the first time ever, local cable monopoly would face true competition.

Since bill failed at national level, a number of states have passed statewide franchise bills, including New Jersey, Virginia, and Texas. Florida just approved one last week. Verizon continues to go through the lengthy process of town by town negotiating in New York State, including continuing efforts to obtain a NYC franchise. Slow treading in some cases, but progress nonetheless. The system we are building is state of the art fiber-optic cable all the way to the house or apartment, using Corning fiber-optic cable.

Within the Nationwide franchise bill was the issue called Net Neutrality. Charlie supported the Markey Amendment which we opposed. Still a big issue to Verizon, but mainly wanted you to be aware in case it comes up in a question period. Our take on it is present law prohibits any internet access provider, such as Verizon, Cablevision, Time Warner, from blocking or in any way impeding an individual's access to the internet. We fully support this policy. Our view is there is no problem, thus no need to enact a "fix" for a problem that does not exist. Of courses there is more to the issue than this, but just wanted you to have background. Chance it will come up again in House, probably next year if Ed Markey has his way.

CWA issues - Charlie has been very good in not getting in the middle of discussions between management and labor. Contract expires in August, 2008. Old Verizon is union, with over 80,000 CWA and IBEW members making up the workforce. Verizon Wireless and the old MCI, now called Verizon Business, are not union. There is where the battleground lies. CWA tried to get Charlie to write Ivan about both issues, a year ago and again a couple of months ago. Ivan and Charlie talked about the VZ Wireless issue a year ago and Ivan is most appreciative that Charlie did not engage in pushing the CWA agenda, even though a number of his colleagues did. Tough negotiating lies ahead, but we have every hope of resolving without a strike. As I mentioned to you, it is very important that we work these problems out as the ONLY unionized company in the business space we presently occupy. All of our competitors from Time Warner, Cablevision and Comcast to Skype and Vonage are nonunion.

Monica Azare, our New York President is a constituent of Charlie's and has worked hard to make the event a success. She is on a fast track at Verizon and is someone Charlie should know. Melvin from Charlie's staff is now working for Monica in New York. Monica originally worked for Billy Tauzin in the House and then went on to be House liaison for Verizon Wireless before taking on the New York job about 15 months ago.



Ivan bio below. Does not mention his service as Private in Vietnam or the fact that he always kept the company in New York through all the mergers, when others wanted to move it to Philadelphia (Bell Atlantic) and Dallas (GTE). In his first job as cable splicer's assistant he was a CWA member.

Holler if you need anything else.

Thanks Roger



Ivan Seidenberg
Chairman and Chief Executive Officer
Verizon Communications

Ivan Seidenberg is chairman of the board and chief executive officer of Verizon.

Under Mr. Seidenberg's leadership, Verizon has become a premier network company, providing customers with advanced and innovative broadband and mobile experiences. Mr. Seidenberg was instrumental in forming Verizon through a number of mergers and acquisitions, including Bell Atlantic and NYNEX (1997), GTE (2000) and MCI (2006). He also helped create what is now Verizon Wireless in 1999 by bringing together the assets of Bell Atlantic Mobile, GTE Wireless and the U.S. properties of Vodafone AirTouch.

Mr. Seidenberg has led Verizon since its inception, first as co-CEO in 2000, then as sole CEO since 2002 and chairman of the board since 2004. Verizon now operates an advanced global Internet backbone, a premier national wireless network and – with the company's deployment of its high-speed, fiber-optic FiOS technology – a next-generation broadband network. Verizon's leadership in network innovation has earned the company numerous citations and awards, including being named to the BusinessWeek 50, which represents the "best in class" from each sector of the S&P 500.

Prior to the creation of Verizon, Mr. Seidenberg was chairman and CEO of Bell Atlantic and NYNEX. He began his communications career more than 40 years ago as a cable splicer's assistant and has held numerous operations and engineering assignments, including various leadership positions at NYNEX and Bell Atlantic.

Mr. Seidenberg has a long-standing commitment to education and has made Verizon a leader in finding innovative ways to use communications technology to improve educational and literacy



VZ-CCNY 1383

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performance in the U.S. He also champions diversity both within and outside the company, and under his leadership Verizon's commitment to diversity has been widely recognized.

Mr. Seidenberg serves on the board of directors of Honeywell, the Museum of Television and Radio, The New York Hall of Science, Pace University, Verizon Foundation and Wyeth.

A New York City native, he earned a bachelor's degree in mathematics from Lehman College, part of the City University of New York, and a master's degree in business administration and marketing from Pace. He and his wife, Phyllis, have two adult children and reside in New York.

April 2007

verizon



Ivan Seidenberg/EMPL/NY/Verizon
06/14/2007 04:55 PM

To Monica F. Azare/EMPL/NY/Verizon@VZNotes
cc
bcc
Subject Re: Rangel

Yes...Direct and supportive...He said he was working this and will get back to me.....igs
---

----- Original Message -----
From: Monica F. Azare
Sent: 06/14/2007 03:28 PM EDT
To: Ivan Seidenberg
Subject: Re: Rangel

Thanks. Did you speak with him?

Sent from my BlackBerry Wireless Handheld

----- Original Message -----
From: Ivan Seidenberg
Sent: 06/14/2007 03:25 PM EDT
To: Monica Azare
Subject: Re: Rangel

Done

----- Original Message -----
From: Monica F. Azare
Sent: 06/14/2007 02:37 PM EDT
To: Ivan Seidenberg
Subject: Re: Rangel

Ivan:
This would be a good time to call. The Chairman can be reached at 202-225-[redacted]. He has had time to read the memo on the issue.
Monica
202302[redacted]

Sent from my BlackBerry Wireless Handheld

----- Original Message -----
From: Ivan Seidenberg
Sent: 06/14/2007 01:27 PM EDT
To: Monica Azare
Subject: Fw: Rangel



Thorne really wants me to call Rangle....So,when?.....igs

----- Original Message -----
From: John Thorne
Sent: 06/14/2007 11:24 AM EDT
To: Peter Davidson; Ivan Seidenberg
Cc: Tom Tauke; Azare, Monica" <[redacted]>; mark s mullet" <[redacted]>; Marie Sylla; William Barr
Subject: Re: Rangel

Redacted

----- Original Message -----
From: Peter B. Davidson
Sent: 06/14/2007 10:28 AM EDT
To: Ivan Seidenberg
Cc: John Thorne; Tom Tauke; Azare, Monica" <[redacted]>; mark.s.mullet[redacted]; Marie Sylla
Subject: Rangel

On the broadcom issue, Monica reports that Rangel now has the materials in front of him, and will probably look them over while he is at a hearing this morning. It may be that we don't need you to give him a call...and we should know sometime early this afternoon.



Roger A.
Mott/EMPL/DC/Verizon
06/29/2007 01:59 PM

To george.dalley@mail.house.gov
cc
bcc
Subject

George

Many thanks for chatting with Bob Garcia yesterday re: the cell phone chip importation issue. I have been keeping Jon Sheiner in the loop and our folks briefed Tim Reif a few weeks ago. My understanding is Ivan Seidenberg, our Chairman, and Charlie chatted about this problem two or three weeks ago.

Below is some additional detail on the Broadcom remedy side of things, even if the ITC ruling is overturned by the USTR and Secretary Paulson. That is our bottom line goal or all US Cell companies will face serious problems, since the chips in question are necessary to operate the next generation cell phones, coming on line soon. Not just a Verizon problem. Impacts an entire industry.

Jack Quinn chatted with Charlie earlier this week. Charlie was concerned that Broadcom would get no relief if ITC decision were overturned. That is not the case and the information below outlines exactly what relief Broadcom will get, even if ITC decision is overturned by USTR. Tim Reif has this information and also a draft letter to USTR and Secretary Paulson.

Any effort Charlie can undertake along these lines will be most appreciated by Ivan and the entire cell phone industry.

Thanks Roger

Broadcom gets two things with a Presidential/USTR disapproval: It gets (1) the narrower ITC remedy recommended by the ITC's ALJ that finds Qualcomm to be an infringer and excludes Qualcomm's infringing chips and (2) money damages from the California federal court in Broadcom's case on the same patent.

Broadcom could have tried to get a broader remedy at the ITC, but for tactical reasons it didn't name the other parties whose products it wants to block. With the disapproval, Broadcom will be getting all the ITC remedy it was entitled to.

Full money damages are available in U.S. court. The Federal Circuit allows Broadcom to collect damages based on foreign activities that induce infringement in the United States. See, e.g., *Crystal Semiconductor Corp. v. Tritech Microelectronic Int'l, Inc.*, 246 F.3d 1336, 1342 (Fed. Cir. 2001).

Last, Broadcom is being piggish. Attached are two letters, one from Broadcom and one from Qualcomm, each telling a portion of the history of their failed negotiations. Broadcom is now asking for $6/device which adds up to $2 billion over the life of this patent. Qualcomm says it previously offered Broadcom a royalty-free cross license plus $100 million. The patent isn't worth that much. Broadcom bought the patent in a group of 150 patents for $24 million. The ITC Chairman said (in dissent) that the patent is worth only $24 million/150 = $160,000. Broadcom's own expert witness testified at the ITC that a proper royalty for this patent would be single-digit millions.

070627QUALCOMM Reply to Broadcom's Ltr of 6-25-07.pdf 070625BroadcomQCOM ltr 062507.pdf



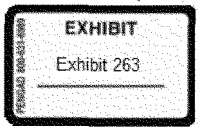
Contact Information

Please provide the following information so that we may contact you regarding your proposal.

Salutation Preferred salutation (Ms., Mr., Mrs., Dr., etc.)	Ms.
Last Name (required)	Butler
First Name (required)	Rachelle (Shelly)
Middle Name	D.
Title (required)	Vice President
Contact Type (required)	Officer
Address (required)	The City College of New York, 160 Convent Av
City (required)	New York
State (required)	New York
Province	
ZIP Code (required)	10031
Telephone (required)	(212) 650-
Fax	(212) 650
E-mail Address (required)	rbutler

Organization Information

Please provide the following information about your organization.



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Legal Name (required)	The City College of New York
AKA Name Your organization may also be known as...	The City College 21st Century Foundation
In Care Of Name Legal name of the organization corresponding to the specified tax ID. This is used only if your organization lacks its own tax ID or is applying for funding using another organization's tax ID. Actual funding will be provided to the In Care Of organization.	The City College 21st Century Foundation
Relationship to 'in care of' organization	501c3 public charity IRS designation of CCNY's
Address (required)	160 Convent Avenue, S-154
City (required)	New York
State (required)	New York
ZIP Code (required)	10031
Province	
Country (required)	United States
Telephone (required)	(212) 650
Fax	(212) 650
Web Site Address	www.ccny.cuny.edu
E-mail Address	rbutler



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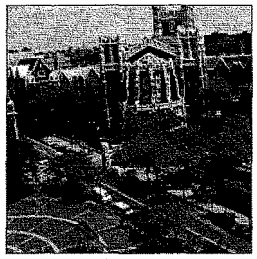
Organization Background (required)
Your organization's background, history and/or mission statement.



City College's mission emphasizes access and excellence in undergraduate and graduate education and research. Requiring demonstrated potential for admission and a high level of accomplishment for graduation, the College provides a diverse student body with exceptional opportunities to participate in creative intellectual pursuits. The College is led by a faculty committed to the advancement of knowledge and the guidance of students in the attainment of rigorous academic goals.

The College offers a broad range of baccalaureate degrees in the arts and humanities, natural sciences and social sciences, architecture, education, engineering, and biomedical science. Undergraduate programs include significant coursework in the liberal arts and sciences. Distinguished graduate programs at the master's and doctoral levels, and a concomitant dedication to scholarly research, complement the College's commitment to excellence in undergraduate education.



As a national and international model of excellence in public higher education, CCNY pledges to perpetuate and enhance: its status as CUNY's flagship campus in the sciences, engineering and architecture; its signature programs in the creative arts and humanities; its prominence in doctoral programs in clinical psychology, engineering, and the sciences; its role as CUNY's lead institution in sponsored research; its world-renowned

EXHIBIT
Exhibit 263

CSOC.CBR.00024296

CSOC.CBR.00024296

research centers; its dedication to public and community service programs, with an emphasis on urban areas; its commitment to the interdisciplinary teamwork that enhances its distinguished history in innovative scholarship.

Over one hundred sixty years of regional, national, and international prominence testify to CCNY's successful realization of its founding mission and the abiding investment of the people of the City and the State of New York in the advancement of that mission.

Organization Certifications

All applicants must answer the following questions regarding their organization in order to be considered for a Verizon Foundation grant. PLEASE NOTE: Answering no to any of the following questions does not imply ineligibility.

No Verizon employee, customer, or board members has a financial interest (required)	Yes
No branch offices, operations, or representation in U.S. sanctioned countries (required)	Yes
Board, staff and organization are free of indictments, convictions, and conflicts of interest (required)	Yes
Organization has one separate financial or accounting person or function. (required)	Yes
Organization has conflict of interest policy and procedures (required)	Yes
The organization has at least 3 board members (required)	Yes



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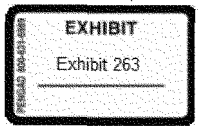
If answering "no" to any of the above questions, please explain. (required) NOTE: Answering "no" to any question does not imply ineligibility	1500 character maximum
Organization Accuracy Certification (required) I certify that all preceding organization information (including the Legal Name, Address, and certifications) is accurate and complete as of today's date. I acknowledge that any information that is found to be inaccurate or incomplete could possibly delay or disqualify any funding that this organization might receive.	☑ Yes

Proposal Information

Project Title (required) Please enter a descriptive title for your project.	**The Verizon Foundation Literacy in Technology Program** at the **The Charles B. Rangel Center** of **The City College of New York**
Request Date (required)	07/01/07 (MM/DD/YY)
Request Amount (required)	$1,000,000
Project Budget	See attached
Funding Principle (required) Please select from one of the following	Education



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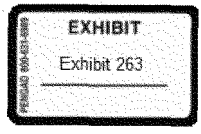
funding principles as they pertain to your project.	
Project Start Date Enter the project start date in mm/dd/yy format.	09/05/07 (MM/DD/YY)
Project End Date Enter the project end date in mm/dd/yy format.	06/01/10 (MM/DD/YY)
Describe what your program/project is going to accomplish (and how) - please be specific and provide timelines. (required) What is it your program/project is going to do? (Include program description, timelines, & how you will go about achieving the stated goals).	**Teaching Technological Literacy for Rangel Center Students** Expanding the teaching and learning of technology will both better achieve the educational objectives that are foundational to the BA component of the BA/MPA, and also ensure that students graduate and move on to the MPA degree with significant technological literacy to help them along their career paths in public service. The Verizon Professor in Technology Literacy will coordinate and lead this program across a multidisciplinary platform. With a commitment from the Verizon Foundation, beginning in the fall of 2007, the Rangel Center will implement the Program in Technology Literacy and begin the search for the Verizon Professor.
Provide background information on this program/project. (required) If this is an existing program/project, indicate how, why, and what has been completed up to this point. Also, has there been any previous involvement by Verizon? If program/project is a new initiative, please provide additional background information.	**The Charles B. Rangel Center for Public Service** **at** **The City College of New York** In a distinguished career spanning more than four decades, The Honorable Charles B. Rangel has done as much as any single person in public service to empower the least powerful among our citizens to achieve their goals and to change their communities and the nation, not only because that is what they deserve, but also because it is what America needs to be herself. He has thought and acted locally, at the state and national level, and globally, to ensure that the laws and policies of this nation reflect her best instincts and her highest promise. The mission of The Charles Rangel Center for Public Service is to build upon his legacy of public service in conjunction with The City College of New York's mission of access and excellence in higher education. The Center will accomplish this through the establishment of a rigorous graduate program coordinated with programs on the undergraduate level, many unique to City College, designed to



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attract talented students from underrepresented groups and prepare them for public service, including elective office and careers in government, at the policy-making level. The Charles Rangel Center will also house the Charles Rangel Library, an archival repository of documents, photographs, and memorabilia, recording the life of one of America's most important public servants, and serving as a rich repository of knowledge and experience for students and scholars alike. The Center's home will be a restored Harlem mansion adjacent to The City College campus.

The Charles B. Rangel Center

The Rangel Center for Public Service will recruit and prepare students from underserved and underrepresented populations to its Master's Program in Public Service; will arrange for and compensate student participation in internships/placements in service organizations; will offer coursework on poverty, ethnicity, and diversity; will organize, archive, and make available to scholars, particularly those at City College, the papers of Congressman Rangel; will provide professional advancement training for mid-career, minority government employees; and will sponsor research on barriers to participation in public service of underserved populations. Through these efforts, the Rangel Center will strive to become a national center for the promotion of greater diversity in public service.

The Charles B. Rangel Center for Public Service at The City College of New York will consist of five major elements:

- **The Charles B. Rangel Library,** consisting of documents, archives, and memorabilia from Congressman Rangel's lifetime of public service;

- **The Master's Program in Public Service** at The City College of New York, which will seek to prepare young people who have an interest in pursuing a career in government service. Upon completion of the degree, graduates will be eligible for a program analogous to the Federal Career Intern Program, entering government service for a 2-year temporary appointment with eligibility for a permanent assignment upon completion. This program will encourage the involvement of members of underrepresented minority groups and those with financial need;

- **A Combined BA/MA Program in Public Service** that will work together with several undergraduate programs unique to City College (described below) and that are particularly suited to draw outstanding students interested in public service. The BA/MA Program will attract students capable of and interested in an intensive "fast-track" program leading to the master's degree. It will prepare them for public service with high-level coursework, experienced government personnel mentors, and hands-on training in internships and service learning courses.

- **Professional Advancement Training** for mid-career,



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minority government employees of particular accomplishment and promise for an academic year of study; the training program will be called the **Charles B. Rangel Mid-Career Program in Leadership and Policy Innovation**

- **The Charles B. Rangel Center,** which will be housed in a magnificent Harlem limestone townhouse adjacent to the City College campus, and include the Rangel Library, a conference center, and offices for visiting scholars. The Rangel Center will feature e-learning and video-conferencing and will also serve as a center for computer literacy, distance learning, wireless access, and digitized access on and off campus to the Rangel Library.

What social cause does this program/project address and help to alleviate? (required) Please identify the social cause this program/project addresses (e.g., literacy or domestic violence prevention). Please describe the need (Please limit your response to 2000 characters).

Fundamental to Congressman Rangel's lifelong service is a belief that America's "governing class" – those men and women who make our laws and policies –must reflect the rich tapestry of cultures, faiths, and ethnicities that make us who we are as a country. Today, non-whites make up nearly 30% of the US population. Yet fewer than 14% of men and women in middle and senior levels of the Federal Civil Service and 8% of the United States Foreign Service are members of minority groups.

CCNY students more than any other campus represent the diversity of the U.S. More than 87% of CCNY's students identify themselves as members of a minority group. Most of CCNY's students come from the New York City public schools. Many are immigrants or children of immigrants; they speak 91 languages other than English and were born in 147 countries.

Rangel Center students will leave the City College of New York uniquely prepared for careers in public service. Ensuring that these students have the necessary technological skills to make a difference to the agencies and public constituencies they will go on to serve.

If this is an established or new program/project, can it be replicated? Please explain in detail. (required) Please explain how and why you think this program/project can be replicated. What is your target market (i.e., beneficiaries of program).

Funding for Literacy in Technology itself plus an allied endowed professorship to provide the leadership would make it possible to create a program that could be replicable by other urban colleges and universities. This combination would give the program the prestige and standing to inspire and advance technological literacy even more widely through materials and publications that could be disseminated both through the Center and through the Verizon Foundation.



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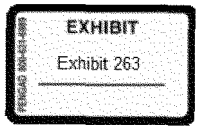
Is technology a component of this proposal? If yes, please explain how technology would be utilized. (required) Yes/No answer. If yes, please explain in detail how the program/project utilized technology (e.g., on-line curriculum/training, database management, etc.).	Today, educators know that the learning process is greatly enhanced through carefully designed and applied technology. New cutting-edge technology will connect the Rangel Center Library with the City College library and other research and practice institutions, enabling state-of-the-art wireless computer access within the Center, video-conferencing, and distance learning opportunities. By effectively integrating technology and technology applications into daily operations, the Rangel Center will improve significantly the delivery of education to students seeking to advance their careers in public service. Rangel Center students know that they must be technologically fluent to enter the work force but many do not already have the technological literacy that today's academic and professional environments require. The Verizon Foundation Literacy in Technology Program will support computer literacy and go beyond it to give students proficiency in interactive conferencing and computer presentations through specially designed coursework and hand-on applied learning. **E-Learning – Web and Computer Based Presentations** The Verizon Foundation Literacy in Technology Program will offer training in critical technology, including Web- and computer-based presentations requiring the sharing of key graphs and charts. Faculty and students can also log onto websites simultaneously for scheduled supplementary out-of-classroom study. In addition, e-learning prepares students for the working world, where employers increasingly turn to computers and the job for job-based training. **Video Conferencing** Used effectively, video conferencing dramatically enhances how professors teach and students learn, adding another dynamic to communication not previously possible in typical classrooms. **Distance Learning –Educators and Role Models** The ability to bring speakers onto CCNY's Harlem and Lower Manhattan campuses and into the classroom without physically transporting them here opens new possibilities. Professors will be able to turn to leaders in the field of public service – a city-councilman from Chicago, an immigration rights lawyer in Arizona, a non-profit lobbyist in Washington DC – for live interactive examples of work in the field. Students will have access to key leaders and mentors without City College reallocating tight resources for unnecessary travel costs. **Distance Learning - Student Collaboration** Classrooms across the country and around the world will be at the disposal of the Rangel Center community. The Center's public service students, who serve as interns, will be able to learn from other students' experiences around the United States through video conferencing technology–comparing experiences and building on the lessons learned from their individual service. **Distance Learning – Access to Other Campuses** Video conferencing can also enable Rangel Center students to enroll



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in additional courses at institutions of higher education across the country. If a course being taught at another institution complements the coursework of the Rangel students, then this critical technology will provide access.

Digital Archive Access
The Digital Archive will enable researchers to access invaluable historical material in ways never before possible, with lightning-fast searches of the Charles B. Rangel Library for specific topics, issues, and date ranges. The Rangel Library and Archives will tell the story not only of one great man, but also of a nation's progress during the last half of the 20th century and the beginning of the 21st.

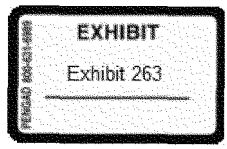
It will trace the nature of government, the growth and development of minorities in the United States, and the contributions of underrepresented populations in government and public service. It will be the heart of a living, growing center – a productive environment for emerging ideas, thoughtful advocacy and visionary projects. The Verizon Foundation Literacy in Technology Program will be invaluable in instructing Rangel Center participating students in the techniques needed to access and utilize digitized information.

Wireless Access
The underlying technology that will bring the entire Charles B. Rangel Center for Public Service into the future is wireless access throughout the building. Students will be able to open their laptops to communicate with their professors and one another. They can access other campus libraries via the web across campus and coordinate study groups.
Wireless access fosters students' computer literacy. As more and more students use laptops for communication and studying around campus, other students feel compelled to jump on this technology bandwagon. Also, as more students become proficient in using computers for a variety of tasks, the likelihood of their coaching their friends and families increases, spreading technological literacy to even broader populations.

Coursework in Technological Literacy

The Center for Worker Education of City College located in Lower Manhattan, a program specifically designed for working adults seeking college degrees, serves students with diverse life experiences, educational backgrounds and career aspirations. The Center for Worker Education will be a partner with the Division of Social Science and other programs of the College in the new Charles B. Rangel Center for Public Service. A sizable percentage of Center for Worker Education students work in the public sector and Center for Worker Education will participate fully in the BA/MA program of the new Rangel Center, enabling it to effectively offer classes towards the joint degree at both its uptown and downtown locations. This proposal focuses on ensuring technological literacy among students for whom the BA/MA degree will create possibilities for advancement to leadership positions.

Teaching Technological Literacy for Rangel Center Students



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Expanding the use of technology will both better achieve the learning objectives that are foundational to the BA component of the BA/MPA, and also ensure that students graduate and move on to the MPA degree with significant technological literacy to help them along their career paths in public service.

Please describe how this program/project will continue in the future and/or may be expanded to increase community outreach. (required) Describe how in the current year or future this program/project will remain in existence and/or be expanded to increase community outreach.

Once endowed, the Verizon Foundation Professor in Technology Literacy will exist in perpetuity at the Rangel Center. This faculty member will be responsible for leading the fundamental technological education required of Rangel Center Students.

Include additional program/project funding, if any. (required) Relative to additional program/project funding, be sure to include:

- Name of Funder
- Amount of Funding
- Where this funding is directed

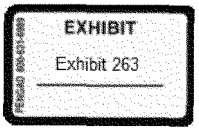
The Verizon Foundation Professorship in Technology Literacy at The City College of New York's Charles B. Rangel Center for Public Service

The summit of this program could be a newly endowed Verizon Foundation Professorship in Technology Literacy at an additional cost of $500,000. The income only from this endowment would be added to a City College professor's salary to attract and retain a leader in the field to conceive, implement and direct the Verizon Foundation Program in Technology Literacy. Not only would this provide the Program the very best in leadership, it would also garner significant visibility for the Program and Verizon's vision in establishing it. As a named professorship is the highest honor a university can bestow on a faculty member, the attraction of such a professorship would ensure the program knowledge of the most advanced knowledge techniques, training, and curricula.

Funding for Literacy in Technology itself plus an allied endowed professorship to provide the leadership would make it possible to create a program that could be replicable by other urban colleges and universities. This combination would give the program the prestige and standing to inspire and advance technological literacy even more widely through materials and publications that could be disseminated both through the Center and through the Verizon Foundation.

List names of primary

Rangel Center Campaign



CSOC.CBR.00024304

funders/grantors (i.e., private/public or both) supporting your organization during the last completed fiscal year. (required) Please list the names and most current amounts of your primary funders/grantors (private/public or both) that have supported your organization during the most recent completed fiscal year.

Confirmed

Kheel Foundation Schols		$400,000
Trans. appropriation		$ 400,000
Congressional seed money		$ 3,000,000
Ford Foundation		$1,000,000
Private donor		$ 1,000,000
Rodobeck Foundation		$ 25,000
	Sub-total:	**$5,825,000**

Pending

Corporate donor		$10,000,000
CUNY match		$ 2,500,000
Additional Congress approp. anticipated		
	Sub-total:	**$12,500,000**

Total confirmed and pending: **$18,325,000**

What are the program/project's **anticipated outcomes**? How will you measure its effectiveness and impact in the community? (required) What are the program/project's goals and objectives? How will you evaluate the program/project? What measures are in place to gauge results? How will you quantify the program/project's success?

2000 character maximum

Goal 1: Using technology to enhance learning objectives.
Every Public Service BA/MPA student will need to satisfy core and elective requirements for the BA component of her or his joint degree. Technology can create a more active environment for students in class, and can sustain their engagement out of class through on-line discussions and asynchronous exchanges with peers and instructors. For instance, philosophy or history classes can continue discussions through the week as students read new material. This is potentially of major importance for a commuter school where most classes meet only once or twice a week. Technology can also enrich the curriculum, making it more dynamic and live through the easy access to film footage, archives of art and documents and other sources. Social science courses can utilize the ability to dynamically map variables of interest onto geography with programs like Google Earth. Higher education is just at the beginning stages of this expanding set of options.

Long-time involvement with technology in the classroom also has revealed the very real potential drawbacks of technology which need to be avoided. Foremost among these is the inappropriate use of



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PowerPoint in ways that make classes more didactic and less interactive, resulting in more passive students who may well learn less than with traditional methods of teaching. Such problems, however, can be largely avoided by staying focused on the learning objectives and understanding technology as a tool to better achieve them.

Goal 2: Technology competency as an avenue to career advancement.
All students should achieve a significant level of technological competency by the time they graduate. This is no less true for students with careers in public service where technology is more and more integrated into every area. Graduating with solid technological literacy makes any student better able to advance in his or her place of work, or to move into a better position. The systematic incorporation of technology into courses and the addition of courses that specifically focus on technological advances will ensure that this goal is achieved.

Proposed Objectives
The Center for Worker Education will take the lead in providing a technology curriculum for all Rangel Center BA/MPA candidates as well as the Center for Worker Education students. In addition to providing Technology Across the Curriculum in its undergraduate courses, and also a range of courses instructing students in video-conferencing, E-Learning: Web and Computer Based Presentations, and Digital Archive Access techniques, new courses could be added in:

HIST		Responses to Industrialization, Telecommunications & Technology
ENGL		Writing for Technology
SOC		Societal Impact of Technology
MCA		Digital Story-Telling
MCA		Trends in Person-to-Person Communication
MCA		Desktop Publishing
IAS		Fundamentals of Workplace Computing
LBST		Technology in the Work Environment

Measurement and Evaluation Process

In order to evaluate the success of the Verizon Foundation Literacy in Technology Program, determine a true and measurable outcome, and assess the benefits to The College, the Rangel Center, and the community, the Rangel Center will keep records on the following:

- the number of students per year who participate in the Verizon Foundation Literacy in Technology Program,
- the number of uses of videoconferencing before and after completing the curriculum, and
- the number of uses of computerized presentations before and after completing the curriculum.



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At the end of years one, two, and three, the Rangel Center will also ask Verizon Foundation Literacy in Technology Program participants to fill out a questionnaire regarding their experiences with the Center. The College will survey and analyze findings based on:

- usage of new technological skills,
- satisfaction with the learning experience before and after access to Center.

After five years, The College's surveys of Rangel Center alumni will quantify:

- how many entered public service,
- in which capacities, and
- how they felt the Verizon Foundation Literacy in Technology Program assisted them in the long term.

Please enter the estimated number of people that will be favorably served/impacted by this grant (if possible). (required) If possible, enter estimated number of people served/impacted by this grant.	Approximately 200 students will engage in the Verizon Literacy in Technology Program on an annual basis. In addition as Rangel Center students graduate from City College they will begin life-long careers in public service. The skills they will gain from the Verizon Literacy in Technology Program will follow them in to the work place and their work will be shared exponentially with the agencies and public constituents they will go on to serve.
Please describe your marketing, media, & communications strategy to promote this partnership with Verizon. (required) Marketing, Media and Communications Strategy -- (e.g., press releases, media events, web site placements, program journals, annual reports, newsletters, etc.)	We will work in collaboration with Verizon Foundation to recognize and publicize the Verizon Literacy in Technology Program for their support. Marketing this program will be done with an announcement in City College publications, a press release to the major media, email announcements to all CCNY alumni and friends, CCNY's own newsletters and publications, and possibly a press conference with Congressman Rangel. In addition, gifts of $1,000,000 or more are included as members of the President's Circle and are periodically listed in public forums (such as the May 10, 2007 full page advertisement in the New York Times).
Please enter the estimated number of people who will see Verizon recognized as	Verizon's support for the Verizon Literacy in Technology Program will be listed on all materials for the Rangel Center including conferences, newsletters, press releases, etc. In addition, the Verizon Professor in Technology Literacy will be listed at on all publications and conferences. City College alumni alone come to



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a supporter of this program. (required) Enter the estimated number of people who will see Verizon listed and recognized in program materials (e.g., press releases, media events, web site placements, annual reports, newsletters, etc.).	110,000 people, many of whom are prominent in the business, law, science, and other professions. In addition, CCNY friends in all these fields number in the many thousands. CCNY will recognize Verizon Foundation in all program materials, web site placements, annual reports, and newsletters
Project Budget Breakdown Grant requests of $10,000 or more are required to include a breakdown of the project (i.e., dollars requested from Verizon Foundation). No more than 15% of the total grant request may be used for general operating and administrative expenses. Please click here to download the Foundation's budget template to your computer. When you have finished working on the breakdown, save the document, close out of MS Word, and then click on the Upload link to finish attaching the completed document to your application.	Upload File (Click for instructions)
If Verizon employees elect to do so, is there an opportunity for Verizon employees to volunteer with your	



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organization? (required)
Volunteer activities usually fall into three categories: (i) Continuous Service Volunteering (e.g., mentor a child in reading, math, or English language skills one or two hours each week throughout the year); (ii) Temporary or Occasional Volunteering (e.g., serve meals at a local soup kitchen serval times a year); and (iii) Project Volunteering (e.g., join co-workers to create a flower garden at a senior citizen center).

Communities Served

Please provide the following information about the community that your organization works to support. While this information will not have any weight in the acceptance or rejection of your proposal, it is still required for our internal tracking purposes. If you do not typically track this kind of information, then please provide your best estimate for each category. The percentages for each category should add up to 100%.

Estimated Gender Served (required)	100%	All
Please provide a breakdown by percentage of the genders that this proposal will work to support.	51%	Females
	49%	Males



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Estimated Age Group Served (required)
Please provide a breakdown by percentage of the Age Groups that this proposal will work to support.

Adults
____% All
100% College
____% Elderly
____% K - 12
____% Preschool

Estimated Ethnicity Served (required)
Please provide a breakdown by percentage of the ethnicities that this proposal will work to support.

.5% American Indian or Alaska Native
23% Asian or Pacific Islander
26.5% Black or African American
37% Hispanic or Latino
13% White or Caucasian

Estimated Population Served (required)
Please provide a breakdown by percentage of the Population that this proposal will work to support.

____% AIDS/HIV
1% Disaster Victims
____% Gay / Lesbian / Transgender
____% General Public
____% Hearing Impaired / Deaf
87% Minority
____% Parents
____% People with Disabilities
____% Teachers
____% Underprivileged
10% Veterans

Grant Agreement Clauses

PLEASE NOTE: All applicant organization must complete the following certifications. If the certifications are found to have been completed inaccurately, the organization seeking support may be required to return any granted assets, and may be rendered ineligible for future support.

Religious Proselytizing Restriction (required)
Check "I confirm" to certify the following: The program described in

x I Confirm



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this proposal is solely engaged in direct service provision. Exposure, adherence, or conversion to any religious doctrine is not required of the programs beneficiaries. If a grant is awarded, the organization will not use it for the purposes of religious proselytizing in any way.

Non-Violence and Anti-Terrorism Certification (required) x I Confirm
Check "I confirm" to certify the following: The organization (as well as any partners, re-grantees, or subsidiary or affiliated organizations) does not support, directly or indirectly, any terrorist activities or violence of any kind, nor does it employ or deal with any entities or individuals known to support terrorism. The organization certifies that it takes reasonable steps to ensure that grant funds are not ultimately distributed to terrorist organizations or for violent purposes; and takes reasonable steps to ensure that staff, board, and other volunteers have no dealings whatsoever with known terrorists or terrorist organizations.

Lobbying and Political Use Restrictions (required) x I Confirm
Check "I confirm" to certify the following: The organization will not knowingly use the grant, directly or indirectly, to influence legislation, to influence the outcome of any specific election for candidates to public office, to carry on any voter registration drive, to induce or encourage violations of law or public policy, to cause any improper private benefit to occur, or to make any grant to an individual other than as a part of the charitable activities in support of this project, nor to undertake any activity not in support of the project for which funding is requested.

Use of Funds (required) x I Confirm
Check "I confirm" to certify the following: The Organization will use the grant only for the purposes and activities specified in the grant application. If the Organization is dissolved, or if it is otherwise unable to use the grant for the specified project, the Organization will promptly return any unexpended grant funds to Verizon Foundation. If any portion of the grant is used for purposes other than the requested project, the Organization will promptly correct the error. If the misuse is not promptly corrected, Verizon Foundation may demand the return of the entire grant, and the Organization will return the grant to Verizon Foundation. If the Organization concludes that it is necessary to modify the plans for project in order to comply with requirements of any law or regulation affecting its responsibilities under this grant, or it becomes aware of facts or circumstances affecting its ability to implement the project or the propriety of such implementation, the Organization will promptly notify Verizon Foundation in writing, and together we will take the steps necessary to resolve the situation.

Confirmation of Charitable Intent (required) x I Confirm
Check "I confirm" to certify the following: We further certify that none



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of the proposed grant funds will be used to provide any direct benefit to The Verizon Foundation Company, to any Verizon Foundation employee or any employee's family member (except in the provision of charitable services or education available to the public at large), or to any staff member, board member, or donor to the Organization. No goods or services have been offered or promised in consideration for this charitable contribution. I further certify that to the best of my knowledge, information, and belief, the purpose of this grant is charitable and for the good of the community, and is not intended to fulfill business purposes or obligations of any kind including but not limited to offset, sales, or procurement commitments.	
Acceptance of Review (required) Check "I confirm" to certify the following: I understand that all applicants are subject to review of their representations in this application and (for grantees) their compliance with the grant agreement. I understand that the organization I represent may be required to return any granted assets and forfeit future funding eligibility if: (1) the review reveals any significant inaccuracies or violations of the policies stated above or (2) the organization does not cooperate with the review.	x I Confirm
Board Review and Approval of this Application (required) Check "I confirm" to certify the following: At least one officer of our nonprofit organization's board has reviewed this application, and the entire board has knowledge of and supports its submission.	x I Confirm
Grant Accuracy Certification (required) Check "I confirm" to certify the following: I certify that: (1) I completed this form, and the information I provided is complete and accurate, (2) the organization that I represent complies fully with the policies stated in the criteria and guidelines section on the introductory web page at the beginning of this application form, and (3) any assets awarded will be used only in the manner specified in this application.	x I Confirm



CSOC.CBR.00024312

Susan
Sullivan/EMPL/NY/Verizon
07/06/2007 09:05 PM

To rbutler
cc
bcc
Subject Fw: grant application revisions

Hi Shelly -

I hope you're enjoying the rest of your vacation.

As discussed earlier today, please review the attached document and let me know if this correctly captures the essence of the Rangel Center and the proposed "Verizon Foundation Literacy in Technology Program."

The City College of New York.doc

You'll see that I've indicated areas in the document that require additional information/data.

I'll be in the office all day on Monday so give me a call at your convenience and we can discuss.

Thanks. Enjoy your weekend.

Susan

Susan Sullivan
Director - Verizon Foundation
Phone (908) 559-
E-mail: susan.a.sullivan
Web site: www.verizon.com/foundation
----- Forwarded by Susan Sullivan/EMPL/NY/Verizon on 07/06/2007 08:41 PM -----

rbutler
07/04/2007 02:51 PM

To Susan Sullivan/EMPL/NY/Verizon@VZNotes
cc
Subject Re: grant application revisions

Susan,
our responses have been uploaded
if you have any other questions, please let me know
best regards
shelly

---- Original message ----
>Date: Fri, 29 Jun 2007 18:30:29 -0400
>From: susan.a.sullivan
>Subject: Re: grant application revisions
>To: rbutler
>
> Hi Shelly. I'll review the responses and get back

EXHIBIT
Exhibit 264

VZ-CCNY 0123

CSOC.CBR.00023109

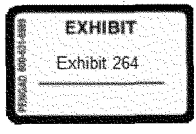
> to you next week if there are any questions. Please
> let me know once you've had an opportunity to
> incorporate them into the grant application. Thanks.
> Best wishes for a Happy 4th if we don't touch base
> before then. - Susan
>
>"Shelly Butler" To Susan
><[redacted]> Sullivan/EMPL/NY/Verizon@VZNotes
> cc
>06/28/2007 10:26 AM Subject grant application revisions
>
>+----------------------+
>| Please respond to |
>| rbutler@ccny.cuny.edu |
>+----------------------+
>
> Dear Susan,
>
> I have spoken with Dean Dan Lemons who has responded
> to your questions
> below. I will be away for a week but available by
> email if you have any
> other questions. Please let me know if I can be of
> any further help. I
> will try to upload these answers into our grant
> application but in case
> I don't do it right, I have included them below.
>
> Again,
> Many thanks for all your help
> Shelly
>
> 1. How many students we will target?
>
> DWE now has 700 students; of those over 100 are in
> the public
> administration concentration and potential Rangel
> Center students.
> Another 200+ students are in the human services area
> which overlaps to
> some degree with the other group in the area of
> interest. However, all
> 700 DWE students would be impacted by this program
> because the
> technological literacy will be integrated throughout
> the curriculum. In
> addition, CCNY students participating in Rangel
> Center programs who are
> not registered at DWE will be able to take those
> courses, as well,
> through webcasts and distance learning.
>
> 2. What the demographics of our students?--are DWE's
> demographics
> different from the College as a whole?
>
> City College demographics are now approximately:
> 36% Hispanic
> 26% African-American
> 22% Asian
> 13% White



> 1% American Indian
> Balance other
>
> DWE has a higher percentage of female students than
> the college or CUNY.
> It is 80%. Of course the average age is higher,
> being around 32-34.
> Racial demographics show that 80% of CWE students
> are African-American
> or Hispanic.
>
> 3. What does "across a multi-disciplinary platform"
> mean?
>
> DWE offers an interdisciplinary curriculum from
> three integrated core
> courses to advanced courses that students take from
> several disciplines
> that relate to their area of concentration. For
> instance, public
> administration students take courses in literature,
> sociology,
> psychology, history, economics and philosophy, in
> addition to courses
> like organization behavior or urban politics and
> policy that are more
> specific to their concentration area. Technological
> literacy will be
> incorporated into most of these courses.
>
> 4. Please give more details about the partnerships
>
> DWE has developed a relationship with the Alliance
> for Downtown New
> York, which represents thousands of businesses and
> not-for-profits in
> lower Manhattan. Through the Alliance we are
> reaching out to
> organizations to promote the program. We also
> continue to work with
> unions like Local 1549 of DC37 who represent workers
> in government
> agencies who are potential students.
>
> 5. What are some specific examples of what would be
> in the coursework,
> modules and curriculum?
>
> We will offer specific coursework on technology
> tailored to students
> pursuing public administration and service and human
> services. Examples
> of such courses would include the use of GIS data,
> techniques in data
> analysis and presentation, and statistical analysis.
> In addition, rather
> than offering only courses on technology, we plan to
> incorporate the
> technology learning with the current course content.
> This is the way
> that most research shows to be most effective for



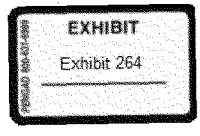
> the development of
> skill competency. People need to use new techniques
> they are learning as
> they learn them; otherwise the newly-acquired skills
> are quickly
> forgotten and lost. So we would have special
> sessions in the computer
> lab taught by the regular instructor or a specialist
> where students
> learn specific skills. Then, these skills would be
> immediately used in
> the coursework of the class they are taking.
> Advanced classes would
> require these skills and would add to them.
>
> We would develop a skill grid, so we could be sure
> that all students
> have sufficient exposure to the basic skills before
> they take upper
> division courses. For example, in the social science
> core course, we
> would introduce the use of Excel for tabulating and
> graphically
> presenting data. It could be population data on a
> topic like income
> distribution in the US. This would require several
> one hour sessions in
> the computer lab with the instructor giving hands on
> instruction in
> various techniques like entering the data, computing
> averages and then
> creating a graph. Following each session, students
> would be given an
> assignment to do readings or Internet research in
> which they gather data
> and create their own graphical representation of it
> along with some
> narrative explanation. All of these skills could be
> required for a
> final project at the end of the term.
>
> 6. What skills do we hope the people would develop?
>
> We would start in the core courses with individual
> modules tied into the
> existing curriculum that develop skills in internet
> research, using
> databases, and data analysis and presentation tools
> like Excel and
> PowerPoint. We would also develop modules that
> enhance basic word
> processing skills with more sophisticated uses like
> foot-noting,
> incorporation of graphics into Word files,
> cross-referencing, setting up
> automatic tables of contents, etc.
>
> In more advanced courses, these skills would be
> assumed and reinforced
> through the expectation that they would be
> systematically used. More



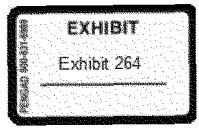
> advanced skills would be developed in upper-division
> courses. These
> would include special statistics software, GIS
> software, presentation
> preparation for posters using the large format
> printer, web site
> development, desktop publishing and video
> post-production. Some new
> advanced courses would be developed to take some of
> these skills to an
> advanced level. As mentioned already, a course in
> GIS data analysis and
> use would be important for some students so they
> have expertise in this
> area beyond the introductory level. The same is true
> for desktop
> publishing, video post-production, statistics and
> other areas where
> specialization is needed.
>
> Once this project is fully implemented, we would
> expect every graduating
> DWE student and students in the Rangel Center to
> possess a strong base
> in technology skills that have been used many times
> in different
> courses. This will provide the preparation to
> effectively use the tools
> available, and the comfort level to continue to
> learn as new
> technologies become available.
>
> 7. Under measurements and outcomes, focus more on
> and describe in
> greater detail how we're going to track the
> student's progress.
>
> We are in the process of developing learning
> outcomes for all DWE
> courses as a part of the Middle States accreditation
> process in which
> all of City College is involved. This is also
> happening across the
> college and will be done for new courses in the
> BA/MA public service
> program of the Rangel Center. We would use this same
> process as we
> incorporate the technological literacy modules. The
> technological
> literacy grid which lists the specific skills in the
> columns and the
> courses where they are learned in the rows would
> allow for evaluation of
> how well students are doing in each course. A
> particular course would
> have a specific set of technological literacy
> learning outcomes and for
> each outcome there would be a way to assess it in
> individual students.
> The expectation is that from now on, DWE will do
> outcomes assessment



> each year to evaluate the effectiveness of classes,
> so evaluating the
> technological literacy component will fit nicely
> into the process that
> is already underway.
>
> 8. Provide more specifics on just what Verizon's
> funds would be used
> for.
>
> DWE has been fortunate to receive $680,000 in
> funding this year from the
> New York City Council to complete the technological
> infrastructure at
> DWE. This includes money for completely outfitted
> smart classrooms,
> portable laptop computer labs for use in any
> classroom, and a video
> production and desktop publishing facility. These
> will be in place by
> the early spring of 2008. Verizon Foundation funding
> would help provide
> the complementary element to this which is the
> programmatic support to
> train faculty and students, develop curricular
> modules for many courses
> and enhance the hardware infrastructure with
> appropriate,
> state-of-the-art software. The excellent facilities
> we will have require
> this investment in training and program development
> in order to be
> effectively used.
>
> Specifically, we would hire a full-time educator
> with extensive
> technological expertise to work with faculty to
> develop the learning
> modules, to train them in workshops, and to develop
> and implement the
> evaluation of the project. This person would also be
> available to
> conduct training of students in the computer lab or
> regular classroom.
> Both DWE and the BA/MA public service program of the
> Rangel Center would
> be served by this person who would be based at DWE.
> The cost includes
> fringe benefits.
>
> A part-time person with web expertise both in web
> page design but also
> in webcasting would work with faculty as they
> develop web-based
> resources and online courses. This person would also
> develop the
> capability to webcast between the campuses. The cost
> includes fringe
> benefits.
>
> Stipends for faculty compensate them for the extra



> time they need to put
> in order to be trained in the use of technology in
> their courses. They
> would attend a number of half-day or full-day
> workshops. Further, we
> would pay some faculty for their time to develop new
> elective courses or
> to be added to the curriculum, or to significantly
> modify existing
> courses, incorporating technological literacy
> modules.
>
> In year two we envision adding new software
> capability as we are more
> aware of specific needs of elective courses. We also
> envision the need
> to upgrade some hardware by the second year.
>
> Evaluation costs include technical time for
> developing surveys on our
> Class Time computerized survey system and print
> costs and time for
> technicians to prepare analyses and summaries of the
> results.
>
> Publications costs include printed materials and
> electronic materials
> that are made available both to students and to
> faculty in other
> institutions who want to use and adapt the developed
> materials. This
> also includes funding for faculty to present their
> modules and courses
> at national meetings.
>
> Supplies include disposable media and consumables
> directly related to
> the development and use of technological literacy
> modules.
>
> Shelly Butler, Vice President
> Development & Institutional Advancement
> The City College of New York
> 160 Convent Avenue, S-154
> New York, NY 10031
> Tel: (212) 650-[redacted]; 650-[redacted]
> Fax: (212) 650-[redacted]
> Email: rbutler[redacted]



City College is establishing the Charles B. Rangel Center for Public Service in honor of a distinguished public servant and long-time friend of the College, Congressman Charles B. Rangel. In a notable career spanning more than four decades, The Honorable Charles B. Rangel has done as much as any single person in public service to help the least powerful among our citizens to achieve their goals and to change their lives, their communities, and the nation.

The Charles B. Rangel Center for Public Service at The City College of New York will strive to become a national center for the promotion of greater diversity in public service, consisting of five major elements:

1. The Charles B. Rangel Library, consisting of documents, archives, and memorabilia from Congressman Rangel's lifetime of public service. These papers will be made available to scholars nationally, and particularly to scholars within The City College and the City University, and will serve as a locus of sponsored research and conferences concerning barriers to full participation in public service by underserved minorities;

2. The Master's Program in Public Service, which will recruit and prepare young people for careers in government and public service. The program will include participation in internships in service organizations, arranged by the Rangel Center. It will also offer interdisciplinary specializations in concert with The City College Schools of Architecture, Engineering, Education, and Biomedical Education, as well as CCNY's special programs in transportation, waste management, and urban public health;

   Upon completion of a degree, graduates will be eligible for programs like the Federal Career Intern Program, entering government service for a two-year temporary appointment with eligibility for a permanent assignment upon completion. These opportunities will encourage the involvement of members of underrepresented minority groups and those with financial need;

3. A Combined BA/MA Program in Public Service, which will work together with several undergraduate programs unique to City College that are particularly suited to draw outstanding students into public service. The BA/MA Program will attract students capable of and interested in an intensive "fast-track" program leading to the master's degree. It will prepare them for public service with high-level coursework, experienced government personnel mentors, and hands-on training in internships and service learning;

4. The Charles B. Rangel Center, which will be housed in a magnificent Harlem limestone townhouse adjacent to The City College campus, and include the Rangel Library, the Rangel Conference Center, and offices for visiting scholars;

5. The Charles B. Rangel Fellows: A Mid-Career Program in Leadership and Policy Innovation, offering professional advancement training for mid-career, minority government and other public service employees of particular accomplishment and promise for a term of study ranging from eight weeks to an academic year.

CITY COLLEGE/VERIZON PARTNERSHIP

The City College of New York (CCNY) is excited about the opportunity to partner with Verizon to develop the "Verizon Foundation Literacy in Technology Program" at the new Rangel Center at the College.



City College requests Verizon's support at the $500,000 level to develop and implement this technology literacy program which will serve approximately 200 (CORRECT?) students pursuing degrees in public service. All 700 students of the DWE (SORRY, WHAT DOES DWE STAND FOR?) would be impacted by this program because technological literacy will be integrated throughout the curriculum. In addition, CCNY students participating in Rangel Center programs who are not registered at DWE will be able to take these courses through web casts and distance learning.

City College is one of the most truly diverse campuses in America. More than 87% of CCNY students describe themselves as members of a minority group. City College's demographics are now approximately: 36% Hispanic; 26% African-American; 22% Asian; 13% White; 1% American Indian; 2% Other. Most of CCNY's students come from the New York City public schools. Many are immigrants or children of immigrants; they speak 91 languages other than English and were born in 147 countries. City College students are often the first in their families to go to college, and most have very limited financial resources. Approximately 58% come from families with combined incomes of $30,000 or less; three quarters work while attending school, some at more than one job. Over half of CCNY's students attend part time, most often for financial reasons.

WE SHOULD INCLUDE A PARAGRAPH HERE ABOUT THE DEMOGRAPHICS OF THE STUDENTS PURSUING DEGREES IN PUBLIC SERVICE? WHAT % ARE MALE; WHAT % ARE FEMALE; WHAT IS THE AGE RANGE AND AVERAGE AGE OF THESE STUDENTS? WHAT % OF THESE STUDENTS ARE HISPANIC; % AFRICAN AMERICAN; % ASIAN, % WHITE; % AMERICAN INDIAN; % OTHER

Fundamental to Congressman Rangel's lifelong service is a belief that America's ""governing class"" -- those men and women who make our laws and policies --must reflect the rich tapestry of cultures, faiths, and ethnicities that make us who we are as a country. Today, non-whites make up nearly 30% of the US population. Yet fewer than 14% of men and women in middle and senior levels of the Federal Civil Service and 8% of the United States Foreign Service are members of minority groups.

The Rangel Center for Public Service will prepare students, particularly from underserved and underrepresented populations for careers as leaders in public service. At the heart of that effort is a curriculum that emphasizes a combination of classroom instruction, practical training, and opportunities for vibrant co-curricular interaction with the Rangel Leadership Fellows.

The program is designed to attract students at both the graduate and undergraduate levels. For undergraduates, a unique, seamless five-year BA/MA Program in Public Service will attract current CCNY students and new students who come to City College specifically to enroll in the Rangel Program.

Rangel Center students will leave the City College of New York uniquely prepared for careers in public service. The Verizon Foundation Literacy in Technology Center at the new Rangel Center will ensure that these students have the necessary technological skills to make a difference to the agencies and public constituencies they will go on to serve.

PROJECT BACKGROUND

Teaching Technological Literacy for Rangel Center Students



Educational technology is nudging instruction beyond its oral and print-based tradition to embrace online and electronic texts as well as multimedia. Computers are creating new opportunities for writing and collaborating and technology is influencing how people read, write, listen and communicate. The Internet is constructing global bridges for students to communicate, underscoring the need for individuals to be equipped with technology skills and competencies to actively participate as members of the 21st Century.

In today's digital world technology has contributed to an expanded understanding of literacy. Besides having basic literacy skills, today's students also need technology skills for communicating, investigating, accessing and using information, computing, thinking critically about messages inherent in new media, and understanding and evaluating data.

Technological literacy is knowledge about what technology is, how it works, what purposes it can serve, and how it can be used efficiently and effectively to achieve specific goals.

Just 20 years ago, cell phones, laptops, pagers, and fax machines were in the realm of scientists and science fiction. Today, those technologies and the Internet have gained widespread public acceptance and use. It is clear that, in today's Digital Age, students must be technologically literate to live, learn, and work successfully.

City College acknowledges the importance of technology to its students' futures, but to-date has not incorporated technology into the mainstream of academic learning. Because technological literacy has become an essential component of job readiness, citizenry, and life skills, students must not only become competent in the use of technology and associated applications, they also must be able to apply their skills to practical situations.

Accessing information has become increasingly important as databases previously accessible only to library media specialists are now available to students directly. Browsing, searching, and navigating online have become essential skills for all students, as has recognition of the limitations of digital archives. (Some things remain unavailable electronically.) Familiarity with natural inquiry, Boolean search strategies, and organizational systems (cataloging, abstracting, indexing, rating) is extremely important as students locate information from sources across the globe.

The digitizing of resources raises new issues of analysis and evaluation. For example, consider a student who is asked to prepare a presentation based on information from the Web. That student can access vast quantities of information without a lot of understanding, because search engines make accessing information so simple. But one must also recognize that:

> Using search engines well requires an increased skill level. Evaluating and synthesizing information found in a variety of sources requires even more advanced skills, representing a literacy that is far beyond what is needed in a more constrained environment, such as with textbooks where all the information is contained within one source. In effect, because technology makes the simple tasks easier, it places a greater burden on higher-level skills.

Ultimately, students need to understand the interrelationships between library collections, proprietary databases, and other Internet documents to ensure appropriate, effective searching and accurate evaluation of sources. Furthermore, as students access electronic resources, it is critical that they recognize the importance of honoring the intellectual property of others by strictly adhering to copyright and fair-use laws.



Expanding the teaching and learning of technology will both better achieve the educational objectives that are foundational to the BA component of the BA/MPA degree, and also ensure that students graduate and move on to the MPA degree with significant technological literacy to help them along their career paths in public service.

A Professor of Technology Literacy will be identified and will coordinate and lead this program across a multidisciplinary platform. Interdisciplinary curriculum developed will include three integrated core courses, as well as advanced courses, that students take from several disciplines that relate to their area of concentration. For instance, public administration students will take courses in literature, sociology, psychology, history, economics and philosophy, in addition to courses like organizational behavior or urban politics and policy that are more specific to their concentration area. Technological literacy will be incorporated into these courses. With a commitment from the Verizon Foundation, beginning in the fall of 2007, the Rangel Center will implement this Technology Literacy Program at the Rangel Center and will begin the search for the project's Professor.

Examples of Coursework, Modules and Curriculum:

We will offer specific coursework on technology tailored to students pursuing public administration and service and human services. Examples of such courses would include the use of GIS data, techniques in data analysis and presentation, and statistical analysis. In addition, rather than offering only courses on technology, we plan to incorporate the technology learning with the current course content.

Students in the BA/A program take courses in the following categories:

INSERT INFORMATION HERE

This is the way that most research shows to be most effective for the development of skill competency. People need to use new techniques they are learning as they learn them; otherwise the newly-acquired skills are quickly forgotten and lost. So we will have special sessions in the computer lab taught by the regular instructor or a specialist where students learn specific skills. Then, these skills would be immediately used in the coursework of the class they are taking. Advanced classes would require these skills and would add to them.

We would develop a skill grid, so we could be sure that all students have sufficient exposure to the basic skills before they take upper division courses. For example, in the social science core course, we would introduce tabulating and graphically presenting data. It could be population data on a topic like income distribution in the US. This would require several one hour sessions in the computer lab with the instructor giving hands on instruction in various techniques like entering the data, computing averages and then creating a graph. Following each session, students would be given an assignment to do readings or Internet research in which they gather data and create their own graphical representation of it along with some narrative explanation. All of these skills could be required for a final project at the end of the term.

We would start in the core courses with individual modules tied into the existing curriculum that develop skills in internet research, using databases, and data analysis and presentation tools. We would also develop learning modules that enhance basic skills to more advanced skills and learning outcomes. In more advanced courses, these skills would be assumed and reinforced through the expectation that they would be systematically used. More advanced skills would be developed in upper-division courses. These would include special statistics software, GIS



software, presentation preparation, web site development, desktop publishing and video post-production. As mentioned already, a course in GIS data analysis and use would be important for some students so they have expertise in this area beyond the introductory level. The same is true for desktop publishing, video post-production, statistics and other areas where specialization is needed.

Once this project is fully implemented, we would expect every graduating student in the Rangel Center to possess a strong base in technology skills that have been used many times in different courses. This will provide the preparation to effectively use the tools available, and the comfort level to continue to learn as new technologies become available.

The Program's faculty, once trained, will be able to continue to teach literacy in technology and the knowledge base they create will also be available through publications, the website and curriculum modules made available to other educational institutions and to the community.

The Center for Worker Education at City College has been fortunate to receive $680,000 in funding this year from the New York City Council to complete the technological infrastructure. This includes money for completely outfitted smart classrooms, portable laptop computer labs for use in any classroom, and a video production and desktop publishing facility. These will be in place by the early spring of 2008.

VERIZON FUNDING

Verizon Foundation funding would provide the most critical elements of the Rangel Center's technological infrastructure which is the programmatic support to train faculty and students, develop curricular modules for many courses and enhance the teaching infrastructure with appropriate, state-of-the-art software. The excellent facilities we will have require this investment in program development and training in order to be effectively used.

Specifically, we would hire a full-time educator with extensive technological expertise to work with faculty to develop the learning modules, to train them in workshops, and to develop and implement the evaluation of the project. This person would also be available to conduct training of students in the computer lab or regular classroom. Both the Center for Worker Education and the BA/MA public service program of the Rangel Center would be served by this person who would be based at the Center for Worker Education. A part-time person with web expertise both in web page design but also in webcasting would work with faculty as they develop web-based resources and online courses. This person would also develop the capability to webcast between the campuses.

Stipends for faculty will be provided to compensate them for the extra time they need to put in – in order to be trained in the use of technology in their courses. They would attend a number of half-day and/or full-day workshops. Further, we would pay some faculty for their time to develop new elective courses or to be added to the curriculum, or to significantly modify existing courses, incorporating technological literacy modules. In year two we envision adding new software capability as we are more aware of specific needs of elective courses.

Evaluation costs will include technical time for developing surveys on our Class Time computerized survey system and print costs and time for technicians to prepare analyses and summaries of the program and each student's individual results.



Publications costs will include printed materials and electronic materials that are made available both to students and to faculty in other institutions who want to use and adapt the developed materials. This also includes funding for faculty to present their modules and courses at national meetings.

Supplies will include disposable media and consumables directly related to the development and use of technological literacy modules.

MEASURMENT, EVALUATION AND OUTCOMES

Students participating in the Verizon Foundation Literacy in Technology Program at the Rangel Center will:

- develop knowledge, ability and responsibility in the use of information technology
- acquire, organize, analyze, evaluate, and present information using appropriate information technology
- use information technology to expand their range and effectiveness of communication
- solve problems, accomplish tasks, and express creativity, both individually and collaboratively, using technology
- understand the role and impact of technology, and apply ethical, responsible, and legal standards in its use

In order to evaluate the success of the program, determine a true and measurable outcome, and assess the benefits to The College, the Rangel Center, and the community, the Rangel Center will keep records and track:

* the number of students per year who participate in the Verizon Foundation Literacy in Technology Program,
* a student breakout by public service area/discipline and the associated technology learnings and levels achieved
* the professional development and technology curriculum developed and offered through the program,
* the number of technology uses before and after completing the curriculum, and
* the number of uses of computerized presentations before and after completing the curriculum.

At the end of years one, two, and three, the Rangel Center will ask Verizon Foundation Literacy in Technology Program participants to fill out a questionnaire regarding their experiences with the program and the Center. The College will survey and analyze findings based on:
* usage of new technological skills,
* satisfaction with the learning experience before and after access to the program/Center.

After five years, The College's surveys of Rangel Center alumni will quantify:
* how many entered public service,
* in which capacities, and
* how they felt the Verizon Foundation Literacy in Technology Program assisted them in the long term.



In addition, City College is in the process of developing learning outcomes for all courses as a part of the Middle States accreditation process. We plan to use this same process as we incorporate the technological literacy modules. The technological literacy grid which lists the specific skills in the columns and the courses where they are learned in the rows would allow for evaluation of how well students are doing in each course. A particular course would have a specific set of technological literacy learning outcomes and for each outcome there would be a way to assess it in individual students. The expectation is that from now on, we will do outcomes assessment each year to evaluate the effectiveness of classes.

MARKETING, COMMUNICATIONS AND BRANDING

We have developed a relationship with the Alliance for Downtown New York, which represents thousands of businesses and not-for-profits in lower Manhattan. Through the Alliance we will be reaching out to organizations to promote the program. We also continue to work with unions like Local 1549 of DC37 who represent workers in government agencies who would be potential students.

NEED MORE INFORMATION HERE ON HOW YOU WILL ATTRACT STUDENTS....

We will work in collaboration with Verizon to recognize and publicize the Verizon Literacy in Technology Program for their support. Marketing this program will be done with an announcement in City College publications, a press release to the major media, e-mail announcements to all CCNY alumni and friends, CCNY's own newsletters and publications, and possibly a press conference with Congressman Rangel.

The Rangel Center web site will describe and publicize the new program and publications will always express appreciation to Verizon. The City College of New York will also notify Verizon about any public use of its name and the Program's name.



Congress of the United States
House of Representatives
Washington, DC 20515-3215

FAX TRANSMITTAL

DATE: 7/17/07

TO: MARIE SILLA - (202) 336-

FROM: GEORGE A. DALLEY FOR MEL NORRIS

NUMBER OF PAGES (INCLUDING COVER SHEET): 3

NOTE:

SCHUMER LETTER & RANGEL LETTER

EXHIBIT
Exhibit 265

VZ-CCNY 1409

CSOC.CBR.00022901

07 11 07 19:19 FAX 2402

Congress of the United States
U.S. House of Representatives
COMMITTEE ON WAYS AND MEANS
1102 Longworth House Office Building
(202) 225-3625
Washington, DC 20515-0348
http://waysandmeans.house.gov

July 11, 2007

The Honorable Susan C. Schwab
United States Trade Representative
Office of the U.S. Trade Representative
600 17th Street, NW
Washington, DC 20508

Re: *In re Certain Baseband Processor Chips* (Inv. No. 337-TA-543)

Dear Madam Ambassador:

I am writing with respect to the decision of June 7, 2007, by the U.S. International Trade Commission (ITC) under Section 337 of the Tariff Act of 1930, in the above referenced investigation. In that decision, a sharply divided Commission rejected the narrow remedy recommendation of its Administrative Law Judge and attempted to craft a limited exclusion order covering only certain models of broadband wireless devices that use chips found to infringe a U.S. patent. The ALJ had recommended an exclusion order covering only imports of the actual chips.

Under section 237(j)(2), the Office of the U.S. Trade Representative has the authority to disapprove the recommendation of the ITC. I am writing to urge that your office carefully weigh all of the implications of the decision issued by the ITC, including the strong and effective protection of U.S. intellectual property rights, and the impact of the proposed exclusion order on commerce, public safety, the public interest and U.S. competitiveness. The key question in this case is whether the remedy proposed by the ITC best effectuates the statutory goals, or whether the remedy should be disapproved so that the ITC can determine a more appropriate remedy. On balance, in this case, disapproval would appear to be the better decision.

Thank you for your consideration of these views.

Sincerely,

Charles B. Rangel
Chairman

EXHIBIT
Exhibit 265



VZ-CCNY 1410

CSOC.CBR.00022902

United States Senate

July 11, 2007

The Honorable Henry M. Paulson, Jr.
Secretary
United States Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

The Honorable Susan Schwab
United States Trade Representative
600 17th Street, NW
Washington, DC 20500

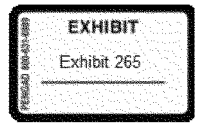
Dear Secretary Paulson and Ambassador Schwab,

I write to express grave concern about the U.S. International Trade Commission's decision in *In re Certain Baseband Processor Chips* (Inv. No. 337-TA-543). The decision bans the importation of an advanced cell phone chip used in new models of cell phones, and raises serious public safety concerns. Because the ban will affect emergency systems and first responders, I urge you to consider a veto in this case. Timely action is required, because although there is an ongoing appeal and irrespective of any stay that may be issued, the window for this Administration to act will expire in early August, 60 days from the date of the decision.

This importation ban will adversely affect public safety and our national communications infrastructure. As noted in the dissenting opinion, numerous entities require this technology to operate their various public safety systems, and will be adversely affected if such a ban remains in place. Federal, state, and local government agencies utilize this technology as an essential part of crime fighting and emergency preparedness. The distribution of these resources to the American public is vital, and any interruption or cessation will cause serious consequences.

Additionally, the ban would directly impact the efforts to improve 911 emergency communications across the country. The advanced technology that is subject to the ban would increase the precision in determining a 911 caller's location when he or she calls from a wireless phone. In fact, numerous public safety organizations have spoken out against this ruling, describing the crippling effect it will have on the delivery of essential 911 services.

During the public hearing for this case, FEMA and other public safety associations testified that this technology is essential to their operations and that any ban would harm the public safety and health of our nation. They cautioned the ITC against issuing such a remedy, yet that testimony was not heeded. In light of the decision, I



strongly urge you to step in to ensure that our first responders and emergency systems have the benefit of the newest and most advanced technology including the chips subject to the decision in this case.

Thank you for your attention to this important matter of public safety.

Sincerely,

Charles E. Schumer
United States Senator



Sullivan, Susan

From: Sullivan, Susan
Sent: Tuesday, July 31, 2007 4:51 PM
To: Gaston, Patrick R.
Subject: City College of New York - Rangel Center

Patrick – Here is the e-mail for review and forwarding to Kathy (for Tom) in connection with the Rangel Center grant. – Thanks, Susan

---

Kathy,

As discussed, here is the e-mail for forwarding to Tom about the Rangel Center grant.

Thanks,

Patrick

Tom,

At Ivan's request, we have been working with members of the City College of New York to develop a technology literacy grant to support the newly created Rangel Center at the College.

Last week, the New York Post and newsmax.com ran articles (see below) about Congressman Rangel and the planned Rangel Center where they referenced a $500,000 contribution from the Verizon Foundation. Shelly Butler, our contact at City College, assures us that at no time did City College ever say or write that Verizon had committed to support the Rangel Center and knows that Verizon Foundation is in the process of considering the college's pending grant request.

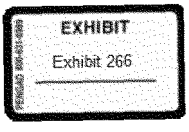
Below is an executive summary of the grant proposal. Our funding will target City College faculty and approximately 200 underserved and underrepresented students pursuing degrees in public service. The grant is designed to support the new technology infrastructure at the Center (funded by the New York City Council) -- providing technology training & workshops for both teachers and students and the development of technology curriculum to enhance the teaching infrastructure within the College. Susan Sullivan of Patrick's team, and Sandy Wilson of Monica's team, has been instrumental in shaping the partnership to support a technology initiative opposed to bricks and mortar for the Rangel Center.

Monica and Roger Mott are supportive of the grant and stand ready to defend the partnership should the need arise. Roger believes there will be no need to do so, however.

Please let me know if you are okay with us including this grant on the next slate of $100K and above grants for Foundation Board review and approval.

Thanks,

Kathy



RANGEL ♥ RANGEL
DEM BUILDS MONUMENT TO SELF WITH PUBLIC CASH

By GEOFF EARLE Post Correspondent

July 23, 2007 -- WASHINGTON - Rep. Charles Rangel is lining up millions in taxpayer funds and soliciting massive donations from companies with interests before Congress in a controversial bid to finance a center in Harlem named after himself.

Rangel, who chairs the powerful House Ways and Means Committee, has quietly secured close to $25 million from a slew of private companies and foundations for the Charles B. Rangel Center for Public Service at City College.

The center, which will be located in a four-story limestone building at 141st St. and Convent Avenue, will steer low-income and minority students into politics.

Rangel has come under fire both for attempting to name a government-supported project after himself while he's still in office - considered unseemly by many lawmakers - and for the huge fund-raising drive that is not subject to financial-disclosure or conflict-of-interest rules.

Last week, Rangel pushed a $2 million "earmark" through the House as seed money, sparking GOP outrage.

"I just don't think it's right for a member to donate taxpayer money to something with their name on it," said Rep. John Campbell (R-Calif.).

"In general, we do not name things after ourselves while we are great and powerful," Rep. Mark Kirk (R-Ill.) said.

There is no legal requirement that Rangel disclose names of donors to the center, but his office provided an internal fund-raising document to The Post.

It lists $10 million from insurance firm AIG, $500,000 from the Verizon Foundation and $1 million from Eugene Isenberg, CEO of energy firm Nabors Industries.

Ways and Means has a sweeping jurisdiction over taxes and trade that affects every facet of the economy, including corporate taxation.

No opening date for the center has been set.

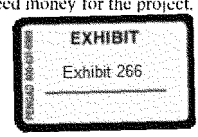
Rangel beamed when asked about the project while fending off an effort to cut funding last week, saying, "I cannot think of anything I'm more proud of."

Rep. Rangel Earmarks Funds for His Own Building

New York Rep. Charles Rangel has been raising funds from taxpayers and corporations for a center in Harlem to be named after a prominent U.S. congressman – Charles Rangel.

The Democrat has quietly raised nearly $25 million for the Charles B. Rangel Center for Public Service at City College, located in a four-story Harlem building and aimed at steering low-income and minority students into politics, the New York Post reports.

Last week Rangel - chairman of the House Ways and Means Committee – pushed through a $2 million "earmark" in the House to serve as seed money for the project.



Corporate contributions so far include $10 million from insurance company AIG and $500,000 from the Verizon Foundation. Rangel's committee has jurisdiction over taxes and trade, including corporate taxation.

Some lawmakers consider it "unseemly" for Rangel to name a government-supported project after himself, according to the Post.

Rep. John Campbell, R-Ill., said: "I just don't think it's right for a member to donate taxpayer money to something with their name on it."

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THE CITY COLLEGE OF NEW YORK (request ID 343056)
(Funded by Verizon Foundation Dollars)
This nonprofit organization is requesting $500,000; the Verizon Foundation recommends funding $500,000; $100,000 in 2007, $300,000 in 2008, and $100,000 in 2009.
Recommending Organization: Ivan Seidenberg
Strategic Value: Aligns with the Foundation's funding priorities of Literacy and Education, utilizing technology.

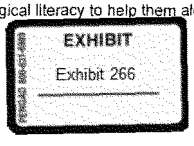
Goal/Proposal: The City College of New York (CCNY) is excited about the opportunity to partner with Verizon to develop the "Verizon Foundation Literacy in Technology Program" at the new Rangel Center at the College.

Program Background:
City College is establishing the Charles B. Rangel Center for Public Service in honor of a distinguished public servant and long-time friend of the College, Congressman Charles B. Rangel. In a notable career spanning more than four decades, The Honorable Charles B. Rangel has done as much as any single person in public service to help the least powerful among our citizens to achieve their goals and to change their lives, their communities, and the nation.

City College is one of the most truly diverse campuses in America. More than 87% of CCNY students describe themselves as members of a minority group. City College's demographics are now approximately: 36% Hispanic; 26% African-American; 22% Asian; 13% White; 1% American Indian; 2% Other. Most of CCNY's students come from the New York City public schools. Many are immigrants or children of immigrants; they speak 91 languages other than English and were born in 147 countries. City College students are often the first in their families to go to college, and most have very limited financial resources. Approximately 58% come from families with combined incomes of $30,000 or less; three quarters work while attending school, some at more than one job. Over half of CCNY's students attend part time, most often for financial reasons. The Division of Worker Education students are ethnically similar to the City College profile just described, but in other ways they are different. City College's median undergraduate age is 22, but DWE's is 32. Furthermore, City College undergraduates are evenly divided between men and women, but 80% of DWE students are women.

City College requests Verizon's support at the $500,000 level to develop and implement the "Verizon Foundation Literacy in Technology Program which will serve approximately 200 underserved and underrepresented students pursuing degrees in public service. This literacy technology program is designed to attract students at both the graduate and undergraduate levels. For undergraduates, a unique, seamless five-year BA/MPA Program in Public Service will attract current CCNY students and new students who come to City College specifically to enroll in the Rangel Program. All 700 students of the Division of Worker Education (DWE) will also be impacted by this program because technological literacy will be integrated throughout the curriculum. In addition, CCNY students participating in Rangel Center programs who are not registered at DWE will be able to take these courses through web casts and distance learning.

Expanding the teaching and learning of technology will both better achieve the educational objectives that are foundational to the BA component of the BA/MPA degree, and also ensure that students graduate and move on to the MPA degree with significant technological literacy to help them along their career paths in public service.



A Professor of Technology Literacy will be identified and will coordinate and lead this program across a multidisciplinary platform. Interdisciplinary curriculum developed will include three integrated core courses, as well as advanced courses, that students take from several disciplines that relate to their area of concentration. For instance, public administration students will take courses in literature, sociology, psychology, history, economics and philosophy, in addition to courses like organizational behavior or urban politics and policy that are more specific to their concentration area. Technological literacy will be incorporated into these courses.

In addition, three courses required of all Rangel Center BA/MPA students--Communication and Political Action; Accessing, Analyzing, and Interpreting Data; and Management of Public Organizations-- will have significant technological components.

With a commitment from the Verizon Foundation, beginning in the fall of 2007, the Rangel Center will implement this Technology Literacy Program at the Rangel Center and DWE and will begin the search for the project's Professor.

We will offer specific coursework on technology tailored to students pursuing public administration and service and human services. Examples of such courses would include the use of GIS data, techniques in data analysis and presentation, and statistical analysis.

In addition, rather than offering only courses on technology, we plan to incorporate the technology learning with much of the current course content. Educational research shows this to be most effective way to develop of skill competency. People need to use new techniques they are learning as they learn them; otherwise the newly-acquired skills are quickly forgotten and lost. So we will have special sessions in the computer lab taught by the regular instructor or a specialist where students learn specific skills. Then, these skills would be immediately used in the coursework of the class they are taking. Advanced classes would require these skills and would add to them.

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Once this project is fully implemented, we would expect every graduating student in DWE and the Rangel Center to possess a strong base in technology skills that have been used many times in different courses. This will provide the preparation to effectively use the tools available, and the comfort level to continue to learn as new technologies become available. The Program's faculty, once trained, will be able to continue to teach literacy in technology and the knowledge base they create will also be available through publications, the website and curriculum modules made available to other educational institutions and to the community.

The Division of Worker Education at City College has been fortunate to receive $680,000 in funding this year from the New York City Council to complete the technological infrastructure. This includes money for completely outfitted smart classrooms, portable laptop computer labs for use in any classroom, and a video production and desktop publishing facility. These will be in place by the early spring of 2008.



Verizon's funding will provide the most critical elements of the Rangel Center's technological infrastructure which is the programmatic support to train faculty and students, develop curricular modules for learning courses and enhance the teaching infrastructure with appropriate, state-of-the-art software.

The excellent facilities planned for the Center will require this investment in program development and training in order to be effectively used. Specifically, we would hire a full-time educator with extensive technological expertise to work with faculty to develop the learning modules, to train them in workshops, and to develop and implement the evaluation of the project. This person would also be available to conduct training of students in the computer lab or regular classroom. Both the Division of Worker Education (DWE) and the BA/MPA public service program of the Rangel Center would be served by this person who would be based at the Center for Worker Education. A part-time person with web expertise both in web page design but also in webcasting would work with faculty as they develop web-based resources and online courses. This person would also develop the capability to web cast between the campuses. Stipends for faculty will be provided to compensate them for the extra time they need to put in --in order to be trained in the use of technology in their courses. They would attend a number of half-day and/or full-day workshops. Further, we would pay some faculty for their time to develop new elective courses or to be added to the curriculum, or to significantly modify existing courses, incorporating technological literacy modules. In year two we envision adding new software capability as we are more aware of specific needs of elective courses. Evaluation costs will include technical time for developing surveys on our Class Time computerized survey system and print costs and time for technicians to prepare analyses and summaries of the program and each student's individual results.

Program Deliverables and Outcomes:
Students participating in the Verizon Foundation Literacy in Technology Program at the Rangel Center will:
* develop knowledge, ability and responsibility in the use of information technology
* acquire, organize, analyze, evaluate, and present information using appropriate information technology
* use information technology to expand their range and effectiveness of communication
* solve problems, accomplish tasks, and express creativity, both individually and collaboratively, using technology
* understand the role and impact of technology, and apply ethical, responsible, and legal standards in its use

In order to evaluate the success of the program, determine a true and measurable outcome, and assess the benefits to The College, the Rangel Center, and the community, the Rangel Center will keep records and track:
* the number of students per year who participate in the Verizon Foundation Literacy in Technology Program,
* a student breakout by public service area/discipline and the associated technology learnings and levels achieved
* the professional development and technology curriculum developed and offered through the program,
* the number of technology uses before and after completing the curriculum, and
* the number of uses of computerized presentations before and after completing the curriculum.

At the end of years one, two, and three, the Rangel Center will ask Verizon Foundation Literacy in Technology Program participants to fill out a questionnaire regarding their experiences with the program and the Center. The College will survey and analyze findings based on:
* usage of new technological skills,
* satisfaction with the learning experience before and after access to the program/Center.

After five years, The College's surveys of Rangel Center alumni will quantify:
* how many entered public service,
* in which capacities, and
* how they felt the Verizon Foundation Literacy in Technology Program assisted them in the long term.

In addition, City College is in the process of developing learning outcomes for all courses as a part of the Middle States accreditation process. We plan to use this same process as we incorporate the technological literacy modules. The technological literacy grid which lists the specific skills in the columns and the courses where they are learned in the rows would allow for evaluation of how well students are doing in each course. A particular course would have a specific set of technological literacy learning outcomes and for each outcome there would be a way to assess it in individual students. The expectation is that from now on, we will do outcomes assessment each year to evaluate the effectiveness of classes.

Communications and Branding
We will work in collaboration with Verizon to recognize and publicize the Verizon Foundation Literacy in Technology Program. Marketing of this program can be done with an announcement in City College publications,



a press release to major media, e-mail and web site announcements to all CCNY alumni and friends, CCNY's own newsletters and publications, and possibly a press conference with Congressman Rangel. The City College of New York will also notify Verizon about any public use of its name and the Program's name.



Sullivan, Susan

From: Sullivan, Susan
Sent: Tuesday, July 31, 2007 4:48 PM
To: Azare, Monica; Mott, Roger A.
Subject: City College of New York grant
Attachments: CityCollegeProposal.pdf

Monica, Roger,

As discussed, here is a copy of the City College of New York/Rangel Center grant being submitted to Verizon Foundation's board of directors for review and approval.

I'll let you know once board members have reviewed.

Thanks,
Susan



Organization Information

Legal Name	THE CITY COLLEGE OF New York
AKA Name	The City College of the City University of New York
In Care Of Name	City College 21st Century Foundation
Relationship to 'in care of' organization	The CC21CF is the fiscal agent for The City College of New York
Organization Type	EDUCATION
Address	160 CONVENT AVE, Shepard Hall, RM 154
City	NEW YORK
State	New York
ZIP Code	10031-0000
Province	
Country	United States
Telephone	(212) 650-
Fax	212-650-
Web Site Address	www.cuny.ccny.edu
E-mail Address	nmuid(

Organization Background

A Proud History and Mission -- The Children of the Whole People

The City College of New York was founded in 1847 by Townsend Harris to offer higher education to the children of the working class and immigrants. The College has produced great scientists, captains of industry, public servants, teachers, doctors, lawyers, architects and engineers, opening doors for young men and women with few material resources and opportunities.

Today's City College is a microcosm of New York City, with one of the most diverse student bodies of any college in America. Its more than 13,000 students carry on a tradition of excellence as they win prestigious awards and fellowships, gain acceptance to leading graduate and professional schools, and make their marks in the sciences, in the arts, in public service, in industry, in education.

Access and Excellence

For 160 years, The City College of New York has symbolized the union of excellence and public higher education. The most important avenue to upward mobility and social advancement for generations of New Yorkers, City College has provided an unsurpassed educational opportunity to hundreds of thousands of talented but needy students. With particular focus on meeting the needs of ""the children of the whole people,"" The College provides unique opportunities for underrepresented populations to enter fields new to them with expert skills and education.

Diversity and Need

Many schools talk about diversity; City College lives it

EXHIBIT
Exhibit 267

Organization Information (continued)

Organization Background (continued)

Two years ago, US News and World Report ranked City College first in diversity in the nation, with African-Americans as the largest minority. Last year, City College was ranked first with Hispanic-Americans as the largest minority. The 2006 issue of CCNY's City Facts states that in the voluntary section of the admissions application, 87% of CCNY students describe themselves as members of a minority group.

The Chronicle of Higher Education 2003 Almanac reports that nationally, within the category of bachelor's degrees earned at all colleges, White students earn 75% of the total, Blacks 8.5%, Hispanics 6.5%, and Asian-Pacific Islanders 6.2%. The same year at City College, however, Blacks received 34.1%, Hispanics 30.1% and Asian/Pacific Islanders 11%, an incredible record of success in populations underrepresented in bachelor's degrees earned. Many of these degrees are awarded in exceptionally demanding programs unique to City College, which do not exist elsewhere in the City University system, such as engineering, architecture, biomedical education, and certain science and liberal arts programs.

Most of CCNY's students come from the New York City public schools. Many are immigrants or children of immigrants; they speak 91 languages other than English and were born in 147 countries. City College students are usually the first in their families to go to college, following a tradition that reflects the pattern of generations of CCNY alumni, whose achievements became the model for their own families.

Founded to provide children of the poor and new immigrants access to the American dream now still, as in its storied past, CCNY students are financially needy. Approximately 58% come from families with combined incomes of $25,000 or less; three-quarters of the students work while attending school, some at more than one job. Over half of the students attend part time, most often for financial reasons. They pay $5,000/year in tuition, books, and fees. While the comparatively low tuition narrowly makes it possible for them to attend a top quality college, the cost is high when compared to the income many of them, or their families, earn. Because they frequently need to support themselves and sometimes even help support their families, they often take longer to graduate, sometimes having to leave before they earn the bachelor's degree. Working longer hours takes away valuable time from their studies, making it that much more difficult to attain the success they strive for and merit.

City College's mission emphasizes access and excellence in undergraduate and graduate education and research. Requiring demonstrated potential for admission and a high level of accomplishment for graduation, the College provides a diverse student body with exceptional opportunities to participate in creative intellectual pursuits. The College is led by a faculty committed to the advancement of knowledge and the guidance of students in the attainment of rigorous academic goals.

The College offers a broad range of baccalaureate degrees in the arts and humanities, natural sciences and social sciences, architecture, education, engineering, and biomedical science. Undergraduate programs include significant coursework in the liberal arts and sciences. Distinguished graduate programs at the master's and doctoral levels, and a concomitant dedication to scholarly research, complement the College's commitment to excellence in undergraduate education.

As a national and international model of excellence in public higher education, CCNY pledges to perpetuate and enhance: its status as CUNY's flagship campus in the sciences, engineering and architecture; its signature programs in the creative arts and humanities; its prominence in doctoral programs in clinical psychology, engineering, and the sciences; its role as CUNY's lead institution in sponsored research; its world-renowned research centers; its dedication to public and community service programs, with an emphasis on urban areas; its commitment to the interdisciplinary teamwork that enhances its distinguished history in innovative scholarship.

Over one hundred sixty years of regional, national, and international prominence testify to CCNY's successful realization of its founding mission and the abiding investment of the people of the City and the State of New York in the advancement of that mission.

Internal Notes



Proposal Information

Request Owner	Susan Sullivan
Request Source	External (Submitted 05/24/07)
Proposal Type	Competitive Grant
Is this a Quid Pro Quo Grant?	No
Invitation Code	692TMKYEQH
Project Title	The Verizon Foundation Literacy in Technology Program
Request Date	05/23/07
Request Amount	$500,000.00
Funding Principle	Literacy & Education
Project Budget	$500,000.00
Project Start Date	09/01/07
Project End Date	06/01/10

Describe what your program/project is going to accomplish (and how) - please be specific and provide timelines.

CITY COLLEGE/VERIZON PARTNERSHIP

The City College of New York (CCNY) is excited about the opportunity to partner with Verizon to develop the "Verizon Foundation Literacy in Technology Program" at the new Rangel Center at the College.

City College requests Verizon's support at the $500,000 level to develop and implement this technology literacy program which will serve approximately 200 students pursuing degrees in public service. All 700 students of the Division of Worker Education (DWE) will be impacted by this program because technological literacy will be integrated throughout the curriculum. In addition, CCNY students participating in Rangel Center programs who are not registered at DWE will be able to take these courses through web casts and distance learning.

Verizon Foundation recommends support at the $500,000 level; $100,000 payable in 2007, $300,000 in 2008, and $100,000 in 2009.

City College is one of the most truly diverse campuses in America. More than 87% of CCNY students describe themselves as members of a minority group. City College's demographics are now approximately: 36% Hispanic; 26% African-American; 22% Asian; 13% White; 1% American Indian; 2% Other. Most of CCNY's students come from the New York City public schools. Many are immigrants or children of immigrants; they speak 91 languages other than English and were born in 147 countries. City College students are often the first in their families to go to college, and most have very limited financial resources. Approximately 58% come from families with combined incomes of $30,000 or less; three quarters work while attending school, some at more than one job. Over half of CCNY's students attend part time, most often for financial reasons.

The Division of Worker Education students are ethnically similar to the City College profile just described, but in other ways they are different. City College's median undergraduate age is 22, but DWE's is 32. Furthermore, City College undergraduates are evenly divided between men and women, but 80% of DWE students are women.

Fundamental to Congressman Rangel's lifelong service is a belief that America's ""governing class"" -- those men and women who make our laws and policies --must reflect the rich tapestry of cultures, faiths, and ethnicities that make us who we are as a country. Today, non-whites make up nearly 30% of the US population. Yet fewer than 14% of men and women in middle and senior levels of the Federal Civil Service and 8% of the United States Foreign Service are members of minority groups.

The Rangel Center for Public Service will prepare students, particularly from underserved and



Proposal Information (continued)

Describe what your program/project is going to accomplish (and how) - please be specific and provide timelines. (continued)

underrepresented populations for careers as leaders in public service. At the heart of that effort is a curriculum that emphasizes a combination of classroom instruction, practical training, and opportunities for vibrant co-curricular interaction with the Rangel Leadership Fellows.

The program is designed to attract students at both the graduate and undergraduate levels. For undergraduates, a unique, seamless five-year BA/MPA Program in Public Service will attract current CCNY students and new students who come to City College specifically to enroll in the Rangel Program.

Rangel Center students will leave the City College of New York uniquely prepared for careers in public service. The Verizon Foundation Literacy in Technology Program at the new Rangel Center will ensure that these students have the necessary technological skills to make a difference to the agencies and public constituencies they will go on to serve.

PROJECT BACKGROUND

Teaching Technological Literacy for Rangel Center Students

Educational technology is nudging instruction beyond its oral and print-based tradition to embrace online and electronic texts as well as multimedia. Computers are creating new opportunities for writing and collaborating and technology is influencing how people read, write, listen and communicate. The Internet is constructing global bridges for students to communicate, underscoring the need for individuals to be equipped with technology skills and competencies to actively participate as members of the 21st Century.

In today's digital world technology has contributed to an expanded understanding of literacy. Besides having basic literacy skills, today's students also need technology skills for communicating, investigating, accessing and using information, computing, thinking critically about messages inherent in new media, and understanding and evaluating data.

Technological literacy is knowledge about what technology is, how it works, what purposes it can serve, and how it can be used efficiently and effectively to achieve specific goals. Just 20 years ago, cell phones, laptops, pagers, and fax machines were in the realm of scientists and science fiction. Today, those technologies and the Internet have gained widespread public acceptance and use. It is clear that, in today's Digital Age, students must be technologically literate to live, learn, and work successfully.

City College acknowledges the importance of technology to its students' futures, but to date has not incorporated technology into the mainstream of academic learning. Because technological literacy has become an essential component of job readiness, citizenry, and life skills, students must not only become competent in the use of technology and associated applications, they also must be able to apply their skills to practical situations.

Accessing information has become increasingly important as databases previously accessible only to library media specialists are now available to students directly. Browsing, searching, and navigating online have become essential skills for all students, as has recognition of the limitations of digital archives. (Some things remain unavailable electronically.) Familiarity with natural inquiry, Boolean search strategies, and organizational systems (cataloging, abstracting, indexing, rating) is extremely important as students locate information from sources across the globe.
The digitizing of resources raises new issues of analysis and evaluation. For example, consider a student who is asked to prepare a presentation based on information from the Web. That student can access vast quantities of information without a lot of understanding, because search engines make accessing information so simple. But one must also recognize that:

Using search engines well requires an increased skill level. Evaluating and synthesizing information found in a variety of sources requires even more advanced skills, representing a literacy that is far beyond what is needed in a more constrained environment, such as with textbooks where all the information is contained within one source. In effect, because technology makes the simple tasks easier, it places a greater burden on higher-level skills.

Ultimately, students need to understand the interrelationships between library collections, proprietary databases, and other Internet documents to ensure appropriate, effective searching and accurate evaluation of sources. Furthermore, as students access electronic resources, it is critical that they



Proposal Information (continued)

Describe what your program/project is going to accomplish (and how) - please be specific and provide timelines. (continued)

recognize the importance of honoring the intellectual property of others by strictly adhering to copyright and fair-use laws.

Expanding the teaching and learning of technology will both better achieve the educational objectives that are foundational to the BA component of the BA/MPA degree, and also ensure that students graduate and move on to the MPA degree with significant technological literacy to help them along their career paths in public service.

A Professor of Technology Literacy will be identified and will coordinate and lead this program across a multidisciplinary platform. Interdisciplinary curriculum developed will include three integrated core courses, as well as advanced courses, that students take from several disciplines that relate to their area of concentration. For instance, public administration students will take courses in literature, sociology, psychology, history, economics and philosophy, in addition to courses like organizational behavior or urban politics and policy that are more specific to their concentration area. Technological literacy will be incorporated into these courses.

In addition, three courses required of all Rangel Center BA/MPA students--Communication and Political Action; Accessing, Analyzing, and Interpreting Data; and Management of Public Organizations-- will have significant technological components.

With a commitment from the Verizon Foundation, beginning in the fall of 2007, the Rangel Center will implement this Technology Literacy Program at the Rangel Center and DWE and will begin the search for the project's Professor.

We will offer specific coursework on technology tailored to students pursuing public administration and service and human services. Examples of such courses would include the use of GIS data, techniques in data analysis and presentation, and statistical analysis.

In addition, rather than offering only courses on technology, we plan to incorporate the technology learning with much of the current course content. Educational research shows this to be most effective way to develop of skill competency. People need to use new techniques they are learning as they learn them; otherwise the newly-acquired skills are quickly forgotten and lost. So we will have special sessions in the computer lab taught by the regular instructor or a specialist where students learn specific skills. Then, these skills would be immediately used in the coursework of the class they are taking. Advanced classes would require these skills and would add to them.

We would develop a skill grid, so we could be sure that all students have sufficient exposure to the basic skills before they take upper division courses. For example, in the social science core course, we would introduce tabulating and graphically presenting data. It could be population data on a topic like income distribution in the US. This would require several one hour sessions in the computer lab with the instructor giving hands on instruction in various techniques like entering the data, computing averages and then creating a graph. Following each session, students would be given an assignment to do readings or Internet research in which they gather data and create their own graphical representation of it along with some narrative explanation. All of these skills could be required for a final project at the end of the term.

We would start in the core courses with individual modules tied into the existing curriculum that develop skills in internet research, using databases, and data analysis and presentation tools. We would also develop learning modules that enhance basic skills to more advanced skills and learning outcomes. In more advanced courses, these skills would be assumed and reinforced through the expectation that they would be systematically used. More advanced skills would be developed in upper-division courses. These would include special statistics software, GIS software, presentation preparation, web site development, desktop publishing and video post-production. As mentioned already, a course in GIS data analysis and use would be important for some students so they have expertise in this area beyond the introductory level. The same is true for desktop publishing, video post-production, statistics and other areas where specialization is needed.

Once this project is fully implemented, we would expect every graduating student in DWE and the Rangel Center to possess a strong base in technology skills that have been used many times in different courses. This will provide the preparation to effectively use the tools available, and the comfort level to continue to learn as new technologies become available.



Proposal Information (continued)

Describe what your program/project is going to accomplish (and how) - please be specific and provide timelines. (continued)

The Program's faculty, once trained, will be able to continue to teach literacy in technology and the knowledge base they create will also be available through publications, the website and curriculum modules made available to other educational institutions and to the community.

The Division of Worker Education at City College has been fortunate to receive $680,000 in funding this year from the New York City Council to complete the technological infrastructure. This includes money for completely outfitted smart classrooms, portable laptop computer labs for use in any classroom, and a video production and desktop publishing facility. These will be in place by the early spring of 2008.

VERIZON FUNDING

Verizon Foundation funding would provide the most critical elements of the Rangel Center's technological infrastructure which is the programmatic support to train faculty and students, develop curricular modules for many courses and enhance the teaching infrastructure with appropriate, state-of-the-art software.

State of the art teleconferencing connections (made available through the funding recently acquired for the Center's technology infrastructure) between the newly-renovated building that houses the Center for Worker Education and the Rangel Center will allow an efficient use of resources in which students at CWE or the City College main campus may enroll in courses at either location. This will allow students at both locations to take advantage of learning from some of the noted authorities who will be teaching in the program while pursuing their busy schedules involving schoolwork, jobs, and sometimes parenting.

The excellent facilities we will have require this investment in program development and training in order to be effectively used. Specifically, we would hire a full-time educator with extensive technological expertise to work with faculty to develop the learning modules, to train them in workshops, and to develop and implement the evaluation of the project. This person would also be available to conduct training of students in the computer lab or regular classroom. Both the Division of Worker Education and the BA/MPA public service program of the Rangel Center would be served by this person who would be based at the Center for Worker Education. A part-time person with web expertise both in web page design but also in webcasting would work with faculty as they develop web-based resources and online courses. This person would also develop the capability to webcast between the campuses.

Stipends for faculty will be provided to compensate them for the extra time they need to put in --in order to be trained in the use of technology in their courses. They would attend a number of half-day and/or full-day workshops. Further, we would pay some faculty for their time to develop new elective courses or to be added to the curriculum, or to significantly modify existing courses, incorporating technological literacy modules. In year two we envision adding new software capability as we are more aware of specific needs of elective courses.

Evaluation costs will include technical time for developing surveys on our Class Time computerized survey system and print costs and time for technicians to prepare analyses and summaries of the program and each student's individual results.

Publications costs will include printed materials and electronic materials that are made available both to students and to faculty in other institutions who want to use and adapt the developed materials. This also includes funding for faculty to present their modules and courses at national meetings.

Supplies will include disposable media and consumables directly related to the development and use of technological literacy modules.

MEASURMENT, EVALUATION AND OUTCOMES

Students participating in the Verizon Foundation Literacy in Technology Program at the Rangel Center will:

* develop knowledge, ability and responsibility in the use of information technology
* acquire, organize, analyze, evaluate, and present information using appropriate information technology
* use information technology to expand their range and effectiveness of communication
* solve problems, accomplish tasks, and express creativity, both individually and collaboratively, using technology



Proposal Information (continued)

Describe what your program/project is going to accomplish (and how) - please be specific and provide timelines. (continued)

* understand the role and impact of technology, and apply ethical, responsible, and legal standards in its use

In order to evaluate the success of the program, determine a true and measurable outcome, and assess the benefits to The College, the Rangel Center, and the community, the Rangel Center will keep records and track:

* the number of students per year who participate in the Verizon Foundation Literacy in Technology Program,
* a student breakout by public service area/discipline and the associated technology learnings and levels achieved
* the professional development and technology curriculum developed and offered through the program,
* the number of technology uses before and after completing the curriculum, and
* the number of uses of computerized presentations before and after completing the curriculum.

At the end of years one, two, and three, the Rangel Center will ask Verizon Foundation Literacy in Technology Program participants to fill out a questionnaire regarding their experiences with the program and the Center. The College will survey and analyze findings based on:
* usage of new technological skills,
* satisfaction with the learning experience before and after access to the program/Center.

After five years, The College's surveys of Rangel Center alumni will quantify:
* how many entered public service,
* in which capacities, and
* how they felt the Verizon Foundation Literacy in Technology Program assisted them in the long term.

In addition, City College is in the process of developing learning outcomes for all courses as a part of the Middle States accreditation process. We plan to use this same process as we incorporate the technological literacy modules. The technological literacy grid which lists the specific skills in the columns and the courses where they are learned in the rows would allow for evaluation of how well students are doing in each course. A particular course would have a specific set of technological literacy learning outcomes and for each outcome there would be a way to assess it in individual students. The expectation is that from now on, we will do outcomes assessment each year to evaluate the effectiveness of classes.

Provide background information on this program/project.

City College is establishing the Charles B. Rangel Center for Public Service in honor of a distinguished public servant and long-time friend of the College, Congressman Charles B. Rangel. In a notable career spanning more than four decades, The Honorable Charles B. Rangel has done as much as any single person in public service to help the least powerful among our citizens to achieve their goals and to change their lives, their communities, and the nation.

The Charles B. Rangel Center for Public Service at The City College of New York will strive to become a national center for the promotion of greater diversity in public service, consisting of five major elements:

1. The Charles B. Rangel Library, consisting of documents, archives, and memorabilia from Congressman Rangel's lifetime of public service. These papers will be made available to scholars nationally, and particularly to scholars within The City College and the City University, and will serve as a locus of sponsored research and conferences concerning barriers to full participation in public service by underserved minorities;

2. The Master's Program in Public Service, which will recruit and prepare young people for careers in government and public service. The program will include participation in internships in service organizations, arranged by the Rangel Center. It will also offer interdisciplinary specializations in concert with The City College Schools of Architecture, Engineering, Education, and Biomedical Education, as well as CCNY's special programs in transportation, waste management, and urban public health;

Upon completion of a degree, graduates will be eligible for programs like the Federal Career Intern Program, entering government service for a two-year temporary appointment with eligibility for a permanent assignment upon completion. These opportunities will encourage the involvement of members



Proposal Information (continued)

Provide background information on this program/project. (continued)

of underrepresented minority groups and those with financial need;

3. A Combined BA/MPA Program in Public Service, which will work together with several undergraduate programs unique to City College that are particularly suited to draw outstanding students into public service. The BA/MPA Program will attract students capable of and interested in an intensive ""fast-track"" program leading to the master's degree. It will prepare them for public service with high level coursework, experienced government personnel mentors, and hands-on training in internships and service learning;

4. The Charles B. Rangel Center, which will be housed in a magnificent Harlem limestone townhouse adjacent to The City College campus, and include the Rangel Library, the Rangel Conference Center, and offices for visiting scholars;

5. The Charles B. Rangel Fellows: A Mid-Career Program in Leadership and Policy Innovation, offering professional advancement training for mid-career, minority government and other public service employees of particular accomplishment and promise for a term of study ranging from eight weeks to an academic year.

What social cause does this program/project address and help to alleviate?

Rangel Center students will leave the City College of New York uniquely prepared for careers in public service. The Verizon Foundation Literacy in Technology Program at the new Rangel Center will ensure that these students have the necessary technological skills to make a difference to the agencies and public constituencies they will go on to serve.

If this is an established or new program/project, can it be replicated? Please explain in detail.

Is technology a component of this proposal? If yes, please explain how technology would be utilized.

Yes. Expanding the use of technology will both better achieve the learning objectives that are foundational to the BA component of the BA/MPA, and also ensure that students graduate and move on to the MPA degree with significant technological literacy to help them along their career paths in public service.

Please describe how this program/project will continue in the future and/or may be expanded to increase community outreach.

The Program's faculty, once trained, will be able to continue to teach literacy in technology and the knowledge base they create will also be available through publications, the website and curriculum modules made available to other educational institutions and to the community.

Include additional program/project funding, if any.

None.

List names of primary funders/grantors (i.e., private/public or both) supporting your organization during the last completed fiscal year.

Rangel Center Campaign

Confirmed

Kheel Foundation Schols $400,000
Trans. appropriation $ 400,000
Congressional seed money $ 3,000,000
Ford Foundation $1,000,000
Private donor $ 1,000,000
Rodobeck Foundation $ 25,000
Sub- total: $5,825,000

Pending



Proposal Information (continued)

List names of primary funders/grantors (i.e., private/public or both) supporting your organization during the last completed fiscal year. (continued)

Corporate donor $10,000,000
CUNY match $ 2,500,000
Additional Congress approp. anticipated
Sub-total: $12,500,000

Total confirmed and pending: $18,325,000

What are the program/project's anticipated outcomes? How will you measure its effectiveness and impact in the community?

Students participating in the Verizon Foundation Literacy in Technology Program at the Rangel Center will:

* develop knowledge, ability and responsibility in the use of information technology
* acquire, organize, analyze, evaluate, and present information using appropriate information technology
* use information technology to expand their range and effectiveness of communication
* solve problems, accomplish tasks, and express creativity, both individually and collaboratively, using technology
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In order to evaluate the success of the program, determine a true and measurable outcome, and assess the benefits to The College, the Rangel Center, and the community, the Rangel Center will keep records and track:

* the number of students per year who participate in the Verizon Foundation Literacy in Technology Program,
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* the professional development and technology curriculum developed and offered through the program,
* the number of technology uses before and after completing the curriculum, and
* the number of uses of computerized presentations before and after completing the curriculum.

At the end of years 1, 2 and 3, the Rangel Center will ask Verizon Foundation Literacy in Technology Program participants to fill out a questionnaire regarding their experiences with the program and the Center. The College will survey and analyze findings based on:
* usage of new technological skills,
* satisfaction with the learning experience before and after access to the program/Center.

After five years, The College's surveys of Rangel Center alumni will quantify:
* how many entered public service,
* in which capacities, and
* how they felt the Verizon Foundation Literacy in Technology Program assisted them in the long term.

Please enter the estimated number of people that will be favorably served/impacted by this grant (if possible).

1000

Please describe your marketing, media, & communications strategy to promote this partnership with Verizon.

MARKETING, COMMUNICATIONS AND BRANDING

We have developed a relationship with the Alliance for Downtown New York, which represents thousands of businesses and not-for-profits in lower Manhattan. Through the Alliance we will be reaching out to organizations to promote the program. We also continue to work with unions like Local 1549 of DC37 and Teamsters Local 237 who represent workers in government agencies who would be potential students.

DWE is in a prime geographic location for many potential students for this program who are working in city and state offices. City Hall and 250 Broadway, where many legislative and governmental offices are located, are just blocks away, and we have frequent contact with the staff in those offices. In fact, we have recruited a number of students from them already. Furthermore, downtown New York, the financial



Proposal Information (continued)

Please describe your marketing, media, & communications strategy to promote this partnership with Verizon. (continued)	district in particular, is now the location for many non-governmental public service organizations. We advertise in the local newspapers, including the Downtown Express, which reaches this part of the city. City Council members also feature the Division of Worker Education in their newsletters to constituents. We will work in collaboration with Verizon to recognize and publicize the Verizon Literacy in Technology Program. Marketing of this program can be done with an announcement in City College publications, a press release to major media, e-mail and web site announcements to all CCNY alumni and friends, CCNY's own newsletters and publications, and possibly a press conference with Congressman Rangel. The City College of New York will also notify Verizon about any public use of its name and the Program's name.
Please enter the estimated number of people who will see Verizon recognized as a supporter of this program.	100000
Project Budget Breakdown	Verizon-BudgetForm-CCNY.doc (59 K)
If Verizon employees elect to do so, is there an opportunity for Verizon employees to volunteer with your organization?	Yes
Communities Served Information	
Estimated Gender Served	80% Females 20% Males
Estimated Age Group Served	100% College
Estimated Ethnicity Served	2% American Indian or Alaska Native 22% Asian or Pacific Islander 27% Black or African American 36% Hispanic or Latino 13% White or Caucasian
Estimated Population Served	100% Underprivileged
Organization Certifications	
No Verizon employee, customer, or board members has a financial interest	Yes
No branch offices, operations, or representation in U.S. sanctioned countries	Yes
Board, staff and organization are free of indictments, convictions, and conflicts of interest	Yes
	Yes



Proposal Information (continued)

Organization has one separate financial or accounting person or function. (continued)	
Organization has conflict of interest policy and procedures	Yes
The organization has at least 3 board members	Yes
If answering "no" to any of the above questions, please explain.	N/A
Organization Accuracy Certification	Yes
Grant Agreement Clauses	
Religious Proselytizing Restriction	I Confirm
Non-Violence and Anti-Terrorism Certification	I Confirm
Lobbying and Political Use Restrictions	I Confirm
Use of Funds	I Confirm
Confirmation of Charitable Intent	I Confirm
Acceptance of Review	I Confirm
Board Review and Approval of this Application	I Confirm
Grant Accuracy Certification	I Confirm
Internal Input Section	
Strategic Rating: Social Issues (Ranking 0 or 1)	0
Strategic Rating: Priority Criteria (Ranking 0 or 1)	1
Strategic Rating: Enabling Factors (Ranking 0, 1, 2, or 3)	1
Strategic Rating: Business Factors (Ranking 0, 1, or 2)	2
Strategic Rating (1-7): Overall Rating of Focus Areas 1,2,3,4	4
Request Type	Cash Grants



Proposal Information (continued)

Internal Program	Direct Grant
Support Type	Program or Project Support
Program Area Served	Technology Literacy
Social Cause	Literacy
Requesting Officer	SEIDENBERG, IVAN
Program Officer	
***Three Year Rule Information [more info]**	
Justification for Three Year Rule Exemption	
Internal Notes	



Payment Information

Payment ID	430979
Payment Type	Contribution
Payment Status	Scheduled
Default Payee	THE CITY COLLEGE 21ST CENTURY FOUNDATION INC 138TH ST AND CONVENT AVE NEW YORK NY 10031-0000 US
Budget	2007 - CONTINGENCY FUNDS
Requested Payment Date	27-JUL-07
Payment Amount	$100,000.
Payment Date	
Check Number	
Check Due Date	
Date Check Received	
Date Check Mailed	
Nonprofit Receipt	
OBRA Receipt Form Received?	N/A
Payment Batch Number	
Transmitted to AP Date	
Payment Notes	



Payment Information (continued)

Payment ID	430080
Payment Type	Contribution
Payment Status	Scheduled
Default Payee	THE CITY COLLEGE 21ST CENTURY FOUNDATION INC 138TH ST AND CONVENT AVE NEW YORK NY 10031-0000 US
Budget	2008 - City College of New York - Gaston
Requested Payment Date	01-APR-08
Payment Amount	$300,000.
Payment Date	
Check Number	
Check Due Date	
Date Check Received	
Date Check Mailed	
Nonprofit Receipt	
OBRA Receipt Form Received?	N/A
Payment Batch Number	
Transmitted to AP Date	
Payment Notes	



Payment Information (continued)

Payment ID	430981
Payment Type	Contribution
Payment Status	Contingent
Default Payee	THE CITY COLLEGE 21ST CENTURY FOUNDATION INC 138TH ST AND CONVENT AVE NEW YORK NY 10031-0000 US
Budget	2009 - City College of New York - Gaston
Requested Payment Date	01-APR-09
Payment Amount	$100,000.
Payment Date	
Check Number	
Check Due Date	
Date Check Received	
Date Check Mailed	
Nonprofit Receipt	
OBRA Receipt Form Received?	N/A
Payment Batch Number	
Transmitted to AP Date	
Payment Notes	



Approval Information

Requested Amount $500,000.

Recommended Amount $500,000.

Prior Approved Grants 1 Table at the 150th Anniv Gala 4/9/97 $5,000 to -$5,000.00 - 1997
Support for the Program for the Retention of Engin -$5,000.00 - 1998
CUNY - Honors College: University Scholars Program -$25,000.00 - 2001
Verizon Scholarships - Business, Engineering and C -$15,000.00 - 2002
Verizon Scholarships-Engineering & Finance/Account -$6,000.00 - 2003
Engineering Scholarships -$7,000.00 - 2004
Einsteins in the City -$10,000.00 - 2005

Request Status Pending



Contact Information

Salutation	Ms.
Last Name	Butler
First Name	Shelly
Middle Name	
Title	VP for Development and Institutional Advancement
Contact Type	Primary Contact
Address	160 CONVENT AVE, Shepard Hall, RM 154
City	NEW YORK
State	New York
Province	
ZIP Code	10031-0000
Telephone	(212) 650-
Fax	212-650-
E-mail Address	rbutler
Internal Notes	



Roger A. Mott/EMPL/DC/Verizon
08/13/2007 06:51 PM

To Mark S. Mullet/EMPL/DC/Verizon@VZNotes
cc
bcc
Subject Re: Confidential re Rangel

Mark

Thanks for sending this along. Not sure why Tom did not include me. I heard nothing from Peter so apprecaite you including me.

I knew it was coming because Susan Sullivan at the Foudation called me two weeks ago asking my opinion and also indicating Monica Azare had signed off.

Roger

Sent from my BlackBerry Wireless Handheld

----- Original Message -----
From: Mark S. Mullet
Sent: 08/13/2007 05:24 PM AST
To: Roger Mott
Subject: Fw: Confidential re Rangel

Roger,
Please see below.

Sent from my blackberry wireless device

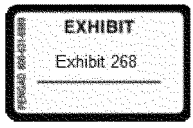
Mark S. Mullet
Verizon
1300 I Street, NW
Washington, DC 20005
(202)515-
(703)447- Mobile

Tom Tauke

From: Tom Tauke
Sent: 08/13/2007 03:50 PM EDT
To: Peter Davidson; Mark Mullet
Subject: Confidential re Rangel

Please keep this confidential. This grant is likely to be funded by the foundation.

THE CITY COLLEGE OF NEW YORK (request ID



VZ-CCNY 1239

CSOC.CBR.00022730

343056)
(Funded by Verizon Foundation Dollars)
This nonprofit organization is requesting $500,000; the Verizon Foundation recommends funding $500,000; $100,000 in 2007, $300,000 in 2008, and $100,000 in 2009.
Recommending Organization: Ivan Seidenberg
Strategic Value: Aligns with the Foundation's funding priorities of Literacy and Education, utilizing technology.

Goal/Proposal: The City College of New York (CCNY) is excited about the opportunity to partner with Verizon to develop the "Verizon Foundation Literacy in Technology Program" at the new Rangel Center at the College.

Program Background:
City College is establishing the Charles B. Rangel Center for Public Service in honor of a distinguished public servant and long-time friend of the College, Congressman Charles B. Rangel. In a notable career spanning more than four decades, The Honorable Charles B. Rangel has done as much as any single person in public service to help the least powerful among our citizens to achieve their goals and to change their lives, their communities, and the nation.

City College requests Verizon's support at the $500,000 level to develop and implement the "Verizon Foundation Literacy in Technology Program" which will serve approximately 200 underserved and underrepresented



students pursuing degrees in public service. This literacy technology program is designed to attract students at both the graduate and undergraduate levels. For undergraduates, a unique, seamless five-year BA/MPA Program in Public Service will attract current CCNY students and new students who come to City College specifically to enroll in the Rangel Program. All 700 students of the Division of Worker Education (DWE) will also be impacted by this program because technological literacy will be integrated throughout the curriculum. In addition, CCNY students participating in Rangel Center programs who are not registered at DWE will be able to take these courses through web casts and distance learning.

A Professor of Technology Literacy will be identified and will coordinate and lead this program across a multidisciplinary platform. Interdisciplinary curriculum developed will include three integrated core courses, as well as advanced courses, that students take from several disciplines that relate to their area of concentration. For instance, public administration students will take courses in literature, sociology, psychology, history, economics and philosophy, in addition to courses like organizational behavior or urban politics and policy that are more specific to their concentration area. Technological literacy will be incorporated into these courses.

In addition, rather than offering only courses on technology, we plan to incorporate the technology learning



with much of the current course content. Educational research shows this to be most effective way to develop of skill competency. People need to use new techniques they are learning as they learn them; otherwise the newly-acquired skills are quickly forgotten and lost. So we will have special sessions in the computer lab taught by the regular instructor or a specialist where students learn specific skills. Then, these skills would be immediately used in the coursework of the class they are taking. Advanced classes would require these skills and would add to them.

We will develop a skill grid, so we can be sure that all students have sufficient exposure to the basic skills before they take upper division courses. For example, in the social science core course, we would introduce tabulating and graphically presenting data. It could be population data on a topic like income distribution in the US. This would require several one hour sessions in the computer lab with the instructor giving hands on instruction in various techniques like entering the data, computing averages and then creating a graph. Following each session, students would be given an assignment to do readings or Internet research in which they gather data and create their own graphical representation of it along with some narrative explanation. All of these skills could be required for a final project at the end of the term.

Once this project is fully implemented, we would expect every graduating student in DWE and the Rangel Center



to possess a strong base in technology skills that have been used many times in different courses. This will provide the preparation to effectively use the tools available, and the comfort level to continue to learn as new technologies become available. The Program's faculty, once trained, will be able to continue to teach literacy in technology and the knowledge base they create will also be available through publications, the website and curriculum modules made available to other educational institutions and to the community.

Verizon's funding will provide the most critical elements of the Rangel Center's technological infrastructure which is the programmatic support to train faculty and students, develop curricular modules for learning courses and enhance the teaching infrastructure with appropriate, state-of-the-art software.

Program Deliverables and Outcomes:
Students participating in the Verizon Foundation Literacy in Technology Program at the Rangel Center will:
* develop knowledge, ability and responsibility in the use of information technology
* acquire, organize, analyze, evaluate, and present information using appropriate information technology
* use information technology to expand their range and effectiveness of communication
* solve problems, accomplish tasks, and express creativity, both individually and collaboratively, using technology



* understand the role and impact of technology, and apply ethical, responsible, and legal standards in its use

In order to evaluate the success of the program, determine a true and measurable outcome, and assess the benefits to The College, the Rangel Center, and the community, the Rangel Center will keep records and track:
* the number of students per year who participate in the Verizon Foundation Literacy in Technology Program,
* a student breakout by public service area/discipline and the associated technology learnings and levels achieved
* the professional development and technology curriculum developed and offered through the program,
* the number of technology uses before and after completing the curriculum, and
* the number of uses of computerized presentations before and after completing the curriculum.

At the end of years one, two, and three, the Rangel Center will ask Verizon Foundation Literacy in Technology Program participants to fill out a questionnaire regarding their experiences with the program and the Center. The College will survey and analyze findings based on:
* usage of new technological skills,
* satisfaction with the learning experience before and after access to the program/Center.

After five years, The College's surveys of Rangel Center alumni will quantify:
* how many entered public service,
* in which capacities, and



* how they felt the Verizon Foundation Literacy in Technology Program assisted them in the long term.

Communications and Branding

We will work in collaboration with Verizon to recognize and publicize the Verizon Foundation Literacy in Technology Program. Marketing of this program can be done with an announcement in City College publications, a press release to major media, e-mail and web site announcements to all CCNY alumni and friends, CCNY's own newsletters and publications, and possibly a press conference with Congressman Rangel. The City College of New York will also notify Verizon about any public use of its name and the Program's name.



Scaccia, Joseph (Joe)

From: Sullivan, Susan
Sent: Wednesday, August 22, 2007 8:32 AM
To: Scaccia, Joseph (Joe); Needhammer, Thomas (Tom)
Subject: FW: ACTION REQUESTED: $100K grants and above - July 2007

Joe/Tom – Ivan has approved the $100K and above slate of grants. Please process the slate for payment ASAP. Thanks, Susan

---

From: patrick.g.gaston[redacted]
Sent: Wednesday, August 22, 2007 7:55 AM
To: Seidenberg, Ivan G.
Subject: Re: ACTION REQUESTED: $100K grants and above - July 2007

Thank you

----- Original Message -----
From: Seidenberg, Ivan G.
To: Gaston, Patrick R.
Sent: Wed Aug 22 07:51:24 2007
Subject: RE: ACTION REQUESTED: $100K grants and above - July 2007

I concur....igs

From: Gaston, Patrick R.
Sent: Tuesday, August 21, 2007 5:28 PM
To: Seidenberg, Ivan G.
Cc: Michel, Judy A.
Subject: ACTION REQUESTED: $100K grants and above - July 2007

Ivan,

Below is the current slate of $100K and above grants for your review and approval.

Please let me know if you have any questions.

Thanks,



Patrick

Executive Summary

To: Verizon Foundation Board of Directors
From: Patrick Gaston, President – Verizon Foundation
Date: August 21, 2007

This grant submission board package includes six (6) grant requests, totaling $2,971,552, aligned with the Foundation's transformational strategy focusing on community partnerships that support our core priorities..." Education and Literacy and Family Safety and Health in the 21st Century." Each grant reflects a well-built collaboration with Verizon's State Public Affairs and Verizon's Business Groups to support corporate business goals and advance the use of broadband technologies for improved access to information and services. Additionally, these grants reflect the leveraging of Verizon's volunteer efforts – for visible, impactful community service.

EDUCATION GRANTS –

Redacted



Redacted

2. THE CITY COLLEGE OF NEW YORK (request ID 343056) X
(Funded by Verizon Foundation Dollars)
This nonprofit organization is requesting $500,000; the Verizon Foundation recommends funding $500,000; $100,000 in 2007, $300,000 in 2008, and $100,000 in 2009.
Recommending Organization: Ivan Seidenberg
Strategic Value: Aligns with the Foundation's funding priorities of Literacy and Education, utilizing technology.

Goal/Proposal: The City College of New York (CCNY) is excited about the opportunity to partner with Verizon to develop the "Verizon Foundation Literacy in Technology Program" at the new Rangel Center at the College.

Program Background:
City College is establishing the Charles B. Rangel Center for Public Service in honor of a distinguished public servant and long-time friend of the College, Congressman Charles B. Rangel. In a notable career spanning more than four decades, The Honorable Charles B. Rangel has done as much as any single person in public service to help the least powerful among our citizens to achieve their goals and to change their lives, their communities, and the nation.

City College requests Verizon's support at the $500,000 level to develop and implement the "Verizon Foundation Literacy in Technology Program" which will serve approximately 200 underserved and underrepresented students pursuing degrees in public service. This literacy technology program is designed to attract students at both the graduate and undergraduate levels. For undergraduates, a unique, seamless five-year BA/MPA Program in Public Service will attract current CCNY students and new students who come to City College specifically to enroll in the Rangel Program. All 700 students of the Division of Worker Education (DWE) will also be impacted by this program because technological literacy will be integrated throughout the curriculum. In addition, CCNY students participating in Rangel Center programs who are not registered at DWE will be able to take these courses through web casts and distance learning.

A Professor of Technology Literacy will be identified and will coordinate and lead this program across a multidisciplinary platform. Interdisciplinary curriculum developed will include three integrated core courses, as well as advanced courses, that students take from several disciplines that relate to their area of concentration. For instance, public administration students will take courses in literature, sociology, psychology, history, economics and philosophy, in addition to courses like organizational behavior or urban politics and policy that are more specific to their concentration area. Technological literacy will be incorporated into these courses.

In addition, rather than offering only courses on technology, we plan to incorporate the technology learning with much of the current course content. Educational research shows this to be most effective way to develop of skill competency. People need to use new techniques they are learning as they learn them; otherwise the newly-acquired skills are quickly forgotten and lost. So we will have special sessions in the computer lab taught by the regular instructor or a specialist where students learn specific skills. Then, these skills would be immediately used in the coursework of the class they are taking. Advanced classes would require these skills and would add to them.



We will develop a skill grid, so we can be sure that all students have sufficient exposure to the basic skills before they take upper division courses. For example, in the social science core course, we would introduce tabulating and graphically presenting data. It could be population data on a topic like income distribution in the US. This would require several one hour sessions in the computer lab with the instructor giving hands on instruction in various techniques like entering the data, computing averages and then creating a graph. Following each session, students would be given an assignment to do readings or Internet research in which they gather data and create their own graphical representation of it along with some narrative explanation. All of these skills could be required for a final project at the end of the term.

Once this project is fully implemented, we would expect every graduating student in DWE and the Rangel Center to possess a strong base in technology skills that have been used many times in different courses. This will provide the preparation to effectively use the tools available, and the comfort level to continue to learn as new technologies become available. The Program's faculty, once trained, will be able to continue to teach literacy in technology and the knowledge base they create will also be available through publications, the website and curriculum modules made available to other educational institutions and to the community.

Verizon's funding will provide the most critical elements of the Rangel Center's technological infrastructure which is the programmatic support to train faculty and students, develop curricular modules for learning courses and enhance the teaching infrastructure with appropriate, state-of-the-art software.

Program Deliverables and Outcomes:
Students participating in the Verizon Foundation Literacy in Technology Program at the Rangel Center will:
* develop knowledge, ability and responsibility in the use of information technology
* acquire, organize, analyze, evaluate, and present information using appropriate information technology
* use information technology to expand their range and effectiveness of communication
* solve problems, accomplish tasks, and express creativity, both individually and collaboratively, using technology
* understand the role and impact of technology, and apply ethical, responsible, and legal standards in its use

In order to evaluate the success of the program, determine a true and measurable outcome, and assess the benefits to The College, the Rangel Center, and the community, the Rangel Center will keep records and track:
* the number of students per year who participate in the Verizon Foundation Literacy in Technology Program,
* a student breakout by public service area/discipline and the associated technology learnings and levels achieved
* the professional development and technology curriculum developed and offered through the program,
* the number of technology uses before and after completing the curriculum, and
* the number of uses of computerized presentations before and after completing the curriculum.

At the end of years one, two, and three, the Rangel Center will ask Verizon Foundation Literacy in Technology Program participants to fill out a questionnaire regarding their experiences with the program and the Center. The College will survey and analyze findings based on:
* usage of new technological skills,
* satisfaction with the learning experience before and after access to the program/Center.

After five years, The College's surveys of Rangel Center alumni will quantify:
* how many entered public service,
* in which capacities, and
* how they felt the Verizon Foundation Literacy in Technology Program assisted them in the long term.

Communications and Branding
We will work in collaboration with Verizon to recognize and publicize the Verizon Foundation Literacy in Technology Program. Marketing of this program can be done with an announcement in City College publications, a press release to major media, e-mail and web site announcements to all CCNY alumni and friends, CCNY's own newsletters and publications, and possibly a press conference with Congressman Rangel. The City College of New York will also notify Verizon about any public use of its name and the Program's name.

Redacted



Sullivan, Susan

From: Sullivan, Susan
Sent: Wednesday, August 22, 2007 3:49 PM
To: Azare, Monica
Cc: Mott, Roger A.; Wilson, Sandra C. (Sandy Wilson); Bianchi, Aldo
Subject: FW: City College of New York grant
Attachments: CityCollegeProposal.pdf

Monica, Roger, Aldo, Sandy,

I just wanted to let you know that the City College grant was approved by the Verizon Foundation board today.

Susan

From: Sullivan, Susan
Sent: Tuesday, July 31, 2007 4:48 PM
To: Azare, Monica; Mott, Roger A.
Subject: City College of New York grant

Monica, Roger,

As discussed, here is a copy of the City College of New York/Rangel Center grant being submitted to Verizon Foundation's board of directors for review and approval.

I'll let you know once board members have reviewed.

Thanks,
Susan

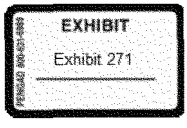


Kass, David A

From: Mott, Roger A.
Sent: Monday, August 27, 2007 1:58 PM
To: Gaston, Patrick R.
Subject: RE: The Rangel Center Grant has been approved

Thanks for the heads up.

From: Gaston, Patrick R.
Sent: Monday, August 27, 2007 1:57 PM
To: Mott, Roger A.
Subject: The Rangel Center Grant has been approved



Kass, David A

From: Mott, Roger A.
Sent: Wednesday, August 29, 2007 2:56 PM
To: Azare, Monica; Norris, Melvin
Subject: FW: City College of New York grant
Attachments: CityCollegeProposal.pdf

Will you guys take care of notifying Charlie and other appropriate folks? Know George Dalley has inquired of me over the months and I just want to make sure one of us contacts him also. Thanks.

From: Sullivan, Susan
Sent: Wednesday, August 22, 2007 3:49 PM
To: Azare, Monica
Cc: Mott, Roger A.; Wilson, Sandra C. (Sandy Wilson); Bianchi, Aldo
Subject: FW: City College of New York grant

Monica, Roger, Aldo, Sandy,

I just wanted to let you know that the City College grant was approved by the Verizon Foundation board today.

Susan

From: Sullivan, Susan
Sent: Tuesday, July 31, 2007 4:48 PM
To: Azare, Monica; Mott, Roger A.
Subject: City College of New York grant

Monica, Roger,

As discussed, here is a copy of the City College of New York/Rangel Center grant being submitted to Verizon Foundation's board of directors for review and approval.

I'll let you know once board members have reviewed.

Thanks,
Susan



From: Dalley, George

Sent: Thursday, August 30, 2007 12:05 PM

To: Eaton, Geoffrey; Jones, Vivian; McRae, Tina; Milne, Emile; Berger, Dan; Sherwood, Michelle; Sheiner, Jon; Featherson, Wendy; Grant, Cedric; Minguez, Annie; Biglow, Holly; Solano, Socrates; Hill, Joie

Cc: Dalley, George

Subject: Verizon Foundation awards Rangel Center $500,000

Melvin Norris (212) 321[redacted] will be calling Charlie in a few minutes to inform him that he has received word that this grant was awarded by the Board yesterday. Please inform him of this

8/30/2007

EXHIBIT
Exhibit 273

Brett Silverstein

Date: Wed, 05 Sep 2007 12:32:53 -0400
From: "Shelly Butler" <[redacted]>
Subject: Verizon Foundation grant to DWE and Rangel Center
To: <jmercado[redacted]>, <bsilverstein[redacted]>, <edmondsor[redacted]>
Cc: <arich[redacted]>, <vboudreau[redacted]>

Good news everyone! The $500k grant was approved by their board—I haven't received any paper yet, but just got the word by phone.

Mary Lou, they want to have an announcement and have asked that you be in touch with the following people to work out what should be said. I explained that there will be a bigger announcement about the Center when we have closed a couple more gifts and they'd like to be involved in that as well.

PR should be discussed with Aldo Bianchi and April Horton at 212 321[redacted]

I have attached the last version of the proposal for your information plus the last set of answers to their questions.

Thanks
Shelly

Shelly Butler, Vice President
Development & Institutional Advancement
The City College of New York
160 Convent Avenue, S-154
New York, NY 10031
Tel: (212) 650-[redacted], 650-[redacted]
Fax: (212) 650-[redacted]
Email: rbutler[redacted]

Attachment: The Verizon Foundation Proposal from City College 071207.doc (92k bytes) **Open**

Attachment: Answers to Verizon questions June 28 2007.doc (51k bytes) **Open**

EXHIBIT
Exhibit 274

CSOC.CBR.00024350

City College is establishing the Charles B. Rangel Center for Public Service in honor of a distinguished public servant and long-time friend of the College, Congressman Charles B. Rangel. In a notable career spanning more than four decades, The Honorable Charles B. Rangel has done as much as any single person in public service to help the least powerful among our citizens to achieve their goals and to change their lives, their communities, and the nation.

The Charles B. Rangel Center for Public Service at The City College of New York will strive to become a national center for the promotion of greater diversity in public service, consisting of five major elements:

1. The Charles B. Rangel Library, consisting of documents, archives, and memorabilia from Congressman Rangel's lifetime of public service. These papers will be made available to scholars nationally, and particularly to scholars within The City College and the City University, and will serve as a locus of sponsored research and conferences concerning barriers to full participation in public service by underserved minorities;

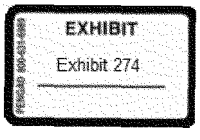
2. The Master's Program in Public Service, which will recruit and prepare young people for careers in government and public service. The program will include participation in internships in service organizations, arranged by the Rangel Center. It will also offer interdisciplinary specializations in concert with The City College Schools of Architecture, Engineering, Education, and Biomedical Education, as well as CCNY's special programs in transportation, waste management, and urban public health;

   Upon completion of a degree, graduates will be eligible for programs like the Federal Career Intern Program, entering government service for a two-year temporary appointment with eligibility for a permanent assignment upon completion. These opportunities will encourage the involvement of members of underrepresented minority groups and those with financial need;

3. A Combined BA/MPA Program in Public Service, which will work together with several undergraduate programs unique to City College that are particularly suited to draw outstanding students into public service. The BA/MPA Program will attract students capable of and interested in an intensive "fast-track" program leading to the master's degree. It will prepare them for public service with high-level coursework, experienced government personnel mentors, and hands-on training in internships and service learning;

4. The Charles B. Rangel Center, which will be housed in a magnificent Harlem limestone townhouse adjacent to The City College campus, and include the Rangel Library, the Rangel Conference Center, and offices for visiting scholars;

5. The Charles B. Rangel Fellows: A Mid-Career Program in Leadership and Policy Innovation, offering professional advancement training for mid-career, minority government and other public service employees of particular accomplishment and promise for a term of study ranging from eight weeks to an academic year.



CSOC.CBR.00024351

CITY COLLEGE/VERIZON PARTNERSHIP

The City College of New York (CCNY) is excited about the opportunity to partner with Verizon to develop the "Verizon Foundation Literacy in Technology Program" at the new Rangel Center at the College.

City College requests Verizon's support at the $500,000 level to develop and implement this technology literacy program which will serve approximately 200 students pursuing degrees in public service. All 700 students of the Division of Worker Education (DWE) will be impacted by this program because technological literacy will be integrated throughout the curriculum. In addition, CCNY students participating in Rangel Center programs who are not registered at DWE will be able to take these courses through web casts and distance learning.

City College is one of the most truly diverse campuses in America. More than 87% of CCNY students describe themselves as members of a minority group. City College's demographics are now approximately: 36% Hispanic; 26% African-American; 22% Asian; 13% White; 1% American Indian; 2% Other. Most of CCNY's students come from the New York City public schools. Many are immigrants or children of immigrants; they speak 91 languages other than English and were born in 147 countries. City College students are often the first in their families to go to college, and most have very limited financial resources. Approximately 58% come from families with combined incomes of $30,000 or less; three quarters work while attending school, some at more than one job. Over half of CCNY's students attend part time, most often for financial reasons.

The Division of Worker Education students are ethnically similar to the City College profile just described, but in other ways they are different. City College's median undergraduate age is 22, but DWE's is 32. Furthermore, City College undergraduates are evenly divided between men and women, but 80% of DWE students are women.

Fundamental to Congressman Rangel's lifelong service is a belief that America's ""governing class"" -- those men and women who make our laws and policies --must reflect the rich tapestry of cultures, faiths, and ethnicities that make us who we are as a country. Today, non-whites make up nearly 30% of the US population. Yet fewer than 14% of men and women in middle and senior levels of the Federal Civil Service and 8% of the United States Foreign Service are members of minority groups.

The Rangel Center for Public Service will prepare students, particularly from underserved and underrepresented populations for careers as leaders in public service. At the heart of that effort is a curriculum that emphasizes a combination of classroom instruction, practical training, and opportunities for vibrant co-curricular interaction with the Rangel Leadership Fellows.

The program is designed to attract students at both the graduate and undergraduate levels. For undergraduates, a unique, seamless five-year BA/MPA Program in Public Service will attract current CCNY students and new students who come to City College specifically to enroll in the Rangel Program.

Rangel Center students will leave the City College of New York uniquely prepared for careers in public service. The Verizon Foundation Literacy in Technology Center at the new Rangel Center will ensure that these students have the necessary technological skills to make a difference to the agencies and public constituencies they will go on to serve.



CSOC.CBR.00024352

PROJECT BACKGROUND

Teaching Technological Literacy for Rangel Center Students

Educational technology is nudging instruction beyond its oral and print-based tradition to embrace online and electronic texts as well as multimedia. Computers are creating new opportunities for writing and collaborating and technology is influencing how people read, write, listen and communicate. The Internet is constructing global bridges for students to communicate, underscoring the need for individuals to be equipped with technology skills and competencies to actively participate as members of the 21st Century.

In today's digital world technology has contributed to an expanded understanding of literacy. Besides having basic literacy skills, today's students also need technology skills for communicating, investigating, accessing and using information, computing, thinking critically about messages inherent in new media, and understanding and evaluating data.

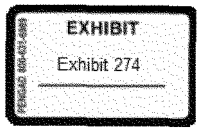
Technological literacy is knowledge about what technology is, how it works, what purposes it can serve, and how it can be used efficiently and effectively to achieve specific goals. Just 20 years ago, cell phones, laptops, pagers, and fax machines were in the realm of scientists and science fiction. Today, those technologies and the Internet have gained widespread public acceptance and use. It is clear that, in today's Digital Age, students must be technologically literate to live, learn, and work successfully.

City College acknowledges the importance of technology to its students' futures, but to date has not incorporated technology into the mainstream of academic learning. Because technological literacy has become an essential component of job readiness, citizenry, and life skills, students must not only become competent in the use of technology and associated applications, they also must be able to apply their skills to practical situations.

Accessing information has become increasingly important as databases previously accessible only to library media specialists are now available to students directly. Browsing, searching, and navigating online have become essential skills for all students, as has recognition of the limitations of digital archives. (Some things remain unavailable electronically.) Familiarity with natural inquiry, Boolean search strategies, and organizational systems (cataloging, abstracting, indexing, rating) is extremely important as students locate information from sources across the globe.

The digitizing of resources raises new issues of analysis and evaluation. For example, consider a student who is asked to prepare a presentation based on information from the Web. That student can access vast quantities of information without a lot of understanding, because search engines make accessing information so simple. But one must also recognize that:

> Using search engines well requires an increased skill level. Evaluating and synthesizing information found in a variety of sources requires even more advanced skills, representing a literacy that is far beyond what is needed in a more constrained environment, such as with textbooks where all the information is contained within one source. In effect, because technology makes the simple tasks easier, it places a greater burden on higher-level skills.



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Ultimately, students need to understand the interrelationships between library collections, proprietary databases, and other Internet documents to ensure appropriate, effective searching and accurate evaluation of sources. Furthermore, as students access electronic resources, it is critical that they recognize the importance of honoring the intellectual property of others by strictly adhering to copyright and fair-use laws.

Expanding the teaching and learning of technology will both better achieve the educational objectives that are foundational to the BA component of the BA/MPA degree, and also ensure that students graduate and move on to the MPA degree with significant technological literacy to help them along their career paths in public service.

A Professor of Technology Literacy will be identified and will coordinate and lead this program across a multidisciplinary platform. Interdisciplinary curriculum developed will include three integrated core courses, as well as advanced courses, that students take from several disciplines that relate to their area of concentration. For instance, public administration students will take courses in literature, sociology, psychology, history, economics and philosophy, in addition to courses like organizational behavior or urban politics and policy that are more specific to their concentration area. Technological literacy will be incorporated into these courses.

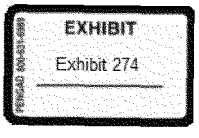
In addition, three courses required of all Rangel Center BA/MPA students--Communication and Political Action; Accessing, Analyzing, and Interpreting Data; and Management of Public Organizations-- will have significant technological components.

With a commitment from the Verizon Foundation, beginning in the fall of 2007, the Rangel Center will implement this Technology Literacy Program at the Rangel Center and DWE and will begin the search for the project's Professor.

We will offer specific coursework on technology tailored to students pursuing public administration and service and human services. Examples of such courses would include the use of GIS data, techniques in data analysis and presentation, and statistical analysis.

In addition, rather than offering only courses on technology, we plan to incorporate the technology learning with much of the current course content. Educational research shows this to be most effective way to develop of skill competency. People need to use new techniques they are learning as they learn them; otherwise the newly-acquired skills are quickly forgotten and lost. So we will have special sessions in the computer lab taught by the regular instructor or a specialist where students learn specific skills. Then, these skills would be immediately used in the coursework of the class they are taking. Advanced classes would require these skills and would add to them.

We would develop a skill grid, so we could be sure that all students have sufficient exposure to the basic skills before they take upper division courses. For example, in the social science core course, we would introduce tabulating and graphically presenting data. It could be population data on a topic like income distribution in the US. This would require several one hour sessions in the computer lab with the instructor giving hands on instruction in various techniques like entering the data, computing averages and then creating a graph. Following each session, students would be given an assignment to do readings or Internet research in which they gather data and create their own graphical representation of it along with some narrative explanation. All of these skills could be required for a final project at the end of the term.



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We would start in the core courses with individual modules tied into the existing curriculum that develop skills in internet research, using databases, and data analysis and presentation tools. We would also develop learning modules that enhance basic skills to more advanced skills and learning outcomes. In more advanced courses, these skills would be assumed and reinforced through the expectation that they would be systematically used. More advanced skills would be developed in upper-division courses. These would include special statistics software, GIS software, presentation preparation, web site development, desktop publishing and video post-production. As mentioned already, a course in GIS data analysis and use would be important for some students so they have expertise in this area beyond the introductory level. The same is true for desktop publishing, video post-production, statistics and other areas where specialization is needed.

Once this project is fully implemented, we would expect every graduating student in DWE and the Rangel Center to possess a strong base in technology skills that have been used many times in different courses. This will provide the preparation to effectively use the tools available, and the comfort level to continue to learn as new technologies become available.

The Program's faculty, once trained, will be able to continue to teach literacy in technology and the knowledge base they create will also be available through publications, the website and curriculum modules made available to other educational institutions and to the community.

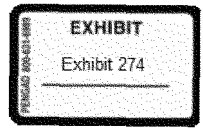
The Division of Worker Education at City College has been fortunate to receive $680,000 in funding this year from the New York City Council to complete the technological infrastructure. This includes money for completely outfitted smart classrooms, portable laptop computer labs for use in any classroom, and a video production and desktop publishing facility. These will be in place by the early spring of 2008.

VERIZON FUNDING

Verizon Foundation funding would provide the most critical elements of the Rangel Center's technological infrastructure which is the programmatic support to train faculty and students, develop curricular modules for many courses and enhance the teaching infrastructure with appropriate, state-of-the-art software.

State of the art teleconferencing connections between the newly-renovated building that houses the Center for Worker Education and the Rangel Center will allow an efficient use of resources in which students at CWE or the City College main campus may enroll in courses at either location. This will allow students at both locations to take advantage of learning from some of the noted authorities who will be teaching in the program while pursuing their busy schedules involving schoolwork, jobs, and sometimes parenting.

The excellent facilities we will have require this investment in program development and training in order to be effectively used. Specifically, we would hire a full-time educator with extensive technological expertise to work with faculty to develop the learning modules, to train them in workshops, and to develop and implement the evaluation of the project. This person would also be available to conduct training of students in the computer lab or regular classroom. Both the Division of Worker Education and the BA/MPA public service program of the Rangel Center would be served by this person who would be based at the Center for Worker Education. A part-time person with web expertise both in web page design but also in webcasting would work with faculty as they develop web-based resources and online courses. This person would also develop the capability to webcast between the campuses.



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Stipends for faculty will be provided to compensate them for the extra time they need to put in – in order to be trained in the use of technology in their courses. They would attend a number of half-day and/or full-day workshops. Further, we would pay some faculty for their time to develop new elective courses or to be added to the curriculum, or to significantly modify existing courses, incorporating technological literacy modules. In year two we envision adding new software capability as we are more aware of specific needs of elective courses.

Evaluation costs will include technical time for developing surveys on our Class Time computerized survey system and print costs and time for technicians to prepare analyses and summaries of the program and each student's individual results.

Publications costs will include printed materials and electronic materials that are made available both to students and to faculty in other institutions who want to use and adapt the developed materials. This also includes funding for faculty to present their modules and courses at national meetings.

Supplies will include disposable media and consumables directly related to the development and use of technological literacy modules.

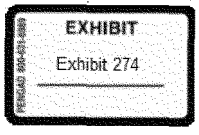
MEASURMENT, EVALUATION AND OUTCOMES

Students participating in the Verizon Foundation Literacy in Technology Program at the Rangel Center will:

- develop knowledge, ability and responsibility in the use of information technology
- acquire, organize, analyze, evaluate, and present information using appropriate information technology
- use information technology to expand their range and effectiveness of communication
- solve problems, accomplish tasks, and express creativity, both individually and collaboratively, using technology
- understand the role and impact of technology, and apply ethical, responsible, and legal standards in its use

In order to evaluate the success of the program, determine a true and measurable outcome, and assess the benefits to The College, the Rangel Center, and the community, the Rangel Center will keep records and track:

* the number of students per year who participate in the Verizon Foundation Literacy in Technology Program,
* a student breakout by public service area/discipline and the associated technology learnings and levels achieved
* the professional development and technology curriculum developed and offered through the program,
* the number of technology uses before and after completing the curriculum, and
* the number of uses of computerized presentations before and after completing the curriculum.



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At the end of years one, two, and three, the Rangel Center will ask Verizon Foundation Literacy in Technology Program participants to fill out a questionnaire regarding their experiences with the program and the Center. The College will survey and analyze findings based on:

* usage of new technological skills,
* satisfaction with the learning experience before and after access to the program/Center.

After five years, The College's surveys of Rangel Center alumni will quantify:

* how many entered public service,
* in which capacities, and
* how they felt the Verizon Foundation Literacy in Technology Program assisted them in the long term.

In addition, City College is in the process of developing learning outcomes for all courses as a part of the Middle States accreditation process. We plan to use this same process as we incorporate the technological literacy modules. The technological literacy grid which lists the specific skills in the columns and the courses where they are learned in the rows would allow for evaluation of how well students are doing in each course. A particular course would have a specific set of technological literacy learning outcomes and for each outcome there would be a way to assess it in individual students. The expectation is that from now on, we will do outcomes assessment each year to evaluate the effectiveness of classes.

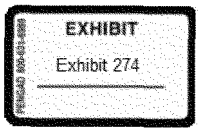
MARKETING, COMMUNICATIONS AND BRANDING

We have developed a relationship with the Alliance for Downtown New York, which represents thousands of businesses and not-for-profits in lower Manhattan. Through the Alliance we will be reaching out to organizations to promote the program. We also continue to work with unions like Local 1549 of DC37 and Teamsters Local 237 who represent workers in government agencies who would be potential students.

DWE is in a prime geographic location for many potential students for this program who are working in city and state offices. City Hall and 250 Broadway, where many legislative and governmental offices are located, are just blocks away, and we have frequent contact with the staff in those offices. In fact, we have recruited a number of students from them already. Furthermore, downtown New York, the financial district in particular, is now the location for many non-governmental public service organizations. We advertise in the local newspapers, including the Downtown Express, which reaches this part of the city. City Council members also feature the Division of Worker Education in their newsletters to constituents.

We will work in collaboration with Verizon to recognize and publicize the Verizon Literacy in Technology Program for their support. Marketing this program will be done with an announcement in City College publications, a press release to the major media, e-mail announcements to all CCNY alumni and friends, CCNY's own newsletters and publications, and possibly a press conference with Congressman Rangel.

The Rangel Center web site will describe and publicize the new program and publications will always express appreciation to Verizon. The City College of New York will also notify Verizon about any public use of its name and the Program's name.



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Dear Susan,

I have spoken with Dean Dan Lemons who has responded to your questions below. I will be away for a week but available by email if you have any other questions. Please let me know if I can be of any further help.

1. How many students we will target?

DWE now has 700 students; of those over 100 are in the public administration concentration and potential Rangel Center students. Another 200+ students are in the human services area which overlaps to some degree with the other group in the area of interest. However, all 700 DWE students would be impacted by this program because the technological literacy will be integrated throughout the curriculum. In addition, CCNY students participating in Rangel Center programs who are not registered at DWE will be able to take those courses, as well, through webcasts and distance learning.

2. What the demographics of our students?--are DWE's demographics different from the College as a whole?

City College demographics are now approximately:
36% Hispanic
26% African-American
22% Asian
13% White
1% American Indian
Balance other

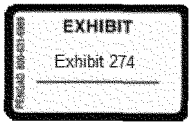
DWE has a higher percentage of female students than the college or CUNY. It is 80%. Of course the average age is higher, being around 32-34. Racial demographics show that 80% of CWE students are African-American or Hispanic.

3. What does "across a multi-disciplinary platform" mean?

DWE offers an interdisciplinary curriculum from three integrated core courses to advanced courses that students take from several disciplines that relate to their area of concentration. For instance, public administration students take courses in literature, sociology, psychology, history, economics and philosophy, in addition to courses like organization behavior or urban politics and policy that are more specific to their concentration area. Technological literacy will be incorporated into most of these courses.

4. Please give more details about the partnerships

DWE has developed a relationship with the Alliance for Downtown New York, which represents thousands of businesses and not-for-profits in lower Manhattan. Through the Alliance we are



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reaching out to organizations to promote the program. We also continue to work with unions like Local 1549 of DC37 who represent workers in government agencies who are potential students.

5. What are some specific examples of what would be in the coursework, modules and curriculum?

We will offer specific coursework on technology tailored to students pursuing public administration and service and human services. Examples of such courses would include the use of GIS data, techniques in data analysis and presentation, and statistical analysis. In addition, rather than offering only courses on technology, we plan to incorporate the technology learning with the current course content. This is the way that most research shows to be most effective for the development of skill competency. People need to use new techniques they are learning as they learn them; otherwise the newly-acquired skills are quickly forgotten and lost. So we would have special sessions in the computer lab taught by the regular instructor or a specialist where students learn specific skills. Then, these skills would be immediately used in the coursework of the class they are taking. Advanced classes would require these skills and would add to them.

We would develop a skill grid, so we could be sure that all students have sufficient exposure to the basic skills before they take upper division courses. For example, in the social science core course, we would introduce the use of Excel for tabulating and graphically presenting data. It could be population data on a topic like income distribution in the US. This would require several one hour sessions in the computer lab with the instructor giving hands on instruction in various techniques like entering the data, computing averages and then creating a graph. Following each session, students would be given an assignment to do readings or Internet research in which they gather data and create their own graphical representation of it along with some narrative explanation. All of these skills could be required for a final project at the end of the term.

6. What skills do we hope the people would develop?

We would start in the core courses with individual modules tied into the existing curriculum that develop skills in internet research, using databases, and data analysis and presentation tools like Excel and PowerPoint. We would also develop modules that enhance basic word processing skills with more sophisticated uses like foot-noting, incorporation of graphics into Word files, cross-referencing, setting up automatic tables of contents, etc.

In more advanced courses, these skills would be assumed and reinforced through the expectation that they would be systematically used. More advanced skills would be developed in upper-division courses. These would include special statistics software, GIS software, presentation preparation for posters using the large format printer, web site development, desktop publishing and video post-production. Some new advanced courses would be developed to take some of these skills to an advanced level. As mentioned already, a course in GIS data analysis and use would be important for some students so they have expertise in this area beyond the introductory level. The same is true for desktop publishing, video post-production, statistics and other areas where specialization is needed.



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Once this project is fully implemented, we would expect every graduating DWE student and students in the Rangel Center to possess a strong base in technology skills that have been used many times in different courses. This will provide the preparation to effectively use the tools available, and the comfort level to continue to learn as new technologies become available.

7. Under measurements and outcomes, focus more on and describe in greater detail how we're going to track the student's progress.

We are in the process of developing learning outcomes for all DWE courses as a part of the Middle States accreditation process in which all of City College is involved. This is also happening across the college and will be done for new courses in the BA/MA public service program of the Rangel Center. We would use this same process as we incorporate the technological literacy modules. The technological literacy grid which lists the specific skills in the columns and the courses where they are learned in the rows would allow for evaluation of how well students are doing in each course. A particular course would have a specific set of technological literacy learning outcomes and for each outcome there would be a way to assess it in individual students. The expectation is that from now on, DWE will do outcomes assessment each year to evaluate the effectiveness of classes, so evaluating the technological literacy component will fit nicely into the process that is already underway.

8. Provide more specifics on just what Verizon's funds would be used for.

DWE has been fortunate to receive $680,000 in funding this year from the New York City Council to complete the technological infrastructure at DWE. This includes money for completely outfitted smart classrooms, portable laptop computer labs for use in any classroom, and a video production and desktop publishing facility. These will be in place by the early spring of 2008. Verizon Foundation funding would help provide the complementary element to this which is the programmatic support to train faculty and students, develop curricular modules for many courses and enhance the hardware infrastructure with appropriate, state-of-the-art software. The excellent facilities we will have require this investment in training and program development in order to be effectively used.

Specifically, we would hire a full-time educator with extensive technological expertise to work with faculty to develop the learning modules, to train them in workshops, and to develop and implement the evaluation of the project. This person would also be available to conduct training of students in the computer lab or regular classroom. Both DWE and the BA/MA public service program of the Rangel Center would be served by this person who would be based at DWE. The cost includes fringe benefits.

A part-time person with web expertise both in web page design but also in webcasting would work with faculty as they develop web-based resources and online courses. This person would also develop the capability to webcast between the campuses. The cost includes fringe benefits.

Stipends for faculty compensate them for the extra time they need to put in order to be trained in the use of technology in their courses. They would attend a number of half-day or full-day



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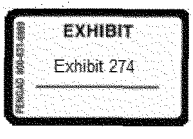
workshops. Further, we would pay some faculty for their time to develop new elective courses or to be added to the curriculum, or to significantly modify existing courses, incorporating technological literacy modules.

In year two we envision adding new software capability as we are more aware of specific needs of elective courses. We also envision the need to upgrade some hardware by the second year.

Evaluation costs include technical time for developing surveys on our Class Time computerized survey system and print costs and time for technicians to prepare analyses and summaries of the results.

Publications costs include printed materials and electronic materials that are made available both to students and to faculty in other institutions who want to use and adapt the developed materials. This also includes funding for faculty to present their modules and courses at national meetings.

Supplies include disposable media and consumables directly related to the development and use of technological literacy modules.



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Kass, David A

From: Norris, Melvin
Sent: Wednesday, September 05, 2007 12:42 PM
To: Azare, Monica
Subject: RE: Verizon Foundation

Yes I informed both George Dalley and Jim Capel about the grant. In addition I left a message with Congressman Rangel last week.

From: Azare, Monica
Sent: Wednesday, September 05, 2007 12:41 PM
To: Norris, Melvin; Horton, April D.
Subject: FW: Verizon Foundation

Melvin:
FYI. Did you catch George last week?

From: Shelly Butler [redacted]
Sent: Wed 9/5/2007 12:38 PM
To: 'Dalley, George'
Cc: 'Berger, Dan'; Azare, Monica; Horton, April D.; edmondson [redacted]
Subject: Verizon Foundation

Dear George,
I am thrilled to announce that Verizon Foundation's board has approved a grant of $500,000 to create the Verizon Foundation Literacy in Technology Program at the Rangel Center at City College. This program will be available to all CCNY students, especially those who are in the Division of Worker Education at our College of Liberal Arts and Science. Our VP for Communications, Mary Lou Edmondson, will be in touch with their PR people and your guy (whose name momentarily eludes me), as well.

This is great news and I'm sure you will want to share it with the Congressman. Thanks so much,
Shelly

Shelly Butler, Vice President
Development & Institutional Advancement
The City College of New York
160 Convent Avenue, S-154
New York, NY 10031
Tel: (212) 650-[redacted] 650-[redacted]
Fax: (212) 650-[redacted]
Email: rbutler[redacted]

EXHIBIT
Exhibit 275

Kass, David A

From: Norris, Melvin
Sent: Wednesday, September 05, 2007 1:35 PM
To: Mott, Roger A.; Bianchi, Aldo; Wilson, Sandra C. (Sandy Wilson); Lamendola, David J.
Cc: Horton, April D.
Subject: RE: CUNY grant update (Rangel Center)

FYI. Charlie and his staff have been notified.

From: Mott, Roger A.
Sent: Wednesday, September 05, 2007 1:34 PM
To: Bianchi, Aldo; Wilson, Sandra C. (Sandy Wilson); Norris, Melvin; Lamendola, David J.
Cc: Horton, April D.
Subject: RE: CUNY grant update (Rangel Center)

Aldo

Thanks for the update. Melvin Norris is taking the lead for contacting Charlie and his staff so glad you have him copied here.

Roger

From: Bianchi, Aldo
Sent: Wednesday, September 05, 2007 12:44 PM
To: Wilson, Sandra C. (Sandy Wilson); Norris, Melvin; Lamendola, David J.; Mott, Roger A.
Cc: Horton, April D.
Subject: CUNY grant update (Rangel Center)

FYI. Learned that the CUNY grant (Rangel Center) was recently approved and the first installment payment is in process for distribution to CUNY. CUNY is working on a press release. A formal check presentation is also planned. More to come.

#343056 The Verizon Foundation Literacy in Technology Program
$100K pd. 8/22/07
$300K 4/1/08
$100K 4/1/09



Kass, David A

From: Dalley, George [George.Dalley@mail.house.gov]
Sent: Wednesday, September 05, 2007 5:37 PM
To: rbutler
Cc: Berger, Dan; Azare, Monica; Horton, April D.; edmondson
Subject: RE: Verizon Foundation

This is great news, Shelly, and I will share it with Charlie. Melvin Norris is our former Rangel colleague who is now at Verizon.

From: Shelly Butler [
Sent: Wednesday, September 05, 2007 12:39 PM
To: Dalley, George
Cc: Berger, Dan; monica.f.azare); april.d.horton ; edmondson(
Subject: Verizon Foundation

Dear George,
I am thrilled to announce that Verizon Foundation's board has approved a grant of $500,000 to create the Verizon Foundation Literacy in Technology Program at the Rangel Center at City College. This program will be available to all CCNY students, especially those who are in the Division of Worker Education at our College of Liberal Arts and Science. Our VP for Communications, Mary Lou Edmondson, will be in touch with their PR people and your guy (whose name momentarily eludes me), as well.

This is great news and I'm sure you will want to share it with the Congressman. Thanks so much,
Shelly

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Tel: (212) 650- 650-
Fax: (212) 650-
Email: rbutler



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IN PAYMENT OF	DATE	AMOUNT	REMITTANCE MESSAGE
Redacted	07/27/07	$100000.00	THE VERIZON FOUNDATION LITERACY IN TECHNOLOGY PROGRAM

VERIZON FOUNDATION PAYMENT- TOTAL $******100000.00**
PLEASE CALL - (877)-625-4357 (Menu Options 2-1-3) - IF THERE ARE ANY QUESTIONS
For payment information visit our Web site at www.verizon.com/accountspayable.

FOLD ALONG PERFORATED DOTTED LINE & REMOVE CHECK

verizon

Redacted

Date: SEPTEMBER 25, 2007

ORIGINAL DOCUMENT CONTAINS A BLUE-GREEN BLUE BACKGROUND PRINTED ON WATERMARKED PAPER. HOLD TO LIGHT TO VIEW WATERMARK.

*One Hundred Thousand and 00/100 s**********Dollars

To the Order of:
THE CITY COLLEGE 21ST CENTURY FOUNDATION INC
138TH ST AND CONVENT AVE
NEW YORK NY 10031-0000

PAY $******100000.00**
VERIZON FOUNDATION

Redacted

Authorized Signature

MELLON BANK
PITTSBURGH, PA

Redacted

PLEASE DETACH AT PERFORATION BEFORE CASHING

SEE REVERSE SIDE FOR OPENING INSTRUCTIONS

771 Parkway Ave.
Ewing, NJ 08618

TP FND Redacted

verizon

A/P

THE CITY COLLEGE 21ST CENTURY FOUNDATION
INC
138TH ST AND CONVENT AVE
NEW YORK NY 10031-0000

EXHIBIT
Exhibit 278

VZ-CCNY 0202

CSOC.CBR.00023188

Kass, David A

From: rbutler
Sent: Monday, December 10, 2007 3:19 PM
To: Norris, Melvin; Wilson, Sandra C (Sandy Wilson)
Cc: Azare, Monica; Sullivan, Susan; Bianchi, Aldo; jmercado; bsilverstein
Subject: RE: Verizon/CUNY Partnership

It was our very great pleausre, Melvin
see you soon!
shelly

Rachelle D. Butler, Vice President
Development and Institutional Advancement The City College of New York Shepard S-154 138th and Convent Avenue New York, NY 10031
Tel: (212) 650- , (212) 650-
Fax: (212) 650-
Email: rbutler

---- Original message ----
>Date: Mon, 10 Dec 2007 14:14:57 -0500
>From: <melvin.i.norris
>Subject: RE: Verizon/CUNY Partnership
>To: <rbutler ,<sandra.c.wilson
>Cc:
><monica.f.azare ,<susan.a.sullivan ,<aldo.bianc
>hi ,<jmercado >,<bsilverstein
>
> Shelly it was so nice to meet you on Friday. This
> will be a great addition to the existing programs of
> the College and the work that you do is
> commendable.
>
>
>
> If I can ever be of assistance to you in the future
> please let me know.
>
>
>
> Thank you.
>
>
>
> Melvin
>
>
>
> ----------
>
> From: Shelly Butler]
> Sent: Monday, December 10, 2007 2:16 PM
> To: Wilson, Sandra C. (Sandy Wilson)
> Cc: Azare, Monica; Sullivan, Susan; Bianchi, Aldo;
> Norris, Melvin; jmercado@ccny.cuny.edu; 'Brett
> Silverstein'
> Subject: RE: Verizon/CUNY Partnership
>
>
>
> Sandy,
>

EXHIBIT
Exhibit 279

VZ-CCNY 0959

CSOC.CBR.00023946

> Thanks so much for everything-we are really looking
> forward to working with you folks, too
>
> A little housekeeping-to whom should we send the
> receipt and where?
>
> Have a great holiday
>
> Shelly
>
>
>
>
>
> Shelly Butler, Vice President
>
> Development & Institutional Advancement
>
> The City College of New York
>
> 160 Convent Avenue, S-154
>
> New York, NY 10031
>
> Tel: (212) 650- 650-
>
> Fax: (212) 650-
>
> Email: rbutler
>
>
>
> ---
>
> From: sandra.c.wilson
>]
> Sent: Friday, December 07, 2007 3:34 PM
> To: rbutler
> Cc: monica.f.azare
> susan.a.sullivan
> aldo.bianchi
> melvin.i.norris
> Subject: Verizon/CUNY Partnership
> Importance: High
>
>
>
> Dear Shelly,
>
>
>
> Thank you...today's visit was terrific!
>
>
>
> On behalf of Verizon Foundation and our SVP, Monica
> Azare, Melvin and I were pleased to present a check
> in the amount of $100,000.00 for your Literacy in
> Technology program. This is the first payment of
> our $500,000.00 commitment to this initiative.
> Remaining payments will be made in 2008 and 2009 in
> the amounts of $300,000.00 and $100,000.00,
> respectively.
>
>
>
> It was great discussing possibl

EXHIBIT
Exhibit 279

> further its partnership with you. I will personally
> follow up with Dean Mercado to visit his Division of
> Worker Education (DWE) program, a key component of
> Literacy in Technology, and for his visit to the
> Verizon Technology Education Center. Also, I will
> inform Stan Silverman at NYIT that Dean Mercado
> would like to speak with him regarding DWE's new
> technological infrastructure/videoconferencing that
> is underway. I might add, if you're still seeking a
> Professor of Technology Literacy, Stan might be able
> to offer suggestions. Further, we'd be happy to
> reach out to our Verizon telecommunications public
> policy experts regarding possible participation in
> Dean Silverstein's guest speakers program.
>
>
>
> We're excited about working with your great
> institution and supporting your commitment to
> helping improve the lives of students and families
> through technology literacy.
>
>
>
> Happy Holidays to you and the entire CUNY family!
>
>
>
> Sandy Wilson
>
> Director, External Affairs
>
> Verizon
>
>
>
> P.S. Hard copy to follow. Will let you know soon
> about Wednesday.
>
>
>
> ----------
>
> From: Shelly Butler [redacted]
> Sent: Friday, December 07, 2007 11:17 AM
> To: Wilson, Sandra C. (Sandy Wilson); Norris, Melvin
> Cc: 'Brett Silverstein'; jmercado[redacted];
> Sullivan, Susan
> Subject: thanks so much for coming here today
>
>
>
> Dear Sandy and Mel,
>
>
>
> What a lovely gesture to come and deliver the check
> in person; I have never had that experience before
> and I have to tell you, it is very special. We all
> look forward to a great partnership for the future.
> As soon as I have the photograph, I will send it to
> you digitally. Hope to see you all at Celebrating
> City on Wednesday evening-do let me know if you can
> make it-Susan-you too!
>
>
>



VZ-CCNY 0961

CSOC.CBR.00023948

> Thank you so much,
>
> Shelly
>
>
>
>
>
>
> Shelly Butler, Vice President
>
> Development & Institutional Advancement
>
> The City College of New York
>
> 160 Convent Avenue, S-154
>
> New York, NY 10031
>
> Tel: (212) 650-[redacted]; 650-[redacted]
>
> Fax: (212) 650-[redacted]
>
> Email: rbutler[redacted]
>
>



ACCOUNT PROFILE
21ST CENTURY FOUNDATION
****

Department Name: Division of Worker Education

Department Address: DWE

Program Name: Verizon Literacy in Technology Program

Source(s) of Fund: Verizon Foundation

Program Period (if applicable): from _____ to _____

Purpose – Check applicable purpose(s) of the program (SEE REVERSE):

☐ Instructional – Sponsored Programs – also see reverse for additional data required and

APPROVED: _____ Date: _____
Provost's Signature

☒ Academic Support
☐ Research
☒ Institutional Support
☐ Public Service
☐ Scholarship/Fellowships
☐ Other

Please attach copy of grant letter and other documents and BRIEFLY DESCRIBE the program: This new technology program will be within the Division of Worker Education in conjunction with the Charles B. Rangel Center. Funding will provide programmatic support to train faculty and students, develop curricular modules for many courses and enhance the teaching infrastructure with appropriate, state-of-the-art software. This fund is temporarily restricted.

Program Director: Juan Carlos Mercado — Signature
Type or Print Name

Alternate Auth. Sign.: DAVI SAROOP — Signature
Type or Print Name

APPROVED: _____ DATE: 12/12/07
Sign. of Vice Pres. or Dean

A PHOTOCOPY OF THIS PROFILE FORM WILL BE SENT TO YOU AFTER THE ACCOUNT NUMBER HAS BEEN ASSIGNED TO THIS PROJECT.
PLEASE NOTE – UNLESS INDICATED BELOW, MONTHLY REPORTS, WILL BE SENT TO THE PROGRAM DIRECTOR ONLY.

Reports to: Juan Carlos Mercado — Room: DWE

Copy to: Brett Silverstein — Room: NA 6/141

* For use of the Office of Financial Services and Reports ONLY: *

* ACCOUNT NO. [redacted] *

* Date Added to Distribution List _____ *

EXHIBIT
Exhibit 280

CSOC.CBR.00024368

CSOC.CBR.00024368

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark one)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2007

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission file number 1-8606

Verizon Communications Inc.

(Exact name of registrant as specified in its charter)

Delaware	**23-2259884**
(State of incorporation)	(I.R.S. Employer Identification No.)
140 West Street, New York, New York	**10007**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (212) 395-1000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Common Stock, $.10 par value	New York, Philadelphia, Chicago, London, Swiss, Amsterdam and Frankfurt Stock Exchanges

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ✓ No ___

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ___ No ✓

Indicate by check mark whether the registrant (1) h[illegible]d to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 m[illegible] period that the registrant was required to file such reports), and (2) has been subject to such filing req[illegible]days. Yes ✓ No ___

EXHIBIT
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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K __

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ✓ Accelerated filer __ Non-accelerated filer __ Smaller reporting company __

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes __ No ✓

At June 29, 2007, the aggregate market value of the registrant's voting stock held by non-affiliates was approximately $123,306,030,000.

At January 31, 2008, 2,870,955,142 shares of the registrant's common stock were outstanding, after deducting 96,654,977 shares held in treasury.

Documents incorporated by reference:

Portions of the registrant's Annual Report to Shareowners for the year ended December 31, 2007 (Parts I and II).

Portions of the registrant's Proxy Statement prepared in connection with the 2008 Annual Meeting of Shareowners (Part III).



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Unless otherwise indicated, all information is as of February 26, 2008



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PART I

Item 1. Business

General

Verizon Communications Inc. (Verizon) is one of the world's leading providers of communications services. Formerly known as Bell Atlantic Corporation, we were incorporated in 1983 under the laws of the State of Delaware. We began doing business as Verizon Communications on June 30, 2000 following our merger with GTE Corporation. We completed our merger with MCI on January 6, 2006, and its operations are now part of our wireline business. Stressing diversity and commitment to the communities in which we operate, we have a highly diverse workforce of approximately 235,000 employees.

Our principal executive offices are located at 140 West Street, New York, New York 10007 (telephone number 212-395-1000).

We have two primary reportable segments, Wireline and Domestic Wireless, which we operate and manage as strategic business segments and organize by products and services. These segments and principal activities consist of the following:

Wireline	Wireline communications services include voice, Internet access, broadband video and data, next generation Internet protocol (IP) network services, network access, long distance and other services. We provide these services to consumers, carriers, businesses and government customers both domestically and internationally in 150 countries.
Domestic Wireless	Domestic Wireless's products and services include wireless voice, data products and other value-added services and equipment sales across the United States.

The following portions of the 2007 Verizon Annual Report to Shareowners are incorporated into this Report:

- "Overview" on pages 18 through 19;
- "Segment Results of Operations" on pages 23 through 27 and in Note 17 to the Consolidated Financial Statements on pages 66 through 68; and,
- "Discontinued Operations" and "Extraordinary Item" included in "Consolidated Results of Operations" on page 23.

Wireline

Background

Our Wireline segment comprises two strategic units, Verizon Telecom and Verizon Business. In 2007, Wireline revenues were $50,316 million, representing approximately 54% of Verizon's aggregate revenues. Our Wireline segment is not dependent on any single customer.

- Verizon Telecom provides voice, video and data services to residential and small business customers in 28 states and Washington D.C. Verizon Telecom operates a Fiber-to-the-Premises (FTTP) network under the FiOS service mark. This advanced fiber-optic network offers sufficient bandwidth for voice, data and video services and is designed to handle future broadband and video applications as they are developed. FiOS allows us to offer our customers fast, reliable broadband access speeds and high definition video with exceptional clarity and vividness, as well as digital voice services.
- Verizon Business provides voice, data, Internet communications, next-generation IP network and Information Technology (IT) products and services to medium and large businesses and government customers both domestically and internationally.

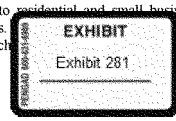
In the discussion that follows, revenue amounts for each of the Wireline units exclude intrasegment eliminations of $2,846 million.

Operations

Verizon Telecom

Verizon Telecom offers a broad array of telecommunications services, including voice, video and data, network access, long-distance and other communications products and services to our residential and small business customers. We have organized Verizon Telecom into three marketing units which operate across our telephone subsidiaries and focus on specific customer market areas.

Mass Markets offers broadband and voice services to residential and small business customers. Broadband services include High Speed Internet (DSL) and FiOS data and television services. [illegible] distance services, including calling cards, 800/888 and operator services, as well as value-added services, such [illegible]nd caller identification. In 2007, Mass Markets revenues



were $21,978 million, representing approximately 44% of Wireline's aggregate revenues. Mass Market revenues were derived primarily from providing telecommunications services to residential users.

Wholesale markets our long distance and local exchange network facilities for resale to interexchange carriers, competitive local exchange carriers (CLECs), wireless carriers and Internet Service Providers (ISPs). Wholesale services include switched access products, high-capacity data products, unbundled network elements (UNEs) and interconnection services. In 2007, Wholesale



revenues were approximately $8,086 million, representing approximately 16.1% of Wireline's aggregate revenues. Approximately 72% of Wholesale revenues were derived from interexchange and wireless carriers. The remaining revenues principally came from CLECs, which resell network connection to their own customers.

Other service offerings include operator services, public (coin) telephone, as well as dial around services including 10-10-987, 10-10-220, 1-800-COLLECT and prepaid phone cards. In 2007, revenues from these other services were $1,862 million, representing approximately 3.7% of Wireline's aggregate revenues.

Verizon Business

Verizon Business offers medium and large business and government customers in the United States and around the world advanced voice, data, security, and wireless solutions. Verizon Business derives 85% of its revenue from United States operations. Verizon Business provides services to over 70,000 enterprise businesses and government agencies, including 97% of the Fortune 500 companies. We have organized Verizon Business into three marketing units that focus on specific customers.

Enterprise Business offers voice, data and Internet communications services to medium and large business customers, including multi-national corporations and state and federal governments. Enterprise Business also provides value-added services intended to make communications more secure, reliable and efficient. Enterprise Business provides managed network services for customers that outsource all or portions of their communications and information processing operations and data services such as Private IP, Ethernet, Private Line, Frame Relay and ATM services, both domestically and internationally. Enterprise Business revenues in 2007 were $14,677 million, representing approximately 29% of Wireline's aggregate revenues.

Wholesale markets domestic and international voice, data and IP services over its global network to carriers and service providers, some of whom may compete directly with Verizon at the retail level. These customers purchase services on a wholesale basis so that they can transport voice, data and IP traffic without having to build their own infrastructure. In 2007, total Wholesale revenue was $3,345 million, representing approximately 6.6% of Wireline's aggregate revenues.

Our *International and Other* operations serve retail and wholesale customers, including enterprise businesses, government entities and telecommunications carriers outside of the United States, primarily in Europe, the Middle East, Africa, the Asia Pacific region, Latin America and Canada. These operations provide telecommunications services, which include voice, data services, Internet and managed network services. Our revenues from International and Other were $3,214 million, representing 6.4% of Wireline's aggregate revenues in 2007.

Competition

The wireline telecommunications industry is highly competitive. We expect competition to further intensify with traditional, non-traditional and emerging players seeking to capture a larger market share as boundaries between products continue to converge. Current and potential competitors include cable companies, wireless service providers, other domestic and foreign telecommunications providers, satellite television companies, Internet service providers and other companies that offer network services and managed enterprise solutions. Many of these companies have a strong market presence, brand recognition, and existing customer relationships, all of which contribute to intensifying competition and may affect our future revenue growth.

We believe that cable operators represent the largest overall threat to our wireline business. Cable operators have increased the size and digital capacity of their networks so that they can offer more digital products and services. We continue to market competitive bundled offerings that include high-speed Internet access, digital television and voice services. Several major cable operators also offer bundles with wireless services through strategic partnerships or alliances.

Wireless substitution has been an ongoing competitive trend which we expect to continue, as wireless companies position their service as a landline alternative. We also face increasing competition from companies that provide Voice over Internet Protocol (VoIP) services. These services use the Internet or private broadband networks to transmit voice communications. VoIP services are available from a wide range of companies including cable companies, national VoIP providers and regional service providers. Internet portal providers are also entering our competitive space, offering free or inexpensive voice calling from instant messaging clients, encouraging video bypass by offering and enabling video content to PCs, selling content and applications such as gaming, music and business productivity tools and obtaining advertising revenues from web-based directory assistance and Internet search services.

As a result of the Telecommunications Act of 1996, which requires us to allow potential competitors to purchase our services for resale, or access components of our network on an unbundled basis (UNEs) at a prescribed cost, competition in our local exchange markets continues to increase. Our telephone operations generally have been required to sell their services to CLECs at significant discounts from the prices our telephone operations charge their retail customers. The scope of these obligations going forward and the rates we receive, are subject to ongoing review and revision by the Federal Commun and state regulators. See "Regulatory and Competitive Trends" in the 2007 Verizon Annual Report to Shareow

EXHIBIT
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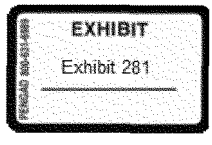
4



We believe the following are the most important competitive factors and consumer trends in the wireline industry:

Network bandwidth (speed): As both consumers and small business customers look to do more online and leverage high speed connections for entertainment, communications, and productivity, we expect broadband penetration will continue to increase over the next several years, although at a slower rate due to market maturity. As online and online-enabled activities increase, so will bandwidth requirements, both downstream and upstream. To succeed, Verizon and other network-based providers must ensure that their networks can deliver against these increasing bandwidth requirements. We are continuing to build out our FiOS network to be able to meet the future demands of our residential and business customers.

Pricing: Pricing will be a significant factor in two key areas. First, in the competition between cable and telecommunications companies, pricing will be used to capture market share from incumbents. Second, pricing is significant as non-traditional modes of providing communication services emerge and redefine existing categories. Portal-based and VoIP calling is free or nearly free to customers and is often supported by advertising revenues. Customers will be increasingly exposed to these dramatically reduced prices and this will place increasing pressure on traditional communications services.

Product differentiation: As a result of pricing pressures, providers will need to differentiate their products. Verizon believes that there are many market trends that provide potential opportunities. Customers are shifting from an access to an applications mindset and are focused on how they can leverage their broadband and video connections. Personalization and increased mobility are critical, enabling customers to obtain products and services on demand. Converged feature sets, such as integrated wireless and wireline functionality, are becoming similarly important, enabled by both customer demand and technological advancement.

Distribution channel reach: As products are becoming more experiential, customers are requiring a "hands-on" demonstration before they make a purchase commitment. One way for us to satisfy this customer need is through the use of a retail store presence. Competitors are offering their products through both their own internal channels such as the Internet and call centers, and also by partnering with retailers to showcase products. Small business customers require more and more hands-on consultation, and we are aligning our channel mix to address this need.

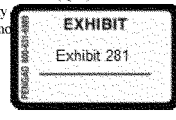
Network

As of December 31, 2007, our wireline network included more than 41 million wireline access lines, 8.2 million broadband connections and 943,000 FiOS TV customers nationwide. Our business strategy is to be the premier broadband and entertainment service provider in the mass market, while maintaining the level of network reliability currently provided by our telephony network. We are executing on this strategy by deploying FTTP access technologies that replace copper loop facilities with fiber optic cables. FTTP provides the highest possible bandwidth to the customer premise, based on current technology. The FTTP deployment also allows us the flexibility to more easily adapt our facilities to future product development. New optical terminals can be added to the FTTP network, providing greater bandwidth and new services without any additional field construction. To further differentiate our network, we began deploying Gigabit Passive Optical Network (GPON) technology in 2007. GPON technology will continue to support the services we offer today, while allowing for the introduction of new services through improved downstream and upstream capacity.

In conjunction with the evolution of our access plant, we are also transitioning our metro (local) network infrastructure from traditional TDM/SONET (Synchronous Optical Network)/ATM technologies to Ethernet over Dense Wavelength Division Multiplexing (DWDM). In 2007 we began to deploy Reconfigurable Optic Add Drop Multiplexer (ROADM) nodes in the transport network. As a result, the new optical transport network provides features optimized for video distribution services and high speed data services, while maintaining the level of network reliability achieved with SONET.

To fully leverage this new network infrastructure and allow for the more efficient sharing of our network across services, we are upgrading our multiplexing and routing infrastructure to use IP, Ethernet and MPLS (Multi Protocol Label Switching) technologies. In addition, we are migrating from traditional TDM-based voice switching to VoIP. This migration lowers the lifecycle cost of current data and voice services and creates a network which can offer future multi-media communications services by adding service platforms without requiring widespread network upgrades. In keeping with our strategy of leading in network reliability, our service infrastructure utilizes our managed, Quality of Service-enabled resilient IP network rather than the Internet.

We advanced our goal of becoming a leading IP Services provider to the global business market by acquiring one of the most expansive IP networks in the world through the MCI merger in 2006. In 2007, we focused on growing our Ethernet infrastructure to support the full range of Ethernet private line and E-LAN services locally, domestically and globally. To lower the access cost and provide significant services flexibility, we are using a converged packet access strategy that replaces the private circuit-based customer access and aggregates traffic from multiple customers onto a shared Ethernet and MPLS network. We have also focused on the expansion of the Private IP network (PIP) to serve all key international markets with managed Quality of Service (QoS)-aware IP Virtual Private Network (VPN) services. Verizon's Public IP network is now interconnected to PIP through Security [illegible] w business customers to extend the reach of their private virtual networks to 'off-net' sites, such as employees' ho[illegible]d mobile work forces. These enhancements extend our IP-services reach across the globe.



We continue to focus on emerging optical transport technologies and expansion of our network to lower overall cost. We are integrating Ethernet, SONET and Optics, and Ultra Long Haul technologies. In addition, we are deploying a new, next generation undersea cable technology though the Trans-Pacific Express (TPE) connecting the west coast of the United States to China, Korea and Taiwan.



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Wireline Offerings

Verizon Telecom's strategy is to be the customer's first choice for communications and entertainment services. We offer a variety of packages for these services that we believe are competitively priced.

Voice Services: We offer packages that include local exchange services, regional and long distance services, VoIP services, wire maintenance, as well as voice messaging and value-added services. Value-added services expand the utilization of our network and include products such as Caller ID, Call Waiting and Return Call. In 2007 we also began offering in most markets a new calling plan that bundles landline and wireless services, with calling features and unlimited calling between a customer's home phone and wireless handset, all on a single bill.

Data Services: We offer high speed DSL and FiOS broadband data products with varying downstream and upstream processing speeds. In 2007 we introduced a new, symmetrical FiOS Internet service with download and upload speeds of up to 20 Mbps. Our data packages include technical support, anti-virus and spam protection, and email online storage.

Video Services: We offer FiOS TV, Verizon's fiber-optic video service, and a variety of DIRECTV packages that are delivered over satellite systems. FiOS TV provides access to more than 200 all-digital channels and up to 31 high definition channels and now is available to more than 5 million homes across 13 states: New York, New Jersey, California, Delaware, Texas, Florida, Maryland, Pennsylvania, Indiana, Massachusetts, Virginia, Rhode Island and Oregon. Innovative features that differentiate FiOS TV from the competition include:

- *Channel Line-up* – We designed the channel line-up with the viewer in mind, grouping channels by category so viewers can easily find all of the shows within a particular genre.
- *High Definition Content* – We offer up to 31 channels in high definition with exceptional clarity and vividness and clear digital sound (Dolby 5.1) enabled by the fiber network.
- *Video on Demand* – We offer access to as many as 10,000 movies and shows via subscription, transactional and free on-demand programming, including high definition video on demand.
- *Interactive Media Guide* – Our FiOS TV guide helps customers quickly and easily find content from television listings, video on demand catalogs and their own personal music and photo files.
- *Home Media DVR* –Our multi-room digital video recorder also includes the Interactive Media Guide.
- *FiOS TV Widgets* – Viewers get one-touch, on demand access to local weather, traffic and community information, shown at the bottom of the television screen.
- *Personalized Settings and Controls* – Parents can manage the content received on their televisions.

Verizon Business products may be classified under either Core or Strategic Services. Core services comprise 76% of Verizon Business revenue and include traditional voice and data services, as well as the sale, installation, and maintenance of customer premises equipment (CPE). The market for these services is declining as customers migrate to newer technologies.

Core Services **:** Verizon has the experience, reliability, and product depth to support voice solutions globally. Core Services provide a comprehensive product portfolio and a convergence plan for present and future VoIP services. Core Data services include Frame Relay, ATM, and Private Line access technologies. Additionally, Verizon Business provides CPE and value added services such as installation, maintenance, and site services and supports a wide variety of technology partners in both the voice and data arenas.

Strategic Services: Strategic Services comprise 24% of Verizon Business revenue. Our service offerings can be grouped into three main categories: IP and data services, including connectivity to the Internet; managed IT and professional services, including security; and advanced voice services. Verizon Business offers IP Services, including IP Contact Center solutions, Internet, IP Communications, Private IP (MPLS), and Secure Gateway services. With professional services personnel in more than 30 countries to assist customers in adopting new IT solutions, including application management, infrastructure services, unified communications, contact center solutions, and security and business continuity services, Verizon Business seeks to transform the way enterprises operate today.



Customers can choose to purchase customized packages of services, which they can manage internally or we can manage for them. These services include:

- *Private IP* – Our fastest growing service around the world, MPLS – based solutions, enable customers to securely leverage the efficiency, performance and value of IP. MPLS solutions increase the speed of network traffic as it travels over various platforms – IP, ATM and Frame Relay.
- *Managed Services* – Offers companies the opportunity to realize the simplicity, efficiency and total cost-of-ownership savings of outsourcing the management of their networks, security, remote access, and web applications.
- *Enterprise Mobility* – Enables customers to remotely access the power of our global IP network and leverage wireless applications.
- *Applications Hosting* – Offers housing and managing of corporate software applications and provides content delivery for customers.
- *Customer Service Management* – Provides tools that improve the customers' experience and increases call center efficiency and productivity.
- *Security* – Provides integrated solutions to help companies secure their networks and data.

Domestic Wireless

Background

Our Domestic Wireless segment, primarily includes Cellco Partnership doing business as Verizon Wireless (Verizon Wireless), which is a joint venture formed in April 2000 by the combination of the United States wireless operations and interests of Verizon and Vodafone Group Plc (Vodafone). Verizon owns a controlling 55% interest in Verizon Wireless and Vodafone owns the remaining 45%.

Operations

Verizon Wireless provides wireless voice and data services across one of the most extensive wireless networks in the United States. Verizon Wireless is the largest domestic wireless carrier in terms of total revenue and the most profitable, as measured by operating income. We believe, based on publicly available information, that Verizon Wireless has the largest base of retail customers, that is, customers who are directly served and managed by Verizon Wireless and who buy its branded services.

Competition

There is significant competition in the wireless telecommunications industry. Other wireless providers, including other cellular and PCS operators and resellers, also serve each of the markets in which we operate. We currently compete primarily against three other national wireless service providers: AT&T (formerly Cingular), Sprint Nextel and T-Mobile USA. In many markets we also compete with regional carriers, such as ALLTEL, US Cellular, Leap and MetroPCS. Competition may increase due to ongoing industry consolidation, if smaller, stand-alone wireless providers transfer licenses to larger, better capitalized and more experienced wireless providers. Resellers, sometimes referred to as Mobile Virtual Network Operators, who buy bulk wholesale services from facilities-based carriers for resale, provide yet another set of differentiated competitors in the marketplace.

We expect competition for both customers and network usage to intensify for several reasons: the higher penetration levels that currently exist in the industry; the development and deployment of new technologies; the introduction of new wireless and fixed line products and services; new market entrants; the availability of additional spectrum, both licensed and unlicensed; and regulatory changes. For example, we face increased competition from the use of other high-speed wireless technologies, such as Wi-Fi and WiMAX, which are being deployed to meet the growing customer appetite for wireless communications. In addition, some cable companies have partnered with wireless carriers, acquired wireless spectrum and introduced wireless offerings in some of their markets. We are also experiencing competition from providers of fixed line VoIP services, which displace in-building usage from cellular/PCS carriers. Additionally, as wireless data use increases, content is becoming an increasingly significant factor in the appeal of these services. This may give content providers and other participants in the wireless value chain opportunities for increased leverage and/or opportunities to compete for wireless data revenues.

We believe that the following are the most important competitive factors in our industry:

- *Network Reliability, Capacity and Coverage.* Lower prices, improved service quality and new service offerings have led to increased network usage. As a result, the ability to keep pace with network capacity needs and offer highly reliable national coverage through one's own network is important. We have an ext[illegible] we continue to look for expansion opportunities through the build-out of existing licenses, acquisitions and [illegible]n licenses that cover much of the country but we expect to continue making significant investments to expan[illegible]overage area and maintain and improve the reliability of our network. Our major competitors also have thes[illegible]ing them in a similar manner.



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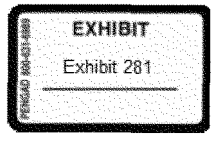


- *Pricing* . Service and equipment pricing is an important area in which wireless carriers compete, as evidenced by recent increases in the marketing of minutes-sharing plans, free mobile-to-mobile calling, as well as offerings of larger bundles of included minutes at price points with no roaming or long distance charges. We seek to compete in this area by offering our customers services and equipment that they will regard as the best value for the cost.

- *Customer Service* . Continued high quality customer service is essential to attract new customers and retain existing customers. We believe that the quality of our customer service is a key factor in retaining our customers and in attracting both new-to-wireless customers and customers of other carriers who want to switch their wireless service. Our competitors also recognize the importance of customer service and are also focusing on improving the customer experience.

- *Product Differentiation* . As wireless technologies develop and wireless broadband networks expand, continued customer and revenue growth will be increasingly dependent on the development of new and differentiated products and services. We are committed to providing customer solutions through the development and rapid deployment of new and innovative products and services developed both internally and in collaboration with application service providers. In order to expand the availability of a wide range of devices for customers, by the end of 2008 customers will have the option to use wireless devices on our nationwide wireless network that are not provided by Verizon Wireless but otherwise meet Verizon Wireless technical standards.

- *Sales and Distribution* . Key to achieving sales success in the wireless industry is the reach and quality of sales channels and distribution points. We believe that the optimal mix of direct, indirect and wholesale distribution channels is an important ingredient in achieving industry-leading profitability. A goal of our distribution strategy is to increase sales through our company-operated stores and our outside sales team, as well as through telemarketing and web-based sales and fulfillment capabilities. Supplementing this is an extensive indirect distribution network of retail outlets and prepaid replenishment locations, original equipment manufacturers and value-added distributors, as well as various resellers who buy our service on a wholesale basis.

Our success will depend on our ability to anticipate and respond to various factors affecting the industry, including the factors described above, as well as new technologies, new business models, changes in customer preferences, regulatory changes, demographic trends, economic conditions, and pricing strategies of competitors.

Network

A key part of our business strategy is to provide the highest network reliability, which we believe is a key differentiator in the United States market and a driver of customer satisfaction. We will continue to expand and upgrade our network to provide sufficient capacity and superior coverage throughout our licensed area so that our customers can enjoy high-quality, reliable service. In addition, we will continue to explore strategic opportunities to expand our overall national coverage through selective acquisitions of wireless operations and spectrum licenses. Also, as part of our initiative to provide customers with the option of using wireless devices not provided by Verizon Wireless on our nationwide wireless network (see "Domestic Wireless – Competition – Product Differentiation"), in early 2008, we will publish the technical interface standards that the development community will need in order to design such devices.

Our network is among the most extensive in the United States, with licensed and operational coverage in 49 of the 50 largest metropolitan areas. Our existing network covered a population of approximately 263 million and provided service to 65.7 million customers as of December 31, 2007.

Network Technology

Our primary network technology platform is CDMA, based on spread-spectrum digital radio technology. 1XRTT technology is deployed in virtually all of our cell sites nationwide. In 2004, we began deploying EV-DO (Revision 0), a 3G packet-based technology intended primarily for high-speed data transmission. In 2007, we expanded our EV-DO footprint, covering a population of approximately 242 million as of December 31, 2007. In addition, we deployed EV-DO (Revision A) throughout this footprint, which allows for even faster data speeds than Revision 0.

We plan to develop and deploy our fourth generation mobile broadband network using long term evolution (LTE) technology developed within the Third Generation Partnership Project standards organization. We believe that LTE will provide us with a unique opportunity to adopt an access platform with global scale and compatibility with other technologies. The technology is designed to deliver mobile data networks with higher speed and throughput performance, lower latency, improved efficiencies and global roaming.

Spectrum

We have licenses to provide mobile wireless services on the 800-900 MHz, the 1800 -1900 MHz and on the 1700 and 2100 MHz portions of the radio spectrum. Collectively, these licenses cover [illegible]mately 295 million people, or approximately 99% of the estimated United States population, reside. The 800-900 [illegible]ide digital cellular voice and data services and it was also used to provide analog service in our cellular markets [illegible]8, 2008, the FCC no longer requires cellular carriers to

EXHIBIT
Exhibit 281

provide analog service. We are currently shutting down our analog service and expect the shutdown to be complete in virtually all of our markets by the end of the first quarter of 2008. We use the 1800-1900 MHz portion of the spectrum to provide digital PCS voice and data services, and we intend to use the 1700 and 2100 MHz portions to deploy advanced wireless broadband services.

We anticipate that we will need additional spectrum to meet future demand and that we can meet such needs by purchasing licenses or leasing spectrum from other licensees, or by acquiring new spectrum licenses from the FCC. The FCC began conducting an auction of



spectrum in the 700 MHz band on January 24, 2008. This spectrum is currently used for UHF television operations but by law those operations must cease no later than February 17, 2009. We filed an application on December 3, 2007, to qualify as a bidder in this auction, and on January 14, 2008, the FCC announced that we and 213 other applicants had qualified as eligible to bid in the auction. The FCC determined that bidding in this auction will be "anonymous," which means that prior to and during the course of the auction(s), the FCC will not make public any information about a specific applicant's upfront deposit or its bids. In addition, FCC rules restrict information that bidders may disclose about their participation in the auction.

Wireless Offerings

We believe that increasing the value of our service offerings to customers will help us to retain our existing customers, attract new customers and increase customer usage, all of which will, in turn, drive revenue and net income growth.

Our service packages are designed around key customer groups, from the young adult market to multinational business accounts. We tailor our wireless services, which include both voice and data offerings, and postpaid and prepaid pricing options, to the needs of these customers.

Wireless Services

Voice services. We offer a variety of packages for voice services with features and competitive pricing plans that are predominantly offered on a postpaid basis with a contract term. Specifically, we offer our Nationwide Calling Plans, which provide a choice in amounts of bundled minutes together with no roaming or long distance charges for calls on our preferred network; family/small group and shared minute plans for multiple-user households and small businesses; and plans targeted to business accounts with over 100 lines and national accounts with over 1,000 lines. In addition, we offer a national prepaid product that enables individuals to obtain wireless voice services without a long-term contract by paying in advance.

Data services. We believe that we are in a strong position to take advantage of the growing demand for wireless data services. Our strategy is to continue to expand our wireless data, messaging and multi-media offerings for both consumer and business customers.

We offer an array of data transmission and content services, such as:

- *NationalAccess/BroadbandAccess* . We offer our NationalAccess service, which enables applications such as e-mail, enterprise applications, image downloads and full browsing capabilities for laptop computer users. In addition, in areas where our network provides EV-DO coverage, we offer our BroadbandAccess service, which provides faster speeds on those applications and enables the provisioning of enhanced data applications that can operate at broadband speeds.

- *Text and Picture Messaging* . With compatible wireless devices, our customers can send and receive text messages, as well as still pictures and full-motion video clips with sound.

- *V CAST* . Our *V CAST* Video service enables customers to access daily-updated videos from leading content providers of news, weather, sports and entertainment programming in areas covered by our EV-DO network. Our *V CAST* Music service enables customers to download music either directly to their *V CAST* Music-enabled handsets or to their personal computers. In addition, our *V CAST* MobileTV service provides customers in select markets the ability to access television programming such as news, sports, music and comedy through the use of TV-enabled handsets.

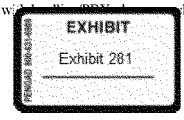
- *Get It Now* . Our *Get It Now* service enables our customers to download hundreds of applications to their handsets, including ringtones, games and wallpaper images .

- *Mobile Web* . Our *Mobile Web* service offers our customers access to content on the Internet through our portal, such as web-based e-mail, news, weather and sports and the ability to bookmark their favorite sites for access to their preferred content.

- *VZ Navigator* . Our *VZ Navigator* service enables customers to obtain audible turn-by-turn directions to their destinations, locate various points of interest and access other location-related information by using *VZ Navigator* -capable wireless devices.

- *Wireless Business Solutions – VZOffice* . Through our suite of *VZOffice* services, we provide enterprise customers with solutions for accessing the Internet and their corporate intranet, which allow for optimized wireless access to the customer's corporate applications or databases. *VZEmail* , included as part of our *VZOffice* services, offers a compelling suite of products that enables wireless e-mail across our diverse portfolio of wireless devices.

- *Wireless Office.* Our *Wireless Office* suite of services offers our wireless business customers, through the use of their existing wireless devices, calling features traditionally associated w[illegible]h as abbreviated dialing.



Global Services

We offer a host of global solutions, available on certain of the wireless devices we offer, including GlobalAccess and GlobalEmail. This suite of solutions gives customers voice service in more than 185 destinations worldwide and data access in more than 100 destinations worldwide.

Wireless Devices

We are a service provider of choice for wireless device manufacturers which helps us develop exclusive offers for our customers, as well as branded wireless devices that complement our focus on a high-quality customer experience. The wireless devices that we offer are predominantly EV-DO enabled, and all of them are compatible with our 1XRTT network. In addition, all of the handsets that we offer are headphone/earphone compatible and, compliant with the FCC's E-911 requirements, through their GPS functionality.

Marketing

We focus our marketing strategy on targeting solutions based on satisfying our customers' needs, promoting our brand, leveraging our extensive distribution network and cross-marketing with Verizon's other business units and Vodafone.

We focus our marketing efforts on a coordinated program of television, print, radio, outdoor signage and Internet and point-of-sale media promotions. Coordinated marketing efforts throughout our service area ensure that our marketing message is consistently presented across all of our markets. Promoting the "Verizon Wireless" brand is complemented by Verizon's other brand marketing efforts, reinforcing the awareness of our services in shared markets and capitalizing on the size and breadth of Verizon Communications' customer base.

Sales and Distribution Channels

Our sales strategy uses a mix of direct, indirect and wholesale distribution channels to increase customer growth while reducing customer acquisition costs.

Our company-operated stores are an important component of our distribution strategy. Our experience has been that customers entering through this direct channel are generally higher-value customers who generate higher revenue per month on average and are less likely to cancel their service than those who come through other mass-market channels. We had approximately 2,400 company-operated stores and kiosks (including our "store-within-a-store" kiosks in Circuit City and BJ's Wholesale locations) as of December 31, 2007. In addition, our direct channel also includes our business-to-business organization, which is focused on supporting the needs of our local, regional and national business customers, as well as a telemarketing sales force dedicated to receiving incoming calls. We also offer fully-automated, end-to-end, web-based sales of wireless devices, accessories and service in all of our markets.

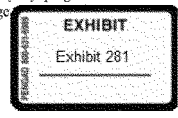
We have indirect retail locations throughout the United States selling wireless services, including both full-service locations and locations selling our prepaid products and services, such as Wal-Mart, Best Buy and Target. We also sell wireless access on a wholesale basis, which involves the sale of wholesale access and minutes to independent companies that package and resell wireless services to end-users.

Customer Service, Retention and Satisfaction

We believe that quality customer service increases customer satisfaction, which reduces churn, and is a key differentiator in the wireless industry. We are committed to providing high-quality customer service, investing in loyalty and retention efforts and continually monitoring customer satisfaction in all facets of our service.

While our customer service representatives are available during our normal business hours, we also have representatives available 24 hours a day, 7 days a week for emergency and technical customer issues. In addition, customers can do business with us at any time, without having to speak with a customer service representative, through our enhanced self-service applications via our interactive voice response system, through our web site, and via applications accessible from the customer's handset.

Under our enhanced Worry Free Guarantee, a national retention and loyalty initiative, we commit to provide our customers an extensive and advanced network: responsive customer service with end-to-end resolution; the option to change at any time to any qualifying price plan without payment of any additional fees or requiring any contract extension; a satisfaction guarantee with our "Test Drive" program; an early termination fee that declines each full month that a customer remains on their contract; and a handset upgrade credit every two years, provided that the customer signs a new two-year contract on a calling plan with at least $35 monthly access. In addition, our "My Account Advantage" program offers customers who register with our "My Account" website free back-up protection that stores a copy of the customer's phone contact list on a secure website, an annual handset upgrade option for qualified customers and periodic notification if the customer exceeds their plan allowance. Another major retention and loyalty program is a customer life cycle management program in which we contact customers at key points in their service tenure with targe ctive rate-plan analysis.



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Recent Developments

"Recent Developments" included in "Other Factors That May Affect Future Results" on pages 33 through 34 of the 2007 Verizon Annual Report to Shareowners is incorporated by reference into this Report.

Regulatory and Competitive Trends

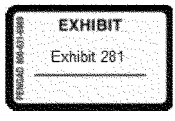
"Regulatory and Competitive Trends" included in "Other Factors That May Affect Future Results" on pages 34 through 37 of the 2007 Verizon Annual Report to Shareowners is incorporated by reference into this Report.

Employees

As of December 31, 2007, Verizon and its subsidiaries had approximately 235,000 employees. Unions represent approximately 40% of our employees.

Information on Our Internet Website

We make available, free of charge on our website, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission (SEC). Our website address is www.verizon.com. This information is included in "Investor Information" on our website.



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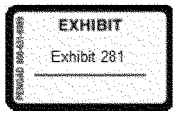
Cautionary Statement Concerning Forward-Looking Statements

In this Annual Report on Form 10-K we have made forward-looking statements. These statements are based on our estimates and assumptions and are subject to risks and uncertainties. Forward-looking statements include the information concerning our possible or assumed future results of operations. Forward-looking statements also include those preceded or followed by the words "anticipates," "believes," "estimates," "hopes" or similar expressions. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

The following important factors, along with those discussed elsewhere in this Annual Report, could affect future results and could cause those results to differ materially from those expressed in the forward-looking statements:

- materially adverse changes in economic and industry conditions and labor matters, including workforce levels and labor negotiations, and any resulting financial and/or operational impact, in the markets served by us or by companies in which we have substantial investments;
- material changes in available technology, including disruption of our suppliers' provisioning of critical products or services;
- the impact on our operations of natural or man-made disasters and any resulting financial impact not covered by insurance;
- technology substitution;
- an adverse change in the ratings afforded our debt securities by nationally accredited ratings organizations;
- the final results of federal and state regulatory proceedings concerning our provision of retail and wholesale services and judicial review of those results;
- the effects of competition in our markets;
- the timing, scope and financial impact of our deployment of fiber-to-the-premises broadband technology;
- the ability of Verizon Wireless to continue to obtain sufficient spectrum resources;
- changes in our accounting assumptions that regulatory agencies, including the SEC, may require or that result from changes in the accounting rules or their application, which could result in an impact on earnings;
- the ability to complete acquisitions and dispositions; and
- the extent and timing of our ability to obtain revenue enhancements and cost savings following our business combination with MCI, Inc.



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We face significant competition that may reduce our market share and lower our profits.

We face significant competition in our industry. The rapid development of new technologies, services and products has eliminated the traditional lines between local, long distance, wireless, cable and Internet communication services and brought new competitors to our markets, including other telephone companies, cable companies, wireless service providers, satellite providers, electric utilities, and providers of VoIP services. While these changes have enabled us to offer new types of services, they have also allowed other service providers to broaden the scope of their own competitive offerings. Our ability to compete effectively will depend on how successfully we anticipate and respond to various competitive factors, including new services that may be introduced by our competitors, changes in consumer preferences, demographic trends and pricing pressures. We are subject to more regulation and have higher cost structures than many of our competitors, due in part to the presence of a unionized workforce and a large retiree population in our wireline business. Accordingly, our competitors may be able to offer services at lower prices. The resulting pressure on the price of services we provide may result in reduced revenues and profits. In addition, while the workforce of our wireless business is almost entirely non-union, we cannot predict what level of success unions may have in organizing this workforce or the potentially negative impact of such labor organizing on our costs.

If we are not able to take advantage of technological developments in the telecommunications industry on a timely basis, we may experience a decline in a demand for our services or may be unable to implement our business strategy.

Our industry is experiencing rapid change as new technologies are developed that offer consumers an array of choices for their communications needs. In order to grow and remain competitive, we will need to adapt to future changes in technology, to enhance our existing offerings and introduce new offerings to address our customers' changing demands. If we are unable to meet future advances in competing technologies on a timely basis or at an acceptable cost, we could lose customers to our competitors. In general, the development of new services in our industry requires us to anticipate and respond to the varied and continually changing demands of our customers. We may not be able to accurately predict technological trends or the success of new services in the market. In addition, there could be legal or regulatory restraints to our introduction of new services. If these services fail to gain acceptance in the marketplace, or if costs associated with implementation and completion of the introduction of these services materially increase, our ability to retain and attract customers could be adversely affected.

While we believe our primary wireless technology platform, CDMA, and its upgrades offer many advantages, many competing wireless service providers have chosen GSM or other technologies as the technology platforms for their wireless networks. In addition, in November 2007, we announced that we intend to develop and deploy our "fourth generation" mobile broadband network using "Long Term Evolution" (LTE). This new technology is designed to enable mobile data networks with higher speeds and improved efficiencies. However, there are risks that current or future versions of the wireless technologies and evolutionary path that we have selected may not be demanded by existing and prospective customers or provide the advantages that we expect. In addition, there are risks that other wireless carriers on whom our customers roam may change their technology to other technologies that are incompatible with ours. As a result, the ability of our and such other carriers' customers to roam on our respective wireless networks could be adversely affected. If these risks materialize, our ability to provide national wireless service to our customers, to retain and attract customers, and to maintain and grow our customer revenues could be materially adversely affected.

We depend on key suppliers and vendors to provide equipment that we need to operate our business.

We also depend upon various key suppliers and vendors to provide us with the equipment that we need to operate our business. If these suppliers or vendors fail to provide equipment or service to us on a timely basis, it could have an adverse impact on our ability to implement our business strategy and, in addition, we might be unable to satisfy the requirements contained in our FCC licenses regarding the construction of our wireless network. These suppliers and vendors may be subject to litigation with respect to technology that we depend on for our service offerings.

Changes in the regulatory framework under which we operate could adversely affect our business prospects or results of operations.

Our operations are subject to regulation by the FCC and other federal, state and local agencies. It is impossible to predict with any certainty the outcome of pending federal and state regulatory proceedings relating to our provision of retail or wholesale services, or the reviews by federal or state courts of regulatory rulings. Unless we are able to obtain appropriate relief, existing laws and regulations may inhibit our ability to expand our business and introduce new products and services. In addition, the adoption of new laws or regulations or changes to the existing regulatory framework could adversely affect our business plans. For example, the development of new technologies, such as Internet Protocol-based services, including VoIP and super high-speed broadband and video, could be subject to conflicting regulation between the FCC and various state and local authorities, which could significantly increase the cost of implementing and introducing new services based on this technology. In addition, the rapid growth of the wireless industry has led to an increase in efforts by some state legislatures and state public utility commissions to regulate the industry in ways tha[illegible]s on Verizon Wireless. Moreover, many states have also imposed significant taxes on providers in the wireless in[illegible]



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Natural or man-made disasters may disrupt our operations.

The occurrence of natural or man-made disasters may disrupt our operations. While we maintain insurance coverage for some of these events, the potential liabilities associated with these events could exceed the insurance coverage we maintain. Our inability to operate our wireline or wireless networks as a result of such events, even for a limited period of time, may result in significant expenses and/or loss of market share to other communications providers, which could have a material adverse effect on our results of operations and financial condition.

We are subject to a significant amount of litigation, which could require us to pay significant damages or settlements.

Our business faces a substantial amount of litigation, including patent infringement lawsuits, antitrust class actions, wage and hour class actions, personal injury claims and lawsuits relating to our advertising, sales, billing and collection practices. In addition, our wireless business also faces personal injury and consumer class action lawsuits relating to alleged health effects of wireless phones or radio frequency transmitters, and class action lawsuits that challenge marketing practices and disclosures relating to alleged adverse health effects of handheld wireless phones. We may incur significant expenses in defending these lawsuits. In addition, we may be required to pay significant awards or settlements.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

General

Our principal properties do not lend themselves to simple description by character and location. Our total investment in plant, property and equipment was approximately $214 billion at December 31, 2007 and $204 billion at December 31, 2006, including the effect of retirements, but before deducting accumulated depreciation. Our gross investment in plant, property and equipment consisted of the following at December 31:

	2007	2006
Network equipment	**81.1%**	80.1%
Land, buildings and building equipment	**9.6**	9.9
Furniture and other	**9.3**	10.0
	100.0%	100.0%

Our properties are divided among our operating segments at December 31, as follows:

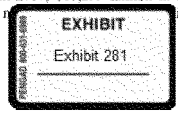
	2007	2006
Wireline	**75.7%**	76.7%
Wireless	**23.8**	22.7
Corporate and Other	**0.5**	0.6
	100.0%	100.0%

Network equipment consists primarily of cable (predominantly aerial, buried underground or undersea) and the related support structures of poles and conduit, wireless plant, switching equipment, transmission equipment and related facilities. Land, buildings and building equipment consists of land and land improvements, central office buildings or any other buildings that house network equipment, and buildings owned by Verizon that are used for administrative and other purposes. Furniture and other consists of public telephone instruments and telephone equipment (including PBXs), furniture, office equipment, motor vehicles, plant under construction, capital leases, capitalized computer software costs and leasehold improvements. A portion of our property is subject to the liens of their respective mortgages securing funded debt.

The customers of our telephone operations are served by electronic switch systems (analog/digital/packet) that provide a wide variety of services. As of December 31, 2007, virtually all of the switched access lines were served by digital capability.

Capital Expenditures

We continue to make significant capital expenditures to meet the demand for communications services and to further improve such services. Capital spending for Wireline was $10,956 million in 2007, $10,259 million in 2006 and $8,267 million in 2005. Capital spending for Domestic Wireless was $6,503 million in 2007, $6,618 m illion in 2005.



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Item 3. Legal Proceedings

Verizon, and a number of other telecommunications companies, have been the subject of multiple class action suits concerning its alleged participation in intelligence-gathering activities allegedly carried out by the federal government, at the direction of the President of the United States, as part of the government's post-September 11 program to prevent terrorist attacks. Plaintiffs generally allege that Verizon has participated by permitting the government to gain access to the content of its subscribers' telephone calls and/or records concerning those calls and that such action violates federal and/or state constitutional and statutory law. Relief sought in the cases includes injunctive relief, attorneys' fees, and statutory and punitive damages. On August 9, 2006, the Judicial Panel on Multidistrict Litigation ("Panel") ordered that these actions be transferred, consolidated and coordinated in the U.S. District Court for the Northern District of California. The Panel subsequently ordered that a number of "tag along" actions also be transferred to the Northern District of California. Verizon believes that these lawsuits are without merit and has moved to dismiss them.

The New York State Department of Environmental Conservation has advised Verizon New York Inc. (VZNY) of potential issues in connection with its underground storage tank registration, inspection and maintenance program. While VZNY does not believe that any of the alleged conditions has resulted in a release or threatened release, aggregate penalties relating to alleged violations could exceed $100,000 because of the number of tanks operated by VZNY. VZNY does not believe that the cost of remedying any alleged violations will be material.

Verizon Wireless is conducting an audit of its cell site, switch and non-retail building facilities under an audit agreement with the United States Environmental Protection Agency. The audit while not complete, identified potential violations of various laws governing hazardous substance reporting, air permitting and spill plan preparation. Although none of the potential violations has resulted in a release or threatened release, aggregate penalties relating to alleged violations could exceed $100,000 because of the number of facilities operated by Verizon Wireless. Verizon Wireless does not believe that the penalties ultimately incurred and the cost of remedying any alleged violations will be material.

Item 4. Submission of Matters to a Vote of Security Holders

Not Applicable.

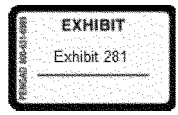
Executive Officers of the Registrant

Set forth below is information with respect to our executive officers.

Name	Age	Office	Held Since
Ivan G. Seidenberg	61	Chairman and Chief Executive Officer	2000
William P. Barr	57	Executive Vice President and General Counsel	2000
Thomas A. Bartlett	49	Senior Vice President and Controller	2005
John W. Diercksen	58	Executive Vice President – Strategy, Development and Planning	2003
Shaygan Kheradpir	47	Executive Vice President and Chief Information Officer	2007
John F. Killian	53	President – Verizon Business	2006
Richard J. Lynch	59	Executive Vice President and Chief Technology Officer	2007
Lowell C. McAdam	53	Executive Vice President and President and Chief Executive Officer – Verizon Wireless	2007
Marc C. Reed	49	Executive Vice President – Human Resources	2004
Virginia P. Ruesterholz	46	President – Verizon Telecom	2006
John G. Stratton	46	Executive Vice President and Chief Marketing Officer	2007
Dennis F. Strigl	61	President and Chief Operating Officer	2007
Thomas J. Tauke	57	Executive Vice President – Public Affairs, Policy and Communications	2004
Doreen A. Toben	58	Executive Vice President and Chief Financial Officer	2002
Catherine T. Webster	55	Senior Vice President and Treasurer	2005

Prior to serving as an executive officer, each of the above officers has held high level managerial positions with the company or one of its subsidiaries for at least five years.

Officers are not elected for a fixed term of office and may be removed from office at any time at the discretion of the Board of Directors.



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PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The principal market for trading in the common stock of Verizon is the New York Stock Exchange. The common stock is also listed in the United States on the Chicago and Philadelphia stock exchanges. As of December 31, 2007, there were 836,237 shareowners of record.

High and low stock prices, as reported on the New York Stock Exchange composite tape of transactions, and dividend data are as follows:

		Market Price		Cash Dividend Declared
		High	Low	
2007	**First Quarter**	**$ 38.77**	**$ 35.60**	**$ .405**
	Second Quarter	**43.99**	**36.75**	**.405**
	Third Quarter	**44.75**	**39.27**	**.430**
	Fourth Quarter	**46.24**	**40.77**	**.430**
2006*	First Quarter	$ 33.89	$ 28.95	$ .405
	Second Quarter	33.46	29.00	.405
	Third Quarter	36.62	30.22	.405
	Fourth Quarter	37.64	33.99	.405

* 2006 prices have been adjusted for the spin-off of our domestic print and Internet yellow pages directories business.

The following table provides information about Verizon's common stock repurchases during the fourth quarter of 2007.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
October	7,245,000	$ 45.02	7,245,000	56,814,000
November	11,209,000	43.28	11,209,000	45,605,000
December	6,781,000	43.85	6,781,000	38,824,000
	25,235,000		25,235,000	

On January 19, 2006, the Board of Directors approved a share buy back program which authorized the repurchase of up to 100 million common shares by no later than the close of business on February 28, 2008. On March 1, 2007, the Board of Directors replaced this share buy back program with a new program for the repurchase of up to 100 million shares of Verizon common stock through the earlier of February 28, 2010 or when the total number of shares repurchased under the new buy back program aggregates to 100 million. On February 7, 2008, the Board of Directors replaced this share buy back program with a new program for the repurchase of up to 100 million common shares terminating no later than the close of business on February 28, 2011. The Board also determined that no additional shares were to be purchased under the prior program. The current program permits Verizon to repurchase shares over time, with the amount and timing of repurchases depending on market conditions and corporate needs. The Board also authorized Verizon to enter into Rule 10b5-1 plans from time to time to facilitate the repurchase of its shares. A Rule 10b5-1 plan permits the Company to repurchase shares at times when it might otherwise be prevented from doing so, provided the plan is adopted when the Company is not aware of material non-public information.

Item 6. Selected Financial Data

Information required by this item is included in the 2007 Verizon Annual Report to Shareowners under the heading "Selected Financial Data" on page 17, which is incorporated herein by reference.

Item 7. Management's Discussion and Analysis of Results of Finances and Condition and Results of Operations

Information required by this item is included in the 2007 Verizon Annual Report to Shareowners under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 18 through 37, which is incorporated herein by reference.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Information required by this item is included in the 2007 Verizon Annual Report to Shareowners under the heading "Market Risk" on page 31, which is incorporated herein by reference.

Item 8. Financial Statements and Supplementary Data



Information required by this item is included in the 2007 Verizon Annual Report to Shareowners on pages 38 through 71, which is incorporated herein by reference.



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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Our chief executive officer and chief financial officer have evaluated the effectiveness of the registrant's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934), as of the end of the period covered by this annual report, that ensure that information relating to the registrant which is required to be disclosed in this report is recorded, processed, summarized and reported, within required time periods. Based on this evaluation, our chief executive officer and chief financial officer have concluded that the registrant's disclosure controls and procedures were effective as of December 31, 2007.

There were no changes in the registrant's internal control over financial reporting during the fourth quarter of 2007 that have materially affected, or are reasonably likely to materially affect the registrant's internal control over financial reporting.

Management's report on internal control over financial reporting and the attestation report of Verizon's independent registered public accounting firm is included in the 2007 Verizon Annual Report to Shareowners on pages 38 through 39 and is incorporated herein by reference.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

For information with respect to our executive officers, see "Executive Officers of the Registrant" at the end of Part I of this Report. For other information required by this item see the sections entitled "Election of Directors," "About Verizon's Governance Practices," "About the Board of Directors and its Committees" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the Proxy Statement for our 2008 Annual Meeting of Shareholders filed pursuant to Regulation 14A, which is incorporated herein by reference.

Item 11. Executive Compensation

For information with respect to executive compensation, see the section entitled "Executive Compensation" in the Proxy Statement for our 2008 Annual Meeting of Shareholders filed pursuant to Regulation 14A, which is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

For information with respect to the security ownership of the Directors and Executive Officers, see the section entitled "Security Ownership of Directors and Officers" in the Proxy Statement for our 2008 Annual Meeting of Shareholders filed pursuant to Regulation 14A, which is incorporated herein by reference. In addition, the following table provides other equity compensation plan information:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	139,145,918	$ 49.28	137,935,869
Equity compensation plans not approved by security holders	36,754,227	41.96	13,236,690*
Total	175,900,145	47.75	151,172,559

* Indicates the number of securities available for issuance under the Verizon Communications 2000 Broad-Based Incentive Plan, which provides for awards of nonqualified stock options, restricted stock, restricted stock units and other equity-based hypothetical stock units to employees of Verizon and its subsidiaries.



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Item 13. Certain Relationships and Related Transactions, and Director Independence

For information with respect to certain relationships and related transactions, and director independence, see the sections entitled "About Verizon's Governance Practices" and "About the Board of Directors and its Committees" in the Proxy Statement for our 2008 Annual Meeting of Shareholders filed pursuant to Regulation 14A, which is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

For information with respect to principal accounting fees and services, see the section entitled "Ratification of Appointment of Independent Registered Public Accounting Firm" in the Proxy Statement for our 2008 Annual Meeting of Shareholders filed pursuant to Regulation 14A, which is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) Documents filed as part of this report:

		Page
(1)	Report of Management on Internal Control Over Financial Reporting	*
(2)	Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting	*
(3)	Report of Independent Registered Public Accounting Firm on Financial Statements	*
	Financial Statements covered by Report of Independent Registered Public Accounting Firm:	
	Consolidated Statements of Income	*
	Consolidated Balance Sheets	*
	Consolidated Statements of Cash Flows	*
	Consolidated Statements of Changes in Shareowners' Investment	*
	Notes to Consolidated Financial Statements	*
	* Incorporated herein by reference to the appropriate portions of the registrant's annual report to shareowners for the fiscal year ended December 31, 2007. (See Part II.)	
(4)	Financial Statement Schedule	
	II – Valuation and Qualifying Accounts	22
(5)	Exhibits	



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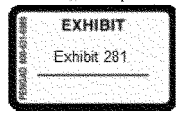
Exhibit Number

3a	Restated Certificate of Incorporation of Verizon Communications Inc. (Verizon) (Exhibit 3a to Form 10-K for the year ended December 31, 2005).
3b	Bylaws of Verizon, as amended, effective as of February 7, 2008 (Exhibit 3b to Form 8-K dated February 7, 2008).
4	No instrument which defines the rights of holders of long-term debt of Verizon and its consolidated subsidiaries is filed herewith pursuant to Regulation S-K, Item 601(b)(4)(iii)(A). Pursuant to this regulation, Verizon hereby agrees to furnish a copy of any such instrument to the SEC upon request.
10a	Description of Verizon Deferred Compensation Plan for Non-Employee Directors (Exhibit 10a to Form 10-K for the year ended December 31, 2000).*
	10a(i) Description of Amendment to Plan (Exhibit 10a(i) to Form 10-K for the year ended December 31, 2004).*
10b	Bell Atlantic Deferred Compensation Plan for Outside Directors, as amended and restated (Exhibit 10a to Form 10-K for the year ended December 31, 1998).*
10c	Deferred Compensation Plan for Non-Employee Members of the Board of Directors of GTE, as amended (Exhibit 10-1 to GTE's Form 10-K for the year ended December 31, 1997 and Exhibit 10.1 to GTE's Form 10-K for the year ended December 31, 1998, File No. 1-2755).*
10d	GTE's Directors' Deferred Stock Unit Plan (Exhibit 10-8 to GTE's Form 10-K for the year ended December 31, 1997, File No. 1-2755).*
10e	Description of Non-Employee Director's Travel Accident Insurance Coverage filed herewith.*
10f	Bell Atlantic Directors' Charitable Giving Program, as amended (Exhibit 10p to Form SE dated March 29, 1990 and Exhibit 10p to Form SE dated March 29, 1993).*
10g	GTE's Charitable Awards Program (Exhibit 10-10 to GTE's Form 10-K for the year ended December 31, 1992, File No. 1-2755).*
10h	NYNEX Directors' Charitable Award Program (Exhibit 10i to Form 10-K for the year ended December 31, 2000).*
10i	Verizon 2000 Broad-Based Incentive Plan (Exhibit 10h to Form 10-Q for the period ended September 30, 2000).*
10j	Verizon Long-Term Incentive Plan (Appendix B to Verizon's 2001 Proxy Statement filed March 12, 2001).*
	10j(i) Restricted Stock Unit Agreement 2005-2007 Award Cycle (Exhibit 10a to Form 10-Q for the period ended March 31, 2005).*
	10j(ii) Performance Stock Unit Agreement 2005-2007 Award Cycle (Exhibit 10b to Form 10-Q for the period ended March 31, 2005).*
	10j(ii)(a) Addendum to Performance Stock Unit Agreement 2005-2007 Award Cycle (Exhibit 10j(iv)(a) to Form 10-K for the year ended December 31, 2005).*
	10j(iii) Restricted Stock Unit Agreement 2006-2008 Award Cycle (Exhibit 10j(v) to Form 10-K for the year ended December 31, 2005).*
	10j(iv) Performance Stock Unit Agreement 2006-2008 Award Cycle (Exhibit 10j(vi) to Form 10-K for the year ended December 31, 2005).*
	10j(iv)(a) Addendum to Performance Stock Unit Agreement (Exhibit 10a to Form 10-Q for the period ended March 31, 2006).*
	10j(v) Restricted Stock Unit Agreement 2007-09 Award Cycle (Exhibit 10a to Form 10-Q for the period ended March 31, 2007).*
	10j(v)(a) Special Restricted Stock Unit Agreement (Exhibit 10c to Form 10-Q for the period ended March 31, 2007).*
	10j(vi) Performance Stock Unit Agreement 2007-09 Award Cycle (Exhibit 10b to Form 10-Q for the period ended March 31, 2007).*
	10j(vi)(a) Form of Addendum to Performance Stock Unit Agreement (Exhibit 10d to Form 10-Q for the period ended March 31, 2007).*
10k	GTE's Long-Term Incentive Plan, as amended (Exhibit B to GTE's 1997 Proxy Statement and Exhibit 10.5 to GTE's 1998 Form 10-K for the year ended December 31, 1998, File No. 1-2755); Description of Amendments (Exhibit 10l to Form 10-K for the year ended December 31, 2000).*



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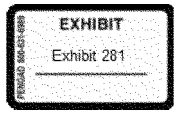
10m	NYNEX 1995 Stock Option Plan, as amended (Exhibit No. 1 to NYNEX's Proxy Statement dated March 20, 1995, File No. 1-8608); Description of Amendments (Exhibit 10n to Form 10-K for the year ended December 31, 2000).*
10n	Verizon Short-Term Incentive Plan (Appendix C to Verizon's 2001 Proxy Statement filed March 12, 2001).*
10o	Verizon Income Deferral Plan (Exhibit 10f to Form 10-Q for the period ended June 30, 2002).*
	10o(i) Description of Amendment to Plan (Exhibit 10o(i) to Form 10-K for the year ended December 31, 2004). *
10p	Verizon Excess Pension Plan (Exhibit 10p to Form 10-K for the year ended December 31, 2004). *
	10p(i) Description of Amendment to Plan (Exhibit 10p(i) to Form 10-K for the year ended December 31, 2004).*
10q	GTE's Executive Salary Deferral Plan, as amended (Exhibit 10.10 to GTE's Form 10-K for the year ended December 31, 1998, File No. 1-2755).*
10r	Bell Atlantic Senior Management Long-Term Disability and Survivor Protection Plan, as amended (Exhibit 10h to Form SE filed on March 27, 1986 and Exhibit 10b(ii) to Form 10-K for the year ended December 31, 1997).*
10s	Description of Bell Atlantic Senior Management Estate Management Plan (Exhibit 10rr to Form 10-K for year ended December 31, 1997).*
10t	GTE's Executive Retired Life Insurance Plan, as amended (Exhibits 10-6, 10-6 and 10-6 to GTE's Form 10-K for the years ended December 31, 1991, 1992 and 1993, respectively, File No. 1-2755).*
10u	NYNEX Supplemental Life Insurance Plan (Exhibit No. 10 iii 21 to NYNEX's Form 10-Q for the period ended June 30, 1996, File No. 1-8608).*
10v	Summary Plan Description of Verizon Executive Deferral Plan (Exhibit 10(v) to Form 10-K for the year ended December 31, 2005).*
10y	Employment Agreement between Verizon and Marc C. Reed (Exhibit 10a to Form 10-Q for the period ended June 30, 2004).*
10z	Employment Agreement between Verizon and William P. Barr (Exhibit 10z to Form 10-Q for the period ended March 31, 2003).*
10cc	Employment Agreement between Verizon and Doreen A. Toben (Exhibit 10d to Form 10-Q for the period ended June 30, 2002).*
10dd	Description of the Split-Dollar Insurance Arrangements (Exhibit 10g to Form 10-Q for the period ended June 30, 2002).*
	10dd(i) Description of Changes to Arrangements (Exhibit 10dd(i) to Form 10-K for the year ended December 31, 2004).*
10ee	Employment Agreement between Verizon and Dennis F. Strigl (Exhibit 10f to Form 10-Q for the period ended September 30, 2000).*
10ff	Employment Agreement between Verizon and Thomas J. Tauke (Exhibit 10b to Form 10-Q for the period ended June 30, 2004).*
10gg	Form of Employment Agreement between Verizon and Band 1 Senior Management Employee (Exhibit 10gg to the Form 10-K for the year ended December 31, 2004).*
10hh	NYNEX Deferred Compensation Plan for Non-Employee Directors (Exhibit 10gg to NYNEX's Registration Statement No. 2-87850, File No. 1-8608).*
	10hh(i) Amendment to NYNEX Deferred Compensation Plan for Non-Employee Directors (Exhibit 10iii 5a to NYNEX's Quarterly Report on Form 10-Q for the period ended June 30, 1996, File No. 1-8608).*
10ii	U.S. Wireless Agreement, dated September 21, 1999, among Bell Atlantic and Vodafone Airtouch plc, including the forms of Amended and Restated Partnership Agreement and the Investment Agreement (Exhibit 10 to Form 10-Q for the period ended September 30, 1999).
12	Computation of Ratio of Earnings to Fixed Charges filed herewith.
13	Portions of Verizon's Annual Report to Shareowners for the fiscal year ended December 31, 2007. Only the information incorporated by reference into this Form 10-K is included in the exhibit.



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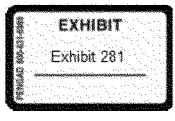
21	List of principal subsidiaries of Verizon filed herewith.
23	Consent of Ernst & Young LLP filed herewith.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Indicates management contract or compensatory plan or arrangement.



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Schedule II - Valuation and Qualifying Accounts

Verizon Communications Inc. and Subsidiaries

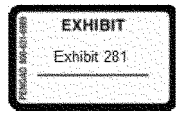
For the Years Ended December 31, 2007, 2006 and 2005

(dollars in millions)

Description	Balance at Beginning of Period	Additions: Charged To Expenses	Additions: Charged to Other Accounts Note (a)	Deductions Note (b)	Balance at End of Period
Allowance for Uncollectible Accounts Receivable:					
Year 2007	**$ 1,139**	**$ 1,047**	**$ 834**	**$ 1,995**	**$ 1,025**
Year 2006	1,100	1,034	1,627	2,622	1,139
Year 2005	1,363	1,076	794	2,133	1,100
Valuation Allowance for Deferred Tax Assets:					
Year 2007	**$ 2,600**	**$ 231**	**$ 29**	**$ 189**	**$ 2,671**
Year 2006	815	51	2,234	500	2,600
Year 2005	1,217	46	43	491	815
Discontinued Businesses:					
Year 2007	**$ 237**	**$ –**	**$ –**	**$ 13**	**$ 224**
Year 2006	248	–	–	11	237
Year 2005	287	5	–	44	248

(a) Allowance for Uncollectible Accounts Receivable includes: (1) amounts previously written off which were credited directly to this account when recovered: and (2) accruals charged to accounts payable for anticipated uncollectible charges on purchases of accounts receivable from others which were billed by us. Also includes amounts transferred from other accounts. The 2006 amounts charged to other accounts for the allowance for uncollectible accounts receivable and valuation allowance for deferred tax assets were primarily due to the acquisition of MCI.

(b) Amounts written off as uncollectible or transferred to other accounts or utilized.



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Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Verizon Communications Inc.

By: /s/ Thomas A. Bartlett — Date: February 26, 2008

Thomas A. Bartlett
Senior Vice President and Controller

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Principal Executive Officer:

/s/ Ivan G. Seidenberg	Chairman and Chief Executive Officer	February 26, 2008
Ivan G. Seidenberg		

Principal Financial Officer:

/s/ Doreen A. Toben	Executive Vice President and Chief Financial Officer	February 26, 2008
Doreen A. Toben		

Principal Accounting Officer:

/s/ Thomas A. Bartlett	Senior Vice President and Controller	February 26, 2008
Thomas A. Bartlett		



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Signatures – Continued		
/s/ Ivan G. Seidenberg Ivan G. Seidenberg	Director	February 26, 2008
/s/ Richard L. Carrión Richard L. Carrión	Director	February 26, 2008
/s/ M. Frances Keeth M. Frances Keeth	Director	February 26, 2008
/s/ Robert W. Lane Robert W. Lane	Director	February 26, 2008
/s/ Sandra O. Moose Sandra O. Moose	Director	February 26, 2008
/s/ Joseph Neubauer Joseph Neubauer	Director	February 26, 2008
/s/ Donald T. Nicolaisen Donald T. Nicolaisen	Director	February 26, 2008
/s/ Thomas H. O'Brien Thomas H. O'Brien	Director	February 26, 2008
/s/ Clarence Otis, Jr. Clarence Otis, Jr.	Director	February 26, 2008
/s/ Hugh B. Price Hugh B. Price	Director	February 26, 2008
/s/ John W. Snow John W. Snow	Director	February 26, 2008
/s/ John R. Stafford John R. Stafford	Director	February 26, 2008
/s/ Robert D. Storey		February 26, 2008

EXHIBIT
Exhibit 281

Robert D. Storey

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EXHIBIT 10e

Description of Non-Employee Director's Travel Accident Insurance Coverage

Verizon provides accident protection to non-employee Directors while travelling on Verizon business. Benefits are payable in the event of (1) accidental death and dismemberment, including paralysis, and (2) in the case of insured non-employee Directors under the age of 70, permanent total disability.



EXHIBIT 12

Computation of Ratio of Earnings to Fixed Charges
Verizon Communications Inc. and Subsidiaries

(dollars in millions)

Years Ended December 31,	2007	2006	2005	2004	2003
Income before provision for income taxes, discontinued operations, extraordinary items, and cumulative effect of accounting change	**$9,492**	$8,154	$8,448	$7,977	$2,681
Minority interest	**5,053**	4,038	3,001	2,329	1,562
Equity in (earnings) loss of unconsolidated businesses	**(585)**	(773)	(686)	(1,690)	(1,273)
Dividends from unconsolidated businesses	**2,571**	42	2,335	162	198
Interest expense [1]	**1,829**	2,349	2,129	2,336	2,741
Portion of rent expense representing interest	**571**	530	511	449	432
Amortization of capitalized interest	**115**	112	108	104	103
Income, as adjusted	**$19,046**	$14,452	$15,846	$11,667	$6,444
Fixed charges:					
Interest expense [1]	**$1,829**	$2,349	$2,129	$2,336	$2,741
Portion of rent expense representing interest	**571**	530	511	449	432
Capitalized interest	**429**	462	352	177	144
Preferred stock dividend requirement [2]	**-**	2	9	8	12
Fixed Charges	**$2,829**	$3,343	$3,001	$2,970	$3,329
Ratio of Earnings to Fixed Charges	**6.73**	4.32	5.28	3.93	1.94

[1] Verizon adopted FIN 48 on January 1, 2007 (see Note 1 and 16 of the Consolidated Financial Statements in this Annual Report on Form 10-K). Our policy is to classify interest expense recognized on uncertain tax positions as income tax expense. We have excluded interest expense recognized on uncertain tax positions from the Ratio of Earnings to Fixed Charges.

[2] On January 15, 2006, Verizon redeemed $100 million Verizon International Holding Ltd. Series A variable term voting cumulative preferred stock and paid holders the last dividend on that stock.



EXHIBIT 13

Selected Financial Data Verizon Communications Inc. and Subsidiaries

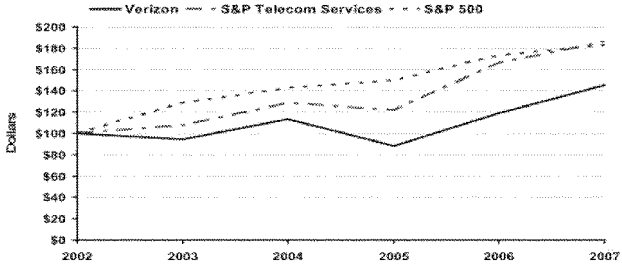
(dollars in millions, except per share amounts)

	2007	2006	2005	2004	2003
Results of Operations					
Operating revenues	$ 93,469	$ 88,182	$ 69,518	$ 65,751	$ 61,754
Operating income	15,578	13,373	12,581	10,870	5,312
Income before discontinued operations, extraordinary item and cumulative effect of accounting change	5,510	5,480	6,027	5,899	2,168
Per common share – basic	1.90	1.88	2.18	2.13	.79
Per common share – diluted	1.90	1.88	2.16	2.11	.79
Net income available to common shareowners	5,521	6,197	7,397	7,831	3,077
Per common share – basic	1.91	2.13	2.67	2.83	1.12
Per common share – diluted	1.90	2.12	2.65	2.79	1.12
Cash dividends declared per common share	1.67	1.62	1.62	1.54	1.54
Financial Position					
Total assets	$ 186,959	$ 188,804	$ 168,130	$ 165,958	$ 165,968
Debt maturing within one year	2,954	7,715	6,688	3,476	5,883
Long-term debt	28,203	28,646	31,569	34,970	38,609
Employee benefit obligations	29,960	30,779	17,693	16,796	15,726
Minority interest	32,288	28,337	26,433	24,709	24,023
Shareowners' investment	50,581	48,535	39,680	37,560	33,466

- Significant events affecting our historical earnings trends in 2005 through 2007 are described in Management's Discussion and Analysis of Results of Operations and Financial Condition.
- 2004 data includes sales of business, severance, pension and benefit charges and other items.
- 2003 data includes severance, pension and benefit charges and other items.

Stock Performance Graph

COMPARISON OF FIVE-YEAR TOTAL RETURN AMONG VERIZON, S&P 500 TELECOM SERVICES INDEX AND S&P 500 STOCK INDEX



Data Points in Dollars	At December 31, 2002	2003	2004	2005	2006	2007
Verizon	100.0	94.5	113.6	88.5	119.1	145
S&P Telecom Services	100.0	107.2	128.5	121.6	166.2	185
S&P 500	100.0	128.7	142.7	149.6	173.3	182

The graph compares the cumulative total returns of Ver[illegible]unications Services Index, and the S&P 500 Stock Index over a five-year period, adjusted for the spin-off of ou[illegible]t yellow pages directories business. It assumes $100 was invested on December 31, 2002, with dividends reinveste[illegible]

EXHIBIT
Exhibit 281

CSOC.CBR.00032592

Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

Verizon Communications Inc. (Verizon or the Company) is one of the world's leading providers of communications services. Verizon's wireline business provides communications services, including voice, broadband data and video services, network access, nationwide long-distance and other communications products and services, and also owns and operates one of the most expansive end-to-end global Internet Protocol (IP) networks. Verizon's domestic wireless business, operating as Verizon Wireless, provides wireless voice and data products and services across the United States using one of the most extensive and reliable wireless networks. Stressing diversity and commitment to the communities in which we operate, we have a highly diverse workforce of approximately 235,000 employees.

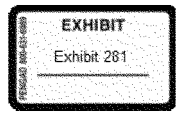
The sections that follow provide information about the important aspects of our operations and investments, both at the consolidated and segment levels, and include discussions of our results of operations, financial position and sources and uses of cash. In addition, we have highlighted key trends and uncertainties to the extent practicable. The content and organization of the financial and non-financial data presented in these sections are consistent with information used by our chief operating decision makers for, among other purposes, evaluating performance and allocating resources. We also monitor several key economic indicators as well as the state of the economy in general, primarily in the United States where the majority of our operations are located, in evaluating our operating results and analyzing and understanding business trends. While most key economic indicators, including gross domestic product, impact our operations to some degree, we have noted higher correlations to housing starts, non-farm employment, personal consumption expenditures and capital spending, as well as more general economic indicators such as inflation and unemployment rates.

Our results of operations, financial position and sources and uses of cash in the current and future periods reflect Verizon management's focus on the following strategic imperatives:

- **Revenue Growth** – Our emphasis is on revenue growth, devoting more resources to higher growth markets such as wireless, including wireless data, wireline broadband connections, including Verizon's high-capacity fiber optics to the premises network operated under the FiOS service mark, digital subscriber lines (DSL) and other data services, as well as expanded strategic services to business markets, rather than to the traditional wireline voice market. During 2007, we reported consolidated revenue growth of 6% compared to 2006, primarily driven by 15.3% higher revenue at Domestic Wireless, where we added approximately 6.9 million retail net wireless customers, partially offset by a decline in reseller customers, resulting in approximately 6.7 million total wireless net customer additions. At Wireline, revenue growth in the residential market, driven by broadband and video services, coupled with growth in the business market derived from strategic services, partially offset declines in the traditional voice mass market.

- **Market Share Gains** – We are focused on gaining market share. In our wireline business, our goal is to become the leading broadband provider in every market in which we operate. We added 1,253,000 wireline broadband connections during 2007 and we achieved our goal of being among the top 10 video providers in the U.S. during 2007 through the continued deployment of FiOS. At Wireline, as of December 31, 2007, we passed 9.3 million premises with our high-capacity fiber network, and we have obtained over 1,000 video franchises covering 12.5 million households with TV service available for sale to 5.9 million premises. We had 943,000 FiOS TV customers, adding approximately 736,000 net new FiOS TV customers in 2007 and exceeded 1.8 million total video customers, including our satellite offering from DIRECTV. Also during 2007, revenues from our enterprise customers grew 2.7% compared with last year, primarily driven by a 25.7% increase in revenues from sales of strategic services (Private IP, IP, Virtual Private Network or VPN, Web Hosting and Voice over IP or VoIP). At Domestic Wireless, we continue to add retail customers, grow revenue and gain market share while maintaining a low churn (customer turnover) rate.

- **Profitability Improvement** – Our goal is to increase operating income and margins. In 2007, operating income rose 16.5% compared to 2006, while income before provision for income taxes, discontinued operations, extraordinary item and cumulative effect of accounting change rose 16.4% over the same period. Our operating income margin rose to 16.7% in 2007, compared with 15.2% in 2006. Supporting these improvements, our capital spending continues to be directed toward growth markets, positioning the Company for sustainable, long-term profitability. High-speed wireless data (Evolution-Data Optimized or EV-DO) services, deployment of fiber optics to the premises, as well as expanded services to enterprise customers are examples of these growth markets. During 2007, capital expenditures were $17,538 million compared with capital expenditures of $17,101 million in 2006, excluding discontinued operations. We expect 2008 capital expenditures to be lower than 2007 capital expenditures. In addition to capital expenditures, Domestic Wireless expects, from time-to-time, to acquire additional wireless spectrum through participation in the Federal Communications Commission's (FCC) wireless spectrum auctions and in the secondary market, as spectrum capacity is needed to support expanding data applications and a growing customer base. Domestic Wireless also expects, from time-to-time, to acquire operating markets and spectrum in geographic areas where it does not currently operate.



- **Operational Efficiency** – While focusing resources on revenue growth and market share gains, we are continually challenging our management team to lower expenses, particularly through technology-assisted productivity improvements, including self-service initiatives. The effect of these and other efforts, such as real estate consolidations, call center routing improvements, the formation of a centralized shared services organization, and centralizing information technology and marketing efforts, has led to changes to the Company's cost structure as well as maintaining and improving operating income margins. With our deployment of the FiOS network, we expect to realize savings in annual, ongoing operating expenses as a result of efficiencies gained from fiber network facilities. As the deployment of the FiOS network gains scale and installation and automation improvements occur, costs per home connected are expected to decline. Since the merger with MCI, we have gained operational benefits from sales force and product and systems integration initiatives. Workforce levels in 2007 decreased to 235,000 compared to 238,000 in 2006, primarily from a decrease at Wireline due to continued productivity improvements and merger synergy savings, partially offset by an increase in headcount at Wireless.

- **Customer Experience** – Our goal is to provide the best customer experience possible and to be the leading company in customer service in every market we serve. We view superior product offerings and customer service experiences as a competitive differentiator and a catalyst to growing revenues and gaining market share. During 2007, our Company received citations for superior products and customer service, and we continued these initiatives to enhance the value of our products and services. We are developing and marketing innovative product bundles to include local wireline, long-distance, wireless and broadband services for consumer and general business retail customers. These efforts will help counter the effects of competition and technology substitution that have resulted in access line losses, and will enable us to grow revenues. Also at Wireline, we continued to roll out next-generation global IP networks to meet the ongoing global enterprise market shift to IP-based products and services. Deployment of new strategic service offerings — including expansion of our VoIP and international Ethernet capabilities, the introduction of cutting edge video and web-based conferencing capabilities, and enhancements to our virtual private network portfolio — will allow us to continue to gain share in the enterprise market. In addition, during 2007 we acquired a security-services firm that enhanced our managed information security services offerings to large-business and government customers worldwide. At Domestic Wireless, we continue to execute on the fundamentals of our network superiority and value proposition to deliver growth for our business and provide new and innovative products and services, such as Broadband Access, our EV-DO service. We also continue to expand our wireless data, messaging and multi-media offerings for both consumer and business customers and take advantage of the growing demand for wireless data services.

- **Performance-Based Culture** – We embrace a culture of corporate-wide accountability, based on individual and team objectives that are performance-based and tied to these imperatives. Key objectives of our compensation programs are pay-for-performance and the alignment of executives' and shareowners' long-term interests. We also employ a highly diverse workforce, since respect for diversity is an integral part of Verizon's culture and a critical element of our competitive success.

We create value for our shareowners by investing the cash flows generated by the business in opportunities and transactions that support these strategic imperatives, thereby increasing customer satisfaction and usage of our products and services. In addition, we use our cash flows to repurchase shares and maintain and grow our dividend payout to shareowners. Verizon's total debt decreased by $5,204 million to $31,157 million as of December 31, 2007 from December 31, 2006. Reflecting continued strong cash flows and confidence in Verizon's business model, Verizon's Board of Directors increased the Company's quarterly dividend 6.2% during the third quarter of 2007. Verizon's ratio of debt to debt combined with shareowners' equity was 38.1% as of December 31, 2007 compared with 42.8% as of December 31, 2006. During 2007, we repurchased $2,843 million of our common stock as part of our previously announced share buyback program. We plan to continue our share buyback program in 2008. Verizon's cash and cash equivalents at December 31, 2007 of $1,153 million decreased by $2,066 million from $3,219 million at December 31, 2006.

As discussed in the "Recent Developments" section beginning on page 33, in January 2007, Verizon announced a definitive agreement with FairPoint Communications, Inc. (FairPoint) that will result in Verizon establishing a separate entity for its local exchange access lines and related business assets in Maine, New Hampshire and Vermont, spinning off that new entity to Verizon's shareowners, and immediately merging it with and into FairPoint. Based upon the number of shares (as adjusted) and closing price of FairPoint common stock on the date immediately prior to the announcement of the merger, the estimated total value to be received by Verizon and its shareowners in exchange for these operations was approximately $2,715 million. The actual total value to be received by Verizon and its shareowners will be determined based on the number of shares (as adjusted) and price of FairPoint common stock on the date of the closing of the merger, and is expected to be less than $2,715 million.



Consolidated Results of Operations

In this section, we discuss our overall results of operations and highlight items that are not included in our business segment results. As a result of the spin-off of our domestic print and Internet yellow pages directories business, which was included in the Information Services segment, and the sale of our interests in Telecomunicaciones de Puerto Rico, Inc. (TELPRI) and Verizon Dominicana, each of which was included in the International segment, the operations of our former domestic print and Internet yellow pages directories business, Verizon Dominicana and TELPRI are reported as discontinued operations and assets held for sale. Accordingly, we currently have two reportable segments, which we operate and manage as strategic business units and organize by products and services. Our segments are Wireline and Domestic Wireless. Included in our Wireline results of operations are the results of the former MCI business subsequent to the close of the merger on January 6, 2006.

This section and the following "Segment Results of Operations" section also highlight and describe those items of a non-recurring nature separately to ensure consistency of presentation. In the following section, we review the performance of our two reportable segments. We exclude the effects of certain items that management does not consider in assessing segment performance, due primarily to their non-recurring and/or non-operational nature as discussed below and in the "Other Consolidated Results" and "Other Items" sections. We believe that this presentation will assist readers in better understanding our results of operations and trends from period to period.

Consolidated Revenues

					(dollars in millions)	
Years Ended December 31,	2007	2006	% Change	2006	2005	% Change
Wireline						
Verizon Telecom	$ 31,926	$ 32,938		$ 32,938	$ 31,694	
Verizon Business	21,236	20,678		20,678	7,771	
Intrasegment eliminations	(2,846)	(2,888)		(2,888)	(1,849)	
	50,316	50,728	(0.8)	50,728	37,616	34.9
Domestic Wireless	43,882	38,043	15.3	38,043	32,301	17.8
Corporate & Other	(729)	(589)	23.8	(589)	(579)	1.7
Revenues of Hawaii operations sold	–	–	–	–	180	(100.0)
Consolidated Revenues	$ 93,469	$ 88,182	6.0	$ 88,182	$ 69,518	26.8

2007 Compared to 2006

Consolidated revenues in 2007 increased by $5,287 million, or 6.0% compared to 2006. This increase was primarily the result of continued strong growth at Domestic Wireless.

Wireline's revenues in 2007 decreased $412 million, or 0.8% compared to 2006, primarily driven by lower demand and usage of our basic local exchange and accompanying services, partially offset by continued growth from broadband and strategic services. During 2007, we added 1,253,000 new broadband connections, an increase of 17.9%, including 854,000 for FiOS, for a total of 8,235,000 lines at December 31, 2007. In addition, we added 736,000 FiOS TV customers in 2007, for a total of 943,000 at December 31, 2007. Revenues at Verizon Business increased during 2007 compared to 2006 primarily due to higher demand for strategic products. These increases were offset by a decline in voice revenues at Verizon Telecom due to a 3.6 million decline in subscribers resulting from competition and technology substitution, such as wireless and VoIP, including those subscribers who have migrated to our other service offerings.

Domestic Wireless's revenues in 2007 increased by $5,839 million, or 15.3% compared to 2006 due to increases in service revenues, which include data revenues, and equipment and other revenue. Equipment and other revenue increased principally as a result of increases in the number of existing customers upgrading their wireless devices. Total data revenues increased by $2,911 million, or 65.0% in 2007 compared to 2006. There were approximately 65.7 million total Domestic Wireless customers as of December 31, 2007, an increase of 11.3% from December 31, 2006. Domestic Wireless's retail customer base as of December 31, 2007 was approximately 63.7 million, a 12.2% increase from 2006, and represented approximately 97% of its total customer base. Average total service revenue per customer (ARPU) increased by 2.3% to $50.96 in 2007 compared to 2006, primarily attributable to increases in data revenue per customer driven by increased use of our messaging and other data services. Retail ARPU increased by 2.2% to $51.57 in 2007 compared to 2006.



2006 Compared to 2005

Consolidated revenues in 2006 were higher by $18,664 million, or 26.8% compared to 2005 revenues. This increase was primarily the result of significantly higher revenues at Wireline and Domestic Wireless.

Wireline's revenues in 2006 increased by $13,112 million, or 34.9% compared to 2005 primarily due to the acquisition of MCI and, to a lesser extent, growth from broadband and long distance services. We added 1.8 million new broadband connections, for a total of 7.0 million lines in service at December 31, 2006, an increase of 35.7% compared to 5.1 million lines in service at December 31, 2005. The number of retail service plans continued to stimulate growth in long distance services, as the number of packages reached 7.9 million at December 31, 2006, representing a 44.1% increase from December 31, 2005. These increases were partially offset by declines in wholesale revenues at Verizon Telecom due to subscriber losses resulting from technology substitution, including wireless and VoIP. Wholesale revenues at Verizon Telecom declined by $748 million, or 8.2% in 2006 compared to similar periods in 2005 primarily due to the exclusion of affiliated access revenues billed to the former MCI mass market entities in 2006. Revenues at Verizon Business increased primarily due to the acquisition of MCI.

Domestic Wireless's revenues increased by $5,742 million, or 17.8% compared to 2005 due to increases in service revenues (which include data revenues) and equipment and other revenue. Data revenues increased by $2,232 million or 99.5% compared to 2005. Domestic Wireless ended 2006 with 59.1 million customers, an increase of 15.0% over 2005. Domestic Wireless's retail customer base as of December 31, 2006 was approximately 56.8 million, a 15.9% increase over December 31, 2005, and represented approximately 96.2% of our total customer base. ARPU increased by 0.6% to $49.80 in 2006 compared to 2005, primarily attributable to increases in data revenue per customer driven by increased use of our messaging and other data services. Retail ARPU increased by 0.7% to $50.44 for 2006 compared to 2005.

The $180 million decrease in revenues from Hawaii operations from 2006 to 2005 resulted from the sale of our wireline and directory businesses in Hawaii during 2005. Verizon Hawaii Inc., which operated approximately 700,000 switched access lines, as well as the services and assets of Verizon Long Distance, Verizon Online, Verizon Information Services and Verizon Select Services Inc. in Hawaii, were sold to an affiliate of The Carlyle Group for $1,326 million in cash proceeds. In connection with this sale, we recorded a net pretax gain of $530 million ($336 million after-tax, or $.12 per diluted share) during the second quarter of 2005.

Consolidated Operating Expenses

					(dollars in millions)	
Years Ended December 31,	2007	2006	% Change	2006	2005	% Change
Cost of services and sales	$ 37,547	$ 35,309	6.3	$ 35,309	$ 24,409	44.7
Selling, general and administrative expense	25,967	24,955	4.1	24,955	19,443	28.3
Depreciation and amortization expense	14,377	14,545	(1.2)	14,545	13,615	6.8
Sales of businesses, net	–	–	–	–	(530)	(100.0)
Consolidated Operating Expenses	$ 77,891	$74,809	4.1	$ 74,809	$ 56,937	31.4

2007 Compared to 2006

Cost of Services and Sales

Cost of services and sales includes the following costs directly attributable to a service or product: salaries and wages, benefits, materials and supplies, contracted services, network access and transport costs, customer provisioning costs, computer systems support, costs to support our outsourcing contracts and technical facilities and contributions to the universal service fund. Aggregate customer care costs, which include billing and service provisioning, are allocated between cost of services and sales and selling, general and administrative expense.

Consolidated cost of services and sales in 2007 increased $2,238 million, or 6.3% compared to 2006, primarily as a result of higher wireless network costs and wireless equipment costs, as well as higher costs associated with Wireline's growth businesses. The increase was partially offset by the impact of productivity improvement initiatives and decreases in net pension and other postretirement benefit costs.

The higher wireless network costs were caused by increased network usage relating to both voice and data services in 2007 compared to 2006, partially offset by decreased local interconnection, long distance and roaming rates. Cost of wireless equipment sales increased in 2007 compared to 2006, primarily as a result of an increase in wireless devices sold due to an increase in equipment upgrades.

Consolidated operating expenses in 2007 and 2006 primarily include $32 million and $25 million, respectively, of costs associated with the integration of MCI into our wireline business.



Selling, General and Administrative Expense

Selling, general and administrative expense includes salaries and wages and benefits not directly attributable to a service or product, bad debt charges, taxes other than income, advertising and sales commission costs, customer billing, call center and information technology costs, professional service fees and rent for administrative space.

Consolidated selling, general and administrative expense in 2007 increased $1,012 million, or 4.1% compared to 2006. The increase was primarily attributable to higher salary and benefits expenses. Also contributing to the increase was higher sales commission expense at Domestic Wireless and higher advertising costs at Wireline. Partially offsetting the increases were lower bad debt expenses and cost reduction initiatives.

Consolidated operating expenses in 2007 included $772 million for severance and related expenses as a result of workforce reductions that began in the fourth quarter of 2007 and are expected to occur throughout 2008 as well as adjustments to our actuarial assumptions for severance to align with future expectations, $146 million for merger integration costs, primarily comprised of Wireline systems integration activities related to businesses acquired and $84 million related to the spin-off of local exchange and related business assets in Maine, New Hampshire and Vermont. In addition, during 2007 we contributed $100 million of the proceeds from the sale of TELPRI to the Verizon Foundation.

Consolidated operating expenses in 2006 included $56 million related to pension settlement losses incurred in connection with our benefit plans and a net pretax charge of $369 million for employee severance and severance-related activities in connection with the involuntary separation of approximately 4,100 employees who were separated in 2006. Consolidated operating expenses in 2006 also included $207 million of merger integration costs, primarily for advertising and other costs related to re-branding initiatives and systems integration activities, and a net pretax charge of $184 million for Verizon Center relocation costs.

Depreciation and Amortization Expense

Depreciation and amortization expense decreased $168 million, or 1.2% in 2007 compared to 2006. The decrease was primarily due to lower rates of depreciation as a result of changes in the estimated useful lives of certain asset classes at Wireline and fully amortized customer lists at Domestic Wireless, partially offset by growth in depreciable telephone plant as a result of increased capital expenditures.

2006 Compared to 2005

Cost of Services and Sales

Cost of services and sales increased by $10,900 million, or 44.7% in 2006 compared to 2005. This increase was principally driven by higher costs attributable to the inclusion of the former MCI operations in the Wireline segment subsequent to the completion of the merger, and to a lesser extent higher wireless network costs, increases in wireless equipment costs and increases in pension and other postretirement benefit costs, partially offset by the net impact of productivity improvement initiatives.

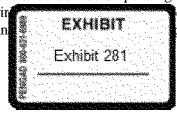
The higher wireless network costs were caused by increased network usage relating to both voice and data services in 2006 compared to 2005, partially offset by decreased roaming, local interconnection and long distance rates. Cost of wireless equipment sales increased in 2006 compared to 2005 primarily as a result of an increase in wireless devices sold due to an increase in gross activations and equipment upgrades as well as an increase in cost per unit.

Costs in these periods were also impacted by increased pension and other postretirement benefit costs. The overall impact of the 2006 assumptions, combined with the impact of lower than expected actual asset returns over the past several years, resulted in pension and other postretirement benefit expense of approximately $1,377 million in 2006 compared to net pension and postretirement benefit expense of $1,231 million in 2005. Consolidated operating expenses in 2006 included $25 million of merger integration costs related to the acquisition of MCI.

Selling, General and Administrative Expense

Selling, general and administrative expense increased by $5,512 million, or 28.3% in 2006 compared to 2005. This increase was driven by the inclusion of the former MCI operations in the Wireline segment subsequent to the completion of the merger, increases in the Domestic Wireless segment primarily related to increased salary and benefits expenses, and non-operational charges.

Consolidated operating expenses in 2006 included $56 million related to pension settlement losses incurred in connection with our benefit plans, a net pretax charge of $369 million for employee severance and severance-related activities in connection with the involuntary separation of approximately 4,100 employees who were separated in 2006. Consolidated operating expenses in 2006 also included $207 million of merger integration costs primarily for advertising and other costs related to re-branding initiatives and systems integration activities, and a net pretax charge of $184 million for Verizon Center relocation costs. Consolidated operating expenses in 2005 included a pretax impairment charge of $125 million pertaining to our leasing operations for air[illegible]eriencing financial difficulties, a net pretax charge of $98 million related to the restructuring of the Verizon man[illegible]plans and a pretax charge of $59 million associated with



employee severance costs and severance-related activities in connection with the voluntary separation program for surplus union-represented employees.



Depreciation and Amortization Expense

Depreciation and amortization expense increased by $930 million, or 6.8% in 2006 compared to 2005. This increase was primarily due to higher depreciable and amortizable asset bases as a result of the MCI merger and, to a lesser extent, increased capital expenditures.

Other Consolidated Results

Equity in Earnings of Unconsolidated Businesses

			(dollars in millions)
Years Ended December 31,	2007	2006	2005
Vodafone Omnitel	$ 597	$ 703	$ 741
CANTV	–	182	53
Other	(12)	(112)	(108)
	$ 585	$ 773	$ 686

Equity in earnings of unconsolidated businesses decreased by $188 million, or 24.3% in 2007 compared to 2006. The decrease is primarily driven by the nationalization of Compañía Anónima Nacional Teléfonos de Venezuela (CANTV) during 2007, as well as the effect of lower tax benefits at Vodafone Omnitel N.V. (Vodafone Omnitel).

Equity in earnings of unconsolidated businesses increased by $87 million, or 12.7% in 2006 compared to 2005. The increase is primarily due to additional pension liabilities that CANTV recognized in 2005, as well as the effect of favorable operating results and lower taxes in 2006. In addition, the increase reflects our proportionate share, or $85 million, of a tax benefit at Vodafone Omnitel in the third quarter of 2006, partially offset by a similar benefit recorded in the third quarter of 2005 of $76 million. This was offset by lower tax benefits and lower operating results at Vodafone Omnitel.

Other Income and (Expense), Net

			(dollars in millions)
Years Ended December 31,	2007	2006	2005
Interest income	$ 168	$ 201	$ 103
Foreign exchange gains (losses), net	14	(3)	11
Other, net	29	197	197
Total	$ 211	$ 395	$ 311

Other Income and (Expense), Net in 2007 decreased $184 million, or 46.6% compared to 2006. The decline was primarily attributable to a gain on the sale of a Wireline investment in the prior year, as well as decreased interest income as a result of lower average cash balances.

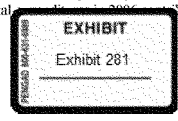
Other Income and (Expense), Net in 2006 increased $84 million, or 27% compared to 2005. The increase was primarily due to increased interest income as a result of higher average cash balances coupled with higher interest rates in 2006 compared to 2005, partially offset by foreign exchange losses. Other, net in 2005 included a pretax gain on the sale of a small international business and investment gains and expenses related to the early retirement of debt.

Interest Expense

			(dollars in millions)
Years Ended December 31,	2007	2006	2005
Total interest costs on debt balances	$ 2,258	$ 2,811	$ 2,481
Less: capitalized interest costs	(429)	(462)	(352)
Interest expense	$ 1,829	$ 2,349	$ 2,129
Weighted average debt outstanding	$ 32,964	$ 41,500	$ 39,152
Effective interest rate	6.85%	6.78%	6.30%

Total interest costs decreased $553 million in 2007 compared to 2006, primarily due to a decrease in average debt levels, partially offset by slightly higher interest rates. Debt levels decreased primarily as a result of the approximately $7.1 billion reduction from the spin-off of our domestic print and Internet yellow pages directories business in November 2006, as well as from debt redemptions and retirements funded by proceeds from the spin-off and the divestiture of our Caribbean and Latin American investments during 2006 and the first quarter of 2007.

In 2006, interest costs increased $330 million compared to 2005 primarily due to an increase in average debt level of $2,348 million and increased interest rates compared to 2005. Higher capital [illegible] buted to higher capitalized interest costs.



Minority Interest

Years Ended December 31,	2007	2006	2005
			(dollars in millions)
Minority interest	$ 5,053	$ 4,038	$ 3,001

The increase in minority interest in 2007 compared to 2006, and in 2006 compared to 2005, was due to the higher earnings at Domestic Wireless, which has a significant minority interest attributable to Vodafone Group Plc (Vodafone).

Provision for Income Taxes

Years Ended December 31,	2007	2006	2005
			(dollars in millions)
Provision for income taxes	$ 3,982	$ 2,674	$ 2,421
Effective income tax rate	42.0%	32.8%	28.7%

The effective income tax rate is calculated by dividing the provision for income taxes by income from continuing operations before the provision for income taxes. The effective income tax rate in 2007 compared to 2006 was higher primarily due to recording $610 million of foreign and domestic taxes and expenses specifically relating to our share of Vodafone Omnitel distributable earnings. Verizon received a net distribution from Vodafone Omnitel in December 2007 of approximately $2.1 billion and anticipates that it may receive an additional distribution from Vodafone Omnitel within the next twelve months. The 2007 rate was also increased due to higher state taxes in 2007 as compared to 2006, as well as greater benefits from foreign operations in 2006 compared to 2007. These increases were partially offset by lower expenses recorded for unrecognized tax benefits in 2007 as compared to 2006.

Our effective income tax rate in 2006 was higher than 2005 primarily as a result of favorable tax settlements and the recognition of capital loss carry forwards in 2005. These increases were partially offset by tax benefits from foreign operations and lower state taxes in 2006 compared to 2005.

A reconciliation of the statutory federal income tax rate to the effective income tax rate for each period is included in Note 16 to the consolidated financial statements.

Discontinued Operations

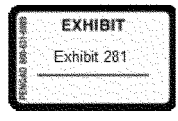
In accordance with Statement of Financial Accounting Standard (SFAS) No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* , we have classified TELPRI, Verizon Dominicana and our former domestic print and Internet yellow pages directories publishing operations as discontinued operations in the consolidated financial statements for all periods presented through the date of the spin-off or divestiture.

On March 30, 2007, after receiving Federal Communications Commission approval, we completed the sale of our 52% interest in TELPRI and received gross proceeds of approximately $980 million. The sale resulted in a pretax gain of $120 million ($70 million after-tax, or $.02 per diluted share). Additionally, $100 million of the proceeds were contributed to the Verizon Foundation.

The sale of Verizon Dominicana closed in December 2006, and primarily due to taxes on previously unremitted earnings, a pretax gain of $30 million resulted in an after-tax loss of $541 million (or $.18 per diluted share).

We completed the spin-off of our domestic print and Internet yellow pages directories business to our shareowners on November 17, 2006, which resulted in an $8,695 million increase to contributed capital in shareowner's investment. In addition, we recorded pretax charges of $117 million ($101 million after-tax, or $.03 per diluted share) for costs related to this spin-off. These costs primarily consisted of debt retirement costs, costs associated with accumulated vested benefits of employees, investment banking fees and other transaction costs related to the spin-off, which are included in discontinued operations.

Income from discontinued operations, net of tax, decreased by $617 million, or 81.3% in 2007 compared to 2006. The decrease was primarily driven by the assets disposed of in 2006, partially offset by the after-tax gain recorded in 2007 on the sale of TELPRI. Income from discontinued operations, net of tax, decreased by $611 million, or 44.6% in 2006 compared to 2005. This decrease was primarily due to the after-tax loss recorded in 2006 on the sale of Verizon Dominicana, partially offset by the cessation of depreciation on fixed assets held for sale.



Extraordinary Item

In January 2007, the Bolivarian Republic of Venezuela (the Republic) declared its intent to nationalize certain companies, including CANTV. On February 12, 2007, we entered into a Memorandum of Understanding (MOU) with the Republic, which provided that the Republic offer to purchase all of the equity securities of CANTV, including our 28.5% interest, through public tender offers in Venezuela and the United States. Under the terms of the MOU, the prices in the tender offers would be adjusted downward to reflect any dividends declared and paid subsequent to February 12, 2007. During the second quarter of 2007, the tender offers were completed and Verizon received an aggregate amount of approximately $572 million, which included $476 million from the tender offers as well as $96 million of dividends declared and paid subsequent to the MOU. Based upon our investment balance in CANTV, we recorded an extraordinary loss of $131 million, including taxes of $38 million, or $.05 per diluted share.

Cumulative Effect of Accounting Change

Effective January 1, 2006, we adopted SFAS No. 123(R), *Share-Based Payments* , utilizing the modified prospective method. The impact to Verizon primarily resulted from Domestic Wireless, for which we recorded a $42 million ($.01 per diluted share) cumulative effect of accounting change, net of taxes and after minority interest, to recognize the effect of initially measuring the outstanding liability for awards granted to Domestic Wireless employees at fair value utilizing a Black-Scholes model.

Segment Results of Operations

We have two reportable segments, which we operate and manage as strategic business units and organize by products and services. Our segments are Wireline and Domestic Wireless. You can find additional information about our segments in Note 17 to the consolidated financial statements.

We measure and evaluate our reportable segments based on segment income. Corporate, eliminations and other includes unallocated corporate expenses, intersegment eliminations recorded in consolidation, the results of other businesses such as our wholly-owned insurance and leasing subsidiaries, the results of investments in unconsolidated businesses, primarily Vodafone Omnitel, and other adjustments that are not allocated in assessing segment performance. These adjustments also include transactions that the chief operating decision makers exclude in assessing business unit performance due primarily to their non-recurring and/or non-operational nature. Although such transactions are excluded from the business segment results, they are included in reported consolidated earnings. Gains and losses that are not individually significant are included in all segment results, since these items are included in the chief operating decision makers' assessment of unit performance.

Wireline

The Wireline segment consists of the operations of Verizon Telecom, a provider of communication services, including voice, broadband video and data, network access, long distance, and other services to residential and small business customers and carriers, and Verizon Business, which provides next-generation IP network services to medium and large businesses and government customers globally. Operating results shown for 2006 exclude the results of the former MCI prior to the date of the merger (January 6, 2006).

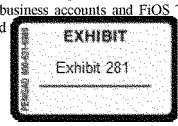
Operating Revenues

			(dollars in millions)
Years Ended December 31,	2007	2006	2005
Verizon Telecom			
Mass Markets	$ 21,978	$ 22,234	$ 20,044
Wholesale	8,086	8,336	9,084
Other	1,862	2,368	2,566
Verizon Business			
Enterprise Business	14,677	14,296	6,385
Wholesale	3,345	3,281	1,386
International and Other	3,214	3,101	–
Intrasegment Eliminations	(2,846)	(2,888)	(1,849)
Total Wireline Operating Revenues	$ 50,316	$ 50,728	$ 37,616

Verizon Telecom

Mass Markets

Verizon Telecom's Mass Markets revenue includes local exchange (basic service and end-user access), value-added services, long distance, broadband services for residential and certain small business accounts and FiOS TV services. Also included are revenues generated from former MCI consumer and small business products and [illegible]udes both regional toll services and long distance services. Broadband services include DSL and FiOS data.



Our Mass Markets revenue decreased by $256 million, or 1.2% in 2007, and increased by $2,190 million, or 10.9% in 2006. The decrease in 2007 was primarily driven by lower demand and usage of our basic local exchange and accompanying services, attributable to consumer subscriber losses. These losses are driven by competition and technology substitution, including wireless and VoIP. These decreases were partially offset by growth from broadband services and FiOS TV services and the inclusion of the results of operations of the former MCI business subsequent to the close of the merger on January 6, 2006, which helped drive the increase in 2006 over 2005.

Declines in switched access lines in service of 8.1% in 2007 and 7.6% in 2006 were mainly driven by the effects of competition and technology substitution. Residential retail access lines declined 9.5% in 2007 and 8.8% in 2006, as customers substituted wireless, VoIP, broadband and cable services for traditional voice landline services. At the same time, business retail access lines declined 4.0% in 2007 and 3.2% in 2006, primarily reflecting competition and a shift to high-speed access lines. The resulting total retail access line loss was 7.6% and 6.9% in 2007 and 2006, respectively. Access line losses include the loss of lines served by the former MCI.

We added 1,253,000 new broadband connections, including 854,000 for FiOS data in 2007. We ended 2007 with 8,235,000 broadband lines in service, including 1,541,000 for FiOS data, representing an increase of 17.9% compared to 6,982,000 lines in service at December 31, 2006. In addition, we added approximately 736,000 FiOS TV customers in 2007 and ended the year with a total of 943,000, an increase of approximately 355% compared to 207,000 FiOS TV customers at December 31, 2006. As of December 31, 2007, for FiOS data and FiOS TV, we achieved penetration rates of 20.6% and 16.0%, respectively, across the markets where we have been selling these services.

Wholesale

Wholesale revenues are earned from long distance and other competing carriers who use our local exchange facilities to provide services to their customers. Switched access revenues are generated from fixed and usage-based charges paid by carriers for access to our local network. Special access revenues are generated from carriers that buy dedicated local exchange capacity to support their private networks. Wholesale services also include local wholesale revenues from unbundled network elements (UNEs) and interconnection revenues from competitive local exchange carriers (CLECs) and wireless carriers.

Wholesale revenues decreased by $250 million, or 3.0% in 2007 and by $748 million, or 8.2% in 2006, due to declines in switched access revenues and local wholesale revenues (UNEs) and, in 2006, the reduction in access revenues billed to the former MCI mass market entities. These declines were partially offset by increases in special access revenues.

Switched minutes of use (MOUs) declined in 2007 and 2006, reflecting the impact of access line loss and wireless substitution. Wholesale lines decreased by 15.9% in 2007 due to the ongoing impact of a 2005 decision by a major competitor to deemphasize their local market initiatives. Special access revenue growth reflects continuing demand for high-capacity, high-speed digital services, partially offset by lower demand for older, low-speed data products and services. As of December 31, 2007, customer demand for high-capacity and digital data services increased 8.2% compared to 2006.

The FCC regulates the rates that we charge customers for interstate access services. See "Other Factors That May Affect Future Results – Regulatory and Competitive Trends – FCC Regulation" for additional information on FCC rulemaking concerning federal access rates, universal service and certain broadband services.

Other Revenues

Other revenues include such services as operator services (including deaf relay services), public (coin) telephone, card services and supply sales, as well as dial around services including 10-10-987, 10-10-220, 1-800-COLLECT and Prepaid Cards.

Verizon Telecom's revenues from other services decreased by $506 million, or 21.4% in 2007, and by $198 million, or 7.7% in 2006. These revenue decreases were mainly due to the discontinuation of non-strategic product lines and reduced business volumes, partially offset by the inclusion of revenues from the former MCI in 2006.

Verizon Business

Enterprise Business

Our Enterprise Business channel distributes voice, data and Internet communications services to medium and large business customers, multi-national corporations, and state and federal government customers. In addition to communication services, this channel provides value-added services that make communications more secure, reliable and efficient. Enterprise Business provides managed network services for customers that outsource all or portions of their communications and information processing operations and data services such as Private IP, Private Line, Frame Relay and ATM services, both domestically and internationally.

Enterprise Business 2007 revenues of $14,677 million increased by $381 million, or 2.7%, as compared to 2006, primarily reflecting growth in demand for our strategic products, specifically IP servi[illegible]s well as the inclusion of the results of operations of the former MCI business subsequent to the close of the merg[illegible]P suite of products is Enterprise Business' fastest growing set of product offerings and includes Private IP, IP VP[illegible] Our Enterprise Business channel services many customer

EXHIBIT
Exhibit 281

accounts that are moving from core data products to IP based products. This shift in technology is occurring across our customer base. Enterprise Business 2006 revenues of $14,296 million increased $7,911 million, or 123.9% compared to 2005 primarily due to the acquisition of MCI.



Wholesale

Our Wholesale revenues relate to domestic wholesale services and include all interexchange wholesale traffic sold in the United States, as well as internationally destined traffic that originates in the United States. The Wholesale line of business is comprised of numerous large and small customers that predominately resell voice services to their own customer base. A portion of this revenue is generated by a few large telecommunication carriers, many of whom compete directly with Verizon.

Verizon Business 2007 Wholesale revenues of $3,345 million increased by $64 million, or 2.0% as compared to 2006, primarily due to increased MOUs in traditional voice products, partially offset by continued rate compression due to competition in the marketplace. During 2006, Verizon Business Wholesale revenues of $3,281 million, increased $1,895 million, or 136.7%, compared to 2005, primarily due to the MCI acquisition.

International and Other

Our International operations serve retail and wholesale customers, including enterprise businesses, government entities and telecommunication carriers outside of the United States, primarily in Europe, the Middle East and Africa, the Asia Pacific region, Latin America and Canada. These operations provide telecommunications services, which include voice, data services, Internet and managed network services.

International and other revenues of $3,214 million during 2007 increased by $113 million, or 3.6% as compared to 2006. Revenue growth in our strategic products, specifically IP services, was partially offset by competitive rate compression and lower volumes with respect to our voice products. Our revenues from International and Other in the year ended December 31, 2006 were $3,101 million. This market represented a new revenue stream to Verizon resulting from the MCI acquisition on January 6, 2006.

Operating Expenses

			(dollars in millions)
Years Ended December 31,	2007	2006	2005
Cost of services and sales	$ 25,220	$ 24,767	$ 15,813
Selling, general and administrative expense	11,236	11,820	8,210
Depreciation and amortization expense	9,184	9,590	8,801
	$ 45,640	$ 46,177	$ 32,824

Cost of Services and Sales

Cost of services and sales includes the following costs directly attributable to a service or product: salaries and wages, benefits, materials and supplies, contracted services, network access and transport costs, customer provisioning costs, computer systems support, costs to support our outsourcing contracts and technical facilities, contributions to the universal service fund, customer provisioning costs and cost of products sold. Aggregate customer care costs, which include billing and service provisioning, are allocated between cost of services and sales and selling, general and administrative expense.

Cost of services and sales increased by $453 million, or 1.8%, during 2007 compared to 2006. This increase was primarily due to higher costs associated with our growth businesses, annual wage increases and higher customer premise equipment costs, partially offset by productivity improvement initiatives and lower switched access lines in service, as well as lower wholesale voice connections.

Cost of services and sales increased by $8,954 million, or 56.6%, in 2006 compared to 2005. These increases were primarily due to the MCI merger in 2006 partially offset by the net impact of other cost changes. Higher costs associated with our growth businesses and annual wage increases were partially offset by productivity improvement initiatives, which reduced cost of services and sales expenses in 2006. Expenses were also impacted by increased net pension and other postretirement benefit costs. The overall impact of the 2006 assumption changes, combined with the impact of lower than expected actual asset returns over the past several years, resulted in pension and other postretirement benefit expense of $1,408 million in 2006 compared to net pension and postretirement benefit expense of $1,248 million in 2005. Expenses decreased in 2006 due to the discontinuation of non-strategic businesses, including the termination of a large commercial inventory management contract in 2005.

Selling , General and Administrative Expense

Selling, general and administrative expense includes salaries, wages and benefits not directly attributable to a service or product, bad debt charges, taxes other than income, advertising and sales commission costs, customer billing, call center and information technology costs, professional service fees and rent for administrative space.

Selling, general and administrative expenses in 2007 decreased by $584 million or 4.9%, in 2007 compared to 2006. The decrease was primarily due to cost reduction initiatives, as well as tl estate sales and lower bad debt costs, partially offset by higher advertising costs and the inclusion of the results r MCI business subsequent to the close of the merger on January 6, 2006.



Selling, general and administrative expenses in 2006 increased by $3,610 million, or 44.0% compared to 2005. These increases were primarily due to the inclusion of expenses from the former MCI in 2006, partially offset by synergy savings resulting from our merger integration efforts, the impact of gains from real estate sales and lower bad debt costs.



Depreciation and Amortization Expense

The decrease in depreciation and amortization expense of $406 million, or 4.2%, in 2007 compared to 2006 was mainly driven by lower rates of depreciation as a result of changes in the estimated useful lives of certain asset classes, partially offset by growth in depreciable telephone plant from increased capital spending. The increase in depreciation and amortization expense of $789 million, or 9.0% in 2006 compared to 2005 was mainly driven by the acquisition of MCI's depreciable property and equipment and finite-lived intangible assets, including its customer lists and capitalized non-network software, and by growth in depreciable telephone plant and non-network software assets.

Segment Income

			(dollars in millions)
Years Ended December 31,	2007	2006	2005
Segment Income	$ 1,506	$ 1,625	$ 1,906

Segment income decreased by $119 million, or 7.3% in 2007 and by $281 million, or 14.7% in 2006, due to the after-tax impact of operating revenues and operating expenses described above, along with the impact of favorable income tax adjustments in 2005.

Non-recurring or non-operational items not included in Verizon Wireline's segment income totaled $714 million, $407 million and ($168) million in 2007, 2006, and 2005, respectively. Non-recurring or non-operational items in 2007 included costs associated with severance and other related charges, costs incurred related to network, non-network software, and other activities in connection with the spin-off of local exchange assets in Maine, New Hampshire and Vermont (see "Recent Developments" section), as well as costs associated with merger integration initiatives, principally related to the acquisition of MCI and other items. Non-recurring or non-operational items in 2006 included costs associated with severance activity, pension settlement losses, Verizon Center relocation-related costs and merger integration costs. Merger integration costs primarily included costs related to advertising and re-branding initiatives, facility exit costs, severance costs, labor and contractor costs related to information technology integration initiatives and employee retention expenses. Non-recurring or non-operational items in 2005 related to the gain on the sale of our Hawaii wireline operations, the net gain on the sale of a New York City office building, changes to management retirement benefit plans, severance costs and Verizon Center relocation-related costs.



Domestic Wireless

Our Domestic Wireless segment provides wireless voice and data services, other value-added services and equipment sales across the United States. This segment primarily represents the operations of the Verizon Wireless joint venture with Vodafone. Verizon owns a 55% interest in the joint venture and Vodafone owns the remaining 45%. All financial results included in the tables below reflect the consolidated results of Verizon Wireless.

Operating Revenues

Years Ended December 31,	2007	2006	(dollars in millions) 2005
Service revenues	**$ 38,016**	$ 32,796	$ 28,131
Equipment and other	**5,866**	5,247	4,170
Total Domestic Wireless Operating Revenue	**$ 43,882**	$ 38,043	$ 32,301

Domestic Wireless's total operating revenues of $43,882 million were $5,839 million, or 15.3% higher in 2007 compared to 2006. Service revenues of $38,016 million were $5,220 million, or 15.9% higher than 2006. The service revenue increase was primarily due to an 11.3% increase in customers as of December 31, 2007 compared to December 31, 2006, and increased average revenue per customer. Equipment and other revenue increased $619 million, or 11.8% in 2007 compared to 2006, principally as a result of increases in the number of customers upgrading their wireless devices. Other revenue also increased due to increases in cost recovery surcharges and regulatory fees.

Total customers as of December 31, 2007 were 65.7 million, of which 97% were retail customers, compared to 59.1 million, of which 96% were retail customers at December 31, 2006. Retail (non-wholesale) customers are customers who are directly served and managed by Verizon Wireless and who buy its branded services. Our Domestic Wireless customer base as of December 31, 2007 was 93% retail postpaid compared to 92.6% retail postpaid at December 31, 2006. Total average monthly churn was 1.21% in 2007 compared to 1.17% in 2006.

Our Domestic Wireless segment ended 2007 with 63.7 million retail customers, an increase of 6.9 million net new retail customers or 12.2%, compared to December 31, 2006. Average monthly retail postpaid churn, the rate at which retail postpaid customers disconnect service, was 0.91% in 2007, unchanged compared to 2006.

Average retail service revenue per customer per month increased 2.2% to $51.57 in 2007 compared to 2006. Average retail data service revenue per customer per month increased 43.9% in 2007 compared to 2006 driven by increased use of our messaging service, *VZAccess*, and other data services. Retail data revenues were $7,309 million and accounted for 19.7% of retail service revenue in 2007, compared to $4,445 million and 14.0% of retail service revenue in 2006.

Domestic Wireless's total operating revenues of $38,043 million in 2006 increased $5,742 million, or 17.8% compared to 2005. Service revenues of $32,796 million were $4,665 million, or 16.6% higher than 2005. The service revenue increase was primarily due to a 15.0% increase in customers as of December 31, 2006 compared to December 31, 2005, and increased average revenue per customer. Equipment and other revenue increased $1,077 million, or 25.8% in 2006 compared to 2005 principally as a result of increases in the number and price of wireless devices sold. Other revenue also increased due to increases in regulatory fees, primarily the universal service fund and cost recovery surcharges.

Average retail service revenue per customer per month increased 0.7% to $50.44 in 2006 compared to 2005. Average retail data service revenue per customer per month increased 71.3% in 2006, compared to 2005, driven by increased use of our messaging, *VZAccess* and other data services. However, Domestic Wireless experienced an increase in the proportion of customers on its Family Share price plans, which put downward pressure on average service revenue per customer during 2006. Retail data revenues were $4,445 million and accounted for 14.0% of retail service revenue in 2006, compared to $2,232 million and 8.2% of retail service revenue in 2005.



Operating Expenses

Years Ended December 31,	2007	2006	2005
			(dollars in millions)
Cost of services and sales	**$ 13,456**	$ 11,491	$ 9,393
Selling, general and administrative expense	**13,477**	12,039	10,768
Depreciation and amortization expense	**5,154**	4,913	4,760
	$ 32,087	$ 28,443	$ 24,921

Cost of Services and Sales

Cost of services and sales, which are costs to operate the wireless network as well as the cost of roaming, long distance and equipment sales, increased by $1,965 million, or 17.1% in 2007 compared to 2006. Cost of services increased due to higher wireless network costs in 2007 caused by increased network usage, partially offset by lower rates for long distance, roaming and local interconnection. Cost of equipment sales grew by 20.2% in 2007 compared to 2006. The increase was primarily attributed to an increase in equipment upgrades, together with an increase in cost per unit as a result of increased sales of higher cost advanced wireless devices.

Cost of services and sales increased by $2,098 million, or 22.3% in 2006 compared to 2005. This increase was primarily due to higher wireless network costs in 2006 caused by increased network usage relating to both voice and data services and an increase in cost of equipment sales driven by an increase in wireless devices sold, resulting from an increase in equipment upgrades, together with an increase in cost per unit in 2006.

Selling, General and Administrative Expense

Selling, general and administrative expense increased by $1,438 million, or 11.9% in 2007 compared to 2006. This increase was primarily due to an increase in salary and benefits expense of $641 million, resulting from an increase in employees in the sales and customer care areas, and higher per employee salary and benefit costs. Sales commissions expense in both our direct and indirect channels increased by $147 million in 2007 compared to 2006, primarily as a result of an increase in customer renewals and equipment upgrades. Advertising and promotion expense increased $144 million in 2007, compared to 2006. Also contributing to the increase were higher costs associated with regulatory fees, which increased by $127 million in 2007.

Selling, general and administrative expense increased by $1,271 million, or 11.8% in 2006 compared to 2005. This increase was primarily due to an increase in salary and benefits expense, as well as advertising and promotion, and regulatory fee increases, compared to 2005.

Depreciation and Amortization Expense

Depreciation and amortization expense increased by $241 million, or 4.9% in 2007 compared to 2006 and increased by $153 million, or 3.2% in 2006 compared to 2005. These increases were primarily due to an increase in depreciable assets. Partially offsetting this increase in 2007 was lower amortization expense resulting from customer lists becoming fully amortized during 2006.

Segment Income

Years Ended December 31,	2007	2006	2005
			(dollars in millions)
Segment Income	**$ 3,794**	$ 2,976	$ 2,219

Segment income increased by $818 million, or 27.5% in 2007 compared to 2006 and increased by $757 million, or 34.1% in 2006 compared to 2005, primarily as a result of the after-tax impact of operating revenues and operating expenses described above, partially offset by higher minority interest expense. Segment income in 2006 excludes $42 million after-tax due to the adoption of SFAS No. 123(R).

Increases in minority interest expense in 2007 and 2006 were due to the increased income of the wireless joint venture and the significant minority interest attributable to Vodafone.



Other Items

Merger Integration Costs

In 2007 and 2006 , we recorded pretax charges of $178 million ($112 million after-tax, or $.04 per diluted share) and $232 million ($146 million after-tax, or $.05 per diluted share), respectively, primarily associated with the MCI acquisition in 2006 that were comprised of advertising and other costs related to re-branding initiatives, facility exit costs and systems integration activities.

Tax Matters

In December 2007, Verizon received a net distribution from Vodafone Omnitel of approximately $2.1 billion and we anticipate that we may receive an additional distribution from Vodafone Omnitel within the next twelve months. As a result, we recorded $610 million ($.21 per diluted share) of foreign and domestic taxes and expenses specifically relating to our share of Vodafone Omnitel's distributable earnings.

During 2005, we recorded tax benefits of $336 million ($.12 per diluted share) in connection with the utilization of prior year loss carry forwards. As a result of the capital gain realized in 2005 in connection with the sale of our Hawaii businesses, we recorded a tax benefit of $242 million related to the capital losses incurred in previous years.

Also during 2005, we recorded a net tax provision of $206 million ($.07 per diluted share) related to the repatriation of foreign earnings under the provisions of the American Jobs Creation Act of 2004, for two of our foreign investments.

Facility and Employee-Related Items

During the fourth quarter of 2007, we recorded a charge of $772 million ($477 million after-tax, or $.16 per diluted share) primarily in connection with workforce reductions of 9,000 employees and related charges, 4,000 of whom were terminated in the fourth quarter of 2007 with the remaining reductions expected to occur throughout 2008. In addition, we adjusted our actuarial assumptions for severance to align with future expectations.

During 2006, we recorded net pretax severance, pension and benefits charges of $425 million ($258 million after-tax, or $.09 per diluted share). These charges included net pretax pension settlement losses of $56 million ($26 million after-tax, or $.01 per diluted share) related to employees that received lump-sum distributions primarily resulting from our separation plans. These charges were recorded in accordance with SFAS No. 88, *Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination* (SFAS No. 88), which requires that settlement losses be recorded once prescribed payment thresholds have been reached. Also included are pretax charges of $369 million ($228 million after-tax, or $.08 per diluted share), for employee severance and severance-related costs in connection with the involuntary separation of approximately 4,100 employees. In addition, during 2005 we recorded a charge of $59 million ($36 million after-tax, or $.01 per diluted share) associated with employee severance costs and severance-related activities in connection with the voluntary separation program for surplus union-represented employees.

During 2006, we recorded pretax charges of $184 million ($118 million after-tax, or $.04 per diluted share) in connection with the relocation of employees and business operations to Verizon Center in Basking Ridge, New Jersey. During 2005, we recorded a net pretax gain of $18 million ($8 million after-tax) in connection with the relocation, including a pretax gain of $120 million ($72 million after-tax, or $.03 per diluted share) related to the sale of a New York City office building, partially offset by a pretax charge of $102 million ($64 million after-tax, or $.02 per diluted share), primarily associated with relocation, employee severance and related activities.

During 2005, we reported a net pretax charge of $98 million ($59 million after-tax, or $.02 per diluted share) related to the restructuring of the Verizon management retirement benefit plans. This pretax charge was recorded in accordance with SFAS No. 88, and SFAS No. 106, *Employers' Accounting for the Postretirement Benefits Other Than Pensions* (SFAS No. 106) and includes the unamortized cost of prior pension enhancements of $430 million offset partially by a pretax curtailment gain of $332 million related to retiree medical benefits. In connection with this restructuring, management employees: no longer earn pension benefits or earn service towards the company retiree medical subsidy after June, 2006; received an 18-month enhancement of the value of their pension and retiree medical subsidy; and receive a higher savings plan matching contribution.



Other

In 2006, we recorded pretax charges of $26 million ($16 million after-tax, or $.01 per diluted share) resulting from the extinguishment of debt assumed in connection with the completion of the MCI merger.

During 2005, we recorded pretax charges of $139 million ($133 million after-tax, or $.05 per diluted share) including a pretax impairment charge of $125 million ($125 million after-tax, or $.04 per diluted share) pertaining to aircraft leased to airlines involved in bankruptcy proceedings and a pretax charge of $14 million ($8 million after-tax, or less than $.01 per diluted share) in connection with the early extinguishment of debt.

Selected Financial Condition

Years Ended December 31,	2007	2006	(dollars in millions) 2005
Cash Flows Provided By (Used In)			
Operating Activities:			
Continuing operations	**$ 26,309**	$ 23,030	$ 20,444
Discontinued operations	**(570)**	1,076	1,581
Investing Activities:			
Continuing operations	**(16,865)**	(17,422)	(18,136)
Discontinued operations	**757**	1,806	(356)
Financing activities:			
Continuing operations	**(11,697)**	(5,752)	(4,958)
Discontinued operations	**--**	(279)	(76)
Increase (Decrease) In Cash and Cash Equivalents	**$ (2,066)**	$ 2,459	$ (1,501)

We use the net cash generated from our operations to fund network expansion and modernization, repay external financing, pay dividends and invest in new businesses. Additional external financing is obtained when necessary. While our current liabilities typically exceed current assets, our sources of funds, primarily from operations and, to the extent necessary, from readily available external financing arrangements, are sufficient to meet ongoing operating and investing requirements. We expect that capital spending requirements will continue to be financed primarily through internally generated funds. Additional debt or equity financing may be needed to fund additional development activities or to maintain our capital structure to ensure our financial flexibility.

Cash Flows Provided By Operating Activities

Our primary source of funds continues to be cash generated from operations. In total, cash from operating activities in 2007 increased compared to the similar period of 2006. The increase was due to higher cash flow from continuing operations, partially offset by decreased cash flow from discontinued operations. The increase in cash flow from operating activities – continuing operations in 2007 compared to 2006 was primarily due to the distributions from Vodafone Omnitel and CANTV, increased operating cash flows from Domestic Wireless and lower interest payments on outstanding debt, partially offset by changes in working capital.

The decrease in cash flow from operating activities—discontinued operations in 2007 compared to 2006 was primarily due to income taxes paid in 2007 related to the fourth quarter 2006 disposition of Verizon Dominicana, as well as the disposal of the discontinued operations in the fourth quarter of 2006.

In 2006, the increase in cash from operating activities compared to 2005 was primarily due to higher earnings at Domestic Wireless, which included higher minority interest earnings, and lower dividends paid to minority partners. Total minority interest earnings, net of dividends paid to minority interest partners, was $3.2 billion in 2006 compared to $1.7 billion in 2005. In addition, higher operating cash flow in 2006 compared to 2005 was due to lower cash taxes paid in 2006, resulting from 2005 tax payments related to foreign operations and investments sold during the fourth quarter of 2004. Partially offsetting these increases were significant 2005 repatriations of foreign earnings of unconsolidated businesses.

Operating cash flows from discontinued operations decreased $505 million to $1,076 million in 2006 from $1,581 million in 2005 due to the completion of our domestic print and Internet yellow pages directories business spin-off on November 17, 2006 and the close of the sale of Verizon Dominicana on December 1, 2006, partially offset by the operating activities of the remaining assets held for sale.



Cash Flows Used In Investing Activities

Capital expenditures continue to be our primary use of cash flows from operations, as they facilitate the introduction of new products and services, enhance responsiveness to competitive challenges and increase the operating efficiency and productivity of our networks. Including capitalized software, we invested $10,956 million in our Wireline business in 2007, compared to $10,259 million and $8,267 million in 2006 and 2005, respectively. We also invested $6,503 million in our Domestic Wireless business in 2007, compared to $6,618 million and $6,484 million in 2006 and 2005, respectively. The increase in capital spending at Wireline is mainly driven by increased spending in high growth areas such as fiber optic to the premises. Capital spending at Domestic Wireless represents our continuing effort to invest in this high growth business.

In 2008, capital expenditures, including capitalized software, are expected to be lower than 2007 expenditures.

In 2007, we paid $417 million, net of cash received, to acquire a security-services firm and $180 million to purchase several wireless properties and licenses. In 2006, we invested $1,422 million in acquisitions and investments in businesses, including $2,809 million to acquire thirteen 20 MHz licenses in connection with the FCC Advanced Wireless Services auction and $57 million to acquire other wireless properties. This was offset by MCI's cash balances of $2,361 million we acquired at the date of the merger. In 2005, we invested $4,684 million in acquisitions and investments in businesses, including $3,003 million to acquire NextWave Telecom Inc. (NextWave) personal communications services licenses, $641 million to acquire 63 broadband wireless licenses in connection with FCC auction 58, $419 million to purchase Qwest Wireless, LLC's spectrum licenses and wireless network assets in several existing and new markets, $230 million to purchase spectrum from MetroPCS, Inc. and $297 million for other wireless properties and licenses. In 2005, we received cash proceeds of $1,326 million in connection with the sale of Verizon's wireline operations in Hawaii.

Our short-term investments principally include cash equivalents held in trust accounts for payment of employee benefits. In 2007, 2006 and 2005, we invested $1,693 million, $1,915 million and $1,955 million, respectively, in short-term investments, primarily to pre-fund active employees' health and welfare benefits. Proceeds from the sales of all short-term investments, principally for the payment of these benefits, were $1,862 million, $2,205 million and $1,609 million in the years 2007, 2006 and 2005, respectively.

Other, net investing activities during 2007 primarily include cash proceeds of approximately $800 million from property sales and sales of select non-strategic assets, as well as $476 million from the disposition of our interest in CANTV. Other, net investing activities for 2006 primarily include cash proceeds of $283 million from property sales. Other, net investing activities for 2005 primarily include a net investment of $913 million for the purchase of 43.4 million shares of MCI common stock from eight entities affiliated with Carlos Slim Helú, offset by cash proceeds of $713 million from property sales, including a New York City office building, and $349 million of repatriated proceeds from the sales of European investments in prior years.

In 2007, investing activities of discontinued operations primarily included gross proceeds of approximately $980 million in connection with the sale of TELPRI. In 2006, investing activities of discontinued operations included net pretax cash proceeds of $2,042 million in connection with the sale of Verizon Dominicana. In 2005, investing activities of discontinued operations primarily related to capital expenditures related to discontinued operations.

Cash Flows Used In Financing Activities

In 2007, our total debt was reduced by $5.2 billion, due to the repayment of approximately $1.7 billion of Wireline debt, including the early repayment of previously guaranteed $300 million 7% debentures issued by Verizon South Inc. and $480 million 7% debentures issued by Verizon New England Inc., as well as approximately $1.6 billion of other borrowings. Also, we redeemed $1,580 million principal of our outstanding floating rate notes, which were called on January 8, 2007, and the $500 million 7.90% debentures issued by GTE Corporation. Partially offsetting the reduction in total debt were cash proceeds of $3,402 million in connection with fixed and floating rate debt issued during 2007.

Our total debt was reduced by $1,896 million in 2006. We repaid $6,838 million of Wireline debt, including premiums associated with the retirement of $5,665 million of aggregate principal amount of long-term debt assumed in connection with the MCI merger. The Wireline repayments also included the early retirement/prepayment of $697 million of long-term debt and $155 million of other long-term debt at maturity. We repaid approximately $2.5 billion of Domestic Wireless 5.375% fixed rate notes that matured on December 15, 2006. Also, we redeemed the $1,375 million accreted principal of our remaining zero-coupon convertible notes and retired $482 million of other corporate long-term debt at maturity. These repayments were partially offset by our issuance of long-term debt with a total aggregate principal amount of $4 billion, resulting in cash proceeds of $3,958 million, net of discounts, issuance costs and the receipt of cash proceeds related to hedges on the interest rate of an anticipated financing. In connection with the spin-off of our domestic print and Internet yellow pages directories business, we received net cash proceeds of approximately $2 billion and retired debt in the aggregate principal amount of approximately $7 billion.



Cash of $240 million was used to reduce our total debt in 2005. We repaid $1,533 million of Domestic Wireless, $1,183 million of Wireline and $1,109 million of Verizon corporate long-term debt. The Wireline debt repayment included the early retirement of $350 million of long-term debt and $806 million of other long-term debt at maturity. This decrease was largely offset by the issuance by Verizon corporate of long-term debt with a total principal amount of $1,500 million, resulting in total cash proceeds of $1,478 million, net of discounts and costs, and an increase in our short-term borrowings of $2,098 million.

Our ratio of debt to debt combined with shareowners' equity was 38.1% at December 31, 2007 compared to 42.8% at December 31, 2006.

As of December 31, 2007, we had no bank borrowings outstanding. We also had approximately $6.2 billion of unused bank lines of credit (including a $6 billion three-year committed facility that expires in September 2009 and various other facilities totaling approximately $400 million) and we had shelf registrations for the issuance of up to $8 billion of unsecured debt securities. The debt securities of Verizon and our telephone subsidiaries continue to be accorded high ratings by primary rating agencies. In July 2007, S&P revised its outlook to stable from negative and affirmed its long term rating of A. Other long-term ratings of Verizon are: Moody's A3 with stable outlook; and Fitch A+ with stable outlook. The short-term ratings of Verizon are: Moody's P-2; S&P A-1; and Fitch F1.

We and our consolidated subsidiaries are in compliance with all of our debt covenants.

In February 2008, we issued $4,000 million of fixed rate notes with varying maturities that resulted in cash proceeds of $3,953 million, net of discounts and issuance costs.

As in prior years, dividend payments were a significant use of cash flows from operations. We continuously evaluate the level of our dividend payments by considering such factors as long-term growth opportunities, internal cash requirements and the expectations of our shareowners. During the first half of 2007, Verizon announced quarterly cash dividends of $.405 per share. During the third quarter of 2007, we increased our dividend payments 6.2% to $.43 per share from $.405 per share. In the third and fourth quarters of 2007, Verizon declared a quarterly cash dividend of $.43 per share. In 2006 and 2005, Verizon declared quarterly cash dividends of $.405 per share.

Common stock has been used from time to time to satisfy some of the funding requirements of employee and shareowner plans. On March 1, 2007, the Board of Directors determined that no additional common shares could be purchased under previously authorized share repurchase programs and gave authorization to repurchase up to 100 million common shares terminating no later than the close of business on February 28, 2010. During 2007, we repurchased $2,843 million of our common stock. We plan to continue our share buyback program in 2008. Additionally, we received $1,274 million of cash proceeds from the sale of common stock, primarily due to the exercise of stock options. On February 7, 2008, the Board of Directors replaced this share buy back program with a new program for the repurchase of up to 100 million common shares terminating no later than the close of business on February 28, 2011. The Board also determined that no additional shares were to be purchased under the prior program.

Increase (Decrease) In Cash and Cash Equivalents

Our cash and cash equivalents at December 31, 2007 totaled $1,153 million, a $2,066 million decrease compared to cash and cash equivalents at December 31, 2006. Our cash and cash equivalents at December 31, 2006 totaled $3,219 million, a $2,459 million increase compared to cash and cash equivalents at December 31, 2005 of $760 million.

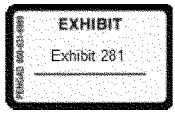
Employee Benefit Plan Funded Status and Contributions

We operate numerous qualified and nonqualified pension plans and other postretirement benefit plans. These plans primarily relate to our domestic business units. The majority of Verizon's pension plans are adequately funded. We contributed $612 million, $451 million and $593 million in 2007, 2006 and 2005, respectively, to our qualified pension plans. We also contributed $125 million, $117 million and $105 million to our nonqualified pension plans in 2007, 2006 and 2005, respectively.

Based on the funded status of the plans at December 31, 2007, we anticipate qualified pension trust contributions of $350 million in 2008. Our estimate of required qualified pension trust contributions for 2009 is approximately $300 million. Nonqualified pension contributions are estimated to be approximately $130 million for both 2008 and 2009, respectively.

Contributions to our other postretirement benefit plans generally relate to payments for benefits on an as-incurred basis since the other postretirement benefit plans do not have funding requirements similar to the pension plans. We contributed $1,048 million, $1,099 million and $1,040 million to our other postretirement benefit plans in 2007, 2006 and 2005, respectively. Contributions to our other postretirement benefit plans are estimated to be approximately $1,580 million in 2008 and $1,770 million in 2009.

Refer to Note 1 in the consolidated financial statements for a discussion of the adoption of SFAS No. 158, which was effective December 31, 2006.



Leasing Arrangements

We are the lessor in leveraged and direct financing lease agreements for commercial aircraft and power generating facilities, which comprise the majority of the portfolio along with telecommunications equipment, real estate property and other equipment. These leases have remaining terms up to 48 years as of December 31, 2007. Minimum lease payments receivable represent unpaid rentals, less principal and interest on third-party nonrecourse debt relating to leveraged lease transactions. Since we have no general liability for this debt, which holds a senior security interest in the leased equipment and rentals, the related principal and interest have been offset against the minimum lease payments receivable in accordance with generally accepted accounting principles. All recourse debt is reflected in our consolidated balance sheets. See "Other Items" for a discussion of lease impairment charges.

Off Balance Sheet Arrangements and Contractual Obligations

Contractual Obligations and Commercial Commitments

The following table provides a summary of our contractual obligations and commercial commitments at December 31, 2007. Additional detail about these items is included in the notes to the consolidated financial statements.

(dollars in millions)

	Payments Due By Period				
Contractual Obligations	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-term debt (see Note 11)	$ 30,455	$ 2,518	$ 5,781	$ 6,891	$ 15,265
Capital lease obligations (see Note 10)	312	46	93	71	102
Total long-term debt, including current maturities	30,767	2,564	5,874	6,962	15,367
Interest on long-term debt (see Note 11)	21,116	1,897	3,350	2,622	13,247
Operating leases (see Note 10)	7,001	1,489	2,292	1,253	1,967
Purchase obligations (see Note 20)	844	613	188	33	10
Income Tax Audit Settlements* (see Note 16)	233	233	–	–	–
Other long-term liabilities (see Note 15)	4,190	2,020	2,170	–	–
Total contractual obligations	$ 64,151	$ 8,816	$ 13,874	$ 10,870	$ 30,591

*The $233 million of income tax audit settlements include gross unrecognized tax benefits of $148 million as determined under Financial Accounting Standards Board (FASB) Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48) and related gross interest of $85 million. We are not able to make a reliable estimate of when the balance of $2,735 million of unrecognized tax benefits and related interest and penalties will be settled with the respective taxing authorities until issues or examinations are further developed (see Note 16).

Guarantees

In connection with the execution of agreements for the sale of businesses and investments, Verizon ordinarily provides representations and warranties to the purchasers pertaining to a variety of nonfinancial matters, such as ownership of the securities being sold, as well as financial losses.

As of December 31, 2007, letters of credit totaling $225 million were executed in the normal course of business, which support several financing arrangements and payment obligations to third parties.



We are exposed to various types of market risk in the normal course of business, including the impact of interest rate changes, foreign currency exchange rate fluctuations, changes in equity investment and commodity prices and changes in corporate tax rates. We employ risk management strategies using a variety of derivatives, including interest rate swap agreements, interest rate locks, foreign currency forwards and commodity swaps. We do not hold derivatives for trading purposes.

It is our general policy to enter into interest rate, foreign currency and other derivative transactions only to the extent necessary to achieve our desired objectives in limiting our exposure to the various market risks. Our objectives include maintaining a mix of fixed and variable rate debt to lower borrowing costs within reasonable risk parameters and to protect against earnings and cash flow volatility resulting from changes in market conditions. We do not hedge our market risk exposure in a manner that would completely eliminate the effect of changes in interest rates, commodity prices and foreign exchange rates on our earnings. We do not expect that our net income, liquidity and cash flows will be materially affected by these risk management strategies.

Interest Rate Risk

The table that follows summarizes the fair values of our long-term debt and interest rate derivatives as of December 31, 2007 and 2006. The table also provides a sensitivity analysis of the estimated fair values of these financial instruments assuming 100-basis-point upward and downward shifts in the yield curve. Our sensitivity analysis does not include the fair values of our commercial paper and bank loans, if any, because they are not significantly affected by changes in market interest rates.

(dollars in millions)

At December 31, 2007	Fair Value	Fair Value assuming +100 basis point shift	Fair Value assuming -100 basis point shift
Long-term debt and interest rate derivatives	**$ 31,930**	**$ 30,154**	**$ 33,957**
At December 31, 2006			
Long-term debt and interest rate derivatives	$ 33,569	$ 31,724	$ 35,607

Foreign Currency Translation

The functional currency for our foreign operations is primarily the local currency. The translation of income statement and balance sheet amounts of our foreign operations into U.S. dollars are recorded as cumulative translation adjustments, which are included in Accumulated Other Comprehensive Loss in our consolidated balance sheets. The translation gains and losses of foreign currency transactions and balances are recorded in the consolidated statements of income in Other Income and (Expense), Net and Income from Discontinued Operations, Net of Tax. At December 31, 2007, our primary translation exposure was to the British Pound and the Euro.

During 2007, we entered into foreign currency forward contracts to hedge a portion of our net investment in Vodafone Omnitel. Changes in fair value of these contracts due to Euro exchange rate fluctuations are recognized in Accumulated Other Comprehensive Loss and partially offset the impact of foreign currency changes on the value of our net investment. As of December 31, 2007, Accumulated Other Comprehensive Loss includes unrecognized losses of approximately $57 million ($37 million after-tax) related to these hedge contracts, which along with the unrealized foreign currency translation balance on the investment hedged, remain in Accumulated Other Comprehensive Loss until the investment is sold. We have not hedged our accounting translation exposure to foreign currency fluctuations relative to the carrying value of our other investments.



Critical Accounting Estimates

A summary of the critical accounting estimates used in preparing our financial statements are as follows:

- Verizon's plant, property and equipment balance represents a significant component of our consolidated assets. Depreciation expense on Verizon's local telephone operations is principally based on the composite group remaining life method and straight-line composite rates, which provides for the recognition of the cost of the remaining net investment in telephone plant, less anticipated net salvage value, over the remaining asset lives. We depreciate other plant, property and equipment generally on a straight-line basis over the estimated useful life of the assets. Changes in the remaining useful lives of assets as a result of technological change or other changes in circumstances, including competitive factors in the markets where we operate, can have a significant impact on asset balances and depreciation expense.

- We maintain benefit plans for most of our employees, including pension and other postretirement benefit plans. In the aggregate, the fair value of pension plan assets exceeds benefit obligations, which contributes to pension plan income. Other postretirement benefit plans have larger benefit obligations than plan assets, resulting in expense. Significant benefit plan assumptions, including the discount rate used, the long-term rate of return on plan assets and health care trend rates are periodically updated and impact the amount of benefit plan income, expense, assets and obligations (see "Consolidated Results of Operations – Consolidated Operating Expenses – Pension and Other Postretirement Benefits"). A sensitivity analysis of the impact of changes in these assumptions on the benefit obligations and expense (income) recorded as of December 31, 2007 and for the year then ended pertaining to Verizon's pension and postretirement benefit plans is provided in the table below.

		(dollars in millions)	
	Percentage point change	Benefit obligation increase (decrease) at December 31, 2007	Expense increase (decrease) for the year ended December 31, 2007
Pension plans discount rate	+ 0.50	$ (1,768)	$ (64)
	- 0.50	1,886	109
Long-term rate of return on pension plan assets	+1.00	–	(374)
	- 1.00	–	374
Postretirement plans discount rate	+0.50	(1,442)	(117)
	- 0.50	1,579	118
Long-term rate of return on postretirement plan assets	+1.00	–	(37)
	- 1.00	–	37
Health care trend rates	+1.00	3,038	489
	- 1.00	(2,512)	(378)

- Our current and deferred income taxes, and associated valuation allowances, are impacted by events and transactions arising in the normal course of business as well as in connection with the adoption of new accounting standards, acquisitions of businesses and non-recurring items. Assessment of the appropriate amount and classification of income taxes is dependent on several factors, including estimates of the timing and realization of deferred income tax assets and the timing of income tax payments. Actual collections and payments may materially differ from these estimates as a result of changes in tax laws as well as unanticipated future transactions impacting related income tax balances. We account for tax benefits taken or expected to be taken in our tax returns in accordance with FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48), which requires the use of a two-step approach for recognizing and measuring tax benefits taken or expected to be taken in a tax return and disclosures regarding uncertainties in income tax positions.

- Goodwill and other intangible assets are a significant component of our consolidated assets. Wireline goodwill of $4,900 million represents the largest component of our goodwill and, as required by SFAS No. 142, *Goodwill and Other Intangible Assets* (SFAS No. 142), is periodically evaluated for impairment. The evaluation of Wireline goodwill for impairment is primarily based on a discounted cash flow model that includes estimates of future cash flows. There is inherent subjectivity involved in estimating future cash flows, which can have a material impact on the amount of any potential impairment. Wireless licenses of $50,796 million represent the largest component of our intangible assets. Our wireless licenses are indefinite-lived intangible assets, and as required by SFAS No. 142, are not amortized but are periodically evaluated for impairment. Any impairment loss would be determined by comparing the aggregated fair value of the wireless licenses with the aggregated carrying value. The direct value approach is used to determine fair value by estimating future cash flows. There is inherent subjectivity involved in estimating future cash flows, which can have a material impact on the amount of any impairment.



Recent Accounting Pronouncements

Business Combinations

In December 2007, the FASB issued SFAS No. 141(R), *Business Combinations* (SFAS No. 141(R)), to replace SFAS No. 141, *Business Combinations* . SFAS No. 141(R) requires use of the acquisition method of accounting, defines the acquirer, establishes the acquisition date and broadens the scope to all transactions and other events in which one entity obtains control over one or more other businesses. This statement is effective for business combinations or transactions entered into for fiscal years beginning on or after December 15, 2008. We are still evaluating the impact of SFAS No. 141(R), however, the adoption of this statement is not expected to have a material impact on our financial position or results of operations.

Noncontrolling Interests in Consolidated Financial Statements

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51* , (SFAS No. 160). SFAS No. 160 establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the retained interest and gain or loss when a subsidiary is deconsolidated. This statement is effective for financial statements issued for fiscal years beginning on or after December 15, 2008. Upon the initial adoption of this statement we will change the classification and presentation of Noncontrolling Interest in our financial statements, which we currently refer to as minority interest. We are still evaluating the impact SFAS No. 160 will have, but we do not expect a material impact on our financial position or results of operations.

Fair Value Measurements

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities—Including an Amendment of SFAS 115* (SFAS No. 159), which permits but does not require us to measure financial instruments and certain other items at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2007. As we will not elect to fair value any of our financial instruments under the provisions of SFAS No. 159, the adoption of this statement effective January 1, 2008 will not have an impact on our financial statements.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurement* (SFAS No. 157). SFAS No. 157 defines fair value, establishes a framework for measuring fair value in GAAP and establishes a hierarchy that categorizes and prioritizes the sources to be used to estimate fair value. SFAS No. 157 also expands financial statement disclosures about fair value measurements. On February 12, 2008, the FASB issued FASB Staff Position (FSP) 157-2 which delays the effective date of SFAS No. 157 for one year, for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). SFAS No. 157 and FSP 157-2 are effective for financial statements issued for fiscal years beginning after November 15, 2007. We will elect a partial deferral of SFAS No. 157 under the provisions of FSP 157-2 related to the measurement of fair value used when evaluating goodwill, other intangible assets, wireless licenses and other long-lived assets for impairment and valuing asset retirement obligations and liabilities for exit or disposal activities. The impact of partially adopting SFAS No. 157 effective January 1, 2008 will not be material to our financial statements.

Refer to Note 1 in the consolidated financial statements for a discussion of the accounting pronouncements adopted during 2007.

Other Factors That May Affect Future Results

Recent Developments

Rural Cellular Corporation

In late July 2007, Verizon Wireless announced that it had entered into an agreement to acquire Rural Cellular Corporation (Rural Cellular), for $45 per share in cash (or approximately $757 million). As a result of the acquisition, Verizon Wireless will assume Rural Cellular's outstanding debt. The total value of the transaction is approximately $2.7 billion. Rural Cellular has more than 700,000 customers in markets adjacent to Verizon Wireless's existing customer service areas. Rural Cellular's networks are located in the states of Maine, Vermont, New Hampshire, New York, Massachusetts, Alabama, Mississippi, Minnesota, North Dakota, South Dakota, Wisconsin, Kansas, Idaho, Washington, and Oregon. Rural Cellular's shareholders approved the transaction on October 4, 2007. The acquisition, which is subject to regulatory approvals, is expected to close in the first half of 2008.

In a related transaction, on December 3, 2007, Verizon Wireless signed a definitive exchange agreement with AT&T. Under the terms of the agreement, Verizon Wireless will receive cellular operating markets in Madison and Mason, KY, and 10MHz PCS licenses in Las Vegas, NV; Buffalo, NY; Sunbury-Shamokin and Erie, PA; and Youngstown, OH. Verizon Wireless will also receive minority interests held by AT&T in three entities in which Verizon Wireless also holds an interest plus a cash payment. In exchange, Verizon Wireless will transfer to AT&T six cellular operating markets in Burlington, Franklin and the northern portion of Addison, VT; Franklin, NY; and Okanogan and Ferry, WA; and a cellular license for the Kentucky-6 market. The operati is exchanging are among those it is to acquire from Rural Cellular. The exchange with AT&T is subject to regulat to close in the first half of 2008.

EXHIBIT
Exhibit 281

Telephone Access Lines Spin-off

On January 16, 2007, we announced a definitive agreement with FairPoint that will result in Verizon establishing a separate entity for its local exchange and related business assets in Maine, New Hampshire and Vermont, spinning off that new entity into a newly formed company, known as Northern New England Spinco Inc. (Spinco), to Verizon's shareowners, and immediately merging it with and into FairPoint. These local exchange and business assets are included in Verizon's continuing operations. It is anticipated that as long as all conditions are satisfied and assuming completion of the related financing transactions, both the spin-off of Spinco to Verizon shareowners and the merger of Spinco with FairPoint will occur on March 31, 2008. Verizon's Board of Directors established a record date of March 7, 2008, and a closing date of March 31, 2008, for the proposed spin-off of shares of Spinco to Verizon shareowners.

During 2007, we recorded pretax charges of $84 million ($80 million after-tax, or $.03 per diluted share) for costs incurred related to certain network and work center re-arrangements, the isolation and extraction of related business information, and other activities to separate the wireline facilities and operations in Maine, New Hampshire and Vermont from Verizon at the closing of the transaction, as well as professional advisory and legal fees in connection with this transaction.

Upon the closing of the transaction, Verizon shareowners will own approximately 60 percent of the new company, and FairPoint shareowners will own approximately 40 percent. Verizon Communications will not receive any shares in FairPoint as a result of the transaction. In connection with the merger, Verizon shareowners will receive one share of FairPoint stock for approximately every 53 shares of Verizon stock held as of the record date. The proposal relating to the merger was approved by the FairPoint shareowners in August 2007. Both the spin-off and merger are expected to qualify as tax-free transactions, except to the extent that cash is paid to Verizon shareowners in lieu of fractional shares.

Based upon the number of shares (as adjusted) and price of FairPoint common stock (NYSE: FRP) on the date of the announcement of the merger, the estimated total value to be received by Verizon and its shareowners in exchange for these operations was approximately $2,715 million. This consisted of (a) approximately $1,015 million of FairPoint common stock that was to be received by Verizon shareowners in the merger, and (b) $1,700 million in value that was to be received by Verizon through a combination of cash distributions to Verizon and debt securities issued to Verizon prior to the spin-off. Verizon currently intends to exchange these newly issued debt securities for certain debt that was previously issued by Verizon, which would have the effect of reducing Verizon's then-outstanding debt. The actual total value to be received by Verizon and its shareowners will be determined in part based on the number of shares (as adjusted) and price of FairPoint common stock on the date of the closing of the merger. This value is now expected to be less than $2,715 million because (a) FairPoint expects to issue approximately 54 million shares of common stock in the merger and the price of FairPoint common stock has declined since the announcement of the merger (the closing price of FairPoint common stock on the last business day prior to the announcement of the merger was $18.54 per share) and (b) in connection with the regulatory approval process, Verizon currently expects to make additional contributions of approximately $320 million to the entity that will merge with FairPoint.

Environmental Matters

During 2003, under a government-approved plan, remediation commenced at the site of a former Sylvania facility in Hicksville, New York that processed nuclear fuel rods in the 1950s and 1960s. Remediation beyond original expectations proved to be necessary and a reassessment of the anticipated remediation costs was conducted. A reassessment of costs related to remediation efforts at several other former facilities was also undertaken. In September 2005, the Army Corps of Engineers (ACE) accepted the Hicksville site into the Formerly Utilized Sites Remedial Action Program. This may result in the ACE performing some or all of the remediation effort for the Hicksville site with a corresponding decrease in costs to Verizon. To the extent that the ACE assumes responsibility for remedial work at the Hicksville site, an adjustment to a reserve previously established for the remediation may be made. Adjustments may also be made based upon actual conditions discovered during the remediation at any of the sites requiring remediation.

New York Recovery Funding

In August 2002, President Bush signed the Supplemental Appropriations bill that included $5.5 billion in New York recovery funding. Of that amount, approximately $750 million was allocated to cover utility restoration and infrastructure rebuilding as a result of the September 11th terrorist attacks on lower Manhattan. These funds will be distributed through the Lower Manhattan Development Corporation following an application and audit process. As of September 2004, we had applied for reimbursement of approximately $266 million under Category One and in 2004 and 2005 we applied for reimbursement of an additional $139 million of Category Two losses. Category One funding relates to Emergency and Temporary Service Response while Category Two funding is for permanent restoration and infrastructure improvement. According to the plan, permanent restoration is reimbursed up to 75% of the loss. On November 3, 2005, we received the results of preliminary audit findings disallowing all but $49.9 million of our $266 million of Category One application. On December 8, 2005, we provided a detailed rebuttal to the preliminary audit findings. We received a copy of the final audit report for Verizon's Category One applications largely confirming the preliminary audit findings and, on January 4, 2007, we filed an appeal. That appeal, as well as our Category Two applications, are pending.



Regulatory and Competitive Trends

Competition and Regulation

Technological, regulatory and market changes have provided Verizon both new opportunities and challenges. These changes have allowed Verizon to offer new types of services in an increasingly competitive market. At the same time, they have allowed other service providers to broaden the scope of their own competitive offerings. Current and potential competitors for network services include other telephone companies, cable companies, wireless service providers, foreign telecommunications providers, satellite providers, electric utilities, Internet service providers, providers of VoIP services, and other companies that offer network services using a variety of technologies. Many of these companies have a strong market presence, brand recognition and existing customer relationships, all of which contribute to intensifying competition and may affect our future revenue growth. Many of our competitors also remain subject to fewer regulatory constraints than Verizon.

We are unable to predict definitively the impact that the ongoing changes in the telecommunications industry will ultimately have on our business, results of operations or financial condition. The financial impact will depend on several factors, including the timing, extent and success of competition in our markets, the timing and outcome of various regulatory proceedings and any appeals, and the timing, extent and success of our pursuit of new opportunities.

FCC Regulation

The FCC has jurisdiction over our interstate telecommunications services and other matters for which the FCC has jurisdiction under the Communications Act of 1934, as amended (Communications Act). The Communications Act generally provides that we may not charge unjust or unreasonable rates, or engage in unreasonable discrimination when we are providing services as a common carrier, and regulates some of the rates, terms and conditions under which we provide certain services. The FCC also has adopted regulations governing various aspects of our business including: (i) use and disclosure of customer proprietary network information; (ii) telemarketing; (iii) assignment of telephone numbers to customers; (iv) provision to law enforcement agencies of the capability to obtain call identifying information and call content information from calls pursuant to lawful process; (v) accessibility of services and equipment to individuals with disabilities if readily achievable; (vi) interconnection with the networks of other carriers; (vii) customers' ability to keep (or "port") their telephone numbers when switching to another carrier; and (viii) availability of back-up power. In addition, we pay various fees to support other FCC programs, such as the universal service program discussed below. Changes to these mandates, or the adoption of additional mandates, could require us to make changes to our operations or otherwise increase our costs of compliance.

Broadband

The FCC has adopted a series of orders that recognize the competitive nature of the broadband market and impose lesser regulatory requirements on broadband services and facilities than apply to narrowband or traditional telephone services. With respect to facilities, the FCC has determined that certain unbundling requirements that apply to narrowband facilities do not apply to broadband facilities such as fiber to the premise loops and packet switches. With respect to services, the FCC has concluded that broadband Internet access services offered by telephone companies and their affiliates qualify as largely deregulated information services. The same order also concluded that telephone companies may offer the underlying broadband transmission services that are used as an input to Internet access services through private carriage arrangements on negotiated commercial terms. The order was upheld on appeal. In addition, a Verizon petition asking the FCC to forbear from applying common carrier regulation to certain broadband services sold primarily to larger business customers when those services are not used for Internet access was deemed granted by operation of law on March 19, 2006 when the FCC did not deny the petition by the statutory deadline. The relief obtained through the forbearance petition has been upheld on appeal, but remains under challenge.

Video

The FCC has a body of rules that apply to cable operators under Title VI of the Communications Act of 1934, and these rules also generally apply to telephone companies that provide cable services over their networks. In addition, companies that provide cable service over a cable system generally must obtain a local cable franchise. On March 5, 2007, the FCC released an order setting forth parameters consistent with Section 621 of the Communications Act of 1934 and other federal law, on the timing and scope of franchise negotiations by local franchising authorities. The FCC found that some prior practices in the local franchise approval process constituted an unreasonable refusal to award a competitive local franchise under the requirements of federal law. This order is the subject of a pending appeal.

Interstate Access Charges and Intercarrier Compensation

The current framework for interstate access rates was established in the Coalition for Affordable Local and Long Distance Services (CALLS) plan which the FCC adopted on May 31, 2000. The CALLS plan has three main components. First, it establishes portable interstate access universal service support of $650 million for the industry that replaces implicit support previously embedded in interstate access charges. Second, the plan simplifies the patchwork of common li[illegible]er line charge (SLC) and provides for de-averaging of the SLC by zones and class of customers. Third, the plan se[illegible]ransition to a set target of $.0055 per minute for switched access services. Once that target rate is reached, local e[illegible]er required to make further annual price cap reductions to

EXHIBIT
Exhibit 281

their switched access prices. As a result of tariff adjustments which became effective in July 2003, virtually all of our switched access lines reached the $.0055 benchmark.

The FCC currently is conducting a broad rulemaking proceeding to consider new rules governing intercarrier compensation including, but not limited to, access charges, compensation for Internet traffic and reciprocal compensation for local traffic. The FCC has sought



comments about intercarrier compensation in general and requested input on a number of specific reform proposals. The FCC also has pending before it issues relating to intercarrier compensation for dial-up Internet-bound traffic. The FCC previously found that this traffic is not subject to reciprocal compensation under Section 251(b)(5) of the Telecommunications Act of 1996. Instead, the FCC established federal rates per minute for this traffic that declined from $.0015 to $.0007 over a three-year period, established caps on the total minutes of this traffic subject to compensation in a state and required incumbent local exchange carriers to offer to both bill and pay reciprocal compensation for local traffic at the same rate as they are required to pay on Internet-bound traffic. The U.S. Court of Appeals for the D.C. Circuit rejected part of the FCC's rationale, but declined to vacate the order while it is on remand. As a result, pending further action by the FCC, the FCC's underlying order remains in effect. The FCC subsequently denied a petition to discontinue the $.0007 rate cap on this traffic, but removed the caps on the total minutes of Internet-bound traffic subject to compensation. That decision has been upheld on appeal. Disputes also remain pending in a number of forums relating to the appropriate compensation for Internet-bound traffic during previous periods under the terms of our interconnection agreements with other carriers.

The FCC also is conducting a rulemaking proceeding to address the regulation of services that use Internet protocol. One of the issues raised in the rulemaking as well as in several petitions currently pending before the FCC addresses whether, and under what circumstances, access charges should apply to voice or other Internet protocol services. The FCC previously has held that one provider's peer-to-peer Internet protocol service that does not use the public switched network is an interstate information service and is not subject to access charges, while a service that utilizes Internet protocol for only one intermediate part of a call's transmission is a telecommunications service that is subject to access charges. Another petition asking the FCC to forbear from applying access charges to voice over Internet protocol services that are terminated on switched local exchange networks was withdrawn by the carrier that filed that petition. The FCC also declared the services offered by one provider of a voice over Internet protocol service to be jurisdictionally interstate. The FCC also stated that its conclusion would apply to other services with similar characteristics. On March 21, 2007, the Eighth Circuit Court of Appeals affirmed the FCC's Order.

The FCC also has adopted rules for special access services that provide for pricing flexibility and ultimately the removal of services from price regulation when prescribed competitive thresholds are met. More than half of special access revenues are now removed from price regulation. The FCC currently has a rulemaking proceeding underway to update the public record concerning its pricing flexibility rules and to determine whether any changes to those rules are warranted.

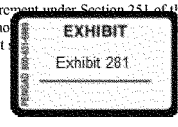
Universal Service

The FCC also has a body of rules implementing the universal service provisions of the Telecommunications Act of 1996, including rules governing support to rural and non-rural high-cost areas, support for low income subscribers and support for schools, libraries and rural health care. The FCC's current rules for support to high-cost areas served by larger "non-rural" local telephone companies were previously remanded by U.S. Court of Appeals for the Tenth Circuit, which had found that the FCC had not adequately justified these rules. The FCC has initiated a rulemaking proceeding in response to the court's remand, but its rules remain in effect pending the results of the rulemaking. It is also considering modifications to the high-cost support system that could include a cap on the amount of support and other limits on what certain eligible carriers may receive. The FCC also has proceedings underway to evaluate possible changes to its current rules for assessing contributions to the universal service fund. As an interim step, in June 2006, the FCC ordered that providers of VoIP services are subject to federal universal service obligations. The FCC also increased the percentage of revenues subject to federal universal service obligations that wireless providers may use as a safe harbor. The substance of these orders was upheld on appeal in June 2007, but the Court did remand some more minor implementation issues back to the FCC. Any further change in the current assessment mechanism could result in a change in the contribution that local telephone companies, wireless carriers or others must make and that would have to be collected from customers.

Unbundling of Network Elements

Under Section 251 of the Telecommunications Act of 1996, incumbent local exchange carriers were required to provide competing carriers with access to components of their network on an unbundled basis, known as UNEs, where certain statutory standards are satisfied. The Telecommunications Act of 1996 also adopted a cost-based pricing standard for these UNEs, which the FCC interpreted as allowing it to impose a pricing standard known as "total element long run incremental cost" or "TELRIC." The FCC's rules defining the unbundled network elements that must be made available at TELRIC prices have been overturned on multiple occasions by the courts. In its most recent order issued in response to these court decisions, the FCC eliminated the requirement to unbundle mass market local switching on a nationwide basis, with the obligation to accept new orders ending as of the effective date of the order (March 11, 2005). The FCC also established a one year transition for existing UNE switching arrangements. For high-capacity transmission facilities, the FCC established criteria for determining whether high-capacity loops, transport or dark fiber transport must be unbundled in individual wire centers, and stated that these standards were only expected to affect a small number of wire centers. The FCC also eliminated the obligation to provide dark fiber loops and found that there is no obligation to provide UNEs exclusively for wireless or long distance service. In any instance where a particular high-capacity facility no longer has to be made available as a UNE, the FCC established a similar one year transition for any existing high-capacity loop or transport UNEs, and an 18 month transition for any existing dark fiber UNEs. This decision has been upheld on appeal.

As noted above, the FCC has concluded that the requirement under Section 251 of the Telecommunications Act of 1996 to provide unbundled network elements at TELRIC prices generally does no dband facilities, such as fiber to the premises loops, the packet-switched capabilities of hybrid loops and packet held that any separate unbundling obligations that may be



imposed by Section 271 of the Telecommunications Act of 1996 do not apply to these same facilities. The decision with respect to Section 271 has been upheld on appeal and a petition for rehearing of that order was denied.



Wireless Services

The FCC regulates the licensing, construction, operation, acquisition and transfer of wireless communications systems, including the systems that Verizon Wireless operates, pursuant to the Communications Act, other legislation, and the FCC's rules. The FCC and Congress continuously consider changes to these laws and rules. Adoption of new laws or rules may raise the cost of providing service or require modification of Verizon Wireless' business plans or operations.

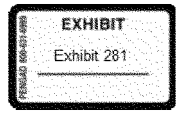
To use the radio frequency spectrum, wireless communications systems must be licensed by the FCC to operate the wireless network and mobile devices in assigned spectrum segments. Verizon Wireless holds FCC licenses to operate in several different radio services, including the cellular radiotelephone service, personal communications service, advanced wireless service, and point-to-point radio service. The technical and service rules, the specific radio frequencies and amounts of spectrum we hold, and the sizes of the geographic areas we are authorized to operate in, vary for each of these services. However, all of the licenses Verizon Wireless holds allow it to use spectrum to provide a wide range of mobile and fixed communications services, including both voice and data services, and Verizon Wireless operates a seamless network that utilizes those licenses to provide services to customers. Because the FCC issues licenses for only a fixed time, generally 10 years, Verizon Wireless must periodically seek renewal of those licenses. Although the FCC has routinely renewed all of Verizon Wireless' licenses that have come up for renewal to date, challenges could be brought against the licenses in the future. If a wireless license were revoked or not renewed upon expiration, Verizon Wireless would not be permitted to provide services on the licensed spectrum in the area covered by that license.

The FCC has also imposed specific mandates on carriers that operate wireless communications systems, which increase Verizon Wireless' costs. These mandates include requirements that Verizon Wireless: (i) meet specific construction and geographic coverage requirements during the license term; (ii) meet technical operating standards that, among other things, limit the radio frequency radiation from mobile devices and antennas; (iii) deploy "Enhanced 911" wireless services that provide the wireless caller's number, location and other information upon request by a state or local public safety agency that handles 911 calls; (iv) provide backup electric power at most cell sites in the event electric utility service is disrupted; and (v) comply with regulations for the construction of transmitters and towers that, among other things, restrict siting of towers in environmentally sensitive locations and in places where the towers would affect a site listed or eligible for listing on the National Register of Historic Places. Changes to these mandates could require Verizon Wireless to make changes to operations or increase its costs of compliance.

The Communications Act imposes restrictions on foreign ownership of U.S. wireless systems. The FCC has approved the interest that Vodafone Group Plc holds, through various of its subsidiaries, in Verizon Wireless. The FCC may need to approve any increase in Vodafone's interest or the acquisition of an ownership interest by other foreign entities. In addition, as part of the FCC's approval of Vodafone's ownership interest, Verizon Wireless, Verizon and Vodafone entered into an agreement with the U.S. Department of Defense, Department of Justice and Federal Bureau of Investigation which imposes national security and law enforcement-related obligations on the ways in which Verizon Wireless stores information and otherwise conducts its business.

Verizon Wireless anticipates that it will need additional spectrum to meet future demand. It can meet spectrum needs by purchasing licenses or leasing spectrum from other licensees, or by acquiring new spectrum licenses from the FCC. Under the Communications Act, before Verizon Wireless can acquire a license from another licensee in order to expand its coverage or its spectrum capacity in a particular area, it must file an application with the FCC, and the FCC can grant the application only after a period for public notice and comment. This review process can delay acquisition of spectrum needed to expand services. The Communications Act also requires the FCC to award new licenses for most commercial wireless services through a competitive bidding process in which spectrum is awarded to bidders in an auction. Verizon Wireless participated in spectrum auctions to acquire licenses for personal communication service and most recently advanced wireless service. In addition, the FCC began conducting an auction of spectrum in the 700 MHz band on January 24, 2008. This spectrum is currently used for UHF television operations but by law those operations must cease no later than February 17, 2009. Verizon Wireless filed an application on December 3, 2007, to qualify as a bidder in this auction, and on January 14, 2008, the FCC announced that Verizon Wireless and 213 other applicants had qualified as eligible to bid in the auction. The FCC determined that bidding in this auction will be "anonymous," which means that prior to and during the course of the auction(s), the FCC will not make public any information about a specific applicant's upfront deposit or its bids. In addition, FCC rules restrict information that bidders may disclose about their participation in the auction. The FCC also adopted service rules that will impose costs on licensees that acquire the 700 MHz band spectrum, including minimum coverage mandates by specific dates during the license terms, and, for approximately one-third of the spectrum, "open access" requirements, which generally require licensees of that spectrum to allow customers to use devices and applications of their choice, subject to certain limits. The open access requirements are the subject of a pending appeal in which Verizon Wireless has intervened. The timing of future auctions, and the spectrum being sold, may not match Verizon Wireless' needs, and the company may not be able to secure the spectrum in the amounts and/or in the markets it seeks through the current or any future auction.

The FCC is also conducting several proceedings to explore making additional spectrum available for licensed and/or unlicensed use. These proceedings could increase radio interference to Verizon Wireless' operations from other spectrum users and could impact the ways in which it uses spectrum, the capacity of that spectrum to carry traffic, and the value of that spectrum.



State Regulation and Local Approvals

Telephone Operations

State public utility commissions regulate our telephone operations with respect to certain telecommunications intrastate rates and services and other matters. Our competitive local exchange carrier and long distance operations are generally classified as nondominant and lightly regulated the same as other similarly situated carriers. Our incumbent local exchange operations are generally classified as dominant. These latter operations predominantly are subject to alternative forms of regulation (AFORs) in the various states, although they remain subject to rate of return regulation in a few states. Arizona, Illinois, Nevada, New Hampshire, Oregon and Washington are rate of return regulated with various levels of pricing flexibility for competitive services. California, Connecticut, Delaware, the District of Columbia, Florida, Indiana, Maryland, Michigan, Maine, Massachusetts, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Texas, Vermont, Virginia, West Virginia and Wisconsin are under AFORs with various levels of pricing flexibility, detariffing, and service quality standards. None of the AFORs include earnings regulation. In Idaho, Verizon has made the election under a recent statutory amendment into a deregulatory regime that phases out all price regulation.

Video

Companies that provide cable service over a cable system are typically subject to state and/or local cable television rules and regulations. As noted above, cable operators generally must obtain a local cable franchise from each local unit of government prior to providing cable service in that local area. Some states have recently enacted legislation that enables cable operators to apply for, and obtain, a single cable franchise at the state, rather than local, level. To date, Verizon has applied for and received state-issued franchises in California, Indiana, Florida, New Jersey, Texas and the unincorporated areas of Delaware. Virginia law provides us the option of entering a given franchise area using state standards if local franchise negotiations are unsuccessful.

Wireless Services

The rapid growth of the wireless industry has led to an increase in efforts by some state legislatures and state public utility commissions to regulate the industry in ways that may impose additional costs on Verizon Wireless. The Communications Act generally preempts regulation by state and local governments of the entry of, or the rates charged by, wireless carriers. Although a state may petition the FCC to allow it to impose rate regulation, no state has done so. In addition, the Communications Act does not prohibit the states from regulating the other "terms and conditions" of wireless service. While numerous state commissions do not currently have jurisdiction over wireless services, state legislatures may decide to grant them such jurisdiction, and those commissions that already have authority to impose regulations on wireless carriers may adopt new rules.

State efforts to regulate wireless services have included proposals to regulate customer billing, termination of service, trial periods for service, advertising, network outages, the use of handsets while driving, and the provision of emergency or alert services. Over the past several years, only a few states have imposed regulation in one or more of these areas, and in 2006 a federal appellate court struck down one such state statute, but Verizon Wireless expects these efforts to continue. Some states also impose their own universal service support regimes on wireless and other telecommunications carriers, and other states are considering whether to create such regimes.

Verizon Wireless (as well as AT&T (formerly Cingular) and Sprint-Nextel) is a party to an Assurance of Voluntary Compliance ("AVC") with 33 State Attorneys General. The AVC, which generally reflected Verizon Wireless's practices at the time it was entered into in July 2004, obligates the company to disclose certain rates and terms during a sales transaction, to provide maps depicting coverage, and to comply with various requirements regarding advertising, billing, and other practices.

At the state and local level, wireless facilities are subject to zoning and land use regulation. Under the Communications Act, neither state nor local governments may categorically prohibit the construction of wireless facilities in any community or take actions, such as indefinite moratoria, which have the effect of prohibiting service. Nonetheless, securing state and local government approvals for new tower sites has been and is likely to continue to be a difficult, lengthy and expensive process. Finally, state and local governments continue to impose new or higher fees and taxes on wireless carriers.



Cautionary Statement Concerning Forward-Looking Statements

In this Annual Report on Form 10-K we have made forward-looking statements. These statements are based on our estimates and assumptions and are subject to risks and uncertainties. Forward-looking statements include the information concerning our possible or assumed future results of operations. Forward-looking statements also include those preceded or followed by the words "anticipates," "believes," "estimates," "hopes" or similar expressions. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

The following important factors, along with those discussed elsewhere in this Annual Report, could affect future results and could cause those results to differ materially from those expressed in the forward-looking statements:

- materially adverse changes in economic and industry conditions and labor matters, including workforce levels and labor negotiations, and any resulting financial and/or operational impact, in the markets served by us or by companies in which we have substantial investments;
- material changes in available technology, including disruption of our suppliers' provisioning of critical products or services;
- the impact on our operations of natural or man-made disasters and any resulting financial impact not covered by insurance;
- technology substitution;
- an adverse change in the ratings afforded our debt securities by nationally accredited ratings organizations;
- the final results of federal and state regulatory proceedings concerning our provision of retail and wholesale services and judicial review of those results;
- the effects of competition in our markets;
- the timing, scope and financial impact of our deployment of fiber-to-the-premises broadband technology;
- the ability of Verizon Wireless to continue to obtain sufficient spectrum resources;
- changes in our accounting assumptions that regulatory agencies, including the SEC, may require or that result from changes in the accounting rules or their application, which could result in an impact on earnings;
- the ability to complete acquisitions and dispositions; and
- the extent and timing of our ability to obtain revenue enhancements and cost savings following our business combination with MCI, Inc.



Report of Management on Internal Control Over Financial Reporting

We, the management of Verizon Communications Inc., are responsible for establishing and maintaining adequate internal control over financial reporting of the company. Management has evaluated internal control over financial reporting of the company using the criteria for effective internal control established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Management has assessed the effectiveness of the company's internal control over financial reporting as of December 31, 2007. Based on this assessment, we believe that the internal control over financial reporting of the company is effective as of December 31, 2007. In connection with this assessment, there were no material weaknesses in the company's internal control over financial reporting identified by management.

The company's financial statements included in this annual report have been audited by Ernst & Young LLP, independent registered public accounting firm. Ernst & Young LLP has also provided an attestation report on the company's internal control over financial reporting.

/s/ Ivan G. Seidenberg

Ivan G. Seidenberg
Chairman and Chief Executive Officer

/s/ Doreen A. Toben

Doreen A. Toben
Executive Vice President and Chief Financial Officer

/s/ Thomas A. Bartlett

Thomas A. Bartlett
Senior Vice President and Controller



Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting

To The Board of Directors and Shareowners of Verizon Communications Inc.:

We have audited Verizon Communications Inc. and subsidiaries' (Verizon) internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Verizon's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Report of Management on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

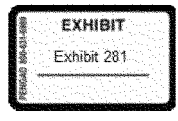
In our opinion, Verizon maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Verizon as of December 31, 2007 and 2006, and the related consolidated statements of income, cash flows and changes in shareowners' investment for each of the three years in the period ended December 31, 2007 of Verizon and our report dated February 22, 2008 expressed an unqualified opinion thereon.

Ernst & Young LLP

Ernst & Young LLP
New York, New York

February 22, 2008



To The Board of Directors and Shareowners of Verizon Communications Inc.:

We have audited the accompanying consolidated balance sheets of Verizon Communications Inc. and subsidiaries (Verizon) as of December 31, 2007 and 2006, and the related consolidated statements of income, cash flows and changes in shareowners' investment for each of the three years in the period ended December 31, 2007. These financial statements are the responsibility of Verizon's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Verizon at December 31, 2007 and 2006, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2007, in conformity with U.S. generally accepted accounting principles.

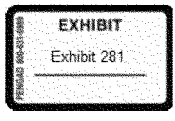
As discussed in Note 1 to the financial statements, Verizon changed its methods of accounting for uncertainty in income taxes and leveraged lease transactions effective January 1, 2007, stock-based compensation effective January 1, 2006 and pension and other post-retirement obligations effective December 31, 2006.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Verizon's internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 22, 2008 expressed an unqualified opinion thereon.

Ernst & Young LLP

Ernst & Young LLP
New York, New York

February 22, 2008



Consolidated Statements of Income Verizon Communications Inc. and Subsidiaries

Years Ended December 31,	2007	2006	2005
	(dollars in millions, except per share amounts)		
Operating Revenues	$ 93,469	$ 88,182	$ 69,518
Operating Expenses			
Cost of services and sales (exclusive of items shown below)	37,547	35,309	24,409
Selling, general & administrative expense	25,967	24,955	19,443
Depreciation and amortization expense	14,377	14,545	13,615
Sales of businesses, net	–	–	(530)
Total Operating Expenses	77,891	74,809	56,937
Operating Income	15,578	13,373	12,581
Equity in earnings of unconsolidated businesses	585	773	686
Other income and (expense), net	211	395	311
Interest expense	(1,829)	(2,349)	(2,129)
Minority interest	(5,053)	(4,038)	(3,001)
Income Before Provision for Income Taxes, Discontinued Operations, Extraordinary Item and Cumulative Effect of Accounting Change	9,492	8,154	8,448
Provision for income taxes	(3,982)	(2,674)	(2,421)
Income Before Discontinued Operations, Extraordinary Item and Cumulative Effect of Accounting Change	5,510	5,480	6,027
Income from discontinued operations, net of tax	142	759	1,370
Extraordinary item, net of tax	(131)	–	–
Cumulative effect of accounting change, net of tax	–	(42)	–
Net Income	$ 5,521	$ 6,197	$ 7,397
Basic Earnings Per Common Share (1)			
Income before discontinued operations, extraordinary item and cumulative effect of accounting change	$ 1.90	$ 1.88	$ 2.18
Income from discontinued operations, net of tax	.05	.26	.50
Extraordinary item, net of tax	(.05)	–	–
Cumulative effect of accounting change, net of tax	–	(.01)	–
Net Income	$ 1.91	$ 2.13	$ 2.67
Weighted-average shares outstanding (in millions)	2,898	2,912	2,766
Diluted Earnings Per Common Share (1)			
Income before discontinued operations, extraordinary item and cumulative effect of accounting change	$ 1.90	$ 1.88	$ 2.16
Income from discontinued operations, net of tax	.05	.26	.49
Extraordinary item, net of tax	(.05)	–	–
Cumulative effect of accounting change, net of tax	–	(.01)	–
Net Income	$ 1.90	$ 2.12	$ 2.65
Weighted-average shares outstanding (in millions)	2,902	2,938	2,817

(1) Total per share amounts may not add due to rounding.

See Notes to Consolidated Financial Statements.

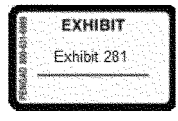


EXHIBIT
Exhibit 281

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Consolidated Balance Sheet

At December 31,	(dollars in millions, except per share amounts) 2007	2006
Assets		
Current assets		
Cash and cash equivalents	$ 1,153	$ 3,219
Short-term investments	2,244	2,434
Accounts receivable, net of allowances of $1,025 and $1,139	11,736	10,891
Inventories	1,729	1,514
Assets held for sale	–	2,592
Prepaid expenses and other	1,836	1,888
Total current assets	18,698	22,538
Plant, property and equipment	213,994	204,109
Less accumulated depreciation	128,700	121,753
	85,294	82,356
Investments in unconsolidated businesses	3,372	4,868
Wireless licenses	50,796	50,959
Goodwill	5,245	5,655
Other intangible assets, net	4,988	5,140
Other assets	18,566	17,288
Total assets	$ 186,959	$ 188,804
Liabilities and Shareowners' Investment		
Current liabilities		
Debt maturing within one year	$ 2,954	$ 7,715
Accounts payable and accrued liabilities	14,462	14,320
Liabilities related to assets held for sale	–	2,154
Other	7,325	8,091
Total current liabilities	24,741	32,280
Long-term debt	28,203	28,646
Employee benefit obligations	29,960	30,779
Deferred income taxes	14,784	16,270
Other liabilities	6,402	3,957
Minority interest	32,288	28,337
Shareowners' investment		
Series preferred stock ($.10 par value; none issued)	–	–
Common stock ($.10 par value; 2,967,610,119 shares and 2,967,652,438 shares issued)	297	297
Contributed capital	40,316	40,124
Reinvested earnings	17,884	17,324
Accumulated other comprehensive loss	(4,506)	(7,530)
Common stock in treasury, at cost	(3,489)	(1,871)
Deferred compensation-employee stock ownership plans and other	79	191
Total shareowners' investment	50,581	48,535
Total liabilities and shareowners' investment	$ 186,959	$ 188,804

See Notes to Consolidated Financial Statements.



Consolidated Statement of Cash Flows (Continued)

(dollars in millions)

Years Ended December 31,	2007	2006	2005
Cash Flows from Operating Activities			
Net Income	**$ 5,521**	$ 6,197	$ 7,397
Adjustments to reconcile net income to net cash provided by operating activities-continuing operations:			
Depreciation and amortization expense	**14,377**	14,545	13,615
Sales of businesses, net	**–**	–	(530)
Loss on sale of discontinued operations	**–**	541	–
Employee retirement benefits	**1,720**	1,923	1,695
Deferred income taxes	**408**	(252)	(1,093)
Provision for uncollectible accounts	**1,047**	1,034	1,076
Equity in earnings of unconsolidated businesses, net of dividends received	**1,986**	(731)	1,649
Extraordinary item, net of tax	**131**	–	–
Cumulative effect of accounting change, net of tax	**–**	42	–
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses:			
Accounts receivable	**(1,931)**	(1,312)	(788)
Inventories	**(255)**	8	(236)
Other assets	**(140)**	52	(176)
Accounts payable and accrued liabilities	**(567)**	(383)	(899)
Other, net	**4,012**	1,366	(1,266)
Net cash provided by operating activities – continuing operations	**26,309**	23,030	20,444
Net cash provided by (used in) operating activities – discontinued operations	**(570)**	1,076	1,581
Net cash provided by operating activities	**25,739**	24,106	22,025
Cash Flows from Investing Activities			
Capital expenditures (including capitalized software)	**(17,538)**	(17,101)	(14,964)
Acquisitions, net of cash acquired, and investments	**(763)**	(1,422)	(4,684)
Proceeds from disposition of businesses	**–**	–	1,326
Net change in short-term and other current investments	**169**	290	(346)
Other, net	**1,267**	811	532
Net cash used in investing activities – continuing operations	**(16,865)**	(17,422)	(18,136)
Net cash provided by (used in) investing activities – discontinued operations	**757**	1,806	(356)
Net cash used in investing activities	**(16,108)**	(15,616)	(18,492)
Cash Flows from Financing Activities			
Proceeds from long-term borrowings	**3,402**	3,983	1,487
Repayments of long-term borrowings and capital lease obligations	**(5,503)**	(11,233)	(3,825)
Increase (decrease) in short-term obligations, excluding current maturities	**(3,252)**	7,944	2,098
Dividends paid	**(4,773)**	(4,719)	(4,427)
Proceeds from sale of common stock	**1,274**	174	37
Purchase of common stock for treasury	**(2,843)**	(1,700)	(271)
Other, net	**(2)**	(201)	(57)
Net cash used in financing activities – continuing operations	**(11,697)**	(5,752)	(4,958)
Net cash used in financing activities – discontinued operations	**–**	(279)	(76)
Net cash used in financing activities	**(11,697)**	(6,031)	(5,034)
Increase (decrease) in cash and cash equivalents	**(2,066)**	2,459	(1,501)
Cash and cash equivalents, beginning of year	**3,219**	760	2,261
Cash and cash equivalents, end of year	**$ 1,153**	$ 3,219	$ 760

See Notes to Consolidated Financial Statements.



Consolidated Statements of Changes in Shareowners' Investment and Comprehensive Income

(dollars in millions, except per share amounts, and shares in thousands)

Years Ended December 31,	2007		2006		2005	
	Shares	Amount	Shares	Amount	Shares	Amount
Common Stock						
Balance at beginning of year	**2,967,652**	**$ 297**	2,774,865	$ 277	2,774,865	$ 277
Shares issued MCI/Price acquisitions	**(42)**	**–**	192,787	20	–	–
Balance at end of year	**2,967,610**	**297**	2,967,652	297	2,774,865	277
Contributed Capital						
Balance at beginning of year		**40,124**		25,369		25,404
Shares issued-employee and shareowner plans		**58**		(1)		(24)
Shares issued-MCI/Price acquisitions		**–**		6,010		–
Domestic print and Internet yellow pages directories business spin-off		**–**		8,695		–
Other		**134**		51		(11)
Balance at end of year		**40,316**		40,124		25,369
Reinvested Earnings						
Balance at beginning of year		**17,324**		15,905		12,984
Adoption of tax accounting standards (See Note 1)		**(134)**		–		–
Adjusted balance at beginning of year		**17,190**		15,905		12,984
Net income		**5,521**		6,197		7,397
Dividends declared ($1.67, $1.62 and $1.62 per share)		**(4,830)**		(4,781)		(4,479)
Other		**3**		3		3
Balance at end of year		**17,884**		17,324		15,905
Accumulated Other Comprehensive Loss						
Balance at beginning of year		**(7,530)**		(1,783)		(1,053)
Foreign currency translation adjustments		**838**		1,196		(755)
Unrealized gains on net investment hedges		**–**		–		2
Unrealized gains (losses) on marketable securities		**(4)**		54		(21)
Unrealized gains on cash flow hedges		**1**		14		10
Defined benefit pension and postretirement plans		**1,948**		–		–
Minimum pension liability adjustment		**–**		526		51
Other		**241**		(128)		(17)
Other comprehensive income (loss)		**3,024**		1,662		(730)
Adoption of pension and postretirement benefit accounting standard (See Note 15)		**–**		(7,409)		–
Balance at end of year		**(4,506)**		(7,530)		(1,783)
Treasury Stock						
Balance at beginning of year	**(56,147)**	**(1,871)**	(11,456)	(353)	(5,213)	(142)
Shares purchased	**(68,063)**	**(2,843)**	(50,066)	(1,700)	(7,859)	(271)
Shares distributed						
Employee plans	**33,411**	**1,224**	5,355	181	1,594	59
Shareowner plans	**13**	**1**	20	1	22	1
Balance at end of year	**(90,786)**		147)	(1,871)	(11,456)	(353)
Deferred Compensation–ESOPs						

EXHIBIT
Exhibit 281

and Other			
Balance at beginning of year	**191**	265	90
Amortization	**(112)**	(74)	174
Other	**–**	–	1
Balance at end of year	**79**	191	265
Total Shareowners' Investment	**$ 50,581**	$ 48,535	$ 39,680
Comprehensive Income			
Net income	**$ 5,521**	$ 6,197	$ 7,397
Other comprehensive income (loss) per above	**3,024**	1,662	(730)
Total Comprehensive Income	**$ 8,545**	$ 7,859	$ 6,667

See Notes to Consolidated Financial Statements.



Note 1

Description of Business and Summary of Significant Accounting Policies

Description of Business

Verizon Communications Inc. (Verizon or the Company) is one of the world's leading providers of communications services. We have two reportable segments, Wireline and Domestic Wireless, which we operate and manage as strategic business units and organize by products and services. For further information concerning our business segments, see Note 17. Our Wireline segment provides communications services, including voice, broadband video and data, network access, nationwide long-distance and other communications products and services, and also owns and operates one of the most expansive end-to-end global Internet Protocol (IP) networks. We continue to deploy advanced broadband network technology, with our fiber-to-the-premises network (FiOS) creating a platform with sufficient bandwidth and capabilities to meet customers' current and future needs. FiOS allows us to offer our customers a wide array of broadband services, including advanced data and video offerings. Our IP network includes over 485,000 route miles of fiber optic cable and provides access to over 150 countries across six continents, enabling us to provide next-generation IP network products and Information Technology (IT) services to medium and large businesses and government customers worldwide.

Verizon's Domestic Wireless segment, operating as Verizon Wireless, provides wireless voice and data products and other value-added services and equipment across the United States using one of the most extensive and reliable wireless networks. Verizon Wireless continues to expand our wireless data, messaging and multi-media offerings at broadband speeds for both consumer and business customers.

Consolidation

The method of accounting applied to investments, whether consolidated, equity or cost, involves an evaluation of all significant terms of the investments that explicitly grant or suggest evidence of control or influence over the operations of the investee. The consolidated financial statements include our controlled subsidiaries. Investments in businesses which we do not control, but have the ability to exercise significant influence over operating and financial policies, are accounted for using the equity method. Investments in which we do not have the ability to exercise significant influence over operating and financial policies are accounted for under the cost method. Equity and cost method investments are included in Investments in Unconsolidated Businesses in our consolidated balance sheets. Certain of our cost method investments are classified as available-for-sale securities and adjusted to fair value pursuant to the Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards (SFAS) No. 115, *Accounting for Certain Investments in Debt and Equity Securities* (SFAS No. 115).

All significant intercompany accounts and transactions have been eliminated.

We have reclassified prior year amounts to conform to the current year presentation.

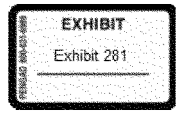
Discontinued Operations, Assets Held for Sale, and Sales of Businesses and Investments

We classify as discontinued operations for all periods presented any component of our business that we hold for sale or disposal that has operations and cash flows that are clearly distinguishable operationally and for financial reporting purposes from the rest of Verizon. For those components, Verizon has no significant continuing involvement after disposal and their operations and cash flows are eliminated from Verizon's ongoing operations. Sales of significant components of our business not classified as discontinued operations are reported as either Sales of Businesses, Net, Equity in Earnings of Unconsolidated Businesses or Other Income and (Expense), Net in our consolidated statements of income.

Use of Estimates

We prepare our financial statements using U.S. generally accepted accounting principles (GAAP), which require management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.

Examples of significant estimates include unrealized tax benefits, the allowance for doubtful accounts, the recoverability of plant, property and equipment, the recoverability of intangible assets and other long-lived assets, valuation allowances on tax assets and pension and postretirement benefit assumptions.



Revenue Recognition

Wireline

Our Wireline segment earns revenue based upon usage of our network and facilities and contract fees. In general, fixed monthly fees for voice, video, data and certain other services are billed one month in advance and recognized the following month when earned. Revenue from services that are not fixed in amount and are based on usage are recognized when such services are provided.

We recognize equipment revenue for services, in which we bundle the equipment with maintenance and monitoring services, when the equipment is installed in accordance with contractual specifications and ready for the customer's use. The maintenance and monitoring services are recognized monthly over the term of the contract as we provide the services. Long-term contracts are accounted for using the percentage of completion method. We use the completed contract method if we cannot estimate the costs with a reasonable degree of reliability.

Customer activation fees, along with the related costs up to but not exceeding the activation fees, are deferred and amortized over the customer relationship period.

Domestic Wireless

Our Domestic Wireless segment earns revenue by providing access to and usage of our network, which includes roaming revenue. In general, access revenue is billed one month in advance and recognized when earned. Access revenue, usage revenue and roaming revenue are recognized when service is rendered. Equipment sales revenue associated with the sale of wireless handsets and accessories is recognized when the products are delivered to and accepted by the customer, as this is considered to be a separate earnings process from the sale of wireless services. Customer activation fees are considered additional consideration when handsets are sold to customers at a discount and are recorded as equipment sales revenue at the time of customer acceptance.

Maintenance and Repairs

We charge the cost of maintenance and repairs, including the cost of replacing minor items not constituting substantial betterments, principally to Cost of Services and Sales as these costs are incurred.

Advertising Costs

Advertising costs for advertising products and services as well as other promotional and sponsorship costs are charged to Selling, General & Administrative expense in the periods in which they are incurred.

Earnings Per Common Share

Basic earnings per common share are based on the weighted-average number of shares outstanding during the period. Diluted earnings per common share include the dilutive effect of shares issuable under our stock-based compensation plans, an exchangeable equity interest and zero-coupon convertible notes (see Note 13). As of December 31, 2006, the exchangeable equity interest and zero-coupon convertible notes were no longer outstanding.

Cash and Cash Equivalents

We consider all highly liquid investments with a maturity of 90 days or less when purchased to be cash equivalents, except cash equivalents held as short-term investments. Cash equivalents are stated at cost, which approximates market value.

Short-Term Investments

Our short-term investments consist primarily of cash equivalents held in trust to pay for certain employee benefits. Short-term investments are stated at cost, which approximates market value.

Marketable Securities

Marketable securities are included in the accompanying consolidated balance sheets in Investments in Unconsolidated Businesses or Other Assets. We continually evaluate our investments in marketable securities for impairment due to declines in market value considered to be other than temporary. That evaluation includes, in addition to persistent, declining stock prices, general economic and company-specific evaluations. In the event of a determination that a decline in market value is other than temporary, a charge to earnings is recorded for the loss, and a new cost basis in the investment is established.



Inventories

Inventory consists primarily of wireless equipment held for sale, which is carried at the lower of cost (determined principally on either an average cost or first-in, first-out basis) or market. We also include in inventory new and reusable supplies and network equipment of our local telephone operations, which are stated principally at average original cost, except that specific costs are used in the case of large individual items.

Plant and Depreciation

We record plant, property and equipment at cost. Our local telephone operations' depreciation expense is principally based on the composite group remaining life method and straight-line composite rates. This method provides for the recognition of the cost of the remaining net investment in local telephone plant, less anticipated net salvage value, over the remaining asset lives. This method requires the periodic revision of depreciation rates.

Plant, property and equipment of other wireline and wireless operations are generally depreciated on a straight-line basis.

The asset lives used by our operations are presented in the following table:

Average Useful Lives (in years)	
Buildings	8 - 45
Central office equipment	3 - 11
Other network equipment	3 - 15
Outside communications plant	
Copper cable	13 - 18
Fiber cable (including undersea cable)	11 - 25
Microwave towers	30
Poles and conduit	30 - 50
Furniture, vehicles and other	1 - 20

When we replace, retire or otherwise dispose of depreciable plant used in our local telephone network, we deduct the carrying amount of such plant from the respective accounts and charge it to accumulated depreciation. When the depreciable assets of our other Wireline and Domestic Wireless operations are retired or otherwise disposed of, the related cost and accumulated depreciation are deducted from the plant accounts, and any gains or losses on disposition are recognized in income.

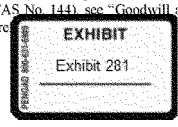
We capitalize network software purchased or developed along with related plant assets. We also capitalize interest associated with the acquisition or construction of network-related assets. Capitalized interest is reported as part of the cost of the network-related assets and as a reduction in interest expense.

In connection with our ongoing review of the estimated remaining useful lives of plant, property and equipment and associated depreciation rates, we determined that, effective January 1, 2005, the remaining useful lives of copper cable and certain components of central office equipment at our Wireline segment would be shortened by 1 to 2 years. These changes in asset lives were based on Verizon's plans, and progress to date on those plans, to deploy fiber optic cable to homes, replacing copper cable.

Effective January 1, 2007, the remaining useful lives of certain of the circuit equipment was lengthened from 8 years to 9 years based on subsequent modifications to our fiber optic cable deployment plan. The remaining useful lives of buildings was also increased from 42 years to 45 years. The reduction in depreciation resulting from these adjustments in 2007 was partially offset by increased depreciation resulting from the shortening of the lives of various types of wireless plant, property and equipment. While the timing and extent of current deployment plans are subject to modification, we believe that current estimates of reductions in impacted asset lives is reasonable and subject to ongoing analysis as deployment of fiber optic lines continues.

Computer Software Costs

We capitalize the cost of internal-use network and non-network software which has a useful life in excess of one year in accordance with Statement of Position (SOP) No. 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." Subsequent additions, modifications or upgrades to internal-use network and non-network software are capitalized only to the extent that they allow the software to perform a task it previously did not perform. Software maintenance and training costs are expensed in the period in which they are incurred. Also, we capitalize interest associated with the development of non-network internal-use software. Capitalized non-network internal-use software costs are amortized using the straight-line method over a period of 2 to 7 years and are included in Other Intangible Assets, Net in our consolidated balance sheets. For a discussion of our impairment policy for capitalized software costs under SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* (SFAS No. 144), see "Goodwill and Other Intangible Assets" below. Also, see Note 9 for additional detail of internal-use non-network software re lance sheets.



Goodwill and Other Intangible Assets

Goodwill

Goodwill is the excess of the acquisition cost of businesses over the fair value of the identifiable net assets acquired. Impairment testing for goodwill is performed annually or more frequently if indications of impairment exist under the provisions of SFAS No. 142, *Goodwill and Other Intangible Assets* (SFAS No. 142). The impairment test for goodwill uses a two-step approach, which is performed at the reporting unit level. We have determined that in our case, the reporting units are our operating segments since that is the lowest level at which discrete, reliable financial and cash flow information is available. Step one compares the fair value of the reporting unit (calculated using a market approach and a discounted cash flow method) to its carrying value. If the carrying value exceeds the fair value, there is a potential impairment and step two must be performed. Step two compares the carrying value of the reporting unit's goodwill to its implied fair value (i.e., fair value of reporting unit less the fair value of the unit's assets and liabilities, including identifiable intangible assets). If the carrying value of goodwill exceeds its implied fair value, the excess is required to be recorded as an impairment.

Intangible Assets Not Subject to Amortization

A significant portion of our intangible assets are Domestic Wireless licenses that provide our wireless operations with the exclusive right to utilize designated radio frequency spectrum to provide cellular communication services. While licenses are issued for only a fixed time, generally ten years, such licenses are subject to renewal by the Federal Communications Commission (FCC). Renewals of licenses have occurred routinely and at nominal cost. Moreover, we have determined that there are currently no legal, regulatory, contractual, competitive, economic or other factors that limit the useful life of our wireless licenses. As a result, we treat the wireless licenses as an indefinite-lived intangible asset under the provisions of SFAS No. 142 . We reevaluate the useful life determination for wireless licenses each reporting period to determine whether events and circumstances continue to support an indefinite useful life.

We test our Domestic Wireless licenses for impairment annually or more frequently if indications of impairment exist. We use a direct value approach in performing our annual impairment test. The direct value approach determines fair value using estimates of future cash flows associated specifically with the licenses. If the fair value of the aggregated wireless licenses is less than the aggregated carrying amount of the licenses, an impairment is recognized.

Intangible Assets Subject to Amortization

Our intangible assets that do not have indefinite lives (primarily customer lists and non-network internal-use software) are amortized over their useful lives and reviewed for impairment in accordance with SFAS No. 144, whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If any indications were present, we would test for recoverability by comparing the carrying amount of the asset to the net undiscounted cash flows expected to be generated from the asset. If those net undiscounted cash flows do not exceed the carrying amount (i.e., the asset is not recoverable), we would perform the next step which is to determine the fair value of the asset and record an impairment, if any. We reevaluate the useful life determinations for these intangible assets each reporting period to determine whether events and circumstances warrant a revision in their remaining useful lives.

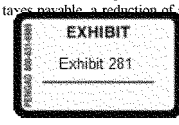
For information related to the carrying amount of goodwill, other intangibles and wireless licenses by segment as well as the major components and average useful lives of our other acquired intangible assets, see Note 9.

Income Taxes

Verizon and its domestic subsidiaries file a consolidated federal income tax return.

Deferred income taxes are provided for temporary differences in the bases between financial statement and income tax assets and liabilities. Deferred income taxes are recalculated annually at rates then in effect. We record valuation allowances to reduce our deferred tax assets to the amount that is more likely than not to be realized.

Effective January 1, 2007, we adopted FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48), which requires the use of a two-step approach for recognizing and measuring tax benefits taken or expected to be taken in a tax return and disclosures regarding uncertainties in income tax positions. The first step is recognition: we determine whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. In evaluating whether a tax position has met the more-likely-than-not recognition threshold, we presume that the position will be examined by the appropriate taxing authority that has full knowledge of all relevant information. The second step is measurement: a tax position that meets the more-likely-than-not recognition threshold is measured to determine the amount of benefit to recognize in the financial statements. The tax position is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. Differences between tax positions taken in a tax return and amounts recognized in the financial statements will generally result in one or more of the following: an increase in a liability for income taxes payable, a reduction of an income tax refund receivable, a reduction in a deferred tax asset, or an increase in a deferred tax liability.



As a result of the implementation of FIN 48, we recorded adjustments to liabilities that resulted in a net $79 million increase in the liability for unrecognized tax benefits with an offsetting reduction to reinvested earnings as of January 1, 2007. The implementation



of FIN 48 also resulted in adjustments to prior acquisitions accounted for under purchase accounting, resulting in a reduction in the liability for tax contingencies in the amount of $635 million and corresponding reductions to goodwill and wireless licenses of $100 million and $535 million, respectively. The implementation impact included a reduction in deferred income taxes of approximately $3 billion, offset with a similar increase in other liabilities as of January 1, 2007.

FASB Staff Position FAS 13-2, *Accounting for a Change or Projected Change in the Timing of Cash Flows Relating to Income Taxes Generated by a Leveraged Lease Transaction* (FSP 13-2), requires that changes in the projected timing of income tax cash flows generated by a leveraged lease transaction be recognized as a gain or loss in the year in which the change occurs. We adopted FSP 13-2 effective January 1, 2007. The cumulative effect of initially adopting FSP 13-2 was a reduction to reinvested earnings of $55 million, after-tax.

Stock-Based Compensation

Effective January 1, 2006, we adopted SFAS No. 123(R), *Share-Based Payment* (SFAS No. 123(R)) utilizing the modified prospective method. SFAS No. 123(R) requires the measurement of stock-based compensation expense based on the fair value of the award on the date of grant. Under the modified prospective method, the provisions of SFAS No. 123(R) apply to all awards granted or modified after the date of adoption. The impact to Verizon resulted from the Domestic Wireless segment, for which we recorded a $42 million cumulative effect of accounting change as of January 1, 2006, net of taxes and after minority interest, to recognize the effect of initially measuring the outstanding liability for Value Appreciation Rights (VARs) granted to Domestic Wireless employees at fair value utilizing a Black-Scholes model.

Foreign Currency Translation

The functional currency for all of our foreign operations is generally the local currency. For these foreign entities, we translate income statement amounts at average exchange rates for the period, and we translate assets and liabilities at end-of-period exchange rates. We record these translation adjustments in Accumulated Other Comprehensive Loss, a separate component of Shareowners' Investment, in our consolidated balance sheets. We report exchange gains and losses on intercompany foreign currency transactions of a long-term nature in Accumulated Other Comprehensive Loss. Other exchange gains and losses are reported in income.

Employee Benefit Plans

Pension and postretirement health care and life insurance benefits earned during the year as well as interest on projected benefit obligations are accrued currently. Prior service costs and credits resulting from changes in plan benefits are amortized over the average remaining service period of the employees expected to receive benefits. Expected return on plan assets is determined by applying the return on assets assumption to the market-related value of assets.

As of July 1, 2006, Verizon management employees no longer earn pension benefits or earn service towards the company retiree medical subsidy (see Note 15).

In September 2006, the FASB issued SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans—an amendment of FASB Statements No. 87, 88, 106, and 132(R)* (SFAS No. 158). Effective December 31, 2006, SFAS No. 158 requires the recognition of a defined benefit postretirement plan's funded status as either an asset or liability on the balance sheet. SFAS No. 158 also requires the immediate recognition of the unrecognized actuarial gains and losses and prior service costs and credits that arise during the period as a component of other accumulated comprehensive income, net of applicable income taxes. Additionally, the fair value of plan assets must be determined as of the Company's year-end. We adopted SFAS No. 158 effective December 31, 2006, which resulted in a net decrease to shareowners' investment of $7,409 million. This included a net increase in pension obligations of $2,007 million, an increase in Other Postretirement Benefits Obligations of $10,828 million and an increase in Other Employee Benefit Obligations of $31 million, offset by an increase in deferred taxes of $5,457 million.

Derivative Instruments

We have entered into derivative transactions to manage our exposure to fluctuations in foreign currency exchange rates, interest rates and commodity prices. We employ risk management strategies using a variety of derivatives including foreign currency forwards and collars, equity options, interest rate and commodity swap agreements and interest rate locks. We do not hold derivatives for trading purposes.

In accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* (SFAS No. 133) and related amendments and interpretations, we measure all derivatives, including derivatives embedded in other financial instruments, at fair value and recognize them as either assets or liabilities on our consolidated balance sheets. Changes in the fair values of derivative instruments not qualifying as hedges or any ineffective portion of hedges are recognized in earnings in the current period. Changes in the fair values of derivative instruments used effectively as fair value hedges are recognized in earnings, along with changes in the fair value of the hedged item. Changes in the fair value of the effective portions of cash flow hedges are reported in other comprehensive income (loss) and recognized in earnings when the hedged item is recognized in earnings.



Recent Accounting Pronouncements

In December 2007, the FASB issued SFAS No. 141(R), *Business Combinations (Revised)*, (SFAS No. 141(R)), to replace SFAS No. 141, *Business Combinations* . SFAS No. 141(R) requires the use of the acquisition method of accounting, defines the acquirer, establishes the acquisition date and broadens the scope to all transactions and other events in which one entity obtains control over one or more other businesses. This statement is effective for business combinations or transactions entered into for fiscal years beginning on or after December 15, 2008. We are still evaluating the impact of SFAS No. 141(R), however, the adoption of this statement is not expected to have a material impact on our financial position or results of operations.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51* , (SFAS No. 160). SFAS No. 160 establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the retained interest and gain or loss when a subsidiary is deconsolidated. This statement is effective for financial statements issued for fiscal years beginning on or after December 15, 2008. Upon the initial adoption of this statement we will change the classification and presentation of Noncontrolling Interest in our financial statements, which we currently refer to as minority interest. We are still evaluating the impact SFAS No. 160 will have, but we do not expect a material impact on our financial position or results of operations.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities—Including an Amendment of SFAS 115* (SFAS No. 159), which permits but does not require us to measure financial instruments and certain other items at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2007. As we will not elect to fair value any of our financial instruments under the provisions of SFAS No.159, the adoption of this statement effective January 1, 2008 will not have any impact on our financial statements.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* (SFAS No. 157). SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and establishes a hierarchy that categorizes and prioritizes the sources to be used to estimate fair value. SFAS No. 157 also expands financial statement disclosures about fair value measurements. On February 12, 2008, the FASB issued FASB Staff Position (FSP) 157-2 which delays the effective date of SFAS No. 157 for one year, for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). SFAS No. 157 and FSP 157-2 are effective for financial statements issued for fiscal years beginning after November 15, 2007. We will elect a partial deferral of SFAS No. 157 under the provisions of FSP 157-2 related to the measurement of fair value used when evaluating goodwill, other intangible assets, wireless licenses and other long-lived assets for impairment and valuing asset retirement obligations and liabilities for exit or disposal activities. The impact of partially adopting SFAS No. 157 effective January 1, 2008 will not be material to our financial statements.

In June 2006, the Emerging Issues Task Force (EITF) reached a consensus on EITF No. 06-3, *How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement* (EITF No. 06-3). EITF No. 06-3 permits that such taxes may be presented on either a gross basis or a net basis as long as that presentation is used consistently. The adoption of EITF No. 06-3 on January 1, 2007 did not impact our financial statements. We present the taxes within the scope of EITF No. 06-3 on a net basis.

Note 2

Discontinued Operations, Extraordinary Item and Other Dispositions

Discontinued Operations

Telecomunicaciones de Puerto Rico, Inc.

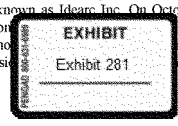
On March 30, 2007, we completed the sale of our 52% interest in Telecomunicaciones de Puerto Rico, Inc. (TELPRI) and received gross proceeds of approximately $980 million. The sale resulted in a pretax gain of $120 million ($70 million after-tax). Verizon contributed $100 million ($65 million after-tax) of the proceeds to the Verizon Foundation.

Verizon Dominicana C. por A.

On December 1, 2006, we closed the sale of Verizon Dominicana C. por A (Verizon Dominicana). The transaction resulted in net pretax cash proceeds of $2,042 million, net of a purchase price adjustment of $373 million. The U.S. taxes that became payable and were recognized at the time the transaction closed exceeded the $30 million pretax gain on the sale resulting in an overall after-tax loss of $541 million.

Verizon Information Services

In October, 2006, we announced our intention to spin-off our domestic print and Internet yellow pages directories publishing operations, which have been organized into a newly formed company known as Idearc Inc. On October 18, 2006, the Verizon Board of Directors declared a dividend consisting of 1 share of the newly formed co Verizon owned. In making its determination to effect the spin-off, Verizon's Board of Directors considered, amo n-off may allow each company to separately focus on its core business, which may facilitate the potential expansi d the newly



formed company, and allow each company to determine its own capital structure. On November 17, 2006, we completed the spin-off of our domestic print and Internet yellow pages directories business. Cash was paid for fractional shares. The distribution of common stock of the newly formed company to our shareowners was considered a tax free transaction for us and for our shareowners, except for the cash payments for fractional shares which were generally taxable.

At the time of the spin-off, the exercise price and number of shares of Verizon common stock underlying options to purchase shares of Verizon common stock, restricted stock units (RSU's) and performance stock units (PSU's) were adjusted pursuant to the terms of the applicable Verizon equity incentive plans, taking into account the change in the value of Verizon common stock as a result of the spin-off.

In connection with the spin-off, Verizon received approximately $2 billion in cash from the proceeds of loans under a term loan facility of the newly formed company and transferred to the newly formed company debt obligations in the aggregate principal amount of approximately $7.1 billion thereby reducing Verizon's outstanding debt at that time. We incurred pretax charges of approximately $117 million ($101 million after-tax), including debt retirement costs, costs associated with accumulated vested benefits of employees of the newly formed company, investment banking fees and other transaction costs related to the spin-off, which are included in discontinued operations.

In accordance with SFAS No. 144 we have classified TELPRI, Verizon Dominicana and our former domestic print and Internet yellow page directories publishing operations as discontinued operations in the consolidated financial statements for all periods presented through the date of the spin-off or divestiture.

The assets and liabilities of TELPRI are disclosed as current assets held for sale and current liabilities related to assets held for sale in the consolidated balance sheet as of December 31, 2006. Additional details related to those assets and liabilities were as follows:

	(dollars in millions)
At December 31,	2006
Current assets	$ 303
Plant, property and equipment, net	1,436
Other non-current assets	853
Total assets	$ 2,592
Current liabilities	$ 181
Long-term debt	575
Other non-current liabilities	1,398
Total liabilities	$ 2,154

Related to the assets and liabilities above was $241 million included as Accumulated Other Comprehensive Loss in the consolidated balance sheet as of December 31, 2006.

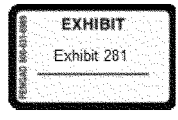
Income from discontinued operations, net of tax, presented in the consolidated statements of income included the following:

			(dollars in millions)
Year Ended December 31,	2007	2006	2005
Operating revenues	$ 306	$ 5,077	$ 5,595
Income before provision for income taxes	$ 185	$ 2,041	$ 2,159
Provision for income taxes	(43)	(1,282)	(789)
Income from discontinued operations, net of tax	$ 142	$ 759	$ 1,370

Extraordinary Item

Compañia Anónima Nacional Teléfonos de Venezuela (CANTV)

In January 2007, the Bolivarian Republic of Venezuela (the Republic) declared its intent to nationalize certain companies, including CANTV. On February 12, 2007, we entered into a Memorandum of Understanding (MOU) with the Republic, which provided that the Republic offer to purchase all of the equity securities of CANTV, including our 28.5% interest, through public tender offers in Venezuela and the United States. Under the terms of the MOU, the prices in the tender offers would be adjusted downward to reflect any dividends declared and paid subsequent to February 12, 2007. During the second quarter of 2007, the tender offers were completed and Verizon received an aggregate amount of approximately $572 million, which included $476 million from the tender offers as well as $96 million of dividends declared and paid subsequent to the MOU. Based upon our investment balance in CANTV, we recorded an extraordinary loss of $131 million, including taxes of $38 million.



Other Dispositions

Telephone Access Lines Spin-off

On January 16, 2007, we announced a definitive agreement with FairPoint Communications, Inc. (FairPoint) that will result in Verizon establishing a separate entity for its local exchange and related business assets in Maine, New Hampshire and Vermont, spinning off that new entity into a newly formed company, known as Northern New England Spinco Inc. (Spinco), to Verizon's shareowners, and immediately merging it with and into FairPoint. These local exchange and business assets are included in Verizon's continuing operations. It is anticipated that as long as all conditions are satisfied and assuming completion of the related financing transactions, both the spin-off of Spinco to Verizon shareowners and the merger of Spinco with FairPoint will occur on March 31, 2008. Verizon's Board of Directors established a record date of March 7, 2008, and a closing date of March 31, 2008, for the proposed spin-off of shares of Spinco to Verizon shareowners.

During 2007, we recorded pretax charges of $84 million ($80 million after-tax) for costs incurred related to certain network and work center re-arrangements, the isolation and extraction of related business information, and other activities to separate the wireline facilities and operations in Maine, New Hampshire and Vermont from Verizon at the closing of the transaction, as well as professional advisory and legal fees in connection with this transaction.

Upon the closing of the transaction, Verizon shareowners will own approximately 60 percent of the new company, and FairPoint shareowners will own approximately 40 percent. Verizon Communications will not receive any shares in FairPoint as a result of the transaction. In connection with the merger, Verizon shareowners will receive one share of FairPoint stock for approximately every 53 shares of Verizon stock held as of the record date. The proposal relating to the merger was approved by the FairPoint shareowners in August 2007. Both the spin-off and merger are expected to qualify as tax-free transactions, except to the extent that cash is paid to Verizon shareowners in lieu of fractional shares.

Based upon the number of shares (as adjusted) and price of FairPoint common stock (NYSE: FRP) on the date of the announcement of the merger, the estimated total value to be received by Verizon and its shareowners in exchange for these operations was approximately $2,715 million. This consisted of (a) approximately $1,015 million of FairPoint common stock that was to be received by Verizon shareowners in the merger, and (b) $1,700 million in value that was to be received by Verizon through a combination of cash distributions to Verizon and debt securities issued to Verizon prior to the spin-off. Verizon currently intends to exchange these newly issued debt securities for certain debt that was previously issued by Verizon, which would have the effect of reducing Verizon's then-outstanding debt. The actual total value to be received by Verizon and its shareowners will be determined in part based on the number of shares (as adjusted) and price of FairPoint common stock on the date of the closing of the merger. This value is now expected to be less than $2,715 million because (a) FairPoint expects to issue approximately 54 million shares of common stock in the merger and the price of FairPoint common stock has declined since the announcement of the merger (the closing price of FairPoint common stock on the last business day prior to the announcement of the merger was $18.54 per share) and (b) in connection with the regulatory approval process, Verizon currently expects to make additional contributions of approximately $320 million to the entity that will merge with FairPoint.

Verizon Hawaii Inc.

During 2005, we sold our wireline and directory businesses in Hawaii, including Verizon Hawaii Inc. which operated approximately 700,000 switched access lines, as well as the services and assets of Verizon Long Distance, Verizon Online, Verizon Information Services and Verizon Select Services Inc. in Hawaii, to an affiliate of The Carlyle Group for $1,326 million in cash proceeds. In connection with this sale, we recorded a net pretax gain of $530 million ($336 million after-tax).

Other Items

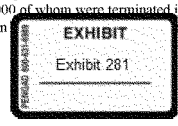
Other Tax Matters

During 2005, we recorded tax benefits of $336 million in connection with the utilization of prior year loss carry forwards. As a result of the capital gain realized in 2005 in connection with the sale of our Hawaii businesses, we recorded a tax benefit of $242 million related to the capital losses incurred in previous years.

Also during 2005, we recorded a net tax provision of $206 million related to the repatriation of foreign earnings under the provisions of the American Jobs Creation Act of 2004, for two of our foreign investments.

Facility and Employee-Related Items

During the fourth quarter of 2007, we recorded a charge of $772 million ($477 million after-tax) primarily in connection with workforce reductions of 9,000 employees and related charges, 4,000 of whom were terminated in the fourth quarter of 2007 with the remaining reductions expected to occur throughout 2008 (see Note 15). In [redacted] actuarial assumptions for severance to align with future expectations.



During 2006, we recorded net pretax severance, pension and benefits charges of $425 million ($258 million after-tax). These charges included net pretax pension settlement losses of $56 million ($26 million after-tax) related to employees that received lump-sum distributions primarily resulting from our separation plans. These charges were recorded in accordance with SFAS No. 88, *Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination* (SFAS No. 88), which requires that settlement losses be recorded once prescribed payment thresholds have been reached. Also included are pretax charges of $369 million ($228 million after-tax) for employee severance and severance-related costs in connection with the involuntary separation of approximately 4,100 employees. In addition, during 2005 we recorded a charge of $59 million ($36 million after-tax) associated with employee severance costs and severance-related activities in connection with a voluntary separation program for surplus union-represented employees.



During 2006, we recorded pretax charges of $184 million ($118 million after-tax) in connection with the continued relocation of employees and business operations to Verizon Center located in Basking Ridge, New Jersey. During 2005, we recorded a net pretax gain of $18 million ($8 million after-tax) in connection with this relocation, including a pretax gain of $120 million ($72 million after-tax) related to the sale of a New York City office building, partially offset by a pretax charge of $102 million ($64 million after-tax) primarily associated with relocation, employee severance and related activities.

During 2005, we reported a net pretax charge of $98 million ($59 million after-tax) related to the restructuring of the Verizon management retirement benefit plans. This pretax charge was recorded in accordance with SFAS No. 88, and SFAS No. 106, *Employers' Accounting for the Postretirement Benefits Other Than Pensions* (SFAS No. 106) and included the unamortized cost of prior pension enhancements of $430 million, offset partially by a pretax curtailment gain of $332 million related to retiree medical benefits. In connection with this restructuring, management employees: no longer earn pension benefits or earn service towards the company retiree medical subsidy after June, 2006; received an 18-month enhancement of the value of their pension and retiree medical subsidy; and receive a higher savings plan matching contribution.

Other Items

In 2006, we recorded pretax charges of $26 million ($16 million after-tax) resulting from the extinguishment of debt assumed in connection with the completion of the MCI merger (see Note 8).

During 2005, we recorded pretax charges of $139 million ($133 million after-tax) including a pretax impairment charge of $125 million pertaining to aircraft leased to airlines involved in bankruptcy proceedings and a pretax charge of $14 million ($8 million after-tax) in connection with the early extinguishment of debt.

Note 4
Marketable Securities and Other Investments

We have investments in marketable securities which are considered "available-for-sale" under SFAS No. 115. These investments have been included in our consolidated balance sheets in Short-Term Investments, Investments in Unconsolidated Businesses and Other Assets.

Under SFAS No. 115, available-for-sale securities are required to be carried at their fair value, with unrealized gains and losses (net of income taxes) that are considered temporary in nature recorded in Accumulated Other Comprehensive Loss. The fair values of our investments in marketable securities are determined based on market quotations. We continually evaluate our investments in marketable securities for impairment due to declines in market value considered to be other than temporary. That evaluation includes, in addition to persistent, declining stock prices, general economic and company-specific evaluations. In the event of a determination that a decline in market value is other than temporary, a charge to earnings is recorded in Other Income and (Expense), Net in the consolidated statements of income for all or a portion of the unrealized loss, and a new cost basis in the investment is established. As of December 31, 2007, no impairments were determined to exist.

The following table shows certain summarized information related to our investments in marketable securities:

(dollars in millions)

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
At December 31, 2007				
Short-term investments	**$ 497**	**$ 21**	**$ –**	**$ 518**
Investments in unconsolidated businesses (Note 6)	**286**	**42**	**–**	**328**
Other assets	**661**	**31**	**–**	**692**
	$ 1,444	**$ 94**	**$ –**	**$ 1,538**
At December 31, 2006				
Short-term investments	$ 616	$ 28	$ –	$ 644
Investments in unconsolidated businesses (Note 6)	259	38	(2)	295
Other assets	594	31	–	625
	$ 1,469	$ 97	$ (2)	$ 1,564

Our short-term investments are primarily bonds and mutual funds.

Certain other investments in securities that we hold are not adjusted to market values because those values are not readily determinable and/or the securities are not marketable. We do, however, adjust the carrying values of these securities in situations where we believe declines in value below cost were other than temporary. The carrying values for investments not adjusted to market value were $15 million at December 31, 2007 and $12 million at December 31, 2006.



Note 5

Plant, Property and Equipment

The following table displays the details of plant, property and equipment, which is stated at cost:

(dollars in millions)

At December 31,	2007	2006
Land	$ 839	$ 959
Buildings and equipment	19,734	19,207
Network equipment	173,654	163,580
Furniture, office and data processing equipment	11,912	12,789
Work in progress	1,988	2,315
Leasehold improvements	3,612	3,061
Other	2,255	2,198
	213,994	204,109
Less accumulated depreciation	128,700	121,753
Total	$ 85,294	$ 82,356

Note 6

Investments in Unconsolidated Businesses

Our investments in unconsolidated businesses are comprised of the following:

(dollars in millions)

At December 31,	Ownership	2007 Investment	Ownership	2006 Investment
Equity Investees				
Vodafone Omnitel	23.1%	$ 2,313	23.1%	$ 3,624
CANTV	–	–	28.5	230
Other	Various	744	Various	744
Total equity investees		3,057		4,598
Cost Investees	Various	315	Various	270
Total investments in unconsolidated businesses		$ 3,372		$ 4,868

Dividends and repatriations of foreign earnings received from these investees amounted to $2,571 million in 2007, $42 million in 2006 and $2,335 million in 2005.

Equity Investees

Vodafone Omnitel

Vodafone Omnitel is the second largest wireless communications company in Italy. At December 31, 2007 and 2006, our investment in Vodafone Omnitel included goodwill of $1,154 million and $1,044 million, respectively.

In December 2007, Verizon received a net distribution from Vodafone Omnitel of approximately $2.1 billion and we anticipate that we may receive an additional distribution from Vodafone Omnitel within the next twelve months. As a result, we recorded $610 million of foreign and domestic taxes and expenses specifically relating to our share of Vodafone Omnitel's distributable earnings. During 2005, we repatriated approximately $2.2 billion of Vodafone Omnitel's earnings through the repurchase of issued and outstanding shares of its equity. Vodafone Omnitel's owners, Verizon and Vodafone Group Plc (Vodafone), participated on a pro rata basis; consequently, Verizon's ownership interest after the share repurchase remained at 23.1%.

CANTV

Verizon sold its interest in CANTV in 2007 (see Note 2).

Other Equity Investees

Verizon has limited partnership investments in entities that invest in affordable housing projects, for which Verizon provides funding as a limited partner and receives tax deductions and tax credits based on its partnership interests. At December 31, 2007 and 2006, Verizon had equity investments in these partnerships of $637 millio ely. Verizon currently adjusts the carrying value of these investments for any losses incurred by the limited partne

The remaining investments include wireless partnerships r domestic and international investments.

EXHIBIT
Exhibit 281
CSOC.CBR.00032644

Cost Investees

Some of our cost investments are carried at their current market value. Other cost investments are carried at their original cost, except in cases where we have determined that a decline in the estimated market value of an investment is other than temporary as described in Note 4. Our cost investments include a variety of domestic and international investments primarily involved in providing communication services.

Note 7

Minority Interest

Minority interests in equity of subsidiaries were as follows:

At December 31,	2007	(dollars in millions) 2006
Minority interests in consolidated subsidiaries:		
Wireless joint venture	$ 31,782	$ 27,854
Cellular partnerships and other	506	483
	$ 32,288	$ 28,337

Wireless Joint Venture

The wireless joint venture was formed in April 2000 in connection with the combination of the U.S. wireless operations and interests of Verizon and Vodafone. The wireless joint venture operates as Verizon Wireless. Verizon owns a controlling 55% interest in Verizon Wireless and Vodafone owns the remaining 45%.

Under the terms of an investment agreement, Vodafone had the right to require Verizon Wireless to purchase up to an aggregate of $20 billion worth of Vodafone's interest in Verizon Wireless at designated times (put windows) at its then fair market value, not to exceed $10 billion in any one put window. The last of these put windows opened on June 10 and closed on August 9 in 2007. Vodafone did not exercise its right during this period and no longer has any right to require the purchase of any of its interest in Verizon Wireless.

Cellular Partnerships and Other

In August 2002, Verizon Wireless and Price Communications Corp. (Price) combined Price's wireless business with a portion of Verizon Wireless. The resulting limited partnership, Verizon Wireless of the East LP (VZ East), is controlled and managed by Verizon Wireless. In exchange for its contributed assets, Price received a limited partnership interest in VZ East which was exchangeable into the common stock of Verizon Wireless if an initial public offering of that stock occurred, or into the common stock of Verizon on the fourth anniversary of the asset contribution date. On August 15, 2006, Verizon delivered 29.5 million shares of newly-issued Verizon common stock to Price valued at $1,007 million in exchange for Price's limited partnership interest in VZ East. As a result of acquiring Price's limited partnership interest, Verizon recorded goodwill of $345 million in the third quarter of 2006 attributable to its Domestic Wireless segment.

Note 8

Merger and Acquisitions

Completion of Merger with MCI

On January 6, 2006, after receiving the required state, federal and international regulatory approvals, Verizon completed the acquisition of 100% of the outstanding common stock of MCI, Inc. (MCI) for a combination of Verizon common shares and cash. MCI was a global communications company that provided Internet, data and voice communication services to businesses and government entities throughout the world and consumers in the United States.

The merger was accounted for using the purchase method in accordance with SFAS No. 141, and the aggregate transaction value was $6,890 million, consisting of $5,829 million of cash and common stock issued at closing, $973 million of consideration for the shares acquired from entities controlled by Carlos Slim Helú, net of the portion of the special dividend paid by MCI that was treated as a return of our investment, and closing and other direct merger-related costs. The number of shares issued was based on the "Average Parent Stock Price," as defined in the merger agreement. The consolidated financial statements include the results of MCI's operations from the date of the close of the merger.

Allocation of the cost of the merger

In accordance with SFAS No. 141, the cost of the merger was allocated to the assets acquired and liabilities assumed based on their fair values as of the close of the merger, with the amounts exceeding the fair value being recorded as goodwill. The process to identify and record the fair value of assets acquired and liabilities assumed included an analysis of the acquired fixed assets, including real and personal property; various contracts, including leases, contractual commitments, an stomer relationships; investments; and contingencies.



The fair values of the assets acquired and liabilities assumed were determined using one or more of three valuation approaches: market, income and cost. The selection of a particular method for a given asset depended on the reliability of available data and the nature of the asset, among other considerations. The market approach, which indicates value for a subject asset based on available market pricing for comparable assets, was utilized for certain acquired real property and investments. The income approach, which indicates value for a subject asset based on the present value of cash flow projected to be generated by the asset, was used for certain intangible assets such as customer relationships, as well as for favorable/unfavorable contracts. Projected cash flow is discounted at a required rate of return that reflects the relative risk of achieving the cash flow and the time value of money. Projected cash flows for each asset considered multiple factors, including current revenue from existing customers; distinct analysis of expected price, volume, and attrition trends; reasonable contract renewal assumptions from the perspective of a marketplace participant; expected profit margins giving consideration to marketplace synergies; and required returns to contributory assets. The cost approach, which estimates value by determining the current cost of replacing an asset with another of equivalent economic utility, was used for the majority of personal property. The cost to replace a given asset reflects the estimated reproduction or replacement cost for the property, less an allowance for loss in value due to depreciation or obsolescence, with specific consideration given to economic obsolescence if indicated.

The following table summarizes the allocation of the cost of the merger to the assets acquired, including cash of $2,361 million, and liabilities assumed as of the close of the merger.

	(dollars in millions)
Assets acquired	
Current assets	$ 6,001
Property, plant & equipment	6,453
Intangible assets subject to amortization	
Customer relationships	1,162
Rights of way and other	176
Deferred income taxes and other assets	1,995
Goodwill	5,085
Total assets acquired	$ 20,872
Liabilities assumed	
Current liabilities	$ 6,093
Long-term debt	6,169
Deferred income taxes and other non-current liabilities	1,720
Total liabilities assumed	13,982
Purchase price	$ 6,890

The goodwill resulting from the merger with MCI is included in our Wireline segment, which includes the operations of the former MCI. The customer relationships are being amortized on a straight-line basis over 3-8 years based on whether the relationship is with a consumer or a business customer since this correlates to the pattern in which the economic benefits are expected to be realized.

We recorded certain severance and severance-related costs and contract termination costs in connection with the merger, pursuant to EITF Issue No. 95-3, *Recognition of Liabilities in Connection with a Purchase Business Combination* . The following table summarizes the activity related to these obligations during 2007:

(dollars in millions)	At December 31, 2006	Payments	At December 31, 2007
Severance costs and contract termination costs	$ 376	$ (340)	$ 36

The remaining contract termination costs at December 31, 2007 are expected to be paid over the remaining contract periods through 2008.

In 2007 and 2006 , we recorded pretax charges of $178 million ($112 million after-tax) and $232 million ($146 million after-tax), respectively, primarily associated with the MCI acquisition that were comprised of advertising and other costs related to re-branding initiatives, facility exit costs and systems integration activities.



Pro Forma Information

The following unaudited pro forma consolidated results of operations assume that the MCI merger was completed as of January 1 for the periods shown below:

	(dollars in millions, except per share amounts)	
Years Ended December 31,	2006	2005
Operating revenues	$ 88,409	$ 85,781
Income before discontinued operations and cumulative effect of accounting change	5,480	6,724
Net income	6,197	8,176
Basic earnings per common share:		
Income before discontinued operations and cumulative effect of accounting change	1.88	2.30
Net income	2.13	2.79
Diluted earnings per common share:		
Income before discontinued operations and cumulative effect of accounting change	1.88	2.28
Net income	2.12	2.76

The unaudited pro forma information presents the combined operating results of Verizon and the former MCI, with the results prior to the acquisition date adjusted to include the pro forma impact of: the elimination of transactions between Verizon and the former MCI; the adjustment of amortization of intangible assets and depreciation of fixed assets based on the purchase price allocation; the elimination of merger expenses incurred by the former MCI; the elimination of the loss on the early redemption of MCI's debt; the adjustment of interest expense reflecting the redemption of all of MCI's debt and the replacement of that debt with $4 billion of new debt issued in February 2006 at Verizon's weighted average borrowing rate; and to reflect the impact of income taxes on the pro forma adjustments utilizing Verizon's statutory tax rate of 40%. The unaudited pro forma results for 2005 include $82 million for discontinued operations that were sold by MCI during the first quarter of 2005. The unaudited pro forma results for 2005 include approximately $300 million of net tax benefits resulting from tax reserve adjustments recognized by the former MCI primarily during the third and fourth quarters of 2005, including audit settlements and other activity.

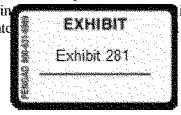
The unaudited pro forma consolidated basic and diluted earnings per share for 2006 and 2005 are based on the consolidated basic and diluted weighted average shares of Verizon and the former MCI. The historical basic and diluted weighted average shares of the former MCI were converted for the actual number of shares issued upon the closing of the merger.

The unaudited pro forma results are presented for illustrative purposes only and do not reflect the realization of potential cost savings, or any related integration costs. Certain cost savings may result from the merger; however, there can be no assurance that these cost savings will be achieved. Cost savings, if achieved, could result from, among other things, the reduction of overhead expenses, including employee levels and the elimination of duplicate facilities and capital expenditures. These pro forma results do not purport to be indicative of the results that would have actually been obtained if the merger occurred as of the beginning of each of the periods presented, nor does the pro forma data intend to be a projection of results that may be obtained in the future.

Rural Cellular Corporation

In late July 2007, Verizon Wireless announced that it had entered into an agreement to acquire Rural Cellular Corporation (Rural Cellular), for $45 per share in cash (or approximately $757 million). As a result of the acquisition, Verizon Wireless will assume Rural Cellular's outstanding debt. The total value of the transaction is approximately $2.7 billion. Rural Cellular has more than 700,000 customers in markets adjacent to Verizon Wireless's existing customer service areas. Rural Cellular's networks are located in the states of Maine, Vermont, New Hampshire, New York, Massachusetts, Alabama, Mississippi, Minnesota, North Dakota, South Dakota, Wisconsin, Kansas, Idaho, Washington, and Oregon. Rural Cellular's shareholders approved the transaction on October 4, 2007. The acquisition, which is subject to regulatory approvals, is expected to close in the first half of 2008.

In a related transaction, on December 3, 2007, Verizon Wireless signed a definitive exchange agreement with AT&T. Under the terms of the agreement, Verizon Wireless will receive cellular operating markets in Madison and Mason, KY, and 10MHz PCS licenses in Las Vegas, NV; Buffalo, NY; Sunbury-Shamokin and Erie, PA; and Youngstown, OH. Verizon Wireless will also receive minority interests held by AT&T in three entities in which Verizon Wireless also holds an interest plus a cash payment. In exchange, Verizon Wireless will transfer to AT&T six cellular operating markets in Burlington, Franklin and the northern portion of Addison, VT; Franklin, NY; and Okanogan and Ferry, WA; and a cellular license for the Kentucky-6 market. The operati is exchanging are among those it is to acquire from Rural Cellular. The exchange with AT&T is subject to regulat to close in the first half of 2008.



Other Acquisitions

In July 2007, Verizon acquired a security-services firm for $435 million, resulting in goodwill of $343 million and other intangible assets of $81 million. This acquisition was made to enhance our managed information security services to large business and government customers worldwide. This acquisition was integrated into the Wireline segment.

On November 29, 2006, we were granted thirteen 20MHz licenses we won in an FCC auction that concluded on September 18, 2006. We paid a total of $2,809 million for the licenses, which cover a population of nearly 200 million.

Note 8
Goodwill and Other Intangible Assets

Goodwill

Changes in the carrying amount of goodwill are as follows:

(dollars in millions)

	Wireline	Domestic Wireless	Total
Balance at December 31, 2005	$ 315	$ –	$ 315
Acquisitions	5,085	345	5,430
Reclassifications and adjustments	(90)	–	(90)
Balance at December 31, 2006	$ 5,310	$ 345	$ 5,655
Acquisitions	**343**	–	**343**
Reclassifications and adjustments	**(753)**	–	**(753)**
Balance at December 31, 2007	**$ 4,900**	**$ 345**	**$ 5,245**

Reclassifications and adjustments to goodwill include the impact of adopting FIN 48 (see Note 1) of $100 million as of January 1, 2007, as well as to reflect revised estimated tax bases of acquired assets and liabilities during 2007 and 2006.

Other Intangible Assets

The following table displays the details of other intangible assets:

(dollars in millions)

	At December 31, 2007		At December 31, 2006	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Finite-lived intangible assets:				
Customer lists (3 to 10 years)	**$ 1,307**	**$ 459**	$ 1,278	$ 270
Non-network internal-use software (2 to 7 years)	**8,116**	**4,147**	7,777	3,826
Other (1 to 25 years)	**215**	**44**	204	23
Total	**$ 9,638**	**$ 4,650**	$ 9,259	$ 4,119
Indefinite-lived intangible assets:				
Wireless licenses	**$ 50,796**		$ 50,959	

Reclassifications and adjustments to wireless licenses include the impact of adopting FIN 48 (see Note 1) of $535 million as of January 1, 2007, partially offset by acquisitions during 2007.

Amortization expense was $1,341 million, $1,423 million, and $1,444 million for the years ended December 31, 2007, 2006 and 2005, respectively and is estimated to be $1,324 million in 2008, $1,116 million in 2009, $884 million in 2010, $696 million in 2011 and $472 million in 2012. Customer lists and relationships of $3,313 million at Domestic Wireless became fully amortized during 2006.



Note 9

Leasing Arrangements

As Lessor

We are the lessor in leveraged and direct financing lease agreements for commercial aircraft and power generating facilities, which comprise the majority of the portfolio along with telecommunications equipment, real estate property, and other equipment. These leases have remaining terms up to 48 years as of December 31, 2007. Minimum lease payments receivable represent unpaid rentals, less principal and interest on third-party nonrecourse debt relating to leveraged lease transactions. Since we have no general liability for this debt, which holds a senior security interest in the leased equipment and rentals, the related principal and interest have been offset against the minimum lease payments receivable in accordance with GAAP. All recourse debt is reflected in our consolidated balance sheets. See Note 3 for information on lease impairment charges.

Finance lease receivables, which are included in Prepaid Expenses and Other and Other Assets in our consolidated balance sheets are comprised of the following:

(dollars in millions)

At December 31,	2007			2006		
	Leveraged Leases	Direct Finance Leases	Total	Leveraged Leases	Direct Finance Leases	Total
Minimum lease payments receivable	$ 2,959	$ 131	$ 3,090	$ 3,311	$ 128	$ 3,439
Estimated residual value	1,434	16	1,450	1,637	18	1,655
Unamortized initial direct costs	–	1	1	–	–	–
Unearned income	(1,483)	(25)	(1,508)	(1,895)	(22)	(1,917)
	$ 2,910	$ 123	3,033	$ 3,053	$ 124	3,177
Allowance for doubtful accounts			(168)			(175)
Finance lease receivables, net			$ 2,865			$ 3,002
Current			$ 36			$ 40
Noncurrent			$ 2,829			$ 2,962

Accumulated deferred taxes arising from leveraged leases, which are included in Deferred Income Taxes, amounted to $2,307 million at December 31, 2007 and $2,674 million at December 31, 2006.

The following table is a summary of the components of income from leveraged leases:

(dollars in millions)

Years Ended December 31,	2007	2006	2005
Pretax lease income	$ 78	$ 96	$ 119
Income tax expense/(benefit)	30	57	(25)
Investment tax credits	4	4	4

The future minimum lease payments to be received from noncancelable leases, net of nonrecourse loan payments related to leveraged and direct financing leases for the periods shown at December 31, 2007, are as follows:

(dollars in millions)

Years	Capital Leases	Operating Leases
2008	$ 127	$ 29
2009	215	23
2010	136	16
2011	110	10
2012	110	9
Thereafter	2,392	16
Total	$ 3,090	$ 103



As Lessee

We lease certain facilities and equipment for use in our operations under both capital and operating leases. Total rent expense from continuing operations under operating leases amounted to $1,712 million in 2007, $1,608 million in 2006 and $1,458 million in 2005.

Amortization of capital leases is included in depreciation and amortization expense in the consolidated statements of income. Capital lease amounts included in plant, property and equipment are as follows:

At December 31,	2007	2006
	(dollars in millions)	
Capital leases	$ 329	$ 359
Accumulated amortization	(153)	(160)
Total	$ 176	$ 199

The aggregate minimum rental commitments under noncancelable leases for the periods shown at December 31, 2007, are as follows:

Years	Capital Leases	Operating Leases
		(dollars in millions)
2008	$ 75	$ 1,489
2009	63	1,276
2010	59	1,016
2011	55	756
2012	38	497
Thereafter	132	1,967
Total minimum rental commitments	422	$ 7,001
Less interest and executory costs	(110)	
Present value of minimum lease payments	312	
Less current installments	(46)	
Long-term obligation at December 31, 2007	$ 266	

As of December 31, 2007, the total minimum sublease rentals to be received in the future under noncancelable operating and capital subleases were $50 million and $22 million, respectively.

Note 11
Debt

Debt Maturing Within One Year

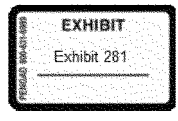
Debt maturing within one year is as follows:

At December 31,	2007	2006
	(dollars in millions)	
Long-term debt maturing within one year	$ 2,564	$ 4,139
Commercial paper	390	3,576
Total debt maturing within one year	$ 2,954	$ 7,715

The weighted average interest rate for our commercial paper at December 31, 2007 and December 31, 2006 was 4.6% and 5.3%, respectively.

Capital expenditures (primarily acquisition and construction of network assets) are partially financed, pending long-term financing, through bank loans and the issuance of commercial paper payable within 12 months.

At December 31, 2007, we had approximately $6.2 billion of unused bank lines of credit (including a $6 billion three-year committed facility that expires in September 2009 and various other facilities totaling approximately $400 million). Certain of these lines of credit contain requirements for the payment of commitment fees.



Long - Term Debt

Outstanding long-term debt obligations are as follows:

			(dollars in millions)	
At December 31,	Interest Rates %	Maturities	2007	2006
Notes payable	4.00 – 8.23	2008 – 2037	$ 14,923	$ 14,805
Telephone subsidiaries – debentures	4.63 – 7.00	2008 – 2033	10,580	11,703
	7.15 – 7.63	2012 – 2032	850	1,275
	7.85 – 8.75	2010 – 2031	1,679	1,679
Other subsidiaries – debentures and other	6.46 – 8.75	2008 – 2028	2,450	2,977
Employee stock ownership plan loans – NYNEX debentures	9.55	2010	70	92
Capital lease obligations (average rate 6.8% and 8.0%)			312	360
Unamortized discount, net of premium			(97)	(106)
Total long-term debt, including current maturities			30,767	32,785
Less: debt maturing within one year			(2,564)	(4,139)
Total long-term debt			$ 28,203	$ 28,646

Notes Payable

In April 2007, Verizon issued $750 million of 5.50% notes due 2017, $750 million of 6.25% notes due 2037, and $500 million of floating rate notes due 2009 resulting in cash proceeds of $1,977 million, net of discounts and issuance costs.

In March 2007, Verizon issued $1,000 million of 13-month floating rate exchangeable notes with an original maturity of 2008. These notes are exchangeable periodically at the option of the note holder into similar notes until 2017.

In February 2007, Verizon utilized a $425 million floating rate vendor financing facility due 2013.

In February 2008, we issued $4,000 million of fixed rate notes, with varying maturities, that resulted in cash proceeds of $3,953 million, net of discounts and issuance costs.

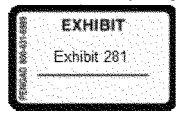
Previously, Verizon issued $1,750 million in principal amount at maturity of floating rate notes due August 15, 2007. On January 8, 2007, we redeemed the remaining $1,580 million principal of the outstanding floating rate notes at a redemption price equal to 100% of the principal amount of the notes being redeemed plus accrued and unpaid interest through the date of redemption. The total payment on the date of redemption was approximately $1,593 million. Approximately $1,600 million of other borrowings were redeemed during 2007.

Telephone and Other Subsidiary Debt

During the fourth quarter of 2007, Verizon redeemed previously guaranteed $480 million 7.0% debentures, Series B, issued by Verizon New England Inc. due 2042 at par plus accrued and unpaid interest to the redemption dates. During the third quarter of 2007, $150 million Verizon Pennsylvania Inc. 7.375% notes matured and were repaid. During the second quarter of 2007, $125 million Verizon New England Inc. 7.65% notes and the $225 million Verizon South Inc. 6.125% notes matured and were repaid. During the first quarter of 2007, $150 million GTE Southwest Inc. 6.23% notes and the $275 million Verizon California Inc. 7.65% notes matured and were repaid. In addition, we redeemed $500 million of GTE Corporation 7.90% debentures due February 1, 2027 and $300 million Verizon South Inc. 7.0% debentures, Series F, due 2041 at par plus accrued and unpaid interest to the redemption dates. During the first quarter we recorded pretax charges of $28 million ($18 million after-tax) in connection with the early extinguishments of debt.

During the second quarter of 2006, we redeemed/prepaid several debt issuances, including: Verizon North Inc. $200 million 7.625% Series C debentures due May 15, 2026; Verizon Northwest Inc. $175 million 7.875% Series B debentures due June 1, 2026; Verizon South Inc. $250 million 7.5% Series D debentures due March 15, 2026; Verizon California Inc. $25 million 9.41% Series W first mortgage bonds due 2014; Verizon California Inc. $30 million 9.44% Series X first mortgage bonds due 2015; Verizon Northwest Inc. $3 million 9.67% Series HH first mortgage bonds due 2010 and Contel of the South Inc. $14 million 8.159% Series GG first mortgage bonds due 2018. The gain/(loss) from these retirements was immaterial.

During the third quarter of 2005, we redeemed Verizon New England Inc. $250 million 6.875% debentures due October 1, 2023 resulting in a pretax charge of $10 million ($6 million after-tax) in connection with the early extinguishment of the debt.



Redemption of Debt Assumed in Merger

On January 17, 2006, Verizon announced offers to purchase two series of MCI senior notes, MCI $1,983 million aggregate principal amount of 6.688% Senior Notes Due 2009 and MCI $1,699 million aggregate principal amount of 7.735% Senior Notes Due 2014, at 101% of their par value. Due to the change in control of MCI that occurred in connection with the merger with Verizon on January 6, 2006, Verizon was required to make this offer to noteholders within 30 days of the closing of the merger. Noteholders tendered $165 million of the 6.688% Senior Notes. Separately, Verizon notified noteholders that MCI was exercising its right to redeem both series of Senior Notes prior to maturity under the optional redemption procedures provided in the indentures. The 6.688% Notes were redeemed on March 1, 2006, and the 7.735% Notes were redeemed on February 16, 2006.

In addition, on January 20, 2006, Verizon announced an offer to repurchase MCI $1,983 million aggregate principal amount of 5.908% Senior Notes Due 2007 at 101% of their par value. On February 21, 2006, $1,804 million of these notes were redeemed by Verizon. Verizon satisfied and discharged the indenture governing this series of notes shortly after the close of the offer for those noteholders who did not accept this offer.

We recorded pretax charges of $26 million ($16 million after-tax) during the first quarter of 2006 resulting from the extinguishment of the debt assumed in connection with the completion of this merger.

Zero-Coupon Convertible Notes

The previously issued $5.4 billion zero-coupon convertible notes due 2021, which resulted in gross proceeds of approximately $3 billion, were redeemable at the option of the holders on May 15th in each of the years 2004, 2006, 2011 and 2016. On May 15, 2004, $3,292 million of principal amount of the notes ($1,984 million after unamortized discount) were redeemed. On May 15, 2006, we redeemed the remaining $1,375 million accreted principal of the remaining outstanding zero-coupon convertible principal. The total payment on the date of redemption was $1,377 million.

Guarantees

Verizon Global Funding had guaranteed the debt obligations of GTE Corporation (but not the debt of its subsidiary or affiliate companies) that were issued and outstanding prior to July 1, 2003. Verizon assumed this guarantee in connection with the 2006 merger of Verizon Global Funding into Verizon. As of December 31, 2007, $2,450 million principal amount of these obligations remained outstanding.

Verizon and NYNEX Corporation are the joint and several co-obligors of the 20-Year 9.55% Debentures due 2010 previously issued by NYNEX on March 26, 1990. As of December 31, 2007, $70 million principal amount of this obligation remained outstanding. NYNEX and GTE no longer issue public debt or file SEC reports.

Debt Covenants

We and our consolidated subsidiaries are in compliance with all of our debt covenants.

Maturities of Long-Term Debt

Maturities of long-term debt outstanding at December 31, 2007 are as follows:

Years	(dollars in million)
2008	$ 2,564
2009	2,966
2010	2,908
2011	2,671
2012	4,291
Thereafter	15,367

Note 13

Financial Instruments

Derivatives

The ongoing effect of SFAS No. 133 and related amendments and interpretations on our consolidated financial statements will be determined each period by several factors, including the specific hedging instruments in place and their relationships to hedged items, as well as market conditions at the end of each period.

Interest Rate Risk Management



We have entered into domestic interest rate swaps to achieve a targeted mix of fixed and variable rate debt, where we principally receive fixed rates and pay variable rates based on LIBOR. These swaps hedge against changes in the fair value of our debt portfolio. We record the interest rate swaps at fair value in our balance sheet as assets and liabilities and adjust debt for the change in its fair value due to changes in interest rates.



We also enter into interest rate derivatives to limit our exposure to interest rate changes. In accordance with the provisions of SFAS No. 133, changes in fair value of these cash flow hedges due to interest rate fluctuations are recognized in Accumulated Other Comprehensive Loss. Amounts recorded to Other Comprehensive Income related to these interest rate cash flow hedges for the years ended December 31, 2007, 2006 and 2005 were not material.

Net Investment Hedges

During 2007, we entered into foreign currency forward contracts to hedge a portion of our net investment in Vodafone Omnitel. Changes in fair value of these contracts due to Euro exchange rate fluctuations are recognized in Accumulated Other Comprehensive Loss and partially offset the impact of foreign currency changes on the value of our net investment. As of December 31, 2007, Accumulated Other Comprehensive Loss includes unrecognized losses of approximately $57 million ($37 million after-tax) related to these hedge contracts, which along with the unrealized foreign currency translation balance on the investment hedged, remain in Accumulated Other Comprehensive Loss until the investment is sold.

During 2005, we entered into zero cost Euro collars to hedge a portion of our net investment in Vodafone Omnitel. During 2005, our positions in the zero cost euro collars were settled. As of December 31, 2007 and 2006, Accumulated Other Comprehensive Loss includes unrecognized gains of $2 million in each year related to these hedge contracts, which along with the unrealized foreign currency translation balance of the investment hedged, remain in Accumulated Other Comprehensive Loss until the investment is sold.

Other Derivatives

On May 17, 2005, we purchased 43.4 million shares of MCI common stock under a stock purchase agreement that contained a provision for the payment of an additional cash amount determined immediately prior to April 9, 2006 based on the market price of Verizon's common stock. Under SFAS No. 133, this additional cash payment was an embedded derivative which we carried at fair value and was subject to changes in the market price of Verizon stock. Since this derivative did not qualify for hedge accounting under SFAS No. 133, changes in its fair value were recorded in the consolidated statements of income in Other Income and (Expense), Net. As of December 31, 2006, this embedded derivative expired with no requirement for an additional cash payment to be made under the stock purchase agreement. During 2006 and 2005, we recorded pretax income of $4 million and $57 million, respectively, in connection with this embedded derivative.

Concentrations of Credit Risk

Financial instruments that subject us to concentrations of credit risk consist primarily of temporary cash investments, short-term and long-term investments, trade receivables, certain notes receivable, including lease receivables, and derivative contracts. Our policy is to deposit our temporary cash investments with major financial institutions. Counterparties to our derivative contracts are also major financial institutions. The financial institutions have all been accorded high ratings by primary rating agencies. We limit the dollar amount of contracts entered into with any one financial institution and monitor our counterparties' credit ratings. We generally do not give or receive collateral on swap agreements due to our credit rating and those of our counterparties. While we may be exposed to credit losses due to the nonperformance of our counterparties, we consider the risk remote and do not expect the settlement of these transactions to have a material effect on our results of operations or financial condition.

Fair Values of Financial Instruments

The tables that follow provide additional information about our significant financial instruments:

Financial Instrument	Valuation Method
Cash and cash equivalents and short-term investments	Carrying amounts
Short- and long-term debt (excluding capital leases)	Market quotes for similar terms and maturities or future cash flows discounted at current rates
Cost investments in unconsolidated businesses, derivative assets and liabilities and notes receivable	Future cash flows discounted at current rates, market quotes for similar instruments or other valuation models

(dollars in millions)

At December 31,	2007		2006	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Short- and long-term debt	$ 30,845	$ 32,380	$ 36,000	$ 37,165
Cost investments in unconsolidated businesses	315	315	270	270
Short- and long-term derivative assets	61	61	31	31
Short- and long-term derivative liabilities	57	57	10	10



Note 8

Earnings Per Share and Shareowners' Investment

Earnings Per Share

The following table is a reconciliation of the numerators and denominators used in computing earnings per common share:

Years Ended December 31,	2007	2006	2005
	(dollars and shares in millions, except per share amounts)		
Income Before Discontinued Operations, Extraordinary Item and Cumulative Effect of Accounting Change	$ 5,510	$ 5,480	$ 6,027
After-tax minority interest expense related to exchangeable equity interest	-	20	32
After-tax interest expense related to zero-coupon convertible notes	-	11	28
Income Before Discontinued Operations, Extraordinary Item and Cumulative Effect of Accounting Change – after assumed conversion of dilutive securities	$ 5,510	$ 5,511	$ 6,087
Weighted-average shares outstanding – basic	2,898	2,912	2,766
Effect of dilutive securities:			
Stock options	4	1	5
Exchangeable equity interest	-	18	29
Zero-coupon convertible notes	-	7	17
Weighted-average shares outstanding – diluted	2,902	2,938	2,817
Earnings Per Common Share from Income Before Discontinued Operations, Extraordinary Item and Cumulative Effect of Accounting Change			
Basic	$ 1.90	$ 1.88	$ 2.18
Diluted	$ 1.90	$ 1.88	$ 2.16

Certain outstanding options to purchase shares were not included in the computation of diluted earnings per common share because they were not dilutive, including approximately 170 million weighted-average shares during 2007, 228 million weighted-average shares during 2006 and 250 million shares during 2005.

The zero-coupon convertible notes were retired on May 15, 2006 and the exchangeable equity interest was converted on August 15, 2006 by issuing 29.5 million Verizon shares (see Notes 7 and 11).

Shareowners' Investment

Our certificate of incorporation provides authority for the issuance of up to 250 million shares of Series Preferred Stock, $.10 par value, in one or more series, with such designations, preferences, rights, qualifications, limitations and restrictions as the Board of Directors may determine.

We are authorized to issue up to 4.25 billion shares of common stock.

On February 7, 2008, the Board of Directors replaced the prior share buy back program with a new program for the repurchase of up to 100 million shares of Verizon common stock through the earlier of February 28, 2011 or when the total number of shares repurchased under the new buy back program aggregates to 100 million.

During 2007, 2006 and 2005, we repurchased approximately 68 million, 50 million and 7.9 million common shares under programs previously authorized by the Board of Directors.



NOTE 9

Stock-Based Compensation

Refer to Note 1 for a discussion of the adoption of SFAS No. 123(R), which was effective January 1, 2006.

Verizon Communications Long Term Incentive Plan

The Verizon Communications Long Term Incentive Plan (the Plan), permits the granting of nonqualified stock options, incentive stock options, restricted stock, restricted stock units, performance shares, performance share units and other awards. The maximum number of shares for awards is 207 million.

Restricted Stock Units

The Plan provides for grants of restricted stock units (RSUs) that generally vest at the end of the third year after the grant. The RSUs are classified as liability awards because the RSUs will be paid in cash upon vesting. The RSU award liability is measured at its fair value at the end of each reporting period and, therefore, will fluctuate based on the performance of Verizon's stock. Dividend equivalent units are also paid to participants at the time the RSU award is paid.

The following table summarizes Verizon's Restricted Stock Unit activity:

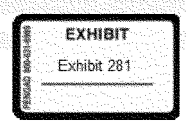
(shares in thousands)	Restricted Stock Units	Weighted-Average Grant-Date Fair Value
Outstanding, January 1, 2005	525	$ 36.75
Granted	6,410	36.06
Cancelled/Forfeited	(66)	36.07
Outstanding, December 31, 2005	6,869	36.12
Granted	9,116	31.88
Cancelled/Forfeited	(392)	35.01
Outstanding, December 31, 2006	15,593	33.67
Granted	**6,779**	**37.59**
Payments	**(602)**	**36.75**
Cancelled/Forfeited	**(197)**	**34.81**
Outstanding, December 31, 2007	**21,573**	**34.80**

Performance Share Units

The Plan also provides for grants of performance share units (PSUs) that generally vest at the end of the third year after the grant. The Human Resources Committee of the Board of Directors determines the number of PSUs a participant earns based on Verizon's Total Shareholder Return (TSR), as defined in the Plan, for a three-year performance cycle relative to the total shareholder returns of: the companies in the industry peer group (60% weight); and the companies in the Standard & Poor's (S&P) 500 index (40% weight). All payments are subject to approval by the Human Resources Committee. The PSUs are classified as liability awards because the PSU awards are paid in cash upon vesting. The PSU award liability is measured at its fair value at the end of each reporting period and, therefore, will fluctuate based on the price of Verizon's stock as well as Verizon's TSR relative to the peer group's TSR and the S&P 500 TSR. Dividend equivalent units are also paid to participants at the time that the PSU award is determined and paid, and in the same proportion as the PSU award.

The following table summarizes Verizon's Performance Share Unit activity:

(shares in thousands)	Performance Share Units	Weighted-Average Grant-Date Fair Value
Outstanding, January 1, 2005	10,079	$ 37.50
Granted	9,300	36.13
Cancelled/Forfeited	(288)	36.91
Outstanding, December 31, 2005	19,091	36.84
Granted	14,166	32.05
Payments	(3,607)	38.54
Cancelled/Forfeited	(1,227)	37.25
Outstanding, December 31, 2006	28,423	34.22
Granted	**10,371**	**37.59**
Payments	**(5,759)**	**36.75**
Cancelled/Forfeited	**(900)**	**36.18**
Outstanding, December 31, 2007	**32,135**	**34.80**



As of December 31, 2007, unrecognized compensation expense related to the unvested portion of Verizon's RSUs and PSUs was approximately $439 million and is expected to be recognized over a weighted-average period of approximately two years.

Verizon Wireless's Long-Term Incentive Plan

The 2000 Verizon Wireless Long-Term Incentive Plan (the Wireless Plan) provides compensation opportunities to eligible employees and other participating affiliates of Verizon Wireless (the Partnership). The Wireless Plan provides rewards that are tied to the long-term performance of the Partnership. Under the Wireless Plan, Value Appreciation Rights (VARs) were granted to eligible employees. The aggregate number of VARs that may be issued under the Wireless Plan is approximately 343 million.

VARs reflect the change in the value of the Partnership, as defined in the Wireless Plan, similar to stock options. Once VARs become vested, employees can exercise their VARs and receive a payment that is equal to the difference between the VAR price on the date of grant and the VAR price on the date of exercise, less applicable taxes. VARs are fully exercisable three years from the date of grant with a maximum term of 10 years. All VARs are granted at a price equal to the estimated fair value of the Partnership, as defined in the Wireless Plan, at the date of the grant.

With the adoption of SFAS No. 123(R), the Partnership began estimating the fair value of VARs granted using a Black-Scholes option valuation model. The following table summarizes the assumptions used in the model during 2007:

	Ranges
Risk-free rate	3.2% - 5.1%
Expected term (in years)	0.9 - 3.4
Expected volatility	18.1% - 23.4%
Expected dividend yield	n/a

The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of the measurement date. The expected term of the VARs granted was estimated using a combination of the simplified method as prescribed in Staff Accounting Bulletin (SAB) No. 107, "Share Based Payments," (SAB No. 107) historical experience, and management judgment. Expected volatility was based on a blend of the historical and implied volatility of publicly traded peer companies for a period equal to the VARs expected life, ending on the measurement date, and calculated on a monthly basis.

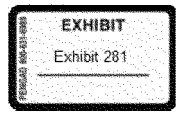
The following table summarizes the Value Appreciation Rights activity:

(shares in thousands)	VARs	Weighted-Average Grant-Date Fair Value
Outstanding rights, January 1, 2005	160,661	$ 15.63
Granted	10	14.85
Exercised	(47,964)	12.27
Cancelled/Forfeited	(3,784)	15.17
Outstanding rights, December 31, 2005	108,923	17.12
Exercised	(7,448)	13.00
Cancelled/Forfeited	(7,008)	23.25
Outstanding rights, December 31, 2006	94,467	16.99
Exercised	**(30,848)**	**15.07**
Cancelled/Forfeited	**(3,207)**	**24.55**
Outstanding rights, December 31, 2007	**60,412**	**17.58**

As of December 31, 2007, all VARs were fully vested.

Stock-Based Compensation Expense

After-tax compensation expense for stock-based compensation related to RSUs, PSUs, and VARs described above included in net income as reported was $750 million, $535 million and $359 million for 2007, 2006 and 2005, respectively.



Stock Options

The Verizon Long Term Incentive Plan provides for grants of stock options to employees at an option price per share of 100% of the fair market value of Verizon Stock on the date of grant. Each grant has a 10 year life, vesting equally over a three year period, starting at the date of the grant. We have not granted new stock options since 2004.

The following table summarizes Verizon's stock option activity:

(shares in thousands)	Stock Options	Weighted Average Exercise Price
Outstanding, January 1, 2005	280,889	$ 46.18
Exercised	(1,133)	28.73
Cancelled/Forfeited	(19,996)	49.62
Outstanding, December 31, 2005	259,760	46.01
Exercised	(3,371)	32.12
Cancelled/Forfeited	(27,025)	43.72
Outstanding, December 31, 2006	229,364	46.48
Exercised	**(33,079)**	**38.50**
Cancelled/Forfeited	**(21,422)**	**48.26**
Options outstanding, December 31, 2007	**174,863**	**47.78**
Options exercisable, December 31,		
2005	244,424	46.64
2006	225,067	46.69
2007	**174,838**	**47.78**

The following table summarizes information about Verizon's stock options outstanding as of December 31, 2007:

		Stock Options Outstanding	
Range of Exercise Prices	Shares (in thousands)	Weighted-Average Remaining Life	Weighted-Average Exercise Price
$ 20.00 – 29.99	27	4.7 years	$ 27.68
30.00 – 39.99	20,671	5.5	36.45
40.00 – 49.99	76,518	2.9	44.06
50.00 – 59.99	77,183	2.1	54.43
60.00 – 69.99	464	1.8	60.74
Total	174,863	2.9	47.78

The total intrinsic value was approximately $223 million for stock options outstanding as of December 31, 2007. The total intrinsic value for stock options exercised was $147 million, $10 million and $6 million, during 2007, 2006 and 2005, respectively.

The amount of cash received from the exercise of stock options was approximately $1,274 million, $101 million and $34 million for 2007, 2006 and 2005, respectively. The related tax benefits were not material.

The after-tax compensation expense for stock options was not material in 2007, and was $28 million and $53 million for 2006 and 2005, respectively.



Note 7

Employee Benefits

We maintain non-contributory defined benefit pension plans for many of our employees. In addition, we maintain postretirement health care and life insurance plans for our retirees and their dependents, which are both contributory and non-contributory and include a limit on the Company's share of cost for certain recent and future retirees. We also sponsor defined contribution savings plans to provide opportunities for eligible employees to save for retirement on a tax-deferred basis. We use a measurement date of December 31 for our pension and postretirement health care and life insurance plans.

Refer to Note 1 for a discussion of the adoption of SFAS No. 158, which was effective December 31, 2006.

Pension and Other Postretirement Benefits

Pension and other postretirement benefits for many of our employees are subject to collective bargaining agreements. Modifications in benefits have been bargained from time to time, and we may also periodically amend the benefits in the management plans.

As of June 30, 2006, Verizon management employees no longer earned pension benefits or earned service towards the company retiree medical subsidy. In addition, new management employees hired after December 31, 2005 are not eligible for pension benefits and managers with less than 13.5 years of service as of June 30, 2006 are not eligible for company-subsidized retiree healthcare or retiree life insurance benefits. Beginning July 1, 2006, management employees receive an increased company match on their savings plan contributions.

The following tables summarize benefit costs, as well as the benefit obligations, plan assets, funded status and rate assumptions associated with pension and postretirement health care and life insurance benefit plans:

Obligations and Funded Status

			(dollars in millions)	
	Pension		Health Care and Life	
At December 31,	2007	2006	2007	2006
Change in Benefit Obligations				
Beginning of year	**$ 34,159**	$ 35,540	**$ 27,330**	$ 26,783
Service cost	**442**	581	**354**	356
Interest cost	**1,975**	1,995	**1,592**	1,499
Plan amendments	**–**	–	**–**	50
Actuarial (gain) loss, net	**123**	(282)	**(409)**	152
Benefits paid	**(4,204)**	(2,762)	**(1,561)**	(1,564)
Termination benefits	**–**	47	**–**	14
Acquisitions and divestitures, net	**–**	477	**–**	40
Settlements	**–**	(1,437)	**–**	–
End of year	**$ 32,495**	$ 34,159	**$ 27,306**	$ 27,330
Change in Plan Assets				
Beginning of year	**$ 41,509**	$ 39,227	**$ 4,303**	$ 4,275
Actual return on plan assets	**4,591**	5,536	**352**	493
Company contributions	**737**	568	**1,048**	1,099
Benefits paid	**(4,204)**	(2,762)	**(1,561)**	(1,564)
Settlements	**–**	(1,437)	**–**	–
Acquisitions and divestitures, net	**26**	377	**–**	–
End of year	**$ 42,659**	$ 41,509	**$ 4,142**	$ 4,303
Funded Status				
End of year	**$ 10,164**	$ 7,350	**$ (23,164)**	$ (23,027)



	Pension		Health Care and Life	
(dollars in millions) At December 31,	2007	2006	2007	2006
Amounts recognized on the balance sheet				
Noncurrent assets	$ 13,745	$ 12,058	$ –	$ –
Current liabilities	(130)	–	(360)	–
Noncurrent liabilities	(3,451)	(4,708)	(22,804)	(23,027)
Total	$ 10,164	$ 7,350	$ (23,164)	$ (23,027)
Amounts recognized in Accumulated Other Comprehensive Loss (Pre-tax)				
Actuarial loss, net	$ 13	$ 1,428	$ 6,040	$ 6,799
Prior service cost	932	975	3,636	4,029
Total	$ 945	$ 2,403	$ 9,676	$ 10,828

Changes in benefit obligations were caused by factors including changes in actuarial assumptions and settlements.

The accumulated benefit obligation for all defined benefit pension plans was $31,343 million and $32,724 million at December 31, 2007 and 2006, respectively.

Information for pension plans with an accumulated benefit obligation in excess of plan assets follows:

(dollars in millions) At December 31,	2007	2006
Projected benefit obligation	$ 11,001	$ 11,495
Accumulated benefit obligation	10,606	11,072
Fair value of plan assets	8,868	8,288

Net Periodic Cost

The following table displays the details of net periodic pension and other postretirement costs:

	Pension			Health Care and Life		
(dollars in millions) Years Ended December 31,	2007	2006	2005	2007	2006	2005
Service cost	$ 442	$ 581	$ 675	$ 354	$ 356	$ 358
Interest cost	1,975	1,995	1,959	1,592	1,499	1,467
Expected return on plan assets	(3,175)	(3,173)	(3,231)	(317)	(328)	(349)
Amortization of prior service cost	43	44	42	392	360	290
Actuarial loss, net	98	182	124	316	290	258
Net periodic benefit (income) cost	(617)	(371)	(431)	2,337	2,177	2,024
Termination benefits	–	47	11	–	14	1
Settlement loss	–	56	80	–	–	–
Curtailment (gain) loss and other, net	–	–	436	–	–	(332)
Subtotal	–	103	527	–	14	(331)
Total (income) cost	$ (617)	$ (268)	$ 96	$ 2,337	$ 2,191	$ 1,693

In 2005, as a result of changes in management retiree benefits, we recorded pretax expense of $430 million for pension curtailments and pretax income of $332 million for retiree medical curtailments (see Note 3 for additional information).

Termination benefits and settlement and curtailment losses of $94 million pertaining to the sale of Hawaii operations in 2005 were recorded in the consolidated statements of income in Sales of Businesses, Net.



Other changes in plan assets and benefit obligations recognized in other comprehensive income in 2007 are as follows:

	(dollars in millions)			
	Pension		Health Care and Life	
At December 31,	2007	2006	2007	2006
Other changes in plan assets and benefit obligations recognized in other comprehensive income (Pre-tax)				
Actuarial (gain), net	$ (1,317)	$ –	$ (444)	$ –
Reversal of amortization items:				
Prior service cost	(43)	–	(392)	–
Actuarial loss, net	(98)	–	(316)	–
Total recognized in other comprehensive income	$ (1,458)	$ –	$ (1,152)	$ –

The estimated net loss and prior service cost for the defined benefit pension plans that will be amortized from Accumulated Other Comprehensive Loss into net periodic benefit cost over the next fiscal year are $39 million and $54 million, respectively. The estimated net loss and prior service cost for the defined benefit postretirement plans that will be amortized from Accumulated Other Comprehensive Loss into net periodic benefit cost over the next fiscal year are $268 million and $397 million, respectively.

Additional Information

As a result of the adoption of SFAS No. 158 in 2006, we no longer record an additional minimum pension liability. In prior years, as a result of changes in interest rates and changes in investment returns, an adjustment to the additional minimum pension liability was required for a number of plans, as indicated below. The adjustment in the liability was recorded as a charge or (credit) to Accumulated Other Comprehensive Loss, net of tax, in shareowners' investment in the consolidated balance sheets. The Additional Minimum Pension Liability at December 31, 2006, was reduced by $809 million, ($526 million after-tax) based on the final measurement just prior to the adoption of SFAS No. 158. The remaining $396 million, ($262 million after-tax), was reversed as a result of the adoption of SFAS No. 158.

	(dollars in millions)		
Years Ended December 31,	2007	2006	2005
Increase (decrease) in minimum liability included in other comprehensive income, net of tax	$ –	$ (526)	$ (51)

Assumptions

The weighted-average assumptions used in determining benefit obligations follow:

	Pension		Health Care and Life	
At December 31,	2007	2006	2007	2006
Discount rate	**6.50%**	6.00%	**6.50%**	6.00%
Rate of future increases in compensation	**4.00**	4.00	**4.00**	4.00

The weighted-average assumptions used in determining net periodic cost follow:

	Pension			Health Care and Life		
Years Ended December 31,	2007	2006	2005	2007	2006	2005
Discount rate	**6.00%**	5.75%	5.75%	**6.00%**	5.75%	5.75%
Expected return on plan assets	**8.50**	8.50	8.50	**8.25**	8.25	7.75
Rate of compensation increase	**4.00**	4.00	5.00	**4.00**	4.00	4.00

In order to project the long-term target investment return for the total portfolio, estimates are prepared for the total return of each major asset class over the subsequent 10-year period, or longer. Those estimates are based on a combination of factors including the following: current market interest rates and valuation levels, consensus earnings expectations, historical long-term risk premiums and value-added. To determine the aggregate return for the pension trust, the projected return of each individual asset class is then weighted according to the allocation to that investment area in the trust's long-term asset allocation policy.

The assumed Health Care Cost Trend Rates follow:

	Health Care and Life		
At December 31,	2007	2006	2005
Health care cost trend rate assumed for next year	**10.00%**	10.00%	10.00%
Rate to which cost trend rate gradually declines	**5.00**	5.00	5.00
Year the rate reaches level it is assumed to remain thereafter	**2013**	2011	2010



A one-percentage-point change in the assumed health care cost trend rate would have the following effects:

	(dollars in millions)	
One-Percentage-Point	Increase	Decrease
Effect on 2007 service and interest cost	$ 295	$ (234)
Effect on postretirement benefit obligation as of December 31, 2007	**3,038**	**(2,512)**

Plan Assets

Pension Plans

The weighted-average asset allocations for the pension plans by asset category follow:

At December 31,	2007	2006
Asset Category		
Equity securities	**59%**	63%
Debt securities	**18**	16
Real estate	**6**	4
Other	**17**	17
Total	**100%**	100%

Equity securities include Verizon common stock of $127 million and $95 million at December 31, 2007 and 2006, respectively. Other assets include cash and cash equivalents (primarily held for the payment of benefits), private equity and investments in absolute return strategies.

Health Care and Life Plans

The weighted-average asset allocations for the other postretirement benefit plans by asset category follow:

At December 31,	2007	2006
Asset Category		
Equity securities	**74%**	72%
Debt securities	**21**	21
Other	**5**	7
Total	**100%**	100%

There was no Verizon common stock held at the end of 2007 and 2006 in the health care and life plans.

This portfolio strategy emphasizes a long-term equity orientation, significant global diversification, the use of both public and private investments and professional financial and operational risk controls. Assets are allocated according to a long-term policy neutral position and held within a relatively narrow and pre-determined range. Both active and passive management approaches are used depending on perceived market efficiencies and various other factors.

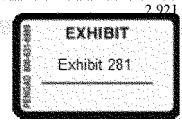
Cash Flows

In 2007, we contributed $612 million to our qualified pension plans, $125 million to our nonqualified pension plans and $1,048 million to our other postretirement benefit plans. We estimate required qualified pension plan contributions for 2008 to be approximately $350 million. We also anticipate $130 million in contributions to our non-qualified pension plans and $1,580 million to our other postretirement benefit plans in 2008.

Estimated Future Benefit Payments

The benefit payments to retirees, which reflect expected future service, are expected to be paid as follows:

			(dollars in millions)
	Pension Benefits	Health Care and Life Prior to Medicare Prescription Drug Subsidy	Expected Medicare Prescription Drug Subsidy
2008	$ 4,422	$ 1,925	$ 88
2009	3,665	2,036	99
2010	2,944	2,131	110
2011	2,921	2,205	120
2012		2,212	133
2013 – 2017		11,045	838



Savings Plan and Employee Stock Ownership Plans

We maintain four leveraged employee stock ownership plans (ESOP). Only one plan currently has unallocated shares. We match a certain percentage of eligible employee contributions to the savings plans with shares of our common stock from this ESOP. At December 31, 2007, the number of unallocated and allocated shares of common stock in this ESOP were 4 million and 77 million, respectively. All leveraged ESOP shares are included in earnings per share computations.

Total savings plan costs were $712 million, $669 million, and $499 million in 2007, 2006 and 2005, respectively.

Severance Benefits

The following table provides an analysis of our severance liability recorded in accordance with SFAS No. 112, *Employers' Accounting for Postemployment Benefits* (SFAS No. 112):

				(dollars in millions)	
Year	Beginning of Year	Charged to Expense	Payments	Other	End of Year
2005	$ 753	$ 99	$ (251)	$ (5)	$ 596
2006	596	343	(383)	88	644
2007	**644**	**743**	**(363)**	**–**	**1,024**

The remaining severance liability is actuarially determined. The 2007 expense includes charges for the involuntary separation of approximately 9,000 employees, including approximately 4,000 during the fourth quarter of 2007 and 5,000 expected during 2008. In addition, the expense includes costs associated with higher assumed attrition beyond 2008. The 2006 expense includes charges for the involuntary separation of 4,100 employees (see Note 3).

Note 10

Income Taxes

The components of Income Before Provision for Income Taxes, Discontinued Operations, Extraordinary Item and Cumulative Effect of Accounting Change are as follows:

		(dollars in millions)	
Years Ended December 31,	**2007**	2006	2005
Domestic	**$ 8,508**	$ 7,000	$ 7,707
Foreign	**984**	1,154	741
	$ 9,492	$ 8,154	$ 8,448

The components of the provision for income taxes from continuing operations are as follows:

		(dollars in millions)	
Years Ended December 31,	**2007**	2006	2005
Current			
Federal	**$ 2,568**	$ 2,364	$ 2,772
Foreign	**461**	141	81
State and local	**545**	421	661
	3,574	2,926	3,514
Deferred			
Federal	**397**	(9)	(844)
Foreign	**66**	(45)	(55)
State and local	**(48)**	(191)	(187)
	415	(245)	(1,086)
Investment tax credits	**(7)**	(7)	(7)
Total income tax expense	**$ 3,982**	$ 2,674	$ 2,421



The following table shows the principal reasons for the difference between the effective income tax rate and the statutory federal income tax rate:

Years Ended December 31,	2007	2006	2005
Statutory federal income tax rate	**35.0%**	35.0%	35.0%
Distributions from foreign investments	**5.9**	–	2.0
State and local income tax, net of federal tax benefits	**3.4**	1.8	3.6
Tax benefits from investment losses	**(0.8)**	(0.9)	(4.5)
Equity in earnings from unconsolidated businesses	**(2.3)**	(3.8)	(3.5)
Other, net	**0.8**	0.7	(3.9)
Effective income tax rate	**42.0%**	32.8%	28.7%

The effective income tax rate is the provision for income taxes as a percentage of income from continuing operations before the provision for income taxes. The effective income tax rate in 2007 compared to 2006 was higher primarily due to recording $610 million of foreign and domestic taxes and expenses specifically relating to our share of Vodafone Omnitel's distributable earnings. Verizon received a net distribution from Vodafone Omnitel in December 2007 of approximately $2.1 billion and anticipates that it may receive an additional distribution from Vodafone Omnitel within the next twelve months. The 2007 rate was also increased due to higher state taxes in 2007 as compared to 2006, as well as greater benefits from foreign operations in 2006 compared to 2007. These increases were partially offset by lower expenses recorded for unrecognized tax benefits in 2007 as compared to 2006.

Our effective income tax rate in 2006 was higher than 2005 primarily as a result of favorable tax settlements and the recognition of capital loss carry forwards in 2005. These increases were partially offset by tax benefits from foreign operations and lower state taxes in 2006 compared to 2005.

Deferred taxes arise because of differences in the book and tax bases of certain assets and liabilities. Significant components of deferred tax are shown in the following table:

		(dollars in millions)
At December 31,	2007	2006
Employee benefits	**$ 7,067**	$ 7,788
Tax loss carry forwards	**2,868**	2,994
Uncollectible accounts receivable	**400**	455
Other – assets	**422**	903
	10,757	12,140
Valuation allowance	**(2,671)**	(2,600)
Deferred tax assets	**8,086**	9,540
Former MCI intercompany accounts receivable basis difference	**1,977**	2,003
Depreciation	**7,045**	7,617
Leasing activity	**2,307**	2,674
Wireless joint venture including wireless licenses	**11,634**	12,177
Other – liabilities	**349**	2,493
Deferred tax liabilities	**23,312**	26,964
Net deferred tax liability	**$ 15,226**	$ 17,424

Employee benefits deferred tax assets include $4,929 million and $5,590 million at December 31, 2007 and 2006, respectively, recognized in accordance with SFAS No. 158 (see Notes 1 and 15).

At December 31, 2007, undistributed earnings of our foreign subsidiaries indefinitely invested outside of the United States amounted to approximately $900 million. We have not provided deferred taxes on these earnings because we intend that they will remain indefinitely invested outside of the United States. Determination of the amount of unrecognized deferred taxes related to these undistributed earnings is not practical.

At December 31, 2007, we had net operating loss carry forwards for income tax purposes of approximately $3,600 million, expiring through 2026 in various foreign, state and local jurisdictions. The amount of tax loss carry forwards reflected as a deferred tax asset above has been reduced by approximately $1,017 million due to federal and state tax law limitations on utilization of net operating losses.

During 2007, the valuation allowance increased $71 million. Under current accounting guidelines, approximately $2.0 billion of the valuation allowance, if recognized, would be recorded as a reduction of goodwill.



FASB Interpretation No. 48

Effective January 1, 2007, we adopted FIN 48, which prescribes the recognition, measurement and disclosure standards for uncertainties in income tax positions. See Note 1 for a discussion of the impact to Verizon of adopting this new accounting pronouncement.

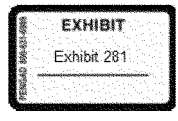
A reconciliation of the beginning and ending balance of unrecognized tax benefits is as follows:

	(dollars in millions)
Balance at January 1, 2007	$ 2,958
Additions based on tax positions related to the current year	141
Additions for tax positions of prior years	291
Reductions for tax positions of prior years	(420)
Settlements	(11)
Lapses of statutes of limitations	(76)
Balance at December 31, 2007	**$ 2,883**

Included in the total unrecognized tax benefits at December 31, 2007 is $1,245 million that, if recognized, would favorably affect the effective income tax rate. The remaining unrecognized tax benefits relate to temporary items that would not affect the effective income tax rate and uncertain tax positions resulting from prior acquisitions which, pursuant to current purchase accounting tax rules, would adjust goodwill.

We recognize any interest and penalties accrued related to unrecognized tax benefits in income tax expense. During the year ended December 31, 2007, we recognized approximately $154 million (after-tax) for the payment of interest and penalties. We had approximately $598 million (after-tax) and $444 million (after-tax) for the payment of interest and penalties accrued in the balance sheet at December 31, 2007 and January 1, 2007, respectively.

Verizon or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction, and various state, local and foreign jurisdictions. The Company is generally no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2000. The Internal Revenue Service (IRS) is currently examining the Company's U.S. income tax returns for years 2000 through 2003. As a large taxpayer, we are under continual audit by the IRS and other taxing authorities on numerous open tax positions. It is possible that the amount of the liability for unrecognized tax benefits could change by a significant amount during the next twelve month period. An estimate of the range of the possible change cannot be made until issues are further developed or examinations close.



Note 7

Segment Information

Reportable Segments

On March 30, 2007, we completed the sale of our 52% interest in TELPRI. On February 12, 2007 we entered into an MOU to sell our interest in CANTV. On December 1, 2006, we closed the sale of Verizon Dominicana. Consequently, with these three transactions, we completed the disposition of our International segment. For further information concerning the disposition of the International segment, see Note 2.

On November 17, 2006, we completed the spin-off of our Information Services segment which included our domestic print and Internet yellow pages directories business. For further information concerning the disposition of the Information Services segment, see Note 2.

We now have two reportable segments, which we operate and manage as strategic business units and organize by products and services. We measure and evaluate our reportable segments based on segment income. Corporate, eliminations and other includes unallocated corporate expenses, intersegment eliminations recorded in consolidation, the results of other businesses such as our investments in unconsolidated businesses, lease financing, and other adjustments and gains and losses that are not allocated in assessing segment performance due to their non-recurring or unusual nature. These adjustments include transactions that the chief operating decision makers exclude in assessing business unit performance due primarily to their non-recurring and/or non-operational nature. Although such transactions are excluded from the business segment results, they are included in reported consolidated earnings. Gains and losses that are not individually significant are included in all segment results, since these items are included in the chief operating decision makers' assessment of unit performance.

Our segments and their principal activities consist of the following:

Segment	Description
Wireline	Wireline communications services include voice, Internet access, broadband video and data, next generation IP network services, network access, long distance and other services. We provide these services to consumers, carriers, businesses and government customers both domestically and internationally in 150 countries.
Domestic Wireless	Domestic Wireless's products and services include wireless voice, data products, and other value-added services and equipment sales across the United States.

The following table provides operating financial information for our two reportable segments:

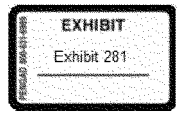
(dollars in millions)

2007	Wireline	Domestic Wireless	Total Segments
External revenues	$ 49,059	$ 43,777	$ 92,836
Intersegment revenues	1,257	105	1,362
Total operating revenues	50,316	43,882	94,198
Cost of services and sales	25,220	13,456	38,676
Selling, general & administrative expense	11,236	13,477	24,713
Depreciation & amortization expense	9,184	5,154	14,338
Total operating expenses	45,640	32,087	77,727
Operating income	4,676	11,795	16,471
Equity in earnings of unconsolidated businesses	–	32	32
Other income and (expense), net	206	(3)	203
Interest expense	(2,032)	(251)	(2,283)
Minority interest	–	(5,053)	(5,053)
Provision for income taxes	(1,344)	(2,726)	(4,070)
Segment income	$ 1,506	$ 3,794	$ 5,300
Assets	$ 92,264	$ 83,755	$ 176,019
Plant, property and equipment, net	58,702	25,971	84,673
Capital expenditures	10,956	6,503	17,459



2006	Wireline	Domestic Wireless	(dollars in millions) Total Segments
External revenues	$ 49,555	$ 37,930	$ 87,485
Intersegment revenues	1,173	113	1,286
Total operating revenues	50,728	38,043	88,771
Cost of services and sales	24,767	11,491	36,258
Selling, general & administrative expense	11,820	12,039	23,859
Depreciation & amortization expense	9,590	4,913	14,503
Total operating expenses	46,177	28,443	74,620
Operating income	4,551	9,600	14,151
Equity in earnings of unconsolidated businesses	–	19	19
Other income and (expense), net	250	4	254
Interest expense	(2,062)	(452)	(2,514)
Minority interest	–	(4,038)	(4,038)
Provision for income taxes	(1,114)	(2,157)	(3,271)
Segment income	$ 1,625	$ 2,976	$ 4,601
Assets	$ 92,274	$ 81,989	$ 174,263
Plant, property and equipment, net	57,031	24,659	81,690
Capital expenditures	10,259	6,618	16,877

2005	Wireline	Domestic Wireless	(dollars in millions) Total Segments
External revenues	$ 36,628	$ 32,219	$ 68,847
Intersegment revenues	988	82	1,070
Total operating revenues	37,616	32,301	69,917
Cost of services and sales	15,813	9,393	25,206
Selling, general & administrative expense	8,210	10,768	18,978
Depreciation & amortization expense	8,801	4,760	13,561
Total operating expenses	32,824	24,921	57,745
Operating income	4,792	7,380	12,172
Equity in earnings of unconsolidated businesses	–	27	27
Other income and (expense), net	79	6	85
Interest expense	(1,701)	(601)	(2,302)
Minority interest	–	(2,995)	(2,995)
Provision for income taxes	(1,264)	(1,598)	(2,862)
Segment income	$ 1,906	$ 2,219	$ 4,125
Assets	$ 75,188	$ 76,729	$ 151,917
Plant, property and equipment, net	49,618	22,790	72,408
Capital expenditures	8,267	6,484	14,751



Reconciliation To Consolidated Financial Information

A reconciliation of the results for the operating segments to the applicable line items in the consolidated financial statements is as follows:

	2007	2006	2005
			(dollars in millions)
Operating Revenues			
Total reportable segments	$ 94,198	$ 88,771	$ 69,917
Impact of Hawaii (2005) and other operations sold (2006)	–	104	180
Corporate, eliminations and other	(729)	(693)	(579)
Consolidated operating revenues – reported	$ 93,469	$ 88,182	$ 69,518
Operating Expenses			
Total reportable segments	$ 77,727	$ 74,620	$ 57,745
Merger integration costs (see Note 8)	178	232	–
Access line spin-off related charges (see Note 2)	84	–	–
Taxes on foreign distributions (see Note 6)	15	–	–
Verizon Center relocation (see Note 3)	–	184	(18)
Severance, pension and benefit charges, net (see Note 3)	772	425	157
Impact of Hawaii (2005) and other operations sold (2006) (see Note 2)	–	89	118
Sales of businesses net (see Note 2)	–	–	(530)
Lease impairment and other items (see Note 3)	–	–	125
Verizon Foundation contribution (see Note 2)	100	–	–
Corporate, eliminations and other	(985)	(741)	(660)
Consolidated operating expenses – reported	$ 77,891	$ 74,809	$ 56,937

	2007	2006	2005
			(dollars in millions)
Net Income			
Segment income – reportable segments	$ 5,300	$ 4,601	$ 4,125
Debt extinguishment costs (see Note 11)	–	(16)	–
Merger integration costs (see Note 8)	(112)	(146)	–
Sales of businesses and investments, net (see Note 2)	5	(541)	336
Extraordinary item (see Note 2)	(131)	–	–
Access line spin-off related charges (see Note 2)	(80)	–	–
Taxes on foreign distributions (see Note 6)	(610)	–	(206)
Cumulative effect of accounting change (see Note 1)	–	(42)	–
Verizon Center relocation, net (see Note 3)	–	(118)	8
Severance, pension and benefit charges (see Note 3)	(477)	(258)	(95)
Domestic print and Internet yellow pages directories business spin-off costs (see Note 2)	–	(101)	–
Lease impairment and other items (see Note 3)	–	–	(133)
Tax benefits (see Note 3)	–	–	336
Income from discontinued operations, net of tax (see Note 2)	72	1,398	1,370
Corporate and other	1,554	1,420	1,656
Consolidated net income – reported	$ 5,521	$ 6,197	$ 7,397
Assets			
Total reportable segments	$ 176,019	$ 174,263	$ 151,917
Reconciling items	10,940	14,541	16,213
Consolidated assets	$ 186,959	$ 188,804	$ 168,130

Financial information for Wireline excludes the effects of Hawaii access lines and directory operations sold in 2005, in addition to the sale of non-strategic assets of the Wireline segment sold in the first quarter of 2007.

We generally account for intersegment sales of products and services and asset transfers at current market prices. We are not dependent on any single customer.



Geographic Areas

Our foreign investments are located principally in the Americas and Europe. Domestic and foreign operating revenues are based on the location of customers. Long-lived assets consist of plant, property and equipment (net of accumulated depreciation) and investments in unconsolidated businesses. The table below presents financial information by major geographic area:

			(dollars in millions)
Years Ended December 31,	2007	2006	2005
Domestic			
Operating revenues	**$ 89,504**	$ 84,731	$ 69,327
Long-lived assets	**85,081**	82,277	74,813
International			
Operating revenues	**3,965**	3,451	191
Long-lived assets	**3,585**	4,947	2,776

Note 13

Comprehensive Income

Comprehensive income consists of net income and other gains and losses affecting shareowners' investment that, under GAAP, are excluded from net income. Significant changes in the components of other comprehensive income (loss), net of income tax expense (benefit), are described below.

Foreign Currency Translation

			(dollars in millions)
Years Ended December 31,	2007	2006	2005
Foreign Currency Translation Adjustments:			
Vodafone Omnitel	**$ 397**	$ 330	$ (590)
CANTV	**412**	–	(47)
Verizon Dominicana	**–**	786	(114)
Other international operations	**29**	80	(4)
	$ 838	$ 1,196	$ (755)

We sold our interest in CANTV during the second quarter of 2007. We sold our interest in Verizon Dominicana during the fourth quarter of 2006. See Note 2 for information on CANTV and Verizon Dominicana. The foreign currency translation adjustment in 2005 represents unrealized losses from the decline in the functional currencies of our investments in Vodafone Omnitel, Verizon Dominicana and CANTV.

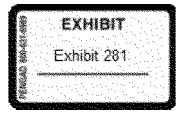
Unrealized Gains (Losses) on Marketable Securities

The changes in Unrealized Gains (Losses) on Marketable Securities were as follows:

			(dollars in millions)
Years Ended December 31,	2007	2006	2005
Unrealized Gains (Losses) on Marketable Securities			
Unrealized gains, net of taxes of $13, $30 and $10	**$ 13**	$ 79	$ 4
Less reclassification adjustments for gains realized in net income, net of taxes of $11, $13 and $14	**(17)**	(25)	(25)
Net unrealized gains (losses) on marketable securities	**$ (4)**	$ 54	$ (21)

Defined Benefit Pension and Postretirement Plans

During 2007, the change in defined benefit pension and postretirement plans of $1,948 million, net of taxes of $661 million, represents the change in the funded status of the plans in connection with the annual pension and postretirement valuation in accordance with SFAS No. 158. The funded status was impacted by changes in actuarial assumptions, asset performance and plan experience.



Accumulated Other Comprehensive Loss

The components of Accumulated Other Comprehensive Loss are as follows:

At December 31,	2007	(dollars in millions) 2006
Foreign currency translation adjustments	$ 1,167	$ 329
Net unrealized losses on hedging	(10)	(11)
Unrealized gains on marketable securities	60	64
Defined benefit pension and postretirement plans	(5,723)	(7,671)
Other	–	(241)
Accumulated Other Comprehensive Loss	$ (4,506)	$ (7,530)

The foreign currency translation adjustments at December 31, 2007 were primarily comprised of unrealized gains in the value of our investment in Vodafone Omnitel as a result of the appreciation of the Euro.

Note 19

Additional Financial Information

The tables that follow provide additional financial information related to our consolidated financial statements:

Income Statement Information

Years Ended December 31,	2007	2006	(dollars in millions) 2005
Depreciation expense	$ 13,036	$ 13,122	$ 12,171
Interest cost incurred	2,258	2,811	2,481
Capitalized interest	(429)	(462)	(352)
Advertising expense	2,463	2,271	1,844

Balance Sheet Information

At December 31,	2007	(dollars in millions) 2006
Accounts Payable and Accrued Liabilities		
Accounts payable	$ 4,491	$ 4,392
Accrued expenses	2,400	2,982
Accrued vacation, salaries and wages	4,828	3,575
Interest payable	473	614
Accrued taxes	2,270	2,757
	$ 14,462	$ 14,320
Other Current Liabilities		
Advance billings and customer deposits	$ 2,476	$ 2,226
Dividends payable	1,266	1,199
Other	3,583	4,666
	$ 7,325	$ 8,091



Cash Flow Information

Years Ended December 31,	2007	2006	2005
		(dollars in millions)	
Cash Paid			
Income taxes, net of amounts refunded	**$ 2,491**	$ 3,299	$ 4,189
Interest, net of amounts capitalized	**1,682**	2,103	2,025
Supplemental Investing and Financing Transactions			
Cash acquired in business combinations	**17**	2,361	–
Assets acquired in business combinations	**589**	18,511	635
Liabilities assumed in business combinations	**154**	7,813	35
Debt assumed in business combinations	**–**	6,169	9
Shares issued to Price to acquire limited partnership interest in VZ East (Note 7)	**–**	1,007	–

Other, net cash provided by operating activities – continuing operations primarily included the add back of the minority interest's share of Verizon Wireless earnings, net of dividends paid to minority partners, of $3,953 million in 2007, $3,232 million in 2006 and $1,720 million in 2005.

Note 21

Commitments and Contingencies

Several state and federal regulatory proceedings may require our telephone operations to pay penalties or to refund to customers a portion of the revenues collected in the current and prior periods. There are also various legal actions pending to which we are a party and claims which, if asserted, may lead to other legal actions. We have established reserves for specific liabilities in connection with regulatory and legal actions, including environmental matters, that we currently deem to be probable and estimable. We do not expect that the ultimate resolution of pending regulatory and legal matters in future periods, including the Hicksville matter described below, will have a material effect on our financial condition, but it could have a material effect on our results of operations for a given reporting period.

During 2003, under a government-approved plan, remediation commenced at the site of a former Sylvania facility in Hicksville, New York that processed nuclear fuel rods in the 1950s and 1960s. Remediation beyond original expectations proved to be necessary and a reassessment of the anticipated remediation costs was conducted. A reassessment of costs related to remediation efforts at several other former facilities was also undertaken. In September 2005, the Army Corps of Engineers (ACE) accepted the Hicksville site into the Formerly Utilized Sites Remedial Action Program. This may result in the ACE performing some or all of the remediation effort for the Hicksville site with a corresponding decrease in costs to Verizon. To the extent that the ACE assumes responsibility for remedial work at the Hicksville site, an adjustment to a reserve previously established for the remediation may be necessary. Adjustments may also be necessary based upon actual conditions discovered during the remediation at any of the sites requiring remediation.

In connection with the execution of agreements for the sales of businesses and investments, Verizon ordinarily provides representations and warranties to the purchasers pertaining to a variety of nonfinancial matters, such as ownership of the securities being sold, as well as financial losses.

Subsequent to the sale of Verizon Information Services Canada in 2004, we continue to provide a guarantee to publish directories, which was issued when the directory business was purchased in 2001 and had a 30-year term (before extensions). The preexisting guarantee continues, without modification, despite the subsequent sale of Verizon Information Services Canada and the spin-off of our domestic print and Internet yellow pages directories business. The possible financial impact of the guarantee, which is not expected to be adverse, cannot be reasonably estimated since a variety of the potential outcomes available under the guarantee result in costs and revenues or benefits that may offset each other. In addition, performance under the guarantee is not likely.

As of December 31, 2007, letters of credit totaling $225 million were executed in the normal course of business, which support several financing arrangements and payment obligations to third parties.

We have several commitments primarily to purchase network services, equipment and software from a variety of suppliers totaling $844 million. Of this total amount, $613 million, $137 million, $51 million, $28 million, $5 million and $10 million are expected to be purchased in 2008, 2009, 2010, 2011, 2012 and thereafter, respectively.



Note 21

Quarterly Financial Information (Unaudited)

(dollars in millions, except per share amounts)

Quarter Ended	Operating Revenues	Operating Income	Income Before Discontinued Operations, Extraordinary Item and Cumulative Effect of Accounting Change — Amount	Per Share-Basic	Per Share-Diluted	Net Income
2007						
March 31	**$ 22,584**	**$ 3,796**	**$ 1,484**	**$ .51**	**$ .51**	**$ 1,495**
June 30	**23,273**	**4,149**	**1,683**	**.58**	**.58**	**1,683**
September 30	**23,772**	**4,210**	**1,271**	**.44**	**.44**	**1,271**
December 31	**23,840**	**3,423**	**1,072**	**.37**	**.37**	**1,072**
2006						
March 31	$ 21,231	$ 3,175	$ 1,282	$ .44	$ .44	$ 1,632
June 30	21,886	3,217	1,263	.43	.43	1,611
September 30	22,459	3,537	1,545	.53	.53	1,922
December 31	22,606	3,444	1,390	.48	.48	1,032

- Results of operations for the first quarter of 2007 include after-tax charges of $9 million for merger integration costs, $131 million for an extraordinary charge related to the nationalization of CANTV, a $70 million after-tax gain on the sale of our interest in TELPRI and a $65 million after tax contribution to the Verizon Foundation.
- Results of operations for the second quarter of 2007 include after-tax charges of $17 million for merger integration costs.
- Results of operations for the third quarter of 2007 include after-tax charges of $28 million for merger integration costs, $44 million related to access line spin-off charges and $471 million associated with taxes on foreign distributions.
- Results of operations for the fourth quarter of 2007 include after-tax charges of $58 million for merger integration costs, $36 million related to access line spin-off charges, $139 million associated with taxes on foreign distributions, and $477 million for severance, pension and other charges.
- Results of operations for the first quarter of 2006 include after-tax charges of $16 million for the early extinguishment of debt related to the MCI merger, $28 million for costs associated with the relocation to Verizon Center, $42 million for the impact of accounting for share based payments, and $35 million for merger integration costs.
- Results of operations for the second quarter of 2006 include after-tax charges of $48 million for merger integration costs, $29 million for costs associated with the relocation to Verizon Center and $186 million for severance, pension and benefits charges.
- Results of operations for the third quarter of 2006 include after-tax charges of $16 million for merger integration costs, $31 million for costs associated with the relocation to Verizon Center and $17 million for severance, pension and benefits charges.
- Results of operations for the fourth quarter of 2006 include after-tax charges of $47 million for merger integration costs, $30 million for costs associated with the relocation to Verizon Center, $55 million for severance, pension and benefits charges, $541 million for the loss on sale of Verizon Dominicana included in discontinued operations, and $101 million for costs associated with the spin-off of our directories publishing business.

Income before discontinued operations per common share is computed independently for each quarter and the sum of the quarters may not equal the annual amount.

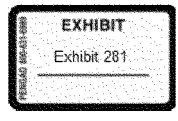


EXHIBIT 21

Verizon Communications Inc. and Subsidiaries
Principal Subsidiaries of Registrant at December 31, 2007

Name	Jurisdiction of Organization
Verizon California Inc.	California
Verizon Delaware LLC.	Delaware
Verizon Florida LLC.	Florida
Verizon Maryland Inc.	Maryland
Verizon New England Inc.	New York
Verizon New Jersey Inc.	New Jersey
Verizon New York Inc.	New York
Verizon North Inc.	Wisconsin
Verizon Northwest Inc.	Washington
Verizon Pennsylvania Inc.	Pennsylvania
Verizon South Inc.	Virginia
GTE Southwest Incorporated (d/b/a Verizon Southwest)	Delaware
Verizon Virginia Inc.	Virginia
Verizon Washington, DC Inc.	New York
Verizon West Virginia Inc.	West Virginia
Cellco Partnership (d/b/a Verizon Wireless)	Delaware
Verizon Capital Corp.	Delaware
Verizon Business Global LLC	Delaware



EXHIBIT 23

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Verizon Communications Inc. (Verizon) of our reports dated February 22, 2008, with respect to the consolidated financial statements of Verizon and the effectiveness of internal control over financial reporting of Verizon, included in the 2007 Annual Report to Shareowners of Verizon.

Our audits also included the financial statement schedule of Verizon listed in Item 15(a). This schedule is the responsibility of Verizon's management. Our responsibility is to express an opinion based on our audits. In our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also consent to the incorporation by reference in the following registration statements of Verizon and where applicable, related Prospectuses, of our reports dated February 22, 2008, with respect to the consolidated financial statements of Verizon and the effectiveness of internal control over financial reporting of Verizon, incorporated herein by reference, and our report included in the preceding paragraph with respect to the financial statement schedule of Verizon included in this Annual Report (Form 10-K) for the year ended December 31, 2007: Form S-8, No. 333-66459; Form S-8, No. 333-66349; Form S-4, No. 333-11573; Form S-8, No. 333-41593; Form S-8, No. 333-42801; Form S-4, No. 333-76171; Form S-8, No. 333-75553; Form S-8, No. 333-76171; Form S-8, No. 333-50146; Form S-8, No. 333-53830; Form S-4, No. 333-82408; Form S-8, No. 333-82690; Form S-3, No. 333-109028-01; Form S-3, No. 333-106750; Form S-8, No. 333-105512; Form S-8, No. 333-105511; Form S-8, No. 333-118904; Form S-8, No. 333-123374; Form S-4, No. 333-124008; Form S-8, No. 333-124008; Form S-4, No. 333-132651; Form S-8, No. 333-134846; Form S-8, No. 333-137475; Form S-3, No. 333-138705; Form S-8, No. 333-142549; and Form S-3, 333-143744.

/s/ Ernst & Young LLP

Ernst & Young LLP
New York, New York

February 22, 2008



EXHIBIT 31.1

I, Ivan G. Seidenberg, certify that:

1. I have reviewed this annual report on Form 10-K of Verizon Communications Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2008

/s/ Ivan G. Seidenberg

Ivan G. Seidenberg
Chairman and Chief Executive Officer



EXHIBIT 31.2

I, Doreen A. Toben, certify that:

1. I have reviewed this annual report on Form 10-K of Verizon Communications Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2008

/s/ Doreen A. Toben

Doreen A. Toben
Executive Vice President
and Chief Financial Officer



EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002, PURSUANT TO SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE

I, Ivan G. Seidenberg, Chairman and Chief Executive Officer of Verizon Communications Inc. (the "Company"), certify that:

(1) the report of the Company on Form 10-K for the annual period ending December 31, 2007 (the "Report") fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934 (the "Exchange Act"); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods referred to in the Report.

Date: February 26, 2008

/s/ Ivan G. Seidenberg

Ivan G. Seidenberg
Chairman and Chief Executive Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Verizon Communications Inc. and will be retained by Verizon Communications Inc. and furnished to the Securities and Exchange Commission or its staff upon request.



EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002, PURSUANT TO SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE

I, Doreen A. Toben, Executive Vice President and Chief Financial Officer of Verizon Communications Inc. (the "Company"), certify that:

(1) the report of the Company on Form 10-K for the annual period ending December 31, 2007 (the "Report") fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934 (the "Exchange Act"); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods referred to in the Report.

Date: February 26, 2008

/s/ Doreen A. Toben

Doreen A. Toben
Executive Vice President
and Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Verizon Communications Inc. and will be retained by Verizon Communications Inc. and furnished to the Securities and Exchange Commission or its staff upon request.



Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) **- All Filers Are Required to Complete This Page**

1. Registrant Name ☑ Organization ☐ Individual

Capitol Hill Consulting Group

2. Address ☐ **Check if different than previously reported**

Address1 499 South Capitol Street, SW Address2 Suite 608

City Washington State DC Zip Code 20003 - Country USA

3. Principal place of business (if different than line 2)

City State Zip Code - Country

4a. Contact Name	b. Telephone Number ☐ International Number	c. E-mail	5. Senate ID#
Mr. DAVID JORY	(202) 488-0101		72053-152
7. Client Name ☐ **Self**			6. House ID#
VERIZON, INC			358430009

TYPE OF REPORT 8. Year 2007 Midyear (January1-June30) ☐ Year End (July 1-December 31) ☑

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ Termination Date 11. No Lobbying Activity ☐

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☑ $ 60,000.00

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSE relating to lobbying activities for this reporting period were:

Less than $10,000 ☐

$10,000 or more ☐ $

14. REPORTING Check box to indicate expense accounting method. See instructions for description of options.

☐ **Method A.** Reporting amounts using LDA definitions only

☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Signature Digitally Signed By: Kirsten Jacobsen **Date** 02/11/2008

Printed Name and Title Kirsten Jacobsen, Director of Operations

EXHIBIT
Exhibit 282

Registrant Capitol Hill Consulting Group Client Name VERIZON, INC

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code TAX Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues

General tax related issues

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☐ Other

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
David	Jory			☐
Amanda	Hill			☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Kirsten Jacobsen, Director of Operations

v5.0.1b

EXHIBIT
Exhibit 282

Registrant Capitol Hill Consulting Group Client Name VERIZON, INC

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code TEC Telecommunications (one per page)

16. Specific lobbying issues

General telecommunications issues

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☐ Other

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
David	Jory			☐
Amanda	Hill			☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Kirsten Jacobsen, Director of Operations

v5.0.1b

EXHIBIT
Exhibit 282

Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) **- All Filers Are Required to Complete This Page**

1. Registrant Name ☑ Organization ☐ Individual

VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS

2. Address ☐ **Check if different than previously reported**

Address1 1300 I STREET, NW Address2

City WASHINGTON State DC Zip Code 20005 - Country USA

3. Principal place of business (if different than line 2)

City New York State NY Zip Code 10007 - Country USA

4a. Contact Name	b. Telephone Number ☐ International Number	c. E-mail	5. Senate ID#
Mr. Victor W. Tkacs	(978) 975-2240		5836-12

7. Client Name ☑ **Self**	6. House ID#
VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS	315720000

TYPE OF REPORT 8. Year 2007 Midyear (January1-June30) ☐ Year End (July 1-December 31) ☑

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ Termination Date _____ 11. No Lobbying Activity ☐

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☐ $ _____

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSE relating to lobbying activities for this reporting period were:

Less than $10,000 ☐

$10,000 or more ☑ $ 5,300,000.00

14. REPORTING Check box to indicate expense accounting method. See instructions for description of options.

☑ **Method A.** Reporting amounts using LDA definitions only

☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Signature Digitally Signed By: Peter B. Davidson **Date** 02/14/2008

Printed Name and Title Peter B. Davidson, Senior Vice President

EXHIBIT
Exhibit 283

Registrant VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS Client Name VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code BUD Budget/Appropriations (one per page)

16. Specific lobbying issues

S. 1751 - Energy & Water Appropriations
H.R. 5576 - Transportation, Treasury, HUD Appropriations
H.R. 2829 - Financial Services Appropriations
H.R. 2638 & S. 1644 - Homeland Security Appropriations

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☐ Other

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
Peter	Davidson			☐
Frank	Cantral			☐
J. Michael	Hickey			☐
Andrew	Mekelburg			☐
Roger	Mott			☐
Mark	Mullet			☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Peter B. Davidson, Senior Vice President

EXHIBIT
Exhibit 283

ADDENDUM for General Lobbying Issue Area: BUD - Budget/Appropriations

H.R. 2643 & S. 1696 - Interior & Environment Appropriations
H.R. 3043 & S. 1710 - Labor/HHS/Education Appropriations
H.R. 2771 & S. 1686 - Legislative Branch Appropriations
H.R. 2642 & S. 1645 - Military/Veterans Appropriations
H.R. 2764 - State/ Foreign Operations Appropriations
H. Con. Res. 99 & S. Con. Res. 21 - Budget Resolution
H.R. 2206 & H.R. 2207 - FY 2007 Supplemental
H.R. 1591 & S. 965 - FY 2007 Supplemental

Printed Name and Title Peter B. Davidson, Senior Vice President



Registrant VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS Client Name VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code | CPI | Computer Industry | (one per page)

16. Specific lobbying issues

S. 1178 - Identity Theft Prevention Act
S. 519 - SAFE Act of 2007
S. 49 - Protecting Children in the 21st Century Act
S. 495 - Personal Data Privacy and Security Act of 2007

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☑ Other

Executive Office of the President

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
Peter	Davidson			☐
Christopher	MacKay			☐
Barbara	Sacks			☐
Christiaan	Collins			☐
Andrew	Mekelburg			☐
Roger	Mott			☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Peter B. Davidson, Senior Vice President

EXHIBIT
Exhibit 283

ADDENDUM for General Lobbying Issue Area: CPI - Computer Industry

H.R. 470 - Preventing Harassment Through Outbound Enforcement Act of 2007
S. 1654 - A bill to prohibit the sale or provision of Caller ID Spoofing services
H.R. 836 - Cyber Security Enhancement and Consumer Data Protection Act of 2007
H.R. 837 - Internet Stopping Adults Facilitating the Exploitation of Today's Youth Act of 2007
H.R. 852 - Consumer Telephone Records Protection Act of 2007
H.R. 1525 - Internet Spyware (I-Spy) Prevention Act of 2007
H.R. 964 - Securely Protect Yourself Against Cyber Trespassing Act (Spy Act)
H.R. 936 - Prevention of Fraudulent Access to Phone Records Act
H.R. 958 - Data Accountability and Trust Act

Printed Name and Title Peter B. Davidson, Senior Vice President



Registrant VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS Client Name VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code LBR Labor Issues/Antitrust/Workplace (one per page)

16. Specific lobbying issues

Family Medical Leave Act
H.R. 800 - The Employee Free Choice Act
H.R. 4986 - National Defense Authorization Act for FY 2008

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☑ Other

Department of Labor

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
Peter	Davidson			☐
Roger	Mott			☐
Andrew	Mekelburg			☐
Christiaan	Collins			☐
Mark	Keam			☐
Thomas	Edwards			☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Peter B. Davidson, Senior Vice President



Registrant VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS Client Name VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code TAX Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues

Tax Depreciation and Capitalization
State and Local Communication Taxes
Internet Tax Moratorium
Federal Telecom Excise Tax Repeal

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☑ Other

Department of Treasury; Internal Revenue Service; Department of Labor, Department of Transportation, Executive Office of the President

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
Peter	Davidson			☐
Christopher	MacKay			☐
Roger	Mott			☐
Mark	Mullet			☐
Andrew	Mekelburg			☐
Christiaan	Collins			☐
Mark	Keam			☐
Marie	Sylla			☐
Robert	Fisher			☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Peter B. Davidson, Senior Vice President



ADDENDUM for General Lobbying Issue Area: TAX - Taxation/Internal Revenue Code

Broadband Tax Incentives
H.R. 743 & S. 156 - Internet Tax Non-discrimination Act of 2007
H.R. 3678 - Internet Tax Freedom Act
S. 1453 - ITFA Extension Act
S. 140, S. 170 & H.R. 1194 - Telephone Excise Tax Repeal Act of 2007
S. 166 & H.R. 436 - Cell Phone Tax Moratorium Act of 2007
S. 41 - Research Competitiveness Act of 2007
H.R. 1712 - Research & Development Tax Credit Act of 2007
H.R. 2 - Fair Minimum Wage Act of 2007
H.R. 976 - Small Business Tax Relief Act
S. 777 - Withholding Tax Relief Act of 2007
H.R. 2776 - Renewable Energy & Energy Conservation Tax Act of 2007
S. 6 - National Energy & Environmental Security Act of 2007
H.R. 3970 - Tax Reduction and Reform Bill
S. 156 - Permanent Internet Tax Freedom Act of 2007
S. 1453 - ITFA Extension Act of 2007
H.R. 3996 - Temporary Tax Relief Act of 2007
S. 2302 - Food and Energy Security Act of 2007

Printed Name and Title Peter B. Davidson, Senior Vice President



Registrant VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS Client Name VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS

ADDENDUM for General Lobbying Issue Area: TAX - Taxation/Internal Revenue Code

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
Thomas	Edwards			☐
				☐
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Printed Name and Title Peter B. Davidson, Senior Vice President



Registrant VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS Client Name VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code IMM Immigration (one per page)

16. Specific lobbying issues

S. 1639 - Comprehensive Immigration Reform Act of 2007
S. 1083 - Securing Knowledge, Innovation and Leadership Act of 2007

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☐ Other

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
Andrew	Mekelburg			☐
Christiaan	Collins			☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Peter B. Davidson, Senior Vice President

EXHIBIT
Exhibit 283

Registrant VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS Client Name VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code TEC Telecommunications (one per page)

16. Specific lobbying issues

E-911
Pre-texting/Privacy
Special Access
Copper Networks

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☑ Other

Department of Commerce
Federal Communications Commission

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
Peter	Davidson			☐
Robert	Fisher			☐
Joanna	McIntosh			☐
Andrew	Mekelburg			☐
Roger	Mott			☐
Mark	Mullet			☐
Frank	Cantrel			☐
Mark	Keam			☐
Marie	Sylla			☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Peter B. Davidson, Senior Vice President

EXHIBIT
Exhibit 283

ADDENDUM for General Lobbying Issue Area: TEC - Telecommunications

Universal Service Reform
H.R. 2054 - Universal Service Reform Act
S. 101 - Universal Service for Americans Act
S. 92 - Protecting Consumer Phone Records Act
H.R. 3403 - 911 Modernization and Safety Act
S. 428 - IP Enabled Voice Communications and Public Safety Act
S. 93 - 911 Modernization Act

Printed Name and Title Peter B. Davidson, Senior Vice President



Registrant VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS Client Name VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS

ADDENDUM for General Lobbying Issue Area: TEC - Telecommunications

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
Christopher	MacKay			☐
Christiaan	Collins			☐
Barbara	Sacks			☐
Thomas	Edwards			☐
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				☒

Printed Name and Title Peter B. Davidson, Senior Vice President



Registrant VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS Client Name VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code GOV Government Issues (one per page)

16. Specific lobbying issues

FAA-FTI ATC Transition
H.R. 473 - SAFE Commission Act
S. 3660 - An original bill making appropriations for the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year, and other purposes

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☑ Other

Office of Management and Budget

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
Frank	Cantrel			☐
Christopher	MacKay			☐
Andrew	Mekelburg			☐
Roger	Mott			☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Peter B. Davidson, Senior Vice President

v5.0.1b

EXHIBIT
Exhibit 283

Registrant VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS Client Name VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code CPT Copyright/Patent/Trademark (one per page)

16. Specific lobbying issues

H.R. 1908 - Patent Reform Act of 2007
S. 1145 - Patent Reform Act of 2007
ITC - Qualcomm vs. Broadcom Decision

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☑ Other

Department of Commerce
Department of State
U.S. Trade Representative
Executive Office of the President

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
Peter	Davidson			☐
Joanna	McIntosh			☐
Christopher	MacKay			☐
Robert	Fisher			☐
Mark	Keam			☐
Thomas	Edwards			☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Peter B. Davidson, Senior Vice President



Registrant VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS Client Name VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code COM Communications/Broadcasting/Radio/Tv (one per page)

16. Specific lobbying issues

Broadband Data Collection
Broadband Deployment
Net Regulation
Rural Utility Service Reform

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☑ Other

Department of Commerce
Federal Communications Commission
Executive Office of the President

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
Peter	Davidson			☐
Robert	Fisher			☐
Joanna	McIntosh			☐
Andrew	Mekelburg			☐
Roger	Mott			☐
Mark	Mullet			☐
Frank	Cantrel			☐
Mark	Keam			☐
Marie	Sylla			☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Peter B. Davidson, Senior Vice President



ADDENDUM for General Lobbying Issue Area: COM - Communications/Broadcasting/Radio/Tv

VoIP Interconnection
Wireless Consumer Protection
Forbearance
700 Mhz Auction
Exclusive Access for Video Services in Multi-Dwelling Units
H.R. 3893 - Connect America Now Act
H.R. 3627 - Connect the Nation Act
H.R. 3939 - Broadband Census Act
H.R. 2035 - Rural Broadband Act of 2007
H.R. 2174 - Rural Broadband Initiative Act of 2007
H.R. 2953 - Rural Broadband Access Enhancement Act
S. 1492 - Broadband Data Improvement Act
S. 1439 - Rural Broadband Improvement Act
S. 1032 - Rural Broadband Initiative Act
H.R. 2419 - Farm, Nutrition and Bioenergy Act (House Farm Bill)
S. 1190 - Connect the Nation Act
S. 1492 - Broadband Data Improvement Act
S. 215 - Internet Freedom Preservation Act
H.R. 1818 - Broadband Deployment Acceleration Act of 2007
H.R. 3914 - Protecting Consumers Through Proper Procedures For Forbearance Bill
S. 2033 - Cell Phone Consumer Empowerment Act

Printed Name and Title Peter B. Davidson, Senior Vice President



Registrant VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS Client Name VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS

ADDENDUM for General Lobbying Issue Area: COM - Communications/Broadcasting/Radio/Tv

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
Christopher	MacKay			☐
Christiaan	Collins			☐
Barbara	Sacks			☐
Thomas	Edwards			☐
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Printed Name and Title Peter B. Davidson, Senior Vice President



Registrant VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS Client Name VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code INT Intelligence and Surveillance (one per page)

16. Specific lobbying issues

S. 2557 & H.R. 5104 - Protect America Act
H.R. 3773 - RESTORE Act of 2007
S. 2248 - Foreign Intelligence Surveillance Act of 2007 and related amendments

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☑ Other

Department of Justice
Federal Bureau of Investigation
Executive Office of the President

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
Peter	Davidson			☐
Frank	Cantrel			☐
Robert	Fisher			☐
Mark	Keam			☐
Christopher	MacKay			☐
Roger	Mott			☐
Marie	Sylla			☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Peter B. Davidson, Senior Vice President



Registrant VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS Client Name VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code HCR Health Issues (one per page)

16. Specific lobbying issues

S. 1693 - Wired for Health Care Quality Act
S. 2499 - Medicare, Medicaid and SCHIP Extension Act of 2007
H.R. 3800 - Promoting Health Information Technology Act
S. 2408 - Medicare Electronic Medication and Safety Act of 2007

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☑ Other

Department of Health and Human Services

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
Peter	Davidson			☐
Andrew	Mekelburg			☐
Mark	Keam			☐
Marie	Sylla			☐
Thomas	Edwards			☐
Christiaan	Collins			☐
Joanna	McIntosh			☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Peter B. Davidson, Senior Vice President

EXHIBIT
Exhibit 283

Registrant VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS Client Name VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code TRD Trade (Domestic/Foreign) (one per page)

16. Specific lobbying issues

Submarine Cable License Application
Foreign Storage of Customer Data

17. House(s) of Congress and Federal agencies ☐ Check if None ☐ House ☐ Senate ☑ Other

Department of State
Executive Office of the President

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
Peter	Davidson			☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Peter B. Davidson, Senior Vice President

EXHIBIT
Exhibit 283

Registrant VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS Client Name VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS

Information Update Page - Complete ONLY where registration information has changed.

20. Client new address

Address

City State Zip Code - Country

21. Client new principal place of business (if different than line 20)

City State Zip Code - Country

22. New General description of client's business or activities

LOBBYIST UPDATE

23. Name of each previously reported individual who is no longer expected to act as a lobbyist for the client

	First Name	Last Name	Suffix		First Name	Last Name	Suffix
1	Joseph	Burke		3	Edward	Young	III
2	Michael	Boland		4	Maria	McCann-Ghazal	

ISSUE UPDATE

24. General lobbying issue that no longer pertains

AFFILIATED ORGANIZATIONS

25. Add the following affiliated organization(s)

Name	Address (Street Address, City, State/Province, Zip, Country)	Principal Place of Business (city and state or country)
		City State Country City State Country

26. Name of each previously reported organization that is no longer affiliated with the registrant or client

1 2 3

FOREIGN ENTITIES

27. Add the following foreign entities

Name	Address (Street Address, City, State/Province, Country)	Principal place of business (city and state or country)	Amount of contribution for lobbying activities	Ownership percentage in client
		City State Country		%

28. Name of each previously reported foreign entity that no longer owns, or controls, or is affiliated with the registrant, client or affiliated organization

1 3 5

2 4 6

Printed Name and Title Peter B. Davidson, Senior Vice President



Registrant VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS Client Name VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS

Information Update Page - Complete ONLY where registration information has changed.

20. Client new address

Address

City State Zip Code - Country

21. Client new principal place of business (if different than line 20)

City State Zip Code - Country

22. New General description of client's business or activities

LOBBYIST UPDATE

23. Name of each previously reported individual who is no longer expected to act as a lobbyist for the client

	First Name	Last Name	Suffix		First Name	Last Name	Suffix
1	Frank	Dillow		3	Gregg	Rothschild	
2	Del	Velasquez		4	Barbara	Sacks	

ISSUE UPDATE

24. General lobbying issue that no longer pertains

AFFILIATED ORGANIZATIONS

25. Add the following affiliated organization(s)

Name	Address Street Address City State/Province Zip Country	Principal Place of Business (city and state or country)
		City State Country City State Country

26. Name of each previously reported organization that is no longer affiliated with the registrant or client

1 2 3

FOREIGN ENTITIES

27. Add the following foreign entities

Name	Address Street Address City State/Province Country	Principal place of business (city and state or country)	Amount of contribution for lobbying activities	Ownership percentage in client
		City State Country		%

28. Name of each previously reported foreign entity that no longer owns, or controls, or is affiliated with the registrant, client or affiliated organization

1 3 5

2 4 6

Printed Name and Title Peter B. Davidson, Senior Vice President



Registrant VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS Client Name VERIZON & ITS AFFILIATES, EXCEPT VERIZON WIRELESS

Information Update Page - Complete ONLY where registration information has changed.

20. Client new address

Address

City State Zip Code - Country

21. Client new principal place of business (if different than line 20)

City State Zip Code - Country

22. New General description of client's business or activities

LOBBYIST UPDATE

23. Name of each previously reported individual who is no longer expected to act as a lobbyist for the client

	First Name	Last Name	Suffix		First Name	Last Name	Suffix
1	Kathleen	Zanowic		3			
2	Sarah	Deutsch		4			

ISSUE UPDATE

24. General lobbying issue that no longer pertains

AFFILIATED ORGANIZATIONS

25. Add the following affiliated organization(s)

Name	Address Street Address City State/Province Zip Country	Principal Place of Business (city and state or country)
		City State Country City State Country

26. Name of each previously reported organization that is no longer affiliated with the registrant or client

1 2 3

FOREIGN ENTITIES

27. Add the following foreign entities

Name	Address Street Address City State/Province Country	Principal place of business (city and state or country)	Amount of contribution for lobbying activities	Ownership percentage in client
		City State Country		%

28. Name of each previously reported foreign entity that no longer owns, or controls, or is affiliated with the registrant, client or affiliated organization

1 3 5

2 4 6

Printed Name and Title Peter B. Davidson, Senior Vice President



Kass, David A

From: Mott, Roger A.
Sent: Sunday, January 27, 2008 11:00 AM
To: 'george.dalley@mail.house.gov'
Subject: Fw:

George

Attached is a paper on bonus depreciation as it applies to broadband deployment.

Mark Mullet in our office already forwarded to John Buckley and Jon Sheiner.

Just wanted you to have for your review and input with Charlie.

Thanks Roger.

.

----- Original Message -----
From: mark.s.mullet
To: Mott, Roger A.
Sent: Sat Jan 26 12:17:45 2008
Subject: Fw:

Roger,

I've sent the note below to the Rangel tax guys. Could you please forward to his political people with words of encouragement asap? Thanks!
Msm

----- Original Message -----
From: Mullet, Mark S.
To: 'jon.sheiner@mail.house.gov' <jon.sheiner@mail.house.gov>;
'john.buckley@mail.house.gov' <john.buckley@mail.house.gov>
Sent: Sat Jan 26 12:16:14 2008

Jon & John,

Attached is an industry paper regarding suggested changes to previous 'bonus depreciation' language used in 2002 and 2003. In order to encourage more broadband investment and job creation in our industry the rules on self constructed property need to be modified in section 168(K). Otherwise, the IRS is likely to whipsaw us on their view of 'projects'. We think that in 2002 Congress did not understand the advance costs needed to deploy broadband, and how the definition of 'projects' can be manipulated so significant investments did not qualify that we think should have.

We understand you may be working on similar language (as in this paper) and that a bill could move to the House floor early next week. As a result, I want to provide you with our industry comments (attached). I hope this is helpful, and thank you for considering these comments.

Regards,

Mark

Mark S. Mullet



VZ-CCNY 1418

CSOC.CBR.00022910

Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510
http://lobbyingdisclosure.house.gov	http://www.senate.gov/lobby

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

1. Registrant Name ☑ Organization/Lobbying Firm ☐ Self Employed Individual

Capitol Tax Partners, LLP

2. Address ☐ **Check if different than previously reported**

Address1 101 Constitution Avenue, NW Suite 675 East Address2

City Washington State DC Zip Code 20001 - Country USA

3. Principal place of business (if different than line 2)

City State Zip Code - Country

4a. Contact Name	b. Telephone Number ☐ International Number	c. E-mail	5. Senate ID#
Mr. Jon Talisman	(202) 289-8700		65976-1457

7. Client Name ☐ *Self* ☐ *Check if client is a state or local government or instrumentality*	6. House ID#
Verizon (previously reported as Verizon Wireless)	356170072

TYPE OF REPORT 8. Year 2008 Q1 (1/1 - 3/31) ☑ Q2 (4/1 - 6/30) ☐ Q3 (7/1-9/30) ☐ Q4 (10/1 - 12/31) ☐

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ Termination Date 11. No Lobbying Issue Activity ▨

INCOME OR EXPENSES - **YOU MUST complete either Line 12 or Line 13**

12. Lobbying

INCOME relating to lobbying activities for this reporting period was:

Less than $5,000 ☐

$5,000 or more ☑ $ 60,000.00

Provide a good faith estimate, rounded to the nearest $10,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSE relating to lobbying activities for this reporting period were:

Less than $5,000 ▨

$5,000 or more ▨ $

14. REPORTING Check box to indicate expense accounting method. See instructions for description of options.

▨ **Method A.** Reporting amounts using LDA definitions only

▨ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

▨ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Signature **Date** **04/21/2008**

Printed Name and Title Jonathan Talisman - Partner

v6.0.1f

EXHIBIT
Exhibit 285

Registrant Capitol Tax Partners, LLP | Client Name Verizon (previously reported as Verizon Wireless)

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Add additional page(s) as needed.

15. General issue area code TAX Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues

Tax issues related to Telecommunications, including H.R. 5719, the Taxpayer Assistance and Simplification Act of 2008, and H.R. 2242 and H.R. 2419, the Agriculture Extension bill.

17. House(s) of Congress and Federal agencies ☐ Check if None

Senate, House of Representatives, Treasury, Dept of, Internal Revenue Service (IRS)

18. Name of each individual who acted as a lobbyist in this issue area

First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Lindsay	Hooper			☐
Jonathan	Talisman		Assistant Treasury Secretary for Tax Policy	☐
Richard	Grafmeyer		Deputy Chief of Staff, JCT	☐
Joseph	Mikrut		Tax Legislative Counsel - US Treasury	☐
William	McKenney		Staff Director, Ways & Means Over Sub	☐
Lawrence	Willcox		Staff Director, Senate Republican Policy Committe	☐
James	Dennis		Tax Counsel, Sen Robb - Counsel, Sen Bingaman	☐
				☐
				☑

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Jonathan Talisman - Partner

EXHIBIT
Exhibit 285

Registrant Capitol Tax Partners, LLP Client Name Verizon (previously reported as Verizon Wireless)

Information Update Page - Complete ONLY where registration information has changed.

20. Client new address

Address

City State Zip Code - Country

21. Client new principal place of business (if different than line 20)

City State Zip Code - Country

22. New General description of client's business or activities

LOBBYIST UPDATE

23. Name of each previously reported individual who is no longer expected to act as a lobbyist for the client

	First Name	Last Name	Suffix		First Name	Last Name	Suffix
1				3			
2				4			

ISSUE UPDATE

24. General lobbying issue that no longer pertains

AFFILIATED ORGANIZATIONS

25. Add the following affiliated organization(s)

Internet Address:

Name	Address Street Address City State/Province Zip Country	Principal Place of Business (city and state or country) City State Country City State Country

26. Name of each previously reported organization that is no longer affiliated with the registrant or client

1 2 3

FOREIGN ENTITIES

27. Add the following foreign entities

Name	Address Street Address City State/Province Country	Principal place of business (city and state or country)	Amount of contribution for lobbying activities	Ownership percentage in client
		City State Country		%

28. Name of each previously reported foreign entity that no longer owns, or controls, or is affiliated with the registrant, client or affiliated organization

1	3	5
2	4	6

Printed Name and Title Jonathan Talisman - Partner

v6.0.1f

EXHIBIT
Exhibit 285

Bill Summary & Status

H.R.5719

Previous Result | 9 of 22 | Next Result

Search Results > H.R.5719 > Overview

Modify Search | New Search | Save Search/Alert Help | Contact Us

H.R.5719 [110th] **Major Actions:** Help House

Title:Taxpayer Assistance and Simplification Act of 2008
Sponsor: Rep Rangel, Charles B. [D-NY-15] (introduced 4/8/2008) **Cosponsors:** 17
Committees: House Ways and Means; Senate Finance
House Reports: 110-584, 110-584 Part 2
Related Bills: H.RES.1102, H.R.4318, H.R.5703, S.2851
Latest Major Action: 4/16/2008 Referred to Senate committee. Status: Received in the Senate and Read twice and referred to the Committee on Finance.

Jump to: Titles, Major Actions, Committees, Summary

TITLE(S): (*italics indicate a title for a portion of a bill*)

- SHORT TITLE(S) AS INTRODUCED:
  Taxpayer Assistance and Simplification Act of 2008
- SHORT TITLE(S) AS REPORTED TO HOUSE:
  Taxpayer Assistance and Simplification Act of 2008
- SHORT TITLE(S) AS PASSED HOUSE:
  Taxpayer Assistance and Simplification Act of 2008
- OFFICIAL TITLE AS INTRODUCED:
  To amend the Internal Revenue Code of 1986 to conform return preparer penalty standards, delay implementation of withholding taxes on government contractors, enhance **taxpayer** protections, **assist** low-income **taxpayers**, and for other purposes.

MAJOR ACTIONS: [SELECTED] *(dates in italics indicate Senate actions)* For more details, see: Bill Status Display.

4/8/2008	Introduced in House
4/14/2008	Reported (Amended) by the Committee on Ways and Means. H. Rept. 110-584, Part I.
4/14/2008	Supplemental report filed by the Committee on Ways and Means, H. Rept. 110-584, Part II.
4/15/2008	Passed/agreed to in House: On passage Passed by recorded vote: 238 - 179 (Roll no. 190).
4/16/2008	Referred to Senate committee: Received in the Senate and Read twice and referred to the Committee on Finance.

COMMITTEE(S):

Committee/Subcommittee:	**Activity:**
House Ways and Means	Referral, Markup, Reporting
Senate Finance	Referral, In Committee



CSOC.CBR.00032313

SUMMARY AS OF:
4/15/2008--Passed House amended. (There are 2 other summaries)

Taxpayer Assistance and Simplification Act of 2008 - (Sec. 2) Amends the Internal Revenue Code to modify the standards for imposing penalties on tax return preparers for understatements of tax to require: (1) substantial authority for a position with respect to an item on a tax return if such position was not disclosed with the return; and (2) a reasonable basis for a position that was disclosed with the return.

Requires tax return preparers to have a reasonable belief that a position with respect to a tax shelter or a reportable transaction (a transaction having a potential for tax avoidance or evasion) will more likely than not be sustained on its merits.

(Sec. 3) Removes certain limitations on the tax deduction for employee use of cellular telephones.

(Sec. 4) Delays until 2012 the 3% withholding requirement on government payments to contractors providing goods and services.

(Sec. 5) Exempts recipients of home care services under federally-**assisted** state or local government home care programs for the elderly or disabled from payment of employment taxes for amounts paid to service providers. Imposes liability for payment of such taxes on the fiscal administrators of such programs.

(Sec. 6) Allows officers and employees of the Department of the Treasury to refer **taxpayers** for advice and **assistance** to federally-funded low-income **taxpayer** clinics.

(Sec. 7) Authorizes the Secretary of the Treasury to make grants to provide matching funds for volunteer income tax **assistance** programs. Increases to $10 million the annual amount the Secretary may allocate for grants to such programs.

(Sec. 8) Requires the Secretary to provide **taxpayers** with annual written notices of eligibility for the earned income tax credit.

(Sec. 9) Prohibits the Secretary from providing a debt indicator (notice of a tax refund offset) to businesses that provide refund anticipation loans and engage in predatory business practices with respect to such loans.

(Sec. 10) Directs the Secretary to conduct a feasibility study for delivering tax refunds on debit cards, prepaid cards, and other electronic means to facilitate refunds to individuals who do not have bank accounts.

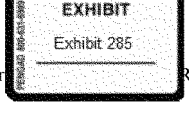
(Sec. 11) Extends from nine months to two years the period in which the Internal Revenue Service (IRS) may return property that has been wrongfully levied and for bringing a civil action for a wrongful levy.

(Sec. 12) Allows **taxpayers** to recontribute to their individual retirement accounts (IRAs), without penalty or limitation, amounts that were wrongfully levied by the IRS. Requires the IRS to pay interest on IRA amounts that were wrongfully seized.

(Sec. 13) Requires the Secretary to notify a **taxpayer** of: (1) any unauthorized use of such **taxpayer's** identity (suspected identity theft) which the Secretary uncovers during a tax investigation; and (2) any criminal charges brought against an individual who is using the identity of such **taxpayer**.

(Sec. 14) Repeals the authority of the IRS to enter into private debt collection contracts. Exempts contracts entered into before March 1, 2008, that are not renewed or extended after such date. Nullifies any contract entered into, extended, or renewed on or after such date.

(Sec. 15) Allows the IRS to use any means of [illegible] (e.g., the Internet) to publish unclaimed tax



CSOC.CBR.00032314

"Are you interested in having your payments sent electronically to your bank? For an application & more information dial 1-888-275-5377. When prompted, press option 2 and enter document #6601"

	DATE	AMOUNT	REMITTANCE MESSAGE
Redacted	04/01/08	$300000.00	THE VERIZON FOUNDATION LITERACY IN TECHNOLOGY PROGRAM

VERIZON FOUNDATION PAYMENT- TOTAL $******300000.00**
PLEASE CALL - (877)-625-4357 (Menu Options 2-1-3) - IF THERE ARE ANY QUESTIONS
For payment information visit our web site at www.verizon.com/accountspayable.

FOLD ALONG PERFORATED DOTTED LINE & REMOVE CHECK

verizon

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Redacted NC

Date: APRIL 02, 2008

'Three Hundred Thousand and 00/100 s**********Dollars

PAY $******300000.00**
VERIZON FOUNDATION

PAY TO THE CITY COLLEGE 21ST CENTURY FOUNDATION INC

Redacted
Authorized Signature

MELLON BANK
PITTSBURGH, PA

Redacted

Security Features Included Details on Back

PLEASE DETACH AT PERFORATION BEFORE CASHING

SEE REVERSE SIDE FOR OPENING INSTRUCTIONS

777 PARKWAY AVE.
EWING, NJ 08618

verizon
A/P

TP FND Redactec

THE CITY COLLEGE 21ST CENTURY FOUNDATION
INC
138TH ST AND CONVENT AVE
NEW YORK NY 10031-0000

EXHIBIT
Exhibit 286

VZ-CCNY 0246

CSOC.CBR.00023232

Kass, David A

From: Mott, Roger A.
Sent: Thursday, October 02, 2008 3:46 PM
To: 'george.dalley@mail.house.gov'
Attachments: Rep. Rangel IGS Letter.pdf

George

Just wanted you to have a copy of Ivan Seidenberg's letter to Charlie this morning regarding tomorrow's vote.

Thanks.

Roger



Ivan Seidenberg
Chairman & CEO

verizon

140 West Street, Floor 29
New York, NY 10007

October 1, 2008

The Honorable Charles B. Rangel
United States House of Representatives
2354 Rayburn House Office Building
Washington, DC 20515-3215

Dear Representative Rangel:

The credit crisis facing the nation is now significantly affecting business and the economy as a whole. Therefore, I encourage you to act promptly to approve legislation to stabilize our nation's financial system.

As chairman and CEO of Verizon, I'd like to share with you our perspective on how the current financial problems are affecting our 228,000 employees, our suppliers and vendors, and our customers.

First, Verizon is on very strong financial footing, and we are in the midst of a great mission – deploying the best wireless broadband network across America and the premier fiber network (FiOS) to 18 million American homes. At the same time, we recognize that the health of our business is dependent upon the ability of our customers to buy our products and services, the capacity of our suppliers to manufacture and deliver products and equipment, and the ability of our vendors to dig the ditches to deploy fiber or build the towers that deliver wireless services. If action is not taken to ease the current credit crunch, many of our suppliers and vendors will not be able to get the credit they need to purchase materials and other products, meet payroll, and remain in business.

Many of our employees and customers are feeling the effects of the credit crunch. Not only is this a serious personal challenge for each of them, the impact of the credit crisis on average citizens will have a direct and increasing impact on the economy as a whole.

I know that this is a difficult issue. Yet, I believe that quick congressional action is necessary to avoid a serious setback to our nation's economy and a lot of personal pain for our citizens. Action by Congress to restore liquidity to the credit markets is an essential step toward restoring our economy.

I thank you for considering these thoughts as you work to develop legislation to respond to this serious challenge to our nation.

Sincerely,

Ivan Seidenberg



Kass, David A

From: Mott, Roger A.
Sent: Monday, March 23, 2009 12:57 PM
To: Mekelburg, Andrew M
Cc: Mullet, Mark S; McIntosh, Joanna K (Joanna)
Subject: Rangel-Seidenberg Meeting, Tuesday, March 24 at 1:45PM.

Andy

Charlie Rangel can visit with Ivan at 1:45PM tomorrow in H-208 of the Capitol. Does not want an entourage so if you are with Ivan fine. I would counsel against bringing others for sake of it not becoming a group discussion instead of a one on one Chairman Rangel and Chairman Seidenberg discussion. Probably 20 minute time slot.

Copying Mark in case we need a brief for Ivan on tax issues that Charlie might raise over the course of the meeting.

Wendy Featherson, Charlie's scheduler set this up and can be reached at 225-[illegible] if there are any last minute issues. I am around tomorrow if you need me there for any reason.

Roger



INVOICE NUMBER	INVOICE DATE	DESCRIPTION		GROSS	DISCOUNT	NET AMOUNT
Redacted	08/22/2007	050-THE VERIZON FOUNDATION	UT	100,000.00		100,000.00
Check No.	**Check Date**	**Vendor No.**	**Handling Code**	**Total**	$100,000.00	0.00	$100,000.00
Redacted	06/05/2009	Redacted	FN	**Questions? Call** 916/357-3270		**BU** APFND

PAGE 1 OF 1

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Folsom, CA 95763-2200
916/357-3270

The Bank of New York Mellon
Pittsburgh, PA 15262

60-160
433

Redacted

Check Date	Check No.	Check Amount
06/05/2009	Redacted	$100,000.00

PAY *One hundred thousand and 00/100 Dollars*

TO THE ORDER OF
THE CITY COLLEGE 21ST CENTURY FOUNDATION
INC
138TH ST AND CONVENT AVE
NEW YORK, New York 10031-0000

Redacted

VOID SIX MONTHS AFTER ISSUE DATE

Redacted

Check Sent by Anita to Suzanne Zwerling on 6/8/09

verizon

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Folsom, CA 95763-2200

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THE CITY COLLEGE 21ST CENTURY FOUNDATION
INC
138TH ST AND CONVENT AVE
10031-0000

EXHIBIT
Exhibit 289

VZ-CCNY 0269

CSOC.CBR.00023255

Organization Information

1) Legal Name	THE CITY COLLEGE OF New York
2) AKA Name	The City College of the City University of New York
3) In Care Of Name	City College 21st Century Foundation
4) Relationship to 'in care of' organization	The CC21CF is the fiscal agent for The City College of New York
5) Address	160 CONVENT AVE, Shepard Hall, RM 154
6) City	NEW YORK
7) State	New York
8) ZIP Code	10031-0000
9) Province	
10) Country	United States
11) Telephone	(212) 650
12) Fax	212-650
13) Web Site Address	www.cuny.ccny.edu
14) E-mail Address	nmuid(

What is your mission, your vision, and any key points of approach?

15) Organization Mission

A Proud History and Mission -- The Children of the Whole People

The City College of New York was founded in 1847 by Townsend Harris to offer higher education to the children of the working class and immigrants.

For 160 years, The City College of New York has symbolized the union of excellence and public higher education. The most important avenue to upward mobility and social advancement for generations of New Yorkers, City College has provided an unsurpassed educational opportunity to hundreds of thousands of talented but needy students. With particular focus on meeting the needs of ""the children of the whole people,"" The College provides unique opportunities for underrepresented populations to enter fields new to them with expert skills and education.

City College's mission emphasizes access and excellence in undergraduate and graduate education and research. Requiring demonstrated potential for admission and a high level of accomplishment for graduation, the College provides a diverse student body with exceptional opportunities to participate in creative intellectual pursuits. The College is led by a faculty committed to the advancement of knowledge and the guidance of students in the attainment of rigorous academic goals.

16) Organization Vision



Organization Information (continued)

17) Organization Key Points (Values, Principles and Strategies)

18) Please summarize your strongest achievements in the past three years - meaning those who benefited.

What demographics do you serve and what ethnic reach does your organization have overall?

19) Community Ethnicity %

20) What other demographic groups do you serve?

In your geographic area, whether local, state or national, what are the three organizations that are most similar to you? And what differentiates you from them?

21) Three similar organizations

22) What makes you different?



Proposal Information

Request Owner	Susan Sullivan
Request Source	External (Submitted 05/24/07)
Proposal Type	Competitive Grant - Other
Is this a Quid Pro Quo Grant?	No
Invitation Code	692TMKYEQH
Organization Certifications	
No Verizon employee, customer, or board members has a financial interest	Yes
No branch offices, operations, or representation in U.S. sanctioned countries.	Yes
Board, staff and organization are free of indictments, convictions, and conflicts of interest	Yes
Organization has one separate financial or accounting person or function.	Yes
Organization has conflict of interest policy and procedures	Yes
The organization has at least 3 board members	Yes
If answering "no" to any of the above questions, please explain.	N/A
Organization Accuracy Certification	Yes
509(A)(3) Tax Status InformationView Chargeline 509(A)(3) Details for Request ID #{Request ID}	
509(a)(3) Supporting Organization Type	
509(a)(3) Type III Integrated with Support Organization	N/A
Proposal Information	
Project Title	The Verizon Foundation Literacy in Technology Program
Request Date	05/23/07
Request Amount	$500,000.00



Proposal Information (continued)

Request Amount (continued)

Funding Areas Literacy & Education

Grant Start Date 09/01/07

Grant End Date 06/01/10

Please specifically state/explain how Verizon Foundation's funding will be used in the proposed program/project.

CITY COLLEGE/VERIZON PARTNERSHIP

The City College of New York (CCNY) is excited about the opportunity to partner with Verizon to develop the "Verizon Foundation Literacy in Technology Program" at the new Rangel Center at the College.

City College requests Verizon's support at the $500,000 level to develop and implement this technology literacy program which will serve approximately 200 students pursuing degrees in public service. All 700 students of the Division of Worker Education (DWE) will be impacted by this program because technological literacy will be integrated throughout the curriculum. In addition, CCNY students participating in Rangel Center programs who are not registered at DWE will be able to take these courses through web casts and distance learning.

Verizon Foundation recommends support at the $500,000 level; $100,000 payable in 2007, $300,000 in 2008, and $100,000 in 2009.

City College is one of the most truly diverse campuses in America. More than 87% of CCNY students describe themselves as members of a minority group. City College's demographics are now approximately: 36% Hispanic; 26% African-American; 22% Asian; 13% White; 1% American Indian; 2% Other. Most of CCNY's students come from the New York City public schools. Many are immigrants or children of immigrants; they speak 91 languages other than English and were born in 147 countries. City College students are often the first in their families to go to college, and most have very limited financial resources. Approximately 58% come from families with combined incomes of $30,000 or less; three quarters work while attending school, some at more than one job. Over half of CCNY's students attend part time, most often for financial reasons.

The Division of Worker Education students are ethnically similar to the City College profile just described, but in other ways they are different. City College's median undergraduate age is 22, but DWE's is 32. Furthermore, City College undergraduates are evenly divided between men and women, but 80% of DWE students are women.

Fundamental to Congressman Rangel's lifelong service is a belief that America's ""governing class"" -- those men and women who make our laws and policies --must reflect the rich tapestry of cultures, faiths, and ethnicities that make us who we are as a country. Today, non-whites make up nearly 30% of the US population. Yet fewer than 14% of men and women in middle and senior levels of the Federal Civil Service and 8% of the United States Foreign Service are members of minority groups.

The Rangel Center for Public Service will prepare students, particularly from underserved and underrepresented populations for careers as leaders in public service. At the heart of that effort is a curriculum that emphasizes a combination of classroom instruction, practical training, and opportunities for vibrant co-curricular interaction with the Rangel Leadership Fellows.

The program is designed to attract students at both the graduate and undergraduate levels. For undergraduates, a unique, seamless five-year BA/MPA Program in Public Service will attract current CCNY students and new students who come to City College specifically to enroll in the Rangel Program.

Rangel Center students will leave the City College of New York uniquely prepared for careers in public service. The Verizon Foundation Literacy in Technology Program at the new Rangel Center will ensure that these students have the necessary technological skills to make a difference to the agencies and public constituencies they will go on to serve.



Proposal Information (continued)

Please specifically state/explain how Verizon Foundation's funding will be used in the proposed program/project. (continued)

PROJECT BACKGROUND

Teaching Technological Literacy for Rangel Center Students

Educational technology is nudging instruction beyond its oral and print-based tradition to embrace online and electronic texts as well as multimedia. Computers are creating new opportunities for writing and collaborating and technology is influencing how people read, write, listen and communicate. The Internet is constructing global bridges for students to communicate, underscoring the need for individuals to be equipped with technology skills and competencies to actively participate as members of the 21st Century.

In today's digital world technology has contributed to an expanded understanding of literacy. Besides having basic literacy skills, today's students also need technology skills for communicating, investigating, accessing and using information, computing, thinking critically about messages inherent in new media, and understanding and evaluating data.

Technological literacy is knowledge about what technology is, how it works, what purposes it can serve, and how it can be used efficiently and effectively to achieve specific goals. Just 20 years ago, cell phones, laptops, pagers, and fax machines were in the realm of scientists and science fiction. Today, those technologies and the Internet have gained widespread public acceptance and use. It is clear that, in today's Digital Age, students must be technologically literate to live, learn, and work successfully.

City College acknowledges the importance of technology to its students' futures, but to date has not incorporated technology into the mainstream of academic learning. Because technological literacy has become an essential component of job readiness, citizenry, and life skills, students must not only become competent in the use of technology and associated applications, they also must be able to apply their skills to practical situations.

Accessing information has become increasingly important as databases previously accessible only to library media specialists are now available to students directly. Browsing, searching, and navigating online have become essential skills for all students, as has recognition of the limitations of digital archives. (Some things remain unavailable electronically.) Familiarity with natural inquiry, Boolean search strategies, and organizational systems (cataloging, abstracting, indexing, rating) is extremely important as students locate information from sources across the globe.
The digitizing of resources raises new issues of analysis and evaluation. For example, consider a student who is asked to prepare a presentation based on information from the Web. That student can access vast quantities of information without a lot of understanding, because search engines make accessing information so simple. But one must also recognize that:

Using search engines well requires an increased skill level. Evaluating and synthesizing information found in a variety of sources requires even more advanced skills, representing a literacy that is far beyond what is needed in a more constrained environment, such as with textbooks where all the information is contained within one source. In effect, because technology makes the simple tasks easier, it places a greater burden on higher-level skills.

Ultimately, students need to understand the interrelationships between library collections, proprietary databases, and other Internet documents to ensure appropriate, effective searching and accurate evaluation of sources. Furthermore, as students access electronic resources, it is critical that they recognize the importance of honoring the intellectual property of others by strictly adhering to copyright and fair-use laws.

Expanding the teaching and learning of technology will both better achieve the educational objectives that are foundational to the BA component of the BA/MPA degree, and also ensure that students graduate and move on to the MPA degree with significant technological literacy to help them along their career paths in public service.

A Professor of Technology Literacy will be identified and will coordinate and lead this program across a multidisciplinary platform. Interdisciplinary curriculum developed will include three integrated core courses, as well as advanced courses, that students take from several disciplines that relate to their area of concentration. For instance, public administration students will take courses in literature, sociology, psychology, history, economics and philosophy, in addition to courses like organizational behavior or



Proposal Information (continued)

Please specifically state/explain how Verizon Foundation's funding will be used in the proposed program/project. (continued)

urban politics and policy that are more specific to their concentration area. Technological literacy will be incorporated into these courses.

In addition, three courses required of all Rangel Center BA/MPA students--Communication and Political Action; Accessing, Analyzing, and Interpreting Data; and Management of Public Organizations-- will have significant technological components.

With a commitment from the Verizon Foundation, beginning in the fall of 2007, the Rangel Center will implement this Technology Literacy Program at the Rangel Center and DWE and will begin the search for the project's Professor.

We will offer specific coursework on technology tailored to students pursuing public administration and service and human services. Examples of such courses would include the use of GIS data, techniques in data analysis and presentation, and statistical analysis.

In addition, rather than offering only courses on technology, we plan to incorporate the technology learning with much of the current course content. Educational research shows this to be most effective way to develop of skill competency. People need to use new techniques they are learning as they learn them; otherwise the newly-acquired skills are quickly forgotten and lost. So we will have special sessions in the computer lab taught by the regular instructor or a specialist where students learn specific skills. Then, these skills would be immediately used in the coursework of the class they are taking. Advanced classes would require these skills and would add to them.

We would develop a skill grid, so we could be sure that all students have sufficient exposure to the basic skills before they take upper division courses. For example, in the social science core course, we would introduce tabulating and graphically presenting data. It could be population data on a topic like income distribution in the US. This would require several one hour sessions in the computer lab with the instructor giving hands on instruction in various techniques like entering the data, computing averages and then creating a graph. Following each session, students would be given an assignment to do readings or Internet research in which they gather data and create their own graphical representation of it along with some narrative explanation. All of these skills could be required for a final project at the end of the term.

We would start in the core courses with individual modules tied into the existing curriculum that develop skills in internet research, using databases, and data analysis and presentation tools. We would also develop learning modules that enhance basic skills to more advanced skills and learning outcomes. In more advanced courses, these skills would be assumed and reinforced through the expectation that they would be systematically used. More advanced skills would be developed in upper-division courses. These would include special statistics software, GIS software, presentation preparation, web site development, desktop publishing and video post-production. As mentioned already, a course in GIS data analysis and use would be important for some students so they have expertise in this area beyond the introductory level. The same is true for desktop publishing, video post-production, statistics and other areas where specialization is needed.

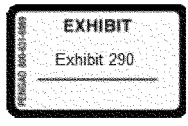
Once this project is fully implemented, we would expect every graduating student in DWE and the Rangel Center to possess a strong base in technology skills that have been used many times in different courses. This will provide the preparation to effectively use the tools available, and the comfort level to continue to learn as new technologies become available.

The Program's faculty, once trained, will be able to continue to teach literacy in technology and the knowledge base they create will also be available through publications, the website and curriculum modules made available to other educational institutions and to the community.

The Division of Worker Education at City College has been fortunate to receive $680,000 in funding this year from the New York City Council to complete the technological infrastructure. This includes money for completely outfitted smart classrooms, portable laptop computer labs for use in any classroom, and a video production and desktop publishing facility. These will be in place by the early spring of 2008.

VERIZON FUNDING

Verizon Foundation funding would provide the most critical elements of the Rangel Center's



Proposal Information (continued)

Please specifically state/explain how Verizon Foundation's funding will be used in the proposed program/project. (continued)

technological infrastructure which is the programmatic support to train faculty and students, develop curricular modules for many courses and enhance the teaching infrastructure with appropriate, state-of-the-art software.

State of the art teleconferencing connections (made available through the funding recently acquired for the Center's technology infrastructure) between the newly-renovated building that houses the Center for Worker Education and the Rangel Center will allow an efficient use of resources in which students at CWE or the City College main campus may enroll in courses at either location. This will allow students at both locations to take advantage of learning from some of the noted authorities who will be teaching in the program while pursuing their busy schedules involving schoolwork, jobs, and sometimes parenting.

The excellent facilities we will have require this investment in program development and training in order to be effectively used. Specifically, we would hire a full-time educator with extensive technological expertise to work with faculty to develop the learning modules, to train them in workshops, and to develop and implement the evaluation of the project. This person would also be available to conduct training of students in the computer lab or regular classroom. Both the Division of Worker Education and the BA/MPA public service program of the Rangel Center would be served by this person who would be based at the Center for Worker Education. A part-time person with web expertise both in web page design but also in webcasting would work with faculty as they develop web-based resources and online courses. This person would also develop the capability to webcast between the campuses.

Stipends for faculty will be provided to compensate them for the extra time they need to put in --in order to be trained in the use of technology in their courses. They would attend a number of half-day and/or full-day workshops. Further, we would pay some faculty for their time to develop new elective courses or to be added to the curriculum, or to significantly modify existing courses, incorporating technological literacy modules. In year two we envision adding new software capability as we are more aware of specific needs of elective courses.

Evaluation costs will include technical time for developing surveys on our Class Time computerized survey system and print costs and time for technicians to prepare analyses and summaries of the program and each student's individual results.

Publications costs will include printed materials and electronic materials that are made available both to students and to faculty in other institutions who want to use and adapt the developed materials. This also includes funding for faculty to present their modules and courses at national meetings.

Supplies will include disposable media and consumables directly related to the development and use of technological literacy modules.

MEASURMENT, EVALUATION AND OUTCOMES

Students participating in the Verizon Foundation Literacy in Technology Program at the Rangel Center will:

* develop knowledge, ability and responsibility in the use of information technology
* acquire, organize, analyze, evaluate, and present information using appropriate information technology
* use information technology to expand their range and effectiveness of communication
* solve problems, accomplish tasks, and express creativity, both individually and collaboratively, using technology
* understand the role and impact of technology, and apply ethical, responsible, and legal standards in its use

In order to evaluate the success of the program, determine a true and measurable outcome, and assess the benefits to The College, the Rangel Center, and the community, the Rangel Center will keep records and track:

* the number of students per year who participate in the Verizon Foundation Literacy in Technology Program,
* a student breakout by public service area/discipline and the associated technology learnings and levels achieved
* the professional development and technology curriculum developed and offered through the program,



Proposal Information (continued)

Please specifically state/explain how Verizon Foundation's funding will be used in the proposed program/project. (continued)

* the number of technology uses before and after completing the curriculum, and
* the number of uses of computerized presentations before and after completing the curriculum.

At the end of years one, two, and three, the Rangel Center will ask Verizon Foundation Literacy in Technology Program participants to fill out a questionnaire regarding their experiences with the program and the Center. The College will survey and analyze findings based on:
* usage of new technological skills,
* satisfaction with the learning experience before and after access to the program/Center.

After five years, The College's surveys of Rangel Center alumni will quantify:
* how many entered public service,
* in which capacities, and
* how they felt the Verizon Foundation Literacy in Technology Program assisted them in the long term.

In addition, City College is in the process of developing learning outcomes for all courses as a part of the Middle States accreditation process. We plan to use this same process as we incorporate the technological literacy modules. The technological literacy grid which lists the specific skills in the columns and the courses where they are learned in the rows would allow for evaluation of how well students are doing in each course. A particular course would have a specific set of technological literacy learning outcomes and for each outcome there would be a way to assess it in individual students. The expectation is that from now on, we will do outcomes assessment each year to evaluate the effectiveness of classes.

Specifically state the social cause/issue you intend to address.

Rangel Center students will leave the City College of New York uniquely prepared for careers in public service. The Verizon Foundation Literacy in Technology Program at the new Rangel Center will ensure that these students have the necessary technological skills to make a difference to the agencies and public constituencies they will go on to serve.

Specifically state what you will do to address this cause.

Please state how technology will be used to achieve your results.

Yes. Expanding the use of technology will both better achieve the learning objectives that are foundational to the BA component of the BA/MPA, and also ensure that students graduate and move on to the MPA degree with significant technological literacy to help them along their career paths in public service.

Participant Information

Geographic Area

Number affected by the social cause

Specifically state for whom you will address this cause.

Estimated Gender Served

80% Females
20% Males

Estimated Age Group Served

100% College

Estimated Ethnicity Served

2% American Indian or Alaska Native
22% Asian or Pacific Islander
27% Black or African American
36% Hispanic or Latino
13% White or Caucasian

Estimated Population Served

100% Underprivileged



Proposal Information (continued)

Number served by your organization

Approach Information

What overall approach or strategy are you using to achieve results?

City College is establishing the Charles B. Rangel Center for Public Service in honor of a distinguished public servant and long-time friend of the College, Congressman Charles B. Rangel. In a notable career spanning more than four decades, The Honorable Charles B. Rangel has done as much as any single person in public service to help the least powerful among our citizens to achieve their goals and to change their lives, their communities, and the nation.

The Charles B. Rangel Center for Public Service at The City College of New York will strive to become a national center for the promotion of greater diversity in public service, consisting of five major elements:

1. The Charles B. Rangel Library, consisting of documents, archives, and memorabilia from Congressman Rangel's lifetime of public service. These papers will be made available to scholars nationally, and particularly to scholars within The City College and the City University, and will serve as a focus of sponsored research and conferences concerning barriers to full participation in public service by underserved minorities;

2. The Master's Program in Public Service, which will recruit and prepare young people for careers in government and public service. The program will include participation in internships in service organizations, arranged by the Rangel Center. It will also offer interdisciplinary specializations in concert with The City College Schools of Architecture, Engineering, Education, and Biomedical Education, as well as CCNY's special programs in transportation, waste management, and urban public health;

Upon completion of a degree, graduates will be eligible for programs like the Federal Career Intern Program, entering government service for a two-year temporary appointment with eligibility for a permanent assignment upon completion. These opportunities will encourage the involvement of members of underrepresented minority groups and those with financial need;

3. A Combined BA/MPA Program in Public Service, which will work together with several undergraduate programs unique to City College that are particularly suited to draw outstanding students into public service. The BA/MPA Program will attract students capable of and interested in an intensive ""fast-track"" program leading to the master's degree. It will prepare them for public service with high-level coursework, experienced government personnel mentors, and hands-on training in internships and service learning;

4. The Charles B. Rangel Center, which will be housed in a magnificent Harlem limestone townhouse adjacent to The City College campus, and include the Rangel Library, the Rangel Conference Center, and offices for visiting scholars;

5. The Charles B. Rangel Fellows: A Mid-Career Program in Leadership and Policy Innovation, offering professional advancement training for mid-career, minority government and other public service employees of particular accomplishment and promise for a term of study ranging from eight weeks to an academic year.

Intensity - Number of Hours Per Week

Intensity - Explanation

Duration - Number of Weeks

Duration - Explanation



Proposal Information (continued)

What primary results are you committed to achieving? (continued)

Number of people reaching the primary desired program result

1000

Number of people reaching the primary desired result without this program/project

Are there broader gains or benefits that will be realized for organizations if you achieve your results, and that we should be aware of when considering your program/project?

How will you know when your expected results have been achieved? What information or evidence will you use to verify success?

Students participating in the Verizon Foundation Literacy in Technology Program at the Rangel Center will:

* develop knowledge, ability and responsibility in the use of information technology
* acquire, organize, analyze, evaluate, and present information using appropriate information technology
* use information technology to expand their range and effectiveness of communication
* solve problems, accomplish tasks, and express creativity, both individually and collaboratively, using technology
* understand the role and impact of technology, and apply ethical, responsible, and legal standards in its use

In order to evaluate the success of the program, determine a true and measurable outcome, and assess the benefits to The College, the Rangel Center, and the community, the Rangel Center will keep records and track:

* the number of students per year who participate in the Verizon Foundation Literacy in Technology Program,
* a student breakout by public service area/discipline and the associated technology learnings and levels achieved
* the professional development and technology curriculum developed and offered through the program,
* the number of technology uses before and after completing the curriculum, and
* the number of uses of computerized presentations before and after completing the curriculum.

At the end of years 1, 2 and 3, the Rangel Center will ask Verizon Foundation Literacy in Technology Program participants to fill out a questionnaire regarding their experiences with the program and the Center. The College will survey and analyze findings based on:
* usage of new technological skills,
* satisfaction with the learning experience before and after access to the program/Center.

After five years, The College's surveys of Rangel Center alumni will quantify:
* how many entered public service,
* in which capacities, and
* how they felt the Verizon Foundation Literacy in Technology Program assisted them in the long term.

How will you know if participants are on course to get to the stated results within time and budget?



Proposal Information (continued)

Key People

List the people who will be responsible for the program/project

What attributes of these people most predict success?

Are there any partners who must play a key role for you to achieve success?

Are there any intermediaries who must play a key role for you to achieve success?

Could you possibly use Verizon employees or retirees as volunteers in this or other programs/projects?

Yes

If so, how might volunteers help you?

Communications

Both during and after the project/program, which are the groups/audiences you most want to reach. What kinds of messages do you want to give them? How will you deliver these resources? What do you want them to do with these messages?

What approaches will you use to communicate Verizon¿s role as your partner in this work?

MARKETING, COMMUNICATIONS AND BRANDING

We have developed a relationship with the Alliance for Downtown New York, which represents thousands of businesses and not-for-profits in lower Manhattan. Through the Alliance we will be reaching out to organizations to promote the program. We also continue to work with unions like Local 1549 of DC37 and Teamsters Local 237 who represent workers in government agencies who would be potential students.

DWE is in a prime geographic location for many potential students for this program who are working in city and state offices. City Hall and 250 Broadway, where many legislative and governmental offices are located, are just blocks away, and we have frequent contact with the staff in those offices. In fact, we have recruited a number of students from them already. Furthermore, downtown New York, the financial district in particular, is now the location for many non-governmental public service organizations. We advertise in the local newspapers, including the Downtown Express, which reaches this part of the city. City Council members also feature the Division of Worker Education in their newsletters to constituents.

We will work in collaboration with Verizon to recognize and publicize the Verizon Literacy in Technology Program. Marketing of this program can be done with an announcement in City College publications, a press release to major media, e-mail and web site announcements to all CCNY alumni and friends, CCNY's own newsletters and publications, and possibly a press conference with Congressman Rangel. The City College of New York will also notify Verizon about any public use of its name and the Program's name.



Proposal Information (continued)

What approaches will you use to communicate Verizon¿s role as your partner in this work? (continued)		
Number estimated to see Verizon as your partner.	100000	
Financials		
Project Budget Breakdown	Verizon-BudgetForm-CCNY.doc (59 K)	
Organization Income		Total Amount
Cost of Project		Total Amount
Verizon-Funded Budget		Total Amount
Other Costs Specific to Project		
Funders - Individual		
Funders - Corporate Foundations		
Funders - Private Foundations		
Funders - Government (Federal, State, & Local)		
Earned Income		
Grant Agreement Clauses		
Religious Proselytizing Restriction	I Confirm	
Non-Violence and Anti-Terrorism Certification	I Confirm	
Lobbying and Political Use Restrictions	I Confirm	
Use of Funds	I Confirm	
Confirmation of Charitable Intent	I Confirm	
Acceptance of Review	I Confirm	
Board Review and Approval of this Application	I Confirm	
Grant Accuracy Certification	I Confirm	
Is this grant being requested by, or at the behest of, a government official?	N/A	
	N/A	



Proposal Information (continued)

Will this grant be used to provide any benefit, including, but not limited to, meals, entertainment, or travel, to a government official? (continued)	
If so, provide a description of the benefit that will be provided, and the government officials that will receive the benefits.	
If so, certify that any benefits provided to government officials will be in compliance with all applicable laws, rules, and regulations, including, but not limited to, federal, state, and local restrictions relating to campaign finance, lobbying, and government ethics.	
Internal Input	
Strategic Rating: Social Issues (Ranking 0 or 1)	0
Strategic Rating: Priority Criteria (Ranking 0 or 1)	1
Strategic Rating: Enabling Factors (Ranking 0, 1, 2, or 3)	1
Strategic Rating: Business Factors (Ranking 0, 1, or 2)	2
Strategic Rating (1-7): Overall Rating of Focus Areas 1,2,3,4	4
Request Type	Cash Grants
Internal Program	Direct Grant
Support Type	Program or Project Support
Program Area Served	Technology Literacy
Social Cause	Literacy
Requesting Officer	SEIDENBERG, IVAN
Program Officer	
Is this a State Education Partners (SEP) Request?	No



Proposal Information (continued)

***Three Year Rule Information [more info] (continued)**

Justification for Three Year Rule Exemption

Internal Notes

Proposal Narrative



Payment Information

Payment ID	430979
Payment Type	Contribution
Payment Status	Paid
Payee	THE CITY COLLEGE 21ST CENTURY FOUNDATION INC 138TH ST AND CONVENT AVE NEW YORK NY 10031-0000 US
Budget	2007 - CONTINGENCY FUNDS - Underspend in MIP, TIP, VIP
Requested Payment Date	27-JUL-07
Payment Amount	$100,000.
Payment Date	25-SEP-07
Check Number	0000148127
Check Due Date	
Date Check Received	09/26/07
Date Check Mailed	09/26/07
Nonprofit Receipt	
OBRA Receipt Form Received?	N/A
Payment Batch Number	2781
Transmitted to AP Date	08/23/07
Payment Notes	09/26/07 - Original check lost. New check received and sent UPS overnight to April Horton of Monica Azare's team for handling/presentation to City College.



Payment Information (continued)

Payment ID	430980
Payment Type	Contribution
Payment Status	Paid
Payee	THE CITY COLLEGE 21ST CENTURY FOUNDATION INC 138TH ST AND CONVENT AVE NEW YORK NY 10031-0000 US
Budget	2008 - The City College of New York - Gaston
Requested Payment Date	01-APR-08
Payment Amount	$300,000.
Payment Date	02-APR-08
Check Number	0000159617
Check Due Date	
Date Check Received	04/07/08
Date Check Mailed	04/08/08
Nonprofit Receipt	
OBRA Receipt Form Received?	N/A
Payment Batch Number	2912
Transmitted to AP Date	04/01/08
Payment Notes	04/08/08 - Check sent UPS overnight to Sandy Wilson for presentation to org.



Payment Information (continued)

Payment ID	430981
Payment Type	Contribution
Payment Status	Paid
Payee	THE CITY COLLEGE 21ST CENTURY FOUNDATION INC 138TH ST AND CONVENT AVE NEW YORK NY 10031-0000 US
Budget	2009 - City College of New York - Gaston
Requested Payment Date	01-APR-09
Payment Amount	$100,000.
Payment Date	05-JUN-09
Check Number	0191365
Check Due Date	
Date Check Received	
Date Check Mailed	
Nonprofit Receipt	
OBRA Receipt Form Received?	N/A
Payment Batch Number	3173
Transmitted to AP Date	06/04/09
Payment Notes	



Approval Information

Requested Amount $500,000.

Recommended Amount $500,000.

Prior Approved Grants 1 Table at the 150th Anniv Gala 4/9/97 $5,000 to -$5,000.00 - 1997
Support for the Program for the Retention of Engin -$5,000.00 - 1998
CUNY - Honors College: University Scholars Program -$25,000.00 - 2001
Verizon Scholarships - Business, Engineering and C -$15,000.00 - 2002
Verizon Scholarships-Engineering & Finance/Account -$6,000.00 - 2003
Engineering Scholarships -$7,000.00 - 2004
Einsteins in the City -$10,000.00 - 2005

Request Status Approved

Approved Step 1: Owner Recommended (Completed 08/14/07)

Performed By Susan Sullivan / Director

Result Approved

Approval Comments

Approved Step 2: National Program Director - Literacy Approved (Completed 08/14/07)

Performed By Nancy Williams / Director, National Programs - Literacy

Result Approved

Approval Comments

Exclude Grant From Impact Reports? N/A

Approved Step 3: Foundation President Approved (Completed 08/14/07)

Performed By Patrick Gaston / Verizon Foundation President

Result Approved

Approval Comments

Approved Step 4: Sr VP - Corporate Social Responsibility Approved (Completed 08/14/07)

Performed By Joseph Scaccia / Director - Finance

Result Approved

Approval Comments Approved on behalf of Kathryn Brown per her notations of concurrence on the hard copy slate of $100K grants and above - July 2007 sent to Patrick on August 13, 2007.

Approved Step 5: Board of Directors Approved (Completed 08/14/07)

Performed By Thomas Tauke / EVP External Affairs & Corporate Communications

Result Approved

Approval Comments

Approved Step 6: Board of Directors Approved (Completed 08/22/07)

Performed By Ivan Seidenberg / Chairman - Verizon Foundation

Result Approved

Approval Comments



Approval Information (continued)

Approved Step 7: Board of Directors Approved (Completed 08/22/07)

Performed By Joseph Scaccia / Director - Finance

Result Approved

Approval Comments Approved on behalf of Doreen Toben per an email communication sent from Joanne R. Johnson, EA for Doreen Toben, to Patrick Gaston on 8/21 at 4:38 PM stating Doreen's approval and concurrence.



Scheduled Impact Reports

Impact Report Type	Required?	Source	Status	Available Date	Due Date
~2007 Default Report	Yes	External	Pending	09/22/07	10/21/07
~2008 Literacy Report Q1	Yes	External	Completed	03/30/08	04/07/08
~2008 Literacy Report Q2	Yes	External	Completed	07/01/08	07/09/08
~2008 Literacy Report Q3	Yes	External	Completed	10/11/08	10/16/08
~2008 Literacy Report Q4	Yes	External	Completed	11/04/08	11/10/08



Contact Information

1) Salutation	Ms.
2) Last Name	Butler
3) First Name	Shelly
4) Middle Name	
5) Title	VP for Development and Institutional Advancement
6) Contact Type	Primary Contact
7) Address	160 CONVENT AVE, Shepard Hall, RM 154
8) City	NEW YORK
9) State	New York
10) Province	
11) ZIP Code	10031-0000
12) Telephone	(212) 650-
13) Fax	212-650-
14) E-mail Address	rbutler
15) Internal Notes	



Project Budget Breakdown

The overall budget process helps to strategize, manage and monitor your organization's course of action. A comprehensive budget acts as a long-range financial plan and operations guide. It is another effective way of communicating your organization's mission, goals, programs, activities of your staff, and the communities you serve. This form is intended to help you communicate both the resources and expenses for this project.

Please populate the table below with a detailed breakdown of your total project budget for a minimum of two years. Enter all appropriate line items that correspond to aspects of your project. Not all items will necessarily pertain to your project or are requested here, so you may add or delete these items. When you have finished completing this form, save it locally on your computer and then click the Upload button and follow the instructions to finish attaching it to your application.

All requests that are for $10,000 or more should include this Project Budget Breakdown form.

Income Section	**Year 1**	**Year 2**	**Year 3**
Individual Contributions			
Community Charities			
Government Funding			
United Way Funding			
Sponsorships			
Fundraisers			
Foundations/Corporations Funding			
Catalogue & Gift Shop Fees			
Income Highlights: Describe alternative ways of generating revenue:			
Total Income			

Expense Section	**Year 1**	**Year 2**	**Year 3**
Staff Salaries			
Travel & Lodging			
Fringe Benefits			
Temporary Labor			
Miscellaneous Supplies	$4,500	$4,500	$4,500
Printing/Publication Costs	$6,000	$6,000	$6,000
Project Management Fees			
Technology (hardware & software) -Upgrades and Additions	$17,000	$17,000	$17,000
Web Development & Hosting	$45,000	$45,000	$45,000
Training Costs --stipends for 8 faculty/per term	$24,000	$24,000	$24,000
Consulting Fees -Conducts Evaluation/Survey	$4,000	$4,000	$4,000
Research Costs			
Legal Services			
Facility Costs (include utility costs)			
Advertising/Public Relations Fees			
Other Costs Specific to Project			



Project Budget Breakdown

Curriculum Development	$24,000	$24,000	$24,000
Curriculum Implementation	$42,000	$42,000	$42,000
Total Expense	$166,500	$166,500	$166,500



HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

CHARLES B. RANGEL
15TH DISTRICT, NEW YORK

March 7, 2007

Mr. Hank Greenberg
399 Park Ave.
17th Floor
New York, NY 10022

Dear Mr. Greenberg:

I would appreciate the opportunity to schedule a meeting at a time that is convenient for you in order to discuss with you my vision for the Charles B. Rangel Center for Public Service.

The City College of New York will be home to the Center, whose purpose will be to train and educate the next generation of our nation's public servants. It is a personal dream of mine to see this Center at City College, which resides in my congressional district and where so many talented young men and women from the community have gotten an excellent education. As I'm sure you know, CCNY's mission is one of excellence and access and many of our nation's leaders from every ethnic, racial, and economic group have earned their degrees there.

I have asked City College of New York Vice President Shelly Butler to contact your office and arrange a time that is convenient for us to come together. I am eager for you to meet City College President Gregory H. Williams, a man who has overcome many obstacles to achieve success—as with so many CCNY graduates in the past and the present.

Thank you very much for your consideration.

Sincerely,

Charles B. Rangel
Member of Congress

CBR/djb

Cc: President Gregory H. Williams, CCNY
VP Shelly Butler, CCNY

CBR 000322

EXHIBIT
Exhibit 291

Garcia, Elbert

Subject: Meet with Hank Greenberg and Pres. Gregory Williams of City College
Location: 399 Park Avenue @ 53rd Street

Start: Mon 6/4/2007 11:00 AM
End: Mon 6/4/2007 11:45 AM

Recurrence: (none)

Topic: Funding for Rangel Center at City College
Contact: Amanda Wilson 212 650 [illegible]/Mona/Shake (Mr. Greenberg's office)-212 759 [illegible]
vej



Rachelle Butler

From: Shelly Butler
Sent: Monday, June 04, 2007 5:32 PM
To: 'florence.davis
Subject: Charles B. Rangel Center Needs and Naming Opportunities

Dear Florence,

It was great talking with you today and I appreciate your lightning fast follow-up to the conversation Congressman Charles B. Rangel, CCNY President Gregory H. Williams and I had with Mr. Greenberg.

We are delighted to send you something for your board meeting on June 12 and I have already over-nighted to you our 501c3 IRS determination letter and our audited financial statements for 2004 and 2005, plus some additional information on The City College of New York and the Charles B. Rangel Center for Public Service. You should receive everything by tomorrow morning.

Attached here are our list of donors and pledge-givers to the Rangel Center and a list of our needs with naming opportunities beginning with $10 million. I am happy to say that gifts and pending pledges to the Rangel Center now total $20,055,000.

Confirmed gifts and grants come to $6,625,000 from:

The Ford Foundation
Eugene Isenberg
Josh Weston
The City Council
The Kheel Foundation
The Rodobeck Foundation
Transportation appropriation
Congressional seed money

Pending pledges of $13,430,000 include:

The Verizon Foundation
The Altman Foundation
The Community Trust
The Heron Foundation
A major corporation with a 1:2 match from CUNY for capital projects

Our needs include the naming opportunities as follows (I have used the Starr Foundation name and Mr. Greenberg's name interchangeably for illustration's sake but of course the naming is up to you); all of these funds are endowed and all will retain their name at City College in perpetuity:

The Maurice R. Greenberg Fund for Excellence, Rangel Center $10,000,000

An endowed fund, whose income will provide unrestricted support for the Charles B. Rangel Center in perpetuity; support may be used for academic and administrative needs, faculty development, student scholarships and internships, mid-career fellowships, and program expansion.

1

EXHIBIT
Exhibit 293

COS.CCNY.234

CSOC.CBR.00010382

This gift will also include:

The Maurice R. Greenberg Distinguished Lecture Series, Rangel Center and The Starr Chair in Public Service at the Rangel Center

The Starr Endowed Fund for Academic Distinction, Rangel Center $ 5,000,000

An endowed fund, whose income will be used for faculty and administrative support at the Rangel Center in perpetuity, including the Center director, research fellows, librarian, internship coordinator, visiting scholars, and student scholarships and internships

The Maurice R. Greenberg Library and Archives, Rangel Center $5,000,000

An endowed fund, whose income will be used to collect, conserve, and archive the documents, photos and memorabilia donated to the Center by Congressman Rangel that relate to his life and career, and to provide a library to the Rangel Center for this purpose; this collection will be made available to scholars in the field for research

The Starr Chair in Public Service at the Rangel Center $3,000,000

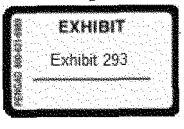
An endowed professorship, whose income will be used to attract and retain a nationally known scholar in the field; while the scholar holding the chair may change, the chair's name will remain in perpetuity

The Maurice R. Greenberg Distinguished Lecture Series, $2,000,000
At the Rangel Center

An endowed fund, whose income will be used to attract visibility to the Rangel Center through a series of lectures by distinguished individuals in the fields of business, international studies, policy and public service

Thanks again for your help and I look forward to talking with you soon.
Best regards,
Shelly

Shelly Butler, Vice President
Development & Institutional Advancement
The City College of New York
160 Convent Avenue, S-154
New York, NY 10031
Tel: (212) 650-[redacted]; 650-[redacted]
Fax: (212) 650-[redacted]
Email: rbutler[redacted]



Shake Nahapetian

From: Florence Davis [redacted]
Sent: Monday, June 04, 2007 4:31 PM
To: Shake Nahapetian
Subject: Rangel Center for Public Service

Hank, they are sending over a list of other major donors and a budget, with their audited financials. I spoke with the development person who was at your meeting. Their dream amount—and the amount they never got around to mentioning at the meeting—is $10 million over whatever period of time we want.

I will write it up for $5 million for the June 12 board meeting, but I will let you know if the donor list and budget suggest another amount.

Florence

OVER
3 yrs

6/5/2007

EXHIBIT
Exhibit 294

STARR017572

CSOC.CBR.00029890

Call Report
Date: June 5, 2007
To: File
From: Shelly
Re: Meeting with Hank Greenberg

Yesterday, Congressman Rangel, President Williams and I met with Maurice "Hank" Greenberg at C. V. Starr, Inc. He is the chairman of the Starr Foundation and we intended to ask for a gift of $10 million from Mr. Greenberg for the Rangel Center.

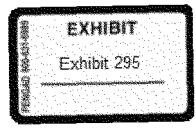
He met us in a magnificent office with three genuine Frederic Remingtons on the wall and several very fine Chinese artifacts. He first went to China in 1972 and has visited several times each year. He knows the current Chinese leadership and the future leadership, apparently.

Congressman Rangel spoke for about 10 minutes about Hank's expertise in China and expressed his concern that future competition for the world's markets would leave American behind, especially as our educational system is so poor. Hank said we have the finest colleges in the world but the worst K-12; he has discussed this issue with Chancellor Klein and has participated (I think) in some corrective measures.

Mention of the idea of competition brought his own unpleasant experience with then-Attorney General Spitzer to his mind and for some minutes, he railed against regulation. His policy was "principles not rules," and he deplored how his reputation had suffered, "and no one said a word." He mentioned several times that AIG, a multi-billion dollar company that he had founded and built, was fined $1.6 billion. He said that Spitzer had done the same thing to Sandy Weill and that was why Weill had left Citicorp and Prince came in. The Congressman mentioned that he thought that Ned Cloonan at AIG had spoken in his defence, but Greenberg was not mollified. Then Congressman Rangel said that he guessed this wasn't a good day to come about this purpose. Hank said he would "give us something" and that he knew City College was a good school. After that, we took our leave.

Five minutes after I returned to campus, Florence Davis, president of the Starr Foundation, called to tell me that the chairman wanted a request for funds to the Rangel Center on the Starr Foundation Board's agenda for the June 12 meeting. I sent her the 501c3 IRS designation letter, the 21st Century audited financials, and a selection of CCNY materials, including the Rangel Center brochure. I also asked if I could send her a list of naming opportunities and needs and she said, yes. She asked if a number had been mentioned; I said they were mostly talking about China, but that President Williams was going to ask for $10 million and the Congressman thought that was about right. She said OK and I emailed her a selection of naming opps and needs beginning at $10 million.

Later, President Williams told me that Congressman Rangel had spoken with Hank who had called him, who said he would give $5 million.



From: Florence Davis
Sent: Wednesday, June 6, 2007 4:25 PM (GMT)
To: Caroline Keeley <[redacted]>
Subject: 04123143

First item for supllemental agenda.

The City University of New York/CCNY

The City University of New York (CUNY) is the largest urban university in the United States and its third-largest public university system, enrolling 200,000 students in degree programs on 19 campuses in all boroughs of New York City. CUNY consists of 10 senior colleges, six community colleges, a four-year technical college, a doctorate-granting graduate school, a law school, an accelerated medical program and a medical school.

For over 100 years CUNY has been a stepping stone to achievement for immigrants and the economically disadvantaged, offering them access and academic quality. Today it enrolls students from 145 countries who speak 115 native languages; its student body is 32% black, 31% white, 25% Hispanic and 12% Asian.

City College of New York (CCNY) is one of the four-year colleges, founded in 1847. It was the New York City Ivy League equivalent in its past, with alumni such as Ira Gershwin, Jonas Salk, Colin Powell and eight Nobel Laureates.

Matthew Goldstein was named Chancellor of CUNY in July 1999 and undertook to reverse the slide in quality at the CUNY schools. CUNY undertook a painful review of its faltering academic reputation and recognized that 28 years of open admissions, and lenient remedial requirements, had eroded its intellectual stature. Since 1999, requirements for entry into the senior colleges have been tightened and remediation has been generally concentrated in the two-year, community colleges. The entire CUNY system has been transformed, including CCNY.

CCNY is one of the five CUNY schools participating in the CUNY Honors College program, which we have supported.
In one year CCNY itself leaped an unprecedented 31 places in the U.S. News and World Report rankings of colleges and universities.

Two of the newest programs at CCNY are the Colin Powell Center for Policy Studies and the Charles B. Rangel Center for Public Service. The Rangel Center offers a combined BA/MA is public service and an MA in public service (with interdisciplinary specializations in concert with the CCNY's schools of architecture, engineering, education, biomedical engineering, and special programs in waste management, transportation and urban public health).

In addition, the Rangel Center offers mid-career fellowships targeted to minorities in government or other public service.



The Rangel Center will be housed in Harlem near the CCNY campus and will include a library devoted to Rep. Rangel's papers, a conference center, and space for visiting scholars.

Financial: CCNY Foundation financials--FY05: $4.1 million, "institutional support" 4%.

The Rangel Center has received more than $20 million in gifts and pledges from the following funders: The Ford Foundation, Eugene Isenberg, Josh Weston (ADP), Rhodebeck Charitable Trust, federal and city government, the Verizon Foundation, the Altman Foundation, New York Community Trust and an unnamed corporation that has made a challenge grant for capital projects.

Request: Unspecified. Naming opportunities are at the $10 million, $5 million, $3 million and $2 million levels. They expressed a hope for $10 million.

Purpose: Rangel Center for Public Service at CCNY.

History: Our support for CUNY and its constituents has been: $3 million for the Honors College; $10.09 million for Baruch College (including C.V. Starr Scholarship); $700,000 to Brooklyn College and $550,000 for other programs at CUNY.

Recommendation: $5 million over 3 years. This would allow us to name the Library and Archives at the Center ($5 million), or a chair in Public Service ($3 million) and a Distinguished Lecture Series ($2 million). We can, if the Board prefers, create a C.V. Scholarship Fund with some or all of the grant.

(F. A. Davis ext.)



	A	B	C	D	E	F	G
						Term	
1	Organization Name	Primary Contact	Primary Contact Office Address	Project Title	Grant Amount	Months	Disposition

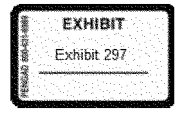
STARR017371



CSOC.CBR.00022444

	A	B	C	D	E	F	G
56	The City College 21th Century Foundation, Inc.	Chancellor Matthew Goldstein	Shepard Hall, Room 152 133th Street and Convent Avenue New York, NY 10031	The Charles Rangel center for Public Service	$5,000,000	36	Approved 6/12/2007 Start: 6/18/2007 End: 6/18/2010 (TDAVIS)

STARR017372



CSOC.CBR.00022445

THE STARR FOUNDATION
399 PARK AVENUE
NEW YORK, NY 10022

FLORENCE A. DAVIS
PRESIDENT

TEL NO: 212 909 8601
FAX NO: 212 750 3230

May 12, 2008

Ms. Rachelle Butler
Vice President
The City College 21st Century Foundation, Inc.
Shepard Hall Room 154
138th Street and Convent Avenue
New York, NY 10031

Dear Ms. Butler:

In keeping with our 2007 pledge of $5,000,000.00 to The City College 21st Century Foundation, Inc. for The Charles Rangel center for Public Service, we are pleased to enclose a check for $1,669,374.70 representing the second installment of our 3-year grant ($1,500,000.00) and supplemental payment to compensate for the loss in value of the stock on first payment ($169,374.70).

We would appreciate an official receipt for our records. By endorsing and depositing this check, you warrant that there has been no change in your I.R.S. tax classification as an organization described in Internal Revenue Service Code sections 501 (c) (3) and 509 (a) (1), (2) or (3).

To fulfill The Starr Foundation's reporting requirements, we request that, at the end of each year of this grant, you send us a concise report on the activities the grant has funded. We will not make any subsequent payment on this grant unless we receive a report satisfactory to us concerning the use of the paid portion of the grant. In addition, whenever your new audited financial statements become available, please send us a copy for our records.

27347

THE STARR FOUNDATION
399 PARK AVENUE, 17TH FLOOR
NEW YORK, NY 10022

JPMORGAN CHASE BANK, N.A.
JPMORGAN CHASE PRIVATE BANK
NEW YORK, NY 10081
1-2/210

5/14/2008

AY TO THE ORDER OF City College 21 Century Fdn. $ **1,669,374.70

One Million Six Hundred Sixty-Nine Thousand Three Hundred Seventy-Four and 70/100********** DOLLARS

MO The C. Rangel center (2 of 3) & supplemental grant

EXHIBIT
Exhibit 298

CSOC.CBR.00024859

Memo
Date: May 14, 2008
To: President Williams
From: Shelly
Re: Conversation with Congressman Rangel re Hank Greenberg

1. With the fall of AIG, we are very short of funds to fix up the building and make it the Rangel Center.

2. We have a $5 million gift from the Starr Foundation to create the C.V. Starr Library

3. For a total gift of $10 million, or $5 million more, he could name the building either as Greenberg Hall or in the name of the Foundation or company, as Starr Hall.

4. Normally, we would ask $10 million from anyone else, but only $5 million more from him—a bargain!

5. info on Starr's previous grants to buildings

The Starr grant kicks off the public phase of The Campaign for Cooper Union, a critical institutional fundraising effort that seeks to raise $250 million to support student scholarships, faculty development and academic programs, together with a substantial capital investment in Cooper Union's new state-of-the-art academic building. The Starr grant will be divided among a number of projects at The Cooper Union:

$6 million toward constructing and equipping the college's new academic building, which will house the C.V. Starr Research Foundation, within the Albert Nerken School of Engineering. The engineering school is ranked among the top three undergraduate engineering schools in the nation. The gift will enable the creation of research facilities as well as provide necessary furnishings for state-of-the-art laboratories.

6. Would it be all right with the Congressman if we did this? in fact, is there anything he could do to forward this? ask for another appointment with Hank Greenberg by letter? ask him to go along? or should we just call his office or Florence Davis and ask for another appointment?



CSOC.CBR.00024465

THE STARR FOUNDATION
399 PARK AVENUE
NEW YORK, NY 10022

FLORENCE A. DAVIS
PRESIDENT

TEL NO: 212 909 3601
FAX NO: 212 750 3250

May 19, 2009

Ms. Rachelle Butler
Vice President
The City College 21st Century Foundation, Inc.
Shepard Hall Room 154
138th Street and Convent Avenue
New York, NY 10031

Dear Ms. Butler:

In keeping with our 2007 pledge of $5,000,000.00 to The City College 21st Century Foundation, Inc. for The Charles Rangel center for Public Service, we are pleased to enclose a check for $1,500,000.00 representing the third and final installment of our three-year grant.

We would appreciate an official receipt for our records. By endorsing and depositing this check, you warrant that there has been no change in your I.R.S. tax classification as an organization described in Internal Revenue Service Code sections 501 (c) (3) and 509 (a) (1), (2) or (3).

To fulfill The Starr Foundation's reporting requirements, we request that at the end of each year of this grant, you send us a concise report on the activities the grant has funded. In addition, whenever your new audited financial statements become available, please send us a copy for our records.

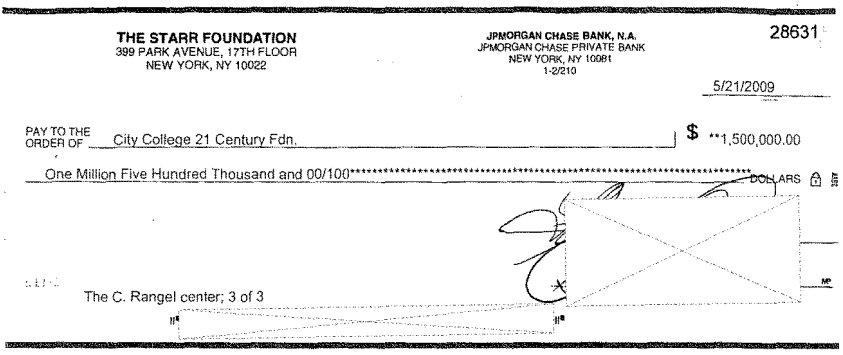
Sincerely,

FAD:fb
Enclosure

EXHIBIT
Exhibit 300

CSOC.CBR.00024862

CSOC.CBR.00024862



THE STARR FOUNDATION
399 PARK AVENUE, 17TH FLOOR
NEW YORK, NY 10022

JPMORGAN CHASE BANK, N.A.
JPMORGAN CHASE PRIVATE BANK
NEW YORK, NY 10081
1-2/210

28631

5/21/2009

PAY TO THE ORDER OF City College 21 Century Fdn.

$ **1,500,000.00

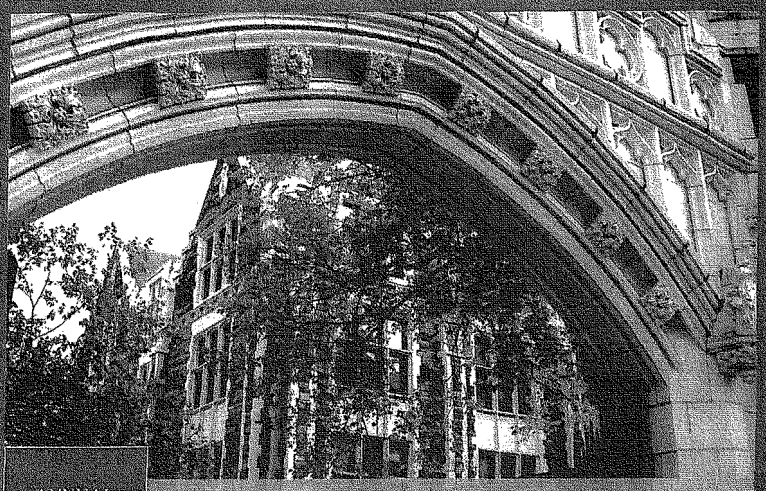
One Million Five Hundred Thousand and 00/100********** DOLLARS

The C. Rangel center; 3 of 3

EXHIBIT
Exhibit 301

CSOC.CBR.00024861

CSOC.CBR.00024861



ANNUAL REPORT 2008-2009

THE CHARLES B. RANGEL CENTER FOR PUBLIC SERVICE AT THE CITY COLLEGE OF NEW YORK

Prepared for:

THE STARR FOUNDATION

Office of Development and Institutional Advancement
Shepard Hall, Room 154
160 Convent Avenue
New York, NY 10031
212-650-7125

the City College of New York

EXHIBIT
Exhibit 302

CSOC.CBR.00024725

CSOC.CBR.00024725

Created to promote diversity in the management ranks of the government and the non-profit sectors, the Charles B. Rangel Center for Public Service at The City College of New York is working diligently to ensure that students in the Public Service Management (PSM) Program at The City College of New York have the resources, support—financial and academic, and the professional development experience—to succeed. The C. V. Starr Library, made possible by the grant awarded by the Starr Foundation, will be the central source of research critical to the study of public service careers of members of groups underrepresented in public service. The library will be a repository of documents, archives and memorabilia from Congressman Rangel's lifetime, and as such, the C. V. Starr Library will preserve the legacy of a distinguished career spanning more than 40 years in public service.

The City College and the Rangel Center for Public Service have already launched a strong research and visiting scholar program focused on addressing the issue of promoting diversity in the public sector and continues to expand the academic opportunities for students enrolled in the College's PSM Program. In fact, this year, through the generous support of individuals and foundations, all of the graduate students in the PSM Program received stipends to cover their tuition costs as well as assistantships for books, supplies, transportation and additional education-related expenses that allowed them to focus on research. In addition, all of the students interested and available to take internship assignments in Washington, DC were found placements and received stipends to assist with the associated cost, including housing.

Following is information on the major developments over the past year at the Center

THE C. V. STARR LIBRARY

Still under construction, the Charles B. Rangel Center will also house the C. V. Starr Library, which will be the locus of sponsored research and conferences concerning barriers to full participation in public service by underserved minorities. The Library will be an archive of important documents pertaining to the public service careers of members of groups underrepresented in public service, beginning with the papers of Congressman Rangel. Beyond the wealth of information that will come from housing the product of a lifetime of public service, the C. V. Starr will trace the nature of government, the growth and development of minorities in the United States, and the contributions of underrepresented populations in government and public service.

Serving as a an important research tool for CCNY students *and* the greater New York community, the C. V. Starr Library will encourage study of and research in the wide-ranging fields of public service prominent in Congressman Rangel's long and varied career. In



CSOC.CBR.00024726

particular, the Library will inspire new generations of students from underrepresented populations to enter and excel in public service.

A Rangel archivist/librarian will organize, index, and preserve for posterity, documents, photographs, and memorabilia relating to Congressman Rangel's career.

Archive categories will include:

Foreign policy
Government
The economy
Community and the family
New York City and its environs
The 15th Congressional District
Race and ethnicity

The position of archivist/librarian will be held by a Rangel Post-Doctoral Fellow, selected following a national search. The archivist will provide assistance to visiting scholars, CCNY students, and the Harlem community, while pursuing her/his own research.

Visiting scholars from other cities, states, and nations will be welcomed and integrated into the life of the Center.

MAJOR DEVELOPMENTS

The Charles B. Rangel Center strives to serve as an important source of information, research, and analysis on the topic of promoting the involvement of under-served individuals in the leadership of the public service.

Research Efforts Well Advanced

The current effort is under the direction of visiting scholar Dr. Geva-May who was recruited to the Center in 2007. Professor Geva-May is also Chair of the International Comparative Policy Analysis Forum and founding editor-in-chief of the *Journal of Comparative Policy Analysis*, which is sponsoring the comparative aspects of ongoing work. She is joined in her efforts by Meghna Sabharwal, a Post Doctoral Fellow, and Shawn Drake, a PhD candidate and research fellow.

Center research continues through surveys and data analysis examining:

- The level of enrollment in graduate programs of public service, public policy, and public administration of students from populations currently underrepresented at the managerial and executive levels of public service.
- The procedures found by these programs to be effective in recruiting and graduating students from such populations.



CSOC.CBR.00024727

- The degree to which policy and public administration instruction in schools of public policy and administration include core topics addressing the skills and knowledge base required to advance minority representation in the leadership ranks of public service.

In addition, Rangel Center staff completed a number of studies, some of which were presented at major national conferences and all which are available on the Rangel Center Web Site and will be part of the C.V. Starr Library's collection. The major titles are listed below:

Directory of College and University Research Centers Dealing With Issues of Diversity
Author: Iris Geva-May

The Categorization of Minority Groups in Academic Science and Engineering
Authors: Meghna Sabharwal, E. Corley

Examining Career Trajectories and Personal Characteristics of Graduates Employed in the Government Sector
Author: Meghna Sabharwal

Examining the Job Satisfaction Patterns of Foreign-born Scientists and Engineers in the Academy
Author: Meghna Sabharwal

Job Satisfaction of the Highly Qualified: A Study of Employees Across all Levels of Government
Author: Meghna Sabharwal

Employment Trends for Women and Minorities in the Federal Government
Authors: Meghna Sabharwal, R. Mark Musell

Are Asians the Model Minority Group?
Authors: Meghna Sabharwal

Major Conference Planned

The Rangel Center is currently planning the Center's first major conference here at the City College of New York. Scheduled for October 29-30, the conference is titled "*Public Service Education, Underserved Populations and the Future of the Federal Workforce.*" The symposium will bring together practitioners and academics to review current practices and discuss future efforts to improve the representation of underserved groups in the federal civil service.

The program includes presentations by Nancy Kichak, the Associate Director of the US Office of Personnel Management, and Professor Michael O'Hare, of the University of California, Berkeley. The Rangel Center will also present the results of the Ford-sponsored first-of-its-kind



CSOC.CBR.00024728

survey of schools of public administration and public affairs and their practices regarding educating members of underserved groups.

The Rangel Center has secured a commitment to attend from top-level federal officials and national academic experts.

Website Upgraded

Our website is one of the major tools we use to disseminate information on our research and other efforts. We will shortly launch a re-vamped site that is more user friendly, and better reflects the current efforts of the Rangel Center. The site can be viewed at http://www1.ccny.cuny.edu/ci/rangel/index.cfm.

Internship Program Expanded

The Rangel Center believes providing public service internships at CCNY is a method of inspiring a wide-range of students to consider careers in the public sector. The Rangel Center continues to coordinate public service internships under:

- ***The Ann S. Kheel Scholars Program in Community Service***

  Established in 2005, provides support for City College students from every school and division of the College who face financial pressures that prevent them from becoming more actively engaged in community service and activities, enabling them to develop their leadership skills and explore career options through community-service activities.

- ***The Rosenberg/Humphrey Internships in Public Policy***

  Open to undergraduates from all academic majors, the Program supports paid summer internships in New York City and Washington DC. Students must complete 400 hours of work in a public service organization and be on campus to take a 3-credit public policy course during the semester following the internship.

- ***The Josh and Judy Weston Public Service Scholarships***

  Josh and Judy Weston Public Service Scholarships support undergraduates who work while studying. The program pays students who commit to performing 400 hours per year of public service. The program is open to full-time sophomores, juniors, and seniors from all majors.

We have experienced overwhelming interest in these public service programs. Accordingly, this summer we launched a new Charles Rangel Public Service Internships Program that will allow us to provide even more opportunities to broaden student interest in public policy and public service.



CSOC.CBR.00024729

All told, we will be providing assistance and internships to about 75 students. This summer alone, 11 students are participating in internships in Washington, DC.

PUBLIC SERVICE MANAGEMENT PROGRAM

The City College's graduate program in Public Service Management (PSM), supported by the Rangel Center, just completed its first academic year. Members of the inaugural class, many who might otherwise have been unable to pursue a graduate degree, were provided with tuition assistance and stipends. At the end of the first year, the Program graduated its first student and 17 others continue their studies.

This coming fall the second cohort of 24 students will begin their graduate studies in the PSM Program. Although we had anticipated the start of the BA/MPA program this fall, currently, the program only covers graduate students. Recently, we started a new internship program for undergraduates. The new program will be part of our recruitment efforts with the goal of encouraging students who will be inspired by their experience and consider entering the PSM program for their graduate studies.

The master's degree in public administration has long served as the entry ticket for individuals interested in management level jobs in public service. Consistent with our goal of recruiting a diverse group of students, we have, for the second year, admitted a student body that in terms of diversity is significantly above national norms. Their participation furthers the Rangel Center's goal of promoting the representation of the underserved in public service.

Following are brief profiles of just a few members of the inaugural class of MPA students in the Public Services Management Program.



CSOC.CBR.00024730

Public Service Management Program
2008 MPA Scholars

***Deryck Barker**, BS, Psychology*

Deryck earned his Bachelor of Science degree from Utica College in 2002. He has spent several years working for New York State in rehabilitation services, drug treatment, and alcohol and substance abuse prevention. Deryck attended fulltime his first semester and reduced to three-quarter time in the spring. He is doing well and remains on track to graduate in 2010.

***Jennifer Czirr**, BA, Sociology*

Jennifer graduated with honors from Hunter College in 2007. She was captain of the Hunter College basketball team and won two CUNY basketball championships. She is now the Assistant Women's Basketball Coach at City College. She excelled in her first year in the PSM Program and plans to specialize in social policy.



Jennifer Czirr
MPA, Class of 2010

***Reuben Quansah**, BA, Sociology*

Reuben graduated with a Regents diploma from Cardinal Hayes High School in the Bronx. Following that, he attended Bucknell University where he earned his bachelor's degree in sociology. He spent semester breaks working with media affiliated institutions such as HarlemLIVE, Bloomberg Financial, and the Charlie Rose Show. Presented the opportunity, Rueben makes the best of the "now" while planning for the future. With 32 credits toward his MPA degree, he will be one of the Program's first graduates.



Reuben Quansah
MPA, Class of 2010

***Jamillah Richards**, BA, Sociology*

Jamillah holds a Bachelor of Arts degree in psychology from City College. She has seven years of experience working in advertising and healthcare. After earning her MPA, she plans to continue her service in the health field.

***Juan Rosa**, BA, Political Science*

Juan received his Bachelor of Arts degree in political science from The City College of New York in 2008. Throughout his career at City College Juan worked as an after-school teacher in the Washington Heights area of Manhattan and the Highbridge section of the Bronx. Juan was one of three graduate students who spent this summer in Washington, DC as an intern. He worked in the office of Senator Gillibrand. Upon completion of his MPA, Juan is plans to begin the pursuit of a PhD in political science or sociology.



Juan Rosa
MPA, Class of 2010

EXHIBIT
Exhibit 302

CSOC.CBR.00024731

CSOC.CBR.00024731

PLANS FOR THE COMING YEAR

The second class has been admitted to the Public Service Management Program. In only one year's time, we nearly doubled the number of applicants to the program. In terms of both the diversity of the student body and student retention rates, the program performed above both other CCNY programs and national standards.

With one year behind us, we have a better understanding of the content of each course and will use the knowledge to better coordinate tutoring efforts and provide our students with academic support they need to excel. Research efforts will continue as will the expansion of the C.V. Starr Library's collection.

This semester the core management course will be taught by Rona Affoumado, one of New York City's leading authorities on non-profit management and strategic planning. Patrick Lespinass will teach the core course on race, gender and inequality. Patrick is VP for governmental affairs at Verizon and has held many posts in and out of government, including one with Charlie Rangel's office. The new course on sustainability will be taught by Caroline Hermans, who is a research scientist working at CCNY's Environmental Cross-Roads Initiative.

We are close to finalizing the speaker series for fall. Kimberly Gamble-Payne of UNICEF New York will be speaking on international policies covering children. Kathy Ruffing of the National Center on Policy Priorities will be on campus to test students "Social Security IQ." Washington Post journalist and CCNY alumnus Terrence Samuel will be on campus to discuss media and its impact on the health care debate. Policy writing expert Carolyn Sherman will return to give a lecture on effective policy writing.

We have hired two new post doctoral researchers to advance to advance the Center's research efforts. Lamar Bennett has a PhD from American University and has done research on public program performance. Zach Oberfield has a PhD from the University of Wisconsin and has done research in the participation of minorities in political parties.

We look forward the October Conference and to completing the survey of schools of public administration and public affairs and their practices regarding educating members of underserved groups and announcing its findings.



CSOC.CBR.00024732

might consider endowed scholarship support, will have to bring to the Board in September 6/11

Hold

no - re: ops. purposes

THE STARR FOUNDATION
399 PARK AVENUE
NEW YORK, NY 10022

COURTNEY O'MALLEY
VICE PRESIDENT

TEL NO: 212 909 3804
FAX NO: 212 750 3538

June 10, 2010

TO: Maurice R. Greenberg, Chairman

FROM: Courtney O'Malley

RE: Charles Rangel Center for Public Service

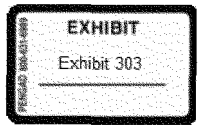
I met today with a representative from the Charles P. Rangel Center for Public Service at the City College of New York. You will recall that Starr awarded a grant of $5 million over three years for the Library and Archives at the Center.

The Rangel Center has established a solid undergraduate and graduate program for public service, and the first class of students graduated this spring. The school is helping to place them in public service jobs and has succeeded in securing employment in the New York City Council and the Environmental Protection Agency, among other public institutions. Additionally, it has established multiple internships for students, including one at The White House and one in the Mayor's Office. The school awards more than $600,000 in financial support to a largely minority population of students who otherwise would be unable to afford the education. It will admit its third class this fall.

In light of current economic conditions, and because Congressman Rangel cannot legally turn over many of his papers and other materials until he is out of office, the Center has scaled back its plans for the Library and Archives. It still anticipates being the major repository of documents and related materials, but it will not need a separate building (as was originally thought), and with current technology and off-site storage, officials think they can properly archive the materials and provide easy and quick access at a lower cost.

As a result, the Center is inquiring whether it may use half of the original Starr grant for operating support for the public service program, while continuing to use the remaining half for archival purposes. Up to now, the educational program has been funded with a combination of private and public dollars, but the federal earmark that provided substantial support will not be renewed, and school officials are concerned that funds will be depleted faster than they can raise money. With more time, and an improved economy, officials feel confident they will succeed in sustaining the Center.

EXHIBIT
Exhibit 303



STARR017601

CSOC.CBR.00030286

If there is concern about the long term viability of the Center, presumably Starr dollars could be restricted for an endowed scholarship, which could revert to the City College of New York if the Center ceased to exist.

Please let me know how you would like to proceed.

Thank you.



Courtney O'Malley

From: rmusell
Sent: Tuesday, June 15, 2010 10:58 AM
To: Courtney O'Malley
Subject: RE:

Courtney:
I understand the reluctance of donors to support operating costs. If resources could be used for scholarships as well as for internships, and instructional programs (workshops, career counseling, tutoring), that would help.
MM

---- Original message ----
>Date: Tue, 15 Jun 2010 10:20:31 -0400
>From: "Courtney O'Malley" <
>Subject: RE:
>To: <rmusell
>
>Hi Mark, Regarding your question about Starr funds, the Board is not
>inclined to allow a portion of the funds to be used for operating
>support, but might consider re-allocating half for an endowed
>scholarship for students in the public service program. However, they
>will have to review at a full Board meeting, and that will not happen
>before September.
>
>I hope that provides some guidance for now.
>
>Best, Courtney
>
>Courtney O'Malley | Vice President
>The Starr Foundation
>399 Park Avenue - 17th Floor
>New York, NY 10022
>(212) 909-
>(212) 750- - fax
>
>-----Original Message-----
>From: rmusell
>Sent: Monday, June 14, 2010 9:13 AM
>To: Courtney O'Malley
>Subject:
>
>Courtney:
>Thanks for taking the time to meet with me the other day. My contact
>info is below. MM
>
>Mark Musell
>Deputy Director
>Rangel Center
>NAC 6/140
>City College
>10031
>
>212 650-

EXHIBIT
Exhibit 304

STARR017603

CSOC.CBR.00030288

From: Shelly Butler
Sent: Friday, January 26, 2007 02:21 PM
To: 'Berger, Dan'; 'Capel, Jim'; 'Walter Swett'
Subject: RE: Donald Trump

Hi,

I just spoke to David Rockefeller's office. They said he is fully booked for Monday and would not be able to be at Ford. When I asked on the Congressman's behalf if we could set up an appointment with Mr. Rockefeller, one of his assistants suggested that Congressman Rangel send Mr. Rockefeller a note about it.

If you need help drafting it, please let me know, but I think the simpler the better!
Thanks
Shelly

Shelly Butler, Vice President
Development & Institutional Advancement
The City College of New York
160 Convent Avenue, S-154
New York, NY 10031
Tel: (212) 650- ; 650-
Fax: (212) 650-
Email: rbutler

-----Original Message-----
From: Berger, Dan
Sent: Friday, January 26, 2007 1:11 PM
To: 'Shelly Butler ( )'
Subject: Donald Trump

Per Jim's request: (212) 832-

Dan J. Berger
Congressman Charles B. Rangel (NY-15)
163 West 125th Street, Suite 737
New York, NY 10027
Phone: (212) 663-
Fax: (212) 663-
Mobile: (917) 359-
http://www.house.gov/rangel/ - Sign up to receive the Rangel Bulletin!

EXHIBIT
Exhibit 305

CBR 003654

CSOC.CBR.00006929

HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

CHARLES B. RANGEL
15TH DISTRICT, NEW YORK

March 7, 2007

Mr. David Rockefeller
30 Rockefeller Plaza
Suite 5600
New York NY 10112

Dear Mr. David

I would appreciate the opportunity to schedule a meeting at a time that is convenient for you in order to discuss with you my vision for the Charles B. Rangel Center for Public Service.

The City College of New York will be home to the Center, whose purpose will be to train and educate the next generation of our nation's public servants. It is a personal dream of mine to see this Center at City College, which resides in my congressional district and where so many talented young men and women from the community have gotten an excellent education. As I'm sure you know, CCNY's mission is one of excellence and access and many of our nation's leaders from every ethnic, racial, and economic group have earned their degrees there.

I have asked City College of New York Vice President Shelly Butler to contact your office and arrange a time that is convenient for us to come together. I am eager for you to meet City College President Gregory H. Williams, a man who has overcome many obstacles to achieve success—as with so many CCNY graduates in the past and the present.

Thank you very much for your consideration.

Sincerely,

Charles B. Rangel
Member of Congress

CBR/djb

Cc: President Gregory H. Williams, CCNY
VP Shelly Butler, CCNY

CBR 000323

EXHIBIT
Exhibit 306



Confidential Memorandum

To:	Congressman Charles B. Rangel
From:	President Gregory Williams, Shelly Butler
Date:	October 17, 2007
Re:	Briefing – David Rockefeller

MEETING LOGISTICS:

Prospect:	David Rockefeller Marnie Pillsbury, Executive Director of The David Rockefeller Fund and Philanthropic Advisor to Mr. Rockefeller Peter Johnson, Associate Rockefeller Family and Associates
Date and Time:	Monday, October 22, 2007, 11:00am
Location:	David Rockefeller's Office—30 Rockefeller Plaza, Suite 5600 on the 56th Floor (West 49th Street, between Avenue of the Americas and Fifth Avenue)
Contact:	Iyo Roche, (212) 649-

OBJECTIVES:

- Interest Mr. Rockefeller in making a substantial contribution to the Rangel Center.
  - Focus on Mr. Rockefeller's relationship with Congressman Rangel (nephew Jay is a Democrat in the US Senate serving West Virginia).
  - Share Congressman Rangel's personal commitment to CCNY and his vision for the Center.
- Gauge interest level and answer questions.
- Close meeting by finding out what financial range Mr. Rockefeller would consider. We will follow-up with a written proposal in that range.

GIVING OPPORTUNITIES:

1. **$ 2.5 million to create the David Rockefeller Endowed Chair** at the Rangel Center (Political Science or Economics). An endowed gift at this level will produce $100K in annual income to attract a top scholar. The Rockefeller name will allow us to recruit a true star.
2. **$1.5M to create the David Rockefeller Fund for Excellence.** An endowed gift at this level will provide $75K in income to advance the mission of the Rangel Center and support its highest priorities.
3. **$1M to create the David Rockefeller Leadership Fellows Fund** at the Rangel Center. An endowed gift at this level will provide $50K in income to recruit the most promising students for the program.

PHILANTHROPY OF NOTE

- Limits giving to institutions directly or indirectly related to the family.
  - Family funding established: Spelman College; University of Chicago; Rockefeller University; Rockefeller Foundation; Rockefeller Brothers Fund; Museum of Modern Art; Colonial Williamsburg.
- **$900M** in total charitable giving (estimated by NY Times in Nov. 2006)
- Although many of his gifts bear his name, Mr. Rockefeller has been quoted that he prefers to make donations to a group's endowment without putting a lot of restrictions

EXHIBIT
Exhibit 307

on his gifts, "If you pick a good cause that's run by capable people, they're apt to know more about what is needed and how it should be used than an outside giver. Therefore it seems to me to give flexibility to good managers at causes is a good idea."

- **$100M pledged to MOMA** for endowment upon death and **$5M annual gifts** during his lifetime (as if MOMA already had $100M endowment gift).
- **$225M to Rockefeller Brothers Fund** (RBF) upon death (pledged 2006). Largest gift in fund's history. RBF was created by David Rockefeller and his four brothers. For David Rockefeller Global Development Fund, to support projects that improve access to health care, conduct research on international finance and trade, fight poverty, and support sustainable development, as well as to a program that fosters dialogue between Muslim and Western nations
- **$100M to Rockefeller University**--$30M of gift named the Graduate Program and $70M for restoration of labs and to support research (2005).
- **$10M to Harvard for the David Rockefeller Center for Latin American Studies** (2006). Helped establish the Center in 1995 with a $15M gift.
- **$5M pledged to International House** (2006).
- **$5M to the Peter G. Peterson Institute for International Economics** (2006).

BIO AND CAREER HISTORY:
Mr. Rockefeller is a prominent American banker, philanthropist, world statesman, and the current patriarch of the Rockefeller family. He is the youngest and only surviving child and grandchild of the prominent philanthropist John D. Rockefeller, Jr. and the billionaire oil tycoon John D. Rockefeller, founder of Standard Oil. His five deceased siblings are: Abby, John D. III, Nelson, Laurance and Winthrop.

EDUCATION:

- Attended the experimental *Lincoln School*, at 123rd Street, in Harlem.
- Harvard, graduated cum laude in 1936
- London School of Economics, one year post-graduate work
- University of Chicago, earned PhD in 1940

CCNY RELATIONSHIPS:

Corvena Francis, a senior majoring in Psychology at CCNY was one of 25 undergraduates nationwide awarded the 2007 Rockefeller Brothers Fund Fellowships for Aspiring Teachers of Color.

Rockefeller Brothers Fund

- $650K total to support City College Architecture Center (2002-2007).

Rockefeller Foundation

- $104K to support Dominican Studies Institute (2000-2002)
- $20KConference Transnationalization of Everyday Life (2001)
- $50K Toward a More Perfect UN (1987)

Sources: LexisNexis, www.google.com, Forbes, Chronicle of Philanthropy



SPEAKING POINTS - RECOMMENDATIONS

1. Congressman Rangel will introduce the Rangel Center by talking about his vision to have the face of government and public service represent the diverse population in the United States.

2. President Williams will speak about the history and mission of CCNY.
   - Access and Excellence.
   - Diverse population.

3. Vice President Shelly Butler will cover the following key components about the Rangel Center:
   - Harlem limestone townhouse.
   - The Charles B. Rangel Library ($5M Starr Foundation)
   - Two Degree Programs
     1. The Master's Program in Public Service, interdisciplinary.
     2. Combined BA/MA Program in Public Service – fast track program.
   - Charles B. Rangel Fellows: A Mid-Career Program in Leadership and Policy Innovation

4. Potential Questions and Answers (only if asked):
   Q. What is the timeline for fund-raising?
   A. There are three soft phases of the fundraising campaign for the Rangel Center.
   1. Phase I: Congressman Rangel submitting a bill to Congress for seed money. $3.5M
   2. Phase II: Public/private partnership that Congress requires for such projects.
   3. Phase III: Congress provides the balance of the funds after a successful second phase.

   Q. Commitments...who, how much?
   A. $5M Starr Foundation; $1M Gene Isenberg; $1M Ford Foundation (hosted a meeting breakfast to introduce the project to other foundation leaders); $500K Verizon Foundation; $130K New York Community Trust.

   Meetings with the following: AIG ($10M request to close), Heron Foundation, Altman Foundation, Rockefeller Foundation, Rockefeller Brothers Fund.

   Congressman Charles B. Rangel will be presenting a bill to Congress for seed money for $2 million. It is assumed that this bill will be successful.

5. Close with the Next Steps
   - Funding range
   - Scholarship or general operating support to educate and train students from underrepresented populations for careers in public service.



BIOS FOR MR. ROCKEFELLER'S ASSOCIATES

Marnie S. Pillsbury has been the Executive Director of The David Rockefeller Fund and Philanthropic Advisor to Mr. Rockefeller since 1990. She is a Trustee of The Rockefeller University and serves on the board of the Women's Campaign Fund, the Edward John Noble Foundation, and Rockefeller Philanthropy Advisors. She is also a member of the Council on Foreign Relations, the Advisory Committee for the David Rockefeller Fellows Program at the New York City Partnership, and the International Council for The Museum of Modern Art. Ms. Pillsbury served for many years as a Trustee of World Learning, formerly The Experiment in International Living, which operates in more than 40 countries around the world. She is also an advisor to a small grants program serving HIV/AIDS orphans and vulnerable children in South Africa. A graduate of Wellesley College (1965), Ms. Pillsbury received an MBA from the New York University Stern School of Business in 1987.

Peter J. Johnson has worked for the Rockefeller Family since 1976, most closely with John D. Rockefeller 3rd, Laurance Rockefeller and currently with David Rockefeller, as an advisor on political and economic issues. He is the co-author, with John Ensor Harr, of The Rockefeller Century (Scribner's, 1988) and The Rockefeller Conscience (Macmillan, 1991). He has worked closely with David Rockefeller for more than a decade on his Memoirs, which was published in October 2002, and has now been translated, into ten foreign languages. Mr. Johnson contributed articles on members of the Rockefeller Family to the Encyclopedia of New York City History (Yale University Press, 1994), and has written for other scholarly and popular journals, including the Colonial Williamsburg Journal. He and his wife authored articles on the history of Schoharie County, New York for the new Encyclopedia of New York State History, which will be published in 2005. His major areas of interest are politics, economic development and philanthropy in the United States and the modernization process in East Asia and Latin America during the twentieth century

Mr. Johnson is a graduate of Syracuse University, and holds advanced degrees in American History and British History from the Maxwell School of Citizenship and Public Affairs at Syracuse.



COS.CCNY.291

CSOC.CBR.00010439

Meeting with David Rockefeller, Congressman Rangel and Marnie Pilsbury- 10.22.2007
Iyo Roche, (212) 649- (LM)– Marnie Pillsbury – 212 649-

President Williams
Ted Gershon (Congressman Rangel)
1971 First time DR + CR have met
Signac and Gaugin in his office

CR spoke of importance of education, employees rights, environment
Don't just import them, help your gov't to train them
Exercise influence in working with our private sector- .... Said that not educating other students in minority and poor communities, not graduating them.

With charter schools, excitement in learning
disappointed that prestige at CCNY had dropped until GHW came.
If ... could see public service as an alternative, bring successful people from the community(there will soon be a model charter school in Harlem) working with the private sector
The Rangel Center earmark passed the U.S. Senate and the House
Then GHW spoke of disadvantaged minorities and that he knows what its like to have doors of opportunities closed

Diversity at CCNY more than 50 percent of our students family income of under $30k, the College has represented NYC for 160 years; Rock visited it in 1906; this was David's grandfather.

Train students to change the face of government, professional and personal background make CCNY part of the Harlem community.

When CR first visited with Kissinger andAlbright, there were no Blacks or Browns in the State Dept.- he studied program at Harvard, grads are all over the world, Rangel Fellows, Rise doubled the funding

In Syracuse, doing a great job getting tax credits, greatest asset was Syracuse U.

Ted is working w.the business round Cable with Secy, Spelling; put together a natl trust as relates to training and jobs workers with H Paulson and C Rice, working w. Teachers College w. 10 schools

Spoke about health care for kids, education is the other thing

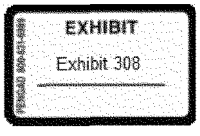
15th district mentioned as one of top 10 economics curriculum in the country.

GHW- suggestion re others to contact
Unrestricted- work w. Marnie



CSOC.CBR.00024466

Mr. Rockefeller said that in tribute to the Congressman, he would give him $100,000 to put toward any program he wished and that it would be unrestricted as he believes in that.



CSOC.CBR.00024467

Rachelle Butler

From: Pillsbury, Marnie S. [redacted]
Sent: Friday, February 01, 2008 10:36 AM
To: rbutler [redacted]
Subject: RE: gift from Mr. Rockefeller to the Charles B. Rangel Center

Thanks Shelly for this gracious note!

This is exactly what I need and we will be implementing Mr. Rockefeller's contribution!

Best regards,

Marnie

-----Original Message-----
From: Shelly Butler [redacted]
Sent: Friday, February 01, 2008 10:29 AM
To: Pillsbury, Marnie S.
Cc: bsilverstein [redacted]
Subject: gift from Mr. Rockefeller to the Charles B. Rangel Center

Dear Marnie,
Thanks so much for your gracious call today. I think the best way to address your gift would be to:

President Gregory H. Williams
The City College of New York
160 Convent Avenue, A300
New York, NY 10031

And please state in your letter that this is for the benefit of:

The Charles B. Rangel Center for Public Service

If you wish, you may like to copy Congressman Rangel on the letter, but you may be sure that we will copy him on your letter in any case. And, of course, it will come to me so I can provide any kind of receipt you prefer.

I know how limited your time is and appreciate that you want to help us open some doors. Ideally, we would love to bring you to campus and meet with some of our students. I think you would understand why we are so passionate about helping them.

My very best regards,
Shelly

Shelly Butler, Vice President
Development & Institutional Advancement
The City College of New York
160 Convent Avenue, S-154
New York, NY 10031
Tel: (212) 650- [redacted] 650-[redacted]
Fax: (212) 650-[redacted]
Email: rbutler[redacted]

This message and all documents that accompany it are intended only for the use of the person to which it is addressed and may contain confidential or privileged information. Please note that any unauthorized

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CSOC.CBR.00024670

CSOC.CBR.00024670

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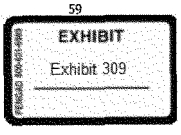

CSOC.CBR.00024671

David Rockefeller
30 Rockefeller Plaza, Room 5600
New York, NY 10112
ACCOUNT: [redacted]

JP MORGAN CHASE
Attn: Ronald T. Lelen
345 Park Avenue - 8th Floor
New York, NY 10154

1-2/210

0141497

March 10, 2008

PAY TO THE ORDER OF
The City College 21st Century Foundation

AMOUNT OF CHECK
$100,000.00

-- One Hundred Thousand Dollars and 00/100 --

MEMO: The Charles B. Rangel Center

EXHIBIT
Exhibit 310

30 Rockefeller Plaza
New York, NY 10112

Room 5600 (212) 649-[redacted]

March 11, 2008

Dear Shelly,

Thank you for sending me the press release about City University's formal approval of the naming of the Charles B. Rangel Center for Public Service.

As we learned from President Williams in our good meeting with Congressman Rangel, the Center will be a fine addition to CCNY and will serve as an invaluable resource for Harlem and New York City. David Rockefeller is very pleased to support this important new initiative in honor of Congressman Rangel's lifetime of public service. Accordingly, it is a pleasure to enclose his check in the amount of $100, 000, made payable to The City College 21st Century Foundation, and designated for The Charles B. Rangel Center.

Mr. Rockefeller hopes this support will help to leverage other private support and sends his best wishes and congratulations.

Best regards,

Marnie S. Pillsbury

Ms. Shelly Butler
Development & Institutional Advancement
The City College of New York
160 Convent Avenue, S-154
New York, NY 10031

Enclosures

EXHIBIT
Exhibit 311

CSOC.CBR.00024882

CSOC.CBR.00024882

OCT - 3 2005

HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

Tue Oct 11
12 noon

CHARLES B. RANGEL
15TH DISTRICT, NEW YORK

September 22, 2005

Mr. Donald Trump
The Trump Organization
725 Fifth Avenue
New York, NY 10022

Dear Donald,

I would like to meet with you, the virtual king of New York real estate, to request your advice and assistance concerning how to approach the renovation of a unique building and project described in the enclosed presentation. A limestone townhouse near The City College of New York is being restored for this new center. I want it to resonate with the work that will be conducted within it and have it be an impressive and effective space. I would deeply appreciate your input.

This initiative has me quite excited. The City College of New York plans to create the Charles B. Rangel Center for Public Service to provide an opportunity for education and training for careers in public service for underprivileged students. I want you to know of my personal interest in, and enthusiasm for, the creation of this Center and my pride in the decision of the City University to name it for me.

The Rangel Center at the City College of New York will be alive with the work of scholars and students working on public policy issues and studying the political dimensions of change. It will not be a Library or a Museum, but a living institution brimming with ideas and stimulating debate.

I will be exploring with my Congressional colleagues how best to move this idea through the appropriations process and am optimistic about securing funds for the planning phase of the creation of the Center. I am turning to you for your guidance on the next phase.

I will have someone in my office contact you to set up a meeting.

Sincerely,

Charles B. Rangel
Member of Congress

I regret that I did not have this information at our last meeting, but I am glad that I left you the materials

Al Beckett
TINA McRae
663-

TOTAL P.002

CBR 002678

EXHIBIT
Exhibit 312

CSOC.CBR.00002980

MEMORANDUM

TO: Congressman Rangel
FROM: Dan Berger
DATE: October 7, 2005
RE: **Meeting with Donald Trump**

On Tuesday, October 11th, you are scheduled to meet with Donald Trump.

Per your request, I have compiled some information about Mr. Trump's previous philanthropic ventures.

In 2000, the Donald J. Trump Foundation's tax return, filed with the IRS, showed that the billionaire gave $160,000 to philanthropic causes. In 2002, it was $287,000, and in 2001 it was $306,000.

For your information I have attached several articles that discuss Mr. Trump's involvement in city projects from the Wollman Skating Rink in the late 80s to his most recent offer to rebuild the U.N. this July.

The proposal for the Charles B. Rangel Center for Public Policy is in the inside flap of this binder.



Telephone report
Date: October 7, 2005
To: File
From: Shelly
Re: George Dalley

George called today to tell me that Charlie has a meeting with Donald Trump on Tuesday—Charlie is intending to talk about the Center—Trump has been sent the proposal. I reminded George that Trump had stepped in a renovated Wollman Rink for Mayor Koch in under three months and under budget and he thought that was useful info, also that Ed Koch was a CCNY grad.

I later spoke to George and asked if the three letters we had drafted—to Trump and the presidents of the Mellon and Carnegie foundations had been sent, and he said yes and that he would send copies to us. I asked if he was going to call or if we should and he asked if it would be better if they did. I replied that in these two cases, we would ask them to do it as these were very big foundations and it would help us.



CSOC.CBR.00024471

Telephone Report
Date: January 26, 2007
To: File
From: Shelly
Re: call to trump January 26, 2007

I called 212) 832- and reached Donald Trump's assistant, Kelly Stengele (kstengele). She didn't appear to know anything about this invitation, so I emailed her the version I had been sent by Maureen Caruso and mentioned that the Congressman had asked me to call. If Mr. Trump couldn't make it on Monday, could we meet with him at another time?

I called David Rockefeller's office and he is fully booked for Monday. When I asked if we could set up an appointment with Congressman Rangel, they suggested that Charlie write David a note.

EXHIBIT
Exhibit 315

CSOC.CBR.00024464

CSOC.CBR.00024464

HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

CHARLES B. RANGEL
15TH DISTRICT, NEW YORK

March 7, 2007

Mr. Donald Trump
Trump Organization
725 Fifth Ave.
New York, NY 10022

Dear Mr. Trump,

I would appreciate the opportunity to schedule a meeting at a time that is convenient for you in order to discuss with you my vision for the Charles B. Rangel Center for Public Service.

The City College of New York will be home to the Center, whose purpose will be to train and educate the next generation of our nation's public servants. It is a personal dream of mine to see this Center at City College, which resides in my congressional district and where so many talented young men and women from the community have gotten an excellent education. As I'm sure you know, CCNY's mission is one of excellence and access and many of our nation's leaders from every ethnic, racial, and economic group have earned their degrees there.

I have asked City College of New York Vice President Shelly Butler to contact your office and arrange a time that is convenient for us to come together. I am eager for you to meet City College President Gregory H. Williams, a man who has overcome many obstacles to achieve success—as with so many CCNY graduates in the past and the present.

Thank you very much for your consideration.

Sincerely,

Charles B. Rangel
Member of Congress

CBR/djb

Cc: President Gregory H. Williams, CCNY
VP Shelly Butler, CCNY

CBR 000321

EXHIBIT
Exhibit 316

T: rangel

Shelly Butler

From: Berger, Dan [Dan.Berger@mail.house.gov]
Sent: Monday, March 26, 2007 1:03 PM
To: 'rbutler[redacted]
Subject: RE: Draft letters to Rock and Trump

Hey Shelly, all three letters have been signed and they will be sent out today. Here are your copies.

From: Shelly Butler [redacted]
Sent: Friday, March 09, 2007 11:58 AM
To: Berger, Dan
Subject: RE: Draft letters to Rock and Trump

Dan,
I of course meant to make the same suggestions in the other letters as well. I have attached both for your convenience

Shelly Butler, Vice President
Development & Institutional Advancement
The City College of New York
160 Convent Avenue, S-154
New York, NY 10031
Tel: (212) 650-[redacted]; 650-[redacted]
Fax: (212) 650-[redacted]
Email: rbutler[redacted]

-----Original Message-----
From: Berger, Dan [redacted]
Sent: Friday, March 09, 2007 11:39 AM
To: 'Shelly Butler ([redacted]
Subject: Draft letters to Rock and Trump

Dan J. Berger
Congressman Charles B. Rangel (NY-15)
163 West 125th Street, Suite 737
New York, NY 10027
Phone: (212) 663-[redacted]
Fax: (212) 663-[redacted]
Mobile: (917) 359-[redacted]
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3/26/2007

EXHIBIT
Exhibit 317

CSOC.CBR.00024672

CSOC.CBR.00024672

Garcia, Elbert

From: Dalley, George
Sent: Wednesday, April 04, 2007 4:14 PM
To: Jones, Vivian; Capel, Jim; Berger, Dan; Minguez, Annie
Cc: McRae, Tina; Featherson, Wendy; Garcia, Elbert; Eaton, Geoffrey; Sherwood, Michelle; Biglow, Holly; Grant, Cedric; Dalley, George
Subject: Trump responds to CBR on Rangel Center
Importance: High

Vivian, Jim, Rhona Grass of the Trump organization (212) 715 called to say that in response to Charlie's letter requesting support of the Rangel Center at City College Mr. Trump would like to meet with Charlie and is available for a meeting in New York during the Easter recess.

Please ask Charlie if he is willing to do this during the Easter recess and if he is, please coordinate the scheduling of a meeting between Charlie and Donald Trump.





Confidential Memorandum

To:	Congressman Charles B. Rangel
From:	CCNY President Gregory Williams CCNY Vice President Shelly Butler
Date:	May 1, 2007
Re:	Briefing – Donald Trump

MEETING LOGISTICS:

Prospect:	Donald Trump, CEO Trump Organization
Attendees:	Congressman Charles Rangel, President Gregory Williams, and Vice President Shelly Butler
Date and Time:	Friday, May 4, 2007 9-10 AM
Location:	725 Fifth Avenue, between 56th and 57th Streets
Contact:	Vivian E. Jones, 212-663

OBJECTIVES:

- Interest Mr. Trump in making a substantial contribution to the Charles B. Rangel Center.
  - Focus on shared values of Trump and CCNY. **Both = New York.**
  - Focus on vision to have more diverse public servants reflecting U.S. and unique factors at CCNY.
- Gauge interest level and answer questions.
  - Note: Mr. Trump has the financial capacity to make a 10-figure gift; however $1M is the largest gift that has been publicly reported (to United Way, initiated by Billie Tisch).
- Close by finding out what financial range Mr. Trump would consider. We will follow-up with a proposal.

GIVING OPPORTUNITIES: Below options present a relatively low cost way to have the Trump name in Harlem; also will be recognized nationally with Congressman Charles Rangel.

1. **$10M gift for the Rangel Center to create Trump Hall**
2. **$3 million to create the Charles Rangel or Donald J. Trump Chair**
3. **$ 2.5 million to create the Trump Leadership Fellowship Program** at the Rangel Center. An endowed gift at this level would produce $100K in annual income to support BA/MA students.
4. **$1M to create the Donald J. Trump Visiting Professorship**

BACKGROUND

Forbes estimates net worth at $2.9 billion. The estimate has been disputed with Mr. Trump reporting "I'm worth $6 billion," and a New York Times reporter estimating it to be "$250 million at most." Mr. Trump has been criticized for level of philanthropic contributions. Mr. Trump is the son of a Brooklyn real estate developer (a German immigrant; mother from Scotland) and went immediately into the family business after receiving his undergraduate degree in economics from the University of Pennsylvania.



WEALTH INDICATORS

- Personal residence in Trump Tower with approximately 30,000 square feet of space has been reported to be **worth as much as $50 million.**
- Palm Beach estate was purchased for **$40 million** at a bankruptcy auction in 2004. The Wall Street Journal reports that Mr. Trump is currently trying to sell it for **$125 million.**
- Mar-A-Lago, resort in Palm Beach Florida. Landmark property valued **at $200 million.**
- In late 2003, Trump, along with his siblings, sold their late father's real estate empire to a group of investors that included Bain Capital, Kolberg Kravis Roberts and Company, and Lambo Nuni Bank for a reported $600 million. **Mr. Trump's share was $200 million**, which he later used to finance Trump Casino & Resorts.
- The Trump Building at40 Wall Street. Bought and renovated building in 1996 for about $35 million. Trump claims it is worth **$400 million and New York tax assessors value it $90 million.** Mr. Trump has taken out a $145 million mortgage on this property to use for other investments.
- 2,212 shares of Trump Entertainment **stock valued at $36K** (as of 4/25/07)
- 3,675,000 shares of Premiere Publishing Group **stock valued at $735K** (as of 4/25/07)

PROPERTIES

- Grand Hyatt: Park Ave at Grand Central, New York City, NY. First major project by Trump. Sold 50% interest to Hyatt Corporation for a reported $140 million dollars in 1996
- Trump Palace: 200 East 69th Street, New York, NY
- Trump Parc: 106 Central Park South, New York, NY
- Trump Park Avenue: Park Avenue & 59th Street
- Trump Tower: 725 Fifth Ave, New York, NY 10022 Trump owns the retail and office space on the lower half of this building.
- Trump World Tower: 845 United Nations Plaza, New York, NY
- Trump Tower at City Center: 10 City Place, White Plains, NY
- Trump Plaza of the Palm Beaches: Trump Plaza: 167 East 61st Street, New York, NY

PHILANTHROPY

- United Way of New York City $1M 2002-2004
  - Pledged to match gifts over 4 years to the agency's NYC community fund. **Gift was reportedly initiated by trustee Billie Tisch.**
- Trump Pavilion for Nursing and Rehabilitation on the Campus of Jamaica Hospital Medical Center
  - Public information on this gift is not available. When Mr. Trump's mother, Mary Trump, died in 2000 an obituary asked that gifts be made to the Trump Pavilion.
  - Naming for this space is estimated to be in the $1-5 million range.
- $100K to Police Athletic League and Damon Runyon Cancer Research Fnd.
- Grants Under $25K to:
  - White Plains Hospital Center , National Children's Dental Foundation, Intrepid Fallen Heroes Fund, American Jewish Historical Society, Boys and Girls Clubs of Tampa Bay, Museum of Jewish Heritage, Kaleida Health Foundation, Education Alliance, New York Blood Center

Donald J. Trump Foundation
2005: $82K in assets; $655K in grants distributed
2004: $2K in assets; $736K in grants distributed
2003: $15K in assets; $185K in grants distributed



SPEAKING POINTS - RECOMMENDATIONS

1. Congressman Rangel will introduce the Rangel Center by talking about his vision to have the face of government and public service represent the diverse population in the United States.

2. President Williams will speak about the history and mission of CCNY.
   - Access and Excellence.
   - Diverse population.

3. Vice President Shelly Butler will cover the following key components about the Rangel Center:
   - Harlem limestone townhouse.
   - The Charles B. Rangel Library
   - Two Degree Programs
     1. The Master's Program in Public Service, interdisciplinary.
     2. Combined BA/MA Program in Public Service – fast track program.
   - Charles B. Rangel Fellows: A Mid-Career Program in Leadership and Policy Innovation

4. Potential Questions and Answers (only if asked):
   Q. What is the timeline for fund-raising?
   A. There are three soft phases of the fundraising campaign for the Rangel Center.
   1. Phase I: Congressman Rangel submitting a bill to Congress for seed money. $3.5M
   2. Phase II: Public/private partnership that Congress requires for such projects.
   3. Phase III: Congress provides the balance of the funds after a successful second phase.

   Q. Pending commitments...who, how much?
   A. Gene Isenberg $1M. Ford just made $1 million grant and hosted a meeting breakfast to introduce the project to other foundation leaders. Meetings with the following: AIG, Heron Foundation, Altman Foundation, Rockefeller Foundation, Rockefeller Brothers Fund, New York Community Trust.

   Congressman Charles B. Rangel will be presenting a bill to Congress for seed money for $3.5 million. It is assumed that this bill will be successful.

5. Close with the Next Steps
   - Funding range
   - Building or general operating support to educate and train students from underrepresented populations for careers in public service or specific funding for scholarships or building.



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Meet with Donald Trump and Dr. Gregory Williams, President of City College

Location: Trump offices 725 Fifth Avenue, 26th floor (bet. 56th and 57th Streets)
Start time: Friday, May 04, 2007
End time: Friday, May 04, 2007

From: Jones, Vivian
To:

cached Thursday, April 12, 2007

Contact: Rona Graff 212 832
Dr. Williams will meet you at the entrance of 725 Fifth Avenue
vej

View

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CBR 002780

EXHIBIT
Exhibit 320

From: Berger, Dan
Sent: Friday, September 28, 2007 12:13 PM
To: Dalley, George
Subject: From Shelly Butler re Rangel Center
Attachments: Trump,Donald050407.doc

George, in case you missed it.

From: Shelly Butler [redacted]
Sent: Tuesday, September 25, 2007 3:12 PM
To: Dalley, George; Berger, Dan
Subject: aig, trump and other stuff

Hi George and Dan,

There hasn't been a response from the Trump Organization since President Williams sent a letter (attached). What do you think of the idea of us drafting a follow-up letter from the Congressman? Is that too pushy from him? Any other thoughts on this?

Redacted -
Non-Responsive

Thanks
Shelly

Shelly Butler, Vice President
Development & Institutional Advancement
The City College of New York
160 Convent Avenue, S-154
New York, NY 10031
Tel: (212) 650-[redacted]; 650-[redacted]
Fax: (212) 650-[redacted]
Email: rbutler[redacted]

9/28/2007



May 15, 2007

Mr. Donald Trump
Chief Executive Officer
Trump Organization
725 Fifth Avenue
New York, NY 10022

Dear Mr. Trump,

It was such a privilege to meet with you earlier this month with Congressman Charles B. Rangel and Vice President Shelly Butler. I appreciate your giving us the opportunity to talk to you about our vision for The Charles B. Rangel Center for Public Service at The City College of New York.

This is one of the most exciting initiatives at the College and we would be honored to have you be a part of it. I know you are good friends with the Congressman and that he would be thrilled to have you involved with this project, which is so close to his heart. It is truly the culmination of his lifetime of public service.

We are proud to partner with Congressman Rangel to educate the next generation of public servants--young people who like himself never thought they could be a part of that "castle on the hill." Your leadership will make it possible for City College to educate the future Charlie Rangels for our nation. Below is a menu of giving opportunities for your consideration:

- **A gift of $3 million will create the Donald J. Trump Chair** at the Rangel Center. An endowed chair is one of the highest honors that a college can award to its faculty. A gift at this level will enable us to conduct a nationwide search to hire a preeminent scholar and will bring additional prestige to the Center. The Trump Chair will remain in perpetuity at City College.
- **A gift of $ 2.5 million will establish the Donald J. Trump Leadership Fellowship Program** at the Rangel Center. An endowed gift at this level will produce enough income in perpetuity to support an annual cohort of students in the BA and MA Program in Public Service. In addition, it will give the Center the resources necessary to recruit the best students to the program, regardless of their financial situation.
- **A gift of $1 million will fund the Donald J. Trump Visiting Professorship** at the Rangel Center. A gift at this level will allow the Center to engage a distinguished academic or practitioner with the Center for a short period of time. This scholar will be a leader in his/her field and will bring a new perspective to the work of the Center. This chair will remain at the Center in perpetuity.



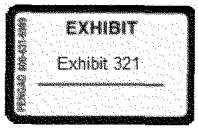
The above are just a sampling of opportunities for your support; we of course would be thrilled to have you play a transformational role with a gift at the $10 million level as we discussed in your office. As one of the most diverse colleges in the country, CCNY is the perfect host for the Charles B. Rangel Center for Public Service. This fact enhances our evolving academic success story and has drawn the increasing attention of prominent government and civic leaders, giving our public service programs the spotlight they deserve. The Rangel Center is one way City College is addressing the need for America's "governing class" to reflect our nation's rich tapestry of cultures, faiths and ethnicities—an area the Congressman has devoted considerable energies to over the course of his career.

Thank you again for considering how you would like to become involved with the Charles B. Rangel Center for Public Service at The City College of New York. I look forward to hearing from you. Please do not hesitate to call me with any questions.

Sincerely,

Gregory H. Williams
President

cc: Congressman Charles B. Rangel
Shelly Butler, Vice President for Institutional Advancement and Development



THE NEW YORK COMMUNITY TRUST NYCT

909 Third Avenue, New York, NY 10022
T: 212-686-0010 F: 212-532-8528
www.nycommunitytrust.org

March 1, 2006

The Honorable Charles B. Rangel
163 West 125 Street
New York, NY 10027-4419

Dear Congressman Rangel:

I am writing to you as a member of the conference committee on H.R. 4297 and S. 2020—and as the founder of a donor-advised fund in The New York Community Trust, the Ralph J. Rangel Fund.

The House bill is largely silent on many of the reform proposals in the Senate version. We support many of them—and, in fact, several proposals reflect long-standing Trust policies and practices—but some proposed provisions for donor-advised funds would have a chilling affect on community philanthropy.

We are particularly concerned about restrictions on gifts of non-publicly traded appreciated property; the Senate proposal makes a distinction between those contributed to donor-advised funds in public charities and those donated to other public charities. Community foundations such as ours have developed significant expertise in accepting illiquid assets for the benefit of charity. A number of New York donors have much of their wealth in limited partnerships interests and other illiquid assets that they use to support charity. Last year, our donor-advisors made grants—most to New York City nonprofits—totaling $90 million. If the distinction is put into law, those donors who contribute these complicated assets will look elsewhere, with the likely result that their generosity will go to the large institutions that can deal with these assets—hospitals and universities, for example—rather than to the many small and medium-sized nonprofits that work in neighborhoods throughout New York.

I have attached two documents. The first contains a memorandum from our general counsel explaining the provisions that most concern us. The second is a long and detailed analysis of the Senate version prepared by the Council on Foundations for the Joint Committee on Taxation, which we hope you will give to your legislative aide.

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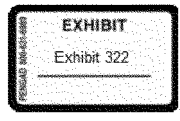
By NYCT Pursuant to FOIA



I would be happy to meet with you or talk with your staff to explain further our concerns about S.2020. You have been an advocate for community philanthropy for as long as I can remember, and your voice on these troubling provisions needs to be heard. The ability of community foundations like The New York Community Trust to continue to support local communities and neighborhood organizations is vital.

Sincerely yours,

Lorie A. Slutsky
President

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THE NEW YORK COMMUNITY TRUST NYCT

909 Third Avenue, New York, NY 10022
T: 212-686-0010 F: 212-532-8528
www.nycommunitytrust.org

janewilton
212-686-

To: Lorie A. Slutsky, President

From: Jane L. Wilton, General Counsel

Date: March 1, 2006

Re: Tax Conference on H.R. 4297 and S. 2020

As the tax conference work on H.R. 4297 and S. 2020 begins, I wanted to remind you of a few provisions that particularly affect The New York Community Trust. As you know, the charitable reform proposals in the Senate bill are extensive, and the House bill is largely silent on most of these items.

I am troubled that, despite the involvement of dozens of members of the nonprofit community, the Senate bill disregards a number of the recommendations of the Panel on the Nonprofit Sector, especially in view of the fact that the Panel was formed at the request of Chairman Grassley and Ranking Member Baucus. I direct your attention to two principal concerns below that affect donor-advised funds. An excellent, but highly technical, discussion of these and other provisions is provided in the letter dated February 21, 2006, from the Council on Foundations to the Joint Committee on Taxation.

1. Illiquid Assets Held in Donor-Advised Funds.

This issue has two parts: (i) the distinction between donor-advised funds in community foundations and other public charities regarding gifts of illiquid assets, and (ii) the special payout rules proposed for donor-advised funds with these assets.

(i) There is a fundamental unfairness in treating gifts to public charities for donor-advised funds differently than gifts to other public charities. The Panel on the Nonprofit Sector recommended that reforms with respect to gifts of so-called qualified appraisal property should apply uniformly to all charitable donees. Gifts of these assets that are not immediately marketable are a significant source of support for many charities, including The Trust.

There is no evidence that donor-advised funds and other public charities liquidate gifts of appreciated property differently from each other, and, there are legitimate circumstances under which valuable gifts simply can't be liquidated quickly. It may be that the property itself is difficult to sell, such as complex gifts of real property or closely held stock, and it may take time to find a buyer at the best price. Selling to meet an artificial deadline

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could result in a board breaching its fiduciary responsibility. In addition, some assets are subject to restrictions on sale, such as shares of a publicly traded company subject to a lock-up agreement with an underwriter, or Rule 144 or 145 restrictions under federal securities laws, or stock in a closely held company subject to a shareholders' agreement limiting sales by any shareholder. In these cases, the value of the gift already reflects the restriction on marketability.

As a practical matter, small grass-roots organizations are not staffed to accept these gifts. Unfortunately, by increasing the difficulty in accepting and holding such gifts for donor-advised funds, it seems likely that these assets will instead go to major institutions such as hospitals and universities.

If the concern is one of a mismatch of the deduction claimed by the donor and the value received by charity, current law requires charities to report sales of this type of property within two years, which allows the IRS to track whether the proceeds of the sale of a gift approximate the value of the deduction claimed. Certainly this 2-year time period could be extended.

(ii) The Senate proposals also would create special payout rules for individual donor-advised funds holding more than 10% in illiquid assets: each such donor-advised fund would be required to pay out 5% of the fund's assets annually. In addition, one proposal, with which we agree, would impose an overall 5% payout requirement on the total assets in donor-advised funds held by the sponsor public charity. If the charity can meet that payout requirement, there is no compelling reason to impose a different rule for a fund that has an interest in, for example, restricted stock that equals 15% of the fund's assets. This provision also may apply to all donor-advised funds invested in a charity's investment pool that includes commonly-held illiquid assets, such as hedge funds, private equity, and venture capital assets.

These proposed restrictions that treat gifts of property to public charities for donor-advised fund differently than gifts to public charities for other charitable purposes should be eliminated because they would limit community charity.

2. Grants from Donor-Advised Funds.

Donor-advised funds would be precluded from making grants to organizations other than those described in IRC § 501(c)(3). Other kinds of charitable grants would be prohibited, such as grants to civic organizations, volunteer fire departments, and foreign organizations (unless the grantmaking charity can determine that the recipient is the equivalent of a U.S. charity). As a result, grants from donor-advised funds to the small civic organizations that address a broad array of issues would be precluded. Donors to many community foundations (including The New York Community Trust) and other sponsoring charities are interested in supporting these kinds of charitable efforts, and the sponsoring charities follow extensive due diligence procedures to reduce the risk that the grants would be used for non-charitable purposes.

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This provision should be revised to permit the sponsoring charity to make grants for charitable purposes provided it follows reasonable procedures to ensure the grants are used for charity, such as procedures akin to the expenditure responsibility procedures used by private foundations.

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NYCT_0000223

CSOC.CBR.00015658



COUNCIL *on* FOUNDATIONS

February 21, 2006

Roger Colinvaux
Gordon Clay
Joint Committee on Taxation
Room 1015
Longworth House Office Building
Washington, D.C. 20515

Dear Roger and Gordon:

I appreciated the opportunity to discuss with Gordon the Council's concerns with provisions of S. 2020 addressing donor-advised funds, supporting organizations and private foundations. As you know, the Council on Foundations has supported the need for reasonable reform measures to address areas of documented abuse. We very much appreciate the work and thought that both you and members of the Senate Finance Committee staff have given to crafting reform proposals. However, the sweeping nature and complexity of those proposals, particularly as they address donor-advised funds and supporting organizations, has given rise to a significant number of critical issues that we believe must be addressed before the reform measures are adopted. Given the technical nature of some of our concerns, I thought it might be helpful to provide you with a written summary.

Donor-Advised Funds

Illiquid Asset Donor-advised Funds

The Council continues to oppose restrictions on gifts of property that treat those gifts differently when made to fund donor-advised funds than when made for other charitable purposes. In this regard, we support the recommendation of the Panel on the Nonprofit Sector that reforms with respect to qualified appraisal property should apply uniformly to all charitable donees. While well-intentioned, the inclusion of special rules for illiquid assets creates numerous critical issues. Therefore, we recommend that these provisions be dropped, a step that would greatly simplify the administration of a new regulatory framework for donor-advised funds. However, if this provision continues to be included in the bill, the following issues must be addressed:

1828 L STREET, NW, SUITE 300, WASHINGTON, DC 20036-5168 • 202/466-6512 • www.cof.org

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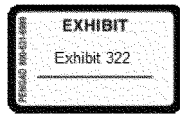

1. Page 203, lines 1-7:[1] The provisions of S. 2020 regulating illiquid asset donor-advised funds appear to us to be intended to regulate situations in which a particular donor-advised fund holds a particular asset that is illiquid. If the provision becomes law, each such fund will be subject to individual payout requirements. It is the practice at community foundations to attribute donated assets to particular funds until liquidated. Accordingly, although we disagree strongly with the need for the provision, we understand how it would operate in the case of donated assets that have not been liquidated or have been liquidated but replaced by other illiquid assets attributed only to that fund.

However, the definition of an illiquid asset donor-advised fund includes any fund in which the value of illiquid assets exceeded 10 percent of the fund's total assets at the end of the preceding tax year. This raises the question of whether the definition applies to donor-advised funds the assets of which are entirely invested in the community foundation's investment pool or pools. The common practice at community foundations, and presumably at other charities, is that once contributed assets have been liquidated, the donor-advised fund participates in the community foundation's pooled investments, receiving its pro-rata share of the pool's income and appreciation. Some community foundations offer donors a choice among investment pools with different investment strategies, but donors do not participate in the design or investment of the pools. These pools generally also include assets attributable to other kinds of funds, including the community foundation's unrestricted endowment.

The Council's most recent survey of community foundations' asset allocation mix and investment strategies found that more than 10 percent of the value of investment pools at some community foundations is in alternative investments including real estate, venture capital and hedge funds. This is particularly true of larger community foundations with access to more sophisticated investment managers and mirrors investment strategies being used by other institutional investors. To prevent a result in which each donor-advised fund at these community foundations becomes an illiquid asset donor-advised fund, we would appreciate a clarification of the definition to exclude funds the assets of which consist solely of an undivided interest in one or more investment pools maintained by the sponsoring charity.

2. Page 203, lines 8-12: The definition of an illiquid asset states that an illiquid asset is anything other than cash or marketable securities, the value of which is held for the entire year as such asset. This is reasonably clear. However, the definition then adds that it includes "any other illiquid asset." There does not seem to be any need for this additional statement and it adds confusion to the definition. We recommend that it be dropped.

3. Page 203, lines 8-12: The definition of illiquid asset is sufficiently broad to include gifts of remainder interests in personal residences/farms. These gifts cannot be liquidated until the expiration of the life estate and the deduction afforded to donors already is reduced to take this into account. The definition should be amended to exclude gifts of remainder interests prior to the expiration of the life interest.

[1] Page references are to S. 2020 as it passed the Senate on Nov. 18, 2005.

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EXHIBIT
Exhibit 322

NYCT_0000225

CSOC.CBR.00015660

4. Page 203, lines 8-12: The definition of illiquid asset also would include gifts of life insurance policies during the life of the insured. Donors generally intend that the donee charity hold these policies until the donor's death, enabling the charity to collect the policy's face value, and many charities do so. When contributed to create a donor-advised fund, donors generally nominate their children or grandchildren to be the fund's advisors. Donors who contribute these policies receive a deduction equal to approximately the policy's cash surrender value, not the policy's face value. The definition should also be amended to exclude gifts of life insurance policies.

Qualifying Distributions

1. Page 205, lines 20-21. The proposed limitation on permissible grantees to organizations described in section 170(b)(1)(A) will create major problems for community foundations and other public charities that hold donor-advised assets.

A. Domestic Grantmaking: As allowed under current law, many public charities with donor-advised funds, including many community foundations, routinely make grants, including grants from donor-advised assets, to noncharitable organizations using procedures designed to ensure that grant funds are used solely for a charitable purpose. For example, a community foundation may make a donor-advised grant to a local service organization, such as the Elks or the Moose, to support a charitable activity such as the delivery of meals or presents to needy individuals at a holiday. Similarly, a community foundation may make a donor-advised grant to a local Chamber of Commerce to support a job-training program. These grants would no longer be permitted if S. 2020 is adopted without change.

B. International Grantmaking: Some community foundations and several other public charity members of the Council use the donor-advised mechanism to make grants to foreign nongovernmental organizations. As we have noted previously, these charities have augmented their existing due diligence procedures for grantmaking to ensure that grants are not used for any noncharitable purpose, including support for terrorists. S. 2020 would permit international grants using assets in donor-advised fund only if the foreign NGO has obtained an IRS determination that it is a public charity or if the sponsoring charity determined that it is the equivalent of a public charity and so is described in section 170(b)(1)(A). As you are aware, private foundations have found the equivalence process cumbersome and expensive and many opt, instead, to use expenditure responsibility, an option that is not provided in S. 2020. An additional problem is that having equivalence determinations as the sole option will preclude grants to support charitable projects of overseas organizations that are not the equivalent of US public charities.

Both these problems can be solved by letting sponsoring organizations make donor-advised grants using either procedures similar to the section 4945 expenditure rules for private foundations or equivalence determinations.

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2. Page 205, lines 16-19: We recommend clarifying the definition of a qualifying distribution to include distributions that would be program-related investments if made by a private foundation. Although somewhat uncommon, a distribution from assets held in a donor-advised fund may take the form, for example, of a loan to a charity rather than an outright grant. Clarification is also needed to ensure that the resulting indebtedness is not considered an "illiquid asset."

3. Page 206, lines 5-8: What are "procedures similar to those described in section 4942(g)(2)?" Will IRS approval be required or will it be sufficient if the sponsoring charity's board determines that the proposed set-aside meets the substance of the private foundation requirements?

4. Page 206, beginning at line 13: What is a "charitable program?" Some community foundations ask donors, including advised-fund donors, to contribute to funds that help pay the operating expenses of the community foundation. These may be annual gifts or gifts to an endowment fund maintained for the support of the community foundation and are in addition to the fee levied against the fund to cover the administrative costs directly attributable to the fund. Will these gifts be excluded as qualifying distributions because they are not to a "charitable program?" Similarly, instead of collecting a fee from each advised fund for administrative expenses, some community foundations require each donor-advised fund to make an annual distribution to the community foundation's general fund or its general endowment in addition to grants recommended by the fund's advisors. Are these distributions not to a "charitable program" if the community foundation uses a portion of them to help defray its operating costs?

5. Page 214, lines 9-17: Conforming changes would be needed to new section 4968(c)(1) to ensure that distributions described above are not prohibited acts.

Valuation Rules

1. Page 208, lines 4-8: The section requires that securities be valued monthly and that cash be determined on an average monthly basis. Most community foundations make these determinations on a quarterly, rather than a monthly, basis. We recommend that sponsoring charities be permitted to use quarterly valuations.

2. Page 208, line 9 to page 209, line 2: The assumed 5 percent increase in the value of illiquid assets is arbitrary. In some cases it will overstate the increase, while in others the value will be understated. The required 5 percent increase is particularly troublesome for illiquid assets, such as limited partnership interests, the value of which is reported each year to the Internal Revenue Service on Schedule K-1. There does not appear to us to be any compelling reason to use a different value for donor-advised purposes than the one otherwise being reported to the IRS. If the illiquid asset provisions are not dropped, we recommend that charities be permitted to use valuations reported to the IRS on the prior year's Schedule K-1, where applicable.

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NYCT_0000227

CSOC.CBR.00015662

Definition of Advised Fund

1. Page 209: We recommend the inclusion of a definition of donor. Some advised funds, such as memorial funds, have multiple donors, only one of whom is afforded advisory privileges. Tying the definition of donor to the receipt of advisory privileges is particularly important to avoid a result in which numerous small donors to a fund become disqualified persons of the sponsoring charity.

2. Page 209 line 22 to page 210 line 3: We recommend that the definition of advisor be clarified to exclude individuals who are designated by donors to be members of committees solely by reference to their title or position. Many existing fund agreements for scholarship funds specify the members of the committee by reference to a person's title or position. For example, a fund to provide scholarships in math and science might provide that the committee will include the heads of the science and math departments at a local high school. If these individuals are considered to be designated by the donor, the fund will not fit within the exclusion on page 210.

3. Page 210, lines 19-23: We would appreciate clarification that "requirements similar to those described in section 4945 (g)" do not include the need to seek advance approval from the Secretary. There are tens of thousands of existing funds at community foundations alone that provide grants to individuals for the described purposes. Some of these funds operate under a common set of rules, but many have individual requirements and separate committees. If advance approval is required, the predictable result will be that sponsoring charities will incur substantial expense in preparing and submitting descriptions of their procedures to the IRS and that the applications will then be deemed automatically approved because the IRS will lack the capacity to review the submissions within the required 45 days. Even on a prospective basis, an advance approval requirement will be a significant burden both on the sponsoring charity and the IRS.

4. Page 210: Many community foundations have disaster relief and emergency hardship funds that make grants to individuals in times of need. Some of these funds clearly are not donor-advised. Others, however, are advised by committees that may include the donor or persons appointed by a donor. For example, in the aftermath of Hurricanes Katrina, Rita, and Wilma, several community foundations established disaster-relief funds to provide assistance to employees of various businesses. These funds operate under the strict guidelines prescribed for similar funds operated by corporate private foundations, with the added safeguard that they are overseen by a public charity that is not controlled by the employer. An exception is needed to preserve the ability to use donor-advised funds as a mechanism to make grants to individuals to alleviate hardship.

5. Page 211, lines 1 to 9: While we appreciate that S. 2020 will permit the Secretary to exclude other types of funds, the need for him to do so through regulation raises the issue of whether the types of fund described must be considered donor-advised until such time as the regulation issues. Given the extreme backlog with respect to guidance and the need of sponsoring charities for certainty on the effective date of the new measures as to which funds

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EXHIBIT
Exhibit 322

NYCT_0000228

CSOC.CBR.00015663

are advised and which are not, we ask that the funds described in lines 1 to 9 not be considered donor-advised until the Secretary issues guidance on the definition.

6. Page 211, lines 1-9: Community foundations frequently hold funds that are created by transfers from a governmental entity or another charitable entity subject to fund agreements that specify that the transferring entity is to be the sole beneficiary of distributions from the fund. Although often referred to as "agency endowments," these funds may be endowed or non-endowed. Because the transferring charity or government is the donor, and the fund agreements often permit donor charities to request distributions in particular situations, such as a capital campaign, that exceed what would normally be allowed under the community foundation's spending policy, these funds could be construed as "donor-advised.". We ask that the definition of advised fund be clarified to exclude these funds, perhaps by excluding charitable organizations and governmental entities from the proposed new definition of "donor." Otherwise, the funds will be precluded from making distributions to the charities that established them.

7. Page 211, lines 1-9. Similarly, community foundations often hold funds established by transfers from a non-charitable entity such as a local chapter of the Elks or a local Chamber of Commerce. While many of these funds are used primarily or exclusively to make grants to public charities, some make grants to the organization that created them to enable that organization to carry out a charitable activity. These funds either need to be exempted from the definition of donor-advised or changes need to be made to the provisions of the bill addressing qualifying distributions, taxable distributions, and prohibited benefits to permit distributions to the donor organization as long as the sponsoring charity follows procedures similar to those describe in section 4945(h) to assure that the grant is used for charitable purposes.

Prohibited Acts

Page 214, lines 15-16: Donors occasionally ask that their advised funds be terminated by a grant of the assets to another public charity to create a new donor-advised fund or add to an existing one. Some donors make this request because they have moved to a different part of the country and wish to have their new community foundation assist them with grantmaking. Some advised funds are transferred when a fund being incubated at a community foundation for a neighboring geographic area grows large enough to become a separate charitable entity. Some donors request a transfer of assets from an advised fund at a public charity that is not a community foundation in order to make their grantmaking more effective by gaining access to the community foundation's knowledge of local charitable organizations. We recommend that these transfers be permitted, although we understand that distributions may need to be excluded as qualifying distributions in determining whether the original sponsoring charity has met its distribution requirement.

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EXHIBIT
Exhibit 322

NYCT_0000229

CSOC.CBR.00015664

Prohibited Benefits

1. Page 215, lines 18 to 23: This section of S. 2020 imposes excise tax penalties on donors and advisors who derive "a more than incidental benefit" from a distribution from an advised fund. We would appreciate clarification that a benefit is incidental if the donor could disregard the benefit in claiming a deduction for a direct charitable gift. We would further appreciate clarification that a donor does not receive "a more than incidental benefit" if a donor pays the nondeductible portion of a ticket to an event, while a grant from a donor-advised fund pays the amount the donor would have been able to deduct if the donor had made the payment directly.

2. Pages 215 – 219: There is a need for coordination provisions with section 4958 and within new section 4969 to ensure that the same individual is not subjected to multiple penalties for the same act. For example, as drafted, an advisor who recommends a grant that results in a private benefit to the advisor potentially is subject to a 25 percent excise tax penalty under section 4958 for an excess benefit transaction, a 25 percent excise tax penalty under section 4969 for advice that resulted in a private benefit, and another 25 percent penalty under section 4969 as the recipient of the benefit. As an example, without coordination provisions, and depending on whether and how the concept of 'incidental benefit" is clarified, a donor who recommended a $10,000 distribution to a museum that resulted in the donor receiving two tickets to a dinner (valued at $150) could be penalized more than $5,000 -- $2,500 for advising the distribution, $2,500 for receiving the benefit, and $187.50 for the excess benefit transaction ($37.50 excise tax plus $150 to correct the transaction). In this connection, we note that new section 4969 should include a correction requirement.

3. Pages 218-219: By making donors, advisors, and persons related to them disqualified persons for purposes of section 4958, section 332(a) of S. 2020 greatly expands the number of disqualified persons, making oversight of transactions with such individuals difficult or impossible to manage. Assuming an average of four disqualified persons per fund, which is likely on the low side, a charity with as few as 500 donor-advised funds could find itself with upwards of 2,000 new disqualified persons. Since S. 2020 separately prohibits and penalizes payments from advised fund assets to or for the benefit of donors, advisors, and persons related to them, there does not seem to be any reason to also extend section 4958 to those transactions.

Definition of "Investment Advisor"

Page 219, line 18 to page 220, line 2: Does the definition include all advisors/managers for the community foundation's pooled investments if the pools include assets attributed to donor-advised funds or just those advisors/managers that directly manage assets attributed to an individual donor-advised fund?

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Prohibited Transactions

Page 221, lines 1-10: Gifts of closely-held business interests often can be liquidated only by sale to the donor or related parties. The term "excess benefit transaction" needs to be clarified so that it excludes transfers of donated interests to the donor or related parties in exchange for a payment that reflects the fair market value of the asset.

Supporting Organizations

Page 237, line 17 – 18: The determination of 'distributable amount' based on the entity's fair market value at a single point in time ("the last day of the preceding taxable year") fails to recognize market fluctuation during the course of a taxable year. This methodology also fails to take into account the impact of gift additions to the entity that may be concentrated at the end of the entity's taxable year, thus producing little or no investment return to support the distributable amount without the invasion of gift principal. Supporting organizations that are endowed will be subject to the Uniform Management of Institutional Funds Act (UMIFA) or other state law that may restrict distributions from such endowed assets where the value has fallen below historic principal. These two legal constructs unnecessarily conflict. In this connection, we recommend that the determination of the 'distributable amount' be based on the applicable percentage of the average fair market value of the aggregate assets of such organization on the last day of the three preceding taxable years.

Page 239, lines 1 – 5: The caption reads "administrative and operating expenses," but the amended language addresses only administrative expenses. For clarity, the words, "and operating," should be inserted before the word, "expenses," on line three.

Page 243, Line 1: The prohibition on payments to disqualified persons should be amended to exclude transfers of donated assets to disqualified persons in exchange for payment of fair market value for those assets. Otherwise, supporting organizations will be largely precluded from accepting gifts of closely-held business interests or will be unable to liquidate those gifts.

Page 244, lines 19-22: The exception from the definition of "substantial contributor" excludes only public charities (other than supporting organizations). This exclusion should be extended to include private foundations in order not to preclude otherwise appropriate relationships between private foundations and supporting organizations such as when a supporting organization leases space from a contributing private foundation and reimburses the foundation for its out-of-pocket costs associated with the occupancy.

Page 250, line 18: The Council opposes the provision prohibiting grants from private foundations to supporting organizations. There are numerous supporting organizations established by public charities for a variety of reasons, such as community foundation supporting organizations that provide services to adjoining geographical communities, that would be significantly disadvantaged if they were unable to receive support from private foundations.

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EXHIBIT
Exhibit 322

NYCT_0000231

CSOC.CBR.00015666

Private Foundations

Section 322 of S. 2020 overturns the result in the case of *Zemurray Foundation v. United States*, making a foundation's income from sources such as notional principal contracts subject to tax and clarifying that section 4940's prohibition on carryovers applies to carrybacks. These are reasonable changes. However, section 322 also makes capital gains from the disposition of exempt use property subject to tax. This will unfairly penalize foundations that, for example, sell a building used to house the foundation's staff in order to acquire a larger (or smaller) building more suited to its needs. Section 322 should exclude (or at least defer) gains from the disposition of exempt use assets if the net proceeds from the sale continue to be used for exempt purposes.

I would be happy to meet with you to clarify any of these points.

Sincerely,

Janne Gallagher
Vice President and General Counsel

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NYCT_0000232

CSOC.CBR.00015667

the City College of New York

OFFICE OF THE PRESIDENT

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February 2, 2007

Ms. Lorie Slutsky, President
New York Community Trust
909 Third Avenue
New York, NY 10022

Dear Ms. Slutsky:

I want to thank you for attending the presentation hosted by the Ford Foundation that Congressman Charles B. Rangel and I made on behalf of The City College of New York's Charles B. Rangel Center on Monday. We are very grateful that you made time in your busy schedule to come and hear about this exciting new project at the College.

As you know, CCNY has long been an avenue of advancement for generations of New Yorkers and that mission is still going strong. Through the Rangel Center, we will be able to train and prepare people from underrepresented populations for government and public service. The master's degree programs in public service and the mid-career program for working public servants will enable talented individuals to take their place at the managerial and policy-making levels in our public institutions. Also, as the stewards of the Congressman's papers, we hope to be a resource for understanding the barriers to public service encountered by those seeking to overcome them.

We would very much like to meet with you and discuss ways that the New York Community Trust can play a role in the wonderful plans we have under way. We look forward to having the opportunity to work with you in making Congressman Rangel's dream a reality.

Sincerely,

Gregory H. Williams
President

cc: Congressman Charles B. Rangel

~~$1,301,000~~

A Proposal for:
The New York Community Trust
April 24, 2007



"Open the doors to all.
Let the children of the rich and the poor take their seats together
and know of no distinction save that of industry, good conduct, and
intellect."
Townsend Harris, Founder
The City College of New York

the City College of New York

Project budget
annual budget
proposal cover sheet

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EXHIBIT
Exhibit 324

New York Community Trust Public Service Scholars

The Charles B. Rangel Center

at

The City College of New York

Executive Summary

The Charles B. Rangel Center for Public Service was created to enhance opportunities for individuals from underrepresented populations to enter and advance in public service at the policymaking and managerial levels. This proposal requests a grant of $65,000 for 15 students, to be named the New York Community Trust Public Service Scholars. They will be members of the inaugural class of Charles B. Rangel Center students who will earn either the BA/MA in Public Service or the MA in Public Service at The City College of New York. The grant will assist these talented students with tuition and other educational expenses and enable them to take unpaid internships in government and public service organizations. These internships, a core element of the program, will both give them the hands-on experience they need to succeed and also help them reduce the number of hours they need to work at employment that does not further their career goals.

A Profile of the New York Community Trust Public Service Scholars

The Community Trust Scholars will be selected from City College's exceedingly diverse student population. Ranked by *US News and World Report* as one of the most diverse colleges in the US, last year, more than 87% of CCNY students describe themselves as members of a minority group.

Most CCNY students come primarily from New York City public schools or CUNY community colleges. Following a tradition that reflects the pattern of generations of CCNY alumni whose achievements became the model for their own families, City College students are often the first in their families to go to college, and most have very limited financial resources.

Financial Need

Approximately 58% of City's students come from families with combined incomes of $30,000 or less; three-quarters work while attending school, some at more than one job. Over half of CCNY's students attend part time, most often for financial reasons. City's tradition of providing a high quality low cost education to talented students who might otherwise not be able to attend college is alive and well. The City College mission is Access and Excellence.

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Scholarships for Rangel Center Aspirants

While CUNY undergraduate tuition, fees and books (approximately $5,000/year) and graduate tuition (approximately $8,500/year) are moderate by comparison with costs at private and many public colleges, they are high when considered together with the low family income of most City College students. When the fact that many CCNY students not only support themselves but also help support their families is factored in, the tuition and the other costs of attending college appear daunting. The purchase of a computer, engineering and science textbooks, transportation to and from the College---from Staten Island or the farthest reaches of Queens or Brooklyn to participate in City's unique programs---all of these costs bear heavily on CCNY's students.

That is why the College seeks $10,000 per undergraduate and $12,500 per graduate student to enable them to complete successfully the rigorous curricula of the Grove School of Engineering, or the Sophie Davis School of Biomedical Education, or the School of Architecture, or many other challenging academic courses. The funds pay for tuition, fees, books, a computer, and other costs of attending college plus they enable the students to work fewer hours at part-time or even full-time jobs than they would otherwise have to do. With the hours that are saved, they can take the unpaid internships and apprenticeships at major government and non-profit organization offices that are crucial to the Rangel Center program's success and the vehicle through which they can move into public service.

Almost all CCNY students take out loans where possible to help with other expenses resulting from college attendance.

Plans for the fall of 2007

Dean Brett Silverstein of the Division of Social Science expects that the new MA in Public Service--literally the new master's degree in public administration—will be made official during the 2007-2008 academic year. CCNY's Official Letter of Intent was approved by the City University and Vice Chancellor for Academic Affairs Selma Botman. Conditional upon formal approval by the CUNY Board of Trustees, Rangel Center programming will go forward at City College and the inaugural class of students will be accepted provisionally for the BA/MA and stand-alone MA degree coursework for the fall of 2007.

In fall 2007, there will be 15 students in the pre-BA/MPA minor in public policy. After that, the numbers will increase. By fall 2008, there will be approximately 20 in the BA/MPA and at least 10 in the stand alone MPA.

The undergraduates will be sophomores and juniors, and their total of five-years' work will be a mixture of undergraduate and master's level courses, depending upon their majors. One of the strengths of the program is its interdisciplinarity and its flexibility. All majors can combine their specific coursework with preparation for public service.

Our need for the fall, therefore, is for $10,000 for each of 15 students ($150,000) of which part will be paid by two other gifts/grants.

How does his break down to undergraduate & graduate

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Other Foundation Support

The two gifts from the Ford Foundation and a private donor include $85,000 for research assistantships and internships. If we use that sum for these 15 students, our remaining need for fall of 2007 is $65,000.

Therefore, The City College of New York requests a grant of $65,000 for scholarship/internship support for the New York Community Trust Scholars at the Charles B. Rangel Center for Public Service for 2007-08.

On behalf of the aspiring students of The City College of New York, we thank you for your thoughtful consideration of this request. If you have any questions or need further information, please contact President Gregory H. Williams, Dean Brett Silverstein or Vice President Shelly Butler.

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EXHIBIT
Exhibit 324

The Charles B. Rangel Center for Public Service

In a distinguished career spanning more than four decades, The Honorable Charles B. Rangel has done as much as any single person in public service to help the least powerful among our citizens to achieve their goals and to change their lives, their communities, and the nation. He has done so with the clear vision that all of America's citizens must be empowered in order for America to be herself. He has thought and acted locally and globally to ensure that the laws and policies of this nation embody her best instincts and her highest promise.

Fundamental to Congressman Rangel's lifelong service is a belief that America's "governing class" – those men and women who make our laws and policies – must mirror the rich tapestry of cultures, faiths, and ethnicities that make us who we are as a country. Today, non-whites make up nearly thirty percent of the U.S. population. Yet, according to the Equal Economic Opportunity Commission's 2003 report on the federal workforce, only 13.8% of the men and women who occupy the top managerial, supervisory and policy-making positions in the U.S. federal government are members of minority groups.

By 2050, minority groups in the United States will comprise 50% of its population. This proposal builds up on The City College of New York (CCNY) mission of access and excellence and Congressman Rangel's legacy of public service to ensure that those who run our nation will reflect our citizenry.

The Center will accomplish this through the establishment of a rigorous graduate program for students from underrepresented groups that will prepare them for public service, including elective office and careers in government, at the policy-making level. The new master's program will be coordinated with programs on the undergraduate level, many unique to City College, to encourage and inspire our best students to move into the master's program and pursue careers in public service. Located in a restored Harlem mansion adjacent to The City College campus, the Charles B. Rangel Center will also house the Charles B. Rangel Library, an archival repository of documents, photographs, and memorabilia that records the life of one of America's most important public servants and serves as a rich repository of knowledge and experience for students and scholars alike.

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The Master's Program in Public Service at The City College of New York will recruit and prepare young people for careers in government and public service. The program will include participation in internships or apprenticeships arranged and paid for by the Rangel Center, in service organizations, and will offer interdisciplinary specializations in concert with The City College Schools of Architecture, Engineering, Education, and Biomedical Education, plus its special programs in transportation, waste management, and urban public health.

Upon completion of the degree, graduates will be eligible for a program analogous to the Federal Career Intern Program, entering government service for a two-year temporary appointment with eligibility for a permanent assignment upon completion. This program will encourage the involvement of members of underrepresented minority groups and those with financial need;

The Combined BA/MA Program in Public Service will work together with several undergraduate programs unique to City College that are particularly suited to draw outstanding students into public service. The BA/MA Program will attract students capable of and interested in an intensive "fast-track" program leading to the master's degree. It will prepare them for public service with high-level coursework, experienced government personnel mentors, and hands-on training in internships and service learning courses.

The City College of New York—The Choice For The Rangel Center

The City College of New York offers a unique and fitting environment for The Charles B. Rangel Center for Public Service. Located in Harlem, the heart of Congressman Rangel's constituency, The City College of New York was founded through a public referendum in 1847 as a free academy to serve " the children of the whole people." One of a young America's great democratic experiments, it remains one her great democratic achievements, and the most important avenue to upward mobility and social advancement for generations of New Yorkers.

City College has provided an unsurpassed educational opportunity to hundreds of thousands of talented young men and women with few material resources and opportunities. For more than 160 years, The College has provided access to a world-class education to underrepresented populations, preparing them to enter those fields with the expert skills to change their own futures, and shape the world.

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Diversity at City College

- In fall 2006, CCNY's undergraduate ethnic makeup was Hispanic 37.2%, Black 26.5%,
  Asian 23.2%, White 12.9% and American Indian/Alaskan Native 0.1%. (*The Chronicle of Higher Education*2 reported ethnic enrollment distributions in American colleges as White 75.1%, Black 12.3%, Hispanic 11.0% and Asian 3.6%.)
- Among CCNY's undergraduates, 87.1% (8,994) are members of a minority group.
- Among CCNY's graduate students, 85.9% (2,517) are members of a minority group.
- Our graduate ethnicity percentages are 31.5% Hispanic, 29.8% were Black, 24.7% Asian/Pacific Islanders, 14.1% White and 0.1% American Indian/Alaskan Natives.
- Of the 1,097 Bachelors degrees awarded in 2005-2006, Blacks received 30.1% (330), Hispanics 33.0% (362), Asian/Pacific Islanders 11.9% (170), Whites 12.4% (130), and Non-Resident Aliens 9.6% (105). (Nationally, *The Chronicle of Higher Education Almanac* reported 1,399,542 Bachelors degrees were earned in 2003-04 by these ethnic groups: Whites 73.3% (10,261,114),Blacks 9.4% (131,241), Hispanics 6.8% (94,644), Asian/Pacific Islanders 6.6% (92,073),Non-Resident Aliens 3.2% (44,832), and other 0.8% (10,638).
- Of all the degrees earned, women earned 58.0% (1,112).
- Manhattan was home to 24.7% (3,276) of our students, with Brooklyn 17.6% (2,336), Queens 17.4% (2,298) and the Bronx 15.3% (2,027).
- In fall 2006, the median and mode age of new Freshmen was 18; 93.2% (1,457) of CCNY new Freshmen were 19 years old or younger; 27.7% (2,862) of all CCNY Undergraduates were 19 years old or younger. The median age for this group was 22 and the mode was 18.
- The median and the mode ages for fall 2006 new, entering graduate students and 22 respectively. For all graduate students, the median was 29 and the mode 26.

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EDUCATION

RECIPIENT: CITY COLLEGE OF CUNY
Charles B. Rangel Center for Public Service
160 Convent Avenue
New York, New York 10031
(212) 650-7125
Benno Schmidt – CUNY Board Chair
Gregory H. Williams – Paid Staff Head
Brett Silverstein – Project Director
(Funds administrator: City College 21st Century Foundation, Inc.)

AMOUNT: $130,000 (two years—$65,000 each year)

PURPOSE OF GRANT: For fellowships to prepare 15 financially needy students for careers in public service.

NATURE OF PROJECT: Minorities are severely underrepresented at the higher levels of American government. Non-whites make up nearly 30 percent of the U.S. population, but according to a report by the Equal Economic Opportunity Commission, only 13.8 percent of the men and women in top managerial, supervisory, and policymaking positions in the federal government are members of minority groups. As the country becomes increasingly diverse, it is critical that those who make our national laws and policies reflect our citizenry.

City College, the flagship institution of the City University of New York, was founded through a public referendum in 1847 to serve "the children of the whole people." For 160 years, City College has provided educational opportunities to hundreds of thousands of talented young men and women with few financial resources. Since 1907, the College has been located in Harlem, and today 87 percent of its students are minorities. City College students are usually the first in their families to go to college; 58 percent come from families with incomes under $30,000, and three-quarters work while attending school.

Now, City College has established the Charles B. Rangel Center for Public Service to enhance opportunities for minority students to enter and advance in public service at the policymaking and managerial levels. The Center is named for Congressman Rangel, the dean of the New York State Congressional delegation, who is beginning his 19th year representing New York's 15th District (upper Manhattan). The Center will offer three fellowship programs in

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CITY COLLEGE OF CUNY (Cont.)

public service: a five-year combined BA/MA, a Master's program for college graduates, and a mid-career fellows program for individuals in government and public service jobs. It also will administer the Rangel Library, which will hold documents, archives, and memorabilia from the Congressman's long career in public service. The Center will be located in a restored Harlem townhouse adjacent to the College, which will house the Library, a conference center, and offices for visiting scholars.

The inaugural class for the BA/MA program will begin in fall 2007 with 15 outstanding City College sophomores and juniors who are committed to careers in public service. The students will enroll in courses to prepare for the MA degree in public service at the same time that they continue in their college majors. They will include students in the social sciences and those working in other disciplines who will be able to prepare for the Master's degree while maintaining their technical emphasis in fields such as engineering and architecture. Over five years, the students will satisfy a demanding program that includes undergraduate and graduate courses. They also will participate in government and public service internships (e.g., congressional offices, Department of State, March of Dimes). Graduates will be eligible for the Federal Career Intern Program and other highly selective public service opportunities. In fall 2008, the College will enroll a second class in the BA/MA program, and begin the stand-alone Master's program.

The budget to provide fellowships for 15 students for two years is $300,000 ($150,000 each year). This provides $10,000 per year to each student: $4,000 for tuition, $1,000 for books and fees, and $5,000 for an internship stipend. Contributions from the Ford Foundation and a private donor will provide $170,000, leaving a balance of $130,000. The College has begun an ambitious campaign to fund the fellowship programs, as well as the other costs of the Rangel Center, over the long run.

This exciting project will prepare outstanding young people for careers in government. It is an excellent match for our Berri Fund, which defrays the expenses of financially needy students and which we have targeted to minority students underrepresented in various fields. We recommend a two-year grant of $130,000, $65,000 each year, to complete the fellowship budget for the Rangel Center's inaugural BA/MA class.

The current operating expenses of the Rangel Center are $150,000. In the future, it expects to have an annual budget of $1 million.

GRANTS IN LAST 5 YEARS: None.

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CITY COLLEGE OF CUNY (Cont.)

FUND SOURCE:	ANNUAL BUDGETED INCOME	INCOME USED FOR THIS GRANT
William H. Berri Fund (1075)	$ 148,000	$ 98,000
Lucy Wortham James Memorial (1114)	1,746,000	30,000
Esther Jean Arnhold Fund (2068) (CF)	72,000	2,000
		$130,000

FUND STRATEGY:

Berri:	To defray the expense of educational study in schools, colleges and universities.
James:	Unrestricted.
Arnhold:	For financial aid to college students, primarily undergraduates.

July 2007
J. Stern
P07-000374

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MEMORANDUM TO: Distribution Committee
Board of Directors

ADMINISTRATIVE MATTERS

Minutes

The minutes of our meeting of July 26, 2007, are shown in Appendix I.

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Thanks All Around

Ms. Slutsky wrote to Congressman Charles Rangel, who is a Trust donor and the chairman of the powerful House Ways and Means Committee, about a grant awarded at our last meeting to the City University of New York for the Rangel Center for Public Service—and included biographical sketches of the donors whose funds supported the grant. His reply thanks us and also acknowledges the usefulness of these biographies. In addition, Mr. Rangel, having received our regular letter about grants awarded in his district, sent congratulatory letters to all 16 nonprofits. Ms. Slutsky's letter, Mr. Rangel's reply, and one of the letters he sent to grantees are in Appendix K.

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3.

. A copy of our
This summer, Trust staff also responded to the House Ways and Means Committee's call for comments on the impact of the Pension Protection Act of 2006 on nonprofits, and They, too, are in Appendix L.

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THE NEW YORK COMMUNITY TRUST NYCT

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www.nycommunitytrust.org

Submission to the Subcommittee on Oversight,
Committee on House Ways and Means
Comments on Provisions Relating to Tax-Exempt Organization
in the Pension Protection Act of 2006

Submitted by:
Lorie A. Slutsky, President
The New York Community Trust

Introduction

For almost a century, community foundations have been building permanent charitable resources to meet the current needs of their communities and the unforeseen needs of the future. And for more than 80 years, The New York Community Trust (The Trust), through the generosity of donors past and present, has supported nonprofit organizations in the New York metropolitan area that work daily to ensure that our community is a vital and healthy place in which to live and work—for all residents. When we started in 1924, our sole mission was to distribute to nonprofit organizations the income from charitable trusts set up by will and held by New York City banks. The Trust's founders were men of vision who understood the power of an institution that could employ the combined charitable passions of individuals to meet a broad variety of community needs. They also understood that contemporary donors could not anticipate the compelling issues that would confront their successors—and they were committed to ensuring that adequate resources would be available for the future. In those early days, our donors set up unrestricted or broad field-of-interest funds through bequests, trusting tomorrow's leaders to spend it wisely. Today, The Trust has assets of $2 billion; $700 million of that total is held in more than 1,000 donor-advised funds, which range in size from $5,000 up to $99 million. Those funds routinely pay out more than 10 percent of their assets to charity annually. The remaining $1.3 billion rests in permanent unrestricted or field-of-interest funds.

We opened our first "donor-advised" fund in 1934, before there was even a name for it—and long before there were any specific laws or regulations. During her lifetime, this first "donor advisor" made suggestions to the staff of The Trust as to charitable distributions from the fund. When she died, the assets remaining in the advised fund became part of The Trust's discretionary grantmaking program—a program that relies on a professional staff that assesses community needs, investigates nonprofits, vets their projects and finances, and recommends grants to our distinguished volunteer board. Grants we make from the fund she created, which

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now has $64 million in assets, support projects to help low-income elders keep their homes and apartments, train poor, young women to become licensed day-care providers, reduce environmental health hazards in substandard housing, and much more.

A profoundly important social contract was established with that first donor-advisor that continues to this day: in consideration for the privilege of making grant recommendations, money would be left in the fund for future generations. That is still our expectation and is characteristic of our relationship with most donors to The Trust.

The philanthropic world has changed since 1934 and 21st century donors have significantly more choice than they did years ago. When the IRS gave public charity status to donor-advised funds sponsored by financial institutions, donor expectations changed. The notion of community philanthropy pioneered by community foundations morphed into individual charitable checking accounts, with little expectation of, commitment to, or mechanism for permanence.

Nonetheless, The Trust and its donors support a dazzling array of charitable activity. So it was with dismay that we greeted the tax advantages offered for Hurricane Katrina giving and the IRA charitable rollover because those incentives were not available for contributions to donor-advised funds. In addition, other provisions of the Pension Reform Act of 2006 imposed burdens that seem designed to discourage charitable giving and based on assumptions that donor-advised funds are inherently flawed and that contributions to these funds are not, in fact, completed gifts. We recognize that there have been some egregious misuses, but we believe that enforcement of existing regulations can surely find and punish those individuals who violate the law without penalizing generous people who use their funds to do good. Indeed, the 1976 Treasury regulations implementing the Tax Reform Act of 1969, and the so-called "Section 507 regs," set out in careful detail the facts and circumstances needed for a completed gift. Guided by the Section 507 regulations, The Trust, and our community foundation colleagues, instituted policies to make sure that our charitable institutions and our donor-advisors are in compliance.

In short, donor-advised funds are not a new-fangled tool to avoid taxes; they are a long-standing approach developed by community foundations and addressed in Treasury Regulations to enhance and encourage donors to invest charitably in the immediate and future needs of communities. They are one of many ways that permanent charitable institutions are able to both consolidate many grants from different funds—restricted, unrestricted, and donor-advised—to support community programs and to build their assets for the future health and well-being of their communities.

This is the prism through which we respond to the Committee's request for comments on how the Pension Protection has affected community foundations.

Definition of Donor-Advised Funds

The Trust considers the definition of donor-advised fund under Code Section 4966(d)(2) to be overly broad in that it includes donor-advised funds established by governments, public charities, and private foundations. As a result, donor-advised funds established by governmental and tax-exempt entities are prevented from indirectly supporting the types of programs that they are still permitted to operate or for which they may provide direct support. This result seems at best unintended and at worst counterproductive.

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Treasury Regulation Section 1.507-2(a)(8) sets out in detail the requirements for a private foundation that terminates its existence and transfers "all of its right, title, and interest in and to all of its net assets" to one or more Code Section 170(b)(l)(A) organizations. The Section 507 regulations provide clear rules, and have been looked to since their promulgation in the mid 1970s as the legal anchor not only for the proper termination of private foundations into donor-advised funds of public charities, but also for the establishment of donor-advised funds within public charities. In fact, the regulations under Section 170 governing component funds of community trusts specifically cross reference Treasury Regulation Section 1.507-2(a)(8) in defining how a transferor private foundation may transfer its assets to a fund at a community trust that would qualify as a component fund. Until the mid-1950s, The New York Community Trust existed solely in trust form, and the various funds that constituted The Trust met the requirement of being a "component fund" as prescribed in the special community foundation regulations under Code Section 170 and adopted by Treasury in 1976. Twenty years before the '69 Tax Act, The New York Community Trust created a sister not-for-profit corporation, Community Funds, Inc., to which donors could make contributions for all the same purposes and in analogous forms as contributions to The Trust. The two entities are treated as one organization for tax purposes. Most
community foundations formed in recent years have taken the form of not-for-profit corporations rather than trusts, and virtually all community foundations, regardless of the structure, have looked to the Code Section 507 regulations for guidance in establishing and operating donor-advised fund programs.

The PPA also sweeps up in its definition a fund where the advisors are "appointed" by the donor—even when they are named in the instrument. As a result, a fund set up by will is deemed to be a donor-advised fund if the decedent named unrelated individuals to an advisory committee. In addition, the broad definition of what constitutes advisory privileges pulls in relationships so minor that the donor cannot be viewed as controlling the fund, for example, where the donor's advice is limited to the amount of money to be expended each year.

Applying Private Foundation Rules to Donor-Advised Funds

Donor-advised funds encourage charitable giving by individuals who want to engage regularly in thoughtful, responsible philanthropy and want to be part of a permanent charitable institution that will respond to the community's needs now and in the future. They offer a community, with all of its complexity and diversity, the opportunity to receive support from an array of donors whose passions and commitments reflect that very diversity and complexity: popular vs. unpopular causes, general support vs. project support; liberal vs. conservative; direct services vs. policy work; immediate needs vs. future needs.

As a "sponsoring organization" under the new nomenclature of the Pension Protection Act of 2006, The Trust (and other community foundations) provides its donor-advisors with professional grantmaking staff and knowledge of the community and its needs. Its board can hardly be viewed as controlled by its donors. At The Trust, staff also brings a high level of diligence to its review of potential grantees prior to approving grant recommendations. In this respect, the Trust performs an independent investigation of any charity recommended for support, including support from a donor-advised fund at The Trust. The charitable sector as a whole benefits from this kind of review because it imposes a discipline on prospective grantees, who know that both their fiscal and program operations are being scrutinized.

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In addition to providing guidance on the selection of grantees, the sponsoring organization provides an extra layer of oversight and necessary administration that is otherwise difficult for individual donors or unstaffed family foundations to manage. A sponsoring organization is responsible for determining that grantees have current financial statements and or audits, operate with independent boards of directors, have timely filed their Forms 990 with the IRS, and have an organizational structure adequate to the projects being undertaken. Because the Trust, as a sponsoring organization, has legal title and control over all of its assets, including donor-advised funds, it assumes the responsibility for charitable assets and assures that these assets are used exclusively for tax-exempt charitable purposes. Being part of a major charitable institution that is equipped to manage and oversee grants to hundreds of organizations empowers donors to hold grantees accountable
for the quality of their work.

The law governing charitable contribution deductions (Section 170 of the Code and the accompanying Treasury Regulations, court cases and so forth) quite clearly provides that a gift to a charity that provides impermissible private benefit to the donor or another private individual is not tax-deductible. To create special rules and regulations for contributions to donor-advised funds that are part of a functioning public charity does not add anything material to existing law. The need is for best practices and oversight by sponsoring organizations and donors and for enforcement by the IRS: new and redundant special rules will only create a maze of foot faults.

Rules restricting certain grants, described more fully below, also treat donor-advised funds like private foundations, including restrictions on grants to foreign organizations, 501(c)(4) organizations for charitable purposes, and individuals. The likely effect will be to drive more donors to private foundations, rather than to the more cost-effective donor advised funds at a professionally staffed sponsoring organization.

Prohibition on Certain Types of Grants from Donor-Advised Funds

Scholarship Funds: Complex rules about when a donor is deemed to control the advisory committee to a scholarship fund are overly broad. The PPA should have excluded from the definition those funds established for scholarships and awards, regardless of composition of committee. Congressional concern about inappropriate benefits to the donor or her family is already addressed by other rules prohibiting personal benefit. And the prohibition on grants from donor-advised funds to individuals should not have included funds with a specific charitable purpose such as scholarships and awards, regardless of the composition of the advisory committee. Many of our scholarship funds are small, but important, and function efficiently *only* because they are advised by the families or individuals who created them. We have reconstituted these committees in compliance with PPA, but we are concerned that they will not function as well as they have, and discourage future donors who want to involve their families in philanthropy.

Grants to Foreign Charities and 501(c)4s: Many of our donors support charities abroad. Requiring the sponsoring organization to exercise full expenditure responsibility imposes an unreasonable burden, and has compelled us to prohibit donors from suggesting these grants. Similarly, many 501(c)4s have charitable missions, including volunteer fire departments and rotary clubs. The burden of exercising expenditure responsibility for what are often modest grants is excessive, and we no longer permit them.

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Supporting Organization: The rules precluding grants from donor-advised funds to non-functionally integrated type III supporting organizations also make the sponsoring organization responsible for determining which organizations meet the type III definition. This imposes an unreasonable burden on a sponsoring organization with hundreds of donor-advised funds. Such determinations should be the responsibility of the IRS.

Penalties on Certain Transactions

Section 4967 imposes a tax on a donor or advisor who recommends to the sponsoring organization a distribution from a donor-advised fund if the distribution results in a donor, donor-advisor, or related person receiving a more than an "incidental benefit." A tax also is imposed on the donor, donor-advisor or related person who receives the benefit and fund managers of the sponsoring organization who knowingly agree to make the distribution, with no concomitant burden on the grantee that improperly provides the benefit.

This new provision will require a sponsoring organization to devote more of its resources to the administrative task of identifying those individuals and entities that might be related to the donor or donor-advisor.

Section 4958 (Intermediate Sanctions)

The inclusion of investment advisors as disqualified persons is overly broad, picking up all investment advisors for many sponsoring organizations, whether they are independent or have a relationship with a donor to a donor-advised fund. Compensation to any vendor should be reasonable, but to create an additional category of disqualified persons solely for sponsoring organizations makes no sense. If Congress considers investment advisors and their fees suspect, then they should be suspect for all public charities.

Section 4943 (Excess Business Holdings)

The Pension Protection Act extends the application of the excess business holdings rules to donor-advised funds. In applying the rules, each donor-advised fund's holdings are aggregated with the holdings of disqualified persons with respect to the donor-advised fund, as defined by Code Section 4943(e)(2). A sponsoring organization will now be required to devote considerable staff and financial resources to compliance with these rules—no small undertaking in light of the breadth of the aggregation rules. A sponsoring organization must monitor the holdings of each donor-advised fund to determine whether it falls within the 2 percent *de minimus* rule and, if not, additionally identify the disqualified persons and their investment holdings that are in common with the donor-advised fund. This is a daunting task because of the endless string of relatedness constituting disqualified persons. There is no rational way that an institution with numerous donor-advised funds can gather and track this information in any meaningfully accurate way; the result is likely to be significant noncompliance or meaningless attempted compliance.

IRA Charitable Rollover

Because of the estate tax rates on IRA assets left to heirs other than a spouse, and because many donors can afford to forego these assets, we applauded the charitable rollover provision of the PPA. However, donor-advised funds should *not* have been excluded. Indeed, donor-advised

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funds at a community foundation, with the oversight and grantmaking experience explained above, are the ideal vehicles for the rollover; investment managers that hold IRA assets do not have this expertise. The Trust also believes that the rollover should be made permanent.

Form 990T

The PPA requires that Form 990T be made public. Unlike the Form 990, the information return, which is public information, the 990T is a tax return. Individuals' and corporations' tax returns are not public documents, and this provision puts public charities, and any taxable companies in which they have an interest, at a disadvantage.

* * *

As explained in the Introduction, community foundations and similar charitable institutions have twin goals: to serve living donors and meet immediate community needs; and to be permanent endowments that have the resources to respond to the needs we cannot now imagine. Encouraging donors to think in terms of contributing to a permanent fund buttresses both goals. At The Trust, all donor-advised funds, if not fully expended after two successions of advisors, become unrestricted funds of The Trust. And with our other component funds, they provide irreplaceable support for the voluntary institutions that are a vital part of American democracy.

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THE NEW YORK COMMUNITY TRUST NYCT

909 Third Avenue, New York, NY 10022
T: 212-686-0010 F: 212-532-8528
www.nycommunitytrust.org

July 31, 2007

Rachelle Butler, Vice President
City College 21st Century Foundation, Inc.
160 Convent Avenue, S-154
New York, NY 10031

Dear Ms. Butler:

It is my pleasure to inform you that a two-year grant of $130,000, $65,000 each year, has been authorized, effective immediately, to the Charles B. Rangel Center for Public Service, City College of CUNY. A copy of my letter to Mr. Gregory H. Williams is enclosed for your information.

It is my understanding that the City College 21st Century Foundation, Inc. has agreed to administer the funds for the City College of CUNY. Payment of the first installment of this commitment in the amount of $65,000 is now being processed and will be forwarded to you upon receipt of a signed copy of this letter and acceptance by the grantee.

You will note in my letter to Mr. Williams that a fiscal accounting of grant expenditures is to be submitted to us by July 15, 2008 and July 31, 2009. It is understood that any funds not used for the purposes described in these letters will revert to The New York Community Trust.

This grant is subject to financial audit upon our notification during or immediately following the grant period. A separate bank account is not required, but it is necessary that a separate accounting of this grant be maintained.

We appreciate your assistance in the administration of this grant.

Sincerely,

Joyce Bove
Senior Vice President
Grants and Special Projects

cc: Gregory H. Williams
Brett Silverstein

ACCEPTED BY:

CITY COLLEGE 21ST CENTURY FOUNDATION, INC.

BY: _____ DATE: Aug 6, 2007
CHIEF EXECUTIVE OFFICER

Gregory Williams
PRINT NAME

EXHIBIT
Exhibit 328

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THE NEW YORK COMMUNITY TRUST

909 Third Avenue, New York, NY 10022
T: 212-686-0010 F: 212-532-8528
www.nycommunitytrust.org

2007 AUG -8 A 10:25

RECEIVED
NEW YORK COMMUNITY TRUST

July 31, 2007

Gregory H. Williams, President
City College of CUNY
Admin. Building, Room 300
160 Convent Avenue
New York, NY 10031

Dear Mr. Williams:

It is my pleasure to inform you that a two-year grant of $130,000, $65,000 each year, has been authorized, effective immediately, to the Charles B. Rangel Center for Public Service, City College of CUNY. This grant is to be used for fellowships to prepare 15 financially needy students for careers in public service, as described in your proposal of April 26, 2007.

As agreed, our grant will be transmitted through the City College 21st Century Foundation, Inc. as funds administrator for the City College of CUNY. A copy of our letter to Ms. Rachelle Butler is enclosed for your information.

This commitment will be paid in two installments. Payment of the first installment of $65,000 will be forwarded to the City College 21st Century Foundation, Inc. upon receipt of a signed copy of this letter and acceptance by the funds administrator. The second installment of $65,000 will be payable by August 5, 2008 upon receipt by us of a satisfactory interim report.

It is understood that these grant funds will be used substantially in accordance with the budget included in your proposal. It is further understood that no substantial changes in the budget or the grant period may be made without prior written approval from The Trust. Any funds not used for the purposes described in this letter will revert to The New York Community Trust.

A condition of this grant is that you submit to us an interim and a final report. The interim report should be submitted by July 15, 2008 and a final report by July 31, 2009. These reports should contain a fiscal accounting of grant expenditures and a narrative describing the following: (a) the objectives of the project supported by the grant, (b) activities carried out to meet each objective, (c) results accomplished and (d) any problems encountered and how they were resolved. They should also include a detailed discussion of activities carried out to secure funding to continue this project once our grant expires. Please note that reports are an integral part of our monitoring and evaluation process; release of any future payment or review of any

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future grant request will be contingent upon our receipt and satisfactory review of the information provided. All reports should be addressed to Ms. Judith Lopez.

This grant is subject to financial audit upon our notification during or immediately following the grant period. A separate bank account for the grant is not required, but it is necessary that a separate accounting of this grant be maintained.

The funds making up this grant commitment are derived from our William H. Berri Fund, Lucy Wortham James Memorial, and Esther Jean Arnhold Fund. Biographical sketches of Mr. Berri and Mmes. James and Arnhold are enclosed.

It is requested that, in any publicity given this grant, acknowledgement be made that funds were received from The New York Community Trust. Please enclose copies of any publicity when you send us the final report.

We appreciate the cooperation extended to Jane Stern in connection with the evaluation leading to this grant. Best wishes for the success of this effort.

Sincerely,

Joyce Bove
Senior Vice President
Grants and Special Projects

JMB:lg
Enclosures

cc: Rachelle Butler
Brett Silverstein

ACCEPTED BY:

CITY COLLEGE OF CUNY

BY: _____ DATE: Aug 6, 2007
CHIEF EXECUTIVE OFFICER

Gregory H. Williams
PRINT NAME

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Exhibit 329

THE NEW YORK COMMUNITY TRUST NYCT

909 Third Avenue, New York, NY 10022
T: 212-686-0010 F: 212-532-8528
www.nycommunitytrust.org

Lorie A. Slutsky
President

August 2, 2007

The Honorable Charles B. Rangel
163 West 125th Street
New York, NY 10027-4419

Dear Congressman Rangel:

I am delighted to let you know that The New York Community Trust just approved a $130,000 grant for fellowships for the Rangel Center for Public Service's inaugural class. I have enclosed the grant write-up we prepared for our board.

Because you have a fund with us, I thought you might be interested in the donors whose funds are the sources for this grant. I have enclosed three brief biographies: Jean Arnhold set up her fund to help needy students; Lucy Wortham James left her fund for unrestricted purposes. The third donor, William H. Berri, created his fund to defray the costs of college for poor students.

We are looking forward to significant contributions from the Rangel Center's graduates.

Sincerely,

Lorie A. Slutsky

LAS:el
Enclosures

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the City College of New York

GREGORY H. WILLIAMS
President

Administration Building, Room 300
Convent Avenue at 138th Street
New York, New York 10031

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August 6, 2007

Ms. Joyce Bove
The New York Community Trust
909 Third Avenue
New York, NY 10022

Dear Ms. Bove:

On behalf of The City College of New York, I am delighted to thank you for The New York Community Trust grant of $130,000 to the Charles B. Rangel Center for Public Service.

We are honored that Congressman Rangel has chosen to establish a permanent legacy to his long career in public service at The City College, and we are grateful for your support, which will establish the New York Community Trust Public Service Scholars Program. The assistance you will provide these talented students will greatly further the Center's goal of increasing the number of individuals from underrepresented populations in government and public service.

We look forward to reporting the success of this program next year. Until then, thank you once more.

Sincerely,

Gregory H. Williams
President

GHW:rs

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CSOC.CBR.00015493

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
CHAIRMAN

GEORGE A. DALLEY
CHIEF OF STAFF

JAMES E. CAPEL
DISTRICT DIRECTOR

Congress of the United States
House of Representatives
Washington, DC 20515–3215

August 16, 2007

Lorie A. Slutsky
President
The New York Community Trust
909 Third Avenue
New York, New York 10022

Dear Ms. Slutsky:

I am writing to thank you for such a generous and substantial grant from the New York Community Trust for the Rangel Center for Public Service fellowships. These contributions will make an immeasurable difference in the lives of many students.

I also thank you for the extremely helpful biographies you sent about the donors. I appreciate knowing the sources of the grant. I look forward to hearing the successes of the fellowships.

Again, I thank you for your contribution.

Sincerely,

Charles B. Rangel
Chair
Committee on Ways and Means

CBR/kaj

WASHINGTON OFFICE
2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–3215
TELEPHONE: (202) 225–4365

DISTRICT OFFICE
163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900
FAX: (212) 663–4277

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Check Copy

THE NEW YORK COMMUNITY TRUST

Check Copy

909 THIRD AVENUE - NEW YORK, N.Y. 10022

and its operating affiliates:

Long Island Community Foundation
at Nassau Hall
1864 Muttontown Road
Syosset, N.Y. 11791
(516) 681-5085

Community Funds, Inc.
909 Third Avenue
New York, N.Y. 10022
(212) 686-0010

Westchester Community Foundation
200 North Central Park Avenue
Hartsdale, N.Y. 10530
(914) 948-5166

As authorized by our Governing Board, we are pleased to enclose a check for $65,000.00
To be applied in accordance with Joyce M. Bove's letter of July 31, 2007.

Grant from: **The New York Community Trust**
Esther Jean Arnhold Fund
Lucy Wortham James Memorial
William H. Berri Fund

NEW YORK COMMUNITY TRUST
*** FILE COPY ***

THE NEW YORK COMMUNITY TRUST

909 THIRD AVENUE - NEW YORK, N.Y. 10022

No. 43241
Date: 08/21/2007

JPMorgan Chase Bank
401 Madison Ave. NY, NY 10017

PAY
Sixty-Five Thousand Dollars and Zero Cents

*********$65,000.00

TO THE
ORDER OF

CITY COLLEGE 21ST CENTURY FOUNDATION, INC.
ATTN: RACHELLE BUTLER, VICE PRESIDENT
160 CONVENT AVENUE
S-154
NEW YORK, NY 10031

THIS IS A CHECK COPY

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EXHIBIT
Exhibit 333

NYCT_0000086

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Suggestion Control Sheet

JPMorgan Chase

Date: 09/10/2008 **Current Status:** In-Process **Total Requested:** $3,000.00

Reason: Recommended for Approval **Payment:** 1 of 1 **This Payment:** $3,000.00

Status History: Recommended for Approval 9/10/2008 **Income / Principal:** Income

Fund: 1074 Herbert and Edythe F. Benjamin Fund

Print Fund? Yes **Date Received:** 09/10/2008 **Scheduled Date:** 09/10/2008

Fund Advisor: Mr. Peter Hoffman **Anonymous?** No

Second CC on Check:

Voucher Message: As authorized by our governing board, we are pleased to enclose a check for $3,000.00. This grant is made at the suggestion of Linda and Peter Hoffman for educational purposes at The Charles B. Rangel Center in memory of Herbert and Edythe Benjamin. No part of this grant may accrue to the advisors' benefit.

Grantee: (56813) City College of CUNY
Rangel Center for Public Service

This payment is going to a fiscal agent.

Payee:

City College 21st Century Foundation, Inc.
Attn: Rachelle Butler, Vice President
160 Convent Avenue
S-154
New York, NY 10031

Check Copies

Congressman Charles Rangel, Mr.
Peter Hoffman, President Geogory H.
Williams, Grantee

Agency Loc: Manhattan
Buff Date: 05/16/2012
IRS Status: Public Charity
Area/Category/Subcat: Education, Arts, & the Humanities / Education / All Other
Purpose: for educational purposes at The Charles B. Rangel Center in memory of Herbert and Edythe Benjamin.

Fund Notes: Field of Interest Advised: ...that gifts be made "In memory of Herbert and Edythe Benjamin" and that uses such as an endowed chair at a university or college, educational scholarship funds and medical research be favored.

Entered by: ACL **Original checked by:** **Authorized by:**_____

EXHIBIT
Exhibit 334

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By NYCT Pursuant to FOIA

Check Copy

THE NEW YORK COMMUNITY TRUST

Check Copy

909 THIRD AVENUE - NEW YORK, N.Y. 10022

and its operating affiliates:

Long Island Community Foundation
at Nassau Hall
1864 Muttontown Road
Syosset, N.Y. 11791
(516) 681-5085

Community Funds, Inc.
909 Third Avenue
New York, N.Y. 10022
(212) 686-0010

Westchester Community Foundation
200 North Central Park Avenue
Hartsdale, N.Y. 10530
(914) 948-5166

As authorized by our Governing Board, we are pleased to enclose a check for $3,000.00 This grant is made at the suggestion of Linda and Peter Hoffman for educational purposes at The Charles B. Rangel Center in memory of Herbert and Edythe Benjamin. No part of this grant may accrue to the advisors' benefit.

Grant from: **The New York Community Trust**
Herbert and Edythe F. Benjamin Fund

Copy to: MR. PETER HOFFMAN
55 EAST 87TH STREET, APT. 14D
NEW YORK, NY 10128

NEW YORK COMMUNITY TRUST
*** FILE COPY ***

THE NEW YORK COMMUNITY TRUST

909 THIRD AVENUE - NEW YORK, N.Y. 10022

No. 58284
Date: 09/11/2008

JPMorgan Chase Bank
401 Madison Ave. NY, NY 10017

PAY
Three Thousand Dollars and Zero Cents

**********$3,000.00

TO THE
ORDER OF

CITY COLLEGE 21ST CENTURY FOUNDATION, INC.
ATTN: RACHELLE BUTLER, VICE PRESIDENT
160 CONVENT AVENUE
S-154
NEW YORK, NY 10031

THIS IS A CHECK COPY

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By NYCT Pursuant to FOIA

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Check Copy

THE NEW YORK COMMUNITY TRUST

Check Copy

909 THIRD AVENUE - NEW YORK, N.Y. 10022
and its operating affiliates:

Long Island Community Foundation
at Nassau Hall
1864 Muttontown Road
Syosset, N.Y. 11791
(516) 681-5085

Community Funds, Inc.
909 Third Avenue
New York, N.Y. 10022
(212) 686-0010

Westchester Community Foundation
200 North Central Park Avenue
Hartsdale, N.Y. 10530
(914) 948-5166

As authorized by our Governing Board, we are pleased to enclose a check for $65,000.00
To be applied in accordance with Joyce M. Bove's letter of July 31, 2007.

Grant from: **The New York Community Trust**
William H. Berri Fund
Lucy Wortham James Memorial

NEW YORK COMMUNITY TRUST
*** FILE COPY ***

THE NEW YORK COMMUNITY TRUST

909 THIRD AVENUE - NEW YORK, N.Y. 10022

No. 71471
Date: 09/22/2009

JPMorgan Chase Bank
401 Madison Ave. NY, NY 10017

PAY
Sixty-Five Thousand Dollars and Zero Cents

**********$65,000.00

TO THE
ORDER OF

CITY COLLEGE 21ST CENTURY FOUNDATION, INC.
ATTN: RACHELLE BUTLER, VICE PRESIDENT
160 CONVENT AVENUE
S-154
NEW YORK, NY 10031

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NYCT_0000172

CSOC.CBR.00015599

A SPECIAL PRESENTATION FOR

THE ROCKEFELLER BROTHERS FUND



THE CHARLES B. RANGEL CENTER FOR PUBLIC SERVICE
MID-CAREER PROGRAM
IN LEADERSHIP AND POLICY INNOVATION

AT THE CITY COLLEGE OF NEW YORK/CUNY

January 25, 2008

Office of Development and Institutional Advancement
Shepard Hall, Room 154
160 Convent Avenue
New York, NY 10031
212-650-7125

the City College of New York

EXHIBIT
Exhibit 336

CSOC.CBR.00024676

CSOC.CBR.00024676

THE CHARLES B. RANGEL CENTER FOR PUBLIC SERVICE
MID-CAREER PROGRAM IN PUBLIC SERVICE AND POLICY INNOVATION
THE CITY COLLEGE OF NEW YORK/CUNY

Seed Funding for Program Services

The City College of New York/CUNY (CCNY) seeks funding from Rockefeller Brothers Fund to help nonprofit leaders from underrepresented groups to engage in public service best practices and to present symposia for dialogue on community change occurring in Upper Manhattan. CCNY is located in Upper Manhattan's West Harlem area near the border of Washington Heights, within the federal Congressional district represented by Congressman Charles B. Rangel. Both Harlem and Washington Heights neighborhoods are integral to the Pivotal Place program area of New York City targeted by Rockefeller Brothers Fund.

CCNY requests $50,000 in seed funding for program services to be provided by the Mid-Career Program in Public Service and Policy Innovation based at the Charles B. Rangel Center for Public Service. The purpose of the Rangel Center is to promote greater diversity in public service and to overcome barriers to full participation in the public sphere faced by underrepresented populations. The funding for program services will help CCNY train nonprofit leaders who are Mid-Career Fellows of the Rangel Center to manage dramatic community change such as that occurring in Harlem.

Program Need

Successful community transformation is often reduced to a single catalyst, education, and increased education has a documented favorable impact on household income and community change. CCNY has consistently applied this knowledge and produced graduates who raise their family's income, are involved in neighborhood improvement, and participate in community action. The Rangel Center's Mid-Career Program in Leadership and Policy Innovation offers an approach that targets leaders and leadership training from underrepresented backgrounds—those African Americans and Latinos/as already engaged in public service at the helm or in the top ranks of public agencies and nonprofit organizations. Funding for program services is needed to:

1. Develop relationships and methods to identify mid-career leaders who need training,
2. Coordinate internships, sabbaticals, and other co-curricular enhancement activities, and
3. Produce symposia and events to help leaders and groups resolve local issues.



CSOC.CBR.00024677

Program Benefit

As part of the Center's goal to increase the number of underrepresented groups in public service and to strengthen these group's ability to overcome barriers to full participation, Mid-Career Rangel Fellows will receive the knowledge, technical assistance, and access to academic perspectives necessary to successfully navigate and lead community change. Selected Rangel Fellows will take a sabbatical from their jobs and spend time with other leaders and academics at City College and deliberate on issues of leadership and public policy.

In addition, Rangel Fellows, students and the public will be provided with the opportunity for greater service to their communities through training, networking and dialogue on public service and policy issues of major importance to them. Increased public awareness and access to public service and policy programs at CCNY will help to establish the Rangel Center as an important public service career pipeline. This in itself is a critical contribution for CCNY to make as a public institution giving back to its resident community of Harlem in the midst of change.

Conclusion

The Charles B. Rangel Center for Public Service Mid-Career Program in Leadership and Policy Innovation will provide a platform to help leaders, organizations and residents resolve local issues. It will provide training to the leadership of agencies and nonprofits that are involved in community change and demonstrate that trained, diverse leadership in public service can avert the sometimes harsh effects of rapid demographic change while also promoting beneficial dialogue about managing and leading change:

- Nonprofit leaders from underrepresented groups will be armed with sharpened skills and insights into community change best practices,
- The Rangel Center will become established as a central and neutral place for leaders, scholars, students and the public to articulate public service and policy issues affecting them, and
- The Mid-Career Program in Leadership and Policy Innovation activities will appreciably heighten the value and opportunity of a career in public service for Rangel Fellows, students and the public at large.



CSOC.CBR.00024678

Our Request of Rockefeller Brothers Fund

Given the Rockefeller Brothers Fund's commitment to transformative community change in New York City and its record of success in supporting programs that effect social and community change, The City College of New York would like Rockefeller Brothers Fund to consider a gift of $50,000 to assist in establishing The Mid-Career Program in Leadership and Policy Innovation at The Charles B. Rangel Center for Public Service.

Seed funding for program services will support:

Program development – internships and service learning placements

Coordination -- workshops and enhancements such as web interactivity

Symposia -- academic and public forums

On behalf of the Rangel Mid-Career Fellows and public service majors who will benefit, we thank you for your thoughtful consideration of this request. If you have questions or need additional information please contact:

Niamo Mu'id, Director of Development
CCNY Office of Development & Institutional Advancement
Telephone: 212-650-
Fax: 212-650-
Email: nmuid@

Towards the future of our nation:

The City College of New York



CSOC.CBR.00024679

PUBLIC SERVICE STUDIES AT THE CITY COLLEGE OF NEW YORK / CUNY

The Charles B. Rangel Center for Public Service is the centerpiece of City College's efforts to promote greater diversity in public service and to generate a more effective leadership representative of the entire U.S. population in the policy-making arena. As it evolves into a national hub for public service policy and research relative to underrepresented populations, the Center will provide co-curricular, academic excellence and public education modules in five program areas:

- The Charles B. Rangel Center, to be housed in a restored Convent Avenue mansion off of the main City College campus with a conference center and offices for visiting scholars;
- The C. V. Starr Library, consisting of Congressman Rangel's documents, archives, memorabilia and related items;
- The Master's Program in Public Service;
- A Combined BA/MA Program in Public Service, and
- The Charles B. Rangel Fellows: A Mid-Career Program in Leadership and Policy Innovation.

In fall 2007, CCNY hired Iris Geva-May as the Rangel Center's Senior Scholar responsible for directing research into public service and policy relating to underrepresented populations (a bio sketch is attached). The Rangel Center has received the financial support of the New York City Council, CUNY system, a few individuals, and the Starr, Ford, Verizon and Kheel Foundations.

In addition to the Rangel Center, a number of existing CCNY programs help to diversify public service in Upper Manhattan by training students to deliver social, health, youth, arts and culture, and senior citizen services in addition to technical assistance services. Information about these programs is attached. The most prominent and relevant programs are:

The Rosenberg-Humphrey Program in Public Policy, which provides summer internships at government agencies in Washington, DC and New York in executive and Congressional offices, house and Senate committees, labor unions, advocacy groups and policy research organizations (interns have served in Congressman Rangel's office on 125th Street in Harlem.);

The Colin Powell Leadership Program, which is an interdisciplinary program of instruction and co-curricular support designed to give a select group of CCNY students with leadership potential service learning courses and opportunities that allow them to learn in under-served communities;



CSOC.CBR.00024680

The Pre-Law Program that includes the *D'Agostino-Greenberg Program in Law and Public Policy*, which is a lecture series that comprises panel discussions, colloquia, and legal internships for student;

The City College Architectural Center, which provides internships for architecture, urban design and landscape architecture students and also serves as a community design clinic responding to the planning, education and advocacy needs of local leaders and nonprofits groups, at minimal cost to these organizations, and

The Dominican Studies Institute, which is an interdisciplinary research unit of the City University of New York at City College. Activities include lectures featuring scholars at various stages of their careers discussing the Dominican experience. The Institute promotes linkages between the academy and the community such that residents have the opportunity to participate in an academic dialogue about them and express their opinions.

ABOUT THE CITY COLLEGE OF NEW YORK / CUNY

The City College of the City University of New York offers a unique and fitting environment for programs aimed at increasing diversity in the public service field, lifting new populations to career success and abating poverty. The College was founded by public referendum in 1847 as a free academy to serve "the children of the whole people." One of a young America's great democratic experiments, the College remains one of her great democratic achievements, and the most important avenue to upward mobility and social advancement for generations of New Yorkers.

Historically, City College student populations have included waves of immigrants originating from Ireland, Italy, Germany, Russia, Africa, the Caribbean, Asia, Latin America and more. Today, more than 90 languages are spoken on campus. Approximately 58% come from families with combined incomes of $30,000 or less, and three-quarters work while attending school. Most are the first in their families to go to college, and over half of CCNY's students attend part-time.

For over 160 years the College has provided unsurpassed educational opportunity to hundreds of thousands of talented young men and women with few material resources, preparing them for jobs in the professions and public service with the expert skills needed to change their own future and shape the world.



CSOC.CBR.00024681

CCNY/CUNY CHARLES B. RANGEL CENTER SENIOR SCHOLAR

IRIS GEVA-MAY

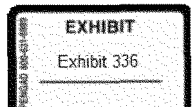
Iris Geva-May is tenured full professor of policy studies in the Doctoral Leadership Program, Graduate Program of Public Policy and Department of Political Science at Simon Fraser University, Vancouver, Canada. She was affiliated with the Department of International Affairs, School of Political Science, Haifa University, Israel until 2000. She has been Visiting Professor at a number of Graduate Schools of Public Policy such as UC Berkeley (1993, 1995), Carleton University, Ottawa (1997, 1998), Kyoto University, Japan (2000), National University of Singapore (1999), Central European University, Budapest (1999), Tel Aviv University, Israel (2000), Hebrew University, Jerusalem (2004). She has been Honorary Professor at Plymouth University, UK 2000-2006.

Her PhD is from the University of Manchester, UK (1986) and Post-doctorate from UC Berkeley, Graduate School of Public Policy (with Aaron Wildavsky). She served as Director of the Department of Policy Evaluation, Analysis and Planning, Ministry of Education; advisor, policy analysis and planning, Ministry of Immigrant Absorption, Ministry of Science and Technology, the Government Commission, Prime Minister's Office, Jerusalem; she advised to Governor's Office, MYE Province, Japan, and others. She served as advisor for the planning or re-organization of several programs of policy analysis/studies.

Among others, she is Fulbright Fellowship recipient 1995, Canadian Enrichment Program (Canadian "Fulbright") recipient 1995, 1997, 2000, British Council award recipient 1999 and 1983, ORS, UK in 1984 and Hornby Award, UK, 1985. In recent years she has been Fiocruz Foundation Fellow (Brazil, 2003), Japanese Government Fellow (2000) and Canadian Studies Halbert Fellow, Jerusalem (2004).

She is the founder and editor-in-chief of the international Journal of Comparative Policy Analysis: Research and Practice, Routledge/Taylor and Francis, Oxford, UK and founder of the International Comparative Policy Analysis-Forum network dedicated to promoting the dialogue on comparative policy studies (http://www.jcpa.ca). She is consulting editor of the Journal of Public Affairs Education (NASPAA); editorial board member of the International Journal of Public Management; International Public Management Review, Elsevier; Public Policy Review, Blackwell; and, scientific reviewer for the EU Commission - Research Committee and INTAS. She has a considerable number of funded research reports, articles in refereed journals, chapters in books, and work-papers, several published books and a long list of talks and international conference presentations on various aspects of policy analysis methodology, policy evaluation, comparative policies, as well as immigration, higher education and health care policies. The focus of her current research is comparative (a) the impact of cultures/political cultures on policy analysis and policy planning, (b) immigration policies, (c) implementation models, (d) developments and trends in policy programs in Europe, US and Canada, e) clinical reasoning in policy analysis processes.

Her most recent books are devoted to the methodology of policy analysis and its application to various policy fields: Thinking Like a Policy Analyst: Policy Analysis as a Clinical Profession, Palgrave McMillan, New York, 2005 was defined by a book reviewer "a cutting edge book" in policy analysis literature; The second edition of An Operational Approach to Policy Analysis: The Craft, Kluwer Academic Pbl. (1997, 2000) is forthcoming with Palgrave Macmillan, New York and a translation in Chinese with Wunan Publishers, Taiwan. Her forthcoming book on Immigration Policies summarizing fifteen years of study on the subject, is forthcoming with Kluwer Academic Publishers in 2008 and so is Comparative Policy Analysis Studies with Routledge.



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BRefereed Articles and Chapters in Books since 1999 (partial list)

Geva-May, I. , Nasi, G., Turrini, A., Scott, C. (forthcoming 2007) MPP Programs Emerging Around the World, JPAM, Special Issue on Directions for Policy Analysis Instruction.

Geva-May, I. and Mitchell, B. (forthcoming 2007) Policy Implementation: Conflict in Distance Education Policy in Canada. Canadian Journal of Distance Education.

Geva-May, I. (2007) "We Seem to Have Always Spoken in Prose...": Policy Analysis Is a Clinical Profession. Implications for Policy Analysis and Policy Analysis Instruction, Policy Studies Journal. (lead article)

Geva-May, I. and Maslove, A. (2007) Policy Analysis in a Comparative International Perspective. In Michael Howlett, David Laycock and Laurent Dobuzinskis (eds.) Policy Analysis Studies in Canada, Toronto: Toronto University Press.
Geva-May, I. and Maslove, A. (2006) Canadian Public Policy Analysis and Public Policy Programs: a Comparative Perspective, Journal of Public Affairs Education. (lead article)

Geva-May, I. (2004) Riding the Wave of Opportunity Windows: Termination in Public Policy. Journal of Public Administration, Research and Theory, 14, 309-333.

Geva-May, I., (2004) Political Cultures and Public Policy Making. ENAP, 27, National Institute of Public Administration, Brasilia, Brazil.

Geva-May, I. and Thorngate, W. (2003). Reducing anxiety and resistance in policy and program evaluations. Three case studies. A Socio-psychological Analysis. International Journal of Evaluation, 9:2.

Geva-May, I. (2002) From Theory to Practice: Policy Analysis, Cultural Bias and Organizational Arrangements Public Management Review, 26:4.

Geva-May, I. (2002) Culture and Policy Making. Nomos, Kansai Osaka University Press, 12:1.

Geva-May, I. (2002) Comparative Studies in Public Administration and Public Policy. Public Management Review, 26:3.

Geva-May, I. (2002) The Missing Variable: Cultural Bias in Policy Analysis. Journal of Comparative Policy Analysis, Special Issue: Policy and Culture, Robert Hoppe (ed.), 4:3.

Geva-May, I. (2002) "Higher Education and the Quiet Reform." In Lok Sang HO (ed.) Education Reform, Singapore: World Scientific.

Geva-May, I. (2001) Till Death Do Us Part: The Conceptualization of Policy Termination, Journal of Public Administration, 24:3.

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Geva-May, I. and Pal, L. (2000) "Exploring Differences: Policy Analysis and Policy Evaluation." In Public Policy Analysis and Management, Research Annual, Nova Science Books, Policy Studies Organization.

Geva-May, I. and Maslove, A. (2000) What Prompts Health Care Policy Change? On Political



CSOC.CBR.00024683

Power Contests and Treatment of Health Care Systems. The Case of Canada and Israel. Journal of Health Politics, Policy and Law, 25:4, pp. 717-742.

Geva-May, I. (2000) On Impacts of Comparative Policy Analysis. Immigration to Israel: What Other Countries Can Learn. International Migration, 38:1, pp. 3-46.

Geva-May, I. and Kfir, A. (2000) Developments in Public Policy Analysis and Evaluation in Israel. Public Administration, European Forum, 78:2, pp. 409-422.

Geva-May, I. and Pal, L. (1999) Good Fences Make Good Neighbors: Policy Evaluation and Policy Analysis. Evaluation: The International Journal of Theory, Research and Practice, 5:3, pp. 259-277.

Geva-May, I. and Pal, L. (1999) Policy Evaluation and Analysis. Policy Evaluation, Policy Studies Organization, 5:1, pp.5-18.

Geva-May, I. (1999) Reinventing Government: the Israeli Exception. The Case of Political Cultures and Public Policy Making. International Management Journal, 2:3, pp. 112-126.

Geva-May, I. (1999) Absorption Policies in Israel: The Re-training of Scientist Immigrants in an Emergency Mass Immigration. In Daniel Elazar and Morton Weinfeld (eds.) Still Moving: Issues in Migration. NY: Transaction Press and Jerusalem Center for Public Affairs (JCPA). pp. 177-205.



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CSOC.CBR.00024684

Rockefeller Brothers Fund
Philanthropy for an Interdependent World

MAR 2 0 2008

March 20, 2008

Dear Niamo:

It is a pleasure to confirm that on March 14, 2008, the president of the Rockefeller Brothers Fund approved a grant of $50,000 to The City College 21st Century Foundation, Inc., designated as a contribution to the Charles B. Rangel Center for Public Service Mid-Career Program in Leadership and Policy Innovation. This grant may only be used for the charitable purposes and activities that are specified in your proposal. If your organization expends or commits any part of the grant funds for purposes or activities other than those for which this grant is made, your organization must repay to the Fund an amount equal to the amount of grant funds so expended.

The Fund requires with respect to each of its grant payments a report on the use of the grant funds, including a financial accounting and a narrative statement that assess the value of the grant in helping to achieve the objectives of the program of activities for which the grant funds were used. Please include our grant reference number (08-83) on any correspondence related to this grant. We request that the report on the use of grant funds be submitted by March 31, 2009.

We would appreciate if you would signify your agreement to the terms of this grant by signing below and returning this letter to us. Upon receipt of a signed copy, the Fund will forward a check made payable to The City College 21st Century Foundation, Inc., in the in the amount of $50,000, representing full payment of this grant.

With best wishes for the success of this important endeavor.

Sincerely,

Ben Rodriguez-Cubeñas

The undersigned organization agrees to the terms and conditions set forth in this letter.

Signature: Rosemary Weiss Date: 3/24/08

Print Name: Rosemary Weiss Title: Executive Director

rbf/NN

Ms. Niamo Nancy Mu'id
Director of Development
The City College of New York
Shepard Hall, Room 154
160 Convent Avenue
New York, NY 10031

Grant Reference No.: 08-83

EXHIBIT
Exhibit 337

CSOC.CBR.00024685

CSOC.CBR.00024685

McLAUGHLIN & STERN, LLP

260 MADISON AVENUE
NEW YORK, NEW YORK 10016
(212) 448–1100
FAX (212) 448–0066

HUYLER C. HELD
Partner
Direct Phone: (212) 448-
Direct Fax: (212) 448-
E-Mail: hheld

MILLBROOK OFFICE
Franklin Avenue
P.O. Box 1369
Millbrook, New York 12545
(845) 677–5700
Fax (845) 677–0097

RECEIVED
2006 SEP 30 PM 4:13
OF STANDARDS

August 8, 2006

Mr. Robert V. Edgar
The New York Community Trust
Community Funds, Inc.
909 Third Avenue
New York, NY 10022

Re: Rhodebeck Fund

Dear Bob:

As Advisor of the above fund at Community Funds, Inc. I would like to recommend a grant of $25,000 to the Charles B. Rangel Center at City College of New York. The check should be sent to Rachelle Butler, Vice President, Office of Development and Institutional Advancement, The City College of New York, 138th Street and Convent Avenue, S-154, New York, NY 10021.

I am enclosing a copy of Congressman Rangel's letter to me of July 26, 2006 which will give you more information concerning the Center.

Thank you for your favorable consideration.

Sincerely yours,

Huyler C. Held

HCH/lg

EXHIBIT
Exhibit 338

29858

THE NEW YORK COMMUNITY TRUST

909 THIRD AVENUE - NEW YORK, N.Y. 10022

and its operating affiliates:

Long Island Community Foundation
1740 Old Jericho Turnpike
Jericho, N.Y. 11753
(516) 681-5085

Community Funds, Inc.
909 Third Avenue
New York, N.Y. 10022
(212) 686-0010

Westchester Community Foundation
200 North Central Park Avenue
Hartsdale, N.Y. 10530
(914) 948-5166

As authorized by our Governing Board, we are pleased to enclose a check for $25,000.00 This grant is made at the suggestion of Huyler C. Held for general support at the Charles B. Rangel Center. Your acceptance of this check will certify that (a) no individual associated with this charitable fund will receive any goods or services as a result of our grant; and (b) our grant will not be used to satisfy any legally binding pledge.

Grant from: **THE RHODEBECK CHARITABLE FUND**

09-08-2006 RCVD

HUYLER C. HELD, ESQ.
MCLAUGHLIN & STERN, LLP
260 MADISON AVENUE, 18TH FLOOR
NEW YORK, NY 10016-2401

MS. RACHELLE BUTLER
VP FOR DEV.
CITY COLLEGE OF NY
138TH STREET & CONVENT AVENUE
S-154
NEW YORK, NY 10021

29858

Morgan Chase Bank
1 Madison Ave. NY, NY 10017

THE NEW YORK COMMUNITY TRUST

909 THIRD AVENUE - NEW YORK, N.Y. 10022

No. 29858 50-937 213
Date: 09/05/2006

PAY

Twenty-Five Thousand Dollars and Zero Cents

09-08-2006 RCVD

TO THE
RDER OF

THE CITY COLLEGE FUND
ATTN: JAMES L. SCHATZ, EXECUTIVE DIRECTOR
SHEPARD 166
160 CONVENT AVENUE
NEW YORK, NY 10031

********$25,000.00

Louis A Klotsky

EXHIBIT
Exhibit 339

CSOC.CBR.00024824

CSOC.CBR.00024824

the City College of New York

Office of the Vice President for Development & Institutional Advancement

Shepard Hall, Room 154
160 Convent Avenue
New York, New York 10031

TEL: 212.650.7125
FAX: 212.650.7149
www.ccny.cuny.edu

May 21, 2007

Josh and Judy Weston
217 Christopher St
Montclair, NJ 07042-4205

Dear Josh,

I want to thank you for agreeing to provide support for not one but two wonderful programs at The City College of New York over the next five years. I have spoken to President Williams about your commitment and he is delighted, as are Dr. Marina Fernando, director of our International Studies Program, and Dr. Brett Silverstein, Dean of Social Science.

The two projects are:

The Josh and Judy Weston Master's Program Scholarships (or any other name that might sound more mellifluous!):

Scholarships @ $10,000 each for a cohort of five BA/MPA or MPA (CCNY grads only) students per year for five years in the program leading to the anticipated master's degree in public administration/public service, beginning in spring of 2008. The decision as to how many students will be chosen in each program will be made by the academic selection committee that the dean will bring together. [Should an unexpected number of the students require the third year (BA/MPA students), and increase the cost of the program beyond the anticipated budget, as you kindly suggested, we will bring this to your attention as the cohorts progress] and;

The Josh and Judy Weston International Student Travel Program

Support for a cohort of six CCNY students going abroad as part of the International Studies major each summer for five summers. Students will be sent only to developing countries as you prefer. Advising and other needed support are included in your pledge.

I understand that you will pledge $1 million over five years at $200,000 per year. As I mentioned, we are in possession of $180,000 of your funds on deposit, $10,000 of which we will apply to your table purchase for the 2007 gala. That leaves $170,000 of the first year's $200,000 to begin funding the programs.



CSOC.CBR.00024896

In order to ensure a fifth cohort in each program at the total cost above, City College commits either to reduce the anticipated costs or to find the necessary funding elsewhere. Please review the suggested timeline below for your projected pledge payments, make any changes you wish, and if you are comfortable with the provisions, sign and return this letter to us for our records. You will note that after this year, I have suggested going on a fiscal year ending, in case we have one cohort beginning in January 2008 and one in September 2008.

Pledge payments:

$200,000 by January 31, 2008 Pd $170,000 **Balance remaining $30,000**

$200,000 by January 31, 2009

$200,000 by January 31, 2010

$200,000 by January 31, 2011

$200,000 by January 31, 2012

BY: Josh Weston Date: 5/25/07

Josh, as always, you are ahead of the curve—just as we are putting together new great ideas, you are right there with us, helping us to implement them and advance City College. Our deepest gratitude to you and Judy for partnering with us in these two exciting new initiatives—I think it's going to be terrific.

Warmest wishes to you both,

Shelly Butler
Vice President

P.S. A return envelope is enclosed for your convenience. Thanks



CSOC.CBR.00024897

CSOC.CBR.00024897

the City College of New York

THE CITY COLLEGE
21ST CENTURY FOUNDATION, INC.

Shepard Hall, Room 154
160 Convent Avenue
New York, New York 10031

TEL: 212. 650.7125
FAX: 212. 650.7149
www.ccny.cuny.edu

March 17, 2008

Mr. Robert Catell
Chairman
National Grid (US)
One Metrotech Center
Brooklyn, NY 11201

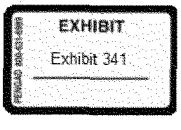
Dear Bob,

I want to thank you for this wonderful gift of $1,000,000 ($1 million), $500,000 of which will be designated for the Colin Powell Center for Policy Studies and $500,000 of which will be designated for the Charles B. Rangel Center for Public Service, both at The City College of New York (CCNY). By directing your gift to these Centers of Excellence at the College, you enable your alma mater to strengthen these two fine programs dedicated to helping City College students enter public service. You have contributed so much of your time and energy to making the world a better place, you are a wonderful role model for our students. Your gift will help others to continue your record of public service, especially our talented CCNY students who are so much like you were.

I know that both General Powell and Congressman Rangel will be thrilled by these wonderful commitments and will look forward to your announcement on the occasions when they will be present to hear it. We will arrange to meet some of the very fine Powell Fellows and Rangel Scholars so you can see the tangible results of your generosity.

Your pledge may be paid in one lump sum or in payments over as many as five years. We would like to endow your gift so that only the annual income will be used. In this way, your gift will provide for future generations of City College students *in perpetuity*. ***The Robert Catell Endowed Fund at the Colin L. Powell Center*** and the ***Robert Catell Endowed Fund at the Charles B. Rangel Center*** will remain at the College forever.

We do ask that should this gift not be paid in full during your lifetime, you agree that your estate will complete the gift up to the full $1,000,000 after your death either in a lump sum or at the same schedule as you have indicated below. We ask that your will be modified to include this commitment and a copy of the relevant section dealing with the bequest be given to City College for its records. If the criteria and the terms above are in accord with your wishes, please sign and date this letter and return it to us for our records.



Bob, on behalf of President Gregory H. Williams, General Colin L. Powell, Congressman Charles B. Rangel, and the students and faculty of your alma mater, The City College of New York, I would like to express our deepest gratitude and appreciation for this transformative gift.

I look forward to celebrating with you in Washington, DC and at the CCNY Presidential Awards Dinner on May 7. By the way, thank you again for so generously agreeing to be our co-honoree at the gala. By this commitment, you have just elevated that event to an historic level!

Warmest regards,

Shelly Butler
Vice President

Please indicate your preferred schedule of payments.

I prefer to make one lump sum payment by: (Date) June 1, 2008

I prefer to make my payments as follows:

_____ by December 31, 2008 _____ by December 31, 2011

_____ by December 31, 2009 _____ by December 31, 2012

_____ by December 31, 2010

Robert D Clare
BY: Robert Catell

May 25, 2008
Date:



CSOC.CBR.00024887

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
RANKING MEMBER

JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-3215
TELEPHONE: (202) 225-4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900

PLEASE RESPOND TO
OFFICE CHECKED

June 13, 2005

Susan V. Beresford, President
The Ford Foundation
320 East 43rd Street
New York, NY 10017-4890

Dear Ms. Beresford:

I am writing to you as a leader in the philanthropic community with a shared vision and commitment to public service, to share news of an initiative with a potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the College has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

As you know, throughout my public career I have believed in the special strength derived from our racial and ethnic diversity and that we as lawmakers must lead in assuring that opportunity for public service be made available to all with the goal of achieving a policymaking community that reflects the rich tapestry of cultures, faiths, colors and ethnicities that make us who we are as a great nation. I am asking you to join me in the creation of a public policy center that will motivate and prepare young people presently underrepresented in public life to pursue careers in public service.

Today, non-whites make up nearly thirty percent of the US population. Yet, according to the Equal Economic Opportunity Commission's 2003 report on the federal workforce, only 13.8% of the men and women who occupy the top



managerial, supervisory, and policy-making positions in the US Federal government are members of minority groups. And by 2050, minority groups in the US will comprise more than 50% of our population.

The Charles B. Rangel Center in the City College of New York, a school in the most ethnically diverse city in our nation and with an unparalleled history of supporting the empowerment of immigrant ethnic groups, will help to ensure that those who run our nation will be reflective of our diversity. I have embraced the College's concept because it will allow me to locate the inspirational aspects of my legacy in my home Harlem community.

As you will see from the enclosed presentation, the Rangel Center at the City College of New York will be alive with the work of scholars and students working on public policy issues and studying the political dimension of change. It will not be a Library or a Museum, but a living institution brimming with ideas and stimulating debate.

I will be exploring with my Congressional colleagues how best to move this idea through the appropriations process and am optimistic about securing funds for the planning phase of the creation of the Center. I request your advice and assistance concerning how to approach the donor community, particularly private and corporate foundations interested in education. I look forward to entering into a dialogue with you on the funding of the Rangel Center concept in the coming weeks and months.

Sincerely,

Charles B. Rangel
Member of Congress

CBR:gad



CSOC.CBR.00011687

FORD FOUNDATION
320 EAST 43RD STREET
NEW YORK, NEW YORK 10017
WWW.FORDFOUND.ORG

USAN V. BERRESFORD
PRESIDENT

For Mtg. 9/9 @ 3 pm City

- C. Rangel
- Gregory Williams Pres. City College
- Shelley Butler City College
- BT
- Thomasina Williams
- minfoms
- sponsoring city
- public sdw career
- timetable
- fellows - subst fees

June 27, 2005

The Honorable Charles B. Rangel
U.S. House of Representatives
2354 Rayburn House Office Building
Washington, DC 20515-3215

Dear Congressman Rangel,

I received your letter regarding the Charles B. Rangel Center for Public Service and look forward to talking with you about it. We will be interested to learn more about your vision for the Center's long-term support and City University's commitment to it.

Please let me know when you would like to meet in either New York or Washington.

Sincerely,

Susan V. Berresford

Susan V. Berresford

bcc: Barron Tenny
Barry Gaberman
Marta Tellado

OFFICE OF THE PRESIDENT: TEL. (212) 573- - FAX. (212) 351-

EXHIBIT
Exhibit 343

CSOC.CBR.00011689

Harlem
Int'l Student
Diversity
in pipeline –
Making it happen

the City College of New York

Confidential Memorandum

To:	Congressman Charles B. Rangel
From:	CCNY President Gregory Williams CCNY Vice President Shelly Butler
Date:	September 8, 2005
Re:	Briefing – Ford Foundation

MEETING LOGISTICS:

Prospect:	Susan V. Berresford, President, Ford Foundation
Attendees:	Congressman Charles Rangel, President Gregory Williams, and Vice President Shelly Butler
Date and Time:	Friday, September 9, 2005 3-4 PM
Location:	320 E. 43rd Street, between 1st and 2nd Avenues, 10th floor
Contact:	Verna or Radica 212-573-4630

OBJECTIVES:

- Interest the Ford Foundation in making a substantial contribution to the Charles B. Rangel Center at The City College of New York. Focus on Congressman Rangel's vision to have a more diverse population of public servants that reflects the diversity in the United States, and the unique factors at City College that makes this the place to train such future leaders.
- Talk about having the Ford Foundation play a key role in the creation of the Rangel Center. The program section of the Rangel Center budget is $23 million (Ford is not likely to cover the building portion of $7 million).
- Gauge interest level and answer questions.
- Close meeting by finding out what financial range Ms. Berresford would consider. We will follow-up with a written proposal in that range. Experience with the Ford Foundation shows that Susan Berresford prefers to state the grant range that she will consider towards the end of the meeting.

If specific numbers are discussed, our priority is:

1. **$5 million in funding (unrestricted) "to educate and train students from underrepresented populations for careers in public service."**
2. IF and only if during the meeting there is pressure to identify a designated funding opportunity, then the recommended strategy is to ask for $5.2 million to endow the student scholarships and internships. The proposal budget on page 18 outlines the 20 annual scholarships and 20 annual paid internships. Total cost each year is $260,000.

Category	# $ Amount	Total
Student Scholarships First Year	10 @ $10,000	$100,000
Student Scholarships Second Year	10 @ $10,000	$100,000
Paid Internships First Year	10 @ $3,000	$30,000
Paid Internships First Year	10 @ $3,000	$30,000
Total		$260,000

EXHIBIT
Exhibit 344

the City College of New York

Administration Building, Room 300
Convent Avenue at 138th Street
New York, New York 10031

GREGORY H. WILLIAMS
President

September 15, 2005

The Honorable Charles B. Rangel
Congressman
Adam Clayton Powell Jr. State Office Building
163 West 125th Street, Suite 737
New York, NY 10027

Dear Charlie,

What a fabulous meeting we had at the Ford Foundation on Friday and I must say, we couldn't have done it without you. You spoke so movingly of the need for education—I don't think any of us will ever forget how you brought it home to everyone there with such power and conviction that to be without an education is to be in danger of dying--that the people who didn't have a car or couldn't buy gas and escape Katrina were the people without education.

Your commitment to seeing that the Charles B. Rangel Center at The City College of New York is established was also very clear and I believe that the Ford leadership was convinced of the importance of making sure it happens.

I can't imagine a better partner in this endeavor than you, Charlie, and when the Rangel Center opens, it will be the proudest day of my life.

Your friend,

Gregory H. Williams

EXHIBIT
Exhibit 345

A Proposal for:

The Ford Foundation

December 13, 2005



The Charles B. Rangel Center for Public Service

Transformin[illegible]on's future

the City College of New York

EXHIBIT
Exhibit 346

CSOC.CBR.00011903

A Proud History and Mission – The Children of the Whole People

The City College of New York was founded in 1847 by Townsend Harris to offer higher education to the children of the working class and immigrants. The College has produced great scientists, captains of industry, public servants, teachers, doctors, lawyers, architects and engineers, opening doors for young men and women with few material resources and opportunities.



Today's City College is a microcosm of New York City, with one of the most diverse student bodies of any college in America. Its more than 12,000 students carry on a tradition of excellence as they win prestigious awards and fellowships, gain acceptance to leading graduate and professional schools, and make their marks in the sciences, in the arts, in community service, in industry, and in education.

Access and Excellence

For 158 years, The City College of New York has symbolized the union of excellence and public higher education. The most important avenue to upward mobility and social advancement for generations of New Yorkers, City College has provided an unsurpassed educational opportunity to hundreds of thousands of talented but needy students. With particular focus on meeting the needs of "the children of the whole people," The College provides unique opportunities for underrepresented populations to enter fields new to them with expert skills and education.

Diversity and Need

Many schools talk about diversity; City College lives it

Last year, *US News and World Report* ranked City College first in diversity in the nation, with African-Americans as the largest minority. This year, City College was ranked first with Hispanic-Americans as the largest minority. The 2004-2005 issue of CCNY's *City Facts* states that 87% of CCNY students describe themselves as members of a minority group.

The *Chronicle of Higher Education 2003 Almanac* reports that nationally, within the category of bachelor's degrees earned at all colleges, White students earn 75% of the total, Blacks 8.5%, Hispanics 6.5%, and Asian-Pacific Islanders 6.2%. The same year at City College, however, Blacks received 34.1%, Hispanics 30.1% and Asian/Pacific Islanders 11% of the total, an incredible record of success in populations underrepresented in bachelor's degrees earned. Many of these degrees are awarded in exceptionally demanding programs unique to City College, which do not exist elsewhere in the City University system, such as engineering, architecture, biomedical education, and certain science programs.

EXHIBIT
Exhibit 346

Most of CCNY's students come from the New York City public schools. Many are immigrants or children of immigrants; they speak 91 languages other than English and were born in 147 countries. City College students are usually the first in their families to go to college, following a tradition that reflects the pattern of generations of CCNY alumni, whose achievements became the model for their own families.



Founded to provide children of the poor and new immigrants access to the American dream

Now still, as in its storied past, CCNY students are financially needy. Approximately 59% come from families with combined incomes of less than $30,000; three-quarters of the students work while attending school, some at more than one job. Over half of the students attend part time, most often for financial reasons. They pay $5,000/year in tuition, books, and fees. Because they frequently need to support themselves and sometimes even help support their families, few have the time for community or public service, but many strive to do it nevertheless.

A Tradition of Community and Public Service at City College

City College proudly claims many students who, regardless of tremendous financial and family pressures, take the time to provide service to their communities. A few examples are:

- The Rosenberg/Humphrey internship program, in which students take summer internships at government agencies in Washington, DC, and New York in executive and Congressional offices, House and Senate committees, labor unions, governmental agencies, advocacy groups and policy research organizations;
- The service learning program that has provided internships for City College students to go to the Central African country of Rwanda, where they spent the summer working in the Rwanda Ministry of Finance's Poverty Alleviation program, the Ministry of Gender and Development, and the Ministry of Health's Psycho-Social Trauma unit;
- All students at the Sophie Davis School of Biomedical Education make a commitment to enter community medicine in underserved and disadvantaged communities; part of their commitment is to engage in volunteer work in those neighborhoods during their school years.



CSOC.CBR.00011905

The Charles B. Rangel Center at The City College of New York

Long a vision of Congressman Rangel, this Center will initiate programs designed to prepare students and mid-career leaders from underrepresented populations to take the helm in public life. The program will build on City College's tradition of public service, its diverse student body, and its mission of excellence and access.

City College is in Congressman Rangel's own district in Harlem, his home for almost 40 years. It is fitting for this enterprise to have its beginnings in the community where the Congressman has worked for so long to bring the benefits of American society to its entire people. The Center will include The Charles B. Rangel Library, a combined BA/MA program in public service, a stand alone MA program in public service, and The Charles B. Rangel Fellows: A Mid-Career Program in Leadership and Policy Innovation

The Ford Investment

We would like to propose that the Ford Foundation invest in the Charles Rangel Center through support of The Master's Program in Public Service, which will recruit and prepare young people from underrepresented populations for careers in government and public service. As a critical component of their degree program, students will participate in internships and research assistantships. The internship locations offered will span the wide range of service organizations and government offices in New York City and Washington DC. Professors and postdoctoral fellows studying the range of topics examining underrepresented minorities in public service will direct the research assistantships. The Rangel Center's Internship/Research Coordinator will organize both of these projects.

The program will also offer interdisciplinary specializations in conjunction with The City College Schools of Architecture, Engineering, Education, and Biomedical Education, plus CCNY's special programs in transportation, waste management and urban public health. Upon completion of the degree, graduates will be eligible for programs like the Federal Career Intern Program, entering government service on a two-year temporary appointment with eligibility for a permanent assignment upon completion. These and other opportunities will encourage applications by members of underrepresented minority groups to apply to public service positions.

During the startup phase, The Center and its director will introduce new courses, develop a strategic plan of action, coordinate internships for the students, assemble teaching and research staff, begin planning for the Rangel Library and Archives, and initiate research by postdoctoral fellows and their research assistants examining underrepresented populations in public service.



CSOC.CBR.00011906

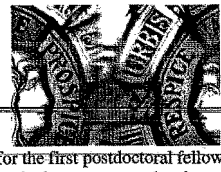
Funding the Center

City College anticipates that the United States Congress will support this initiative with a seed grant. It then expects that during the second fundraising phase, The College will bring together the public and private resources necessary to forward the Center. It is with this in mind that CCNY brings this pioneering program to the Ford Foundation. CCNY believes that the goals of the Rangel Center resonate with the Foundation's mission of strengthening democratic values, reducing poverty and injustice, and advancing human achievement. In addition, other foundations that have expressed interest in the project will be pleased to see investment in the Rangel Center by the world's leading foundation. Once this partnership is assured, it is expected that Congress will provide additional funds.

The $30 million overall budget for the Rangel Center was devised with conservative financial planning in mind. Rather than fundraising annually for operating expenses, the campaign to fund the Rangel Center focuses on building an endowment that will sustain the Center into the future. Mounting this program and demonstrating its success will enable The College to fundraise effectively for its endowment. In order to develop a program that will remain in perpetuity, CCNY needs a period of time during which it can build a record of accomplishment that will attract additional investments by other foundations, corporations, and individuals.

As discussed during the November 18th meeting, a grant of $750,000 will enable The College and the Rangel Center to introduce the Master's Degree in Public Service program and build the above-mentioned record of accomplishment. During this time, as the first objectives are achieved, the College will continue to secure funds for the Rangel Center's endowment and renovation.

Funding from the Ford Foundation will assist with the program budget for three years, enabling The College to recruit the first director, a leading scholar with a public service background. The director will initiate the program, market it to new students and faculty, direct research and publications, raise endowment funds and help build its reputation.



Ford Foundation funding will also cover the salary and benefits for the first postdoctoral fellow, a stipend of $5000 for each student intern and research assistant and other program-related expenses. The postdoctoral fellow will engage in research and teaching at the Center, and provide guidance to the Master's students. The students will integrate their classroom learning with internships and research. City College faculty in the areas of sociology, political science, international relations, etc. will also supervise student research assistantships. The critical stipends will enable these students to gain vital hands-on work experience to prepare them for public service. The funding will allow the students to work fewer hours at jobs unrelated to their career paths in favor of voluntary work experience in the public sector or of groundbreaking research.



CSOC.CBR.00011907

On behalf of The City College of New York, we thank you for your thoughtful consideration of this request. If you have any questions or need further information, please feel free to contact either:

Rachelle Butler, Vice President
Office of Development and Institutional Advancement
The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10038
Tel: 212 650 ; 212 650
Fax: 212 650
Email: rbutler(

Dr. Brett Silverstein, Dean
Division of Social Science
The City College of New York
138th Street and Convent Avenue, NAC 6/141
Tel: 212 650-
Fax: 212 650-
bsilverstein



Memo
Date: January 11, 2006
To: President Williams
From: Shelly
Re: Letter from Congressman Rangel

We can only use the $450k grant from Congress for renovating a facility, but nowhere does it state that it can only be used for the Alumni House building. I think we should put it into a fund and wait. If we are able to collect the Verizon $500k and other construction funds, we can then renovate the Alumni House; if not, we can consider another location for the Rangel Center.

I spoke with Brett, who feels he can put a BA/MA program together if we are awarded the $750k grant from the Ford Foundation. The program will be somewhat different, making the MA in Sociology now a Public Service master's.

I have a call in to the Ford Foundation and I'm hoping they will still be interested even though Congress gave us very little seed money. We're hoping to get the Ford grant and that our presentation there will help us get others. If not, I think we're done! Of course, if the Democrats take back the House, it's a different story and we will certainly want to hang in for that.

Lisa spoke to Ray about the letter from Rangel and he thinks that we should continue to work on both Rangel and Powell projects simultaneously, and not worry that one might know about the other.

Float it with capel—we're wringing our hands—you guys have to come up with some more money—maybe we could use $400k in some other place

Hoping we can move forward—looking forward to see what happens next
Greg buttonholed jim and told him we need more money to make this happen



CSOC.CBR.00024456

Jackson, Sarah

From: Gray, Verna
Sent: Wednesday, March 15, 2006 9:43 AM
To: Caruso, Maureen
Subject: FW: Update on Rangel

Importance: High

-----Original Message-----
From: Bernstein, Alison
Sent: Monday, March 13, 2006 3:32 PM
To: Berresford, Susan
Cc: Williams, Thomasina; Gray, Verna
Subject: Update on Rangel
Importance: High

SVB- I just got off the phone with Shellee Butler re a tentative date for a briefing here at the FF on the Rangel Public Service initiative at City College. The date of May 5th was put on my calendar and yours. Unfortunately, Congress has not taken any step towards funding -- they still have only the $450,000 earmark they always had when they started talking with us. I am beginning to think that such a briefing is pre-mature given the slow pace of Congressional action. What is your assessment? Do you still want us to go forward? Remember they are looking for big bucks from Congress. I think it might make more sense to postpone until early summer or the fall. AB



CSOC.CBR.00012768

Brett Silverstein

Date: Thu, 23 Mar 2006 16:20:21 -0500
From: "Shelly Butler" <[redacted]>
Subject: Update on Ford Foundation and the Rangel Center
To: "Gregory Williams" <[redacted]>
Cc: "Jacob Morel" <[redacted]>, "Teresa Flemming" <[redacted]>, <bsilverstein[redacted]>

President Williams,

I had called Jim Capel after getting a slightly annoyed response from the Ford Foundation re the smaller-than-expected Congressional support so far. Jim took it to the Congressman and called me yesterday. He said that we're going to be getting a letter from the Congressman re actions they are proposing for this year's appropriations—the '07 year—which total about $10 million this year. He thinks they'll probably be successful, at least to the tune of several million.

I then called Alison Bernstein and told her this. She said that Susan had just gotten back and said that even if Congress fails in its commitment, Ford will do something, but a much more scaled-back version. They're interested in doing the project whether or not Congress steps up, but they can't replace Congress' commitment. She said to "tell Greg that we will try to help in a modest way even if we don't get help from Congress."

When I told Alison about the letter, however, she said "That's good enough for us. If, in fact, there was no movement on the Congressional front, we should postpone until we get it or, we decide to scale back. If this means that we can pull off enough of a commitment by May 5, then it will be fine." I said the appropriations bills are going in from spring through fall and I didn't know whether we would have commitments by May but that we would send her the letter as soon as we received it.

She said that May 5 is still a possibility, not a probability, but that after they receive the letter, they will determine whether it serves our purposes better to do it on May 5 or in the fall. I said we would be happy to go with their decision.

So, now we're just waiting for the letter. The encouraging thing is the Congressman's response, I think.

Shelly

Shelly Butler, Vice President
Development & Institutional Advancement
The City College of New York
160 Convent Avenue, S-154
New York, NY 10031
Tel: (212) 650[redacted]; 650-[redacted]
Fax: (212) 650-[redacted]
Email: rbutler[redacted]

EXHIBIT
Exhibit 349

CSOC.CBR.00024175

CSOC.CBR.00024175

Office of the Vice President
Development & Institutional Advancement
The City College of New York
Shepard Hall, Room 154
160 Convent Avenue
New York, New York 10031

TEL: 212.650.7125
FAX: 212.650.7149
www.ccny.cuny.edu

Fax

To: Dr. Alison Bernstein From: Shelly Butler

Fax: (212) 351-[redacted] Pages: 5

Phone: (212) 573-[redacted] Date:

Re: CC:

☐ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

• Comments:

Alison,
Congressman Rangel's office sent me copies of the following letters to Congressional Committees. Please give me a call when you have a moment + I'll tell you what his chief of staff told me. Many thanks
Shelly

EXHIBIT
Exhibit 350

03/28/2006 18:01 FAX 1212650 CITY COLLEGE 002

CHARLES B. RANGEL

WAYS AND MEANS

COMMITTEE ON INTELLIGENCE

Congress of the United States
House of Representatives
Washington, DC 20515-3215

March 16, 2006

The Honorable Joseph Knollenberg
Chairman
Subcommittee on Transportation, Treasury and Housing and Urban Development
B-307 Rayburn House Office Building
Washington, DC 20515

Dear Mr. Chairman:

I seek your support for a an Economic Development Initiative Grant for a project very important to me and I believe very much necessary

Today non-whites make up nearly 30% of the United States population. Yet only about 13.8% of the men and women who occupy top management, supervisory and policy making positions in the federal government are members of minority groups. By 2050, minority groups in the United States will comprise 50% of the population.

It is apparent to me that we need to do more to bring more minority Americans into public service. That is why I am asking for your Committee to provide $6 million to help establish a Center for Public Service at the City College of New York in my Congressional District.

The Center will offer interdisciplinary programs for bachelors, bachelors/masters and mid career programs to prepare underrepresented groups for careers in public service at management and policy making levels.

It is appropriate that this Center be established at the City College of New York. City College has been a gateway for low and moderate income New Yorkers from immigrants and other underrepresented groups and their children. CCNY is the alma mater of thousands of business people, professionals, military leaders, and public servants who came from the most modest means. CCNY's ability to be the springboard make it the ideal choice for the task at end.

I look forward to discussing this request which is very important to me.

Sincerely,

CHARLES B. RANGEL
Member of Congress

CBR:jps

EXHIBIT
Exhibit 350

Congress of the United States
House of Representatives
Washington, DC 20515-3215

March 16, 2006

The Honorable Ralph Regula
Chairman
Subcommittee on Labor, Health and Human Services, and Education
2358 Rayburn House Office Building
Washington, DC 20515

Dear Mr. Chairman:

I seek your support for a $6 million appropriation in the Fiscal Year 2007 Labor, HHS Appropriations bill for a project very important to me and I believe very much necessary.

Today non-whites make up nearly 30% of the United States population. Yet only about 13.8% of the men and women who occupy top management, supervisory and policy making positions in the federal government are members of minority groups. By 2050, minority groups in the United States will comprise 50% of the population.

It is apparent to me that we need to do more to bring more minority Americans into public service. That is why I am asking for your help establish a Center for Public Service at the City College of New York in my Congressional District.

The Center will offer interdisciplinary programs for bachelors, bachelors/masters and mid career programs to prepare underrepresented groups for careers in public service at management and policy making levels.

It is appropriate that this Center be established at the City College of New York. City College has been a gateway for low and moderate income New Yorkers from immigrants and other underrepresented groups and their children. CCNY is the alma mater of thousands of business people, professionals, military leaders, and public servants who came from the most modest means. CCNY's ability to be the springboard make it the ideal choice for the task at end.

I look forward to discussing this request which is very important to me.

Sincerely,

CHARLES B. RANGEL
Member of Congress

CBR:jrs

EXHIBIT
Exhibit 350

03/28/2006 16:04 FAX 1212650 CITY COLLEGE 004

CHARLES B. RANGEL
WAYS AND MEANS
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–4215

DISTRICT OFFICES:

March 16, 2006

The Honorable David Obey
Subcommittee on Labor, Health and Human Services, and Education
2314 Rayburn House Office Building
Washington, DC 20515

Dear Mr. Obey:

I seek your support for a $6 million appropriation in the Fiscal Year 2007 Labor, HHS Appropriations bill for a project very important to me and I believe very much necessary.

Today non-whites make up nearly 30% of the United States population. Yet only about 13.8% of the men and women who occupy top management, supervisory and policy making positions in the federal government are members of minority groups. By 2050, minority groups in the United States will comprise 2/3% of the population.

It is apparent to me that we need to do more to bring more minority Americans into public service. That is why I am asking for your help establish a Center for Public Service at the City College of New York in my Congressional District.

The Center will offer interdisciplinary programs for bachelors, bachelor's/masters and mid career programs to prepare underrepresented groups for careers in public service at management and policy making levels.

It is appropriate that this Center be established at the City College of New York. City College has been a gateway for low and moderate income New Yorkers from immigrants and other underrepresented groups and their children. CCNY is the alma mater of thousands of business people, professionals, military leaders, and public servants who came from the most modest means. CCNY's ability to be the springboard make it the ideal choice for the task at end.

I look forward to discussing this request which is very important to me.

Sincerely,

CHARLES B. RANGEL
Member of Congress

CBR:jrs

EXHIBIT
Exhibit 350

03/28/2006 16:02 FAX 1212650 CITY COLLEGE 003

CHARLES B. RANGEL
WAYS AND MEANS
HOUSE OF REPRESENTATIVES

Congress of the United States
House of Representatives
Washington, DC 20515-3215

March 16, 2006

The Honorable John Olver
Subcommittee on Transportation, Treasury and Housing and Urban Development
1111 Longworth House Office Building
Washington, DC 20515

Dear Mr. Olver:

I seek your support for a an Economic Development Initiative Grant for a project very important to me and I believe very much necessary

Today non-whites make up nearly 30% of the United States population. Yet only about 13.8% of the men and women who occupy top management, supervisory and policy making positions in the federal government are members of minority groups. By 2050, minority groups in the United States will comprise 50% of the population.

It is apparent to me that we need to do more to bring more minority Americans into public service. That is why I am asking for your Committee to provide $6 million to help establish a Center for Public Service at the City College of New York in my Congressional District.

The Center will offer interdisciplinary programs for bachelors, bachelors/masters and mid career programs to prepare underrepresented groups for careers in public service at management and policy making levels.

It is appropriate that this Center be established at the City College of New York. City College has been a gateway for low and moderate income New Yorkers from immigrants and other underrepresented groups and their children. CCNY is the alma mater of thousands of business people, professionals, military leaders, and public servants who came from the most modest means. CCNY's ability to be the springboard make it the ideal choice for the task at end.

I look forward to discussing this request which is very important to me.

Sincerely,

CHARLES B. RANGEL
Member of Congress

CBR:jrs

EXHIBIT
Exhibit 350

CSOC.CBR.00012231

FPM

Caruso, Maureen

From: Bernstein, Alison
Sent: Tuesday, March 14, 2006 4:39 PM
To: Caruso, Maureen
Cc: Gray, Verna
Subject: RE: meeting with Congressman Charles Rangel and City College President Gregory H. Williams

I have spoken with SVB and Butler.... We may likely postpone this... I'll let you know by the end of the week. AB

From: Caruso, Maureen
Sent: Tuesday, March 14, 2006 4:01 PM
To: Bernstein, Alison
Cc: Gray, Verna
Subject: FW: meeting with Congressman Charles Rangel and City College President Gregory H. Williams

Alison,

Verna is holding this date and time: 5/5 from 10 - 2.

Shelly also left me a phone message yesterday to set up a time with you
to discuss including invitees from other foundations. Please advise when I should schedule this.

Thanks,

Maureen

From: Shelly Butler [redacted]
Sent: Friday, March 10, 2006 12:14 PM
To: Caruso, Maureen
Subject: meeting with Congressman Charles Rangel and City College President Gregory H. Williams

Dear Maureen,

I wanted to get a final confirmation from you about the date for President Susan Berresford, Dr. Bernstein and others at the Foundation, would be meeting with Congressman Charles B. Rangel, President Gregory H. Williams and me. Right now, the date and time we have been given is May 5 from 10 am to 2 pm, including lunch and we would like to firm up the arrangements.

President Berresford had suggested that the Ford Foundation invite other foundations to hear City College's presentation, and had kindly offered to contact several, including New York Community Trust President Laurie Slotsky. President Berresford had also recommended the Carnegie Foundation for our project and we were hoping to invite them and any others that the Ford Foundation suggested to us.

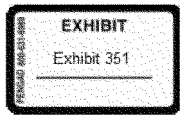
Thanks for all your help with this and I look forward to hearing from you.
Shelly

Shelly Butler, Vice President
Development & Institutional Advancement
The City College of New York

EXHIBIT
Exhibit 351

3/14/2006

160 Convent Avenue, S-154
New York, NY 10031
Tel: (212) 650-[redacted]; 650-[redacted]
Fax: (212) 650-[redacted]
Email: rbutler[redacted]



Lodico, Nicolette

From: Petrovich, Janice
Sent: Tuesday, April 18, 2006 4:56 PM
To: Korenfield, Irene
Subject: RE: Charles Rangel Policy Center

Thanks for the reminder. I think you can let it go. Lisa Jordan has the happy task of this 10th floor special. Now what is my DD leftover?

From: Korenfield, Irene
Sent: Tuesday, April 18, 2006 4:25 PM
To: Petrovich, Janice
Subject: Charles Rangel Policy Center
Importance: High

Hi Janice,

Way back in September, you asked me to note 500K from your budget for the Charles Rangel Policy Center, which SVB would reimburse you for later. I never did put in that amount. I can still hold the 500K from Director's Discretionary for this, if the grant is still going to be done. It seems a liitle strange to hold 500K for something you will be reimbursed for later--that's probably why I didn't hold it in the first place. Should I just make a note of it in GM Consideration, so it won't actually deduct from your DD budget?

Thanks,
Irene

From: Petrovich, Janice
Sent: Wednesday, September 28, 2005 11:05 AM
To: Korenfield, Irene
Subject: RE: Charles Rangel Policy Center

None from me.

From: Korenfield, Irene
Sent: Wednesday, September 28, 2005 10:57 AM
To: Petrovich, Janice
Subject: Charles Rangel Policy Center

Hi Janice,

Will you contribute any of your own funds to this? From your note, it looks like the total grant amount will be $500K and SVB will pick up the entire tab on this. Is that correct?

Thanks,
Irene

From: Petrovich, Janice
Sent: Tuesday, September 27, 2005 10:23 AM
To: Korenfield, Irene; Matia, Lori
Subject: for director's discretionary and OVP

Please set aside $500K each in DD and OVP for the Africa Higher Ed partnership. This is for both years of the new biennium.

EXHIBIT
Exhibit 352

CSOC.CBR.00011842

Irene, please also note $500K from my budget for the Charles Rangel Policy center. SVB will reimburse me for that thanks



Lodico, Nicolette

From: Berresford, Susan
Sent: Tuesday, August 15, 2006 11:19 AM
To: Bernstein, Alison; Tenny, Buzz
Cc: Mischiu, Rodica; Barone, Marisa
Subject: letter from Rangel

Alison,

Hope the Alaska trip is going well.

My office sends stuff out to me here and among this week's set is a letter (a form letter) from Congressman Rangel to Paul Allaire. Correspondence control sent it to me and then it comes to you.

I know you have been talking to his staff about the progress they have made. Given that this is a formal letter of request, I think Maureen should acknowledge it in your absense with words like " AB is away on business and she has asked me to acknowledge the letter to Mr. Allaire. She says she hopes to conclude discussions with you before long, as the other support for the program becomes clear. " Or some way of indicating that we are committed to it but a few hurdles remain.

Incidentally, his letter says they have the $3. 6 million from congress.

Thanks. SVB



Jackson, Sarah

From: Bernstein, Alison
Sent: Monday, October 30, 2006 4:23 PM
To: Berresford, Susan
Cc: Williams, Thomasina; Anderson, Gregory; Petrovich, Janice
Subject: FW: Update on the Rangel Center at City College

Importance: High

-----Original Message-----
From: Shelly Butler [redacted]
Sent: Monday, October 30, 2006 12:22 PM
To: Bernstein, Alison
Subject: RE: Update on the Rangel Center at City College

Alison,

This is tremendous news. I will work on responding to your email ASAP.
Thanks so much for all your help.
Best regards,
Shelly

Shelly Butler, Vice President
Development & Institutional Advancement
The City College of New York
160 Convent Avenue, S-154
New York, NY 10031
Tel: (212) 650-[redacted]; 650-[redacted]
Fax: (212) 650-[redacted]
Email: rbutler[redacted]

-----Original Message-----
From: Bernstein, Alison [redacted]
Sent: Monday, October 30, 2006 8:28 AM
To: rbutler[redacted]
Cc: Caruso, Maureen; gwilliams[redacted]; jim.capel@mail.house.gov; Williams, Thomasina; Petrovich, Janice
Subject: RE: Update on the Rangel Center at City College
Importance: High

Shelley- Thanks for this update. I have talked with President Berresford and we can now encourage you to submit a proposal for $1 million (over 4 years to begin when you have approval for the program) to help put in place the academic program structure for the Masters' Degree component... I would assume that Dean Silverstein would be the project coordinator/manager? The proposal can be initiatively addressed to me, Thomasina Williams and my colleague, Dr. Janice Petrovich. Please remember that we do not provide full time support for faculty lines but can help with visiting scholars, research projects and assistants and internships for students.

Moving on to your plans for the lunch... pls provide a few dates in mid December or early January when President Williams, and Congressman Rangel can attend the lunch. Susan thinks the pitch requires both of them to be there. I'll work on Susan's calendar once I have a few dates from you. We can talk next month about the shape of the luncheon and invitees -- I will need a complete list of names and addresses from you to get the ball rolling. Best, Alison

-----Original Message-----

EXHIBIT
Exhibit 354

From: Rachelle Butler [redacted]
Sent: Friday, October 27, 2006 12:36 PM
To: Bernstein, Alison
Cc: Caruso, Maureen; gwilliams[redacted]; jim.capel@mail.house.gov
Subject: Update on the Rangel Center at City College

Hi Alison,

It was good talking to you and I appreciate the time you took to chat after your very arduous but wonderful trip east and west. I want to apprise you of what's going on with the Master's Degree component of the Charles B. Rangel Center for Public Service. Social Science Dean Brett Silverstein reports as follows:

"In CUNY, the first step for starting a new program is to write a Letter of Intent describing it and then pass it through the Social Science Curriculum Committee and the Review Committee. It then goes on to 80th Street, CUNY headquarters. (Actually the Social Science Committee, of which I am a member, meets at the Graduate Center.) Once the questions raised made by these committees are answered, the Social Science Committee asks for a complete proposal, that is, the Letter of Intent plus many details (syllabuses, CVs of instructors, estimated tuition revenue, costs etc.).

The Social Science Curriculum Committee has already received our Letter of Intent with all its accompanying information. They will be meeting within two weeks; changes will be made and the Social Science Committee will meet again within two weeks after that to give its endorsement. Finally, within two weeks after that, (early December) the Review Committee will vote on it. It will then proceed to the CUNY Board of Trustees, which will vote on a resolution we present.

I cannot guarantee it, but it is very likely that by the end of this semester or by the beginning of the spring semester, permission to expand the Letter of Intent into a full proposal will be given. In anticipation of this, we have completed most of the work needed to create the full proposal and we should be able to accept students for fall, 2007."

Brett Silverstein
Dean of Social Science

I also want to give the update on our fundraising and where we stand with the three phases we had described earlier: the seed money from Congress; foundation, corporation and individual fundraising; and finally the completion of the project by Congressional appropriation.

As we discussed, attached please find a spreadsheet showing the current fundraising totals for the Charles B. Rangel Center, both confirmed and pending. As you see, we have made good progress since we last met. We have the seed money the Congressman promised and we are making headway in the second fundraising phase, approaching foundations, corporations, and individual donors. The Congressman has been a little busy lately, but we hope to have more of his time after November 7.

We are very pleased that the Ford Foundation will host a presentation for the Rangel Center at its headquarters. I don't have to tell you how important that is to the Rangel Center and to City College.

When we met with President Susan Berresford, she suggested that we would want to reach out to the Carnegie Foundation as they might have an interest in the Rangel Library. Also, she suggested that we include Lorie Slutsky at the New York Comm[redacted]he knows. So, of course, we would love to have ther[redacted]



In addition, if possible, we would very much appreciate Ford inviting representatives from these foundations whose missions we feel will be in accord with that of the Rangel Center:

Starr
Peter Jay Sharp Foundation
(They have given City College two grants here totaling $1.3 million)
Wallace
Sloan
MacArthur
Pew Charitable Trust
Robert Woods Johnson
William Randolph Hearst
Altman
Revson
Mellon

I have looked over the foundations that received the Congressman's letter (albeit a form letter), and the most important ones were the Rockefeller Foundation and the Atlantic Foundation. Again, we would love to meet with representatives of those foundations. President Williams does know the president of the Rockefeller Foundation, and perhaps if she knows that Ford is behind this project, she might attend.

Any foundation in addition to the list above that you feel should be in the room that day, please suggest to us. Also, we would be happy to include corporate foundations and corporations if you feel it would be appropriate. We have a number that we would like to include.

Regarding strategies for the presentation, as soon as we have set a date that is convenient for you and President Berresford (if possible), Congressman Rangel, and President Williams, I would like to meet with you to develop the agenda.

It would be wonderful if the establishment of our new program in public service coincided with the upcoming 2007 Centenary of City College's Harlem campus and the 160th anniversary of CCNY's creation. We remain very grateful for the Ford Foundation's interest in advancing this program and we look forward to working with you on it.

Thanks so much,
Shelly

--
Rachelle D. Butler, Vice President
Development and Institutional Advancement
The City College of New York
Shepard S-154
138th and Convent Avenue
New York, NY 10031
Tel: (212) 650-[redacted], (212) 650-[redacted]
Fax: (212) 650-[redacted]
Email: rbutler[redacted]

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10-27-06 Alison to Susan - FW Update on the Rangel Center at City College
From: Bernstein, Alison
Sent: Friday, October 27, 2006 3:13 PM
To: Berresford, Susan
Cc: Williams, Thomasina; Edwards, Michael; Petrovich, Janice; McClymont, Mary
Subject: FW: Update on the Rangel Center at City College

Importance: High

Attachments: Rangel fundraising rev.xls

SVB -I called Shelley Butler earlier in the week to see where things stand. This is her reply... it looks as if we need to move on $1m from unit reserves in the next two months or so. It also means that we should plan your luncheon with other donors for right after the beginning of the calendar year. Does that make sense to you? Alison ps- I am thinking that this is a joint KCF/PSJ reserve request. On our side, either Greg Anderson or Cyrus should be the PO but I will let Janice Petrovich mull that one over.

-----Original Message-----
From: Rachelle Butler [redacted]
Sent: Friday, October 27, 2006 12:36 PM
To: Bernstein, Alison
Cc: Caruso, Maureen; gwilliams[redacted]; jim.capel@mail.house.gov
Subject: Update on the Rangel Center at City College

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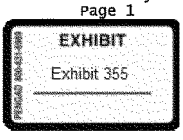

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In addition, if possible, we would very much appreciate Ford inviting representatives from these foundations whose missions we feel will be in accord with that of the Rangel Center:

Starr
Peter Jay Sharp Foundation
(They have given City College two grants here totaling $1.3 million)
Wallace
Sloan
MacArthur
Pew Charitable Trust
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Altman
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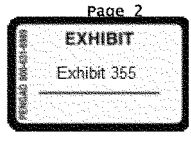
Thanks so much,
Shelly



the City College of New York

A Proposal to
The Ford Foundation

for

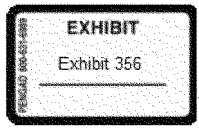
The Charles B. Rangel Center for Public Service at
The City College of New York

November 13, 2006

Open the doors to all.

Let the children of the rich and the poor take their seats together and know of no distinction save that of industry, good conduct, and intellect.

Townsend Harris, Founder,
The City College of New York



CSOC.CBR.00011155

Executive Summary

The City College of New York requests a grant of $1,000,000 from the Ford Foundation to implement its new graduate program in public service and whose focal point will be the CCNY Charles B. Rangel Center for Public Service. The Center will prepare students, particularly from underserved and underrepresented populations, for careers as leaders in government and public service. The public service curriculum emphasizes a combination of classroom instruction and practical training through internships.

Ford Foundation grant funds will be used to help provide support for:

- research fellowships in public service for doctoral and post-doctoral fellows;
- a post-doctoral research fellowship for the Rangel Library;
- support for visiting scholars;
- master's level research assistantships; and
- public service school-year and summer internships.

The City College Mission

The City College of New York was founded through a public referendum in 1847 as a free academy to serve "the children of the whole people." One of a young America's great democratic experiments, it remains one her great democratic achievements, and the most important avenue to upward mobility and social advancement for generations of New Yorkers.

City College has provided an unsurpassed educational opportunity to hundreds of thousands of talented young men and women with few material resources and opportunities. For almost 160 years, The College has opened up access to a world-class education to underrepresented populations, preparing them to enter those fields with the expert skills to change their own futures, and shape the world. Often the children of immigrants or immigrants themselves, often the first ones in the family to attend college, and often working while taking on challenging academic programs, these talented students make their way toward success with diligence and determination.

Today's City College is a microcosm of New York City, with one of the most diverse student bodies of any college in America. Its more than 13,000 students carry on a tradition of excellence as they win prestigious awards and fellowships, gain acceptance to leading graduate and professional schools, and make their marks in the sciences, in the arts, in public service, in industry, and in education.



Diversity at City College

Two years ago, *US News and World Report* ranked City College first in diversity in the nation, where African-Americans are the largest group. Last year, City College was ranked first where Hispanic Americans are the largest group. Today, more than 87% of CCNY students describe themselves as members of a minority group and 80 languages other than English are spoken on campus.

The *Chronicle of Higher Education 2003 Almanac* reports that of the total number of overall bachelor's degrees earned in the United States as a whole, white students earned 75% of the total, blacks 8.5%, Hispanics 6.5%, and Asian-Pacific Islanders 6.2%. The same year at City College, however, blacks earned 34.1% of the total bachelor's degrees awarded, Hispanics 30.1% and Asian/Pacific Islanders 11% -- an unparalleled record of success for underrepresented populations.

Following a tradition that reflects the pattern of generations of CCNY alumni, whose achievements became the model for their own families, most City College students have very limited financial resources. Approximately 58% come from families with combined incomes of $30,000 or less; three-quarters work while attending school, some at more than one job. Over half of CCNY's students attend part time, most often for financial reasons.

The Lack of Diversity in Public Service in the US

Today, non-whites make up nearly thirty percent of the U.S. population. Yet, according to the Equal Economic Opportunity Commission's 2003 report on the federal workforce, only 13.8% of the men and women who occupy the top managerial, supervisory and policy-making positions in the U.S. federal government are members of minority groups.

By 2050, minority groups in the United States will comprise 50% of its population. This proposal builds upon The City College of New York (CCNY) mission of access and excellence and Congressman Charles B. Rangel's legacy of public service to ensure that those who direct our nation's affairs will reflect our citizenry.

The Charles B. Rangel Center's Objectives

City College's Rangel Center will accomplish this through the establishment of a rigorous graduate program for students from underrepresented groups that will prepare them for public service, including elective office and careers in government, at the decision-making level. The new master's program will be coordinated with programs on the undergraduate level, many unique to City College, to encourage and inspire our best students to move into the master's program and pursue careers in public service.

Located in a restored Harlem mansion adjacent to The City College campus, the Charles B. Rangel Center will also house the Charles B. Rangel Library, an archive that records the life of one of America's most important public servants and serves as a rich repository of knowledge and experience for students and scholars alike. Research Fellows and Visiting Scholars will utilize its resources while sharing and imparting new knowledge in the field.



Public Service at City College and Recruitment and Potential for the Master's Program in Public Service at the Rangel Center

The City College of New York offers a unique and fitting environment for The Charles B. Rangel Center for Public Service. Located in Harlem, the heart of Congressman Rangel's constituency, a number of City College programs attract outstanding undergraduate students, most from minority populations, who are excellent candidates for public service careers. The presence of these already excellent programs on campus affords CCNY an opportunity open to very few colleges in the nation for early identification, recruitment, and preparation of students from underrepresented populations for the Master's and BA/MA Programs in Public Service at The Charles Rangel Center for Public Service. The College anticipates that some of these students will be among the first class to enter one of the master's degree programs that are expected to begin in fall of 2007.

THE CHARLES B. RANGEL CENTER FOR PUBLIC SERVICE AT CITY COLLEGE

A Career in Public Service
The Rangel Center for Public Service will prepare students, particularly from underserved and underrepresented populations, for careers as leaders in government and public service. At the heart of that effort is a curriculum that emphasizes a combination of classroom instruction, practical training through internships, and opportunities for vibrant co-curricular interaction with the Rangel Mid-Career Fellows on leave from public service careers.

BA/MA Program in Public Service
The program is designed to attract students at both the graduate and undergraduate levels. For undergraduates, a unique, seamless five-year 150-credit BA/MA Program in Public Service will attract current CCNY students and new students from New York City and around the country who come to City College for the specific purpose of enrolling in the Rangel Program. The BA/MA Program will attract students capable of and interested in an intensive "fast-track" program leading to the master's degree. It will prepare them for public service with high-level coursework, experienced government personnel mentors, and hands-on training through internships and service learning.

MA Program in Public Service
For graduate students, the new 45-credit Master's Program in Public Service will provide the capstone of conceptual and service learning needed for a career in public service. The MA Program's distinctive combination of classroom instruction, internship placements, and intensive interaction with mid-career professionals will attract both recent college graduates and older students interested in advancing their skills and potential as leaders in public service. The program will include participation in internships or apprenticeships arranged for by the Rangel Center in government and service organizations, and will offer interdisciplinary specializations in concert with The City College Schools of Architecture, Engineering, Education, and Biomedical Education, plus its special programs in transportation, waste management, and urban public health.



Upon completion of the degree, graduates will be eligible for a program analogous to the Federal Career Intern Program, entering government service for a two-year temporary appointment with eligibility for a permanent assignment upon completion. This program will encourage the involvement of members of underrepresented minority groups and those with financial need through the availability of employment upon completion of the program.

The Charles B. Rangel Library
The Library will consist of documents, archives, and memorabilia from Congressman Rangel's lifetime of public service. These papers will be made available to scholars nationally, and particularly to scholars within The City College and the City University, and will serve as a locus of sponsored research and conferences concerning barriers to full participation in public service by underserved minorities.

The Program

A vital element of the City College program in public service will be the creation of research fellowships for doctoral and post-doctoral fellows, support for visiting scholars, master's level research assistantships, and public service student internships. In tribute to the Ford Foundation's longstanding commitment to scholarship, City College asks the Foundation to consider supporting these initiatives at CCNY:

Research Fellows in Public Service
Fellowships for doctoral and post-doctoral scholars to study at the Rangel Center and work with the archives and other materials available at the Rangel Library will be critical to its reputation in the academic community. The College expects that Fellows will want to spend one or two semesters at the Rangel Center researching issues relating to minority contributions to US policy and history. A research fellowship of $30k/year will enable these scholars to serve in residence at the Center, also serving as guides and mentors to master's degree students. In selecting Doctoral and Post-Doctoral Fellows, priority will be given to Fellows who propose to do research on diversity in public service. We request two research grants per year for a total of $60,000/year.

Post-Doctoral Fellow for the Rangel Library
The access at the Rangel Center to the collected papers of Congressman Charles B. Rangel will be a valuable resource that will greatly add to the reputation of the Center and help it to realize its goals. A Post-Doctoral Fellow will be selected to organize these papers, digitize them, and do research with them and assist other scholars in using them. We request one Library Fellowship at a cost of $30,000/year.

Master's Degree Assistantships
The Master's Degree Assistantship program will institutionalize the opportunity for student participation and development through research. Each year, five assistants in the Master's Program who elect to do supervised research will receive support (supplementing other scholarships) to participate in an intensive research program, with $5,000/year in assistantship support. (Total of $25,000/year).



Visiting Scholars
Members of academia, think tanks, the public sector, and community organizations from New York City, the nation, and around the world, who have experience with the contemporary challenges faced in public service, will come to City College to provide context, background, and advice on steps needed to solve the problems. Visiting scholars with expertise in leadership will be sought, with at least one with research experience in the barriers that deter many students with minority and immigrant backgrounds from careers in public service. A Visiting Scholarship of $75,000/year is requested.

Public Service Internships
More than 50% of City College students come from families with a combined income of less than $30,000 per year, and almost all CCNY students must work, many at more than one job. Students from more affluent backgrounds can benefit from the kind of unpaid internships and service learning opportunities available at agencies, companies, and government offices that will give them a leg up in their careers. CCNY students often do not have the luxury of taking advantage of those unpaid opportunities.

To level the playing field and give CCNY students the same competitive edge that more materially comfortable students have, the Rangel Center wants to enable these students to work fewer hours at jobs that are unrelated to their future professions, spend more time on their studies, discover what fields interest them, and graduate with the kind of specialized expertise essential to getting that first critical job.

In fall 2007, the Rangel Center will begin a yearly program for outstanding students that provides them with $5,000/year stipends to enable them to take unpaid internships in government and public service placements. Some students will want and/or need to take their internships over the summer. This program will provide twelve students with $5,000 each to design and carry out summer projects that unite service and learning to address public service priorities. ($60,000/year)

Goals

As the purpose of the program is to encourage men and women from underrepresented populations to enter government and public service careers and seek leadership and management positions within those careers, the program will:

- foster interest in public service among current CCNY students who undertake volunteer work or internships successfully and encourage them to continue on to the master's degree;
- ensure practical hands-on experience in public-service settings with inter-disciplinary academic training;
- provide mentoring by current public service partners, a Visiting Scholar, and Mid-Career Rangel Fellows;
- measure the program's impact by tracking how long program participants remain in it and their satisfaction level with it;



- establish effective career connections leading to job placements in government and public service upon graduation; and
- track how many graduates from underrepresented populations enter government and public service in both the short and long term.

Impact

A successful program will create a pipeline of well-prepared young men and women who intend to make government and public service their life work. With continued success, they will reach back and bring others into their midst, serving as mentors themselves. Through their increasing participation, America's governing class will eventually reflect the full breadth of the nation's citizens, their perspectives and their needs, more accurately and fairly. With the assistance of the Ford Foundation, The City College of New York, historically a citadel of higher education for those with talent and determination, but few financial resources, will provide the tools with which these men and women can empower themselves and enter that governing class.

Program Budget Model

The proposed budget model is a snapshot of the program when it is fully operational; it may not be fully implemented by fall of 2007, and it may differ in details, but this model is intended to serve as a general guide to CCNY's objectives. The requested grant of $1,000,000 over four years will help start up the research and master's degree programs in the early years. These funds will not be used for endowment, nor will any part of them be used for the Rangel Center building.

Purpose	Amount	Annual Total
Research Fellows in Public Service	**2 @ $30k each**	**$60,000**
Library Research Fellow	**1 @ $30k**	**$30,000**
Visiting Scholar	**1 @ $75k**	**$75,000**
Master's Degree Assistants	**5 @ $5k each**	**$25,000**
Public Service Interns—school year and summer	**12 @ $5k each**	**$60,000**
TOTAL		**$250,000**



Brett Silverstein

Date: Wed, 22 Nov 2006 14:57:15 -0500
From: "Rachelle Butler" <[redacted]>
Subject: Presentation at the Ford Foundation
To: gwilliams[redacted], bsilverstein[redacted]
Cc: jmorel[redacted], tflemming[redacted], aperez[redacted]u, mrogovin[redacted]

President Williams and Dean Silverstein,

We are confirmed at the Ford Foundation for Monday, January 29, from 11:30 to 2 pm. The other date, February 26, can be released. This date has been cleared and confirmed for Congressman Rangel, Ford Foundation President Susuan Berresford and Ford VP Dr. Alison Bernstein.

We will make a presentation of 45 minutes in total, including remarks by President Williams and Congressman Rangel, and a Power Point presentation by Dean Silverstein. Then there will be questions, then lunch.

They want us to invite everyone who has funded the Rangel Center, those we asked for funding but have not yet succeeded with, and those who have not yet been asked. Included in this last category are a number of foundations we have compiled at the president level, plus two that Congressman Rangel wants invited--John D. Rockefeller and Donald Trump.

More on this later.

Shelly

--
Rachelle D. Butler, Vice President
Development and Institutional Advancement
The City College of New York
Shepard S-154
138th and Convent Avenue
New York, NY 10031
Tel: (212) 650-[redacted] (212) 650-[redacted]
Fax: (212) 650-[redacted]
Email: rbutler@ccny.cuny.edu

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EXHIBIT
Exhibit 357
CSOC.CBR.00024176

CSOC.CBR.00024176

Lodico, Nicolette

From: Shelly Butler
Sent: Wednesday, November 29, 2006 11:23 AM
To: Caruso, Maureen
Cc: Gray, Verna; Mischiu, Rodica; Barone, Marisa; Bernstein, Alison
Subject: RE: CCNY Rangel Presentation and Lunch on 1/29/07

Thanks Maureen,

I'll see that everyone has the right times
By the way, Congressman Rangel told me that David Rockefeller has expressed interest. I am putting him on our list as well as Donald Trump.

Thanks
Shelly

Shelly Butler, Vice President
Development & Institutional Advancement
The City College of New York
160 Convent Avenue, S-154
New York, NY 10031
Tel: (212) 650- ; 650-
Fax: (212) 650-
Email: rbutler

-----Original Message-----
From: Caruso, Maureen
Sent: Tuesday, November 28, 2006 12:19 PM
To: rbutler
Cc: Gray, Verna; Mischiu, Rodica; Barone, Marisa; Bernstein, Alison
Subject: RE: CCNY Rangel Presentation and Lunch on 1/29/07

Hi Shelly,

Hope you enjoyed a lovely Thanksgiving.

I **confirmed** with Alison Bernstein and Verna Gray (Susan Berresford's Assistant) that this event will take place on **Monday, Jan. 29, 2007, from 12:00-2:00 p.m. (or 2:30, if necessary).** Because of another speaking engagement at the Foundation, Susan is not available before 12:00.

Please let me know how many participants you expect at this event and the type of equipment you anticipate will be used, as I must reserve the room.

Thanks very much,

Maureen

From: Shelly Butler
Sent: Wednesday, November 22, 2006 2:45 PM
To: Caruso, Maureen
Cc: Gray, Verna; Mischiu, Rodica;

EXHIBIT
Exhibit 358

Subject: RE: CCNY Rangel Presentation and Lunch on 1/29/07

Hi Maureen,

Thanks for sending the confirmation and the date is correct. City College is thrilled that President Berresford and Dr. Bernstein will be hosting Congressman Rangel and President Williams' presentation for The College. I did notice, however, that the time differs slight from what Dr. Bernstein and I had discussed. I thought we agreed that the presentation would begin at 11:30 and would take a maximum of 45 minutes, there would then be questions and then lunch. The whole thing would end at 2:00 pm. Can we double check on that?

Yes, I will be sending you the list of invitees—I do have a few updates to make and then will send to you.

I also hope to put together some language that can be included in the Ford Foundation's invitation regarding the project.

Have a wonderful Thanksgiving everyone and our thanks to all.

Shelly

Shelly Butler, Vice President
Development & Institutional Advancement
The City College of New York
160 Convent Avenue, S-154
New York, NY 10031
Tel: (212) 650-[redacted]; 650-[redacted]
Fax: (212) 650-[redacted]
Email: rbutler[redacted]

-----Original Message-----
From: Caruso, Maureen [redacted]
Sent: Wednesday, November 22, 2006 2:00 PM
To: rbutler[redacted]
Cc: Gray, Verna; Mischiu, Rodica; Barone, Marisa
Subject: CCNY Rangel Presentation and Lunch on 1/29/07

Hi Shelly,

Just to confirm that Susan Berresford and Alison Bernstein have agreed to host the presentation and lunch with Charles Rangel on **Monday, Jan. 29, 2007, from 12:00 – 2:30 p.m. at the Ford Foundation.**

I understand from Alison that you will be sending me a list of invitees.

Thanks,

Maureen

T: (212) 573-[redacted] F: (212) 351-[redacted]



Jackson, Sarah

From: Berresford, Susan
Sent: Thursday, November 30, 2006 6:46 AM
To: Tenny, Buzz

Hi,
Dinner last evening was good. Rangel,s aid George Ranney spoke. I had a good exchange with him. Also with the staffer who will cover philannthropy. Ranney knew we are hhaving the lunch for rangel's center.

Got an invite to be a nonresident scholar at Brookings, whatever that means. Also great meeting with Lois Rice about diversity in think tanks. Her daughter, susan rice, who spoke to the board is interested in the ff job

Have a good day. Svb



RE Update on the Rangel Center at City College
From: Williams, Thomasina
Sent: Saturday, December 02, 2006 7:28 PM
To: Bernstein, Alison
Subject: RE: Update on the Rangel Center at City College

Hi Alison,

Thanks for keeping me in the loop on this. I wonder whether the recent developments with the Democrats taking control of Congress and Congressman Rangel soon to assume the Chairmanship of the House Ways and Means Committee will result in even more funding for the Center.

Thomasina

-----Original Message-----
From: Bernstein, Alison
Sent: Monday, October 30, 2006 3:23 PM
To: Berresford, Susan
Cc: Williams, Thomasina; Anderson, Gregory; Petrovich, Janice
Subject: FW: Update on the Rangel Center at City College
Importance: High

-----Original Message-----
From: Shelly Butler [redacted]
Sent: Monday, October 30, 2006 12:22 PM
To: Bernstein, Alison
Subject: RE: Update on the Rangel Center at City College

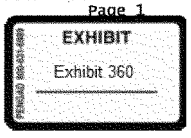
Alison,

This is tremendous news. I will work on responding to your email ASAP.
Thanks so much for all your help.
Best regards,
Shelly

Shelly Butler, Vice President
Development & Institutional Advancement
The City College of New York
160 Convent Avenue, S-154
New York, NY 10031
Tel: (212) 650-[redacted]; 650-[redacted]
Fax: (212) 650-[redacted]
Email: rbutler[redacted]

-----Original Message-----
From: Bernstein, Alison [redacted]
Sent: Monday, October 30, 2006 8:28 AM
To: rbutler[redacted]
Cc: Caruso, Maureen; gwilliams[redacted]; jim.capel@mail.house.gov; Williams, Thomasina; Petrovich, Janice
Subject: RE: Update on the Rangel Center at City College
Importance: High

Shelley- Thanks for this update. I have talked with President Berresford and we can now encourage you to submit a proposal for $1 million (over 4 years to begin when you have approval for the program) to help put in place the academic program structure for the Masters' Degree



RE Update on the Rangel Center at City College
component... I would assume that Dean Silverstein would be the project coordinator/manager? The proposal can be initiatively addressed to me, Thomasina Williams and my colleague, Dr. Janice Petrovich. Please remember that we do not provide full time support for faculty lines but can help with visiting scholars, research projects and assistants and internships for students.

Moving on to your plans for the lunch... pls provide a few dates in mid December or early January when President Williams, and Congressman Rangel can attend the lunch. Susan thinks the pitch requires both of them to be there. I'll work on Susan's calendar once I have a few dates from you. We can talk next month about the shape of the luncheon and invitees -- I will need a complete list of names and addresses from you to get the ball rolling. Best, Alison

-----Original Message-----
From: Rachelle Butler [redacted]
Sent: Friday, October 27, 2006 12:36 PM
To: Bernstein, Alison
Cc: Caruso, Maureen; gwilliams[redacted]; jim.capel@mail.house.gov
Subject: Update on the Rangel Center at City College

Hi Alison,

It was good talking to you and I appreciate the time you took to chat after your very arduous but wonderful trip east and west. I want to apprise you of what's going on with the Master's Degree component of the Charles B. Rangel Center for Public Service. Social Science Dean Brett Silverstein reports as follows:

"In CUNY, the first step for starting a new program is to write a Letter of Intent describing it and then pass it through the Social Science Curriculum Committee and the Review Committee. It then goes on to 80th Street, CUNY headquarters. (Actually the Social Science Committee, of which I am a member, meets at the Graduate Center.) Once the questions raised made by these committees are answered, the Social Science Committee asks for a complete proposal, that is, the Letter of Intent plus many details (syllabuses, CVs of instructors, estimated tuition revenue, costs etc.).

The Social Science Curriculum Committee has already received our Letter of Intent with all its accompanying information. They will be meeting within two weeks; changes will be made and the Social Science Committee will meet again within two weeks after that to give its endorsement. Finally, within two weeks after that, (early December) the Review Committee will vote on it. It will then proceed to the CUNY Board of Trustees, which will vote on a resolution we present.

I cannot guarantee it, but it is very likely that by the end of this semester or by the beginning of the spring semester, permission to expand the Letter of Intent into a full proposal will be given. In anticipation of this, we have completed most of the work needed to create the full proposal and we should be able to accept students for fall, 2007."

Brett Silverstein
Dean of Social Science

I also want to give the update on our fundraising and where we stand with the three phases we had described earlier: the seed money from Congress; foundation, corporation and individual fundraising; and



RE Update on the Rangel Center at City College
finally the completion of the project by Congressional appropriation.

As we discussed, attached please find a spreadsheet showing the current fundraising totals for the Charles B. Rangel Center, both confirmed and pending. As you see, we have made good progress since we last met. We have the seed money the Congressman promised and we are making headway in the second fundraising phase, approaching foundations, corporations, and individual donors. The Congressman has been a little busy lately, but we hope to have more of his time after November 7.

We are very pleased that the Ford Foundation will host a presentation for the Rangel Center at its headquarters. I don't have to tell you how important that is to the Rangel Center and to City College.

When we met with President Susan Berresford, she suggested that we would want to reach out to the Carnegie Foundation as they might have an interest in the Rangel Library. Also, she suggested that we include Lorie Slutsky at the New York Community Trust, whom she knows. So, of course, we would love to have them there.

In addition, if possible, we would very much appreciate Ford inviting representatives from these foundations whose missions we feel will be in accord with that of the Rangel Center:

Starr
Peter Jay Sharp Foundation
(They have given City College two grants here totaling $1.3 million)
Wallace
Sloan
MacArthur
Pew Charitable Trust
Robert Woods Johnson
William Randolph Hearst
Altman
Revson
Mellon

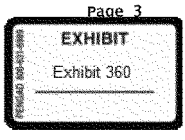
I have looked over the foundations that received the Congressman's letter (albeit a form letter), and the most important ones were the Rockefeller Foundation and the Atlantic Foundation. Again, we would love to meet with representatives of those foundations. President Williams does know the president of the Rockefeller Foundation, and perhaps if she knows that Ford is behind this project, she might attend.

Any foundation in addition to the list above that you feel should be in the room that day, please suggest to us. Also, we would be happy to include corporate foundations and corporations if you feel it would be appropriate. We have a number that we would like to include.

Regarding strategies for the presentation, as soon as we have set a date that is convenient for you and President Berresford (if possible), Congressman Rangel, and President Williams, I would like to meet with you to develop the agenda.

It would be wonderful if the establishment of our new program in public service coincided with the upcoming 2007 Centenary of City College's Harlem campus and the 160th anniversary of CCNY's creation. We remain very grateful for the Ford Foundation's interest in advancing this program and we look forward to working with you on it.

Thanks so much,
Shelly



RE Update on the Rangel Center at City College

--
Rachelle D. Butler, Vice President
Development and Institutional Advancement
The City College of New York
Shepard S-154
138th and Convent Avenue
New York, NY 10031
Tel: (212) 650-, (212) 650-
Fax: (212) 650-
Email: rbutler

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EXHIBIT
Exhibit 360



Jackson, Sarah

From: Berresford, Susan
Sent: Friday, December 22, 2006 4:34 AM
To: Tenny, Buzz; Tellado, Marta L
Subject: FW: Recap of Today's Meeting with Rangel's Staff

Attachments: image001.gif


image001.gif (18 KB)

-----Original Message-----
From: Gunderson, Steve
Sent: Fri 12/22/2006 12:46 AM
To: Flahaven, Brian
Cc: Emery, Rodney; Gallagher, Janne; Maldonado, Luis; Pembroke, Mary Dwyer; Berresford, Susan
Subject: RE: Recap of Today's Meeting with Rangel's Staff

Gang:

Great work and a great report. We might want to do a bit of investigative work to see if we could determine a bit more history reflecting the role (or lack there-of) of philanthropy in Cong. Rangel's district. I sensed in my conversations with both George and Sonja at our board dinner that they are really big on the commitment of a partnership between growing philanthropy and encouraging growth in our partnership in their communities.

I'm copying Susan Berresford on this email because we need to visit with Susan, Lori and others to get their input and participation in building a COF-NYC partnership for this effort.

Thanks and let me know what I can do to help.

Steve

From: Flahaven, Brian
Sent: Thursday, December 21, 2006 4:33 PM
To: Gunderson, Steve
Cc: Emery, Rodney; Gallagher, Janne; Maldonado, Luis; Pembroke, Mary Dwyer
Subject: Recap of Today's Meeting with Rangel's Staff

Janne and I met today with George Dalley, Chairman-Elect Rangel's Chief of Staff, and Sonja Nesbit, a member of the Democratic staff on the Ways and Means Committee. After I

gave a brief introduction to the Council and our members located in New York's 15th congressional district, Janne outlined our remaining concerns with the donor-advised fund and supporting organization reforms included in the PPA. George and Sonja offered to have Rangel weigh in with the IRS on the need to issue further guidance. They also said that fixing these issues would be a priority once they take charge.

George said that Rangel had not yet determined his charitable giving agenda, but asked what we thought would be our #1 priority in terms of increasing charitable giving. Janne mentioned the extension and expansion of the IRA charitable rollover and increasing the percentage limits on amount an individual can deduct for charitable purposes from adjusted gross income. George did raise a concern about an NPR report that quoted former Labor Secretary Robert Reich as saying that only 10% of charitable gifts each year go to poor and low-income causes. Janne noted that 10% seemed very low and thought that Secretary Reich must be assuming that all religious gifts and gifts to universities benefit the wealthy, which is not necessarily true.

Sonja mentioned that the Ways and Means Committee has hired an additional tax lawyer who will handle charitable issues for the committee. She wants to set up another meeting for us all in January that would include this new staffer. We said that we would follow up with them after the New Year and would keep them updated on our progress with the IRS.

After the meeting, Rodney and I talked about how we could help Rangel's office shape their charitable giving agenda. Rodney will discuss these ideas when he meets with you on January 8.

_____ <http://www.foundationsonthehill.org/>
<http://www.foundationsonthehill.org/> <http://int2.cof.org/conferences/ac2006/index.asp>
<http://int2.cof.org/conferences/ac2006/index.asp>
<http://int2.cof.org/conferences/ac2006/index.asp>

<http://www.foundationsonthehill.org/>

<http://www.foundationsonthehill.org/> Brian Flahaven Coordinator, Government Relations and Public Policy Council on Foundations
1828 L Street NW, Ste. 300
Washington, DC 20036
Ph: 202/467-
Fx: 202/835-
flahb

EXHIBIT
Exhibit 361

Jackson, Sarah

From: Bernstein, Alison
Sent: Tuesday, January 02, 2007 3:34 PM
To: Berresford, Susan
Cc: Caruso, Maureen
Subject: Re:

SVB- we have a poorly written letter of invitation and an incomplete list of attendees for the 1/29 lunch. I'll rewrite the letter tomorrow when I am in the office and get Garret or someone to work with me on the proposal which came in mid december so that we will have something to announce. Greg Anderson and tomasina will probably be co-RPOs. I think we also need to reserve 1m from unit reserves. AB

Alison Bernstein

This message has been sent from her Blackberry.

-----Original Message-----
From: Berresford, Susan
To: Bernstein, Alison
Sent: Tue Jan 02 10:16:05 2007
Subject:

What do we have to do re Rangel? SVB



CSOC.CBR.00012736

Lodico, Nicolette

From: Bernstein, Alison
Sent: Saturday, January 06, 2007 11:15 AM
To: Berresford, Susan
Cc: Caruso, Maureen
Subject: Foundations to invite to presentation by President Williams and Congressman Rangel at the Ford Foundation
Importance: High

SVB- this is the list Shelley Butler from CCNY sent us right before christmas. I have looked it over and think its overly ambitious, not to mention the fact that she has David Heintz, not Steven Heintz from RBF! For starters, I'd eliminate out of towners like Jonathan and Becky Rimel. Could we go over this quickly on Monday? Once we have the final list, Maureen will send out two types of invites -- an email and a formal letter. Hope that's ok. Thanks, Alison ps I don't think Trump and Morganthau ought to be there either!

Priority List of Foundations and individuals to invite to presentation by President Williams and Congressman Rangel at the Ford Foundation-

First name	Last name	Title	Foundation name	Address	City	State	Zip	Tel #	Request Status
Mr. William G.	Bowen	President	Mellon Foundation	151 East 61st St	New York	NY	10021		Not contacted yet
Ms. Florence	Davis	President	The Starr Foundation	70 Pine Street	New York	NY	10270		Not contacted yet
M. Christine	DeVita	President	Wallace Foundation	5 Penn Plaza # 7	New York	NY	10001		Not contacted yet
Mr. Jonathan F.	Fanton	President	MacArthur Foundation	140 S. Dearborn Street	Chicago	IL	60603		Not contacted yet
Ms. Lisa	Goldberg	President	Revson Foundation	55 E 59th St. # 23	New York	NY	10022		Not contacted yet
Mr. Ralph	Gomory	President	Alfred P. Sloan Foundation	630 Fifth Avenue, Suite 2550	New York	NY	10111		Not contacted yet
Dr. Vartan	Gregorian	President	Carnegie Corporation	437 Madison Avenue	New York	NY	10022		Not contacted yet
Mr. John	Healy	President	Atlantic Foundation	125 Park Avenue	New York	NY	10017		Not contacted yet
Mr. George R.	Hearst, Jr.	President	William Randolph Hearst Foundation	888 Seventh Ave # 45	New York	NY	10106		Not contacted yet
Mr. David	Heintz	President	Rockefeller Brothers Fund	437 Madison Avenue	New York	NY	10022-7001		Not contacted yet
Mr. Eugene	Isenberg	Chairman and CEO	Nabors Industries	515 West Greens Road Suite 1200	Houston	TX	77067-4525		$1M gift confirmed; $500,000 personal gift plus $500,000 match from Nabors; he or a representative will attend
Ms. Risa	Lavizzo-Mourey	President	Robert Wood Johnson Foundation	P.O. Box 2316 College Road East and Route 1	Princeton	NJ	08543		Not contacted yet
Mr. Michael	Lerner	President	Altman Foundation	521 Fifth Ave. # 35	New York	NY	10175		Not contacted yet
The Honorable Robert	Morgenthau	District Attorney, New York	Office of the District Attorney	1 Hogan Place	New York	NY	10013		Facilitated meeting with Eugene

EXHIBIT
Exhibit 363

		County							Isenberg; was Congressman Rangel's mentor
Mr. Norman	Peck	President	Peter Jay Sharp Foundation	545 Madison Ave., 11th Fl.	New York	NY	10022		Not contacted yet
Ms. Rebecca	Rimel	President	Pew Charitable Trust	2005 Market Street, Suite 1700	Philadelphia	PA	19103		Not contacted yet
Mr. David	Rockefeller		Offices of David Rockefeller	30 Rockefeller Plaza, Suite 5600	New York	NY	10112		Referred by Congressman Rangel as interested
Ms. Judith	Rodin	President	Rockefeller Foundation	420 Fifth Ave.	New York	NY	10018		Request refused
Ms. Lorie	Slutsky	President	New York Community Trust	909 Third Avenue	New York	NY	10022		Not contacted yet
Mr. Martin Mr. Ned	Sullivan Cloonan	President and CEO Vice President	American International Group	70 Pine Street	New York	NY	10270		$5 million asked – in process; may be granted in time for the meeting
Mr. Donald	Trump	Chairman	Trump Organization	725 Fifth Ave.	New York	NY	10022		Referred by Congressman Rangel
Mr. Patrick Ms. Susan	Gaston Sullivan	President Director, Strategic Planning and Partnerships	Verizon Foundation	1095 Sixth Avenue	New York	NY	10036		$500,000 request in process
Ms. Nancy	Laing	Director	Carroll and Milton Petrie Foundation	Skadden Arps Slate Meagher Flom LLP Four Times Square	New York	NY	10026		They have given CCNY $5 million+ in grants and are interested in this program.



Jackson, Sarah

From: Anderson, Gregory
Sent: Monday, January 08, 2007 10:54 AM
To: Petrovich, Janice
Subject: FW: suggestions for invitation from the Ford Foundation to the Rangel Center presentation (2)
Importance: High

Hi,

Just to keep you in the loop!!!!

Gregory M. Anderson

Ford Foundation
320 East 43rd Street,
New York, NY, 10017
Tel: 212-573-
Fax:212-573-
g.anderson

From: Bernstein, Alison
Sent: Monday, January 08, 2007 8:27 AM
To: Williams, Thomasina; Anderson, Gregory
Cc: Edwards, Michael; McClymont, Mary
Subject: FW: suggestions for invitation from the Ford Foundation to the Rangel Center presentation (2)
Importance: High

Thomasina and Greg—just to keep both of you in the loop – This luncheon is going to happen on the 29th. I hope its on your calendar, but if not, pls. put in on. SVB agreed to host this thing and I will find someone to write up the grant rec'd... give me a shout if you have any lingering concerns about this "special". AB ps – we are holding $1m in unitreserve for it so there's negative impacto n your budgets. AB pps- Mike and Mary- it would be wonderful if you could attend but there's no obligation to do so. SVB and I are doing the heavy lifting on this one!

From: Bernstein, Alison
Sent: Saturday, January 06, 2007 11:35 AM
To: Berresford, Susan
Cc: Caruso, Maureen; Bernstein, Alison
Subject: suggestions for invitation from the Ford Foundation to the Rangel Center presentation (2)
Importance: High

SVB- Here's my suggestion for the invitation for Rangel. Rachelle Butler sent a very weak draft which I have fiddled with. Please edit at will and we will get these off asap. Thanks, AB

SUGGESTED DRAFT INVITATION TO RANGEL CENTER PRESENTATION AT THE FORD FOUNDATION

Name



10/21/2009

Address
Address

Dear Name:

On Monday, January 29, from 12:00 noon to 2:00 pm, I will be hosting a luncheon presentation at the Ford Foundation focused on exciting new plans for the development of the Charles B. Rangel Center on Public Service at the City College of New York (CCNY). The presentation will be led by Congressman Rangel, and City College of New York President Gregory H. Williams. A buffet lunch will be served in a private dining room at the Foundation which is located at 320 E. 43rd Street. Immediately following lunch, we will have a brief presentation followed by discussion and Q. and A.

The development of the Rangel Center comes at a propitious time in the history of City College. CCNY is celebrating its 160th anniversary and the centenary of its Harlem campus in 2007. There is no more fitting tribute to the decades of service this institution has offered to New York City than to enable students of varying ages to prepare for careers in public service. The Rangel Center is named for one of the greatest African-American statesmen of the 20th century and the US Congressman representing the 15th Congressional District in which the College is located. Through the Rangel Center, CCNY hopes to inspire new generations of individuals from its highly diverse student body to enter and remain in government and public service.

In particular, the Center will be the home of CCNY's new Master's Degree in Public Service which will be inaugurated in the 2007-2008 academic year. This five-year BA/MA program, along with a stand-alone two-year MA program, the Mid-Career Leadership Fellows program, the Rangel Library and Archives, will all be located at the Rangel Center. In addition, the Center will offer a post-doctoral research program which will also focus on public service, with a special emphasis on the contributions, both past and future from populations currently underrepresented in government and public service.

I welcome you to join us as we explore the Rangel Center's development plans and funding needs. I have asked our Vice President for the Knowledge, Creativity and Freedom Program (KC&F), Dr. Alison Bernstein to serve as liaison for the luncheon. Her assistant, Ms. Maureen Caruso, who can be reached at 212-573- or through email at m.caruso will follow up with you regarding your availability. Please RSVP to Maureen know if you are able to attend by January 25.

I look forward to seeing you on the 29th for a presentation which promises to be lively and highly informative.

Sincerely,
Susan V. Berresford
President

EXHIBIT
Exhibit 364

Jackson, Sarah

From: Anderson, Gregory
Sent: Wednesday, January 10, 2007 12:04 PM
To: Buchanan, Constance
Subject: FW: Charles B. Rangel Center Luncheon at The Ford Foundation - January 29, 2007
Importance: High

FYI

Gregory M. Anderson

Ford Foundation
320 East 43rd Street,
New York, NY 10017
Tel: 212-573-[redacted]
Fax:212-573-[redacted]
g.anderson@fordfound.org

From: Bernstein, Alison
Sent: Wednesday, January 10, 2007 11:55 AM
To: 'jfanton@macfound.org'; 'gomory@sloan.org'; 'vg@carnegie.org'; 'jr.healy@atlanticphilanthropies.org'; 'sheintz@rbf.org'; 'rlavizz@rwjf.org'; 'rrimel@pewtrusts.org'; 'president@rockfound.org'; 'dr@mellon.org'; 'Florence.davis@starrfoundation.org'; 'cdevita@wallacefoundation.org'; 'estrellaranch2@aol.com'; 'l.goldberg@revsonfoundation.org'; 'kkalmanson@revsonfoundation.org'; 'las@nyct-cfi.org'; 'morgenthau@danny.nyc.gov'; 'martin.sullivan@aig.com'; 'rgraf@trumporg.com'; 'ned.cloonan@aig.com'
Cc: Petrovich, Janice; Williams, Thomasina; Anderson, Gregory; Gray, Verna; Caruso, Maureen
Subject: Charles B. Rangel Center Luncheon at The Ford Foundation - January 29, 2007
Importance: High

Dear Colleague:

President Susan V. Berresford has asked me to forward this invitation from her to you. I hope that you will be able to join Susan and me.

Best Wishes,

Alison R. Bernstein
Vice President, Knowledge, Creativity and Freedom Program
The Ford Foundation

On Monday, January 29th from 12:00 noon to 2:00 pm, I will be hosting a luncheon presentation at the Ford Foundation focused on exciting new plans for the development of the Charles B. Rangel Center on Public Service at the City College of New York (CCNY). The presentation will be led by Congressman Rangel, and City College of New York President Gregory H. Williams. A buffet lunch will be served in a private dining room at the Foundation which is located at 320 East 43rd Street. Immediately following lunch, we will have a brief presentation followed by discussion and Q. and A.

The development of the Rangel Center has been under discussion for more than a year now. It comes at a propitious time in the history of City College. CCNY is celebrating its 160th anniversary and the centenary of its Harlem campus in 2007. There is no more fitting tribute to the decades of service this institution has offered to New York City than to enable students of varying ages and backgrounds to

EXHIBIT
Exhibit 365

prepare for careers in public service. The Rangel Center is named for Congressman Rangel, a distinguished leader who represents the 15th Congressional District in which the College is located. Through the Rangel Center, CCNY hopes to inspire new generations of individuals from its highly diverse student body to enter and remain in government and public service.

The Center will be the home of CCNY's new Master's Degree in Public Service which will be inaugurated in the 2007-2008 academic year. This five-year BA/MA program, along with a stand-alone two-year MA program, the Mid-Career Leadership Fellows program, the Rangel Library and Archives, will all be located at the Rangel Center. In addition, the Center will offer a post-doctoral research program which will also focus on public service, with a special emphasis on the contributions, both past and future from populations currently underrepresented in government and public service.

I welcome you to join us as we explore the Rangel Center's development plans and funding needs. I have asked the Ford Foundation's Vice President for the Knowledge, Creativity and Freedom Program (KC&F), Dr. Alison Bernstein, to serve as liaison for the luncheon. Her assistant, Ms. Maureen Caruso, who can be reached at 212-573-[redacted] or through email at m.caruso@fordfound.org, will follow up with you regarding your availability. Please RSVP to Maureen, if you are able to attend by January 25.

I look forward to seeing you on Jan. 29th for a presentation which promises to be lively and highly informative.

Sincerely,

Susan V. Berresford
President



THE FORD FOUNDATION
320 EAST 43RD STREET
NEW YORK, NEW YORK 10017

OFFICE OF THE PRESIDENT

January 10, 2007

Mr. David Rockefeller
Offices of David Rockefeller
30 Rockefeller Plaza
Suite 5600
New York, NY 10112

Dear David:

On Monday, January 29th from 12:00 noon to 2:00 pm, I will be hosting a luncheon presentation at the Ford Foundation focused on exciting new plans for the development of the Charles B. Rangel Center on Public Service at the City College of New York (CCNY). The presentation will be led by Congressman Rangel, and City College of New York President Gregory H. Williams. A buffet lunch will be served in a private dining room at the Foundation which is located at 320 East 43rd Street. Immediately following lunch, we will have a brief presentation followed by discussion and Q. and A.

The development of the Rangel Center has been under discussion for more than a year now. It comes at a propitious time in the history of City College. CCNY is celebrating its 160th anniversary and the centenary of its Harlem campus in 2007. There is no more fitting tribute to the decades of service this institution has offered to New York City than to enable students of varying ages and backgrounds to prepare for careers in public service. The Rangel Center is named for Congressman Rangel, a distinguished leader who represents the 15th Congressional District in which the College is located. Through the Rangel Center, CCNY hopes to inspire new generations of individuals from its highly diverse student body to enter and remain in government and public service.

The Center will be the home of CCNY's new Master's Degree in Public Service which will be inaugurated in the 2007-2008 academic year. This five-year BA/MA program, along with a stand-alone two-year MA program, the Mid-Career Leadership Fellows program, the Rangel Library and Archives, will all be located at the Rangel Center. In addition, the Center will offer a post-doctoral research program which will also focus on public service, with a special emphasis on the contributions, both past and future from populations currently underrepresented in government and public service.



January 10, 2007

I welcome you to join us as we explore the Rangel Center's development plans and funding needs. I have asked the Ford Foundation's Vice President for the Knowledge, Creativity and Freedom Program (KC&F), Dr. Alison Bernstein, to serve as liaison for the luncheon. Her assistant, Ms. Maureen Caruso, who can be reached at 212-573-[redacted] or through email at m.caruso[redacted], will follow up with you regarding your availability. Please RSVP to Maureen, if you are able to attend by January 25.

I look forward to seeing you on Jan. 29th for a presentation which promises to be lively and highly informative.

Sincerely,

Susan V. Berresford
President



From:	Bernstein, Alison <A.Bernstein@fordfound.org>
Sent:	Wednesday, January 10, 2007 3:55 PM (GMT)
To:	jfanton@macfound.org; gomory@sloan.org; vg@carnegie.org; jr.healy@atlanticphilanthropies.org; sheintz@rbf.org; rlavizz@rwjf.org; rrimel@pewtrusts.org; president@rockfound.org; dr@mellon.org; Florence Davis <Florence.davis@starrfoundation.org>; cdevita@wallacefoundation.org; estrellaranch2@aol.com; l.goldberg@revsonfoundation.org; kkalmanson@revsonfoundation.org; las@nyct-cfi.org; morgenthau@danny.nyc.gov; martin.sullivan@aig.com; rgraf@trumporg.com; ned.cloonan@aig.com
Cc:	Petrovich, Janice <J.Petrovich@fordfound.org>; Williams, Thomasina <T.Williams@fordfound.org>; Anderson, Gregory <G.Anderson@fordfound.org>; Gray, Verna <V.Gray@fordfound.org>; Caruso, Maureen <M.Caruso@fordfound.org>
Subject:	Charles B. Rangel Center Luncheon at The Ford Foundation - January 29, 2007

Dear Colleague:

President Susan V. Berresford has asked me to forward this invitation from her to you. I hope that you will be able to join Susan and me.

Best Wishes,

Alison R. Bernstein
Vice President, Knowledge, Creativity and Freedom Program
The Ford Foundation

On Monday, January 29th from 12:00 noon to 2:00 pm, I will be hosting a luncheon presentation at the Ford Foundation focused on exciting new plans for the development of the Charles B. Rangel Center on Public Service at the City College of New York (CCNY). The presentation will be led by Congressman Rangel, and City College of New York President Gregory H. Williams. A buffet lunch will be served in a private dining room at the Foundation which is located at 320 East 43rd Street. Immediately following lunch, we will have a brief presentation followed by discussion and Q. and A.

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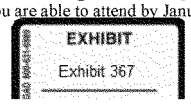

I look forward to seeing you on Jan. 29th for a presentation which promises to be lively and highly informative.

Sincerely,

Susan V. Berresford
President



Walters, Gloria

From: Berresford, Susan
Sent: Friday, January 19, 2007 7:43 AM
To: Barone, Marisa
Subject: FW: Rangel Lunch

we may have Sharon at the Rangel lunch/ SVB

From: Lorie Slutsky [redacted]
Sent: Friday, January 19, 2007 6:57 AM
To: Berresford, Susan
Subject: RE: Rangel Lunch

Thanks. Will get back to you today.

From: Berresford, Susan [redacted]
Sent: Friday, January 19, 2007 5:41 AM
To: Lorie Slutsky
Subject: RE: Rangel Lunch

OF course. I like her and admire her work. PLease let me know if this works for her. SVB

-----Original Message-----
From: Lorie Slutsky [redacted]
Sent: Thu 1/18/2007 6:45 PM
To: Berresford, Susan
Subject: Rangel Lunch

Susan:

Sharon King of the Heron Foundation heard about the Rangel lunch because they changed the date of the BoardSource meeting to accommodate my schedule and asked if she could come. I am not sure she understands the primary purpose of the lunch, but if I explain and she remains interested, do you have a seat at the table? She represents a New York foundation and she will add to the diversity. Let me know.

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Susan:

Thanks. I knew you had a board meeting in the future - so pleas do not feel obligated to deal with this issue now. And as I said in my earlier email, we need to raise the issue of the excise tax at our next public policy committee meeting (March 1) because it came in with the second highest number of requests for simplicity in our survey. So, even if we end up doing nothing we must at least discuss it.

That being said, I want to make sure before going into those discussions that I fully understand the impact of this on larger foundations with much more complicated systems of giving. I sense from my original discussions with some of the hill folks that some type of a formula might head off increased payout requirements. If we can gear the excise tax rate to the percentage payout for that year, we sort-of incentivize payouts while neither penalizing the foundation who rises to the occasion in a given year (Tsunami or Katrina), nor mandating a specific payout. This can work for the smaller foundation with straightforward annual giving patterns. I just want to make sure I understand it from a more complex process of giving, like the Ford Foundation.

No hurry on this.

Thanks.

Steve

From: Berresford, Susan [redacted]
Sent: Sunday, January 21, 2007 9:06 AM
To: Gunderson, Steve
Subject: Excise tax

Steve,

I have a board meeting this week -- wed and thurs. But as you can imagine, the whole week is take up with preparation and followup. So I offer these thoughts now.



We at the FF have always thought there were huge risks to pushing on the excise tax -- risks that others less familiar with the legislative process tend not to see. We don;t believe the tax will ever be simply eminiated. Tinkering with the tax has huge risks of generating a quid pro quo of raising the payout. With all the talk of the new donors timelimiting their foundations enlarges these risks. The flat 1% is appealing and was endorsed by the Joint Committee on Taxation. The revenue neutral option is attractive but still has the risks of the others re payout etc.

I guess it comes down to what people like Zerbe, Rangel etc say they are willing to fight for and what we believe about their determination to struggle and not fade. Do you have any measure of that? Susan



Lodico, Nicolette

From: Bernstein, Alison
Sent: Tuesday, January 23, 2007 12:57 PM
To: Caruso, Maureen
Subject: FW: Sharon KING invite to Rangel

Importance: High

MC- did you do this already? AB

-----Original Message-----
From: Berresford, Susan
Sent: Tuesday, January 23, 2007 7:01 AM
To: Bernstein, Alison
Subject: FW: Sharon KING invite to Rangel

-----Original Message-----
From: Lorie Slutsky [redacted]
Sent: Tue 1/23/2007 6:04 AM
To: Berresford, Susan
Subject: FW:Sharon KING invite to Rangel

Susan:
Could you please have someone in your office forward the invitation material to the Rangel lunch to Sharon King. Thanks.

-----Original Message-----
From: SHARON B. KING [redacted]
Sent: Monday, January 22, 2007 6:18 PM
To: Lorie Slutsky
Subject: RE: Blessings

I changed my flight to be able to make. So please ask FF to forward the info. See you on Sunday.

-----Original Message-----
From: Lorie Slutsky [redacted]
Sent: Monday, January 22, 2007 12:37 PM
To: SHARON B. KING
Subject: RE: Blessings

I believe the lunch is 12 to 2 at the Ford Foundation and we would love it if you could be there. Let me know and I will contact the FF to send the info to you.

-----Original Message-----
From: SHARON B. KING [redacted]
Sent: Monday, January 22, 2007 10:11 AM
To: Lorie Slutsky
Subject: RE: Blessings

Glad to attend if I can help -- as long as we're not creating an expectation for the Center. I am staying in DC the night before to have dinner with BoardSource board. Let me know what time because I think I may need to change my return travel reservations.

-----Original Message-----
From: Lorie Slutsky [redacted]
Sent: Friday, January 19, 2007 8:2[redacted]



To: SHARON B. KING
Subject: RE: Blessings

Sharon:
I don't think the only reason to attend is to fund the initiative; there are others already prepared to do that. I think it would be good for Rangel to get a better sense of the foundation community in NYC. Your call.

-----Original Message-----
From: SHARON B. KING [redacted]
Sent: Friday, January 19, 2007 8:15 AM
To: Lorie Slutsky
Subject: Re: Blessings

Thanks but no. This is not something heron can fund. I do appreciate the background and good luck.

----- Original Message -----
From: Lorie Slutsky <[redacted]>
To: SHARON B. KING
Sent: Fri Jan 19 06:40:47 2007
Subject: RE: Blessings

Sharon:

It would be great to have you at the Rangel lunch and I can arrange for Susan Berresford's office to send one. I just need to do a bit of full disclosure here. The lunch is at Rangel's request to talk to New York foundations about funding the new Rangel Center for Public Service being established at CCNY. The proposal has been floating around for some time and the lunch finally get set by the Congressman's scheduler. The importance of the event is two-fold: First to demonstrate to him that not all private foundations are non=responsive to him and uninterested in projects for disadvantaged kids; and second, it is a small group for lunch to get to know him better. And of course his new catbird seat certainly makes folks want to do that.

Let me know if you'd like to be included-we would be delighted to have you.

From: SHARON B. KING [redacted]
Sent: Wednesday, January 17, 2007 4:19 PM
To: Lorie Slutsky
Subject: Blessings

Hi Lorie,

God will bless you -- for your ongoing work with BoardSource. Just when you thought that it was over ...

Got the notice for the Sunday BoardSource meeting. I hadn't heard about the Rangel meeting for NY foundations. Is this one I should try to attend, is it closed, or should I do all that I can not to be invited. Just asking.



CSOC.CBR.00012644

Take care,

Sharon

Sharon B. King

President

F.B. Heron Foundation

100 Broadway

New York NY 10005

212-404-[redacted]

sking[redacted]

www.heronfdn.org

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Confidential Memorandum

To:	President Gregory Williams, Dean Brett Silverstein
From:	Shelly Butler, Lisa Silverman
Date:	January 26, 2007
Re:	Briefing – Ford Foundation Meeting with Other Foundations

MEETING LOGISTICS:

Prospects:	Susan V. Berresford, President, Ford Foundation and all other attendees (see pages 4 & 5)
CCNY Attendees:	Congressman Charles Rangel, President Gregory Williams, Vice President Shelly Butler, Dean Brett Silverstein, Rosemary Weiss, Niamo Mu'id, Lisa Silverman
Date and Time:	Monday, January 29, 2007 12-2 PM
Location:	320 E. 43rd Street, between 1st and 2nd Avenues, 11th floor dining room
Contact:	212 573- Maureen Caruso (Berresford's asst)

OBJECTIVES:

1. Interest the foundation attendees in making substantial contributions to the Charles B. Rangel Center at The City College of New York. Focus on Congressman Rangel's vision to have a more diverse population of public servants that reflects the diversity in the United States, and the unique factors at City College that makes this the place to train such future leaders.

2. Invite the foundations represented to play a key role in the development of the Rangel Center, particularly in funding the program area. The program area of the Rangel Center budget is just over $1 million per year, $23 million (endowed).

   - Only if either David Rockefeller or Donald Trump attends, discuss the opportunities to renovate the building. Otherwise focus on programming, students, internships, fellowships, etc.

   - The foundations represented do not fund building or endowments. Most of them support only specific projects. The Heron foundation may be willing to consider general support.

3. Gauge interest level and answer questions.

4. Set the stage to schedule individual meetings with each foundation afterwards.

EXHIBIT
Exhibit 371

COS.CCNY.144

CSOC.CBR.00010292

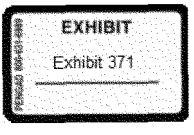
SPEAKING POINTS - RECOMMENDATIONS

Allison Bernstein, from the Ford Foundation requested that Congressman Rangel speaks for 10 minutes, followed by President Williams for 10 minutes and then a Q&A session:

1. **Congressman Rangel will introduce the Rangel Center by talking about:**
   - **Why is This Important? Vision to have the face of government and public service represent the diverse population in the United States.**
   - **Why should it be at City College?**
   - **Include personal story where relevant**

2. President Williams:
   - Two Degree Programs
     1. The Master's Program in Public Service, which will offer interdisciplinary specialization with CCNY Schools of Architecture, Engineering, Education, and Biomedical Education.
     2. Combined BA/MA Program in Public Service – fast track program with high-level coursework, experienced government personnel mentors, and hands-on training in internships and service learning.
   - Charles B. Rangel Fellows: A Mid-Career Program in Leadership and Policy Innovation, offering professional advancement training for mid-career, minority government and other public service employees of particular accomplishment and promise for a term of study ranging form eight weeks to an academic year.
   - The Rangel Center will be housed in a magnificent Harlem limestone townhouse adjacent to The City College campus.
   - The Charles B. Rangel Library – consisting of documents, archives and memorabilia from Congressman Rangel's lifetime of public service. These papers will be made available to scholars nationally and particularly to scholars within The City College and CUNY. It will serve as a focus of research and conferences concerning barriers to full participation in public service by underserved minorities.

"Why City College?"
- For 160 years, The College has provided access to a world-class education to students from underrepresented populations, preparing them to shape the world.
- City College's diverse population. Ranked number one in diversity with Hispanic-Americans as the largest group in 2006, ranked number one in diversity with African-Americans as the largest group in 2003. Four existing programs that will complement The Rangel Center
  1. The Rosenberg-Humphrey Program in Public Policy – summer internships in Washington DC and New York in government agencies, executive and Congressional offices and committees, labor unions, advocacy groups and research organizations.
  2. The International Studies Program at City College – in service learning internships in Rwanda and study abroad programs in China, Morocco, the United Kingdom and Germany.
  3. The Pre-Law Program – lecture series in law and public policy, panel discussions, colloquia, and legal internships.



3. Potential Questions and Answers (only if asked):

Q. What is the timeline for fund-raising?
A. There are two phases of the fundraising campaign for the Rangel Center. The first phase consists of cementing the public/private partnership that Congress requires for such projects as these. This includes securing commitments from individual, foundation and corporate supporters. The second phase, scheduled for 2008, consists of Congressman Rangel submitting a bill to Congress for seed money. Obviously, there will be overlap in the phases, as we will begin the second phase before the first phase is completed.

Q. Financial commitments...who, how much?
A.

$1 million from Gene Isenberg (½ indiv, ½ from Nabors Industries)
$400k from a foundation for student scholarships, internships in public service
$400k Congressional appropriation
$25k from a foundation

Pending proposals include:
$5 million for building from a corporation
$2.5 million matching grant upon receipt of corporate $5 million gift
$500k from corporate foundation

Q. What is your budget?
A. The annual program budget for the Rangel Center is just over $1 million. We are simultaneously raising funds to solidify the annual program and build the endowment.

Q. What would you like from the group of us here today?
A. We deeply appreciate Susan and her staff hosting everyone here today and that all of you joined us. Thank you for allowing us the opportunity to share with you both the vision and some of the plans for the Rangel Center. Going forward, we would like to set up one-on-one meetings with each of you to discuss areas of interest within the Center.

Q. What is the timeline for the Center?
A. The master's program will start with its first student body in Fall 2007

Q. What is the timeline for the Center construction?
A. Estimated Starting Date – Fall 2007 Build-out date - Spring 2007
Date it becomes operational - Fall 2008

Q. What are the contingency plans if construction is delayed?
A. Our plans call for an opening in fall of 2008 and the entire construction should take no more than six-nine months, which should leave ample time for extenuating circumstances.



BACKGROUND

Confirmed Attendees

	Name	Foundation	CCNY History	Interest Areas
1.	Lorie Slutsky	New York Community Trust	$250 contribution to '06 gala in honor of Sy Sternberg	• Children, Youth, and Families • Community Development and the Environment • Education, Arts, and the Humanities • Health and People with Special Needs • Almost never makes grants for endowment, building, or general operation
2.	Karen Rosa	Altman Foundation	1st meeting	• NYC • System-wide improvement • Preventive and early intervention • Self-sufficiency, high-quality services • Vulnerable populations • Does not fund bricks and mortar
3.	Susan Sullivan	Verizon Foundation	• Shelly is cultivating and solicited • Fund annual engineering scholarships	Pending $500k proposal for Rangel/CWE advancing technological training
4.	Sandy Wilson			
5.	Nancy Laing	Carroll and Milton Petrie Fdn	Have endowed past gifts to CCNY and CUNY	
6.	Sharon B. King	F.B. Heron Foundation	1st meeting	• Wealth creation strategies for low-income families • No endowments or construction • Does general support for mission related work
7.	Darren Walker	Rockefeller Foundation	President Williams met with Dr. Judith Rodin, President, Rockefeller Foundation in 2005	Global health, agricultural productivity, innovation for development, economic resilience and urban life. No endowments
8.	Robert M. Morgenthau	District Attorney – NY County	Brought Gene Isenberg to table for $1 million gift to Rangel Center	
9.	Ben Rodriguez-Cubenas	Rockefeller Brothers Fund	Niamo brings in 6-figure gifts for arch, submitted proposal last week for $150k	• Will be on sabbatical shortly • Social-change focus • Democratic practice, sustainable dvlp • Improve public schools



Ford Foundation Attendees:

1.	Susan V. Berresford	President
2.	Alison R. Bernstein	Vice President, Knowledge, Creativity and Freedom Program
3.	Marta Tellado	Vice President, Communications
4.	Janice Petrovich	Director, Knowledge, Creativity and Freedom Program - Education, Sexuality and Religion
5.	Greg Anderson	Program Officer, Knowledge, Creativity and Freedom Program, Education, Sexuality and Religion - Education and Scholarship (field of work)
6.	Thomasina Williams	Program Officer, Peace and Social Justice Program - Governance and Civil Society (field of work)

CCNY Attendees:

1. Congressman Charles B. Rangel
2. Al Beckett, Assistant to CR
3. President Gregory H. Williams
4. VP Shelly Butler
5. Dr. Brett Silverstein, Dean of Social Science
6. Rosemary Weiss, Executive Director, Development
7. Niamo Mu'id, Director of Development
8. Lisa Silverman, Managing Consultant to the Campaign for City College

Ford Foundation Background:

Assets:	Over $10 billion
Goals:	To strengthen democratic values, reduce poverty and injustice, promote international cooperation and advance human achievement
Funding areas:	Encourages initiatives by those living and working closest to where problems are located; promotes collaboration among the nonprofit, government, and business sectors; and assure participation by men and women from diverse communities. 1. Asset Building and Community Development 2. Education, Media, Arts, and Culture 3. Peace and Social Justice
History:	Started in 1936 by Henry Ford. No connection to the Ford Motor Company today.
Grants:	More than $12 billion in past grants and loans, about 40% of that abroad. Makes about $500 million in grants each year. Awarded $34.7 million to institutions of higher learning in the US in 2003.
Offices:	12 offices provide support in 35 countries. Headquarters are in New York.

Susan Berresford (from Forbes):
Susan Berresford, 63, led the Ford Foundation's recent launch of TrustAfrica, a $30 million initiative that will target violence, discrimination and economic isolation in Africa. TrustAfrica took five years to develop and is part of Berresford's efforts to help build local philanthropies around the globe. President of the renowned $11.6 billion foundation since 1996, as well as the president of its board,



Berresford oversaw last year's investment of more than $100 million in third-world countries and took the lead in 2006 to condemn academic boycotts internationally. She was ranked # 77 in the 2006 — Forbes listing of most powerful women.

Alison Bernstein



CHARLES RANGEL CENTER ON PUBLIC SERVICE

CONFIRMED ATTENDEES

NAME	FOUNDATION
1. Lorie Slutsky	President, New York Community Trust
2. Karen Rosa	Vice President and Executive Director, Altman Foundation
3. Susan Sullivan	Staff Director, Verizon Foundation
4. Nancy Laing	Director, Carroll and Milton Petrie Foundation
5. Sharon B. King	President, F.B. Heron Foundation
6. Darren Walker	Vice President, Rockefeller Foundation
7. Robert M. Morgenthau	District Attorney, New York County
8. Ben Rodriguez-Cubenas	Program Director, Rockefeller Brothers Fund
9. Sandy Wilson	Community Relations Manager, Verizon Foundation

Ford Foundation

1. Susan V. Berresford, President
2. Alison R. Bernstein, Vice President, Knowledge, Creativity and Freedom Program
3. Marta Tellado, Vice President, Communications
4. Janice Petrovich, Director, Education, Sexuality, Religion Unit
5. Greg Anderson, Program Officer, Education, Sexuality, Religion Unit
6. Thomasina Williams, Program Officer, Governance and Civil Society Unit



CCNY

1. Congressman Charles B. Rangel
2. Al Beckett – Assistant to Charles Rangel
3. President Gregory H. Williams
4. Shelly Butler – Vice President, Development & Institutional Advancement
5. Dr. Brett Silverstein, - Dean of Social Science
6. Rosemary Weiss - Executive Director
7. Niamo Mu'id – Director of Development
8. Lisa Silverman – Sr. Consultant to the Campaign



CONGRESSMAN CHARLES B. RANGEL
LUNCHEON
PRIVATE DINING ROOM A-D

EXHIBIT
Exhibit 373





FORD FOUNDATION
320 EAST 43RD STREET
NEW YORK, NEW YORK 10017
WWW.FORDFOUND.ORG

SUSAN V. BERRESFORD
PRESIDENT

January 30, 2007

The Honorable Charles B. Rangel
United States House of Representatives
163 West 125th Street, Suite #737
New York, NY 10027

Dear Congressman Rangel,

We all enjoyed being with you yesterday at the Ford Foundation and hearing plans for the Rangel Center on Public Service. As you heard, many in the room have personal ties to City College and its great history and promise. They believe the Rangel Center will help many young people find rewarding careers serving the public as you have done so effectively.

I am pleased that Ford will be an early donor to the Center and look forward to working with you on its launch.

Sincerely,

Susan V. Berresford

JAN 31 2007

OFFICE OF THE PRESIDENT: TEL. (212) 573-[redacted] · FAX. (212) 351-[redacted]

EXHIBIT
Exhibit 374

CBR 003066

CSOC.CBR.00007257

Jackson, Sarah

From: Bernstein, Alison
Sent: Tuesday, February 13, 2007 6:45 PM
To: Batten, Garret; Anderson, Gregory
Cc: Matia, Lori
Subject: RE: Rangel Center

They need a cover letter, the budget should come close to what we are now using and feel free to help them through this process. Thanks, AB

From: Batten, Garret
Sent: Tuesday, February 13, 2007 8:34 AM
To: Anderson, Gregory; Bernstein, Alison
Subject: Rangel Center

Alison and Greg -

I know this is a priority grant so please give me some guidance on how much assistance I should give them in submitting in the proper format.

City College will need to submit additional technical information and reformat a few things for the grant to proceed. For one, they don't have an official cover letter for their request.

Should I send them the vector III budget requirements? They technically don't have to fill this out because their grant was originally submitted in November, but it would probably be a good idea and they are going to have to reformat their budget anyway.

Thanks,

Garret

EXHIBIT
Exhibit 375

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
RANKING MEMBER

JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

☐ 2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–3215
TELEPHONE: (202) 225–4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

☐ 163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–3900

PLEASE RESPOND TO
OFFICE CHECKED

February 16, 2007

Ms. Susan V. Berresford
President
Ford Foundation
320 East 43rd St.
New York, NY 10017

Dear Ms. Berrefrod:

Thank you for your kind note dated January 30.

I thoroughly enjoyed sharing with you and your colleagues in philanthropy my vision for the Rangel Center on Public Service. I am so pleased you see why I believe City College is the perfect institution for the Center.

Thank you for hosting such a lovely luncheon and thank you for your continued support. Together, with teamwork and vision, we will be able to have the Center be the pillar of continuing education for future generations.

Sincerely,

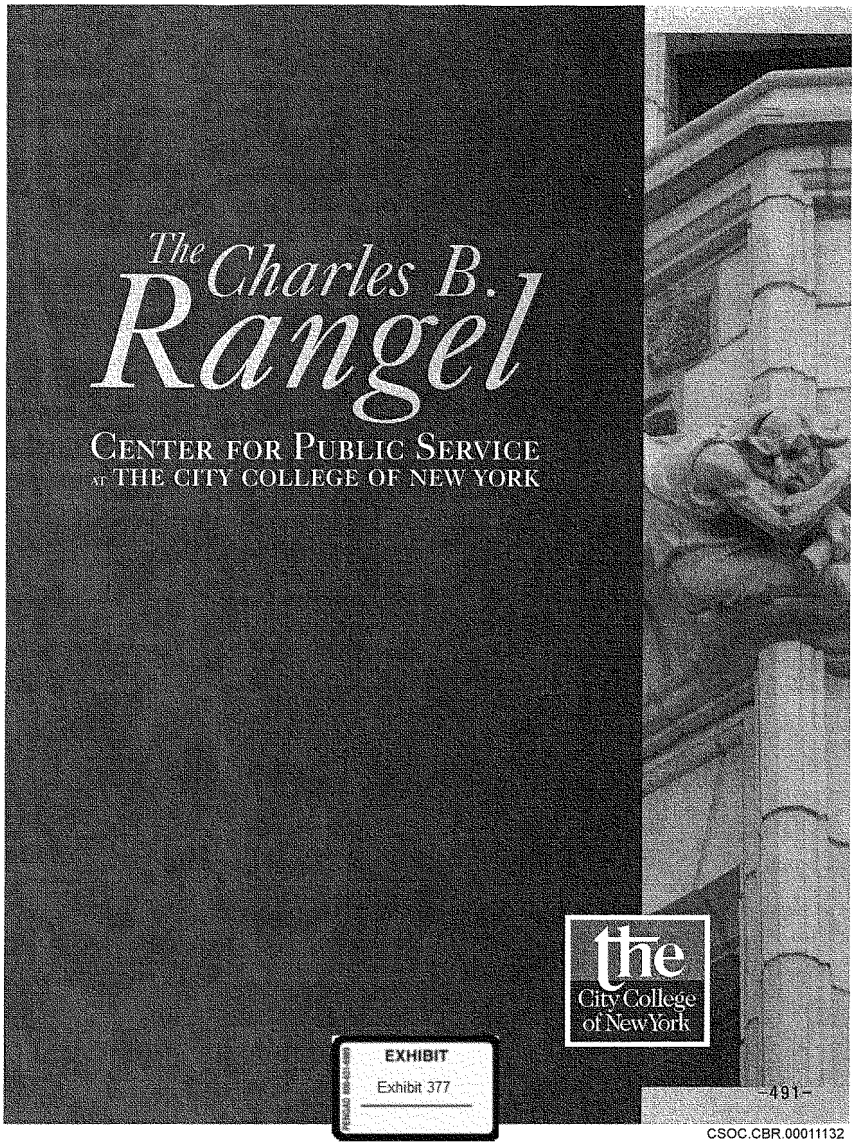
Charles B. Rangel
Member of Congress

CBR/djb

EXHIBIT
Exhibit 376

CBR 003065

CSOC.CBR.00007256



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CONGRESSMAN CHARLES B. RANGEL

Now beginning his 19th term as U.S. Congressman from New York's 15th Congressional District, Congressman Rangel has combined a dedication to the specific needs of his Harlem and Washington Heights constituency with an expansive viewpoint that has led him to leadership on a broad range of national and international issues in the House of Representatives. From Harlem to South Africa, from affordable housing to help for the unemployed, from tax legislation to international trade, his work is characterized by a fundamental commitment to equity, justice and inclusion.

The Chairman of the 2007 Congressional Committee on Ways and Means, Congressman Rangel has been a major voice for equity in the Internal Revenue Code and proposed tax legislation. As a Congressional advisor to the U.S. Trade Representative and a member of the President's Export Council, he has worked tirelessly to build consensus on international trade matters. In addition, he authored: the $5 billion Federal Empowerment Zone demonstration project to revitalize urban neighborhoods throughout America; the Low Income Housing Tax Credit, which helped finance 90% of the affordable housing built in the U.S. in the last 10 years; and the Work Opportunity Tax Credit, which has provided thousands of jobs for underprivileged young people, veterans, and ex-offenders.

As chairman of the Congressional Narcotics Abuse and Control Caucus, Congressman Rangel leads the nation's efforts to reduce the flow of drugs into the United States and to solve the nation's continuing drug abuse crisis.

He is a founding member and former chairman of the Congressional Black Caucus. He also served as chairman of the New York State Council of Black Elected Democrats and as a member of the House Judiciary Committee during the hearings on the articles of impeachment of President Richard Nixon.

Awarded the Purple Heart and Bronze Star for his service in the Korean War, Congressman Rangel has authored several pieces of legislation to benefit minority and women veterans, including a successful bill that established the Office of Minority Affairs within the Department of Veterans Affairs. In the area of foreign affairs, he played a vital role in ending the apartheid regime in South Africa and restoring the democratic government in Haiti.

EXHIBIT
Exhibit 377

CSOC.CBR.00011133

The Charles B. Rangel Center for Public Service at The City College of New York will strive to become a national center for the promotion of greater diversity in public service, consisting of five major elements:

The Charles B. Rangel Library, consisting of documents, archives, and memorabilia from Congressman Rangel's lifetime of public service. These papers will be made available to scholars nationally, and particularly to scholars within The City College and the City University, and will serve as a locus of sponsored research and conferences concerning barriers to full participation in public service by underserved minorities;

The Master's Program in Public Service, which will recruit and prepare young people for careers in government and public service. The program will include participation in internships in service organizations, arranged by the Rangel Center. It will also offer interdisciplinary specializations in concert with The City College Schools of Architecture, Engineering, Education, and Biomedical Education, plus CCNY's special programs in transportation, waste management, and urban public health;

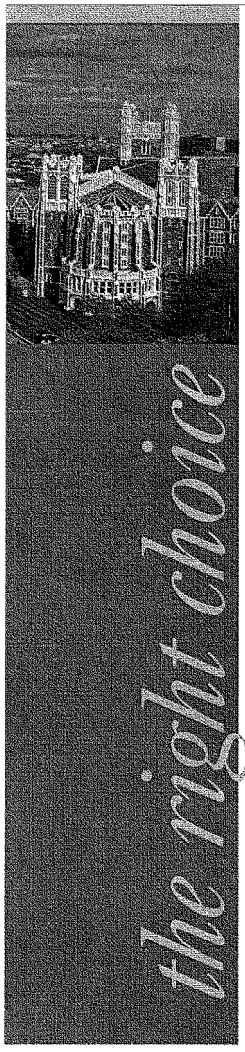
Upon completion of the degree, graduates will be eligible for programs like the Federal Career Intern Program, entering government service for a two-year temporary appointment with eligibility for a permanent assignment upon completion. These opportunities will encourage the involvement of members of underrepresented minority groups and those with financial need;

A Combined BA/MA Program in Public Service, which will work together with several undergraduate programs unique to City College that are particularly suited to draw outstanding students into public service. The BA/MA Program will attract students capable of and interested in an intensive "fast-track" program leading to the master's degree. It will prepare them for public service with high-level coursework, experienced government personnel mentors, and hands-on training in internships and service learning;

The Charles B. Rangel Center, which will be housed in a magnificent Harlem limestone townhouse adjacent to The City College campus, and include the Rangel Library, the Rangel Conference Center, and offices for visiting scholars;

The Charles B. Rangel Fellows: A Mid-Career Program in Leadership and Policy Innovation, offering professional advancement training for mid-career, minority government and other public service employees of particular accomplishment and promise for a term of study ranging from eight weeks to an academic year.

EXHIBIT
Exhibit 377



The City College of New York
The Choice for the Rangel Center

The City College of New York offers a unique and fitting environment for The Charles B. Rangel Center for Public Service. Located in Harlem, the heart of Congressman Rangel's constituency, The City College of New York was founded through a public referendum in 1847 as a free academy to serve "the children of the whole people." One of a young America's great democratic experiments, it remains one of her great democratic achievements, and the most important avenue to upward mobility and social advancement for generations of New Yorkers.

City College has provided an unsurpassed educational opportunity to hundreds of thousands of talented young men and women with few material resources and opportunities. For 160 years, The College has provided access to a world-class education to underrepresented populations, preparing them to enter those fields with the expert skills to change their own futures and shape the world. The College has been located in Harlem since 1907; the Rangel Center heralds City College's centennary on this landmarked campus.

DIVERSITY AT CITY COLLEGE

City College is one of the most truly diverse campuses in America. More than 87% of CCNY students describe themselves as members of a minority group. Following a tradition that reflects the pattern of generations of CCNY alumni whose achievements became the model for their own families, City College students are often the first in their families to go to college, and most have very limited financial resources. Approximately 58% come from families with combined incomes of $30,000 or less; three-quarters work while attending school, some at more than one job. Over half of CCNY's students attend part time, most often for financial reasons.

2.

EXHIBIT
Exhibit 377

The Charles B. Rangel Library

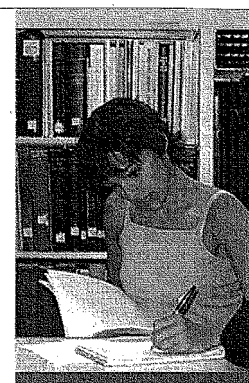
Designed to hold the product of 50 years of public service by the major African-American statesman of the 20th and early 21st centuries, the Charles B. Rangel Library at The City College of New York will rank with the Clinton and Carter Libraries in historic importance to the government and academic communities.

The Rangel Library not only tells the story of one great man, but also of a nation's progress during the last half of the 20th century and the beginning of the 21st, including papers on the Watergate and impeachment proceedings. It will trace the nature of government, the growth and development of minorities in the United States, and the contributions of underrepresented populations in government and public service. It will not be frozen in time but rather the heart of a living, growing center -- a productive environment for emerging ideas, thoughtful advocacy, and visionary projects.

Serving simultaneously as a resource for scholars, CCNY students, and the greater New York community, the Charles B. Rangel Library will encourage study of and research in the wide-ranging fields of public service prominent in Congressman Rangel's long and varied career. In particular, the Charles B. Rangel Library will inspire new generations of students from under-represented populations to enter and excel in public service. The archives will be accessible to all interested scholars, but especially those who come to study at The Rangel Center.

The Rangel archivist/librarian will organize, index, and preserve for posterity all documents, photographs, and memorabilia relating to Congressman Rangel's career. This will be a full time position, which will be held by a Rangel post-doctoral Fellow, chosen through a national search. The archivist will provide assistance to other scholars, CCNY students, and the Harlem community, while pursuing his/her own research.

The Rangel Library could include such archive categories as: foreign policy, government, the economy, community and the family, New York City and its environs, the 15th Congressional District, and race and ethnicity. Visiting scholars from other cities, states, and nations will be welcomed and integrated into the life of the Center.



the library

EXHIBIT
Exhibit 377

3.

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the programs

THE MASTER'S & BA/MA PROGRAMS IN PUBLIC SERVICE

The Rangel Center for Public Service will prepare students, particularly from underserved and underrepresented populations, for careers as leaders in public service. At the heart of that effort is a curriculum that emphasizes a combination of classroom instruction, practical training, and opportunities for vibrant co-curricular interaction with the Rangel Leadership Fellows.

The program is designed to attract students at both the graduate and undergraduate levels. For undergraduates, a unique, seamless five-year BA/MA Program in Public Service will attract current CCNY students and new students who come to City College specifically to enroll in the Rangel Program.

For graduate students, the new Master's Program in Public Service will provide the capstone of conceptual and service learning needed for a career in public service. The MA Program's distinctive combination of classroom instruction, internships and intensive interaction with mid-career professionals will attract both recent college graduates and older students who are potential leaders in public service.

Both programs will benefit from the unique resources of The College's many schools and divisions, which may provide more focused attention in one area of public service. CCNY's Schools of Architecture, Engineering, Education, and Biomedical Education, plus its special programs in transportation, waste management, and urban public health, to name only a few, will be available to Rangel Center students for interdisciplinary concentrations in content areas and technical matters.

THE BA/MA PROGRAM

An integrated BA/MA degree program provides a vehicle to recruit excellent students into the Rangel Program by assuring them a seamless transition from undergraduate to graduate degrees with practical experience along the way.

Undergraduate education at the Rangel Center is designed primarily to secure student commitment to careers in public service. To provide a foundation for the MA program, and to recruit the best students, the program will expand existing undergraduate offerings in public policy, governance and management. Students interested in public service careers from non-social science fields (such as engineering, architecture, and science and technology) will be able to enroll in courses to prepare them to pursue the MA degree, while maintaining their technical emphasis

4.

EXHIBIT
Exhibit 377

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Many excellent undergraduate students interested in issues of public policy and equity will enroll in the 150-credit, five-year CCNY BA/MA Program in Public Service. Undergraduates in this program will begin to take master's-level seminars when they reach 90 credits; by their 120th credit, they must have completed 15 credits from the MA Program, and their courses will consist entirely of master's-level courses and service internships. (In most cases, the initial MA courses will be the required core courses.)

Engineering, science and architecture students will receive credit in the BA/MA program for courses in those fields, allowing them to move directly into associated policy courses. (See category III courses listed on the following page.) For these students, courses in categories I and III will most occupy their attention once they pass the 120-credit mark.

Thus it will be possible for a non-social science student at CCNY to complete the BA/MA in roughly the same amount of time it would take a social science major. In either event, students who complete 15 credits of BA/MA work within 120 undergraduate credits will begin working completely in MA courses thereafter. Students in the BA/MA program will have at least one service learning or internship experience during the course of the program.

The final three semesters in the BA/MA program will consist of seminar classes focusing on specific political and technical issues of important public policy concerns. Seminars, many of which will include service learning, will allow students to develop particular areas of expertise, both in policy questions and related technical matters. It is also at this level that the students are expected to have the most substantial interactions with the Center's Rangel Leadership Fellows.

THE MASTER'S PROGRAM IN PUBLIC SERVICE

College graduates will enroll directly in the 45-credit MA Program in Public Service without the BA component. This program will take two years of full time study, including a minimum of one semester of intensive internship work.

The stand-alone MA program is a 45-credit program (including the internship). As with the BA/MA Program, students are expected to concentrate on core courses at the outset, reserving their seminar courses in specific areas of policy or technical concern for their second and third semesters of study.

The curriculum for the both the programs in public service at The City College is found on the following page.



5.

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curriculum

STUDENTS IN BOTH THE BA/MA & THE MA PROGRAM WILL TAKE COURSES FROM EACH OF THE FOLLOWING CATEGORIES:

CATEGORY I

Core Courses – all students
(18 credits):

Introduction to Public Policy and Policy Analysis
Organizations and Management
Public Economics and Finance
Communication in Public Settings
Poverty, Ethnicity, and Diversity
Ethics in Public Service Leadership
Best Practices Seminar

CATEGORY II

Substantive policy concerns
(four classes for 12 credits):

Racism, Public Policy and the Law
Power, Inequality, and Social Welfare Policy
Immigration Policy
United States Foreign Policy
Healthcare Policy
Transportation and Communication Policy
Pollution and Environmental Policy
International Business Economic Policy

CATEGORY III

Courses that offer instruction in content areas and technical matters that lie at the heart of key policy concerns
(four classes for 12 credits):

Experts from CCNY's Schools of Engineering, Architecture and Education, and the departments of political science, sociology, etc., will teach these courses, designed specifically for those preparing for public service careers. Selection of these courses will be made with the agreement of an advisor in order to create thematic areas of specialization, such as Urban, International, Ethnicity, and Environment.

Examples include:
Urban Public Health
Environmental Engineering
Urban Public Transportation
Sociology of Immigration
Problems in Criminology
Psychology of Prejudice and Racism
International Law
International Organizations
Urban Schools in a Diverse Society
Urban Design
Sociology of Politics and Collective Behavior
Computer Security
Solid Waste Management
People of the City of New York

CATEGORY IV

Internships (may be taken in summer)
(3 or more credits)

6.

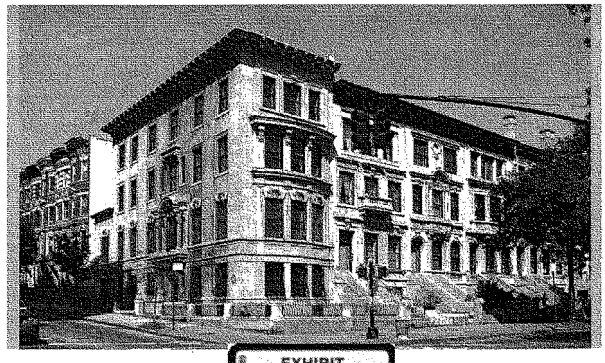
EXHIBIT
Exhibit 377

CSOC.CBR.00011139

the center

THE HOME OF THE CHARLES B. RANGEL CENTER

Originally conceived as The City College of New York's President's House and later used as the CCNY Alumni House, the limestone mansion on 141st Street and Convent Avenue harks back to City College's earliest days in the mid-1800s. A gracious four-story structure with a full below-sidewalk level and parking area, the stately townhouse features two and sometimes three tiled fireplaces on each floor, high ceilings, decorative plaster, fine woodwork throughout, and ornamental ironwork on every window and surrounding the building. It is particularly appropriate housing for The Rangel Center for Public Service as it includes space for confrences, seminar rooms, study areas, smart classrooms, reception rooms and computerized archives.



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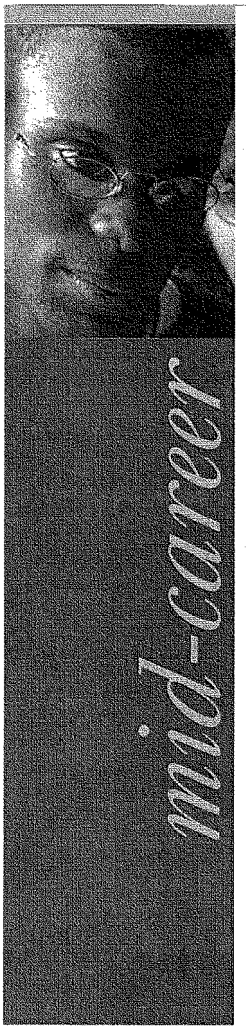


THE RANGEL LEADERSHIP FELLOWS

A Mid-Career Program in Leadership and Policy Innovation

The Center will be the home of a unique program that brings together mid-career leaders in the public sector for seminars, workshops, and fellowship for periods that range from eight weeks to an entire academic year. These outstanding public servants will receive, in essence, a sabbatical from their leadership positions and will spend their time at CCNY considering new directions for public service leadership, policy innovation, and assistance to communities in need.

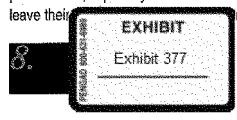
The Mid-Career Program will be targeted especially at outstanding leaders from communities underrepresented in public service. In addition to their work with one another, Rangel Leadership Fellows will be engaged in opportunities to teach and mentor Rangel participants in the BA/MA and MA Programs in Public Policy and Public Service. The mid-career participants become an essential resource for students, especially undergraduates, who are being prepared for careers in public service.

PROGRAM STRUCTURE

Recent studies suggest that the frustrations of public service lead too many government and other public sector leaders to leave these sectors early in their careers. A common complaint is that these leaders rarely have time to stop and think about where their organizations and the issues to which they are devoted are headed over the medium- and long-term. The day-to-day tasks of running organizations preclude taking the time to consider how other organizations do their work and what models exist for policy and leadership success.

In each case, a sponsoring organization will continue to provide the financial support for a Rangel Leadership Fellow. It will be considered an honor to participate and a reward for top performance, much like participation in an executive MBA program is considered in the business world, where employees are selected and sponsored by their companies.

The Rangel Center's Mid-Career Program in Leadership and Policy Innovation will permit leaders at the middle stage of their careers in the public sector, especially men and women from underrepresented groups, to leave their [illegible] place of their customary jobs,



8.

they will spend time with other leaders and members of the City College community and consider issues of leadership and public policy. The experience will provide participants with both the time to reflect and with the specialized education in specific policy areas that will contribute to their advancement within their respective institutions.

Participants will spend between eight weeks and a full academic year at the Rangel Center in individual programs of study and reflection under the mentorship of one of the Center's professors.

City College faculty will lead sessions with the Rangel Leadership Fellows about issues of public sector leadership and policy innovation. Each group of Fellows will work with a select group of Rangel students in Public Policy and Public Service on projects aimed at proposing ways of restructuring or reforming policy — or ways of delivering policy — in some issue area. These group projects provide an opportunity to involve Rangel BA/MA and MA students in the work of mid-career leaders — giving them first-hand knowledge of the potential of careers in public service.

RANGEL MID-CAREER LEADERSHIP FELLOWS

These Fellows will receive varying levels of support, depending on the workforce from which they are drawn. Almost all federal agencies already have mid-career training programs, which allow a limited number of employees to receive a one-year sabbatical and full salary for post-baccalaureate study at an institution of higher education.

The Rangel Center will reach out to human resources offices that oversee these programs in specific agencies to ensure that the Rangel Center becomes a premier destination for their employees, especially their mid-career leaders from underrepresented populations. The Rangel Center will provide each federal Rangel Leadership Fellow an individualized academic program tuition-free, and offer 10 $7,500 cost-of-living and travel packages, to ensure that mid-career employees who live outside New York City can take advantage of this important opportunity.

Each Rangel Leadership Fellow who works at the Center for at least one semester will each teach one seminar. Rangel Leadership Fellows will also participate in the Best Practices Seminar, along with guest speakers from academia, think tanks, the public sector, and community organizations. This seminar will focus on practical issues pertaining to careers in public service, including the art of building coalitions, techniques for communicating effectively to the public, lessons on making useful connections, and career issues particular to members of underrepresented populations. Finally, to maximize the e[illegible]s, students will evaluate them under the guidance of e[illegible]ip Fellows.



EXHIBIT
Exhibit 377

CSOC.CBR.00011142

March 15, 2007

Mr. Garret Batten
The Ford Foundation
320 East 43rd Street
New York, NY 10017

Dear Garret,

Attached are the revised budget and additional information requested.

Grant amount requested:	$1,000,000
Proposed grant term:	Four years @ $250k/year
Proposed start and end:	May 1, 2007-April 30, 2010

Proposal Narrative

Description of the project:

The proposed grant is to implement The City College of New York's new program in public service, leading to the Master's Degree in Public Service, and whose focal point will be the CCNY Charles B. Rangel Center for Public Service. The Center will prepare students, particularly from underserved and underrepresented populations, for careers as leaders in government and public service. The public service curriculum emphasizes a combination of classroom instruction, practical training through internships, mentoring by professionals in the field, and participation by visiting scholars. In addition, research in issues restricting full access to government and public service by underserved populations will be centered around the Rangel Archives and Library.

Proposed Activities:

Ford Foundation grant funds will be used to help provide support for:

- research fellowships in public service for doctoral and post-doctoral fellows;
- a post-doctoral fellowship for the Rangel Library;
- support for visiting scholars;
- master's level research assistantships;
- CCNY faculty fellowships for public service projects; and



- public service school-year and summer internships.

Results or Goals, both short and long-term:

The long-term goals of the project are to be a source of research to other centers and universities regarding issues related to public service participation of members of underrepresented groups and with the products of this research to encourage men and women from underrepresented populations to enter government and public service careers and seek leadership and management positions within those careers.

The short-term goals are to:

- focus research on analyses of the factors influencing achievement, political participation, and representation in government of members of underrepresented groups (African-Americans, Latino(a)s, Asian-Americans, women);
- focus research on analyses of programs, policies, and practices that are effective in increasing participation of members of these groups;
- foster interest in research in public service through undergraduate and graduate research assistantships;
- provide mentoring by current public service partners, a Visiting Scholar, and Mid-Career Rangel Fellows;
- establish effective career connections leading to job placements in government and public service upon graduation; and
- track how many graduates from underrepresented populations enter government and public service in both the short and long term.

Success Indicators:

The indicators would include:

- publications of research,
- reports put out by the center,
- presentations at scholarly conferences,
- conferences sponsored by the center,
- participation by students in all research activities, and
- symposia and colloquia sponsored by the Center.



CSOC.CBR.00011084

Grant Budget Model For Project

An annual budget of $250,000 for each of the four years details for which are included on the attached budget worksheet.

Currently, funding is as follows:

Rangel Center Fundraising

Confirmed	
Kheel Foundation Scholarships	$400,000
Transportation appropriation	$400,000
Congressional seed money	$3,000,000
Ford Foundation	$1,000,000
Private donor	$1,000,000
Rodobeck Foundatin	$25,000
Sub-Total	**$5,825,000**
Pending	
Verizon Foundation	$500,000
Corporate donor	$5,000,000
CUNY match	$2,500,000
Additional Congressional Appropriation anticipated	
Sub-Total	**$8,000,000**
Total confirmed and pending	**$13,825,000**

Proposed Payment Schedule:

Annually, with each installment paid on or before May 1st beginning May 1, 2007

Organizational Profile:

The City College of New York is the oldest and most distinguished of the City University's 23 colleges and is a mini-university itself, with separate schools of Liberal Arts and Science, Architecture, Engineering, Biomedical Education., and Education. Founded in 1847 to provide a no cost education to the children of the "whole people," it still fulfills that function today. With a comparatively low tuition, the City College remains one of the most diverse institutions in higher education in the nation, with more than 87% of CCNY students describe themselves as belonging to a minority group. Following a tradition that reflects the pattern of generations of CCNY alumni, whose achievements became the model for their own families, most City College students have very limited financial resources. Approximately 58% come from families with combined incomes of $30,000 or less; three-quarters work while attending school, some at more than one job. Over half of CCNY's students attend part time, most often for financial reasons.



The Charles B. Rangel Center at The City College of New York is being established to create opportunities for CCNY's diverse student population to achieve a graduate degree and move into government and public service at the policy- and decision-making levels. It is also providing a venue for mid-career professionals from underrepresented populations to return for a graduate degree to help advance their careers. Finally, Congressman Charles B. Rangel is gifting his papers to the Center's archives to offer scholars the prospect of research into the barriers preventing underrepresented minorities from entering government and public service.

The City College 21st Century Foundation:

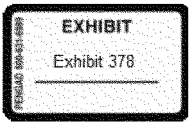
The City College 21st Century Foundation is a 501c3 public charity established in 1997 to enable City College to receive gifts to The Campaign for The City College of New York. All gifts and non-governmental grants to CCNY are now being deposited into this fiscal entity. A copy of the organization's 501c3 IRS determination letter is attached. Currently, the City College 21st Century Foundation has $75 million in assets and provides $3 million toward CCNY's annual budget of $100,000,000. The Ford Foundation's grant would represent approximately 50% of the Ford project's annual budget and .25% of the institution's budget as a whole. The URL maintained by The City College of New York is the following: www.ccny.cuny.edu.

Diversity Information:

As the mission of the Rangel Center is to advance the numbers of individuals from populations that are underrepresented in government and public service, diversity is perhaps the Rangel Center's defining issue. Not only will the undergraduate and graduate students be drawn from a student body that has been ranked by US News as one of the most diverse in the nation, but also the Rangel Center's Mid-Career Program will bring in individuals from underrepresented populations who are already in public service. In addition, diversity issues will be the primary subject of scholarly research at the Rangel Center. In order to provide role models for CCNY students, the program will invite successful government and public servants from underrepresented populations to serve as visiting scholars. In addition, the faculty and staff who will serve on the Rangel Advisory Council will also reflect this diversity.

Because the new CCNY master's degree in public service will draw upon an already diverse group of candidates, ensuring diversity or increasing diversity is a non-issue.

The 15 board members of the City College 21st Century Foundation reflect some diversity in gender, race, ethnic background and culture. While volunteer members of the Advisory Council have not yet been selected, a diverse group of faculty members for the Rangel Center Advisory Council have been recruited as below:



	Under-represented(*)		Total	
	Female	Male	Female	Male
City College 21st Century Foundation Board	0	3	2	15
Rangel Center Advisory Council/professional staff	3	1	3	1
Support staff	1	1	1	1

List Of City College 21st Century Advisory Board Members

Vivien Ranschburg Clark
President
LCU Foundation

Martin Cohen
Co-Chairman, Co-Chief Executive Officer
Cohen & Steers

Dr. Zeev Dagan
Provost
The City College of New York

Fulvio Dobrich
President and CEO
Galileo Asset Management LLC

Terrence A. Elkes, Esq.
Managing Director and Co-Owner
Apollo Partners LLC

Joseph Flom, Esq.
Skadden, Arps, Slate, Meagher, & Flom LLP

Mr. Joseph L. Forstadt
Partner, Stroock & Stroock & Lavan

Mr. Stanley H. Kaplan
Rita J. and Stanley H. Kaplan Family Foundation.

Barbara Kent

William J. Lippman
President
Franklin Advisory Services, LLC

Howard Palefsky
Montreux Equity Partners



Stanford A. Roman, Jr., M.D.
Dean
The Sophie Davis School of Biomedical Education
at The City College of New York

Mr. William Ruder
President
William Ruder Inc.

Mr. Jack Rudin
Rudin Management

Mr. Frank Sciame, Jr.
President
F.J. Sciame Construction Co., Inc.

Judge Frank Torres
Retired, NYS Supreme Court

Mr. Josh S. Weston
Honorary Chairman
Automatic Data Processing Inc.

Dr. Gregory H. Williams
President
The City College of New York

Charles B. Rangel Center Advisory Council

Name	Department	Specialty
Maria Binz Scharf	Economics	Information Communication between Policymakers
Marina Fernando	Intl Studies	Oversees Rangel Foreign Relations
Ramona Hernandez	Dominican Studies Institute	Research on Dominicans in New York
Lily Hoffman	Sociology	Directors Rosenberg-Humphrey Internship Program/ Urbanization and Public Policy Fellowships in the Harlem Community
Andy Rich	Political Science	Acting Director, Colin Powell Center for Public Policy/Think Tanks and Public Intellectuals
R. L'Heureux	Sociology	Achievement of African Americans in Sociology & Public Policy
Leslie Paik	Sociology	Decision Making in the Criminal Justice System
John Krinsky	Political Science	The Welfare System

Key Contact Information for the Organization:

Gregory H. Williams, President
The City College of New York
160 Convent Avenue, A-300
New York, NY 10031
Telephone: 212-650-



Fax: 212-650-
Email: gwilliams

Gregory H. Williams

President

Gregory H. Williams is the 11th president of The City College of New York, the flagship college of The City University of New York and one of the oldest public universities in the United States, established in1847. City College includes among its graduates nine Nobel Prize winners, former Secretary of State Colin Powell, Dr. Jonas Salk, and the founder of Intel, Andy Grove.

Since his arrival in August of 2001, President Williams' leadership has brought the College increased national recognition. In a single year, the College increased its enrollment by 15% - including an increase in new freshman, under new, more rigorous admissions standards, of 40%. These numbers add to a student body that, according to *US News and World Reports*, is tied for second as the most diverse college campus in the nation, at the same time that it produced a 2005 Rhodes Scholar, and includes the 2005 Intel Science Prize winner.

In addition, The City College moved from the third to the second tier among its peer institutions in the *U.S. News and World Reports*' 2003 issue of "America's Best Colleges," and ranks solidly in the first tier on such factors as academic reputation, faculty, and student selectivity. Under his leadership, the State of New York is investing more than a quarter of a billion dollars in new science facilities and a new home for the CCNY School of Architecture. President Williams is leading the first capital campaign in the College's history, and has already raised more than $160,000,000.

Dr. Williams has five earned degrees, including the J.D. and a Ph.D. from George Washington University, and he is the holder of three honorary doctorates. He has been a university administrator for over thirty years, holding a wide variety of posts at The George Washington University, The University of Iowa, and The Ohio State University. Immediately prior to assuming the presidency of The City College of New York, Dr. Williams served as Dean of the Law School and Carter C. Kissell Professor of Law, The Ohio State University. Early in his career Dr. Williams was a Deputy Sheriff, and later worked as an aide to a United States Senator.

Dr. Williams has published three books and a number of articles and book reviews for *The New York Times, The Los Angeles Times*, and The *Washington Post*. He is best known for his award-winning and best selling memoir, *Life on the Color Line: The True Story of a White Boy Who Discovered He Was Black*. As a result of his autobiography he has been featured on a number of national programs, including *Oprah, Dateline NBC with Tom Brokaw, Larry King Live, ABC's Nightline with Ted Koppel* and Fresh Air with Terri Gross of National Public Radio. In 1995, Life on the Color Line was selected as Book of the Year by the Los Angeles Times. In 1996 the Gustavus Myers Center for the Study of Human Rights in North America named *Life on the Color Line* an "Outstanding Book on the Subject of Human Rights," and it is often required reading for many entering students at the nation's colleges and universities.

EXHIBIT
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CSOC.CBR.00011089

In 2004 Dr. Williams received the "Governor's Tribute to African-American Leaders of Excellence in State Service" from Governor George Pataki for his significant contributions to the people of New York. In 1999 he was named the first recipient of the National Bar Association's A. Leon Higginbotham, Jr. Award for Outstanding Contributions to the Preservation of Human and Civil Rights. Also in 1999 he was selected as "Dean of the Year" by the National Association of Public Interest Law. In 2006, he received the Austrian Cross of Honor in Science and Art, First Class.

President William Jefferson Clinton invited Dr. Williams to the White House in 1998 as part of his "Call to Action" to promote pro bono work and diversity in the legal profession. The Chair of the Commission on Human Resources and Social Change of the National Association of State Universities and Land-Grant Colleges. He is a past President of the Association of American Law Schools.

Staff member who will direct project activities:

Dr. Brett Silverstein
Dean, Division of Social Science
Director, Charles B. Rangel Center for Public Service
The City College of New York
160 Convent Avenue, NA 6/141
New York, NY 10031
Telephone: 212-650-
Fax: 212-650-
Email: bsilverstein

Brett Silverstein

Dean

Office: Office of the Dean
Division of Social Science
City College of New York
New York, NY 10031
212-650-

Educational Background

Ph. D. Social Psychology, Columbia University, 1976
B. A. Psychology, SUNY at Stony Brook, 1971
Trainee, S.S.R.C. Summer Training Institute in Neurobiology and Addiction, U.C. Irvine, 1977
Trainee, S.S.R.C. Summer Training Institute in Psychophysiology for Social Scientists, Harvard University, 1972

Professional Experience:

Dean, Division of Social Science, City College of New York, 8/04-present
Chair, Psychology Department, City College of New York, 7/98-7/04
Professor, City College of New York, 2/97-Present
Associate Professor, City College of New York, 9/85-2/97
Visiting Professor, Hobart & William Smith Colleges, 7/84-6/85
Assistant Professor, SUNY at Stony Brook, 9/77-7/84
Instructor, Princeton University, 9/75-6/77
Assistant Director, Russell Sage Foundation project evaluating New York City Department of Sanitation, 8/75-9/76



CSOC.CBR.00011090

Professional Honors

Winner of Psychologists for Social Responsibility Award for Outstanding Contribution to Psychological Research on Peace, 1989
Selected as Psychology Department Teacher of the Year, SUNY at Stony Brook, 1981-82, 1982-83
Cited as outstanding teacher *Village Voice*, 1980
Cited as popular teacher *Newsday*, 1983

Publications

Books

Silverstein, B. & Perlick, D. (1995). *The Cost of Competence.* New York: Oxford University Press
Silverstein, B. (1984). *Fed Up.* Boston: South End Press.

Journal Articles

Silverstein, B., Cohen, P. & Kasen, S. (2006). Should additional symptoms be added to criteria for Atypical depression? *Psychiatry Research, 144,* 87-89.

Angst, J., Gamma, A., Benazzi, F., Silverstein, B., Aldacic-Gross, V., Eich, D. & Rossler, W. (2006). Atypical depressive syndromes in varying definitions. *European Archives of Psychiatry and Clinical Neuroscience, 256*(1), 44-54.

Silverstein, B. (2002). Gender difference in the prevalence of somatic versus pure depression: A replication. *American Journal of Psychiatry. 159*(6) 1051-1052

Silverstein, B. (1999). Gender difference in the prevalence of clinical depression: the role played by depression associated with somatic symptoms. *American Journal of Psychiatry, 156,* 480-482.

Silverstein, B. & Lynch, A.D. (1998). Gender and depression : The role played by paternal attitudes of male superiority and maternal modeling of gender-related limitations. *Sex Roles, 38,* 539-555.

Silverstein, B., Clauson, J., Perdue, L., Carpman, S. & Cimarollli, V. 1998). The association between female college students' reports of depression and their perceptions of parental attitudes regarding gender. *Journal of Applied Social Psychology, 28,* 537-549.

Silverstein, B. & Blumenthal, E. (1997). Depression mixed with anxiety, somatization, and disordered eating: Relationship with gender-role-related limitations experienced by females. *Sex Roles, 36,* 709-724.

Silverstein, B., Caceres, J., Perdue, L. & Cimarolli, V. (1995). Gender differences in depressive symptomatology: The role played by "anxious somatic depression" associated with gender-related achievement concerns. *Sex* Roles, 33, 621-636.

Silverstein, B., Clauson, J., McKoy, E. & Raban, J. (1995). The correlation between depression and headache: The role played by generational changes in female achievement. *Journal of Applied Social Psychology, 25,* 35-48.

Silverstein, B., Perlick, D., Clauson, J. & McKoy, E. (1993). Depression combined with



CSOC.CBR.00011091

somatic symptomatology among adolescent females who report concerns regarding maternal achievement. *Sex Roles, 28,* 637-653.

Perlick, D., Mattis, S., Stastnhy, P. & Silverstein, B. (1992). Negative symptoms are related to both frontal and nonfrontal neuropsychological measures in chronic schizophrenia. *Archives of General Psychiatry, 47,* 245-246.

Perlick, D., Mattis, S., Stastnhy, P. & Silverstein, B. (1991). Neuropsychological and clinical correlates of gender in schizophrenia. *The Clinical Neuropsychologist, 5,* 281.

Silverstein, B. & Perlick, D. (1991). Gender differences in depression: Historical changes. *Acta Psychiatrica Scandinavica, 84,* 327-331.

Silverstein, B., Carpman, S., Perlick, D. & Perdue, L. (1990). Nontraditional sex role aspirations, gender identity conflict, and disordered eating among college women. *Sex Roles, 11/12,* 687-695.

Silverstein, B. (1989). Enemy images: The psychology of U.S. attitudes and cognitions regarding the Soviet Union. *American Psychologist, 6,* 903-913.

Silverstein, B. & Flamenbaum, C. (1989). Biases in the perception and cognition of the actions of enemies. *Journal of Social Issues, 45*(2), 51-72.

Holt, R. & Silverstein, B. (1989). Research on enemy images: Introduction and overview. *Journal of Social Issues, 45*(2), 1-11.

Silverstein, B. & Holt, R. (1989). Research on enemy images: Present status and future prospects. *Journal of Social Issues, 45*(2), 159-175.

Silverstein, B., Perdue, L, Wolf, C. & Pizzolo, C. (1988). Bingeing, purging and estimates of parental attitudes regarding female achievement. *Sex Roles, 11/12,* 723-733.

Silverstein, B. & Perdue, L. (1988). The relationship between role concerns, preferences for slimness and symptoms of eating problems among college women. *Sex Roles, 18*(1/2), 101-106.

Silverstein, B. (1987). Toward a science of propaganda. *Political Psychology, 8*(1), 49-59.

Silverstein, B., Perdue, L., Peterson, B. & Kelly, e. (1986). The role of the mass media in promoting a thin standard of attractiveness for women. *Sex Roles, 14*(9/10), 519-532.

Silverstein, B., Peterson, B. & Perdue, L. (1986). Some correlates of the thin standard of attractiveness for women. *International Journal of Eating Disorders, 5*(5), 895-905.

Silverstein, B., Perdue, L., Peterson, B., Vogel, L. & Fantini, D.A. (1986). Possible causes of the thin standard of attractiveness for women. *International Journal of Eating Disorders, 5*(5), 895-905.

Silverstein, B. (1984). Figures don't lie if liars don't figure: Statistical propaganda and the nuclear arms race. *Science for the People, 16*(12), 12.

Silverstein, B., Kelly, E., Swan, J. & Kozlowski, L.T. (1982). Physiological predisposition toward becoming a cigarette smoker: Experimental evidence for a sex difference. *Addictive Behaviors, 7,* 83-86.



Silverstein, B. (1982). Cigarette smoking, nicotine addiction, and relaxation. *Journal of Personality and Social Psychology, 42,* 946-950.

Silverstein, B. (1982). Teaching a large lecture course in psychology: Turning defeat into victory. *Teaching of Psychology, 9*(3), 150-155.

Silverstein, B., Feld, S. & Kozlowski, L.T. (1980). The availability of low-nicotine cigarettes as a cause of cigarette smoking among teenage females. *Journal of Health and Social Behavior, 21,*383-388.

Schachter, S., Kozlowski, L.T. & Silverstein, B. (1977). Effects of urinary pH on cigarette smoking. *Journal of Experimental Psychology: General, 106*(1), 13-19.

Silverstein, B., Kozlowski, L.T. & Schachter, S. (1977). Social life, cigarette smoking, and urinary pH. *Journal of Experimental Psychology: General, 106*(1), 20-23.

Schachter, S., Silverstein, B., Kozlowski, L.T., Herman, C.P. & Liebling, B. (1977). Effects of stress on cigarette smoking and urinary pH24-30.

Schachter, S., Silverstein, B. & Perlick, D. (1977). Psychological and pharmacological explanations of smoking under stress. . *Journal of Experimental Psychology: General, 106*(1), 31-40.

Book Chapters

Perlick, D. & Silverstein, B. (1993). Faces of female discontent. In P. Fallon, M. Katzman & S. Wooley (eds.) *Feminist perspectives on eating disorders.* New York: Guilford, 77-93.

Silverstein, B. (1992). The psychology of enemy images. In S. Staub & P. Green (eds.) *Psychology and social responsibility: Facing global challenges.* New York: New York University Press.

Silverstein, B. (1986). Teaching a large lecture course in psychology. In R.S. Daniel, L. Benjamin & C. Brewer (eds.) *Teaching introductory psychology.* New York: Erlbaum.

Silverstein, B. & Lynch, A.D. (2002) Gender differences in depression: The role played by paternal attitudes of male superiority and *maternal* modeling of gender-related In A.E. Hunter & C. Forden (es.) *Readings in the psychology of gender: Exploring our differences and commonalities.* Needham Heights, MA: Allyn & Bacon

Comments and Book Reviews

Silverstein, B. (1996). Why we need enemies. *Contemporary Psychology.*

Silverstein, B. (1995). To be (objective) or not to be. *American Psychologist, 50,* 50-51.

Silverstein, B. (1979). Sick humor. *Contemporary Psychology, 24,* 869-870.

Silverstein, B. (1977). Food for thought. *Contemporary Psychology, 22,* 287-288.



Current Scholarly and/or Research Activities

Reviewed manuscripts for following journals:

Psychiatry Research
Journal of Personality and Social Psychology
Contemporary Psychology
European Journal of Health Psychology
Sex Roles
Psychology of Women Quarterly
Journal of Social and Clinical Psychology
Journal of Applied Social Psychology
Basic and Applied Social Psychology
Personality and Social Psychology Bulletin

Currently doing research on the relationship between gender roles, depression, disordered eating, and other aspects of health and mental health.

Administrative officer who will administer grant funds:

Rachelle Butler, Vice President
Office of Development and
Institutional Advancement
The City College of New York
160 Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650-
212-650-
Fax: 212-650-
Email: rbutler

Rachelle Butler

Summary of Qualifications

More than 20 years of experience in not-for-profit and for-profit environments, with an emphasis on strong interpersonal, managerial and communications skills. Fifteen years in development, with leadership experience in capital campaigns, planned giving and major gifts.

Professional Experience

1/03-present **Vice President for Development & Institutional Advancement**
The City College of New York

- Working with the president, helped direct capital campaign, including increasing overall total from $45 million upon arrival to current total of $186 million;
- Assisted with a $26 million gift, largest ever to the college; raised largest corporate gift in CUNY of $10 million; first foundation gift of $3.6M, and many gifts over $1 million;
- Supervised full time staff of eight plus campaign consultant, four part time staff
- Integrated and focused all development and advancement functions;
- Trained and directed major gifts officers; they now each raise $1 million+ per year;
- Instituted annual fundraising gala grossing $1million+ for the president;

EXHIBIT
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CSOC.CBR.00011094

- Professionalized scholarship and stewardship administration procedures;
- Increased foundation and corporation gifts into $1M+ range;
- Produced capital campaign case statement, upgraded office publications, proposals, and development PR materials to have distinctive brand and quality look;
- Instituted and produced many high quality cultivation and donor recognition events;
- Introduced first planned giving donor recognition society at CCNY;
- Upgraded Raiser's Edge database system and trained all staff;
- Worked closely with other development and alumni groups on campus and with CUNY;
- Worked closely with other vice presidents, deans, and chairs;
- Helped develop President's advisory board.

5/92-12/02: **Columbia University School Of Social Work**
Assistant Dean and Director, Development & Alumni Relations
Acting Director
Associate Director

- Worked with the dean on capital campaign to successfully raise $50 million;
- Personally raised $6M+ in individual gifts and pledges, including $3M for CUSSW's new building;
- Raised annuities, trusts and pooled income funds, including several at the $1 million+ level; plus bequests totaling $5 million;
- Wrote successful foundation and corporation grant proposals for $1M+, including 2nd Kresge Foundation grant awarded to Columbia University;
- Developed grass-roots scholarships for minority students with alumni committees;
- Introduced one of Columbia's first secure online giving sites on alumni Web site;
- Served as editor-in-chief and writer of *Alumni Newsletter* for 14,000 alumni;
- Worked with dean to develop long-term strategic plan for capital campaign;
- Planned and supervised fund-raising receptions, auctions and theater benefits;
- Planned and supervised donor recognition and cultivation events;
- Worked closely with dean's Advisory Council and Alumni Association leadership;
- Developed and supervised regional events, programs and services
- Planned and supervised implementation of programs and services for 14,000 alumni;
- Planned and implemented CUSSW alumni response to Sept. 11 tragedy;
- Worked with University Office of Public Affairs to increase school's prominence;
- Directed office of seven permanent and four rotating staffers in dual role of development and alumni relations; directed volunteer staff of 20 committees;
- Customized University alumni and development database for school use;
- Co-directed CUSSW Centennial Celebration for more than 900 participants;
- Produced all Centennial exhibits for Columbia University libraries and all publications;
- Directed Annual Fund: Solicited donors, designed mailing, telemarketing campaigns;
- Designed, implemented and supervised new gift processing procedures.

1980-1992: **Rory Butler Systems, Inc.**
Vice President

- Corresponded and interacted extensively with clients, government agencies and the public;
- Maintained records for all tax filings, employee payroll, accounts payable and receivable;
- Administered employee pension and medical plans;
- Evaluated potential consultants, developed resumes;
- Wrote informational materials for clients.



CSOC.CBR.00011095

1978-1980: Mendik Realty, Inc.
Commercial property manager

- Organized and supervised engineering and maintenance staff of more than 80;
- Worked closely with all tenants to ensure tenant satisfaction;
- Managed new building renovation and maintained building security;
- Monitored all ongoing facilities contracts.

Education

- Certificate, Computer Studies. Columbia University.
- MA, Music. Columbia University.
- BA, With Honors, French and English. UCLA.

Primary liaisons responsible for submission of narrative and financial reports to the Ford Foundation:
Dean Brett Silverstein and Vice President Rachelle Butler (see above).

Financial information for submitting grant payment information:
All checks should be made payable to: The City College 21st Century Foundation and the memo should state: Charles B. Rangel Center.



CSOC.CBR.00011096

Electronic Banking Information

DELIVERY INSTRUCTIONS (primarily for wiring gifts of stock)

IMPORTANT: Please notify us in advance of delivery of stock and include name of stock, number of shares, name of broker, and date of transfer. Please also let us know if the donation should be directed toward a specific scholarship or fund. Please notify me by phone at (212) 650- ; by fax at (212) 650- by email at: rbutler or by mail at the following address:

Mailing Address/Physical delivery:	Rachelle Butler, Vice President Development & Institutional Advancement The City College of New York 138th Street and Convent Avenue, S-154 New York, NY 10031
Tax I.D. #	
DTC Delivery Instructions:	#0571 (Oppenheimer & Co. Inc.)*
NSCC Delivery Instructions:	#0571*
Euroclear Delivery Instructions:	#90051*
Fed. Book Entry: (Tints, Bills, Notes, FNMA): GNMA & All Wireable Securities:	BKNYC/Oppenheimer ABA# A/C: (free delivery)
Money Wire Instructions: Money only, not ACH or Social Security payments)	JP Morgan Chase Bank ABA Oppenheimer & Co. Inc. A/C For Further Credit To: *
Foreign Securities:*	1. Merrill Lynch/Oppenheimer A/C 2. Arnold Bleischroeder/Oppenheimer 3. Bank of New York/Oppenheimer

*Please include Oppenheimer internal account information for proper credit:

Account Name:	City College 21st Century Foundation, Inc.
Specific Fund Name if Known:	*(to be provided by the donor)*
Account Number:	

EXHIBIT
Exhibit 378

CSOC.CBR.00011097

Project Leadership

Dean Brett Silverstein (see CV above), Director
and the
Charles B. Rangel Center Advisory Council:

Name	Department	Specialty
Maria Binz Scharf	Economics	Information Communication between Policymakers
Marina Fernando	Intl Studies	Oversees Rangel Foreign Relations
Ramona Hernandez	Dominican Studies Institute	Research on Dominicans in New York
Lily Hoffman	Sociology	Directors Rosenberg-Humphrey Internship Program/ Urbanization and Public Policy Fellowships in the Harlem Community
Andy Rich	Political Science	Acting Director, Colin Powell Center for Public Policy/Think Tanks and Public Intellectuals
R. L'Heureux	Sociology	Achievement of African Americans in Sociology & Public Policy
Leslie Paik	Sociology	Decision Making in the Criminal Justice System
John Krinsky	Political Science	The Welfare System

EXHIBIT
Exhibit 378

CSOC.CBR.00011098

Proposed Grant Budget (Required)

This is a protected worksheet. Complete only those sections that are shaded. See additional instructions below indicated by corresponding numbers.

Organization: [1] The City College of New York

Total Annual Budget for Organization: [5] $ 100,000,000

Proposed Grant Term: [2] Four Years

Grant as a percentage of annual operational budget: 0.25%

Proposed Start Date: [3] 5/1/2007 to 4/30/2011

Requested Grant Amount: [4] $ 1,000,000 (in US$)

Budget Category [6]	Total Project Budget [7]	Support From Other Sources [8]	Requested Grant Budget [9]	Estimated Expenditures [10] #VALUE! 1	#VALUE! 2	#VALUE! 3	#VALUE! 4	#VALUE! 5
Fellowships	$ 1,000,000	$ 640,000	$ 360,000					
ng Scholar	$ 600,000	$ 300,000	$ 300,000					
tantships and Internships	$ 1,140,000	$ 800,000	$ 340,000					
staff and OTPS	$ 1,321,680	$ 1,321,680	$ 0					
Totals	$ 4,061,680	$ 3,061,680	$ 1,000,000	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!

PENGAD 800-631-6989
EXHIBIT
Exhibit 378

Project Grants
The line-by-line budget should
Salaries and Benefits,
(Please note we may also

General or Core Support Grants
The budget should contain only
(Please note that we may also

This budget has been reviewed and approved by the following individual responsible for financial reporting:

Name and Title: [11] Dean Brett Silverstein

E-mail Address: [12] silverstein

Phone Number: [13] (212) 650-

Lodico, Nicolette

From: Batten, Garret
Sent: Wednesday, March 21, 2007 12:38 PM
To: Anderson, Gregory
Subject: rangel delays

Dear Greg,

There are several reasons for the delay with the grant for the Rangel Center. They all relate to the difficulty that City College's Development Office had in submitting a full and complete grant proposal. In order to get the grant proposal finished, I had to offer them assistance that is not normally extended to grantees and the foundation accepted a proposal that can only be characterized as weak (confirmed by more than one P.O.).

1) Their initial document did not meet most of the requirements for a grant proposal. In addition to being material weak, it lacked a cover letter, c.v.s, board information, diversity information, and information about what entity would actually receive the funds.

2) On 2/13, I contacted Shelly Butler, VP for Development & Institutional Advancement at City College, and explained that their initial submission would need to be revised to comply with foundation guidelines.

A revised proposal was not submitted by City College until 2/26.

3) Upon review of their 2/26 submission, it was discovered that they had still failed to follow the proposal checklist which had been supplied on 2/13. Their proposal again lacked a cover letter, c.v.s, board information, a proper diversity table and other required information.

4) In addition, the 2/26 submission was more of an addendum to their initial proposal than a complete proposal. They made no attempt to integrate the two (this is something that was overlooked in order to get the grant made).

The required information was finally received on 3/19.

Best,

Garret

Garret Batten
Research Associate
Knowledge, Creativity and Freedom Program
The Ford Foundation
Phone (212) 573-
Fax (212) 573-



THE FORD FOUNDATION
Inter-Office Memorandum

To: See distribution below **Date:** March 30, 2007

From: Elaine Kranich

Subject: **Approved Out of Meeting Grant – Request # 104845**

Susan Berresford approved the action listed below on March 29, 2007:

KC&F (Education, Sexuality, Religion)/PSJ (Governance and Civil Society) grant out of appropriation for $1,00,000 to **The City College 21st Century Foundation, Inc.** for support for undergraduate internships, research fellowships, and visiting scholars at The Charles B. Rangel Center of Public Service at The City College of New York. (Four years beginning May 1, 2007.)

Attachment

Distribution:

Gregory Anderson - 4
Carl Anthony – 6
Alison Bernstein – 10
Susan Berresford – 10
Deborah Bloom – 3
David Chiel – 10
Roscoe Davis – 9
Frank DeGiovanni – 6
Michael Edwards – 5
Pablo Farias – 10
Nicholas Gabriel – 8
Jacob Gayle – 10
Susan Hairston – 3
Sandra Harris – 1
Monica Hillard - 4
Lisa Jordan – 5
Jan Jaffe - 4
Lorna Lewis *(2 copies)* - 8
Kenneth Monteiro - 3
Sonali Mukerjee - 3
Janice Petrovich - 4
Kyle Reis - 3
Sara Rios - 5
Suzanne Siskel - 6
Linda Strumpf - 9
Bruce Stuckey - 2
Marta Tellado - 10
Carmen Vazquez - 3
Margaret Wilkerson - 4
Thomasina Williams - 5
Archives - B
Grants Processing - 8
(w/Official Copy of RGA)

EXHIBIT
Exhibit 380

CSOC.CBR.00011003

RECOMMENDATION FOR PRESIDENTIAL-APPROVAL ORGANIZATIONAL GRANT

TO:	Susan V. Berresford
VIA:	Barron M. Tenny
FROM:	Janice Petrovich / Michael A. Edwards
PROGRAM:	KC & F / Education, Sexuality, Religion PSJ / Governance and Civil Society
RESPONSIBLE PROGRAM OFFICER:	Gregory Anderson / Thomasina Williams
	Approval Date:
GRANTS ADMINISTRATOR:	Monica Hilliard
	Request No.: 0104845
GRANTEE:	The City College 21st Century Foundation Inc
	Grant No.: NEW
	(40750) (NEW YORK, NY)
AMOUNT:	$1,000,000
TERM:	Four years beginning May 1, 2007
DESCRIPTION:	For support for undergraduate internships, research fellowships, and visiting scholars at The Charles B. Rangel Center of Public Service at The City College of New York
SOURCE OF FUNDS:	$1,000,000 from Appropriation 620 (Unit Reserve)
RESPONSIBLE COST CENTER:	(431) Education, Sexuality, Religion (422) Governance and Civil Society
FIELD:	(604) Education and Scholarship (KC & F) (722) Governance (PSJ)
INITIATIVES:	Opportunity Democracy and Diversity
GEOGRAPHIC AREA OF CONCERN:	(520) United States
TAX STATUS:	501(c)(3)
TAX CLASSIFICATION:	Publicly Supported - Section 509(a)(1)
ESTIMATED PAYMENT SCHEDULE:	4 Annual Installments from May 1, 2007



Grantee: The City College 21st Century Foundation; **Amount:** $1,000,000; **RPO:** Gregory Anderson

Grant Activities

Following the Civil Rights Movement and the introduction of affirmative action policies, positions in public service offered underrepresented minorities an important path to the middle class. Over the past two decades however, it has been increasingly more difficult to attract young people of color to careers in public service in the United States. The capacity of underserved populations to avail themselves of educational opportunities is restricted by financial necessity, which to a large degree accounts for the low representation of minority groups among the top echelon of managers, supervisors and policy experts in the federal government. In fact, while minorities make up nearly 30% of the U.S. population, they only occupy 13.8% of such high level government positions.

The recommended grant to The City College of New York would support research fellows (doctoral and post-doctoral) and visiting scholars at The Charles B. Rangel Center for Public Service (hereafter the center). The Ford Foundation has a rich history of working to improve access in higher education for low-income and/or minority students, including the Campus Diversity Initiative and other projects which have sought to enhance the development of leaders from underrepresented groups, both in the United States and abroad. This recommended grant would continue the foundation's tradition of enhancing access to higher education as well as deepening a longstanding commitment to public service.

These fellowships are part of an integrated curriculum created to offer a combined BA/MA program in public services and to prepare underserved groups for greater leadership roles at the federal level. This program will allow first year undergraduate students to pursue a five year (150 credit) joint BA/MA in Public Service. The program will offer advanced course work, mentors with a background in government service, professional development through internships and service learning. In addition, students will be given co-curricular opportunities to interact with the Rangel Mid-Career Fellows, who will be on temporary leave from public service careers. The integrated program should give students the skills, training, and mentoring opportunities they need to succeed at careers in public service. In addition, a 45 credit Master's program is also being created that will serve recent graduates as well as those with related work experience who wish to advance their skills and potential for leadership positions in public service.

The grant will facilitate the following:

- Fellowships for doctoral and post-doctoral research at the Rangel Center.
- Post-doctoral fellows to work with Congressman Charles B. Rangel's papers.
- Master's level assistantships.
- An annual senior Scholar-in-Residence to work with faculty and students.
- Public service internships for undergraduates.

Benchmarks include the successful development of integrated programs of study and training in order to nurture and educate future leaders and especially future leaders of color. Benchmarks also include the recruitment and retention of disadvantaged minority students at both the undergraduate and graduate level. The center should be able to demonstrate that the $5,000 undergraduate stipends furnished by the program will enable students to work at these stipends are awarded to qualified



students with the greatest financial need. Furthermore, another important benchmark involves generating evidence of the relevancy of these stipend positions for future employment in public service as the program matures over time. Finally, enrollment into a post graduation intern program for employment at the Federal level is both expected and necessary. The Foundation does not expect to provide future funding for this program.

Organizational Profile (www.ccny.cuny.edu)

The City College of New York (CCNY) is the oldest and one of the most distinguished of the City University's 23 colleges. The CCNY is a mini-university itself, with separate schools of Liberal Arts and Science, Architecture, Engineering, Biomedical Education., and Education. Founded in 1847 to provide a no cost education to the children of the "whole people," it still fulfills that function today. With a comparatively low tuition, the City College remains one of the most diverse institutions in higher education in the nation, with more than 87% of CCNY students describing themselves as belonging to a minority group. Following a tradition that reflects the pattern of generations of CCNY alumni, whose achievements became the model for their own families, most City College students have very limited financial resources. Indeed, approximately 58% come from families with combined incomes of $30,000 or less; three-quarters of the students work while attending school, some at more than one job. Over half of CCNY's students attend part time, most often for financial and familial reasons.

The City College 21st Century Foundation is a 501c3 public charity established in 1997 to enable City College to receive gifts to The Campaign for The City College of New York. Currently, the City College 21st Century Foundation has $75 million in assets and provides $3 million toward CCNY's annual budget of $100,000,000. The Ford Foundation's grant would represent approximately 50% of the Ford project's annual budget and .25% of the institution's budget as a whole.

Diversity Table and Interpretation

	Under-Represented		Total	
	Female	Male	Female	Male
CUNY Board of Trustees	4	1	9	16
City College 21st Century Board	0	3	2	15
Rangel Center Advisory Council/Professional staff	3	1	6	2
Support staff	1	1	2	2

While the advisory council and support staff show a good degree of diversity. The City College 21st Century Board lacks adequate female and minority representation. While the CUNY Board of Trustees shows better representation of both females and minorities, there is further room for improvement.

Estimated Budget

Salaries and Benefits (Visiting Scholar)	$300,000
Fellowships	$360,00
Assistantships and Internships	$340,00
Total	$1,000,000



Attachment A

Grantee Name: The City College 21st Century Foundation, Inc.

Board List

Name	Board Member's Occupation
Ms. Vivien Ranschburg Clark	President, LCU Foundation
Mr. Martin Cohen	Co-Chairman and Co-CEO, Cohen and Steers
Dr. Zeev Dagan	Provost, The City College of New York
Mr. Fulvio Dobrich	President and CEO, Galileo Asset Management LLC
Terrence E. Elkes, Esq.	Managing Director and Co-Owner, Apollo Partners LLC
Joseph H. Flom, Esq.	Partner, Skadden Aarps Slate Meagher & Flom
Joseph L. Forstadt, Esq.	Partner, Strook & Strook& Lavan
Mr. Stanley H. Kaplan	President, The Stanley H. and Rita J. Kaplan Foundation
Mrs. Barbara Kent	President, CCNY Business and Economics Alumni
Mr. William J. Lippman	President, Franklyn Advisory Services LLC
Mr. Howard Palefsky	Montreux Equity Partners
Dr. Stanford A. Roman, Jr. MD	Dean, Sophie Davis School of Biomedical Education at CCNY
Mr. William Ruder	President, William Ruder, Inc.
Mr. Jack Rudin	Rudin Management, Inc.
Mr. Frank J. Sciame, Jr.	President, F. J. Sciame Construction, Inc.
Judge Frank Torres	Retired, N.Y.S. Supreme Court
Mr. Josh S. Weston	Honorary Chairman, Automatic Data Processing, Inc.



Attachment B

Grantee Name: The City College 21st Century Foundation, Inc.

Advisory Council (Charles B. Rangel Center)

Name	Advisory Board Member's Occupation
Roseann Runte, Chair	President Old Dominion University (VA)
Maria Binz Scharf	Economics Department Specialty, Information Communication between Policymakers
Marina Fernando	Intl Studies Department Specialty, Oversees Rangel Foreign Relations
Ramona Hernandez	Dominican Studies Institute Department Specialty, Research on Dominicans in New York
Lily Hoffman	Sociology Department Specialty, Directors Rosenberg-Humphrey Internship Program/ Urbanization and Public Policy Fellowships in the Harlem Community
Andy Rich	Political Science Department Specialty, Acting Director, Colin Powell Center for Public Policy/Think Tanks and Public Intellectuals
R. L'Heureux	Sociology Department Specialty, Achievement of African Americans in Sociology & Public Policy
Leslie Paik	Sociology Department Specialty, Decision Making in the Criminal Justice System
John Krinsky	Political Science Department Specialty, The Welfare System



House Committee on Ways and Means

Statement of Susan V. Berresford, President and CEO, The Ford Foundation, New York, New York

Testimony Before the Subcommittee on Oversight
of the House Committee on Ways and Means

September 25, 2007

Chairman Lewis and members of the Subcommittee, thank you very much for the opportunity to appear before you today. I am Susan Berresford, President and CEO of the Ford Foundation, an independent, nonprofit, nongovernmental organization. Ford's mission is to strengthen democratic values, reduce poverty and injustice, promote international cooperation and advance human achievement.

We commit approximately 75 percent of our US funding to the reduction of poverty and injustice. In the last fiscal year, this totaled nearly $220 million of our $300 million US allocation. We fund people and organizations tackling systemic injustice in education, employment, housing, asset accumulation and other areas. Since poverty disproportionately affects women, minorities, immigrants and rural communities, they are at the center of our work.

This year the Ford Foundation celebrates 70 years of delivering on a promise to improve lives and create opportunity. It has provided over $13 billion for grants, projects and loans. These funds derive from an investment portfolio that began with gifts and bequests of Ford Motor Company stock by Henry and Edsel Ford. The foundation operated as a local philanthropy in the state of Michigan until 1950, when it expanded to become a national and international foundation. The foundation no longer owns Ford Motor Company stock and has no formal ties to the company. Its diversified portfolio is managed to provide a perpetual source of support for the foundation's programs and operations which are headquartered in New York, with offices in Africa, Asia, Latin America, the Middle East and Russia.

I would like to begin by making a distinction between charity and strategic philanthropy. Philanthropy encompasses charity that provides resources to deal with immediate needs such as sheltering the homeless, feeding the hungry, healing the sick and other acts of basic generosity. Ford, for example, has made grants in the aftermath of natural disasters in the Gulf Coast region and we helped nonprofits in New York and Washington respond to the events of September 11.

But there is another kind of philanthropy, one that offers the prospect of curing, rather than simply alleviating, problems. It involves the strategic use of resources to search for new ideas that can address root causes. Both charitable and strategic philanthropy have been present in U.S. philanthropy for many decades, and both will always be needed.

Most of Ford's work is in the category of strategic philanthropy. We see our role as a resource for innovative people and institutions worldwide, providing risk capital for pilot programs, research, institution building and developmental activity. Strategic philanthropy recognizes that bringing innovations to scale requires partners such as government, business and civil society which have capacity and reach far beyond the abilities of any single philanthropic endeavor.

Before I outline some of the ways in which we serve diverse communities I would like to provide you with a sense of who makes up the leadership and staff of the foundation and how the Ford Foundation makes allocation decisions.

EXHIBIT
Exhibit 381

Diversity of Leadership

Ford's Trustees select the president, set policy and overall spending targets. They ensure that the foundation's policies are implemented effectively. The composition of Ford's board and staff reflects our intent to draw on diverse talent. Among our Trustees who are US citizens, 40 percent are minorities. Twenty three percent are citizens of other countries, primarily representing the regions in which we work. Sixty two percent of our Trustees are female. Our Trustees bring experience in business, nonprofit and governmental work. The next president of the foundation, Luis Ubiñas, will be the first Hispanic president in Ford's history. I was the first female president and my predecessor, Franklin Thomas, who served for 17 years, was the first African American president.

Today 46 percent of our professional US grant makers are minorities – up from 27 percent in 1996 when I became president. Fifty percent of all grant making staff are female. This diversity helps to ensure that we bring a variety of perspectives to our operations and grant making.

Allocation Decisions and Strategies

Our mission drives the programmatic and substantive nature of our work. The board and staff explore problems to which Ford resources can be applied, each bringing ideas to the table. Ultimately, the board approves the subject areas in which we work, the broad strategies in which we invest, and the allocation of funds to those topics and to our worldwide offices. The board delegates to the president the authority to approve grants from those allocations.

Program officers, our key grant makers, explore how foundation grants can have the greatest impact, supporting people with innovative and promising ideas. Program staff and grantees regularly report to the board on how strategies are working and board members travel each year to review program work on the ground in the US and overseas.

The strategies for which we seek board approval most often aim to alter or build systems and organizations that can deliver lasting benefits to disadvantaged people. We offer patient capital and partnership, often sticking with people and organizations for years as they refine and test ideas and build to scale and significance.

I would like to offer a few examples of Ford support for systemic change led by courageous men and women who share our values and aims. This work extends to both rural and urban America and represents efforts in a variety of areas, including education, economic opportunity, the arts, media, civil rights, and philanthropy.

Creating Access to Opportunity

People matter, so we try to ensure diversity in talent pools from which the US draws leadership in various domains. Since the early 1960's, Ford has supported the largest private fellowship program that fosters diversity in the American professoriate. Originally called the Ford Minority Fellows program, now the Ford Diversity Fellows Program, it has provided over $175 million for fellowships and related support for approximately 5,000 scholars from rural and urban areas, most of whom who now hold positions in academe. Fifty five percent are African American, 38 percent are Hispanic, and 6 percent are Native American. The program is run by the National Academy of Sciences, whose distinguished reputation lends prestige to the fellows' fine work.

In K-12 education, Ford has devoted more than $35 million to Project Grad, developed in Houston

schools under the civic leadership of Jim Kettleson, former Tenneco CEO. GRAD improves high school graduation rates and college-going in poor, urban communities. It has expanded from Houston to Los Angeles, Atlanta, Newark and other locations. Ford also invested heavily in research to determine how and where GRAD worked best. Our principal grantee was GRAD USA, led by a Hispanic educator.

Community colleges serve as a gateway to higher education among minority communities. More than 50 percent of Latinos and 40 percent of African Americans in higher education are enrolled in community colleges. Since 1996, we have provided over $33 million for these vital institutions. This support has focused on making them more accessible, improving the way students credits are transferred, keeping tuition low, and helping students, particularly students of color, stay in school and prepare to enter the workforce. In California, we've recently provided nearly $1 million to study how community colleges are serving diverse communities and to propose ways they can improve.

We have also provided $100 million to historically black colleges and universities (HBCUs). And we have supported the United Negro College Fund with grants totaling over $20 million since the early 1950s.

Developing Innovations that Improve Lives

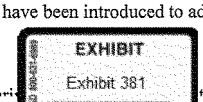
The foundation believes that giving people a fair chance to build assets is critical to breaking the cycle of poverty and dependence. Our grantees create an infrastructure of financial and workforce development services that reach poor, remote and marginalized communities that the market has served poorly.

In housing, Ford committed $50 million as a guarantee so Fannie Mae would purchase mortgage loans made to families with low income or low credit scores. Leveraging $4.3 billion from Fannie Mae, 50,000 new homeowners have been created, 44 percent of them minority families with 15 percent located in rural communities. Now in its sixth year, this 10 year initiative is demonstrating that it is possible to identify low-income families who pay their bills reliably and can support mortgages that build family assets. The program is changing banking practice in communities across the US. This idea came to Ford from the Center for Community Self-Help in North Carolina, a leader in innovation related to home ownership and prevention of predatory lending.

In rural America, manufactured housing accounts for two-thirds of all housing starts, yet it often fails to be the dependable asset most urban homes are. The foundation invests in a variety of rural initiatives that enable people to own the land their homes sit on and seek to improve the building standards for manufactured housing. One grantee, the New Hampshire Community Loan Fund, has received $8.4 million in grants and $5 million in loans for this asset-building work. With over $9 million in grants, the Corporation for Enterprise Development in Washington D.C. is working to improve building standards and financing mechanisms for manufactured-home owners.

One of the most innovative ideas to help low income families accumulate assets is the creation of Children's Saving Accounts. These accounts are seeded at birth by nonprofits and government and built up over time at key life intervals by contributions from families themselves and other donors. We support an ongoing national demonstration program in 11 urban and rural locations that includes 1,300 accounts, 78 percent of which are held by minority children. The accounts can be accessed only after age 18, building – through compound interest and deposits – assets that can then be applied to school fees, home down payments or other significant investments.

Since 2005, several legislative bills have been introduced to advance this idea. As we receive results of



the multi-year experiment it is sure to be a resource for longer-term policy innovation. It has already prompted the creation of the Child Trust Fund program in the United Kingdom. This program came to the Ford Foundation from The Corporation for Enterprise Development, and a professor at Washington University in St Louis.

Strengthening Urban and Rural Communities

Since the 1960s Ford has been committed to community development in distressed urban and rural communities. We support efforts to create healthy, safe and strong neighborhoods where people can access employment, education and essential services. Early investments gave rise to Community Development Corporations (CDC) formed by residents, small business owners, congregations and other local stakeholders. Today there are 4,600 CDCs operating across the country. Additionally, nearly $60 million has been invested in the creation of the Local Initiatives Support Corporation, or LISC, providing services to inner city residents. We also commit to long-term revitalization efforts in regions that are in economic transition and distress such as the Gulf Coast, Camden,, New Jersey and Detroit, Michigan.

Nearly $70 million has been invested in rural communities in recent years. With loans of $6.5 million, we support Southern Bancorp, the largest rural development bank in Arkansas and Mississippi to address the needs of the poor. In Maine, we provided $4 million in grants and $7.75 million in loans to help Coastal Enterprises develop the Portland Fish Pier, enabling fisherman and fishing co-ops to gain efficiency that makes them more competitive in domestic and international markets. We have supported the First Nations Development Institute with $11 million over the past 10 years to invest in economic development in Native areas.

Supporting Civil Rights

Ford has also been at the forefront with decades of funding for the legal advocacy organizations that have helped establish standards of fairness in our country. We have funded the NAACP Legal Defense and Educational Fund, Mexican American Legal Defense and Educational Fund, the Native American Rights Fund, the Puerto Rican Legal Defense and Education Fund and Asian American Legal Defense and Education Fund. Our support to these and other key civil rights organizations since the 1950s exceeds $265 million.

We support work in the area of voter registration and participation that also helps ensure that our diverse populations can be heard in public fora. Since the early 1980s over $13 million has been granted to support the Leadership Conference on Civil Rights Education Fund for these and other efforts. Ford also granted $3.2 million to the National Coalition on Black Civic Participation, a network of 80 membership organizations committed to increasing civic participation. They operate in 12 states, including California, Georgia, Ohio and Wisconsin. Support has also been extended to organizations such as Asian and Pacific Islander American Vote, Inc.

In southern rural areas, grassroots work on civil rights includes $6.5 million to lift black rural women out of persistent poverty. The Southern Rural Black Women's Initiative focuses resources on leadership and economic development, along with training to ensure women's full participation in economic, civic and social life. More than 1000 women are participating across Georgia, Alabama and Mississippi. In eight southern states, black land ownership has dropped from 19 million acres to 1.5 million acres over the last 70 years. A foundation initiative totaling over $2.3 million is focused on helping African American families retain, manage and add value to these natural assets.



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The foundation has also launched the Four Freedoms Fund, to support grassroots organizations working to promote civic, social, economic integration and civil rights for immigrant communities. We have invested nearly $10 million in this donor fund which has already provided support to over 65 organizations in 28 states.

Giving Voice to Diverse Cultural Expression

In a free society artistic and cultural expression contributes to our understanding of human experience. Over the last five years more than $20 million has supported minority-led arts organizations and projects. Ford helped found the Dance Theatre of Harlem and its community outreach programs, helping it to grow with nearly $7.7 million over the years. We are the nation's largest and most enduring private funder of Native American communities, with more than $80 million in support over the past 20 years. This includes a recent commitment of $13 million to establish a Native American Arts and Culture Fund. A recent grant to the National Association of Latino Arts will support the Fund for the Arts, a national grant program to benefit Latino artists and small to mid-size Latino arts organizations.

Over $9 million was granted to support the development of the memorable award-winning documentary "Eyes on the Prize," and recently we provided funds to renew copyrights to keep the series publicly available. In the last five years $12 million has gone to the support of minority filmmakers.

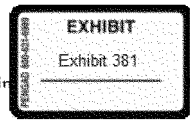
Recognizing the importance of a robust, diverse media to American democracy, the foundation has supported media initiatives that reflect and give voice to America's diverse communities, and that promote diversity in the newsroom. We support media outlets serving diverse populations, granting $3.3 million in the past two years to the growth of ethnic media. This includes New America Media, a network of 700 ethnic news organizations. In all we have committed $60 million over five years to spark innovation in public media, focused on diversifying sources of programming and reaching new audiences.

The last area I would like to touch upon is philanthropy itself. Ford has invested in strengthening the voice of minorities within philanthropy, providing more than $22 million in grants to professional associations and networks working to increase philanthropic support for minority communities and to expand minority leadership throughout philanthropy. Leading this effort are Hispanics in Philanthropy, Native Americans in Philanthropy, National Center on Black Philanthropy, the Association of Black Foundation Executives, Asia American/Pacific Islanders in Philanthropy, First Nations Development Institute and many others.

Ford's Enduring Commitment

I have had the privilege of working at the Ford Foundation for 38 of its 70 years. The Ford timeline you have received displays the many ways that Ford has dedicated resources to reduction of poverty and injustice, and other aims. I am proud that we have a diversity of grantee partners doing this work with us – partners from distinguished public agencies such as the National Academy of Sciences and nonprofit non-governmental groups like GRAD USA, the Center for Community Self-Help, the NAACP and MALDEF, to universities, academics, and leaders from American business. Only when all sectors of our society align resources for equality and fairness will we see lasting results.

Ford's board and staff are proud to be a resource for the idealistic social movements of our time and the innovative ideas of diverse people.



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I want to thank Chairman Lewis and the members of the Subcommittee for bringing attention to the contributions of foundations and other nonprofits to our American ideals and to struggles for equality among our diverse people.



CSOC.CBR.00025903

Lodico, Nicolette

From: Tenny, Buzz
Sent: Tuesday, February 12, 2008 3:31 PM
To: Bloom, Deborah; Mischiu, Rodica
Subject: FW: Charles Rangel

Deborah—Can we do a run of grants for 2005, 2006, and 2007 similar to what Lorie Slutsky did? I assume we can't do it for his Congressional District. In that case, what geographic area would you suggest? I'd like to have this on Wednesday if possible.

Rodica—Have we done grant runs before for Rangel?

Thanks. Buzz

From: Lorie Slutsky [redacted]
Sent: Monday, February 11, 2008 5:37 PM
To: Gunderson, Steve; Berresford, Susan; Tenny, Buzz
Cc: Emery, Rodney; Kies, Ken
Subject: RE: Charles Rangel

We did a quick run of grants made in the Congressman district for 2005, 2006, 2007, including those from donor-advised funds and the discretionary grant program. We supported 134 different organizations for a total of $13,355,945. We also supported the first class of Rangel fellows at the program Susan described at CCNY which I don't think is included in the above numbers. While there are substantial grants to Columbia (a bit over $2 million) the rest are to great Harlem organizations including Aaron Davis Hall, Abyssinian Development Corp, Apollo Theater, Cristo Rey New York HS, Dance Theater of Harlem, East Harlem Tutorial, Gay Men of African Descent, Harlem Academy, Harlem Children's Zone, and on and on. I can send the full list if you need it.
I should also note that the Congressman and his wife, Alma, set up a field of interest advised fund in NYCT in 1989 with about 15k. The fund supports community-based programs, principally in the Harlem community, that are serving minority youth, including scholarships and training programs. The fund has more than doubled from good investment performance.

From: Gunderson, Steve [redacted]]
Sent: Monday, February 11, 2008 4:02 PM
To: Susan Berresford; Lorie Slutsky; Tenny, Buzz
Cc: Emery, Rodney; Kies, Ken
Subject: Charles Rangel

Susan, Lorie and Buzz:

We're hoping you might be able to help us with a quick bit of information. As you know, Charles Rangel has not yet spoken to any national philanthropic organization since becoming Chair of the Ways and Means Committee. We have extended to him an invitation to speak at our mini-summit on "Philanthropy and the Economy" on Tuesday, May 6th as part of the larger Leadership Summit.

We have not been turned down. But we haven't yet had an acceptance either. So, we're about to put on a full-court press with his office – especially those who make the decisions about what invitations he might accept. In our recent meeting to develop our strategies, Ken Kies pointed out that it would be very helpful if we could have some knowledge of what philanthropy has done for the Congressman and his district. Knowing that both the Ford Foundation and the New York Comm[redacted]pful to him, we were wondering if any of you

EXHIBIT
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could share with us a quick list of such items. We won't be giving it to anyone. Rather, we'll just use it as the background conversational information we need to make the case that he should accept our invitation.

(Now of course, if you or anyone you know is close to him and could also be helpful with making such a pitch, we welcome the help!)

Thanks for any information you can provide.

Steve

Steve Gunderson
President and CEO
Council on Foundations

NEW ADDRESS effective December 17, 2007
Council on Foundations
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Arlington, VA 22202
703-879-
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FORD FOUNDATION

Date Created: 4/22/2009 11:52:25 AM

Grant Payment Request

Grantee Profile

Grantee Name: The City College 21st Century Foundation, Inc.

Tax Status: TAX EXEMPT 501(C)(3) **Prohibited Payment:** N

Tax Classification: PUB. SUPP. 509(A)(1)

Grant Action Information

PA# [redacted] **Supp#** 0

Grant Action Description: For undergraduate internships, research fellowships and a visiting scholars program at the Charles B. Rangel Center for Public Service

Action Start Date: 05/01/2007

Action Current End Date: 04/30/2011

Approval Amount: $1,000,000.00

Net Amount: $1,000,000.00

Paid Amount: $500,000.00

Balance: $500,000.00

Details of Payment History

Paid Date	Amount
05/04/2007	$250,000.00
05/16/2008	$250,000.00

Grant Payment Information

Payee Name: City College 21st Century Foundation, Inc.

Payment Amount: $250,000.00

OK to Pay: Y

Third Party Payment Verification

Banking Unit Information

Banking Verification of EPI: 05/02/2007

MAY 5, 2009

Value Date

[redacted]

CitiDirect Reference ID

Approval and Processing

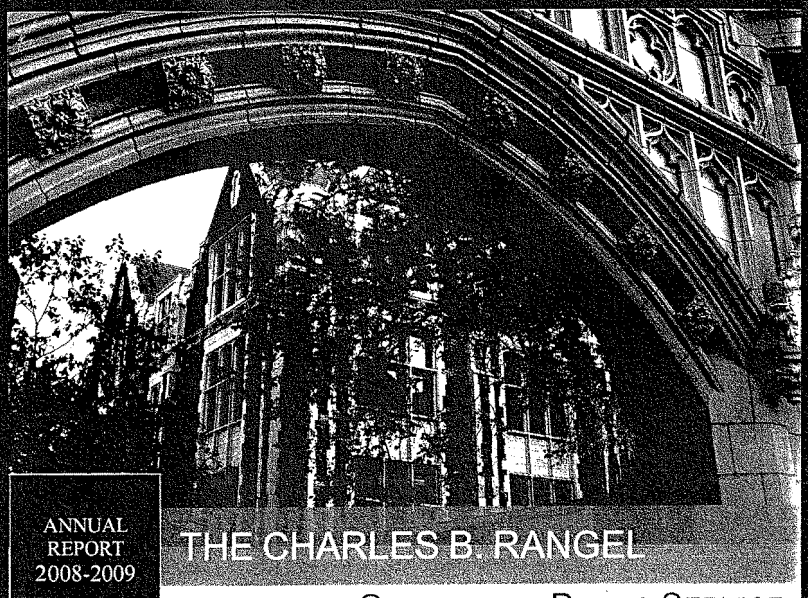
Authorized Signature

CitiDirect Initiator

CitiDirect Approval

EXHIBIT

Exhibit 383



ANNUAL REPORT 2008-2009

THE CHARLES B. RANGEL CENTER FOR PUBLIC SERVICE AT THE CITY COLLEGE OF NEW YORK

Prepared for:

THE FORD FOUNDATION

Office of Development and Institutional Advancement
Shepard Hall, Room 154
160 Convent Avenue
New York, NY 10031
212-650-7125

the City College of New York

EXHIBIT
Exhibit 384

-2714-

CSOC.CBR.00013356

CHARLES B. RANGEL CENTER FOR PUBLIC SERVICE AT THE CITY COLLEGE OF NEW YORK

Ford Foundation
Grant Number: 107-0570

Created to promote diversity in the management ranks of the government and the non-profit sector, the Charles B. Rangel Center for Public Service at The City College of New York is working diligently to ensure that students in the Public Service Management (PSM) Program at The City College of New York have the resources, support—financial and academic, and the professional development experience—to succeed. Thanks in great part to the generous support of the Ford Foundation, The City College and the Rangel Center for Public Service launched a strong research and visiting scholar program that addresses the issue of promoting diversity in the public sector and continues to expand the academic opportunities for students enrolled in City College's PSM Program.

This year, through the generous support of individuals and foundations, all of the graduate students in the PSM Program received stipends to assist with tuition costs as well as research assistantships. In addition, students taking internship assignments in Washington, DC received internship stipends and temporary housing stipends.

Following is information on the major developments over the past year at the Center.

MAJOR DEVELOPMENTS

The Charles B. Rangel Center strives to serve as an important source of information, research, and analysis on the topic of promoting the involvement of under-served individuals in the leadership of the public service.

Research Efforts Well Advanced

The current effort is under the direction of visiting scholar Dr. Geva-May who was recruited to the Center in 2007. Professor Geva-May is also Chair of the International Comparative Policy Analysis Forum and founding editor-in-chief of the *Journal of Comparative Policy Analysis*, which is sponsoring the comparative aspects of ongoing work. She is joined in her efforts by Meghna Sabharwal, a Post Doctoral Fellow, and Shawn Drake, a PhD candidate and research fellow.



Center research continues through surveys and data analysis examining:

- The level of enrollment in graduate programs of public service, public policy, and public administration of students from populations currently underrepresented at the managerial and executive levels of public service.
- The procedures found by these programs to be effective in recruiting and graduating students from such populations.
- The degree to which policy and public administration instruction in schools of public policy and administration include core topics addressing the skills and knowledge base required to advance minority representation in the leadership ranks of public service.

In addition, Rangel Center staff completed a number of studies, some of which were presented at major national conferences and all which are available on the Rangel Center Web Site. The major titles are listed below:

Directory of College and University Research Centers Dealing With Issues of Diversity
Author: Iris Geva-May

The Categorization of Minority Groups in Academic Science and Engineering
Authors: Meghna Sabharwal, E. Corley

Examining Career Trajectories and Personal Characteristics of Graduates Employed in the Government Sector
Author: Meghna Sabharwal

Examining the Job Satisfaction Patterns of Foreign-born Scientists and Engineers in the Academy
Author: Meghna Sabharwal

Job Satisfaction of the Highly Qualified: A Study of Employees Across all Levels of Government
Author: Meghna Sabharwal

Employment Trends for Women and Minorities in the Federal Government
Authors: Meghna Sabharwal, R. Mark Musell

Are Asians the Model Minority Group?
Authors: Meghna Sabharwal



CSOC.CBR.00013358

Major Conference Planned

The Rangel Center is currently planning the Center's first major conference here at the City College of New York. Scheduled for October 29-30, the conference is titled "*Public Service Education, Underserved Populations and the Future of the Federal Workforce.*" The symposium will bring together practitioners and academics to review current practices and discuss future efforts to improve the representation of underserved groups in the federal civil service.

The program includes presentations by Nancy Kichak, the Associate Director of the US Office of Personnel Management, and Professor Michael O'Hare, of the University of California, Berkeley. The Rangel Center will also present the results of the Ford-sponsored first-of-its-kind survey of schools of public administration and public affairs and their practices regarding educating members of underserved groups.

The Rangel Center has secured a commitment to attend from top-level federal officials and national academic experts.

The C. V. Starr Library — no activity here yet.

Still under construction, the Charles B. Rangel Center will also house the C. V. Starr Library, which will be the locus of sponsored research and conferences concerning barriers to full participation in public service by underserved minorities. The Library will be an archive of important documents pertaining to the public service careers of members of groups underrepresented in public service, beginning with the papers of Congressman Rangel. Beyond the wealth of information that will come from housing the product of a lifetime of public service, the C. V. Starr will trace the nature of government, the growth and development of minorities in the United States, and the contributions of underrepresented populations in government and public service.

Serving as a an important research tool for CCNY students *and* the greater New York community, the C. V. Starr Library will encourage study of and research in the wide-ranging fields of public service prominent in Congressman Rangel's long and varied career. In particular, the Library will inspire new generations of students from underrepresented populations to enter and excel in public service.

A Rangel archivist/librarian will organize, index, and preserve for posterity, documents, photographs, and memorabilia relating to Congressman Rangel's career. The position of archivist/librarian will be held by a Rangel Post-Doctoral Fellow, selected following a national search. The archivist will provide assistance to visiting scholars, CCNY students, and the Harlem community, while pursuing her/his own research.

Visiting scholars from other cities, states, and nations will be welcomed and integrated into the life of the Center.

EXHIBIT
Exhibit 384

Website Upgraded

Our website is one of the major tools we use to disseminate information on our research and other efforts. We will shortly launch a re-vamped site that is more user friendly, and better reflects the current efforts of the Rangel Center. The site can be viewed at http://www1.ccny.cuny.edu/ci/rangel/index.cfm.

Internship Program Expanded

The Rangel Center believes providing public service internships at CCNY is a method of inspiring a wide-range of students to consider careers in the public sector. The Rangel Center continues to coordinate public service internships under:

- ***The Ann S. Kheel Scholars Program in Community Service***

  Established in 2005, provides support for City College students from every school and division of the College who face financial pressures that prevent them from becoming more actively engaged in community service and activities, enabling them to develop their leadership skills and explore career options through community-service activities.

- ***The Rosenberg/Humphrey Internships in Public Policy***

  Open to undergraduates from all academic majors, the Program supports paid summer internships in New York City and Washington DC. Students must complete 400 hours of work in a public service organization and be on campus to take a 3-credit public policy course during the semester following the internship.

- ***The Josh and Judy Weston Public Service Scholarships***

  Josh and Judy Weston Public Service Scholarships support undergraduates who work while studying. The program pays students who commit to performing 400 hours per year of public service. The program is open to full-time sophomores, juniors, and seniors from all majors.

We have experienced overwhelming interest in these public service programs. Accordingly, this summer we launched a new Charles Rangel Public Service Internships Program that will allow us to provide even more opportunities to broaden student interest in public policy and public service.

All told, we will be providing assistance and internships to about 75 students. This summer alone, 11 students are participating in internships in Washington, DC.



PUBLIC SERVICE MANAGEMENT PROGRAM

The City College's graduate program in Public Service Management (PSM), supported by the Rangel Center, just completed its first academic year. Members of the inaugural class, many who might otherwise have been unable to pursue a graduate degree, were provided with tuition assistance and stipends. At the end of the first year, the Program graduated its first student and 17 others continue their studies.

This coming fall the second cohort of 24 students will begin their graduate studies in the PSM Program. Although we had anticipated the start of the BA/MPA program this fall, currently, the program only covers graduate students. Recently, we started a new internship program for undergraduates. The new program will be part of our recruitment efforts with the goal of encouraging students who will be inspired by their experience and consider entering the PSM program for their graduate studies.

The master's degree in public administration has long served as the entry ticket for individuals interested in management level jobs in public service. Consistent with our goal of recruiting a diverse group of students, we have, for the second year, admitted a student body that in terms of diversity is significantly above national norms. Their participation furthers the Rangel Center's goal of promoting the representation of the underserved in public service.

Following are brief profiles of just a few members of the inaugural class of MPA students in the Public Services Management Program.



***Deryck Barker**, BS, Psychology*

Deryck earned his Bachelor of Science degree from Utica College in 2002. He has spent several years working for New York State in rehabilitation services, drug treatment, and alcohol and substance abuse prevention. Deryck attended fulltime his first semester and reduced to three-quarter time in the spring. He is doing well and remains on track to graduate in 2010.

***Jennifer Czirr**, BA, Sociology*

Jennifer graduated with honors from Hunter College in 2007. She was captain of the Hunter College basketball team and won two CUNY basketball championships. She is now the Assistant Women's Basketball Coach at City College. She excelled in her first year in the PSM Program and plans to specialize in social policy.

***Reuben Quansah**, BA, Sociology*

Reuben graduated with a Regents diploma from Cardinal Hayes High School in the Bronx. Following that, he attended Bucknell University where he earned his bachelor's degree in sociology. He spent semester breaks working with media affiliated institutions such as HarlemLIVE, Bloomberg Financial, and the Charlie Rose Show. Presented the opportunity, Rueben makes the best of the "now" while planning for the future. With 32 credits toward his MPA degree, he will be one of the Program's first graduates.

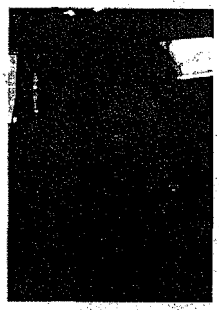
***Jamillah Richards**, BA, Sociology*

Jamillah holds a Bachelor of Arts degree in psychology from City College. She has seven years of experience working in advertising and healthcare. After earning her MPA, she plans to continue her service in the health field.

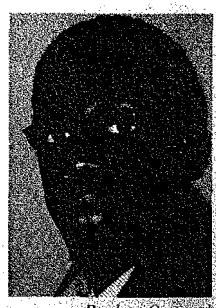
***Juan Rosa**, BA, Political Science*

Juan received his Bachelor of Arts degree in political science from The City College of New York in 2008. Throughout his career at City College Juan worked as an after-school teacher in the Washington Heights area of Manhattan and the Highbridge section of the Bronx. Juan was one of three graduate students who spent this summer in Washington, DC as an intern. He worked in the office of Senator Gillibrand. Upon completion of his MPA, Juan is plans to begin the pursuit of a PhD in political science or sociology.

Public Service Management Program
2008 MPA Scholars



Jennifer Czirr
MPA, Class of 2010



Reuben Quansah
MPA, Class of 2010



Juan Rosa
MPA, Class of 2010

EXHIBIT
Exhibit 384

CSOC.CBR.00013362

PLANS FOR THE COMING YEAR

The second class has been admitted to the Public Service Management Program. In only one year's time, we nearly doubled the number of applicants to the program. In terms of both the diversity of the student body and student retention rates, the program performed above both other CCNY programs and national standards.

With one year behind us, we have a better understanding of the content of each course and will use the knowledge to better coordinate tutoring efforts and provide our students with academic support they need to excel. Research efforts will continue as will the expansion of the C.V. Starr Library's collection.

This semester the core management course will be taught by Rona Affoumado, one of New York City's leading authorities on non-profit management and strategic planning. Patrick Lespinass will teach the core course on race, gender and inequality. Patrick is VP for governmental affairs at Verizon and has held many posts in and out of government, including one with Charlie Rangel's office. The new course on sustainability will be taught by Caroline Hermans, who is a research scientist working at CCNY's Environmental Cross-Roads Initiative.

We are close to finalizing the speaker series for fall. Kimberly Gamble-Payne of UNICEF New York will be speaking on international policies covering children. Kathy Ruffing of the National Center on Policy Priorities will be on campus to test students "Social Security IQ." Washington Post journalist and CCNY alumnus Terrence Samuel will be on campus to discuss media and its impact on the health care debate. Policy writing expert Carolyn Sherman will return to give a lecture on effective policy writing.

We have hired two new post doctoral researchers to advance to advance the Center's research efforts. Lamar Bennett has a PhD from American University and has done research on public program performance. Zach Oberfield has a PhD from the University of Wisconsin and has done research in the participation of minorities in political parties.

We look forward the October Conference and to completing the survey of schools of public administration and public affairs and their practices regarding educating members of underserved groups and announcing its findings.



Grant Financial Report

This is a protected worksheet. Complete only those sections that are shaded. See additional instructions below, indicated by corresponding number.

Organization: [1] City College 21st Century Foundation

Grant Number: [5] 1070/0570-0

Total received to date (US $): [7] 250,000

Grant Term: [2] 48 Months

Total Received to Date (local currency): [8]

Grant Start / End Dates: [3] 5/1/2007 to 4/30/2011

Report Period: [6] 5/1/2008 to 4/30/2009

Exchange rate (weighted average): 0
Local currency per US Dollar

Approved Grant Amount: [4] $1,000,000 (in US$)

Budget Category [9]	<A> Approved Ford Fdn Budget [10]	<B> Amount Spent in Previous Periods [11]	<C> Amount Spent in Current Period [12]	<D> = B + C Total Spent to Date	<E> = A - D Unexpended Balance	<F> Please explain significant budget variances where indicated [13]
Salaries and Benefits (Visiting Scholar)	$ 300,000	$ 24,738	$ 90,778	$ 115,516	$ 184,484	
Fellowships	$ 360,000				$ 360,000	
Assistantships and Internships	$ 340,000				$ 340,000	
	$ 1,000,000	$ 24,738	$ 90,778	$ 115,516	$ 884,484	

The line-by-line budget should match those specified in your proposal.
A red "*" indicates that you must include an explanation of the budget variance. This variance will require Foundation approval.
A yellow "‡" indicates that you must include an explanation of the budget variance.

By submission of this report you hereby certify that the individual submitting this report is authorized to submit it on behalf of your organization, that the organization is in compliance with the requirements of the grant letter, and that any funds expended have been expended in accordance with the purposes of the grant.

Name and Title: [14] Bratt Silverstein

E-mail Address: [15] bsilverstein@ccny.cuny.edu

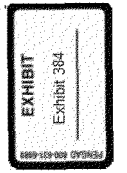
Phone Number: [16] 212-650-5700

PENCAD 800-631-6989
EXHIBIT
Exhibit 384

Grant Financial Report

Instructions

1. Enter the organization's legal name.
2. Enter the duration of the grant in the Grant Term field.
   2.A. Enter the number of periods in cell C6.
   2.B. Select the type of periods (months or years) in cell E6. When you click on the cell, a dropdown box will appear. Use this tool to make your selection.
3. Enter the approved start date of the grant. The end date will be calculated automatically. Check to make sure it is correct.
4. Enter the approved grant amount.
5. Enter your grant number as it appears on your Grant Notification Letter.
6. Enter the current reporting period from and to dates.
7. Enter the total amount of Ford Foundation funds received through the end of the reporting period. Specify amount in US$.
8. If you track funds in currency other than US$, enter the total amount of Ford Foundation funds received through the end of the reporting period specified in local currency.
   The weighted average exchange rate will be computed automatically. Check it for reasonableness. If you manage funds in US$, leave this field blank.
9. Enter Budget Categories as they appear on the grant budget in the Grant Notification Letter.
10. Enter the approved Ford Foundation budget for each budget category. All figures should be reported in US$.
11. Enter the sum of amounts spent in each budget category for all previous reporting periods. All figures should be reported in US$.
12. Enter the amount spent in each budget category for this reporting period. All figures should be reported in US$.
    The total spent to date and unexpended balances will be computed automatically.
13. If the expended amount in a budget category sigificantly exceeds its budget, an explanation is required. Lines requiring explanations will be indicated by a yellow "‡" or a red "*".
    A yellow "‡" indicates that the budget category was exceeded by the greater of 20% of the category's budget or $5,000.
    A red "*" indicates that the budget category was exceeded by the greater of 20% of the total grant budget or $50,000. This will require Foundation approval and your narrative report must include a request for a formal modification along with the justification.
14. Enter the name and title of the individual who certified the information contained in the report.
15. Enter the E-mail Address for that person.
16. Enter the Phone Number for that person.



Clear all data and reset fields

Go to 'Form Completed' >

Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

1. Registrant name ☒ Organization ☐ Individual

Organization: Covington & Burling

2. Address ☐ Check if different than previously reported

Address1: 1201 Pennsylvania Avenue, NW Address 2:

City: Washington State: DC Zip Code: 20004 Country: USA

3. Principal place of business (if different than line 2)

City State Zip Code Country

City State/Zip or Country

4a. Contact Name (Prefix / Full Name)	b. Telephone number	c. E-mail	5. Senate ID #
Mr. Stuart Eizenstat	202-662-5519	seizenstat@cov.com	
7. Client Name ☐ Self			6. House ID #
Ford Foundation			31827121

TYPE OF REPORT 8. Year 2005 Midyear (January 1-June30) ☐ OR Year End (July 1-December 31) ☒

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ ⇨ Termination Date _____ 11. No Lobbying Activity ☒

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying Firms

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☒

$10,000 or more ☐ ⇨ $ _____

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

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14. REPORTING METHOD. Check box to indicate expense accounting method. See instructions for description of options.

☐ **Method A.** Reporting amounts using LDA definitions only

☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Edit Form > | Form Complete >

Senate Password _____ | File with Senate >

Signature: Stuart E Eizenstat Date: 2/13/2006

Printed Name and Title: Stuart E. Eizenstat - Partner

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LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) **- All Filers Are Required to Complete This Page**

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COVINGTON & BURLING LLP

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Address1 1201 PENNSYLVANIA AVENUE, N.W. Address2

City WASHINGTON State DC Zip Code 20004 - Country USA

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City State Zip Code - Country

4a. Contact Name	b. Telephone Number ☐ International Number	c. E-mail	5. Senate ID#
Mr. STUART EIZENSTAT	(202) 662-5519		1195-1775
7. Client Name ☐ **Self**			6. House ID#
FORD FOUNDATION			318270121

TYPE OF REPORT 8. Year 2006 Midyear (January1-June30) ☐ Year End (July 1-December 31) ☑

9. Check if this filing amends a previously filed version of this report ☐

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Signature Digitally Signed By: Stuart E Eizenstat **Date** 02/13/2007

US, DST ACES Business Representative, DST ACES Business Representative, Stuart E Eizenstat

Printed Name and Title Stuart E. Eizenstat

v5.0.0i

EXHIBIT
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Mr. STUART EIZENSTAT	(202) 662-5519		11195-1775
7. Client Name ☐ **Self**			6. House ID#
FORD FOUNDATION			318270121

TYPE OF REPORT 8. Year 2007 Midyear (January1-June30) ☑ Year End (July 1-December 31) ☐

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☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Signature Digitally Signed By: Stuart E Eizenstat **Date** 08/13/2007

US, DST ACES Business Representative, DST ACES Business Representative, Stuart E Eizenstat

Printed Name and Title Stuart Eizenstat, Partner

v5.0.01 Page 1 of 1

EXHIBIT
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Clerk of the House of Representatives	Secretary of the Senate
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☑ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Signature ✓ Digitally Signed By: Stuart Eizenstat **Date** 02/12/2008

Printed Name and Title Stuart Eizenstat, Partner

v5.0.1b

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Clear all data and reset fields >

Clerk of the House of Representatives Legislative Resource Center B-106 Cannon Building Washington, DC 20515	Secretary of the Senate Office of Public Records 232 Hart Building Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

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Ford Foundation	31827121

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Edit Form > Form Complete >

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Signature Stuart E Eizenstat Date 9/22/2006

Printed Name and Title Stuart Eizenstat-Partner

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Page 1 of 1

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http://lobbyingdisclosure.house.gov	http://www.senate.gov/lobby

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) **- All Filers Are Required to Complete This Page**

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Mr. STUART EIZENSTAT	(202) 662-5519		11195-1775

7. Client Name ☐ *Self* ☐ *Check if client is a state or local government or instrumentality* — 6. House ID#

FORD FOUNDATION — 318270121

TYPE OF REPORT 8. Year 2008 Q1 (1/1 - 3/31) ☑ Q2 (4/1 - 6/30) ☐ Q3 (7/1-9/30) ☐ Q4 (10/1 - 12/31) ☐

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ Termination Date 11. No Lobbying Issue Activity ☑

INCOME OR EXPENSES - YOU MUST complete either Line 12 or Line 13

12. Lobbying

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☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Signature Digitally Signed By: Stuart Eizenstat **Date** 04/21/2008

Printed Name and Title Stuart Eizenstat, Partner

v6.0.1e

EXHIBIT
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Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510
http://lobbyingdisclosure.house.gov	http://www.senate.gov/lobby

LOBBYING REPORT

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Mr. STUART EIZENSTAT	(202) 662-5519		11195-1775

7. Client Name ☐ *Self* ☐ *Check if client is a state or local government or instrumentality*	6. House ID#
FORD FOUNDATION	318270121

TYPE OF REPORT 8. Year 2008 Q1 (1/1 - 3/31) ☐ Q2 (4/1 - 6/30) ☑ Q3 (7/1-9/30) ☐ Q4 (10/1 - 12/31) ☐

9. Check if this filing amends a previously filed version of this report ☐

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☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Signature Digitally Signed By: Stuart Eizenstat **Date** 07/18/2008

Printed Name and Title Stuart Eizenstat, Partner

v6.0.1e

EXHIBIT
Exhibit 385

Registrant Covington & Burling LLP Client Name FORD FOUNDATION

Information Update Page - Complete ONLY where registration information has changed.

20. Client new address

Address

City State Zip Code - Country

21. Client new principal place of business (if different than line 20)

City State Zip Code - Country

22. New General description of client's business or activities

LOBBYIST UPDATE

23. Name of each previously reported individual who is no longer expected to act as a lobbyist for the client

	First Name	Last Name	Suffix		First Name	Last Name	Suffix
1	Reeves	Westbrook (Jan. 2004)	Mr.	3			
2				4			

ISSUE UPDATE

24. General lobbying issue that no longer pertains

AFFILIATED ORGANIZATIONS

25. Add the following affiliated organization(s)

Internet Address:

Name	Address: Street Address, City, State/Province, Zip, Country	Principal Place of Business (city and state or country)
		City State Country City State Country

26. Name of each previously reported organization that is no longer affiliated with the registrant or client

1 2 3

FOREIGN ENTITIES

27. Add the following foreign entities

Name	Address: Street Address, City, State/Province, Country	Principal place of business (city and state or country)	Amount of contribution for lobbying activities	Ownership percentage in client
		City State Country		%

28. Name of each previously reported foreign entity that no longer owns, or controls, or is affiliated with the registrant, client or affiliated organization

1 3 5

2 4 6

Printed Name and Title Stuart Eizenstat, Partner

v6.0.1c

EXHIBIT
Exhibit 385

Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510
http://lobbyingdisclosure.house.gov	http://www.senate.gov/lobby

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

1. Registrant Name ☑ Organization/Lobbying Firm ☐ Self Employed Individual

Covington & Burling LLP

2. Address ☐ **Check if different than previously reported**

Address1 1201 Pennsylvania Avenue, NW Address2

City Washington State DC Zip Code 20004 - Country USA

3. Principal place of business (if different than line 2)

City State Zip Code - Country

4a. Contact Name	b. Telephone Number ☐ International Number	c. E-mail	5. Senate ID#
Mr. STUART EIZENSTAT	(202) 662-5519		11195-1775

7. Client Name ☐ *Self* ☐ *Check if client is a state or local government or instrumentality*	6. House ID#
FORD FOUNDATION	318270121

TYPE OF REPORT 8. Year 2008 Q1 (1/1 - 3/31) ☐ Q2 (4/1 - 6/30) ☐ Q3 (7/1-9/30) ☑ Q4 (10/1 - 12/31) ☐

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☑ Termination Date 09/30/2008 11. No Lobbying Issue Activity ☑

INCOME OR EXPENSES - **YOU MUST complete either Line 12 or Line 13**

12. Lobbying

INCOME relating to lobbying activities for this reporting period was:

Less than $5,000 ☑

$5,000 or more ☐ $

Provide a good faith estimate, rounded to the nearest $10,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSE relating to lobbying activities for this reporting period were:

Less than $5,000 ☐

$5,000 or more ☐ $

14. REPORTING Check box to indicate expense accounting method. See instructions for description of options.

☐ **Method A.** Reporting amounts using LDA definitions only

☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Signature Digitally Signed By: Stuart Eizenstat **Date** 10/14/2008

Printed Name and Title Stuart Eizenstat

v6.0.1e

EXHIBIT
Exhibit 385

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Mr. STUART EIZENSTAT	(202) 662-5519		11195-1775

7. Client Name ☐ *Self* ☐ *Check if client is a state or local government or instrumentality*	6. House ID#
FORD FOUNDATION	318270121

TYPE OF REPORT 8. Year 2008 Q1 (1/1 - 3/31) ☐ Q2 (4/1 - 6/30) ☐ Q3 (7/1-9/30) ☐ Q4 (10/1 - 12/31) ☑

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☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☑ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Signature Digitally Signed By: Stuart Eizenstat **Date** 01/16/2009

Printed Name and Title Stuart Eizenstat, Partner

v6.0.1e

EXHIBIT
Exhibit 385

Clerk of the House of Representatives	Secretary of the Senate
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LOBBYING REPORT

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Covington & Burling LLP

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City Washington State DC Zip Code 20004 - Country USA

3. Principal place of business (if different than line 2)

City State Zip Code - Country

4a. Contact Name	b. Telephone Number ☐ International Number	c. E-mail	5. Senate ID#
Mr. STUART EIZENSTAT	(202) 662-5519		11195-1775

7. Client Name ☐ *Self* ☐ *Check if client is a state or local government or instrumentality*	6. House ID#
FORD FOUNDATION	318270121

TYPE OF REPORT 8. Year 2009 Q1 (1/1 - 3/31) ☑ Q2 (4/1 - 6/30) ☐ Q3 (7/1-9/30) ☐ Q4 (10/1 - 12/31) ☐

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ Termination Date 11. No Lobbying Issue Activity ☑

INCOME OR EXPENSES - **YOU MUST complete either Line 12 or Line 13**

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☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Signature Digitally Signed By: Stuart Eizenstat **Date** 04/16/2009

Printed Name and Title Stuart Eizenstat, Partner

v6.0.1e

EXHIBIT
Exhibit 385

Clerk of the House of Representatives	Secretary of the Senate
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LOBBYING REPORT

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Covington & Burling LLP

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Address1 1201 Pennsylvania Avenue, NW Address2

City Washington State DC Zip Code 20004 - Country USA

3. Principal place of business (if different than line 2)

City State Zip Code - Country

4a. Contact Name	b. Telephone Number ☐ International Number / c. E-mail	5. Senate ID#
Mr. STUART EIZENSTAT	(202) 662-5519	11195-17752009
7. Client Name ☐ *Self* ☐ *Check if client is a state or local government or instrumentality*		6. House ID#
FORD FOUNDATION		318270121

TYPE OF REPORT 8. Year 2009 Q1 (1/1 - 3/31) ☐ Q2 (4/1 - 6/30) ☑ Q3 (7/1-9/30) ☐ Q4 (10/1 - 12/31) ☐

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ Termination Date 11. No Lobbying Issue Activity ☑

INCOME OR EXPENSES - YOU MUST complete either Line 12 or Line 13

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☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Signature Digitally Signed By: Stuart Eizenstat **Date** 07/20/2009

Printed Name and Title Stuart Eizenstat, Partner

v6.0.1e

EXHIBIT
Exhibit 385

Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510
http://lobbyingdisclosure.house.gov	http://www.senate.gov/lobby

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) **- All Filers Are Required to Complete This Page**

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Covington & Burling LLP

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City Washington State DC Zip Code 20004 - Country USA

3. Principal place of business (if different than line 2)

City State Zip Code - Country

4a. Contact Name	b. Telephone Number ☐ International Number	c. E-mail	5. Senate ID#
Mr. STUART EIZENSTAT	(202) 662-5519		11195-1775

7. Client Name ☐ *Self* ☐ *Check if client is a state or local government or instrumentality*	6. House ID#
FORD FOUNDATION	318270121

TYPE OF REPORT 8. Year 2009 Q1 (1/1 - 3/31) ☐ Q2 (4/1 - 6/30) ☐ Q3 (7/1-9/30) ☑ Q4 (10/1 - 12/31) ☐

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☑ Termination Date 09/30/2009 11. No Lobbying Issue Activity ☑

INCOME OR EXPENSES - YOU MUST complete either Line 12 or Line 13

12. Lobbying

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$5,000 or more ☐ $

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Less than $5,000 ☐

$5,000 or more ☐ $

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☐ **Method A.** Reporting amounts using LDA definitions only

☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Signature Digitally Signed By: Stuart Eizenstat **Date** 10/19/2009

Printed Name and Title Stuart Eizenstat, Partner

v6.0.1e

EXHIBIT
Exhibit 385

Clear all data and reset fields

Go to 'Form Completed' >

Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

1. Registrant name ☒ Organization ☐ Individual

Organization: Federalist Group, An Ogilvy PR Worldwide Company

2. Address ☐ Check if different than previously reported

Address1: 1331 H Street, NW Address 2: 12th Floor

City: Washington State: DC Zip Code: 20005 Country: USA

3. Principal place of business (if different than line 2)

City State Zip Code Country

City State/Zip or Country

4a. Contact Name (Prefix / Full Name)	b. Telephone number	c. E-mail	5. Senate ID #
Mr. Wayne Berman	202-842-5077	abohn@federalistgroup.com	48827-1674

7. Client Name ☐ Self

Ford Foundation

6. House ID # 34528094

TYPE OF REPORT 8. Year 2005 Midyear (January 1-June30) ☐ OR Year End (July 1-December 31) ☒

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ ⇨ Termination Date _____ 11. No Lobbying Activity ☒

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying Firms

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☒ ⇨ $ 80,000

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSES relating to lobbying activities for this reporting period were:

Less than $10,000 ☐

$10,000 or more ☐ ⇨ $ _____

14. REPORTING METHOD. Check box to indicate expense accounting method. See instructions for description of options.

☐ **Method A.** Reporting amounts using LDA definitions only

☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Edit Form > Form Complete >

Senate Password _____ File with Senate >

Signature: George S Hall Date: 2/7/2006

Printed Name and Title: Stewart Hall, Managing Director

LD-2DS (Rev. 4.05)

EXHIBIT
Exhibit 386

Clear all data and reset fields

Go to 'Form Completed' >

Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

1. Registrant name ☒ Organization ☐ Individual

Organization: Federalist Group, An Ogilvy PR Worldwide Company

2. Address ☐ Check if different than previously reported

Address1: 1331 H Street, NW | Address 2: 12th Floor

City: Washington | State: DC | Zip Code: 20005 | Country: USA

3. Principal place of business (if different than line 2)

City | State | Zip Code | Country

City | State/Zip or Country

4a. Contact Name Prefix	Full Name	b. Telephone number	c. E-mail	5. Senate ID #
Mr.	Wayne Berman	202-842-5077	sbohn@federalistgroup.com	48827-1674

7. Client Name ☐ Self	6. House ID #
Ford Foundation	34528094

TYPE OF REPORT 8. Year 2006 Midyear (January 1-June30) ☒ OR Year End (July 1-December 31) ☐

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☒ ⇨ Termination Date 1/1/2006 11. No Lobbying Activity ☒

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying Firms

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☒

$10,000 or more ☐ ⇨ $ _____

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSES relating to lobbying activities for this reporting period were:

Less than $10,000 ☐

$10,000 or more ☐ ⇨ $ _____

14. REPORTING METHOD. Check box to indicate expense accounting method. See instructions for description of options.

☐ **Method A.** Reporting amounts using LDA definitions only

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Edit Form | Form Complete > | File with Senate >

Senate Password

Signature: George S Hall (Digitally signed by George S Hall, DN: CN = George S Hall, C = US, O = DST Area, Unaffiliated Individual, Date: 2006.08.09 10:34:16 -04'00')

Date: 8/9/2006

Printed Name and Title: Stewart Hall, Managing Director

LD-2DS (Rev. 4.05)

EXHIBIT
Exhibit 386

Page 1 of 1

Theodore W. Kheel
Park Avenue Tower
75 East 55th Street
New York, NY 10022

January 30, 2004

Congressman Charles B. Rangel
163 West 125th Street, Rm 737
New York, NY 10027

Dear Charlie:

Ann and I greatly valued our friendship with you and Alma. We also admired your readiness to help those in need. Ann was similarly motivated. In her memory, our family has decided to create an Ann S. Kheel Charitable Trust to support organizations in disadvantaged communities in New York and to fund the Trust with an initial contribution of a million dollars. We would be greatly honored if you agreed to be Chairman of the Board of Trustees.

We have also asked our long time friends Gabe Pressman, Veronica Kelly, Gail Sheehy and Luis Alvarez to serve with you as Trustees. They have readily agreed.

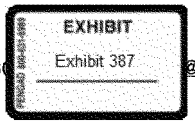
The Board of Trustees will have sole authority to decide how the money should be used to serve the Charitable Trust's purposes. Our eldest daughter,,Ellen Margaret, has volunteered to assist the Trustees at their pleasure on condition she does not receive more than a dollar a year for her services.

You are, of course, privileged to make such public mention of the Ann S. Kheel Charitable Trust as you believe will serve its best interests.

Sincerely,

Theodore W. Kheel

Tel: 212 318-6747 / Fax: 212 318-6



@aol.com / tedkheel@paulhastings.com

053

Theodore W. Kheel

cc's: Luis Alvarez
Ellen Kheel Jacobs
Veronica Kelly
Gabe Pressman
Gail Sheehy



054

ANN S. KHEEL CHARITABLE TRUST

AGREEMENT OF TRUST, made as of the 12th day of February, 2004, between THEODORE W. KHEEL, of Bronx, New York, as Grantor (herein "the Grantor"), and CHARLES RANGEL, GABRIEL S. PRESSMAN, GAIL SHEEHY, VERONICA KELLY and LUIS ALVAREZ, as Trustees (herein collectively "the Trustees" and individually "the Trustee").

W I T N E S S E T H:

The Grantor hereby assigns, transfers and sets over to the Trustees the property described in Schedule "A" annexed hereto, receipt of which property the Trustees hereby acknowledge, to have and to hold the property IN TRUST, upon the following terms and conditions:

FIRST: The name of this trust shall be "ANN S. KHEEL CHARITABLE TRUST".

SECOND: This trust is created and shall be operated exclusively for scientific, charitable, religious, literary or educational purposes. All or part of the net income and principal of this trust may be paid (i) directly for the conduct of any of the charitable purposes of this trust (as defined below), (ii) to or for the use of any charitable organization (as defined below) or (iii) to the United States, any state or any political subdivision of the United States or any state (but only for public charitable purposes, as defined below), all in such amounts or proportions and at such time or times as the Trustees, in their discretion, deem advisable. Income or principal derived from



contributions by corporations shall be distributed by the Trustees for use solely within the United States or its possessions. No part of this trust or its assets or income shall inure or be payable to or for the benefit of the Grantor, any Trustee or any private individual, and no substantial part of the activities of this trust shall be the carrying on of propaganda or otherwise attempting to influence legislation, or the participation or intervention in any political campaign on behalf of any candidate for public office (including publishing or distributing statements). Notwithstanding anything to the contrary herein contained, this trust shall not conduct or carry on any activities not permitted to be conducted or carried on by any organization which is tax exempt under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (hereinafter the "Code"), or of any corresponding provision of any successor law, or by any organization to which donations are deductible under Section 170 of the Code.

THIRD: (A) References in this Agreement of Trust and in any amendments thereto to "charitable organization" or "charitable organizations" mean corporations, trusts, funds, foundations, or community chests created or organized in the United States or in any of its possessions, provided that all such organizations must be those which are operated exclusively for charitable purposes (as defined below) and which are entitled to exemption under Section 501(c)(3) of the Code. References to "charitable purposes" or "public charitable purposes" shall refer to charitable, educational, religious, scientific or literary purposes provided all such purposes shall be within the scope of Sections 170(c)(1) or (c)(2)(B) of the Code.



(B) The Trustees, in the disposition of the income or principal of the trust, should be guided by the following charitable purpose: the trust is established to provide financial assistance to charitable organizations that provide for New York's disadvantaged communities.

(C) It is the Grantor's intention that the Trustees shall, in the disposition of the income of the trust, be guided by the charitable purposes described in paragraph (B) above. The income of the trust should be expended wherever possible in furtherance of the purposes as hereinabove set forth. The principal of the trust should, to the extent possible, be held in perpetuity but may be expended, from time to time, together with the income, in furtherance of the purposes of the trust.

FOURTH: The Trustees may receive and accept property, whether real, personal, or mixed, by way of gift, bequest, or devise, from any person, firm, trust or corporation, to be held, administered, and disposed of in accordance with the provisions of this Agreement of Trust; but no such gift, bequest or devise shall be received and accepted if it be conditioned or limited in such manner as shall require the disposition of the income or principal thereof to any recipient to whom distributions could not be made as provided in Articles SECOND or THIRD hereof. All property received and accepted by the Trustees shall be administered and disposed in accordance with this Trust Agreement.



FIFTH: This trust is intended to qualify as a charitable trust and, notwithstanding any other provision of this Agreement of Trust, this trust is subject to the following provisions:

(A) The Trustees shall not engage in any act of self-dealing as defined in Section 4941(d) of the Code, nor make any taxable expenditures as defined in Section 4945(d) of the Code.

(B) The Trustees shall not retain any excess business holdings (as defined in Section 4943(c) of the Code) which would subject the trust to tax under Section 4943 of the Code, nor shall the Trustees acquire any assets which would subject the trust to tax under Section 4944 of the Code or retain any assets which would, if acquired by the Trustees, subject the trust to tax under Section 4944 of the Code.

(C) The Trustees shall distribute such amounts for each taxable year at such time and in such manner as not to subject the trust to tax under said Section 4942 of the Code.

SIXTH: This trust shall continue in perpetuity unless the Trustees terminate it and distribute all of the principal and income to charitable organizations, which action may be taken by the Trustees, in their discretion, at any time. On termination of this trust, the then remaining principal and any balance of net income of the trust shall be paid over and distributed to or for the use of such one or more charitable organizations (as



defined above), in such amounts and for such charitable purposes (as defined above), as the Trustees, in their discretion, shall then select and determine.

SEVENTH: (A) This Trust Agreement and the trust established hereunder are hereby declared to be irrevocable and this Trust Agreement may not be modified, amended or revoked in any way whatsoever, except as provided in paragraph (B) below.

(B) It is the Grantor's intention to create a trust conferring a charitable interest which qualifies for the federal gift and income tax charitable deductions and which trust qualifies as an entity exempt from federal income tax. Accordingly, the Grantor directs that all provisions of this Trust Agreement shall be construed in a manner consistent with, and the trust administered solely in conformity with Sections 170, 501(c)(3) and 2522 of the Code and with Regulations and rulings which from time to time may be promulgated thereunder. The Grantor hereby grants to the Trustees all of the administrative powers necessary to act in compliance with the requirements of the Code as in effect at this time and from time to time hereafter. Should any provision of this Trust Agreement be inconsistent or conflict with the Sections of the Code and the Regulations and rulings promulgated under such Sections, then such Sections, Regulations and rulings shall be deemed to override and supersede such inconsistent or conflicting provision. If such Sections, Regulations and rulings at any time require that charitable trusts to which the Sections, Regulations and rulings relate contain provisions which are not expressly set forth in this Trust Agreement, then such provisions are hereby incorporated by reference, and shall be deemed to be a part hereof to the same extent as



though they had been expressly set forth herein. If such Sections, Regulations and rulings at any time require that charitable trusts to which such Sections, Regulations and rulings relate contain provisions which are not expressly set forth herein, then notwithstanding paragraph (A) above, the Trustees are authorized to amend this Trust Agreement, by an instrument signed, acknowledged and filed with the trust records for the sole purpose of permitting this trust to qualify as a trust described in Sections 170, 501(c)(3) and 2522 of the Code; except that the definition of "charitable organization" shall not be changed.

EIGHTH: The Trustees, and any successor, shall have, with respect to any and all property held hereunder, the following powers, in addition to those conferred by law:

1. Subject to Section 4944 of the Code, to retain any such property and to receive, acquire, invest in and retain stocks, whether common or preferred, bonds, notes, mutual funds, securities, undivided interests in investment trusts, any common trust fund, and any property, real or personal, foreign or domestic, whether or not such property is a wasting or non-income producing asset, without any duty to diversify and without any restrictions placed upon fiduciaries by any present or future applicable law, rule of court or court decision.

2. To sell any such property at either public or private sale for cash or on credit, and/or to exchange any such property.

3. To participate in any plan of corporate reorganization, consolidation, merger or similar plan.

4. To exercise all conversion, subscription, voting and other rights of whatsoever nature pertaining to trust investments and to grant proxies, discretionary or otherwise.

5. To manage any real property held hereunder as if the absolute owner thereof, including the power to lease, or grant options to lease, for periods to begin presently or in the future, without regard to statutory restrictions or the probable duration



of any trust; to erect, demolish or alter buildings and improve and manage property; to make ordinary and extraordinary repairs; to grant easements and charges; to subdivide; to adjust boundary lines; to partition, mortgage and convey property.

6. Subject to Section 4941 of the Code, to borrow money for any purpose incidental to the administration of the trust hereunder, and to mortgage or pledge any securities or other property held hereunder as security therefor and no Trustee shall be personally liable, but any such loan shall be payable only out of assets of the trust created hereunder.

7. To purchase securities at a premium and to charge such premium against either principal or income, or partly against principal and partly against income.

8. To determine whether or to what extent receipts should be deemed income or principal, whether or to what extent expenditures should be charged against principal or income and what other adjustments should be made between principal and income.

9. To hold any securities or other property in any form or name, with or without disclosing the fiduciary relationship, and their liability shall not be increased thereby.

10. To compromise and settle any liabilities of the trust created hereunder, and any claims that the trust created hereunder shall have against others.

11. To execute and deliver any and all representations, warranties, indemnities and guarantees incidental to the administration of the trust or with respect to any stocks, securities or property, real or personal, at any time held in the trust, including, without limitation by the specification thereof, the power to execute and deliver representations, warranties, indemnities and guarantees of every and any nature whatsoever deemed advisable in connection with any public or private offering or sale of any securities at any time held in the trust.

12. Subject to Section 4941 of the Code, to engage and remunerate agents, including legal counsel, accountants, investment counsel, custodians, appraisers and other experts and to the extent permitted by law to establish discretionary investment accounts.

13. To insure with companies and against such hazards as is deemed advisable.

14. Severally to authorize, by instrument in writing, any person or corporation, including any co-fiduciary, bank or trust company, to act in the place of the Trustees with respect to specified transactions, to sign a particular check or checks, or to execute any other specifically stated instruments in the name of the Trustees.



NINTH: Persons dealing with the Trustees need not inquire as to the application of any money or property paid or delivered to the Trustees, nor inquire into the expediency or propriety of any action taken by the Trustees, or the authority of the Trustees to effect any transaction upon such terms as the Trustees decide.

TENTH: (A) A Trustee may resign at any time by an instrument in writing which shall specify the date as of which such resignation is to take effect and which shall be delivered or mailed, at least thirty (30) days prior to the date so specified, to the other Trustees and to the Grantor. The resigning Trustee shall be discharged from all further duty or obligation to act as Trustee under this Trust Agreement after the effective date of resignation, except the duty and obligation to execute all such instruments of transfer or conveyance as may be appropriate or necessary. The expenses of a resigning Trustee's accounting shall be a proper charge against the trust estate.

(B) (1) If a Trustee shall for any reason cease to act hereunder, other than pursuant to paragraph (D) below, the Grantor is authorized to appoint a successor Trustee.

(2) The Grantor, acting alone, may from time to time appoint one or more additional Trustees, which appointment shall take effect upon such appointee's written acceptance of the office of Trustee.

(C) Subject to the provisions of paragraph (B) above, each Trustee is authorized to appoint a successor Trustee to act in his or her place as Trustee upon his or



her death, resignation or disability. Such appointment hereunder shall be by an instrument in writing signed and acknowledged by the person making such appointment and filed with the Trustees then in office, or if none, with the successor Trustee or such appointment may be made by such person's Last Will and Testament duly admitted to probate by a court of competent jurisdiction. Any appointment of a successor Trustee pursuant to this paragraph (C) to take effect in the future may be revoked at any time prior to the happening of the event upon which such appointment is to take effect by his filing a subsequent designation in the manner hereinabove provided.

(D) (1) The Grantor, may at any time and from time to time, remove and replace any Trustee then in office with or without cause by an instrument in writing which shall specify the date as of which such removal is to take effect and which shall be delivered or mailed at least sixty (60) days prior to the date so specified, to the removed Trustee with a copy to any other Trustee acting hereunder. The successor Trustee shall be such person as designated by the Grantor within fourteen (14) days after notice of removal was delivered to the removed Trustee.

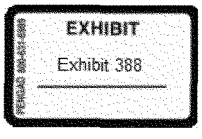
(2) The removed Trustee shall be discharged from all further duty or obligation to act as Trustee under this Trust Agreement after the effective date of removal, except the duty and obligation to execute all such instruments of transfer or conveyance as may be appropriate or necessary and deliver all trust property to the other Trustees.



(3) The expenses of a removed Trustee's accounting shall be a proper charge against the trust estate.

(E) Unless otherwise provided in this Article, any appointment, qualification or revocation hereunder shall be by an instrument in writing signed and acknowledged by the person or persons making such appointment, qualification or revocation and filed with the Trustees then in office or, if none, with the successor Trustee. Any appointment made pursuant to this provision of a successor Trustee to take effect in the future may be revoked at any time prior to the happening of the event upon which such appointment is to take place.

(F) Unless otherwise provided in this Article, the Trustees shall act by a vote of a majority of the Trustees then in office. Any instrument required to be executed by this trust shall be valid if executed in the name of this trust by a majority of the Trustees. All actions of the Trustees shall be taken either by resolution at a meeting or by written record without a meeting. The Trustees may appoint from among themselves a secretary who keeps a record of all actions of the Trustees. A copy of any resolution or action taken by the Trustees certified by any one of the Trustees may be relied upon by any person dealing with this trust. The Trustees may appoint an advisory board to investigate and report to the Trustees, provided that no member of the advisory board who is not serving as a Trustee shall vote on any action to be taken by the Trustees.



(G) No Trustee hereunder, whether named or successor, shall be required to give any bond or other security for the faithful performance of his or her duties in any jurisdiction in which he or she may be called upon to act.

ELEVENTH: This Trust Agreement, and the trust created hereunder, shall be construed, governed and regulated in all respects under the laws of the State of New York.

TWELFTH: This Trust Agreement shall become effective upon the execution thereof by the Grantor and any one Trustee.

IN WITNESS WHEREOF, the Grantor, THEODORE W. KHEEL, and the Trustees, CHARLES RANGEL, GABRIEL S. PRESSMAN, GAIL SHEEHY, VERONICA KELLY and LOUIS ALVAREZ, have hereunto set their hands and seals all as of the day and year first above written.

THEODORE W. KHEEL, Grantor

CHARLES RANGEL, Trustee

GABRIEL S. PRESSMAN, Trustee

GAIL SHEEHY, Trustee

VERONICA KELLY, Trustee

LUIS ALVAREZ, Trustee



STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On the 12th day of February, in the year 2004, before me, the undersigned, a notary public in and from said state, personally appeared THEODORE W. KHEEL, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

Valerie S. Anderson

Notary Public
Commission Expires:

VALERIE S. ANDERSON
NOTARY PUBLIC, State of New York
No. 4711921
Qualified in New York County
Commission Expires October 31, 2006

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On the 12TH day of February, in the year 2004, before me, the undersigned, a notary public in and from said state, personally appeared CHARLES RANGEL, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

Valerie S. Anderson

Notary Public
Commission Expires:

VALERIE S. ANDERSON
NOTARY PUBLIC, State of New York
No. 4711921
Qualified in New York County
Commission Expires October 31, 2006

EXHIBIT
Exhibit 388

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On the 12TH day of February, in the year 2004, before me, the undersigned, a notary public in and from said state, personally appeared GABRIEL S. PRESSMAN, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

Valerie S. Anderson

Notary Public
Commission Expires:

VALERIE S. ANDERSON
NOTARY PUBLIC, State of New York
No. 4711921
Qualified in New York County
Commission Expires October 31, 2006

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On the 13TH day of February, in the year 2004, before me, the undersigned, a notary public in and from said state, personally appeared GAIL SHEEHY, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

Valerie S. Anderson

Notary Public
Commission Expires:

VALERIE S. ANDERSON
NOTARY PUBLIC, State of New York
No. 4711921
Qualified in New York County
Commission Expires October 31, 2006

EXHIBIT
Exhibit 388

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On the 12th day of February, in the year 2004, before me, the undersigned, a notary public in and from said state, personally appeared VERONICA KELLY, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

Valerie S. Anderson

Notary Public
Commission Expires:

VALERIE S. ANDERSON
NOTARY PUBLIC, State of New York
No. 4711921
Qualified in New York County
Commission Expires October 31, 2006

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On the 12th day of February, in the year 2004, before me, the undersigned, a notary public in and from said state, personally appeared and LUIS ALVAREZ, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

Valerie S. Anderson

Notary Public
Commission Expires:

VALERIE S. ANDERSON
NOTARY PUBLIC, State of New York
No. 4711921
Qualified in New York County
Commission Expires October 31, 2006

EXHIBIT
Exhibit 388

SCHEDULE A

To Agreement of Trust made as of the day of February, 2004 between THEODORE W. KHEEL, as Grantor, and CHARLES RANGEL, GABRIEL S. PRESSMAN, GAIL SHEEHY, VERONICA KELLY and LUIS ALVAREZ, as Trustees.

$100

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DRAFT

Ann S. Kheel Charitable Trust
Minutes of the Organizational Meeting
Carriage House
February 19, 2004

Present: Congressman Charles E. Rangel, Chairman, Luis Alvarez, Veronica Kelly, Trustees. Also present were Ted Kheel, Jake Kheel, Miranda McCloud representing Trustee Gail Sheehy, Ellen K. Jacobs, Executive Director. Trustee Gabe Pressman was unable to attend because of a television assignment he was required to fulfill.

1. Congressman Rangel called the meeting to order at 9:05 AM.

2. Ted Kheel reported that he had transferred on behalf of the Kheel Family, one million dollars consisting of $885,000 in United States Treasuries bearing an interest rate 6.5% and $115,000 in cash to the Ann S. Kheel Charitable Trust account at Deutsche Bank. He pointed out that the Trust would not be formally in existence until all Trustees had signed on and the Trust agreement was filed with the State of New York. An application would then be made to the U.S. Internal Revenue Service for tax exempt status. It is virtually certain the application will be granted. Contributions in advance would be approved retroactively when the application was granted.* Ted Kheel also explained that contributions to the Trust would be tax deductible to the donor.

3. It was agreed that the Trust would be for New York City residents only. It was suggested and agreed that the mission statement be modified to allow grants "up to $50,000," thus enabling the Trustees to make smaller grants at their discretion.

4. There was a discussion about raising additional funds. It was decided that a mention of the Trust would be inserted at the bottom of the program to be given out at Ann S. Kheel's memorial service.

5. Ted Kheel suggested that the Trust look to do something unique for disadvantaged neighborhoods given the relevant qualifications of the membership of the Board of Trustees.

6. Congressman Rangel suggested that an Ann S. Kheel Scholarship program be created for potential leaders in disadvantaged



communities. Veronica Kelly concurred, saying that it would be a living monument--a way to say "thank you Ann Kheel." It was also suggested that scholarships be awarded to students of the 19 colleges of the City University of New York (CUNY) virtually all of whose 400,000 students live in the City. Ted Kheel agreed to make contact with CUNY to discuss such a scholarship program.

7. It was suggested that the New York or National Urban League and and Alpha Kappa Alpha Sorority be contacted about working with the Trust to administer the Scholarship Program. Congressman Rangel agreed to make the contacts.

8. In response to a suggestion from Veronica Kelly about postponing any linkage between Christo and Jeanne-Claude's Gates Project for Central Park and the Ann S. Kheel Charitable Trust, Ted Kheel explained that there was no formal linkage, but simply an agreement to cooperate. The artists, he pointed out, had given the newly created not-for-profit foundation entitled Nurture New York's Nature, Inc. (NNYN) an exclusive, world-wide, royalty-free license to use their intellectual property on products and events commemorating and memorializing The Gates on condition that all net proceeds are used to benefit New York. He also explained that Gary Hattem of Deutsche Bank had suggested that NNYN support organizations in disadvantaged neighborhoods, precisely the mission of the Ann S. Kheel Charitable Trust. It was agreed, under those circumstances, that NNYN would cooperate with the Ann S. Kheel Charitable Trust in supporting organizations in disadvantaged neighborhoods.

9. Congressman Rangel also mentioned the gardens Bette Midler established in empty lots and the possibility of Ann S. Kheel Charitable Trust supporting such parks.

10. It was agreed that the next meeting of the Trust be held in March. Luis Alvarez, Vice-President of Deutsche Bank, agreed to arrange to have the meeting at the offices of Deutsche Bank on Wall Street.

Respectfully submitted,

Ellen K. Jacobs, Executive Director
February 23, 2004



056

Ann S. Kheel Charitable Trust

Minutes of April 7, 2004 meeting
at Deutsche Bank, 60 Wall Street

Present:
Congressman Charles B. Rangel, Chairman
Luis Alvarez-Vila and Veronica Kelly, Trustees.
Also present were:
Gary Hattem of Deutsche Bank
Ellen K. Jacobs, Executive Director
Theocore W. Kheel and Jake Kheel
Darwin M. Davis and Vie Kaufman of the New York and National Urban League attended for a presentation on the proposed Ann S. Kheel Urban League Scholarship.

Not present:
Trustees Gail Sheehy and Gabe Pressman.

1. Congressman Rangel called the meeting to order at 9:15 a.m.

2. Minutes of the last meeting were summarized by Congressman Rangel and approved.

3. Theodore Kheel reported that the Trust has earned $70,000 in interest and received over $15,000 in contributions, making it close to $1.1 million.

4. Gary Hattem was introduced to advise on the best way to spend the Trust's money.

5. There was a discussion of the Ann S. Kheel Urban League Scholarship, how it would work and its presentation at the 39th annual Frederick Douglass Awards Dinner on May 6. Someone from the Board will announce the scholarship at the Dinner--Theodore Kheel nominated Congressman Rangel.



057

6. The scholarship recipient will be chosen by the Urban League in accordance with guidelines set down by the Trust. The scholarship will be awarded yearly, but continue throughout the 4 college years so that ultimately there will be 4 concurrent scholarships. The Urban League will choose the student within the guidelines given and administer the scholarship.

7. Darwin Davis will send the Urban League scholarship guidelines to Congressman Rangel so they can be adapted for the Ann S. Kheel scholarship. The Urban League explained how it recruits for its scholarships.

8. Gary Hattem, who has worked in not-for-profits and now runs the Deutsche Bank Foundation, said there are 4 things to consider:

I. This is to honor the memory of Ann Kheel--consider her interests.

II. How much money do we want to give yearly.

III. The life-time of the Trust (how long will it take to spend the money). Possible time-frames suggested were 5 and 10 years.

IV. The importance of the board as far as its own individual and collective interests--its ability to mentor, fund-raise, and make connections for the Trust and the recipients.

9. Gary Hattem further pointed out that if the Board wants to reach the needy it can do so through community organizations, by endowing internships for people who want to remain and help the community--perhaps summer jobs. Organizations could be invited to compete and submit 2 page proposals ("request for proposals") . There could be an annual luncheon for the grantees and they could be brought into the offices of Board members as a broadening experience to see how that sector works. Individuals who get Trust grants (through the chosen organizations) should also be told that they need to become independent as the Trust will not be around forever.



10. Gary Hattem was asked to permanently advise the Trust and agreed. Robin Ince, his assistant, Luis Alvarez-Vila, and Gary Hattem will give Congressman Rangel a memo to circulate among the Board to help structure the Trust.

11. There was discussion about choosing intermediary organizations that would then identify the people to be helped, based on the Board's requirements, as well as discussion about how many scholarships to give. There was a concensus that proposals should be short.

12. Gary Hattem raised the question of whether the Board wants to target individuals or organizations. There was an interest in reaching individuals, especially through scholarships.

13. It was also suggested that for the first year the Trust give away limited money (only the Urban League Scholarship) while the Trust establishes its guidelines.

14. It was agreed that no other proposals would be funded until guidelines have been developed.

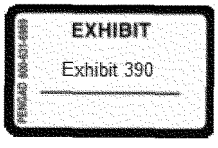
15. For this reason, it was agreed not to fund the CERC and CUNY proposals at this time.

16. In preparing guidelines for organizations to identify individuals, the Board is trying to convey the flavor of what it wants, perhaps with an introductory paragraph about Ann S. Kheel.

17. The next meeting will be on a Monday or Friday in June. In the interim Board members will consider memos from Gary Hattem and the Urban League.

Respectfully submitted

Ellen K. Jacobs



CSOC.CBR.00009632

Ann S. Kheel Charitable Trust
Agenda for Meeting
September 20, 2004

1. **Approval of Minutes**
2. **Report on donations and bank account**
3. **Consider draft of guidelines suggested by Gary Hattem**
4. **Status of Urban League scholarships**
5. **Status of deferred proposals from CUNY and CERC**
6. **Other business**



060

Ann S. Kheel Charitable Trust
Minutes
September 20, 2004

Present
Congressman Charles B. rangel, Chairman
Veronica Kelly, Trustee
Luis Alvarez-Vila, Trustee by phone
Also present were
Gary Hattem and Robin Brady Ince of Deutsche Bank
Ellen K. Jacobs, Executive Director
Theodore W. Kheel

Absent: Trustees Gail Sheehy and Gabe Pressman

The minutes of the previous meeting were approved.

The Board agreed on the following:
1. The board will receive contributions, but not solicit contributions.
2. The Trust is to preserve the memory of Ann Kheel. This will be both through the scholarships and mentoring by the Trustees who are equipped to open doors, set examples and advise the Ann S. Kheel Scholarship holders. This will make the Ann S. Kheel Trust scholarships different from ordinary scholarships and memorable.
3. For planning purposes, it is assumed that the money in theTrust will last about 10 years (although its effect should be indefinite). Gary Hattem will recommend an amount to spend each year and the school(s) or organization(s) will let us know how many students can receive scholarships given that amount. It is hoped that the first of those schools will be CUNY and that the Urban League will also establish an Ann S. Kheel Scholarship(s).
4. Scholarships will be awarded for 4 years.
5. Robin Brady Ince will work out a preliminary plan for partnering with CUNY and the New York Urban League for presentation to the Board.
6. Once these two organizations are in place, the Board may consider establishing internships and summer jobs. Another possibility is an annual dinner where students get to know each other and the Board and possibly an outside dignitary.
7. The Board will establish criteria for the schools to use in choosing scholarship students. The organizations will select the students.



061

8. It was decided that the program is needs to be established before addressing when to award the scholarships.
9.It was decided that CERC is not the right program for the Trust. However, Ted Kheel suggested that Punta Cana could take an intern from the scholarship awardees and would absorb the cost.
10. The Trust is not restricted to scholarships and can be used for other things as well. Ellen Jacobs was asked to circulate the mission statement.

During discussion:
Luis Alvarez suggested that some of the money be targeted for younger students, perhaps at risk and perhaps through a program Deutsche Bank sponsors. He also liked the idea of using some of the money to help students pay off loans.
Veronica Kelly said she favored using the Trust for scholarships because they bring Ann's ideals to fruition. They carry her memory to another generation and plant a seed that can be carried on to future generations. She also endorsed the idea of helping at-risk High School students as suggested by Luis Alvarez.
Ted Kheel reported that the Trust is held by Deutsche Bank and initially consisted of $150,000 cash and 800,000 in 6% government bonds (Dad:Is this the correct amount?)
Congressman Rangel asked Luis Alvarez to report at the next meeting on how the Trust's money is being invested.
Congressman Rangel asked Ellen Jacobs to put together Ann Kheel's ideals for the Board to work with, as well as for inspiration for the students.
Ted Kheel suggested that the Board meet with the Urban League and CUNY to discuss how they can work together.
Congressman Rangel suggested that those meetings be held after the Board has decided what its role could be.
It was agreed that the next meeting will be in mid-November, a dinner at Ted Kheel's new apartment. At that time the partnering with CUNY and the New York Urban League will be considered.

Respectfully submitted

Ellen Kheel Jacobs, Executive Director



062

Ann S. Kheel Charitable Trust
Minutes
September 20, 2004

Present
Congressman Charles B. Rangel, Chairman
Veronica Kelly, Trustee
Luis Alvarez-Vila, Trustee by phone
Also present were
Gary Hattem and Robin Brady Ince of Deutsche Bank
Ellen K. Jacobs, Executive Director
Theodore W. Kheel

Absent: Trustees Gail Sheehy and Gabe Pressman

The minutes of the previous meeting were approved.

The Board agreed on the following:

1. The Board will receive contributions, but not solicit contributions.

2. The Trust is to preserve the memory of Ann Kheel. This will be both through the scholarships and mentoring by the Trustees who are equipped to open doors, set examples and advise the Ann S. Kheel Scholarship holders. The Trust will be set up to take advantage of our unique board members in devising programs of help to disadvantaged neighborhoods. This will make the Ann S. Kheel Trust scholarships different from ordinary scholarships and memorable.

3. For planning purposes, it is assumed that the money in the Trust will last about 10 years (although its effect should be indefinite). Gary Hattem will recommend an amount to spend each year and the school(s) or organization(s) will let us know how many students can receive scholarships given that amount. It is hoped that the first of those schools will be CUNY and that the Urban League will also establish an Ann S. Kheel Scholarship(s).

4. Scholarships will be awarded for 4 years.



5. Robin Brady Ince will work out a preliminary plan for partnering with CUNY and the New York Urban League for presentation to the Board.

6. Once these two organizations are in place, the Board may consider establishing internships and summer jobs. Another possibility is an annual dinner where students get to know each other and the Board and possibly an outside dignitary.

7. The Board will establish criteria for the schools to use in choosing scholarship students. The organizations will select the students.

8. It was decided that the program needs to be established before addressing when to award the scholarships.

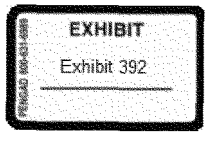
9.It was decided that CERC is not the right program for the Trust. However, Ted Kheel suggested that Punta Cana could take an intern from the scholarship awardees and would absorb the cost.

10. The Trust is not restricted to scholarships and can be used for other things as well. Ellen Jacobs was asked to circulate the mission statement.

During discussion:

Luis Alvarez suggested that some of the money be targeted for younger students, perhaps at risk and perhaps through a program Deutsche Bank sponsors. He also liked the idea of using some of the money to help students pay off loans. Veronica Kelly said she favored using the Trust for scholarships because they bring Ann's ideals to fruition. They carry her memory to another generation and plant a seed that can be carried on to future generations. She also endorsed the idea of helping at-risk High School students as suggested by Luis Alvarez.

Ted Kheel reported that the Trust is held by Deutsche Bank and initially consisted of $885,000 in U.S. Treasuries bearing an interest rate of 6.5% and $115,000 in cash. There have been some donations since then.



CSOC.CBR.00009637

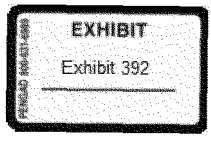
Congressman Rangel asked Luis Alvarez to report at the next meeting on how the Trust's money is being invested.
Congressman Rangel asked Ellen Jacobs to put together Ann Kheel's ideals for the Board to work with, as well as for inspiration for the students.

Ted Kheel suggested that the Board meet with the Urban League and CUNY to discuss how they can work together.
Congressman Rangel suggested that those meetings be held after the Board has decided what its role could be.
It was agreed that the next meeting will be in mid-November, a dinner at Ted Kheel's new apartment. At that time the partnering with CUNY and the New York Urban League will be considered.

Respectfully submitted,

Ellen Kheel Jacobs, Executive Director

3/



THE ANN S. KHEEL CHARITABLE TRUST
75 East 55th Street
New York, NY 10022
Tel: 212 318-6027

MEMORANDUM

October 27, 2004

TO: The Trustees:
Congressman Charles B. Rangel,
Chairman
Luis Alvarez-Vila
Veronica Kelly
Gabe Pressman
Gail Sheehy

cc's: Gary Hattem
Theodore W. Kheel
Robyn Ince

FROM:
Ellen K Jacobs, Exec. Director

This is to advise that the next breakfast meeting of the Board of Trustees has been scheduled for December 7, 2004 at 9:00 a.m. at 800 Fifth Avenue, Apt. 24F.

Also enclosed, for your records, are copies of the Mission Statement dated October 19, 2004 together with the Minutes of the last meeting on September 20.



066

MEMO

From: Ellen K. Jacobs
To: Trustees, Gary Hattem, Robin Ince, Ted Kheel
Date: October 19, 2004
Re: Mission statement for Trust and Ann S. Kheel's ideals (preliminary statement).

Mission Statement

The mission statement we agreed upon on February 19th at our organizational meeting was:

"The Ann S. Kheel Charitable Trust supports organizations dedicated to improving the lives of disadvantaged New Yorkers, with a particular focus on adult and child education, racial equality and the environment... Grants will be up to $50,000."

Ideals of Ann S. Kheel
Some of the ideals my mother lived by were expressed in John Donne's poem which she had framed:

No man is an island,
entire of itself; every man
is a piece of the continent,
a part of the main...
.
any man's death diminishes me,
because I am involved in mankind.

She also believed in excellence--do the best that you can.



Ann S. Kheel Charitable Trust
Minutes
September 20, 2004

Present
Congressman Charles B. Rangel, Chairman
Veronica Kelly, Trustee
Luis Alvarez-Vila, Trustee by phone
Also present were
Gary Hattem and Robin Brady Ince of Deutsche Bank
Ellen K. Jacobs, Executive Director
Theodore W. Kheel

Absent: Trustees Gail Sheehy and Gabe Pressman

The minutes of the previous meeting were approved.

The Board agreed on the following:

1. The Board will receive contributions, but not solicit contributions.

2. The Trust is to preserve the memory of Ann Kheel. This will be both through the scholarships and mentoring by the Trustees who are equipped to open doors, set examples and advise the Ann S. Kheel Scholarship holders. The Trust will be set up to take advantage of our unique board members in devising programs of help to disadvantaged neighborhoods. This will make the Ann S. Kheel Trust scholarships different from ordinary scholarships and memorable.

3. For planning purposes, it is assumed that the money in the Trust will last about 10 years (although its effect should be indefinite). Gary Hattem will recommend an amount to spend each year and the school(s) or organization(s) will let us know how many students can receive scholarships given that amount. It is hoped that the first of those schools will be CUNY and that the Urban League will also establish an Ann S. Kheel Scholarship(s).

4. Scholarships will be awarded for 4 years.



068

CSOC.CBR.00009641

5. Robin Brady Ince will work out a preliminary plan for partnering with CUNY and the New York Urban League for presentation to the Board.

6. Once these two organizations are in place, the Board may consider establishing internships and summer jobs. Another possibility is an annual dinner where students get to know each other and the Board and possibly an outside dignitary.

7. The Board will establish criteria for the schools to use in choosing scholarship students. The organizations will select the students.

8. It was decided that the program needs to be established before addressing when to award the scholarships.

9.It was decided that CERC is not the right program for the Trust. However, Ted Kheel suggested that Punta Cana could take an intern from the scholarship awardees and would absorb the cost.

10. The Trust is not restricted to scholarships and can be used for other things as well. Ellen Jacobs was asked to circulate the mission statement.

During discussion:

Luis Alvarez suggested that some of the money be targeted for younger students, perhaps at risk and perhaps through a program Deutsche Bank sponsors. He also liked the idea of using some of the money to help students pay off loans. Veronica Kelly said she favored using the Trust for scholarships because they bring Ann's ideals to fruition. They carry her memory to another generation and plant a seed that can be carried on to future generations. She also endorsed the idea of helping at-risk High School students as suggested by Luis Alvarez.

Ted Kheel reported that the Trust is held by Deutsche Bank and initially consisted of $885,000 in U.S. Treasuries bearing an interest rate of 6.5% and $115,000 in cash. There have been some donations since then.

2/



069

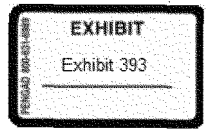
Congressman Rangel asked Luis Alvarez to report at the next meeting on how the Trust's money is being invested.
Congressman Rangel asked Ellen Jacobs to put together Ann Kheel's ideals for the Board to work with, as well as for inspiration for the students.

Ted Kheel suggested that the Board meet with the Urban League and CUNY to discuss how they can work together.
Congressman Rangel suggested that those meetings be held after the Board has decided what its role could be.
It was agreed that the next meeting will be in mid-November, a dinner at Ted Kheel's new apartment. At that time the partnering with CUNY and the New York Urban League will be considered.

Respectfully submitted,

Ellen Kheel Jacobs, Executive Director

3/



THE ANN S. KHEEL CHARITABLE TRUST
75 East 55th Street
New York, NY 10022
Tel: 212 318-6207

MINUTES OF MEETING

Ann S. Kheel Trustees Meeting
Minutes 12/23/04

Present: Congressman Charles B. Rangel, chairman; Luis Alvarez; Gabe Pressman; Veronica Kelly, Trustees. Gary Hattem and Robin Ince from Deutsche Bank. Theodore Kheel; Ellen K. Jacobs, executive director.
Not present: Gail Sheehy

Minutes from the previous meeting were summarized by Congressman Rangel and approved.

The Hunter Proposal from the Public Service Scholar Program was discussed. This program allows women, minorities and immigrants to work in the not-for-profit or government sectors by giving them funds so they do not have to hold other jobs for a one-year period. A decision was needed so that Ms. Walsh could begin recruiting for the Fall program.

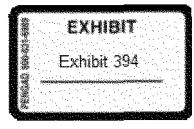
The trustees decided to award f $50,000 in each of two years (the second dependent on performance the first year) to fund 7 scholarships each year. The Trustees expressed a preference that the scholars to be juniors so they can be mentored in their senior year as well as when they are in the program. he trustees want the scholars identified as Ann S. Kheel Scholars.

The trustees are interested in learning the criteria used to choose the students and how the program is publicized.

Congressman Rangel expressed interest in an intern in New York.

Ellen will speak to Dr. Walsh about the trustees' requests.

There was interest in establishing Ann S. Kheel scholarships at the CUNY School for Professional Studies. The trustees need to know how much a four year scholarship costs to make an educated decision. Congressman Rangel will talk to CUNY and get some information about funding scholarships there. Ellen will distribute any written information.



071

It was decided to give $10,000 a year for 10 years to a promising student selected by the Urban League. The Board will periodically review the grant. The student(s) would be announced at the annual Urban League dinner. The scholarship would serve as a way of memorializing Ann S. Kheel. Congressman Rangel will speak to the Urban League about how this can be done. Ellen will distribute any written information.

Discussion of the Student Sponsor Partners program was postponed.

Veronica Kelly brought a proposal for $10,000 to help the Bowery Mission refurbish a new transitional house for women. The money was granted.

The meeting was adjourned.



the City College of New York

OFFICE OF THE PRESIDENT

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December 30, 2004

Hon. Charles B. Rangel
Member, U.S. House of Representatives
163 West 125th Street
New York, New York 10027

Dear Congressman Rangel:

Thank you for your letter and the opportunity to submit a proposal to the Ann S. Kheel Charitable Trust to create the Ann S. Kheel Scholars Program at The City College of New York.

All of us at The City College are very excited about the opportunity this program would provide to our students. The College and the Trust share a common mission, to improve the lives of disadvantaged New Yorkers through education. Ann Kheel's life was dedicated to helping poverty-stricken members of our society, particularly minorities, rise up through education to become full participants in making our world a better place. From its inception, The City College has been providing the finest higher education to low-income New Yorkers, enabling them to become world-class scientists, engineers, writers, doctors, lawyers, and other leaders in society. It seems to me that there is no better way for the Trust to achieve its objective, and secure Ann Kheel's legacy, than through supporting needy students seeking a City College diploma.

I have spoken with Chancellor Goldstein and he approved in principle of the dedication of all of the proceeds of this grant to The City College.

I look forward to working with you on this and other endeavors. My best wishes for a happy New Year.

Sincerely,

Gregory H. Williams
President

GHW:mr
Enclosure

EXHIBIT
Exhibit 395

019

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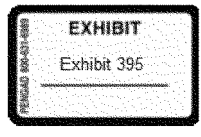
A Special Presentation Prepared for the
Ann S. Kheel Charitable Trust

The Ann S. Kheel Scholars Program at The City College of New York

December 30, 2004

"Open the doors to all.
Let the children of the rich and the poor take their seats together
and know of no distinction save that of industry, good conduct, and intellect."

Townsend Harris, Founder, The City College of New York



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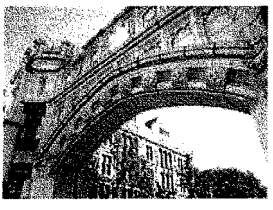



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Executive Summary

The Ann S. Kheel Scholars Program at The City College of New York (CCNY) will provide each of 48 needy students with a four-year scholarship of $5,000 per year to cover tuition, fees and books at CCNY. In addition, there would be up to four two-year scholarships for qualified transfer students. The Kheel Scholars Program will enable the 52 committed, needy students selected for the Kheel Scholarships to attend City College and complete their bachelor's degrees by reducing or eliminating the financial barriers to their success and also to engage in public service.

A Proud History and Mission – The Children of the Whole People

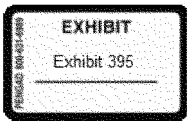
The City College of New York was founded in 1847 by Townsend Harris to offer higher education to the children of the working class and immigrants. The College has produced great scientists, captains of industry, public servants, teachers, doctors, lawyers, architects and engineers, opening doors for young men and women with few material resources and opportunities.



Today's City College is a microcosm of New York City, with one of the most diverse student bodies of any college in America. Its more than 12,000 students carry on a tradition of excellence as they win prestigious awards and fellowships, gain acceptance to leading graduate and professional schools, and make their marks in the sciences, in the arts, in public service, in industry, in education.

Access and Excellence

For 157 years, The City College of New York has symbolized the union of excellence and public higher education. The most important avenue to upward mobility and social advancement for generations of New Yorkers, City College has provided an unsurpassed educational opportunity to hundreds of thousands of talented but needy students. With particular focus on meeting the needs of "the children of the whole people," The College provides unique opportunities for underrepresented populations to enter fields new to them with expert skills and education.



Diversity and Need

Many schools talk about diversity; City College lives it
Last year, *US News and World Report* ranked City College first in diversity in the nation, with African-Americans as the largest minority. This year, City College was ranked first with Hispanic-Americans as the largest minority. The 2004 issue of CCNY's *City Facts* states that in the voluntary section of the admissions application, 87% of CCNY students describe themselves as members of a minority group.

The *Chronicle of Higher Education 2003 Almanac* reports that nationally, within the category of bachelor's degrees earned at all colleges, White students earn 75% of the total, Blacks 8.5%, Hispanics 6.5%, and Asian-Pacific Islanders 6.2%. The same year at City College, however, Blacks received 34.1%, Hispanics 30.1% and Asian/Pacific Islanders 11%, an incredible record of success in populations underrepresented in bachelor's degrees earned. Many of these degrees are awarded in exceptionally demanding programs unique to City College which do not exist elsewhere in the City University system, such as engineering, architecture, biomedical education, and certain science programs.

Most of CCNY's students come from the New York City public schools. Many are immigrants or children of immigrants; they speak 91 languages other than English and were born in 147 countries. City College students are usually the first in their families to go to college, following a tradition that reflects the pattern of generations of CCNY alumni, whose achievements became the model for their own families.



Founded to provide children of the poor and new immigrants access to the American dream
Now still, as in its storied past, CCNY students are financially needy. ***Approximately 58% come from families with combined incomes of $25,000 or less;*** three-quarters of the students work while attending school, some at more than one job. Over half of the students attend part time, most often for financial reasons. They pay $5,000/year in tuition, books, and fees. While the comparatively low tuition narrowly makes it possible for them to attend a top quality college, the cost is high when compared to the



EXHIBIT
Exhibit 395

income many of them, or their families, earn. Because they frequently need to support themselves and sometimes even help support their families, they often take longer to graduate, sometimes having to leave before they earn the bachelor's degree. Working longer hours takes away valuable time from their studies, making it that much more difficult to attain the success they strive for and merit. Few have the time for public service, but many strive to do it nevertheless.

The number of students at City College who require financial aid has grown dramatically. According to the *2003-2004 City Facts*, the total amount of federal, state, and city aid in 2001-2002 needed at City College was $32,364,000. Just two years later, that number rose by 35% to $43,683,000 as the number of students requesting and needing aid continued to increase significantly.

Currently, more than 90% of CCNY students qualify for financial aid; most get something, but it is rarely enough. The other four original senior colleges in the system—Brooklyn, Queens, Hunter, and Baruch—are based in more affluent communities and serve more advantaged populations. City College serves the Harlem community, whose students make up a large portion of the CCNY student body. There are other reasons, also, why City College's talented students are often the neediest.

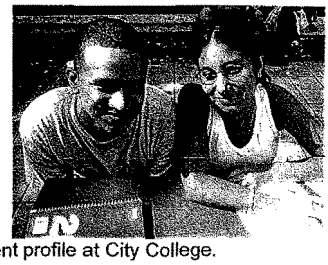
Why Students Come to City College

A small university, with unique courses of study, 40 graduate degree programs and 10 of CUNY's doctoral programs.
City College draws many of the neediest applicants to the City University system. Why? Because The City College of New York is the only college in the CUNY system with Schools of Architecture, Engineering, and Biomedical Education, and many innovative programs in environmental engineering and science, graphic design, media arts production, publishing, and urban legal studies. Indeed, in most cases, these are the only public schools or programs of their kind in New York City. Consequently, City College is the sole gateway for these students to enter these professions, as they cannot afford to attend private institutions that may offer a comparable course of study. Most have meager financial resources but great resolve.

Profiles in Determination
The 2003 valedictorian, Sylvia Arrendondo, worked as a housekeeper while she completed her demanding chemical engineering program here. She now has a full graduate fellowship at the University of Texas in engineering. Zhanna Soushko, the 2004 CCNY valedictorian, worked as a waitress during her entire time at City College.



After graduation, she entered the Ph.D. program at the University of Denver on a full fellowship.

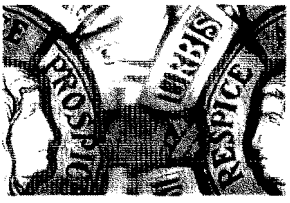


City College also has the biggest undergraduate science research program in the New York Metropolitan area, including Columbia and NYU. Rhodes Scholar Lev Sviridov, who was homeless when he first came to this country from Russia a mere 10 years ago, participates in this program, exemplifying the kind of student City College attracts and nourishes. These stories are not unique; in fact, they are characteristic of the typical student profile at City College.

The Ann S. Kheel Charitable Trust

Formed to honor Ann S. Kheel's lifetime of work in the fight for social and racial justice, The Ann S. Kheel Charitable Trust's mission is to support "organizations dedicated to improving the lives of disadvantaged New Yorkers with a particular focus on adult and child education, racial equality, and the environment."

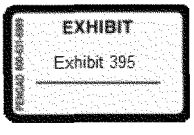
The City College of New York is dedicated to those same ideals, advancing social and racial equality through the most powerful means possible—by providing higher education to minorities and the disadvantaged.



The Ann S. Kheel Scholars Program

The late Ann S. Kheel, who devoted much of her life to fighting for equality of opportunity for all people through her passionate civic leadership in the New York Urban League, the Schomburg Center for Black Culture, and many other organizations, cared deeply about social justice, the rights of women and minorities, and New York City public education.

The City College of New York, founding college and flagship of CUNY, boasts a lifelong heritage of educating refugee, immigrant, minority and disadvantaged populations. Establishing a major scholarship program at CCNY in Ann S. Kheel's memory would be both fitting and productive. The College already has students in place who want to succeed and who are committed to social justice and public service.



Student Public Service at City College

City College proudly claims many students who, regardless of tremendous financial and family pressures, take the time to provide service to their communities. A few examples are:

- The neighborhood tutoring program through which students provide on- and off-campus assistance to the community at local public elementary, junior high and high schools;
- The Rosenberg/Humphrey internship program, in which students take summer internships at government agencies in Washington, DC, and New York in executive and Congressional offices, House and Senate committees, labor unions, governmental agencies, advocacy groups and policy research organizations;
- The service learning program that has provided internships for City College students to go to the Central African country of Rwanda, where they spent the summer working in the Rwanda Ministry of Finance's Poverty Alleviation program, the Ministry of Gender and Development, and the Ministry of Health's Psycho-Social Trauma unit.
- All students at the Sophie Davis School of Biomedical Education make a commitment to enter community medicine in underserved and disadvantaged communities; part of their commitment is to engage in volunteer work in those neighborhoods during their school years;
- Many CCNY Student Clubs and Co-Curricular activities encourage community service, such as the following:

  City College International Medical Relief Team To coordinate student participation in international medical missions; and to fundraise and coordinate medical supply relief efforts with sister clinics and agencies in disadvantaged countries.

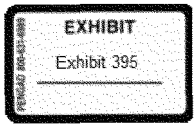
  Dominican Club To emphasize unity and education, promote culture and serve voluntarily within our communities.

  The Messenger To expose students to their community and inspire a sense of social responsibility.

  Students Helping Out! Shout! is established to provide students with volunteer activities in communities in NYC. Volunteer sites include soup kitchens, churches, hospitals, and local schools.

Although 75% of CCNY students must work at full or part time jobs in order to help pay for their tuition, living costs, and in some cases, family needs, many students have nevertheless taken the time to participate in these and other programs, along with their very demanding academic schedules.

Because of these circumstances, these dedicated students have been unable to devote as much time as they would like to public service, although many have expressed



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interest in becoming more intensively involved. What The College has not had so far is a yearlong public service program with funding sufficient to enable these committed students to work fewer hours so that they can concentrate on their studies, and still be able to spend more time over the entire year pursuing public service. *The Ann S. Kheel Scholars Program* could fill this very great need.

This historic undertaking will enable City College's most civic-minded students to take the lead, as so many CCNY students have before them, in public service. They will graduate as part of a new cadre of scholar/public servants, bring honor to their alma mater, and carry on its highest traditions. They will be associated with the Ann S. Kheel Charitable Trust in a venture intended to open the hearts and minds of CCNY students as they provide service to all the varied communities The College serves.

Kheel Scholars Program Goals

1. Make it financially feasible possible for students at The City College of New York to experience the rewards that can come from time spent performing public service.
2. Provide opportunities for these students to work at a variety of not-for-profit, community, government, and educational agencies.
3. Reward and encourage civic-minded young people by helping them with their City College education for the four years they will be involved in the program.
4. Encourage some of City College's best students to consider devoting additional time – or even their careers – to public service-oriented work.
5. Provide a benefit (in the form of volunteer workers) for educational, non-profit and government-based organizations that cannot afford to pay for interns or service aids.

CCNY's Greatest Need

What is needed is major financial support to enable these dedicated and determined students to achieve the goals for which they strive. The **Ann S. Kheel Scholars Program** would provide a $5,000 scholarship/year per student for CCNY applicants who demonstrate need, engage in public service to disadvantaged communities, make satisfactory progress, and maintain The College's required GPA throughout the four years. A program that would serve 12 new students per year and support them through to the bachelor's degree would make an important difference in those students' lives.



Budgeted at a total of $1,000,000, the **Ann S. Kheel Scholars Program** would provide full four-year scholarships for 12 students each year for four successive years. At the end of the program, a total of 48 students will have



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benefited from the Kheel four-year Scholarships. This would leave City College with $40,000 to be allocated as two-year scholarships for up to four dedicated needy transfer students during the grant period.

While some Kheel Scholars may need to continue to supplement their income with paid employment, it is anticipated that the generosity of the Ann S. Kheel Charitable Trust would allow them to at least reduce the number of hours they might need to work, providing the extra study time they need to excel, permitting them to engage more fully in public service, and significantly easing the economic burdens they bear.

CCNY's Responses to the Kheel Foundation's Questions

1. How will the Ann S. Kheel Scholars Program be promoted among potential applicants?
    a. The Ann S. Kheel Scholars Program will be publicized on the City College website, in all freshman materials, and in the high school visits made by CCNY admissions officers. It will also be publicized through posters, emails, at the Finley Student Center, and in the Office of Financial Aid.
    b. Applicants must submit a letter of interest, stating why they want to do public service and describing community service they have already provided.
    c. Applicants must provide expressly written documentation/job descriptions from at least two qualifying organizations interested in retaining the student for unpaid employment or a volunteer position.
2. What experience does the institution have in identifying and supporting students engaged in public service to disadvantaged communities?
    a. Many CCNY students are already actively engaged in public service through many of the voluntary, co-curricular, and academic programs (see Student Public Service at City College above).
    b. City College encourages these groups by providing space, faculty advising, some staff support, some paid internships, and wherever possible, some funds.
    c. City College will provide a faculty program director.
3. What other support, financial and in services, will the institution provide to the selected students?
    a. Students will be assigned to one or more faculty advisors for the time they are Kheel Scholars. They will meet regularly with these advisors both individually and as a group.
        i. The advisor will help students become oriented to their new working culture.



ii. The advisor will help students balance their public service work with class work.
iii. The advisor will be available to address other concerns and questions that may arise during the course of the year.

b. The Kheel Scholars will be provided with a special meeting place on campus where they can discuss freely their common experiences and form the kinds of social bonds that are often scarce at commuter schools.

4. How many students would the given funds be able to support?

a. A cohort of 12 students each year would receive a four-year $5,000 per year Kheel Scholarships.
b. A new cohort would begin each year for four years.
c. Up to four transfer students would receive two-year Kheel Scholarships.

5. What criteria would the institution use to select the students and who will be making the recommendations of selected students?

a. A committee, composed of faculty, financial aid officers, and administrators would be formed to make recommendations to the Trustees.
b. Faculty, staff, high school teachers, community leaders, and past volunteer supervisors would be invited to make nominations to the committee.
c. Students would be recommended to the Trustees on the basis of past interest and experience in public service, although students new to public service will also be selected based on a personal interview.

6. How will the institution determine the financial need, academic performance and demonstration of civic leadership of candidates in making their selections?

a. Grade point average will determine academic performance.
b. Students should be in good standing academically when they enter the program and must remain in good standing academically throughout.
c. Financial need will be determined by the Financial Aid Office (see below).
d. Civic leadership will be determined through demonstrated past experience and the personal interview.



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7. How will the institution measure performance of the scholars?

    a. Students will agree to maintain their grades at the required level, and seek out their advisor if the public service work becomes too onerous or time-consuming.
    b. Students will be encouraged to maintain a journal.
    c. Once each year, all students will provide a written and verbal presentation summarizing their work and its value to society, and highlighting experiences and skills they feel especially proud to have achieved.

8. Who within the institution will manage the program and who will be assigned to interface with the Trust's directors?

    a. The City College of New York will appoint a faculty director of the program, who will meet with students' faculty advisors and ensure the smooth running of the program. This faculty member will report to Zeev Dagan, City College Provost.
    b. The faculty director will interface directly with the Trustees.
    c. In addition, Trustees may contact Rachelle Butler, Vice President for Development and Institutional Advancement.
    d. Regular meetings between students and Trustees will be an important element of the Program.

The CCNY Financial Aid Selection Process

The City College of New York Office of Financial Aid helps CCNY students obtain the maximum aid possible through a highly organized, confidential, yet individualized combination of information sessions and personal advising. Through this process, which involves a structured set of steps directed toward the selection of the neediest students, City College is able to determine which students require additional funding beyond federal, state, and city sources to be able to attend The College. Then, first making certain that those students closest to graduation will be able to complete their degrees, the Office of Financial Aid works to match needy students with privately funded scholarship assistance. In this way, those most in need will get help meeting their economic challenges first. This enables The College to identify those students who would benefit most from a scholarship program.

Conclusion

At the end of seven years, more than 50 students will have graduated and gone on to careers or graduate school. These 50+ students will serve as a living memorial to Ann S. Kheel and her lifetime of work dedicated to education and opportunity. At the same time, the Kheel Scholarships will serve as a front-end transfusion of support and further advance The City College of New York in its vital mission of excellence and access.



CSOC.CBR.00009603

Our request of the Ann S. Kheel Charitable Trust

THEREFORE: On behalf of The City College of New York, in order to create:

The Ann S. Kheel Scholars Program
at
The City College of New York

We ask the Ann S. Kheel Charitable Trust to consider a gift of $1,000,000 or $200,000 per year for five years, for a total gift of $1,000,000.

On behalf of the aspiring students of The City College of New York, we thank you for your thoughtful consideration of this request. If you have any questions or need further information, please contact President Gregory H. Williams or Vice President Rachelle Butler at the Office of Development and Institutional Advancement at the numbers below.

Gregory H. Williams, President
The City College of New York
138th Street and Convent Avenue, A-300
New York, NY 10031
Telephone: 212-650-
Fax: 212-650-
Email: gwilliams

Rachelle Butler, Vice President
Office of Development and Institutional Advancement
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138th Street and Convent Avenue, S-154
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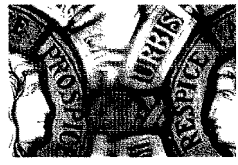

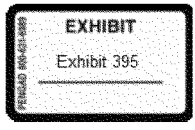

Chart of Scholarships

The chart below shows a sample of how the Ann S. Kheel Scholars Program would work.

	Number of Students	Year 1 2003/4	Year 2 2004/5	Year 3 2005/6	Year 4 2006/7	Year 5 2007/8	Year 6 2008/9	Year 7 2009/10	Total
Class 1	12 @ $5k/year for 4 years	$60k	$60k	$60k	$60k				$240k
Class 2	12 @ $5k/year for 4 years		$60k	$60k	$60k	$60k			$240k
Class 3	12 @ $5/year for 4 years			$60k	$60k	$60k	$60k		$240k
Class 4	12 @ $5k/year for 4 years				$60k	$60k	$60k	$60k	$240k
Total	4-year Students	12	24	36	48	36	24	12	
Total	Transfer students		2 @ $5k/yr = $10k	2 @ $5k/yr = $10k	2 @ $5k/yr = $10k	2 @ $5k/yr = $10k			$40k
Total	Dollars	$60k	$130k	$190	$250k	$190k	$120k	$60k	$1,000,000

"Transforming Lives Toward the Future of Our Nation"

The City College of New York



CSOC.CBR.00009605

THE ANN S. KHEEL CHARITABLE TRUST
75 East 55th Street
New York, NY 10022
Tel: 212 3118-6207

MEMORANDUM

TO: The Trustees
FROM: Ellen K. Jacobs
Date: January 24, 2005 EKJ

Happy New Year!

Enclosed are the minutes from the meeting on December 23, 2004. I have also enclosed a second draft of guidelines for use in selecting organizations to give scholarships. We edited it at the September meeting and did not have time to reconsider it in December.

Please look at both so we can discuss them at our next meeting--at a date to be announced.

Thank you.



073

THE ANN S. KHEEL CHARITABLE TRUST
75 East 55th Street
New York, NY 10022
Tel: 212 318-6207

MINUTES OF MEETING

Ann S. Kheel Trustees Meeting
Minutes 12/23/04

Present: Congressman Charles B. Rangel, chairman; Luis Alvarez; Gabe Pressman; Veronica Kelly, Trustees. Gary Hattem and Robin Ince from Deutsche Bank. Theodore Kheel; Ellen K. Jacobs, executive director.
Not present: Gail Sheehy

Minutes from the previous meeting were summarized by Congressman Rangel and approved.

The Hunter Proposal from the Public Service Scholar Program was discussed. This program allows women, minorities and immigrants to work in the not-for-profit or government sectors by giving them funds so they do not have to hold other jobs for a one-year period. A decision was needed so that Ms. Walsh could begin recruiting for the Fall program.

The trustees decided to award f $50,000 in each of two years (the second dependent on performance the first year) to fund 7 scholarships each year. The Trustees expressed a preference that the scholars to be juniors so they can be mentored in their senior year as well as when they are in the program. he trustees want the scholars identified as Ann S. Kheel Scholars.

The trustees are interested in learning the criteria used to choose the students and how the program is publicized.

Congressman Rangel expressed interest in an intern in New York.

Ellen will speak to Dr. Walsh about the trustees' requests.

There was interest in establishing Ann S. Kheel scholarships at the CUNY School for Professional Studies. The trustees need to know how much a four year scholarship costs to make an educated decision. Congressman Rangel will talk to CUNY and get some information about funding scholarships there. Ellen will distribute any written information.



It was decided to give $10,000 a year for 10 years to a promising student selected by the Urban League. The Board will periodically review the grant. The student(s) would be announced at the annual Urban League dinner. The scholarship would serve as a way of memorializing Ann S. Kheel. Congressman Rangel will speak to the Urban League about how this can be done. Ellen will distribute any written information.

Discussion of the Student Sponsor Partners program was postponed.

Veronica Kelly brought a proposal for $10,000 to help the Bowery Mission refurbish a new transitional house for women. The money was granted.

The meeting was adjourned.



"DRAFT"

The Ann S. Kheel Scholars
For Community Development

Background

The Ann S. Kheel Charitable Trust (the Trust) is making available philanthropic resources for scholarships to benefit disadvantaged New Yorkers pursuing college degrees. The Trust seeks to reach students who have demonstrated a commitment to their local communities through civic leadership. The scholarships will be awarded to students at a selected New York City institution(s) based on financial need, academic performance and promise, and community involvement. Through invitation only, selected colleges, universities and nonprofit organizations are asked to respond to this request for proposals and describe how they would manage and support The Ann S. Kheel Scholars program.

The Ann S. Kheel Charitable Trust was established by Theodore Kheel in honor of his wife Ann to celebrate her personal legacy of community activism and as a champion of tolerance and cultural diversity. Prominent New Yorkers and close friends of Ann S. Kheel who serve as directors of the Trust, and as stewards of this endowment, include Congressman Charles Rangel, Luis Alvarez, Veronica Kelly, Gabe Pressman and Gail Sheehy. The executive director of the Trust is Ann's daughter, Ellen Jacobs.

The Commitment

The Trust will provide funds annually in support of the scholars. The Trust's directors have committed their own time to serve as mentors and role models to the selected scholars. It is intended the scholars will meet at least once in a given academic year with the directors to learn about their careers and commitments to public service.



076

Request for Proposals

Institutions responding to the Request for Proposals should offer a program description as to how they would manage the Ann S. Kheel Scholars initiative. Proposals should specifically respond to the following questions:

1) How will the Ann S. Kheel Scholars program be promoted among potential applicants?
2) What experience does the institution have in identifying and supporting students engaged in public service to disadvantaged communities?
3) What other support, financial and in services, will the institution provide to the selected students?
4) How many students would the given funds be able to support?
5) What criteria would the institution use to select the students and who will be making the recommendations of selected students?
6) How will the institution determine the financial need, academic performance and demonstration of civic leadership of candidates in making their selections?
7) How will the institution measure performance of the scholars?
8) Who within the institution will manage the program and who will be assigned to interface with the Trust's directors?

Selection Process

Based on the proposals submitted, the Trust's directors will select one or more institutions for support. The commitment will be for at least two years and reviewed annually for performance and renewal. The directors will ratify the selection of students based on the recommendation of the selected institution(s).



ANN S. KHEEL CHARITABLE TRUST
75 East 55th Street
New York, NY 10022
Tel: 212 318-6207

To: The Board of Trustees, Theodore Kheel, Gary Hattem, Robyn Brady Ince

From: Ellen K. Jacobs

Date: March 8, 2005

Re: Upcoming Charitable Trust breakfast Meeting on March 22, 2005
To be held at 9:00 a.m. at 800 Fifth Avenue Apt. 24F

At our March meeting we should consider:

1. The enclosed CUNY proposal. Although they ask for more money than we have available, I am sure they will be happy with whatever we choose to give. There is a paragraph-long executive summary at the beginning and a table of contents showing where their actual proposal is.

2. Finalizing the guidelines for applicants to the Trust. A draft is enclosed.

3. Time-line for awarding money.

I have also enclosed Elaine Walsh's (Hunter's) response to our question about recruitment of students and agencies and the admissions process and her thank you letter to me.

Enclosures: CUNY proposal; Draft of guidelines for applicants to the Trust; Hunter College response and thank you.

EXHIBIT
Exhibit 397

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Ann S. Kheel Charitable Trust
Memo

From: Ellen K. Jacobs
To: Board of Trustees; Gary Hattem; Robin Ince; Theodore W. Kheel
Re: Minutes; Talking points for May meeting; Hunter College Public Service Scholars Program.

Enclosed are the minutes from the March meeting and the talking points to consider at the May meeting. They are being forwarded to President Williams.

Additional information: The Hunter College Public Service Scholars Program has a newsletter which is doing an article on Ann Kheel , her ideals and the Charitable Trust.



Ann S. Kheel Charitable Trust Meeting
March 22, 2005 Minutes

Present: Congressman Charles B. Rangel; Veronica Kelly; Gabe Pressman; Gail Sheehy, Trustees. Gary Hattem; Robyn Brady-Ince; Ted Kheel; Ellen K. Jacobs, executive director

Not present: Luis Vila-Alvarez

1. **Minutes of prior meeting were approved.**
2. **Ellen stated that the Trust has awarded $210,000 dollars in grants.**
3. **The CCNY proposal was considered. The Trustees liked that it was a full-service program. The amount of money ($1,000,000) requested was a concern as this is a small foundation. One suggestion was to start the program with a 2-year grant totalling about $300,000, with a mix of students from each year (6 freshmen, 6 sophomores, 6 juniors and 6 seniors). This would both jump-start the program and give a mix of students. The second year would be conditional on performance during the first year.**
4. **There was discussion about what could be done to make a grant from the Ann S. Kheel Charitable Trust especially meaningful since this is a small foundation with a distinguished board. One thought was to capitalize on the Board itself. The Board would like to inspire students to go into public service as people such as Congressman Rangel and Ray Kelly have done. There is concern that the Board not take on more than they can handle.**
5. **There was discussion about the fact that it is notable that this board is choosing to give something to CCNY rather than to a private college and that perhaps the CCNY could use the grant for public relations purposes as well.**



The names of the Board might also be used at a fund-raiser for the program once it has a track record. The Great Hall would be an ideal place for it.

6. **There is increasing recognition of the importance of CCNY in educating the youth of New York City. Congress has agreed to fund a school of public affairs at CCNY. The Board discussed the possibility of building on Congress' agreement. In addition, the City Council has awarded $1,000,000 to establish a Dominican Studies Institute at CCNY in recognition of the large Dominican population in New York City.**
7. **It was decided that inspiring students to go into public service would be a theme for the Charitable Trust grants. The Trust has already given one such grant to Hunter College's Public Service Scholar Program. Both Theodore Kheel and Ellen said that Ann Kheel would have liked such a program.**
8. **A dinner meeting in May with Gregory Williams, President of the City College of New York, will be scheduled to work out the scholarship program. Ellen will put together some talking points to be sent to President Williams prior to the meeting.**
9. **No additional proposals will be considered until this one has been finalized.**
10. **To be considered next time: finalizing draft of our guidelines; budge; time-line for disbursing committed funds.**

Respectfully submitted,
Ellen K. Jacobs

Draft of talking points to send to President Williams in preparation for our meeting with him in May:



1. **Redefine the mix of students so there is a 4-year mix (freshman through senior) in the first group.**
2. **An initial grant of about $300,000 will be given to cover a 2-year term to with 6 students in each of 4 classes. The second year is conditional on the successful completion of the first.**
3. **This is a seed. How can the Board help to get the message to other New Yorkers and help get them involved in CCNY**
4. **Does CCNY have a fund-raising mechanism that the Board could supplement?**



ANN S. KHEEL CHARITABLE TRUST
75 East 55th Street
New York, NY 10022
Tel: (212) 318-6207
Fax: (212) 318-6201
e-mail: ellenkjacobs

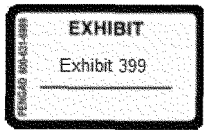
MEMO

To: Trustees of Ann S. Kheel Charitable Trust
From: Ellen K. Jacobs
Date: April 14, 2005
Re: Enclosures

In addition to the minutes, I have enclosed 2 things for your consideration:

1. The talking points to send Gregory Williams, President of City College, so that he will be ready for discussion at our May meeting (date still to be determined). If there is something else I should include, please let me know.

2. Our draft guidelines for giving to Ann S. Kheel Scholars' programs should be finalized. Does anyone have anything that needs to be added or changed to those?



Minutes
Ann S. Kheel Charitable Trust Meeting
March 22, 2005

Present:
Trustees: Congressman Charles B. Rangel
Veronica Kelly
Gabe Pressman
Gail Sheehy

Others in attendance: Robyn Brady Ince
Gary Hattem
Theodore W. Kheel
Ellen K. Jacobs, Executive Director

Not present: Luis Alvarez-Vila, Trustee.

1. Minutes of prior meeting of December 23, 2004 were approved.

2. Ellen stated that the Trust has awarded $210,000 dollars in grants ($100,000 to Hunter's Public Service Scholars' Program over 2 years and $100,000 to the Urban League over 10 years and $10,000 to Bowery Mission).

3. The CCNY proposal was considered. The proposal requests funds to assist and support needy students from disadvantaged neighborhoods who choose to make careers in the public sector - - a purpose similar to that of the proposed Rangel Center at CCNY. The Trustees liked that it was a full-service program. The amount of money requested ($1,000,000) was a concern as this is a small Trust. One suggestion was to start the program with a 2-year grant totaling about $300,000, with a mix of students from each year (6 freshmen, 6 sophomores, 6 juniors and 6



seniors). This would both jump-start the program and give a mix of students. The second year of funding would be conditional on performance during the first year.

4. There was discussion about what could be done to make a grant from the Ann S. Kheel Charitable Trust especially meaningful since this is a small foundation with a distinguished board. One thought was to capitalize on the Board itself. The Board would like to inspire students to go into public service as people such as Congressman Rangel and Ray Kelly have done. There is concern that the Board not take on more than they can handle.

5. There was discussion about the Rangel Center for Public Service that is being established at CCNY. Since the goals are the same, perhaps the Ann. S. Kheel Charitable Trust can work with the Rangel Center.

6. There was discussion about the fact that it is notable that this Board is choosing to give something to CCNY rather than to a private college and that perhaps the CCNY could leverage the grant for public relations purposes as well.

7. The Board members might also lend their clout to fund-raising efforts for the program. The Great Hall would be an ideal place for it.

8. There is increasing recognition of the importance of CCNY in educating the youth of New York City. Congress has agreed to fund a school of public affairs at CCNY. The Board discussed the possibility of building on this opportunity. In addition, the City Council has awarded $1,300,000 to support the Dominican Studies Institute at CCNY in recognition of the large Dominican population in New York City.



9. It was decided that inspiring students to go into public service would be a theme for the Charitable Trust grants. The Trust has already given one such grant to Hunter College's Public Service Scholar Program. Both Theodore Kheel and Ellen said that Ann Kheel would have liked such a program.

10. A dinner meeting in May with Gregory Williams, President of the City College of New York, will be scheduled to work out the scholarship program. Ellen will put together some points for discussion to be sent to President Williams prior to the meeting.

11. No additional proposals will be considered until this CCNY program and funding have been finalized.

12. To be considered at the next Trustee Meeting (date, to be determined):

(a) CCNY Proposal
(b) finalizing draft of our guidelines;
(c) budget
(d) timeline for disbursing committed funds.

Respectfully submitted,

Ellen K. Jacobs



Points to Discuss at Dinner Meeting

Points to discuss relating to the proposal from CCNY that we are considering and discussed at our last meeting. These will be forwarded to President Williams so he can come prepared.

1. Magnitude of the grant

2. Fund Raising. In conjunction with the Rangel Center?

3. Publicity

4. Redefinition of student mix

5. How the Ann S. Kheel Charitable Trust can work with the Rangel Center in their mutual goal of encouraging and assisting students to pursue public service careers.



"DRAFT"

The Ann S. Kheel Scholars
For Community Development

Background

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The Commitment

The Trust will provide funds annually in support of the scholars. The Trust's directors have committed their own time to serve as mentors and role models to the selected scholars. It is intended the scholars will meet at least once in a given academic year with the directors to learn about their careers and commitments to public service.



089

Request for Proposals

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Selection Process

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CSOC.CBR.00009663

Anderson, Valerie

From: EllenKJacobs
Sent: Wednesday, April 20, 2005 10:31 AM
To: Anderson, Valerie; Tedkheel
Subject: Charitable Trust Minutes and Discussion Points

editedcharitablemin .3.22.05 (1...

Dad
Here is a revised set of minutes and points to discuss with Williams. Let me know what you think. I underlined the changes and moved the Rangel paragraph to #5 in the minutes.
Love, Ellen

Ann S. Kheel Charitable Trust Meeting
March 22, 2005 Minutes

Present: Trustees: Congressman Charles B. Rangel, Veronica Kelly, Gabe Pressman, and Gail Sheehy. Gary Hattem, Robyn Brady Ince, Ted Kheel, and Ellen K. Jacobs, Executive Director

Not present: Luis Vila-Alvarez, Trustee.

1.Minutes of prior meeting of December 23, 2004 were approved. 2.Ellen stated that the Trust has already awarded $210,000 dollars in grants ($100,000 to Hunter's Public Service Scholars' Program over 2 years and $100,000 to the Urban League over 10 years and $10,000 to Bowery Mission). 3.The CCNY proposal was considered. The proposal requests funds to assist and support needy students from disadvantaged neighborhoods who choose make careers in the public service sector--a purpose similar to that of the proposed Rangel Center at CCNY. The Trustees liked that it was a full-service program. The amount of money requested ($1,000,000) was a concern as this is a small Trust. One suggestion was to start the program with a 2-year grant totaling about $300,000, with a mix of students from each year (6 freshmen, 6 sophomores, 6 juniors and 6 seniors). This would both jump-start the program and give a mix of students. The second year of funding would be conditional on performance during the first year.
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EXHIBIT
Exhibit 400

180

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Respectfully submitted,
Ellen K. Jacobs

DRAFT
Points to discuss relating to the proposal from CCNY that we are considering and discussed at our last meeting. These will be forwarded to President Williams so he can come prepared.

1. Magnitude of the grant
2. Fund Raising. In conjunction with the Rangel Center?
3. Publicity.
4. Redefinition of student mix
5. How the Ann S. Kheel Charitable Trust can work with the Rangel Center in their mutual goal of encouraging and assisting students to pursue public service careers.



CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
RANKING MEMBER

JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-3215
TELEPHONE: (202) 225-4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900

PLEASE RESPOND TO
OFFICE CHECKED

May 18, 2005

Theodore Kheel, Esq.
75 East 55th Street
5th floor
New York City, NY 10022

Dear Ted:

I am writing you as a longtime friend with a shared vision and commitment to public service, to share an initiative that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the College has traditionally served. I want to make you aware of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

As you know, throughout my public career I have believed in the special strength derived from our racial and ethnic diversity and that we as lawmakers must lead in assuring that opportunity for public service be made available to all with the goal of achieving a policymaking community that reflects the rich tapestry of cultures, faiths, colors and ethnicities that make us who we are as a great nation. I am asking you to join me in the creation of a public policy center that will motivate and prepare young people presently underrepresented in public life to careers in public service.

Today, non-whites make up nearly thirty percent of the US population. Yet, according to the Equal Economic Opportunity Commission's 2003 report on the federal workforce, only 13.8% of the men and women who occupy the top managerial, supervisory, and policy-making

EXHIBIT
Exhibit 401

positions in the US Federal government are members of minority groups. By 2050, minority groups in the US will comprise more than 50% of our population.

The Charles B. Rangel Center, located at the City College of New York, a school in the most ethnically diverse city in our nation and with an unparalleled history of supporting the empowerment of immigrant ethnic groups, will help to ensure that those who run our nations will be reflective of our diversity. After being approached by the leadership of the College with the idea of the Rangel Institute I was receptive because it will allow me to locate the inspirational aspects of my legacy in my home Harlem community.

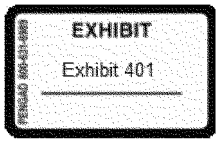
As you will see from the enclosed presentation, the Rangel Center at the City College of New York will be alive with the work of scholars and students working on public policy issues and studying the political dimension of change. It would not be a Library or a Museum, but a living institution brimming with ideas and stimulating debate.

I will be exploring with my Congressional colleagues how best to move this idea through the appropriations process and ask that you share with me your thoughts on how to develop an approach to the private sector donor community. I look forward to continuing our conversations on the Rangel Center concept in the coming weeks and months.

Sincerely,

Charles B. Rangel
Member of Congress

CBR:gad



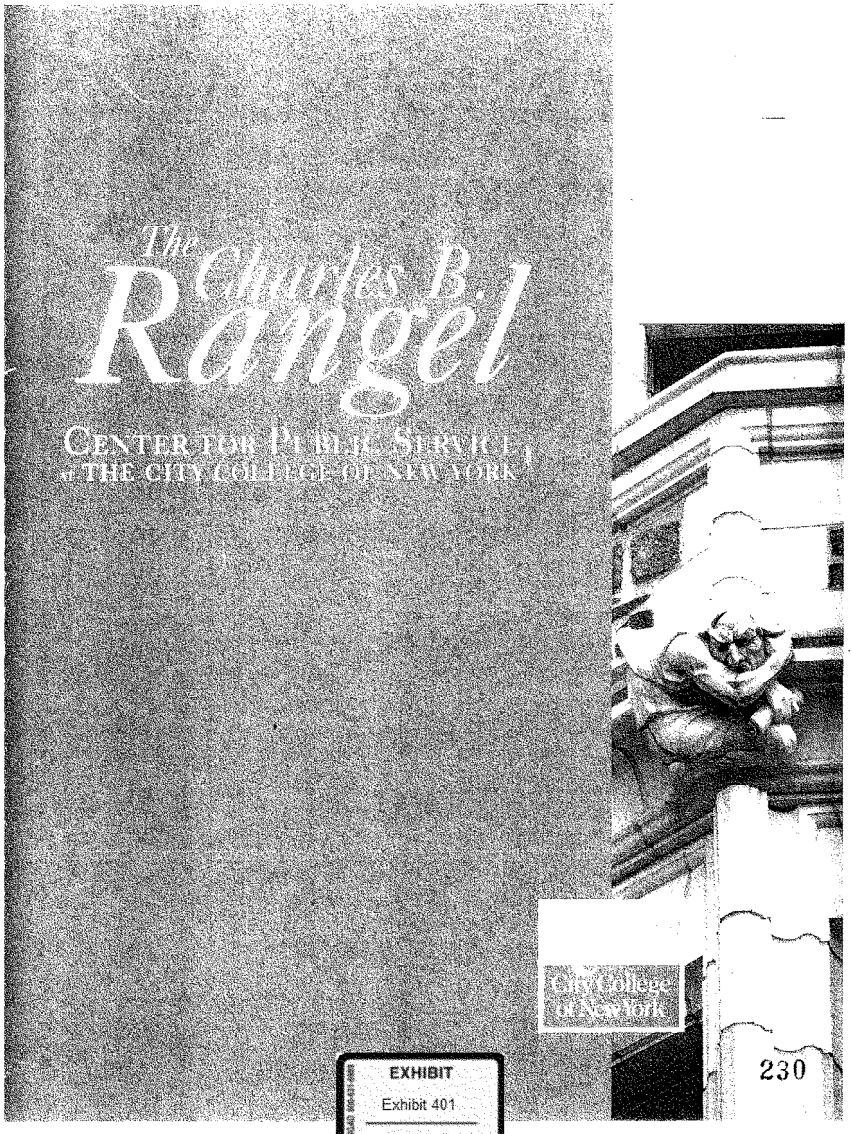


EXHIBIT
Exhibit 401

CSOC.CBR.00009803



CONGRESSMAN CHARLES B. RANGEL

Through 17 terms as U.S. Congressman from New York's 15th Congressional District, Congressman Rangel has combined a dedication to the specific needs of his Harlem and Washington Heights constituency with an expansive viewpoint that has led him to leadership on a broad range of national and international issues in the House of Representatives. From Harlem to South Africa, from affordable housing to help for the unemployed, from tax legislation to international trade, his work is characterized by a fundamental commitment to equity, justice and inclusion.

The senior Democratic member of the Committee on Ways and Means, Congressman Rangel has been a major voice for equity in the Internal Revenue Code and proposed tax legislation. As a Congressional advisor to the U.S. Trade Representative and a member of the President's Export Council, he has worked tirelessly to build consensus on international trade matters. In addition, he authored: the $5 billion Federal Empowerment Zone demonstration project to revitalize urban neighborhoods throughout America; the Low Income Housing Tax Credit, which helped finance 90% of the affordable housing built in the U.S. in the last 10 years; and the Work Opportunity Tax Credit, which has provided thousands of jobs for underprivileged young people, veterans, and ex-offenders.

As chairman of the Congressional Narcotics Abuse and Control Caucus, Congressman Rangel leads the nation's efforts to reduce the flow of drugs into the United States and to solve the nation's continuing drug abuse crisis.

He is a founding member and former chairman of the Congressional Black Caucus. He also served as chairman of the New York State Council of Black Elected Democrats and as a member of the House Judiciary Committee during the hearings on the articles of impeachment of President Richard Nixon.

Awarded the Purple Heart and Bronze Star for his service in the Korean War, Congressman Rangel has authored several pieces of legislation to benefit minority and women veterans, including a successful bill that established the Office of Minority Affairs within the Department of Veterans Affairs. In the area of foreign affairs, he played a vital role in ending the apartheid regime in South Africa and restoring the democratic government in Haiti.



CSOC.CBR.00009804

letter from the president

To the Reader:

In his distinguished career, The Honorable Charles B. Rangel has done as much as any single person in public service to help the least powerful among our citizens to achieve their goals and to change their lives, their communities, and the nation. He has done so with the clear vision that all of America's citizens must be empowered in order for America to be herself. He has thought and acted locally and globally to ensure that the laws and policies of this nation embody her best instincts and her highest promise.

Fundamental to Congressman Rangel's lifelong service is a belief that America's "governing class" – those men and women who make our laws and policies – must mirror the rich tapestry of cultures, faiths, and ethnicities that make us who we are as a country. We at The City College of New York are proud to share that vision and that commitment.

Today, non-whites make up nearly thirty percent of the U.S. population. Yet, according to the Equal Economic Opportunity Commission's 2003 report on the federal workforce, only 13.8% of the men and women who occupy the top managerial, supervisory and policy-making positions in the U.S. federal government are members of minority groups. By 2050, minority groups in the United States will comprise 50% of its population. The Charles B. Rangel Center for Public Service at The City College of New York will help to ensure that those who run our nation will reflect our citizenry.

The Center will accomplish this through the establishment of a rigorous graduate program for students from underrepresented groups that will prepare them for public service, including elective office and careers in government at the policy-making level. The new master's program will be coordinated with programs on the undergraduate level, many unique to City College, to encourage and inspire our best students to move into graduate work and pursue careers in public service. Located in a restored Harlem mansion adjacent to The City College campus, the Charles B. Rangel Center will also house the Charles B. Rangel Library, an archival repository of documents, photographs, and memorabilia that records the life of one of America's most important public servants and serves as a rich repository of knowledge and experience for students and scholars alike.

GREGORY H. WILLIAMS
PRESIDENT, THE CITY COLLEGE OF NEW YORK



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The Charles B. Rangel Center for Public Service at The City College of New York will strive to become a national center for the promotion of greater diversity in public service, consisting of five major elements:

The Charles B. Rangel Center, which will be housed in a magnificent Harlem limestone townhouse adjacent to The City College campus, and include the Rangel Library, the Rangel Conference Center, and offices for visiting scholars;

The Charles B. Rangel Library, consisting of documents, archives, and memorabilia from Congressman Rangel's lifetime of public service. These papers will be made available to scholars nationally, and particularly to scholars within The City College and the City University, and will serve as a locus of sponsored research and conferences concerning barriers to full participation in public service by underserved minorities;

The Master's Program in Public Service, which will recruit and prepare young people for careers in government and public service. The program will include participation in internships in service organizations, arranged by the Rangel Center. It will also offer interdisciplinary specializations in concert with The City College Schools of Architecture, Engineering, Education, and Biomedical Education, plus CCNY's special programs in transportation, waste management, and urban public health;

Upon completion of the degree, graduates will be eligible for programs like the Federal Career Intern Program, entering government service for a two-year temporary appointment with eligibility for a permanent assignment upon completion. These opportunities will encourage the involvement of members of underrepresented minority groups and those with financial need;

A Combined BA/MA Program in Public Service, which will work together with several undergraduate programs unique to City College that are particularly suited to draw outstanding students into public service. The BA/MA Program will attract students capable of and interested in an intensive "fast-track" program leading to the master's degree. It will prepare them for public service with high-level coursework, experienced government personnel mentors, and hands-on training in internships and service learning;

The Charles B. Rangel Fellows: A Mid-Career Program in Leadership and Policy Innovation, offering professional advancement training for mid-career, minority government and other public service employees of particular accomplishment and promise for a term of stud[illegible] o an academic year.

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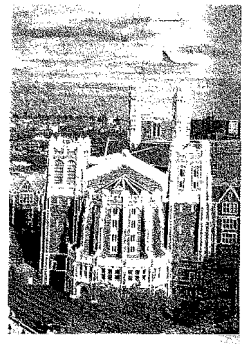
THE CITY COLLEGE OF NEW YORK
THE CHOICE FOR THE RANGEL CENTER



The City College of New York offers a unique and fitting environment for The Charles B. Rangel Center for Public Service. Located in Harlem, the heart of Congressman Rangel's constituency, The City College of New York was founded through a public referendum in 1847 as a free academy to serve "the children of the whole people." One of a young America's great democratic experiments, it remains one of her great democratic achievements, and the most important avenue to upward mobility and social advancement for generations of New Yorkers.

City College has provided an unsurpassed educational opportunity to hundreds of thousands of talented young men and women with few material resources and opportunities. For more than 157 years, The College has provided access to a world-class education to underrepresented populations, preparing them to enter those fields with the expert skills to change their own futures and shape the world.

DIVERSITY AT CITY COLLEGE

Last year, *US News and World Report* ranked City College first in diversity in the nation, where African-Americans are the largest group. This year, City College was ranked first where Hispanic Americans are the largest group. More than 87% of CCNY students describe themselves as members of a minority group.

The Chronicle of Higher Education 2003 Almanac reports that of the total number of bachelor's degrees awarded in the United States as a whole, white students earned 75% of the total, blacks 8.5%, Hispanics 6.5%, and Asian-Pacific Islanders 6.2%. The same year at City College, however, blacks earned 34.1% of the total bachelor's degrees awarded, Hispanics 30.1% and Asian/Pacific Islanders 11% — an unparalleled record of success for underrepresented populations.

Following a tradition that reflects the pattern of generations of CCNY alumni whose achievements became the model for their own families, City College students are often the first in their families to go to college, and most have very limited financial resources. Approximately 58% come from families with combined incomes of $30,000 or less; three-quarters work while attending school, some at more than one job. Over half of CCNY's students attend part time, most often for financial reasons.

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PUBLIC SERVICE AT CITY COLLEGE AND RECRUITMENT POTENTIAL
FOR THE MASTER'S PROGRAM IN PUBLIC SERVICE

A number of existing City College programs attract outstanding undergraduate students, most from minority populations, who are excellent candidates for public service careers. The presence of these already excellent programs on campus affords CCNY an opportunity open to very few colleges in the nation for early identification, recruitment, and preparation of students from underrepresented populations for the Master's and BA/MA Programs in Public Service at The Charles B. Rangel Center for Public Service. They include:

THE ROSENBERG-HUMPHREY PROGRAM IN PUBLIC POLICY, which provides summer internships at government agencies in Washington, DC, and New York in executive and Congressional offices, House and Senate committees, labor unions, government agencies, advocacy groups and policy research organizations;

THE COLIN POWELL LEADERSHIP PROGRAM, an interdisciplinary program of instruction and co-curricular support designed to give a select group of qualified CCNY students who have demonstrated potential for leadership the resources and experience necessary to develop that potential; with a major emphasis on service learning courses that allow students to combine practical experience in underserved communities with coursework relevant to that experience;

THE INTERNATIONAL STUDIES PROGRAM AT CCNY, which exposes students to a global perspective in their coursework and through study abroad in China, Morocco, the United Kingdom, and Germany; in service learning internships in Rwanda, students spend the summer working in the Rwanda Ministry of Finance's Poverty Alleviation program, the Ministry of Gender and Development, and the Ministry of Health's Psycho-Social Trauma unit;

THE PRE-LAW PROGRAM, which includes the D'Agostino-Greenberg Program in Law and Public Policy, a lecture series in law and public policy, and comprises panel discussions, colloquia, and legal internships for students.

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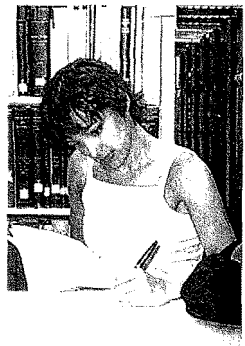
The Charles B. Rangel Library



Designed to hold the product of 50 years of public service by the major African-American statesman of the 20th and early 21st centuries, the Charles B. Rangel Library at The City College of New York will rank with the Clinton and Carter Libraries in historic importance to the government and academic communities.

The Rangel Library not only tells the story of one great man, but also of a nation's progress during the last half of the 20th century and the beginning of the 21st, including papers on the Watergate and impeachment proceedings. It will trace the nature of government, the growth and development of minorities in the United States, and the contributions of underrepresented populations in government and public service. It will not be frozen in time but rather the heart of a living, growing center -- a productive environment for emerging ideas, thoughtful advocacy, and visionary projects.

Serving simultaneously as a resource for scholars, CCNY students, and the greater New York community, the Charles B. Rangel Library will encourage study of and research in the wide-ranging fields of public service prominent in Congressman Rangel's long and varied career. In particular, the Charles B. Rangel Library will inspire new generations of students from under-represented populations to enter and excel in public service. The archives will be accessible to all interested scholars, but especially those who come to study at The Rangel Center.

The Rangel archivist/librarian will organize, index, and preserve for posterity all documents, photographs, and memorabilia relating to Congressman Rangel's career. This will be a full time position, which will be held by a Rangel post-doctoral Fellow, chosen through a national search. The archivist will provide assistance to other scholars, CCNY students, and the Harlem community, while pursuing his/her own research.

The Rangel Library could include such archive categories as: foreign policy, government, the economy, community and the family, New York City and its environs, the 15th Congressional District, and race and ethnicity. Visiting scholars from other cities, states, and nations will be welcomed and integrated into the life of the Center.

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THE MASTER'S & BA/MA PROGRAMS IN PUBLIC SERVICE

The Rangel Center for Public Service will prepare students, particularly from underserved and underrepresented populations, for careers as leaders in public service. At the heart of that effort is a curriculum that emphasizes a combination of classroom instruction, practical training, and opportunities for vibrant co-curricular interaction with the Rangel Leadership Fellows.

The program is designed to attract students at both the graduate and undergraduate levels. For undergraduates, a unique, seamless five-year BA/MA Program in Public Service will attract current CCNY students and new students who come to City College specifically to enroll in the Rangel Program.

For graduate students, the new Master's Program in Public Service will provide the capstone of conceptual and service learning needed for a career in public service. The MA Program's distinctive combination of classroom instruction, internships and intensive interaction with mid-career professionals will attract both recent college graduates and older students who are potential leaders in public service.

Both programs will benefit from the unique resources of The College's many schools and divisions, which may provide more focused attention in one area of public service. CCNY's Schools of Architecture, Engineering, Education, and Biomedical Education, plus its special programs in transportation, waste management, and urban public health, to name only a few, will be available to Rangel Center students for interdisciplinary concentrations in content areas and technical matters.

THE BA/MA PROGRAM

An integrated BA/MA degree program provides a vehicle to recruit excellent students into the Rangel Program by assuring them a seamless transition from undergraduate to graduate degrees with practical experience along the way.

Undergraduate education at the Rangel Center is designed primarily to secure student commitment to careers in public service. To provide a foundation for the MA program, and to recruit the best students, the program will expand existing undergraduate offerings in public policy, governance and management. Students interested in public service careers from non-social science fields (such as engineering, architecture, and science and technology) will be able to enroll in courses to prepare them to pursue the MA degree, while maintaining their technical emphasis.

EXHIBIT
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Many excellent undergraduate students interested in issues of public policy and equity will enroll in the 150-credit, five-year CCNY BA/MA Program in Public Service. Undergraduates in this program will begin to take master's-level seminars when they reach 90 credits; by their 120th credit, they must have completed 15 credits from the MA Program, and their courses will consist entirely of master's-level courses and service internships. (In most cases, the initial MA courses will be the required core courses.)

Engineering, science and architecture students will receive credit in the BA/MA program for courses in those fields, allowing them to move directly into associated policy courses. (See category III courses listed on the following page.) For these students, courses in categories I and III will most occupy their attention once they pass the 120-credit mark.

Thus it will be possible for a non-social science student at CCNY to complete the BA/MA in roughly the same amount of time it would take a social science major. In either event, students who complete 15 credits of BA/MA work within 120 undergraduate credits will begin working completely in MA courses thereafter. Students in the BA/MA program will have at least one service learning or internship experience during the course of the program.

The final three semesters in the BA/MA program will consist of seminar classes focusing on specific political and technical issues of important public policy concerns. Seminars, many of which will include service learning, will allow students to develop particular areas of expertise, both in policy questions and related technical matters. It is also at this level that the students are expected to have the most substantial interactions with the Center's Rangel Leadership Fellows.

THE MASTER'S PROGRAM IN PUBLIC SERVICE

College graduates will enroll directly in the 45-credit MA Program in Public Service without the BA component. This program will take two years of full time study, including a minimum of one semester of intensive internship work.

The stand-alone MA program is a 45-credit program (including the internship). As with the BA/MA Program, students are expected to concentrate on core courses at the outset, reserving their seminar courses in specific areas of policy or technical concern for their second and third semesters of study.

The curriculum for the both the programs in public service at The City College is found on the following page.



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STUDENTS IN BOTH THE BA/MA & THE MA PROGRAM WILL TAKE COURSES FROM EACH OF THE FOLLOWING CATEGORIES:

CATEGORY I

Core Courses – all students (18 credits):

Introduction to Public Policy and Policy Analysis
Organizations and Management
Public Economics and Finance
Communication in Public Settings
Poverty, Ethnicity, and Diversity
Ethics in Public Service Leadership
Best Practices Seminar

CATEGORY II

Substantive policy concerns (four classes for 12 credits):

Racism, Public Policy and the Law
Power, Inequality, and Social Welfare Policy
Immigration Policy
United States Foreign Policy
Healthcare Policy
Transportation and Communication Policy
Pollution and Environmental Policy
International Business Economic Policy

CATEGORY III

Courses that offer instruction in content areas and technical matters that lie at the heart of key policy concerns (four classes for 12 credits):

Experts from CCNY's Schools of Engineering, Architecture and Education, and the departments of political science, sociology, etc., will teach these courses, designed specifically for those preparing for public service careers. Selection of these courses will be made with the agreement of an advisor in order to create thematic areas of specialization, such as Urban, International, Ethnicity, and Environment.

Examples include:
Urban Public Health
Environmental Engineering
Urban Public Transportation
Sociology of Immigration
Problems in Criminology
Psychology of Prejudice and Racism
International Law
International Organizations
Urban Schools in a Diverse Society
Urban Design
Sociology of Politics and Collective Behavior
Computer Security
Solid Waste Management
People of the City of New York

CATEGORY IV

Internships (may be taken in summer) (3 or more credits)

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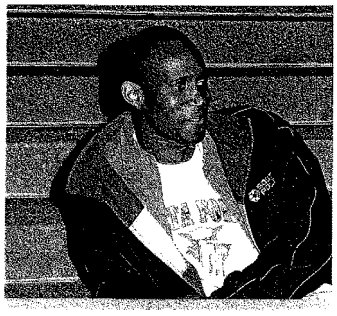
ELIGIBILITY



US citizens and green card holders (permanent residents) will be considered as applicants;

Applicants for the MA Program in Public Service must be in the senior year of their undergraduate study or have completed their undergraduate degree by June, in order to enter graduate school by the following fall;

Applicants for the both the MA Program and the BA/MA Program must have a cumulative grade point average of 3.2 or higher on a 4.0 scale at the time of application.

SELECTION OF THE STUDENT SCHOLARS

- Scholarships will be awarded to ensure that the best candidates for the program are able to apply and attend. Consideration will be given to qualified applicants who, in addition to outstanding leadership skills and academic achievement, demonstrate financial need. At least 10 $10,000 Rangel Scholarships will be awarded each year; these scholarships will cover full tuition and other educational expenses;
- Applicants may be in their senior year at City College or at another college or may have recently graduated from college and/or are engaged in a public service career;
- Candidates for the BA/MA Program will need to state their intention of applying for this Program at the time when they declare their major or earlier as coursework will need to be planned on an individualized basis. Candidates for this Program may apply for a two-year Rangel Scholarship in their junior year.
- A candidate's community, academic, other extracurricular, and leadership activities will be considered during the selection process;
- Students from underrepresented populations are especially encouraged to apply;
- Two letters of recommendation, a personal statement, and examples of writing skills will be required; A selection committee composed of the president of The City College, members of The Rangel Center faculty and the Division of Social Science, and a representative from Congressman Rangel's office;
- Candidates selected for final consideration will meet with the selection committee and Congressman Rangel for the final selection.

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THE RANGEL LEADERSHIP FELLOWS

A Mid-Career Program in Leadership and Policy Innovation

The Center will be the home of a unique program that brings together mid-career leaders in the public sector for seminars, workshops, and fellowship for periods that range from eight weeks to an entire academic year. These outstanding public servants will receive, in essence, a sabbatical from their leadership positions and will spend their time at CCNY considering new directions for public service leadership, policy innovation, and assistance to communities in need.

The Mid-Career Program will be targeted especially at outstanding leaders from communities underrepresented in public service. In addition to their work with one another, Rangel Leadership Fellows will be engaged in opportunities to teach and mentor Rangel participants in the BA/MA and MA Programs in Public Policy and Public Service. The mid-career participants become an essential resource for students, especially undergraduates, who are being prepared for careers in public service.

PROGRAM STRUCTURE

Recent studies suggest that the frustrations of public service lead too many government and other public sector leaders to leave these sectors early in their careers. A common complaint is that these leaders rarely have time to stop and think about where their organizations and the issues to which they are devoted are headed over the medium- and long-term. The day-to-day tasks of running organizations preclude taking the time to consider how other organizations do their work and what models exist for policy and leadership success.

In each case, a sponsoring organization will continue to provide the financial support for a Rangel Leadership Fellow. It will be considered an honor to participate and a reward for top performance, much like participation in an executive MBA program is considered in the business world, where employees are selected and sponsored by their companies.

The Rangel Center's Mid-Career Program in Leadership and Policy Innovation will permit leaders at the middle stage of their careers in the public sector, especially men and women from underrepresented groups, to leave their p[illegible] place of their customary jobs,

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they will spend time with other leaders and members of the City College community and consider issues of leadership and public policy. The experience will provide participants with both the time to reflect and with the specialized education in specific policy areas that will contribute to their advancement within their respective institutions.

Participants will spend between eight weeks and a full academic year at the Rangel Center in individual programs of study and reflection under the mentorship of one of the Center's professors.

City College faculty will lead sessions with the Rangel Leadership Fellows about issues of public sector leadership and policy innovation. Each group of Fellows will work with a select group of Rangel students in Public Policy and Public Service on projects aimed at proposing ways of restructuring or reforming policy — or ways of delivering policy — in some issue area. These group projects provide an opportunity to involve Rangel BA/MA and MA students in the work of mid-career leaders — giving them first-hand knowledge of the potential of careers in public service.

RANGEL MID-CAREER LEADERSHIP FELLOWS

These Fellows will receive varying levels of support, depending on the workforce from which they are drawn. Almost all federal agencies already have mid-career training programs, which allow a limited number of employees to receive a one-year sabbatical and full salary for post-baccalaureate study at an institution of higher education.

The Rangel Center will reach out to human resources offices that oversee these programs in specific agencies to ensure that the Rangel Center becomes a premier destination for their employees, especially their mid-career leaders from underrepresented populations. The Rangel Center will provide each federal Rangel Leadership Fellow an individualized academic program tuition-free, and offer 10 $7,500 cost-of-living and travel packages, to ensure that mid-career employees who live outside New York City can take advantage of this important opportunity.

Each Rangel Leadership Fellow who works at the Center for at least one semester will each teach one seminar. Rangel Leadership Fellows will also participate in the Best Practices Seminar, along with guest speakers from academia, think tanks, the public sector, and community organizations. This seminar will focus on practical issues pertaining to careers in public service, including the art of building coalitions, techniques for communicating effectively to the public, lessons on making useful connections, and career issues particular to members of underrepresented populations. Finally, to maximize the educational value of internships, students will evaluate them under the guidance of experienced Rangel Leadership Fellows.

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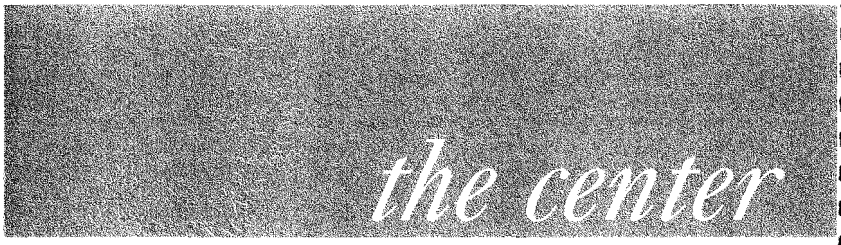

THE HOME OF THE CHARLES B. RANGEL CENTER

Originally conceived as The City College of New York's President's House and later used as the CCNY Alumni House, the limestone mansion on 141st Street and Convent Avenue harks back to City College's earliest days in the mid-1800s. A gracious four-story structure with a full below-sidewalk level and parking area, the stately townhouse features two and sometimes three tiled fireplaces on each floor, high ceilings, decorative plaster, and fine woodwork throughout, and ornamental ironwork on every window and surrounding the building.

Because of a fire in the late 1970s and cutbacks in public financing of the City University at that time, the building has not been in use and will need repair to bring it to its former grandeur. When completely restored, however, the townhouse will regain its position as one of the most beautiful portions of the historic City College campus.

It is especially appropriate housing for The Rangel Center for Public Service as it includes space for conferences, seminar rooms, study areas, and smart classrooms. In addition, it can accommodate reception rooms and potentially computerized archives. In fact, this project will represent a unique opportunity to design the space inside The Rangel Center for its specific use prior to the building's renovation.

A survey and report from 1995 already exists and details the building's renovation needs. A new report recalculating renovation costs in 2005 dollars has been prepared and will itemize and budget the required work in detail. Current estimates based on the 1995 costs are included below. When finished, The Rangel Center's home will be a beautiful addition to the Harlem urban landscape.



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THE CENTER BUILDING WILL INCLUDE:

The Rangel Library to house the Rangel archives, which will be digitized; it may also be possible to provide digital access from the main library at City College to the Center if it is determined that the archives should be housed there;

A communications network center/smart classroom for video-conferencing, facilities for computerized presentations, digital archival access, ability to collaborate with other schools, including the Henry Jackson Center at the University of Washington, and other similar academic partners;

A large conference room, with room for meetings with community groups, researchers, and participating students;

Two small meeting rooms for Rangel Leadership Fellows to meet with community stakeholders in the course of their work with community organizations; these rooms can also serve as the venue for workshops;

Offices for the Director/Rangel Chair, archivist/librarian, resident and visiting faculty, internship coordinator, administrative assistant, post-doctoral fellows;

A well-furnished office for Congressman Rangel;

One large and one small reception room;

Kitchen facilities for receptions and working lunches;

A Rangel Program publications office where working papers can be printed and stored;

One or more sleepin[EXHIBIT Exhibit 401] visiting scholars.

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Staffing of the Rangel Center & Programs

Director, Charles B. Rangel Chair, and Dedicated Rangel Center Faculty
In addition to The City College of New York faculty lines dedicated to the Rangel Center programs, three new faculty will be hired with the support of the Rangel Center: the director, one senior, and one junior faculty member.

Requirements for selection as the Rangel Center's director will include an international reputation, experience in public service, and respect within the academic community. The Director will also hold the endowed Charles B. Rangel Chair. The opportunity to appoint the director to the prestigious Rangel Chair, named for one of the most eminent government leaders of this generation, will enable the Center to attract and retain a distinguished scholar/public servant.

One other senior faculty member and one junior faculty member, each with experience in public service, will also be hired as part of the Rangel Center's budget. A scholar with expertise in leadership will be sought, as well as one with research experience in the barriers that deter many students with minority and immigrant backgrounds from careers in public service.

Current and New Full-time Faculty
The Rangel Center will draw on the knowledge and strengths of current full-time faculty at City College, particularly those in the departments of political science, economics, management, and sociology. Faculty from the City College Schools of Architecture, Education, Engineering, and Biomedical Education will also teach in the Rangel programs, highlighting the connections between their areas of substantive expertise and public policymaking. CCNY will also use college faculty lines to hire new faculty working in some of the areas central to the Rangel Center's mission, especially in the areas of public policy, public service, management, and ethnicity. These faculty will be jointly based in the Rangel Center and academic departments.



Archivist/Librarian
The collected papers of Congressman Charles B. Rangel will constitute a valuable resource that will greatly add to the reputation of the Center and help it to realize its goals. A Rangel Post-Doctoral Fellow will be hired to organize these papers, to digitize them, and to assist scholars in using them. These will include visiting scholars, post-doctoral fellows hired by the Center, and students in the Master's Program who elect to do supervised research.

Administrative Assistant
To assist the Director of the Rangel Center, a full time administrative assistant will be hired.

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Internship Coordinator
Internships are central to fulfilling the goals of the Rangel Center because they not only provide students with practical experience but also permit them to make the contacts that are so important in building successful careers. A full-time staff member will be hired for the Center to locate organizations willing to host internships for students from the Master's Program and to ensure that the internships are useful both for the students and the host organizations.

Rangel Post-Doctoral Fellows
In addition to the Fellow working to organize and study the Rangel Archives, two Post-Doctoral Fellows will be hired to do research at the Center. In selecting Rangel Post-Doctoral Fellows, priority will be given to recent PhDs who propose to do research on diversity in public service.

Rangel Leadership Fellows
Rangel Leadership Fellows will participate in the Mid-Career Program in Leadership and Policy Innovation. Those who live outside New York City will be offered stipends to cover travel expenses.

Guest Speakers
Members of academia, think tanks, the public sector, and community organizations from New York City, the nation, and around the world, who have experience with the contemporary challenges faced in public service, will be brought to City College to provide context, background, and advice on steps needed to solve the problems.

Webmaster
A part-time webmaster will develop and maintain the website for the Rangel Center.



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BUDGET ELEMENTS

Staff

Rangel chair
One senior faculty member
One junior faculty member
Archivist/librarian/Rangel post-doctoral fellow
Full-time internship coordinator
Administrative assistant
Part-time webmaster
Two visiting scholars
Two additional Rangel post-doctoral fellows

Support and incentives for current CCNY faculty:

1) Support for City College faculty affiliated with the Center to present research specifically supported by the Center at academic conferences. This helps disseminate the knowledge gained through Center activities and promote the name of the Center.
2) Support for CCNY faculty research associated with topics the Center touches on. These can be one-semester research grants or summer-long residence research grants that will provide summer support for faculty who take up offices at the Center and pursue some focused research project.
3) Some support for faculty working on the Center's curricula and programs.

Restoration of the Rangel Center building

The City College Office of Facilities has taken the November 1995 DASNY Report on the Building Condition Assessment of the CCNY Alumni House and provided an interim estimate of the costs in 2005 dollars. It is anticipated that the cost of bringing the building up to code, installing the elevator now required by the Americans with Disabilities Act, restoring the historic and architectural features of the building, and designing the interior specifically for the Rangel Center's needs will come to $4.7 million in today's dollars.

A sum to endow the building's ongoing maintenance will ensure that the Rangel Center's home will remain pristine and also permit future improvements. Therefore, a sum of $2.3 million will be set aside as an endowment, from which only the income will be used annually, to preserve the Rangel Center's magnificent Harlem home in perpetuity, and provide a living environment for study and discourse appropriate [illegible] the Center itself.

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Expenses other than for staff and the building

1) Each cohort will contain 20 students. In order to make it feasible for the best students to enroll in the Rangel MA Program, it will be advisable to plan financial support for tuition and other educational expenses of $10,000 each year for two years for at least 10 students;

2) All students in the MA program will participate in internships, some of which will be funded by the sponsoring organizations. The Rangel Center will also provide support for students in unpaid internships. Additional practical experience will come in the form of service learning components added to the courses. Note that internships/service learning experiences for undergraduates will be provided through other CCNY programs including: The Rosenberg-Humphrey Program in Public Policy, the International Studies Service Learning Program, the Pre-Law Program and D'Agostino-Greenberg internships, and the Colin Powell Leadership Program;

3) Honoraria and travel for speakers;

4) Food for conferences and speaker series;

5) Computers and computer maintenance;

6) Preparation and materials for recruitment and publicity;

7) Travel and living expenses for internships;

8) Publications.

BUDGET NOTES

1. The first budget section below, Programmatic Costs, is based upon an endowment of $23,000,000, and a conservative expectation of income of $1,150,000 per year, which will meet the Center's programmatic needs.

2. The second budget section illustrates how Building Costs will be met through the investment of $4.7 million for construction/start-up costs, and a $2.3 million endowment for maintenance.



BUDGET FOR RANGEL CENTER

Program Costs

Academic and Visiting Staff

Position	***# Salary***	***Sal+Benefits***	***Sub-total***
Director/ Chair	1 $110,000	$146,300	$ 146,300
Sr. Professor	1 $ 85,000	$113,050	$ 113,050
Jr. Professor	1 $ 65,000	$ 86,450	$ 86,450
Archivist/ Librarian/ Post Doc	1 $ 35,000	$ 46,550	$ 46,550
FT Internship Coordinator	1 $ 35,000	$ 46,550	$ 46,550
Admin Asst	1 $ 28,000	$ 37,240	$ 37,240
PT Webmaster	1 $ 10,000	$ 13,300	$ 13,300
Visiting Scholars	2 $ 25,000	$ 33,250	$ 66,500
Post-Docs	2 $ 28,000	$ 37,240	$ 74,480
Sub-Total staff	***11 $421,000***	***$559,930***	***$ 630,420***

Student Support

Category	***# $ Amount***	***Sub-total***
Student Scholarships Year 1	10 $ 10,000	$ 100,000
Year 2 and after	10 $ 10,000	$ 100,000
Paid Internships year 1	10 $ 3,000	$ 30,000
Year 2 and after	10 $ 3,000	$ 30,000
Sub-Total student costs		***$ 260,000***
Rangel Fellows	10 $ 5,000	***$ 50,000***
Total Personnel Services		***$ 940,420***

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Other Than Personnel Services (annually)	
Office Supplies	$ 20,000
Honoraria/travel/ /housing for speakers	$ 15,000
Food for conf,speakers	$ 5,000
Computers/ maintenance	$ 20,000
Recruitment/ publicity materials	$ 5,000
Travel/living costs-distant internships	$ 5,000
Publications	$ 5,000
Total OTPS	***$ 75,000***
Total Annual Program Costs	***$ 1,015,420***
Total Endowment Needed to Provide Annual Program Costs	***$ 23,000,000***
Building Costs	
Initial outlay	
Updated 2005 rehabilitation costs	$ 2,600,000
Design fees and soft costs	$ 390,000
Elevator	$ 900,000
Furniture and equipment costs	$ 260,000
Program contingency	$ 550,000
Sub-total	***$ 4,700,000***
Annual maintenance costs	
Yearly maintenance and security costs	$ 70,000
Projected replacements and future rehab costs each year ($1.4 million spread over 30 years)	$ 46,667
Total annual maintenance costs for building	***$ 116,667***
Endowment needed to provide $116,667/year	***$ 2,333,340***
Total Needed for Building	***$ 7,033,340***
TOTAL GIFT REQUESTED	***$ 30,000,000***

EXHIBIT
Exhibit 401

250

CSOC.CBR.00009823



On behalf of The City College of New York, in order to create:

THE CHARLES B. RANGEL CENTER
AT THE CITY COLLEGE OF NEW YORK

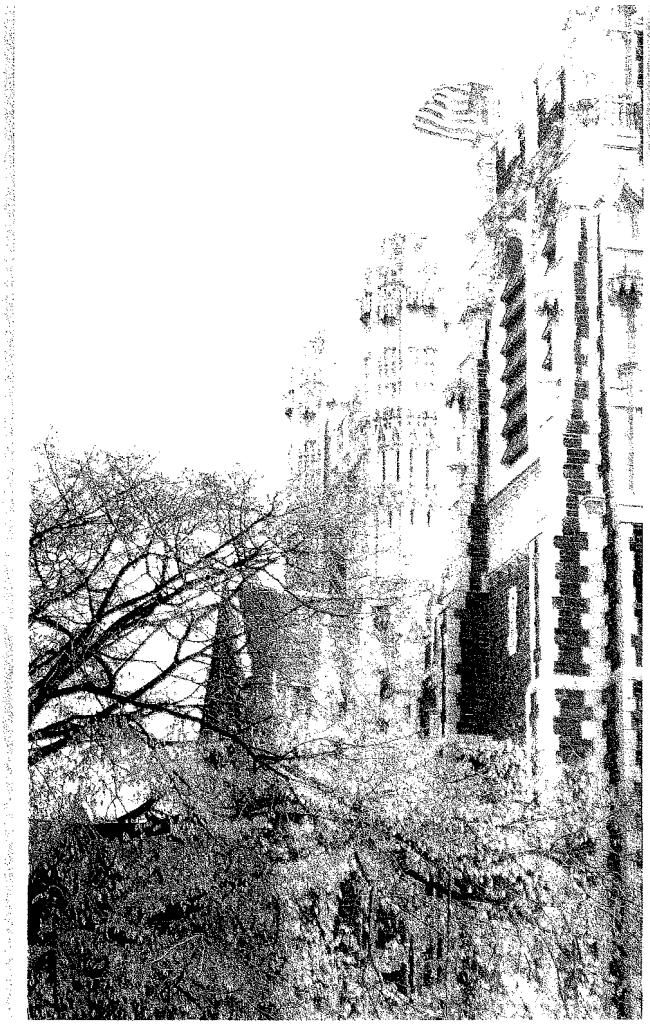
We ask you to consider a gift of $30,000,000 or $6,000,000/year for five years.

On behalf of The City College of New York, we thank you for your thoughtful consideration of this request. If you have any questions or need further information, please contact President Gregory H. Williams at the numbers below or Vice President Rachelle Butler at the Office of Development and Institutional Advancement. Once again, thank you.

Gregory H. Williams, President
The City College of New York
138th Street and Convent Avenue, A-300
New York, NY 10031
Telephone: 212-650-
Fax: 212-650-
Email: gwilliams

Rachelle Butler, Vice President
Office of Development and Institutional Advancement
The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650- 212-650-
Fax: 212-650-
Email: rbutler





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CSOC.CBR.00009825

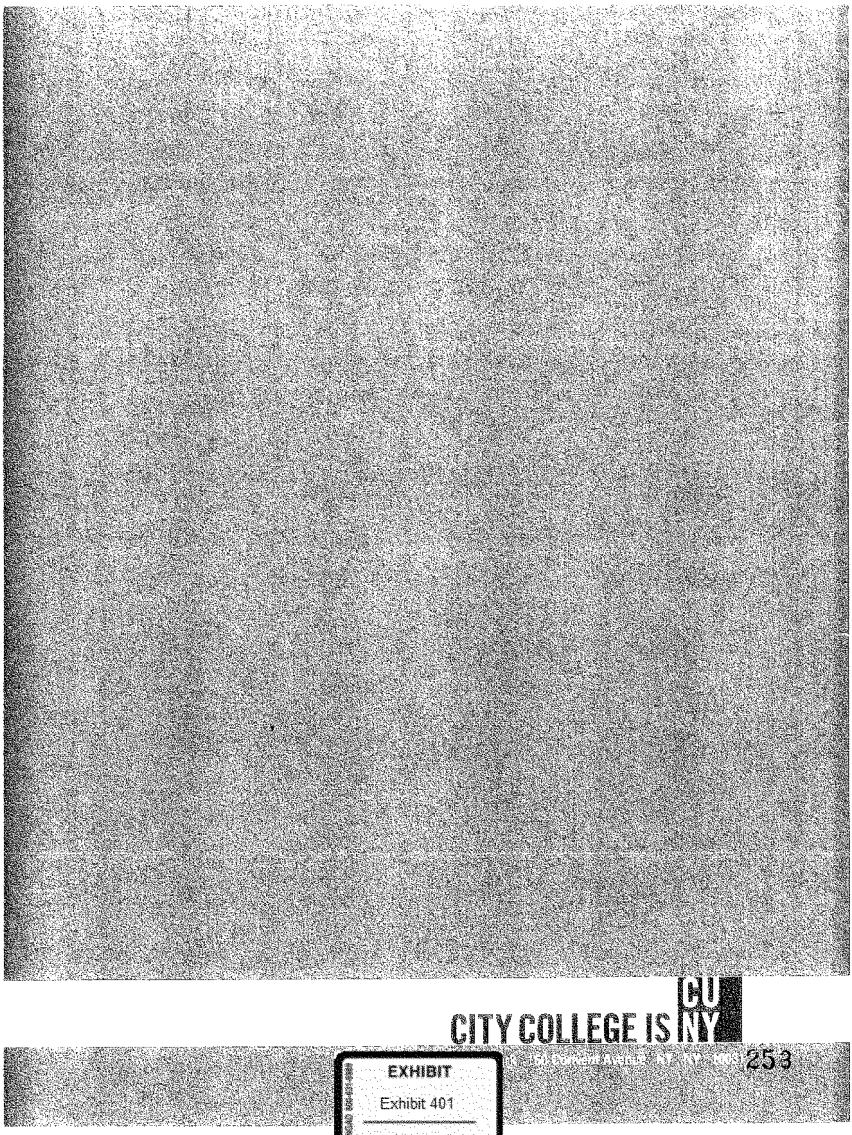
CITY COLLEGE IS CUNY
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EXHIBIT
Exhibit 401

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
RANKING MEMBER
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

☐ 2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–3215
TELEPHONE: (202) 225–4365

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

☐ 163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–3900

PLEASE RESPOND TO
OFFICE CHECKED

May 23, 2005

Gabe Pressman
322 Central Park West
New York, NY 10025

Dear Gabe:

I am writing to you as a colleague Trustee of the Ann S. Kheel Charitable Trust and a friend with a shared commitment to public service, to share news of an initiative with a potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the College has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

As you know, throughout my public career I have believed in the special strength derived from our racial and ethnic diversity and that we as lawmakers must lead in assuring that opportunity for public service be made available to all with the goal of achieving a policymaking community that reflects the rich tapestry of cultures, faiths, colors and ethnicities that make us who we are as a great nation. I am asking you to join me in the creation of a public policy center that will motivate and prepare young people presently underrepresented in public life to pursue careers in public service.

Today, non-whites make up nearly thirty percent of the US population. Yet, according to the Equal Economic Opportunity Commission's 2003 report on the federal workforce, only 13.8% of the men and women who occupy the top



managerial, supervisory, and policy-making positions in the US Federal government are members of minority groups. And by 2050, minority groups in the US will comprise more than 50% of our population.

The Charles B. Rangel Center in the City College of New York, a school in the most ethnically diverse city in our nation and with an unparalleled history of supporting the empowerment of immigrant ethnic groups, will help to ensure that those who run our nation will be reflective of our diversity. I have embraced the College's concept because it will allow me to locate the inspirational aspects of my legacy in my home Harlem community.

As you will see from the enclosed presentation, the Rangel Center at the City College of New York will be alive with the work of scholars and students working on public policy issues and studying the political dimension of change. It will not be a Library or a Museum, but a living institution brimming with ideas and stimulating debate.

Since we are developing a relationship between the Ann Kheel Charitable Trust and the City College and City University of New York, I want to make you aware, through this letter and the enclosed proposal, of the Rangel Center for Public Service as another promising development at the City College.

Sincerely,

Charles B. Rangel
Member of Congress

CBR:gad

EXHIBIT
Exhibit 402

CBR 000146

CSOC.CBR.00003634

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE
WAYS AND MEANS
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JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

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MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900

PLEASE RESPOND TO
OFFICE CHECKED

May 23, 2005

Gail Sheehy
39 West 67th Street, #302
New York, NY 10023

Dear Gail:

I am writing to you as a colleague Trustee of the Ann S. Kheel Charitable Trust and a friend with a shared commitment to public service, to share news of an initiative with a potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the College has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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Sincerely,

Charles B. Rangel
Member of Congress

CBR:gad

EXHIBIT
Exhibit 402

CBR 000148

CSOC.CBR.00003636

CHARLES B. RANGEL
[illegible]
NEW YORK

COMMITTEE
WAYS AND MEANS
RANKING MEMBER
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

May 23, 2005

Veronica Kelly
375 South End Avenue, #16A
New York, NY 10280

Dear Veronica:

I am writing to you as a colleague Trustee of the Ann S. Kheel Charitable Trust and a friend with a shared commitment to public service, to share news of an initiative with a potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the College has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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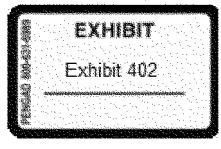

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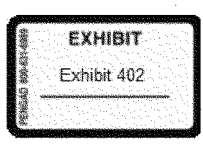
Sincerely,

Charles B. Rangel
Member of Congress

CBR:gad



CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
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Congress of the United States
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DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900

PLEASE RESPOND TO
OFFICE CHECKED

May 23, 2005

Luis Alvarez Vila, Deutsche Bank
280 Park Avenue, Room 6E
New York, NY 10017

Dear Luis:

I am writing to you as a colleague Trustee of the Ann S. Kheel Charitable Trust and a friend with a shared commitment to public service, to share news of an initiative with a potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the College has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

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EXHIBIT
Exhibit 402

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Sincerely,

Charles B. Rangel
Member of Congress

CBR:gad

EXHIBIT
Exhibit 402

CBR 000152

CSOC.CBR.00003640

ANN S. KHEEL CHARITABLE TRUST
75 EAST 55TH STREET
NEW YORK, NY 10022
TEL: 212-318-6207

MEMO

To: The Board of Trustees, Theodore Kheel, Gary Hattem, Robyn Brady Ince

From: Ellen K. Jacobs

Date: May 24, 2005

Re: Upcoming Charitable Trust luncheon meeting on May 31, 2005 at 12 noon. The luncheon will take place at 800 Fifth Avenue, Apt. 24F.

From 12:00 pm. to 12:30 pm. we will discuss Trust business as outlined in the meeting agenda attached.

As we decided at our March meeting, President Gregory Williams of City College will join us at 12:30 pm. to discuss the scholarship grant.



ANN S. KHEEL CHARITABLE TRUST
75 EAST 55TH STREET
NEW YORK, NY 10022
TEL: 212-318-6207

MEETING AGENDA (12:00 – 12:30 pm.)

1. Approval of minutes from March 22, 2005 meeting
2. Treasurer's report
3. Discussion and approval of Trust guidelines for choosing Ann S. Kheel Scholars (sent with minutes in prior mailing)
4. Rangel Center
5. Other business prior to arrival of Gregory Williams, President of CCNY to discuss grant

Points to Discuss with Gregory Williams (12:30 – 2:00 pm.)
(These will be sent to him prior to the meeting)

1. Magnitude of the grant
2. Publicity
3. Redefinition of student mix



092

(1) Minutes approved
(2) Draft accepted as guidelines
(3) Rangel Ctr — Being funded — Is separate fr. Charitable Trust
(4) for time being. When is off grd Can consider doing it too.

(5) $1.084,138 in acct @ present
Brian Conveys
(6) Who signs checks? Luis bec are in Ellen NYC
(7) U.L. — $10000
(8) CCNY — UK Will become part of their fund-raising
Can give any amt
(9) Charitable Trust has same purpose as Rangel Ctr.
8A Rangel: Description of how trust came to be.
(10) Rangel wants to be sure progs are sep
(11) Our commitment is to students
(12) Wms put spirited students don't have time to be put spirited This grant allows stu's to cut back on jobs & become part of community
Idea of mtg w/ students — gt — students like to see people behind the
Students @ City have ability to transform selves & world

EXHIBIT
Exhibit 404

CSOC.CBR.00009700

VR - Desire to utilize grant w/ spirit of TSR.
∴ lower amt & have mix of students
so circle of Ann Khul Scholars to →
a grp of 60 students in end

Wms: wants to have cohort - continuity w/in agency. Put Agency needs people over pd of time to do something substantive

Raugel: Benefit of our approach v Wms
Cost keeping down

Wms: Cost/stu = 5000/yr
Raugel: Didn't want to hope out trust
Wms: Explain how scholarship will proceed
fund raising wld cont this prog bec Wms doesn't like to see things die

Sheehy: Importance of mentoring
Want students to have successful experience
So may not want to take on new small experience

Wms: Need to + decision re how much time can give
Important for students to have ~~[illegible]~~ (+) experience. Need to call org. & say how is student doing?

Raugel: How much can this grp raise?
Wms: $3-5 mill. (Raised 100 mill self in 3½ yr)
R: If we join CCNY have guarantee of 7 yr
Wld be going to friends of Ann Khul

EXHIBIT
Exhibit 404

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CSOC.CBR.00009701

The Ann S. Kheel Charitable Trust
75 East 55 Street
New York, NY 10022

Memo

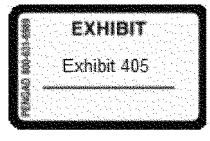
To: Trustees; Gary Hattem; Robyn Brady-Ince; Theodore W. Kheel

From: Ellen K. Jacobs

Re: Minutes of May 31 meeting, CCNY proposal, agenda for meeting on June 3 at 8:00 at Deutsche Bank 280 Park Ave.

Date: June 1, 2005

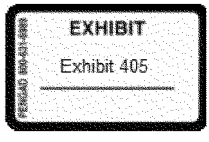
Number of pages: 18 (not including cover)
Note: Enclosed are the agenda and The City College proposal dated December 30, 2004.



The Ann S. Kheel Charitable Trust
75 East 55 Street
New York, NY 10022

Agenda for June 3, 2005 meeting
8:00
At Deutsche Bank
280 Park Ave. 6th floor
48-49th Street on Park Ave.

1. **Discussion of CCNY proposal including amount to commit, trustee involvement (mentoring) and fund-raising.**
2. **We need to make a decision about parameters if the program is to start this Fall.**
3. **Meeting must end no later than 9:00**

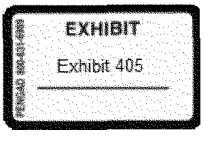


Minutes
The Ann S. Kheel Charitable Trust
May 31, 2005

Present:
Trustees: Congressman Charles B. Rangel
Luis Alvarez-Vila
Veronica Kelly
Gabe Pressman
Gail Sheehy

Others in attendance:
Robyn Brady-Ince
Theodore W. Kheel
Gregory Williams, President CCNY
Ellen K. Jacobs, Executive Director

1. **The minutes of the last meeting were summarized and approved.**
2. **The Draft of the Ann S. Kheel Trust Guidelines was accepted. Called The Ann S. Kheel Scholars for Community Development, it describes the purpose, commitment and application/selection process for the Trust and can be sent to people asking about the Trust.**
3. **Congressman Rangel described the Rangel Center which will be part of CCNY. Although the Rangel Center's goals are the same as those of the Trust, the two are separate entities at this time. Congressman Rangel wants to be sure that Trustees know about his other involvement with CCNY.**
4. **Luis Alvarez reported that the Trust has $1,084,138 in its account which is managed by Brian Convey. The Trustees have already made,but not paid out, 3 grants totalling $210,000: $100,000 to the Hunter College**



CSOC.CBR.00009673

Public Service Scholars ($50,000 per year for 2 years); $100,000 to the New York Urban League for scholarships ($10,000 a year for 10 years) although the Urban League has never applied and has never been given a monetary figure; and $10,000 to The Bowery Mission Women's Center.

5. President Gregory Williams joined the meeting at this point (12:45). He said that the proposed program would allow students to cut back on jobs so that they can become part of the community. To the extent that Trustees want to meet with students and mentor them, he is sure that it would be a welcome addition.
6. Veronica Kelly presented the Trustees position that there be fewer students and a mix of grades. The program would start with 6 freshmen and 6 sophomores and add 6 freshmen each year until the money runs out or there is a new infusion. Advantages of this model include: everyone(students, trustees and administrators) can develop a comfort level with the program; it keeps the costs manageable for the Trust. The cost of the program is $5,000 per year per student. Of that, $4,000 is tuition; the rest fees, books, etc.
7. Williams felt that a larger cohort was better and that the students need to serve with agencies over time. Students serving with agencies need to have a positive experience.
8. The question of fund-raising to keep the Trust alive was discussed. CCNY would help, but not provide lists (those would need to come from the Trustees). There was some hesitation to take on fund-raising. Ted Kheel said that his initial idea did not include using the Trustees as fund-raisers. Any fund-raising would need significant support from CCNY which would be willing to help with office work, but not give lists. Robyn Brady Ince described the Deutsche Bank model in which seed money is given to an organization and, after several



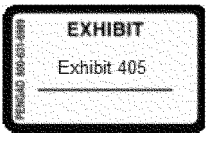
CSOC.CBR.00009674

years, a presentation is made to possible sponsors showing how well the program is doing and the responsibility to pick up future funding then falls to the organization.

9. **Mentoring was discussed. It is flexible and could mean anything from a luncheon with the students to regular meetings. Some people do not have the time to mentor in any significant way. CCNY would have a staff person who would do guidance and agency placement for students.**
10. **To start the program this year, CCNY will need to know the parameters soon. The Trustees agreed to meet on Friday to finalize this grant. The meeting will take place Friday, June 3, 2005 at 8 a.m. at Deutsche Bank, 280 Park Ave, 6th floor. Deutsche Bank is between 48-49th St. Luis Alvarez will make the arrangements.**

Respectfully submitted,

Ellen K. Jacobs





A Special Presentation Prepared for the
Ann S. Kheel Charitable Trust

The Ann S. Kheel Scholars Program at The City College of New York

December 30, 2004

"Open the doors to all.
Let the children of the rich and the poor take their seats together
and know of no distinction save that of industry, good conduct, and intellect."

Townsend Harris, Founder, The City College of New York



103

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EXHIBIT
Exhibit 405

CSOC.CBR.00009677

Executive Summary

The Ann S. Kheel Scholars Program at The City College of New York (CCNY) will provide each of 48 needy students with a four-year scholarship of $5,000 per year to cover tuition, fees and books at CCNY. In addition, there would be up to four two-year scholarships for qualified transfer students. The Kheel Scholars Program will enable the 52 committed, needy students selected for the Kheel Scholarships to attend City College and complete their bachelor's degrees by reducing or eliminating the financial barriers to their success and also to engage in public service.

A Proud History and Mission – The Children of the Whole People

The City College of New York was founded in 1847 by Townsend Harris to offer higher education to the children of the working class and immigrants. The College has produced great scientists, captains of industry, public servants, teachers, doctors, lawyers, architects and engineers, opening doors for young men and women with few material resources and opportunities.



Today's City College is a microcosm of New York City, with one of the most diverse student bodies of any college in America. Its more than 12,000 students carry on a tradition of excellence as they win prestigious awards and fellowships, gain acceptance to leading graduate and professional schools, and make their marks in the sciences, in the arts, in public service, in industry, in education.

Access and Excellence

For 157 years, The City College of New York has symbolized the union of excellence and public higher education. The most important avenue to upward mobility and social advancement for generations of New Yorkers, City College has provided an unsurpassed educational opportunity to hundreds of thousands of talented but needy students. With particular focus on meeting the needs of "the children of the whole people," The College provides unique opportunities for underrepresented populations to enter fields new to them with expert skills and education.



CSOC.CBR.00009678

Diversity and Need

Many schools talk about diversity; City College lives it

Last year, *US News and World Report* ranked City College first in diversity in the nation, with African-Americans as the largest minority. This year, City College was ranked first with Hispanic-Americans as the largest minority. The 2004 issue of CCNY's *City Facts* states that in the voluntary section of the admissions application, 87% of CCNY students describe themselves as members of a minority group.

The *Chronicle of Higher Education 2003 Almanac* reports that nationally, within the category of bachelor's degrees earned at all colleges, White students earn 75% of the total, Blacks 8.5%, Hispanics 6.5%, and Asian-Pacific Islanders 6.2%. The same year at City College, however, Blacks received 34.1%, Hispanics 30.1% and Asian/Pacific Islanders 11%, an incredible record of success in populations underrepresented in bachelor's degrees earned. Many of these degrees are awarded in exceptionally demanding programs unique to City College which do not exist elsewhere in the City University system, such as engineering, architecture, biomedical education, and certain science programs.

Most of CCNY's students come from the New York City public schools. Many are immigrants or children of immigrants; they speak 91 languages other than English and were born in 147 countries. City College students are usually the first in their families to go to college, following a tradition that reflects the pattern of generations of CCNY alumni, whose achievements became the model for their own families.



Founded to provide children of the poor and new immigrants access to the American dream

Now still, as in its storied past, CCNY students are financially needy. ***Approximately 58% come from families with combined incomes of $25,000 or less;*** three-quarters of the students work while attending school, some at more than one job. Over half of the students attend part time, most often for financial reasons. They pay $5,000/year in tuition, books, and fees. While the comparatively low tuition narrowly makes it possible for them to attend a top quality college, the cost is high when compared to the



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income many of them, or their families, earn. Because they frequently need to support themselves and sometimes even help support their families, they often take longer to graduate, sometimes having to leave before they earn the bachelor's degree. Working longer hours takes away valuable time from their studies, making it that much more difficult to attain the success they strive for and merit. Few have the time for public service, but many strive to do it nevertheless.

The number of students at City College who require financial aid has grown dramatically. According to the *2003-2004 City Facts*, the total amount of federal, state, and city aid in 2001-2002 needed at City College was $32,364,000. Just two years later, that number rose by 35% to $43,683,000 as the number of students requesting and needing aid continued to increase significantly.

Currently, more than 90% of CCNY students qualify for financial aid; most get something, but it is rarely enough. The other four original senior colleges in the system—Brooklyn, Queens, Hunter, and Baruch—are based in more affluent communities and serve more advantaged populations. City College serves the Harlem community, whose students make up a large portion of the CCNY student body. There are other reasons, also, why City College's talented students are often the neediest.

Why Students Come to City College

A small university, with unique courses of study, 40 graduate degree programs and 10 of CUNY's doctoral programs.

City College draws many of the neediest applicants to the City University system. Why? Because The City College of New York is the only college in the CUNY system with Schools of Architecture, Engineering, and Biomedical Education, and many innovative programs in environmental engineering and science, graphic design, media arts production, publishing, and urban legal studies. Indeed, in most cases, these are the only public schools or programs of their kind in New York City. Consequently, City College is the sole gateway for these students to enter these professions, as they cannot afford to attend private institutions that may offer a comparable course of study. Most have meager financial resources but great resolve.

Profiles in Determination

The 2003 valedictorian, Sylvia Arrendondo, worked as a housekeeper while she completed her demanding chemical engineering program here. She now has a full graduate fellowship at the University of Texas in engineering. Zhanna Soushko, the 2004 CCNY valedictorian, worked as a waitress during her entire time at City College.



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After graduation, she entered the Ph.D. program at the University of Denver on a full fellowship.



City College also has the biggest undergraduate science research program in the New York Metropolitan area, including Columbia and NYU. Rhodes Scholar Lev Sviridov, who was homeless when he first came to this country from Russia a mere 10 years ago, participates in this program, exemplifying the kind of student City College attracts and nourishes. These stories are not unique; in fact, they are characteristic of the typical student profile at City College.

The Ann S. Kheel Charitable Trust

Formed to honor Ann S. Kheel's lifetime of work in the fight for social and racial justice, The Ann S. Kheel Charitable Trust's mission is to support "organizations dedicated to improving the lives of disadvantaged New Yorkers with a particular focus on adult and child education, racial equality, and the environment."

The City College of New York is dedicated to those same ideals, advancing social and racial equality through the most powerful means possible—by providing higher education to minorities and the disadvantaged.

The Ann S. Kheel Scholars Program

The late Ann S. Kheel, who devoted much of her life to fighting for equality of opportunity for all people through her passionate civic leadership in the New York Urban League, the Schomburg Center for Black Culture, and many other organizations, cared deeply about social justice, the rights of women and minorities, and New York City public education.

The City College of New York, founding college and flagship of CUNY, boasts a lifelong heritage of educating refugee, immigrant, minority and disadvantaged populations. Establishing a major scholarship program at CCNY in Ann S. Kheel's memory would be both fitting and productive. The College already has students in place who want to succeed and who are committed to social justice and public service.

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Student Public Service at City College

City College proudly claims many students who, regardless of tremendous financial and family pressures, take the time to provide service to their communities. A few examples are:

- The neighborhood tutoring program through which students provide on- and off-campus assistance to the community at local public elementary, junior high and high schools;
- The Rosenberg/Humphrey internship program, in which students take summer internships at government agencies in Washington, DC, and New York in executive and Congressional offices, House and Senate committees, labor unions, governmental agencies, advocacy groups and policy research organizations;
- The service learning program that has provided internships for City College students to go to the Central African country of Rwanda, where they spent the summer working in the Rwanda Ministry of Finance's Poverty Alleviation program, the Ministry of Gender and Development, and the Ministry of Health's Psycho-Social Trauma unit.
- All students at the Sophie Davis School of Biomedical Education make a commitment to enter community medicine in underserved and disadvantaged communities; part of their commitment is to engage in volunteer work in those neighborhoods during their school years;
- Many CCNY Student Clubs and Co-Curricular activities encourage community service, such as the following:

  City College International Medical Relief Team To coordinate student participation in international medical missions; and to fundraise and coordinate medical supply relief efforts with sister clinics and agencies in disadvantaged countries.

  Dominican Club To emphasize unity and education, promote culture and serve voluntarily within our communities.

  The Messenger To expose students to their community and inspire a sense of social responsibility.

  Students Helping Out! Shout! is established to provide students with volunteer activities in communities in NYC. Volunteer sites include soup kitchens, churches, hospitals, and local schools.

Although 75% of CCNY students must work at full or part time jobs in order to help pay for their tuition, living costs, and in some cases, family needs, many students have nevertheless taken the time to participate in these and other programs, along with their very demanding academic schedules.

Because of these circumstances, these dedicated students have been unable to devote as much time as they would like to public service, although many have expressed



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interest in becoming more intensively involved. What The College has not had so far is a yearlong public service program with funding sufficient to enable these committed students to work fewer hours so that they can concentrate on their studies, and still be able to spend more time over the entire year pursuing public service. *The Ann S. Kheel Scholars Program* could fill this very great need.

This historic undertaking will enable City College's most civic-minded students to take the lead, as so many CCNY students have before them, in public service. They will graduate as part of a new cadre of scholar/public servants, bring honor to their alma mater, and carry on its highest traditions. They will be associated with the Ann S. Kheel Charitable Trust in a venture intended to open the hearts and minds of CCNY students as they provide service to all the varied communities The College serves.

Kheel Scholars Program Goals

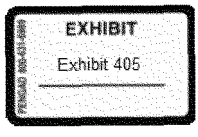
1. Make it financially feasible possible for students at The City College of New York to experience the rewards that can come from time spent performing public service.
2. Provide opportunities for these students to work at a variety of not-for-profit, community, government, and educational agencies.
3. Reward and encourage civic-minded young people by helping them with their City College education for the four years they will be involved in the program.
4. Encourage some of City College's best students to consider devoting additional time – or even their careers – to public service-oriented work.
5. Provide a benefit (in the form of volunteer workers) for educational, non-profit and government-based organizations that cannot afford to pay for interns or service aids.

CCNY's Greatest Need

What is needed is major financial support to enable these dedicated and determined students to achieve the goals for which they strive. The **Ann S. Kheel Scholars Program** would provide a $5,000 scholarship/year per student for CCNY applicants who demonstrate need, engage in public service to disadvantaged communities, make satisfactory progress, and maintain The College's required GPA throughout the four years. A program that would serve 12 new students per year and support them through to the bachelor's degree would make an important difference in those students' lives.



Budgeted at a total of $1,000,000, the **Ann S. Kheel Scholars Program** would provide full four-year scholarships for 12 students each year for four successive years. At the end of the program, a total of 48 students will have



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benefited from the Kheel four-year Scholarships. This would leave City College with $40,000 to be allocated as two-year scholarships for up to four dedicated needy transfer students during the grant period.

While some Kheel Scholars may need to continue to supplement their income with paid employment, it is anticipated that the generosity of the Ann S. Kheel Charitable Trust would allow them to at least reduce the number of hours they might need to work, providing the extra study time they need to excel, permitting them to engage more fully in public service, and significantly easing the economic burdens they bear.

CCNY's Responses to the Kheel Foundation's Questions

1. How will the Ann S. Kheel Scholars Program be promoted among potential applicants?

    a. The Ann S. Kheel Scholars Program will be publicized on the City College website, in all freshman materials, and in the high school visits made by CCNY admissions officers. It will also be publicized through posters, emails, at the Finley Student Center, and in the Office of Financial Aid.
    b. Applicants must submit a letter of interest, stating why they want to do public service and describing community service they have already provided.
    c. Applicants must provide expressly written documentation/job descriptions from at least two qualifying organizations interested in retaining the student for unpaid employment or a volunteer position.

2. What experience does the institution have in identifying and supporting students engaged in public service to disadvantaged communities?

    a. Many CCNY students are already actively engaged in public service through many of the voluntary, co-curricular, and academic programs (see Student Public Service at City College above).
    b. City College encourages these groups by providing space, faculty advising, some staff support, some paid internships, and wherever possible, some funds.
    c. City College will provide a faculty program director.

3. What other support, financial and in services, will the institution provide to the selected students?

    a. Students will be assigned to one or more faculty advisors for the time they are Kheel Scholars. They will meet regularly with these advisors both individually and as a group.
        i. The advisor will help students become oriented to their new working culture.



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ii. The advisor will help students balance their public service work with class work.
iii. The advisor will be available to address other concerns and questions that may arise during the course of the year.

b. The Kheel Scholars will be provided with a special meeting place on campus where they can discuss freely their common experiences and form the kinds of social bonds that are often scarce at commuter schools.

4. How many students would the given funds be able to support?

a. A cohort of 12 students each year would receive a four-year $5,000 per year Kheel Scholarships.
b. A new cohort would begin each year for four years.
c. Up to four transfer students would receive two-year Kheel Scholarships.

5. What criteria would the institution use to select the students and who will be making the recommendations of selected students?

a. A committee, composed of faculty, financial aid officers, and administrators would be formed to make recommendations to the Trustees.
b. Faculty, staff, high school teachers, community leaders, and past volunteer supervisors would be invited to make nominations to the committee.
c. Students would be recommended to the Trustees on the basis of past interest and experience in public service, although students new to public service will also be selected based on a personal interview.

6. How will the institution determine the financial need, academic performance and demonstration of civic leadership of candidates in making their selections?

a. Grade point average will determine academic performance.
b. Students should be in good standing academically when they enter the program and must remain in good standing academically throughout.
c. Financial need will be determined by the Financial Aid Office (see below).
d. Civic leadership will be determined through demonstrated past experience and the personal interview.



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7. How will the institution measure performance of the scholars?

    a. Students will agree to maintain their grades at the required level, and seek out their advisor if the public service work becomes too onerous or time-consuming.
    b. Students will be encouraged to maintain a journal.
    c. Once each year, all students will provide a written and verbal presentation summarizing their work and its value to society, and highlighting experiences and skills they feel especially proud to have achieved.

8. Who within the institution will manage the program and who will be assigned to interface with the Trust's directors?

    a. The City College of New York will appoint a faculty director of the program, who will meet with students' faculty advisors and ensure the smooth running of the program. This faculty member will report to Zeev Dagan, City College Provost.
    b. The faculty director will interface directly with the Trustees.
    c. In addition, Trustees may contact Rachelle Butler, Vice President for Development and Institutional Advancement.
    d. Regular meetings between students and Trustees will be an important element of the Program.

The CCNY Financial Aid Selection Process

The City College of New York Office of Financial Aid helps CCNY students obtain the maximum aid possible through a highly organized, confidential, yet individualized combination of information sessions and personal advising. Through this process, which involves a structured set of steps directed toward the selection of the neediest students, City College is able to determine which students require additional funding beyond federal, state, and city sources to be able to attend The College. Then, first making certain that those students closest to graduation will be able to complete their degrees, the Office of Financial Aid works to match needy students with privately funded scholarship assistance. In this way, those most in need will get help meeting their economic challenges first. This enables The College to identify those students who would benefit most from a scholarship program.

Conclusion

At the end of seven years, more than 50 students will have graduated and gone on to careers or graduate school. These 50+ students will serve as a living memorial to Ann S. Kheel and her lifetime of work dedicated to education and opportunity. At the same time, the Kheel Scholarships will serve as a front-end transfusion of support and further advance The City College of New York in its vital mission of excellence and access.



Our request of the Ann S. Kheel Charitable Trust

THEREFORE: On behalf of The City College of New York, in order to create:

The Ann S. Kheel Scholars Program
at
The City College of New York

We ask the Ann S. Kheel Charitable Trust to consider a gift of $1,000,000 or $200,000 per year for five years, for a total gift of $1,000,000.

On behalf of the aspiring students of The City College of New York, we thank you for your thoughtful consideration of this request. If you have any questions or need further information, please contact President Gregory H. Williams or Vice President Rachelle Butler at the Office of Development and Institutional Advancement at the numbers below.

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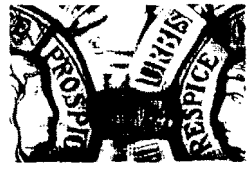

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Chart of Scholarships

The chart below shows a sample of how the Ann S. Kheel Scholars Program would work.

	Number of Students	Year 1 2003/4	Year 2 2004/5	Year 3 2005/6	Year 4 2006/7	Year 5 2007/8	Year 6 2008/9	Year 7 2009/10	Total
Class 1	12 @ $5k/year for 4 years	$60k	$60k	$60k	$60k				$240k
Class 2	12 @ $5k/year for 4 years		$60k	$60k	$60k	$60k			$240k
Class 3	12 @ $5/year for 4 years			$60k	$60k	$60k	$60k		$240k
Class 4	12 @ $5k/year for 4 years				$60k	$60k	$60k	$60k	$240k
Total	4-year Students	12	24	36	48	36	24	12	
Total	Transfer students		2 @ $5k/yr = $10k	2 @ $5k/yr = $10k	2 @ $5k/yr = $10k	2 @ $5k/yr = $10k			$40k
Total	Dollars	$60k	$130k	$190	$250k	$190k	$120k	$60k	$1,000,000

"Transforming Lives Toward the Future of Our Nation"

The City College of New York

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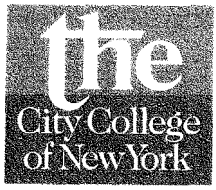

A Special Presentation Prepared for the
Ann S. Kheel Charitable Trust

The Ann S. Kheel Scholars Program in Community Service at The City College of New York

Revised June 2, 2005

**"Open the doors to all.
Let the children of the rich and the poor take their seats together
and know of no distinction save that of industry, good conduct, and intellect."**

Townsend Harris, Founder, The City College of New York



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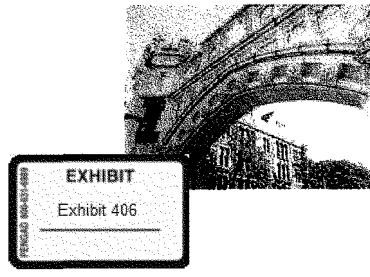

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Executive Summary

The Ann S. Kheel Scholars Program in Community Service at The City College of New York (CCNY) in year 2005-2006 will provide each of six freshman and six sophomore students who demonstrate need with a scholarship of $5,000 per year for four years to cover tuition, fees and books at CCNY. In year 2006-2007, the Program will add six new freshmen; in 2007-2008, it will again add six new freshmen. The Kheel Scholars Program will enable the 24 committed, needy students selected for the Kheel Scholarships to attend City College, earn their bachelor's degree, and engage in community service by reducing or eliminating the financial barriers to their success. The initial phase will cost $270,000 for two years; full scholarships for the 24 students will eventually total $450,000. Each year, reports will be sent to the Foundation. In year 2007-2008, there will be a full evaluation of the Program which will determine the Program's future.

A Proud History and Mission – The Children of the Whole People

The City College of New York was founded in 1847 by Townsend Harris to offer higher education to the children of the working class and immigrants. The College has produced great scientists, captains of industry, public servants, teachers, doctors, lawyers, architects and engineers, opening doors for young men and women with few material resources and opportunities.



Today's City College is a microcosm of New York City, with one of the most diverse student bodies of any college in America. Its more than 12,000 students carry on a tradition of excellence as they win prestigious awards and fellowships, gain acceptance to leading graduate and professional schools, and make their marks in the sciences, in the arts, in community service, in industry, in education.

Access and Excellence

For 157 years, The City College of New York has symbolized the union of excellence and public higher education. The most important avenue to upward mobility and social advancement for generations of New Yorkers, City College has provided an unsurpassed educational opportunity to hundreds of thousands of talented but needy students. With particular focus on meeting the needs of "the children of the whole people," The College

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provides unique opportunities for underrepresented populations to enter fields new to them with expert skills and education.

Diversity and Need

Many schools talk about diversity; City College lives it
Last year, *US News and World Report* ranked City College first in diversity in the nation, with African-Americans as the largest minority. This year, City College was ranked first with Hispanic-Americans as the largest minority. The 2004 issue of CCNY's *City Facts* states that in the voluntary section of the admissions application, 87% of CCNY students describe themselves as members of a minority group.

The *Chronicle of Higher Education 2003 Almanac* reports that nationally, within the category of bachelor's degrees earned at all colleges, White students earn 75% of the total, Blacks 8.5%, Hispanics 6.5%, and Asian-Pacific Islanders 6.2%. The same year at City College, however, Blacks received 34.1%, Hispanics 30.1% and Asian/Pacific Islanders 11%, an incredible record of success in populations underrepresented in bachelor's degrees earned. Many of these degrees are awarded in exceptionally demanding programs unique to City College which do not exist elsewhere in the City University system, such as engineering, architecture, biomedical education, and certain science programs.

Most of CCNY's students come from the New York City public schools. Many are immigrants or children of immigrants; they speak 91 languages other than English and were born in 147 countries. City College students are usually the first in their families to go to college, following a tradition that reflects the pattern of generations of CCNY alumni, whose achievements became the model for their own families.



Founded to provide children of the poor and new immigrants access to the American dream
Now still, as in its storied past, CCNY students are financially needy. ***Approximately 58% come from families with combined incomes of $25,000 or less;*** three-quarters of the students work while attending school, some at more than one job. Over half of the students attend part time, most often for financial reasons. They pay $5,000/year in tuition, books, and fees. While the comparatively low tuition narrowly makes it possible for them to attend a top quality college, the cost is high when compared to the income many of them, or their



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families, earn. Because they frequently need to support themselves and sometimes even help support their families, they often take longer to graduate, sometimes having to leave—before they earn the bachelor's degree. Working longer hours takes away valuable time from their studies, making it that much more difficult to attain the success they strive for and merit. Few have the time for community service, but many strive to do it nevertheless.

The number of students at City College who require financial aid has grown dramatically. According to the *2003-2004 City Facts*, the total amount of federal, state, and city aid in 2001-2002 needed at City College was $32,364,000. Just two years later, that number rose by 35% to $43,683,000 as the number of students requesting and needing aid continued to increase significantly.

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1. Make it financially feasible possible for students at The City College of New York to experience the rewards that can come from time spent performing community service.
2. Provide opportunities for these students to work at a variety of not-for-profit, community, government, and educational agencies.
3. Reward and encourage civic-minded young people by helping them with their City College education while they are involved in the program.
4. Encourage some of City College's best students to consider devoting additional time – or even their careers – to community service-oriented work.
5. Provide a benefit (in the form of volunteer workers) for educational, non-profit and government-based organizations that cannot afford to pay for interns or service aids.

CCNY's Greatest Need

What is needed is major financial support to enable these dedicated and determined students to achieve the goals for which they strive. The **Ann S. Kheel Scholars Program** will provide a four-year $5,000 scholarship/year per student for CCNY applicants who demonstrate need, engage in community service to disadvantaged communities, make satisfactory progress, and maintain The College's required GPA. A program that will serve six ~~freshman~~ and six ~~sophomore~~ students in the first year and add six new ~~freshmen~~ each year will make an important difference in those students' lives.



Budgeted at an initial cost of ~~$270,000~~ the **Ann S. Kheel Scholars Program** will provide scholarships of $5,000 for 12 students in year one, and then add six new freshmen each year for two more years. Each year, The City College of New York will report to the Ann S. Kheel Foundation on the accomplishments of the students and their progress in their studies and their community service. At the end of the initial phase, in 2007-2008, The College will file a final report for review by the Ann S. Kheel Foundation that will serve as the basis for potential additional funding.

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While some Kheel Scholars may need to continue to supplement their income with paid employment, it is anticipated that the generosity of the Ann S. Kheel Charitable Trust would allow them to at least reduce the number of hours they might need to work, providing the extra study time they need to excel, permitting them to engage more fully in community service, and significantly easing the economic burdens they bear.

Roles for the Ann S. Kheel Foundation

The City College of New York would welcome the participation of members of the board of the Ann S. Kheel Foundation in implementing the Ann S. Kheel Scholars Program and enabling it to continue and expand through some or all of the following means:

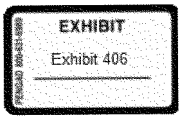
1. Serve as mentors to the Ann S. Kheel Scholars;
2. Suggest and facilitate community service placements for Scholars;
3. Promote increased visibility to the Program through media contacts;
4. Work with the CCNY Office of Development & Institutional Advancement in fundraising for the Ann S. Kheel Scholars Program through leadership in fundraising events, such as galas and private dinners for interested individuals;
5. Provide professional contacts at the highest levels to other interested foundations, corporations, and individuals who could be approached for funding.

CCNY's Responses to the Kheel Foundation's Questions

1. How will the Ann S. Kheel Scholars Program be promoted among potential applicants?

   a. The Ann S. Kheel Scholars Program will be publicized:
      1) on the City College website,
      2) in all freshman materials,
      3) in the high school visits made by CCNY admissions officers,
      4) through posters, emails, at the Finley Student Center, and in the Office of Financial Aid, and
      5) through a major new brochure especially designed and printed for distribution city-wide.
   b. Applicants must submit a letter of interest, stating why they want to do public service and describing community service they have already provided.
   c. Applicants must provide expressly written documentation/job descriptions from at least two qualifying organizations interested in retaining the student for unpaid employment or a volunteer position.

2. What experience does the institution have in identifying and supporting students engaged in community service to disadvantaged communities?



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a. Many CCNY students are already actively engaged in community service through many of the voluntary, co-curricular, and academic programs (see Student Community service at City College above).
b. City College encourages these groups by providing space, faculty advising, some staff support, some paid internships, and wherever possible, some funds.
c. City College will provide a faculty program director.

3. What other support, financial and in services, will the institution provide to the selected students?

   a. Students will be assigned to one or more faculty advisors who specialize in community service programs for the time they are Kheel Scholars. They will meet regularly with these advisors both individually and as a group.
      i. The advisor will help students become oriented to their new working culture.
      ii. The advisor will help students balance their community service work with class work.
      iii. The advisor will be available to address other concerns and questions that may arise during the course of the year.

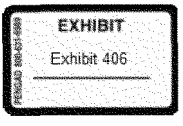
   b. The Kheel Scholars will be provided with a special meeting place on campus where they can discuss freely their common experiences and form the kinds of social bonds that are often scarce at commuter schools.

4. How many students will the given funds be able to support?

   a. The first cohort of six freshmen and six sophomore students will receive $5,000 per year Kheel Scholarships.
   A new group of six freshmen would begin in each of the next two years.

5. What criteria would the institution use to select the students and who will be making the recommendations of selected students?

   a. A committee, composed of faculty, financial aid officers, and administrators would be formed to make recommendations to the Trustees.
   b. Faculty, staff, high school teachers, community leaders, and past volunteer supervisors would be invited to make nominations to the committee
   c. Selected students will be recommended to the Trustees on the basis of past interest and experience in community service; students new to community service will also be selected based on a personal interview.



6. How will the institution determine the financial need, academic performance and demonstration of civic leadership of candidates in making their selections?

    a. Grade point average will determine academic performance.
    b. Students should be in good standing academically when they enter the program and must remain in good standing academically throughout.
    c. Financial need will be determined by the Financial Aid Office (see below).
    d. Civic leadership will be determined through demonstrated past experience and the personal interview.

7. How will the institution measure performance of the scholars?

    a. Students will agree to maintain their grades at the required level, and seek out their advisor if the community service work becomes too onerous or time-consuming.
    b. Students will be encouraged to maintain a journal.
    c. Once each year, all students will provide a written and verbal presentation summarizing their work and its value to society, and highlighting experiences and skills they feel especially proud to have achieved.

8. Who within the institution will manage the program and who will be assigned to interface with the Trust's directors?

    a. The City College of New York will appoint a faculty director of the program, who will meet with students' faculty advisors and ensure the smooth running of the program. This faculty member will report to Zeev Dagan, City College Provost.
    b. The faculty director will interface directly with the Trustees.
    c. In addition, Trustees may contact Rachelle Butler, Vice President for Development and Institutional Advancement.
    d. Regular meetings between students and Trustees will be an important element of the Program.

The CCNY Financial Aid Selection Process

The City College of New York Office of Financial Aid helps CCNY students obtain the maximum aid possible through a highly organized, confidential, yet individualized combination of information sessions and personal advising. Through this process, which involves a structured set of steps directed toward the selection of the neediest students, City College is able to determine which students require additional funding beyond federal, state, and city sources to be able to attend The College. Then, first making certain that those students closest to graduation will be able to complete their degrees. The Office of Financial Aid works to match needy students with privately funded scholarship assistance. In this way, those most in need will get help meeting their economic challenges first. This enables The College to identify those students who would benefit most from a scholarship program.



Conclusion

At the end of three years, 24 students will have received Ann S. Kheel Scholarships. These students will serve as a living memorial to Ann S. Kheel and her lifetime of work dedicated to education and opportunity. At the same time, the Kheel Scholarships will serve as a front-end transfusion of support and further advance The City College of New York in its vital mission of excellence and access.

The Office of Financial Aid works to match needy students with privately funded scholarship assistance. In this way, those most in need will get help meeting their economic challenges first. This enables The College to identify those students who would benefit most from a scholarship program.



Our request of the Ann S. Kheel Charitable Trust

THEREFORE: On behalf of The City College of New York, in order to create:

The Ann S. Kheel Scholars Program in Community Service
at
The City College of New York

We ask the Ann S. Kheel Charitable Trust to consider a gift of $$120,000 per year for two years, for a total gift of $240,000 during the Program's initial phase. At the end of the initial phase, The College would like to return to the Foundation for funds to continue the Program.

On behalf of the aspiring students of The City College of New York, we thank you for your thoughtful consideration of this request. If you have any questions or need further information, please contact President Gregory H. Williams or Vice President Rachelle Butler at the Office of Development and Institutional Advancement at the numbers below.

Gregory H. Williams, President
The City College of New York
138th Street and Convent Avenue, A-300
New York, NY 10031
Telephone: 212-650-
Fax: 212-650-
Email: gwilliams

Rachelle Butler, Vice President
Office of Development and Institutional Advancement
The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650-
212-650-
Fax: 212-650-
Email: rbutler@

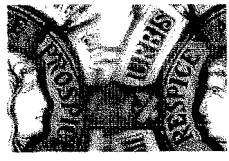


EXHIBIT
Exhibit 406

Chart of Scholarships

The chart below shows a sample of how the Ann S. Kheel Scholars Program would work.

Cohort 1	2005-06	2006-07	2007-08	2008-09	2009-2010	2-10-11	Total Committed
Freshmen	6x5= $30k freshmn	6x5= $30k – sophs	6x5=$30k –juniors	6x5=$30k —seniors			$120k
Sophomores	6x5= $30k – sophs	6x5= $30k – juniors	6x5=$30k —seniors				$90k
Cohort 2							
Freshmen		6x5= $30k freshmn	6x5=$30k –sophs	6x5=$30k –juniors	6x5=$30k —seniors		$120k
Sophomores			6x5=$30k freshmen	6x5=$30k –sophs	6x5=$30k –juniors	6x5=$30k —seniors	$120k
Totals	**$60k**	**$90k**	**$`120k**	**$90k**	**$60k**	**$30k**	**$450k**

"Transforming Lives Toward the Future of Our Nation"
The City College of New York

EXHIBIT
Exhibit 406

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Chart of Scholarships

The chart below shows a sample of how the Ann S. Kheel Scholars Program would work.

Cohort 1	2005-06	2006-07	2007-08	2008-09	2009-2010	2-10-11	Total Committed
Sophomores	6x$5k=$30k sophs	6x$5k=$30k juniors	6x$5k=$30k seniors				$90k
Juniors	6x$5k=$30k juniors	6x$5k=$30k seniors					$60k
Cohort 2		6x$5k=$30k sophs	6x$5k=$30k juniors	6x$5k=$30k seniors			$90k
Cohort 3			6x$5k=$30k sophs	6x$5k=$30k juniors	6x$5k=$30k seniors		$90k
Cohort 4				6x$5k=$30k sophs	6x$5k=$30k juniors	6x$5k=$30k seniors	$90k
		2x$5k=$10k juniors	2x$5k=$10k seniors				$20k
Transfers							
Totals	**$60k**	**$100k**	**$100k**	**$90k**	**$60k**	**$30k**	**$440k**

3329

EXHIBIT Exhibit 406

the City College of New York

Office of the Vice President
Development & Institutional Advancement

Shepard Hall, Room 154
Convent Avenue at 138th Street
New York, New York 10031
TEL: 212.650.7125
FAX: 212.650.7149
www.ccny.cuny.edu

June 2, 2005

Mrs. Ellen Kheel Jacobs
108 East 82nd Street, #7A
New York, NY

Dear Mrs. Jacobs:

Enclosed are 10 copies of the revised proposal from The City College of New York to the Ann S. Kheel Foundation according to their recommendations to President Gregory H. Williams.

Thank you so much for your assistance with this and for considering The College for a grant from the Kheel Foundation. We are very appreciative.

Sincerely,

Rachelle Butler
Vice President

EXHIBIT
Exhibit 406

ANN S. KHEEL CHARITABLE TRUST
75 East 55th Street, Fifth Floor
New York, NY 10022
Tel: 212 318-6207
Fax: 212 318-6021

June 10, 2005

MEMO

TO: **Trustees**

FROM: **Ellen K. Jacobs** EKJ

DATE: **June 13, 2005**

Enclosed are copies of the minutes from the meeting on June 3 and the letter to President Williams.



CSOC.CBR.00009689

Minutes
The Ann S. Kheel Charitable Trust Meeting
June 3, 2005

Present: Trustees:
Congressman Charles B. Rangel
Luis Alvarez
Veronica Kelly
Gail Sheehy

Also present: Theodore W. Kheel, Ellen Kheel Jacobs

1. The updated proposal from CCNY was discussed. Instead of beginning in the freshman year, it was decided that six scholars should begin in their sophomore and six in their junior year (totaling 12 scholars in year #1) to allow them time to mature and the university time to get to know them. Six new scholars would start the next year in their sophomore year and there would be 3 grades of scholars. An additional advantage of this plan is that publicity within the University would allow some more reticent students to hear about the program.

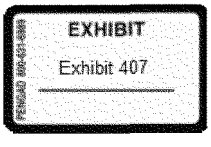
2. It was suggested that the program focus on more than public service since Ann Kheel was a wife and mother as well as a community activist.

3. As a result, the focus was broadened from "public service" to "community involvement." This involvement could be small and not associated with an organization. The guidelines will be changed to reflect this change of focus. The CCNY proposal will be modified.

4. It was decided to give enough money to see 4 classes of sophomores and one initial class of juniors through to graduation. Half ($220,000) of this would be given now; the other half would be given in 2 years when the program is reviewed.

5. CCNY can reapply at the end two years when the program is reviewed.

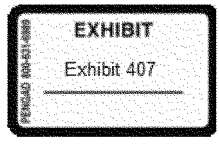
6. How does this inter-relate with the Rangel Center? It is very similar and could, in years to come, become part of the Rangel Center but at present there is no interrelation.



7. Mentoring was discussed. It was decided that there would be periodic meetings with the students. The initial meeting would present the ideals of Ann Kheel, perhaps using the video from the memorial service. Other ideas discussed included: bringing in "outside" people as inspiration and only a few Trustees meeting with groups at each meeting.

8. Ellen will contact CCNY to let them know of our decisions.

Respectfully submitted,
Ellen K. Jacobs
Ellen K. Jacobs



Ann S. Kheel Charitable Trust
75 East 55 Street, Fifth floor
New York, NY 10022
Tel: 212 318-6207
Fax: 212 318-6021

June 10, 2005

Gregory H. Williams, President
The City College of New York
138th Street and Convent Avenue,
A-300
New York, NY 10031

Dear President Williams:

The Ann S. Kheel Charitable Trust is pleased to make a grant of $440,000 based on your proposal of June 2, 2005. There will be a review of this initial commitment after the second year and a decision about extending the program (with or without changes) will be made at that time.

We make this grant with the following changes to your proposal:

Scholarships will begin in the sophomore year, not the freshman year. Our grant will cover the entering class of 2005: 6 sophomores and 6 juniors plus an additional 3 classes of sophomores (one each year in 2006, 2007, 2008) for a total of four years. The grant allows for 2 transfer students (juniors or seniors) and will cover the four entering classes through to graduation.

To qualify, students will not need to do "public service" but will instead have some sort of "community involvement" in order to make eligible all students who are interested in helping others. This involvement need not be with an organization.

The Trustees will meet with the selected Ann S. Kheel scholars periodically during the year. Our goal is to share her vision and her ideals.



The first installment of $220,000 will be paid upon receipt of your adjusted proposal. The balance will be paid at the end of the second year.

We look forward to working with you in the years ahead.

Sincerely,

Ellen K. Jacobs
Executive Director

cc:'s:
Trustees
Theodore W. Kheel
Gary Hattem
Robyn Brady-Ince
Rachelle Butler



"DRAFT"

Amended to conform at our wishes 6/11/05

The Ann S. Kheel Scholars
For Community Development

Background

The Ann S. Kheel Charitable Trust (the Trust) is making available philanthropic resources for scholarships to benefit disadvantaged New Yorkers pursuing college degrees. The Trust seeks to reach students who have demonstrated a commitment to their local communities ~~through civic leadership~~. The scholarships will be awarded to students at a selected New York City institution(s) based on financial need, academic performance and promise, and community involvement. Through invitation only, selected colleges, universities and nonprofit organizations are asked to respond to this request for proposals and describe how they would manage and support The Ann S. Kheel Scholars program.

The Ann S. Kheel Charitable Trust was established by Theodore Kheel in honor of his wife Ann to celebrate her personal legacy of community activism and as a champion of tolerance and cultural diversity. Prominent New Yorkers and close friends of Ann S. Kheel who serve as directors of the Trust, and as stewards of this endowment, include Congressman Charles Rangel, Luis Alvarez, Veronica Kelly, Gabe Pressman and Gail Sheehy. The executive director of the Trust is Ann's daughter, Ellen Jacobs.

The Commitment

The Trust will provide funds annually in support of the scholars. The Trust's directors have committed their own time to serve as mentors and role models to the selected scholars. It is intended the scholars will meet at least once in a given academic year with the directors to learn about their careers and commitments to public service.

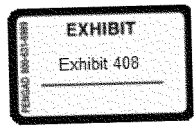


EXHIBIT
Exhibit 408

Request for Proposals

Institutions responding to the Request for Proposals should offer a program description as to how they would manage the Ann S. Kheel Scholars initiative. Proposals should specifically respond to the following questions:

1) How will the Ann S. Kheel Scholars program be promoted among potential applicants?
2) What experience does the institution have in identifying and supporting students engaged in public service to disadvantaged communities?
3) What other support, financial and in services, will the institution provide to the selected students?
4) How many students would the given funds be able to support?
5) What criteria would the institution use to select the students and who will be making the recommendations of selected students?
6) How will the institution determine the financial need, academic performance and demonstration of civic leadership of candidates in making their selections?
7) How will the institution measure performance of the scholars?
8) Who within the institution will manage the program and who will be assigned to interface with the Trust's directors?

Selection Process

Based on the proposals submitted, the Trust's directors will select one or more institutions for support. The commitment will be for at least two years and reviewed annually for performance and renewal. The directors will ratify the selection of students based on the recommendation of the selected institution(s).



the City College of New York

Office of the Vice President for Development & Institutional Advancement

Shepard Hall, Room 154
Convent Avenue at 138th Street
New York, New York 10031
TEL: 212.650.7125
FAX: 212.650.7149
www.ccny.cuny.edu

June 24, 2005

Mrs. Ellen K. Jacobs
Executive Director
Ann S. Kheel Charitable Trust
75 East 55th Street
New York, NY 10022

Dear Ellen,

On behalf of President Gregory H. Williams and the talented, dedicated students of The City College of New York, I would like to thank you and the committed trustees of the Ann S. Kheel Charitable Trust for your wonderful grant. This historic undertaking will enable CCNY students to engage in unpaid but vital community service of all kinds while permitting them to devote important hours to their studies.

Enclosed is a revised version of the proposal that includes the changes mentioned in your letter of June 6, 2005. Please let me know if anything further needs to be adjusted. Of course, please also feel free to be in touch with me by phone at 212 650- or by email at rbutler

Our deepest gratitude to you and the Foundation for your vision and fidelity to the ideals of Ann S. Kheel. It will be our privilege at City College to be a living memorial to those ideals.

Sincerely,

Rachelle Butler
Vice President

cc: President Gregory H. Williams, President
Enc.

EXHIBIT
Exhibit 409

CSOC.CBR.00024482



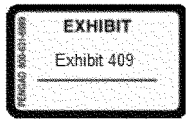
A Special Presentation Prepared for the
Ann S. Kheel Charitable Trust

The Ann S. Kheel Scholars Program in Community Service at The City College of New York

Revised June 24, 2005

**"Open the doors to all.
Let the children of the rich and the poor take their seats together
and know of no distinction save that of industry, good conduct, and intellect."**

Townsend Harris, Founder, The City College of New York



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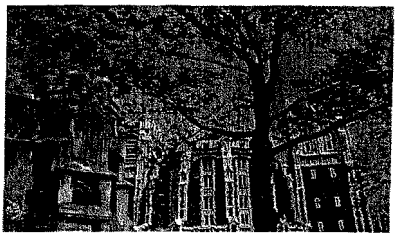
Executive Summary

The Ann S. Kheel Scholars Program in Community Service at The City College of New York (CCNY) in year 2005-2006 will provide each of six sophomore and six junior students who demonstrate need with a scholarship of $5,000 per year for two-three years to cover tuition, fees and books at CCNY through to graduation. In year 2006-2007, the Program will add six new sophomores; in 2007-2008, it will again add six new sophomores; and in 2008-2009, it will again add six new sophomores. The grant will also allow for two transfer students, junior or seniors, and will cover them through graduation. The Kheel Scholars Program will enable the 32 committed, needy students selected for the Kheel Scholarships to attend City College, earn their bachelor's degree, and engage in community service by reducing or eliminating the financial barriers to their success. Scholarships for the 32 students in this part of the Program will eventually total $440,000. Each year, reports will be sent to the Foundation. Following year 2007-2008, there will be a full evaluation of the Program which will determine whether the Program will be extended and, of so, whether changes should be made.

A Proud History and Mission – The Children of the Whole People

The City College of New York was founded in 1847 by Townsend Harris to offer higher education to the children of the working class and immigrants. The College has produced great scientists, captains of industry, public servants, teachers, doctors, lawyers, architects and engineers, opening doors for young men and women with few material resources and opportunities.



Today's City College is a microcosm of New York City, with one of the most diverse student bodies of any college in America. Its more than 12,000 students carry on a tradition of excellence as they win prestigious awards and fellowships, gain acceptance to leading graduate and professional schools, and make their marks in the sciences, in the arts, in community service, in industry, in education.

Access and Excellence

For 157 years, The City College of New York has symbolized the union of excellence and public higher education. The most important avenue to upward mobility and social

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educational opportunity to hundreds of thousands of talented but needy students. With particular focus on meeting the needs of "the children of the whole people," The College provides unique opportunities for underrepresented populations to enter fields new to them with expert skills and education.

Diversity and Need

Many schools talk about diversity; City College lives it

Last year, *US News and World Report* ranked City College first in diversity in the nation, with African-Americans as the largest minority. This year, City College was ranked first with Hispanic-Americans as the largest minority. The 2004 issue of CCNY's *City Facts* states that in the voluntary section of the admissions application, 87% of CCNY students describe themselves as members of a minority group.

The *Chronicle of Higher Education 2003 Almanac* reports that nationally, within the category of bachelor's degrees earned at all colleges, White students earn 75% of the total, Blacks 8.5%, Hispanics 6.5%, and Asian-Pacific Islanders 6.2%. The same year at City College, however, Blacks received 34.1%, Hispanics 30.1% and Asian/Pacific Islanders 11%, an incredible record of success in populations underrepresented in bachelor's degrees earned. Many of these degrees are awarded in exceptionally demanding programs unique to City College which do not exist elsewhere in the City University system, such as engineering, architecture, biomedical education, and certain science programs.

Most of CCNY's students come from the New York City public schools. Many are immigrants or children of immigrants; they speak 91 languages other than English and were born in 147 countries. City College students are usually the first in their families to go to college, following a tradition that reflects the pattern of generations of CCNY alumni, whose achievements became the model for their own families.

Founded to provide children of the poor and new immigrants access to the American dream



Now still, as in its storied past, CCNY students are financially needy. ***Approximately 58% come from families with combined incomes of $25,000 or less;*** three-quarters of the students work while attending school, some at more than one job. Over half of the students attend part time, most often for financial reasons. They pay $5,000/year in tuition, books, and fees. While the comparatively low tuition



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narrowly makes it possible for them to attend a top quality college, the cost is high when compared to the income many of them, or their families, earn. Because they frequently need to support themselves and sometimes even help support their families, they often take longer to graduate, sometimes having to leave before they earn the bachelor's degree. Working longer hours takes away valuable time from their studies, making it that much more difficult to attain the success they strive for and merit. Few have the time for community service, but many strive to do it nevertheless.

The number of students at City College who require financial aid has grown dramatically. According to the *2003-2004 City Facts*, the total amount of federal, state, and city aid in 2001-2002 needed at City College was $32,364,000. Just two years later, that number rose by 35% to $43,683,000 as the number of students requesting and needing aid continued to increase significantly.

Currently, more than 90% of CCNY students qualify for financial aid; most get something, but it is rarely enough. The other four original senior colleges in the system—Brooklyn, Queens, Hunter, and Baruch—are based in more affluent communities and serve more advantaged populations. City College serves the Harlem community, whose students make up a large portion of the CCNY student body. There are other reasons, also, why City College's talented students are often the neediest.

Why Students Come to City College

A small university, with unique courses of study, 40 graduate degree programs and 10 of CUNY's doctoral programs.

City College draws many of the neediest applicants to the City University system. Why? Because The City College of New York is the only college in the CUNY system with Schools of Architecture, Engineering, and Biomedical Education, and many innovative programs in environmental engineering and science, graphic design, media arts production, publishing, and urban legal studies. Indeed, in most cases, these are the only public schools or programs of their kind in New York City. Consequently, City College is the sole gateway for these students to enter these professions, as they cannot afford to attend private institutions that may offer a comparable course of study. Most have meager financial resources but great resolve.

Profiles in Determination

The 2003 valedictorian, Sylvia Arrendondo, worked as a housekeeper while she completed her demanding chemical engineering program here. She now has a full graduate fellowship at the University of Texas in engineering. Zhanna Soushko, the 2004 CCNY valedictorian,



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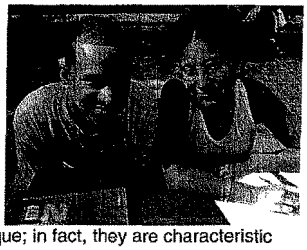
worked as a waitress during her entire time at City College. After graduation, she entered the Ph.D. program at the University of Denver on a full fellowship.

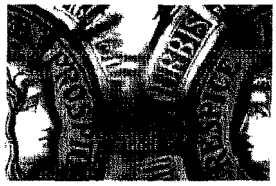


City College also has the biggest undergraduate science research program in the New York Metropolitan area, including Columbia and NYU. Rhodes Scholar Lev Sviridov, who was homeless when he first came to this country from Russia a mere 10 years ago, participates in this program, exemplifying the kind of student City College attracts and nourishes. These stories are not unique; in fact, they are characteristic of the typical student profile at City College.

The Ann S. Kheel Charitable Trust

Formed to honor Ann S. Kheel's lifetime of work in the fight for social and racial justice, The Ann S. Kheel Charitable Trust's mission is to support "organizations dedicated to improving the lives of disadvantaged New Yorkers with a particular focus on adult and child education, racial equality, and the environment."

The City College of New York is dedicated to those same ideals, advancing social and racial equality through the most powerful means possible—by providing higher education to minorities and the disadvantaged.



The Ann S. Kheel Scholars Program

The late Ann S. Kheel, who devoted much of her life to fighting for equality of opportunity for all people through her passionate civic leadership in the New York Urban League, the Schomburg Center for Black Culture, and many other organizations, cared deeply about social justice, the rights of women and minorities, and New York City public education.

The City College of New York, founding college and flagship of CUNY, boasts a lifelong heritage of educating refugee, immigrant, minority and disadvantaged populations. Establishing a major scholarship program at CCNY in Ann S. Kheel's memory would be both fitting and productive. The College already has students in place who want to succeed and who are committed to social justice and community service.

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CSOC.CBR.00024488

Student Community Service at City College

City College proudly claims many students who, regardless of tremendous financial and family pressures, take the time to provide service to their communities. A few examples are:

- The neighborhood tutoring program through which students provide on- and off-campus assistance to the community at local public elementary, junior high and high schools;
- The Rosenberg/Humphrey internship program, in which students take summer internships at government agencies in Washington, DC, and New York in executive and Congressional offices, House and Senate committees, labor unions, governmental agencies, advocacy groups and policy research organizations;
- The service learning program that has provided internships for City College students to go to the Central African country of Rwanda, where they spent the summer working in the Rwanda Ministry of Finance's Poverty Alleviation program, the Ministry of Gender and Development, and the Ministry of Health's Psycho-Social Trauma unit.
- All students at the Sophie Davis School of Biomedical Education make a commitment to enter community medicine in underserved and disadvantaged communities; part of their commitment is to engage in volunteer work in those neighborhoods during their school years;
- Many CCNY Student Clubs and Co-Curricular activities encourage community service, such as the following:

  City College International Medical Relief Team To coordinate student participation in international medical missions; and to fundraise and coordinate medical supply relief efforts with sister clinics and agencies in disadvantaged countries.

  Dominican Club To emphasize unity and education, promote culture and serve voluntarily within our communities.

  Students Helping Out! Shout! is established to provide students with volunteer activities in communities in NYC. Volunteer sites include soup kitchens, churches, hospitals, and local schools.

Although 75% of CCNY students must work at full or part time jobs in order to help pay for their tuition, living costs, and in some cases, family needs, many students have nevertheless taken the time to participate in these and other programs, along with their very demanding academic schedules.

Because of these circumstances, these dedicated students have been unable to devote as much time as they would like to community service, although many have expressed interest in becoming more intensively involved. What The College has not had so far is a yearlong community service program with funding sufficient to enable these committed students to work fewer hours so that they can concentrate on their studies, and still be able to spend



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more time over the entire year pursuing community service. ***The Ann S. Kheel Scholars Program in Community Service*** could fill this very great need.

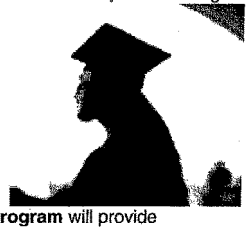
This historic undertaking will enable City College's most civic-minded students to take the lead, as so many CCNY students have before them, in community service. They will graduate as part of a new cadre of scholar/public servants, bring honor to their alma mater, and carry on its highest traditions. They will be associated with the Ann S. Kheel Charitable Trust in a venture intended to open the hearts and minds of CCNY students as they provide service to all the varied communities The College serves.

Kheel Scholars Program Goals

1. Make it financially feasible possible for students at The City College of New York to experience the rewards that can come from time spent performing community service.
2. Provide opportunities for these students to work at a variety of not-for-profit, community, government, and educational agencies, plus encourage personal commitment to service outside of a formal organization.
3. Reward and encourage civic-minded young people by helping them with their City College education while they are involved in the program.
4. Encourage some of City College's best students to consider devoting additional time – or even their careers – to community service-oriented work.
5. Provide a benefit (in the form of volunteer workers) for educational, non-profit and government-based organizations that cannot afford to pay for interns or service aids; provide assistance to those who need help in students' own communities.

CCNY's Greatest Need

What is needed is major financial support to enable these dedicated and determined students to achieve the goals for which they strive. The **Ann S. Kheel Scholars Program** will provide a $5,000 scholarship/year per student for selected CCNY sophomores and juniors through to graduation who demonstrate need, engage in community service to disadvantaged communities or individuals, make satisfactory progress, and maintain The College's required GPA. A program that will serve six sophomore and six junior students in the first year and add six new sophomores each year will make an important difference in those students' lives.



Budgeted at a cost of $440,000 the **Ann S. Kheel Scholars Program** will provide scholarships of $5,000 for 12 students in year one, and then add six new sophomores each year for three more years. In addition, scholarships will be provided for two additional transfer students in their junior or senior year. Each year, The City College of New York will report to

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the Ann S. Kheel Foundation on the accomplishments of the students and their progress in their studies and their community service. At the end of the initial phase, in 2007-2008, The College will file a final report for review by the Ann S. Kheel Foundation that will serve as the basis for potential additional funding.

While some Kheel Scholars may need to continue to supplement their income with paid employment, it is anticipated that the generosity of the Ann S. Kheel Charitable Trust will allow them to at least reduce the number of hours they might need to work, providing the extra study time they need to excel, permitting them to engage more fully in community service, and significantly easing the economic burdens they bear.

Roles for the Ann S. Kheel Foundation

The City College of New York would welcome the participation of the trustees of the Ann S. Kheel Foundation in implementing the Ann S. Kheel Scholars Program and enabling it to continue and expand through some or all of the following means:

1. Serve as mentors to the Ann S. Kheel Scholars by meeting with the Scholars periodically during the year to share Ann S. Kheel's vision and her ideals;
2. Suggest and facilitate community service placements for Scholars;
3. Promote increased visibility to the Program through media contacts;
4. Work with the CCNY Office of Development & Institutional Advancement in fundraising for the Ann S. Kheel Scholars Program through leadership in fundraising events, such as galas and private dinners for interested individuals;
5. Provide professional contacts at the highest levels to other interested foundations, corporations, and individuals who could be approached for funding.

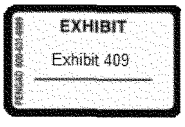
CCNY's Responses to the Kheel Foundation's Questions

How will the Ann S. Kheel Scholars Program be promoted among potential applicants?

a. The Ann S. Kheel Scholars Program will be publicized:
   1) on the City College website,
   2) in all freshman materials,
   3) in the high school visits made by CCNY admissions officers,
   4) through posters, emails, at the Finley Student Center, and in the Office of Financial Aid, and
   5) through a major new brochure especially designed and printed for distribution city-wide.

b. Applicants must submit a letter of interest, stating why they want to do public service and describing community service they have already provided.

c. Applicants must provide expressly written documentation/job descriptions from at least two qualifying organizations interested in retaining the student for unpaid employment or a volunteer position.



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2. What experience does the institution have in identifying and supporting students engaged in community service to disadvantaged communities?

    a. Many CCNY students are already actively engaged in community service through many of the voluntary, co-curricular, and academic programs (see Student Community service at City College above).
    b. City College encourages these groups by providing space, faculty advising, some staff support, some paid internships, and wherever possible, some funds.
    c. City College will provide a faculty program director.

3. What other support, financial and in services, will the institution provide to the selected students?

    a. Students will be assigned to one or more faculty advisors who specialize in community service programs for the time they are Kheel Scholars. They will meet regularly with these advisors both individually and as a group.
        i. The advisor will help students become oriented to their new working culture.
        ii. The advisor will help students balance their community service work with class work.
        iii. The advisor will be available to address other concerns and questions that may arise during the course of the year.

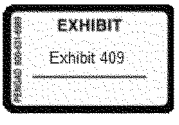
    b. The Kheel Scholars will be provided with a special meeting place on campus where they can discuss freely their common experiences and form the kinds of social bonds that are often scarce at commuter schools.

4. How many students will the given funds be able to support?

    a. The first cohort of six sophomore and six junior students will receive $5,000 per year Kheel Scholarships.
    b. A new group of six sophomores would begin in each of the next three years.
    c. Two transfer students will also receive funding for their junior and/or senior year.
    d. The total number of students assisted will be 32.

5. What criteria would the institution use to select the students and who will be making the recommendations of selected students?

    a. A committee, composed of faculty, financial aid officers, and administrators would be formed to make recommendations to the Trustees.
    b. Faculty, staff, high school teachers, community leaders, and past volunteer supervisors would be invited to make nominations to the committee
    c. Selected students will be recommended to the Trustees on the basis of past interest and experience in community service; students new to community service will also be selected based on a personal interview.



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6. How will the institution determine the financial need, academic performance and demonstration of civic leadership of candidates in making their selections?

   a. Grade point average will determine academic performance.
   b. Students should be in good standing academically when they enter the program and must remain in good standing academically throughout.
   c. Financial need will be determined by the Financial Aid Office (see below).
   d. Civic leadership will be determined through demonstrated past experience and the personal interview.

7. How will the institution measure performance of the scholars?

   a. Students will agree to maintain their grades at the required level, and seek out their advisor if the community service work becomes too onerous or time-consuming.
   b. Students will be encouraged to maintain a journal.
   c. Once each year, all students will provide a written and verbal presentation summarizing their work and its value to society, and highlighting experiences and skills they feel especially proud to have achieved.

8. Who within the institution will manage the program and who will be assigned to interface with the Trust's directors?

   a. The City College of New York will appoint a faculty director of the program, who will meet with students' faculty advisors and ensure the smooth running of the program. This faculty member will report to Zeev Dagan, City College Provost.
   b. The faculty director will interface directly with the Trustees.
   c. In addition, Trustees may contact Rachelle Butler, Vice President for Development and Institutional Advancement.
   d. Regular meetings between students and Trustees will be an important element of the Program.

9. Does a student have to work in an organization to qualify?

   a. No, involvement with the community and the individuals in it need not be restricted to organizations. This service can also be through personal commitment, including such things as helping a disabled or elderly neighbor clear snow during the winter, or assisting the home-bound with shopping or other tasks.



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The CCNY Financial Aid Selection Process

The City College of New York Office of Financial Aid helps CCNY students obtain the maximum aid possible through a highly organized, confidential, yet individualized combination of information sessions and personal advising. Through this process, which involves a structured set of steps directed toward the selection of the neediest students, City College is able to determine which students require additional funding beyond federal, state, and city sources to be able to attend The College. Then, first making certain that those students closest to graduation will be able to complete their degrees. The Office of Financial Aid works to match needy students with privately funded scholarship assistance. In this way, those most in need will get help meeting their economic challenges first. This enables The College to identify those students who would benefit most from a scholarship program.

Conclusion

At the end of three years, 32 students will have received Ann S. Kheel Scholarships. These students will serve as a living memorial to Ann S. Kheel and her lifetime of work dedicated to education and opportunity. At the same time, the Kheel Scholarships will serve as a front-end transfusion of support and further advance The City College of New York in its vital mission of excellence and access.

The Office of Financial Aid works to match needy students with privately funded scholarship assistance. In this way, those most in need will get help meeting their economic challenges first. This enables The College to identify those students who would benefit most from a scholarship program.



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Our request of the Ann S. Kheel Charitable Trust

THEREFORE: On behalf of The City College of New York, in order to create:

The Ann S. Kheel Scholars Program in Community Service
at
The City College of New York

We ask the Ann S. Kheel Charitable Trust to consider a total gift of $$440,000 during the Program's initial phase, to be paid in two installments.

On behalf of the aspiring students of The City College of New York, we thank you for your thoughtful consideration of this request. If you have any questions or need further information, please contact President Gregory H. Williams or Vice President Rachelle Butler at the Office of Development and Institutional Advancement at the numbers below.

Gregory H. Williams, President
The City College of New York
138th Street and Convent Avenue, A-300
New York, NY 10031
Telephone: 212-650-
Fax: 212-650-
Email: gwilliams

Rachelle Butler, Vice President
Office of Development and Institutional Advancement
The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650-
212-650-
Fax: 212-650-
Email: rbutler





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Chart of Scholarships

The chart below shows a sample of how the Ann S. Kheel Scholars Program would work.

Cohort 1	2005-06	2006-07	2007-08	2008-09	2009-2010	2-10-11	Total Committed
Sophomores	6x$5k=$30k sophs	6x$5k=$30k juniors	6x$5k=$30k seniors				$90k
Juniors	6x$5k=$30k juniors	6x$5k=$30k seniors					$60k
Cohort 2		6x$5k=$30k sophs	6x$5k=$30k juniors	6x$5k=$30k seniors			$90k
Cohort 3			6x$5k=$30k sophs	6x$5k=$30k juniors	6x$5k=$30k seniors		$90k
Cohort 4				6x$5k=$30k sophs	6x$5k=$30k juniors	6x$5k=$30k seniors	$90k
		2x$5k=$10k juniors	2x$5k=$10k seniors				$20k
Transfers							
Totals	**$60k**	**$100k**	**$100k**	**$90k**	**$60k**	**$30k**	**$440k**

"Transforming Lives Toward the Future of Our Nation"

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The City College of New York

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Development & Institutional Advancement
The City College of New York
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New York, New York 10031

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FAX: 212-650.7149
www.ccny.cuny.edu

Fax

To: Ellen	From: Shelly
Fax: (212) 639-	Pages: 2
Phone:	Date:
Re:	CC:

☐ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

• Comments:

Ellen – this can be faxed back to the above number – thanks so much
Shelly

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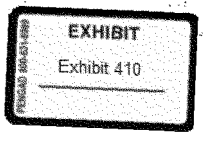

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the City College of New York

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Office of the Vice President for Development
& Institutional Advancement

January 17, 2006

Ms. Ellen Jacobs
Executive Director
Ann S. Kheel Charitable Trust
75 East 55 Street
New York, NY 10022

Dear Ellen,

It was great chatting with you last week—I hope we will soon be able to get together so I can thank you for this wonderful program in person.

I understand completely your wish to revise the payment schedule for the Ann S. Kheel Scholars Program at The City College of New York and we are very happy to do that. Please see the dates and figures below and let me know if this will be better for the Kheel Foundation. Hopefully, that will be the case.

As we discussed, here is the revised schedule:

$100,000	by June 30, 2006
$100,000	by June 30, 2007
$ 90,000	by June 30, 2008
$ 90,000	by June 30, 2009

380

If you are comfortable with this, please sign below and send it to us in the enclosed envelope for our records. Our deepest appreciation to everyone at the Kheel Foundation for this generous support; we are deeply grateful.

Sincerely,

Shelly

Shelly Butler
Vice President

BY: Ellen Jacobs

April 07, 2006
Date

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the City College of New York

Office of the Vice President
Development & Institutional Advancement

Shepard Hall, Room 154
Convent Avenue at 138th Street
New York, New York 10031
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www.ccny.cuny.edu

April 17, 2006

Ms. Ellen Jacobs
Executive Director
Ann S. Kheel Charitable Trust
75 East 55th Street
New York, NY 10022

Dear Ellen:

I've received your new pledge with the revised payment schedule for the Ann S. Kheel Scholars Program in Community Service at The City College of New York. I'm so glad this schedule works well for the Kheel Foundation.

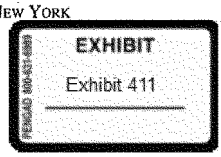
The Kheel Scholars Program has already enhanced City College's mission of access and excellence. Thanks to the Kheel Charitable Trust, these fine Kheel Scholars will not only overcome financial barriers to their academic progress, but also will be able provide the community service they desire. It was a pleasure to write last summer about their academic achievements and the work they have done in the community--all of which would not have been possible without the Kheel Scholars Program. We will be sending an update on their progress once the semester ends.

Again, my deep thanks, and my hope to see you again soon.

Best wishes,

Shelley

Rachelle Butler
Vice President



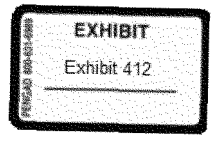
Ann S. Kheel Charitable Trust Meeting
March 5, 2007

Agenda

Overview: We will discuss how to and whether to commit the $585,000 we have left in our account. An additional $280,000 is already committed to City College for next year through 2011. It is paid yearly. I deducted that amount from what we will consider.

1.Renewal of the Hunter internship program (Public Service Scholars Program).
Issues: We need to decide on this now so they can get the right students if we say "yes." We initially awarded a 2 year grant ($50,000 per year for 2 years) giving 8 scholars each year (juniors and seniors) scholarship money so they could spend a year working for not-for-profit organizations. The grant ends this May. The program hopes that this experience will make them more community minded.

Hunter initially requested $130,000 to give 8 students per year stipends ($48, 000 per year) and with additional money to give limited stipends, follow-up, and guidance for students who have finished their internships. Another option I discussed with them would be a few additional slots for second year students. If we allot this money ($60,000 a year for 6 internships plus $5,000 for administrative expenses and follow-up and mentoring or other programs), we would have $455,000 left in our account.



Ann S. Kheel Charitable Trust Meeting
March 5, 2007

Minutes

Board members present: Luis Alvarez-Vila; Veronica Kelly; Gabe Pressman,
Others present: Theodore Kheel; Ellen Kheel Jacobs
Not present: Chairman Charles B. Rangel; Gail Sheehy; Gary Hattem; Nicole Campbell

1. The Hunter College Public Service Scholar Program was awarded $130,000 to continue to memorialize Ann S. Kheel for another 2 years. Details will be worked out by Ellen and Veronica, but there will be a cohort of scholars who continue for a second year, mentoring for all students, some workshops and at least 10 fully-funded students (some first year and some second year).

2. City College:
The decision about extending the City College grant was postponed until next year.

3. It was decided that the Charitable Trust would not do a fundraiser as a way of keeping the Trust funded. Rather, Ted Kheel (perhaps with others from the Board) would meet with President Gregory Williams of City College to discuss the fact that the Kheels have given many grants to City College and would like to discuss what City College can do to help perpetuate the ideals and work of Ann S. Kheel in a way that continues to include her name. Ted Kheel might consider further funding to make that happen either at Hunter or at City College.

I am attaching the photograph of the students and some board members taken at our mentoring breakfast in January.
Respectfully submitted by Ellen K. Jacobs, Executive Director



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the City College of New York

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OFFICE OF THE VICE PRESIDENT FOR DEVELOPMENT
& INSTITUTIONAL ADVANCEMENT

August 18, 2008

Ms. Ellen K. Jacobs
Executive Director
Ann S. Kheel Charitable Trust
75 East 55th Street, Fifth Floor
New York, NY 10022

Dear Ellen,

In August 2001, The City College of New York gained a tremendous leader when Gregory H. Williams became its 11th President. Through his visionary leadership and with the wonderful support of dedicated alumni and friends like the Ann S. Kheel Charitable Trust, CCNY is in the midst of its second golden age.

Academic standards have been raised and our students are thriving. The tremendous strides we have made in recent years are because of initiatives like the Ann S. Kheel Scholars Program in Community Service. The Kheel Scholarships have made it possible for a bright and ambitious group of students to concentrate on their studies and pursue their dreams of obtaining a college degree, while participating in community service projects throughout the city.

The Kheel Scholars Program demonstrates the Trust's commitment to CCNY's most fundamental priority – our students. I am pleased to send you an update on this important program in the enclosed 2007-2008 annual report.

On behalf of President Gregory H. Williams and the entire City College community, I thank the trustees of the Ann S. Kheel Charitable Trust for their enduring commitment to our students' future. We know that the Kheel Scholars are going to make meaningful contributions to the world and will make all of us very proud.

Sincerely,

Shelley

Rachelle Butler
Vice President

cc: Congressman Charles B. Rangel, Trustee
Theodore W. Kheel, Trustee

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THE ANN S. KHEEL SCHOLARS PROGRAM



IN COMMUNITY SERVICE

AT THE CITY COLLEGE OF NEW YORK

2007 – 2008 Annual Report

Office of Development and Institutional Advancement
Shepard Hall, Room 154
160 Convent Avenue
New York, NY 10031
212-650-7125

the City College of New York

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Ann S. Kheel Scholars Program in Community Service
at
The City College of New York

2007-2008
Annual Report

August 18, 2008

We are pleased to submit our 2007-2008 Annual Report on the progress of Ann S. Kheel Scholars Program in Community Service at The City College of New York. This has been a terrific year for our Scholars, marked by challenges and significant accomplishments. This report details their activities and achievements. In September 2008, we will welcome an additional five City College students to the program thanks to the ongoing generosity of the Ann S. Kheel Charitable Trust. These wonderful individuals join a cohort of 13 continuing Kheel Scholars, all of whom were selected previously for their academic achievements and commitment to community service.

Since September 2005, Kheel Scholars have provided more than 10,800 hours of volunteer service to more than two dozen organizations throughout New York City.

Below is an update on the activities of continuing and newly selected candidates, as well as recent graduates of the Kheel Scholarship Program.

New Kheel Scholars

Fall 2008-present (supported through Spring 2011)

Jay-Sheree Allen, a sophomore majoring in psychology, currently volunteers as an adult mentor/group facilitator for WEST (Women of Excellence, Strength and Tenacity) Jay-Sheree founded the program in April 2007--in partnership with PS 57 in Harlem--to strengthen the leadership skills of high-school girls from disadvantaged backgrounds.

***Joanna Bonfiglio*:** Joanna is pursuing a B.S. in Civil Engineering. As a Kheel Scholar, she plans to volunteer with the CCNY Chapter of Engineers without Borders, a non-profit humanitarian organization established to partner with developing communities worldwide in order to improve their quality of life. This partnership involves the implementation of



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sustainable engineering projects, while involving and training internationally responsible engineers and engineering students.

***Betty Sa*:** Born in Guinea Baussa, West Africa, Betty emigrated with her family to the United States when she was two-years old. She has been involved in community service since high-school when, as a junior ROTC member, she mentored youth through a program called Adopt a Coub. At CCNY she is an active member of the Ghanaian Students Association (GSA) and is majoring in Biology and pre-medical studies.

Nicole Sample is second year student in the Sophie Davis School of Biomedical Education where she is an active member of the Student National Medical Association. As a Kheel Scholar she plans to volunteer at Harlem Hospital.

Bing Lin Shao is pursuing a double major in Biochemistry and Psychology. Bing has been committed to community service and volunteerism since high-school where she started Helping Hands, a collaborative project between her high-school and the Community Food Resources Center to help distribute food to needy families in Harlem. As a Kheel Scholar, Bing plans to volunteer her time at Kitty Kind, a pet rescue and adoption center in Brooklyn.

Continuing Kheel Scholars

Fall 2007-present (supported through Spring 2010)

***Ismail Ahmed*:** currently volunteers at Masjid Nur-al-Islam Inc., a non-profit organization where he has been a teaching Arabic and the Quran to youth since 2002. As a volunteer, he also helps the organization with fund-raising events and community outreach. He is currently majoring in Biology at CCNY.

Adrienne Alimasa: is a Biomedical Engineering student at CCNY and volunteers her time generously. She currently volunteers at Mt. Sinai's Child Life Center, where she provides piano lessons to youth.

Aklima Begum: is presently volunteering at Woodside Pediatric Center, an off-site clinic of Elmhurst Hospital where she helps to take the vital signs of elderly patients. At Elmhurst, she developed a passion for taking care of people, especially children and adolescents. She is currently pursuing an undergraduate degree in Biology and plans to attend medical school to study pediatric medicine.

Alejandra Carvajal: is currently volunteering at The Jewish Home and Hospital Life Care System, where she helps elderly patients who have been diagnosed with dementia. While the process of remembering how to eat, walk and talk is very slow, she ensures that each individual is treated with patience and respect. As a Kheel scholar, she plans to continue helping the elderly while also tutoring or mentoring at-risk youth. Alejandra is currently pursuing a BA in Advertising and Public Relations.



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Therezia Gaal: is majoring in Music at CCNY and since 2004 has been involved in cat rescue and adoption at Francis' Friends. As a volunteer, she fosters homeless cats and kittens and helps the organization to find permanent homes for stray and abandoned animals.

Adam Jerozolim is a sophomore studying Mechanical Engineering and is passionate about helping teens in their search to find "meaning and purpose" in their lives. He currently volunteers with The National Conference of Synagogue Youth where he helps facilitate weekend retreats designed to encourage Jewish teens to stay connected to their religious roots and cultural heritage.

Eric Rightmyer: Eric has volunteered for the past seven years with The Samaritans of New York Suicide Prevention Hotline, an anonymous 24-hour service, which provides support and counseling services. He is currently pursuing a degree in Childhood Education. His goal as a teacher is to ensure that children's self-esteem, curiosity, and potential for learning is nurtured and maintained.

Fall 2006-present (supported through Spring 2009)

Zalmon Aminov: Zalmon is majoring in Electrical Engineering. For the past five years he has been teaching Hebrew to under-privileged children enrolled in Sunday School at a local synagogue in Forest Hills, Queens. As a regular volunteer, he also helps to organize special events, publishes the synagogue's weekly newsletter and is involved in various fundraising activities. He plans to continue these activities as a Kheel Scholar.

Priya Chokshi: Priya will be entering her fourth year this fall at the academically demanding Sophie Davis School of Biomedical Education. She has been actively engaged in community service since high-school, spending over 300 hours volunteering at local organizations throughout New York City. Volunteering at the Lutheran Medical Center was one of her most formative experiences—one that played a major role in her decision to enroll in medical school. As a Kheel Scholar, Priya plans to continue her volunteer work at the Lutheran Medical Center while also volunteering with McKinley Park Branch Library in Brooklyn.

Guiseppe Cruciata: Guiseppe is also enrolled in the Sophie Davis School of Biomedical Education. He is a representative of the CCNY American Medical Student Association and a member of the Physicians National Health Program. He currently works as a dispatcher for the BRAVO Volunteer Ambulance Service in Brooklyn. As a Kheel Scholar, he plans continue his work there, while also volunteering at the Methodist Hospital in Brooklyn.

Maria Komartsova: Maria is pursuing a double major in International Studies and Jewish Studies. She currently works with Jumpstart, a national program that brings at-risk preschool children and college students together through one-to-one relationships that focus on building literacy in combination with social and emotional readiness.



CSOC.CBR.00009736

Donguk Nam: Donguk has been involved in community service since high-school. Among other activities, he has volunteered with the New York Hospital of Queens and regularly serves as an organist at St. Paul Roman Catholic Church. In 2002, Donguk received the Matthew Segal Memorial Scholarship Award in honor of outstanding scholarship and service to the community. He is currently enrolled in the Sophie Davis School of Biomedical Education and plans to continue his volunteer work with the New York Hospital of Queens.

Martin Nolan: As a Mechanical Engineering major, Martin has been extensively involved with the CCNY campus chapter of Engineers without Borders, a non-profit humanitarian organization which partners with developing communities worldwide to improve their quality of life. This partnership involves the implementation of sustainable engineering projects while involving and training internationally responsible engineers and engineering students. Martin plans to continue his involvement with EWB, working with fellow CCNY students to raise money for future engineering projects in the developing world.

Kheel Graduates

Rita Abdelmessih: Rita started volunteering in junior high- school, when she became a mentor at her local church and worked in patient care at Long Island Jewish University Hospital. Last year, she served as a mentor at the Holcombe Rucker Center, an after-school program for middle-school youth in Harlem. As a Kheel Scholar, Rita volunteered with In Arms Reach Inc., a non-profit organization that seeks to strengthen family ties and to provide emotional support to children of incarcerated parents. She is also a member of the Physicians for a National Health Care Program, the Student National Medical Association and the American Medical Students Association. Rita will graduate from the Sophie Davis School of Bio-Medical Education in May 2009.

Kerry Farias: As a Kheel Scholars, Kerry volunteered with the New York Jewish Community Relations Council, where she worked with a group of ethnically diverse high school students involved in a leadership and community service programs. Kerry was also awarded the Colin Powell Center's Community Engagement Scholarship in summer 2006 to implement *The Jews of Sosua, A Visual History on the Human Diaspora, a* youth-led/youth-directed film-making project which partnered CCNY students with youth at the New York Jewish Community Relations Council. Kerry graduated with a BA in International Studies and Jewish Studies in May 2007.

Maurice Good volunteered at Encore Senior Center, a community partner of City Meals on Wheels, where he packaged and delivers meals to the elderly; Part of the Solution (POTS), a homeless shelter in the Bedford section of the Bronx and the South Bronx and the Overall Economic Development Corporation (SoBRO) where he provided academic tutoring and mentoring to youth and young adults. Maurice received his BA in Communications in May 2008. He plans to enroll in the new Masters in Public Administration program sponsored by the Charles B. Rangel Center for Public Service at CCNY beginning in fall 2008.



CSOC.CBR.00009737

Jia Huang: As a Kheel Scholar, Jia volunteered with Project Contact, a volunteer-driven program based in the Emergency Department of the New York Methodist Hospital in Brooklyn, where she provides emotional and physical support to patients awaiting treatment in the ER. In recognition of her work, Jia received awarded the Mary Velez Emergency Room Award. She graduated from CCNY's Sophie Davis School of Biomedical Education in May 2008.

Lisa Beatrice Jones: Lisa provided more than 400 hours of service to the Harlem-YMCA, where, as a Kheel Scholars, she created and delivered wellness and disaster preparedness workshops targeted at children, teens, adults and seniors. She also worked extensively with the executive director to develop a how-to manual in disaster preparedness. Lisa recently graduated from CCNY's Center for Worker Education with a BA in Liberal Arts in May 2007.

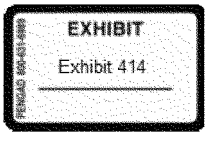
Ayanna Elaine Lewis worked as a volunteer mentor with In Arms Reach, Inc., a non-profit art, music, prison visitation and educational mentoring organization that services children whose parents are or were formerly offenders of the criminal justice system. Ayanna graduated from CCNY's Sophie Davis School of Biomedical Education in May 2008 and will begin medical school at Dartmouth University in the fall.

Susan Lien volunteered with the Reach out and Read of Greater New York, a national non-profit organization that promotes early literacy. In this role, she read to children in the pediatric waiting room at the Harlem Hospital Center. She also received the Leonard Davis Scholarship for medical school.

Hassan Oubei: As a Kheel scholar, Hassan volunteered with the Peer Mentoring Program at the Borough of Manhattan Community College (BMCC), where he provided free academic tutoring for under-performing students. He received a B.S. in Mathematics in May 2007.

Heather Palenschat: Before receiving the CCNY's Weston Public Service Fellowship, Heather volunteered her time at the Gate Way Academy, a CCNY-based program that seeks to raise student retention at City College by providing students with one-to-one assistance in navigating through the complex bureaucracy typically found on large college campuses. In this role, she single-handedly designed and launched the Academy's new Peer-Mentoring Program which matches incoming freshman with upper-level students who serve as positive role models and mentors. Heather graduated from CCNY with a BA in Political Science in May 2007 and is currently pursuing a Masters in Public Health at the University of Minnesota.

Sana Shahid: As a Kheel Scholar, Sana volunteered at Student World Assembly (SWA) in New York, an international membership group that promotes youth leadership and global democracy. While there, she worked with the Executive Director to organize the organization's annual international convention, a forum that brings members from all over the world to meet and discuss pressing policy issues affecting the international community. Sana was also named a Rosenberg Humphrey Fellow. She graduated from



CCNY with a BA in International Studies and Political Science and a minor in Public Policy in May 2007.

Jessica Tibbets: As a Kheel Scholar, Jessica helped to create the new After School Homework Help Program for immigrant children through the Yemeni American Association in Brooklyn—an experience that informed her decision travel to Yemen this summer to volunteer as an English-as-a-Second-Language instructor. Most recently, Jessica received the 2007-2008 Fulbright Scholars Award to study Arabic and learn about the deaf community in Yemen. As part of her research, she will produce an ethnography and documentary about deaf people in Yemen to show to hearing and non-hearing people in Yemen and abroad. Jessica graduated from CCNY magna cum laude in June 2007 with a B.A. in International Studies with a concentration in Culture and Communications

Shrushti Vanjari is a member of the Asian American Support, Relief and Advancement Foundation (AASRA), a non-profit organization based in Queens that offers transitional support to immigrants. Shrushti has been actively involved with the organization over the past year, providing counseling, English-as-a-Second-Language (ESL) instruction and general acculturation support to its many clients. During summer 2007, Shrushti also volunteered in the Child Development Center of the Jewish Board of Family and Children's Services. As a volunteer there, she assisted teachers in a therapeutic nursery classroom attended by children with a variety of developmental delays and special education needs. Shrusthi graduated with a BA in Psychology and pre-medical studies in December 2007.

James Winslow volunteered his time at the Computer Resource Center of the Parks Department of New York, where he taught basic computer classes to youth. As a Kheel Scholar, he also taught English-as-a-Second-Language (ESL) to a small group of students at the New York office of the International Rescue Committee, one of the largest refugee resettlement organizations in the country. James graduated with a BA in International Studies in May 2007.

Organizations Served by Kheel Scholars

Since its inception in 2005, the Ann S. Kheel Scholars Program in Community Service has served as a vehicle to reward and encourage students committed to community service. Below is a listing of more than 30 organizations that Kheel Scholars have worked with:

- BRAVO Volunteer Ambulance Service
- Computer Resource Center of the Parks Department of New York
- Encore Senior Center
- Engineers Without Borders
- Francis' Friends
- Gate Way Academy
- Harlem Hospital
- Harlem-YMCA



CSOC.CBR.00009739

- Holcombe Rucker Center
- In Arms Reach, Inc.
- International Rescue Committee
- The Jewish Home and Hospital Life Care System
- Jumpstart
- Kitty Kind
- Lutheran Medical Center
- McKinley Park Branch Library
- Masjid Nur-al-Islam, Inc.
- Methodist Hospital in Brooklyn
- Mt. Sinai's Child Life Center
- The National Conference of Synagogue Youth
- New York Hospital of Queens
- New York Jewish Community Relations Council
- Overall Economic Development Corporation
- Part of the Solution
- Peer Mentoring Program at the Borough of Manhattan Community College
- Reach Out and Read of Greater New York
- The Samaritans of New York Suicide Prevention Hotline
- Student World Assembly
- WEST (Women of Excellence, Strength and Tenacity)
- Woodside Pediatric Center
- Yemeni American Association

Summary

We received applications from more than 30 highly-qualified students for the 2008 round of Kheel scholarships, a strong testament to the on-going financial needs of many of our students, as well as a demonstration of their commitment to community service and volunteerism. Once again, we are grateful to the Ann S. Kheel Charitable Trust for its generous support.

Kheel Scholars Program Director: Professor Andrew Rich, Department of Political Science and Colin Powell Center for Policy Studies, City College of New York.

Kheel Scholars Program Administrator: Ms. Nora Heaphy, Service Learning Program Director, Colin Powell Center for Policy Studies, City College of New York.



CSOC.CBR.00009740

From: "ellen k. jacobs" <[redacted]>
Subject: **to print**
Date: November 20, 2009 7:03:24 PM EST
To: "ellen k. jacobs" <[redacted]>

Begin forwarded message:

From: "Theodore Kheel" <[redacted]>
Date: September 26, 2008 6:07:57 PM EDT
To: ellenkjacobs[redacted]
Subject: **Re: Ann s kheel charitable Trust**

Good news, Thanks

On Wed, Sep 24, 2008 at 3:35 PM, <ellenkjacobs[redacted]> wrote:

> To the board:
> I spoke to Rachelle Butler, vice president for development at City College and confirmed that the Ann S. Kheel Charitable Trust does not fund anyone in the Rangel Center. She confirmed to me that she had given the correct information to the press, but somehow it got misconstrued. All the money we gave City College went/goes to fund Ann S Kheel Scholars at City College..
> If you receive any calls from the press please refer them to Shelly Butler (212-650-[redacted]) for confirmation and clarification--or you can call her even if you just want to discuss our program further,
> Ellen Jacobs
> Executive Director
> Sent from my Verizon Wireless BlackBerry

--
Please note my new email address:
TedKheel[redacted]

=

EXHIBIT
Exhibit 415

182

From: "ellen k. jacobs" <
Subject: **Fwd: Charitable Trust Minutes**
Date: November 23, 2009 1:28:34 PM EST
To: "ellen k. jacobs" <

fwd so did print out



print
Begin forwarded message:

From: "Anderson, Valerie" <
Date: March 21, 2007 11:50:01 AM EDT
To: "ellen k.jacobs" <
Subject: RE: Charitable Trust Minutes

Yoo Hoo!

-----Original Message-----
From: ellen k.jacobs
Sent: Wednesday, March 21, 2007 8:03 AM
To: Kheel, Theodore; ted kheel
Cc: Anderson, Valerie
Subject: Charitable Trust Minutes

Dad
Please read the Trust minutes and give your blessing or comments. I am sending them both in the body of the email and as an attachment (in case formatting does not come through and to both your emails so you may get this twice) i will attach picture when I send them out--that is a good idea.
Enjoyed being with you last night.
Love, Ellen

Ann S. Kheel Charitable Trust Meeting
March 5, 2007

Minutes

Board members present: Luis Alvarez-Vila; Veronica Kelly; Gabe Pressman,
Others present: Theodore Kheel; Ellen Kheel Jacobs
Not present: Chairman Charles B. Rangel; Gail Sheehy; Gary Hattem; Nicole Campbell

1. The Hunter College Public Service Scholar Program was awarded $130,000 to continue to memorialize Ann S. Kheel for another 2 years. Details will be worked out by Ellen and Veronica, but there will be a cohort of scholars who continue for a second year, mentoring for all students, some workshops and at least 10 fully-funded students (some and some second year).



ollege:
ait until next year to decide about extending the

Begin forwarded message:
to print
To: "ellen k. jacobs" <
Date: November 23, 2009 1:26:27 PM EST
Subject: **Fwd: Congratulations to Jessica Tibbett**
From: "ellen k. jacobs" <



grant.

3. Ted Kheel wants to fund a project at City College with the Dominican American Cultural Foundation and asked if Ann S. Kheel Charitable Trust might consider this an appropriate grant.. It was decided that the Cultural Interchange did not memorialize Ann Kheel per se and would be better funded in other ways.

4. It was decided that the Charitable Trust would not do a fundraiser as a way of keeping the Trust funded. Rather, Ted Kheel (perhaps with others from the Board) would meet with President Gregory Williams of City College to discuss the fact that the Kheels have given many grants to City College and would like to discuss what City College can do to help perpetuate the memory of Ann S. Kheel in a way that would include her name. Ted Kheel might consider further funding to make that happen either at Hunter or at City College.

Respectfully submitted by Ellen K. Jacobs, Executive Director

****
IRS Circular 230 Disclosure: As required by U.S. Treasury Regulations governing tax practice, you are hereby advised that any written tax advice contained herein was not written or intended to be used (and cannot be used) by any taxpayer for the purpose of avoiding penalties that may be imposed under the U.S. Internal Revenue Code.
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For additional information, please visit our website at www.paulhastings.com.



EXHIBIT
Exhibit 417

1002

ANN S. KHEEL CHARITABLE TRUST
75 E. 55TH STREET 5TH FLOOR
NEW YORK, NY 10022

07-25-2005 RCVD

1-103/210

DATE June 30, 2005

PAY TO THE ORDER OF City College of New York $60,000 00

Sixty Thousand & 00 DOLLARS

Deutsche Bank Trust Company Americas
280 Park Avenue, New York, New York 10017

FOR Ann S. Kheel Scholarships

218

CSOC.CBR.00009791

EXHIBIT
Exhibit 417

220

CSOC.CBR.00009793

1004

ANN S. KHEEL CHARITABLE TRUST
75 E. 95TH STREET 5TH FLOOR
NEW YORK, NY 10022

1-103/210

DATE July 10, 2006

PAY TO THE ORDER OF City College $ 100,000 00

One hundred Thousand & 00 DOLLARS

Deutsche Bank Trust Company Americas
280 Park Avenue, New York, New York, 10017

FOR 15 scholarships (Ann S. Kheel)

01-18-10

EXHIBIT
Exhibit 417

1010

222

CSOC.CBR.00009795

ANN S. KHEEL CHARITABLE TRUST
75 E. 55TH STREET 5TH FLOOR
NEW YORK, NY 10022

1-110/210

DATE July 25, 2007

PAY TO THE ORDER OF City College $100,000 00/100

One hundred Thousand 00/100 DOLLARS

Deutsche Bank Trust Company Americas
280 Park Avenue New York, New York 10017

FOR 20 Scholarships

EXHIBIT
Exhibit 417

224

CSOC.CBR.00009797

1013

ANN S. KHEEL CHARITABLE TRUST
75 E. 55TH STREET 5TH FLOOR
NEW YORK, NY 10022

1-102/210

DATE Aug 8, 2008

PAY TO THE ORDER OF Bates College $ 90,000 00

Ninety Thousand- 00 DOLLARS

Deutsche Bank Trust Company Americas
60 Wall Street New York, NY 10005

FOR Ann S Kheel Scholars 08-09

EXHIBIT
Exhibit 417

1018

ANN S. KHEEL CHARITABLE TRUST
75 E. 55TH STREET 6TH FLOOR
NEW YORK, NY 10022

1-103/210

DATE July 7, 2009

PAY TO THE ORDER OF City College $ 60,000 00

Sixty Thousand & 00/100 DOLLARS

Deutsche Bank Trust Company Americas
280 Park Avenue, New York, New York, 10017

FOR Ann S. Kheel Scholarships 2009-10

226

CSOC.CBR.00009799

the City College of New York

OFFICE OF THE PRESIDENT

Administration Building, Room 300
160 Convent Avenue
New York, New York 10031
TEL: 212.650.7285
FAX: 212.650.7680
www.ccny.cuny.edu

September 6, 2006

Mr. Eugene Isenberg
c/o Robert Morgenthau, District Attorney
New York County
Office of the District Attorney
1 Hogan Place
New York, NY 10013

Dear Mr. Isenberg:

Thank you very much for your interest in The Charles B. Rangel Center at The City College of New York. We anticipate that this Center will become a leading educational resource for students from populations currently underrepresented in public service to obtain the skills, training, and experience they need to enter public service professions. Enclosed are the formal Rangel Center brochure and a proposal for you to review and consider.

This Center reflects the City College mission of access and excellence, a mission that has educated generations of young men and women who have walked up the hill to study. CCNY's alumni grace very field and calling and include such luminaries as Felix Frankfurter, Jonas Salk, Andrew Grove, Colin Powell, Lev Sviridov, our 2005 Rhodes Scholar (now at Oxford), Claudio Simpkins, our 2005 Truman Scholar (now at Harvard Law), and David Bauer, the 2005 Intel Science Prize Winner, (now a sophomore at CCNY).

I would be happy to welcome you to the City College campus any time at your convenience and would enjoy introducing you to some of our stellar students—the reason we are all so committed to the CCNY mission. Please also feel free to call me at (212) 650-7285 or email me at gwilliams[redacted] with any questions you may have. Thank you again.

Sincerely,

Gregory H. Williams

Gregory H. Williams
President

Enc.

A Proposal for Eugene Isenberg

The City College of New York Mission – Excellence and Access

For over 158 years, City College has provided an avenue of upward mobility for talented students seeking a quality education. And for over 158 years, the College has educated generations of leaders in every profession. Following a tradition that reflects the pattern of these generations of CCNY alumni, whose achievements became the model for their own families, City College students are often the first in their families to go to college, and most have very limited financial resources.

Approximately 58% come from families with combined incomes of $30,000 or less; three-quarters work while attending school, some at more than one job. Over half of CCNY's students attend part time, most often for financial reasons. Now, as in its historic past, City College is the place where talented "New Americans"—immigrants and the children of immigrants—go to be educated. Possessed of every gift save that of means, CCNY students represent the "bootstraps" attitude toward achievement that has built America. Working their way up the professional ladder from economically disadvantaged backgrounds, they show grit, dedication, and determination in realizing their dreams. As one gifted student going on to graduate school in biological research said recently, "at City College, the American Dream is alive and well."

The Charles B. Rangel Center for Public Service

Nowhere is this clearer than at the forthcoming Charles B. Rangel Center for Public Service to be established at City College. Named for the pre-eminent African-American statesman of the 20th Century, and located in Congressman Rangel's district, this project symbolizes his hopes for the young men and women of this generation.

The Congressman's vision has always been to see America's "gorgeous mosaic" of nationalities, ethnicities, religions, and races represented in public service by men and women from those backgrounds. City College's diverse student body and varied academic disciplines offer the ideal proving ground for that vision.

Through the Rangel Center, students studying at the only public schools of engineering, architecture, and biomedical education in New York City, and in unique programs in science, public policy, international relations, the arts, and teaching, will prepare themselves to enter public service in a tremendous variety of fields, including Public Health, Environmental Engineering, Public Transportation, International Law, Foreign Policy, Urban Public Education, and many others.



The Rangel Center provides four main programs:

The BA/MA Program in Public Service
The stand-alone Master's Degree Program in Public Service
The Mid-Career Rangel Leadership Fellows and
The Charles B. Rangel Library, containing the Rangel archives.

Lodged in a magnificent limestone mansion adjacent to the landmarked City College campus, the Rangel Center will soon become the means by which new generations of CCNY students will advance themselves and enrich our nation.

The Center will include:

- a communications network center and smart classroom for video-conferencing;
- a large conference room;
- two smaller meeting rooms;
- offices;
- reception rooms; and a
- publications center.

Funds supporting the Center will be used for:

- scholarships for needy students pursuing their BA/MA or MA degrees;
- professorships that will bring distinguished faculty to the College and promote important research;
- faculty development resources that will enable talented younger faculty to grow;
- the physical environment to enhance the students' experience and provide a real home for the Center; and
- unrestricted funds, that can be used where they are most needed.

Gifts toward the Center's endowment and/or current use can also be used to name important spaces *in perpetuity,* leaving an inspiring legacy for CCNY students.

Our request:

Therefore, in order to help sustain:

The Charles B. Rangel Center
at The City College of New York

and to provide new avenues of opportunities for CCNY students, we respectfully ask you to consider a gift of:

$200,000/year for five years,

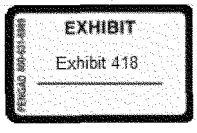
which will allow us to support all of the above.



On behalf of The City College of New York, we thank you for your thoughtful consideration of this request. If you have any questions or need further information, please contact President Gregory H. Williams at the numbers below or Vice President Rachelle Butler at the Office of Development and Institutional Advancement. Once again, thank you.

Gregory H. Williams, President
The City College of New York
138th Street and Convent Avenue, A-300
New York, NY 10031
Tel: 212 650-
Fax: 212 650
Email: gwilliams

Rachelle Butler, Vice President
The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031
Tel: 212 650-
Fax: 212 650-
Email: rbutler



Rachelle Butler

From: Rachelle Butler [redacted]
Sent: Tuesday, September 19, 2006 11:01 AM
To: gene.isenberg[redacted]
Cc: skaufman[redacted]; gwilliams[redacted]; jim.capel@mail.house.gov
Subject: Our meeting yesterday

Dear Gene,

Thanks so much to you and Steve for meeting with District Attorney Morgenthau, Congressman Rangel, President Williams, and me yesterday. I was very interested in hearing about your philanthropic support of such wonderful institutions as U Mass Amherst and the Parkside School and also discussing with you the importance of public education in which all of us so ardently believe.

You know City College's mission and its history of graduating generations of Nobel Laureates and leaders in every field, from business to the arts. You heard President Williams describe our student body--enormously talented, but poor. We all heard Congressman Rangel eloquently describe how critical education is and his intention of making it an issue of national security. Our students are determined to obtain that education and we are delighted that you are interested in helping us achieve their goals and also in honoring Congressman Rangel's lifelong commitment to serving society through the Charles B. Rangel Center at City College.

Thank you, first, for offering to provide paid internships in Alaska and Houston for qualified students. Thank you, too, for suggesting that the folks at U Mass can assist with introducing graduate courses in business here at City.

As we mentioned, we do have a very vibrant new undergraduate management/administration concentration here at the school and we have long been considering the possibility of advancing into the business area, both at the undergrad and graduate levels.

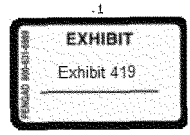
I was delighted but not surprised to hear that you had read about and clearly absorbed the plans for our MA, BA/MA, and Mid-Career Leadership programs in Public Service that, together with the Rangel Libary, will be the most essential parts of the Rangel Center for Public Service. The interdisciplinary programming that is one of the Rangel Center's greatest strengths will provide avenues for students to enter the wide range of professions available within public service and to obtain the training and experience they will need to succeed.

I would be very happy to work with you going forward and I hope you and Steve will feel free to call me at (212) 650-[redacted] (general office number (212)650-[redacted]) or email me at any time if I can be of assistance.

Again, thank you for that wonderful meeting--I felt very privileged to be there.

Best regards,
Shelly

--
Rachelle D. Butler, Vice President
Development and Institutional Advancement The City College of New York Shepard S-154 138th and Convent Avenue New York, NY 10031
Tel: (212) 650-[redacted], (212) 650-[redacted]
Fax: (212) 650-[redacted]
Email: rbutler[redacted]



Call Report
Date; September 19, 2006
To: File
From: Shelly
Re; Meeting with District Attorney Robert Morgenthau, Congressman Charles B. Rangel, Eugene Isenberg, Steve Kaufman (his attorney), Gregory H. Williams, Shelly Butler

Maria is Gene's assistant. gene.isenberg skaufman
President Williams and I met with DA Morgenthau, Congressman Rangel, Gene Isenberg and Steve Kaufman yesterday at Mr. Morgenthau's office. I learned that the Congressman and Steve had both been appointed to DA positions by him.

Gene is interested in public education and has established the Isenberg School (for Management?) at his undergrad alma mater, U Mass Amherst, where there are inter-disciplinary programs in mt/engineering and mt/math.. He does not give $ to Princeton where he earned his MA. He knows a dollar goes further at our institutions. He also helped the Parkside School buy a former nun's residence in Manhattan.

I talked with them about public education and that CCNY had originated that; President Williams described the demographics of our student body. They asked me what % was minorities and I said 87%; Gene thought that McCauley had told him 50%, but I think he was confusing our number with CUNY. He also asked me now much of an endowment we had and I said $100M counting our share of the CUNy endowment (also CCF). He said that was pretty good and that he was head of the campaign at U Mass to raise $350M.

He said his company would offer paid internships ($3-4k/mo) in Alaska and also in Houston. His company does oil drilling. He also suggested having folks from U Mass, who are experienced in introducing graduate business courses (MA) come to City to help us. He will put us in touch with them. He said he would also do something at CCNY but did not specify the amount although apparently Mr Morgenthau had told GHW that it would be $100k/year for five years.

He knows Lois Pope very well and said we should tell her that she should give $ to the Rangel Center; he also thought he would introduce us to Bill McCauley but then heard that Bill had just give $30M to CUNY, which he knew was the umbrella group.

Gene asked me to send him an email so he would have mine and Steve also asked for my card. I sent them a ty by email this morning.

Next steps: draft ty from GHW; my email sent; yes, let's meet bill McCauley; send Congressman Rangel info about the $25k gift sent in by the Rhodebeck Charitable Fund (via NY Community Trust): Huyler C. Held.

EXHIBIT
Exhibit 420

COS.CCNY.141

CSOC.CBR.00010289

cc: Butler 10/10/06 APV

NABORS INDUSTRIES

Eugene M. Isenberg
Chairman
Chief Executive Officer

515 West Greens Road
Suite 1200
Houston, Texas 77067-4525
281-874-
Redacted
281-775- (Fax)

2006 OCT 10 A 9:30

OFFICE OF THE

Sholly Butler

VIA FACSIMILE (202) 225-

October 3, 2006

The Honorable Charles B. Rangel
Washington D.C. Office
2354 Rayburn House Office Building
Washington, DC 20515

Dear Mr. Chairman:

It was really a great pleasure to meet with you in Bob's office on Monday, September 18, 2006. I believe we have extraordinarily similar views of the possibilities that education presents to both the students and the society; for the students to become the best they can be and the society a much better place for all of us. I have, in the past, supported these views with my resources and hope to continue to do so in the future.

I very much admire the objectives of the Center for Public Services at the Community College of New York and I'd like to start as soon as possible in seeing whether any of your students (preferably in engineering, science or economics) have an interest in interning with Nabors in the summer of 2007, with a possible move to employment the summer thereafter. I am also prepared to place a couple of your students in our Alaska operations in the summer of 2007. In addition, we can explore the possibility of utilizing the Parkside School to further your program either in a possible apprenticeship, internship, training, or part-time teaching.

I'll also be calling Gregory Williams relatively soon to talk about a multi-year gift to your foundation.

Hope to see you again soon.

Best regards,

Eugene M. Isenberg

cc: Honorable Robert Morganthau
Steve Kaufman
Gregory Williams

EXHIBIT
Exhibit 421

COS.CCNY.2

CSOC.CBR.00010150

Rachelle Butler

From: Rachelle Butler
Sent: Thursday, October 19, 2006 4:10 PM
To: Berger, Dan
Subject: RE: gene isenberg

-here it is dan
Maria is Gene's assistant. gene.isenberg ;
Redacted

shelly
--------- Original Message ---------
From: "Berger, Dan" <Dan.Berger@mail.house.gov>
Date: Thu, 19 Oct 2006 14:59:54 -0400

>Shelly, in case he decides to make the call, do you have a phone number?
>
>-----Original Message-----
>From: Rachelle Butler]
>Sent: Thursday, October 19, 2006 1:54 PM
>To: Berger, Dan
>Subject: gene isenberg
>
>Dear Dan
>
>Gene is reported by Fortune Mag to be the highest paid exec, with $71
>million compensation earned in 2005 alone-- we estimate his net wealth
>at least at $500 million
>
>Apparently, Gene had mentioned $500k ($100k/year for five years)for the
>Rangel Center at the City College of New York to District Attorney
>Morgenthau, but if the Congressman feels comfortable making the call to
>Gene, we would love for him to ask for $1 million over five years. We
>would happy to name something at the Rangel Center for him.
>
>Please let us know Congressman Rangel's thoughts
>
>best regards
>shelly
>
>
>--
>Rachelle D. Butler, Vice President
>Development and Institutional Advancement The City College of New York
>Shepard S-154 138th and Convent Avenue New York, NY 10031
>Tel: (212) 650- (212) 650-
>Fax: (212) 650
>Email: rbutler
>
>--
>

--
Rachelle D. Butler, Vice President

1

EXHIBIT
Exhibit 422

COS.CCNY.167

CSOC.CBR.00010315

Call Report
Date: November 9, 2006
To: File
From: Shelly
Re: Eugene Isenberg

As Eugene could not come to campus on Friday, November 3, President Williams and I went to his home. We met his wife Ronnie and she sat in on the discussion. Gene seemed ill but was only going to stay home for a week before going to Florida.

He said he would give the Rangel Center $500k over several years and that he hoped it would be matched by Nabors—he thought it would be but didn't guarantee it. He did not restrict the gift in any way.

He also asked about the interships and I gave him five resumes and told him there were two others. He asked me to send them to him and to tell him which students wanted a hot muggy summer in Houston in an analytic business unit possibly leading to employment after graduation and which students wanted an easy summer in Alaska doing maintenance. The payment would be $3500/4500/month plus expenses.

He asked about the Parkside School and I told him that we could both provide teacher training on site and at the school leading to the master's and also bring in teaching interns. He said, "so it could go both ways?" I said yes, gave him Al's contact number, and he said Leslie Thorne would call Al.

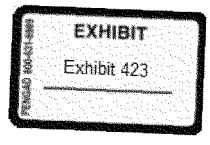
He then asked if the UMass Isenberg School of Management could help Brett—I said yes, that we were working on several management and business programs. He said he hoped that there could be a business-specific course in the Rangel Center. He took Brett's telephone number and told him that either the dean of the Isenberg School, Soren Bisgard, or the Isenberg Professor, Mike Malone, from the department of engineering, would call Brett.

I then said we would like to name something at the Rangel Center for him and suggested the Congressman's office; he was very happy at the idea.

Next steps:

TY from president
TY and letter of agreement from Shelly
send him two additional student resumes with a list of which students want Houston and which Alaska
ask Al for input re Parkside
speak to Brett re business-specific course at Rangel Center

update



CSOC.CBR.00024427

the City College of New York

OFFICE OF THE PRESIDENT

Administration Building, Room 300
160 Convent Avenue
New York, New York 10031
TEL: 212.650.7285
FAX: 212.650.7680
www.ccny.cuny.edu

November 12, 2006

Mr. Eugene Isenberg
Chairman and CEO
Nabors Industries
515 West Greens Road, Suite 1200
Houston, Texas 77067-4525

Dear Gene,

It was wonderful to see you again although I am sorry that you were not well. Shelly and I also enjoyed meeting your lovely wife, Ronnie.

Gene, Congressman Rangel is absolutely delighted about your wonderful contribution to the Rangel Center at City College and I am so pleased that we will be naming his office for you. That will be in perpetuity and we are so happy to be able to recognize your generosity and foresight in making this gift. It also reminds our students, alumni, and friends of how people are willing to step forward and lend a helping hand to our talented young people who are seeking a quality education.

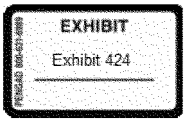
Because of your history of many philanthropies, I am not surprised that you want to take a leadership role at the Center and I cannot overstate how very much it will mean to City College and to the nation when these young people from underrepresented populations take their place in leadership positions in government and public service.

Thank you for your commitment to public education and to public service. We are deeply grateful.

With warm appreciation and best wishes for a speedy recovery,

Gregory H. Williams
President

cc: Congressman Charles B. Rangel
District Attorney Robert Morgenthau



the City College of New York

Office of the Vice President for Development & Institutional Advancement

Shepard Hall, Room 154
160 Convent Avenue
New York, New York 10031

TEL: 212.650.7125
FAX: 212.650.7149
www.ccny.cuny.edu

November 13, 2006

Mr. Eugene Isenberg
Chairman and CEO
Nabors Industries
515 West Greens Road, Suite 1200
Houston, Texas 77067-4525

Dear Gene,

Thank you so much for meeting with President Williams and me last week even though you were ill. My thanks to Ronnie as well for all her help. We are thrilled that you want to participate in this great effort that is taking place at The City College of New York—The Charles B. Rangel Center for Public Service—and very touched that you want to reach out to our students and faculty in so many ways.

We told Congressman Rangel of your wonderful pledge and he was delighted. I know that as soon as things quiet down a little for him that he will be in touch with you. He was also very pleased at naming his office in your honor in recognition of what you are doing for the Center and for the students of City College. So, right next to the sign that says, Office of Congressman Charles B. Rangel, there will be another that says, The ~~Eugene~~ Isenberg Suite.

Gene + Ronnie

I hope that by now you have received confirmation that Nabors will match your generous pledge of $500,000 with an additional $500,000, and therefore CCNY will record this pledge as a total of $1,000,000 including the matching funds--$100,000 from you and $100,000 in matching funds from Nabors each year for five years. If this letter correctly reflects our conversation, and the payment schedule below accords with your preference, please sign this letter of agreement and return it to us in the enclosed envelope for our records.

As with all of our pledge agreements, we kindly ask that in the unlikely event that this pledge is not fulfilled during your lifetime, that it be completed through your estate, that your will be revised to include this pledge, and that City College be given a copy of the relevant part of your will for its files.

I have enclosed several additional resumes from CCNY students interested in applying for internships in both Alaska and Houston, and have indicated their preference at the

EXHIBIT
Exhibit 425

RECEIVED
NOV 14 2006
EXECUTIVE
CSOC.CBR.00024721

On behalf of President Williams, the students and faculty of The City College of New York, and Congressman Rangel, I want to express our deepest gratitude for your commitment to public service and to the Rangel Center. We look forward to introducing you to the students who pass through its doors on their way to leadership positions; they are City College's best product.

Sincerely,

Rachelle Butler
Vice President

Enc.: Student Resumes
Reply Envelope

$200,000 By December 31, 2006

$200,000 By December 31, 2007

$200,000 By December 31, 2008

$200,000 By December 31, 2009

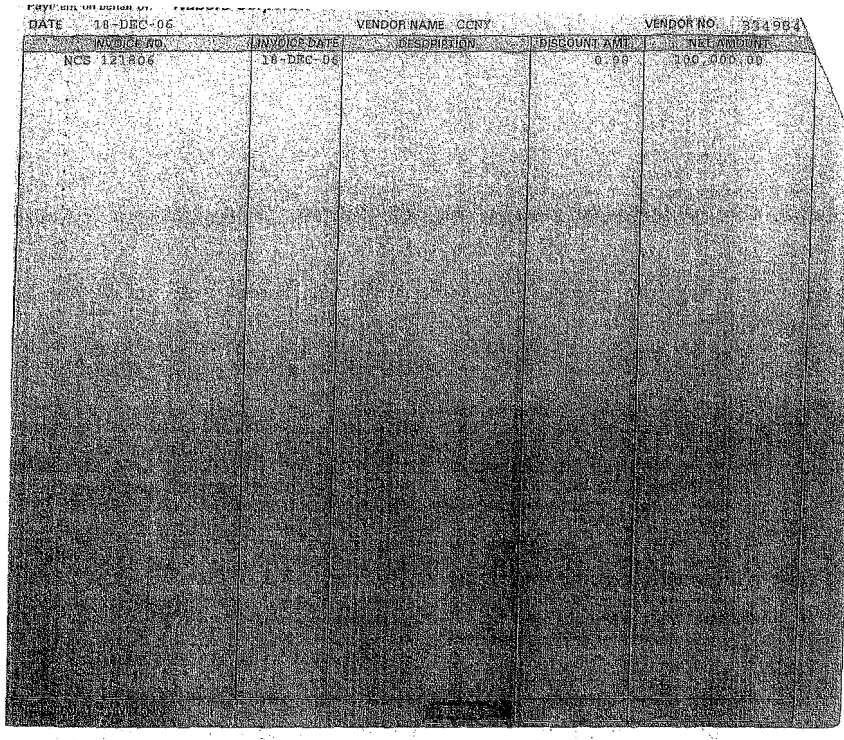
$200,000 By December 31, 2010

BY: Eugene Isenberg Date



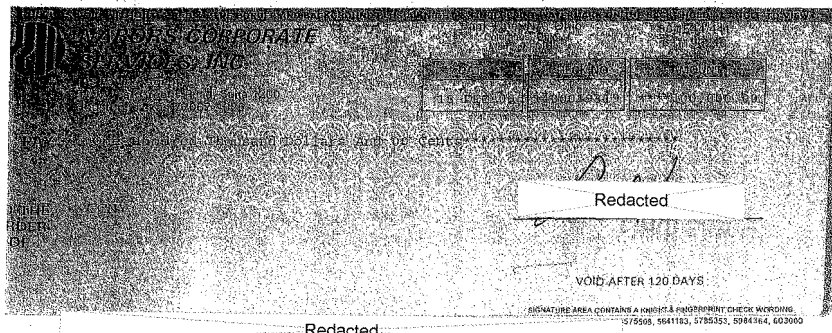
CSOC.CBR.00024722

CSOC.CBR.00024722



DATE 18-DEC-06 VENDOR NAME CCNY VENDOR NO 234964

INVOICE NO	INVOICE DATE	DESCRIPTION	DISCOUNT AMT	NET AMOUNT
NCS 121806	18-DEC-06		0.00	100,000.00



MAJOR'S CORPORATE
SERVICES, INC

Redacted

VOID AFTER 120 DAYS

SIGNATURE AREA CONTAINS A KNIGHT & RIDDER PRINT CHECK WORDING
575508, 5641183, 5785353, 5984364, 603000

Redacted

EXHIBIT
Exhibit 426

CSOC.CBR.00024842

CSOC.CBR.00024842

FUND

CSOC.CBR.00024841

CSOC.CBR.00024841

THE CITY COLLEGE OF THE CITY UNIVERSITY OF NEW YORK

DEPOSIT TRANSMITTAL FORM

☐ BURSAR ☐ TRUST & GIFTS ☑ 21st CENTURY FOUNDATION

DEPOSIT TO : Charles B. Rangel Center

TRANSMITTING DEPT : Development

TRANSMITTER'S NAME : Annette Pineda DATE : 12/21/2006

BLDG & ROOM NO : S-154 PHONE: 5864

Account Numbers					REMITTER AND PURPOSE (Detail list if possible)		AMOUNT
Fund	Income Code	Dept.	Project	Fund Source			
10		68001	920287	20500	Nerbors Corporate Services, Inc.	Charles B. Rangel Center for Public Service (Pledge Match- Eugene Isenberg)	$100,000.00
					* * * * T o t a l * * * *		$100,000.00

Annette Pineda
(Transmitter's Signature)

Pls. Send completed form with cash and checks to: OFFICE OF FINANCIAL SERVICES, Wingate Hall, Room 112

For Use of the Office of Financial Services ONLY

Date Received _____ By _____

Date Processed _____ Doc No _____

Amount Deposited _____

EXHIBIT
Exhibit 427

NABORS CORPORATE SERVICES, INC.

515 West Greens Road
Suite 1200
Houston, Texas 77067-4525
281-874-0035
281-872-5205 (Fax)

February 16, 2007

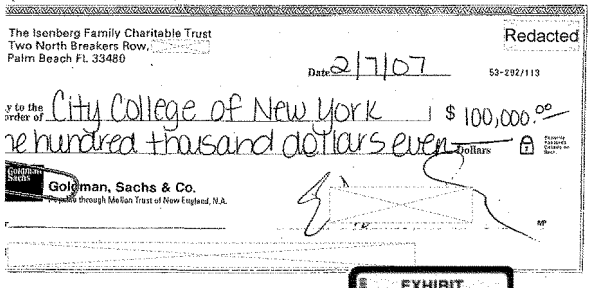
Ms. Rachelle D. Butler
The City College of New York
Shepard Hall, Room 154
Convent Avenue at 138th Street
New York, New York 10031

Dear Shelly:

Enclosed is a check for $100,000.00 from The Isenberg Family Charitable Trust. Thank you so much for your cooperation with returning the incorrect check in exchange for this one.

Yours Sincerely,

Amy N. Reneau


The Isenberg Family Charitable Trust
Two North Breakers Row,
Palm Beach FL 33480

Redacted

Date 2/7/07 53-292/113

Pay to the order of City College of New York $ 100,000.00

One hundred thousand dollars even Dollars

Goldman, Sachs & Co.
Payable through Mellon Trust of New England, N.A.

EXHIBIT
Exhibit 428

CSOC.CBR.00024836

CSOC.CBR.00024836

Sheiner, Jon

From: Dalley, George
Sent: Wednesday, June 27, 2007 8:52 AM
To: Minguez, Annie; Biglow, Holly
Cc: Sheiner, Jon; Featherson, Wendy; Milne, Emile; Eaton, Geoffrey; Berger, Dan; Catalino, Vivian; Sherwood, Michelle; Dalley, George
Subject: FW: a report for Eugene Isenberg

Attachments: Update for Gene Isenberg.doc; Rangel fundraising 6-26-07.xls


Update for ıe Isenberg.doc


Rangel raising 6-26-07.

-----Original Message-----
From: rbutler
Sent: Tuesday, June 26, 2007 9:57 PM
To: Dalley, George
Subject: a report for Eugene Isenberg

Dear George,

Attached is an update on the use of Gene's funds and on the CCNY students who were selected by a Nabors coordinator to go to Houston this summer. The report can be given to him.If you can print the report on a color printer, the CCNY logo will come out in lavender.

The attached spreadsheet is a more detailed account of the status of all fundraising and should not be shared with Gene. That's only for you folks.

Hope this is helpful--if you need more, call me inthe morning--i'll be in my office until 11 am and then back after a lunch meeting.
Best
shelly



The Charles B. Rangel Center

MEMORANDUM

FROM: Shelly Butler, VP

RE: Rangel Center Activities and the Isenberg Gift

The Isenberg Gift

According to Dean Brett Silverstein, Director of the Rangel Center, Robby Nelson from Nabors visited City College for two days and interviewed many students, all with very fine resumes and all of them very eager to take an internship with Nabors. Robby selected four students for internships this summer, all of whom are engineers. They will begin their tour in Houston and be given several different assignments. The students are:

- Alket Mici – Civil Engineering
- Artur Chrostowski – Chemical Engineering
- Herman Kam – Mechanical Engineering
- Neranjan de Silva – Biomedical Engineering

In addition, Dean Silverstein reports that funds from the first installment of Gene Isenberg's gift have been used so far to:

- hire an internship coordinator who will find internships for Rangel Center students, train them to apply, and supervise them.
- bring in a part-time publicity/events coordinator. She has arranged for the Rangel Center to participate in Harlem Week and is arranging a brunch for the fall. More on this very soon. She is also working on a contact list for organizations in the community so that as many as possible will participate.
- produce materials for public relations initiatives and student recruitment for the Rangel Center.

CBR 002815

EXHIBIT
Exhibit 429

CSOC.CBR.00003115

Update on the Rangel Center

This summer, we will complete the proposal to open the Master's and combined BA/MPA Programs officially for the Rangel Center and will begin to schedule courses. Public policy minors will enroll in these in the fall as a prelude to joining the BA/MPA Program. We will also schedule master's degree courses for the spring.

In addition, we are beginning a project with a noted expert in public policy. We will work with him to make the Rangel Center website the place where programs throughout the country go to find links, databases, and reports regarding how schools train students to perform policy analyses on issues related to underserved populations.

As part of our outreach and recruiting methods, we are about to send e-mails to City College graduates of recent years informing them about the new Master's program. When the publicity materials are ready, we will start to mail to interested populations.

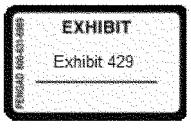
The Eugene Isenberg Suite

Congressman Rangel had expressed himself as very pleased at City College naming his office in your honor in recognition of what you are doing for the Center and for the students of CCNY. So, to reiterate, when the Rangel Center is renovated, right next to the sign that says, Office of Congressman Charles B. Rangel, there will be another that says, The Eugene Isenberg Suite.

Fundraising for the Rangel Center

Fundraising has gone extremely well, with more than $11, 665,000 in confirmed gifts and pledges. This includes your own very generous gift, $1 million from the Ford Foundation, $5 million from an as yet confidential donor, $100,000 from the City Council for the Rangel Center building, $700,000 from Josh Weston, a CCNY alumnus who is supporting students who are earning the master's degree in public service, and $3.4 million in anticipated Congressional support.

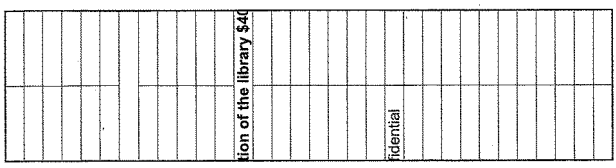
In addition, there is another $13,580,000 in pending gifts, most of which are close to completion. The total confirmed and pending is $25,245,000.



Rangel Center Campaign		
Confirmed		
Kheel Foundation Schols	$440,000	comes in on a rolling basis; see Andy Rich
Trans. appropriation	$ 400,000	not in yet for the building
Congressional seed $	$ 3,000,000	not in yet
Ford Foundation	$1,000,000	$250k in
Eugene Isenberg	$ 1,000,000	$200k in
Rodobeck Foundation	$ 25,000	in
NEW FOR 2007		
City Council	$ 100,000	**The City Council has (privately) approved a $100,000 request from CCNY to complete restora**
Weston	$ 700,000	**For students earning the MPA at the Rangel Center**
Starr (confirmed)	$ 5,000,000	**C.V. Starr Library and Archives; we are just awating the confirming letter--**
Sub-total:	**$ 11,665,000**	
Pending		
Verizon Foundation	$ 500,000	(may be for the Division of Worker Education and the Rangel Center combined)
AIG	$ 10,000,000	very close; OTS approved; CEO of AIG approved; just writing up, but this should be kept VERY Con
CUNY match	$ 2,500,000	will come in once we have AIG
Additional Congress approp. anticipated		
Community Trust	$ 135,000	(will hear at end of July)
Heron Foundation	$ 100,000	we will send update now; they like mid-careers, something community-based
Altman Foundation	$ 195,000	for internships in New York City; very close
Rockefeller Bros Fund	$ 150,000	liked mid-career fellows--we will approach in October 2007
Sub-total:	**$ 13,580,000**	
Total confirmed and pending:	**$ 25,245,000**	

PENGAD 800-631-6989
EXHIBIT
Exhibit 429

CSOC.CBR.00003117





CBR 002818

CSOC.CBR.00003118

THE STARR FOUNDATION
399 PARK AVENUE
NEW YORK, NY 10022

FLORENCE A. DAVIS
PRESIDENT

TEL NO: 212 909 8601
FAX NO: 212 750 3830

June 27, 2007

Rachelle D. Butler
Vice President of Development
The City College 21th Century Foundation, Inc.
Shepard Hall, Room 152
138th Street and Convent Avenue
New York, NY 10031

Dear Ms. Butler:

We are pleased to advise that our directors have authorized a grant of $5,000,000 payable over a period of three years to The City College 21th Century Foundation, Inc. in support of the Charles B. Rangel center for Public Service. The first installment in the amount of $2,000,000 is paid as follows:

28,090 shares of AIG stock @ $71.19	$1,999,727.10
Check enclosed	272.90
	$2,000,000.00

According to the New York Times today, AIG shares were traded on the New York Stock Exchange on June 25, 2007, at $71.70 high and $70.68 low, resulting in a mean price of $71.19 per share. Our grant of 28,090 shares is, therefore, valued at $1,999,727.10 as shown above.

A stock certificate for 28,090 shares of the Common Stock of American International Group (AIG) is in the process of being issued in favor of The City College 21th Century Foundation, Inc. and will be sent directly to you under separate cover.

Meanwhile on advice of counsel, we enclose herewith, in connection with the AIG shares, an investment letter for the purpose of satisfying certain requirements of the Securities Act of 1933. Should you have any questions with regard to the shares you have received, please contact the office of AIG Corporate Secretary at (212) 770-5123.

Our check for the above amount is enclosed and we would appreciate an official receipt for our records. By endorsing and depositing this check, you warrant that there has been no change in your I.R.S. tax classification as an organization described in Internal Revenue Service Code sections 501 (c) (3) and 509 (a) (1), (2) or (3).

To fulfill The Starr Foundation's reporting requirements, we request that, at the end of each year of this grant, you send us a concise report on the activities the grant has funded. We will not make any subsequent payment on this grant unless we receive a report satisfactory to us concerning the use of the paid portion of the grant. In addition, whenever your new audited financial statements become available, please send us a copy for our records.

With best wishes,

Yours sincerely,

Florence A. Davis

FAD:fb
Enclosure

EXHIBIT
Exhibit 430

CSOC.CBR.00024853

CSOC.CBR.00024853

6/28/07 -Update to President Williams:

1. AIG – I wasn't able to reach Ed today but perhaps I might hear from him by email. Last I heard, he was writing it up.

2. Spitzer proposal—I sent you a draft proposal and budget for your review and feedback; also waiting for feedback from Zeev, Joe and Maria

3. Lehman Brothers proposal –I sent you the latest proposal and cover letter for your feedback; Andy is doing further revisions this weekend and I will incorporate them and your thoughts for the formatted version for Mary Lou. Carlos has promised a 1:2 CUNY match for the building if we get it.

4. Haines gift – Allan Dobrin postponed the meeting I was going to have with him, Rick and Carlos today. I sent Rick and Carlos all my emails, documentation, and attorney and planned giving opinions dating from January 3, 2007. In return, Tony Martignetti of Future Funds sent me three documents dating from late April indicating where CUNY was in this gift. I have attached them. I spoke with Tom and told him that we were working jointly on this to fulfill his dream and that all was well. He sounded very relieved. I spoke with Carlos this morning and.....

5. Flom concept paper reaction – I have not heard from Joe, but I think it would be a good idea to follow up.

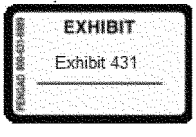
6. [redacted] (CCS) –I met him today and I was not impressed. I asked Ray to find us someone with more experience.

7. I have shared with Carlos all updates on AIG and our plans for Lehman Brothers. So that nothing like the Haines gift situation can occur again, I will keep them fully informed of our active solicitations.

8. Just FYI, Congressman Rangel asked for a briefing for Gene Isenberg as he was visiting him. I provided the attached update for him to share and the attached status of Rangel fundraising for his review only.

9. I left a message with Juan Carlos to find out from Ambassador Cassinello if Salamanca went well. Cassinello supposedly told them about the planned Prince of Asturias Chair and will tell us who was interested. We are still waiting for a date for the dinner and the royal visit.

10. President's Circle Dinner has been scheduled for October 17 at the Lotos Club. Only $1 million and up donors are being invited.



CSOC.CBR.00024832

CSOC.CBR.00024832

THE CITY COLLEGE OF THE CITY UNIVERSITY OF NEW YORK

DEPOSIT TRANSMITTAL FORM

☐ BURSAR ☐ TRUST & GIFTS ☑ 21st CENTURY FOUNDATION

DEPOSIT TO : Charles B. Rangel Center

TRANSMITTING DEPT : Development

TRANSMITTER'S NAME : Allison Park DATE : 12/28/2007

BLDG & ROOM NO : S-154 PHONE: 6141

Account Numbers					REMITTER AND PURPOSE (Detail list if possible)	AMOUNT
Fund	Income Code	Dept.	Project	Fund Source		
10		65001	920287	99999	Nabors Corporate Services, Inc. matching gift pledge payment for Mr. Eugene Isenberg's pledge	$100,000.00
					* * * * T o t a l * * * *	$100,000.00

(Transmitter's Signature)

Pls. Send completed form with cash and checks to: OFFICE OF FINANCIAL SERVICES, Wingate Hall, Room 112

For Use of the Office of Financial Services ONLY

Date Received _____ By _____

Date Processed _____ Doc No _____

Amount Deposited _____

EXHIBIT

Exhibit 432

Payment on behalf of: *Nabors Corporate Services, Inc.*

DATE 26-DEC-07 VENDOR NAME CITY COLLEGE OF NEW CHECK NO. Redacted VENDOR NO.

INVOICE NO.	INVOICE DATE	DESCRIPTION	DISCOUNT AMT.	NET AMOUNT
Redacted	20-DEC-07		0.00	100,000.00
		TOTALS	0.00	100,000.00

NABORS CORPORATE SERVICES, INC.

This CHECK is void without a purple & blue border and background plus a unique fingerprint watermark on the back. Hold at angle to view.

NABORS CORPORATE SERVICES, INC.

Bank One, NA, Ohio
Columbus, Ohio
Member FDIC

Redacted

DATE	CHECK NO.	AMOUNT
26-DEC-07	Redacted	****100,000.00

VOID

PAY One Hundred Thousand Dollars And 00 Cents**********

VOID

Redacted

TO THE ORDER OF CITY COLLEGE OF NEW YORK
SHEPARD HALL ROOM 154
160 CONVENT AVE
NEW YORK, NY 10031

VOID AFTER 120 DAYS

Red

EXHIBIT
Exhibit 433

CSOC.CBR.00024833

CSOC.CBR.00024833

FUND

CSOC.CBR.00024830

CSOC.CBR.00024830

THE CITY COLLEGE OF THE CITY UNIVERSITY OF NEW YORK

DEPOSIT TRANSMITTAL FORM

☐ BURSAR ☐ TRUST & GIFTS ☑ 21st CENTURY FOUNDATION

DEPOSIT TO : Charles B. Rangel Center

TRANSMITTING DEPT : Development

TRANSMITTER'S NAME : Allison Park DATE : 12/31/2007

BLDG & ROOM NO : S-154 PHONE: 5141

Account Numbers					REMITTER AND PURPOSE (Detail list if possible)	AMOUNT
Fund	Income Code	Dept.	Project	Fund Source		
10		65001	920287	99999	Isenberg Family Charitable Trust (Eugene Isenberg) payment to Eugene Isenberg's $1,000,000 pledge	$100,000.00
					o t a l * * * *	$100,000.00

The Isenberg Family Charitable Trust
Two North Breakers Row, Apt. 25-S
Palm Beach FL 33480

Redacted

Date 12/17/07 53-182/113

Pay to the order of City College 21st Century Foundation $100,000.00

One hundred thousand dollars and no cents

Goldman, Sachs & Co.
Payable through Mellon Trust of New England, N.A.

For Charles B. Rangel Center

Redacted

Redacted

(Transmitter's Signature)

Pls. Send completed form with cash and checks to: OFFICE OF FINANCIAL SERVICES, Wingate Hall, Room 112

For Use of the Office of Finantial Services ONLY

Date Received _____ By _____

Date Processed _____ Doc No _____

Amount Deposited _____

EXHIBIT
Exhibit 434

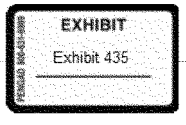
Morningstar® Document Research℠

Form 10-K

NABORS INDUSTRIES LTD - NBR

Filed: March 02, 2009 (period: December 31, 2008)

Annual report which provides a comprehensive overview of the company for the past year



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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2008

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number 000-49887

NABORS INDUSTRIES LTD.

(Exact name of registrant as specified in its charter)

Bermuda	**980363970**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
Mintflower Place **8 Par-La-Ville Road** **Hamilton, HM08** **Bermuda**	**N/A**
(Address of principal executive offices)	(Zip Code)

(441) 292-1510
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of each class	**Name of each exchange on which registered**
Common shares, $.001 par value per share	The New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Securities Exchange Act of 1934:
None.

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
YES ☑ NO ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
YES ☐ NO ☑

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.



Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
YES ☐ NO ☑

The aggregate market value of the 243,395,864 common shares, par value $.001 per share, held by non-affiliates of the registrant, based upon the closing price of our common shares as of the last business day of our most recently completed second fiscal quarter, June 30, 2008, of $49.23 per share as reported on the New York Stock Exchange, was $11,982,378,385. Common shares held by each officer and director and by each person who owns 5% or more of the outstanding common shares have been excluded in that such persons may be deemed affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

The number of common shares, par value $.001 per share, outstanding as of February 23, 2009 was 282,930,433. In addition, our subsidiary, Nabors Exchangeco (Canada) Inc., had 104,520 exchangeable shares outstanding as of February 23, 2009 that are exchangeable for Nabors common shares on a one-for-one basis, and have essentially identical rights as Nabors Industries Ltd. common shares, including but not limited to voting rights and the right to receive dividends, if any.

DOCUMENTS INCORPORATED BY REFERENCE (to the extent indicated herein)

Specified portions of the 2009 Notice of Annual Meeting of Shareholders and the definitive Proxy Statement to be distributed in connection with the 2009 annual meeting of shareholders (Part III).



NABORS INDUSTRIES LTD.
Form 10-K Annual Report
For the Fiscal Year Ended December 31, 2008
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Our internet address is www.nabors.com. We make available free of charge through our website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission (the "SEC"). In addition, a glossary of drilling terms used in this document and documents relating to our corporate governance (such as committee charters, governance guidelines and other internal policies) can be found on our website. The SEC maintains an internet site (www.sec.gov) that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC.

FORWARD-LOOKING STATEMENTS

We often discuss expectations regarding our future markets, demand for our products and services, and our performance in our annual and quarterly reports, press releases, and other written and oral statements. Statements that relate to matters that are not historical facts are "forward-looking statements" within the meaning of the safe harbor provisions of Section 27A of the Securities Act of 1933 (the "Securities Act") and Section 21E of the Exchange Act. These "forward-looking statements" are based on an analysis of currently available competitive, financial and economic data and our operating plans. They are inherently uncertain and investors should recognize that events and actual results could turn out to be significantly different from our expectations. By way of illustration, when used in this document, words such as "anticipate," "believe," "expect," "plan," "intend," "estimate," "project," "will," "should," "could," "may," "predict" and similar expressions are intended to identify forward-looking statements.

You should consider the following key factors when evaluating these forward-looking statements:

- fluctuations in worldwide prices of and demand for natural gas and oil;
- fluctuations in levels of natural gas and oil exploration and development activities;
- fluctuations in the demand for our services;
- the existence of competitors, technological changes and developments in the oilfield services industry;
- the existence of operating risks inherent in the oilfield services industry;
- the existence of regulatory and legislative uncertainties;
- the possibility of changes in tax laws;
- the possibility of political instability, war or acts of terrorism in any of the countries in which we do business; and
- general economic conditions including the capital and credit markets.

Our businesses depend, to a large degree, on the level of spending by oil and gas companies for exploration, development and production activities. Therefore, a sustained increase or decrease in the price of natural gas or oil, which could have a material impact on exploration, development and production activities, could also materially affect our financial position, results of operations and cash flows.

The above description of risks and uncertainties is by no means all-inclusive, but is designed to highlight what we believe are important factors to consider. For a more detailed description of risk factors, please see Part I, Item 1A. — Risk Factors .

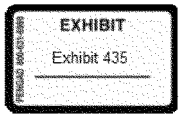
Unless the context requires otherwise, references in this Annual Report on Form 10-K to "we," "us," "our," "Company," or "Nabors" means Nabors Industries Ltd. and, where the context requires, includes our subsidiaries.

PART I

ITEM 1. BUSINESS

Introduction

Nabors is the largest land drilling contractor in the world, with approximately 528 actively marketed land drilling rigs. We conduct oil, gas and geothermal land drilling operations in the U.S. Lower 48 states, Alaska, Canada, South America, Mexico, the Caribbean, the Middle East, the Far East, Russia and Africa. We are also one of the largest land well-servicing and workover contractors in the



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United States and Canada. We actively market approximately 592 land workover and well-servicing rigs in the United States, primarily in the southwestern and western United States, and actively market approximately 171 land workover and well-servicing rigs in Canada. Nabors is a leading provider of offshore platform workover and drilling rigs, and actively markets 37 platform rigs, 13 jack-up units and 3 barge rigs in the United States and multiple international markets. These rigs provide well-servicing, workover and drilling services. We have a 51% ownership interest in a joint venture in Saudi Arabia, which owns and actively markets 9 rigs in addition to the rigs we lease to the joint venture. We also offer a wide range of ancillary well-site services, including engineering, transportation, construction, maintenance, well logging, directional drilling, rig instrumentation, data collection and other support services in selected domestic and international markets. We provide logistics services for onshore drilling in Canada using helicopters and fixed-winged aircraft. We manufacture and lease or sell top drives for a broad range of drilling applications, directional drilling systems, rig instrumentation and data collection equipment, pipeline handling equipment and rig reporting software. We also invest in oil and gas exploration, development and production activities and have 49-50% ownership interests in the U.S., Canada and International areas.

Nabors was formed as a Bermuda-exempt company on December 11, 2001. Through predecessors and acquired entities, Nabors has been continuously operating in the drilling sector since the early 1900s. Our principal executive offices are located at Mintflower Place, 8 Par-La-Ville Road, Hamilton, HM08, Bermuda. Our phone number at our principal executive offices is (441) 292-1510.

Our Fleet of Rigs

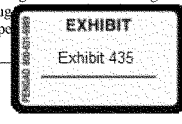
- Land Rigs. A land-based drilling rig generally consists of engines, a drawworks, a mast (or derrick), pumps to circulate the drilling fluid (mud) under various pressures, blowout preventers, drill string and related equipment. The engines power the different pieces of equipment, including a rotary table or top drive that turns the drill string, causing the drill bit to bore through the subsurface rock layers. Rock cuttings are carried to the surface by the circulating drilling fluid. The intended well depth, bore hole diameter and drilling site conditions are the principal factors that determine the size and type of rig most suitable for a particular drilling job.

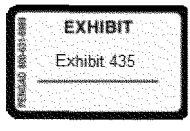
  A land-based workover or well-servicing rig consists of a mobile carrier, engine, drawworks and a mast. The mobile workover or well-servicing rig is specially designed for periodic maintenance as well as major repairs and modifications of oil and gas wells for which service is required to maximize the productive life of such wells. Workovers may be required to remedy failures, modify well depth and formation penetration to capture hydrocarbons from alternative formations, clean out and recomplete a well when production has declined, repair leaks or convert a depleted well to an injection well for secondary or enhanced recovery projects. The primary function of a workover or well-servicing rig is to act as a hoist so that pipe, sucker rods and down-hole equipment can be run into and out of a well. Because of size and cost considerations, well-servicing and workover rigs are used for these operations rather than the larger drilling rigs. Land-based drilling rigs are moved between well sites and between geographic areas of operations by using our fleet of cranes, loaders and transport vehicles or those from a third-party service vendor. Well-servicing rigs are generally self-propelled units and heavier capacity workover rigs are either self-propelled or trailer mounted and include auxiliary equipment, which is either transported on trailers or moved with trucks.

- Platform Rigs. Platform rigs provide offshore workover, drilling and re-entry services. Our platform rigs have drilling and/or well-servicing or workover equipment and machinery arranged in modular packages that are transported to, and assembled and installed on, fixed offshore platforms owned by the customer. Fixed offshore platforms are steel tower-like structures that either stand on the ocean floor or are moored floating structures. The top portion, or platform, sits above the water level and provides the foundation upon which the platform rig is placed.

- Jack-up Rigs. Jack-up rigs are mobile, self-elevating drilling and workover platforms equipped with legs that can be lowered to the ocean floor until a foundation is established to support the hull, which contains the drilling and/or workover equipment, jacking system, crew quarters, loading and unloading facilities, storage areas for bulk and liquid materials, helicopter landing deck and other related equipment. The rig legs may operate independently or have a mat attached to the lower portion of the legs in order to provide a more stable foundation in soft bottom areas. Many of our jack-up rigs are of cantilever design — a feature that permits the drilling platform to be extended out from the hull, allowing it to perform drilling or workover operations over adjacent, fixed platforms. Nabors' shallow workover jack-up rigs generally are subject to a maximum water depth of approximately 125 feet, while some of our jack-up rigs may drill in water depths as shallow as 13 feet. Nabors also has deeper water depth capacity jack-up rigs that are capable of drilling at depths between eight feet and 150 to 250 feet. The water depth limit of a particular rig is determined by the length of the rig's legs and the operating environment. Moving a rig from one drill site to another involves lowering the hull down into the water until it is afloat and then jacking up its legs with the hull floating. The rig is then towed to the new drilling site.

- Inland Barge Rigs. One of Nabors' barge rigs is a full-size drilling unit. Nabors also owns two workover inland barge rigs. These barges are designed to perform plug service or workover services in shallow inland, coastal or offshore waters. Our barge rigs can op and 20 feet.

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Additional information regarding the geographic markets in which we operate and our business segments can be found in Note 20 in Part II, Item 8. — Financial Statements and Supplementary Data.

Customers: Types of Drilling Contracts

Our customers include major oil and gas companies, foreign national oil and gas companies and independent oil and gas companies. No customer accounted for greater than 10% of consolidated revenues in 2008 or in 2007.

On land in the U.S. Lower 48 states and Canada, we have historically been contracted on a single-well basis, with extensions subject to mutual agreement on pricing and other significant terms. Beginning in late 2004, as a result of increasing demand for drilling services, our customers started entering into longer term contracts with durations ranging from one to three years. Under these contracts, our rigs are committed to one customer over that term. Increasingly, these contracts are being signed for three-year terms for newly constructed rigs. Contracts relating to offshore drilling and land drilling in Alaska and international markets generally provide for longer terms, usually from one to five years. Offshore workover projects are often on a single-well basis. We generally are awarded drilling contracts through competitive bidding, although we occasionally enter into contracts by direct negotiation. Most of our single-well contracts are subject to termination by the customer on short notice, but some can be firm for a number of wells or a period of time, and may provide for early termination compensation in certain circumstances. The contract terms and rates may differ depending on a variety of factors, including competitive conditions, the geographical area, the geological formation to be drilled, the equipment and services to be supplied, the on-site drilling conditions and the anticipated duration of the work to be performed.

In recent years, all of our drilling contracts have been daywork contracts. A daywork contract generally provides for a basic rate per day when drilling (the dayrate for us providing a rig and crew) and for lower rates when the rig is moving, or when drilling operations are interrupted or restricted by equipment breakdowns, adverse weather conditions or other conditions beyond our control. In addition, daywork contracts may provide for a lump sum fee for the mobilization and demobilization of the rig, which in most cases approximates our incurred costs. A daywork contract differs from a footage contract (in which the drilling contractor is paid on the basis of a rate per foot drilled) and a turnkey contract (in which the drilling contractor is paid for drilling a well to a specified depth for a fixed price).

Well-Servicing and Workover Services

Although some wells in the United States flow oil to the surface without mechanical assistance, most are in mature production areas that require pumping or some other form of artificial lift. Pumping oil wells characteristically require more maintenance than flowing wells because of the operation of the mechanical pumping equipment installed.

- Well-Servicing/Maintenance Services. We provide maintenance services on the mechanical apparatus used to pump or lift oil from producing wells. These services include, among other things, repairing and replacing pumps, sucker rods and tubing. We provide the rigs, equipment and crews for these tasks, which are performed on both oil and natural gas wells, but which are more commonly required on oil wells. Maintenance services typically take less than 48 hours to complete. Well-servicing rigs generally are provided to customers on a call-out basis. We are paid an hourly rate and work typically is performed five days a week during daylight hours.

- Workover Services. Producing oil and natural gas wells occasionally require major repairs or modifications, called "workovers." Workovers normally are carried out with a well-servicing rig that includes additional specialized accessory equipment, which may include rotary drilling equipment, mud pumps, mud tanks and blowout preventers. A workover may last anywhere from a few days to several weeks. We are paid an hourly rate and work is generally performed seven days a week, 24 hours a day.

- Completion Services. The kinds of activities necessary to carry out a workover operation are essentially the same as those that are required to "complete" a well when it is first drilled. The completion process may involve selectively perforating the well casing at the depth of discrete producing zones, stimulating and testing these zones and installing down-hole equipment. The completion process may take a few days to several weeks. We are paid an hourly rate and work is generally performed seven days a week, 24 hours a day.

- Production and Other Specialized Services. We also can provide other specialized services, including onsite temporary fluid-storage facilities, the provision, removal and disposal of specialized fluids used during certain completion and workover operations, and the removal and disposal of salt water that often is produced in conjunction with the production of oil and natural gas. We also provide plugging services for wells from which the oil and natural gas has been depleted or further production has become uneconomical. We are paid an hourly or a per unit rate, as applicable, for these services.



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Oil and Gas Investments

Through our wholly owned Ramshorn business unit, Nabors makes investments in oil and gas exploration, development and production operations in the United States, Canada and internationally. In addition in late 2006, we entered into an agreement with First Reserve Corporation to form select joint ventures to invest in oil and gas exploration opportunities worldwide. During 2007, three joint ventures were formed for operations in the United States, Canada and international areas. We hold 49.7% ownership interests in the U.S. and international entities and a 50% ownership interest in the Canadian entity and account for these investments using the equity method of accounting. Each joint venture pursues development and exploration projects with both existing customers of ours and with other operators in a variety of forms including operated and non-operated working interests, joint ventures, farm-outs and acquisitions. The U.S. joint venture business is focused on the exploration for and the acquisition, development and production of natural gas, oil and natural gas liquids in Texas, Montana, Utah and North Dakota. Outside of the United States, our joint venture entities own or have interests in the Alberta and British Columbia Provinces of Canada and internationally in Colombia.

Additional information about recent activities for this segment can be found in Part II, Item 7. — Management's Discussion and Analysis of Financial Condition and Results of Operations — Oil and Gas.

Other Services

Canrig Drilling Technology Ltd., our drilling technologies and well services subsidiary, manufactures top drives, which are installed on both onshore and offshore drilling rigs. Our top drives are marketed throughout the world. During the last three years, approximately 53% of our top drive sales were made to other Nabors companies. We also rent top drives and provide top drive installation, repair and maintenance services to our customers. We also offer rig instrumentation equipment, including sensors, proprietary RIGWATCH® software and computerized equipment that monitors the real-time performance of a rig. In addition, we specialize in daily reporting software for drilling operations, making this data available through the internet on the website www.mywells.com. We also provide mudlogging services. Canrig Drilling Technology Canada Ltd., one of our Canadian subsidiaries, manufactures catwalks and wrenches which are installed on both onshore and offshore drilling rigs. During the 31 months of operations since acquisition, approximately 62% of the equipment sales were made to other Nabors companies. Ryan Energy Technologies, Inc., another one of our subsidiaries, manufactures and sells directional drilling and rig instrumentation and data collection services to oil and gas exploration and service companies. Nabors has a 50% interest in Peak Oilfield Service Company, a general partnership with a subsidiary of Cook Inlet Region, Inc., a leading Alaskan native corporation. Peak Oilfield Service Company provides heavy equipment to move drilling rigs, water, other fluids and construction materials, primarily on Alaska's North Slope and in the Cook Inlet region. The partnership also provides construction and maintenance for ice roads, pads, facilities, equipment, drill sites and pipelines. Nabors also has a 50% membership interest in Alaska Interstate Construction, L.L.C., a limited liability company whose other member is a subsidiary of Cook Inlet Region, Inc. Alaska Interstate Construction is a general contractor involved in the construction of roads, bridges, dams, drill sites and other facility sites, as well as providing mining support in Alaska. Revenues are derived from services to companies engaged in mining and public works. Our subsidiary, Peak USA Energy Services, Ltd., provides hauling and maintenance services for customers in the U.S. Lower 48 states. Nabors Blue Sky Ltd. leases aircraft used for logistics services for onshore drilling in Canada using helicopters and fixed-winged aircraft.

Our Employees

As of December 31, 2008, Nabors employed approximately 26,912 persons, of whom approximately 3,920 were employed by unconsolidated affiliates. We believe our relationship with our employees generally is good.

Certain rig employees in Argentina and Australia are represented by collective bargaining units.

Seasonality

Our Canadian and Alaskan drilling and workover operations are subject to seasonal variations as a result of weather conditions and generally experience reduced levels of activity and financial results during the second calendar quarter of each year. Seasonality does not have a material impact on the remaining portions of our business. Our overall financial results reflect the seasonal variations experienced in our Canadian and Alaskan operations.

Research and Development

Research and development constitutes a growing part of our overall business. The effective use of technology is critical to the maintenance of our competitive position within the drilling industry. As a result of the importance of technology to our business, we expect to continue to develop technology internally or to acquire technology through strategic acquisitions.



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Industry/Competitive Conditions

To a large degree, Nabors' businesses depend on the level of capital spending by oil and gas companies for exploration, development and production activities. A sustained increase or decrease in the price of natural gas or oil could have a material impact on exploration, development and production activities by our customers and could also materially affect our financial position, results of operations and cash flows. See Part I, Item 1A. — Risk Factors — Fluctuations in oil and natural gas prices could adversely affect drilling activity and our revenues, cash flows and profitability.

Our industry remains competitive. Historically, the number of rigs has exceeded demand in many of our markets. From 2005 through most of 2008, as a result of improved demand for drilling services driven by a sustained increase in the level of commodity prices, supply of and demand for land drilling services have been in balance in the United States and international markets, with demand actually exceeding supply in some of our markets. This economic reality resulted in an increase in rates being charged for rigs across our North American, Offshore and International markets. Furthermore, the dramatic increase in rates along with our domestic customers' willingness to enter into firm three-year commitments has resulted in our building of new rigs in significant quantities for the first time in over 20 years. Internationally, we compete directly with various contractors in areas where we operate. We believe that our international markets will continue to be competitive for the foreseeable future. However, as many existing rigs can be readily moved from one region to another in response to changes in levels of activity and many of the total available contracts are currently awarded on a bid basis, competition based on price for both existing and new rigs still exists across all of our markets.

In all of our geographic market areas, we believe price and availability and condition of equipment are the most significant factors in determining which drilling contractor is awarded a job. Other factors include the availability of trained personnel possessing the required specialized skills; the overall quality of service and safety record; and domestically, the ability to offer ancillary services. Increasingly, the ability to deliver rigs within certain timeframes is becoming a competitive factor. In international markets, experience in operating in certain environments and customer alliances, also have been factors in the selection of Nabors.

Certain competitors are present in more than one of Nabors' operating regions, although no one competitor operates in all of these areas. In the U.S. Lower 48 states, we compete with Helmerich and Payne, Inc. and Patterson-UTI Energy, Inc. and there are several hundred other competitors with national, regional or local rig operations. In domestic land workover and well-servicing, we compete with Basic Energy Services, Inc., Key Energy Services, Inc., Complete Energy Services and with numerous other competitors having smaller regional or local rig operations. In Canada and Offshore, Nabors competes with many firms of varying size, several of which have more significant operations in those areas than Nabors. Internationally, Nabors competes directly with various contractors at each location where it operates. Nabors believes that the market for land drilling, workover and well-servicing contracts will continue to be competitive for the foreseeable future.

Our other operating segments represent a relatively smaller part of our business, and we have numerous competitors in each area. Our Canrig subsidiary is one of the four major manufacturers of top drives. Its largest competitors in that market are National Oilwell Varco, Tesco and MH Pyramid. Its largest competitors in the manufacture of rig instrumentation systems are Pason and National Oilwell Varco's Totco subsidiary. Mudlogging services are provided by a number of entities that serve the oil and gas industry on a regional basis. In the U.S. Lower 48 states, there are hundreds of rig transportation companies, and there are at least three or four that compete with Peak USA in each of its operating regions. In Alaska, Peak Oilfield Service principally competes with Alaska Petroleum Contractors for road, pad and pipeline maintenance, and is one of many drill site and road construction companies, the largest of which is VECO Corporation, and Alaska Interstate Construction principally competes with Wilder Construction Company and Pah River Construction for the construction of roads, bridges, dams, drill sites and other facility sites.

Our Business Strategy

Since 1987, with the installation of our current management team, Nabors has adhered to a consistent strategy aimed at positioning our Company to grow and prosper in good times and to mitigate adverse effects during periods of poor market conditions. We have maintained a financial posture that allows us to capitalize on market weakness and strength by adding to our business base, thereby enhancing our upside potential. The principal elements of our strategy have been to:

- Maintain flexibility to respond to changing conditions.
- Maintain a conservative and flexible balance sheet.
- Build cost effectively a base of premium assets.
- Build and maintain low operating costs through economies of scale.
- Develop and maintain long-term, mutually attractive relationships with key customers and vendors.
- Build a diverse business in long-term, sustainable and worthwhile geographic markets.



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- Recognize and seize opportunities as they arise.
- Continually improve safety, quality and efficiency.
- Implement leading-edge technology where cost effective to do so.
- Build shareholder value by an expansion of our oil and gas reserves and production.

Our business strategy is designed to allow us to grow and remain profitable in any market environment. The major developments in our business in the past three years illustrate our implementation of this strategy and its continuing success. Specifically during 2006, 2007 and the first half of 2008, we took advantage of the robust rig market in the United States and internationally to obtain a high volume of contracts for newly constructed rigs. A large proportion of these rigs are subject to long-term contracts with creditworthy customers with the most significant impact occurring in our International operations. This will not only expand our operations with the latest state-of-the-art rigs, which should better weather downturns in market activity, but eventually replace the oldest least capable rigs in our existing fleet. However, this positive trend slowed in the fourth quarter of 2008, due to the continued steady decline in natural gas and oil prices. As a result of lower commodity prices, many of our customers' drilling programs have been reduced and the demand for additional rigs has been substantially reduced.

Acquisitions and Divestitures

We have grown from a land drilling business centered in the U.S. Lower 48 states, Canada and Alaska to an international business with operations on land and offshore in many of the major oil, gas and geothermal markets in the world. At the beginning of 1990, our fleet consisted of 44 actively marketed land drilling rigs in Canada, Alaska and in various international markets. Today, our worldwide fleet of actively marketed rigs consists of approximately 528 land drilling rigs, approximately 592 domestic and 171 international land workover and well-servicing rigs, 37 offshore platform rigs, 13 jack-up units, 3 barge rigs and a large component of trucks and fluid hauling vehicles. This growth was fueled in part by strategic acquisitions. Although Nabors continues to examine opportunities, there can be no assurance that attractive rigs or other acquisition opportunities will continue to be available, that the pricing will be economical or that we will be successful in making such acquisitions in the future.

On January 3, 2006, we completed an acquisition of 1183011 Alberta Ltd., a wholly owned subsidiary of Airborne Energy Solutions Ltd., through the purchase of all common shares outstanding for cash for a total purchase price of Cdn. $41.7 million (U.S. $35.8 million). In addition, we assumed debt, net of working capital, totaling approximately Cdn. $10.0 million (U.S. $8.6 million). Nabors Blue Sky Ltd. (formerly 1183011 Alberta Ltd.) owns 42 helicopters and fixed-wing aircraft and owns and operates a fleet of heliportable well-service equipment. The purchase price has been allocated based on final valuations of the fair value of assets acquired and liabilities assumed as of the acquisition date and resulted in goodwill of approximately U.S. $18.8 million. During the fourth quarter of 2008, the results of our year end impairment test of goodwill and intangible assets indicated a permanent impairment to goodwill and to an intangible asset of Nabors Blue Sky Ltd. As such, we recorded a non-cash impairment charge and writedown of intangible assets of $4.6 million and $4.6 million, respectively. See Note 2 Summary of Significant Accounting Policies in Part II, Item 8 — Financial Statements and Supplementary Data.

On May 31, 2006, we completed an acquisition of Pragma Drilling Equipment Ltd.'s business, which manufactures catwalks, iron roughnecks and other related oilfield equipment, through an asset purchase consisting primarily of intellectual property for a total purchase price of Cdn. $46.1 million (U.S. $41.5 million). The purchase price has been allocated based on final valuations of the fair market value of assets acquired and liabilities assumed as of the acquisition date and resulted in goodwill of approximately U.S. $10.5 million.

On August 8, 2007, we sold our Sea Mar business which had previously been included in Other Operating Segments. The assets included 20 offshore supply vessels and certain related assets, including a right under a vessel construction contract. The operating results of this business for all periods presented are accounted for as a discontinued operation in the accompanying audited consolidated statements of income.

From time to time, we may sell a subsidiary or group of assets outside of our core markets or business, if it is economically advantageous for us to do so.

Environmental Compliance

Nabors does not presently anticipate that compliance with currently applicable environmental regulations and controls will significantly change its competitive position, capital spending or earnings during 2009. Nabors believes it is in material compliance with applicable environmental rules and regulations, and the cost of such compliance is not material to the business or financial



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condition of Nabors. For a more detailed description of the environmental laws and regulations applicable to Nabors' operations, see Part I, Item 1A. — Risk Factors — Changes to or noncompliance with governmental regulation or exposure to environmental liabilities could adversely affect Nabors' results of operations.

ITEM 1A. RISK FACTORS

In addition to the other information set forth elsewhere in this Form 10-K, the following factors should be carefully considered when evaluating Nabors. The risks described below are not the only ones facing Nabors. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations.

Our business, financial condition or results of operations could be materially adversely affected by any of these risks.

Uncertain or negative global economic conditions could adversely affect our results of operations

During recent months, there has been substantial volatility and a decline in oil and natural gas prices due, at least in part, to the deteriorating global economic environment. In addition, there has been substantial uncertainty in the capital markets and access to financing is uncertain. These conditions could have an adverse effect on our industry and our business, including our future operating results and the ability to recover our assets, including goodwill, at their stated values. Many of our customers have curtailed their drilling programs, which, in many cases, has resulted in a decrease in demand for drilling rigs and a reduction in dayrates and utilization. Additionally, some customers have terminated drilling contracts prior to the expiration of their terms. A prolonged period of lower oil and natural gas prices could result in a continued decline in demand and/or dayrates. In addition, certain of our customers could experience an inability to pay suppliers, including our Company, in the event they are unable to access the capital markets to fund their business operations. Likewise, our suppliers may be unable to sustain their current level of operations, fulfill their commitments and/or fund future operations and obligations. Each of these could adversely affect our operations.

Fluctuations in oil and natural gas prices could adversely affect drilling activity and our revenues, cash flows and profitability

Our operations are materially dependent upon the level of activity in oil and gas exploration and production. Both short-term and long-term trends in oil and natural gas prices affect the level of such activity. Oil and natural gas prices and, therefore, the level of drilling, exploration and production activity can be volatile. Worldwide military, political and economic events, including initiatives by the Organization of Petroleum Exporting Countries, may affect both the demand for, and the supply of, oil and natural gas. Weather conditions, governmental regulation (both in the United States and elsewhere), levels of consumer demand, the availability of pipeline capacity, and other factors beyond our control may also affect the supply of and demand for oil and natural gas. The recent volatility and the effects of the recent significant decline in natural gas and oil prices is likely to continue in the near future, especially given the general contraction in the world's economy that began during 2008. We believe that any prolonged suppression of oil and natural gas prices would continue to depress the level of exploration and production activity. This would likely result in a corresponding decline in the demand for our services and could have an adverse effect on our revenues, cash flows and profitability. Lower oil and natural gas prices could also cause our customers to seek to terminate, renegotiate or fail to honor our drilling contracts; affect the fair market value of our rig fleet which in turn could trigger a write-down for accounting purposes; affect our ability to retain skilled rig personnel; and affect our ability to obtain access to capital to finance and grow our business. There can be no assurances as to the future level of demand for our services or future conditions in the oil and natural gas and oilfield services industries.

We operate in a highly competitive industry with excess drilling capacity, which may adversely affect our results of operations

The oilfield services industry in which we operate is very competitive. Contract drilling companies compete primarily on a regional basis, and competition may vary significantly from region to region at any particular time. Many drilling, workover and well-servicing rigs can be moved from one region to another in response to changes in levels of activity and market conditions, which may result in an oversupply of rigs in an area. In many markets in which we operate, the number of rigs available for use exceeds the demand for rigs, resulting in price competition. Most drilling and workover contracts are awarded on the basis of competitive bids, which also results in price competition. The land drilling market generally is more competitive than the offshore drilling market because there are larger numbers of rigs and competitors.

The nature of our operations presents inherent risks of loss that, if not insured or indemnified against, could adversely affect our results of operations

Our operations are subject to many hazards inherent in the drilling, workover and well-servicing industries, including blowouts, cratering, explosions, fires, loss of well control, loss of hole, damaged or lost drilling equipment and damage or loss from inclement weather or natural disasters. Any of these hazards could result in personal injury or death, damage to or destruction of equipment and facilities, suspension of operations, environmental damage and damage to the property of others. Our offshore operations are also



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subject to the hazards of marine operations including capsizing, grounding, collision, damage from hurricanes and heavy weather or sea conditions and unsound ocean bottom conditions. In addition, our international operations are subject to risks of war, civil disturbances or other political events. Generally, drilling contracts provide for the division of responsibilities between a drilling company and its customer, and we seek to obtain indemnification from our customers by contract for certain of these risks. To the extent that we are unable to transfer such risks to customers by contract or indemnification agreements, we seek protection through insurance. However, there is no assurance that such insurance or indemnification agreements will adequately protect us against liability from all of the consequences of the hazards described above. The occurrence of an event not fully insured or indemnified against, or the failure or inability of a customer or insurer to meet its indemnification or insurance obligations, could result in substantial losses. In addition, there can be no assurance that insurance will be available to cover any or all of these risks, or, even if available, that it will be adequate or that insurance premiums or other costs will not rise significantly in the future, so as to make such insurance prohibitive. It is possible that we will face continued upward pressure in our upcoming insurance renewals, our premiums and deductibles will be higher, and certain insurance coverage either will be unavailable or more expensive than it has been in the past. Moreover, our insurance coverage generally provides that we assume a portion of the risk in the form of a deductible. We may choose to increase the levels of deductibles (and thus assume a greater degree of risk) from time to time in order to minimize the overall cost to the Company.

Future price declines may result in a write-down of our asset carrying values

We follow the successful efforts method of accounting for our consolidated subsidiaries' oil and gas activities. Under the successful efforts method, lease acquisition costs and all development costs are capitalized. Our provision for depletion is based on these capitalized costs and is determined on a property-by-property basis using the units-of-production method, with costs being amortized over proved developed reserves. Proved oil and gas properties are reviewed when circumstances suggest the need for such a review and, if required, the proved properties are written down to their estimated fair value. Unproved properties are reviewed periodically to determine if there has been impairment of the carrying value, with any such impairment charged to expense in that period. The estimated fair value of our proved reserves generally declines when there is a significant and sustained decline in oil and natural gas prices. Because of the low natural gas prices at December 31, 2008, we performed an impairment test on our oil and gas properties of our wholly owned Ramshorn business unit. As a result, we recorded a non-cash pre-tax impairment to our oil and gas properties which totaled $21.5 million. A sustained decrease in oil and natural gas prices could require a write-down of the value of our proved oil and gas properties if the estimated fair value of these properties falls below their net book value.

Our oil and gas joint ventures, which we account for under the equity method of accounting, utilize the full-cost method of accounting for costs related to oil and natural gas properties. Under this method, all such costs (for both productive and nonproductive properties) are capitalized and amortized on an aggregate basis over the estimated lives of the properties using the units-of-production method. However, these capitalized costs are subject to a ceiling test which limits such pooled costs to the aggregate of the present value of future net revenues attributable to proved oil and natural gas reserves, discounted at 10%, plus the lower of cost or market value of unproved properties. The full-cost ceiling is evaluated at the end of each quarter using then current prices for oil and natural gas, adjusted for the impact of derivatives accounted for as cash flow hedges. Our U.S., international and Canadian joint ventures have recorded non-cash pre-tax full cost ceiling test writedowns of which $228.3 million represents our proportionate share of the writedowns recorded during the three months ended December 31, 2008. Any sustained further decline in oil and natural gas prices, or other factors, without other mitigating circumstances, could cause other future write-downs of capitalized costs and non-cash asset impairments that could adversely affect our results of operations.

The profitability of our international operations could be adversely affected by war, civil disturbance, or political or economic turmoil, fluctuation in currency exchange rates and local import and export controls

We derive a significant portion of our business from international markets, including major operations in Canada, South America, Mexico, the Caribbean, the Middle East, the Far East, Russia and Africa. These operations are subject to various risks, including the risk of war, civil disturbances and governmental activities that may limit or disrupt markets, restrict the movement of funds or result in the deprivation of contract rights or the taking of property without fair compensation. In certain countries, our operations may be subject to the additional risk of fluctuating currency values and exchange controls. In the international markets in which we operate, we are subject to various laws and regulations that govern the operation and taxation of our business and the import and export of our equipment from country to country, the imposition, application and interpretation of which can prove to be uncertain.

Changes to or noncompliance with governmental regulation or exposure to environmental liabilities could adversely affect our results of operations

The drilling of oil and gas wells is subject to various federal, state, local and foreign laws, rules and regulations. Our cost of compliance with these laws, rules and regulations may be substantial. For example, federal law imposes a variety of regulations on "responsible parties" related to the prevention of oil spills and liability for damages from such spills. As an owner and operator of onshore and offshore rigs and transportation equipment, we may be deemed to be a responsible party under federal law. In addition,



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our well-servicing, workover and production services operations routinely involve the handling of significant amounts of waste materials, some of which are classified as hazardous substances. Our operations and facilities are subject to numerous state and federal environmental laws, rules and regulations, including, without limitation, laws concerning the containment and disposal of hazardous substances, oilfield waste and other waste materials, the use of underground storage tanks and the use of underground injection wells. We generally require customers to contractually assume responsibility for compliance with environmental regulations. However, we are not always successful in allocating to customers all of these risks nor is there any assurance that the customer will be financially able to bear those risks assumed.

We employ personnel responsible for monitoring environmental compliance and arranging for remedial actions that may be required from time to time and also use consultants to advise on and assist with our environmental compliance efforts. Liabilities are recorded when the need for environmental assessments and/or remedial efforts become known or probable and the cost can be reasonably estimated.

Laws protecting the environment generally have become more stringent than in the past and are expected to continue to become more so. Violation of environmental laws and regulations can lead to the imposition of administrative, civil or criminal penalties, remedial obligations, and in some cases injunctive relief. Such violations could also result in liabilities for personal injuries, property damage, and other costs and claims.

Under the Comprehensive Environmental Response, Compensation and Liability Act, also known as CERCLA or Superfund, and related state laws and regulations, liability can be imposed jointly on the entire group of responsible parties or separately on any one of the responsible parties, without regard to fault or the legality of the original conduct on certain classes of persons that contributed to the release of a "hazardous substance" into the environment. Under CERCLA, such persons may be liable for the costs of cleaning up the hazardous substances that have been released into the environment and for damages to natural resources.

Changes in federal and state environmental regulations may also negatively impact oil and natural gas exploration and production companies, which in turn could have an adverse effect on us. For example, legislation has been proposed from time to time in Congress which would reclassify certain oil and natural gas production wastes as hazardous wastes, which would make the reclassified wastes subject to more stringent handling, disposal and clean-up requirements. Also, there are regulatory developments occurring in the domestic and international sectors in which we operate that are focused on restricting the emission of carbon dioxide, methane and other greenhouse gases that may be contributing to warming of the Earth's atmosphere, including the United Nations Framework Convention on Climate Change, also known as the "Kyoto Protocol" (an internationally applied protocol but one that the United States is not a participating member), the Regional Greenhouse Gas Initiative in the Northeastern United States, the Western Regional Climate Action Initiative in the Western United States, and the 2007 U.S. Supreme Court decision in *Massachusetts, et al. v. EPA* that greenhouse gases are an "air pollutant" under the federal Clean Air Act and thus subject to future regulation. The enactment of such hazardous waste legislation or future or more stringent regulation of greenhouse gases could dramatically increase operating costs for oil and natural gas companies and could reduce the market for our services by making many wells and/or oilfields uneconomical to operate.

The Oil Pollution Act of 1990, as amended, contains provisions specifying responsibility for removal costs and damages resulting from discharges of oil into navigable waters or onto the adjoining shorelines. In addition, the Outer Continental Shelf Lands Act provides the federal government with broad discretion in regulating the leasing of offshore oil and gas production sites.

As a holding company, we depend on our subsidiaries to meet our financial obligations

We are a holding company with no significant assets other than the stock of our subsidiaries. In order to meet our financial needs, we rely exclusively on repayments of interest and principal on intercompany loans made by us to our operating subsidiaries and income from dividends and other cash flow from such subsidiaries. There can be no assurance that our operating subsidiaries will generate sufficient net income to pay upstream dividends or cash flow to make payments of interest and principal to us in respect of their intercompany loans. In addition, from time to time, our operating subsidiaries may enter into financing arrangements which may contractually restrict or prohibit such upstream payments to us. There may also be adverse tax consequences associated with making dividend payments upstream.

We do not currently intend to pay dividends

We have not paid any cash dividends on our common shares since 1982. Nabors does not currently intend to pay any cash dividends on its common shares. However, we can give no assurance that we will not reevaluate our position on dividends in the future.

Because our option, warrant and convertible securities holders have a considerable number of common shares available for issuance and resale, significant issuances or resales in the future may adversely affect the market price of our common shares



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As of February 23, 2009, we had 800,000,000 authorized common shares, of which 282,930,433 shares were outstanding. In addition, 42,276,821 common shares were reserved for issuance pursuant to option and employee benefit plans, and 78,013,925 shares were reserved for issuance upon conversion or repurchase of outstanding senior exchangeable notes. In addition, up to 104,520 of our common shares could be issuable on exchange of the shares of Nabors Exchangeco (Canada) Inc. We also plan to file a shelf registration statement to replace our shelf registration which expired in December 2008. The new shelf registration statement will automatically become effective on filing with the SEC and will permit us to sell various types of securities from time to time. The sale, or availability for sale, of substantial amounts of our common shares in the public market, whether directly by us or resulting from the exercise of warrants or options (and, where applicable, sales pursuant to Rule 144 of the Securities Act) or the conversion into common shares, or repurchase of debentures and notes using common shares, would be dilutive to existing security holders, could adversely affect the prevailing market price of our common shares and could impair our ability to raise additional capital through the sale of equity securities.

Provisions of our organizational documents and executive contracts may deter a change of control transaction and decrease the likelihood of a shareholder receiving a change of control premium

Our Board of Directors is divided into three classes, with each class serving a staggered three-year term. In addition, our Board of Directors has the authority to issue a significant amount of common shares and up to 25,000,000 preferred shares and to determine the price, rights (including voting rights), conversion ratios, preferences and privileges of the preferred shares, in each case without further vote or action by the holders of the common shares. Although we have no present plans to issue preferred shares, the classified Board and our Board's ability to issue additional preferred shares may discourage, delay or prevent changes in control of Nabors that are not supported by our Board, thereby possibly preventing certain of our shareholders from realizing a possible premium on their shares. In addition, the requirement in the indenture for our $2.75 billion senior exchangeable notes due 2011 to pay a make-whole premium in the form of an increase in the exchange rate in certain circumstances could have the effect of making a change in control of Nabors more expensive.

The Company has existing employment contracts with Nabors' Chairman and Chief Executive Officer, Eugene M. Isenberg, and its Deputy Chairman, President and Chief Operating Officer, Anthony G. Petrello. These employment contracts have Change of Control provisions that could result in significant cash payments to Messrs. Isenberg and Petrello.

We have a substantial amount of debt outstanding

As of December 31, 2008, we have long-term debt of approximately $4.1 billion, including current maturities of $225.0 million, and cash and cash equivalents and investments of $826.1 million, including $240.0 million of long-term investments and other receivables. Long-term investments and other receivables include $224.2 million in oil and gas financing receivables. If our $2.75 billion 0.94% senior exchangeable notes are exchanged, the required cash payment could have a significant impact on our level of cash and cash equivalents and investments available to meet our other cash obligations. We have a gross funded debt to capital ratio of 0.44:1 and a net funded debt to capital ratio of 0.39:1. The gross funded debt to capital ratio is calculated by dividing funded debt by funded debt plus deferred tax liabilities net of deferred tax assets plus capital. Funded debt is defined as the sum of (1) short-term borrowings, (2) current portion of long-term debt and (3) long-term debt. Capital is defined as shareholders' equity. The net funded debt to capital ratio is calculated by dividing net funded debt by net funded debt plus deferred tax liabilities net of deferred tax assets plus capital. Net funded debt is defined as the sum of (1) short-term borrowings, (2) current portion of long-term debt and (3) long-term debt reduced by the sum of cash and cash equivalents and short-term and long-term investments. Capital is defined as shareholders' equity. Both of these ratios are methods for calculating the amount of leverage a company has in relation to its capital.

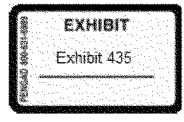
During January and through February 23, 2009, we purchased $427.7 million par value of our $2.75 billion 0.94% senior exchangeable notes due 2011 in the open market for cash totaling $370.6 million, leaving $2.22 billion par value outstanding.

On January 12, 2009, Nabors Industries, Inc., our wholly owned subsidiary, ("Nabors Delaware") issued $1.125 billion aggregate principal amount of 9.25% senior notes due 2019 that are fully and unconditionally guaranteed by Nabors Industries Ltd. See Note 22 Subsequent Event in Part II, Item 8. — Financial Statements and Supplementary Data.

In January and through February 23, 2009 we repurchased $56.6 million par value of our $225 million principal amount of 4.875% senior notes due August 2009 in the open market for cash totaling $56.8 million.

Our access to borrowing capacity could be affected by the recent instability in the global financial markets

Our ability to access capital markets or to otherwise obtain sufficient financing is enhanced by our senior unsecured debt ratings as provided by Dominion Bond Rating Service ("DBRS"), Fitch Ratings, Moody's Investor Service and Standard & Poor's, which are currently "BBB+," "BBB+," "Baa1" and "BBB+ (Negative Watch)", respectively, and our historical ability to access those markets as



needed. However, recent instability in the global financial markets has resulted in a significant reduction in the availability of funds from capital markets and other credit markets and as a result our ability to access these markets at this time may be significantly reduced. In addition, Standard & Poor's recently affirmed its "BBB+" credit rating on Nabors, but revised its outlook to negative from stable due primarily to worsening industry conditions. A credit downgrade by Standard & Poor's may impact our future ability to access credit markets.

Our ability to perform under new contracts and to grow our business as forecasted depends to a substantial degree on timely delivery of rigs and equipment from our suppliers

The operating revenues and net income for our Contract Drilling subsidiaries depend to a substantial degree on the timely delivery of rigs and equipment from our suppliers as part of our recently expanded capital programs. We can give no assurances that our suppliers will meet expected delivery schedules for delivery of these new rigs and equipment or that the new rigs and equipment will be free from defects. Delays in the delivery of new rigs and equipment and delays incurred in correcting any defects in such rigs and equipment could cause us to fail to meet our operating forecasts and could subject us to late delivery penalties under contracts with our customers.

We may have additional tax liabilities

We are subject to income taxes in the United States and numerous foreign jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. We are regularly under audit by tax authorities. Although we believe our tax estimates are reasonable, the final determination of tax audits and any related litigation could be materially different than that which is reflected in income tax provisions and accruals. Based on the results of an audit or litigation, a material effect on our financial position, income tax provision, net income, or cash flows in the period or periods for which that determination is made could result.

It is possible that future changes to tax laws (including tax treaties) could have an impact on our ability to realize the tax savings recorded to date as well as future tax savings, resulting from our 2002 corporate reorganization.

On September 14, 2006, Nabors Drilling International Limited, one of our wholly owned Bermuda subsidiaries ("NDIL"), received a Notice of Assessment (the "Notice") from the Mexican Servicio de Administracion Tributaria (the "SAT") in connection with the audit of NDIL's Mexican branch for tax year 2003. The Notice proposes to deny depreciation expense deductions relating to drilling rigs operating in Mexico in 2003. The notice also proposes to deny a deduction for payments made to an affiliated company for the procurement of labor services in Mexico. The amount assessed by the SAT was approximately $19.8 million (including interest and penalties). Nabors and its tax advisors previously concluded that the deduction of said amounts was appropriate and more recently that the position of the SAT lacks merit. NDIL's Mexican branch took similar deductions for depreciation and labor expenses in 2004, 2005, 2006, 2007 and 2008. It is likely that the SAT will propose the disallowance of these deductions upon audit of NDIL's Mexican branch's 2004, 2005, 2006, 2007 and 2008 tax years.

Proposed tax legislation could mitigate or eliminate the benefits of our 2002 reorganization as a Bermuda company

Various bills have been introduced in Congress which could reduce or eliminate the tax benefits associated with our reorganization as a Bermuda company. Legislation enacted by Congress in 2004 provides that a corporation that reorganized in a foreign jurisdiction on or after March 4, 2003 shall be treated as a domestic corporation for United States federal income tax purposes. Nabors' reorganization was completed June 24, 2002. There have been and we expect that there may continue to be legislation proposed by Congress from time to time applicable to certain companies that completed such reorganizations on or after March 20, 2002 which, if enacted, could limit or eliminate the tax benefits associated with our reorganization.

Because we cannot predict whether legislation will ultimately be adopted, no assurance can be given that the tax benefits associated with our reorganization will ultimately accrue to the benefit of the Company and its shareholders. It is possible that future changes to the tax laws (including tax treaties) could have an impact on our ability to realize the tax savings recorded to date as well as future tax savings resulting from our reorganization.

Legal proceedings could affect our financial condition and results of operations

We are from time to time subject to legal proceedings or governmental investigations which include employment, tort, intellectual property and other claims, and purported class action and shareholder derivative actions. We also are subject to complaints or allegations from former, current or prospective employees from time to time, alleging violations of employment-related laws. Lawsuits or claims could result in decisions against us which could have an adverse effect on our financial condition or results of operations.



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Our financial results could be affected by changes in the value of our investment portfolio

We invest our excess cash in a variety of investment vehicles, many of which are subject to market fluctuations resulting from a variety of economic factors or factors associated with a particular investment, including without limitation, overall declines in the equity markets, currency and interest rate fluctuations, volatility in the credit markets, exposures related to concentrations of investments in a particular fund or investment, exposures related to hedges of financial positions, and the performance of particular fund or investment managers. As a result, events or developments which negatively affect the value of our investments could have an adverse effect on our results of operations.

The loss of key executives could reduce our competitiveness and prospects for future success

The successful execution of our strategies central to our future success will depend, in part, on a few of our key executive officers. We have entered into employment agreements with our Chairman and Chief Executive Officer, Mr. Eugene M. Isenberg and our Deputy Chairman, President and Chief Operating Officer, Mr. Anthony G. Petrello, to secure their employment through September 30, 2010. We do not carry key man insurance. The loss of Mr. Isenberg or Mr. Petrello could have an adverse effect on our financial condition or results of operations.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

Many of the international drilling rigs and certain of the Alaska rigs in our fleet are supported by mobile camps which house the drilling crews and a significant inventory of spare parts and supplies. In addition, we own various trucks, forklifts, cranes, earth moving and other construction and transportation equipment and own various helicopters, fixed-wing aircraft and heliportable well-service equipment, which are used to support drilling and logistics operations.

Nabors and its subsidiaries own or lease executive and administrative office space in Hamilton, Bermuda (principal executive office); Houston, Texas; Anchorage, Alaska; New Iberia and Youngsville, Louisiana; Bakersfield, California; Alice, Bridgeport, Corpus Christi, Kilgore, Longview, Magnolia, Midland and Odessa, Texas; Casper, Wyoming; Alberta, Canada; Oklahoma City and Pocola, Oklahoma; Billings, Montana; Williston, North Dakota; Fort Lupton and Fruita, Colorado; Dubai, U.A.E.; Dhahran, Saudi Arabia; Hassi-Messaoud, Algeria; Almaty, Kazakhstan; Ahmadi, Kuwait; Kuala Lumpur, Malaysia; Pointe Noire, Congo; Moscow, Russia; and Ploeisti, Romania. We also own or lease a number of facilities and storage yards used in support of operations in each of our geographic markets.

Nabors and its subsidiaries own certain mineral interests in connection with their investing and operating activities. Nabors does not consider these properties to be material to its overall operations.

Additional information about our properties can be found in Notes 2 and 7 (each, under the caption Property, Plant and Equipment) and 15 (under the caption Operating Leases) in Part II, Item 8. – Financial Statements and Supplementary Data. The revenues and property, plant and equipment by geographic area for the fiscal years ended December 31, 2006, 2007 and 2008, can be found in Note 20 in Part II, Item 8. — Financial Statements and Supplementary Data. A description of our rig fleet is included under the caption Introduction in Part I, Item 1. — Business.

Nabors' management believes that our existing equipment and facilities and our planned expansion of our equipment and facilities through our capital expenditure programs currently in process are adequate to support our current level of operations as well as an expansion of drilling operations in those geographical areas where we may expand.

ITEM 3. LEGAL PROCEEDINGS

Nabors and its subsidiaries are defendants or otherwise involved in a number of lawsuits in the ordinary course of business. We estimate the range of our liability related to pending litigation when we believe the amount and range of loss can be estimated. We record our best estimate of a loss when the loss is considered probable. When a liability is probable and there is a range of estimated loss with no best estimate in the range, we record the minimum estimated liability related to the lawsuits or claims. As additional information becomes available, we assess the potential liability related to our pending litigation and claims and revise our estimates. Due to uncertainties related to the resolution of lawsuits and claims, the ultimate outcome may differ from our estimates. In the opinion of management and based on liability accruals provided, our ultimate exposure with respect to these pending lawsuits and



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claims is not expected to have a material adverse effect on our consolidated financial position or cash flows, although they could have a material adverse effect on our results of operations for a particular reporting period.

On July 5, 2007, we received an inquiry from the U.S. Department of Justice relating to its investigation of one of our vendors and compliance with the Foreign Corrupt Practices Act. The inquiry relates to transactions with and involving Panalpina, a vendor which provides freight forwarding and customs clearance services to certain of our affiliates. To date, the inquiry has focused on transactions in Kazakhstan, Saudi Arabia, Algeria and Nigeria. The Audit Committee of our Board of Directors has engaged outside counsel to review certain transactions with this vendor, and their review is ongoing. The Audit Committee of our Board of Directors has received periodic updates at its regularly scheduled meetings and the Chairman of the Audit Committee has received updates between meetings as circumstances warrant. The investigation includes a review of certain amounts paid to and by Panalpina in connection with the obtaining of permits for the temporary importation of equipment and clearance of goods and materials through customs. Both the SEC and the U.S. Department of Justice have been advised of the Company's investigation. The ultimate outcome of this review or the effect of implementing any further measures which may be necessary to ensure full compliance with the applicable laws cannot be determined at this time.

A court in Algeria has entered a judgment against the Company related to certain alleged customs infractions. The Company believes it did not receive proper notice of the judicial proceedings against it, and that the amount of the judgment is excessive. We intend to assert the lack of legally required notice as a basis for challenging the judgment on appeal. Based upon our understanding of applicable law and precedent, we believe that this challenge will be successful. We do not believe that a loss is probable and have not accrued any amounts related to this matter. However, the ultimate resolution of this matter, and the timing of such resolution, is uncertain. If the Company is ultimately required to pay a fine or judgment related to this matter, the amount of the loss could range from approximately $140,000 to $20 million.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.



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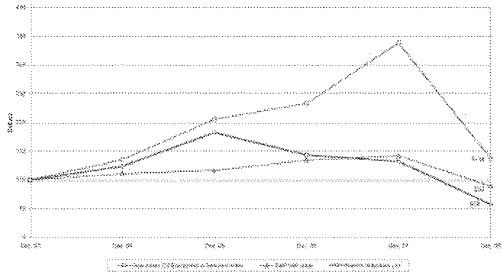
PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

STOCK PERFORMANCE GRAPH

The following graph illustrates comparisons of five-year cumulative total returns among Nabors, the S&P 500 Index and the Dow Jones Oil Equipment and Services Index. Total return assumes $100 invested on December 31, 2003 in shares of Nabors, the S&P 500 Index, and the Dow Jones Oil Equipment and Services Index. It also assumes reinvestment of dividends and is calculated at the end of each calendar year, December 31, 2004 to December 31, 2008.



	2004	2005	2006	2007	2008
Nabors Industries Ltd.	124	183	144	132	**58**
S&P 500 Index	111	116	135	142	**90**
Dow Jones Oil Equipment and Services Index	135	205	233	338	**138**

I. Market and Share Prices

Our common shares are traded on the New York Stock Exchange under the symbol "NBR". At February 23, 2009, there were approximately 1,575 shareholders of record. We have not paid any cash dividends on our common shares since 1982. Nabors does not currently intend to pay any cash dividends on its common shares. However, we can give no assurance that we will not reevaluate our position on dividends in the future.

On December 13, 2005, our Board of Directors approved a two-for-one stock split of our common shares to be effectuated in the form of a stock dividend. The stock dividend was distributed on April 17, 2006 to shareholders of record on March 31, 2006. For all balance sheets presented, capital in excess of par value was reduced by $.2 million and common shares were increased by $.2 million.



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The following table sets forth the reported high and low sales prices of our common shares as reported on the New York Stock Exchange for the periods indicated.

	Share Price	
Calendar Year	High	Low
2007 First quarter	32.74	27.53
Second quarter	36.42	29.59
Third quarter	34.10	27.05
Fourth quarter	31.23	26.00
2008 First quarter	34.14	23.61
Second quarter	50.58	33.06
Third quarter	50.35	22.50
Fourth quarter	24.88	9.72

The following table provides information relating to Nabors' repurchase of common shares during the three months ended December 31, 2008:

Period (In thousands, except per share amounts)	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program(1)
October 1 – October 31, 2008	46 (2)	$22.59	—	$35,458
November 1 – November 30, 2008	1 (2)	$22.59	—	$35,458
December 1 – December 31, 2008	953 (2)	$22.59	—	$35,458

(1) In July 2006 our Board of Directors authorized a share repurchase program under which we may repurchase up to $500 million of our common shares in the open market or in privately negotiated transactions. This program supersedes and cancels our previous share repurchase program. Through December 31, 2008, $464.5 million of our common shares have been repurchased under this program. As of December 31, 2008, we had the capacity to repurchase up to an additional $35.5 million of our common shares under the July 2006 share repurchase program.

(2) In September 2008 we entered into a three-month written put option for 1 million of our common shares with a strike price of $25 per common share. We settled this contract during the fourth quarter of 2008 and paid cash of $22.6 million, net of the premium received on this contract.

See Part III, Item 12. for a description of securities authorized for issuance under equity compensation plans.

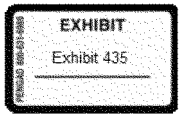
II. Dividend Policy

See Part I, Item 1A. — Risk Factors — We do not currently intend to pay dividends.

III. Shareholder Matters

Bermuda has exchange controls which apply to residents in respect to the Bermudian dollar. As an exempt company, Nabors is considered to be nonresident for such controls; consequently, there are no Bermuda governmental restrictions on the Company's ability to make transfers and carry out transactions in all other currencies, including currency of the United States.

There is no reciprocal tax treaty between Bermuda and the United States regarding withholding taxes. Under existing Bermuda law there is no Bermuda income or withholding tax on dividends paid by Nabors to its shareholders. Furthermore, no Bermuda tax is levied on the sale or transfer (including by gift and/or on the death of the shareholder) of Nabors common shares (other than by shareholders resident in Bermuda).



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ITEM 6. SELECTED FINANCIAL DATA

Operating Data (1)(2) (In thousands, except per share amounts and ratio data)	Year Ended December 31, 2008	2007	2006	2005	2004
Revenues and other income:					
Operating revenues	$ 5,511,896	$ 4,938,848	$ 4,707,289	$ 3,394,472	$ 2,351,571
Earnings (losses) from unconsolidated affiliates	(229,834)	17,724	20,545	5,671	4,057
Investment income (loss)	21,726	(15,891)	102,007	85,428	50,044
Total revenues and other income	5,303,788	4,940,681	4,829,841	3,485,571	2,405,672
Costs and other deductions:					
Direct costs	3,110,316	2,764,559	2,511,392	1,958,538	1,542,364
General and administrative expenses	479,984	436,282	416,610	247,129	192,692
Depreciation and amortization	611,066	467,730	364,653	285,054	248,057
Depletion	46,979	72,182	38,580	46,894	45,460
Interest expense	91,620	53,702	46,586	44,849	48,507
Losses (gains) on sales, retirements and impairments of long-lived assets and other expense (income), net	7,613	10,895	24,118	45,952	(5,036)
Goodwill and intangible asset impairment	154,586	—	—	—	—
Total costs and other deductions	4,502,164	3,805,350	3,401,939	2,628,416	2,072,044
Income from continuing operations before income taxes	801,624	1,135,331	1,427,902	857,155	333,628
Income tax expense	250,451	239,664	434,893	219,000	32,660
Income from continuing operations, net of tax	551,173	895,667	993,009	638,155	300,968
Income from discontinued operations, net of tax	—	35,024	27,727	10,540	1,489
Net income	$ 551,173	$ 930,691	$ 1,020,736	$ 648,695	$ 302,457
Earnings per share:					
Basic from continuing operations	$ 1.98	$ 3.21	$ 3.42	$ 2.05	$ 1.01
Basic from discontinued operations	—	.13	.10	.03	.01
Total Basic	$ 1.98	$ 3.34	$ 3.52	$ 2.08	$ 1.02
Diluted from continuing operations	$ 1.93	$ 3.13	$ 3.31	$ 1.97	$ .96
Diluted from discontinued operations	—	.12	.09	.03	—
Total Diluted	$ 1.93	$ 3.25	$ 3.40	$ 2.00	$ .96
Weighted-average number of common shares outstanding:					
Basic	278,166	279,026	290,241	312,134	297,872
Diluted	285,285	286,606	299,827	324,378	328,060
Capital expenditures and acquisitions of businesses (3)	$ 1,561,423	$ 1,921,221	$ 1,997,971	$ 1,003,269	$ 544,429
Interest coverage ratio (4)	20.9:1	32.5:1	38.1:1	25.6:1	12.9:1



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Balance Sheet Data (2) (In thousands, except ratio data)	As of December 31, 2008	2007	2006	2005	2004
Cash, cash equivalents, short-term and long-term investments and other receivables (5)	$ 826,063	$ 1,179,639	$1,653,285	$1,646,327	$1,411,047
Working capital	1,037,734	710,980	1,650,496	1,264,852	821,120
Property, plant and equipment, net	7,282,042	6,632,612	5,410,101	3,886,924	3,275,495
Total assets	10,467,982	10,103,382	9,142,303	7,230,407	5,862,609
Long-term debt	3,887,711	3,306,433	4,004,074	1,251,751	1,201,686
Shareholders' equity	$ 4,692,119	$ 4,514,121	$3,536,653	$3,758,140	$2,929,393
Funded debt to capital ratio:					
Gross (6)	0.44:1	0.44:1	0.50:1	0.32:1	0.38:1
Net (7)	0.39:1	0.36:1	0.37:1	0.08:1	0.15:1

(1) All periods present the Sea Mar business as a discontinued operation.

(2) Our acquisitions' results of operations and financial position have been included beginning on the respective dates of acquisition and include Pragma Drilling Equipment Ltd. assets (May 2006), 1183011 Alberta Ltd. (January 2006), Sunset Well Service, Inc. (August 2005), Alexander Drilling, Inc. assets (June 2005), Phillips Trucking, Inc. assets (June 2005), and Rocky Mountain Oil Tools, Inc. assets (March 2005).

(3) Represents capital expenditures and the portion of the purchase price of acquisitions allocated to fixed assets and goodwill based on their fair market value.

(4) The interest coverage ratio from continuing operations is computed by calculating the sum of income from continuing operations before income taxes, interest expense, depreciation and amortization, depletion expense, goodwill and intangible asset impairments and our proportionate share of non-cash pre-tax full cost ceiling writedowns from our oil and gas joint ventures less investment income (loss) and then dividing by interest expense. This ratio is a method for calculating the amount of operating cash flows available to cover interest expense. The "interest coverage ratio from continuing operations" is not a measure of operating performance or liquidity defined by accounting principles generally accepted in the United States of America ("GAAP") and may not be comparable to similarly titled measures presented by other companies.

(5) The December 31, 2008 and 2007 amounts include $1.9 million and $53.1 million, respectively, in cash proceeds receivable from brokers from the sale of certain long-term investments that are included in other current assets and $224.2 million and $123.3 million, respectively, in oil and gas financing receivables that are included in long-term investments and other receivables.

(6) The gross funded debt to capital ratio is calculated by dividing funded debt by funded debt plus deferred tax liabilities, net of deferred tax assets plus capital. Funded debt is defined as the sum of (1) short-term borrowings, (2) current portion of long-term debt and (3) long-term debt. Capital is defined as shareholders' equity. The "gross funded debt to capital ratio" is not a measure of operating performance or liquidity defined by GAAP and may not be comparable to similarly titled measures presented by other companies.

(7) The net funded debt to capital ratio is calculated by dividing net funded debt by net funded debt plus deferred tax liabilities, net of deferred tax assets plus capital. Net funded debt is defined as the sum of (1) short-term borrowings, (2) current portion of long-term debt and (3) long-term debt reduced by the sum of cash and cash equivalents and short-term and long-term investments and other receivables. Capital is defined as shareholders' equity. The "net funded debt to capital ratio" is not a measure of operating performance or liquidity defined by GAAP and may not be comparable to similarly titled measures presented by other companies.



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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management Overview

The following Management's Discussion and Analysis of Financial Condition and Results of Operations is intended to help the reader understand the results of our operations and our financial condition. This information is provided as a supplement to, and should be read in conjunction with, our consolidated financial statements and the accompanying notes to our consolidated financial statements.

Nabors is the largest land drilling contractor in the world. We conduct oil, gas and geothermal land drilling operations in the U.S. Lower 48 states, Alaska, Canada, South America, Mexico, the Caribbean, the Middle East, the Far East, Russia and Africa. Nabors also is one of the largest land well-servicing and workover contractors in the United States and Canada and is a leading provider of offshore platform workover and drilling rigs in the United States and multiple international markets. To further supplement and complement our primary business, we offer a wide range of ancillary well-site services, including engineering, transportation, construction, maintenance, well logging, directional drilling, rig instrumentation, data collection and other support services, in selected domestic and international markets. We offer logistics services for onshore drilling in Canada using helicopter and fixed-winged aircraft. We manufacture and lease or sell top drives for a broad range of drilling applications, directional drilling systems, rig instrumentation and data collection equipment, pipeline handling equipment and rig reporting software. We also invest in oil and gas exploration, development and production activities worldwide.

The majority of our business is conducted through our various Contract Drilling operating segments, which include our drilling, workover and well-servicing operations, on land and offshore. Our oil and gas exploration, development and production operations are included in a category labeled Oil and Gas for segment reporting purposes. Our operating segments engaged in drilling technology and top drive manufacturing, directional drilling, rig instrumentation and software, and construction and logistics operations are aggregated in a category labeled Other Operating Segments for segment reporting purposes.

Our businesses depend, to a large degree, on the level of spending by oil and gas companies for exploration, development and production activities. Therefore, a sustained increase or decrease in the price of natural gas or oil, which could have a material impact on exploration, development and production activities, could also materially affect our financial position, results of operations and cash flows.

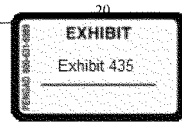
The magnitude of customer spending on new and existing wells is the primary driver of our business. The primary determinate of customer spending is the degree of their cash flow and earnings which are largely determined by natural gas prices in our U.S. Lower 48 Land Drilling and Canadian Drilling operations, while oil prices are the primary determinate in our Alaskan, International, U.S. Offshore (Gulf of Mexico), Canadian Well-servicing and U.S. Land Well-servicing operations. The following table sets forth natural gas and oil price data per Bloomberg for the last three years:

	Year Ended December 31,			Increase / (Decrease)			
	2008	2007	2006	2008 to 2007		2007 to 2006	
Commodity prices:							
Average Henry Hub natural gas spot price ($/million cubic feet (mcf))	$ 8.89	$ 6.97	$ 6.73	$ 1.92	28%	$0.24	4%
Average West Texas intermediate crude oil spot price ($/barrel)	$99.92	$72.23	$66.09	$27.69	38%	$6.14	9%

Beginning in the second half of 2008, there has been a significant decrease in natural gas and oil prices. Natural gas prices, which averaged $10.03 per mcf during the first half of 2008, declined significantly, averaging only $7.74 per mcf during the second half of 2008 and $5.84 per mcf during December 2008. The decline has continued as natural gas prices have averaged $4.96 per mcf during the period January 1, 2009 through February 23, 2009.

Oil prices also declined in the second half of 2008 with average prices of $111.14 per barrel during the first half of 2008, decreasing to average prices of $88.88 per barrel during the second half of 2008 and $41.44 per barrel during December 2008. Oil prices remain depressed and have averaged $40.22 per barrel during the period January 1, 2009 through February 23, 2009.

This significant decline in commodity prices has, at least in part, been driven by the significant deterioration of the global economic environment including the extreme volatility in the capital and credit markets. All of these factors are having an adverse effect on our customers' spending plans for exploration, production and development activities which has had a significant negative impact on our operations beginning in December 2008.



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Operating revenues and Earnings from unconsolidated affiliates for the year ended December 31, 2008 totaled $5.3 billion, representing an increase of $325.5 million, or 7% as compared to the year ended December 31, 2007. Adjusted income derived from operating activities and net income for the year ended December 31, 2008 totaled $1.0 billion and $551.2 million ($1.93 per diluted share), respectively, representing decreases of 15% and 41%, respectively, compared to the year ended December 31, 2007. Operating revenues and Earnings from unconsolidated affiliates for the year ended December 31, 2007 totaled $5.0 billion, representing an increase of $228.7 million, or 5% as compared to the year ended December 31, 2006. Adjusted income derived from operating activities and net income for the year ended December 31, 2007 totaled $1.2 billion and $930.7 million ($3.25 per diluted share), respectively, representing decreases of 13% and 9%, respectively, compared to the year ended December 31, 2006.

Our operating results were negatively impacted as a result of non-cash, pre-tax charges arising from oil and gas full cost ceiling test writedowns and goodwill and intangible asset impairments. Our Earnings (losses) from Unconsolidated Affiliates line in our income statement includes $228.3 million, representing our proportionate share of non-cash pre-tax full cost ceiling test writedowns from our U.S., international and Canadian joint ventures during the three months ended December 31, 2008. Additionally, we recorded non-cash pre-tax impairment charges of $21.5 million related to our wholly owned Ramshorn business unit under application of the successful efforts method of accounting related to oil and gas properties during the three months ended December 31, 2008. Charges from our U.S., international and Canadian joint ventures and our wholly owned Ramshorn business unit are included in our Oil and Gas operating segment results. Our Canada Well-servicing and Drilling operating segment and Nabors Blue Sky Ltd., one of our Canadian subsidiaries reported in our Other Operating Segments include $145.4 million and $4.6 million non-cash pre-tax goodwill and intangible asset impairment charges to reduce the carrying value of these assets to their estimated fair value due to the duration of the economic downturn in Canada and the lack of certainty regarding eventual recovery. Excluding these charges, our operating results were slightly higher primarily due to our U.S. Lower 48 Land Drilling, International Drilling and Other Operating segments resulting from higher average dayrates and activity levels resulting from sustained higher natural gas and oil prices throughout 2007 and the majority of 2008, partially offset by increased operating costs and higher depreciation expense due to our capital expenditures.

The decrease in our adjusted income derived from operating activities from 2006 to 2007 related primarily to our U.S. Lower 48 Land Drilling, Canada Drilling and Well-servicing, and our U.S. Well-servicing operations, where activity levels decreased despite slightly higher natural gas prices and higher oil prices. Operating results were further negatively impacted by higher levels of depreciation expense due to our capital expenditures. Partially offsetting the decreases in our adjusted income derived from operating activities were the increases in operating results from our International operations and to a lesser extent by our Alaska operations, driven by high oil prices. In addition, our net income and earnings per share for 2007 has decreased compared to 2006 as a result of investment net losses during 2007 only partially offset by a lower effective tax rate and a lower number of average shares outstanding.

Our operating results for 2009 are expected to decrease from levels realized during 2008 given our current expectation of the continuation of lower commodity prices during 2009 and the related impact on drilling and well-servicing activity and dayrates. The decrease in drilling activity and dayrates is expected to have a significant impact on our U.S. Lower 48 Land Drilling and our U.S. Land Well-servicing operations. In our U.S. Lower 48 Land Drilling operations, our rig count has decreased from its peak during October 2008 of 273 rigs to 162 rigs currently operating as of February 23, 2009. Our Well-servicing activity is down approximately 45% from its October 2008 peak of 105,872 hours when compared to estimated rig hours for February 2009. We expect our International operations to increase during 2009 resulting from the deployment of additional rigs under long-term contracts and the renewal of existing contracts at higher dayrates.

The following tables set forth certain information with respect to our reportable segments and rig activity:

(In thousands, except percentages and rig activity)	Year Ended December 31,			Increase/(Decrease)			
	2008	2007	2006	2008 to 2007		2007 to 2006	
Reportable segments:							
Operating revenues and Earnings (losses) from unconsolidated affiliates from continuing operations: [1]							
Contract Drilling: [2]							
U.S. Lower 48 Land Drilling	$ 1,878,441	$ 1,710,990	$ 1,890,302	$ 167,451	10%	$ (179,312)	(9%)
U.S. Land Well-servicing	758,510	715,414	704,189	43,096	6%	11,225	2%
U.S. Offshore	252,529	212,160	221,676	40,369	19%	(9,516)	(4%)
Alaska	184,243	152,490	110,718	31,753	21%	41,772	38%
Canada	502,695	545,035	686,889	(42,340)	(8%)	(141,854)	(21%)



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ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS

The Company maintains five different equity compensation plans: 1996 Employee Stock Plan, 1997 Executive Officers Incentive Stock Plan, 1998 Employee Stock Plan, 1999 Stock Option Plan for Non-Employee Directors and 2003 Employee Stock Plan pursuant to which it may grant equity awards to eligible persons from certain plans. The terms of the Company's equity compensation plans are described more fully below.

The following table gives information about these equity compensation plans as of December 31, 2008:

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	18,114,684	$21.7965	14,752,029(1)(2)
Equity compensation plans not approved by security holders	7,743,321	$22.4308	886,000
Total	25,858,005		15,638,029

(1) The 1996 Employee Stock Plan incorporated an evergreen formula pursuant to which on each January 1, the aggregate number of shares reserved for issuance under the 1996 Employee Stock Plan were increased by an amount equal to 1 1-3 % of the common shares outstanding on December 31 of the immediately preceding fiscal year. The 1996 Employee Stock Plan expired on January 17, 2006, and no additional shares were reserved for issuance during fiscal 2006.

(2) The 2003 Employee Stock Plan provides, commencing on June 1, 2006 and thereafter for a period of four (4) years on each January 1, for an automatic increase in the number of shares reserved and available for issuance under the Plan by an amount equal to two percent (2%) of the Company's outstanding common shares as of each June 1 or January 1 date.

Following is a brief summary of the material terms of the plans that have not been approved by our shareholders. Unless otherwise indicated, (1) each plan is administered by an independent committee appointed by the Company's Board of Directors; (2) the exercise price of options granted under each plan shall be no less than 100% of the fair market value per common share on the date of the grant of the option; (3) the term of an award granted under each plan may not exceed ten years; (4) options granted under the plan are nonstatutory options not intended to qualify under Section 422 of the Internal Revenue Code of 1986, as amended (NSOs); and (5) unless otherwise determined by the committee in its discretion, options may not be exercised after the optionee has ceased to be in the employ of the Company.

1997 Executive Officers Incentive Stock Plan

The plan reserves for issuance up to 4,900,000 common shares of the Company pursuant to the exercise of options granted under the plan. Options may be granted under the plan to executive officers of the Company. No optionee may receive grants in excess of 50% of the total number of common shares authorized to be issued under the plan.

1998 Employee Stock Plan

The plan reserves for issuance up to 35,000,000 common shares of the Company pursuant to the exercise of options granted under the plan. The persons who shall be eligible to participate in the plan are employees and consultants of the Company. Options granted to employees may either be awards of shares, non-qualified stock options (each, an "NQSO"), incentive stock options (each, an "ISO") or stock appreciation rights (each, an "SAR"). An optionee may reduce the option exercise price by paying the Company in cash, shares, options, or the equivalent, an amount equal to the difference between the exercise price and the reduced exercise price of the option. The committee shall establish performance goals for stock awards in writing not later than the date required for compliance under IRC Section 162(m) and the vesting of such shares shall be contingent upon the attainment of such performance goals. Stock awards shall vest over a period determined by the Committee, which period shall expire no later than January 18, 2006. The committee may grant ISOs of not less than 100% of the fair market value per common share on the date of grant; except that in the



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event the optionee owns on the date of grant, securities possessing more than 10% of the total combined voting power of all classes of securities of the Company or of any subsidiary of the Company, the price per share shall not be less than 110% of the fair market value per common share on the date of the grant and such option shall expire five years from the date such option is granted. SARs may be granted in conjunction with all or part of any option granted under the plan, in which case the exercise of the SAR shall require the cancellation of a corresponding portion of the option and the exercise of the option will result in cancellation of a corresponding portion of the SAR. In the case of a NQSO, such rights may be granted either at or after the time of grant of such option. In the case of an ISO, such rights may be granted only at the time of grant of such option. A SAR may also be granted on a stand alone basis. The term of a SAR shall be established by the committee. The exercise price of a SAR shall in no event be less than 100% of the fair market value per common share on the date of grant. The committee shall have the authority to make provisions in its award and grant agreements to address vesting and other issues arising in connection with a change of control.

1999 Stock Option Plan for Non-Employee Directors

The plan reserves for issuance up to 3,000,000 common shares of the Company pursuant to the exercise of options granted under the plan. The plan is administered by the Company's Board of Directors, provided that the Board may appoint a committee to administer the plan. In no event shall an eligible director consider or vote on the administration of this plan or serve as a member of the committee. Options may be granted under the plan to non-employee directors of the Company. Options shall vest and become non-forfeitable on the first year anniversary of the day on which such option was granted, if the optionee has continued to serve as a director until that day, unless otherwise provided. In the event of termination of an optionee's service as a director by reason of voluntary retirement, declining to stand for re-election or becoming a full time employee of the Company or a subsidiary of the Company, all unvested options granted pursuant to this Plan shall automatically expire and shall not be exercisable and all options unexercised shall continue to be exercisable until the stated expiration date of such options. In the event of death or disablement of an optionee while the optionee is a director, the then-outstanding options of such optionee shall be exercisable for two years from the date of the death or disablement of the optionee or by his/her successors in interest. All unvested options shall automatically vest and become non-forfeitable as of the date of death or disablement and shall be exercisable for two years from the date of the death of the optionee or until the stated grant expiration date, whichever is earlier, by the optionee or by his/her successors in interest. In the event of the termination of an optionee's service as a director by the Board of Directors for cause or the failure of such director to be re-elected, the administrator of the plan in its sole discretion can cancel the then-outstanding options of such optionee, including those options which have vested and such options shall automatically expire and become non-exercisable on the effective date of such termination.

The remainder of the information called for by this item will be contained in our definitive Proxy Statement to be distributed in connection with our 2009 annual meeting of shareholders under the caption " *Share Ownership of Management and Principal Shareholders* " and is incorporated into this document by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information called for by this item will be contained in our definitive Proxy Statement to be distributed in connection with our 2009 annual meeting of shareholders under the caption " *Certain Relationships and Related Transactions* " and is incorporated into this document by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information called for by this item will be contained in our definitive Proxy Statement to be distributed in connection with our 2009 annual meeting of shareholders under the caption *"Principal Accounting Fees and Services"* and is incorporated into this document by reference.



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PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this report:

(1) Financial Statements

	Page No.
Consolidated Balance Sheets as of December 31, 2008 and 2007	46
Consolidated Statements of Income for the Years Ended December 31, 2008, 2007 and 2006	47
Consolidated Statements of Cash Flows for the Years Ended December 31, 2008, 2007 and 2006	48
Consolidated Statements of Changes in Shareholders' Equity for the Years Ended December 31, 2008, 2007 and 2006	49

(2) Financial Statement Schedules

	Page No.
Schedule II — Valuation and Qualifying Accounts	111

All other supplemental schedules are omitted because of the absence of the conditions under which they are required or because the required information is included in the financial statements or related notes.



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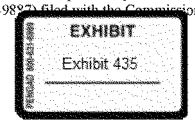
(b) Exhibits

Exhibit No.	Description
2.1	Agreement and Plan of Merger among Nabors Industries, Inc., Nabors Acquisition Corp. VIII, Nabors Industries Ltd. and Nabors US Holdings Inc. (incorporated by reference to Annex I to the proxy statement/prospectus included in Nabors Industries Ltd.'s Registration Statement on Form S-4 (File No. 333-76198) filed with the Commission on May 10, 2002, as amended).
2.2	Amended and Restated Acquisition Agreement, dated as of March 18, 2002, by and between Nabors Industries, Inc. and Enserco Energy Service Company Inc. (incorporated by reference to Exhibit 2.1 to Nabors Industries, Inc.'s Registration Statement on Form S-3 (File No. 333-85228)).
2.3	Form of Plan of Arrangement Under Section 192 of the Canada Business Corporations Act Involving and Affecting Enserco Energy Service Company Inc. and its Security holders (included in Schedule B to Exhibit 2.2).
2.4	Arrangement Agreement dated August 12, 2002 between Nabors Industries Ltd. and Ryan Energy Technologies Inc. (incorporated by reference to Exhibit 2.4 to Nabors Industries Ltd.'s Form 10-K for the year ended December 31, 2002 (File No. 000-49887)).
2.5	Asset Purchase Agreement dated July 20, 2007, by and among Nabors US Finance LLC, Nabors Well Services Co. (inclusive of its Sea Mar Division), Sea Mar Management LLC and Hornbeck Offshore Services, Inc. (incorporated by reference to Exhibit 2.5 to Nabors Industries Ltd.'s Form 10-Q (File No. 001-32657) filed with the Commission on August 2, 2007).
3.1	Memorandum of Association of Nabors Industries Ltd. (incorporated by reference to Annex II to the proxy statement/prospectus included in Nabors Industries Ltd.'s Registration Statement on Form S-4 (Registration No. 333-76198) filed with the Commission on May 10, 2002, as amended).
3.2	Amended and Restated Bye-Laws of Nabors Industries Ltd. (incorporated by reference to Exhibit 4.2 to Nabors Industries Ltd.'s Form 10-Q (File No. 000-49887) filed with the Commission on August 3, 2005).
3.3	Amendment to Amended and Restated Bye-Laws of Nabors Industries Ltd. (incorporated by reference to Exhibit A of Nabors Industries Ltd. Notice of Special General Meeting and Proxy Statement (File No. 001-32657) filed February 24, 2006).
3.4	Form of Resolutions of the Board of Directors of Nabors Industries Ltd. authorizing the issue of the Special Voting Preferred Share (incorporated by reference to Exhibit 3.3 to Nabors Industries Ltd.'s Post-Effective Amendment No. 1 to Registration Statement on Form S-3 (Registration No. 333-85228-99) filed with the Commission on June 11, 2002).
4.1	Indenture dated as of February 5, 2001 between Nabors Industries, Inc. and Bank One, N.A., as trustee, in connection with $1,382,200,000 principal amount at maturity of Zero Coupon Convertible Senior Debentures due 2021 (incorporated by reference to Exhibit 4.11 to Nabors Industries, Inc.'s Form 10-K (File No. 1-9245) filed with the Commission on March 30, 2001).
4.2	First Supplemental Indenture, dated as of June 21, 2002, among Nabors Industries, Inc., as issuer, Nabors Industries Ltd. as guarantor, and Bank One, N.A. as trustee, with respect to Nabors Industries, Inc.'s Zero Coupon Convertible Senior Debentures due 2021 (incorporated by reference to Exhibit 4.5 to Nabors Industries Ltd.'s Form 10-Q (File No. 000-49887) filed with the Commission on August 14, 2002).
4.3	Second Supplemental Indenture dated as of October 25, 2004, by and among Nabors Industries, Inc., as issuer, Nabors Industries Ltd., as guarantor, and J.P. Morgan Trust Company, National Association (as successor to Bank One, N.A.), as Trustee, to the Indenture, dated as of February 5, 2001, as amended, with respect to Nabors Industries, Inc.'s Zero Coupon Convertible Senior Debentures due 2021 (incorporated by reference to Exhibit 4.1 to Nabors Industries Ltd.'s Current Report on Form 8-K (File No. 000-49887) filed with the Commission on October 27, 2004).



4.4	Indenture, dated August 22, 2002, among Nabors Industries, Inc., as issuer, Nabors Industries Ltd., as guarantor, and Bank One, N.A., with respect to Nabors Industries, Inc.'s Series A and Series B 5.375% Senior Notes due 2012 (incorporated by reference to Exhibit 4.1 to Nabors Industries, Inc.'s Registration Statement on Form S-4 (Registration No. 333-10049201) filed with the Commission on October 11, 2002).
4.5	Indenture, dated August 22, 2002, among Nabors Holdings 1, ULC, as issuer, Nabors Industries, Inc. and Nabors Industries Ltd., as guarantors, and Bank One, N.A., with respect to Nabors Holdings 1, ULC's Series A and Series B 4.875% Senior Notes due 2009 (incorporated by reference to Exhibit 4.1 to Nabors Holdings 1, ULC's Registration Statement on Form S-4 (Registration No. 333-10049301) filed with the Commission on October 11, 2002).
4.6	Form of Provisions Attaching to the Exchangeable Shares of Nabors Exchangeco (Canada) Inc. (incorporated by



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Exhibit No.	Description
	reference to Exhibit 4.1 to Nabors Industries, Inc.'s Registration Statement on Form S-3 (Registration No. 333-85228) filed with the Commission on March 29, 2002, as amended).
4.7	Form of Support Agreement between Nabors Industries, Inc., 3064297 Nova Scotia Company and Nabors Exchangeco (Canada) Inc. (incorporated by reference to Exhibit 4.2 to Nabors Industries, Inc.'s Registration Statement on Form S-3 (Registration No. 333-85228) filed with the Commission on March 29, 2002, as amended).
4.8	Form of Acknowledgement of Novation to Nabors Industries, Inc., Nabors Exchangeco (Canada) Inc., Computershare Trust Company of Canada and 3064297 Nova Scotia Company executed by Nabors Industries Ltd. (incorporated by reference to Exhibit 4.3 to Nabors Industries Ltd.'s Post-Effective Amendment No. 1 to Registration Statement on Form S-3 (Registration No. 333-85228-99) filed with the Commission on June 11, 2002).
4.9	Indenture, dated as of June 10, 2003, between Nabors Industries, Inc., Nabors Industries Ltd. and Bank One, N.A. with respect to Nabors Industries, Inc.'s Zero Coupon Senior Exchangeable Notes due 2023 (incorporated by reference to Exhibit 4.1 to Nabors Industries, Inc.'s and Nabors Industries Ltd.'s Registration Statement on Form S-3 (File No. 333-107806-01) filed with the Commission on August 8, 2003).
4.10	Registration Rights Agreement, dated as of June 10, 2003, by and among Nabors Industries, Inc., Nabors Industries Ltd. and Citigroup Global Markets Inc. (incorporated by reference to Exhibit 4.2 to Nabors Industries Inc.'s and Nabors Industries Ltd.'s Registration Statement on Form S-3 (File No. 333-107806-01) filed with the Commission on August 8, 2003).
4.11	First Supplemental Indenture, dated as of October 25, 2004, by and among Nabors Industries, Inc., as issuer, Nabors Industries Ltd., as guarantor, and J.P. Morgan Trust Company, National Association, (as successor to Bank One, N.A.), as trustee to the Indenture, dated as of June 10, 2003, with respect to Nabors Industries, Inc.'s Zero Coupon Senior Exchangeable Notes due 2023 (incorporated by reference to Exhibit 4.2 to Nabors Industries Ltd.'s Current Report on Form 8-K (File No. 000-49887) filed with the Commission on October 27, 2004).
4.12	Indenture, dated as of December 13, 2004, by and among Nabors Industries, Inc., Nabors Industries Ltd., and J.P. Morgan Trust Company, National Association, with respect to Nabors Industries, Inc.'s Series B Zero Coupon Senior Exchangeable Notes due 2023 (incorporated by reference to Exhibit 4.12 to Nabors Industries Ltd.'s Form 10-K (File No. 000-49887) filed with the Commission on March 7, 2005).
4.13	Purchase Agreement, dated May 18, 2006, among Nabors Industries, Inc., Nabors Industries Ltd., Citigroup Global Markets Inc. and Lehman Brothers Inc. (incorporated by reference to Exhibit 4.1 to Nabors Industries Ltd. Form 8-K (File No. 000-49887) filed with the Commission on May 24, 2006).
4.14	Indenture related to the Senior Exchangeable Notes, due 2011, dated as of May 23, 2006, among Nabors Industries, Inc., Nabors Industries Ltd. and Wells Fargo Bank, National Association, as trustee (including form of 0.94% Senior Exchangeable Note due 2011) (incorporated by reference to Exhibit 4.2 to Nabors Industries Ltd. Form 8-K (File No. 000-49887) filed with the Commission on May 24, 2006).
4.15	Registration Rights Agreement, dated as of May 23, 2006, among Nabors Industries, Inc., Nabors Industries Ltd., Citigroup Global Markets Inc. and Lehman Brothers Inc. (incorporated by reference to Exhibit 4.3 to Nabors Industries Ltd. Form 8-K (File No. 000-49887) filed with the Commission on May 24, 2006).
4.16	Amended and Restated 2003 Employee Stock Plan (incorporated by reference to Exhibit A of Nabors Industries Ltd. Notice of 2006 Annual General Meeting of Shareholders and Proxy Statement (File No. 001-32657) filed May 4, 2006).
4.17	Purchase Agreement, dated February 14, 2008, among Nabors Industries, Inc., Nabors Industries Ltd., Citigroup Global Markets Inc. and UBS Securities LLC (incorporated by reference to Exhibit 4.1 to Nabors Industries Ltd. Form 8-K (File No. 000-49887) filed February 22, 2008).



4.18	Indenture related to the Senior Notes due 2018, dated February 20, 2008, among Nabors Industries, Inc., Nabors Industries Ltd. and Wells Fargo Bank, National Association, as trustee (including form of 6.15% Senior Note due 2018) (incorporated by reference to Exhibit 4.2 to Nabors Industries Ltd. Form 8-K (File No. 000-49887) filed February 22, 2008).
4.19	Registration Rights Agreement, dated as of February 20, 2008, among Nabors Industries, Inc., Nabors Industries, Ltd., Citigroup Global Markets Inc. and UBS Securities LLC (incorporated by reference to Exhibit 4.3 to Nabors Industries Ltd. Form 8-K (File No. 000-49887) filed February 22, 2008).
4.20	Purchase Agreement, dated July 17, 2008, among Nabors Industries, Inc., Nabors Industries, Ltd., Citigroup Global Markets Inc. and UBS Securities LLC (incorporated by reference to Exhibit 4.1 to Nabors Industries Ltd. Form 8-K (File No. 000-49887) filed July 1, 2008).
4.21	Registration Rights Agreement, dated July 22, 2008, among Nabors Industries, Inc., Nabors Industries, Ltd., Citigroup Global Markets Inc. and UBS Securities LLC (incorporated by reference to Exhibit 4.2 to Nabors Industries Ltd. Form 8-K (File No. 000-49887) filed July 1, 2008).



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Exhibit No.	Description
4.22	Purchase Agreement, dated January 7, 2009, among Nabors Industries, Inc., Nabors Industries Ltd., Goldman, Sachs & Co., UBS Securities LLC, Citigroup Global Markets Inc., Deutsche Bank Securities Inc., Howard Weil Incorporated, J.P. Morgan Securities Inc., Morgan Stanley & Co. Incorporated, Tudor, Pickering, Holt & Co. Securities, Inc. and Wells Fargo Securities, LLC (incorporated by reference to Exhibit 4.1 to Nabors Industries Ltd.'s Form 8-K (File No. 001-32657) filed January 14, 2009).
4.23	Indenture related to the Senior Notes due 2019, dated as of January 12, 2009, among Nabors Industries, Inc., Nabors Industries Ltd. and Wells Fargo Bank, National Association, as trustee (including form of 9.25% Senior Note due 2019) (incorporated by reference to Exhibit 4.2 to Nabors Industries Ltd.'s Form 8-K (File No. 001-32657) filed January 14, 2009).
4.24	Registration Rights Agreement, dated as of January 12, 2009, among Nabors Industries, Inc., Nabors Industries Ltd., Goldman, Sachs & Co., UBS Securities LLC, Citigroup Global Markets Inc., Deutsche Bank Securities Inc., Howard Weil Incorporated, J.P. Morgan Securities Inc., Morgan Stanley & Co. Incorporated, Tudor, Pickering, Holt & Co. Securities, Inc. and Wells Fargo Securities, LLC (incorporated by reference to Exhibit 4.2 to Nabors Industries Ltd.'s Form 8-K (File No. 001-32657) filed January 14, 2009).
10.1 (+)	1996 Employee Stock Plan (incorporated by reference to Nabors Industries Inc.'s Registration Statement on Form S-8 (Registration No. 333-11313) filed September 3, 1996).
10.2 (+)	1994 Executive Stock Option Agreement effective December 28, 1994, between Nabors Industries, Inc. and Eugene M. Isenberg (incorporated by reference to Exhibit 10.4 to Nabors Industries Inc.'s Form 10-K (File No. 1-9245) filed December 30, 1996).
10.3 (+)	1994 Executive Stock Option Agreement effective December 28, 1994, between Nabors Industries, Inc. and Anthony G. Petrello (incorporated by reference to Exhibit 10.5 to Nabors Industries Inc.'s Form 10-K (File No. 1-9245) filed December 30, 1996).
10.4 (+)	Employment Agreement effective October 1, 1996, between Nabors Industries, Inc. and Eugene M. Isenberg (incorporated by reference to Exhibit 10.7 to Nabors Industries Inc.'s Form 10-Q (File No. 1-9245) filed May 16, 1997).
10.5 (+)	First Amendment to Amended and Restated Employment Agreement between Nabors Industries, Inc., Nabors Industries Ltd. and Eugene M. Isenberg dated as of June 24, 2002 (incorporated by reference to Exhibit 10.1 to Nabors Industries Ltd.'s Form 10-Q (File No. 000-49887) filed August 14, 2002).
10.6 (+)	Second Amendment to Employment Agreement between Nabors Industries, Inc., Nabors Industries Ltd. and Eugene M. Isenberg dated as of July 17, 2002 (incorporated by reference to Exhibit 10.1 to Nabors Industries Ltd.'s Form 10-Q (File No. 000-49887) filed August 14, 2002).
10.7 (+)	Third Amendment to Employment Agreement between Nabors Industries, Inc., Nabors Industries Ltd. and Eugene M. Isenberg dated as of December 28, 2005 (incorporated by reference to Exhibit 10.01 to Nabors Industries Ltd.'s Form 8-K (File No. 000-49887) filed December 28, 2005).
10.8 (+)	Fourth Amendment to Employment Agreement between Nabors Industries, Inc., Nabors Industries Ltd. and Eugene M. Isenberg dated as of March 10, 2006 (incorporated by reference to Exhibit 10.8 to Nabors Industries Ltd.,'s Form 10-K (File No. 000-49887) filed March 16, 2006).
10.9 (+)	Fifth Amendment to Employment Agreement between Nabors Industries, Inc., Nabors Industries Ltd. and Eugene M. Isenberg dated as of December 31, 2008 (incorporated by reference to Exhibit 10.1 to Nabors Industries Ltd. Form 8-K (File No. 001-32657) filed with the Commission on January 7, 2009).
10.10 (+)	Employment Agreement effective October 1, 1996, between Nabors Industries, Inc. and Anthony G. Petrello (incorporated by reference to Exhibit 10.8 to Nabors (File No. 1-9245) filed May 16, 1997).



10.11 (+)	First Amendment to Amended and Restated Employment Agreement between Nabors Industries, Inc., Nabors Industries Ltd. and Anthony G. Petrello dated as of June 24, 2002 (incorporated by reference to Exhibit 10.2 to Nabors Industries Ltd.'s Form 10-Q (File No. 000-49887) filed August 14, 2002).
10.12 (+)	Second Amendment to Employment Agreement between Nabors Industries, Inc., Nabors Industries Ltd. and Anthony G. Petrello dated as of July 17, 2002 (incorporated by reference to Exhibit 10.3 to Nabors Industries Ltd.'s Form 10-Q, File No. 000-49887, filed August 14, 2002).
10.13 (+)	Third Amendment to Employment Agreement between Nabors Industries, Inc., Nabors Industries Ltd. and Anthony G. Petrello dated as of December 28, 2005 (incorporated by reference to Exhibit 10.02 to Nabors Industries Ltd.'s Form 8-K (File No. 000-49887) filed December 28, 2005).
10.14 (+)	Fourth Amendment to Employment Agreement between Nabors Industries, Inc., Nabors Industries Ltd. and Anthony G. Petrello dated as of December 31, 2008 (incorporated by reference to Exhibit 10.2 to Nabors Industries Ltd. Form



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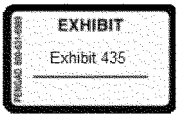
Exhibit No.	Description
	8-K (File No. 001-32657) filed with the Commission on January 7, 2009).
10.15 (+)	Waiver dated as of September 27, 2002, pursuant to Section 9.[c] and Schedule 9.[c] of the Amended Employment Agreement among Nabors Industries, Inc., Nabors Industries Ltd., and Anthony G. Petrello (incorporated by reference to Exhibit 10.1 to Nabors Industries Ltd.'s Form 10-Q (File No. 000-49887) filed November 14, 2002).
10.16 (+)	Nabors Industries, Inc. 1996 Chairman's Executive Stock Plan (incorporated by reference to Exhibit 10.17 to Nabors Industries Inc.'s Form 10-K (File No. 1-9245) filed December 29, 1997).
10.17 (+)	Nabors Industries, Inc. 1996 Executive Officers Stock Plan (incorporated by reference to Exhibit 10.18 to Nabors Industries Inc.'s Form 10-K (File No. 1-9245) filed December 29, 1997).
10.18 (+)	Nabors Industries, Inc. 1996 Executive Officers Incentive Stock Plan (incorporated by reference to Exhibit 10.9 to Nabors Industries Inc.'s Form 10-K (File No. 1-9245) filed December 29, 1997).
10.19 (+)	Nabors Industries, Inc. 1997 Executive Officers Incentive Stock Plan (incorporated by reference to Exhibit 10.20 to Nabors Industries Inc.'s Form 10-K (File No. 1-9245) filed December 29, 1997).
10.20 (+)	Nabors Industries, Inc. 1998 Employee Stock Plan (incorporated by reference to Exhibit 10.19 to Nabors Industries Inc.'s Form 10-K (File No. 1-9245) filed March 31, 1999).
10.21 (+)	Nabors Industries, Inc. 1998 Chairman's Executive Stock Plan (incorporated by reference to Exhibit 10.20 to Nabors Industries Inc.'s Form 10-K (File No. 1-9245) filed March 31, 1999).
10.22 (+)	Nabors Industries, Inc. 1999 Stock Option Plan for Non-Employee Directors (incorporated by reference to Exhibit 10.21 to Nabors Industries Inc.'s Form 10-K (File No. 1-9245) filed March 31, 1999).
10.23 (+)	Amendment to Nabors Industries, Inc. 1999 Stock Option Plan for Non-Employee Directors (incorporated by reference to Exhibit 10.19 to Nabors Industries Inc.'s Form 10-K (File No. 1-09245) filed March 19, 2002).
10.24 (+)	1999 Pool Employee/Director Option Exchange Plan (incorporated by reference to Exhibit 10.20 to Nabors Industries Inc.'s Form 10-K (File No. 1-09245) filed March 19, 2002).
10.25	Form of Indemnification Agreement entered into between Nabors Industries Ltd. and the directors and executive officers identified in the schedule thereto (incorporated by reference to Exhibit 10.28 to Nabors Industries Ltd.'s Form 10-K (File No. 000-49887) filed March 31, 2003).
10.26 (+)	Amended and Restated 1999 Stock Option Plan for Non-Employee Directors (amended on May 2, 2003) (incorporated by reference to Exhibit 10.29 to Nabors Industries Ltd.'s Form 10-Q (File No. 000-49887) filed May 12, 2003).
10.27 (+)	2003 Employee Stock Option Plan (incorporated by reference to Annex D of Nabors Industries Ltd.'s Notice of 2003 Annual General Meeting of Shareholders and Proxy Statement (File No. 000-49887) filed May 8, 2003).
10.28	Purchase and Sale Agreement (Red River) by and among El Paso Production Company and El Paso Production GOM Inc., jointly and severally as Seller and Ramshorn Investments, Inc., as Purchaser dated October 8, 2003 (incorporated by reference to Exhibit 10.23 to Nabors Industries Ltd.'s Form 10-K (File No. 000-49887) filed March 15, 2004).
10.29	Purchase and Sale Agreement (USA) between El Paso Production Oil & Gas USA, L.P., as Seller and Ramshorn Investments, Inc., as Purchaser dated October 8, 2003 (incorporated by reference to Exhibit 10.24 to Nabors Industries Ltd.'s Form 10-K (File No. 000-49887) filed March 15, 2004).



10.30	Exploration Participation Agreement (South Texas) by and between El Paso Production Oil & Gas Company and El Paso Production Oil & Gas USA, L.P., jointly and severally and Ramshorn Investments, Inc., dated November 6, 2003 (incorporated by reference to Exhibit 10.25 to Nabors Industries Ltd.'s Form 10-K (File No. 000-49887) filed March 15, 2004).
10.31	Exploration Participation Agreement (Catapult) by and between El Paso Production Company, and Ramshorn Investments, Inc., dated November 6, 2003 (incorporated by reference to Exhibit 10.26 to Nabors Industries Ltd.'s Form 10-K (File No. 000-49887) filed March 15, 2004).
10.32 (+)	Form of Restricted Stock Award—Isenberg/Petrello (incorporated by reference to Exhibit 10.01 to Nabors Industries Ltd.'s Form 8-K (File No. 000-49887) filed March 2, 2005).
10.33 (+)	Form of Restricted Stock Award—Others (incorporated by reference to Exhibit 10.02 to Nabors Industries Ltd.'s Form 8-K (File No. 000-49887) filed March 2, 2005).
10.34 (+)	Form of Stock Option Agreement—Isenberg/Petrello (incorporated by reference to Exhibit 10.03 to Nabors Industries Ltd.'s Form 8-K (File No. 000-49887) filed March 2, 2005).
10.35 (+)	Form of Stock Option Agreement—Others (incorporated by reference to Exhibit 10.04 to Nabors Industries Ltd.'s Form 8-K (File No. 000-49887) filed March 2, 2005).
10.36	First Amendment to 2003 Employee Stock Plan (incorporated by reference to Exhibit 4.1 to Nabors Industries Ltd.'s



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Exhibit No.	Description
	Form 10-Q (File No. 000-49887) filed August 3, 2005).
10.37	Form of Notice of Resignation-Bruce P. Koch, Vice President and Chief Financial Officer (incorporated by reference to Item 5.01 Nabors Industries, Ltd., Form 8-K (File No. 000-49887) filed October 27, 2008).
10.38	Nabors Industries Ltd. Amended and Restated 2003 Employee Stock Plan (incorporated by reference to Exhibit A of Nabors Industries Ltd.'s Revised Definitive Proxy Statement on Schedule 14A (File No. 001-32657) filed with the Commission on May 4, 2006) (incorporated by reference to Exhibit 99.1 to Nabors Industries Ltd.'s Form S-8 filed November 12, 2008.
12	Computation of Ratios. *
14	Code of Business Conduct (incorporated by reference to Exhibit 14 to Nabors Industries Ltd.'s Form 10-K (File No. 000-49887) filed March 15, 2004).
18	Preference Letter of Independent Accountants Regarding Change in Accounting Principle (incorporated by reference to Exhibit 18 to Nabors Industries Ltd.'s Form 10-Q (File No. 000-49887) filed November 2, 2005).
21	Significant Subsidiaries of Nabors Industries Ltd. *
23	Consent of Independent Registered Public Accounting Firm. *
31.1	Rule 13a-14(a)/15d-14(a) Certification, executed by Eugene M. Isenberg, Chairman and Chief Executive Officer of Nabors Industries Ltd. *
31.2	Rule 13a-14(a)/15d-14(a) Certification, executed by Bruce P. Koch, Vice President and Chief Financial Officer of Nabors Industries Ltd. *
32.1	Certifications required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350), executed by Eugene M. Isenberg, Chairman and Chief Executive Officer of Nabors Industries Ltd. and Bruce P. Koch, Vice President and Chief Financial Officer of Nabors Industries Ltd. (furnished herewith).

* Filed herewith.

(+) Management contract or compensatory plan or arrangement.



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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NABORS INDUSTRIES LTD.

By: /s/ Eugene M. Isenberg
Eugene M. Isenberg
Chairman and Chief Executive Officer

By: /s/ Bruce P. Koch
Bruce P. Koch
Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: February 27, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Eugene M. Isenberg Eugene M. Isenberg	Chairman and Chief Executive Officer	February 27, 2009
/s/ James L. Payne James L. Payne	Director	February 27, 2009
/s/ Anthony G. Petrello Anthony G. Petrello	Deputy Chairman, President and Chief Operating Officer	February 27, 2009
/s/ Hans Schmidt Hans Schmidt	Director	February 27, 2009
/s/ Myron M. Sheinfeld Myron M. Sheinfeld	Director	February 27, 2009
/s/ Martin J. Whitman Martin J. Whitman	Director	February 27, 2009
/s/ William T. Comfort William T. Comfort	Director	February 27, 2009



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SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

Years Ended December 31, 2008, 2007 and 2006

(In thousands)	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
2008					
Allowance for doubtful accounts	$16,713	$ 6,715	$ 1,241	$ (1,445)	$ 23,224
Inventory reserve	2,309	4,573	—	(2,399)	4,483
Valuation allowance on deferred tax assets	29,658	102,604	—	—	132,262
2007					
Allowance for doubtful accounts	$14,850	$ 2,824	$ 88	$ (1,049) [1]	$ 16,713
Inventory reserve	1,145	1,164	—	—	2,309
Valuation allowance on deferred tax assets	22,140	8,144	(626)	—	29,658
2006					
Allowance for doubtful accounts	$11,364	$ 3,354	$ 652	$ (520) [1]	$ 14,850
Inventory reserve	1,808	534	—	(1,197) [2]	1,145
Valuation allowance on deferred tax assets	17,566	4,574	—	—	22,140

(1) Uncollected receivables written-off, net of recoveries.

(2) Inventory written-off.



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EXHIBIT 12

NABORS INDUSTRIES, LTD. AND SUBSIDIARIES
COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES
(In thousands, except ratio amounts)

		Year Ended December 31,		
		2008	2007	2006
Income from continuing operations before income taxes		$ 801,624	$ 1,135,331	$ 1,427,902
Less earnings (add losses) from affiliates, net of dividends		236,763	(5,136)	(18,111)
Add amortization of capitalized interest		3,350	2,501	1,855
Add fixed charges as adjusted		96,030	57,585	49,731
Earnings	(1)	$ 1,137,767	$ 1,190,281	$ 1,461,377
Fixed charges:				
Interest expense:				
Interest on indebtedness		$ 82,136	$ 43,339	$ 36,543
Capitalized		12,951	9,853	9,495
Amortization of debt related costs (a)		9,484	10,363	10,043
Interest portion of rental expense		4,410	3,883	3,145
Fixed charges before adjustments	(2)	108,981	67,438	59,226
Less capitalized interest		(12,951)	(9,853)	(9,495)
Fixed charges as adjusted		$ 96,030	$ 57,585	$ 49,731
Ratio (earnings divided by fixed charges before adjustments)	(1)/(2)	10.44	17.65	24.67

(a) Includes deferred financing, discount and premium amortization.

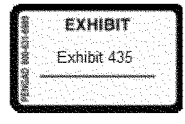

Exhibit 21

Nabors Industries, Ltd. and Subsidiaries
Significant Subsidiaries

Subsidiary
Nabors Drilling Canada ULC
Nabors Drilling International Ltd
Nabors Drilling International II Ltd
Nabors Drilling USA, LP
Nabors Drilling Limited (Canada)
Nabors Holding Company
Nabors Industries Inc.
Nabors International Finance Inc
Nabors International Holdings Ltd
Nabors Malta Holding Company Ltd.
Nabors International Management Ltd
Nabors Canada
Ryan Energy Technologies Inc.
Oak Leaf Investments Inc
Nabors Diamond Holdings, Inc
Nabors Well Services Co
Yellow Deer Investments Corp
Nabors Global Holdings Ltd
Nabors Hungary Kft
Maple Leaf Holdings Ltd.
Ramshorn Investments, Inc.
Nabors Blue Shield Ltd.

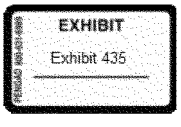

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Registration Numbers 333-87069-99, 333-11313-99, 333-121908, and 333-155291) of Nabors Industries Ltd., on Form S-3 (Registration Numbers 333-85228-99 and 333-99267) of Nabors Industries Ltd., and on Form S-3 (Registration Number 333-136797-01) of Nabors Industries Ltd. and Nabors Industries, Inc. of our report dated February 27, 2009 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Houston, Texas

February 27, 2009



EXHIBIT 31.1

Certification of Chief Executive Officer
Pursuant to Exchange Act Rule 13a-14(a) or 15d-14(a)

I, Eugene M. Isenberg, certify that:

1. I have reviewed this annual report on Form 10-K of Nabors Industries Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 27, 2009

/s/ Eugene M. Isenberg
Eugene M. Isenberg
Chairman and Chief Executive Officer



EXHIBIT 31.2

Certification of Chief Financial Officer
Pursuant to Exchange Act Rule 13a-14(a) or 15d-14(a)

I, Bruce P. Koch, certify that:

1. I have reviewed this annual report on Form 10-K of Nabors Industries Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 27, 2009

/s/ Bruce P. Koch
Bruce P. Koch
Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)



EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Nabors Industries Ltd. (the "Company") for the year ended December 31, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Eugene M. Isenberg, Chairman and Chief Executive Officer of the Company, and I, Bruce P. Koch, Vice President and Chief Financial Officer of the Company, each certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Eugene M. Isenberg
Eugene M. Isenberg
Chairman and Chief Executive Officer
February 27, 2009

/s/ Bruce P. Koch
Bruce P. Koch
Vice President and Chief Financial Officer
February 27, 2009

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http://documentresearch.morningstar.com
Source: NABORS INDUSTRIES LTD, 10-K, March 02, 2009



NABORS CORPORATE SERVICES, INC.
(As Paying Agent)
515 West Greens Road, Suite 1200
Houston, Texas 77067-4625

Check No.: Redacted
Date: 08/20/2009
Vendor No.: Redacted
Page: 1 of 1

CITY COLLEGE OF NEW YORK
SHEPHARD HALL ROOM 154
160 CONVENT AVE
NEW YORK , NY 10031

Payment On Behalf Of: Nabors Offshore Corporation

INVOICE NO.	INVOICE DATE	DESCRIPTION	DISCOUNT AMT.	NET AMOUNT
Redacted	06/04/2009		$0.00	$100,000.00
		TOTALS		$100,000.00

DETACH AND RETAIN THIS STUB FOR YOUR RECORDS, CHECK Redacted ATTACHED BELOW

NABORS CORPORATE SERVICES, INC.
515 West Greens Road, Suite 1200
Houston, Texas 77067-4625

62 - 20
311

Check No. Redacted
08/20/2009
Vendor No. Redacted

Y TO THE
DER OF

CITY COLLEGE OF NEW YORK
SHEPHARD HALL ROOM 154
160 CONVENT AVE
NEW YORK , NY 10031

*** **$100,000.00

ne hundred thousand and 00/100 Dollars

Void after 120 Days

CITIBANK N.A.
ONE PENNS WAY, NEW CASTLE, DE 19720

AUTHORIZED SIGNATURE

Redacted

EXHIBIT
Exhibit 436

CSOC.CBR.00024828

CSOC.CBR.00024828

CSOC.CBR.00024829

THE CITY COLLEGE OF THE CITY UNIVERSITY OF NEW YORK
DEPOSIT TRANSMITTAL FORM

☐ BURSAR ☐ TRUST & GIFTS ☑ 21st CENTURY FOUNDATION

DEPOSIT TO : Charles B. Rangel Center

TRANSMITTING DEPT : Development
TRANSMITTER'S NAME : Edward Schaefer DATE : 6/10/2009
BLDG & ROOM NO : SH 154 PHONE: 6141

Account Numbers					REMITTER AND PURPOSE (Detail list if possible)	AMOUNT
Fund	Income Code	Dept.	Project	Fund Source		
10		65001	920287	20500	Isenberg Family Charitable Trust - pledge payment	$100,000.00
					(Donor: Eugene Isenberg)	
					Total * * * *	$100,000.00

The Isenberg Family Charitable Trust
Two North Breakers Row
Palm Beach FL 33480

661

Date 11-8-09 50-232/113

Pay to the order of City College 21st Century Foundation $100,000.00
One hundred thousand dollars and 00 cents

Goldman Sachs & Co.
Private Wealth Management Trust of New England, N.A.

For Charles B. Rangel Center

(Transmitter's Signature)

Pls. Send completed form with cash and checks to: OFFICE OF FINANCIAL SERVICES, Wingate Hall, Room 112

For Use of the Office of Financial Services ONLY

Date Received _____ By _____
Date Processed _____ Doc No _____
Amount Deposited _____

EXHIBIT
Exhibit 437

Go to 'Form Completed'

Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

1. Registrant name ☒ Organization ☐ Individual

Organization Clark Consulting Federal Policy Group

2. Address ☐ Check if different than previously reported

Address1 101 Constitution Avenue, NW #701E Address 2

City Washington State DC Zip Code 20001 Country USA

3. Principal place of business (if different than line 2)

City State Zip Code Country

City State/Zip or Country

4a. Contact Name Prefix Full Name Mr. Peter Woelper

b. Telephone number 202-772-2485

c. E-mail pete.woelper@clarkconsulting.co

5. Senate ID #

7. Client Name ☐ Self

Nabors Industries Ltd.

6. House ID # 35888035

TYPE OF REPORT 8. Year 2005 Midyear (January 1-June30) ☐ OR Year End (July 1-December 31) ☒

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ ⇨ Termination Date _____ 11. No Lobbying Activity ☐

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying Firms

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☒ ⇨ $ 100,000

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSES relating to lobbying activities for this reporting period were:

Less than $10,000 ☐

$10,000 or more ☐ ⇨ $ _____

14. REPORTING METHOD. Check box to indicate expense accounting method. See instructions for description of options.

☐ **Method A.** Reporting amounts using LDA definitions only

☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Edit Form > Form Completed >

Senate Password File with Senate >

Signature James F Carlisle Digitally signed by James F Carlisle DN: CN = James F Carlisle, C = US, O = DST ACES Business Representative, OU = ACES Trust® Business Certificate Date: 2006.02.13 16:53:05 -05'00' Date 2/13/2006

Printed Name and Title James F. Carlisle - Director

LD-2DS (Rev. 4.04)

EXHIBIT

Exhibit 438

CSOC.CBR.00032333

Go to 'Form Completed'

Delete this page

Registrant Name Clark Consulting Federal Policy Group Client Name Nabors Industries Ltd.

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code TAX - Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues

Add page to continue specific issues description for this issue

Proposals regarding corporate residency and inversion transactions (S. 2020, H.R. 3959)

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

House, Senate

18. Name of each individual who acted as a lobbyist in this issue area

Add a page to continue adding lobbyists for this issue

Name First Name	Name Last Name	Name Suffix	Covered Official Position (if applicable)	New
Ken	Kies			☐
Rob	Leonard			☐
Pat	Raffaniello			☐
Jim	Carlisle			☐
Jayne	Fitzgerald			☐
Tim	Hanford			☐
Scott	Parven			☐
John	Meagher			☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature *Document digitally signed on Page 1.* Date 2/13/2006

Printed Name and Title James F. Carlisle -

EXHIBIT

Exhibit 438

LD-2DS (Rev. 4.04)

CSOC.CBR.00032334

Go to 'Form Completed'

Delete this page

Registrant Name Clark Consulting Federal Policy Group Client Name Nabors Industries Ltd.

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code MAR - Marine/Maritime/Boating/Fisheries (one per page)

16. Specific lobbying issues

Add page to continue specific issues lobbied on for this issue

Coast Guard and Maritime Transportation Act of 2005 (H.R. 889)

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

House, Senate

18. Name of each individual who acted as a lobbyist in this issue area

Add a person to continue adding lobbyists for this issue

Name First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Ken	Kies			☐
Rob	Leonard			☐
Pat	Raffaniello			☐
Jim	Carlisle			☐
Jayne	Fitzgerald			☐
Tim	Hanford			☐
Scott	Parven			☐
John	Meagher			☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different issue

Signature Date

Printed Name and Title James F. Carlisle

EXHIBIT
Exhibit 438

LD-2DS (Rev. 4.04)

Bill Summary & Status

S.349

S.349 [110th]
Title: Small Business and Work Opportunity Act of 2007
Sponsor: Sen Baucus, Max [D-MT] (introduced 1/22/2007) **Cosponsors:** (none)
Committees: Senate Finance
Senate Reports: 110-1
Related Bills: H.R.4840, S.3063
Latest Major Action: 1/22/2007 Placed on Senate Legislative Calendar under General Orders. Calendar No. 10.

Jump to: Titles, Major Actions, Committees, Summary

TITLE(S): (*italics indicate a title for a portion of a bill*)

- SHORT TITLE(S) AS INTRODUCED:
  Small Business and Work Opportunity Act of 2007
- SHORT TITLE(S) AS REPORTED TO SENATE:
  Small Business and Work Opportunity Act of 2007
- OFFICIAL TITLE AS INTRODUCED:
  An original bill to amend the Internal Revenue Code of 1986 to provide additional tax incentives to employers and employees of small businesses, and for other purposes.

MAJOR ACTIONS: [SELECTED] *(dates in italics indicate Senate actions)* For more details, see: Bill Status Display.

1/22/2007	Introduced in Senate
1/22/2007	Committee on Finance. Original measure reported to Senate by Senator Baucus. With written report No. 110-1. Additional views filed.
1/22/2007	Placed on Senate Legislative Calendar under General Orders. Calendar No. 10.

COMMITTEE(S):

Committee/Subcommittee:	Activity:
Senate Finance	Origin, Reporting, Markup

SUMMARY AS OF:
1/22/2007--Reported to Senate without amendment, 1st committee reporting. (There is 1 other summary)

(This measure has not been amended since it was introduced. The summary has been expanded because action occurred on the measure.)

Small Business and Work Opportunity Act of 2007 - **Title I: Small Business Tax Relief Provisions - Subtitle**

EXHIBIT
Exhibit 438

CSOC.CBR.00032336

A: General Provisions - (Sec. 101) Amends the Internal Revenue Code to extend through 2010 the increased expensing allowance for small business assets.

(Sec. 102) Extends through March 2008 accelerated depreciation of qualified leasehold and restaurant improvement property. Revises the definition of "qualified restaurant property" to eliminate the requirement that improvements to restaurant property must be placed in service more than three years after the original building is placed in service.

Allows accelerated depreciation (i.e., 15-year recovery period, using the straight line method) for qualified retail improvement property placed in service before April 1, 2008. Defines "qualified retail improvement property" as improvements to the interior portion of a nonresidential building used as a retail trade or business serving the general public. Excludes as an improvement the enlargement of the building, any elevator or escalator, common area structures, or the internal structural framework of the building.

(Sec. 103) Exempts certain small businesses from the requirement of using the accrual method of accounting (thus permitting such businesses to use a cash method of accounting). Limits such exemption to businesses which have annual gross receipts of not more than $10 million (increased from $5 million). Indexes the gross receipts amount for inflation after 2008. Exempts such small businesses eligible to use cash accounting methods from the requirement to use inventories.

(Sec. 104) Extends the work opportunity tax credit through 2012. Expands the veterans eligible for such credit to include veterans with service-connected disabilities incurred after September 10, 2001. Increases the amount of disabled veteran first year wages eligible for the credit from $6,000 to $12,000.

Establishes as a new targeted group under such credit designated community residents (in lieu of high risk youth). Requires such residents to be between the ages of 18 and 40 and have a principal place of abode in an empowerment zone, enterprise community, or renewal community.

Modifies the definition of vocational rehabilitation referral for purposes of such credit to include certain individual work plans developed and implemented by an employment network under the Social Security Act.

(Sec. 105) Provides rules for the treatment of certified professional employer organizations as employers for purposes of employment tax liability and other employment tax obligations. Sets forth requirements applicable to certified professional employer organizations, including bond and independent financial review requirements.

Subtitle B: Subchapter S Provisions - (Sec. 111) Redefines "passive investment income" for purposes of S corporation revocation rules to exclude gains from the sale or exchange of stock or securities as an item of passive investment income.

(Sec. 112) Excludes restricted bank director stock from treatment as S corporation stock.

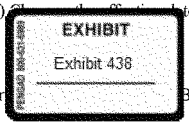
(Sec. 113) Sets forth a special accounting rule for banks that become S corporations and that change from the reserve method of accounting for bad debts.

(Sec. 114) Revises the tax treatment of sales of stock of wholly-owned subsidiaries of S corporations.

(Sec. 115) Sets forth a special rule for the treatment of the pre-1983 accumulated earnings and profits of certain corporations described by the Small Business Jobs Protection Act of 1996.

(Sec. 116) Permits a nonresident alien to be a potential current beneficiary of an electing small business trust (ESBT).

Title II: Revenue Provisions - (Sec. 201) Changes the effective date (to taxable years beginning after



CSOC.CBR.00032337

December 31, 2006) of certain loss deferral rules applicable to leases entered into with a foreign person or entity on or before March 12, 2004.

(Sec. 202) Applies rules treating certain foreign corporations as domestic corporations for tax purposes for inversion transactions (sales or transfers of more than 80% of a domestic corporation's stock or assets to a foreign subsidiary for tax avoidance purposes) occurring after March 20, 2002, and before March 4, 2003.

(Sec. 203) Denies a tax deduction for punitive damages paid or incurred resulting from a judgment or settlement of a claim.

(Sec. 204) Revises tax rules that deny a tax deduction for fines and penalties paid to a government for the violation of any law to provide that no deduction shall be allowed for any fine or penalty paid (whether by suit, agreement, or otherwise) to, or at the direction of, a government or nongovernmental regulatory entity for a violation or for the investigation or inquiry into a potential violation.

Allows exceptions to the general rule of nondeductibility for: (1) certain restitution payments or payments required to come into compliance with law; (2) court-ordered payments not involving a government or nongovernmental regulatory entity; and (3) amounts paid or incurred as taxes due.

Requires governmental agencies involved in a settlement with a taxpayer to report information about such settlement to the Secretary of the Treasury and the taxpayer, including the amount of the settlement, the amount paid as restitution or remediation of property, and the amount paid to come into compliance with law.

(Sec. 205) Sets forth rules for the tax treatment of U.S. citizens and permanent resident aliens (expatriates) who terminate their citizenship or residency to avoid U.S. taxation. Taxes such expatriates on their property as if sold on the day before expatriation at its fair market value. Allows an exclusion of the first $600,000 (adjusted annually for inflation) of such gain.

Allows expatriates to elect to continue being taxed as U.S. citizens. Allows a deferral of any tax owed resulting from such election, but requires the posting of adequate security for payment of any deferred amount.

Sets forth rules for the tax treatment of retirement plans, interests in trusts, gifts, and inheritances of expatriates.

Amends the Immigration and Nationality Act to render inadmissible to the United States (deny reentry to) expatriates who fail to comply with their tax obligations as set forth in this Act. Requires the Secretary of Homeland Security to disclose to the Attorney General whether an expatriate is in compliance.

(Sec.206) Limits the annual aggregate amounts which may be deferred under a nonqualified deferred compensation plan.

(Sec. 207) Increases criminal fines and prison terms for attempting to evade or defeat tax, willful failure to file tax returns or pay tax, aggravated failure to file tax returns, and making fraud and false statements in connection with a tax return.

(Sec. 208) Doubles tax penalties, fines, and interest on underpayments of tax related to tax shelters involving offshore financial arrangements. Allows the Secretary to waive such penalties for certain businesses that use offshore payments in the ordinary course of business.

(Sec. 209) Increases the penalty for tendering a bad check or money order for payment of tax.

(Sec. 210) Sets forth requirements for regulations governing contingent payment convertible debt instruments.



CSOC.CBR.00032338

(Sec. 211) Extends the authorization for charging Internal Revenue Service (IRS) user fees through FY2016.

(Sec. 212) Allows tax levies for federal employment taxes without pre-levy collection due process hearings.

(Sec. 213) Modifies requirements for the IRS whistleblower program. Reduces from $2 million to $20,000 the required amount of tax in dispute for granting whistleblower awards.

Establishes in the IRS a Whistleblower Office and authorizes appropriations. Requires the Secretary to report to Congress on its establishment and operation.

Authorizes the Tax Court to adopt rules to preserve the confidentiality of whistleblowers who appeal awards.

(Sec. 214) Redefines "covered employee" for purposes of the limitation on the tax deduction for excessive employee remuneration.

Search Results > S.349 > Overview

Modify Search | New Search | Save Search/Alert Help | Contact Us



CSOC.CBR.00032339

Go to 'Form Completed'

Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

1. Registrant name ☒ Organization ☐ Individual

Organization Clark Consulting Federal Policy Group

2. Address ☐ Check if different than previously reported

Address1 101 Constitution Avenue, NW #701E Address 2

City Washington State DC Zip Code 20001 Country USA

3. Principal place of business (if different than line 2)

City State Zip Code Country

City State/Zip or Country

4a. Contact Name (Prefix / Full Name)	b. Telephone number	c. E-mail	5. Senate ID #
Mr. Peter Woelper	202-772-2485	pete.woelper@clarkconsulting.co	72975-710
7. Client Name ☐ Self			6. House ID #
Nabors Industries Ltd.			35888035

TYPE OF REPORT 8. Year 2006 Midyear (January 1-June30) ☒ OR Year End (July 1-December 31) ☐

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ ⇨ Termination Date _____ 11. No Lobbying Activity ☐

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying Firms

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☒ ⇨ $ 80,000

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSES relating to lobbying activities for this reporting period were:

Less than $10,000 ☐

$10,000 or more ☐ ⇨ $ _____

14. REPORTING METHOD. Check box to indicate expense accounting method. See instructions for description of options.

☐ **Method A.** Reporting amounts using LDA definitions only

☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Form Completed

Signature James F Carlisle Digitally signed by James F Carlisle DN: C=US, O=DST ACES Business Representative, OU=ACES TrustID Business Certificate Date: 2006.08.12 08:59:06 -04'00' Date 8/12/2006

Printed Name and Title James F. Carlisle - Director

LD-2DS (Rev. 4/03)

EXHIBIT
Exhibit 439

CSOC.CBR.00032346

Go to 'Form Completed'
Delete this page

Registrant Name Clark Consulting Federal Policy Group Client Name Nabors Industries Ltd.

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code TAX - Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues

Proposals regarding corporate residency and inversion transactions (H.R. 4297, S. 1321, H.R. 3959)

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

House, Senate

18. Name of each individual who acted as a lobbyist in this issue area

Name First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Ken	Kies			☐
Rob	Leonard			☐
Pat	Raffaniello			☐
Jim	Carlisle			☐
Jayne	Fitzgerald			☐
Tim	Hanford			☐
Scott	Parven			☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Signature *Document digitally signed on Page 1.* Date 8/12/2006

Printed Name and Title James F. Carlisle

EXHIBIT
Exhibit 439

LD-2DS (REV. 4/03)

Go to 'Form Completed'

Delete this page

Registrant Name Clark Consulting Federal Policy Group Client Name Nabors Industries Ltd.

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code MAR - Marine/Maritime/Boating/Fisheries (one per page)

16. Specific lobbying issues

Coast Guard and Maritime Transportation Act of 2006 (H.R. 5681)

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

House, Senate

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First Name	Last Name	Suffix		
Ken	Kies			☐
Rob	Leonard			☐
Pat	Raffaniello			☐
Jayne	Fitzgerald			☐
Tim	Hanford			☐
Scott	Parven			☐
Jim	Carlisle			☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Signature Date

Printed Name and Title James F. Carlisle

EXHIBIT
Exhibit 439

LD-2DS (REV. 4/03)

Go to 'Form Completed'

Delete this page

Registrant Name Clark Consulting Federal Policy Group Client Name Nabors Industries Ltd.

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. **Using a separate page for each code,** provide information as requested. Attach additional page(s) as needed.

15. General issue area code LBR - Labor Issues/Antitrust/Workplace (one per page)

16. Specific lobbying issues

Add page to continue specific issues for this issue

Meal/break period requirements

17. House(s) of Congress and Federal agencies contacted ☐ Check if None

House, Senate

18. Name of each individual who acted as a lobbyist in this issue area

Add a page to continue lobbyists for this issue

First Name	Name Last Name	Suffix	Covered Official Position (if applicable)	New
Ken	Kies			☐
Rob	Leonard			☐
Pat	Raffaniello			☐
Jayne	Fitzgerald			☐
Tim	Hanford			☐
Scott	Parven			☐
Jim	Carlisle			☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Add a page for a different client

Signature Date

Printed Name and Title James F. Carlisle -

EXHIBIT
Exhibit 439

LD-2DS (REV. 4/03)

Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) **- All Filers Are Required to Complete This Page**

1. Registrant Name ☑ Organization ☐ Individual

CLARK CONSULTING FEDERAL POLICY GROUP

2. Address ☐ **Check if different than previously reported**

Address1 101 CONSTITUTION AVENUE, NW #701E Address2

City WASHINGTON State DC Zip Code 20001 - Country USA

3. Principal place of business (if different than line 2)

City State Zip Code - Country

4a. Contact Name	b. Telephone Number ☐ International Number	c. E-mail	5. Senate ID#
Mr. PETER WOELPER	(202) 772-2485		72975-710

7. Client Name ☐ **Self**	6. House ID#
NABORS INDUSTRIES, LTD	358880035

TYPE OF REPORT 8. Year 2006 Midyear (January1-June30) ☐ Year End (July 1-December 31) ☑

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ Termination Date 11. No Lobbying Activity ☐

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☑ $ 100,000.00

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSE relating to lobbying activities for this reporting period were:

Less than $10,000 ☐

$10,000 or more ☐ $

14. REPORTING Check box to indicate expense accounting method. See instructions for description of options.

☐ **Method A.** Reporting amounts using LDA definitions only

☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Signature Digitally Signed By: James F Carlisle **Date** 02/13/2007

US, DST ACES Business Representative, ACES TrustID Business Certificate, James F Carlisle

Printed Name and Title James F. Carlisle - Director

v5.0.0j

EXHIBIT
Exhibit 440

Registrant CLARK CONSULTING FEDERAL POLICY GROUP Client Name NABORS INDUSTRIES, LTD

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code TAX Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues

Proposals regarding corporate residency and inversion transactions (S. 1321, H.R. 3959, S. 3777)

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☐ Other

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
Ken	Kies			☐
Rob	Leonard			☐
Pat	Raffaniello			☐
Jim	Carlisle			☐
Jayne	Fitzgerald			☐
Tim	Hanford			☐
Jim	Carlisle			☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title James F. Carlisle - Director

EXHIBIT
Exhibit 440

Registrant CLARK CONSULTING FEDERAL POLICY GROUP Client Name NABORS INDUSTRIES, LTD

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code MAR Marine/Maritime/Boating/Fisheries (one per page)

16. Specific lobbying issues

Coast Guard and Maritime Transportation Act of 2006 (H.R. 5681)

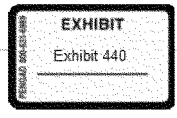
17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☐ Other

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
Ken	Kies			☐
Rob	Leonard			☐
Pat	Raffaniello			☐
Jim	Carlisle			☐
Jayne	Fitzgerald			☐
Tim	Hanford			☐
Scott	Parven			☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title James F. Carlisle - Director



Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

1. Registrant Name ☑ Organization ☐ Individual

FEDERAL POLICY GROUP (CLARK & WAMBERG LLC)

2. Address ☐ **Check if different than previously reported**

Address1 101 CONSTITUTION AVENUE, NW #701E Address2

City WASHINGTON State DC Zip Code 20001 - Country USA

3. Principal place of business (if different than line 2)

City State Zip Code - Country

4a. Contact Name	b. Telephone Number ☐ International Number	c. E-mail	5. Senate ID#
Mr. PETER WOELPER	(202) 772-2485		72975-
7. Client Name ☐ **Self**			6. House ID#
NABORS INDUSTRIES, LTD			358880035

TYPE OF REPORT 8. Year 2007 Midyear (January1-June30) ☑ Year End (July 1-December 31) ☐

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ Termination Date 11. No Lobbying Activity ☒

INCOME OR EXPENSES - **Complete Either Line 12 OR Line 13**

12. Lobbying

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☑ $ 80,000.00

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSE relating to lobbying activities for this reporting period were:

Less than $10,000 ☒

$10,000 or more ☒ $

14. REPORTING Check box to indicate expense accounting method. See instructions for description of options.

☒ **Method A.** Reporting amounts using LDA definitions only

☒ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☒ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Signature ✓ **Digitally Signed By: James F Carlisle** **Date** **08/13/2007**

US, DST ACES Business Representative, ACES TrustID Business Certificate, James F Carlisle

Printed Name and Title Jim Carlisle - Director

v5.0.0m

EXHIBIT
Exhibit 441

Registrant FEDERAL POLICY GROUP (CLARK & WAMBERG LLC) Client Name NABORS INDUSTRIES, LTD

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code TAX Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues

Proposals regarding inversion transactions (H.R. 1591, "Energy Advancement and Investment Act")

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☐ Other

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
Ken	Kies			☐
Pat	Raffaniello			☐
Tim	Hanford			☐
Jim	Carlisle			☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Jim Carlisle - Director

EXHIBIT
Exhibit 441

Clerk of the House of Representatives
Legislative Resource Center
B-106 Cannon Building
Washington, DC 20515
http://lobbyingdisclosure.house.gov

Secretary of the Senate
Office of Public Records
232 Hart Building
Washington, DC 20510
http://www.senate.gov/lobby

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) **- All Filers Are Required to Complete This Page**

1. Registrant Name ☑ Organization/Lobbying Firm ☐ Self Employed Individual

Federal Policy Group (Clark & Wamberg LLC)

2. Address ☐ **Check if different than previously reported**

Address1 101 Constitution Avenue, NW #701E Address2

City Washington State DC Zip Code 20001 - Country USA

3. Principal place of business (if different than line 2)

City State Zip Code - Country

4a. Contact Name	b. Telephone Number ☐ International Number	c. E-mail	5. Senate ID#
Mr. Pete Woelper	(202) 772-2485		72975-710
7. Client Name ☐ *Self* ☐ *Check if client is a state or local government or instrumentality*			6. House ID#
Nabors Industries, LTD			358880035

TYPE OF REPORT 8. Year 2008 Q1 (1/1 - 3/31) ☐ Q2 (4/1 - 6/30) ☑ Q3 (7/1-9/30) ☐ Q4 (10/1 - 12/31) ☐

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ Termination Date 11. No Lobbying Issue Activity ☒

INCOME OR EXPENSES - YOU MUST complete either Line 12 or Line 13

12. Lobbying

INCOME relating to lobbying activities for this reporting period was:

Less than $5,000 ☐

$5,000 or more ☑ $ 40,000.00

Provide a good faith estimate, rounded to the nearest $10,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSE relating to lobbying activities for this reporting period were:

Less than $5,000 ☒

$5,000 or more ☒ $

14. REPORTING Check box to indicate expense accounting method. See instructions for description of options.

☒ **Method A.** Reporting amounts using LDA definitions only

☒ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☒ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Signature ✓ Digitally Signed By: Kenneth J. Kies **Date** 07/21/2008

Printed Name and Title Kenneth J. Kies

v6.0.1f

EXHIBIT
Exhibit 442

Registrant Federal Policy Group (Clark & Wamberg LLC) Client Name Nabors Industries, LTD

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Add additional page(s) as needed.

15. General issue area code TAX Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues

Proposals regarding inversion transactions

17. House(s) of Congress and Federal agencies ☐ Check if None

U.S. HOUSE OF REPRESENTATIVES, U.S. SENATE,

18. Name of each individual who acted as a lobbyist in this issue area

First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Ken	Kies		Chief of Staff, Joint Committee on Taxation	☐
Matt	Dolan		Counsel, Senator David Durenberger	☐
Pat	Raffaniello		Chief of Staff, Congressman Bill Brewster	☐
John	Godfrey			☐
				☐
				☒
				☒
				☒
				☒

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Kenneth J. Kies



Registrant Federal Policy Group (Clark & Wamberg LLC) Client Name Nabors Industries, LTD

Information Update Page - Complete ONLY where registration information has changed.

20. Client new address

Address

City State Zip Code - Country

21. Client new principal place of business (if different than line 20)

City State Zip Code - Country

22. New General description of client's business or activities

LOBBYIST UPDATE

23. Name of each previously reported individual who is no longer expected to act as a lobbyist for the client

	First Name	Last Name	Suffix		First Name	Last Name	Suffix
1	Jim	Carlisle		3	Rob	Leonard	
2	Tim	Hanford		4	Jayne	Fitzgerald	

ISSUE UPDATE

24. General lobbying issue that no longer pertains

AFFILIATED ORGANIZATIONS

25. Add the following affiliated organization(s)

Internet Address:

Name	Address Street Address City State/Province Zip Country	Principal Place of Business (city and state or country)
		City State Country City State Country

26. Name of each previously reported organization that is no longer affiliated with the registrant or client

1 2 3

FOREIGN ENTITIES

27. Add the following foreign entities

Name	Address Street Address City State/Province Country	Principal place of business (city and state or country)	Amount of contribution for lobbying activities	Ownership percentage in client
		City State Country		%

28. Name of each previously reported foreign entity that no longer owns, or controls, or is affiliated with the registrant, client or affiliated organization

1 3 5

2 4 6

Printed Name and Title Kenneth J. Kies



Registrant Federal Policy Group (Clark & Wamberg LLC) Client Name Nabors Industries, LTD

Information Update Page - Complete ONLY where registration information has changed.

20. Client new address

Address

City State Zip Code - Country

21. Client new principal place of business (if different than line 20)

City State Zip Code - Country

22. New General description of client's business or activities

LOBBYIST UPDATE

23. Name of each previously reported individual who is no longer expected to act as a lobbyist for the client

	First Name	Last Name	Suffix		First Name	Last Name	Suffix
1	Pat	Raffaniello		3	John	Meagher	
2	Scott	Parven		4			

ISSUE UPDATE

24. General lobbying issue that no longer pertains

AFFILIATED ORGANIZATIONS

25. Add the following affiliated organization(s)

Internet Address:

Name	Address Street Address City State/Province Zip Country	Principal Place of Business (city and state or country) City State Country City State Country

26. Name of each previously reported organization that is no longer affiliated with the registrant or client

1 2 3

FOREIGN ENTITIES

27. Add the following foreign entities

Name	Address Street Address City State/Province Country	Principal place of business (city and state or country)	Amount of contribution for lobbying activities	Ownership percentage in client
		City State Country		%

28. Name of each previously reported foreign entity that no longer owns, or controls, or is affiliated with the registrant, client or affiliated organization

1 3 5

2 4 6

Printed Name and Title Kenneth J. Kies

v6.0.1f



Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510
http://lobbyingdisclosure.house.gov	http://www.senate.gov/lobby

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

1. Registrant Name ☑ Organization/Lobbying Firm ☐ Self Employed Individual

Federal Policy Group (Clark & Wamberg LLC)

2. Address ☐ **Check if different than previously reported**

Address1 101 Constitution Avenue, NW #701E Address2

City Washington State DC Zip Code 20001 - Country USA

3. Principal place of business (if different than line 2)

City State Zip Code - Country

4a. Contact Name	b. Telephone Number ☐ International Number	c. E-mail	5. Senate ID#
Mr. Pete Woelper	(202) 772-2485		72975-710
7. Client Name ☐ *Self* ☐ *Check if client is a state or local government or instrumentality*			6. House ID#
Nabors Industries, LTD			358880035

TYPE OF REPORT 8. Year 2008 Q1 (1/1 - 3/31) ☐ Q2 (4/1 - 6/30) ☐ Q3 (7/1-9/30) ☑ Q4 (10/1 - 12/31) ☐

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ Termination Date 11. No Lobbying Issue Activity ☒

INCOME OR EXPENSES - **YOU MUST complete either Line 12 or Line 13**

12. Lobbying

INCOME relating to lobbying activities for this reporting period was:

Less than $5,000 ☐

$5,000 or more ☑ $ 50,000.00

Provide a good faith estimate, rounded to the nearest $10,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSE relating to lobbying activities for this reporting period were:

Less than $5,000 ☒

$5,000 or more ☒ $

14. REPORTING Check box to indicate expense accounting method. See instructions for description of options.

☒ **Method A.** Reporting amounts using LDA definitions only

☒ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☒ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Signature ✓ Digitally Signed By: Kenneth J. Kies **Date** 10/18/2008

Printed Name and Title Kenneth J. Kies

v6.0.1f

EXHIBIT
Exhibit 443

Registrant Federal Policy Group (Clark & Wamberg LLC) Client Name Nabors Industries, LTD

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Add additional page(s) as needed.

15. General issue area code TAX Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues

Proposals regarding inversion transactions

17. House(s) of Congress and Federal agencies ☐ Check if None

U.S. HOUSE OF REPRESENTATIVES, U.S. SENATE,

18. Name of each individual who acted as a lobbyist in this issue area

First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Ken	Kies		Chief of Staff, Joint Committee on Taxation	☐
Matt	Dolan		Counsel, Senator David Durenberger	☐
John	Godfrey			☐
				☐
				☐
				☒
				☒
				☒
				☒

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Kenneth J. Kies

v6.0.1f



Clerk of the House of Representatives
Legislative Resource Center
B-106 Cannon Building
Washington, DC 20515
http://lobbyingdisclosure.house.gov

Secretary of the Senate
Office of Public Records
232 Hart Building
Washington, DC 20510
http://www.senate.gov/lobby

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) **- All Filers Are Required to Complete This Page**

1. Registrant Name ☑ Organization/Lobbying Firm ☐ Self Employed Individual

Federal Policy Group (Clark & Wamberg LLC)

2. Address ☐ **Check if different than previously reported**

Address1 101 Constitution Avenue, NW #701E Address2

City Washington State DC Zip Code 20001 - Country USA

3. Principal place of business (if different than line 2)

City State Zip Code - Country

4a. Contact Name	b. Telephone Number ☐ International Number	c. E-mail	5. Senate ID#
Mr. Pete Woelper	(202) 772-2485		72975-710
7. Client Name ☐ *Self* ☐ *Check if client is a state or local government or instrumentality*			6. House ID#
Nabors Industries, LTD			358880035

TYPE OF REPORT 8. Year 2008 Q1 (1/1 - 3/31) ☐ Q2 (4/1 - 6/30) ☐ Q3 (7/1-9/30) ☐ Q4 (10/1 - 12/31) ☑

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ Termination Date 11. No Lobbying Issue Activity ☒

INCOME OR EXPENSES - YOU MUST complete either Line 12 or Line 13

12. Lobbying

INCOME relating to lobbying activities for this reporting period was:

Less than $5,000 ☐

$5,000 or more ☑ $ 40,000.00

Provide a good faith estimate, rounded to the nearest $10,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSE relating to lobbying activities for this reporting period were:

Less than $5,000 ☒

$5,000 or more ☒ $

14. REPORTING Check box to indicate expense accounting method. See instructions for description of options.

☒ **Method A.** Reporting amounts using LDA definitions only

☒ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☒ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Signature Digitally Signed By: Kenneth J. Kies **Date** 01/18/2009

Printed Name and Title Kenneth J. Kies

v6.0.1f

EXHIBIT
Exhibit 444

Registrant Federal Policy Group (Clark & Wamberg LLC) Client Name Nabors Industries, LTD

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Add additional page(s) as needed.

15. General issue area code TAX Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues

Proposals regarding inversion transactions

17. House(s) of Congress and Federal agencies ☐ Check if None

U.S. HOUSE OF REPRESENTATIVES, U.S. SENATE,

18. Name of each individual who acted as a lobbyist in this issue area

First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Ken	Kies		Chief of Staff, Joint Committee on Taxation	☐
Matt	Dolan		Counsel, Senator David Durenberger	☐
John	Godfrey			☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Kenneth J. Kies

EXHIBIT
Exhibit 444

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE:
WAYS AND MEANS
RANKING MEMBER
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

☐ 2354 RAYBURN HOUSE OFFICE B
WASHINGTON, DC 20515–3
TELEPHONE: (202) 225–43

DISTRICT OFFICE:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

☐ 163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663–390

PLEASE RESPOND TO
OFFICE CHECKED

June 13, 2005

Sy Sternberg, Chair
New York Life Foundation
51 Madison Avenue, Suite 604
New York, NY 10010-1655

Dear Mr. Sternberg,

I am writing to you, as a leader in the corporate philanthropic community with a shared vision and commitment to public service, to share news of an initiative with a potential that has me quite excited. The City College of the City University of New York plans to create the Charles B. Rangel Center for Public Service at the City College to provide an opportunity for education and training for careers in public service for the underprivileged students the College has traditionally served. I want you to know of my personal interest in and enthusiasm for the creation of this Center and my pride in the decision of the City University to name it for me.

As you know, throughout my public career I have believed in the special strength derived from our racial and ethnic diversity and that we as lawmakers must lead in assuring that opportunity for public service be made available to all with the goal of achieving a policymaking community that reflects the rich tapestry of cultures, faiths, colors and ethnicities that make us who we are as a great nation. I am asking you to join me in the creation of a public policy center that will motivate and prepare young people presently underrepresented in public life to pursue careers in public service.

Today, non-whites make up nearly thirty percent of the US population. Yet, according to the Equal Economic Opportunity Commission's 2003 report on the federal workforce, only 13.8% of the men and women who occupy the top

CBR 002705

EXHIBIT
Exhibit 445

CSOC.CBR.00003007

managerial, supervisory, and policy-making positions in the US Federal government are members of minority groups. And by 2050, minority groups in the US will comprise more than 50% of our population.

The Charles B. Rangel Center in the City College of New York, a school in the most ethnically diverse city in our nation and with an unparalleled history of supporting the empowerment of immigrant ethnic groups, will help to ensure that those who run our nation will be reflective of our diversity. I have embraced the College's concept because it will allow me to locate the inspirational aspects of my legacy in my home Harlem community.

As you will see from the enclosed presentation, the Rangel Center at the City College of New York will be alive with the work of scholars and students working on public policy issues and studying the political dimension of change. It will not be a Library or a Museum, but a living institution brimming with ideas and stimulating debate.

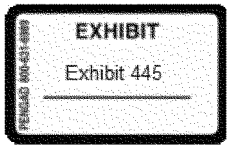
I will be exploring with my Congressional colleagues how best to move this idea through the appropriations process and am optimistic about securing funds for the planning phase of the creation of the Center. I request your advice and assistance concerning how to approach the donor community, particularly private and corporate foundations interested in education. I look forward to entering into a dialogue with you on the funding of the Rangel Center concept in the coming weeks and months.

Sincerely,

Charles B. Rangel
Member of Congress

CBR:gad

CBR 002706



***: List of naming opportunities at the Charles B. Rangel Center**

Rachelle Butler to: peter_j_bushyeager 08/03/2005 06:04 PM

Show Details

Dear Peter,

Attached is a list of naming opportunities for the Rangel Center. Please let me know if you need additional copies of the Rangel Center brochure and I will overnight them to you.
Best regards,

Shelly

- Naming Opportunities for the Rangel Center.doc

Rachelle Butler, Vice President
Development & Institutional Advancement
The City College of New York
138th Street and Convent Avenue, S-154
New York, NY 10031

Tel: 212 650-
212 650-
Fax: 212 650-
Email: rbutler

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Naming Opportunities for the Rangel Center

A small group of the original founders who have named spaces in the Rangel Center will be recognized not only with a plaque in their particular space, but also with a marble commemorative tablet in the Welcome Center.

When the Rangel Center opens, a special reception will be held for the founders, local, national, and international leaders, Congressman Rangel, and The City College of New York.

1. Library	$2M
2. Convent Avenue Patio	$1.5M
3. Amsterdam Garden	$1.5M
4. Archives	$1M
5. Rangel Offices	$1M
6. Welcome Center	$1M
7. New York Wing	$1M
8. Research Wing	$1M
9. Community Wing	$1M
10. International Wing	$1M
11. Conference Room	$500k
12. Convent Seminar Room	$500k
13. Amsterdam Seminar Room	$500k
14. VIP Reception Room	$500k

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***: Rangel Center**

Peter J Bushyeager to: William Werfelman 08/16/2005 06:52 PM

Show Details

We're not going to pursue possible funding of the Center.



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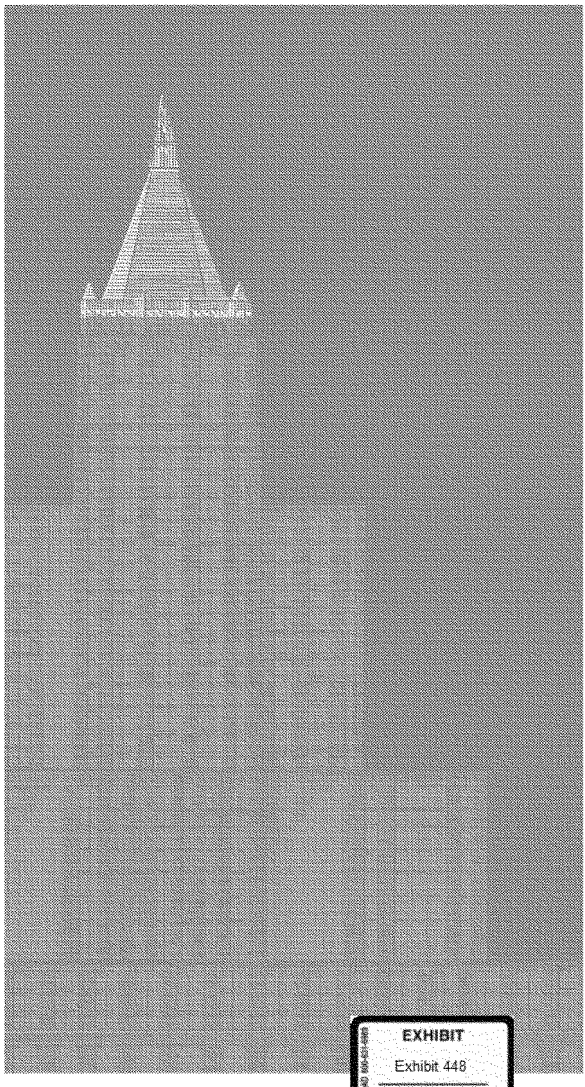

The Company You Keep®

new york life

ANNUAL REPORT 2005

EXHIBIT
Exhibit 448

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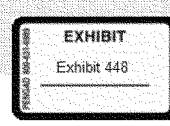
financial highlights*

(DOLLARS IN MILLIONS)	DECEMBER 31, 2004	DECEMBER 31, 2005
GROWTH		
INSURANCE SALES	$ 2,027	$ 2,237
INVESTMENT SALES	24,230	28,265
INDIVIDUAL LIFE INSURANCE IN FORCE	616,101	651,614
POLICYHOLDER BENEFITS AND DIVIDENDS	9,298	10,712
TOTAL REVENUE	17,330	17,505
OPERATING REVENUE	10,264	11,072
ASSETS UNDER MANAGEMENT	214,949	225,223
PROFITABILITY		
NET INCOME*	1,204	855
NET INCOME EXCLUDING NET INVESTMENT GAINS AND LOSSES†	874	1,035
OPERATING EARNINGS	974	934
FINANCIAL POSITION		
EQUITY	17,770	17,510
SURPLUS AND ASSET VALUATION RESERVES	11,838	12,853

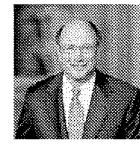
Policyholders may request a copy of the GAAP basis consolidated unabridged financial statements (which are incorporated by reference into the Annual Report) and the statutory financial statements applicable to their respective companies by contacting the Secretary of the parent company, New York Life Insurance Company, 51 Madison Avenue, New York, New York 10010. The audited financial statements above are also available on our Web site (www.newyorklife.com).

** See Glossary of Terms on page 52. For complete information, see pages 32–47.*

† Net income in 2005, excluding net realized capital gains and losses, increased 18 percent to $1,035 million. The Company's GAAP net income (including realized capital gains and losses) totaled $855 million in 2005, compared with $1.20 billion in 2004. These results included net realized capital losses of $180 million in 2005, contrasted with net realized capital gains of $420 million in 2004. The 2005 net capital losses include a $312 million loss attributable to an effective risk management strategy that does not qualify for hedge accounting. For a detailed reconciliation of the Company's GAAP performance measures to its non-GAAP performance measures, see page 47.



to our policyholders



SY STERNBERG
Chairman of the Board and Chief Executive Officer

As 2005 drew to a close, one of the nation's most prominent ratings agencies, Moody's Investors Service, elevated New York Life Insurance Company's long-term financial strength rating to Aaa – the highest rating Moody's assigns, reserved only for insurers who offer their policyholders "exceptional financial security." In its discussion of the ratings upgrade, Moody's cited New York Life's:

- "leading position in the domestic life insurance market"
- "productive career agency system"
- "mutual form of ownership"
- "growing international presence"

Although it was gratifying to receive this independent validation of our fundamental business strategies, the proof, as they say, lies in performance. In 2005, New York Life's surplus and asset valuation reserves – the funds that ensure our ability to meet future obligations to policyholders and finance our growth – increased by over $1 billion to the record amount of $12.9 billion.

The Company also achieved record-setting results in both total insurance sales and total investment sales. Combined domestic and international insurance sales exceeded $2.2 billion, while total investment sales in 2005 grew to $28.3 billion, a $4 billion increase over 2004.

"We continue to be pleased by the solid performance and strong momentum of our international business."

We continue to be pleased by the solid performance and strong momentum of our international business. In 2005, double-digit sales growth was achieved in India, Mexico, Thailand, South Korea, China and Argentina. Building on this success, we are continuing to expand New York Life's presence in key global markets. In China, Haier New York Life (the joint venture between New York Life Insurance Company and China's Haier Group) opened a new branch in Qingdao, a city noted for its strong economic growth. This follows the successful launch of operations in Shanghai and Chengdu, and we expect to announce openings in three more cities by the end of 2006. Max New York Life, our joint venture with Max India, Ltd., entered nine additional cities in 2005, now establishing us in 29 cities throughout India. The Company also received an operating license in Vietnam, where we expect to commence operations in the near future.

EXHIBIT
Exhibit 448

CSOC.CBR.00031566



FRED SIEVERT
President

New York Life Investment Management (NYLIM) turned in an exceptional performance in 2005, with another year of record-breaking sales, operating revenues and earnings. NYLIM ended the year with more than $200 billion in assets under management, another significant milestone for this business.

Since 1994, New York Life has partnered with AARP as the sole endorsed provider of life insurance to the group's 36 million members. 2005 was highlighted by a $33 million increase in sales – up more than 30 percent over 2004 – and an agreement to extend the AARP program through the year 2014. Just as significant was AARP's selection of New York Life as the exclusive provider of immediate annuities through the association's "Lifetime Income Program," which launches in 2007. The endorsement of the nation's largest membership organization, which serves Americans age 50 and over, will also further establish New York Life's reputation as one of the most trusted names in this rapidly emerging product category.

"New York Life remains, first and foremost, a life insurance company."

New York Life is developing more ways to provide income security for retirees with the rollout of an important new business: Guaranteed Lifetime Income. This is a line of income annuities that delivers guaranteed monthly retirement paychecks for life – and that features important options, such as access to cash for unexpected expenses, inflation protection and legacy benefits. These products represent a significant new business opportunity for our Company – but, more than that, they offer a practical, meaningful solution to the uncertainties now faced by so many older Americans. An introduction to New York Life's latest retirement income innovations begins on page 5 of this *Report*.

Now, more than ever, retirees need the certainty of a regular paycheck for as long as they live, from an organization they can trust. New York Life has been in the business of making – and keeping – lifetime promises for more than 160 years.

Our Guaranteed Lifetime Income products are simply one more way of fulfilling New York Life's core mission: We are in the business of helping our customers and their families secure long-term protection for their financial future. New York Life remains, first and foremost, a life insurance company, and our continued leadership in this field is a reflection of the quality and breadth of



our product offerings, our commitment to best-in-class customer service and the dedication and high standards of our sales professionals. With more than 10,000 agents in all 50 states, New York Life has one of the nation's largest networks of dedicated life insurance experts.

The values and culture of our Company owe much to the farsighted governance of New York Life's Board of Directors. It saddens us to report we will be without the guidance of two of our most esteemed Directors as we move into the new year.

When Richard Pivirotto retired from the Board last April, he had contributed more than 30 years of service to New York Life. During his distinguished business career, he provided guidance and governance to institutions as diverse as CBS, Gillette and Princeton University. Four New York Life chairmen have relied upon him for his great intellect and strong ethical convictions. We are grateful to Richard Pivirotto for all he has done to help shape the culture of our Company.

Hector Ortino, a member of New York Life's Board of Directors since 2002, passed away last November, at age 63. Mr. Ortino, who also served as chairman and chief executive officer of Ferro Corporation, possessed extensive global business experience that greatly benefited Company management and his fellow Directors. We shall deeply miss his wise counsel, his warmth and his profound sense of humanity.

The strength of New York Life has always rested upon the quality of our people. We were reminded of this again last August, when Hurricane Katrina cut its destructive path across the Gulf Coast, claiming hundreds of lives and prompting the largest forced migration of Americans in history.

From all over the Company, New York Life people poured tens of thousands of dollars into a matching fund benefiting hurricane victims. But even before the Home Office could launch its relief campaign, agents and employees in the stricken areas were organizing grassroots efforts to bring whatever help they could to their colleagues and their communities.

There was the manager who jumped into her four-wheel drive vehicle to navigate the flooded streets – after arming herself with a chainsaw to get past fallen tree limbs – and set out to deliver food, water and fuel to our crippled Hattiesburg, Mississippi, sales office.



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There was the agent who set up free barbecue dinners at evacuee centers and churches, giving many storm victims their first real meal in days.

In some small communities, New York Life agents were the first responders on the scene. One woman in Mississippi told us, "Before the government emergency teams arrived, before any of the relief agencies showed up, New York Life people were here to help us."

The promise of financial safety and security is the very essence of New York Life. Our agents and employees will be there for you when you and your family need them...to pay a claim on a life insurance policy...to help defray the expenses of long-term care...and now, to help take the financial fear and uncertainty out of retirement.

Even as our business evolves, our values – the **financial strength** essential for keeping our promises and the **integrity** and **humanity** essential for earning your trust – remain our contract with you. Thank you for making us "The Company You Keep."

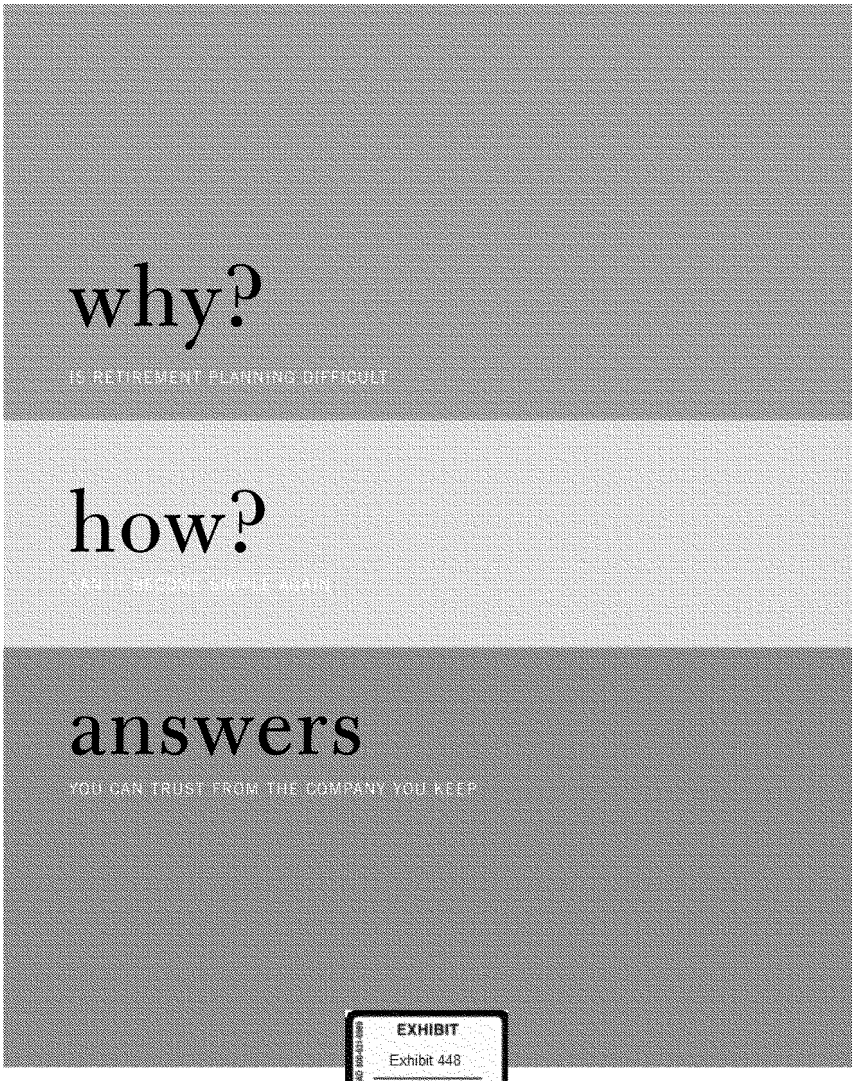


SY STERNBERG
Chairman of the Board and Chief Executive Officer



FRED SIEVERT
President





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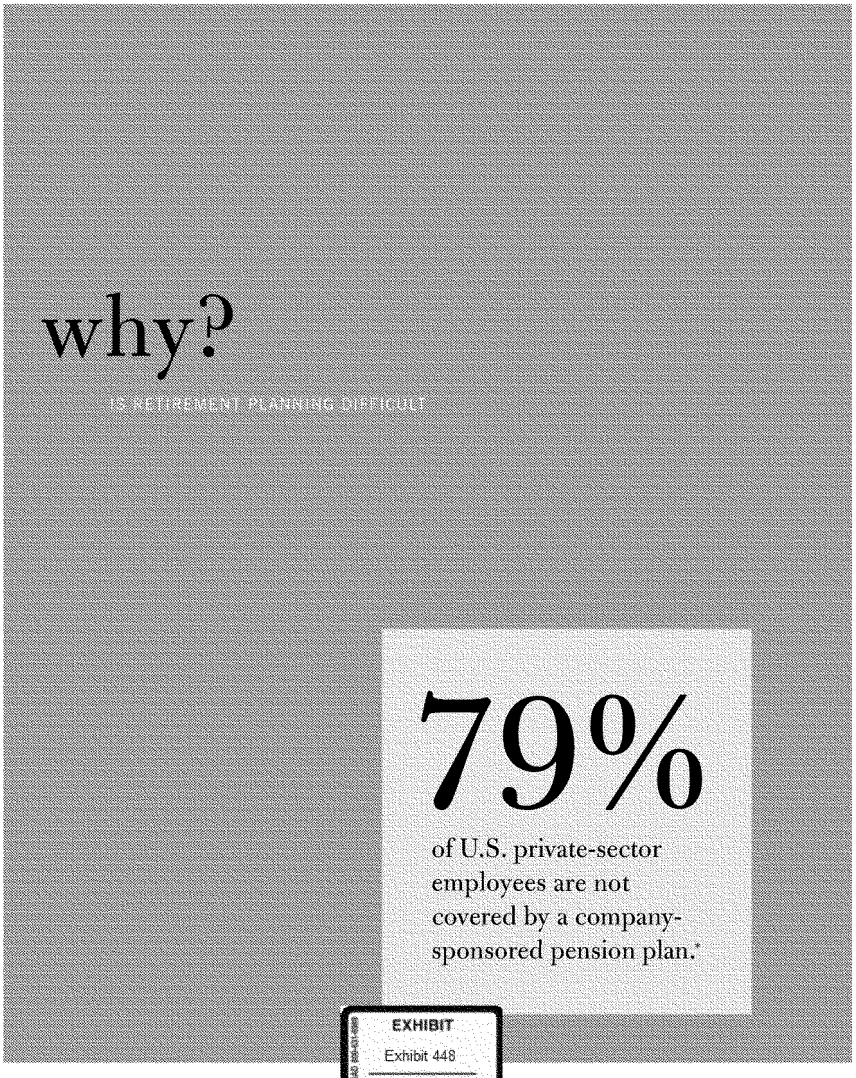

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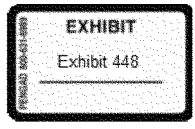
There's so much less we can rely on

It used to be pretty simple. At age sixty-five, you could usually count on pension and Social Security checks to begin rolling in every month, like clockwork. Maybe you also had some money put aside, earning a nice return in solid, blue chip investments. Without much effort, you could have been set for life.

Unfortunately, many of us can no longer rely on yesterday's retirement strategies. Traditional pension plans are far less common today: Only one in five Americans works for a company that offers a guaranteed lifetime retirement income. Monthly Social Security checks cover just a fraction of the average retiree's living expenses – and some are questioning how long even current benefit levels can be maintained.

With a shrinking retirement safety net, some financial advisors recommend building a much larger nest egg of stocks, bonds and other investments. But do you really want to bet your retirement on how your portfolio will be performing 10, 20 or 30 years from now?

* *Source: U.S. Bureau of Labor Statistics, 2005 Report.*



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why?

IS RETIREMENT PLANNING DIFFICULT



EXHIBIT
Exhibit 448

We're all living longer

What are the most serious financial risks for tomorrow's retirees? Inflation? Soaring medical bills? Excessive debts?

Add to that list of possible concerns another one that is absolutely certain: If you are about to retire, one of the greatest threats to your continued financial well-being is your own longevity.

Thanks to medical advances and healthier lifestyles, average life spans are longer than ever before. For example, if you and your spouse are both in your mid-sixties and are both healthy, there is an even chance that one of you will live beyond your 91st birthday.* That's great – unless, of course, your retirement nest egg barely lasts to your 80th!

With so many retirements spanning 30 years or more, a growing number of people may face the very real prospect of outliving their savings. The good news: There is a way to protect yourself.

* *Source: American Society of Actuaries, 2000 Mortality Tables.*



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how?

PAY IT BEFORE SHE'S AGAIN

How large a retirement paycheck?

"Safe" annual withdrawals from $500,000 personal investment portfolio.*

$20,000

Based on 4 percent annual withdrawals, there is 90 percent certainty that there may be enough funds to last 30 years of retirement.

Annual income from $500,000 New York Life Lifetime Income Annuity.†

$40,000

Equal to more than 6 percent annual payout, guaranteed for life.

* *Hypothetical portfolio of 50 percent stocks, 40 percent bonds and 10 percent short-term investments.*
† *For 65-year-old male, life only. Illustration run on 11/17/05 in the state of New York.*
Note: Both examples assume withdrawals/payments will include an annual 3 percent inflation increase.

EXHIBIT
Exhibit 448

CSOC.CBR.00031575

The return of guaranteed lifetime income

Through a new generation of *Lifetime Income Annuity* products, there are now several excellent ways to convert part of a retirement nest egg into a guaranteed monthly income for life.

You might think of these new products as insurance policies that provide protection against the risk of outliving your savings. No matter how long you live, you'll continue to receive the monthly payments promised you – payments that can, in many cases, exceed the monthly income you could achieve through your own prudent investing (see the chart at left).

Lifetime Income Annuities also provide protection against losing retirement savings in poorly performing investments. Regardless of the ups and downs of the financial markets, you can be confident that your annuity income is locked in and guaranteed. That's why a *Lifetime Income Annuity* can be such an important part of a broader retirement strategy. Knowing that basic living expenses are safely covered, you may feel you have greater flexibility in what you do with the rest of your savings, whether it's investing your nest egg more aggressively, or just finding ways to better enjoy life.



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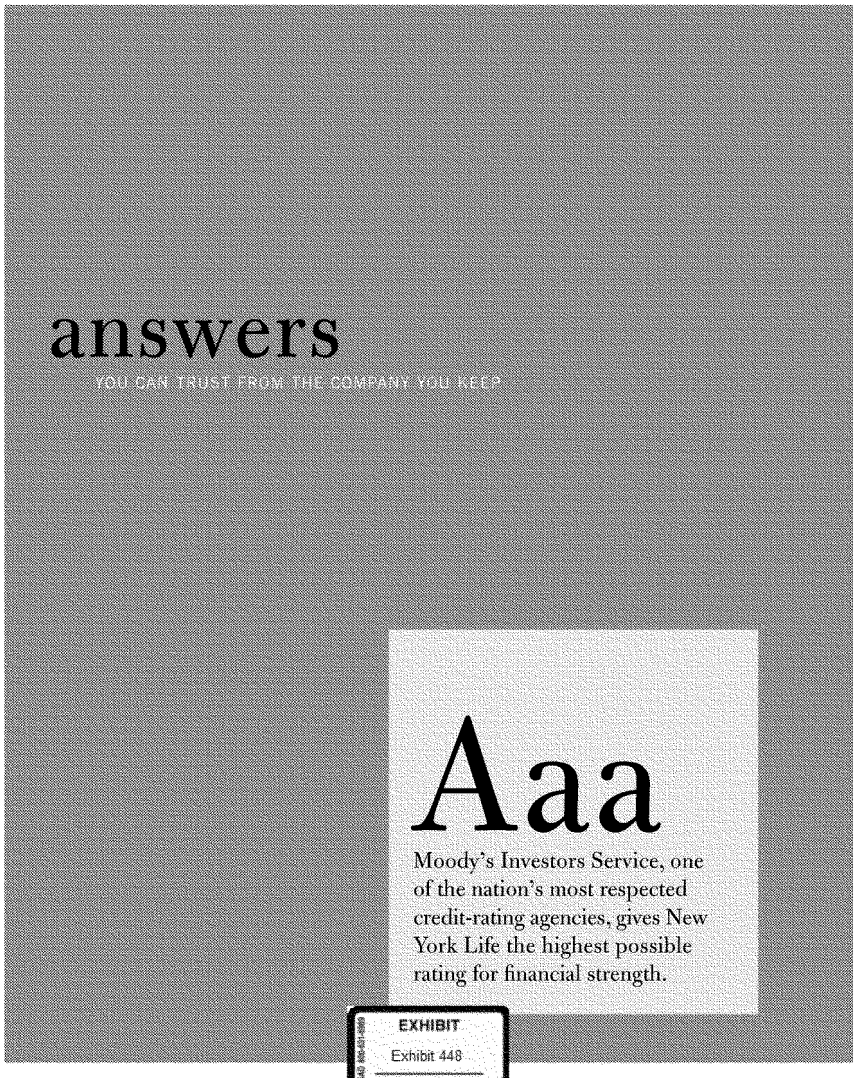

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CSOC.CBR.00031577

Promises that last a lifetime

When it's time to shop for the right lifetime income annuity, *The Wall Street Journal* offers this advice: "Stick with insurers that have a top rating for financial strength."*

At New York Life, we couldn't agree more. When you purchase an income annuity, you are really buying a promise – a promise that the company you are doing business with today will still be there for you decades from now, strong, solvent and keeping your retirement secure.

New York Life has been keeping promises to its policyholders for over 160 years. With surplus and asset valuation reserves totaling nearly $13 billion, our financial strength is the reason why we are one of the top-ranked life insurers in America by the major independent ratings agencies.

New York Life is America's largest mutual life insurance company.† Being mutual means our primary focus is on creating long-term financial safety and stability for our policyholders, rather than the short-term gains favored by Wall Street. Plus, in an era when so many publicly owned insurance companies have been sold, merged or acquired, it's reassuring to know we can't be bought. When we say New York Life is "The Company You Keep," that's a promise for life.

* *"Buying an Annuity," August 10, 2005.*

† *"Fortune 1,000 Ranked within Industries, Insurance: Life and Health*



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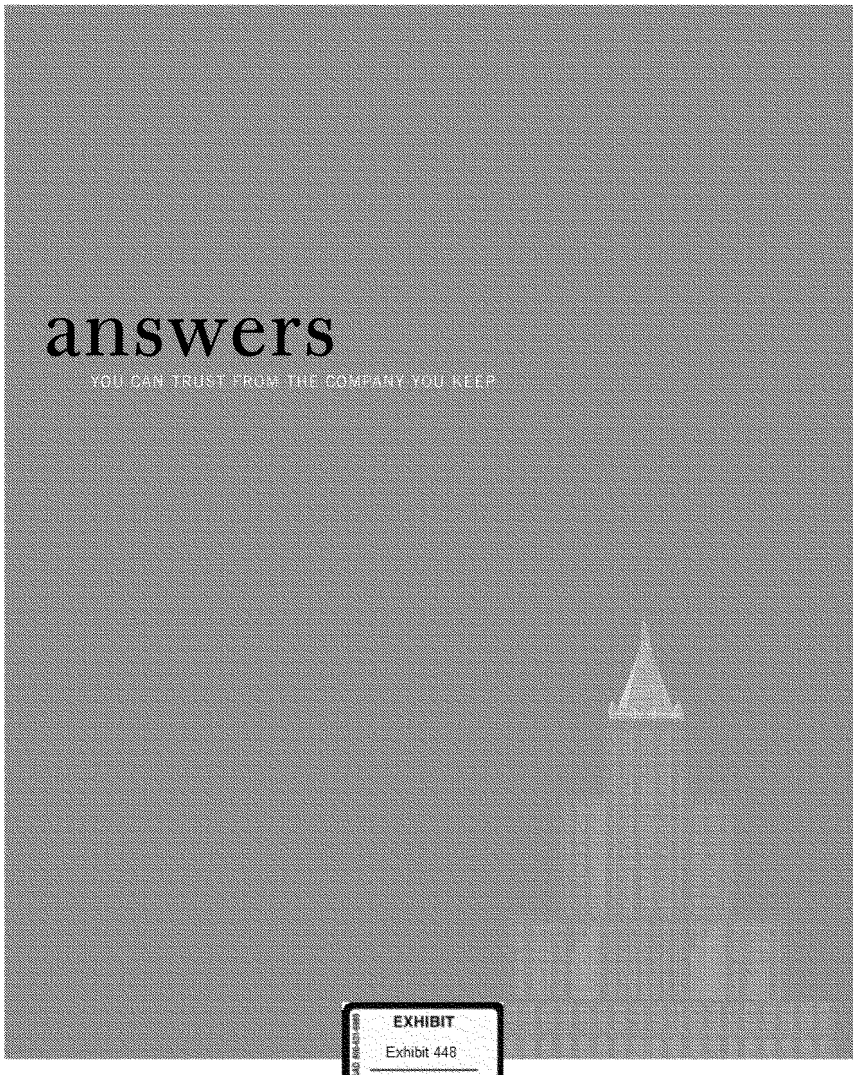

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Innovative solutions for your retirement needs

The **Guaranteed Lifetime Income** products offered by our subsidiary, New York Life Insurance and Annuity Corporation, are specifically tailored to meet the financial challenges of today's retirees.

For example, unlike traditional income annuities, New York Life's *Lifetime Income Annuities* offer optional features that give you access to cash for unexpected expenses. Another option – so unique it has a patent pending – guarantees money will be paid to your heirs, no matter how many years you've received monthly annuity payments. You can even protect yourself against the long-term risk of inflation with an option that provides annual income step-ups.

Our latest innovation, called the *Changing Needs Option*, provides a monthly payment that can increase – up to five times the original amount – after a pre-selected number of years. With the assurance of a more generous income during their later years, seniors can spend their own savings more confidently – and live much more comfortably – during the earlier, more active years of retirement.

Another new product, the *New York Life Personal Pension*, gives individuals who do not have the security of a traditional employer-sponsored pension the opportunity to create and fund their own guaranteed retirement income plan while still actively employed.



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principal businesses of new york life

Life and Annuity

The Life and Annuity business offers a broad array of innovative insurance and annuity products that help provide peace of mind and help protect the quality of life of our policyholders and their loved ones – through life insurance benefits, asset growth and guaranteed retirement income.

We offer fixed and variable insurance and annuity products, including whole life, universal life, variable universal life, term insurance, fixed and variable deferred annuities, and income annuities.

AGENCY ORGANIZATION The majority of our life insurance and annuity sales are through New York Life agents, located in nearly every community throughout the United States. Our agents stand out as the most highly skilled advisors in the life insurance industry, supported with career-long training, professional development programs and state-of-the-art technology.

SUPPLEMENTAL DISTRIBUTION To complement our Agency distribution, we also offer our life and annuity products through select supplemental distribution channels. For example, through the Advanced Markets Network – a nationwide network of select brokers – we offer life insurance products to specialized market segments including high net worth consumers, corporations and banks. We also sell annuities through a select group of banks. And we directly market both life insurance and annuities through our relationship with AARP (see Special Markets).

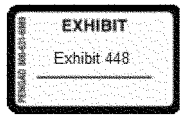
New York Life Investment Management

INSTITUTIONAL ASSET MANAGEMENT With investment management capabilities across the entire spectrum of asset classes, New York Life Investment Management (NYLIM), with affiliates MacKay Shields and McMorgan & Company, manages money for some of the country's largest institutions, including a substantial portion of the *Fortune* 100.

INDIVIDUAL INVESTMENT MANAGEMENT NYLIM delivers its institutional-quality investment expertise to individual investors through the MainStay® and McMorgan mutual fund families and through the MainStay Investments Wealth Strategies portfolios.

GUARANTEED PRODUCTS We provide a full array of guaranteed products to both the qualified and nonqualified markets. One of the premier providers of GICs (guaranteed investment contracts), NYLIM has successfully expanded its specialty fixed income products to include European and Global Medium Term Notes.

RETIREMENT PLAN SERVICES NYLIM Retirement Plan Services provides comprehensive services for more than 2,100 retirement plans, including defined contribution – such as 401(k) – defined benefit and executive benefit plans. With over 30 years of experience in retirement plan consulting and management, NYLIM Retirement Plan Services provides employer and employee services for the retirement programs of small and mid-sized companies, as well as unions throughout the United States.



New York Life International

ARGENTINA New York Life has two joint ventures with partner HSBC, marketing life insurance through HSBC New York Life and pensions through Maxima.

CHINA In 2002, New York Life launched its joint venture life insurance company, Haier New York Life, in Shanghai. Two more offices, in the cities of Chengdu and Qingdao, were opened in 2004 and 2005, respectively.

HONG KONG SAR Having opened for business in 1988, New York Life Insurance Worldwide Ltd. in Hong Kong is our oldest international operation.

INDIA Max New York Life Insurance Company, Ltd., a joint venture with Max India, Ltd., began operations in 2001. Out of the nine international markets where we do business, it has the largest career agency force with nearly 11,000 licensed agents.

MEXICO In 2000, New York Life purchased leading Mexican insurer Seguros Monterrey Aetna. Today, Seguros Monterrey New York Life S.A. is number one in sales of individual life first-year premium in the country. Our other operation in Mexico, Fianzas Monterrey New York Life, is a surety institution that has captured more than 25 percent of the Mexican surety bond market.

PHILIPPINES New York Life entered the Philippine life insurance market in 2001, with operations based in Manila. Our joint venture partner is Allied Bank Corporation.

SOUTH KOREA New York Life has been serving the life insurance needs of South Koreans since 1992 exclusively through its career agency force.

TAIWAN With more than 40 offices, New York Life has operated a successful business in Taiwan since 1992.

THAILAND A joint venture with Siam Commercial Bank, Siam Commercial New York Life has branches in 27 provinces throughout the kingdom.

Special Markets

AARP LIFE INSURANCE PROGRAM For the past 11 years, New York Life has had an exclusive endorsement from AARP to sell life insurance to its 36 million members. By virtue of this relationship, New York Life has become the largest direct marketer of life insurance to the 50-plus market in the United States. In 2005, the AARP/New York Life relationship was renewed through the year 2014 and the Company was awarded rights to be the exclusive provider of lifetime income annuity products to AARP members. This exciting new offering will be coming to market in the summer of 2007.

LONG-TERM CARE A relatively new type of insurance, long-term care coverage is designed to protect people from the extended costs of a chronic illness. Our long-term care insurance policies offer our clients a rich set of benefits and a variety of inflation protection options, all backed by the financial strength of New York Life.

GROUP MEMBERSHIP This unit of New York Life underwrites and administers group life, health and disability income programs for professional associations and other affinity groups, such as the American Bar Endowment, the Uniformed Services Benefit Association and the American Veterinary Medical Association. Serving the members of more than 500 associations, we are the leading provider of life insurance programs for this market and, for the fifth consecutive year, this business achieved 100 percent client retention.



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life and annuity 2005 business update

In 2005, our core life and annuity businesses showcased the strengths that have distinguished New York Life for generations – including the range and quality of our product offerings, the professionalism of our Agency sales force and the excellence of our customer service.

ANOTHER YEAR OF STRONG RESULTS Sales of life insurance through our Agency field force totaled $845 million in premium in 2005, spurred by gains in our flagship Whole Life product and strong sales of Universal Life. In the Advanced Markets Network (comprised of select producers and marketing organizations active in the upscale wealth transfer and executive benefits markets), retail sales and sales of bank-owned life insurance were both stronger than expected.

New York Life has emerged as a leader in retirement income solutions, with a focus on products that provide a guaranteed lifetime income stream. Sales of our flagship product in this marketplace – our Lifetime Income Annuity – grew 50 percent in 2005, while the market as a whole grew only 5 percent. As a result of this performance, our share of the fixed immediate annuity marketplace grew from 6.4 percent to 9.4 percent – outpacing all the top competitors – moving us into third place.*

We also enjoyed market share gains in investment annuities (fixed and variable deferred annuities). In particular, sales of our fixed deferred annuities through banks were again strong, and we moved into third place, as the other top companies lost ground.*

PRODUCTS DESIGNED AROUND CUSTOMER NEEDS Product design, focused on consumers' needs and preferences, played an important part in our strong sales results in 2005. As more Americans plan for or enter retirement, they are increasingly seeking guarantees in their financial portfolios. We responded to this growing desire for guarantees, while avoiding the dangers posed by the proliferation of aggressively priced no-lapse guarantees in the marketplace, by redesigning our Pinnacle Universal Life product for the high net-worth segment.

In addition, we are developing a suite of life products geared for middle-income consumers. These innovative products are being carefully designed to meet specific consumer needs, such as affordable protection for young families.

In the retirement income market, we enhanced our Lifetime Income Annuity, adding innovative options to provide increased flexibility. And, for consumers who are still in their working years, we introduced Personal Pension, a deferred income annuity that enables them to purchase guaranteed lifetime income for the future.

* *Source: 2005 LIMRA Annuity Market Share Report.*







THE BEST SALES PROFESSIONALS One of the Company's biggest competitive advantages is the professionalism of our approximately 10,000 agents across the United States. With the growing complexity of insurance and other financial products, New York Life's emphasis on training and development for our agents throughout their careers is more of a differentiator every year.

In 2005, the success of our educational focus was recognized when *Training* magazine named NYLIC University – our multi-platform training and development program for agents and field managers – one of the top 100 training organizations in the country. In addition to their participation in NYLIC University, many agents also earn master's degrees and professional designations through The American College, a national leader in financial services education.

A symbol of the professionalism of our sales force is our continued leadership in the Million Dollar Round Table (MDRT), a membership organization reserved for the industry's most accomplished professionals. About 2,300 New York Life agents in the United States now qualify for MDRT membership, ranking us number one in this elite category for the 51st consecutive year.

In 2005, Council President Michael P. Daly, CLU, ChFC, CFP, FLMI, MSFS (top, right), of Cincinnati, Ohio, and Council Vice President Gerald Thomason (bottom, right) of Eastern Washington achieved the top honors we bestow upon our agents. For both agents, the importance of building their business is surpassed only by the emphasis they place on their families and the value of helping other people.

CUSTOMER SERVICE EXCELLENCE In addition to the personal service provided by our agents, our policyholders can also rely on the professionals in our service centers throughout the country. For the sixth consecutive year, our annuities service team captured the DALBAR Service Award, a mark of distinction in the financial services industry. And for the third year running, a DALBAR award also went to our variable products service center.

On the Internet, customers can process fund allocation changes, transfers, cash loans and address changes through New York Life's highly regarded Virtual Service Center at www.newyorklife.com.

For its ongoing efforts to enhance service, New York Life has preserved its high ranking in customer service among life insurance companies, as reported by the American Customer Satisfaction Index, an independent measure of consumer opinion.

New York Life's universal life products and retirement income annuities are issued by New York Life Insurance and Annuity Corporation (NYLIAC), a wholly owned subsidiary of New York Life Insurance Company. Variable annuities a *E Distributors LLC, Member NASD.*

EXHIBIT
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CSOC.CBR.00031584

investment management 2005 business update

2005 was a year of significant growth for New York Life Investment Management LLC (NYLIM), with sales climbing to a record $22.1 billion – an increase of 20 percent over 2004 sales. Total assets under management reached $200 billion* as of December 31, 2005, up more than $10 billion from 2004 and another important milestone for this business.

Most important is the fact that these results have been achieved through solid growth in all of NYLIM's businesses. The following summarizes some of the key accomplishments within each area.

RETAIL INVESTMENTS In late 2004, external forces created an opportunity for NYLIM's Retail Markets business (MainStay Investments) to pursue a strategy of significant distribution and marketing expansion. Through 2005, NYLIM put a new senior wholesaling team in place, expanded its internal sales desk and continued to differentiate MainStay Investments through unique marketing tools. This build-out was largely completed by the end of 2005, and the early results have been remarkable. Sales in our outside broker-dealer channel, where this initiative is focused, were up 63 percent, with even larger increases at our key focus firms.

New York Life agents remain MainStay Investments' largest distribution partner. In April 2005, NYLIM's retail mutual fund wholesalers were merged into the Individual Annuity Department (IAD) of New York Life, creating a larger, better coordinated team of product specialists tasked with marketing both annuities and mutual funds to our agents. We will continue to work closely with our partners in IAD to enhance our training on NYLIM's products, with particular emphasis on the MainStay Asset Allocation funds, which were successfully launched in 2005.†

WHOLESALE AND INSTITUTIONAL NYLIM's Institutional business manages assets for retirement plans, corporations, municipalities, endowments and foundations. We also offer these capabilities at the wholesale level, managing the investment portfolio of New York Life and, on a sub-advisory basis, the assets of other institutions.

Sales in our Wholesale business were up 50 percent over 2004, a clear indicator of our success in leveraging our investment management capabilities to raise assets from third parties. Significant transactions included the issuance of a sixth collateralized debt obligation (CDO), bringing CDO assets under management to over $2 billion as of December 31, 2005; a third private equity fund; a second real estate mezzanine fund; and the launch of a new India investment fund.

Institutional sales expanded across a number of products. NYLIM affiliate MacKay Shields LLC's integration of a high yield active core management team led to over $700 million in gross new sales, and assets were also raised through NYLIM affiliate McMorgan & Company LLC's pooled real estate fund and NYLIM Equity Investors' large cap enhanced product. NYLIM's diverse capabilities enable us to reach a broad spectrum of client needs, and our efforts to leverage those skills are gaining momentum that will serve us well in the coming years.

* *With affiliates.*

† *Securities distributed by NYLIFE Distributors LLC, 169 Lack*



RETIREMENT PLAN SERVICES (RPS) NYLIM has gained a reputation for industry-leading client service in both the defined-contribution and defined-benefit retirement plan markets. More sales records were achieved in 2005, with $4.4 billion in sales – with new plan sales up 50 percent over 2004. Additionally, sales in its defined benefit plan business rose by 70 percent year over year. On the new product side, *OnTarget*[sm*], RPS's professionally managed advice product for 401(k) plan participants, was rolled out last year. Over 20 percent of RPS's large market corporate clients have already signed up for this new offering. RPS culminated its record-setting year by being named the top rated Mid-Market Fund Manager and Plan Administrator based on client responses to an annual study by industry research firm 401kExchange.

GUARANTEED PRODUCTS Guaranteed Products continues to serve the needs of institutional investors seeking stable returns and superior credit quality. The latter was most recently confirmed by New York Life's upgrade to Aaa by Moody's, reflecting New York Life's financial strength. NYLIM sold a record $7.7 billion of guaranteed products in 2005, as institutional investment managers utilized the array of products the Company offers to meet their portfolio needs.

NYLIM's finance company, Madison Capital Funding, provides capital to middle market private equity investors seeking to acquire new companies as well as grow existing portfolio businesses. This is accomplished through providing financing to facilitate mergers, acquisitions and capital investment. Building on this successful business model, Madison Capital Funding completed 87 transactions, providing over $1.4 billion of net funded committed capital in 2005. Madison Capital Funding has provided over $4.3 billion of net funded committed capital to private equity sponsors since its formation in 2001.

* *OnTarget is a discretionary investment management service that invests retirement plan participant assets in fund-specific portfolios. New York Life Investment Management serves as the investment*



CSOC.CBR.00031586

international 2005 business update

New York Life International made significant progress on its path toward becoming a premier life insurer in the markets where it does business in Asia and Latin America. Insurance sales grew by 20 percent over 2004 to $583 million. Insurance and investment sales led to a 21 percent increase in operating revenue, which closed the year at $1.8 billion. Our operation in Mexico, Seguros Monterrey New York Life, was the largest contributor to these strong results.

We also strengthened and grew our distribution reach in 2005. Our career agency organization remains our primary channel and now counts more than 22,000 licensed agents. Agency sales in 2005 grew nearly 30 percent over 2004, with strong performance in India, China, South Korea, Taiwan and Mexico. In certain markets, our career agency system is complemented by other distribution channels, which include mainly bancassurance, corporate agencies and telemarketing. This past year, our operation in Thailand, in its exclusive distribution relationship with its banking partner Siam Commercial Bank, became the largest bancassurance operation in that country and in the top three in Southeast Asia.* And in Taiwan, we entered into a new exclusive partnership with the Bank of Overseas Chinese.

On the product front, recurring premium life insurance continues to make up the majority of the insurance sales in all markets. In 2005, we expanded our variable (unit- or investment-linked) products to new markets and saw an overall increase in sales with particularly strong results generated in India, South Korea and Taiwan. We continuously look for ways to strengthen our existing product portfolio and, in certain markets, we are exploring opportunities to expand into new areas, such as pension and retirement product lines and mutual funds.

* *Source: Watson Wyatt, Hong Kong, 2005.*



In addition to growing our existing operations organically, we also expanded geographically during the past year. We were one of the very few foreign life insurers to be granted an operating license by the government of Vietnam for a wholly owned life insurance subsidiary. We expect to open for business in that country during 2007. In China, we opened a new office in the city of Qingdao, where our partner Haier's headquarters is located. We also received licenses in Yantai, Deyang and Nanjing, and plan to commence operations in those cities in the near future. By far, the largest expansion story in 2005 emerged out of India, where our joint venture company, Max New York Life, opened 13 offices in nine new cities (bringing us to a total of 46 offices) and further increased our reach to rural areas through new corporate agency relationships.

A critical part of our international expansion is promoting the values and reputation of New York Life and increasing the Company's visibility within each market. To that end, our local operations demonstrate New York Life's commitment to humanity by supporting charitable organizations in the communities in which they do business – with an emphasis on helping those who bring much needed services to children. Our Thailand operation provides ongoing support for an orphanage housing more than 600 children, many of whom were born with HIV. In Mexico, the Mexican Center for Philanthropy has, for three consecutive years, recognized Seguros Monterrey New York Life as a "Socially Responsible Company" for its annual grants and employee and agent donations to EDUCA, a nonprofit foundation that serves the needs of public schools. Max New York Life in India supports the SOS Children's Villages, a national orphanage that receives a portion of the premium from the sales of certain products in that country.

The growth of our international operations remains an important component of our overall strategy for maintaining New York Life's long-term financial strength and stability. The markets in which we operate, where significant portions of the population do not have adequate life insurance coverage, offer tremendous sources for revenue growth and profitability in the years ahead.



CSOC.CBR.00031588

special markets 2005 business update

Special Markets is comprised of three businesses: the AARP Life Insurance Program, which markets group life insurance products to AARP members; Long-Term Care insurance sold through our agents; and the Group Membership Association division, which markets to members of professional associations. In 2005, Special Markets posted double-digit growth in sales and revenue. Sales grew 20 percent over 2004 to $212 million, while operating revenue climbed to $1.3 billion. If Special Markets were a stand-alone company, its revenues would rank in the top 5 percent of all domestic life insurance carriers, according to A.M. Best.

AARP LIFE INSURANCE PROGRAM Through an exclusive marketing arrangement with AARP, New York Life offers life insurance to the association's 36 million members. The AARP Life Insurance Program established new records in sales, revenue and earnings with double-digit growth for each key financial indicator. Sales climbed to $137 million, up 31 percent over 2004's record sales. This strong sales performance further strengthened our position as the number one direct marketer of life insurance to individuals over 50. In 2005, our AARP Operations Center in Tampa, Florida, received, on average, more than 14,000 new applications for insurance per week. More than 1.2 million people are now insured through this program.

A number of new initiatives helped drive this growth, including the introduction of our newest Level Benefit Term life insurance product. We also continued to expand our marketing to non-AARP members, offering them the opportunity to join the association in conjunction with purchasing insurance. In 2005, more than 90,000 men and women took advantage of this, simultaneously enrolling for AARP membership and New York Life's coverage.

At year-end, AARP selected New York Life as the exclusive, endorsed provider of lifetime income annuities to AARP members. The new AARP Lifetime Income Program will complement and leverage New York Life's broader participation in the guaranteed lifetime income marketplace.



LONG-TERM CARE New York Life is now the nation's eighth largest seller of individual long-term care insurance products,* following an 11 percent growth in sales during 2005. This was particularly significant in light of the fact that the rest of the industry reported a 5 percent decline in sales of long-term care insurance for the year, according to LIMRA (an industry association providing research and consulting to financial services companies). Our success with this product reflects our commitment to offering quality coverage that is responsibly priced, backed by the financial strength of New York Life.

Our strategic focus on prudent risk management in the long-term care business has made us one of the few carriers that has never raised rates on existing customers – and the first insurance company in the long-term care market to pay a dividend on long-term care policies. This is in sharp contrast to many competitors who have raised rates on their in-force or new business, or exited the market altogether.

GROUP MEMBERSHIP ASSOCIATION Our Group Membership Association division provides life, health and disability insurance programs for more than 500 associations, including many of the nation's most prominent professional associations. We celebrated our 50th anniversary in the business in 2005. Two of our original clients from 1955 are also celebrating the 50th consecutive year of their relationship with us: the American Bar Endowment and the Ontario Medical Association.

In 2005, we further strengthened the Company's already dominant position in the association marketplace. We placed our largest single new case sale in eight years, the American Chemical Society, and for the fifth consecutive year, we retained 100 percent of our in-force clients.

We continue to lead the market in product innovation, a key factor that has contributed to strong sales growth. New York Life is one of the few carriers to realize growth in the association marketplace, which we attribute in large part to product innovation. This is evidenced by the success of our new 10- and 20-year level term products, which are designed with features tailored to meet the needs of our clients.

* *2005 long-term care sales, LIMRA reported. Adjusted for level pay life*



CSOC.CBR.00031590

2005 investment review

New York Life Insurance Company and its Domestic Insurance Subsidiaries

The following investment review presents information for New York Life Insurance Company and its domestic insurance subsidiaries, New York Life Insurance and Annuity Corporation and NYLIFE Insurance Company of Arizona, which represent most of the invested assets of the Company. The cash and invested asset information below is presented on a statutory accounting basis. New York Life's equity investment in its international insurance affiliates and domestic non-insurance affiliates, valued on a GAAP basis, is included in the Equities section of the table below. NYL International, the largest affiliate in asset size, had cash and invested assets of $4.6 billion. A reconciliation of cash and invested assets from a GAAP basis to a statutory basis is presented on page 46.

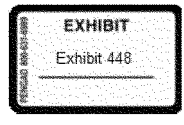
Broad Asset Allocation

New York Life and its domestic insurance subsidiaries ("NYL Domestic") maintained a well-diversified portfolio in 2005, with strong growth in private investment grade bonds and a stable position in mortgage loans. Cash and invested assets rose nearly $8 billion to $130 billion, due to strong cash flow generated from NYL Domestic insurance operations.

CASH AND INVESTED ASSETS

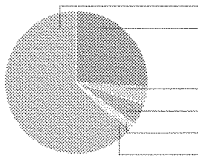
(DOLLARS IN MILLIONS)	DECEMBER 31, 2004		DECEMBER 31, 2005	
INVESTMENT GRADE PUBLIC BONDS	$ 63,393	52%	$ 66,757	51%
INVESTMENT GRADE PRIVATE BONDS	17,250	14%	22,679	17%
BELOW INVESTMENT GRADE BONDS	8,607	7%	8,013	6%
SUBTOTAL FIXED INCOME SECURITIES	$ 89,250	73%	$ 97,449	74%
MORTGAGE LOANS	10,737	9%	11,276	9%
EQUITIES	7,662	6%	8,716	7%
POLICY LOANS	6,374	6%	6,566	5%
CASH AND SHORT TERMS*	7,552	6%	5,940	5%
DERIVATIVES AND OTHER INTERESTS	475	–	44	–
TOTAL CASH AND INVESTED ASSETS	$122,050	100%	$129,991	100%

** Includes cash primarily received on financing transactions of $3,852 million and $4,077 million for 2004 and 2005, respectively.*



Fixed Income Securities

QUALITY OF INVESTMENTS The fixed income securities portfolio continues to be dominated by high-quality investments, with 92 percent being investment grade, up from 91 percent in 2004. The increase in investment grade assets was primarily driven by new investments in the highest-quality fixed income (NAIC 1) assets, as those assets provided attractive relative value. Below investment grade assets decreased from 2004 levels due to a positive ratings adjustment on a middle market commercial lending affiliate (Madison Capital Funding).



FIXED INCOME SECURITIES BY QUALITY

(DOLLARS IN MILLIONS)				DECEMBER 31, 2005	
1	NAIC 1	AAA TO A–	HIGHEST QUALITY	$64,625	66%
2	NAIC 2	BBB+ TO BBB–	HIGH QUALITY	24,811	26%
	INVESTMENT GRADE			$89,436	92%
3	NAIC 3	BB+ TO BB–	MEDIUM QUALITY	3,310	3%
4	NAIC 4	B+ TO B–	LOW QUALITY	3,617	4%
5	NAIC 5	CCC+ TO CCC–	LOWER QUALITY	988	1%
6	NAIC 6	CC TO D	IN OR NEAR DEFAULT	98	–
BELOW INVESTMENT GRADE				$ 8,013	8%
TOTAL FIXED INCOME SECURITIES				$97,449	100%



CSOC.CBR.00031592

2005 investment review

New York Life Insurance Company and its Domestic Insurance Subsidiaries

DIVERSIFICATION OF INVESTMENTS The fixed income portfolio remains well diversified across the broad industry spectrum and is comprised of securities issued by more than 2,000 individual issuers. The mortgage-backed sector continues to have the highest allocation, as high-quality commercial mortgage-backed securities provided value. Allocation to the bank and finance sector increased from 2004 levels, as the sector offered strong deal flow and was attractively priced relative to other corporate sectors.

DIVERSIFICATION OF FIXED INCOME SECURITIES

(DOLLARS IN MILLIONS)	DECEMBER 31, 2005	
MORTGAGE-BACKED	$19,211	20%
BANK AND FINANCE	14,734	15%
CONSUMER GOODS	11,812	12%
CAPITAL GOODS	11,596	12%
UTILITIES	11,289	12%
ASSET-BACKED	9,125	9%
ENERGY	5,092	5%
U.S. GOVERNMENTS AND AGENCIES	4,907	5%
MEDIA	2,940	3%
SOVEREIGN/FOREIGN GOVERNMENT	2,631	3%
TRANSPORTATION	1,590	2%
OTHER*	2,522	2%
TOTAL FIXED INCOME SECURITIES	$97,449	100%

** Other category is made up of industry concentrations of less than 2 percent.*

NYL Domestic limits exposure to individual issuers according to credit quality, with no single corporate exposure greater than $210 million. The ten largest holdings in the portfolio represent less than two percent of cash and invested assets. In 2005, more than $19 billion in new money was invested in fixed income securities. Continuing NYL Domestic's effort to diversify both the public and private corporate bond portfolios, more than 225 new issuers were added during 2005.

Mortgage Loans

PERFORMANCE OF INVESTMENTS The strong real estate market was the backdrop for the continued solid performance of NYL Domestic's mortgage loan portfolio. For the seventh year in a row, less than 1 percent of the portfolio was classified in the problem loan category, as defined by delinquency, restructure and foreclosure rates.

QUALITY OF COMMERCIAL MORTGAGE LOANS

	DECEMBER 31, 2005
DELINQUENCY RATE	0.00%
RESTRUCTURE RATE	0.00%
FORECLOSURE RATE	0.43%
TOTAL PROBLEM LOAN RATE	0.43%



DIVERSIFICATION OF INVESTMENTS The mortgage loan portfolio is broadly diversified by both property type and geographic region. NYL Domestic's mortgage loan investment practices emphasize conservatively underwritten, high-quality properties. As a result, the portfolio is weighted toward investments in office buildings and retail space, due to the large proportion of high-quality assets in these two groups relative to other commercial mortgage asset types. Allocation to office buildings decreased from 2004 levels primarily due to a high level of both scheduled and unscheduled repayments exceeding new fundings. This decrease was offset by small increases across all other property types.

MORTGAGE LOANS BY PROPERTY TYPE

(DOLLARS IN MILLIONS)	DECEMBER 31, 2005	
OFFICE BUILDINGS	$ 3,626	32%
RETAIL	2,783	25%
INDUSTRIAL	2,027	18%
MULTI-FAMILY RESIDENTIAL	1,447	13%
SINGLE-FAMILY RESIDENTIAL	1,162	10%
HOTEL/MOTEL	225	2%
OTHER COMMERCIAL PROPERTY	6	–
TOTAL MORTGAGE LOANS	$11,276	100%

NYL Domestic's strategy of focusing on office and retail properties leads to a high weighting in geographic regions with dense populations. The mix of geographic diversification changed slightly from 2004 with increased opportunities in the Pacific region, offset by lower investment in the North Central region primarily due to a high level of scheduled repayments.

MORTGAGE LOANS BY GEOGRAPHIC REGION

(DOLLARS IN MILLIONS)	DECEMBER 31, 2005	
SOUTHEAST	$ 2,818	25%
PACIFIC	2,397	21%
MID-ATLANTIC	2,298	20%
SOUTH CENTRAL	1,400	12%
NORTH CENTRAL	1,192	11%
NEW ENGLAND	839	8%
MOUNTAIN	327	3%
CANADA	5	–
TOTAL MORTGAGE LOANS	$11,276	100%

Equities

While the equity markets were relatively flat in the first half of the year, a stronger second half resulted in the S&P 500 index up 4.9 percent for 2005. NYL Domestic's combined equity portfolios outperformed the S&P 500. Strong performance in equity types such as real estate investment trusts (REITs), mid-cap and international equity enhanced overall performance.

EQUITY BY TYPE

(DOLLARS IN MILLIONS)	DECEMBER 31, 2005	
PUBLIC EQUITY	$2,707	31%
PRIVATE EQUITY	2,334	27%
REITs	679	8%
REAL ESTATE	501	6%
CONVERTIBLE PREFERREDS	92	1%
UNCONSOLIDATED SUBSIDIARIES	2,403	27%
TOTAL EQUITY	$8,716	100%



CSOC.CBR.00031594

2005 investment review

New York Life Insurance Company and its Domestic Insurance Subsidiaries

DIVERSIFICATION OF INVESTMENTS NYL Domestic's equity assets are diversified across many different types of equity, including public common stock, private equity, real estate investment trusts (REITs) and convertible preferreds. Diversification within public equity was further enhanced in 2005 with the addition of small-cap equity. Unconsolidated subsidiaries increased in value primarily due to the market appreciation on publicly traded common stock of certain affiliates (Express Scripts).

The public common stock equity portfolio is managed by experienced portfolio managers, who make use of active and passive styles combined with quantitative and fundamental analysis. The private equity allocation provides further diversification because of its low correlation with fixed income securities and public equities. The equity assets are also diversified across many different industry sectors and geographic regions, thereby limiting exposure to cyclical or systematic problems within any given sector or region. By ensuring adequate diversification, NYL Domestic expects to realize more stable equity returns.

Asset/Liability and Investment Risk Management

The asset portfolio has potential exposure to several investment risks, including liquidity, interest rate, credit and equity price risks. NYL Domestic has established comprehensive policies and procedures at both the corporate and business segment levels to minimize overall risk exposures. The Investment Committee of the Board of Directors annually approves NYL Domestic's general authorization, which defines the authority to make and execute decisions, the limits by asset class and the overall effective limit on asset risks. One of the key measures to quantify and control overall investment risk is to assess the potential exposure of statutory surplus to adverse changes in financial market and credit conditions over a 12-month period.

A substantial positive operating cash flow supports NYL Domestic's strong liquidity and ability to meet its liabilities when due. Primary sources of cash include sales of insurance and investment products, investment income, maturities and calls, and dividends. Additional liquidity to meet unexpected cash demands can be provided by NYL Domestic's portfolio of liquid assets, which include U.S. Treasury securities, short-term money market investments, government agency bonds and mortgage-backed securities. Funds are also available through a commercial paper program administered by New York Life Capital Corporation, an indirect, wholly owned subsidiary of New York Life, and a bank revolving credit facility, which is used to back up the commercial paper issuance program.

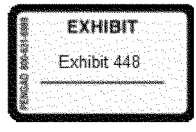


Management evaluates the impact of various stress events on the Company's liquidity on a regular basis using the analysis of stress scenarios. Based on the results of these stress tests, management believes that the Company has more than ample liquidity and financial strength to provide for foreseeable cash requirements, including unanticipated cash outflows in extreme stressed conditions. This view was reaffirmed in an October 2005 report from Moody's, which referred to New York Life Insurance Company as having "very strong liquidity." Various liquidity risk indicators are tracked regularly to provide management with an early indication of any potential liquidity issues.

Earnings and cash flows relating to fixed-rate investments are sensitive to interest rate changes. NYL Domestic manages interest rate risk as part of its asset/liability management process and product design procedures. Asset/liability management strategies include segmentation of investments by product line and the construction of investment portfolios designed to specifically satisfy the projected cash needs of the underlying product liability. Interest rate risk is also assessed and controlled by modeling asset and liability cash flows, on a product-by-product basis, under current and projected interest rate scenarios. NYL Domestic's asset/liability position is monitored regularly, enabling management to adjust asset portfolios or alter liability cash flows in an effort to prudently balance profitability and risk for each product segment and for the aggregate portfolio.

NYL Domestic's investments in corporate bonds and mortgage loans expose it to potential losses from the uncertainty of default experience to the underlying credits. Credit risk is managed by applying disciplined credit evaluation and underwriting standards; aligning allocations to lower-quality, higher-yielding investments with our risk-return tolerances; and diversifying exposures by industry, issuer and property type.

The market value of the holdings of public and private equity securities will fluctuate with changes in equity prices. Equity price risk is managed on an integrated basis with other risks through NYL Domestic's asset/liability management strategies. This risk is also managed through industry and issuer diversification and asset allocation techniques.



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2005 financial overview

In 2005, New York Life generated $934 million in operating earnings, nearly matching the company's record-setting 2004 operating earnings, which were positively impacted by a number of nonrecurring items. Solid operating earnings were generated by all lines of business in 2005.

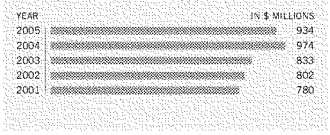
Surplus and asset valuation reserves, the funds that ensure we can meet future obligations to policyholders and finance our growth, increased by more than $1 billion and reached a new high of $12.9 billion, providing a superb cushion of safety and security for our policyholders. Since 2001 surplus and asset valuation reserves have increased by over $4.1 billion. Total surplus is one of the key indicators of the Company's long-term financial strength and stability.

Our primary management reporting system is based on accounting principles generally accepted in the United States of America (GAAP), with certain adjustments that we believe result in a more appropriate tracking of operating results. In addition, statutory results are tracked as an important measure of capital adequacy.

For a detailed reconciliation of the Company's GAAP performance measures to its non-GAAP performance measures, see page 47.

For definitions of the Company's performance measures, see page 52.

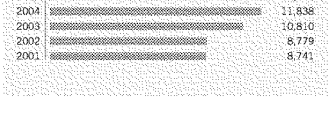
OPERATING EARNINGS



OPERATING EARNINGS (LOSS) BY LINE OF BUSINESS

(DOLLARS IN MILLIONS)	2004	2005
LIFE AND ANNUITY	$698	**$619**
INVESTMENT MANAGEMENT	146	**156**
SPECIAL MARKETS	56	**62**
INTERNATIONAL	(7)	**22**
CORPORATE	81	**75**
OPERATING EARNINGS	$974	**$934**

SURPLUS AND ASSET VALUATION RESERVES





OPERATING REVENUE

YEAR	IN $ BILLIONS
2005	11.1
2004	10.3
2003	9.3
2002	8.9
2001	8.5

This chart shows the revenue the Company has generated from its domestic and international business during the last five years – primarily premium and fee income, deposits included in policyholder account balances for life and annuity products, and net margins on guaranteed products. Operating revenue has grown steadily since 2001.

ASSETS UNDER MANAGEMENT

YEAR	IN $ BILLIONS
2005	225.2
2004	214.9
2003	202.1
2002	179.8
2001	178.3

This chart shows the growth of assets under management since 2001. The Company's assets under management rose 4.8 percent over 2004, reflecting the strength of the Company's diversified products and distribution channels.

INSURANCE SALES

YEAR	IN $ MILLIONS
2005	2,237
2004	2,027
2003	1,761
2002	1,861
2001	1,436

This chart shows the growth of new insurance sales and includes results from both our domestic and international operations. This represents another record performance for the Company. Since 2001, our insurance sales have grown at a compound annual rate of 12 percent.

INDIVIDUAL LIFE INSURANCE IN FORCE

YEAR	IN $ BILLIONS
2005	651.6
2004	616.1
2003	556.0
2002	523.8
2001	490.8

This chart shows the growth of the Company's individual life insurance in force. Our steady growth – $160.8 billion since 2001 – is the sign of a strong and vibrant company.

INVESTMENT SALES

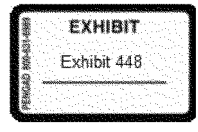
YEAR	IN $ MILLIONS
2005	28,265
2004	24,230
2003	22,329
2002	21,699
2001	20,000

Investment sales include new sales of annuities, (other than immediate annuities, which are included in insurance sales), mutual funds and other investment-related products by both our domestic and international operations. 2005 investment sales increased over $4 billion from 2004 due to growth of our third-party asset management business.

POLICYHOLDER BENEFITS AND DIVIDENDS

YEAR	IN $ BILLIONS
2005	10.7
2004	9.3
2003	8.4
2002	7.9
2001	7.5

This chart illustrates policyholder benefits and dividends incurred by the Company over the last five years. Benefits include death claims paid to beneficiaries, accident and health benefits, surrender benefits, interest on death claims and annuity payments. Dividends are payments made to policyholders eligible to participate in the Company's earnings.



CSOC.CBR.00031598

report of independent auditors

To the Board of Directors of New York Life Insurance Company

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of New York Life Insurance Company and its subsidiaries as of December 31, 2005 and 2004, and the related consolidated statements of income, of equity and of cash flow for the years then ended; and in our report dated March 15, 2006, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

As described in Note 3 to the consolidated financial statements, effective January 1, 2004, the Company adopted Statement of Position 03-1, *Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts*, and Statement of Financial Accounting Standards No. 133, *Accounting for Derivative Instruments and Hedging Activities* Implementation Issue No. B36, *Embedded Derivatives: Modified Coinsurance Arrangements and Debt Instruments That Incorporate Credit Risk Exposures That Are Unrelated or Only Partially Related to the Creditworthiness of the Obligor Under Those Instruments.*

PricewaterhouseCoopers LLP
New York, New York
March 15, 2006



consolidated balance sheet

New York Life Insurance Company and its Subsidiaries

(DOLLARS IN MILLIONS)	DECEMBER 31, 2004	DECEMBER 31, 2005
ASSETS		
FIXED MATURITIES		
AVAILABLE FOR SALE, AT FAIR VALUE	$ 96,595	$103,710
HELD TO MATURITY, AT AMORTIZED COST	130	200
TRADING SECURITIES, AT FAIR VALUE	5,880	5,936
EQUITY SECURITIES		
UNAFFILIATED, AVAILABLE FOR SALE, AT FAIR VALUE	3,294	3,843
AFFILIATED	244	269
TRADING SECURITIES, AT FAIR VALUE	691	459
MORTGAGE LOANS	10,845	11,373
POLICY LOANS	6,446	6,660
OTHER LONG-TERM INVESTMENTS	4,585	4,822
TOTAL INVESTMENTS	128,710	137,272
CASH AND CASH EQUIVALENTS	6,152	4,841
DEFERRED POLICY ACQUISITION COSTS	4,317	5,189
INVESTMENT INCOME DUE AND ACCRUED	1,395	1,490
GOODWILL	496	543
OTHER ASSETS	4,227	3,496
SEPARATE ACCOUNT ASSETS	14,627	16,034
TOTAL ASSETS	$159,924	$168,865
LIABILITIES		
POLICYHOLDERS' ACCOUNT BALANCES	$ 58,568	$ 64,451
FUTURE POLICY BENEFITS	53,207	56,659
DIVIDENDS PAYABLE TO POLICYOWNERS	1,187	1,227
POLICY CLAIMS	670	654
DEBT	2,455	2,245
OTHER LIABILITIES	10,828	9,477
SEPARATE ACCOUNT LIABILITIES	14,627	16,034
TOTAL LIABILITIES	141,542	150,747
MINORITY INTEREST	612	608
EQUITY		
ACCUMULATED OTHER COMPREHENSIVE INCOME	1,896	781
RETAINED EARNINGS	15,874	16,729
TOTAL EQUITY	17,770	17,510
TOTAL LIABILITIES AND EQUITY	$159,924	$168,865

See accompanying notes to condensed consolidated financial statements.



CSOC.CBR.00031600

consolidated statement of income

New York Life Insurance Company and its Subsidiaries

(DOLLARS IN MILLIONS)	YEAR ENDED DECEMBER 31	
	2004	2005
REVENUE		
PREMIUMS	$ 7,965	$ 8,325
FEES – UNIVERSAL LIFE AND ANNUITY POLICIES	685	778
NET INVESTMENT INCOME	6,880	7,668
NET INVESTMENT GAINS	1,230	107
OTHER INCOME	570	627
TOTAL REVENUE	17,330	17,505
EXPENSES		
INTEREST CREDITED TO POLICYHOLDERS' ACCOUNT BALANCES	2,294	2,479
POLICYHOLDER BENEFITS	4,764	5,041
INCREASE IN LIABILITIES FOR FUTURE POLICY BENEFITS	3,123	3,436
OPERATING EXPENSES	3,473	3,861
DIVIDENDS TO POLICYHOLDERS	1,440	1,476
TOTAL EXPENSES	15,094	16,293
INCOME FROM OPERATIONS BEFORE INCOME TAXES, MINORITY INTEREST AND CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	2,236	1,212
INCOME TAX EXPENSE	666	270
INCOME FROM OPERATIONS BEFORE MINORITY INTEREST AND CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	1,570	942
MINORITY INTEREST EXPENSE	(36)	(87)
CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES (NET OF INCOME TAX EXPENSE OF $129 MILLION)	(240)	–
NET INCOME*	$ 1,294	$ 855

See accompanying notes to condensed consolidated financial statements.

* See Note 5 on page 45.

EXHIBIT
Exhibit 448
PENGAD 800-631-6989

CSOC.CBR.00031601

notes to condensed consolidated financial statements

New York Life Insurance Company and its Subsidiaries, December 31, 2004 and 2005

Note 1

NATURE OF OPERATIONS AND BASIS OF PRESENTATION

NATURE OF OPERATIONS New York Life Insurance Company and its subsidiaries ("the Company") offer a wide range of insurance and investment products and services including life and health insurance, long-term care, annuities, pension products, mutual funds, and other investments and investment advisory services. The Company is comprised of four primary business operations: Life and Annuity, Investment Management, International operations and Special Markets. Life and Annuity operations are conducted through New York Life Insurance Company ("NYLIC"), the parent company, and its wholly owned insurance subsidiaries New York Life Insurance and Annuity Corporation ("NYLIAC") and NYLIFE Insurance Company of Arizona ("NYLIFE of Arizona"). Investment Management activities are conducted primarily through NYLIC and various registered investment advisory subsidiaries of its wholly owned subsidiary, New York Life Investment Management Holdings LLC ("NYLIM Holdings"). The Company markets individual insurance and investment products in Asia and Latin America through New York Life International, LLC ("NYL International"), a wholly owned subsidiary of NYLIC. Special Markets is a niche business area of NYLIC that markets group life and health insurance to membership associations, long-term care insurance and is the exclusive provider of life insurance to AARP. NYLIFE LLC is a wholly owned subsidiary of NYLIC, and is a holding company for certain subsidiaries of NYLIC. NYLIFE LLC, through its subsidiaries, offers securities brokerage, financial planning and investment advisory services, trust services and capital financing.

BASIS OF PRESENTATION The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") and reflect the consolidation of the parent company with its majority-owned and controlled subsidiaries, as well as variable interest entities in which the Company is considered the primary beneficiary: principally NYLIAC, NYLIFE of Arizona, NYLIFE LLC, NYL International and NYLIM Holdings. All intercompany transactions have been eliminated in consolidation. The New York State Insurance Department (the "Department") recognizes only statutory accounting practices for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the New York Insurance Law, and for determining whether its financial condition warrants the payment of a dividend to its policyholders. In addition, the Company is also subject to reporting requirements with the Delaware and Arizona Insurance Departments. No consideration is given by any of the State Insurance Departments to financial statements prepared in accordance with GAAP in making such determinations.

Certain amounts in prior years have been reclassified to conform to the current year presentation. These reclassifications had no effect on net income or equity as previously reported.

Accounting practices used to prepare statutory financial statements for regulatory filings of life insurance companies differ in certain instances from GAAP.



CSOC.CBR.00031602

notes to condensed consolidated financial statements

New York Life Insurance Company and its Subsidiaries, December 31, 2004 and 2005

The following reconciles consolidated GAAP net income to the statutory net income of NYLIC, as reported to regulatory authorities:

(DOLLARS IN MILLIONS)	2004	2005
CONSOLIDATED GAAP NET INCOME	$ 1,294	$ 855
ADJUSTMENTS TO GAAP BASIS FOR:		
REMOVAL OF AMORTIZATION OF DEFERRED ACQUISITION COSTS ("DAC")	885	1,133
RE-ESTIMATION OF FUTURE POLICY BENEFITS AND POLICYHOLDERS' ACCOUNT BALANCES	27	186
REMOVAL OF DEFERRED INCOME TAXES	301	2
POLICYHOLDER DIVIDENDS	(6)	(28)
INCLUSION OF INTEREST MAINTENANCE RESERVE ("IMR") AMORTIZATION	98	83
REMOVAL OF CAPITALIZATION OF DAC	(1,300)	(1,339)
REMOVAL OF STATUTORY SUBSIDIARIES' NET GAIN	(65)	(144)
REMOVAL OF GAAP NET INVESTMENT GAINS	(1,230)	(107)
INCLUSION OF DIVIDEND INCOME FROM SUBSIDIARIES	125	20
CURRENT TAX AND MINORITY INTEREST ON NET INVESTMENT GAINS ABOVE	321	114
REMOVAL OF CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES, NET OF TAX	240	
REMOVAL OF FAIR VALUE ADJUSTMENT OF CERTAIN LIABILITIES DUE TO SFAS 133 AND 836	61	(100)
OTHER	34	44
STATUTORY NET GAIN	785	719
STATUTORY NET REALIZED CAPITAL GAINS	199	479
STATUTORY NET INCOME*	$ 984	$ 1,198

The following reconciles consolidated GAAP equity to statutory capital of the Company, as reported to regulatory authorities:

(DOLLARS IN MILLIONS)	2004	2005
CONSOLIDATED GAAP EQUITY	$17,770	$17,510
ADJUSTMENTS TO GAAP BASIS FOR:		
REMOVAL OF CAPITALIZATION OF DAC	(4,317)	(5,189)
ESTABLISHMENT OF IMR	(480)	(458)
POLICYHOLDER DIVIDENDS	(194)	(220)
REMOVAL OF UNREALIZED GAINS ON INVESTMENTS	(5,331)	(3,246)
REMOVAL OF STATUTORY NON-ADMITTED ASSETS	(1,342)	(1,563)
DEFERRED TAX ASSET	955	315
REMOVAL OF CAPITALIZATION OF GOODWILL	(383)	(543)
CARRYING VALUE OF INVESTMENT IN EXPRESS SCRIPTS, INC. ("ESI")	728	1,747
RE-ESTIMATION OF FUTURE POLICY BENEFITS AND POLICYHOLDERS' ACCOUNT BALANCES	2,965	3,258
REMOVAL OF NON-VESTED EMPLOYEE BENEFIT LIABILITIES	387	383
INCLUSION OF SURPLUS NOTES, NET OF INDEMNIFICATION RESERVE	1,015	891
OTHER	55	(32)
STATUTORY CAPITAL†	$11,838	$12,853

* *Statutory net income excludes the net income of NYLIC only, and excludes the net income of its domestic insurance subsidiaries of $213 million and $223 million for the years ended December 31, 2004 and 2005, respectively.*

† *Statutory capital includes statutory surplus and the asset valuation reserve ("AVR") on a consolidated basis of the Company. NYLIC's statutory surplus was $9,708 million and $10,549 million at December 31, 2004 and 2005, respectively. AVR for NYLIC and its domestic insurance subsidiaries was $2,130 million and $2,304 million at December 31, 2004 and 2005, respectively.*



Note 2

SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

INVESTMENTS Fixed maturity investments, which the Company has both the ability and the intent to hold to maturity, are stated at amortized cost and classified as held-to-maturity. Investments classified as available-for-sale or trading are reported at fair value. For publicly traded fixed maturities, estimated fair value is determined using quoted market prices. For fixed maturities without a readily ascertainable fair value, the Company has determined an estimated fair value using a discounted cash flow approach, broker-dealer quotations or management's pricing model. Unrealized gains and losses on available-for-sale securities are reported in other comprehensive income, net of deferred taxes and related adjustments. Unrealized gains and losses from investments classified as trading fixed maturities are reflected in net investment gains in the accompanying Consolidated Statement of Income.

Changes in future anticipated cash flows on mortgage and asset-backed securities from the original purchase assumptions are accounted for using the retrospective yield adjustment method.

Unaffiliated equity securities are carried at fair value. The estimated fair value of equity securities has been determined using quoted market prices for publicly traded securities and management's pricing model for private placement securities. Equity securities classified as available-for-sale reflect unrealized gains and losses in other comprehensive income, net of deferred taxes and related adjustments. Unrealized gains and losses from investments in equity securities classified as trading are reflected in net investment gains in the accompanying Consolidated Statement of Income.

Affiliated equity securities represent holdings in entities where there is at least 20 percent ownership or where the Company has the ability to exercise significant influence through its relationship, and are accounted for by the equity method of accounting. Accordingly, respective net earnings or losses are included in other income in the accompanying Consolidated Statement of Income.

The cost basis of fixed maturities and equity securities is adjusted for impairments in value deemed to be other than temporary, with the associated realized loss reported in net investment gains in the accompanying Consolidated Statement of Income. Factors considered in evaluating whether a decline in value is other than temporary include: (i) whether the decline is substantial; (ii) the amount of time that the fair value has been less than cost; (iii) the financial condition and near-term prospects of the issuer; and (iv) the Company's ability and intent to retain the investment for the period of time sufficient to allow for an anticipated recovery in value.

Mortgage loans on real estate are carried at unpaid principal balances, net of discounts/premiums and valuation allowances, and are secured. Specific valuation allowances are established for the excess carrying value of the mortgage loan over its estimated fair value, when it is probable that, based on current information and events, the Company will be unable to collect all amounts due under the contractual terms of the loan agreement. Specific valuation allowances are based upon the fair value of the collateral or present value of expected future cash flows discounted at the loan's original effective interest rate. The Company also has a general valuation allowance for estimated future credit losses on currently performing mortgages. The general allowance is based on the Company's historical loss experience for the mortgage loan portfolio.

Policy loans are stated at the aggregate balance due, which approximates fair value since loans on policies have no defined maturity date and reduce amounts payable at death or surrender.

Derivative financial instruments are accounted for at fair value. The treatment of changes in the fair value of derivatives depends on the character of the transaction, including whether it has been designated and qualifies as part of a hedging relationship.

Limited partnership investments included in other long-term investments in the accompanying Consolidated Balance Sheet are accounted for by the equity method of accounting.

Net investment gains (losses) on sales are generally computed using the specific identification method.



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notes to condensed consolidated financial statements

New York Life Insurance Company and its Subsidiaries, December 31, 2004 and 2005

DEFERRED POLICY ACQUISITION COSTS The costs of acquiring new and maintaining renewal business and certain costs of issuing policies that vary with, and are primarily related to, the production of new and renewal business have been deferred and recorded as an asset in the accompanying Consolidated Balance Sheet. These costs consist primarily of commissions, certain expenses of underwriting and issuing contracts, and certain agency expenses.

For traditional participating life insurance policies, such costs are amortized over 25 years in proportion to estimated gross margins, basing amortization initially on pricing assumptions and updating periodically for actual results. For universal life and deferred annuity contracts, such costs are amortized in proportion to estimated gross profits over the effective life of those contracts, which is assumed to be 25 years for universal life contracts and 15 years for deferred annuities. The Company uses a pricing-based approach for projections of future gross margins, which include original pricing earned rates. Changes in assumptions for all policies and contracts are reflected as retroactive adjustments in the current year's amortization. For the above described contracts, the carrying amount of the deferred policy acquisition cost asset is adjusted at each balance sheet date as if the unrealized investment gains or losses had been realized and included in the gross margins or gross profits used to determine current period amortization. The increase or decrease in the deferred policy acquisition cost asset due to unrealized investment gains or losses is recorded in other comprehensive income.

Deferred acquisition costs for term contracts, annuity policies with life contingencies, and group life and health contracts are amortized in proportion to premium income over the effective premium-paying period of the contract. Assumptions as to anticipated premiums are made at the date of policy issuance and are consistently applied during the life of the contract. Deviations from estimated experience are included in operating expenses in the accompanying Consolidated Statement of Income when they occur.

RECOGNITION OF INCOME AND RELATED EXPENSES Premiums from traditional participating life insurance policies, term life policies, annuity policies with life contingencies and group life and health contracts are recognized as income when due. The associated benefits and expenses are matched with income so as to result in the recognition of profits over the life of the contracts. This match is accomplished by providing for liabilities for future policy benefits and the deferral and subsequent amortization of policy acquisition costs.

Amounts received under universal life-type contracts and investment contracts are reported as deposits to policyholders' account balances. Revenues from these contracts consist of amounts assessed during the period for mortality and expense risk, policy administration and surrender charges, and are included as fee income in the Consolidated Statement of Income. Amounts previously assessed to compensate the Company for services to be performed over future periods are deferred and recognized into income over the period benefited, using the same assumptions and factors used to amortize deferred policy acquisition costs. Policy benefits and claims that are charged to expense include benefit claims incurred in the period in excess of related policyholders' account balances.

Premiums for contracts with a single premium, or a limited number of premium payments due over a significantly shorter period than the total period over which benefits are provided, are recorded as income when due. Any excess profit is deferred and recognized as income in a constant relationship to insurance in force and, for annuities, in relation to the amount of expected future benefit payments.

POLICYHOLDERS' ACCOUNT BALANCES Policyholders' account balances on universal life-type contracts and investment contracts are equal to cumulative deposits plus interest credited less mortality and expense charges and withdrawals.



FUTURE POLICY BENEFITS Reserves for traditional life insurance policies are estimated using a net level premium method based on the dividend fund interest rate and mortality rates guaranteed in calculating the cash surrender values. Term life insurance policies are estimated using a net level premium method on the basis of actuarial assumptions established at policy issue.

Individual annuities are calculated on the basis of actuarial assumptions established at policy issue. Group annuity reserves are generally calculated using the present value of expected future payments at rates expected at issue.

POLICYHOLDERS' DIVIDENDS The amount of dividends to be paid to NYLIC participating policyholders is determined annually by NYLIC's Board of Directors. The aggregate amount of policyholders' dividends is based on NYLIC's statutory results and past experience, including investment income, net realized investment gains and losses over a number of years, mortality experience, and other factors.

BENEFIT PLANS NYLIC maintains the New York Life Insurance Company Pension Plan (the "Pension Plan"). The Pension Plan is a qualified defined benefit pension plan covering substantially all eligible full-time and part-time employees of NYLIC and certain eligible employees of subsidiaries that adopt the Pension Plan. NYLIC also maintains the New York Life Excess Benefit Plan, which is a nonqualified, unfunded arrangement, which provides benefits in excess of the maximum benefits that may be paid or accrued under the Pension Plan. Agents are not eligible for benefits under the Pension Plan or the New York Life Excess Benefit Plan.

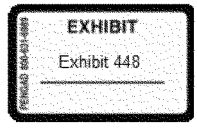
NYLIC also maintains the NYLIC Retirement Plan (the "Retirement Plan"). The Retirement Plan is a qualified defined benefit pension plan covering substantially all eligible agents under contract to NYLIC or its domestic life insurance subsidiaries on or after the effective date of the Plan, January 1, 1982. NYLIC also maintains nonqualified, unfunded arrangements to provide benefits in excess of maximum benefits that may be paid or accrued under the NYLIC Retirement Plan.

The plans described above are non-contributory and are accounted for in accordance with Statement of Financial Accounting Standards No. 87 ("SFAS 87"), "Employers' Accounting for Pensions." NYLIC provides certain health care and life insurance benefits ("postretirement benefits") under separate arrangements for eligible retired employees and agents including their eligible dependents. NYLIC accrues the expected cost of postretirement benefits during the period of employee and agent eligible service.

The Company also maintains a qualified defined contribution plan for employees as well as a separate plan for agents.

The Company provides certain benefits to eligible employees and agents during employment for paid absences. These benefits include, but are not limited to, salary continuation during medical and maternity leaves, disability-related benefits, and continuation of benefits such as health care and life insurance coverage.

FEDERAL INCOME TAXES NYLIC files a consolidated federal income tax return with certain of its domestic insurance and non-insurance subsidiaries. The consolidated income tax liability is allocated among the members of the group in accordance with a tax allocation agreement. The tax allocation agreement provides that each member of the group is allocated its share of the consolidated tax provision or benefit, determined generally on a separate company basis. Current federal income taxes are charged or credited to operations based upon amounts estimated to be payable or recoverable as a result of taxable operations for the current year and any adjustments to such estimates from prior years. Deferred income tax assets and liabilities are recognized for the future tax consequence of temporary differences between financial statement carrying amounts and income tax bases of assets and liabilities.



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notes to condensed consolidated financial statements

New York Life Insurance Company and its Subsidiaries, December 31, 2004 and 2005

Note 3

RECENT ACCOUNTING PRONOUNCEMENTS

Effective January 1, 2004, the Company adopted Statement of Position 03-1, "Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts" ("SOP 03-1"). SOP 03-1 provides guidance on (i) the classification and valuation of long-duration contract liabilities; (ii) the accounting for sales inducements; and (iii) separate account presentation and valuation. In accordance with SOP 03-1's guidance for the reporting of certain separate accounts, the Company reclassified $4,038 million of separate account assets to general account assets and $3,941 million of separate account liabilities to policyholders' account balances and other liabilities at January 1, 2004. The Company currently offers enhanced crediting rates or day-one bonus payments to contractholders on certain of its annuity products. Effective January 1, 2004, upon the Company's adoption of SOP 03-1, the expense associated with offering a day-one bonus continues to be deferred and amortized over the life of the related contract using the same methodology and assumptions used to amortize deferred policy acquisition costs. Enhanced crediting rates offered in certain annuity products will no longer be eligible for capitalization. Effective January 1, 2004, amortization associated with expenses previously deferred remains unchanged. The cumulative effect of the adoption of SOP 03-1, as of January 1, 2004, resulted in no impact to net income and a $2 million increase in other comprehensive income.

Effective January 1, 2004, the Company adopted Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133") Implementation Issue No. B36, "Embedded Derivatives: Modified Coinsurance Arrangements and Debt Instruments That Incorporate Credit Risk Exposures That Are Unrelated or Only Partially Related to the Creditworthiness of the Obligor Under Those Instruments" ("B36"). B36 indicates that certain reinsurance arrangements, and other similar contracts in which funds are withheld by the ceding insurer and a return on those withheld funds is paid based on the ceding company's return on certain of its investments, generally contain an embedded derivative feature that should be separately identified and fair-valued. The liabilities for these reinsurance arrangements and other similar contracts that contain an embedded derivative were adjusted to reflect the fair value of the invested assets and are included in interest credited to policyholders' account balances and other income in the accompanying Consolidated Statement of Income. To mitigate the financial impact of marking the liabilities to market, the Company transferred its fixed maturities portfolio backing certain modified coinsurance agreements and group pension participating contracts from available-for-sale into the trading portfolio. The financial impact of establishing a trading portfolio as of January 1, 2004, was a $214 million after-tax increase in net income and a $214 million after-tax decrease to other comprehensive income, and is not included as part of the cumulative impact, as of January 1, 2004. The cumulative effect of the adoption of B36, as of January 1, 2004, resulted in a $240 million after-tax decrease in net income and a $151 million after-tax increase in other comprehensive income. The total impact on net income for B36, including the establishment of a trading portfolio, was a charge of $26 million.

The Company's total cumulative effect of the adoption of B36 and SOP 03-1, as of January 1, 2004, resulted in a $240 million decrease in net income and a $153 million increase in other comprehensive income, after-tax.

The Company has adopted the provisions of Financial Accounting Standards Board Interpretation No. 46(R) "FIN 46(R)." In January 2003, the FASB issued FIN No. 46, "Consolidation of Variable Interest Entities" "FIN 46." FIN 46 requires a variable interest entity ("VIE") to be consolidated by a company if that company is subject to a majority of the risk of loss from the VIEs activities or entitled to receive a majority of the entity's residual returns. On December 17, 2003, the FASB issued FIN 46(R) ("Revised Interpretation" of FIN 46), which amended certain aspects of FIN 46. For all VIEs created before December 31, 2003, the Company was required to adopt FIN 46(R) as of January 1, 2005. For VIEs created after December 31, 2003, the Company applied FIN 46(R) in 2004. At December 31, 2004, the Company held $174 million of invested assets issued by a VIE, created after December 31, 2003, and determined it to be a significant variable interest under FIN 46(R). These investments consist of fixed maturities (asset-backed securitizations totaling



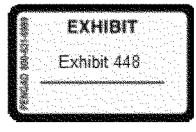
$73 million, and private placement structured notes totaling $93 million) and other equity investments (asset-backed securitizations totaling $8 million). This VIE did not require consolidation because management determined that the Company was not the primary beneficiary. Accordingly, this VIE is subject to ongoing review for impairment and the investment in this VIE represents the maximum exposure to losses from the Company's direct involvement with the VIE. The Company has no additional economic interest in this VIE in the form of derivatives, commitments, related guarantees, credit enhancement or similar instruments and obligations. At December 31, 2004, the Company had identified one VIE that required consolidation under existing accounting rules; however, it did not require consolidation at December 31, 2005, under FIN 46(R). Consequently, this resulted in $365 million of assets included in the accompanying Consolidated Balance Sheet at December 31, 2004, but excluded from the Consolidated Balance Sheet at December 31, 2005.

In 2005, the Company was determined to be the primary beneficiary for (i) a trust established for certain of the Company's synthetic guaranteed investment contracts; (ii) two entities established as part of the Company's securitization program; and (iii) an LLC whose primary objective is to invest in privately negotiated equity investments in companies based in, or with significant operations in, India. Consolidation of these VIEs resulted in $507 million of assets included in the accompanying Consolidated Balance Sheet at December 31, 2005.

At December 31, 2005, the Company also held $380 million of invested assets issued by VIEs and determined them to be significant variable interests under FIN 46(R). These investments consist of fixed maturities (asset-backed securitizations totaling $38 million and private placement structured notes totaling $291 million) and other long-term investments (equity in asset-backed securitizations totaling $25 million, limited partnership interests totaling $9 million and investment in a synthetic fuel plant totaling $17 million). These VIEs did not require consolidation at January 1, 2005, or throughout the year because management determined that the Company was not the primary beneficiary. Accordingly, these VIEs are subject to ongoing review for impairment, and investments in these VIEs represent the maximum exposure to losses from the Company's direct involvement with the VIEs. The Company has no additional economic interest in these VIEs in the form of derivatives, commitments, related guarantees, credit enhancement or similar instruments and obligations. There was no material impact to consolidated net income from adoption of FIN 46(R).

In September 2005, the Accounting Standards Executive Committee (AcSEC) of the American Institute of Certified Public Accountants (AICPA) issued Statement of Position (SOP) 05-1, Accounting by Insurance Enterprises for Deferred Acquisition Costs in Connection With Modifications or Exchanges of Insurance Contracts ("SOP 05-1"). SOP 05-1 provides guidance on accounting by insurance enterprises for deferred acquisition costs on internal replacements of insurance and investment contracts other than those specifically described in Statement of Financial Accounting Standards (SFAS) No. 97. The SOP defines an internal replacement as a modification in product benefits, features, rights or coverages that occurs by the exchange of a contract for a new contract, or by amendment, endorsement or rider to a contract, or by the election of a feature or coverage within a contract. This SOP is effective for internal replacements occurring in fiscal years beginning after December 15, 2006. The Company will adopt SOP 05-1 on January 1, 2007. The Company is currently assessing the impact of SOP 05-1 on the Company's consolidated statements at the date of adoption.

In November 2005 the FASB issued a Staff Position Paper ("FSP") No. 115-1, which is entitled "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments." This FSP addresses the determination as to when an investment is considered impaired, whether that impairment is other than temporary and the measurement of an impairment loss. It also includes accounting considerations subsequent to the recognition of an other-than-temporary impairment and requires certain disclosures about unrealized losses that have not been recognized as other-than-temporary impairments. The provisions of FSP No. 115-1 are effective January 1, 2006, and it is not expected to have a material impact on the Company's Consolidated Statement of Income at the date of adoption.



CSOC.CBR.00031608

notes to condensed consolidated financial statements

New York Life Insurance Company and its Subsidiaries, December 31, 2004 and 2005

Note 4

DEBT

For the years ended December 31, 2004 and 2005, the fair value of debt was $2,534 million and $2,316 million, respectively. The carrying amount for commercial paper approximates fair value. The fair value of the Company's other debt is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to the Company for debt of the same remaining maturities. Debt, generally carried at unpaid principal balance, consisted of the following at December 31, 2004 and 2005:

(DOLLARS IN MILLIONS)	2004	2005
CAPITAL CORPORATION'S COMMERCIAL PAPER DEBT ISSUANCE VARIOUS MATURITY DATES THROUGH FEBRUARY 2005 AND FEBRUARY 2006 FOR 2004 AND 2005, RESPECTIVELY (THE WEIGHTED AVERAGE INTEREST RATE IS APPROXIMATELY 2.34% AND 4.27% FOR 2004 AND 2005, RESPECTIVELY)	$ 498	$ 498
SHARED APPRECIATION INCOME LINKED SECURITIES DUE AUGUST 22, 2011 (COUPON RATE OF 3.3%)	206	211
SHARED APPRECIATION INCOME LINKED SECURITIES II DUE APRIL 28, 2008 (IMPLICIT COUPON RATE OF 2.27%)	264	276
7.50% SURPLUS NOTES DUE DECEMBER 15, 2023	125	–
5.875% SURPLUS NOTES DUE MAY 15, 2033	990	991
NON-RECOURSE DEBT	313	216
OTHER (PRIMARILY CAPITAL LEASE)	59	53
TOTAL DEBT	$2,455	$2,245

New York Life Capital Corporation ("Capital Corporation"), an indirect wholly owned subsidiary of NYLIC, is engaged in capital financing operations and issues commercial paper.

The Shared Appreciation Income Linked Securities ("SAILS") and the Shared Appreciation Income Linked Securities II ("SAILS II") refer to agreements entered into by the Company. Under these agreements, the Company has entered into forward sales of certain of its shares of Express Scripts, Inc. ("ESI"), an investment of the Company accounted for under the equity method. Under these agreements, the Company may settle its obligation at maturity by delivering the contractual amount of ESI shares or settling in cash. (See Note 5 – ESI Derivative- for additional information.)

At December 31, 2005, the Company was required to consolidate two asset-backed investment vehicles (commonly referred to as collateralized debt obligations, or "CDOs"). At December 31, 2004, the Company was required to consolidate one CDO, which did not require consolidation in 2005. For the years ended December 31, 2004 and 2005, the debt outstanding relating to the consolidated CDOs was $313 million and $216 million, respectively, all of which is non-recourse to the Company.



LINE OF CREDIT The Company has entered into a $1.5 billion revolving credit facility with a consortium of banks effective July 27, 2005. The new agreement is a five-year revolving credit facility that pays an annual facility fee of 4 bps, based on the volume of short-term notes issued during the year. The borrowing rate is 16 bps over LIBOR. If borrowings exceed 50 percent of the total facility, the borrowing rate will be 16 bps over LIBOR plus 5 bps. Annual facility fees and borrowing rates could increase if New York Life's Standard & Poor's and Moody's Financial Strength ratings are downgraded.

This new revolving credit facility replaced both the $500 million, 364-day revolving credit facility, which expired on July 27, 2005, and the $500 million, 3-year revolving credit facility, which was scheduled to expire on July 30, 2006.

To date, the Company has not utilized any of these credit facilities.

Note 5

ESI DERIVATIVE

In 2003 and 2001, the Company entered into forward sale agreements (embedded derivatives) to minimize its downside risk on the Company's investment in ESI while still maintaining rights to share in future appreciation (SAILS and SAILS II, as discussed above in Note 4 – Debt). The Company's obligations associated with these embedded derivatives are fully collateralized by its investment in ESI. However, since the Company's investment in ESI is valued using the equity method of accounting and these embedded derivatives are valued at fair value, the Company is precluded from using hedge accounting. This creates accounting volatility in both the consolidated balance sheet and income statement because the change in the actual fair value of the underlying investment in ESI shares is not recognized through net income or equity. For the years ended December 31, 2004 and 2005, the change in fair value resulted in the Company recording an after-tax accounting loss of $39 million and $512 million, respectively. While the accounting for this transaction resulted in an accounting loss in earnings, the derivative performed as expected on an economic basis.

Note 6

COMMITMENTS AND CONTINGENCIES

LITIGATION The Company and/or its subsidiaries are defendants in individual and/or alleged class action suits arising from their agency sales force, insurance (including variable contracts registered under the federal securities law), investment, retail securities, employment and/or other operations, including actions involving retail sales practices. The Company is also a defendant in a suit regarding employee and agent benefits where a portion of the case, specifically the breach of fiduciary claims, has been certified as a class by agreement of the parties. The remainder of the claims in that suit have not been certified. Most of the actions seek substantial or unspecified compensatory and punitive damages. The Company and/or its subsidiaries are also from time to time involved in various governmental, administrative, and investigative proceedings and inquiries.

Notwithstanding the uncertain nature of litigation and regulatory inquiries, the outcome of which cannot be predicted, the Company believes that, after provisions made in the financial statements, the ultimate liability that could result from litigation and proceedings would not have a material adverse effect on the Company's financial position; however, it is possible that settlements or adverse determinations in one or more actions or other proceedings in the future could have a material adverse effect on the Company's operating results for a given year.



CSOC.CBR.00031610

Note 7

RELATED PARTY TRANSACTIONS

COMPANY-MANAGED MUTUAL FUNDS NYLIM Holdings, through its subsidiaries, is responsible for providing investment advisory and certain related administrative services to the MainStay Funds, MainStay VP Series Fund, Inc., Eclipse Funds and Eclipse Funds, Inc. (formerly The MainStay Institutional Funds, Inc.) – collectively, the "NYLIM Funds." McMorgan & Company LLC, a wholly owned subsidiary of NYLIM Holdings, is the investment advisor to the McMorgan Funds (collectively with the NYLIM Funds, "the Funds"). As a result, NYLIM Holdings, through its subsidiaries, earns investment management, accounting, administration and service fees related to the Funds, which aggregated $306 million and $326 million for the years ended December 31, 2004 and 2005, respectively, and are included in other income in the accompanying Consolidated Statement of Income. The receivable balance at December 31, 2004 and 2005, was $29 million and $35 million, respectively, and is included in other assets in the accompanying Consolidated Balance Sheet.

OTHER TRANSACTIONS As of December 31, 2005, an executive and a retired executive of the Company were directors of ESI. ESI periodically performs services for or has other transactions with the Company. Such transactions are entered into on terms comparable to those that would be available to unrelated third parties and are not material to the Company's consolidated financial condition or results of operations.

reconciliation of cash and invested assets: GAAP basis to statutory basis

(DOLLARS IN MILLIONS)	2004	2005
GAAP CONSOLIDATED INVESTED ASSETS	$128,710	$137,272
GAAP CONSOLIDATED CASH AND CASH EQUIVALENTS	6,152	4,841
TOTAL GAAP CONSOLIDATED CASH AND INVESTED ASSETS	134,862	142,113
REMOVAL OF NON-INSURANCE AND FOREIGN INSURANCE SUBSIDIARIES GAAP CASH AND INVESTED ASSETS	(4,805)	(6,816)
GAAP CASH AND INVESTED ASSETS – NYL DOMESTIC	130,057	135,297
ADJUSTMENTS TO GAAP BASIS FOR:		
REMOVAL OF UNREALIZED GAINS PRINCIPALLY ON FIXED MATURITIES AND EQUITIES	(3,556)	(2,808)
REMOVAL OF CERTAIN SEPARATE ACCOUNT ASSETS RECLASSIFIED TO THE GENERAL ACCOUNT	(4,301)	(4,294)
INCLUSION OF COMPANY-OWNED REAL ESTATE AND ENCUMBRANCES	231	265
DIFFERENCE IN CARRYING VALUE OF NON-INSURANCE AND FOREIGN INSURANCE SUBSIDIARIES	(413)	227
INCLUSION OF OTHER ITEMS NOT INCLUDED IN GAAP CASH AND INVESTED ASSETS, PRINCIPALLY ADVANCES AND ESCROW DEPOSITS, AND MISCELLANEOUS OTHER INVESTED ASSETS, NET OF BANK OVERDRAFTS	2,032	1,304
GROSS STATUTORY CASH AND INVESTED ASSETS – NYL DOMESTIC	$122,050	$129,991



reconciliation of GAAP performance measures to non-GAAP performance measures

The following reconciles consolidated GAAP net income to operating earnings:

(DOLLARS IN MILLIONS)	2004	2005
CONSOLIDATED GAAP NET INCOME	$ 1,294	$ 855
ADJUSTMENTS TO GAAP BASIS (NET OF TAX AND DEFERRED ACQUISITION COSTS OFFSETS "DAC") FOR:		
REMOVAL OF FAIR VALUE ADJUSTMENT FOR A CERTAIN DERIVATIVE NOT QUALIFYING FOR HEDGE ACCOUNTING	39	512
REMOVAL OF OTHER NET INVESTMENT GAINS	(459)	(332)
TOTAL NET INVESTMENT (GAINS) LOSSES	(420)	180
CONSOLIDATED GAAP NET INCOME EXCLUDING NET INVESTMENT GAINS AND LOSSES	874	1,035
ALL OTHER ADJUSTMENTS TO CONSOLIDATED GAAP NET INCOME (NET OF TAX AND DAC) FOR:		
REINSTATEMENT OF POLICYHOLDER DIVIDENDS RELATED TO CAPITAL GAINS/LOSSES AND PRIOR YEARS' EQUITY BASE TAX RELEASES	98	152
INCLUSION OF AMORTIZATION OF CERTAIN STATUTORY IMR*	78	79
REMOVAL OF EQUITY IN EARNINGS OF ESI	(40)	(60)
REMOVAL OF CHARGES ASSOCIATED WITH MEXICAN SUBSIDIARY PURCHASED NET OPERATING LOSSES	14	11
REMOVAL OF OTHER GAINS ON LIMITED PARTNERSHIPS INCLUDED IN NET INVESTMENT INCOME	(50)	(283)
OPERATING EARNINGS†	$ 974	$ 934

The following reconciles consolidated GAAP revenue to operating revenue:

(DOLLARS IN MILLIONS)	2004	2005
CONSOLIDATED GAAP REVENUE	$17,330	$17,505
ADJUSTMENTS TO CONSOLIDATED GAAP REVENUE FOR:		
REINSTATEMENT OF DEPOSITS INCLUDED IN POLICYHOLDERS' ACCOUNT BALANCES FOR LIFE AND ANNUITY PRODUCTS	1,034	1,067
INCLUSION OF UNCONSOLIDATED INTERNATIONAL SUBSIDIARIES' PREMIUMS AND FEES	195	296
INCLUSION OF NET MARGINS ON GUARANTEED PRODUCTS	292	319
INCLUSION OF CERTAIN STATUTORY PREMIUMS	60	46
REMOVAL OF CERTAIN GAAP PREMIUMS AND NON-OPERATING REVENUE	(540)	(390)
REMOVAL OF NET INVESTMENT INCOME AND NET INVESTMENT GAINS	(8,107)	(7,771)
OPERATING REVENUE†	$10,264	$11,072

* *Interest Maintenance Reserve ("IMR"): In accordance with statutory accounting principles, interest-related net realized capital gains on all types of fixed income investments are accumulated in this reserve. These capital gains are then amortized into operating earnings over the remaining life (period to maturity) of the investments sold.*

† *Refer to Glossary of Terms on page 52.*



CSOC.CBR.00031612

management's discussion of financial responsibility

Management is responsible for the preparation and integrity of the financial information presented in the *Annual Report*. The Company's consolidated financial statements incorporated by reference herein have been prepared in conformity with accounting principles generally accepted in the United States of America. In Management's opinion, the consolidated statements present fairly the Company's financial position, results of operations and cash flows as of, and for the years ended, December 31, 2005 and 2004.

The Company maintains a strong system of internal accounting controls, monitored by our corporate staff of professionally trained internal auditors. We encourage strong and effective corporate governance from our Board of Directors, continuously review our business results and strategic choices and focus on financial stewardship. The Company's controls are designed to provide reasonable assurance that assets are safeguarded and that transactions and events are recorded properly. The Company has evaluated the effectiveness of its controls and procedures for financial reporting purposes as of December 31, 2005 and 2004, and has concluded that they are effective.

PricewaterhouseCoopers LLP, the Company's independent auditors, has audited the consolidated financial statements of the Company in accordance with auditing standards generally accepted in the United States of America. Their report appears on page 34.

The Audit Committee of the Board of Directors of New York Life Insurance Company, which is comprised exclusively of Directors who are not officers or employees of the Company, meets regularly with management, the internal auditors and the independent auditors to provide oversight so that management fulfills its responsibilities for accounting controls and preparation of financial statements.

Although we are not an SEC registrant, we have elected to comply voluntarily with Section 302 of the Sarbanes-Oxley Act of 2002, which identifies management's responsibilities over its financial statements and requires management to certify as to the integrity of the financial statements and the effectiveness of internal controls. Our statement to that effect can be viewed on the Company's Web site, www.newyorklife.com.

SY STERNBERG
Chairman of the Board and Chief Executive Officer
March 17, 2006

MICHAEL E. SPROULE
Executive Vice President and Chief Financial Officer
March 17, 2006



senior executive officers

CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER
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PRESIDENT
Frederick J. Sievert*

EXECUTIVE VICE PRESIDENT, LAW AND CORPORATE ADMINISTRATION
Sheila K. Davidson*

EXECUTIVE VICE PRESIDENT
Joseph A. Gilmour*

EXECUTIVE VICE PRESIDENT AND CO-HEAD OF U.S. INSURANCE OPERATIONS†
Phillip J. Hildebrand*

EXECUTIVE VICE PRESIDENT AND CO-HEAD OF U.S. INSURANCE OPERATIONS†
Theodore A. Mathas*

EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER
Michael E. Sproule*

EXECUTIVE VICE PRESIDENT
Gary E. Wendlandt*

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John A. Cullen

SENIOR VICE PRESIDENT AND GENERAL COUNSEL
Thomas F. English

SENIOR VICE PRESIDENT AND CHIEF INVESTMENT OFFICER
Anne F. Pollack

SENIOR VICE PRESIDENT AND CHIEF ACTUARY
Stephen N. Steinig

SENIOR VICE PRESIDENT, DEPUTY GENERAL COUNSEL AND SECRETARY
Susan A. Thrope

SENIOR VICE PRESIDENT, GENERAL AUDITOR AND CHIEF PRIVACY OFFICER
Thomas J. Warga

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Carolyn M. Buscarino
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Michael A. DeMicco
Brian Duffy
Leonard J. Elmer
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Anthony R. Malloy
Alison H. Micucci
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Arthur H. Seter
Mark W. Talgo
Hugh J. Wade

NEW YORK LIFE INVESTMENT MANAGEMENT LLC

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VICE CHAIRMAN
Ravi Akhoury*

PRESIDENT
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EXECUTIVE VICE PRESIDENT
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EXECUTIVE VICE PRESIDENT
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EXECUTIVE VICE PRESIDENT
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SENIOR MANAGING DIRECTOR AND GENERAL COUNSEL
Robert A. Anselmi

SENIOR MANAGING DIRECTORS
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Allan Dowiak
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CHAIRMAN AND CHIEF EXECUTIVE OFFICER
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MCMORGAN & COMPANY LLC

CHIEF EXECUTIVE OFFICER
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CHAIRMAN AND CHIEF EXECUTIVE OFFICER
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William Beaty

CHIEF EXECUTIVE OFFICER, ASIA REGION
John Harrison

SENIOR VICE PRESIDENT AND GENERAL COUNSEL
Maria G. Gutierrez

SENIOR VICE PRESIDENTS
Sandra L. Bograd
Ramon A. Matos
Ka Luk S. Tai

* *Member of the Company's Executive Management Committee.*

† *As of March 16, 2005, all domestic insurance operations, including Life and Annuity and Special Markets, were combined into one organizational entity called*



CSOC.CBR.00031614

board of directors

Leslie G. McCraw, Jr. Elected as a Director in 1995, he is a retired chairman and chief executive officer of Fluor Corporation. Mr. McCraw chairs the Board's Insurance & Operations Committee and is a member of the Corporate Organization & Compensation and Investment Committees.

Admiral Joseph W. Prueher Elected as a Director in 2001, Admiral U.S. Navy (Ret.) and former U.S. Ambassador to the People's Republic of China, Admiral Prueher is a member of the Board's Corporate Organization & Compensation, Governance and Insurance & Operations Committees.

Frederick J. Sievert Elected as a Director in 1996, he is president of New York Life. Mr. Sievert joined the Office of the Chairman in 2004. He is a member of the Board's Insurance & Operations and Investment Committees.

Kent B. Foster Elected as a Director in 1995, he is chairman of Ingram Micro Inc. Mr. Foster chairs the Board's Corporate Organization & Compensation Committee and is a member of the Audit and Governance Committees.

Frederick O. Terrell Elected as a Director in 2003, he is managing partner and chief executive officer of Provender Capital Group, LLC. Mr. Terrell is a member of the Board's Corporate Organization & Compensation, Insurance & Operations and Investment Committees.

James L. Broadhead Elected as a Director in 1998, he is a retired chairman and chief executive officer of FPL Group, Inc., and that company's principal subsidiary, Florida Power & Light Company. Mr. Broadhead chairs the Board's Audit Committee and is a member of the Corporate Organization & Compensation and Governance Committees.

Christina A. Gold Elected as a Director in 2001, she is the president of Western Union Financial Services, Inc. Mrs. Gold is vice chair of the Board's Insurance & Operations Committee and is a member of the Audit and Corporate Organization & Compensation Committees.

Conrad K. Harper He served as a Director from 1992 to 1993 and rejoined the Board as a Director in 1996. Mr. Harper is of Counsel to the law firm of Simpson Thacher & Bartlett. He is chairman of the Board's Governance Committee and is a member of the Investment Committee.

Sy Sternberg Elected as a Director in 1995, he is chairman of the board and chief executive officer of New York Life. Mr. Sternberg is a member of the Board's Insurance & Operations and Investment Committees.

Hector R. Ortino Elected as a Director in 2002, he was chairman and chief executive officer of Ferro Corporation. In 2005, Mr. Ortino was a member of the Board's Audit, Insurance & Operations and Investment Committees.

Betty C. Alewine Elected as a Director in 1998, she is a retired president and chief executive officer of COMSAT Corporation. Mrs. Alewine is vice chair of the Board's Audit Committee and is a member of the Governance and Investment Committees.

Robert M. Baylis Elected as a Director in 1996, he is a retired vice chairman of CS First Boston, Inc. Mr. Baylis chairs the Board's Investment Committee and is a member of the Audit and Governance Committees.





BACK, LEFT TO RIGHT: *Leslie C. McCraw, Jr.; Admiral Joseph W. Prueher; Frederick J. Sievert; Kent B. Foster; Frederick O. Terrell; James L. Broadhead* **FRONT, LEFT TO RIGHT:** *Christina A. Gold; Conrad K. Harper; Sy Sternberg; Hector R. Ortino; Betty C. Alewine; Robert M. Baylis*

In Memoriam: Hector R. Ortino

We mourn the loss of Hector R. Ortino, a member of New York Life's Board of Directors since 2002. Mr. Ortino's wide-ranging business knowledge and global experience helped guide the Company during a period of sustained domestic and international growth. We shall deeply miss his wise counsel and profound sense of humanity. Hector Ortino passed away in November 2005.

EXHIBIT
Exhibit 448

CSOC.CBR.00031616

glossary of terms

Growth

INSURANCE SALES – represent annualized first-year premium on products with significant mortality or morbidity risk, where a sale is counted when the policy is paid. All BOLI sales and COLI Private Placement Variable Universal Life (where the premium is not expected to recur annually) are counted at 10 percent. Insurance sales are generated from both our domestic and international businesses.*

INVESTMENT SALES – represent current-year purchase of products primarily having market risk, where a sale is counted when money is received. Investment sales include individual accumulation annuities, guaranteed products, mutual funds and third-party asset management.†

INDIVIDUAL LIFE INSURANCE IN FORCE – the sum of the face amounts of domestic and international life insurance contracts outstanding at a given time.

POLICYHOLDER BENEFITS AND DIVIDENDS – include domestic and international insurance operations and are presented on a statutory basis. Benefits include death claims paid to beneficiaries, accident and health benefits, surrender benefits, interest on death claims and annuity payments.

TOTAL REVENUE – represents consolidated GAAP revenue.

OPERATING REVENUE – includes statutory premiums for life and annuity products, net margins on guaranteed products and fee income associated with asset management business. Premiums on most life insurance products and considerations on immediate annuity products (defined as "Guaranteed Lifetime Income Insurance") are weighted at 100 percent. Annuity considerations on investment income products, all BOLI policies and certain PPVUL policies where the premium is not expected to recur annually are weighted at 10 percent.‡

ASSETS UNDER MANAGEMENT – consists of assets of the Company's domestic and international insurance operations and assets the Company manages for third-party investors, including mutual funds and pension plans.

Profitability

NET INCOME – represents consolidated GAAP net income.

NET INCOME EXCLUDING NET INVESTMENT GAINS/LOSSES – represents consolidated GAAP net income adjusted for the exclusion of net investment gains and losses, net of tax and DAC.

OPERATING EARNINGS – the key measure used for management purposes to track the Company's profitability from ongoing operations. Operating earnings equals GAAP net income adjusted for the exclusion of: (i) net investment gains and losses, net of tax and DAC; (ii) the portion of dividends on participating policies related to capital gains and prior years' equity base tax releases, net of tax and DAC; (iii) the equity in earnings of ESI; (iv) charges associated with Mexican subsidiary purchased net operating losses; (v) other gains on limited partnerships included in net investment income, and adjusted to include (vi) certain interest maintenance reserve amortization, net of tax and DAC.§

Financial Position

EQUITY – represents consolidated GAAP equity.

SURPLUS AND ASSET VALUATION RESERVES – includes statutory surplus and the asset valuation reserve (AVR) of the Company on a consolidated basis. Statutory surplus represents assets minus liabilities of the Company on a consolidated basis based on the accounting rules specified by the state insurance regulators. The AVR is required by insurance regulators to stabilize surplus from defaults on bonds, mortgage loans and real estate along with fluctuations in the market value of equity securities. Changes in the AVR are accounted for as direct increases or decreases in surplus.

* *2001–2004 insurance sales were revised to conform to the Company's change in definition of insurance sales effective 1/1/2005, which (i) moves immediate annuities from investment sales to insurance sales; (ii) records all BOLI cases at 10 percent instead of 100 percent; and (iii) moves China endowments from insurance sales to investment sales.*

† *2004 investment sales include $1.23 billion of sales related to an acquisition of an investment subsidiary in 2004. 2001–2004 investment sales were revised to conform to the Company's change in definition of investment sales effective 1/1/2005, which (i) moves immediate annuities from investment sales to insurance sales and (ii) moves China endowments from insurance sales to investment sales.*

‡ *2001–2004 operating revenue has been revised to conform to the Company's change in definition of operating revenue effective 1/1/2005, relating to the (i) weighting of all BOLI premium at 10 percent, as opposed to only certain BOLI products, and (ii) the inclusion of Guaranteed Lifetime Income Insurance immediate annuity products at 100 percent rather than 10 percent, as previously reported.*

§ *2001–2004 operating earnings have been revised to conform to the Company's change in definition of operating earnings effective 1/1/2005, relating to a reduction in operating earnings as a result of policyholder di[illegible] of the mutual company equity-based tax.*

EXHIBIT
Exhibit 448
CSOC.CBR.00031617

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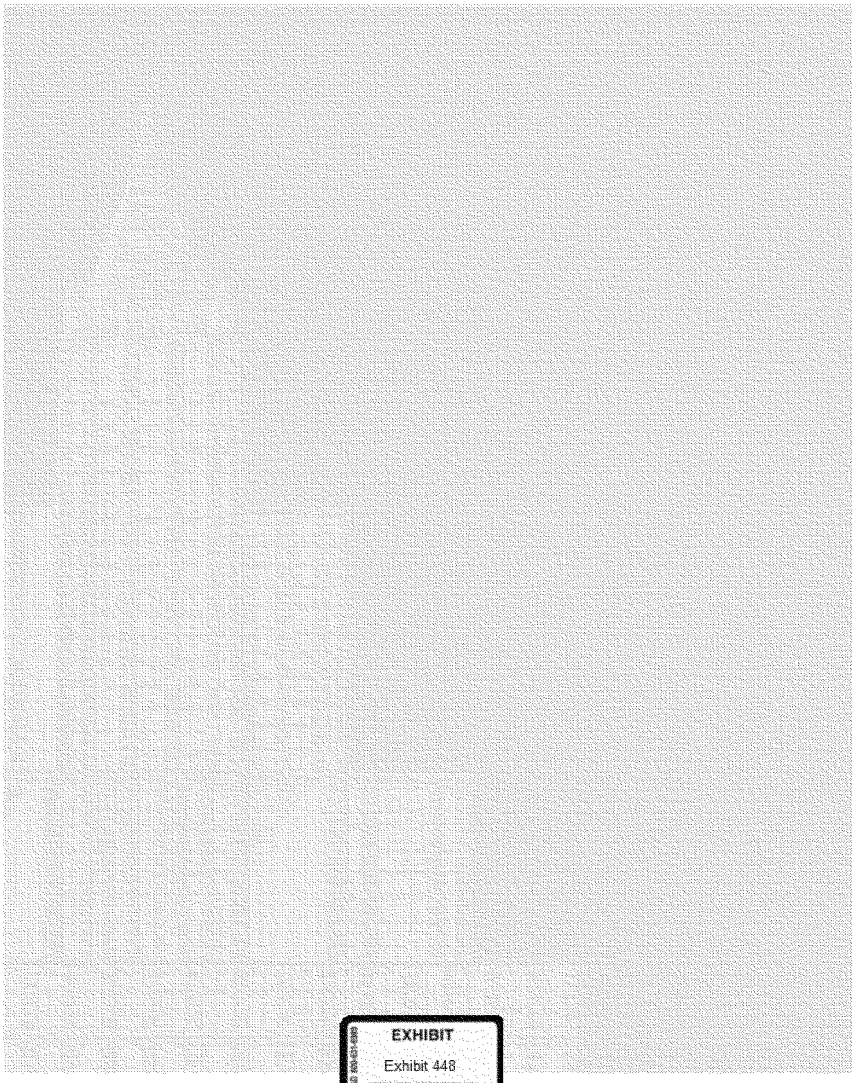

EXHIBIT

Exhibit 448

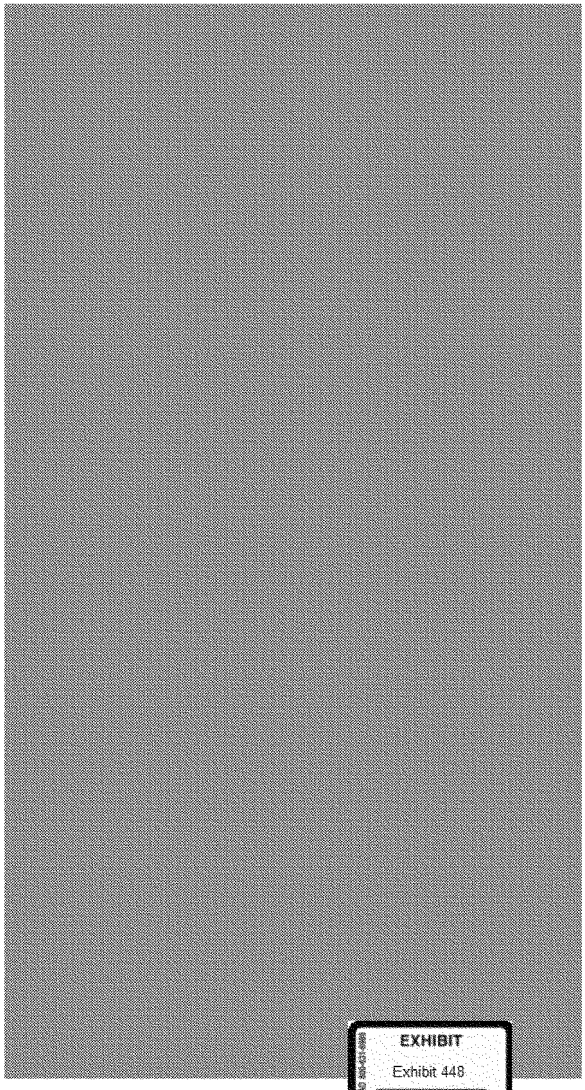

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EXHIBIT
Exhibit 448

CSOC.CBR.00031619

Memorandum

Sy Sternberg	June 15, 2006
To	**Date**
Bill Mattox	June 19th Fundraiser Lunch with Rep. Charlie Rangel
From	**Subject**

You are scheduled to attend a fundraiser luncheon for Rep. Charlie Rangel on Monday, June 19th at 12:30 p.m. at 11 Madison Park restaurant.

This is a personal money fundraiser that will raise $15,000 for Rep. Rangel. NYLPAC already has maxed out to his 2006 re-election.

You will be joined at the luncheon by: Fred Sievert, Jessie Colgate, Jeff Boyce, Greg Deavens, JJ Jaramillo, George Nichols, Mel Feinberg, David Harland, Bud Schiff, Anne Pollack, Bill Mattox, Jon Paone.

The group will be small enough to be seated around one table, so a formal introduction of Charlie will not be necessary. Charlie would appreciate it if attendees would introduce themselves and describe what roles they play in the company.

LUNCHEON AGENDA:

1. It would be nice to refer to him as "Mr. Chairman" signaling the possibility that he would become Chairman of the House Ways and Means Committee should the Democrats gain control of the Congress in November. In any event, he and Rep. Jim McCrery (the likely Chairman if the Republicans keep control) seem to work well together. McCrery has already suggested that the Committee needs to be more bi-partisan. In what direction would Charlie take the committee if he becomes Chairman?

2. Thank him for his help on fighting estate tax repeal. John Buckley (House Ways and Means Democratic Tax Counsel) has been providing background numbers and statistics for the articles such as those in the Washington Post and elsewhere that have been opposing repeal. Buckley is the lead thinker for the Democrats on estate tax and a real friend to us on the issue.

3. You should ask his opinion as to the status of the Pension conference, which includes our COLI best practices changes. Importantly, there has been discussion about including a so-called "tax trailer bill" in the package. This includes items dropped from the recently passed reconciliation bill, such as expiring tax provisions and could be the vehicle for the Senate charitable provisions, which includes the IOLI provisions we oppose.

Maintain as Confidential: Contains Confidential and Proprietary Information



4. This fundraising lunch offers an opportunity for you to share your geopolitical framework for engaging China and pursuing free trade agreements alongside a domestic competitiveness agenda. You might also note your support for Vietnam PNTR legislation and, if time permits, seek Rangel's views on the subject of Trade Promotion Authority renewal.

5. Invite Charlie to come to the home office and speak to our employees right after the election. If Democrats take control, it could be one of his first speeches as new Chairman. Or alternatively, if Republicans continue control (with likely reduced margins) he can talk about his close working relationship with likely Chairman McCrery.

6. If time permits, I would begin to discuss the issue of tax reform. While it may be a year or two away, I think it's important that we get commitment from Rangel that he opposes major tax changes that would devastate the life insurance industry - a major NY constituency.

LEGISLATIVE UPDATE

1. Trade: The House and Senate bills to extend PNTR to Vietnam were introduced on June 13th. USTR Susan Schwab, Vietnamese Ambassador Chien (who recently reminded Rep. Rangel how Vietnam gave NYL a license) and Vietnamese National Assembly member Ton Nu Thi Ninh attended the legislative roll-out event as did multiple bill sponsors and cosponsors, including Rep. Meeks (D-NY) and Crowley (D-NY). Rep. Rangel is not currently a co-sponsor of the bill, but other New York co-sponsors include Democratic Reps. Carolyn Maloney and Jose Serrano. Our goal is to see passage of Vietnam PNTR before the August recess, but there are concerns that Republicans will try to hold up the Vietnam bill unless the Democrats relent in their opposition to the Oman and Peru FTAs over what they see as weak labor provisions. On May 26, Rep. Rangel and Ways and Means Trade Subcommittee Ranking Member Ben Cardin (D-MD) sent a letter to then-USTR Rob Portman noting they were not prepared to support the Oman FTA because of the lack of ILO-consistent labor standards.

2. Pension Bill: Chairman Grassley and Chairman Thomas both said on Thursday that the target is to get a package by the July 4th Congressional Recess. House and Senate Democrats have consistently complained that they have been shut out of many of the conference meetings. NYL is closely following two key provisions.

   a. IOLI - The ACLI met with Rep. Thomas' top tax staffer this week, Bob Winters, to brief him on our IOLI concerns. Winters agreed to recommend to Thomas that the language be dropped. On the larger issue, Thomas still believes that the entire charitable section (which contains IOLI) needs hearings and should be removed from the package. However, Chairman Grassley still argues that he wants this section included in the final pension package.

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b. COLI - Because the COLI provision is not in the House package, Chairman Thomas asked if a Senator could call him to request its inclusion. This week Senator Trent Lott (R-MS) called Thomas. Senator Orin Hatch (R-UT) is also slated to call Thomas. This means that Thomas is on record as accepting the Senate conference provision.

3. Estate Tax Repeal

a. Senator Baucus met with Democratic moderates this week, but thus far have reached no agreement on a compromise. Senator Grassley said on Thursday that he did not think the Democrats wanted a deal, because they believe that they will pick up seats in November and could negotiate a better deal next year. Grassley said it was unlikely Majority Leader Frist would schedule a vote on a compromise unless he had 61 to 62 votes (he feels they would lose one or two Democrats at the last minute.) Minority Leader Harry Reid (D-NV) has said that this is a true test of his leadership and has been trying to keep his Democratic voting bloc solidly against any compromise. As an example, during the 57-41 vote on the motion to proceed he "guarded" the well in the Senate to see how Democrat Senators were voting. NYL continues to work actively with AALU by focusing on Senator Maria Cantwell (D-Wash.) who is facing a tough re-election campaign and getting immense pressure from constituents to compromise. Cantwell is seen as a pivotal vote on the issue.

b. Chairman Thomas made several interesting comments at a breakfast on Thursday morning. First, he is pushing to get a pension conference report approved by the July 4 Congressional Recess. He suggested, however, that it is not necessary to include the so-called "tax trailer issues" (very popular expiring tax provisions, and importantly the charitable tax section) in the final pension package. In fact, he suggested that he might take these provisions out and write his own estate tax compromise and send that to the Senate. Word is that the House Republican Leadership has told Thomas that if he can work out a reform deal with the Senate (Baucus) then the House will accept reform.

c. Some have suggested that after the pension conference is cleared off the agenda, then there will be another run at trying to get an estate tax compromise.

I maybe reached on 202-841-[redacted] if you have questions.

cc: Fred Sievert
Sheila Davidson
Jessie Colgate
Jeff Boyce
Greg Deavens
JJ Jaramillo
George Nichols
Mel Feinberg
David Harland
Bud Schiff
Anne Pollack
Bill Mattox
Jon Paone
Leslie Griffin

EXHIBIT
Exhibit 449

Maintain as Confidential: Contains Confidential and Proprietary Information

***: Fw: Rangel memo with Jessie's changes**

Jessie M. Colgate to: Veronica C Kellaher, Patricia E. Chemerka 06/16/2006 05:29 PM

Show Details

Please print this out for Sy forthe weekend re the Monday Lunch with Charlie rangel. thanks jessie

Jessie M. Colgate
Senior Vice President
New York Life Insurance Company
Office of Governmental Affairs
DC Off: (202) 654 -
DC Fax: (202) 654
NY Off: (212) 576 -
NY Fax: (212) 576 -

----- Forwarded by Jessie M. Colgate/NYLIC on 06/16/2006 01:28 PM -----

Miriam Weiss/NYLIC
06/16/2006 11:46 AM

To Jessie M. Colgate/NYLIC@NYLIC, William Mattox/NYLIC@NYLIC

cc

Subject Rangel memo with Jessie's changes

Rangel Memo.doc

Maintain as Confidential; Contains Confidential and Proprietary Information



Memorandum

Sy Sternberg	June 15, 2006
To	**Date**
Bill Mattox	June 19th Fundraiser Lunch with Rep. Charlie Rangel
From	**Subject**

You are scheduled to attend a fundraiser luncheon for Rep. Charlie Rangel on Monday, June 19th at 12:30 p.m. at 11 Madison Park restaurant.

This is a personal money fundraiser that will raise $15,000 for Rep. Rangel. NYLPAC already has maxed out to his 2006 re-election.

You will be joined at the luncheon by: Fred Sievert, Jessie Colgate, Jeff Boyce, Greg Deavens, JJ Jaramillo, George Nichols, Mel Feinberg, David Harland, Bud Schiff, Anne Pollack, Bill Mattox, Jon Paone.

The group will be small enough to be seated around one table, so a formal introduction of Charlie will not be necessary. Charlie would appreciate it if attendees would introduce themselves and describe what roles they play in the company.

LUNCHEON AGENDA:

1. It would be nice to refer to him as "Mr. Chairman" signaling the possibility that he would become Chairman of the House Ways and Means Committee should the Democrats gain control of the Congress in November. In any event, he and Rep. Jim McCrery (the likely Chairman if the Republicans keep control) seem to work well together. McCrery has already suggested that the Committee needs to be more bi-partisan. In what direction would Charlie take the committee if he becomes Chairman?

2. Thank him for his help on fighting estate tax repeal. John Buckley (House Ways and Means Democratic Tax Counsel) has been providing background numbers and statistics for the articles such as those in the Washington Post and elsewhere that have been opposing repeal. Buckley is the lead thinker for the Democrats on estate tax and a real friend to us on the issue.

3. You should ask his opinion as to the status of the Pension conference, which includes our COLI best practices changes. Importantly, there has been discussion about including a so-called "tax trailer bill" in the package. This includes items dropped from the recently passed reconciliation bill, such as expiring tax provisions and could be the vehicle for the Senate charitable provisions, which includes the IOLI provisions we oppose.

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4. This fundraising lunch offers an opportunity for you to share your geopolitical framework for engaging China and pursuing free trade agreements alongside a domestic competitiveness agenda. You might also note your support for Vietnam PNTR legislation and, if time permits, seek Rangel's views on the subject of Trade Promotion Authority renewal.

5. Invite Charlie to come to the home office and speak to our employees right after the election. If Democrats take control, it could be one of his first speeches as new Chairman. Or alternatively, if Republicans continue control (with likely reduced margins) he can talk about his close working relationship with likely Chairman McCrery.

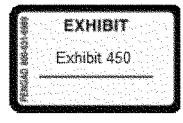
6. If time permits, I would begin to discuss the issue of tax reform. While it may be a year or two away, I think it's important that we get commitment from Rangel that he opposes major tax changes that would devastate the life insurance industry - a major NY constituency.

LEGISLATIVE UPDATE

1. Trade: The House and Senate bills to extend PNTR to Vietnam were introduced on June 13th. USTR Susan Schwab, Vietnamese Ambassador Chien (who recently reminded Rep. Rangel how Vietnam gave NYL a license) and Vietnamese National Assembly member Ton Nu Thi Ninh attended the legislative roll-out event as did multiple bill sponsors and cosponsors, including Rep. Meeks (D-NY) and Crowley (D-NY). Rep. Rangel is not currently a co-sponsor of the bill, but other New York co-sponsors include Democratic Reps. Carolyn Maloney and Jose Serrano. Our goal is to see passage of Vietnam PNTR before the August recess, but there are concerns that Republicans will try to hold up the Vietnam bill unless the Democrats relent in their opposition to the Oman and Peru FTAs over what they see as weak labor provisions. On May 26, Rep. Rangel and Ways and Means Trade Subcommittee Ranking Member Ben Cardin (D-MD) sent a letter to then-USTR Rob Portman noting they were not prepared to support the Oman FTA because of the lack of ILO-consistent labor standards.

2. Pension Bill: Chairman Grassley and Chairman Thomas both said on Thursday that the target is to get a package by the July 4th Congressional Recess. House and Senate Democrats have consistently complained that they have been shut out of many of the conference meetings. NYL is closely following two key provisions.

   a. IOLI - The ACLI met with Rep. Thomas' top tax staffer this week, Bob Winters, to brief him on our IOLI concerns. Winters agreed to recommend to Thomas that the language be dropped. On the larger issue, Thomas still believes that the entire charitable section (which contains IOLI) needs hearings and should be removed from the package. However, Chairman Grassley still argues that he wants this section included in the final pension package.



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b. COLI - Because the COLI provision is not in the House package, Chairman Thomas asked if a Senator could call him to request its inclusion. This week Senator Trent Lott (R-MS) called Thomas. Senator Orin Hatch (R-UT) is also slated to call Thomas. This means that Thomas is on record as accepting the Senate conference provision.

3. Estate Tax Repeal

a. Senator Baucus met with Democratic moderates this week, but thus far have reached no agreement on a compromise. Senator Grassley said on Thursday that he did not think the Democrats wanted a deal, because they believe that they will pick up seats in November and could negotiate a better deal next year. Grassley said it was unlikely Majority Leader Frist would schedule a vote on a compromise unless he had 61 to 62 votes (he feels they would lose one or two Democrats at the last minute.) Minority Leader Harry Reid (D-NV) has said that this is a true test of his leadership and has been trying to keep his Democratic voting bloc solidly against any compromise. As an example, during the 57-41 vote on the motion to proceed he "guarded" the well in the Senate to see how Democrat Senators were voting. NYL continues to work actively with AALU by focusing on Senator Maria Cantwell (D-Wash.) who is facing a tough re-election campaign and getting immense pressure from constituents to compromise. Cantwell is seen as a pivotal vote on the issue.

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I maybe reached on 202-841- if you have questions.

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Bill Mattox
Jon Paone
Leslie Griffin

EXHIBIT
Exhibit 450

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Ron Lefrancois

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Confidential and Proprietary Information



NYLIC00000308

CSOC.CBR.00014978

THE COMPANY YOU KEEP®

$10 Million Grant From New York Life to Support Expansion of Colin Powell Center For Policy Studies At CCNY

Scholarships and Programming to Focus on Emerging African-American Issues

NEW YORK, N.Y., December 5, 2006 — Gen. Colin L. Powell, USA (ret.) and President Gregory H. Williams of The City College of New York (CCNY) announced today that the New York Life Foundation is giving $10 million to establish The New York Life Endowment for Emerging African-American Issues at the Colin Powell Center for Policy Studies. The gift, the largest to date to the Powell Center, will provide permanent funding for scholarships and programming at this unique think tank that engages CCNY students in all aspects of its activities.

Sy Sternberg, chairman and chief executive officer of New York Life Insurance Company and chairman of the New York Life Foundation, joined General Powell, the Center's Founder and Distinguished Scholar, at a press conference at CCNY today to announce the grant. The gift is the largest single grant ever made by the New York Life Foundation, as well as the largest corporate foundation gift ever received by CCNY.

"There is a tremendous need to conduct policy research on issues of importance to African Americans and other underserved populations. Equally important, we need to bring African Americans and other minorities into the policy-making process, by attracting them to and preparing them for policy careers at all levels," said General Powell. "This generous gift from the New York Life Foundation empowers the Powell Center to address these needs, and puts City College squarely at the forefront of a national effort to build a new model for public policy education."

"The New York Life Endowment begins to cement the future of the Colin Powell Center by providing a strong, permanent financial foundation that will significantly increase the Center's ability to serve our students," President Williams said. "The Center is rapidly becoming a national think tank that has as one of its priorities a focus on issues that affect underserved populations in New York, across America and in the global community. CCNY is deeply grateful that New York Life, one of New York City's most prestigious corporations, has recognized the quality of this Center and chosen to invest in its bold expansion."

"This forward-looking initiative will significantly advance the Colin Powell Center's efforts to educate the future leaders of America," Mr. Sternberg added. "New York Life is proud to support the Center's mission and contribute to its vitality, permanence and expansion. By joining hands today New York Life hopes to help the Powell Center prepare more students — African Americans and others — for a seat at the policy table at the national and international level." Mr. Sternberg pointed out that hundreds of New York Life employees over the years have graduated from CCNY. General Powell and Mr. Sternberg are both CCNY graduates.

"The University is deeply appreciative of this extraordinary grant by the New York Life Foundation, the largest one ever made by the foundation. We gratefully recognize the generous, longtime support of CUNY by the foundation and by Mr. Sternberg, the chairman of CUNY's Business Leadership Council, which has advanced the University's mission in so many ways," said Chancellor Matthew Goldstein. "The University takes great pride in the work of City College's Powell Center and is delighted that through this endowment so many deserving students will benefit from the Center's innovative approaches to policy research and education."

EXHIBIT
Exhibit 451

CSOC.CBR.00029354

CSOC.CBR.00029354

The Colin Powell Center for Policy Studies is a university-based policy center that produces policy research and introduces students to the world of policymaking. The Center enables CCNY students to take the lead in important public discussions on local, national and global issues, training them to become "big-picture" thinkers in a variety of public policy fields. One of its great strengths is the interdisciplinary nature of its focus and programs. The Powell Center serves students with a variety of majors, introducing not only political scientists and liberal arts and sciences specialists but also students in City College's prestigious professional schools of engineering, architecture and education to the process of policymaking in their disciplines.

Each year, The New York Life Endowment for Emerging African-American Issues will fund 21 scholarships — 16 for undergraduates and five for graduate students — as well as eight summer internships. Through the internships, the endowment directly addresses the reality that, for financial reasons, many students are unable to accept unpaid internships that provide valuable hands-on experience and career development.

In addition, the endowment supports a Leader-in-Residence program that will bring to the City College campus proven leaders who focus on African-American issues. It also provides funding so students can participate in outside conferences and meetings with professional policymakers.

About New York Life and the New York Life Foundation

New York Life Insurance Company, a Fortune 100 company founded in 1845, is the largest mutual life insurance company in the United States and one of the largest life insurers in the world. Headquartered in New York City, New York Life's family of companies offers life insurance, annuities and long-term care insurance. New York Life Investment Management LLC provides institutional asset management and retirement plan services. Other New York Life affiliates provide an array of securities products and services, as well as institutional and retail mutual funds. Please visit New York Life's Web site at www.newyorklife.com for more information.

The New York Life Foundation is the major vehicle through which New York Life Insurance Company channels contributions to national and local nonprofit organizations. The New York Life Foundation's grant to the Colin Powell Center at The City College is representative of its commitment and support of all levels of public education in New York City. Through its Nurturing the Children initiative, the Foundation supports organizations, programs and services that target young people, particularly in the areas of mentoring, safe places to learn and grow, and educational enhancement opportunities.

About The Colin Powell Center for Policy Studies

The Colin Powell Center for Policy Studies cultivates and expands the links between City College and the applied worlds of politics and policymaking, connecting the classic research and educational activities of the academy and the policy efforts of practitioners in New York City and the nation, and around the world. Unlike other think tanks, it takes a student-centric approach with students engaged in all aspects of its activities, including undertaking of research projects. Center programs provide unique resources to a diverse student body, support educational innovation on the part of CCNY faculty and promote research and discussion on issues of pressing policy concern. By bringing together practitioners and analysts with college students and the campus community, the Center fosters civil discussion and public engagement.

The Powell Center Advisory Council, which is chaired by General Powell, includes: former Secretaries of State Henry A. Kissinger, James A. Baker, III and Madeleine K. Albright; Nobel Peace Prize winner Elie Wiesel; Tom Brokaw, Robert Catell, Fulvio Dobrich, Harold M. Evans, Carly Fiorina, Vartan Gregorian, Richard N. Haass, Vernon E. Jordan, Jr., Lois Pope, Linda Powell, Jack Rudin, Stephen Schwarzman, Linda Kaplan Thaler, Barbara Walters, Gregory H. Williams, Charles B. Wang, Fareed Zakaria, Mort Zuckerman, and Mr.



CSOC.CBR.00029355

Sternberg.

About The City College of New York

For over 159 years, The City College of New York has provided low-cost, high-quality education for New Yorkers in a wide variety of disciplines. Over 13,000 students pursue undergraduate and graduate degrees in the College of Liberal Arts and Sciences, the School of Architecture, the School of Education, the Grove School of Engineering, the Center for Worker Education and the Sophie Davis School of Biomedical Education.

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EOE M/F/D/V

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= external link that opens in new window...more

Bobby Certified Website EXCELLENT

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EXHIBIT
Exhibit 451

CSOC.CBR.00029356

Clerk of the House of Representatives
Legislative Resource Center
B-106 Cannon Building
Washington, DC 20515

Secretary of the Senate
Office of Public Records
232 Hart Building
Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) **- All Filers Are Required to Complete This Page**

1. Registrant Name ☑ Organization ☐ Individual

PATTON BOGGS LLP

2. Address ☐ **Check if different than previously reported**

Address1 2550 M STREET, NW Address2

City WASHINGTON State DC Zip Code 20037 - Country USA

3. Principal place of business (if different than line 2)

City State Zip Code - Country

4a. Contact Name	b. Telephone Number ☐ International Number	c. E-mail	5. Senate ID#
Mr. James B. Christian	(202) 457-6484		30906-1775
7. Client Name ☐ **Self**			6. House ID#
New York Life Insurance Company			319170091

TYPE OF REPORT 8. Year 2007 Midyear (January1-June30) ☐ Year End (July 1-December 31) ☑

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ Termination Date 11. No Lobbying Activity ☐

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☑ $ 100,000.00

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSE relating to lobbying activities for this reporting period were:

Less than $10,000 ☐

$10,000 or more ☐ $

14. REPORTING Check box to indicate expense accounting method. See instructions for description of options.

☐ **Method A.** Reporting amounts using LDA definitions only

☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Signature Digitally Signed By: James B Christian **Date** 02/08/2008

US, DST ACES Business Representative, PATTON BOGGS LLP, James B Christian

Printed Name and Title James B. Christian, Partner

EXHIBIT
Exhibit 452

Registrant PATTON BOGGS LLP Client Name New York Life Insurance Company

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code RET Retirement (one per page)

16. Specific lobbying issues

Pension issues

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☑ Other

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
John	Jonas			☐
Kathleen	Strottman			☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☐ Check if None

Printed Name and Title James B. Christian, Partner

v5.0.0m

EXHIBIT
Exhibit 452

Registrant PATTON BOGGS LLP Client Name New York Life Insurance Company

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code TAX Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues

Annuities incentives; tax on insurance products

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☑ Other

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
John	Jonas			☐
Kathleen	Strottman			☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☐ Check if None

Printed Name and Title James B. Christian, Partner

v5.0.0m

EXHIBIT
Exhibit 452

Registrant PATTON BOGGS LLP Client Name New York Life Insurance Company

Information Update Page - Complete ONLY where registration information has changed.

20. Client new address

Address

City State Zip Code - Country

21. Client new principal place of business (if different than line 20)

City State Zip Code - Country

22. New General description of client's business or activities

LOBBYIST UPDATE

23. Name of each previously reported individual who is no longer expect to act as a lobbyist for the client

	First Name	Last Name	Suffix		First Name	Last Name	Suffix
1				3			
2				4			

ISSUE UPDATE

24. General lobbying issue that no longer pertain

AFFILIATED ORGANIZATIONS

25. Add the following affiliated organization(s)

Name	Address Street Address City State/Province Zip Country	Principal Place of Business (city and state or country)
		City State Country City State Country

26. Name of each previously reported organization that is no longer affiliated with the registrant or client

1 2 3

FOREIGN ENTITIES

27. Add the following foreign entities

Name	Address Street Address City State/Province Country	Principal place of business (city and state or country)	Amount of contribution for lobbying activities	Ownership percentage in client
		City State Country		%

28. Name of each previously reported foreign entity that no longer owns, or controls, or is affiliated with the registrant, client or affiliated organization

1 3 5

2 4 6

Printed Name and Title James B. Christian, Partner



Leslie C Griffin@NYLIC
03/12/2007 04:23 PM

To: William Mattox/NYLIC@NYLIC
cc: " gnichols" <[redacted]>, Susanne Scrima/NYLIC@NYLIC, "Leslie Griffin (w)" <[redacted]>, "Jon Paone" <[redacted]>, "Gayle Yeomans" <[redacted]>, "Ron Lefrancois" <[redacted]>, "Sandy Kristoff" <[redacted]>, "Linda Corsnitz (ph)" <[redacted]>
Subject: Sy Rangel meeting
2F0E4EFE1E2238DE8525729B00715830

I gave George a more detailed telephone run-down of Sy's meeting with Rangel this morning, but in short, we got a full hour with Rangel (about 15 mins on domestic/45 mins on trade) and the chemistry was terrific between the two men. At one point, Rangel said he wanted to clone Sy. Rep Kendrick Meek of FL happened to be there and joined our meeting.
On estate tax, Sy noted it needed to be fixed and the question was just when to do it. He made the case that it gets more expensive to wait. Rangel said Sy needs to talk to Reid.
On deferred comp, Sy said he was aware of this week's hearing (Rangel: "We're only having it to embarrass them.") and said he'd told Baucus of the bill's unintended consequences. But Sy lay some of the blame on Grassley, whom he called a populist. He then went through the arguments for not including the earnings on deferrals or the non-elective contributions. Though he told Rangel his staff had the background papers, he also gave a copy to Rangel himself.
On trade, we had a discussion on ILO standards after Rangel asked why we can't put them in trade agreements ("who's going to sue us, foreign govts?"). Sy had done his homework and explained the areas where our law falls short of the standards and said the US is not a country that signs on to standards it can't meet. Rangel seemed genuinely interested in the shortcomings in US law and we gave him a copy of the Stewart and Stewart memo.
Sy did a great job on the geopolitical importance of FTAs and how supporting the Peru and Colombia FTAs is vital to undercut Chavez's appeal in the region. Rangel said he never hears that argument.
Finally, Rangel made a big appeal for the private sector to step up and do more in terms of community investment, scholarships, health care recommendations, visa/essential worker issues, etc. Secretary Paulson has apparently started some conversations with a small group of CEOs on this score and Rangel said "I need what they're doing.".
Sy committed to call Jim Owens of Caterpillar (chair of BRT Trade Task Force) to see what the group might do. Rangel said, "So far I've done more to pass Peru and Colombia than the BRT."
Finally, Sy wants to use tomorrow's 12pm call re Dempsey follow-up to do some fly-in prep as well. In particular, he's concerned that his message on lifetime annuities is tougher to deliver if he doesn't know if/when Pomeroy's bill is going in, etc. He'll want to talk about that tomorrow. He also made a comment that it's not enough to go into a member's office and talk about mutuality, etc.
Regards, Leslie

----- Original Message -----
From: William Mattox
Sent: 03/11/2007 05:25 PM
To: Sy Sternberg
Cc: Sheila Davidson; gnichols; Veronica Kellaher; Patty Chemerka; janet_m.jack; Susanne Scrima; leslie_c_griffit
Subject: Update on Deferred Comp for your meeting with Rangel

Sy:
We wanted to give you the latest information on deferred comp in preparation for your meeting with Charlie.
The House Ways and Means Committee will be holding a hearing on the deferred comp issue on Wednesday. No public announcement of witnesses has been released. However, word has leaked that the National Association of Manufacturers (NAM) will be a major witness. (NAM is the coordinator of the industry coalition opposed to the provision.)
Our latest intelligence is that both Rangel and McCrery still are of the mind to keep the entire deferred comp provision out of the minimum wage package. Some believe that the committee hearing on deferred comp on Wednesday will give the Ways and Means Committee cover because it may publicly address the points that the Senate provision affects thousands of middle



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managers and not just those individuals who defer more than $1 million.
Senator Grassley recently stated at a press event that he thought his provision only affected those individuals who deferred more than a $1 million. Principal Financial has arranged for meetings with Iowa clients with the Senator, but to this point have been unsuccessful in gaining a commitment to delete the provision.
We understand that Chairman Baucus continues to say that he will push for the Senate version in conference; however, there is speculation that he may modify the provision (no details yet). You will be meeting with Baucus late Tuesday afternoon and we have suggested after we make our fly-in points with our agents, we would leave the room and let you have a private conversation with Max on this topic.
The major stumbling point in House and Senate negotiations on the minimum wage bill is the issue of where to draw the line on revenues to finance the small business tax credits. The Senate package is about $8.3 billion and the House is $1.3 billion. The Senate deferred comp provisions have been scored in the $800 million range. Rangel and McCrery both are advocating a small package which helps us. Grassley says that he needs to get closer to $8 billion to satisfy Senate Republicans - thus the log-jam.
FYI, last week we hand-delivered the Oleske deferred comp white papers to John Buckley, House Ways and Means Committee Chief Counsel, Mildeen Worrell, House Ways and Means Tax Counsel, and Jon Sheiner, tax aide to Rangel's personal office, as well as to Judy Miller, Senate Finance Professional Staff Member for Pensions (she handles this issue and both Mike Oleske and George have talked to her) and Russ Sullivan, Senate Finance Majority Staff Director. In addition, the white papers where hand-delivered to the following trades: ACLI, Chamber, BRT, NAM, American Benefits Council, the AALU and the ERISA Industry Council.
Good luck in your meeting with Charlie. Leslie will meet you at Rangel's office on Monday morning. If you need anything else my cell is 202-841-[illegible]
Bill

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***: Fw: AALU Visit to Capitol Hill**

George Nichols to: leslie_griffin, sandy_kristoff, ronald_lefrancois 05/04/2007 12:40 PM

Show Details

George Nichols III
Senior Vice President
New York Life Insurance Company
Office of Governmental Affairs
Phone: (202) 654-
Fax: (202) 654-
e-mail: george_nichols

----- Forwarded by George Nichols/NYLIC on 05/04/2007 08:39 AM -----

Melvin J. Feinberg/NYLIC
05/04/2007 08:16 AM

To Sy Sternberg/NYLIC@NYLIC
cc George Nichols/NYLIC@NYLIC, William Mattox/NYLIC, Scott L. Berlin/NYLIC@NYLIC
Subject AALU Visit to Capitol Hill

Sy -

Earlier this week, I attended the AALU Conference in Washington. One of the programs of the meeting is to send groups of agents to Capitol Hill to lobby for issues important to the AALU. I tagged along with a small agent group that visited with several members of Congress from New York State.

The three issues identified by AALU for our discussions were Deferred Compensation Legislation, Estate Tax Reform (the Tax Reform approach that the AALU supports is a $3.5 million exemption and a 45% tax rate) and Broad Tax Reform (inside build-up).

We went first to Congressman Jerrold Nadler's office (my Representative) where we met with John Doty, of Nadler's staff. He was not familiar with the three above issues. Although sympathetic, he stated that the Congressman would be taking guidance on these issues from Congressman Rangel.

We went next to meet with Senator Hillary Clinton, who, although not available for the meeting, stopped by briefly for a photo op. Her legislative assistant, Michael Szymanski, met with us and was more knowledgeable about the three issues on the AALU agenda. He stated that Senator Clinton's position on these issues was in synch with the AALU's. He believes that Estate Tax Reform will not be addressed "by this Congress", meaning not until 2009.

Our last visit was to Congressman Rangel, who stopped by briefly to meet us. When I mentioned that I

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was from New York Life, the Congressman told me to tell you he's working on your trade package. We spent more than an hour discussing insurance and tax issues with Congressman Rangel's staffer, Jonathan Sheiner. He said that:

(1) Don't worry about inside build-up,
(2) Estate tax reform will not be done until 2009 and
(3) Deferred Compensation issues will be addressed in a more focused way than was done with the recent proposal.

Mel

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***: Rangel event/Trade comments**

George Nichols to: seymour_sternberg 05/31/2007 03:46 PM

Cc: Joseph Gilmour, sheila_davidson, leslie_griffin, sandy_kristoff, william_mattox, ronald_lefrancois, jonathan_paone Show Details

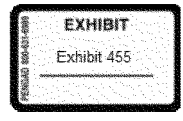
Sy, last night, Jon Paone attended an event for Charlie Rangel and had an opportunity to say hello and extend greetings from you. Jon sent the note below that I wanted to bring to your attention:

Attended a Rangel fund-raiser last night.
I congratulated Charlie on his trade agreement with the WH. Charlie then told me that Sy needs to keep his end of the bargain and lobby just as hard to win approval for Korea and Colombia FTAs. Charlie then said that now the BRT needs to live up to its commitment by supporting education improvements (presumably increased funding). He pointedly asked me to deliver that message to Sy and the BRT. I told him I would and that Sy would be at the BRT meeting next week. Charlie said he may invite himself to that BRT meeting.
During his remarks to the crowd, most of his comments were about trade:
- He does not want a level playing field, but rather he wants an unfair advantage for US companies so as to grow more jobs here.
- He hates the reliance on bringing in foreigners to take high skill jobs as we could teach kids in Harlem to do those jobs.
- Trade cannot just benefit shareholders of multinational corps, but must also help ordinary Americans on Lenox Avenue in Harlem. It is the responsibility of MNCs to make this case in their deeds and in their words.
Jon

BRT is already working to schedule a meeting with Charlie next Wednesday afternoon for you, Terry McGraw, Jim Owens, and Art Ryan of Prudential. I will ask Jon to go back to Charlie's staffer Walter to inform him of the pending BRT request and seek his support for the meeting. Leslie will be sure BRT is aware of the points Charlie made last night and the role we're playing in reinforcing the meeting request. Separately, you should also know that Joe Gilmour is attending the US-China Business Council board meeting on Wednesday morning and Rangel and McCrery are due to address the group at 9:00 a.m. on US-China trade issues.

Thank you.

George Nichols III
Senior Vice President
New York Life Insurance Company
Office of Governmental Affairs
Phone: (202) 654-
Fax: (202) 654-
e-mail: george_nichols



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***: Misc events**

William Mattox	to:	gnichols, ronald.lefrancois, leslie_griffin, sonia_roman, Jonathan_Paone, lana_alleyne, gayle_yeomans, emily_c_gonce, Alan Shortell, julie_E_Herwig, Linda D Corsnitz	06/20/2007 03:47 PM

Show Details

Rep. Shelley Berkley (D-NV) - George and I tag-teamed this event. He was there the first half hour. I was there the next half hour . Both of us told the Congresswoman we were looking forward to the fly-in. I spent time with the COS, Legislative Director and the Tax aide. All were familiar with Rep. Tubbs-Jones GLI bill which the Congresswoman has cosponsored.
Senator John Sununu (R-NH) - The Senator is very concerned about his re-election. He used former Rep. Jeb Bradley's upset last year as an example. Unsolicited, he mentioned that he had talked to Chairman Dodd about having a hearing on OFC "sometime this year."
Rep. Chip Pickering R-MS) - The Congressman talked about how different it was to be in the minority. But, interestingly, has a close working relationship with Chairman Dingell (D-MI) and Rep. Jane Harman (D-CA) constantly calls about issues.
Rep. Charlie Rangel (D-NY) - George introduced the Chairman at this ACLI hosted event and thanked him for his help in defeating the Senate deferred compensation provision. Rangel was asked what he thought about tax reform and revenues needed to pay for AMT, expiring provisions, Medicaid, SCHIP, etc. Rangel responded that he would look to increasing the tax rates on the highest 1 million taxpayers to give AMT and middle class relief for 35 million taxpayers. He noted about $356 billion in fraud and loophole closers. He said that he had instructed staff to review many outdated provisions in the tax code, and, in particular, in the non-profit area. He noted that" no one was talking about going after inside build-up or annuities."

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Christine Park
06/22/2007 05:23 PM

To: George Nichols/NYLIC@NYLIC
cc: Sheila K. Davidson/NYLIC@NYLIC, Steven A Rautenberg/NYLIC@NYLIC, william_mattox
Subject: Re: 17DB6A4C8E25EC9C852573020052A443

Hi again George,
We will gather that info and get it to you and then wait to hear from you.....
Thanks
cp

George Nichols/NYLIC
06/22/2007 11:11 AM

To Christine Park/NYLIC@NYLIC
cc Sheila K. Davidson/NYLIC@NYLIC, Steven A Rautenberg/NYLIC@NYLIC, william_mattox
Subject Re:

Chris,

Thanks for discussing the Rangel Center with Sy. I think we should do something for Rangel for the reasons stated by Sheila. Additionally, Rangel has been a friend of the company for 25+ years and yes we have contributed to his political causes. But, we have also benefited from his position, policy decisions and legislation.

I will wait to receive something or hear from the Rangel people and I would like to make one more run at Sy on this issue.

Chris, can you find out what The Rangel's Centers total funding is currently and who are his biggest donors and how much they gave?

Thanks.

George Nichols III
Senior Vice President
New York Life Insurance Company
Office of Governmental Affairs
Phone: (202) 654-
Fax: (202) 654-
e-mail: george_nichols(

Christine Park/NYLIC
06/22/2007 09:31 AM

To Sheila K. Davidson/NYLIC@NYLIC
cc George Nichols/NYLIC@NYLIC, Steven A

EXHIBIT
Exhibit 457

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Rautenberg/NYLIC@NYLIC

Subject Re:

Good morning Sheila, Steve and George,
I had an opportunity to speak with Sy about the Rangel Policy Center this morning. He continues to think that we should pass on this for now in light of our very large and fairly recent commitment to the Powell Policy Center. We do not have anything in writing from them so we will not reply formally. George, if you need us to take any action, please advise.
Thanks
cp

Sheila K. Davidson/NYLIC
06/22/2007 08:17 AM

To Christine Park/NYLIC@NYLIC
cc Steven A Rautenberg/NYLIC@NYLIC, George Nichols/NYLIC@NYLIC
Subject Re:

I think it should be revisited with Sy in light of the passage of time and Rangel's ascent to the chair of the Ways and Means Committee. Maybe the same outcome, but worth a conversation.

Christine Park/NYLIC
06/21/2007 05:38 PM

To Sheila K. Davidson/NYLIC@NYLIC
cc Steven A Rautenberg/NYLIC@NYLIC
Subject

Hello Sheila. I hope you are having a good week.
I spoke with Steve about the Rangel Policy Center at City University. As I understand it, Congressman Rangle was apparently with George Nichols this week and mentioned it to him.
In speaking with Peter about this to see if there was any history, I came to learn that about a year ago, before the Powell proposal began working its way through the system, the Foundation team did respond to an inquiry by the Rangel Center for support. They took it to Sy and he declined it. Peter reports that at the time Sy felt we had done enough for Congressman Rangel. Let us know if you think we should reopen the conversation at this point. The $10M donation to the Powell Policy Center represents an awfully large commitment to City University. It may be that we can use that as a reason to hold off for the time being. I will take no action if I don't hear from you.

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Thanks!
cp

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New York Life Insurance Company
51 Madison Avenue
New York, NY 10010
212 576 4730

Sy Stemberg, CLU
Chairman and Chief Executive Officer

The Company You Keep®

July 31, 2007

The Honorable Charles Rangel, Chairman
Committee on Ways and Means
United States House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

I applaud your leadership in championing the May 10 bipartisan agreement that paves the way for Congressional advancement of the U.S. trade agenda. As you and I have discussed, the pending free trade agreements are not only commercially significant, they are a vital tool for sustaining American geopolitical influence.

The United States and Latin America have shared interests in broadening and deepening hemispheric relations. Trade agreements that help shore up market-oriented, democratic voices in this region are essential to fostering U.S. national security interests.

In particular, the agreement with Colombia is one of the most important facing the Congress. Our Western Hemisphere neighborhood is incredibly fragile and we should not turn our backs on this friend and ally. While concerns about violence in Colombia must be addressed, I urge you to take into account the progress already made in this area and the continued commitments made by President Uribe to strengthen the rule of law. Passage of this agreement enhances Uribe's chances for success. On the other hand, failure to pass the Colombia agreement would undermine American credibility, harm the credibility of Uribe among his peers, and send the wrong message to other friends in the region. The FTA with Colombia offers other important benefits to the United States, moving the trade relationship with Colombia from one-way preferences to reciprocity. For example, eighty percent of U.S. consumer and industrial products and more than two-thirds of current U.S. farm exports will enter Colombia duty-free immediately under the terms of the agreement.

You have spoken eloquently to me on many occasions of your desire to create a new bipartisan consensus to advance America's trade agenda. The three Latin American agreements to be considered by the Congress are the best opportunity for the United States to demonstrate its commitment to this region, secure new economic benefits for American business, workers and farmers and remain a leader in the global economy. With 95 percent of the world's consumers living outside of the United States, we cannot afford to sit on the sidelines or to disengage from the world. I hope Congress will not take the politically expedient shortsighted approach at this critical juncture in our trade policy.

I assure you I will do all I can to support the vision you expressed in your May 10 announcement, and I look forward to continuing to work closely with you on these important trade initiatives.

Sincerely,

I know where your heart is —
Try your Best



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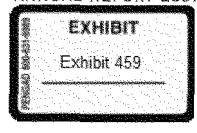
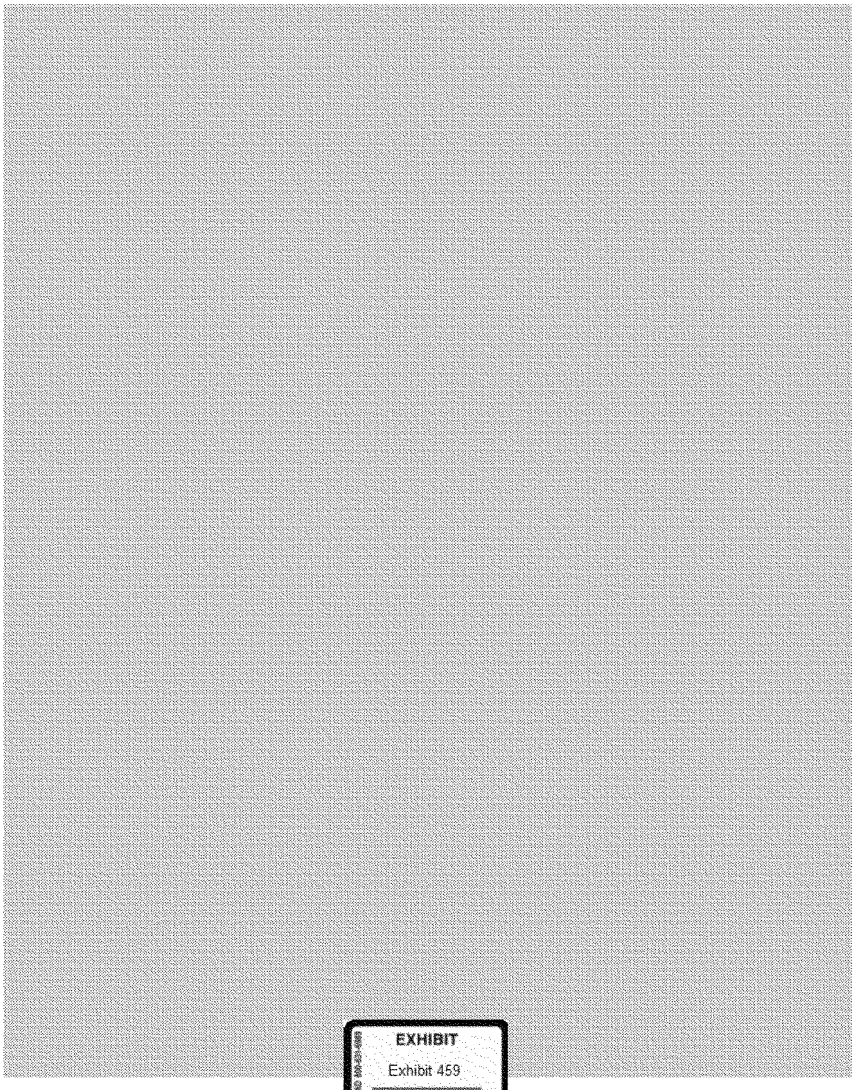
STRENGTH AND SAFETY

FOR UNCERTAIN TIMES

ANNUAL REPORT 2007





CSOC.CBR.00031621

Financial Highlights*

(DOLLARS IN MILLIONS)	DECEMBER 31, 2006	DECEMBER 31, 2007
GROWTH		
INSURANCE SALES	$ 2,645	$ 3,031
INVESTMENT SALES	34,671	35,579
INDIVIDUAL LIFE INSURANCE IN FORCE	694,761	750,918
POLICYHOLDER BENEFITS AND DIVIDENDS	12,564	14,142
TOTAL REVENUE	20,980	21,123
OPERATING REVENUE	11,895	12,992
ASSETS UNDER MANAGEMENT	261,528	280,046
PROFITABILITY		
NET INCOME†	2,298	1,497
NET INCOME EXCLUDING NET INVESTMENT GAINS†	1,093	1,301
OPERATING EARNINGS	1,090	1,275
FINANCIAL POSITION		
EQUITY	18,696	20,199
SURPLUS AND ASSET VALUATION RESERVES	13,859	14,680

†**SPECIAL NOTE ON NET INCOME:** The Company's GAAP net income totaled $1.5 billion in 2007, compared with $2.3 billion in 2006, when a one-time extraordinary gain skewed the results. The 2006 results included a $1 billion gain from the Company's investment in Express Scripts, Inc. ("ESI"), largely driven by a one-time change in accounting methodology. Adjusted for that one-time gain from ESI, and excluding other net investment gains, GAAP net income in 2007 increased 19 percent to $1.3 billion. For a detailed discussion of ESI, see Note 5 on page 37. For a detailed reconciliation of the Company's GAAP performance measures to its non-GAAP performance measures, see page 39.

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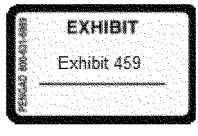
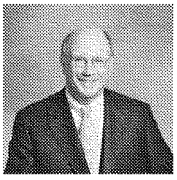
**See Glossary of Terms on page 48. For complete information, see pages 24–39.*

Policyholders may request a copy of the GAAP-basis consolidated unabridged financial statements (which are incorporated by reference into the Annual Report) and the statutory financial statements applicable to their respective companies by contacting the Secretary of the parent company, New York Life Insurance Company, 51 Madison Avenue, New York, New York 10010. The audited financial statements above are also available on our Web site (www.newyorklife.com).



TO OUR POLICYHOLDERS



SY STERNBERG
Chairman of the Board and Chief Executive Officer



TED MATHAS
President and Chief Operating Officer

New York Life realized exceptional gains in 2007, in terms of both financial performance for the year and the Company's long-term financial strength.

Operating revenues grew to $13 billion in 2007, a nine percent increase over 2006. For the second consecutive year, operating earnings grew by more than 16 percent, totaling nearly $1.3 billion in 2007.

Despite the onset of significant turbulence in the financial markets, New York Life's financial strength has never been greater. In 2007, we added more than $800 million to our surplus and asset valuation reserves, which now total nearly $14.7 billion. These funds, which are a key indicator of long-term strength and stability, support the Company's long-term financial strength and are also available to pay future claims and finance growth.

More than a year before the credit crisis emerged, New York Life's investment management team, led by Chief Investment Officer Gary Wendlandt, began closely monitoring what they believed to be an unfavorable market environment. Observing a trend toward weaker underwriting standards for all forms of debt, as well as investment returns that were not commensurate with the risk, they recommended a strategy that called for temporarily allocating a larger portion of the Company's investments into safe U.S. Treasury bonds.

By adhering to our time-proven principles of conservative financial stewardship, the Company avoided the large losses and write-downs suffered by other institutions. Not only have we maintained a sound investment portfolio, but New York Life's strong balance sheet and liquidity (now over $11 billion) also enable us to take advantage of opportunities in the market when a better investment climate returns – a double win for our policyholders.

Given the importance of this strategy, we have asked Gary Wendlandt to report to you on the steps we took to safeguard the Company's financial strength, and the criteria we use to make prudent investment decisions. His analysis begins on page 6 of this *Report*.

The year was also notable for significant sales gains across all lines of business.



New York Life's 2007 combined domestic and international insurance sales grew to more than $3 billion, a 15 percent increase over 2006, and a remarkable follow-up to the 26 percent 2006 year-over-year sales gain.

In the United States, New York Life posted new life insurance sales totaling over $1.2 billion, generated by our first-in-class team of more than 10,000 New York Life career agents and a network of specialized advanced market professionals. Our newest life insurance product, Custom Whole Life, which gives policyholders the ability to select how long they will be required to pay premiums, set sales records as one of the most successful product launches in Company history.

New York Life is the nation's number one seller of Guaranteed Lifetime Income products,* income annuities that help people lock in a secure stream of income for their retirement. Sales momentum in 2007 continued to be very strong, growing 25 percent to $796 million.

Our relationship with AARP, the nation's largest membership organization, has helped New York Life become the number one direct marketer of life insurance in the United States.† We now insure more than 1.5 million AARP members. This program achieved another important milestone in 2007, declaring its first dividend to be paid in 2008. New York Life also expanded its relationship with AARP in 2007 with the launch of the AARP Lifetime Income Program. Sales of these income annuities reached almost $100 million in the first year of operation.

Our international business had a strong year, with sales up 25 percent over 2006, reflecting double-digit growth in Mexico, China, India, Korea and Thailand. Our two largest markets, India and Mexico, recorded significant growth, with 69 percent and 22 percent increases in sales, respectively. We see substantial room for business expansion throughout our international markets for many years to come. In India, for example, we are tailoring products to meet the needs of millions of underserved low-income consumers.

New York Life Investment Management ("NYLIM") sales totaled more than $29 billion, with very strong growth in our Retail and Retirement Plan Services lines of business. Retirement Plan Services, which oversees more than 2,100 full-service retirement plans for corporate and union clients, had its best sales year ever, and continues to be top ranked for customer service excellence.

We reluctantly bade farewell to two distinguished members of our Board of Directors who retired from New York Life in 2007 following more than a decade of service. Les McCraw, Jr., a former chairman and chief executive officer of Fluor Corporation, joined the New York Life Board of Directors in 1995. He has served as

* *Survey source: LIMRA International, U.S. Individual Annuity Sales Survey, Fixed Immediates, Fourth Quarter YTD 2007 results. (Fixed Immediates include Fixed Period Annuities.)*

† *Survey source: LIMRA International, Direct Response Life Insurance Sales, Fourth Quarter YTD 2007 results, SEC filings and annual statements.*



CSOC.CBR.00031624

chairman of the Board's Insurance and Operations Committee since 2002 and has been instrumental in shaping the Company's business planning and new business acquisition strategies.

2007 also marked the final chapter in the brilliant New York Life career of former President Fred Sievert, who retired from the Company in June. Fred had a profound influence, not just on the strategic direction of the business, but on the culture and character of the Company. His sound judgment and deep sense of humanity will be missed.

Elected as a new director in 2007, Chief Investment Officer and NYLIM Chairman Gary Wendlandt was named vice chairman of the Board. Gary's stewardship of the Company's $140 billion investment portfolio has been a key factor in maintaining New York Life's long tradition of financial strength and stability. He is a valuable and timely addition to the Board as we navigate the choppy waters of the current world economy.

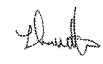
Throughout this *Report* you will see several references to the principles that have, from the beginning, guided the management of our business. One of those principles bears repeating here: The number one reason for choosing a life insurance company is financial strength. And that has never been more true than today.

We believe it is worth noting that, in August 2007, just as the U.S. credit markets were experiencing their most severe deterioration in a decade, Standard & Poor's announced its upgrade of New York Life's financial strength rating to AAA, their highest possible ranking. With this upgrade, New York Life is now top-rated by all four of the major ratings agencies: Standard & Poor's, Moody's Investors Service, Fitch Ratings and A.M. Best. Among the more than 1,000 life insurance companies in the United States, only three can now claim this unanimous vote of confidence.

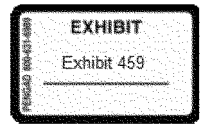
Even as the economy and the financial markets rise and fall in their perpetual cycles, New York Life's financial strength endures. In both good times and bad, we will be here, stable and sound, to honor the promises we make to you – today, tomorrow and for decades to come.



SY STERNBERG
Chairman of the Board and Chief Executive Officer



TED MATHAS
President and Chief Operating Officer



A Special Message for Our Policyholders

I am pleased to inform you that, shortly before this *Report* went to press, the Board of Directors unanimously voted to name President and Chief Operating Officer Ted Mathas as Chief Executive Officer-elect of New York Life Insurance Company.

Upon my retirement on June 30, 2008, Ted will assume the title of President and CEO, and I will remain Chairman of the Board of Directors in a non-executive capacity for a transition period.

As we looked ahead toward my scheduled retirement at age 65, the Board had time to plan – and I had time to assist in – an orderly and seamless transition. Ted Mathas is a superb choice for CEO. Since joining New York Life in 1995, Ted has contributed to virtually all areas of the Company, including our life and annuity products, distribution systems and services, and our international operations. As Chief Operating Officer, Ted led us to new records in 2007 in nearly every business area. New York Life is fortunate to have a leader of Ted's energy, intellect and vision taking the reins as chief executive in July.

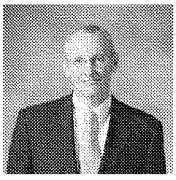
As the 18th chief executive in the Company's 163-year history, Ted Mathas will carry forward New York Life's tradition of strong executive stewardship. He will be supported by a senior management group whose leadership has helped guide New York Life through more than a decade of sound, sustained growth. With their demonstrated commitment to serving the best interests of our policyholders, this superb team, along with the entire New York Life family of employees, agents and partners, will stand ready to serve you in the decades ahead.



SY STERNBERG
Chairman of the Board and Chief Executive Officer
March 31, 2008



Investing for Strength and Safety



A Special Report
by Gary Wendlandt,
Vice Chairman of
the Board and
Chief Investment Officer

2007 was a year of considerable turmoil in the credit markets. What began with an increase in defaults in the subprime residential mortgage market has now developed into a full-scale credit crisis, impacting financial institutions around the globe. At New York Life, we have thus far been able to sidestep the major damage wrought by this crisis. In contrast to the very sizable investment losses and write-downs reported by many other financial institutions, we had one of our lowest levels of credit losses ever, allowing us to again report record levels of capital and surplus for 2007. The purpose of this report is to describe our investment process and the resulting actions we took long before the credit crisis roiled the world's financial markets.



1937

Our $140 billion investment portfolio is very well diversified and largely comprises fixed income assets like bonds and mortgage loans. For several years leading up to the summer of 2007, the markets for all types of fixed income investments – at least on the surface – appeared to be exceptionally robust and safe. Defaults were remarkably low. Even below investment grade bonds (those issued by companies judged to have a lower level of creditworthiness than investment grade companies) had a default rate of less than 1.5 percent, a ratio that has historically averaged around five percent. (Later, it would become evident that many companies that normally might have defaulted were instead obtaining fresh infusions of cash, thanks to the easy availability of credit.)

As with most things in life, when things seem too good to be true, there's usually a problem lurking. The credit markets, like the stock market, go through periodic bull and bear cycles. Investor optimism feeds upon itself, fueling a bull market that can, in the blink of an eye, beat a hasty retreat to pessimism and fear.

A bullish credit market is characterized by overly aggressive lending practices. And, in fact, over the last few years, loan issuance – for real estate, home equity, consumer credit, leveraged buyout activity, and so on – skyrocketed, while underwriting standards for approving loans weakened substantially. However, in the exceedingly opti-

About the illustrations: *The New York Life advertisements from the past 70 years that accompany this article serve as a reminder that, in good times and bad – throughout economic recessions, depressions and market tremors – New York Life has always stood strong and secure, ready to protect our policyholders.*



mistic climate that then prevailed, the market turned a blind eye to the obvious dangers of these lending activities. Worse yet, due to the optimistic climate, investors were – in our judgment – demanding too little payment for the risks they were assuming.

"New York Life invests for the long term, always mindful of providing safety and security for our policyholders."

Although these weak lending practices were not confined to sub-prime mortgages, the cracks first started to show there, and sub-prime loans, therefore, served as the catalyst for the broader credit crisis that is now unfolding. Between 2002 and 2006, the issuance of sub-prime residential real estate loans grew more than fourfold. In the rush to originate loans, proper underwriting procedures were often sidestepped, meaning many loans were funded without income and asset verification or other critical documentation. Other lending areas had similar experiences.



These bad lending practices were exacerbated by the rise of loan securitization – the repackaging of loans into "trading" vehicles, such as mortgage-backed securities and collateralized debt obligations ("CDOs"). Historically, lenders, such as banks, retained the loans they originated. In recent years, it has become common practice for lenders to quickly package and resell loans in the securitization market, essentially leaving them with no skin in the game and little reason to pay careful attention to the quality of the loans they were originating.

Credit market cycles run a predictable course, beginning with irrational optimism and ending with large defaults and write-offs. New York Life has, since its founding, witnessed many of these cycles, and as a result of this long experience, we know better than to get caught up in the frenzy. Rather than accept outsized risks coupled with inadequate rewards for a particular investment, we can choose to move to the sidelines. Our rationale is simple: What you don't own can't hurt you.

Based on our belief that the markets were acting irrationally, in February 2007, New York Life management approved a proposal to divert a portion of the Company's investable cash flow from our normal credit market investments into U.S. Treasurys. U.S. Treasurys are not only entirely safe, but offer excellent liquidity, positioning us to take advantage of attractive investment opportunities when risk/reward relationships improve.



By August 2007, the credit market problems we had feared were front page news. The crisis has not been confined to the housing market, as the unsound lending practices were considerably more widespread. For example, as credit has tightened, similar problems are emerging in commercial real estate, home equity, credit card and leveraged buyout lending.

Financial institutions around the globe recorded credit-related losses and write-downs exceeding $100 billion during the second half of 2007. Many observers expect this number to more than double by the end of 2008.

"Each year, New York Life invests approximately $20 billion on behalf of our policyholders."



1968

Fortunately for our policyholders, New York Life is well positioned for the current environment. Consider the composition of our investment portfolio: Only seven percent of the Company's cash and invested assets is placed in residential mortgage loans and related securities. Less than one-half of one percent of our total assets is sub-prime mortgage-backed securities. Of these securities, the overwhelming majority are rated AAA and have fixed interest rates. (Adjustable rate mortgages has been the sector with most of the problems.) Our portfolio's exposure to hedge funds is virtually non-existent. And our short-term holdings have not been affected by the problems encountered in the commercial paper market.

"By August 2007, the credit market problems we had feared were front page news."

Each year, New York Life invests approximately $20 billion on behalf of our policyholders. Our investment process is based upon careful risk-return analysis. There are a number of other guiding principles and disciplines we believe form the basis for sound investment. Here are some of the most important ones, including several that may be useful to you in your own personal investment planning:

We maintain diversification. A diversified portfolio, across a spectrum of asset classes and issuers, protects us against problems in specific areas.

We conduct our own research. We don't take any third-party endorsements or ratings for granted. We only take risks we fully understand and underwrite ourselves. Complicated investment structures often serve to obfuscate risk.



We insist on getting paid for taking risk. Risk is an inherent part of the investment process. The risk premium we are paid must be commensurate with that risk.

We take a long-term view. We are not traders. We look for investments that have a margin of safety and can stand the test of time.

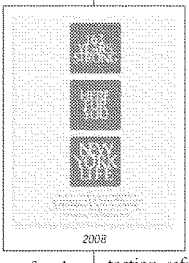
We maintain ample liquidity. The benefits that we promise to our policyholders must be paid in cash, irrespective of the market environment.

We don't blindly follow the crowd. History has proven that jumping on an investment bandwagon yields, at best, mediocre results. More often than not, it results in significant pain.

New York Life Insurance Company is the largest mutual life insurance company in the United States.* As a mutual company, New York Life invests for the long term, always mindful of providing safety and security for our policyholders. We do not have shareholders who might want us to maximize short-term profit, an objective that carries increased risk and greater potential for significant losses.



1991



2008

"NEW YORK LIFE'S EXCEPTIONALLY STRONG BALANCE SHEET IS THE PRODUCT OF A DISCIPLINED INVESTMENT PROCESS, CONSERVATIVE PORTFOLIO CONSTRUCTION AND RIGOROUS RISK CONTROLS."

New York Life's exceptionally strong balance sheet is the product of a disciplined investment process, conservative portfolio construction and rigorous risk controls. While many financial institutions are continuing to experience losses, New York Life has earned the highest possible ratings for financial strength from all four of the major credit rating agencies.

Our pledge to you has never been more relevant: For financial protection, safety and peace of mind, you can place your trust in "The Company You Keep."

* "Fortune *1,000 Ranked within Industries, Insurance: Life and Health (Mutual)*," Fortune *magazine, April 30, 2007.*



Life and Annuity 2007 Business Update

Through a comprehensive portfolio of life insurance and annuity products, we help clients provide their families with income protection during their working years, while also offering innovative ways to grow their wealth. During clients' retirement years, many of our products offer the security of an income stream, while others provide the means to leave a lasting legacy.

Our product lineup comprises fixed and variable insurance and annuity products, including whole life, universal life, variable universal life and term insurance; fixed and variable deferred annuities; and income annuities. Through innovative features and a wide range of riders, these products can be customized to meet individual needs.

Another year of solid growth Building on the strong gains posted in 2006, nearly all measures of current performance for Life and Annuity were again positive in 2007. Total insurance sales – comprising life insurance and Guaranteed Lifetime Income ("GLI") insurance – advanced eight percent over 2006. Life insurance sales totaled $1.25 billion, while GLI sales increased 25 percent year over year to $796 million, ranking New York Life number one in fixed immediate annuity market share.* Sales of investment annuities through our Agency channel were up 10 percent over 2006, while our deferred annuity sales through banks outpaced the industry, which allowed us to move up to the number two market share position.† All told, operating earnings from Life and Annuity grew nine percent year over year.

The industry's most professional, productive agents For more than a century, our nationwide network of agents has been at the core of New York Life's success. With offices in cities and towns across America, New York Life's team of 10,000 professional agents helps clients identify what is most important to them and then design effective solutions to achieve their goals.

Our agents are supported by career-long training, professional development programs and state-of-the-art technology. Perhaps nowhere is our industry leadership more evident than in our dominance of the Million Dollar Round Table ("MDRT"). Qualifying for MDRT ranks an



agent among the top one percent of life insurance professionals in the world, and MDRT membership is a widely recognized sign of superior technical knowledge, client service and ethical standards. For the 53rd consecutive year, New York Life led all U.S. insurers in MDRT membership, with a record-high 2,453 agent members.

In 2007, Rich Schwartz *(top, right)* of Indiana and Jim Adkins, Jr. *(bottom, right)* of our Greater Washington office achieved the top honors we bestow on our agents – the Council Presidency and the Council Vice Presidency, respectively. When Rich joined New York Life in 2000, he had already built a successful career at another insurer, but he was attracted by "what New York Life brings to the table – the humanity, the values, and always doing right by our clients." Jim, meanwhile, has been part of the New York Life family almost since birth; his father headed New York Life's Greater Washington General Office for nearly three decades. While they took different paths to the top of New York Life's sales force, Rich and Jim share a passion for serving their clients with in-depth knowledge and integrity.





Customer service excellence In addition to the personal service provided by our agents, our policyholders can also rely on the professionals in our service centers throughout the country for customer service that is second to none. For the eighth consecutive year, our bank distribution annuities service team captured the DALBAR Service Award, a mark of distinction in the financial services industry. And for the fifth year running the DALBAR award also went to our agent distribution variable products service center. On the Internet, customers can process fund allocation changes, transfers, cash loans and address changes through New York Life's highly regarded Virtual Service Center at www.newyorklife.com.

* *Survey Source: LIMRA International, U.S. Individual Annuity Sales Survey, Fixed Immediates, Fourth Quarter YTD 2007 results. (Fixed Immediates include Fixed Period Annuities.)*

† *Survey Source: LIMRA International, U.S. Individual Annuity Sales Survey, Bank Fixed Annuities, Fourth Quarter YTD 2007 results.*

New York Life's universal life products and retirement income annuities are issued by New York Life Insurance and Annuity Corporation ("NYLIAC"), a wholly owned subsidiary of New York Life Insurance Company. Variable annuities are issued by NYLIAC and distributed by NYLIFE Distributors LLC, a Member of FINRA.

EXHIBIT
Exhibit 459

CSOC.CBR.00031632

Investment Management 2007 Business Update

New York Life Investment Management LLC ("NYLIM") ranks among the largest asset management firms in the United States.* Through its multiple boutique investment structure, NYLIM delivers investment performance through an array of products designed for both institutional and retail clients. And with its MainStay Investments brand, NYLIM distributes mutual funds and wrap accounts through agents and advisors to retail investors.

NYLIM is a leading provider of retirement plans for corporations, multi-employer trusts and individuals, and is recognized as one of the nation's top providers of guaranteed products to both the qualified and non-qualified markets. Together with its affiliates and over 1,500 employees, NYLIM manages over $249 billion in assets (as of December 31, 2007), up more than $14 billion from the previous year.

NYLIM's team of investment professionals focuses on virtually every sector of the capital markets.

2007 was another year of record success. With over $29.2 billion in gross sales, NYLIM exceeded its 2006 record by four percent. NYLIM's operating revenue exceeded $1.1 billion. Operating earnings were up 28 percent to $219 million – with all lines of NYLIM's business contributing.

The following summarizes some of the key accomplishments within NYLIM's business lines.

Guaranteed Products NYLIM's Guaranteed Products business serves the needs of institutional investors seeking stable returns and superior credit quality.

Guaranteed Products achieved record operating earnings of $132 million, with over $7.5 billion in sales. In addition, Guaranteed Products had success with selective credit issuance, and posted record operating revenues and earnings by Madison Capital Funding.

Institutional NYLIM's Institutional business manages assets for retirement plans, corporations, municipalities, endowments and foundations.

The Institutional line of business achieved $180 million in operating revenue for 2007, up from $135 million in the previous year. This increase was due in large part to the full-year impact of the acquisition (in June 2006) of the Institutional Capital Corporation ("ICAP"), a leading large-cap value equity boutique.



Retail Investments The Retail Markets business exceeded last year's sales record by 15 percent, increased its presence and won new business on key platforms such as Morgan Stanley, Smith Barney, Wachovia and LPL Financial.

For the year, MainStay's assets under management grew by six percent, exceeding $37 billion.

MainStay ICAP Select Equity and MainStay ICAP International Funds were named "Top Fund Analyst Picks" in 2007 by Morningstar in the Large Value and Foreign Large Value categories, respectively. In selecting Analyst Picks, Morningstar not only takes long-term performance into consideration, but also looks for other attributes that will be key to a fund's future success: sensible strategies, successful management, good stewardship and low costs.

Retirement Plan Services ("RPS") RPS oversees more than 2,100 comprehensive defined contribution, defined benefit and deferred compensation plans.

RPS achieved $3.7 billion in new sales for 2007, and ended the year with $151 million in operating revenue -- a 16 percent increase over 2006.

RPS has consistently been recognized for superior client service, and 2007 was no exception. RPS earned eight first-place rankings in the Boston Research Group's 13 key service categories, with all eight categories earning 100 percent satisfaction scores. RPS also led PLANSPONSOR magazine's 2007 DC Survey with 42 "Best in Class" awards.

Wholesale At the Wholesale level, NYLIM manages the investment portfolio of New York Life Insurance Company and the assets of other financial institutions.

In 2007, the Wholesale business successfully deployed $16 billion into a variety of asset classes for New York Life's business units. Wholesale achieved record gross sales of $3.3 billion, grew third-party assets under management to over $9.7 billion and earned $35 million in performance fees within its general and third-party accounts.

New York Life Capital Partners ("NYLCAP") closed its second mezzanine fund with $800 million of total capital commitments.

NYLIM Real Estate Group ("REG") sales totaled $224 million in various funds and co-investments.

* *New York Life Investment Management LLC is ranked number 25 in worldwide assets under management. Source:* Pension & Investment, *May 28, 2007.*



International 2007 Business Update

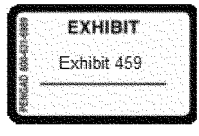
New York Life International is the global arm of the Company, with operations in Argentina, China, Hong Kong, India, Mexico, South Korea, Taiwan and Thailand. In July 2007, New York Life sold its equity interest in the Philippines to its joint venture partner, Allied Banking Corporation, and certain of Allied Banking Corporation's shareholders.

New York Life International's share of insurance sales in our eight international operations totaled over $650 million, a 25 percent increase over the prior year. Our international business now contributes 22 percent of New York Life's worldwide insurance sales.

While our primary channel of distribution is through our career agency system, comprising more than 40,000 registered agents, we pursue a multi-distribution strategy using additional channels such as bancassurance, corporate agencies and telemarketing.

Among the year's highlights:

- With more than 67 years of experience in Mexico, Seguros Monterrey New York Life had an outstanding year, with insurance sales topping $212 million, an increase of 22 percent over 2006. Seguros Monterrey New York Life won the prestigious State of Queretaro Quality Award in 2007, another indication of the Company's commitment to quality customer service. Ours is the only insurance company to receive the award and the only company to have earned the award three times.
- Max New York Life, our Indian joint venture with Max India Ltd., continued its strong growth with a 69 percent increase in life insurance sales in 2007. Max New York Life now has nearly 28,000 licensed agents and has expanded its network of offices to 192 nationwide. To date, more than 2 million individual life policies have been sold by Max New York Life. In light of the significant growth potential in the Indian life insurance market, Max New York Life has embarked on a strategic initiative that will further expand its distribution reach, accelerate the introduction of new products and strengthen the brand.



- In China, Haier New York Life, our joint venture with Haier Group, posted a 44 percent increase in sales as we entered six new cities, including the provincial capital of Hubei.
- In Thailand, our joint venture Siam Commercial New York Life ("SCNYL") has an exclusive distribution relationship with our banking partner Siam Commercial Bank. SCNYL achieved 22 percent sales growth in 2007. The impressive results solidified our position as one of the top three life insurance companies in the Thai insurance industry in terms of new business. SCNYL also maintained the market leader position in bancassurance for the fourth consecutive year in a highly competitive environment.
- In Korea, there was robust insurance sales growth of 35 percent over 2006.

New York Life International remains committed to providing philanthropic support to charities and nonprofits in all of the markets in which we do business. The focus of our efforts is on helping organizations that provide services to children. Our India operation provides ongoing support to the SOS Children's Villages, a national orphanage, by donating a portion of the revenue that it receives from the sales of certain products. In Taiwan, our operation continued its multi-year partnership with the Maria Social Welfare Foundation, providing grants and other programs to help this agency in its service to children. In Korea, we aim to make a difference in the lives of underprivileged children and their families through both grants and volunteer support. And in Mexico, more than 10,000 children have benefited from our support of EDUCA, a nonprofit foundation that works to improve the education of children in low-income families.

Our growing operations in Asia and Latin America offer significant and profitable growth opportunities. In many of these markets, only a small percentage of the population has adequate life insurance protection. By leveraging our vast experience as a leader in the U.S. life insurance market, we are well positioned to deliver the products, services and peace of mind people in these emerging markets are seeking – just as we've been doing at home for more than 160 years.



Special Markets 2007 Business Update

Special Markets comprises four businesses: the AARP Life Insurance Program, which markets group life insurance products to AARP members; the AARP Lifetime Income Program, which markets guaranteed lifetime income annuities to AARP members; Long-Term Care insurance sold through our agents; and the Group Membership Association Division, which sells life insurance and related products to members of professional associations.

AARP Life Insurance Program Through an exclusive marketing arrangement with AARP, New York Life offers life insurance to the association's 39 million members. In 2007, the AARP Life Insurance Program strengthened its leading market share position as the largest direct response marketer of life insurance,* establishing new records in sales, revenue and earnings, and ending the year insuring more than 1.5 million AARP members.

Equally as impressive, we paid out nearly $300 million in life claims in 2007, reaching $1.3 billion paid since the program began in 1994. The AARP Life Insurance Program reached another important milestone: As a result of favorable financial experience, the program's first dividend was declared and will be paid in 2008.

AARP Lifetime Income Program Through an exclusive marketing arrangement with AARP, New York Life offers guaranteed lifetime income annuities to the AARP membership.† AARP's endorsement of this program recognizes New York Life's financial strength and superior reputation as a provider of long-term insurance guarantees. In its first full year of operation, the AARP Lifetime Income Program achieved almost $100 million in sales, demonstrating the potential to distribute guaranteed lifetime income annuities through direct response channels.

Both the AARP Life Insurance and AARP Lifetime Income Programs help AARP members secure their financial futures through best-in-class products and superior customer service.

* *Survey source: LIMRA International, Direct Response Life Insurance Sales, Fourth Quarter YTD 2007 results, SEC filings and annual statements.*

† *New York Life's guaranteed lifetime income annuities are issued by New York Life Insurance and Annuity Company ("NYLIAC"), a wholly owned subsidiary of New York Life Insurance Company.*



Long-Term Care Our Long-Term Care business achieved record sales and revenue, with double-digit growth in each indicator. Sales grew 14 percent, compared to marketplace growth of three percent, especially notable as the industry ended a four-year run of sales declines. By virtue of this performance, we moved up one slot to the number six market share position.*

Continuing our commitment of integrity and financial stability to our policyholders, we paid a dividend in 2007 for the third consecutive year, and early in 2008 declared a fourth consecutive dividend. We remain one of the few key players in the individual long-term care insurance market that has not raised the rates of in-force customers.

Group Membership Association Our Group Membership Association Division provides life, health and disability income insurance programs to many of the nation's most prominent professional, military, educational and alumni groups. In 2007, we sustained and strengthened our leadership position in the association industry, despite a sluggish new-case market environment. Operating revenue remains strong, and we now insure more than 1 million individuals in our portfolio of business.

Our success in this mature, niche market is due to our continuous development of innovative products tailored to the association marketplace and solid, long-standing relationships with our distribution partners.

* *Survey source: LIMRA International, Individual Long-term Care Sales, Fourth Quarter YTD 2007 results. Adjusted for level pay plus 10 percent of limited pay premium.*



2007 INVESTMENT REVIEW

New York Life Insurance Company and Its Domestic Insurance Subsidiaries

The following investment review presents information for New York Life Insurance Company and its domestic insurance subsidiaries, New York Life Insurance and Annuity Corporation and NYLIFE Insurance Company of Arizona, assets of which represent most of the invested assets of the Company. The cash and invested asset information below is presented on a statutory accounting basis. New York Life's investment in its international insurance affiliates and domestic non-insurance affiliates is included in the Equities line of the table below. New York Life International, the largest affiliate in asset size, had cash and invested assets of $6 billion. Cash and invested assets are presented on a GAAP basis on the balance sheet on page 27. A reconciliation of cash and invested assets from a GAAP basis to a statutory basis is presented on page 38.

Cash and Invested Assets

On the strength of New York Life's U.S. insurance operations, during 2007, cash and invested assets grew by more than $10 billion to $149 billion. New York Life and its domestic insurance subsidiaries maintained a well-diversified investment portfolio in 2007.

CASH AND INVESTED ASSETS*

(DOLLARS IN MILLIONS)	DECEMBER 31, 2006		DECEMBER 31, 2007	
INVESTMENT GRADE PUBLIC BONDS AND LOANS	$ 69,645	50%	**$ 72,671**	**49%**
INVESTMENT GRADE PRIVATE BONDS AND LOANS	25,310	19%	**25,772**	**17%**
BELOW INVESTMENT GRADE BONDS AND LOANS	8,301	6%	**8,262**	**6%**
SUBTOTAL FIXED INCOME ASSETS	$103,256	75%	**$106,705**	**72%**
MORTGAGE LOANS	12,194	9%	**14,199**	**10%**
EQUITIES	9,629	7%	**10,992**	**7%**
POLICY LOANS	6,909	5%	**7,331**	**5%**
CASH AND SHORT TERMS†	5,745	4%	**8,663**	**6%**
DERIVATIVES AND OTHER INTERESTS	535	–	**851**	–
TOTAL CASH AND INVESTED ASSETS	$138,268	100%	**$148,741**	**100%**

* *Includes $43,634 million and $46,279 million of assets related to New York Life Insurance and Annuity Corporation for 2006 and 2007, respectively.*

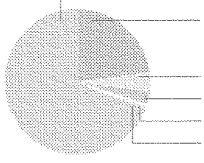
† *Includes cash primarily received on financing transactions of $4,012 million and $6,382 million for 2006 and 2007, respectively.*



Fixed Income Assets

The fixed income portfolio continues to be dominated by high-quality investments, with 92 percent being investment grade. Realizing that the market was not pricing certain fixed income securities properly during 2007, we directed a portion of our investable cash to U.S. Treasurys and other highly rated public bonds. Consequently, the proportion of fixed income assets rated highest-quality ("NAIC 1") increased two percentage points to represent 69 percent of total fixed income assets. The fixed income portfolio remains well diversified across the broad industry spectrum and comprises securities issued by more than 2,300 individual issuers. As of the end of 2007, the Bank and Finance category represented 13 percent of total fixed income assets, a decline of two percentage points from a year ago, while U.S. Treasurys and agencies increased by the same amount and represented seven percent.

The fixed income portfolio is managed to limit exposure to individual issuers according to credit quality and other factors. No single corporate exposure was greater than $290 million. The 10 largest holdings in the portfolio represented less than 1.5 percent of cash and invested assets.



FIXED INCOME ASSETS BY QUALITY*

(DOLLARS IN MILLIONS)			DECEMBER 31, 2007	
NAIC 1	AAA TO A-	HIGHEST QUALITY	$ 73,423	69%
NAIC 2	BBB+ TO BBB-	HIGH QUALITY	25,020	23%
INVESTMENT GRADE			98,443	92%
NAIC 3	BB+ TO BB-	MEDIUM QUALITY	3,903	4%
NAIC 4	B+ TO B-	LOW QUALITY	3,163	3%
NAIC 5	CCC+ TO CCC-	LOWER QUALITY	1,171	1%
NAIC 6	CC TO D	IN OR NEAR DEFAULT	25	–
BELOW INVESTMENT GRADE			8,262	8%
TOTAL FIXED INCOME ASSETS			$106,705	100%

** Includes $38,216 million of assets related to New York Life Insurance and Annuity Corporation.*



2007 Investment Review

New York Life Insurance Company and Its Domestic Insurance Subsidiaries

DIVERSIFICATION OF FIXED INCOME ASSETS*

(DOLLARS IN MILLIONS)	DECEMBER 31, 2007	
BANK & FINANCE	$ 14,268	13%
CONSUMER GOODS	13,138	12%
CAPITAL GOODS	12,950	12%
UTILITIES	11,621	11%
COMMERCIAL MORTGAGE-BACKED SECURITIES	9,369	9%
NON-AGENCY RESIDENTIAL SECURITIES	8,049	8%
AGENCY RESIDENTIAL SECURITIES	7,738	7%
U.S. GOVERNMENT AND AGENCY SECURITIES	7,415	7%
ASSET-BACKED	6,979	7%
ENERGY	5,485	5%
MEDIA	2,709	2%
SOVEREIGN/FOREIGN GOVERNMENT	2,464	2%
TRANSPORTATION	1,774	2%
OTHER	2,746	3%
TOTAL FIXED INCOME ASSETS	$106,705	100%

* *Includes $38,216 million of assets related to New York Life Insurance and Annuity Corporation.*

Non-Agency Residential Securities

As of year-end 2007, New York Life and its domestic insurance subsidiaries owned $8 billion in non-agency residential securities, representing 5.4 percent of cash and invested assets. The mortgage loans underlying these securities were held predominantly by prime borrowers. The overwhelming majority of these securities were rated AAA and are collateralized by fixed-rate mortgage loans. Only $407 million, or less than 0.3 percent of cash and invested assets, are collateralized by sub-prime mortgage loans.

NON-AGENCY RESIDENTIAL SECURITIES BY TYPE AND RATING CATEGORY*†

(DOLLARS IN MILLIONS)				DECEMBER 31, 2007	
	AAA	AA	A	BBB OR LOWER	TOTAL
PRIME	$5,901	$187	$39	$14	$6,141
MID-PRIME	1,371	88	34	8	1,501
SUB-PRIME	335	57	15	–	407
TOTAL	$7,607	$332	$88	$22	$8,049

* *Includes $3,685 million of assets related to New York Life Insurance and Annuity Corporation.*

† *Security types are categorized using rating agency classifications based upon weighted-average credit scores of borrowers in the underlying mortgage loan pools.*



Mortgage Loans

As of year-end 2007, the $14,199 million of mortgage loans represented $12,704 million of loans on commercial real estate properties and $1,495 million of loans on single-family residential properties.

Commercial Mortgage Loans

The performance of the commercial mortgage loan portfolio remained very strong. All commercial mortgage loans were in good standing. The commercial mortgage loan portfolio is broadly diversified by both property type and geographic region. The Company's mortgage loan investment practices emphasize conservative underwriting and focus on high-quality properties. The portfolio is weighted toward investments in office buildings and retail properties, two sub-sectors with large proportions of high-quality properties. Allocations to these two categories remained constant from the 2006 levels.

COMMERCIAL MORTGAGE LOANS BY PROPERTY TYPE*

(DOLLARS IN MILLIONS)	DECEMBER 31, 2007	
OFFICE BUILDINGS	$ 3,940	31%
RETAIL	3,205	25%
INDUSTRIAL	2,750	22%
MULTI-FAMILY RESIDENTIAL	2,712	21%
HOTEL/MOTEL	91	1%
OTHER COMMERCIAL PROPERTY	6	–
TOTAL MORTGAGE LOANS	$12,704	100%

** Includes $3,796 million of assets related to New York Life Insurance and Annuity Corporation.*

The commercial mortgage loan portfolio's strategic focus on office and retail properties naturally leads to a high weighting in geographic regions with dense populations. The commercial mortgage portfolio's geographic diversification remained substantially unchanged from the previous year.

COMMERCIAL MORTGAGE LOANS BY GEOGRAPHIC REGION*

(DOLLARS IN MILLIONS)	DECEMBER 31, 2007	
SOUTHEAST	$ 3,133	24%
MID-ATLANTIC	2,552	20%
PACIFIC	2,796	23%
SOUTH CENTRAL	1,726	14%
NORTH CENTRAL	1,354	10%
NEW ENGLAND	667	5%
MOUNTAIN	472	4%
CANADA	4	–
TOTAL MORTGAGE LOANS	$12,704	100%

** Includes $3,796 million of assets related to New York Life Insurance and Annuity Corporation.*

Single-family Residential Loans

In addition to the non-agency residential securities highlighted earlier, New York Life and its domestic insurance subsidiaries owned $1,495 million in geographically diversified single-family residential loans. These investments have had and continue to have strong performance and do not contain any subprime loans.



2007 INVESTMENT REVIEW

New York Life Insurance Company and Its Domestic Insurance Subsidiaries

Equities

As of year-end 2007, New York Life and its domestic insurance subsidiaries had $8 billion invested in public and private equities, while subsidiaries and affiliates totaled $3 billion.

The public equity investment portfolios are managed by experienced portfolio managers, who make use of active and passive styles combined with quantitative and fundamental analyses. The equity assets are diversified across the broad U.S. equity market and also include an allocation to international equities. Allocations to private equity provide further diversification and an opportunity to exceed the returns of public equity over the long term.

EQUITY BY TYPE*

(DOLLARS IN MILLIONS)	DECEMBER 31, 2007	
PUBLIC EQUITY	$ 2,602	24%
PRIVATE EQUITY	4,350	40%
REITs	470	4%
REAL ESTATE	464	4%
CONVERTIBLE PREFERRED STOCKS	68	–
SUBSIDIARIES AND AFFILIATES	3,038	28%
TOTAL EQUITY	$10,992	100%

* *Includes $480 million of assets related to New York Life Insurance and Annuity Corporation.*

Derivatives

As of year-end 2007, New York Life and its domestic insurance subsidiaries had outstanding derivative contracts with a market value of $851 million. The derivative transactions are entered into to meet the hedging needs of the Company or replicate permissible investments. The single largest derivative activity involves cross-currency swaps entered into to convert assets or liabilities of the Company that are designated in a foreign currency into U.S. dollars. Interest rate swaps are used primarily to convert fixed rate investments to floating rate investments in support of floating rate liabilities.

Derivative trades may expose New York Life and its domestic insurance subsidiaries to counterparty credit risk. This risk is controlled through the establishment of collateral support agreements, which require the posting of cash collateral by derivative counterparties if and when the market value of derivative positions with a counterparty exceeds a predetermined dollar limit. Derivative credit exposure to a counterparty is combined with other direct credit risk to the same counterparty and managed against prudent credit risk limits.

Asset/Liability and Investment Risk Management

The investment portfolio has potential exposure to various sources of investment risk, including liquidity, interest rate, credit and equity price risks. New York Life has established comprehensive policies and procedures at both the corporate and business segment levels to minimize overall risk exposures. The Investment Committee of the Board of Directors provides oversight over New York Life's investment activity,



including review of various risk factors and establishment of investment policies. One of the key measures used to quantify and control overall investment risk is the Statutory Surplus-at-Risk metric that measures the impact of adverse changes in financial market and credit conditions over a 12-month period.

A substantial positive operating cash flow supports New York Life's strong liquidity and ability to meet its liabilities when due. Primary sources of cash include sales of insurance and investment products, investment income, maturities, prepayments and dividends. Additional liquidity to meet unexpected cash demands can be provided by New York Life's portfolio of liquid assets, which includes U.S. Treasury securities, short-term money market investments, agency bonds and mortgage-backed securities. Funds are also available through a commercial paper program administered by New York Life Capital Corporation, an indirect, wholly owned subsidiary of New York Life, and a bank revolving credit facility, which is used to back up the commercial paper issuance program.

Management evaluates the impact of various stress events on the Company's liquidity on a regular basis using the analysis of various stress scenarios. Based on the results of these stress tests, management believes that the Company has more than ample liquidity and financial strength to provide for foreseeable cash requirements, including cash outflows in extreme stressed conditions. This view was reaffirmed in an October 2007 report from Standard & Poor's, which referred to New York Life Insurance Company as having "very strong liquidity." Various liquidity risk indicators are tracked regularly to provide management with an early indication of any potential liquidity issues.

Earnings and cash flows relating to fixed rate investments are sensitive to interest rate changes. New York Life manages interest rate risk as part of its asset/liability management process and product design procedures. Asset/liability management strategies include segmentation of investments by product line and the construction of investment portfolios designed to specifically satisfy the projected cash needs of the product lines. Interest rate risk is also assessed and controlled by modeling asset and liability cash flows on a product-by-product basis, under current and various other projected interest rate scenarios. New York Life's asset/liability position is monitored regularly, enabling management to adjust asset portfolios through dynamic hedging or option purchases, or to alter liability cash flows, in order to efficiently mitigate risk exposures exceeding management's risk tolerances.

New York Life's investments in corporate bonds and mortgage loans expose it to potential credit losses. Credit risk is managed by applying disciplined credit evaluation and underwriting standards; aligning allocations to lower-quality, higher-yielding investments with our risk-return tolerances; and diversifying exposures by industry, issuer and property type.

New York Life's holdings of public and private equity securities are subject to market risk. These holdings are diversified and managed against risk tolerance limits established by individual product lines and at the aggregate corporate level.



2007 FINANCIAL OVERVIEW

The following pages present the consolidated financial results for NewYork Life Insurance Company and its subsidiaries ("the Company"). Our primary management reporting system is based on accounting principles generally accepted in the United States of America ("GAAP"), with certain adjustments that we believe result in a more appropriate tracking of operating results. Results reported on this basis are referred to as "non-GAAP performance measures." In addition, statutory results are tracked as an important measure of capital adequacy.

For a detailed reconciliation of the Company's GAAP performance measures to its non-GAAP performance measures, see page 39.

For definitions of the Company's performance measures, see Glossary of Terms on page 48.

OPERATING EARNINGS

YEAR	IN $ MILLIONS
2007	1,275
2006	1,090
2005	939
2004	976
2003	836

Operating earnings is the measure used for management purposes to highlight the Company's results from ongoing operations and the underlying profitability of our business. In 2007, New York Life achieved a record-setting $1.28 billion in operating earnings.

SURPLUS AND ASSET VALUATION RESERVES*

YEAR	IN $ MILLIONS
2007	14,680
2006	13,859
2005	12,853
2004	11,838
2003	10,810

Surplus and asset valuation reserves, the funds that ensure we can meet future obligations to policyholders and finance our growth, increased in 2007 by more than $800 million to nearly $14.7 billion. Total surplus is one of the key indicators of the Company's long-term financial strength and stability.

**See second footnote (†) on page 30.*



OPERATING REVENUE

YEAR	IN $ BILLIONS
2007	13.0
2006	11.9
2005	10.8
2004	10.1
2003	9.1

This chart shows the revenue the Company has generated from its domestic and international business during the last five years – primarily premium and fee income, deposits included in policyholder account balances for life and annuity products, and net margins on guaranteed products. Operating revenue has grown steadily since 2003.

ASSETS UNDER MANAGEMENT

YEAR	IN $ BILLIONS
2007	280.0
2006	261.5
2005	222.8
2004	213.0
2003	200.2

This chart shows the growth of assets under management since 2003. The Company's assets under management rose seven percent over 2006, reflecting the strength of the Company's diversified products and distribution channels.

INSURANCE SALES

YEAR	IN $ MILLIONS
2007	3,031
2006	2,645
2005	2,098
2004	1,955
2003	1,726

This chart shows the growth of new insurance sales since 2003, and includes results from both our domestic and international operations. 2007 was another record year for the Company, exceeding $3 billion for the first time. Over the past four years, our insurance sales have grown at a compound annual rate of 15.1 percent.

INDIVIDUAL LIFE INSURANCE IN FORCE

YEAR	IN $ BILLIONS
2007	750.9
2006	694.8
2005	647.7
2004	611.2
2003	552.9

This chart shows the growth of the Company's individual life insurance in force over the last four years. Our steady growth – $198 billion since 2003 – is the sign of a strong and vibrant company.

INVESTMENT SALES

YEAR	IN $ MILLIONS
2007	35,579
2006	34,671
2005	28,069
2004	24,031
2003	22,204

Investment sales include new sales of investment annuities, mutual funds and other investment-related products by both our domestic and international operations. In 2007, investment sales increased by more than $900 million from 2006 due to growth of our third-party asset management business.

POLICYHOLDER BENEFITS AND DIVIDENDS

YEAR	IN $ BILLIONS
2007	14.1
2006	12.6
2005	10.9
2004	9.5
2003	8.4

This chart illustrates policyholder benefits and dividends incurred by the Company over the last five years. Benefits include death claims paid to beneficiaries and annuity payments. Dividends are payments made to policyholders eligible to participate in the Company's earnings.



Report of Independent Auditors

To the Board of Directors of New York Life Insurance Company

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of New York Life Insurance Company and its subsidiaries as of December 31, 2007 and 2006, and the related consolidated statements of income, of equity and of cash flow for the years then ended; and in our report dated March 19, 2008, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

As described in Note 3 of the condensed consolidated financial statements, the Company changed its method of accounting for uncertainty in income taxes and for deferred acquisition costs in connection with modifications or exchanges of insurance contracts and changed its measurement date for defined benefit pension and other postretirement plans on January 1, 2007. Also as discussed in Note 3, the Company changed its method of accounting for defined benefit pension and other postretirement plans on December 31, 2006.

PricewaterhouseCoopers LLP

New York, New York
March 19, 2008



Consolidated Balance Sheet

New York Life Insurance Company and Subsidiaries

(DOLLARS IN MILLIONS)	DECEMBER 31, 2006	DECEMBER 31, 2007
ASSETS		
FIXED MATURITIES (INCLUDES SECURITIES PLEDGED AS COLLATERAL THAT CAN BE SOLD OR REPLEDGED OF $3,230 IN 2006 AND $5,114 IN 2007)		
AVAILABLE FOR SALE, AT FAIR VALUE	$108,450	$112,667
HELD TO MATURITY, AT AMORTIZED COST	294	366
TRADING SECURITIES, AT FAIR VALUE	5,795	5,544
EQUITY SECURITIES (INCLUDES SECURITIES PLEDGED AS COLLATERAL THAT CAN BE SOLD OR REPLEDGED OF $1,703 IN 2006 AND $3,371 IN 2007)		
UNAFFILIATED, AVAILABLE FOR SALE, AT FAIR VALUE	3,827	2,999
AFFILIATED	55	75
TRADING SECURITIES, AT FAIR VALUE	2,057	3,808
MORTGAGE LOANS	12,462	14,558
POLICY LOANS	7,049	7,540
SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL	1,318	2,505
OTHER INVESTMENTS	6,061	7,916
TOTAL INVESTMENTS	147,368	157,978
CASH AND CASH EQUIVALENTS	4,425	6,338
DEFERRED POLICY ACQUISITION COSTS	6,113	6,616
INVESTMENT INCOME DUE AND ACCRUED	1,647	1,666
GOODWILL	556	554
OTHER ASSETS	3,210	3,368
SEPARATE ACCOUNT ASSETS	19,024	21,863
TOTAL ASSETS	$182,343	$198,383
LIABILITIES		
POLICYHOLDERS' ACCOUNT BALANCES	$ 69,170	$ 73,004
FUTURE POLICY BENEFITS	60,190	63,899
DIVIDENDS PAYABLE TO POLICYOWNERS	1,280	1,367
POLICY CLAIMS	759	801
DEBT	2,506	2,614
COLLATERAL RECEIVED ON SECURITIES LENDING	3,640	5,709
OTHER LIABILITIES	6,385	7,762
SEPARATE ACCOUNT LIABILITIES	19,024	21,863
TOTAL LIABILITIES	162,954	177,019
MINORITY INTEREST	693	1,165
EQUITY		
ACCUMULATED OTHER COMPREHENSIVE LOSS	(331)	(241)
RETAINED EARNINGS	19,027	20,440
TOTAL EQUITY	18,696	20,199
TOTAL LIABILITIES AND EQUITY	$182,343	$198,383

See accompanying notes to condensed consolidated financial statements.



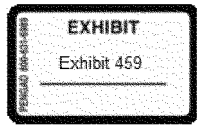
CONSOLIDATED STATEMENT OF INCOME

New York Life Insurance Company and Subsidiaries

(DOLLARS IN MILLIONS)	YEAR ENDED DECEMBER 31,	
	2006	2007
REVENUE		
PREMIUMS	$9,100	**$9,879**
FEES – UNIVERSAL LIFE AND ANNUITY POLICIES	860	**956**
NET INVESTMENT INCOME	8,232	**8,916**
NET INVESTMENT GAINS	2,122	**627**
OTHER INCOME	666	**745**
TOTAL REVENUE	20,980	**21,123**
EXPENSES		
POLICYHOLDER BENEFITS	5,356	**5,763**
INCREASE IN LIABILITIES FOR FUTURE POLICY BENEFITS	3,769	**3,998**
INTEREST CREDITED TO POLICYHOLDERS' ACCOUNT BALANCES	2,875	**3,201**
OPERATING EXPENSES	3,894	**4,172**
DIVIDENDS TO POLICYHOLDERS	1,565	**1,659**
TOTAL EXPENSES	17,459	**18,793**
INCOME FROM OPERATIONS BEFORE INCOME TAXES AND MINORITY INTEREST EXPENSE	3,521	**2,330**
INCOME TAX EXPENSE	1,066	**621**
INCOME FROM OPERATIONS BEFORE MINORITY INTEREST EXPENSE	2,455	**1,709**
MINORITY INTEREST EXPENSE	157	**212**
NET INCOME*	$2,298	**$1,497**

See accompanying notes to condensed consolidated financial statements.

* *See Note 5 on page 37.*



Notes to Condensed Consolidated Financial Statements

New York Life Insurance Company and Subsidiaries, December 31, 2006 and 2007

Note 1

Nature of Operations

NATURE OF OPERATIONS New York Life Insurance Company and its subsidiaries ("the Company") offer a wide range of insurance and investment products and services including life and health insurance, long-term care, annuities (including guaranteed lifetime income annuities), pension products, mutual funds, and other investments and investment advisory services. The Company comprises four primary business operations: Life and Annuity, Investment Management, International Operations and Special Markets. Life and Annuity operations are conducted through New York Life Insurance Company ("NYLIC"), the parent company, and its wholly owned insurance subsidiaries: New York Life Insurance and Annuity Corporation ("NYLIAC") and NYLIFE Insurance Company of Arizona ("NYLIFE of Arizona"). Investment Management activities are conducted primarily through NYLIC and various registered investment advisory subsidiaries of its wholly owned subsidiary, New York Life Investment Management Holdings LLC ("NYLIM Holdings"). The Company markets individual insurance and investment products in Asia and Latin America through New York Life International, LLC ("NYL International"), a wholly owned subsidiary of NYLIC. Special Markets is a niche business area of NYLIC and NYLIAC that markets group life and health insurance to membership associations, long-term care insurance and is the exclusive provider of life insurance and guaranteed lifetime income annuity products to members of AARP. NYLIFE LLC is a wholly owned subsidiary of NYLIC, and is a holding company for certain non-insurance subsidiaries of NYLIC. NYLIFE LLC, through its subsidiaries, offers securities brokerage, financial planning and investment advisory services, trust services and capital financing.

BASIS OF PRESENTATION The accompanying consolidated financial statements have been extracted from the Company's unabridged consolidated financial statements and prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") and reflect the consolidation of the parent company with its majority owned and controlled subsidiaries, as well as variable interest entities in which the Company is considered the primary beneficiary: principally NYLIAC, NYLIFE of Arizona, NYLIFE LLC, NYL International and NYLIM Holdings. All intercompany transactions have been eliminated in consolidation. The New York State Insurance Department (the "Department") recognizes only statutory accounting practices for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the New York State Insurance Law, and for determining whether its financial condition warrants the payment of a dividend to its policyholders. In addition, the Company is also subject to reporting requirements with the Delaware and Arizona Insurance Departments. No consideration is given by any of the State Insurance Departments to financial statements prepared in accordance with GAAP in making such determinations.

Certain amounts in prior years have been reclassified to conform to the current year presentation. These reclassifications had no effect on net income or equity as previously reported.

Accounting practices used to prepare statutory financial statements for regulatory filings of life insurance companies differ in certain instances from GAAP.



Notes to Condensed Consolidated Financial Statements

New York Life Insurance Company and Subsidiaries, December 31, 2006 and 2007

The following reconciles consolidated GAAP net income to the statutory net income of NYLIC, as reported to regulatory authorities:

(DOLLARS IN MILLIONS)	2006	2007
CONSOLIDATED GAAP NET INCOME	$ 2,298	$ 1,497
REMOVAL OF SUBSIDIARIES' NET INCOME	(767)	(563)
GAAP NET INCOME NYLIC PARENT COMPANY	1,531	934
ADJUSTMENTS TO NYLIC PARENT COMPANY GAAP BASIS FOR:		
REMOVAL OF NET CAPITALIZATION OF DEFERRED POLICY ACQUISITION COSTS ("DAC")	(173)	(41)
RE-ESTIMATION OF FUTURE POLICY BENEFITS AND POLICYHOLDER ACCOUNT BALANCES	28	(142)
REMOVAL OF DEFERRED INCOME TAXES	181	106
POLICYHOLDER DIVIDENDS	(8)	(17)
INCLUSION OF INTEREST MAINTENANCE RESERVE ("IMR") AMORTIZATION	79	45
FAIR VALUE ADJUSTMENT OF CERTAIN LIABILITIES	(114)	(46)
NET INVESTMENT GAINS	(728)	158
INCLUSION OF DIVIDEND INCOME FROM SUBSIDIARIES	20	11
OTHER	(22)	(152)
STATUTORY NET INCOME*	$ 794	$ 856

The following reconciles consolidated GAAP equity to statutory capital of the Company, as reported to regulatory authorities:

(DOLLARS IN MILLIONS)	2006	2007
CONSOLIDATED GAAP EQUITY	$18,696	$20,199
ADJUSTMENTS TO GAAP BASIS FOR:		
REMOVAL OF DAC	(6,113)	(6,616)
ESTABLISHMENT OF IMR	(351)	(295)
POLICYHOLDER DIVIDENDS	(227)	(246)
REMOVAL OF UNREALIZED GAINS ON INVESTMENTS	(1,670)	(1,524)
REMOVAL OF CERTAIN ASSETS THAT ARE NON-ADMITTED FOR STATUTORY ACCOUNTING	(1,426)	(1,422)
DEFERRED TAX ASSET	163	413
IMMEDIATE WRITE-OFF UNDER STATUTORY ACCOUNTING OF ALL GOODWILL	(556)	(554)
OTHER ADJUSTMENTS TO INVESTMENT IN SUBSIDIARIES	(198)	(214)
RE-ESTIMATION OF FUTURE POLICY BENEFITS AND POLICYHOLDERS' ACCOUNT BALANCES	2,893	2,717
INCLUSION OF SURPLUS NOTES, NET OF INDEMNIFICATION RESERVE	902	913
PENSION AND POSTRETIREMENT BENEFITS	1,640	1,220
OTHER	106	89
STATUTORY CAPITAL†	$13,859	$14,680

* *Statutory net income includes the net income of NYLIC only, and excludes the statutory net income of its domestic insurance subsidiaries of $251 million and $285 million for the years ended December 31, 2006 and 2007, respectively.*

† *Statutory capital includes statutory surplus and the asset valuation reserve ("AVR") on a consolidated basis of the Company. NYLIC's statutory surplus was $11,300 million and $11,959 million at December 31, 2006 and 2007, respectively. Included in NYLIC's statutory surplus is NYLIAC's statutory surplus totaling $2,324 million and $2,650 million at December 31, 2006 and 2007, respectively. AVR for NYLIC was $2,087 million and $2,257 million at December 31, 2006 and 2007, respectively. AVR for NYLIAC was $472 million and $464 million at December 31, 2006 and 2007, respectively.*



Note 2

Significant Accounting Policies

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

INVESTMENTS Fixed maturity investments, which the Company has both the ability and the intent to hold to maturity, are stated at amortized cost and classified as held-to-maturity. Investments classified as available-for-sale or trading are reported at fair value. For publicly traded fixed maturities, estimated fair value is determined using quoted market prices. For fixed maturities without a readily ascertainable fair value, the Company has determined an estimated fair value using a discounted cash flow approach, broker-dealer quotations or management's pricing model. Unrealized gains and losses on available-for-sale securities are reported in other comprehensive income, net of deferred taxes and related adjustments. Unrealized gains and losses from investments classified as trading fixed maturities are reflected in net investment gains in the accompanying Consolidated Statement of Income.

Changes in future anticipated cash flows on mortgage and asset-backed securities from the original purchase assumptions are accounted for using the retrospective yield adjustment method.

Unaffiliated equity securities are carried at fair value. The estimated fair value of equity securities has been determined using quoted market prices for publicly traded securities and management's pricing model for private placement securities. Unrealized gains and losses on equity securities classified as available-for-sale are reflected in net unrealized investment gains in other comprehensive income, net of deferred taxes and related adjustments. Unrealized gains and losses from investments in equity securities classified as trading are reflected in net investment gains in the accompanying Consolidated Statement of Income.

Affiliated equity securities represent holdings in entities where there is at least 20 percent ownership or where the Company has the ability to exercise significant influence through its relationship, and are accounted for by the equity method of accounting. Accordingly, respective net earnings or losses are included in net income in the accompanying Consolidated Statement of Income.

The cost basis of fixed maturities and equity securities is adjusted for impairments in value deemed to be other than temporary, with the associated realized loss reported in net investment gains in the accompanying Consolidated Statement of Income. Factors considered in evaluating whether a decline in value is other than temporary include: (i) whether the decline is substantial; (ii) the amount of time that the fair value has been less than cost; (iii) the financial condition and near-term prospects of the issuer; and (iv) the Company's ability and intent to retain the investment for the period of time sufficient to allow for an anticipated recovery in value.

Mortgage loans on real estate are carried at unpaid principal balances, net of discounts/premiums and valuation allowances, and are secured. Specific valuation allowances are established for the excess carrying value of the mortgage loan over its estimated fair value, when it is probable that, based on current information and events, the Company will be unable to collect all amounts due under the contractual terms of the loan agreement. Specific valuation allowances are based upon the fair value of the collateral or present value of expected future cash flows discounted at the loan's original effective interest rate. The Company also has a general valuation allowance for estimated future credit losses on currently performing mortgages. The general allowance is based on the Company's historical loss experience for the mortgage loan portfolio.

Policy loans are stated at the aggregate balance due, which approximates fair value since loans on policies have no defined maturity date and reduce amounts payable at death or surrender.

Cash equivalents include investments that have remaining maturities of three months or less at date of purchase and are carried at amortized cost, which approximates fair value.

Short-term investments include investments with remaining maturities of one year or less, but greater than three months, at the time of acquisition and are stated at amortized cost, which approximates fair value. Short-term investments are included in fixed maturities on the Consolidated Balance Sheet.

Other investments consist primarily of direct investments in limited partnerships, limited liability companies, derivatives, real estate and collateralized third-party commercial loans. Investments in limited partnerships and limited liability companies are accounted for by the equity method of accounting.



Notes to Condensed Consolidated Financial Statements

New York Life Insurance Company and Subsidiaries, December 31, 2006 and 2007

Derivative financial instruments are accounted for at fair value. The treatment of changes in the fair value of derivatives depends on the characteristics of the transaction, including whether it has been designated and qualifies as part of a hedging relationship. Derivatives that do not qualify for hedge accounting are carried at fair value with changes in value included in net investment gains.

Net investment gains and losses on sales are generally computed using the specific identification method.

In many cases, investment in limited partnerships and limited liability companies qualify as investment companies and apply specialized accounting practices, which result in unrealized gains and losses being recorded in the income statement. The Company retains this special accounting practice. For such consolidated limited partnerships, the unrealized gains and losses from the underlying investments are reported in net investment gains in the accompanying Consolidated Statement of Income. For such limited partnerships accounted for under the equity method, the unrealized gains and losses from the underlying investments are reported in net investment income.

DEFERRED POLICY ACQUISITION COSTS ("DAC") The costs of acquiring new and maintaining renewal business and certain costs of issuing policies that vary with and are primarily related to the production of new and renewal business have been deferred and recorded as an asset in the accompanying Consolidated Balance Sheet. These costs consist primarily of commissions, certain expenses of underwriting and issuing contracts and certain agency expenses.

For traditional participating life insurance policies, such costs are amortized over the life of the contracts, which is assumed to be 25 years in proportion to estimated gross margins, basing amortization initially on pricing assumptions and updating periodically for actual results. For universal life and deferred annuity contracts, such costs are amortized in proportion to estimated gross profits over the effective life of those contracts, which is assumed to be 25 years for universal life contracts and 15 years for deferred annuities. The Company uses a pricing-based approach for projections of future gross margins, which include original pricing earned rates. Changes in assumptions for all policies and contracts are reflected as retroactive adjustments in the current year's amortization. For these contracts the carrying amount of the DAC asset is adjusted at each balance sheet date as if the unrealized investment gains or losses had been realized and included in the gross margins or gross profits used to determine current period amortization. The increase or decrease in the DAC asset due to unrealized investment gains or losses is recorded in other comprehensive income.

DAC for term contracts, annuity policies with life contingencies, and group life and health contracts are amortized in proportion to premium income over the effective premium-paying period of the contract. Assumptions as to anticipated premiums are made at the date of policy issuance and are consistently applied during the life of the contract. Deviations from estimated experience are included in operating expenses in the accompanying Consolidated Statement of Income when they occur.

Effective January 1, 2007, the Company adopted a new accounting standard for deferred acquisition costs on internal replacements of certain insurance and investment contracts. See Note 3 – Recent Accounting Pronouncements.

POLICYHOLDERS' ACCOUNT BALANCES The Company's liability for policyholders' account balances represents the contract value that has accrued to the benefit of the policyholder as of the balance sheet date. This liability is generally equal to the accumulated account deposits, plus interest credited, less policyholder withdrawals and other charges assessed against the account balance. This liability also includes amounts that have been assessed to compensate the insurer for services to be performed over future periods, and the fair value of embedded derivatives in the above contracts.

FUTURE POLICY BENEFITS The Company's liability for future policy benefits primarily comprises the present value of estimated future payments to or on behalf of policyholders, where the timing and amount of payment depends on policyholder mortality or morbidity, less the present value of future net premiums. For traditional individual participating life insurance products, the mortality assumptions applied are those used to calculate the policies' guaranteed cash surrender values. The interest rate assumptions are based on the dividend guarantees. For non-participating traditional life insurance and annuity products, expected mortality and lapse or surrender are generally based on the Company's historical experience or standard industry tables including a provision for the risk of adverse deviation. Interest rate assumptions are based on factors such as market conditions and expected investment returns. Although mortality and interest rate assumptions are "locked in" upon the issuance of new insurance or annuity business with fixed and guaranteed terms, significant changes in experience or assumptions may require the Company to provide for expected future losses on a product by establishing premium deficiency reserves. Premium deficiency reserves, if



required, are determined based on assumptions at the time the premium deficiency reserve is established and do not include a provision for the risk of adverse deviation. The Company's liability for future policy benefits also includes a liability for unpaid claims and claim adjustment expenses. The Company does not establish loss reserves until a loss has occurred. However, unpaid claims and claim adjustment expenses include estimates of claims that the Company believes have been incurred but have not yet been reported as of the balance sheet date. The Company's liability for future policy benefits also includes liabilities for guarantee benefits related to certain nontraditional long-duration life and annuity contracts and unearned revenues.

DEBT Debt is generally carried at unpaid principal balance. The carrying amount for commercial paper approximates fair value. The fair value of the Company's other debt is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to the Company for debt of the same remaining maturities.

RECOGNITION OF INCOME AND RELATED EXPENSES Premiums from traditional participating life insurance policies, term life policies, annuity policies with life contingencies and group life and health contracts are recognized as income when due. The associated benefits and expenses are matched with income so as to result in the recognition of profits over the life of the contracts. This match is accomplished by providing for liabilities for future policy benefits and the deferral and subsequent amortization of policy acquisition costs.

Amounts received under universal-life-type contracts and investment contracts are reported as deposits to policyholders' account balances. Revenues from these contracts consist of amounts assessed during the period for mortality and expense risk, policy administration and surrender charges, and are included as fee income in the Consolidated Statement of Income. In addition to fees, the Company earns investment income from the investment of policyholders' deposits in the Company's general account portfolio. Amounts previously assessed to compensate the Company for services to be performed over future periods are deferred and recognized into income over the period benefited, using the same assumptions and factors used to amortize DAC costs. Policy benefits and claims that are charged to expense include benefit claims incurred in the period in excess of related policyholders' account balances.

Premiums for contracts with a single premium or a limited number of premium payments due over a significantly shorter period than the total period over which benefits are provided, are recorded as income when due. Any excess profit is deferred and recognized as income in a constant relationship to insurance in force and, for annuities, in relation to the amount of expected future benefit payments.

Premiums, universal life fee income, benefits and expenses are stated net of reinsurance ceded. Estimated reinsurance ceding allowances are recognized over the life of the reinsured policies using assumptions consistent with those used to account for the underlying policies.

POLICYHOLDERS' DIVIDENDS The amount of dividends to be paid to NYLIC participating policyholders is determined annually by NYLIC's Board of Directors. The aggregate amount of policyholders' dividends is based on NYLIC's statutory results and past experience, including investment income, net realized investment gains and losses over a number of years, mortality experience and other factors. NYLIC accrues dividends to policyholders when they are due to the policyholder.

The amount of dividends to be paid to the Company's NYL International policyholders is determined by means of formulas specific to each country's regulations that reflect the relative contribution of each group's policies to the results of operations.

BENEFIT PLANS NYLIC maintains the New York Life Insurance Company Pension Plan (the "Pension Plan"). The Pension Plan is a qualified defined benefit pension plan covering substantially all eligible full-time and part-time employees of NYLIC and certain eligible employees of subsidiaries that adopt the Pension Plan. NYLIC also maintains the New York Life Excess Benefit Plan, which is a nonqualified, unfunded arrangement, which provides benefits in excess of the maximum benefits that may be paid or accrued under the Pension Plan.

NYLIC also maintains the NYLIC Retirement Plan (the "Retirement Plan"). The Retirement Plan is a qualified defined benefit pension plan covering substantially all eligible agents under contract to NYLIC or its domestic life insurance subsidiaries on or after the effective date of the Plan, January 1, 1982. The Company established the NYLIC 415 and 401(a)(17) Excess Benefit Plan, which is a nonqualified, unfunded arrangement to provide benefits in excess of maximum benefits that may be paid or accrued under the NYLIC Retirement Plan.



Notes to Condensed Consolidated Financial Statements

New York Life Insurance Company and Subsidiaries, December 31, 2006 and 2007

NYLIC maintains the Employee Progress-Sharing Investment Plan ("EPSI"), which is a qualified defined contribution plan covering substantially all salaried United States full-time and part-time employees of NYLIC and certain eligible employees of subsidiaries that adopt EPSI.

NYLIC also maintains the Agents Progress-Sharing Investment Plan, which is a qualified defined contribution plan covering substantially all contracted United States full-time agents.

The Company provides certain benefits to eligible employees and agents during employment for paid absences. These benefits include, but are not limited to, salary continuation during medical and maternity leaves, disability-related benefits and continuation of benefits such as health care and life insurance coverage.

FEDERAL INCOME TAXES Current federal income taxes are charged or credited to operations based upon amounts estimated to be payable or recoverable as a result of taxable operations for the current year and any adjustments to such estimates from prior years. Deferred federal income tax assets ("DTAs") and liabilities ("DTLs") are recognized for expected future tax consequences of temporary differences between GAAP and taxable income. Temporary differences are identified and measured using a balance sheet approach whereby GAAP and tax balance sheets are compared. Deferred income taxes are generally recognized based on enacted tax rates, and a valuation allowance is recorded if it is more likely than not that any portion of the deferred tax asset will not be realized.

NYLIC files a consolidated federal income tax return with certain of its domestic insurance and non-insurance subsidiaries. The consolidated income tax liability is allocated among the members of the group in accordance with a tax allocation agreement. The tax allocation agreement provides that each member of the group is allocated its share of the consolidated tax provision or benefit, determined generally on a separate company basis, but may, where applicable, recognize the tax benefits of net operating losses or capital losses utilizable in the consolidated group. Intercompany tax balances are generally settled quarterly on an estimated basis with a final settlement within 30 days of the filing of the consolidated return.

Effective January 1, 2007, the Company adopted a new accounting standard for uncertain tax positions. See Note 3 – Recent Accounting Pronouncements.

Note 3

Recent Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans – an amendment of FASB Statements No. 87, 88, 106 and SFAS No. 132(R)" ("SFAS 158"). This statement requires an employer to prospectively recognize the overfunded or underfunded status of its defined benefit pension and postretirement plans as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income, and to make additional disclosures. This standard was effective for fiscal years ending after June 15, 2007 for non-public companies, with early adoption permitted. The Company decided to adopt the recognition and disclosure provisions of SFAS 158 as of December 31, 2006. Accordingly, the adoption of SFAS 158 resulted in a reduction in accumulated other comprehensive income in the accompanying Consolidated Balance Sheet of approximately $805 million, net of income taxes.

SFAS 158 also requires an employer to measure the funded status of its plans as of its fiscal year-end. Previously, employers were permitted to measure the funded status of their plans within three months of its fiscal year-end. This requirement is effective for fiscal years ending after December 15, 2008, with early adoption permitted. The Company adopted the measurement date provision of SFAS 158, as of January 1, 2007. Accordingly, the January 1, 2007 impact of changing the measurement date from September 30 to December 31 resulted in a reduction to retained earnings of $38 million, net of income taxes, and an increase in accumulated other comprehensive income of $99 million, net of income taxes, in the accompanying Consolidated Balance Sheet.



In July 2006, the FASB issued FASB Interpretation ("FIN") No. 48, "Accounting for Uncertainty in Income Taxes" an interpretation of FASB Statement No. 109. This Interpretation prescribes a comprehensive model for how a company should recognize, measure, present and disclose in its financial statements uncertain tax positions that it has taken or expects to take on a tax return. This Interpretation is effective for fiscal years beginning after December 15, 2006. On February 1, 2008 the FASB issued FASB Staff Position ("FSP") No. 48-2, "Effective Date of FIN 48 for Certain Nonpublic Enterprises," which delayed the effective date for non-public entities to periods beginning after December 15, 2007, with early adoption permitted. The Company early adopted FIN No. 48 on January 1, 2007. The cumulative effect of the adoption of FIN No. 48 as of January 1, 2007 resulted in a decrease to retained earnings of $56 million.

In September 2005, the Accounting Standards Executive Committee ("AcSEC") of the American Institute of Certified Public Accountants ("AICPA") issued Statement of Position ("SOP") 05-1, "Accounting by Insurance Enterprises for Deferred Acquisition Costs in Connection With Modifications or Exchanges of Insurance Contracts" ("SOP 05-1"). SOP 05-1 provides guidance on accounting by insurance enteprises for deferred acquisition costs on internal replacements of insurance and investment contracts other than those specifically described in Statement of Financial Accounting Standards ("SFAS") No. 97. The SOP defines an internal replacement as a modification in product benefits, features, rights or coverages that occurs by the exchange of a contract for a new contract, or by amendment, endorsement or rider to a contract, or by the election of a feature or coverage within a contract. SOP 05-1 is effective for internal replacements occurring in fiscal years beginning after December 15, 2006. Under SOP 05-1, DAC written off at date of lapse cannot be restored when a policy subsequently reinstates. In addition, exchanges of deferred annuity contracts are generally considered substantially unchanged contracts and DAC is not written off. The Company adopted SOP 05-1 on January 1, 2007, which resulted in an increase in retained earnings of $10 million, net of income taxes.

In February 2006, the FASB issued SFAS No. 155, "Accounting for Certain Hybrid Instruments – an amendment of FASB Statements No. 133 and 140." This statement removes an exception from the requirement to bifurcate an embedded derivative feature from a beneficial interest in securitized financial assets. This statement also provides an irrevocable election to measure at fair value an entire hybrid financial instrument that contains an embedded derivative requiring bifurcation, on an instrument-by-instrument basis, rather than measuring only the embedded derivative on a fair value basis. The Company has used the exception for investments made in securitized financial assets in the normal course of operations, and thus has not previously had to consider whether such investments contain an embedded derivative. The new requirement to identify embedded derivatives in beneficial interests is required to be applied on a prospective basis only to beneficial interests acquired, issued or subject to certain remeasurement conditions after the adoption date of the new guidance. The Company adopted SFAS No. 155 effective January 1, 2007. The Company's adoption of SFAS No. 155 did not have a material effect on the Company's consolidated financial statements. The Company elected to measure at fair value certain financial instruments that contained an embedded derivative that would otherwise require bifurcation. These amounts were included in "fixed maturities - trading securities" and totaled $298 million at December 31, 2007.



Notes to Condensed Consolidated Financial Statements

New York Life Insurance Company and Subsidiaries, December 31, 2006 and 2007

Note 4

Debt

For the years ended December 31, 2006 and 2007, the fair value of debt was $2,542 million and $2,620 million, respectively. Debt consisted of the following at December 31, 2006 and 2007:

(DOLLARS IN MILLIONS)	2006	2007
CAPITAL CORPORATION'S COMMERCIAL PAPER DEBT ISSUANCE, VARIOUS MATURITY DATES THROUGH FEBRUARY 2007 AND MARCH 2008 FOR 2006 AND 2007, RESPECTIVELY (THE WEIGHTED-AVERAGE INTEREST RATE IS APPROXIMATELY 5.31% AND 4.32% FOR 2006 AND 2007, RESPECTIVELY)	$ 492	$ 990
SHARED APPRECIATION INCOME LINKED SECURITIES, DUE AUGUST 22, 2011 (COUPON RATE OF 3.3%)	216	222
SHARED APPRECIATION INCOME LINKED SECURITIES II, DUE APRIL 28, 2008	288	301
5.875% SURPLUS NOTES, DUE MAY 15, 2033	991	991
NON-RECOURSE DEBT	455	54
OTHER	64	56
TOTAL DEBT	$2,506	$2,614

On August 16, 2001, the Company entered into an agreement with Credit Suisse ("CS"), referred to as Shared Appreciation Income Linked Securities ("SAILS") in the above table. Under the agreement, the Company has entered into a forward sale of certain of its shares of Express Scripts, Inc. ("ESI"), an investment of the Company. The Company may deliver up to 18 million shares of ESI common stock on August 22, 2011 or settle the transaction in cash instead of delivering shares.

On April 28, 2003, the Company entered into another agreement with CS, referred to as Shared Appreciation Income Linked Securities II ("SAILS II") in the above table. Under this agreement, the Company has entered into a forward sale of certain of its shares of ESI. The Company may deliver up to 22 million shares of ESI common stock on April 28, 2008 or settle the transaction in cash instead of delivering shares.

On May 5, 2003, NYLIC issued Surplus Notes ("Notes") with a principal balance of $1 billion, at a discount of $9.8 million, bearing interest at 5.875 percent, with a maturity date of May 15, 2033. The notes were issued pursuant to Rule 144A under the Securities Act of 1933, as amended and are administered by a U.S. bank as registrar/paying agent. Interest on these Notes is scheduled to be paid semi-annually on May 15 and November 15 of each year.

The Notes are unsecured and subordinated to all present and future indebtedness, policy claims and other creditor claims of NYLIC. The Notes do not repay principal prior to maturity. Each payment of interest or principal may be made only with the prior approval of the Superintendent of the New York Department of Insurance and only out of surplus funds, which the Superintendent determines to be available for such payments under New York State Insurance law.

At December 31, 2006, the Company was required to consolidate one CDO (subsequently liquidated in 2007) and one LP with an outstanding debt balance. At December 31, 2007, the Company was required to consolidate one limited partnership ("LP") with an outstanding debt balance. For the year ended December 31, 2006, the debt outstanding relating to the consolidated CDO and LP was $455 million. For the year ended December 31, 2007, the debt outstanding relating to the consolidated LP was $54 million.



LINE OF CREDIT The Company has entered into a $1.5 billion revolving credit facility with a consortium of banks effective July 27, 2005. The agreement is a five-year revolving credit facility that charges an annual facility fee of 4 bps. The borrowing rate is 16 bps over LIBOR. If borrowings exceed 50 percent of the total facility, the borrowing rate will be 16 bps over LIBOR plus 5 bps. The annual facility fees and borrowing rates could increase if New York Life's Standard & Poor's and Moody's financial strength ratings are downgraded.

To date, the Company has not utilized this credit facility.

Note 5

ESI

In 2006, the Company sold 4 million shares of ESI and the Company's representation on ESI's board of directors was reduced. As a result, the Company was no longer deemed to have the ability to exercise significant influence, as defined by Accounting Principles Board No. 18, "The Equity Method of Accounting for Investments in Common Stocks," on ESI. Accordingly, during 2006 the Company changed its accounting methodology for its investment in ESI from the equity method of accounting to SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities" ("SFAS 115") market value accounting. The Company then classified its investment in ESI as trading securities, which allows the mark-to-market of the shares that the Company continues to hold to be recorded in net investment gains in the accompanying Consolidated Statement of Income.

For the year ending December 31, 2006, an after-tax gain of $855 million was realized through earnings, representing the gain on sale of 4 million unencumbered shares and the mark-to-market valuation (including the initial conversion to market value approach) on the remaining encumbered shares. In addition, the decrease in the fair value of the ESI derivative resulted in an after-tax gain of $156 million. The total impact on 2006 Consolidated GAAP Net Income was an increase of $1,011 million.

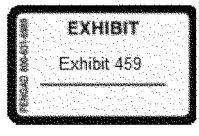
For the year ended December 31, 2007, an after-tax gain of $967 million was realized through earnings representing the change in market value on the Company's ESI shares. This was offset by an increase in the ESI derivative, which resulted in an after-tax loss of $875 million. The total impact on 2007 Consolidated GAAP Net Income was an increase of $92 million.

Note 6

Commitments and Contingencies

LITIGATION The Company and/or its subsidiaries are defendants in individual and/or alleged class action suits arising from their agency sales force, insurance (including variable contracts registered under the federal securities law), investment, retail securities, employment and/or other operations, including actions involving retail sales practices. The Company is also a defendant in a suit regarding employee and agent benefits where a portion of the case, specifically the breach of fiduciary claims, has been certified as a class action by agreement of the parties. The remainder of the claims in that suit have not been certified. Most of the actions seek substantial or unspecified compensatory and punitive damages. The Company and/or its subsidiaries are also from time to time involved in various governmental, administrative and investigative proceedings and inquiries.

Notwithstanding the uncertain nature of litigation and regulatory inquiries, the outcome of which cannot be predicted, the Company believes that, after provisions made in the financial statements, the ultimate liability that could result from litigation and proceedings would not have a material adverse effect on the Company's financial position; however, it is possible that settlements or adverse determinations in one or more actions or other proceedings in the future could have a material adverse effect on the Company's operating results for a given year.



Note 7

Related Party Transactions

COMPANY MANAGED MUTUAL FUNDS NYLIM Holdings, through its subsidiaries, is responsible for providing investment advisory and certain related administrative services to the MainStay Funds, MainStay VP Series Fund, Inc., Eclipse Funds, Eclipse Funds, Inc., the McMorgan Funds and the ICAP Funds, Inc. (collectively, the "Funds"). As a result, NYLIM Holdings, through its subsidiaries, earns investment management, accounting, administration and service fees related to the Funds, which aggregated $336 million and $380 million for the years ended December 31, 2006 and 2007, respectively, and are included in other income in the accompanying Consolidated Statement of Income. The receivable balances at December 31, 2006 and 2007 were $37 million and $43 million, respectively, and are included in other assets in the accompanying Consolidated Balance Sheet.

OTHER TRANSACTIONS As of December 31, 2007, an executive of the Company was a director of ESI. ESI provides the majority of the prescription drug administrative services for the Company. Such arrangements are entered into on terms comparable to those that would be available to unrelated third parties.

Reconciliation of Cash and Invested Assets: GAAP Basis to Statutory Basis

(DOLLARS IN MILLIONS)	DECEMBER 31, 2006	DECEMBER 31, 2007
GAAP CONSOLIDATED INVESTED ASSETS	$147,368	$157,978
GAAP CONSOLIDATED CASH AND CASH EQUIVALENTS	4,425	6,338
TOTAL GAAP CONSOLIDATED CASH AND INVESTED ASSETS	151,793	164,316
REMOVAL OF NON-INSURANCE AND FOREIGN INSURANCE SUBSIDIARIES' GAAP CASH AND INVESTED ASSETS	(7,456)	(10,247)
GAAP CASH AND INVESTED ASSETS – NEW YORK LIFE DOMESTIC	144,337	154,069
ADJUSTMENTS TO GAAP BASIS FOR:		
REMOVAL OF UNREALIZED GAINS PRINCIPALLY ON FIXED MATURITIES AND EQUITIES	(1,435)	(381)
REMOVAL OF CERTAIN SEPARATE ACCOUNT ASSETS RECLASSIFIED TO THE GENERAL ACCOUNT	(4,414)	(5,041)
INCLUSION OF COMPANY-OWNED REAL ESTATE AND ENCUMBRANCES	287	319
DIFFERENCE IN CARRYING VALUE OF AFFILIATES, NON-INSURANCE AND FOREIGN INSURANCE SUBSIDIARIES	(1,567)	(1,783)
INCLUSION OF OTHER ITEMS NOT INCLUDED IN GAAP CASH AND INVESTED ASSETS, PRINCIPALLY ADVANCES AND ESCROW DEPOSITS, AND MISCELLANEOUS OTHER INVESTED ASSETS, NET OF BANK OVERDRAFTS	1,060	1,558
STATUTORY CASH AND INVESTED ASSETS – NEW YORK LIFE DOMESTIC	$138,268	$148,741



Reconciliation of GAAP Performance Measures to Non-GAAP Performance Measures

The following reconciles Consolidated GAAP Net Income to Operating Earnings:

GAAP NET INCOME TO OPERATING EARNINGS

(DOLLARS IN MILLIONS)	2006	2007
CONSOLIDATED GAAP NET INCOME	$2,298	$1,497
ADJUSTMENTS TO GAAP BASIS (NET OF TAX AND DEFERRED ACQUISITION COSTS ("DAC") OFFSETS)		
EXCLUSION OF NET INVESTMENT (GAINS)/LOSSES ASSOCIATED WITH THE COMPANY'S INVESTMENT IN EXPRESS SCRIPTS, INC ("ESI") AND RELATED DERIVATIVE	(1,011)	(92)
EXCLUSION OF OTHER NET INVESTMENT (GAINS)/LOSSES AND RELATED ADJUSTMENTS	(194)	(104)
TOTAL NET INVESTMENT GAINS	(1,205)	(196)
CONSOLIDATED GAAP NET INCOME EXCLUDING NET INVESTMENT GAINS	1,093	1,301
ALL OTHER ADJUSTMENTS TO CONSOLIDATED GAAP NET INCOME FOR:		
INCLUSION OF CAPITAL GAINS/LOSSES AND RELEASES OF PRIOR YEARS' EQUITY BASE TAX ACCRUALS SUPPORTING POLICYHOLDER DIVIDENDS	272	386
INCLUSION OF AMORTIZATION OF CERTAIN STATUTORY INTEREST MAINTENANCE RESERVE,* NET OF TAX	54	28
EXCLUSION OF GAINS ON LIMITED PARTNERSHIPS	(282)	(428)
DEFERRED ACQUISITION COSTS ON MANAGEMENT ADJUSTMENTS	(47)	(21)
EXCLUSION OF ICAP LLC ("ICAP") ACQUISITION-RELATED EXPENSES	19	52
EXCLUSION OF ICAP KEY-MAN INSURANCE PROCEEDS, NET OF AMORTIZATION	-	(45)
EXCLUSION OF CHARGES ASSOCIATED WITH MEXICAN SUBSIDIARY PURCHASED DEFERRED TAX ASSETS	-	2
EXCLUSION OF EQUITY IN EARNINGS OF ESI	(16)	n/a
EXCLUSION OF PHILIPPINES DISCONTINUED OPERATIONS	(3)	n/a
OPERATING EARNINGS†	$1,090	$1,275

The following reconciles Consolidated GAAP Revenue to Operating Revenue:

GAAP REVENUE TO OPERATING REVENUE

(DOLLARS IN MILLIONS)	2006	2007
CONSOLIDATED GAAP REVENUE	$20,980	$21,123
ADJUSTMENTS TO CONSOLIDATED GAAP REVENUE FOR:		
EXCLUSION OF NET INVESTMENT INCOME AND NET INVESTMENT GAINS	(10,349)	(9,539)
INCLUSION OF DEPOSITS CREDITED TO POLICYHOLDERS' ACCOUNT BALANCES FOR LIFE AND ANNUITY PRODUCTS	1,356	1,559
INCLUSION OF NET MARGINS ON GUARANTEED PRODUCTS	332	336
INCLUSION OF CERTAIN STATUTORY PREMIUMS	82	83
EXCLUSION OF CERTAIN GAAP PREMIUMS AND NON-OPERATING REVENUE	(459)	(415)
ADJUSTMENT TO REPORT ALL INTERNATIONAL SUBSIDIARIES AT PERCENTAGE OWNERSHIP	(47)	(155)
OPERATING REVENUE†	$11,895	$12,992

* *Interest Maintenance Reserve ("IMR"): In accordance with statutory accounting principles, interest-related net realized capital gains/losses on all types of fixed income investments are accumulated in this reserve. These capital gains/losses are then amortized into operating earnings over the remaining maturity of the investment, assuming it was not sold.*

† *Refer to Glossary of Terms on page 48.*



CSOC.CBR.00031660

Management's Discussion of Financial Responsibility

Management is responsible for the preparation and integrity of the financial information presented in the *Annual Report*. The Company's consolidated financial statements, incorporated by reference herein, have been prepared in conformity with accounting principles generally accepted in the United States of America. In Management's opinion, the consolidated statements present fairly the Company's financial position, results of operations and cash flows as of, and for the years ended, December 31, 2007 and 2006.

The Company maintains a strong system of internal accounting controls, monitored by our corporate staff of professionally trained internal auditors. We encourage strong and effective corporate governance from our Board of Directors, continuously review our business results and strategic choices and focus on financial stewardship. The Company's controls are designed to provide reasonable assurance that assets are safeguarded and that transactions and events are recorded properly. The Company has evaluated the effectiveness of its controls and procedures for financial reporting purposes as of December 31, 2007 and 2006, and has concluded that they are effective.

PricewaterhouseCoopers LLP, the Company's independent auditor, has audited the consolidated financial statements of the Company in accordance with auditing standards generally accepted in the United States of America. The report appears on page 26.

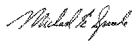
The Audit Committee of the Board of Directors of New York Life Insurance Company, which exclusively comprises Directors who are not officers or employees of the Company, meets regularly with management, the internal auditors and the independent auditors to provide oversight so that management fulfills its responsibilities for accounting controls and preparation of financial statements.

Although we are not an SEC registrant, we have elected to comply voluntarily with section 302 of the Sarbanes-Oxley Act of 2002, which identifies management's responsibilities over its financial statements and requires management to certify as to the integrity of the financial statements and the effectiveness of internal controls. Our statement to that effect can be viewed on the Company's Web site, www.newyorklife.com.



SY STERNBERG

Chairman of the Board and
Chief Executive Officer
March 31, 2008



MICHAEL E. SPROULE

Executive Vice President and
Chief Financial Officer
March 31, 2008



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www.newyorklife.com

New York Life maintains more than 120 offices throughout all 50 states, as well as a network of dedicated customer service centers. For questions about our products and services, please call your New York Life agent or 1-800-692-3086.

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Raleigh, NC 27604
919-781-3100

NORTH DAKOTA

North Dakota General Office
2000 44th Street S
Suite 501
Fargo, ND 58103
701-237-4311

OHIO

Cincinnati General Office
8044 Montgomery Road
Suite 400
Cincinnati, OH 45236
513-621-9999

Columbus General Office
485 Metro Place S
Suite 350
Dublin, OH 43017
614-793-2121

Northern Ohio General Office
6000 Lombardo Center
Suite 300
Seven Hills, OH 44131
216-520-1345

Toledo General Office
1684 Woodlands Drive
Suite 100
Maumee, OH 43537
419-887-4700

OKLAHOMA

Oklahoma City General Office
3030 NW Expressway
Suite 1800
Oklahoma City, OK 73112
405-813-7400

Tulsa General Office
2431 East 61st Street
Suite 650
Tulsa, OK 74136
918-587-3301

OREGON

Greater Oregon General Office
2601 25th Street SE
Suite 350
Salem, OR 97302
503-585-4820

Portland General Office
10260 SW Greenburg Road
Suite 650
Portland, OR 97223
503-452-4074

PENNSYLVANIA

Constitution General Office
555 East City Line Avenue
Suite 800
Bala Cynwyd, PA 19004
610-660-7600

Greater Philadelphia General Office
101 Gibraltar Road
Suite 150
Horsham, PA 19044
215-441-3240

Harrisburg General Office
3401 North Front Street
1st Floor
Harrisburg, PA 17110
717-232-2555

Northeastern Pennsylvania
General Office
220 Penn Avenue
Suite 100
Scranton, PA 18503
570-969-3111

Pittsburgh-Johnstown General Office
225 West Station Square Drive
Suite 640
Pittsburgh, PA 15219
412-392-3600

Valley Forge General Office
1205 Westlakes Drive
Suite 180
Berwyn, PA 19312
484-595-2400

SOUTH CAROLINA

Charleston General Office
200 Meeting Street
Suite 202
Charleston, SC 29401
803-720-1900

Greenville General Office
935 South Main Street
Suite 400
Greenville, SC 29601
864-213-5433

SOUTH DAKOTA

Great Plains General Office
5101 South Nevada Avenue
Suite 200
Sioux Falls, SD 57108
605-373-1400

TENNESSEE

Knoxville General Office
625 South Gay Street
Suite 400, Two Center Square
Knoxville, TN 37902
865-523-0741

Memphis General Office
Renaissance Center
1715 Aaron Brenner Drive
Suite 204
Memphis, TN 38120
901-761-1810

Nashville General Office
840 Crescent Centre Drive
Suite 500
Franklin, TN 37067
615-224-9500

TEXAS

Austin General Office
6200 Bridgepoint Parkway
Suite 300
Austin, TX 78730
512-329-4200

Dallas General Office
12201 Merit Drive
Suite 1000
Dallas, TX 75251
972-387-2929

El Paso General Office
201 East Main Street
Suite 600
El Paso, TX 79901
915-534-3200

Fort Worth General Office
Carter Burgess Plaza
Suite 3300, 777 Main Street
Fort Worth, TX 76102
817-336-2565

Houston General Office
1330 Post Oak Boulevard
Suite 1900
Houston, TX 77056
713-961-4545

San Antonio General Office
8000 IH 10 West
Suite 800
San Antonio, TX 78230
210-342-7878

South Texas General Office
5350 South Staples Drive
Suite 101
Corpus Christi, TX 78411
361-994-1000

West Texas General Office
1212 13th Street
Suite 300
Lubbock, TX 79401
806-761-7700

UTAH

Utah General Office
150 West Civic Center Drive
Suite 600
Sandy, UT 84070
801-567-7400

VIRGINIA

Norfolk General Office
999 Waterside Drive
Suite 900
Norfolk, VA 23510
757-628-1800

Northern Virginia General Office
8075 Leesburg Pike
Suite 200
Vienna, VA 22182
703-749-3700

Richmond General Office
4400 Cox Road
Suite 110
Glen Allen, VA 23060
804-935-5300

Roanoke General Office
111 Franklin Plaza
Suite 500
Roanoke, VA 24011
540-982-2241

VERMONT

Vermont General Office
463 Mountain View Drive
Suite 403
Colchester, VT 05446
802-655-8300

WASHINGTON

Eastern Washington General Office
1009 North Center Parkway
Suite 200
Kennewick, WA 99336
509-222-2700

Seattle General Office
11400 SE 8th Street
Suite 300
Bellevue, WA 98004
425-462-4800



Offices of New York Life, Its Major Subsidiaries and Affiliates

(Continued)

Tacoma General Office
C/o Columbia Bank Building
Suite 200, 1102 Broadway Plaza
Tacoma, WA 98402
253-597-7100

WEST VIRGINIA

West Virginia General Office
500 Virginia Street E
Suite 1100, United Center
Charleston, WV 25301
304-340-4350

WISCONSIN

Milwaukee General Office
Three Honeycreek Corporate Center
Suite 201, 135 South 84th Street
Milwaukee, WI 53214
414-256-8700

Wisconsin General Office
999 Fourier Drive
Suite 300
Madison, WI 53717
608-831-4416

WYOMING

Wyoming General Office
6000 East 2nd Street
Suite 2001
Casper, WY 82609
307-266-1485

LONG-TERM CARE INSURANCE DIVISION
6200 Bridgeport Parkway
Suite 400
Austin, TX 78730
(800) 224-4582

AARP LIFE INSURANCE AND LIFETIME INCOME PROGRAMS
www.nylaarp.com
5505 West Cypress
Tampa, FL 33607
(800) 695-5164

GROUP MEMBERSHIP ASSOCIATION DIVISION
1 Rockwood Road
Sleepy Hollow, NY 10591
1-800-695-4226
(Disability Insurance Claims)
(800) 792-9686
(Life Insurance Claims)

NEW YORK LIFE INVESTMENT MANAGEMENT LLC
www.nylim.com

NYLIM retail products are available to consumers through New York Life's career agents. For questions and further information, call your New York Life agent or (800) 692-3086. To contact one of NYLIM's companies directly, please refer to the list below.

HOME OFFICE
(Headquarters, NYLIM Real Estate Group, Fixed Income Investment Group and New York Life Capital Partners)
51 Madison Avenue
New York, NY 10010
212-576-7000

MAINSTAY INVESTMENTS
www.mainstayinvestments.com
169 Lackawanna Avenue
Parsippany, NJ 07054
1-800-MAINSTAY

NEW YORK LIFE RETIREMENT PLAN SERVICES
www.nylim.com/retirement
690 Canton Street
Westwood, MA 02090
781-619-2000

NYLIM EQUITY INVESTORS GROUP
www.nylim.com/institutional
1180 Avenue of the Americas
New York, NY 10036
212-938-6500

MACKAY SHIELDS LLC
www.mackayshields.com
9 West 57th Street
New York, NY 10019
212-758-5400

ICAP LLC
www.institutionalcap.com
25 West Wacker Drive
Suite 2400
Chicago, IL 60606
312-424-9100

MCMORGAN & CO. LLC
www.mcmorgan.com
One Bush Street
Suite 800
San Francisco, CA 94104
415-788-9300

MADISON CAPITAL FUNDING
www.mcfllc.com
30 South Wacker Drive
Suite 3700
Chicago, IL 60606
312-596-6900

NEW YORK LIFE INTERNATIONAL LLC

New York Life and its international subsidiaries and joint ventures do business in eight markets around the world in addition to the United States.

HOME OFFICE
51 Madison Avenue
New York, NY 10010
212-576-7000

Asia Region

Regional Office
Unit 3201, Shui On Centre
6 Harbor Road
Wanchai, Hong Kong
852-2116-4399

CHINA
Haier New York Life Insurance Co., Ltd.
www.hnylic.cn
Headquarters:
36F 3601 Jin Mao Tower
88 Century Avenue
Pu Dong New Area, Shanghai
200121, P.R.C.
621-5047-2188

HONG KONG
New York Life Insurance Worldwide Limited
www.newyorklife.com.hk
Headquarters:
33/F, New York Life Tower, Windsor House
311 Gloucester Road
Causeway Bay, Hong Kong
852-2881-0688

INDIA
Max New York Life Insurance Company Limited
www.maxnewyorklife.com
Headquarters:
11th Floor, DLF Square
Jacaranda Marg, DLF City, Phase II
Gurgaon 122 022, Haryana, India
91124-256-1700

SOUTH KOREA
New York Life Insurance Limited
www.nyli.co.kr
Headquarters:
11th, Shinyoung B/D
68-5 Cheongdam-Don
Gangnam-Gu,
Seoul 135-100, Korea
822-2107-4600

TAIWAN
New York Life Insurance Taiwan Corporation
www.nylitc.com.tw
Headquarters:
14/F, No. 133 Min Sheng East Road
Section 3
Taipei, Taiwan, ROC
8862-2719-5277

THAILAND
Siam Commercial New York Life Insurance Public Company Limited
www.scnyl.com/thai
Headquarters:
1060 Siam Commercial Bank Building
New Petchburi Road
Makkasan, Rajithevee
Bangkok 10400, Thailand
662-655-3000

Latin American Region

ARGENTINA
HSBC New York Life Seguros de Vida (Argentina) S.A.
www.hsbc.com.ar/ar/vidayretiro
Headquarters:
Avenida de Mayo 701
Floor 17 C1084AAC
Buenos Aires, Argentina
5411-348-2600

MEXICO
Seguros Monterrey New York Life, S.A. de C.V.
www.seguros-monterrey.com.mx
Headquarters:
Presidente Masaryk #8
Col. Bosques de Chapultepec
11588 Mexico, D.F.
52-55-5326-9101



Senior Executive Officers

(as of March 31, 2008)

Chairman of the Board and Chief Executive Officer
Sy Sternberg*

President and Chief Operating Officer
Theodore A. Mathas*

Vice Chairman of the Board and Chief Investment Officer
Gary E. Wendlandt*

Executive Vice President and Chief Administrative Officer
Frank M. Boccio*

Executive Vice President, Chief Legal Officer and General Counsel
Sheila K. Davidson*

Executive Vice President
Richard L. Mucci*

Executive Vice President and Chief Financial Officer
Michael E. Sproule*

Retired Chairman, MacKay Shields LLC, Consultant
Ravi Akhoury*

Senior Vice President, Controller and Chief Accounting Officer
John A. Cullen

Senior Vice President and Chief Actuary
Gary W. Scofield

Senior Vice President and Chief Information Officer
Eileen T. Slevin

Senior Vice President, Deputy General Counsel and Secretary
Susan A. Thrope*

Senior Vice President, General Auditor and Chief Privacy Officer
Thomas J. Warga

First Vice President and Treasurer
Richard J. Witterschein

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Sara L. Badler
Patricia L. Barbari
Scott L. Berlin
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John R. Cassagne
John P. Curry
Michael A. DeMicco
Brian Duffy
Leonard J. Elmer
Thomas F. English
Melvin J. Feinberg
Michael G. Gallo
Solomon Goldfinger*
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Steven D. Lash
Akshay Madan
Barbara J. McInerney
Robert McKinley
John R. Meyer
Gary J. Miller
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Stephen G. Ray
Gerard A. Rocchi
Robert D. Rock
Eric S. Rubin
Mark E. Sanders
Albert J. Schiff
Arthur H. Seter
Joel M. Steinberg
Ronald J. Terry
Gregory D. Tyson
Michael Whitton

NEW YORK LIFE INVESTMENT MANAGEMENT LLC

Chairman
Gary E. Wendlandt*

Executive Vice Presidents
Patrick G. Boyle
Frank J. Ollari
Barry A. Schub

Senior Managing Director and General Counsel
George S. Shively

Senior Managing Director and Chief Financial Officer
David G. Bedard

Senior Managing Directors
Jefferson C. Boyce
Thomas A. Clough
Allan Dowiak
Tony H. Elavia
Stephen P. Fisher
Anthony R. Malloy
Stephen W. Mandella
Alison H. Micucci
Susan L. Paternoster
Donald A. Salama
John E. Schumacher
Richard C. Schwartz
Mark W. Talgo
Hugh J. Wade
Julia A. Warren
Jae Sung Yoon

INSTITUTIONAL CAPITAL LLC

Chief Executive Officer and Chief Investment Officer
Jerrold K. Senser

MACKAY SHIELDS LLC

Chairman and Chief Executive Officer
Osbert Hood

MCMORGAN & COMPANY LLC

Chief Executive Officer
John F. Santaguida

NEW YORK LIFE INTERNATIONAL, LLC

Chairman and Chief Executive Officer
Richard L. Mucci*

Vice Chairman
William Beaty

Vice Chairman
John Harrison

Executive Vice President and Chief Operating Officer
Russell G. Bundschuh

Executive Vice President and Chief Distribution Officer
Eric B. Campbell

Executive Vice President and Chief Financial Officer
Craig A. Merdian

Senior Vice President and General Counsel
Maria G. Gutierrez

Senior Vice Presidents
Sandra L. Bograd
Susan Cartledge
May Chun
Camille Condon
Vikram Sawhney
Ka Luk Stanley Tai

* *Member of the Company's Executive Management Committee.*



Board of Directors

GARY E. WENDLANDT Elected as a Director in 2007, he is vice chairman of the board and chief investment officer of New York Life.

MARK L. FEIDLER Elected as a Director in 2006, he is the former president and chief operating officer of BellSouth Corporation. Mr. Feidler is a member of the Board's Insurance & Operations, Investment, and Governance Committees.

ADMIRAL JOSEPH W. PRUEHER Elected as a Director in 2001. Admiral U.S. Navy (Ret.) and former U.S. Ambassador to the People's Republic of China, Admiral Prueher is vice chair of the Board's Corporate Organization & Compensation Committee, and is a member of the Audit and Governance Committees.

JAMES L. BROADHEAD Elected as a Director in 1998, he is a retired chairman and chief executive officer of FPL Group, Inc., and that company's principal subsidiary, Florida Power & Light Company. Mr. Broadhead chairs the Board's Audit Committee and is a member of the Corporate Organization & Compensation and Governance Committees.

FREDERICK O. TERRELL Elected as a director in 2003, he is managing partner and chief executive officer of Provender Capital Group, LLC. Mr. Terrell chairs the Board's Investment Committee and is a member of the Board's Corporate Organization & Compensation and Insurance & Operations Committees.

KENT B. FOSTER Elected as a Director in 1995, he is the chairman of Ingram Micro Inc. Mr. Foster chairs the Board's Corporate Organization & Compensation Committee and is a member of the Audit and Governance Committees.

THOMAS C. SCHEIVELBEIN Elected as a Director in 2006, he is the former president of Northrop Grumman Newport News. Mr. Schievelbein is a member of the Audit, Corporate Organization & Compensation, and Insurance & Operations Committees.

CHRISTINA A. GOLD Elected as a Director in 2001, she is the president and chief operating officer of Western Union Financial Services, Inc. Mrs. Gold chairs the Board's Insurance & Operations Committee and is a member of the Audit and Corporate Organization & Compensation Committees.

CONRAD K. HARPER He served as a Director from 1992 to 1993 and he rejoined the Board as a Director in 1996. Mr. Harper is Of Counsel to the law firm of Simpson Thacher & Bartlett LLP. He chairs the Board's Governance Committee and is a member of the Investment Committee.

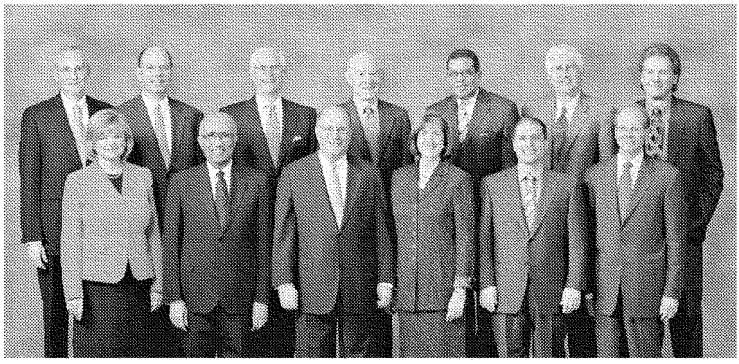
SY STERNBERG Elected as a Director in 1995, he is chairman of the board and chief executive officer of New York Life. Mr. Sternberg is a member of the Board's Insurance & Operations and Investment Committees.

BETTY C. ALEWINE Elected as a Director in 1998, she is a retired president and chief executive officer of COMSAT Corporation. Mrs. Alewine is vice chair of the Board's Audit Committee and is a member of the Governance and Investment Committees.

THEODORE A. MATHAS Elected as a Director in 2006, he is president and chief operating officer of New York Life.

ROBERT M. BAYLIS Elected as a Director in 1996, he is a retired vice chairman of CS First Boston, Inc. Mr. Baylis is a member of the Board's Corporate Organization & Compensation, Investment and Governance Committees.





BACK, LEFT TO RIGHT: Gary E. Wendlandt; Mark L. Feidler; Admiral Joseph W. Prueher; James L. Broadhead; Frederick O. Terrell; Kent B. Foster; Thomas C. Schievelbein

FRONT, LEFT TO RIGHT: Christina A. Gold; Conrad K. Harper; Sy Sternberg; Betty C. Alewine; Theodore A. Mathas; Robert M. Baylis

EXHIBIT
Exhibit 459

CSOC.CBR.00031668

GLOSSARY OF TERMS

Growth

INSURANCE SALES – represent annualized first-year premium on products with significant mortality or morbidity risk, where a sale is generally counted when the policy is paid. All BOLI sales and COLI Private Placement Variable Universal Life ("PPVUL") (where the premium is not expected to recur annually) are counted at 10 percent. Insurance sales are generated from both our domestic and international businesses.*†

INVESTMENT SALES – represent current year purchase of products primarily having market risk, where a sale is counted when money is received. Investment sales include individual accumulation annuities, guaranteed products, mutual funds and third-party asset management.*†‡

INDIVIDUAL LIFE INSURANCE IN FORCE – the sum of the face amounts of domestic and international life insurance contracts outstanding at a given time.*

POLICYHOLDER BENEFITS AND DIVIDENDS - include domestic and international insurance operations and are presented on a statutory basis. Benefits include death claims paid to beneficiaries, accident and health benefits, surrender benefits, interest on death claims and annuity payments.*§

TOTAL REVENUE – represents consolidated GAAP revenue.

OPERATING REVENUE – includes statutory premiums for life and annuity products, net margins on guaranteed products and fee income associated with asset management business. Premiums on most life insurance products and considerations on immediate annuity products (defined as "Guaranteed Lifetime Income Insurance") are weighted at 100 percent. Annuity considerations on investment income products, all BOLI policies and certain PPVUL policies where premium is not expected to recur annually are weighted at 10 percent.*††

ASSETS UNDER MANAGEMENT – consists of assets of the Company's domestic and international insurance operations and assets the Company manages for third-party investors, including mutual funds, separately managed accounts and retirement plans.*

Profitability

NET INCOME – represents consolidated GAAP net income.

NET INCOME EXCLUDING NET INVESTMENT GAINS – represents consolidated GAAP net income adjusted for the exclusion of net investment gains and losses, net of tax, DAC and related adjustments.

OPERATING EARNINGS – the key measure used for management purposes to track the Company's profitability from ongoing operations. Operating earnings equals GAAP net income adjusted for the exclusion, net of tax, of: (i) net investment gains and losses, net of DAC and related adjustments; (ii) other gains on limited partnerships included in net investment income; (iii) the equity in earnings of ESI (not applicable in 2007); (iv) charges associated with Mexican subsidiary purchased deferred tax assets; (v) ICAP LLC acquisition related expenses; (vi) ICAP key-man insurance proceeds, net of amortization; (vii) Philippines discontinued operations (not applicable in 2007), and adjusted to include, net of tax, (viii) capital gains and prior years' equity base tax releases supporting dividends on participating policies; (ix) certain interest maintenance reserve amortization; and (x) DAC on management adjustments.**

Financial Position

EQUITY – represents consolidated GAAP equity.

SURPLUS AND ASSET VALUATION RESERVES – Includes statutory surplus and the asset valuation reserve ("AVR") of the Company on a consolidated basis. Statutory surplus represents assets minus liabilities of the Company on a consolidated basis based on the accounting rules specified by the state insurance regulators. The AVR is required by insurance regulators to stabilize surplus from defaults on bonds, mortgage loans and real estate along with fluctuations in the market value of equity securities. Changes in the AVR are accounted for as direct increases or decreases in surplus.

* *This indicator has been revised for years 2003–2006 to conform to the Company's change in definition, effective 1/1/2007, to reflect the Company's international operations at percentage ownership.*

† *2003–2006 insurance and investment sales have been revised to conform to the Company's change in definition effective 1/1/2007, relating to the reclassification of Argentina's annuity sales from investment sales to insurance sales.*

‡ *2006 investment sales include $1.1 billion of sales related to an acquisition of an investment subsidiary in 2006. 2004 investment sales include $1.25 billion of sales related to an acquisition of an investment subsidiary in 2004.*

§ *NYLIC's policyholder benefits and dividends were $7.8 billion and $8.1 billion at December 31, 2006 and 2007, respectively. NYLIAC's policyholder benefits and dividends were $4.3 billion and $5.4 billion at December 31, 2006 and 2007, respectively.*

†† *2003–2006 operating revenue has been revised to conform to the Company's change in definition, effective 1/1/2007, relating to certain premiums on Argentina's annuity sales and China's single premium products.*

** *2003–2006 operating earnings has been revised to conform to the Company's change in definition, effective 1/1/2007, relating to the exclusion of Philippines Operations, which were discontinued in 2006.*

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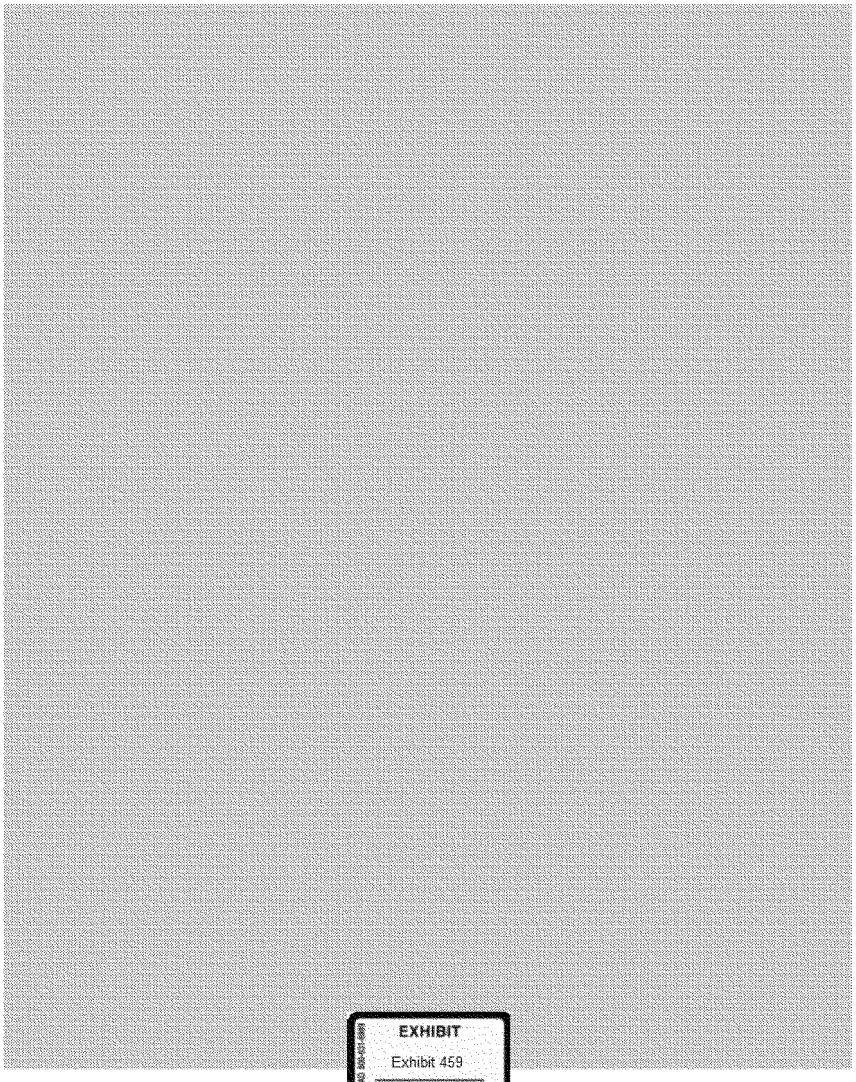
DESIGN VIVA DOLAN COMMUNICATIONS AND DESIGN PHOTOGRAPHY GLORIA BAKER



CSOC.CBR.00031670

7777 (4/08)



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New York Life Insurance Company

51 M[illegible]k 10010

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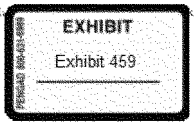


CSOC.CBR.00031671

Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

1. Registrant Name ☑ Organization ☐ Individual

DC Navigators, LLC

2. Address ☐ **Check if different than previously reported**

Address1 901 7th Street Address2 Suite 200

City Washington State DC Zip Code 20001 - Country USA

3. Principal place of business (if different than line 2)

City State Zip Code - Country

4a. Contact Name	b. Telephone Number ☐ International Number	c. E-mail	5. Senate ID#
Mr. Kyle Kizzier	(202) 315-5100		85071-1433

7. Client Name ☐ **Self**	6. House ID#
NEW YORK LIFE INSURANCE COMPANY	364880048

TYPE OF REPORT 8. Year 2007 Midyear (January1-June30) ☐ Year End (July 1-December 31) ☑

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ Termination Date 11. No Lobbying Activity ▨

INCOME OR EXPENSES - **Complete Either Line 12 OR Line 13**

12. Lobbying

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☑ $ 220,000.00

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSE relating to lobbying activities for this reporting period were:

Less than $10,000 ▨

$10,000 or more ▨ $

14. REPORTING Check box to indicate expense accounting method. See instructions for description of options.

▨ **Method A.** Reporting amounts using LDA definitions only

▨ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

▨ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Signature Digitally Signed By: Philmore B. Anderson **Date** 02/13/2008

Printed Name and Title Philmore B Anderson. Managing Principal

EXHIBIT
Exhibit 460

Registrant DC Navigators, LLC Client Name NEW YORK LIFE INSURANCE COMPANY

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code INS Insurance (one per page)

16. Specific lobbying issues

HR 2761, HR 4299, S 2285, Terrorism Risk Insurance Revision and Extension Act of 2007, all provisions
HR 1065, Nonadmitted and Reinsurance Reform Act of 2007, all provisions
HR 3200/S 40, Nation Insurance Act, all provisions

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☑ Other

Dept. of Treasury
White House

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
Philmore B.	Anderson			☐
Jim	Pitts			☐
Christopher C.	Cox			☐
Cesar V.	Conda			☐
Ron	Christie			☐
Kyle	Kizzier			☑
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Philmore B Anderson. Managing Principal

EXHIBIT
Exhibit 460

Registrant DC Navigators, LLC Client Name NEW YORK LIFE INSURANCE COMPANY

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code MMM Medicare/Medicaid (one per page)

16. Specific lobbying issues

Provisions relating to the MedicareModernization Actrelating to Annuities

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☑ Other

White House
Dept of HHS

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
Philmore B.	Anderson			☐
Ron	Christie			☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Philmore B Anderson. Managing Principal

EXHIBIT
Exhibit 460

Registrant DC Navigators, LLC Client Name NEW YORK LIFE INSURANCE COMPANY

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code TAX Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues

Legislative provisions relating to executive compensation

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☑ Other

White House
Dept. of Treasury

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
Philmore B.	Anderson			☐
Jim	Pitts			☐
Ceasar	Conda			☐
Christopher C.	Cox			☐
Ron	Christie			☐
Kyle	Kizzier			☑
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Philmore B Anderson. Managing Principal

EXHIBIT
Exhibit 460

Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) **- All Filers Are Required to Complete This Page**

1. Registrant Name ☑ Organization ☐ Individual

New York Life Insurance Company

2. Address ☐ **Check if different than previously reported**

Address1 1501 K Street, NW Address2 Suite 575

City Washington State DC Zip Code 20005 - Country USA

3. Principal place of business (if different than line 2)

City New York City State NY Zip Code 10010 - Country USA

4a. Contact Name	b. Telephone Number ☐ International Number	c. E-mail	5. Senate ID#
Mr. Ronald Lefrancois	(202) 654-2940		29174-24

7. Client Name ☑ **Self**	6. House ID#
New York Life Insurance Company	312170000

TYPE OF REPORT 8. Year 2007 Midyear (January1-June30) ☐ Year End (July 1-December 31) ☑

9. Check if this filing amends a previously filed version of this report ☑

10. Check if this is a Termination Report ☐ Termination Date _____ 11. No Lobbying Activity ☐

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☐ $ _____

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSE relating to lobbying activities for this reporting period were:

Less than $10,000 ☐

$10,000 or more ☑ $ 244,000.00

14. REPORTING Check box to indicate expense accounting method. See instructions for description of options.

☑ **Method A.** Reporting amounts using LDA definitions only

☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Signature Digitally Signed By: ronald lefrancois **Date** 04/29/2008

Printed Name and Title Ronald Lefrancois, VP

v5.0.1b

EXHIBIT
Exhibit 461

Registrant New York Life Insurance Company Client Name New York Life Insurance Company

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code INS Insurance (one per page)

16. Specific lobbying issues

Regulation of insurance [S 40 & HR 3200]. Insurance underwriting for foreign travel [S 1865]

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☐ Other

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
william	mattox			☐
george	nichols	III		☐
julie	herwig		Ways and Means Comm counsel thru 8-31-06	☐
ronald	lefrancois			☐
alan	shortell			☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Ronald Lefrancois, VP

EXHIBIT
Exhibit 461

Registrant New York Life Insurance Company | Client Name New York Life Insurance Company

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code RET | Retirement (one per page)

16. Specific lobbying issues

pension reform; annuitization incentives [S 1010 & HR 2205]; retirement security issues [HR 3185]

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☐ Other

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
alan	shortell			☐
william	mattox			☐
george	michols	III		☐
julie	herwig		Ways and Means Comm counsel thru 8-31-06	☐
ronald	lefrancois			☐
				☐
				☒
				☒
				☒

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Ronald Lefrancois, VP

EXHIBIT
Exhibit 461

Registrant New York Life Insurance Company Client Name New York Life Insurance Company

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code HCR Health Issues (one per page)

16. Specific lobbying issues

long term care insurance [HR 2582]; treatment of annuities by Medicaid program.

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☑ Other

HHS

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
george	nichols	III		☐
william	mattox			☐
julie	herwig		Ways and Means Comm counsel thru 8-31-06	☐
ronald	lefrancois			☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Ronald Lefrancois, VP

EXHIBIT
Exhibit 461

Registrant New York Life Insurance Company Client Name New York Life Insurance Company

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code TAX Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues

tax treatment of long term care insurance [HR 2582]; tax treatment of estate assets; tax treatment of lifetime income annuities [HR 2205 & S 1010]; deferred compensation

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☐ Other

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
george	nichols	III		☐
william	mattox			☐
alan	shortell			☐
julie	herwig		Ways and Means Comm counsel thru 8-31-06	☐
ronald	lefrancois			☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Ronald Lefrancois, VP

EXHIBIT
Exhibit 461

Registrant New York Life Insurance Company Client Name New York Life Insurance Company

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code TRD Trade (Domestic/Foreign) (one per page)

16. Specific lobbying issues

international trade agreements. HR 1042; S 364; S 1607; HR 2942; HR 782; HR 1229; S 1677; HR 3801; HR 3688; S 2113.

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☑ Other

USTR; US Department of Commerce

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
leslie	griffin			☐
george	michols	III		☐
william	mattox			☐
ronald	lefrancois			☐
julie	herwig		Ways and Means Comm counsel thru 8-31-06	☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Ronald Lefrancois, VP



Registrant New York Life Insurance Company Client Name New York Life Insurance Company

Information Update Page - Complete ONLY where registration information has changed.

20. Client new address

Address

City State Zip Code - Country

21. Client new principal place of business (if different than line 20)

City State Zip Code - Country

22. New General description of client's business or activities

LOBBYIST UPDATE

23. Name of each previously reported individual who is no longer expected to act as a lobbyist for the client

	First Name	Last Name	Suffix		First Name	Last Name	Suffix
1	frances	arricale		3	sandra	kristoff	
2	jessie	colgate		4	raymond	sander	

ISSUE UPDATE

24. General lobbying issue that no longer pertains

AFFILIATED ORGANIZATIONS

25. Add the following affiliated organization(s)

Name	Address Street Address City State/Province Zip Country	Principal Place of Business (city and state or country)
		City State Country City State Country

26. Name of each previously reported organization that is no longer affiliated with the registrant or client

1 2 3

FOREIGN ENTITIES

27. Add the following foreign entities

Name	Address Street Address City State/Province Country	Principal place of business (city and state or country)	Amount of contribution for lobbying activities	Ownership percentage in client
		City State Country		%

28. Name of each previously reported foreign entity that no longer owns, or controls, or is affiliated with the registrant, client or affiliated organization

1 3 5

2 4 6

Printed Name and Title Ronald Lefrancois, VP

EXHIBIT
Exhibit 461

Bill Summary & Status

H.R.1042

Search Results > H.R.1042 > Overview

Modify Search | New Search | Save Search/Alert Help | Contact Us

H.R.1042 [110th]
Title: Trade Promotion Authority Extension and Enhancement Act of 2007
Sponsor: Rep Hensarling, Jeb [R-TX-5] (introduced 2/14/2007) **Cosponsors:** 17
Committees: House Ways and Means; House Rules
Latest Major Action: 2/23/2007 Referred to House subcommittee. Status: Referred to the Subcommittee on Trade.

Jump to: Titles, Major Actions, Committees, Summary

TITLE(S): (*italics indicate a title for a portion of a bill*)

- SHORT TITLE(S) AS INTRODUCED:
  Trade Promotion Authority Extension and Enhancement Act of 2007
- OFFICIAL TITLE AS INTRODUCED:
  To extend trade promotion authority.

MAJOR ACTIONS: [SELECTED] *(dates in italics indicate Senate actions)* For more details, see: Bill Status Display.

NONE

COMMITTEE(S):

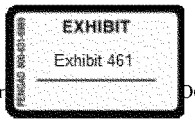
Committee/Subcommittee:	Activity:
House Ways and Means	Referral, In Committee
Subcommittee on Trade	Referral
House Rules	Referral, In Committee

SUMMARY AS OF:
2/14/2007--Introduced.

Trade Promotion Authority Extension and Enhancement Act of 2007 - Amends the Bipartisan Trade Promotion Authority Act of 2002 to extend the President's authority until July 1, 2011 (or until July 1, 2016, and July 1 of each fifth year thereafter if the President extends such authority and the Congress approves) to enter into trade agreements with foreign countries whose tariff and nontariff policies unduly burden or restrict U.S. trade or adversely affects the U.S. economy. Extends trade authorities procedures (congressional approval) to bills implementing trade agreements entered into during the five-year period beginning on July 1, 2011, and during each five-year period thereafter, unless Congress disapproves after April 1, and before July 1, of the year in which any such five-year period begins.

Search Results > H.R.1042 > Overview

Modify Search | New Search | Save Search/Alert Help | Contact Us



CSOC.CBR.00032453

Bill Summary & Status

H.R.1229

Search Results > H.R.1229 > Overview

Modify Search | New Search | Save Search/Alert Help | Contact Us

H.R.1229 [110th]
Title: Nonmarket Economy Trade Remedy Act of 2007
Sponsor: Rep Davis, Artur [D-AL-7] (introduced 2/28/2007) **Cosponsors:** 57
Committees: House Ways and Means; House Rules
Related Bills: S.974
Latest Major Action: 3/15/2007 House committee/subcommittee actions. Status: Committee Hearings Held.

Jump to: Titles, Major Actions, Committees, Summary

TITLE(S): (*italics indicate a title for a portion of a bill*)

- SHORT TITLE(S) AS INTRODUCED:
  Nonmarket Economy Trade Remedy Act of 2007
- OFFICIAL TITLE AS INTRODUCED:
  To amend title VII of the Tariff Act of 1930 to provide that the provisions relating to countervailing duties apply to nonmarket economy countries, and for other purposes.

MAJOR ACTIONS: [SELECTED] *(dates in italics indicate Senate actions)* For more details, see: Bill Status Display.

NONE

COMMITTEE(S):

Committee/Subcommittee:	Activity:
House Ways and Means	Referral, Hearings, In Committee
Subcommittee on Trade	Referral
House Rules	Referral, In Committee

SUMMARY AS OF:
2/28/2007--Introduced.

Nonmarket Economy Trade Remedy Act of 2007 - Amends the Tariff Act of 1930 to apply countervailing duties to nonmarket economies.

Authorizes the use of alternative methodologies in determining whether a subsidy is countervailable with respect to the People's Republic of China (PRC).

Requires congressional approval for revocation of nonmarket economy country determinations made by the administering authority.



CSOC.CBR.00032454

Requires a United States International Trade Commission study of how the PRC uses government intervention to promote investment, employment, and exports.



CSOC.CBR.00032455

Bill Summary & Status

H.R.2205

Search Results > H.R.2205 > Overview

Modify Search | New Search | Save Search/Alert Help | Contact Us

H.R.2205 [110th]
Title: Retirement Security for Life Act of 2007
Sponsor: Rep Jones, Stephanie Tubbs [D-OH-11] (introduced 5/8/2007) **Cosponsors:** 79
Committees: House Ways and Means
Related Bills: S.1010
Latest Major Action: 5/8/2007 Referred to House committee. Status: Referred to the House Committee on Ways and Means.

Jump to: Titles, Major Actions, Committees, Summary

TITLE(S): (*italics indicate a title for a portion of a bill*)

- SHORT TITLE(S) AS INTRODUCED:
  Retirement Security for Life Act of 2007

- OFFICIAL TITLE AS INTRODUCED:
  To amend the Internal Revenue Code of 1986 to encourage guaranteed lifetime income payments from annuities and similar payments of life insurance proceeds at dates later than death by excluding from income a portion of such payments.

MAJOR ACTIONS: [SELECTED] *(dates in italics indicate Senate actions)* For more details, see: Bill Status Display.

NONE

COMMITTEE(S):

Committee/Subcommittee:	Activity:
House Ways and Means	Referral, In Committee

SUMMARY AS OF:
5/8/2007--Introduced.

Retirement Security for Life Act of 2007 - Amends the Internal Revenue Code to allow an exclusion from gross income for 50 percent of the amount otherwise includible in gross income as guaranteed payments from certain annuity or life insurance contracts. Limits the amount of such exclusion to $20,000 in any taxable year. Provides for an inflation adjustment of the $20,000 limitation beginning in 2009.

Search Results > H.R.2205 > Overview

Modify Search | New Search | Save Search/Alert Help | Contact Us

CSOC.CBR.00032456

Bill Summary & Status

H.R.2582

Search Results > H.R.2582 > Overview

Modify Search | New Search | Save Search/Alert Help | Contact Us

H.R.2582 [110th]
Title: Qualified Long-term Care Fairness Act of 2007
Sponsor: Rep Brown-Waite, Ginny [R-FL-5] (introduced 6/6/2007) **Cosponsors:** (none)
Committees: House Ways and Means
Latest Major Action: 6/6/2007 Referred to House committee. Status: Referred to the House Committee on Ways and Means.

Jump to: Titles, Major Actions, Committees, Summary

TITLE(S): *(italics indicate a title for a portion of a bill)*

- SHORT TITLE(S) AS INTRODUCED:
  Qualified Long-term Care Fairness Act of 2007
- OFFICIAL TITLE AS INTRODUCED:
  To amend the Internal Revenue Code of 1986 to allow a deduction for qualified long-term care services in computing adjusted gross income.

MAJOR ACTIONS: [SELECTED] *(dates in italics indicate Senate actions)* For more details, see: Bill Status Display.

NONE

COMMITTEE(S):

Committee/Subcommittee:	Activity:
House Ways and Means	Referral, In Committee

SUMMARY AS OF:
6/6/2007--Introduced.

Qualified Long-term Care Fairness Act of 2007 - Amends the Internal Revenue Code to allow a tax deduction from gross income for the cost of long-term care services and long-term care insurance contracts.

Search Results > H.R.2582 > Overview

Modify Search | New Search | Save Search/Alert Help | Contact Us



CSOC.CBR.00032457

Bill Summary & Status

H.R.2942

H.R.2942 [110th]
Title: Currency Reform for Fair Trade Act of 2007
Sponsor: Rep Ryan, Tim [D-OH-17] (introduced 6/28/2007) **Cosponsors:** 77
Committees: House Ways and Means; House Financial Services; House Foreign Affairs
Related Bills: H.R.782, S.796, S.1607
Latest Major Action: 7/12/2007 Referred to House subcommittee. Status: Referred to the Subcommittee on Trade.

Jump to: Titles, Major Actions, Committees, Summary

TITLE(S): (*italics indicate a title for a portion of a bill*)

- SHORT TITLE(S) AS INTRODUCED:
  Currency Reform for Fair Trade Act of 2007
- OFFICIAL TITLE AS INTRODUCED:
  To provide for identification of misaligned currency, require action to correct the misalignment, and for other purposes.

MAJOR ACTIONS: [SELECTED] *(dates in italics indicate Senate actions)* For more details, see: Bill Status Display.

NONE

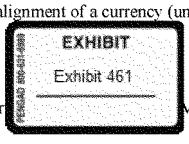
COMMITTEE(S):

Committee/Subcommittee:	Activity:
House Ways and Means	Referral, In Committee
Subcommittee on Trade	Referral
House Financial Services	Referral, In Committee
House Foreign Affairs	Referral, In Committee

SUMMARY AS OF:
6/28/2007--Introduced.

Currency Reform for Fair Trade Act of 2007 - Amends the Tariff Act of 1930 to expand the authority of the administering authority or the International Trade Commission (ITC) to impose countervailing duties on products from a nonmarket economy country that have been provided a countervailable subsidy. Requires, when measuring subsidy benefits, the use of benchmarks outside of a nonmarket economy country when benchmarks in such a country are not available or are inappropriate.

Includes fundamental and actionable misalignment of a currency (undervaluation of a foreign currency) by a



foreign country as a countervailable subsidy.

Directs the Secretary of the Treasury (Secretary) to: (1) report annually to Congress on international monetary policy and currency exchange rates (including fundamentally misaligned currencies); (2) analyze semiannually the prevailing real exchange rates between the U.S. dollar and foreign currencies and to designate fundamentally misaligned foreign currencies for priority action; and (3) seek bilateral consultations with fundamentally misaligned currency countries designated for priority action to eliminate such misalignment.

Requires the United States to inform the Managing Director of the International Monetary Fund (IMF) of countries that fail to eliminate fundamentally misaligned currencies designated for priority action and to request the IMF Managing Director to consult with such countries regarding their observance of the IMF Articles of Agreement and to report the results of such consultations to the IMF Executive Board. Prohibits the Overseas Private Investment Corporation (OPIC) from, and instructs multilateral banks to oppose, financing projects in countries that issue fundamentally misaligned currencies designated for priority action.

Requires: (1) the Secretary to take certain actions with respect to countries that fail to eliminate fundamentally misaligned currencies designated for priority action; and (2) the United States Trade Representative (USTR) to request consultations in the World Trade Organization (WTO) with such countries regarding the consistency of their actions with regard the WTO Agreement.

Establishes an Advisory Committee on International Exchange Rate Policy.

Repeals the Exchange Rates and International Economic Policy Coordination Act of 1988.

Search Results > H.R.2942 > Overview

Modify Search | New Search | Save Search/Alert Help | Contact Us



CSOC.CBR.00032459

Bill Summary & Status

H.R.3801

H.R.3801 [110th]
Title: Trade Adjustment Assistance Improvement Act
Sponsor: Rep Smith, Adam [D-WA-9] (introduced 10/10/2007) **Cosponsors:** 22
Committees: House Ways and Means; House Education and Labor; House Energy and Commerce; House Oversight and Government Reform
Related Bills: H.R.3920, H.R.3943, S.1848
Latest Major Action: 11/9/2007 Referred to House subcommittee. Status: Referred to the Subcommittee on Trade.

Jump to: Titles, Major Actions, Committees, Summary

TITLE(S): (*italics indicate a title for a portion of a bill*)

- SHORT TITLE(S) AS INTRODUCED:
  Trade Adjustment Assistance Improvement Act
  TAA Health Coverage Improvement Act of 2007

- OFFICIAL TITLE AS INTRODUCED:
  To amend the Trade Act of 1974 to address the impact of globalization, to reauthorize trade adjustment assistance, to extend trade adjustment assistance to service workers, communities, firms, and farmers, and for other purposes.

MAJOR ACTIONS: [SELECTED] *(dates in italics indicate Senate actions)* For more details, see: Bill Status Display.

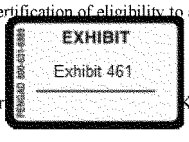
NONE

COMMITTEE(S):

Committee/Subcommittee:	Activity:
House Ways and Means	Referral, In Committee
Subcommittee on Trade	Referral
House Education and Labor	Referral, In Committee
House Energy and Commerce	Referral, In Committee
House Oversight and Government Reform	Referral, In Committee

SUMMARY AS OF:
10/10/2007--Introduced.

Trade Adjustment Assistance Improvement Act - Amends the Trade Act of 1974 to allow the filing of a petition with the Secretary of Labor for certification of eligibility to apply for trade adjustment assistance



CSOC.CBR.00032460

(TAA) by adversely affected workers in a service sector firm, its subdivision, or a public agency.

Revises group eligibility requirements for TAA to cover: (1) a shift, by a public agency to a foreign country, of production of articles or in provision of services, like or directly competitive with articles which are produced, or services which are provided by the workers' firm, subdivision, or public agency; and (2) instances where the workers' firm, subdivision, or public agency obtains or is likely to obtain such services from a foreign country.

Provides for industry-wide certification of adversely affected workers for TAA.

Increases the amount of payments for training of adversely affected workers under the Act.

TAA Health Coverage Improvement Act of 2007 - Amends the Internal Revenue Code to increase the tax credit for the health insurance costs of certain TAA workers and Pension Benefit Guaranty Corporation (PBGC) pension recipients.

Sets forth requirements to prevent a lapse of health care coverage for TAA workers and their families.

Replaces alternative trade adjustment assistance for older workers provisions with eligibility requirements for wage insurance benefits to older workers who have received an industry-wide certification to apply for TAA.

Increases the maximum allowance to cover costs of an adversely affected worker for job search expenses and relocation expenses.

Establishes an Office of the Trade Adjustment Assistance Ombudsman.

Extends the TAA program for workers through FY2012.

Revises the TAA program for communities negatively impacted by trade. Establishes a TAA for communities program to coordinate the federal response.

Allows the filing of a petition with the Secretary of Commerce for certification of eligibility to apply for TAA by a service sector firm. Extends the TAA program for firms through FY2012.

Extends the TAA program for farmers through FY2012.

Search Results > H.R.3801 > Overview

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CSOC.CBR.00032461

Bill Summary & Status

H.R.782

Search Results > H.R.782 > Overview

Modify Search | New Search | Save Search/Alert Help | Contact Us

H.R.782 [110th]
Title: Fair Currency Act of 2007
Sponsor: Rep Ryan, Tim [D-OH-17] (introduced 1/31/2007) **Cosponsors:** 119
Committees: House Ways and Means; House Financial Services; House Foreign Affairs; House Armed Services
Related Bills: H.R.2942, S.796
Latest Major Action: 4/12/2007 Referred to House subcommittee. Status: Referred to the Subcommittee on Domestic and International Monetary Policy, Trade, and Technology.

Jump to: Titles, Major Actions, Committees, Summary

TITLE(S): (*italics indicate a title for a portion of a bill*)

- SHORT TITLE(S) AS INTRODUCED:
  Fair Currency Act of 2007
- OFFICIAL TITLE AS INTRODUCED:
  To amend title VII of the Tariff Act of 1930 to provide that exchange-rate misalignment by any foreign nation is a countervailable export subsidy, to amend the Exchange Rates and International Economic Policy Coordination Act of 1988 to clarify the definition of manipulation with respect to currency, and for other purposes.

MAJOR ACTIONS: [SELECTED] *(dates in italics indicate Senate actions)* For more details, see: Bill Status Display.

NONE

COMMITTEE(S):

Committee/Subcommittee:	Activity:
House Ways and Means	Referral, In Committee
Subcommittee on Trade	Referral
House Financial Services	Referral, In Committee
Subcommittee on Domestic and International Monetary Policy, Trade, and Technology	Referral
House Foreign Affairs	Referral, In Committee
House Armed Services	Referral, In Committee

SUMMARY AS OF:
1/31/2007--Introduced.



CSOC.CBR.00032462

Fair Currency Act of 2007 - Amends the Tariff Act of 1930 to expand the authority of the administering authority or the International Trade Commission (ITC) to impose countervailing duties on products from a nonmarket economy country that have been provided a countervailable subsidy. Includes exchange-rate misalignment (undervaluation of a foreign currency) by a country as a countervailable subsidy. Requires the administering authority to use methodologies that measure certain benchmarks outside of a nonmarket economy country where exchange-rate misalignment exists when measuring the benefit of a countervailable subsidy bestowed on a product by such country in a countervailing duty proceeding.

Amends the Trade Act of 1974 to include exchange-rate misalignment by the People's Republic of China as a condition in determining market disruption to the domestic producers of a like or directly competitive product from products imported from China.

Prohibits the Department of Defense (DOD) from procuring defense articles imported from China if such articles are competitive with domestic industry articles critical to the defense industrial base of the United States.

Applies provisions of this Act to goods from Canada and Mexico.

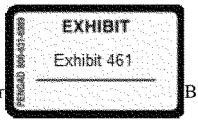
Amends the Exchange Rates and International Economic Policy Coordination Act of 1988 to direct the Secretary of the Treasury to consider in the annual analysis of foreign exchange rate policies whether countries have a currency that is in fundamental misalignment, and if so, to initiate bilateral corrective negotiations.

Directs the Secretary, prior to U.S. approval of a change in an international financial institution's governance, to determine whether a member who would benefit from such change has a currency that is manipulated or in fundamental misalignment, and if so, oppose such change.

Amends the Tariff Act of 1930 to require the administering authority, in determining whether a country is a nonmarket economy country, to consider whether such country's manipulation or fundamental misalignment of its currency adversely affects the U.S. economy.

Search Results > H.R.782 > Overview

Modify Search | New Search | Save Search/Alert Help | Contact Us



Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) **- All Filers Are Required to Complete This Page**

1. Registrant Name ☑ Organization ☐ Individual

PATTON BOGGS LLP

2. Address ☐ **Check if different than previously reported**

Address1 2550 M STREET, NW Address2

City WASHINGTON State DC Zip Code 20037 - Country USA

3. Principal place of business (if different than line 2)

City State Zip Code - Country

4a. Contact Name	b. Telephone Number ☐ International Number	c. E-mail	5. Senate ID#
Mr. James B. Christian	(202) 457-6484		30906-1775
7. Client Name ☐ **Self**			6. House ID#
New York Life Insurance Company			319170091

TYPE OF REPORT 8. Year 2007 Midyear (January1-June30) ☐ Year End (July 1-December 31) ☑

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ Termination Date 11. No Lobbying Activity ☐

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☑ $ 100,000.00

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSE relating to lobbying activities for this reporting period were:

Less than $10,000 ☐

$10,000 or more ☐ $

14. REPORTING Check box to indicate expense accounting method. See instructions for description of options.

☐ **Method A.** Reporting amounts using LDA definitions only

☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Signature Digitally Signed By: James B Christian **Date** 02/08/2008

US, DST ACES Business Representative, PATTON BOGGS LLP, James B Christian

Printed Name and Title James B. Christian, Partner

v5.0.0m

EXHIBIT
Exhibit 462

Registrant PATTON BOGGS LLP Client Name New York Life Insurance Company

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code RET Retirement (one per page)

16. Specific lobbying issues

Pension issues

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☑ Other

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
John	Jonas			☐
Kathleen	Strottman			☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☐ Check if None

Printed Name and Title James B. Christian, Partner

EXHIBIT
Exhibit 462

Registrant PATTON BOGGS LLP Client Name New York Life Insurance Company

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code TAX Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues

Annuities incentives; tax on insurance products

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☑ Other

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
John	Jonas			☐
Kathleen	Strottman			☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☐ Check if None

Printed Name and Title James B. Christian, Partner

EXHIBIT
Exhibit 462

Registrant PATTON BOGGS LLP Client Name New York Life Insurance Company

Information Update Page - Complete ONLY where registration information has changed.

20. Client new address

Address

City State Zip Code - Country

21. Client new principal place of business (if different than line 20)

City State Zip Code - Country

22. New General description of client's business or activities

LOBBYIST UPDATE

23. Name of each previously reported individual who is no longer expect to act as a lobbyist for the client

	First Name	Last Name	Suffix		First Name	Last Name	Suffix
1				3			
2				4			

ISSUE UPDATE

24. General lobbying issue that no longer pertain

AFFILIATED ORGANIZATIONS

25. Add the following affiliated organization(s)

Name	Address Street Address City State/Province Zip Country	Principal Place of Business (city and state or country)
		City State Country City State Country

26. Name of each previously reported organization that is no longer affiliated with the registrant or client

1 2 3

FOREIGN ENTITIES

27. Add the following foreign entities

Name	Address Street Address City State/Province Country	Principal place of business (city and state or country)	Amount of contribution for lobbying activities	Ownership percentage in client
		City State Country		%

28. Name of each previously reported foreign entity that no longer owns, or controls, or is affiliated with the registrant, client or affiliated organization

1 3 5

2 4 6

Printed Name and Title James B. Christian, Partner



Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510
http://lobbyingdisclosure.house.gov	http://www.senate.gov/lobby

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) **- All Filers Are Required to Complete This Page**

1. Registrant Name ☑ Organization/Lobbying Firm ☐ Self Employed Individual

New York Life Insurance Company

2. Address ☐ **Check if different than previously reported**

Address1 1501 K Street, NW Address2 Suite 575

City Washington State DC Zip Code 20005 - Country USA

3. Principal place of business (if different than line 2)

City State Zip Code - Country

4a. Contact Name	b. Telephone Number ☐ International Number	c. E-mail	5. Senate ID#
Mr. George Nichols III	(202) 654-2942		29174-24

7. Client Name ☑ *Self* ☐ *Check if client is a state or local government or instrumentality*	6. House ID#
New York Life Insurance Company	312170000

TYPE OF REPORT 8. Year 2008 Q1 (1/1 - 3/31) ☐ Q2 (4/1 - 6/30) ☑ Q3 (7/1-9/30) ☐ Q4 (10/1 - 12/31) ☐

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ Termination Date 11. No Lobbying Issue Activity ☒

INCOME OR EXPENSES - YOU MUST complete either Line 12 or Line 13

12. Lobbying

INCOME relating to lobbying activities for this reporting period was:

Less than $5,000 ☒

$5,000 or more ☒ $

Provide a good faith estimate, rounded to the nearest $10,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSE relating to lobbying activities for this reporting period were:

Less than $5,000 ☐

$5,000 or more ☑ $ 1,200,000.00

14. REPORTING Check box to indicate expense accounting method. See instructions for description of options.

- ☑ **Method A.** Reporting amounts using LDA definitions only
- ☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code
- ☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Signature Digitally Signed By: George Nichols III **Date** 07/21/2008

Printed Name and Title George Nichols III, Senior Vice President

v6.0.1f

EXHIBIT
Exhibit 463

Registrant New York Life Insurance Company Client Name New York Life Insurance Company

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Add additional page(s) as needed.

15. General issue area code INS Insurance (one per page)

16. Specific lobbying issues

S 40/HR 3200 - National Insurance Act, regarding federal regulation of insurance; all provisions
HR 5480 - Insurance Information Act, regarding federal office for insurance; all provisions
HR 5611 - National Association of Registered Agents and Brokers Reform Act, regarding producer licensing; all provisions
S 2794- Senior Investor Protection Act; all provisions; & HR 1065/S 929 - Nonadmitted and Reinsurance Reform Act; all provisions

17. House(s) of Congress and Federal agencies ☐ Check if None

U.S. HOUSE OF REPRESENTATIVES, U.S. SENATE

18. Name of each individual who acted as a lobbyist in this issue area

First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
George	Nichols	III		☐
William	Mattox			☐
Julie	Herwig			☐
Ronald	Lefrancois			☐
Alan	Shortell			☐
Leslie	Griffin			☐
				☐
				☒
				☒

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title George Nichols III, Senior Vice President

EXHIBIT
Exhibit 463

Registrant New York Life Insurance Company | Client Name New York Life Insurance Company

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Add additional page(s) as needed.

15. General issue area code RET Retirement (one per page)

16. Specific lobbying issues

HR 2205/S 1010 - Retirement Security for Life Act, regarding incentives for annuitization; all provisions
HR 3815 - Fair Disclosure for Retirement Security Act, regarding 401(k) fees and expenses; all provisions
HR 3765 - Defined Contribution Plan Fee Transparency Act, regarding 401(k) fees and expenses; all provisions

17. House(s) of Congress and Federal agencies ☐ Check if None

U.S. HOUSE OF REPRESENTATIVES, U.S. SENATE

18. Name of each individual who acted as a lobbyist in this issue area

First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
George	Nichols	III		☐
William	Mattox			☐
Julie	Herwig			☐
Ronald	Lefrancois			☐
Alan	Shortell			☐
Emily	Gonce			☑
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title George Nichols III, Senior Vice President

v6.0.1f

EXHIBIT
Exhibit 463

Registrant New York Life Insurance Company | Client Name New York Life Insurance Company

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Add additional page(s) as needed.

15. General issue area code HOU Housing (one per page)

16. Specific lobbying issues

HR 3221 - American Housing Rescue and Foreclosure Prevention Act of 2008; provisions in Sec. 2122 related to origination of reverse mortgages
S 2490/HR 5758 - Reverse Mortgage Proceeds Protection Act; all provisions

17. House(s) of Congress and Federal agencies ☑ Check if None

18. Name of each individual who acted as a lobbyist in this issue area

First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
William	Mattox			☐
Julie	Herwig			☐
George	Nichols	III		☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title George Nichols III, Senior Vice President

EXHIBIT
Exhibit 463

Registrant New York Life Insurance Company Client Name New York Life Insurance Company

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Add additional page(s) as needed.

15. General issue area code TAX Taxation/Internal Revenue Code (one per page)

16. Specific lobbying issues

S 2886 - Alternative Minimum Tax and Extenders Tax Relief Act of 2008; HR 6049 - Renewable Energy and Job Creation Act of 2008; provisions related to tax treatment of overseas income earned by subsidiaries.
Issues related to partial annuitization and exchange of annuities; tax treatment of estate assets; deferred compensation; tax treatment of insurance generally

17. House(s) of Congress and Federal agencies ☐ Check if None

U.S. HOUSE OF REPRESENTATIVES, U.S. SENATE

18. Name of each individual who acted as a lobbyist in this issue area

First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
George	Nichols	III		☐
William	Mattox			☐
Julie	Herwig			☐
Ronald	Lefrancois			☐
Alan	Shortell			☐
Emily	Gonce			☑
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title George Nichols III, Senior Vice President

EXHIBIT
Exhibit 463

Registrant New York Life Insurance Company Client Name New York Life Insurance Company

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Add additional page(s) as needed.

15. General issue area code HCR Health Issues (one per page)

16. Specific lobbying issues

HR 3363/S 2337 - Long-Term Care Affordability and Security Act; all provisions
HR 2582 - Qualified Long-Term Care Fairness Act; all provisions

17. House(s) of Congress and Federal agencies ☐ Check if None

U.S. HOUSE OF REPRESENTATIVES, U.S. SENATE

18. Name of each individual who acted as a lobbyist in this issue area

First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
George	Nichols	III		☐
William	Mattox			☐
Ronald	Lefrancois			☐
Julie	Herwig			☐
Alan	Shortell			☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title George Nichols III, Senior Vice President

v6.0.1f



Registrant New York Life Insurance Company Client Name New York Life Insurance Company

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Add additional page(s) as needed.

15. General issue area code TRD Trade (Domestic/Foreign) (one per page)

16. Specific lobbying issues

HR 5724/S 2830 - U.S.-Colombia Free Trade Agreement; all provisions
HR 3688/S 2113 - U.S.-Peru Free Trade Agreement; all provisions
S 1677 - Currency Reform and Financial Markets Access Act of 2007; all provisions
HR 2942 - Currency Reform for Fair Trade Act; all provisions

17. House(s) of Congress and Federal agencies ☐ Check if None

U.S. HOUSE OF REPRESENTATIVES, U.S. SENATE, U.S. Trade Representative (USTR)

18. Name of each individual who acted as a lobbyist in this issue area

First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
George	Nichols	III		☐
Leslie	Griffin			☐
Richard	Rossow			☑
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title George Nichols III, Senior Vice President

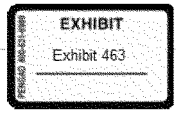
v6.0.1f



ADDENDUM for General Lobbying Issue Area: TRD - Trade (Domestic/Foreign)

S 2813 - China Currency Manipulation Act of 2008; all provisions
HR 1229 - Nonmarket Economy Trade Remedy Act of 2007; all provisions
S 364 - Strengthening America's Trade Laws Act; all provisions
S 974 - Stopping Overseas Subsidies Act; all provisions
S 1919 - Trade Enforcement Act of 2007; all provisions
S 2813 - China Currency Manipulation Act of 2008; all provisions

Printed Name and Title George Nichols III, Senior Vice President



Registrant New York Life Insurance Company Client Name New York Life Insurance Company

Information Update Page - Complete ONLY where registration information has changed.

20. Client new address

Address

City State Zip Code - Country

21. Client new principal place of business (if different than line 20)

City State Zip Code - Country

22. New General description of client's business or activities

LOBBYIST UPDATE

23. Name of each previously reported individual who is no longer expected to act as a lobbyist for the client

	First Name	Last Name	Suffix		First Name	Last Name	Suffix
1	Ronald	Lefrancois		3			
2				4			

ISSUE UPDATE

24. General lobbying issue that no longer pertains

AFFILIATED ORGANIZATIONS

25. Add the following affiliated organization(s)

Internet Address:

Name	Address Street Address City State/Province Zip Country	Principal Place of Business (city and state or country)
		City State Country City State Country

26. Name of each previously reported organization that is no longer affiliated with the registrant or client

1 2 3

FOREIGN ENTITIES

27. Add the following foreign entities

Name	Address Street Address City State/Province Country	Principal place of business (city and state or country)	Amount of contribution for lobbying activities	Ownership percentage in client
		City State Country		%

28. Name of each previously reported foreign entity that no longer owns, or controls, or is affiliated with the registrant, client or affiliated organization

1 3 5

2 4 6

Printed Name and Title George Nichols III, Senior Vice President

v6.0.1f

EXHIBIT
Exhibit 463

Bill Summary & Status

H.R.1229

Search Results > H.R.1229 > Overview

Modify Search | New Search | Save Search/Alert Help | Contact Us

H.R.1229 [110th]
Title: Nonmarket Economy Trade Remedy Act of 2007
Sponsor: Rep Davis, Artur [D-AL-7] (introduced 2/28/2007) **Cosponsors:** 57
Committees: House Ways and Means; House Rules
Related Bills: S.974
Latest Major Action: 3/15/2007 House committee/subcommittee actions. Status: Committee Hearings Held.

Jump to: Titles, Major Actions, Committees, Summary

TITLE(S): *(italics indicate a title for a portion of a bill)*

- SHORT TITLE(S) AS INTRODUCED:
  Nonmarket Economy Trade Remedy Act of 2007
- OFFICIAL TITLE AS INTRODUCED:
  To amend title VII of the Tariff Act of 1930 to provide that the provisions relating to countervailing duties apply to nonmarket economy countries, and for other purposes.

MAJOR ACTIONS: [SELECTED] *(dates in italics indicate Senate actions)* For more details, see: Bill Status Display.

NONE

COMMITTEE(S):

Committee/Subcommittee:	Activity:
House Ways and Means	Referral, Hearings, In Committee
Subcommittee on Trade	Referral
House Rules	Referral, In Committee

SUMMARY AS OF:
2/28/2007--Introduced.

Nonmarket Economy Trade Remedy Act of 2007 - Amends the Tariff Act of 1930 to apply countervailing duties to nonmarket economies.

Authorizes the use of alternative methodologies in determining whether a subsidy is countervailable with respect to the People's Republic of China (PRC).

Requires congressional approval for revocation of nonmarket economy country determinations made by the administering authority.



CSOC.CBR.00032473

Requires a United States International Trade Commission study of how the PRC uses government intervention to promote investment, employment, and exports.



CSOC.CBR.00032474

Bill Summary & Status

H.R.2942

H.R.2942 [110th]
Title: Currency Reform for Fair Trade Act of 2007
Sponsor: Rep Ryan, Tim [D-OH-17] (introduced 6/28/2007) **Cosponsors:** 77
Committees: House Ways and Means; House Financial Services; House Foreign Affairs
Related Bills: H.R.782, S.796, S.1607
Latest Major Action: 7/12/2007 Referred to House subcommittee. Status: Referred to the Subcommittee on Trade.

Jump to: Titles, Major Actions, Committees, Summary

TITLE(S): (*italics indicate a title for a portion of a bill*)

- SHORT TITLE(S) AS INTRODUCED:
  Currency Reform for Fair Trade Act of 2007
- OFFICIAL TITLE AS INTRODUCED:
  To provide for identification of misaligned currency, require action to correct the misalignment, and for other purposes.

MAJOR ACTIONS: [SELECTED] *(dates in italics indicate Senate actions)* For more details, see: Bill Status Display.

NONE

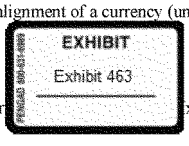
COMMITTEE(S):

Committee/Subcommittee:	Activity:
House Ways and Means	Referral, In Committee
Subcommittee on Trade	Referral
House Financial Services	Referral, In Committee
House Foreign Affairs	Referral, In Committee

SUMMARY AS OF:
6/28/2007--Introduced.

Currency Reform for Fair Trade Act of 2007 - Amends the Tariff Act of 1930 to expand the authority of the administering authority or the International Trade Commission (ITC) to impose countervailing duties on products from a nonmarket economy country that have been provided a countervailable subsidy. Requires, when measuring subsidy benefits, the use of benchmarks outside of a nonmarket economy country when benchmarks in such a country are not available or are inappropriate.

Includes fundamental and actionable misalignment of a currency (undervaluation of a foreign currency) by a



foreign country as a countervailable subsidy.

Directs the Secretary of the Treasury (Secretary) to: (1) report annually to Congress on international monetary policy and currency exchange rates (including fundamentally misaligned currencies); (2) analyze semiannually the prevailing real exchange rates between the U.S. dollar and foreign currencies and to designate fundamentally misaligned foreign currencies for priority action; and (3) seek bilateral consultations with fundamentally misaligned currency countries designated for priority action to eliminate such misalignment.

Requires the United States to inform the Managing Director of the International Monetary Fund (IMF) of countries that fail to eliminate fundamentally misaligned currencies designated for priority action and to request the IMF Managing Director to consult with such countries regarding their observance of the IMF Articles of Agreement and to report the results of such consultations to the IMF Executive Board. Prohibits the Overseas Private Investment Corporation (OPIC) from, and instructs multilateral banks to oppose, financing projects in countries that issue fundamentally misaligned currencies designated for priority action.

Requires: (1) the Secretary to take certain actions with respect to countries that fail to eliminate fundamentally misaligned currencies designated for priority action; and (2) the United States Trade Representative (USTR) to request consultations in the World Trade Organization (WTO) with such countries regarding the consistency of their actions with regard the WTO Agreement.

Establishes an Advisory Committee on International Exchange Rate Policy.

Repeals the Exchange Rates and International Economic Policy Coordination Act of 1988.

Search Results > H.R.2942 > Overview

Modify Search | New Search | Save Search/Alert Help | Contact Us



CSOC.CBR.00032476

Bill Summary & Status

H.R.3688

H.R.3688 [110th] **Major Actions:** Help House Senate Law

Title: United States-Peru Trade Promotion Agreement Implementation Act
Sponsor: Rep Hoyer, Steny H. [D-MD-5] (by request) (introduced 9/27/2007) **Cosponsors:** 1
Committees: House Ways and Means
House Reports: 110-421
Related Bills: H.RES.801, S.2113
Latest Major Action: 12/14/2007 Became Public Law No: 110-138 [Text, PDF]

Jump to: Titles, Major Actions, Committees, Summary

TITLE(S): *(italics indicate a title for a portion of a bill)*

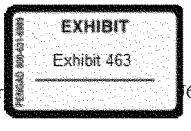
- SHORT TITLE(S) AS INTRODUCED:
  United States-Peru Trade Promotion Agreement Implementation Act
- SHORT TITLE(S) AS PASSED SENATE:
  United States-Peru Trade Promotion Agreement Implementation Act
- SHORT TITLE(S) AS ENACTED:
  United States-Peru Trade Promotion Agreement Implementation Act
- OFFICIAL TITLE AS INTRODUCED:
  To implement the United States-Peru Trade Promotion Agreement.

MAJOR ACTIONS: [SELECTED] *(dates in italics indicate Senate actions)* For more details, see: Bill Status Display.

9/27/2007	Introduced in House
11/5/2007	Reported by the Committee on Ways and Means. H. Rept. 110-421.
11/8/2007	Passed/agreed to in House: On passage Passed by the Yeas and Nays: 285 - 132 (Roll no. 1060).
12/4/2007	Passed/agreed to in Senate: Passed Senate without amendment by Yea-Nay Vote. 77 - 18. Record Vote Number: 413.
12/4/2007	Cleared for White House.
12/11/2007	Presented to President.
12/14/2007	Signed by President.
12/14/2007	Became Public Law No: 110-138 [Text, PDF]

COMMITTEE(S):

Committee/Subcommittee:	Activity:
House Ways and Means	Referral, Markup, Reporting



CSOC.CBR.00032477

SUMMARY AS OF:
12/14/2007--Public Law. (There are 2 other summaries)

(This measure has not been amended since it was introduced. The expanded summary of the Senate passed version is repeated here.)

United States-Peru Trade Promotion Agreement Implementation Act - **Title I: Approval of, and General Provisions Relating to, the Agreement** - (Sec. 101) Approves the United States-Peru Trade Promotion Agreement entered into on April 12, 2006 (and amended on June 24 and June 25, 2007) with the government of Peru and the statement of administrative action proposed to implement the Agreement, both submitted to Congress on September 27, 2007. Provides for the Agreement's entry into force upon certain conditions being met on or after January 1, 2008.

(Sec. 103) Authorizes the President to proclaim actions, and other appropriate officers of the U.S. government to issue regulations, necessary to ensure appropriate implementation of any provision of this Act that takes effect on the date the Agreement enters into force. Declares that proclaimed actions that are not subject to consultation and layover requirements under this Act shall not take effect before the 15th day after the text of the proclamation is published in the Federal Register. Provides that presidential proclamations calling for action under this Act may be proclaimed only if: (1) the President has obtained advice regarding the proposed action from the appropriate advisory committees and the U.S. International Trade Commission (ITC); (2) the President has reported to specified congressional committees with respect to such action; (3) a period of 60 days has expired; and (4) the President has consulted with the appropriate congressional committees during such 60-day period.

(Sec. 105) Authorizes the President to establish or designate within the Department of Commerce an office to provide administrative assistance to dispute settlement panels established under the Agreement. Authorizes appropriations.

(Sec. 106) Authorizes the United States to resolve any claim against it covered by the Agreement, pursuant to the Investor-State Dispute Settlement procedures set forth in the Agreement.

Title II: Customs Provisions - (Sec. 201) Authorizes the President to proclaim necessary or appropriate modifications or continuation of duty, continuation of duty-free or excise treatment, or additional duties to carry out the Agreement.

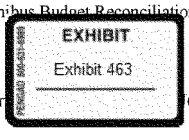
Requires the President to terminate the designation of Peru as a beneficiary developing country for purposes of the General System of Preferences program under the Trade Act of 1974 on the date the Agreement enters into force.

Authorizes the President, subject to the consultation and layover requirements of this Act, to deem as necessary or appropriate to maintain the general level of reciprocal and mutually advantageous concessions provided for by the Agreement such: (1) modifications or continuation of any duty; (2) modifications as the United States may agree to with Peru regarding the staging of any duty treatment specified in the Agreement; (3) continuation of duty-free or excise treatment; or (4) additional duties.

(Sec. 202) Provides for additional duties, under specified conditions, on certain agricultural safeguard goods.

(Sec. 203) Prescribes certain rules of origin with respect to the reduction and elimination of duties imposed by the United States and Peru on certain goods wholly obtained or produced entirely in the territory of the other country. Specifies content requirements allowing certain textile and apparel goods to be considered originating goods. Prescribes a special rule for certain automotive goods.

(Sec. 204) Amends the Consolidated Omnibus Budget Reconciliation Act of 1985 to prohibit the charge of a



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fee for certain customs services with respect to originating goods under the Agreement. Prohibits any service exempted from such fees from being funded with money from the Customs User Fee Account.

(Sec. 205) Amends the Tariff Act of 1930 to exempt: (1) an importer from penalties for making an incorrect claim that a good qualifies as an originating good under the Agreement if the importer voluntarily and promptly makes a corrected declaration and pays any duties owing; and (2) an exporter or producer from penalties for making false certifications of origin under the Agreement if such person, promptly after issuing such certification, has reason to believe that it contains or is based on incorrect information, and voluntarily provides a written notice to every recipient of it. Exempts persons from penalties if: (1) the information was correct at the time it was provided in a Peru Trade Promotion Agreement (PTPA) certification of origin but was later rendered incorrect because of a change in circumstances; and (2) the person promptly and voluntarily provides written notice of the change in circumstances to all recipients of such certification.

Provides that, if the U.S. Customs and Border Protection (CBP) or U.S. Immigration and Customs Enforcement of the Department of Homeland Security finds indications of a pattern of conduct by an importer, exporter, or producer of false or unsupported representations that goods qualify under the rules of origin, CBP may suspend preferential tariff treatment under the Agreement for entries of identical goods covered by subsequent representations by the individuals until it determines that the representations conform with such rules.

(Sec. 206) Authorizes the Customs Service to reliquidate an entry and refund any excess duties (including merchandise processing fees) paid on a good qualifying under the rules of origin for which no claim for preferential treatment was made at the time of importation if the importer takes certain actions within one year after such importation.

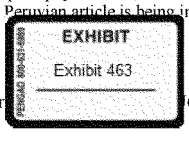
(Sec. 207) Requires a person who issues a PTPA certification of origin for a good exported from the United States to make, keep for at least five years after such certification is issued, and render for examination and inspection all records and supporting documents related to such certification.

(Sec. 208) Authorizes the President to direct the Secretary of the Treasury, during the period of a verification procedure by the government of Peru, to determine: (1) that an exporter or producer in Peru is complying with applicable customs laws, regulations, and procedures regarding trade in textile or apparel goods; or (2) that a claim is accurate that such a good exported or produced by the exporter or producer qualifies as an originating good, or is a good of Peru.

Requires the Secretary to: (1) suspend preferential tariff treatment under the Agreement of any textile or apparel good that a person subject to such verification has produced or exported if the Secretary believes there is insufficient information to sustain a claim for such treatment; (2) deny preferential treatment to such goods if the Secretary decides that a person has provided incorrect information to support a claim for such treatment; (3) detain such goods if the Secretary considers there is insufficient information to determine their country of origin; and (4) deny entry to such goods if the Secretary determines that a person has provided erroneous information of their origin.

Authorizes: (1) the President to deny preferential treatment and entry into the United States to such textile and apparel goods, if the Secretary determines that the information obtained from verification is insufficient to make a determination; and (2) the Secretary to publish the name of any person engaged in circumvention of applicable laws, regulations, or procedures affecting trade in such goods, or who has failed to demonstrate that it produces or is capable of producing them.

Title III: Relief From Imports - Subtitle A: Relief From Imports Benefiting From the Agreement - (Sec. 311) Authorizes an entity (including a trade association, firm, certified or recognized union, or group of workers) to petition the ITC for an adjustment to U.S. obligations under the Agreement. Requires the ITC, upon the filing of a petition, to investigate promptly whether, as a result of the reduction or elimination of a duty provided for under the Agreement, a Peruvian article is being imported into the United States in such



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increased quantities as to be a substantial cause or threat of serious injury to the domestic industry producing an article like, or directly competitive with, the imported article. Exempts from such an investigation any Peruvian articles receiving import relief under the Agreement.

(Sec. 313) Requires the President, after receiving an affirmative injury determination from the ITC, to provide (including the extension) in the aggregate up to four-years of import relief to remedy or prevent such injury and to facilitate efforts of the domestic industry to make a positive adjustment to import competition. Includes among such relief measures: (1) suspension of any further reduction provided by the Agreement in the duty imposed on such article; and (2) an increase in the rate of duty imposed on such article to a level that does not exceed an amount determined according to a specified formula.

(Sec. 314) Prohibits any import relief 10 years after the Agreement enters into force, except for articles whose period for tariff elimination exceeds 10 years.

(Sec. 315) Applies to the four-year import relief provided by the President (see section 313, above) the compensation authority of the Trade Act of 1974 which authorizes the President to grant Peru new concessions as compensation for the imposition of import relief in a bilateral safeguard investigation in order to maintain the general level of reciprocal concessions under the Agreement.

(Sec. 316) Amends the Trade Act of 1974 to apply to ITC investigations conducted under this Act the procedural requirements of the Tariff Act of 1930 concerning release of confidential business information.

Subtitle B: Textile and Apparel Safeguard Measures - (Sec. 321) Authorizes an interested party to request the President to adjust U.S. obligations under the Agreement. Requires the President, pursuant to such a request, to determine whether, as a result of the elimination of a duty under the Agreement, a Peruvian textile or apparel article is being imported into the United States in such increased quantities as to constitute a substantial cause or threat of serious damage to a domestic industry producing an article like, or directly competitive with, the imported article.

(Sec. 322) Authorizes the President, if an affirmative serious damage determination is made, to provide certain import relief to remedy or prevent the damage and to facilitate adjustment by the domestic industry, including to increase the rate of duty imposed on the article to a level that does not exceed an amount determined according to a specified formula.

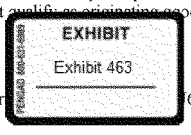
(Sec. 323) Limits such relief (including the extension) in the aggregate to three years.

(Sec. 326) Prohibits any import relief under this subtitle with respect to any article five years after the Agreement enters into force.

(Sec. 327) Applies to any import relief provided by the President under this subtitle the compensation authority of the Trade Act of 1974, which authorizes the President to grant Peru new concessions as compensation for the imposition of import relief in a textile and apparel safeguard proceeding, in order to maintain the general level of reciprocal concessions under the Agreement.

(Sec. 328) Prohibits the President from releasing confidential business information received in connection with an investigation or determination under this subtitle unless the submitting party had notice, at the time of submission, that such information would be released, or the party subsequently consents to such release. Requires any party submitting such confidential business information also to provide a nonconfidential version of the information, in which the confidential business information is summarized or, if necessary, deleted.

Subtitle C: Cases Under Title II of the Trade Act of 1974 - (Sec. 331) Requires the ITC, whenever it makes an affirmative determination that an imported article constitutes a substantial cause or threat of serious injury to a domestic industry producing an article like or directly competitive with it, also to find (and report to the President) whether imports from Peru that qualify as originating goods are a substantial cause or threat of



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serious injury to such industry. Authorizes the President to exclude goods of Peru from any import relief action if they are not a substantial cause or threat of serious injury to the domestic industry.

Title IV: Procurement - (Sec. 401) Amends the Trade Agreements Act of 1979 to make eligible for U.S. government procurement products or services of a foreign country or instrumentality that is a party to the Agreement.

Title V: Trade in Timber Products of Peru - (Sec. 501) Directs the President to establish an Interagency Committee to oversee and obtain verification whether the producer or exporter of Peruvian timber products to the United States has complied with applicable laws of Peru governing the harvest of, and trade in, such products. Authorizes the Committee to direct CBP to take certain action including to detain or deny entry of shipments of Peruvian timber products pending verification.

(Sec. 502) Requires the United States Trade Representative (USTR) to report to Congress on steps taken by the United States and Peru on carrying out the Agreement with respect to trade in timber products of Peru.

Title VI: Offsets - (Sec. 601) Amends the Consolidated Omnibus Budget Reconciliation Act of 1985 to extend certain customs fees for the processing of merchandise entered into the United States through December 13, 2014.

(Sec. 602) Amends the Tax Increase Prevention and Reconciliation Act of 2005 to increase the amount of any corporate estimated tax installment otherwise due by a corporation with assets of not less than $1 billion in July, August, or September 2012 to 115.75% of such amount.

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Bill Summary & Status

H.R.5724

Search Results > H.R.5724 > Overview

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H.R.5724 [110th]
Title: United States-Colombia Trade Promotion Agreement Implementation Act
Sponsor: Rep Hoyer, Steny H. [D-MD-5] (by request) (introduced 4/8/2008) **Cosponsors:** 1
Committees: House Ways and Means
Related Bills: H.RES.1092, H.RES.1252, S.2830
Latest Major Action: 4/10/2008 Rule H. Res. 1092 passed House.

Jump to: Titles, Major Actions, Committees, Summary

TITLE(S): *(italics indicate a title for a portion of a bill)*

- SHORT TITLE(S) AS INTRODUCED:
  United States-Colombia Trade Promotion Agreement Implementation Act
- OFFICIAL TITLE AS INTRODUCED:
  To implement the United States-Colombia Trade Promotion Agreement.

MAJOR ACTIONS: [SELECTED] *(dates in italics indicate Senate actions)* For more details, see: Bill Status Display.

NONE

COMMITTEE(S):

Committee/Subcommittee:	Activity:
House Ways and Means	Referral, In Committee

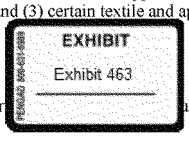
SUMMARY AS OF:
4/8/2008--Introduced.

United States-Colombia Trade Promotion Agreement Implementation Act - Approves the United States-Colombia Trade Promotion Agreement (the Agreement) entered into with the government of Colombia. Provides for the Agreement's entry into force upon certain conditions being met on or after January 1, 2009.

Authorizes the President to proclaim actions, and other appropriate officers of the U.S. government to issue regulations, necessary to ensure appropriate implementation of any provision of this Act that takes effect on the date the Agreement enters into force.

Provides for: (1) administration of dispute settlement proceedings; (2) arbitration of certain claims against the United States; and (3) specified tariff modifications.

Prescribes requirements for: (1) enforcement of textile and apparel rules of origin; (2) actions for relief from imports benefiting from the Agreement; and (3) certain textile and apparel safeguard measures.



Amends the Trade Agreements Act of 1979 to make eligible for U.S. government procurement products or services of a foreign country or instrumentality that is a party to the Agreement.

Provides for the following offsets: (1) amends the Consolidated Omnibus Budget Reconciliation Act of 1985 to extend the authority for the collection of customs user fees for a specified period; and (2) amends the Tax Increase Prevention and Reconciliation Act of 2005 to increase by one percentage point the current increased percentage of any required installment of corporate estimated tax otherwise due in July, August, or September 2012, and by two percentage points the amount of any required installment of corporate estimated tax otherwise due in July, August, or September 2013.

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Bill Summary & Status

H.R.6049

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H.R.6049 [110th] **Major Actions:** Help House Senate

Title: Energy Improvement and Extension Act of 2008
Sponsor: Rep Rangel, Charles B. [D-NY-15] (introduced 5/14/2008) **Cosponsors:** 17
Committees: House Ways and Means
House Reports: 110-658
Related Bills: H.RES.1212, H.R.2776, H.R.5351, H.R.7060, H.R.7201, S.3125, S.3335
Latest Major Action: 9/23/2008 Passed/agreed to in Senate. Status: Passed Senate with an amendment by Yea-Nay. 93 - 2. Record Vote Number: 205.

Jump to: Titles, Major Actions, Committees, Summary

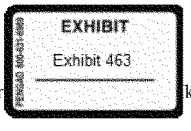
TITLE(S): (*italics indicate a title for a portion of a bill*)

- SHORT TITLE(S) AS INTRODUCED:
  Energy and Tax Extenders Act of 2008
- SHORT TITLE(S) AS REPORTED TO HOUSE:
  Renewable Energy and Job Creation Act of 2008
- SHORT TITLE(S) AS PASSED HOUSE:
  Renewable Energy and Job Creation Act of 2008
- SHORT TITLE(S) AS PASSED SENATE:
  Energy Improvement and Extension Act of 2008
  Heartland Disaster Tax Relief Act of 2008
  Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008
  Tax Extenders and Alternative Minimum Tax Relief Act of 2008
- OFFICIAL TITLE AS INTRODUCED:
  To amend the Internal Revenue Code of 1986 to provide incentives for energy production and conservation, to extend certain expiring provisions, to provide individual income tax relief, and for other purposes.

MAJOR ACTIONS: [SELECTED] *(dates in italics indicate Senate actions)* For more details, see: Bill Status Display.

5/14/2008	Introduced in House
5/20/2008	Reported (Amended) by the Committee on Ways and Means. H. Rept. 110-658.
5/21/2008	Passed/agreed to in House: On passage Passed by recorded vote: 263 - 160 (Roll no. 344).
9/23/2008	Passed/agreed to in Senate: Passed Senate with an amendment by Yea-Nay. 93 - 2. Record Vote Number: 205.

COMMITTEE(S):



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Committee/Subcommittee:	Activity:
House Ways and Means	Referral, Markup, Reporting

SUMMARY AS OF:
9/23/2008--Passed Senate amended. (There are 3 other summaries)

Energy Improvement and Extension Act of 2008 - Amends the Internal Revenue Code to extend and modify expiring provisions related to energy production and conservation and to provide for revenue enhancements.

Title I: Energy Production Incentives - Subtitle A: Renewable Energy Incentives - (Sec. 101) Extends the tax credit for the production of electricity from renewable resources: (1) through 2009 for wind and refined coal facilities; and (2) through 2010 for closed and open-loop biomass, geothermal or solar energy, small irrigation power, landfill gas, trash combustion, and hydropower facilities. Modifies tax credit rules for refined coal, trash, and biomass facilities and for hydropower production.

(Sec. 102) Includes marine and hydrokinetic renewable energy as a resource for purposes of the tax credit for producing electricity from renewable resources.

(Sec. 103) Extends through 2016 the energy tax credit for solar energy, fuel cell, and microturbine property. Allows a new energy tax credit for combined heat and power system property. Increases to $1,500 the credit limitation for fuel cell property. Modifies energy tax credit rules to allow: (1) offsets of tax credit amounts against alternative minimum tax (AMT) liabilities; and (2) public utility property to qualify for such credit.

(Sec. 104) Allows an energy tax credit through 2016 for qualified small wind energy property. Defines "qualified wind energy property" as property which uses a small wind turbine which has a nameplate capacity of not more than 100 kilowatts to generate electricity.

(Sec. 105) Allows an energy tax credit through 2016 for equipment which uses ground or ground water as a thermal energy source for heating or cooling (geothermal heat pump systems).

(Sec. 106) Extends through 2016 the tax credit for residential energy efficient property. Eliminates the limitation on the tax credit for solar electric property. Allows a residential energy tax credit for 30% of small wind energy and geothermal heat pump property expenditures.

(Sec. 107) Allows a new tax credit for investment in new clean renewable energy bonds for capital expenditures for renewable energy facilities.

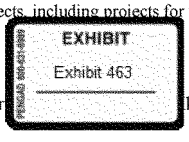
Extends through 2009 the authority to issue clean renewable energy bonds.

(Sec. 108) Includes steel industry fuel as a renewable resource for purposes of the tax credit for producing electricity from renewable resources. Defines "steel industry fuel" as fuel that: (1) is produced by liquefying coal waste sludge and distributing it on coal; and (2) is used as a feedstock for the manufacture of coke.

(Sec. 109) Extends through 2009 the deferral of tax on the gain on sales of transmission property by vertically-integrated electric utilities to independent transmission companies approved by the Federal Energy Regulatory Commission (FERC).

Subtitle B: Carbon Mitigation and Coal Provisions - (Sec. 111) Allows a 30% investment tax credit rate for advanced coal-based generation technology projects and increases the maximum credit amounts allocable for such projects to $2.55 billion.

Authorizes additional carbon energy projects, including projects for the capture and and sequestration of



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carbon dioxide.

(Sec. 112) Increases to 30% the investment tax credit rate for coal gasification projects and the aggregate credit amount for such projects.

(Sec. 113) Extends the excise tax on coal until the earlier of December 31, 2018, or the day after the first December 31st after December 31, 2007, on which there is no balance of repayable advances made to the Black Lung Disability Trust Fund and no unpaid interest on such advances. Makes a one-time appropriation to the Trust Fund to pay the difference between the market value of outstanding repayable advances (plus accrued interest), and the proceeds from the obligations issued by such Trust Fund to the Secretary of the Treasury.

(Sec. 114) Sets forth special rules for refund claims of the coal excise tax by certain coal producers and exporters.

(Sec. 115) Allows a new tax credit for carbon dioxide sequestration.

(Sec. 116) Provides for the treatment of certain income and gains from industrial source carbon dioxide as qualifying income for publicly traded partnerships.

(Sec. 117) Directs the Secretary of the Treasury to contract with the National Academy of Sciences for a comprehensive review of Internal Revenue Code provisions that have the largest effects on carbon and other greenhouse gas emissions and to estimate the magnitude of those effects. Requires the Academy to report to Congress on the results of such study not later than two years after the enactment of this Act. Authorizes appropriations.

Title II: Transportation and Domestic Fuel Security Provisions - (Sec. 201) Includes cellulosic biofuel within the definition of biomass ethanol plant property for purposes of bonus depreciation.

(Sec. 202) Extends through 2009 income and excise tax credits for biodiesel and renewable diesel used as fuel. Increases the rates of such credits.

(Sec. 203) Disqualifies foreign-produced fuel that is used or sold for use outside the United States from the income and excise tax credits for alcohol, biodiesel, and alternative fuel production.

(Sec. 204) Extends through 2009 the excise tax credit for alternative fuel and fuel mixtures. Requires such fuels to include compressed or liquefied biomass gas and to meet certain carbon capture requirements.

(Sec. 205) Allows a new tax credit for new qualified plug-in electric drive motor vehicles. Limits the amount of such credit based upon the gross vehicle weight rating of such vehicles. Terminates such credit after 2014.

(Sec. 206) Allows an exclusion from the heavy truck excise tax for idling reduction devices and advanced insulation used in certain heavy trucks and trailers.

(Sec. 207) Extends through 2010 the tax credit for alternative fuel vehicle refueling property expenditures. Includes electricity as a clean-burning fuel for purposes of such tax credit.

(Sec. 208) Provides for the treatment of certain income and gains from alcohol, biodiesel, and alternative fuels and mixtures as qualifying income for publicly traded partnerships.

(Sec. 209) Extends through 2013 the taxpayer election to expense the costs of certain refinery property.

(Sec. 210) Extends the suspension of the taxable income limit on percentage depletion for oil and natural gas produced from marginal properties.



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(Sec. 211) Allows employees to exclude reimbursements for bicycle commuting expenses from gross income.

Title III: Energy Conservation and Efficiency Provisions - (Sec. 301) Allows a new tax credit for investment in qualified energy conservation bonds for capital expenditures to reduce energy consumption in public buildings, implement green community programs, develop alternative and renewable energy sources, and promote mass commuting facilities.

(Sec. 302) Extends through 2009 the tax credit for nonbusiness energy property expenditures. Includes energy-efficient biomass fuel stoves as property eligible for such tax credit. Modifies tax credit standards for water heaters, geothermal heat pumps, and energy efficiency improvements.

(Sec. 303) Extends through 2013 the tax deduction for energy efficient commercial buildings.

(Sec. 304) Extends through 2009 the tax credit for residential energy efficiency improvements.

(Sec. 305) Modifies the tax credit amounts for energy efficient household appliances produced after 2007.

(Sec. 306) Allows an accelerated 10-year recovery period for the depreciation of qualified smart electric meters and smart electric grid systems.

(Sec. 307) Extends through FY2012 the authority to issue tax-exempt bonds for qualified green building and sustainable design projects.

(Sec. 308) Allows a 50% depreciation allowance for reuse and recycling property used to collect, distribute, or recycle certain materials, including scrap, fibers, and metals.

Title IV: Revenue Provisions - Sec. 401) Reduces by 3% the tax deduction for income attributable to domestic production activities for taxpayers with income derived from activities related to oil, gas, or any primary products thereof.

(Sec. 402) Revises the tax treatment of foreign oil and gas extraction income and foreign oil related income for purposes of the foreign tax credit.

(Sec. 403) Includes within the reporting requirements of investment brokers the adjusted basis of any publicly traded security owned by customers of such brokers.

(Sec. 404) Extends through 2009 the 0.2% Federal Unemployment Tax Act (FUTA) surtax.

(Sec. 405) Increases the Oil Spill Liability Trust Fund financing rate and extends such rate through 2017.

Division B: Tax Extenders and Alternative Minimum Tax Relief - Tax Extenders and Alternative Minimum Tax Relief Act of 2008 - **Title I: Alternative Minimum Tax Relief** - (Sec. 101) Amends the Internal Revenue Code to extend through 2008 for individual taxpayers: (1) the offset of nonrefundable personal tax credits against regular and alternative minimum tax (AMT) liability; and (2) the increased AMT exemption amounts.

Increases the AMT refundable credit amount for individuals who have long-term unused minimum tax credits from prior taxable years. Abates any underpayment of tax attributable to the application of special AMT rules for the treatment of incentive stock options.

Title II: Extension of Individual Tax Provisions - (Sec. 201) Extends through 2009: (1) the tax deduction for state and local sales taxes in lieu of state and local income taxes; (2) the tax deduction for qualified tuition and related expenses; (3) the tax deduction for certain expenses of elementary and secondary school teachers; (4)



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the additional standard tax deduction from gross income for real property taxes; (5) tax-free distributions from individual retirement plans for charitable purposes; (6) the exemption from withholding of tax of interest-related and short-term capital gain dividends received from a regulated investment company (RIC) and the special rule for RIC stock held in the estate of a nonresidents; and (7) the inclusion of a RIC within the definition of "qualified investment entity" for income tax purposes.

Title III: Extension of Business Tax Provisions - (Sec. 301) Extends through 2009: (1) the tax credit for increasing research activities; (2) the new markets tax credit; (3) the subpart F income exemption for active financing income; (4) special rules for related controlled foreign corporations and for the tax treatment of certain payments to tax-exempt organizations by a controlled subsidiary; (5) accelerated depreciation for qualified leasehold and restaurant improvements and for certain improvements to retail space; (6) the special rule for reductions in the basis of S corporation stock for charitable contributions of property; (7) the increase in alcohol excise taxes payable to Puerto Rico and the Virgin Islands; (8) the economic development credit for American Samoa; (9) tax incentives for mine rescue team training and advanced mine safety equipment; (10) the tax deduction for income attributable to domestic production activities in Puerto Rico; (11) issuance authority for qualified zone academy bonds; (12) the Indian employment tax credit; (13) accelerated depreciation of business property on Indian reservations and of motorsports racing track facilities; (14) the tax credit for railroad track maintenance; (15) expensing allowances for environmental remediation costs; (16) work opportunity tax credit eligibility for Hurricane Katrina employees (through August 28, 2009); (17) the increased rehabilitation tax credit for property in the Gulf Opportunity (GO) Zone; (18) the tax deduction for corporate contributions of computer technology and equipment for educational purposes; (19) tax incentives for investment in the District of Columbia; and (20) the expanded tax deductions for charitable contributions of food and book inventories by noncorporate taxpayers.

(Sec. 325) Extends through 2014: (1) the suspension of tariff duties on certain wool products; and (2) the Wool Research, Promotion, and Development Trust Fund.

Title IV: Extension of Tax Administration Provisions - (Sec. 401) Makes permanent the authority of the Internal Revenue Service (IRS) to: (1) conduct undercover operations; and (2) disclose tax return information related to terrorist activities.

Title V: Additional Tax Relief and Other Tax Provisions - Subtitle A: General Provisions - (Sec. 501) Lowers in 2008 (from $10,000 to $8,500) the earned income threshold amount for determining the refundable portion of the child tax credit.

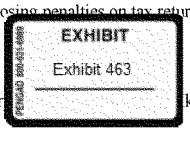
(Sec. 502) Amends Internal Revenue Code provisions relating to the tax deduction for domestic film and television productions to: (1) include within the income base for such deduction compensation for services performed in the United States by actors, production personnel, directors, and producers and any copyrights, trademarks, or other intangibles with respect to a film production; and (2) allow a deduction for partners or S corporation shareholders who own at least a 20% interest in a film project.

(Sec. 503) Exempts from the excise tax on bows and arrows certain shafts consisting of all natural wood that after assembly measure 5/16 of an inch or less in diameter and that are not suitable for use with bows that would otherwise be subject to such tax (having a peak draw weight of 30 pounds or more).

(Sec. 504) Allows taxpayers who are plaintiffs in the civil action *In re Exxon Valdez*, No. 89-095-CV (HRH) (Consolidated) (D. Alaska), or their heirs or dependents, to: (1) elect to average, for income tax purposes, income received in settlement of such civil action; and (2) make a limited contribution of such settlement income to certain tax-exempt retirement plans in the year such income is received.

(Sec. 505) Allows accelerated depreciation (i.e., five-year recovery period) for certain farming business machinery or equipment placed in service before January 1, 2010.

(Sec. 506) Modifies the standards for imposing penalties on tax return preparers for understatements of tax to



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require: (1) substantial authority for a position with respect to an item on a tax return if such position was not disclosed with the return; and (2) a reasonable basis for a position that was disclosed with the return.

Requires tax return preparers to have a reasonable belief that a position with respect to a tax shelter or a reportable transaction (a transaction having a potential for tax avoidance or evasion) will more likely than not be sustained on its merits.

Subtitle B: Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008 - Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008 - (Sec. 512) - Amends the Employee Retirement Income Security Act of 1974 (ERISA), the Public Health Service Act, and the Internal Revenue Code to require a group health plan that provides both medical and surgical benefits and mental health or substance use disorder benefits to ensure that: (1) the financial requirements, such as deductibles and copayments, applicable to such mental health or substance use disorder benefits are no more restrictive than the predominant financial requirements applied to substantially all medical and surgical benefits covered by the plan; (2) there are no separate cost sharing requirements that are applicable only with respect to mental health or substance use disorder benefits; (3) the treatment limitations applicable to such mental health or substance use disorder benefits are no more restrictive than the predominant treatment limitations applied to substantially all medical and surgical benefits covered by the plan; and (4) there are no separate treatment limitations that are applicable only with respect to mental health or substance use disorder benefits.

Requires the criteria for medical necessity determinations and the reason for any denial of reimbursement or payment for services made under the plan with respect to mental health or substance use disorder benefits to be made available by the plan administrator.

Requires the plan to provide out-of network coverage for mental health or substance use disorder benefits if the plan provides coverage for medical or surgical benefits provided by out-of network providers.

Exempts from the requirements of this Act a group health plan if the application of this Act results in an increase for the plan year of the actual total costs of coverage with respect to medical and surgical benefits and mental health and substance use disorder benefits by an amount that exceeds 2% for the first plan year and 1% for each subsequent plan year. Requires determinations as to increases in actual costs under a plan to be made and certified by a qualified and licensed actuary.

Requires determinations for such an exemption to be made after such plan has complied with this Act for the first six months of the plan year.

Sets forth requirements for notifications of exemptions under this Act, including notification of the Secretary of Health and Human Services, the appropriate state agencies, and participants and beneficiaries in the plan.

Authorizes the Secretary and the appropriate state agency to audit the books and records of a group health plan relating to an exemption.

Directs the Secretary to: (1) report to the appropriate congressional committees on compliance of group health plans with the requirements of this Act; and (2) publish guidance and information concerning the requirements of this Act and provide assistance concerning such requirements and the continued operation of applicable state law.

Requires the Comptroller General to report to Congress on the specific rates, patterns, and trends in coverage and exclusion of specific mental health and substance use disorder diagnoses by health plans and health insurance.

Title VI: Other Provisions - (Sec. 601) Revises the provisions of the Secure Rural Schools and Community Self-Determination Act of 2000.



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Provides for: (1) calculating payments to eligible states, counties, and territories for FY2008-FY2011 and; (2) the making of transition payments for FY2008-FY2010 to California, Louisiana, Oregon, Pennsylvania, South Carolina, South Dakota, Texas, and Washington. Sets forth distribution, election, and expenditure rules.

Permits eligible electing counties to expend a portion of funds received for the protection, restoration, and enhancement of fish and wildlife habitat, and other consistent resource objectives upon project approval.

Sets forth requirements for a merchantable timber contracting pilot program.

Revises provisions concerning resource advisory committees and the use and availability of project funds for projects submitted by such committees. Terminates authority to initiate projects on September 30, 2011.

Revises provisions for the use of county funds for certain projects. Requires certification by participating counties that county funds have been expended only for authorized uses. Terminates authority to initiate such projects on September 30, 2011.

Authorizes appropriations for FY2008-FY2011 to carry out the Secure Rural Schools and Community Self-Determination Act of 2000.

Amends the Act of May 23, 1908, and the Weeks Law to prescribe that an amount equal to the annual average of 25% of all amounts received for the applicable fiscal year and each of the preceding six fiscal years from each national forest (under current law, 25% of all moneys received during any fiscal year) be paid at the end of such year to eligible states and counties for the benefit of public schools and public roads in which such forests are situated.

Amends federal law regarding payment in lieu of taxes to provide, for FY2008-FY2012, for each county or other eligible unit of local government to be entitled to payment for entitlement land (certain land owned by the U.S. government).

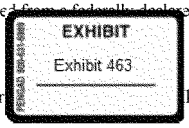
(Sec. 602) Amends the Surface Mining Control and Reclamation Act of 1977 to require the transfer of $9 million on October 1, 2010, to the United Mine Workers of America Combined Benefit Fund to provide for refunds of certain health benefit premiums, death benefit premiums, and unassigned beneficiaries premiums.

Title VII: Disaster Relief - Subtitle A: Heartland and Hurricane Ike Disaster Relief - Heartland Disaster Tax Relief Act of 2008 - Makes certain provisions of the Internal Revenue Code providing tax benefits to residents of the Gulf Opportunity (GO) Zone and the Hurricane Katrina disaster areas, including provisions for tax-exempt bond financing, the low-income housing tax credit, an increased rehabilitation tax credit, education and housing tax benefits, employee retention tax credits, and tax-exempt bond financing, applicable to residents of the Midwestern disaster area on a similar basis. Defines "Midwestern disaster area" as an area in which a major disaster has been declared by the President on or after May 20, 2008, and before August 1, 2008, under the Robert T. Stafford Disaster Relief and Emergency Assistance Act by reason of severe storms, tornados, or flooding occurring in any of the states of Arkansas, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, and Wisconsin.

(Sec. 703) Includes within the reporting requirements of tax-exempt public charities information about disaster relief activities and contributions received for those purposes.

(Sec. 704) Extends through 2010 tax-exempt bond financing and low-income housing tax credit benefits to the Hurricane Ike disaster area. Defines the "Hurricane Ike disaster area" as an area in Texas or Louisiana that was declared a major disaster area by the President by reason of Hurricane Ike and that was determined by the President to warrant federal assistance.

Subtitle B: National Disaster Relief - (Sec. 706) Waives the 10% adjusted gross income limitation on personal casualty losses for losses sustained from a federally declared disaster occurring before January 1,



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2010. Defines "federally declared disaster" as any disaster determined by the President to warrant federal assistance under the Robert T. Stafford Relief and Emergency Assistance Act.

Increases the standard tax deduction by a taxpayer's net disaster loss (i.e., personal casualty losses in a disaster area over personal casualty gains).

Increases until December 31, 2009, the threshold for deductible casualty losses from $100 to $500.

(Sec. 707) Allows the expensing of business-related costs incurred due to a federally declared disaster for: (1) the abatement or control of hazardous substances; (2) removal of debris or demolition of damaged structures; or (3) repair of damaged property.

(Sec. 708) Provides for a five-year carryback period for net operating losses attributable to a federally declared disaster. Allows such losses as a deduction in computing alternative minimum taxable income.

(Sec. 709) Modifies certain mortgage revenue bond requirements for principal residences damaged or destroyed in a federally declared disaster occurring before January 1, 2010.

(Sec. 710) Allows accelerated depreciation and increases the expensing allowance for qualified disaster assistance property. Defines "qualified disaster assistance property" to include nonresidential real or residential rental property in a federally declared disaster area.

Title VIII: Spending Reductions and Appropriate Revenue Raisers for New Tax Relief Policy - (Sec. 801) Requires the inclusion in gross income for income tax purposes of employee compensation deferred under a nonqualified deferred compensation plan of a nonqualified entity when there is no substantial risk of forfeiture of the rights to such compensation. Defines "nonqualified entity" as any foreign corporation unless substantially all of its income is: (1) effectively connected with a trade or business in the United States; or (2) subject to a comprehensive foreign income tax. Includes certain partnerships within such definition.

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CSOC.CBR.00032491

AMERICAN INTERNATIONAL GROUP, INC.
70 PINE STREET
NEW YORK, NY 10270

EDMUND J. LEE
ASSISTANT VICE PRESIDENT
INTERNATIONAL & CORPORATE AFFAIRS

TEL. (212) 770-
FAX. (212) 770-
E-Mail: ed.lee-

FACSIMILE

DATE: January 26, 2005

TO: Brad Card **FAX:** 202-484-

RE: Attached Letter - Vietnam

3 Pages

Brad,

As discussed, attached is a draft of a letter that we hope Speaker Hastert and Congressman Rangel might consider signing off on. Please let me know what I need to do as far as follow-up is concerned.

If Speaker Hastert and Congressman Rangel would agree to the letter, it would be greatly appreciated if we could get a copy of the signed letters.

Thank you.

EL/cb
attach.
S/Vietnam/Ltrs 1-05



January 25, 2005

DRAFT

H.E. Phan Van Khai
Prime Minister
Socialist Republic of Vietnam

Dear Prime Minister Phan Van Khai:

We are writing to bring your attention to a matter that is of great concern to us as Vietnam conducts bilateral negotiations, including with the United States, to enter the World Trade Organization (WTO). It is our understanding that no U.S. company has yet received a general insurance license to operate in Vietnam. It will be difficult for us to support any U.S.-Vietnam bilateral agreement if Vietnam does not first grant a general insurance license to a U.S. company.

We understand that American International Group (AIG) -- a leading U.S. insurance company -- is seeking a 100% owned general insurance license in Vietnam, and that its application has been pending for more than 12 years before your government. We also understand that a German and a French company have already received 100% owned general insurance licenses. The immediate approval of AIG's general insurance application would send a strong signal to the U.S. Congress that Vietnam is serious about providing U.S. companies the same market opportunities as other foreign companies.

AIG was one of the leading early supporters of normalized political and economic relations between the U.S. and Vietnam, and is currently a strong supporter of Vietnam's bid to join the WTO. We also understand that AIG has been active in Vietnam for more than a decade, supporting training and other philanthropic activities to help Vietnam and its citizens reach key economic development objectives. AIG has even supported fellowship programs for Vietnamese officials to visit the U.S. to receive specialized training in economic management.

As you know, our two countries have enjoyed an increasingly strong trading relationship since the U.S.-Vietnam Bilateral Trade Agreement went into effect in 2001. In fact, the United States is now Vietnam's largest export market. We hope to continue building upon this strong trade relationship by supporting Vietnam's accession to the WTO. However, this will be difficult if U.S. companies continue to be excluded from the general insurance market in Vietnam. We understand that there are difficult domestic political considerations that accompany economic liberalization, but we strongly believe that fully opening a major service sector like insurance will benefit the Vietnamese economy, and further strengthen the economic relationship between the United States and Vietnam.

We appreciate your attention to the matter.

Sincerely,

4/20/05

Description of AIG's Priority Tax Concerns

1) Pending technical correction to section 965--the foreign earnings repatriation provision

The American Jobs Creation Act of 2004 (JOBS Act) added section 965 to the Internal Revenue Code to encourage U.S. multinationals to repatriate earnings currently held offshore back to the U.S. in an effort to foster domestic re-investment. House Ways and Means Committee Bill Thomas (R-CA) and Senate Finance Committee Chairman Chuck Grassley (R-IA) are preparing a technical corrections bill that would clarify certain JOBS Act provisions, including section 965. Section 965 provides multinationals a special one-time 85% dividends received deduction that has the effect of taxing such qualifying dividends at a rate of only 5.25%. For calendar year taxpayers, earnings must be repatriated in one of two years, either 2004 or 2005. As currently drafted, the provision provides no benefit to AIG, since a significant portion of AIG's prior foreign earnings have already been subject to U.S. tax under the subpart F regime and repatriated as earnings previously subject to U.S. taxation. In effect, AIG is penalized because a substantial portion of its offshore earnings is subject to current taxation under subpart F, and because those earnings have already been repatriated to the U.S., without additional U.S. tax cost.

The AIG Tax Department drafted a statutory amendment and accompanying explanation intended to make AIG eligible for section 965. Until recently, Mike Murphy and the Washington office have been coordinating a number of meetings with the tax staffs of each tax committee and the Treasury Department to address AIG's unique position. However, at this juncture, several political and legislative hurdles remain. Specifically, the tax committees have raised concerns about the "technical" nature of our suggested amendment and the possible revenue cost, although we believe that our proposed change would have a net positive revenue effect for the U.S. Treasury. At our request, Congressman Kevin Brady (R-TX) has asked the Joint Committee of Taxation (JCT) to prepare a formal revenue estimate for our proposed amendment. The JCT is the final arbiter of any proposed amendments revenue gain or loss. Assuming the revenue estimate is acceptable (i.e., little or no revenue loss), we will still need to address the political concerns raised by pressing an amendment that is very specific to AIG.

2) Active financing

Redacted

Redacted

3) LSAs, RSAs, and ERSAs and Estate Tax Repeal –

Redacted

4) Proration of tax-exempt municipal bond interest –
Redacted



Redacted

5) **Inside build-up** –

Redacted



Written Testimony of The Honorable Frank G. Wisner
Vice Chairman External Affairs
American International Group, Inc. (AIG)
October 3, 2005

Chairman Thomas, Ranking Member Rangel and Members of the Committee, thank you for the opportunity to submit testimony on the proposed United States-Bahrain Free Trade Agreement, on behalf of American International Group, Inc.

American International Group, Inc. has both life and non-life insurance operations in the Kingdom of Bahrain and has a long commercial history in the Middle East region as a whole. For this reason, AIG has joined the U.S. Middle East Free Trade Coalition and fully supports its agenda in support of bilateral trade agreements between the United States and its trading partners in the Middle East, with a view to achieving the President's vision of a Middle East Free Trade Area by 2013.

AIG has had a presence in Bahrain since 1959. As an American business that enjoys a historical relationship with the Kingdom, we strongly support this agreement. This agreement builds on the existing Bilateral Investment Treaty and offers increased investor protection, improved transparency and increased access to a market where American business is already made welcome. The improved conditions that this agreement offers will provide American companies, already licensed in Bahrain, with the opportunity to expand their client base and business.

It is to United States' strategic and commercial advantage to enter into the proposed Free Trade Agreement. Bahrain, a U.S. naval base since 1947, is currently home to the U.S. Navy's 5th Fleet and the United States has long enjoyed a strong strategic relationship with the Kingdom of Bahrain. In addition, the Kingdom has provided a stable and predictable commercial operating environment for American businesses in the Gulf region for many years.

The Government of Bahrain is not only committed to market liberalization but also to social change that offers increased opportunity to members of its population to actively participate in and benefit from improved business prospects. Over the last two years, Bahrain has made extraordinary efforts to institute democratic reforms. Bahrain is now a constitutional monarchy with an elected lower chamber of parliament. Its Judiciary is independent and women are afforded the right to vote and to stand for political office.

The Kingdom of Bahrain, a member of the Gulf Cooperation Council, has a historic tradition of commerce within the region and with nations worldwide. Therefore, the proposed Agreement offers regional business opportunities to American exporters of goods and services that may select Bahrain as their regional port of entry. As such, this Agreement is equally about the boosting of regional trade and thereby about the creation of meaningful job opportunities in the Kingdom and the Middle East region, all of which will ultimately assist in the improvement of political stability.

A free trade agreement with the Kingdom of Bahrain will provide a strong platform for increased business enterprise and job creation in this troubled region. The United States can only benefit from the conclusion of such an agreement with this well-seasoned and reliable trading partner, which offers abundant opportunities for American business. It is

therefore only right that the proposed Agreement, an instrument reflecting our relationship with the Kingdom, is before you for consideration.

AIG and its Middle East operations and their employees, look forward to Congress' approval of the proposed United States – Bahrain Free Trade Agreement that will provide them and other American businesses a privileged place in this important economy. I would be pleased to come before you and provide any additional information the Committee may request.



MEMORANDUM

DATE: May 15, 2006

TO: Ned Cloonan

FROM: James Chin
Ed Lee

RE: Trip Report: May 10, 2006

REDACTED

Congressman Charlie Rangel (D-NY)
We met with Chief of Staff George Dalley and talked about our math/science mandate and our discussion with City College. We also spent a few minute with Rangel who asked for you. George asked for occasional updates on our discussion on the Rangel Center.

S/DCTR 5-10-06



The City College of New York

Office of the President

Administration Building, Room 300
160 Convent Avenue
New York, New York 10031
TEL: 212.650.7285
FAX: 212.650.7680
www.ccny.cuny.edu

May 15, 2006

Ned Cloonan
Vice President

Edmund Lee
Assistant Vice President
International & Corporate Affairs

James Y. Chin
Director
International & Corporate Affairs

American International Group, Inc.
70 Pine Street
New York, NY 10270

Dear Mssrs. Cloonan, Lee, and Chin:

On behalf of The City College of New York, I would like to thank you for the opportunity to present a proposal to American International Group, Inc. Our mutual friend, Congressman Charles B. Rangel, was kind enough to introduce us to each other and all of us at the College look forward to forging a partnership that will both attain your goals and meet CCNY's needs.

I understand that you seek to increase the number of young people entering science, technology, engineering, and mathematics (STEM) careers in the US, especially those from underrepresented populations. We seek that as well and have been one of the nation's foremost leaders in doing it.

Congressman Rangel, one of the greatest statesmen of our time, shares our goals and, because of that, has decided that City College is where he will establish the Charles B. Rangel Center to help train those very students in public service. We applaud your wish to honor him and his career and we would very much like to see AIG become an integral part of the Rangel Center.

RECEIVED
MAY 18 2006
J. CHIN

CONFIDENTIAL

EXHIBIT
Exhibit 468

In the enclosed proposal, we have drawn up a plan that will enable AIG to both support STEM students from underrepresented groups—the AIG STEM Program, and also perpetuate AIG's name and support through a permanent naming of the Charles B. Rangel Center's home—AIG Hall.

AIG's support of the AIG STEM Program will demonstrate its commitment to increasing the number of US-trained STEM professionals, and also signify an important commitment to diversity. AIG's naming of the Charles B. Rangel Center's home, AIG Hall, will stand as a tribute to this extraordinary individual and the values which define his personal and professional life.

The announcement of this commitment by AIG to The City College of New York and to the Charles B. Rangel Center would result in enormous visibility for AIG in the Harlem community. Friends of CCNY from within and outside of New York will join us, first when we announce these pioneering initiatives, and then, as we celebrate AIG's support of STEM, diversity, and Congressman Rangel at AIG Hall's groundbreaking ceremony.

Thank you very much for considering our proposal and I look forward to meeting you all soon.

Sincerely,

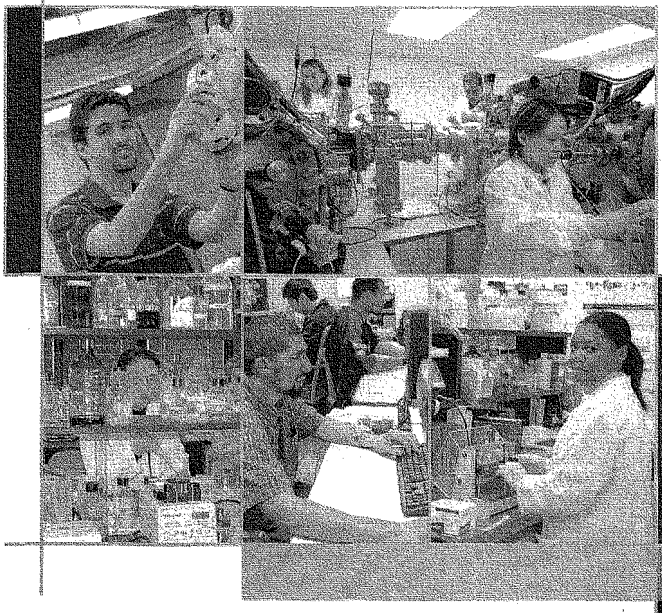
Gregory H. Williams
President

THE AMERICAN INTERNATIONAL GROUP PROGRAM

IN SCIENCE, TECHNOLOGY, ENGINEERING & MATHEMATICS (AIG STEM PROGRAM)

and

AIG HALL AT THE CHARLES B. RANGEL CENTER



the City College of New York



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THE CITY COLLEGE MISSION

"Open the doors to all. Let the children of the rich and the poor take their seats together and know of no distinction save that of industry, good conduct, and intellect."

Townsend Harris
Founder

For over 157 years, City College has provided an avenue of upward mobility for talented students seeking a quality education. And for over 157 years, the College has educated generations of leaders in every profession. Often the children of immigrants or immigrants themselves, often the first ones in the family to attend college, and often working while taking on challenging academic programs, these talented students make their way toward success with diligence and determination.

Today's City College is a microcosm of New York City, with one of the most diverse student bodies of any college in America. Its more than 12,000 students carry on a tradition of excellence as they win prestigious awards and fellowships, gain acceptance to leading graduate and professional schools, and make their marks in the sciences, in the arts, in public service, in industry, and in education.



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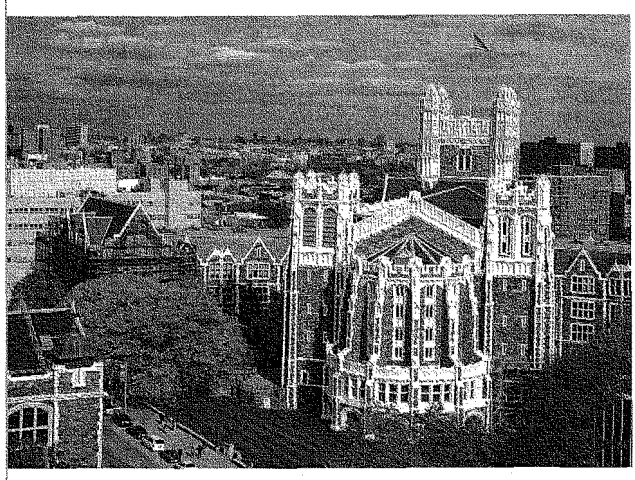
EXECUTIVE SUMMARY



City College seeks to attract and retain more high-achieving students in science, technology, engineering, and mathematics (STEM) through a combination of financial awards for tuition and other educational expenses, and academic student support services. CCNY especially wishes to encourage and support potential students from diverse populations underrepresented in STEM fields to apply to the College and graduate in those areas.

The growing need for graduates in these fields, coupled with declining numbers of such graduates produced in the US, provides an opportunity for City College to sustain its longstanding mission while also advancing institutional excellence and serving society's needs. To increase the overall number of excelling students in these much-needed fields, The City College of New York proposes a landmark program in partnership with American International Group to bring a select group of top students from US populations underrepresented in STEM to the College and help meet America's need for scientists and engineers. The program will be known as **the AIG STEM Program** and the participating students will be known as the AIG Scholars.

In addition, some of these AIG Scholars will continue on into the Charles B. Rangel Center for Public Service to earn their master's degree, so that they will be qualified to enter professions in government and public service requiring knowledge of science and engineering as well as an understanding of policy. CCNY's request to establish the AIG STEM Program is $1 million per year for five years.



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They will study at **AIG Hall** at the Charles B. Rangel Center, named for American International Group, whose gift to restore the magnificent landmark mansion adjacent to the CCNY campus which will house the entire Rangel Center, will be AIG's investment in the future of this unique relationship between two vital programs. AIG Hall at CCNY will be a permanent and prominent fixture in Harlem, giving great visibility to AIG. CCNY's request to establish AIG Hall at the Charles B. Rangel Center is $1 million per year for five years.

The two interlinked programs come to a total gift of $10 million over five years.

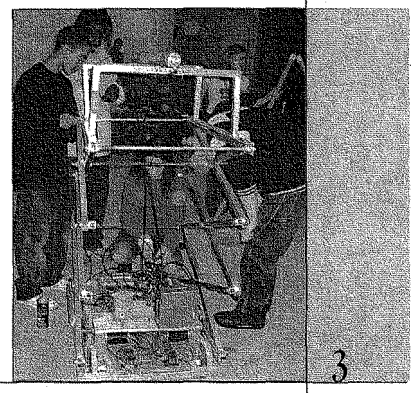
Public Recognition of the AIG STEM Program

A commitment from American International Group to help meet these important needs and to name this important Center's home will command notice from New York City and New York State government officials, from the media, and from other corporate and individual leaders. City College will hold a press conference announcing the total gift, and together with the AIG leadership, invite the noteworthy figures below who are friends of CCNY to attend. The official opening of AIG Hall at the Rangel Center will be a resplendent and celebratory event, attended by City College's distinguished alumni and friends.

These include:

Former President William Jefferson Clinton
Former President George G. W. Bush
Governor George Pataki
Senators Hilary Clinton and Charles Schumer,
Congressman Charles B. Rangel
Attorney General Eliot Spitzer
General Colin L. Powell
His Excellency Kofi Anan, UN Secretary General
His Excellency Daniel Ayalon, Israeli Ambassador to the United States
Schools Chancellor Joel Klein
Mayor Michael Bloomberg
State Senator David Patterson, minority leader of the New York State Senate
The Honorable Basil Patterson, long time New York and Harlem political leader
New York State Harlem Assemblyman Keith Wright
Former Manhattan Borough President Percy Sutton
Former New York City Mayor David Dinkins
New York State Harlem Assemblyman Denny Farrell
Greater Harlem Chamber of Commerce President Lloyd Williams.

As benefactors of the City College of New York, AIG will become a part of the CCNY community and honored guests at all dinners, receptions, and events. As City College has become the important stop in Harlem for visiting dignitaries and political leaders, this visibility will attest to and demonstrate publicly AIG's support for higher education and greater opportunities for underrepresented minorities.



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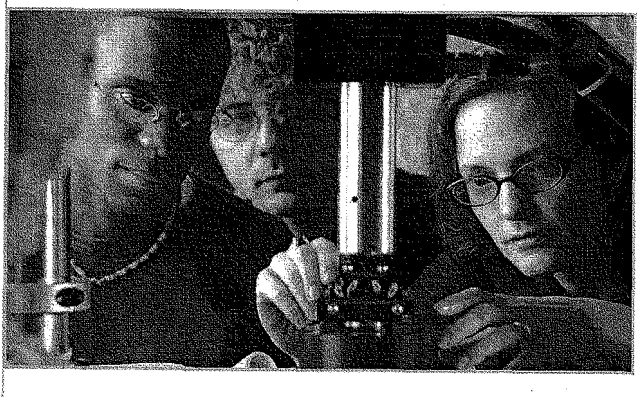

The Critical Need for More U.S. Graduates in STEM

The increased national need for skilled technology workers is linked to ongoing strides in science, technology, engineering, and math, and the fact that America is now a digitized society. Many of the most important challenges we will face in the future require technological and scientific superiority. U.S. institutions of higher education, however, have not been able to meet the need and there is a critical shortage.

- The National Science Board, an independent body that advises Congress and oversees the National Science Foundation, recently warned of a 'troubling decline' in the number of U.S. citizens studying to become scientists and engineers, even as the number of jobs requiring science and engineering training grows. (August 6, 2004, article on the Computer Network web site entitled, "Brain Drain in Tech's Future?")

- The United States is facing a crisis in science and engineering talent and expertise. For decades, U.S. scientific and technological production and innovation flourished, largely because of the nation's ability to recruit talented American students into the science and engineering disciplines, and when domestic talent was unavailable, to import the best scientists and engineers from around the world. (*Envisioning a 21st Century Science and Engineering Workforce for the United States: Tasks for University, Industry, and Government* (2003) at the Government-University-Industry Research Roundtable at the University of Wisconsin)

- Harvard's Richard Freeman reported that in spite of the current U.S. leadership in scientific research and in "applying the results of research and development to practical economic problems... U.S. science and engineering would be in crisis" if they depended solely upon US graduates in these areas." (August 24, 2004, issue of the *Institute of Electronics and Electrical Engineers' Spectrum* magazine)



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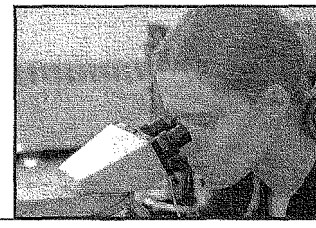
As the nation seeks to locate these crucially needed scientists and engineers, one largely untapped resource are populations hitherto underrepresented in these fields. The current scarcity of US residents versed in technological fields is apparent to an even greater extent among minorities, allowing valuable talent to go unused and losing the advantages to society that diversity brings. In the post-9/11 era, this shortage has become increasingly critical as scientists and engineers from outside the US, on whom industry formerly relied to fill American commercial and academia deficiencies, are finding it more difficult to enter and remain in the US.

- Although more than a quarter of the American school-age population in the United States is made up of minority students, the working population of U.S. engineers is predominately white non-Hispanic, with a fair representation of Asians, but only a sprinkling of African-American, Hispanic and Native American participants. Despite a greater awareness of the need for diversity in engineering that occurred over the past decade, the historic pattern of under-representation for African-Americans, Hispanic-Americans, and Native Americans has changed very little. It will be a loss to the nation if America fails to capitalize today on the wealth of talent and ability represented by its increasingly diverse population. (July 2001 study undertaken by the Commission on Professionals in Science and Technology for the American Association for the Advancement of Science Making Strides entitled "Under-represented minorities in Engineering")

Similar statistics exist for minority scientists.

- The demographics of the United States are changing. Women and minorities together make up 60 percent of the total workforce, but they are dramatically underrepresented in Science and Engineering (S&E). Women comprise 46 percent of the total labor force, but only 23 per cent of the S&E labor force. African-Americans and ethnic minorities constitute 24 percent of the total population but only 7 percent of the S&E labor force. This means the majority of Americans is underrepresented in S&E. ("Envisioning a 21st Century Science and Engineering Workforce for the United States: Tasks for University, Industry, and Government," 2003)

- My argument is essentially that the quality of engineering is affected by diversity (or the lack of it). To support that argument, I am going to share with you some very deep beliefs about the nature of engineering, some of which run counter to stereotypes of engineers and engineering. The argument in a nutshell hinges on the notion that engineering is a profoundly creative profession — not the stereotype, I know, but something I believe deeply. The psychological literature tells us that creativity is not something that just happens. It is the result of making unexpected connections between things we already know. Hence, creativity depends on our life experiences. Without diversity, the life experiences we bring to an engineering problem are limited. (William A. Wulf, President, National Academy of Engineering, in "Diversity in Engineering: Managing the Workforce of the Future," 2002)



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The City College of New York continues to play an important role in helping to fill the need for more STEM graduates and addressing the shortage. Poised to become one of the nation's leaders in education and research in these fields, City College proudly claims flagship programs in science, technology, engineering, and mathematics on its campus. City College, the oldest and most eminent among the City University's 19 member colleges, is the acknowledged leader in these fields of education and research. The City College campus was selected by CUNY for the new Center for Science, Technology, Engineering, and Mathematics Education, and City College faculty were chosen to staff the Center. CCNY has also been chosen to host the CUNY $175M Advanced Science Research Center.

City College Science and Engineering Faculty

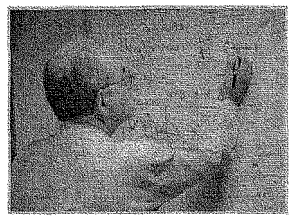
Last year, City College hired 53 new full-time professors, including a patent-holding research chemist who is a member of the National Academy of Engineering and the National Research Council. According to the 2003 rankings of The University of Florida's Center for University Research, this brings the number of City College faculty members who are members of one of the three American scientific academies to 10, placing the College 36th among all public institutions of higher education nationwide.

Of these, eleven CCNY faculty members have been elected to the National Academy of Sciences or the National Academy of Engineering. With his election to the National Institute of Health, CUNY Distinguished Professor of Engineering Sheldon Weinbaum became one of only eight living members to be elected to all three. Distinguished Professor of Physics Miriam Sarachik joined the ranks of Hans Bethe and J. Robert Oppenheimer as president of the American Physical Society last year.

A Research Powerhouse

Always a great teaching institution, City College is also a research powerhouse in fields as various as molecular modeling, transportation infrastructure, nanotechnology, laser optics, and AIDS and cancer research. This past academic year, the College's faculty received research grants totaling over $42 million. That figure represents an increase of 50% over a two-year period. The College expects that amount to continue to rise, putting it on track to become one of the top 100 research universities in the nation within the next five years. New York State shares this vision for City College. Even in the midst of tight budgets, it has committed more than a quarter of a billion dollars in capital funding for CCNY - including new science facilities and a shining new home for the School of Architecture.

NASA has selected City College as a Center for Optical Sensing and Imaging - bringing $6 million to the College for research and development of instruments for sensing and imaging the earth and its environment. Like the $7.5 million awarded last year by the Department of Commerce to establish a Center for Remote Sensing at CCNY, the NASA award reflects not only the world-class talent of City College faculty, but also highlights CCNY's success in recruiting, mentoring and graduating minority students in STEM. The City College supports 21 regional and national advanced research centers and institutes.



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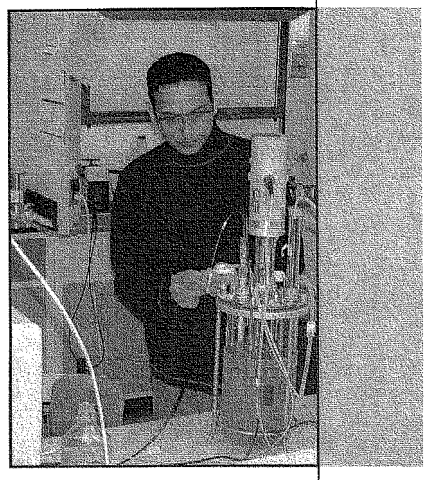
CCNY's Undergraduate Research Program

City College faculty members participate in a program that offers a unique opportunity to talented undergraduates in STEM. CCNY has the largest undergraduate research program in the New York metropolitan area, larger than that of Columbia or NYU. As undergraduates, CCNY students work with the best science and engineering faculty and publish papers in academic journals. In 2004-05, the College mounted what may have been the very first academic conference showcasing student research, "Einsteins in the City." Four CCNY alumni Nobel Laureates attended as part of a panel discussion and encouraged the young scientists and engineers in their goals.

One of the many CCNY alumni who participated in the undergraduate research program is African-American Kurt James '03 EE, a National Aeronautics and Space Administration/National Action Council for Minorities in Engineering Scholar now pursuing his doctorate. As an undergraduate, he co-authored an article with Distinguished Professor Miriam Sarachick, president of the American Physical Society, "In-plane Magnetconductivity of Si MOSFETs: A Quantitative Comparison of Theory and Experiment," which was published in the *Physical Review* this year.

In April 2006, Members of the CCNY chapter of Engineers Without Borders traveled to Nueva Suiza, a small village in a mountainous region of Honduras, over their spring break to conduct preliminary work for designing a water collection, distribution and treatment for that community. The CCNY Chapter, which was chartered last fall and has 40 members, was selected for the project after submitting a proposal to the national organization. "We submitted ideas on how to fix the problem and had to show we had knowledge of the country and could create a sustainable project," explained Yurintzy Estrada, a senior civil engineering major who is manager of the project.



Fellow chapter members Miguel Matos, Rebecca Pizarro and 20 other students visited Nueva Suiza from April 13 - 20.

In 2005, Lev Sviridov became City College's first Rhodes Scholar since 1939 and is now studying at Oxford. Phillipa Njau won the coveted Goldwater Prize in science. And in 2005, David Bauer won first prize in the national Intel Science Talent Competition and is currently a freshman at City College. Lev and Phillipa had participated in CCNY's undergraduate research program for four years. David had worked with a CCNY professor for two years on his research as a high school student!

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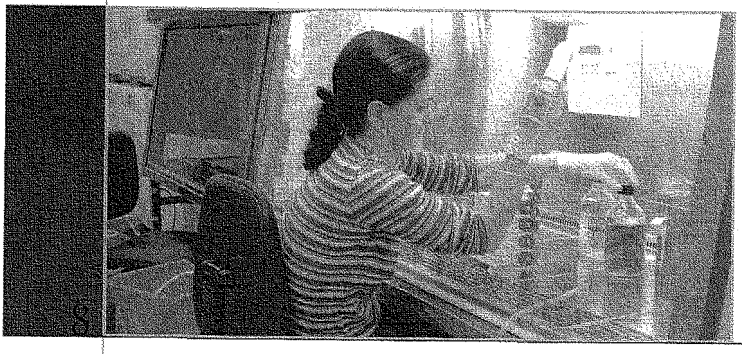
The Grove School of Engineering at The City College of New York

The only public school of engineering in the New York metropolitan area, and one of only four in New York State, the CCNY Grove School of Engineering holds a position of national preeminence among public schools of engineering and computer science. It is recognized for the excellence of its instructional and research programs, particularly in technologies with relevance to New York City, its metropolitan region, and New York State. The school offers seven different bachelor's degrees and master of science/master of engineering degrees in seven fields: civil, electrical, mechanical, biomedical, and computer engineering, and computer science. Twelve PhD programs in engineering are located on campus and the degrees are jointly conferred with the CUNY Graduate Center.

The Grove School of Engineering is academically demanding; its curriculum requires 135 rather than the usual 120 credits for graduation, and a fifth undergraduate year is frequently required to complete the Bachelor in Engineering degree. Last year, more than 400 entering freshman chose engineering as their major, and in 2003-2004, more than 2000 students chose engineering and technology majors.

A research leader, the CCNY Grove School of Engineering hosts 13 engineering research institutes:

- Center for Advanced Engineering Design and Development
- Cooperative Remote Sensing Science and Technology Center
- CUNY Institute for Municipal Waste Research/ Center for Water Resources and Environmental Research
- CUNY Institute for Transportation Systems
- CUNY Institute for Urban Systems
- Earthquake Engineering Center
- International Center for Environmental Resources and Development
- Institute for Ultrafast Spectroscopy and Lasers
- Benjamin Levich Institute for Physico-Chemical Hydrodynamics
- NY Center for Biomedical Engineering
- NYS Center for Advanced Technology-Ultrafast Photonic Materials and Applications
- Telecommunications and Information Networks Laboratory
- University Transportation Research Center



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The City College of New York Division of Science

Former home to nine Nobel Laureate CCNY alumni, the City College Division of Science maintains its supremacy today and is considered among the best in the country. Students may major in mathematics, biology, earth systems science, physics, chemistry, and pre-medical studies. More than 160 students enter science each year and in 2003-2004, more than 900 students majored in science.

Each major has several options for undergraduate research: for example, mathematics majors may choose among pure math, applied math, or math education. Earth Systems Science students study geosphere, biosphere and atmosphere interactions. Ongoing faculty research projects in which earth science undergraduates may participate include: visiting the Colorado Rockies to evaluate the atmospheric particles drifting east from Los Angeles; studying the bacterial treatment of radioactive waste; monitoring volcanoes in Nevada; carrying out field research in the Caribbean to study the intersection of the earth's large tectonic plates; and collecting cloud and atmospheric data at Storm Peak Laboratory in the northern Colorado Rockies for study. Research opportunities in each of the other disciplines are equally rich.

The Division of Science Research Centers and Institutes include:

- The CCNY-Memorial Sloan Kettering Partnership
- The Center for Algorithms & Interactive Scientific Software
- The Center for Analysis of Structures and Interfaces (Nanotechnology)
- The Center for Information Networking and Telecommunications
- The Center for Mesoscopic Modeling and Simulation
- The Center for Study of Cellular & Molecular Basis of Development
- The Financial Mathematics Research Group
- The Molecular Beam Epitaxy Program

Investment in STEM at City College

The State of New York has allocated $250 million to build a new City College Science Center and a CUNY Advanced Science Center — these are in addition to the renovation of Marshak, City College's current science building. CCNY's leadership in science consortia include:

- The CUNY Center for Advanced Technology, ranked #1 in the New York State, ahead of Cornell and Columbia. Nationally known for its work in photonics and led by City University Distinguished Professor Robert Alfano, who holds 60 US patents, it recently received a $10 million grant for renewed funding;
- The Research Center in Minority Institutions (RCMI) initiative thrives at CCNY. The Center, built on the existing strengths of the College in the RCMI-supported areas, was enriched by the addition of new research in three scientific areas: Biomolecular Structure and Function, Cancer and Neurobiology, and Immunology. RCMI recently received an $11 million grant from NIH.
- The Grove School of Engineering recently received a gift of $26 million from CCNY alumnus Andrew Grove, founder of Intel Corporation, to advance faculty research, attract talented students and scholars, and create new programs.



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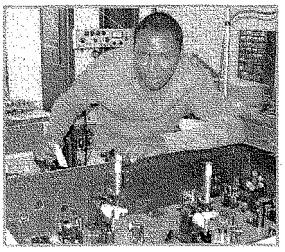
City College's Record of Diversity and STEM

Other colleges talk of diversity, but City College truly lives it. Two years ago, in *US News and World Report*, City College ranked #1 in diversity where African-Americans were the largest group. Last year, CCNY ranked #1 in diversity where Hispanic-Americans were the largest group. More than 87% of CCNY students describe themselves as members of a minority group.

The Chronicle of Higher Education 2003 Almanac reports that of the total number of overall bachelor's degrees earned in the United States as a whole, white students earned 75% of the total, blacks 8.5%, Hispanics 6.5%, and Asian-Pacific Islanders 6.2%. The same year at City College, however, blacks earned 34.1% of the total bachelor's degrees awarded, Hispanics 30.1% and Asian/Pacific Islanders 11% — an unparalleled record of success for underrepresented populations. Many of these students majored in STEM.

Following a tradition that reflects the pattern of generations of CCNY alumni, whose achievements became the model for their own families, City College students are often the first in their families to go to college, and most have very limited financial resources. Approximately 58% come from families with combined incomes of $30,000 or less; three-quarters work while attending school, some at more than one job. Over half of CCNY's students attend part time, most often for financial reasons. Now, as in its historic past, City College is the place where talented "New Americans" — immigrants and the children of immigrants — go to be educated. More than 90 languages besides English are spoken on the campus and every ethnic group is represented.

What is more important, CCNY's record in graduating scientists and engineers from minority groups is stellar



and unique within New York State. The National Action Council for Minorities in Engineering (NACME), reports these statistics from its most recent findings dating from 2001:

- The City College of New York ranked among the top 15 colleges nationally in producing minority engineering baccalaureates; *NO OTHER COLLEGE IN NEW YORK STATE RANKED IN THIS GROUP AT ALL.*
- City College ranked 16th in producing African-American baccalaureates in engineering; *NO OTHER COLLEGE IN NEW YORK STATE RANKED HIGHER*; RPI ranked 33rd.
- City College ranked 18th nationally in producing Hispanic baccalaureates in the physical sciences; again, *NO OTHER COLLEGE IN NEW YORK STATE RANKED HIGHER*; Hunter College ranked 33rd.
- City College ranked 21st nationally in producing African-American baccalaureates in the biological and life sciences; *NO OTHER COLLEGE IN NEW YORK STATE RANKED HIGHER*; SUNY Stony Brook ranked 48th.

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More than 50% of CCNY students come from families where the combined income is less than $30,000/year. As a result of this, more than 75% of City College students work, many at more than one job. Those who undertake science, technology, engineering, and mathematics carry exceptionally heavy laboratory and homework responsibilities. A $10,000 annual sum per student will provide a powerful recruitment tool for the College. With demanding majors such as those above, offering funds for full tuition, fees, books, and computers, plus an additional stipend for transportation, housing, food, and other costs students must pay for by working will be a real inducement for the students to choose and remain at CCNY. The AIG STEM awards will make it possible for them to work fewer hours and graduate in a timely way with more time to spend on and excel in their challenging academic work.

The American International Group awards will be crucial to City College because they will assist CCNY in:

- attracting the best and the brightest students to City College, particularly those from groups underrepresented in science and engineering;
- enabling CCNY to offer to its very diverse student body a real incentive to enter and remain in STEM fields;
- making it possible for these students to work fewer hours at outside jobs and perform better in school, and
- retaining them at City College, enabling them to graduate, enter the work force, and help meet the need for STEM experts in the US workforce.

Ensuring Success

The College seeks to increase the number of high-achieving students accepted in STEM, particularly those from populations underrepresented in these areas. Awards such as those available from the American International Group are indispensable in this undertaking.

Grant funds will:

- attract those high-achieving students in STEM majors with an award of $10,000, to cover tuition, fees, computers, and books, and will assist with living expenses related to the cost of attendance, including transportation, housing, food and other needs;
- create funds to promote academic excellence for high-achieving transfer students to City College who enter the engineering and/or science majors during their sophomore or junior year; and for AIG STEM students who wish to earn a Master's Degree in Public Service through the Rangel Center; and
- provide academic support services, which will reinforce the challenging curricula and assist science, technology, engineering, and mathematics students to excel in their programs.

Improving Retention

These students need three things in order to remain in their majors and graduate on time:

- funds for tuition and other educational expenses;
- small, sequential seminars with top-notch faculty who require independent projects and provide a high level of academic advising; and
- targeted use of resources to provide mentoring and counseling, which have been shown to help retain and graduate these students, by creating a real sense of intellectual and social community.



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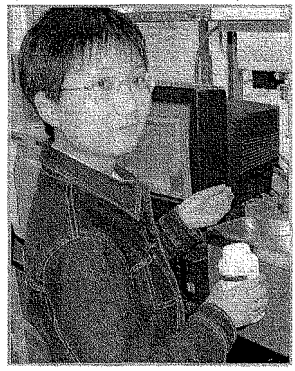

Pre-college, Pre-transfer & In-college Programs at City College that Ensure Success

Nationally, engineering students have an attrition rate of 70% — that is, they leave the engineering major in huge numbers. Although students at City College generally show a lower rate of attrition in STEM majors than nationally, the College wants to provide enough support to these students so that those who want to remain in these majors will have the academic skills and support services to do so.

That is why funds for support services make up an essential part of any successful scholarship program. These services include faculty advisors and instructors, mentors, study groups/peer tutors, and other support services designed to help lower attrition rates.

In pre-college programs, the students learn good study habits, goal setting, and time management before coursework starts. The City College Academy for Professional preparation (CCAPP) and the Program for the Retention of Engineering Students (PRES), both national programs in which CCNY participates, provide pre-enrollment summer immersion activities, and prepare minority students to take on the rigors of science and engineering and improve retention of STEM Majors.

In-college programs provide academic enrichment, professional and career preparation, and community.

The City College Academy for Professional Preparation (CCAPP)

The CCAPP program provides science, architecture and pre-medical and allied health professions students with a supportive community of fellow students, faculty and staff that enriches their lives, promotes their academic success and prepares them for entry into professional careers and/or graduate programs. CCAPP serves students throughout their college careers. It includes:

- A summer program for entering students
- Academic support and enrichment activities in college
- Professional and career development

Other City College programs include:

- Science, Technology, Engineering and Mathematics (STEM) Institute
- Science and Engineering Summer Program at City College's Center for Analysis of Structures and Interfaces (CASI)
- Science and Engineering Summer Program at City College's Center for Biomedical Engineering (CBE)
- Transfer Recruitment and Achievement at City College - (TRACC Summer Program)



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Program for the Retention of Engineering Students (PRES)

The Program for Retention of Engineering Students (PRES) at CCNY, the first nationally recognized mentoring program for technology and engineering in CUNY, and funded by foundation support, is another program that has served as a model for other mentoring, attrition, and retention programs statewide. Many students participate in the program by recommendation of their advisors or at their own request.

Organized in 1987, the goal of PRES is to increase retention, enhance academic performance, encourage graduate study, and prepare students for engineering careers. It is especially valuable for those talented math/science students from backgrounds lacking the level of mathematical and scientific proficiency required for these majors, and for students whose native language is not English. All STEM students, however, benefit from these services.

These services include:

- a pre-freshman summer enrichment program;
- courses in problem-solving;
- enrichment courses in math, physics and chemistry;
- academic advisement;
- a group study center;
- career orientation and professional development; as well as
- summer internships at companies such as Corning, GE, Con Ed, KeySpan, Motorola, Ford, Merck and Alcoa.

Resulting data show that:

- currently, more than 500 students each year benefit from PRES services;
- at CCNY, valedictorians and salutatorians are frequently from engineering, and recently several of them have participated in the PRES program;
- students maintain from ½ to a full GPA point higher than non-participants;
- the retention rate in the academic year 2002-2003 was higher among PRES participants majoring in science and engineering than the non-PRES participant rate; and
- for the advanced math/science courses required for engineering, data for PRES participants versus non-participants show higher pass rates.

2002 / 2003 — 500 Students		
Non-PRES Participants		**PRES Participants**
GPA	2.5	3.0–3.5
Retention Rate	64%	88%
Math Pass Rate	51%	77%
Chemistry Pass	55%	83%
Physics Pass Rate	61%	85%

The MARC/RISE Programs at the City College of New York.

The MARC: Honor's Undergraduate Research Training Program and RISE: Research Support for Biomedical Careers at CCNY are programs for academically qualified undergraduates interested in pursuing biomedical careers. They provide research opportunities for minority undergraduates at City College. These programs offer: courses in emerging areas of human genomics, biotechnology and genetic engineering, stipends, laboratory research and travel to scientific meetings.

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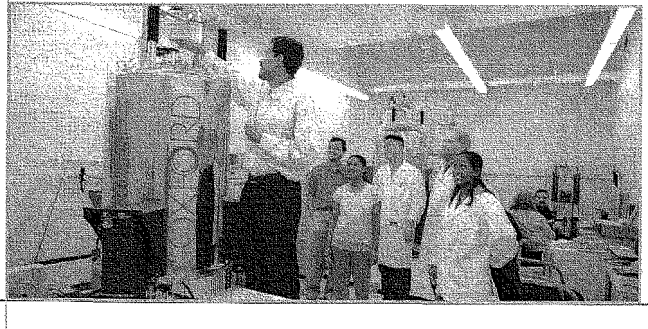
Scholarships

- Every year, 14 talented entering students in these fields (one cohort) will be selected as recipients of the American International Group awards. As many science and most engineering programs require five years of course work, they will each receive $10,000/year for five years ($50,000/student/scholarship).
- A new freshman cohort of AIG award recipients will be chosen every year.
- Approximately 9 engineering and 5 science students will receive awards each year; this assumes a 2:1 ratio of engineering to science awards each year, based on past enrollment data.
- A fund for transfer students will also be designated for talented students coming from other colleges, who have a record of excellence and who wish to enter City College in these majors;
- additional funds will be used for STEM students who wish to continue their studies and earn a Master's Degree in Public Service through the Rangel Center.
- At the end of five years, five full cohorts of at least 14 engineering and science students each, will be enrolled in these challenging majors at CCNY with high grades and degrees in their various subjects; in addition, five smaller cohorts of transfer students and MA candidates, will also be enrolled.

Other Program Elements

Note: The AIG STEM Program includes support to the institution to make this program work, to provide more guidance and assistance with study habits, time allocation, and academic acclimation to college, and to help with retention and attrition. Each year, depending on the number of students served, funds will be dedicated to the 14 to 86 students annually for the important elements of:

- Pre-college programs, such as CCAPP
- Support for in-college programs such as PRES
- An advanced design and research projects fund



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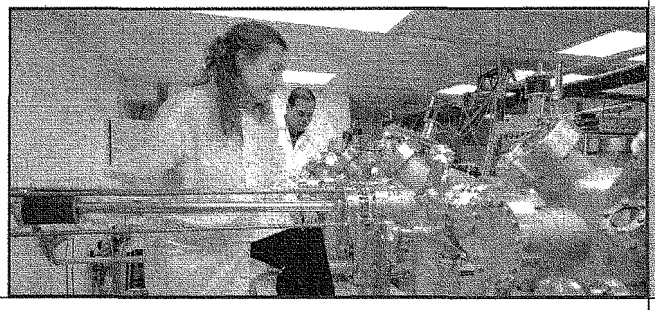
- Special faculty advising and program enrichment. The proportion needed each year will vary slightly;
  - For example, in the first years, fewer faculty researchers and advisors, peer tutors, and mentors will be needed.
  - As the number of cohorts builds to a maximum of five each year and the academics become more demanding, more funds for academic support services will be needed.
  - As each cohort faces graduate school exams, a higher percentage of funds will be dedicated to exam preparation.
- Awards will be made for five-year periods, and will be renewed each year so long as the student maintains high academic standing.
- An academic advisory board consisting of representatives from science, technology, engineering, and mathematics will be created to make the final decision on all prospective participants, to determine the minimum grades needed for grant recipients to retain their awards, and to resolve any issues that arise on a case-by-case basis.

Final Outcomes

Long before the final cohort completes its degrees, the College expects the following results:.

- CCNY will increase its already strong standing in graduating the leaders of tomorrow's economy with STEM preparation, especially from populations underrepresented in these fields.
- A solid cadre of City College graduates will go on to excel in their chosen fields, representing the very best in scholarship and training.
- Public attention will focus on the great need for training in these programs and will stimulate support from other foundations, corporations, and alumni.
- The AIG STEM Program: American International Group Program in Science, Technology, Engineering, and Mathematics will garner important public visibility as a landmark educational initiative.



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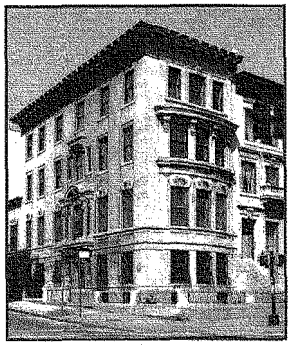
The Honorable Charles B. Rangel

In a distinguished career spanning more than four decades, The Honorable Charles B. Rangel has always held the belief that America's "governing class" - those men and women who make our laws and policies - must mirror the rich tapestry of cultures, faiths, and ethnicities that make us who we are as a country. Today, non-whites make up nearly thirty percent of the U.S. population. Yet, according to the Equal Economic Opportunity Commission's 2003 report on the federal workforce, only 13.8% of the men and women who occupy the top managerial, supervisory and policy-making positions in the U.S. federal government are members of minority groups. By 2050, minority groups in the United States will comprise 50% of its population. This initiative builds on The City College of New York (CCNY) mission of access and excellence and Congressman Rangel's legacy of public service to ensure that those who run our nation will reflect our citizenry.

AIG Hall at The Charles B. Rangel Center

Originally conceived as The City College of New York's President's House and later used as the CCNY Alumni House, the magnificent limestone mansion on 141st Street and Convent Avenue harks back to City College's earliest days in the mid-1800s. A gracious four-story structure with a full below-sidewalk level and parking area, the stately townhouse features two and sometimes three tiled fireplaces on each floor, high ceilings, decorative plaster, and fine woodwork throughout, and ornamental ironwork on every window and surrounding the building.

City College proposes to name this building **AIG HALL** in tribute to CCNY's important collaboration with American International Group. AIG's name will remain on this building *in perpetuity*, for future generations to honor. By naming this splendid structure,



home of the Rangel Center, created in honor of one of the most important statesmen of our time, AIG will commemorate not only his achievements but also its historic partnership with the City College of New York.

Because of a fire in the late 1970s, and cutbacks in public financing of the City University at that time, the building has not been in use and will need repair to bring it to its former grandeur. When completely restored, however, the townhouse will regain its position as one of the most beautiful portions of the historic City College campus.

The proposed AIG Hall at the Charles B. Rangel Center includes space for conferences, seminar rooms, study areas, and smart classrooms. In addition, it can accommodate reception rooms and potentially computerized archives. In fact, this project will represent a unique opportunity to design the space inside The Rangel Center for its specific use prior to the building's renovation. When finished, AIG Hall, the Rangel Center's home, will be a beautiful addition to the Harlem urban landscape.



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AIG Hall will include:

- The Rangel Library to house the Rangel archives, which will be digitized; it may also be possible to provide digital access from the main library at City College to the Center if it is determined that the archives should be housed there;
- A communications network center/smart classroom for video-conferencing, facilities for computerized presentations, digital archival access, ability to collaborate with other schools, including the Henry Jackson Center at the University of Washington, and other similar academic partners;
- A large conference room and other rooms, for meetings with community groups, researchers, and participating students;
- Offices for Congressman Rangel, the Director/Rangel Chair, archivist/librarian, resident and visiting faculty, internship coordinator, and post-doctoral fellows;
- A Rangel Program publications office where working papers can be printed and stored.

Restoration of AIG HALL

The City College Assistant Vice President for Facilities has taken the November 1995 Dormitory of the State of New York (DASNY) Report on the Building Condition Assessment of the CCNY Alumni House and provided an interim estimate of the costs in 2006 dollars. It is anticipated that the cost of bringing the building up to code, installing the elevator now required by the Americans with Disabilities act, restoring the historic, architectural features of the building, and designing the interior specifically for the Rangel Center's needs will come to $5.0 million in today's dollars. For this gift, City College will be able to restore the Center's magnificent Harlem home and name it AIG HALL in perpetuity, and provide a living environment for study and discourse appropriate to the inspiring goals set for the Center itself.

Synergy between the AIG STEM Program & AIG Hall at the Rangel Center

To capitalize on the unique joint opportunities afforded by the relationship between the AIG STEM Program and the Rangel Center, STEM majors will be encouraged to consider career options in the public sector. For those wanting to formalize their desire to serve the public good, CCNY will create a special track to identify these students and enable them to undertake a master's degree in public service linked to their STEM training. They can participate either in the combined BA/MA Program in Public Service with specializations in STEM or the stand-alone Master's Program in Public Service with specializations in STEM fields through the Rangel Center.

Candidates for the AIG STEM awards who want to continue on to the Rangel Center master's degree will have to have completed a full undergraduate STEM major for the stand-alone MA program, or at least three years of an undergraduate STEM major, are on track to earn a BS or BE in their major, and wish to combine their technical knowledge with a Master's Degree in Public Service. They will then be eligible for the many careers in government that require solid engineering or scientific training. These will include jobs in such agencies and departments as:

National Science Foundation
Department of Agriculture
Department of Defense
Bureau of Land Management
National Geospatial-Intelligence Agency
Department of Interior
Environmental Protection Agency
Army Corps of Engineers
Department of Energy
Department of Health and Human Services
Center for Disease Control

These STEM graduates will attend graduate courses in AIG Hall at the Rangel Center.



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CCNY'S REQUEST TO AMERICAN INTERNATIONAL GROUP

THEREFORE, in order to create the largest program for STEM students from underrepresented populations in the New York City metropolitan area,

The American International Group Program in Science, Technology, Engineering, and Mathematics — The AIG STEM Program

and

In order to restore the Rangel Center's home and name it

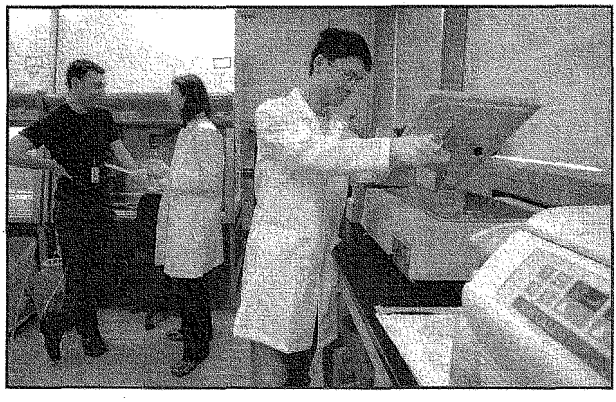
AIG HALL, in perpetuity,

The City College of New York asks AIG to consider a gift of:

$1,000,000/year for five years to create the AIM STEM Program, and

$1,000,000/year for five years to name AIG Hall in perpetuity

for a total gift of $10 million over five years.



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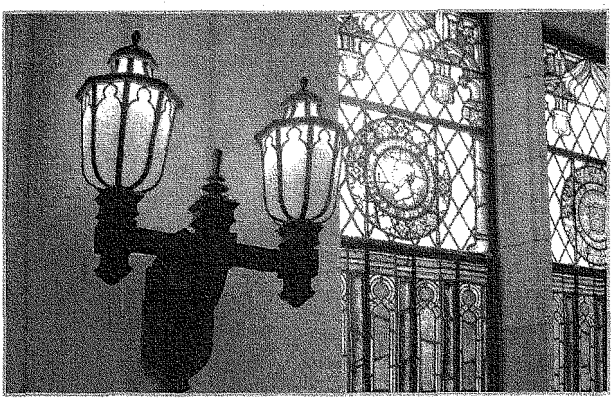

CONCLUSION

The AIG STEM Program will be a transformative initiative at City College, advancing its historic mission of access and excellence. As a targeted response to the urgent need for more STEM professionals, especially those who reflect America's diversity, The AIG STEM Program will be a model for educators in public and private colleges everywhere.

AIG HALL at the Charles B. Rangel Center will remain in perpetuity at City College, a symbol of the vision for the future created by an historic partnership between AIG and City College.

On behalf of the aspiring students of The City College of New York, we thank you for your thoughtful consideration of this request. If you have any questions or need further information, please contact President Gregory H. Williams at the numbers below or Vice President Rachelle Butler at the Office of Development and Institutional Advancement. Once again, thank you.

Gregory H. Williams, President
The City College of New York
160 Convent Avenue, A-300
New York, NY 10031
Telephone: 212-650-
Fax: 212-650-
Email: gwilliams

Rachelle Butler, Vice President
The City College of New York
160 Convent Avenue, S-154
New York, NY 10031
Telephone: 212-650- ; 212-650-
212-650-
rbutler

EXHIBIT
Exhibit 469

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CSOC.CBR.00024657

APPENDIX: BUDGET EXPLANATION

The complete program would provide funds from the American International Group for:

1. Scholarship awards of $10,000 each to cover tuition and other educational expenses, such as books and computers, for approximately 14 STEM students annually, for a total of $140,000 per cohort for five years;

Tuition:	$ 4,000/year
Fees:	$ 500/year
Books:	$ 500/year
Computer	$ 1,500 (one-time expense)
Software	$ 100/year
Printer/other hardware	$ 100/year
Transportation	$ 800/year
Housing/food	$ 2,500/year one
Total:	**$10,000**

Tuition, fees & Books	$5,000 years two-five
Housing/food/trans	$5,000 years two-five *
Total:	**$10,000**

*(The $1500 not allocated to the one-time computer purchase will go toward housing and food, providing the student with the opportunity to work fewer hours during the more intensive academic program years)

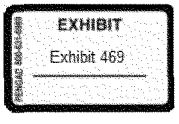
2. awards of $10,000 annually for up to four high-achieving STEM students who decide to earn a master's degree at the Rangel Center and/or for STEM students who transfer to City College in their sophomore or junior year for the remaining three or four years until they earn their degrees, for a total of $10,000 - $40,000/year;

3. a supplementary stipend of $5,000/year/cohort for part-time faculty members in one or more of the above fields to coordinate the programs for and advise students; this is needed to encourage faculty members to take on this extra responsibility;

4. a research fund of $10,000/year/cohort to help cover laboratory equipment and other supplies needed by faculty research instructors who will work with advanced students on special research projects;

5. Fees for instructors in graduate and professional school exams preparation (GRE, LSAT, GMAT) at a cost of $5,000/year/cohort;

6. a lecturers' fund of $1,000/year/cohort for seminar series and roundtables, including: outside lecturers in these professions, career and graduate school opportunities, and special academic topics; and



CSOC.CBR.00024658

7. the sum of $3,000/year/cohort to fund student participation and presentations at regional and national conferences;

8. support of $5-15,000/year for CCAPP and other pre-college programs; and

9. support of $10,000-$25,000/year for PRES and other in-college programs.

Costs/Resources Provided by City College to Sustain The AIG STEM Program Include:

10. release time @ $7,500 per class period per cohort for faculty advisor and all instructors;

11. partial release time @ $3,500 per class per cohort to professors who work with students on research projects;

12. group study leaders/peer tutors for reinforcement of classroom curricula, at a cost of $2,000 per year per cohort;

13 mentoring and pairing students with field professionals, including former AIG Scholars at a cost of $2,000 per year per cohort; and

14. all supplies, equipment, duplicating, printing, and other miscellaneous costs, at a cost of $2,000 per year per cohort.

City College is providing a total of $17,000 per cohort per year of in-kind resources.



CSOC.CBR.00024659



The City College of New York
160 Convent Avenue
New York, NY 10031
www.ccny.cuny.edu

CITY COLLEGE IS CUNY

the City College of New York

EXHIBIT
Exhibit 469

CSOC.CBR.00024660

CSOC.CBR.00024660

copy

Chin, James

From: MacArthur, Maureen on behalf of Cloonan, Ned
Sent: Friday, June 16, 2006 9:58 AM
To: Lee, Ed; Chin, James
Subject: FW: AIG Corporate Giving

FYI
Ned

-----Original Message-----
From: Godfrey, Jamie D. [redacted]
Sent: Monday, June 12, 2006 7:57 PM
To: Cloonan, Ned
Subject: AIG Corporate Giving

Dear Ned,

It was a pleasure meeting with you and Ed last Friday. I am truly impressed with your vision for the AIG corporate giving program and would be honored to join your team. Building upon your well established reputation and extensive network, I believe this program has the potential to enhance the AIG corporate image, increase brand awareness and "do a lot of good along the way"!

I reviewed the City College proposal. From my understanding, you have already established several things: Yes, you want to support science, tech,engineering and math minority students; Yes, you want to create a relationship with City College; Yes, you want AIG presence in Harlem; Yes, you want to be associated with Charles Rangel. While the proposal is strong and there is clearly a match, the ask is very bold. A few things to consider: rather than support scholarships at $1 million per year for the next five years have you considered establishing an endowment?
I would be hesitant to grant a gift of such a considerable amount with a new partner over more than two years. I would suggest $1 million gift to establish the AIG Endowed Scholarship Fund for STEM Students. This gift is therefore in perpetuity with the option to increase the endowment after we receive some results on how these kids are doing.

As for AIG Hall at the Charles Rangel Center - while this is an excellent partnership opportunity, there are several naming opportunities within the hall at lower pricetags if the $5 mill is too high for the corporate giving budget. On page 17, City College has several rooms within the "Hall" that probably range from $500K - the $5 mill. This is of course your call, but I would ask City College to come back to you with several options (including recognition) before you make a final decision.

I hope this is helpful and look forward to working with you soon.

Jamie D. Godfrey

CONFIDENTIAL



Telephone report
Date: June 16, 2006
To: File
From: Shelly
Re: Ed Lee from AIG 212 770-[redacted]

Ed Lee called me back today and we discussed the current status of the CCNY proposal to AIG. He said that Ned and he and others all like it, except for a few things that they'd like to tweak with us. The Rockefeller Foundation liked the merits of the scholarship program, but wanted to know what naming the Rangel Center had to do with scholarships for minorities in science and engineering. Ed says that when he told them that there was a political target, they were not pleased. I said that maybe AIG should just consider it two proposals; he said he had no problem with that. But they were pleased that the Rock Fdn liked the merits of the scholarship. We also agreed that a program that serves both our needs is excellent.

The Rockefeller Foundation also asked if AIG wanted to consider a broader program, such as one training teachers to help students, but Ed said that AIG liked the direct assistance to students. I said the other way was valuable but more indirect; this way, they could meet the students and get immediate satisfaction. He also said he knew that not all of them would make it. I replied that it would be great for those that did and we had a very good track record in graduating minority engineers and scientists.

He said that he needs to get something called "micro-lending contracts" out of the way, which he hopes to do in the next few weeks. He thought that perhaps by early July or August, they could take the next steps and set up a meeting to come visit City College and either then or in September have President Williams meet Ned (Cloonan—VP) and Martin (Martin J. Sullivan, CEO).

I asked if there were any other proposals before them and he said there were not. He said he would get back to me, but that I shouldn't worry-- it was definitely on the table. In a previous conversation

If I would be willing to come down again and discuss the Rangel Center—bricks and mortar. Wants to discuss the Rangel thing more. Someone on staff who is more familiar with these kinds of proposals: Ned, Ed, maybe James, and Kate.



CSOC.CBR.00024448

Roger A. Mott/EMPL/DC/Verizon
07/07/2006 10:09 AM

To george.dalley@mail.house.gov
cc
bcc
Subject Fw: Need your help on Verizon Dominicana

George

Many thanks to Charlie and to you, for his support on final passage of the Barton-Rush Telecom bill. Net Neutrality was a gutting amendment for us. Fortunately it failed and final passage took on added significance.

On separate topic, attached below is a backgrounder on the sale of a Telecom property in the Dominican Republic. There is a serious problem developing between the government there and the two companies, including Verizon, who are buying and selling the property.

Knowing of Charlie's interest in the DR wanted to send this along. Any help you can render in terms of inquiry calls to State or Dominican and US Ambassadors are appreciated.

Thanks Roger



Background on Obstacle to Sale of Verizon Dominicana.doc



VZ-CCNY 1345

CSOC.CBR.00022837

MEMORANDUM

DATE: July 24, 2006

TO: Ned Cloonan

FROM: Kate deRosset

CC: Ed Lee
James Chin

RE: City College STEM/Rangel Center Proposal Questions
Meeting with Shelley Butler
Tuesday, July 25, 2006, 10 AM

Proposal: $10M, divided as follows:

- $5M in capital funding for the naming of AIG Hall, to house the Charles B. Rangel Center for Public Service
- $5M for scholarships and program support for science, technology, engineering, and math students over nine years (the "STEM" program)

Open Questions on Rangel Center

- Coupling a corporate name with that of a currently elected official is exceedingly rare, and fraught with headline risk.
- We may want to consider discussing other projects that demonstrate AIG's commitment to Rangel, that do not include a naming component.
- The DASNY assessment, on which the $5M capital renovation budget is based, is eleven years old and not reflective of the latest updates in building code and technology requirements. City College should provide a detailed capital renovation plan for the facility, including reliable budget estimates.
- The link between the STEM program and the Charles B. Rangel Center is tenuous, at best. City College needs to better flesh out their vision for this piece of the proposal.
- How will the operations of the Charles B. Rangel Center be funded? What is the annual operating budget? How will it be staffed? The maintenance budget looks low for this facility.

Open Questions on the STEM Program

- One of the goals of the program is additional funding for this area. What other corporations or foundations are being approached?
- Does City College anticipate this program continuing beyond the period of the AIG grant?
- How will CCNY measure the success of this scholarship program? Presumably, retention, job placement and GPA would all be quantifiers of success.
- How will CCNY determine the pool of AIG scholars? Will there be a separate application process? Will participants be chosen based on need, merit, or a combination of both?
- Can AIG leverage the application process to maximize our visibility among "thought leaders"?
- Could we develop a job placement/internship link with AIG?
- If we proceed, could we consider hosting an annual gathering of AIG scholars, perhaps at the end of each spring semester, to which local politicians, students, their families, and other stakeholders would be invited? Such a gathering would help generate community goodwill throughout the life of the grant (rather than a "one shot").



Call Report
Date: July 26, 2006
To: File
From: Shelly
Re: Visit to AIG

Yesterday, at Ed Lee's request, I returned to AIG to talk with a new AIG employee, Kate DeRosset, who has had experience in corporate grants. She had worked for the city in the dept of cultural affairs and knew Kate Levin. I met with Ed, James Chin, and Kate for 11/2 hours and it was a good meeting.

I came with printed proposals, but Kate had already read the AIG proposal and the Rangel Center proposal. I also brought copies of emails from Rich Slawski, the January 2005 of which described methods #1 and #2 of updating the 1995 DASNY proposal to renovate the former Alumni House at CCNY, proposed as the AIG Hall for the Rangel Center. The second email from Rich described a March 2005 estimate by Hoffman, a construction company, which stated a sum of $3.8M without the elevator, furniture, inside design, etc. I gave out copies to confirm why we had chosen the sum of $5M.

Kate wanted to know what would happen if, after an AIG grant, we didn't have enough. I told them that we would get a 1:2 match from CUNY and that we already had $450k from a federal transportation grant designated for the building. That would give us $8M, which should be enough. She asked what the nexus was between the Rangel Center and the AIG Scholars Program and I described the interdisciplinary program for scientists and engineers at the Rangel Center that would prepare them for jobs in government agencies such as the Depts of the Interior and Land Management and the Army Corps of Engineers.

Kate wanted to know about whether or not we would give them ongoing publicity for AIG and I said we would certainly try to pitch other stories to the press about outstanding students in the program, the Rangel Center, etc.
We then spoke more about the other part of the program, the funds for minority science and engineering students and she seemed very much on board with it. Ed again said how much he feels that AIG and CCNY share a great deal in the kinds of institutions that they are.

They asked me if I had a timetable and I told them we'd love to have the funds for recruitment this fall; they said we would know by the fall. I also mentioned that Congressman Rangel would be happy to come by and they said they would only set up a meeting with Rangel and GHW if they were going to give the grant.

when Kate or Ed asked me if these were spend-down funds, I raised the possibility of endowment, mentioning that then AIG would have its name here in perpetuity and that there would still be a number of students benefited.



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Next steps: TY with info from ML about publicity and further details on endowment. Also, check with Rangel's office to find out if anything new. Any problem

Events at the Hall—lecture, speaker, conference—Rangel Library—any time something comes out of the library—all publicity about the collection; opening of it; exhibits. What takes place in the building; always mention the building.

Every time –the launch, the first class, any time they make an interesting contribution.

Kate: August 2, 2006
do you know of any case where a corporation has been paired with a sitting politician they need to do due diligence—there is some slight "headline risk"

Are we being crazy trying to make the link the two? "I don't think anyone's going to buy it." If there's not a demand for this kind of training

what's driving us? a relationship with Rangel

a sense of timing—on our end, we're in the baby stages of figuring out what our math/science initiative will look like

bricks and mortar—what is timeline? would cuny dasny be doing it? for next fall

if we had $5M in the bank tomorrow, what would our timing be? ribbon-cutting event, lots of press; a total understanding of

what is capital process like at cuny? what is the design process? architect?

call Robert Santos and Rich Slawski

Kate de Rosset 212 770[redacted]; kate.derosset[redacted]

$50k/student—could recruit the number of students—community or public service

what they would want to see from the rangel center is a commitment from them—administrator for the RC, would need to make sure that this is a part of the mix—

taking the technical students and integrating them into the activities of the RC

afford to do the unpaid internships

I'll get back to you with more details about it might work—RC—

send you some of the public service stuff—don't want to create too much work

how this could work, if it could work,



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intd in supporting the rangel center and in filling a gap in science/engineering; we have made a compelling case with the financial support for these scholarships frees them up for their studies

if there's something equally compelling about funneling them through the ps program—"we'd be just be just as thrilled to see a diverse pool of ccny grads come to work at aig and deutsche bank and citigroup and not just government service"

told kate that ccny does the naming and we are comfortable with it; and that if it worked, that was fine and if not, not

don't make it a hard sell, just pitch it; we don't need to be totally straight up with rangel, just let them know when they call, we made an honest effort; is that they want it to go straight to science and engineering

what's in the best interest for the student

$30M if it's distributed where we need it—allows us to hire people and do all the things we need to do

where we need to get comfortable is on the bricks and mortar—is $5M enough

timeline for conceptual design, schematic design and construction –when ribbon-cutting

will bring in consultant for conceptual design, then approved by cuny, schematics then, hire contractors

August 7, 2006
spoke to lois today—she had spoken with rich slawski who said that from beginning to end, it would be about 1.5 to two years as follows:

DESIGN – 9-12 months

1.a. Conceptual phase—put out an RFP, get architect—idea and rough drawings 2-3 months

1.b. Schematics—architect makes renderings of his concept—another 3 months

1.c. Construction documents—will take six months to produce agreed-upon docs

CONSTRUCTION
1.A. Put out another RFP for general contractor; we would go back and forth, he would price it out, do some value engineering, and construct—about one year

in today's dollars: $4.5-$5M including the elevator



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NB—spoke with Matt Sapienza, budget manager at CUNY, who recommended that I speak with Carlos Flynn about whether or not CUNY would match a gift to the Rangel Center building named after a corporation. Carlos said "yes," and that the application process starts again in September—he mentioned that only two matches had been given out this past year.

September 21, 2006
Called Ed today
hating story about AIG on A1 New York Times
quite honestly trying to collect some other ideas; working with dept of education—
a couple of weeks away; we'll get back to you with some revisions

I told him we're flexible
it's going to be a question of math/science, scholarships, teaching; I asked about the rangel center building—at the end of the day, we're either going to have to link it or de-link it

STEM math/science

Rangel program – more political—is that bad?

It probably works in our favor to de-link it; if we're doing math/science, scholarship sits in there; doing due diligence; math/science being pushed now; we all like the stem program—need to see what else is out there; may take a couple of weeks

Clinton global initiative—going to announce with Martin Sullivan

October 25, 2006

spoke to ed lee—was on jury duty—

it's sitting there—stuck in the aig bureaucracy; they're unsure what they should do with the program—after next Wednesday—their CEO likes elementary ed

November 15, 2006

if I send it, martin will refer it to ned, who knows Charlie rangel

the way it needs to be done here, chances are martin wouldn't do it—he needs to be prepped

overnighted letter and book from ghw for martin Sullivan to ed –he will show it to ned and they can then decide whether or not to bring it to martin



CSOC.CBR.00024445

the City College of New York

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July 27, 2006

Mr. Edmund J. Lee, Assistant Vice President
Mr. James Y. Chin, Director
Ms. Kate De Rosset
American International Group, Inc.
70 Pine Street
New York, NY 10270

Dear Ed, James, and Kate,

Thanks so much for meeting with me this week; I enjoyed our conversation and appreciated the opportunity to discuss The City College of New York's proposal to AIG in even more detail. I was especially touched Ed, by your expressing how close a kinship you feel CCNY has with AIG. I, too, feel that we have a lot in common and that the partnership would feel very natural.

I wanted to respond in more depth to a couple of questions that came up in our meeting.

Publicity
Kate, you asked about ongoing publicity and I approached Mary Lou Edmondson, our VP for Communications, and a very experienced publicist, for her views. She suggested that AIG Hall could be featured in newsworthy articles of course when the Hall is inaugurated but also whenever there are important events at the Hall taking place there—a lecture, a conference, or a gathering of important public figures—something that is likely to happen frequently around Congressman Rangel and the work of the Center.

I also mentioned to you that the Rangel Library would be an important part of the Rangel Center and Mary Lou said that whenever something noteworthy arises with reference to the library—the opening, publicity about the collection, regular exhibits—we will always highlight AIG Hall to the media. So far as the AIG Scholars Program is concerned, we would certainly pitch articles to the media about the Program's launch, the first class, and every time that one of the AIG Scholars makes an interesting contribution. So, as you see, there will be many public relations opportunities on an ongoing basis.

Endowment Opportunity
I also wanted to discuss endowment again very briefly. I did some calculations and I found that if the same $5 million grant endowed the AIG Scholars Program, that it could fund 20 students who each receive a 5-year scholarship, every year, in perpetuity. Here is a table that illustrates how that would work:

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 and every year thereafter	Year 7	Year 8	Year 9	Year 10
Cohort	4	4	4	4	4	**Cohort**	4 stdts	4 stdts	4 stdts	4 stdts



#1	stdts	stdts	stdts	stdts	stdts	**#6** 4 stdts				
Cohort #2		4 stdts	4 stdts	4 stdts	4 stdts	4 stdts	**Cohort** #7 4 stdts	4 stdts	4 stdts	4 stdts
Cohort #3			4 stdts	4 stdts	4 stdts	4 stdts	4 stdts	**Cohort** #8 4 stdts	4 stdts	4 stdts
Cohort #4				4 stdts	4 stdts	4 stdts	4 stdts	4 stdts	**Cohort** #9 4 stdts	4 stdts
Cohort #5					4 stdts	4 stdts	4 stdts	4 stdts	4 stdts	**Cohort #10** 4 stdts
Total Students	4	8	12	16	20	20	20	20	20	20

Comparing this to the proposal, you can see that the spend-down program will fund 84 students in 9 years, while the endowment program will take 21 years to fund the same 84 students. However, the endowment will continue to support 20 students per year and graduate four students per year forever with the same kind of support services the spend-down program offers. And, there would always be 20 AIG Scholars at City College. It's really a question of preference for you: to make a tremendous immediate impact on this generation of students or a more long-term impact for generations to come.

Government Funding
I contacted Congressman Rangel's office and he believes we will get the $3 million that came out of committee. I will let you know as soon as I do.

University Buildings Named for Corporations
I asked President Williams about this and he has no concerns about it at all. We would need to present a resolution to the CUNY's Board of Trustees to name this building, as all the 19 campuses would with any campus naming, but please be assured that every one of our naming resolutions has passed without any difficulty, including five resolutions for City College in this past year alone.

In addition, the precedent has already been set nationally. Two examples are: the FedEx Global Education Center at University of North Carolina at Chapel Hill, which will be dedicated in 2007 in honor of a recent gift, and the University of Maryland's Comcast Center, which has an arena and athletic facilities.

Please give me a call or email if I can answer any further questions and if any of you are able to come to campus in the next few weeks, we would be happy to host you, show you around, have you meet some of our students, and end with lunch at Sylvia's! Thank you again for the opportunity to talk with you and I look forward to speaking again soon.

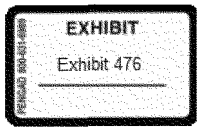
Sincerely,

Shelly Butler
Vice President

Notes on Rangel Meeting- 8.2.2006

Jim Capel, Ted Gershon, Michelle Sherwood

1. 40% Discount on heating oil for poor in this country
2. Phase 2- a social fund by President of Venezuela- a personal commitment to Harlem
3. Percentage of funds from oil for the poor program
4. Went to Rangel to ask how best to utilize the funds
5. What percentage of Tap and Pell grants eligible
6. Students who live in this district Harlem; anyone living in Mr. Rangel's district
7. Citgo a subsidiary of P……? owned by government of Venezuela
8. Students could pay back w. community service
9. Want a focus on
10. Focus through the Rangel Center
11. Visiting professorship from Venezuela?
12. How many students at CCNY in 15th district zip codes?
13. Grad rates for African-Americans and Latinos
14. Should include transfer students
15. Chavez feels change has to come from poor
16. a program for under-credited and overage- no high school diploma, may have passed Regents exam – Citywide- 63,000-
    Want to pass entrance exams do we have?
17. Could be $2 Million, possibly endowment
18. A lot of schools fund above eligible Tap and Pell loans
19. How many students get 100% Tap + Pell; whats the cost above Tap and Pell
20. Part II- What kind of programs do we have to bring in high school students
21. Is College engaged with Board of Education- re under-credited, overage group- mayor funded $14 Million
22. Broaden opportunity for average kid?
23. Charlie Rangel was a high school dropout
24. Week of August 10- meeting with Venezuela
25. 200 Faculty have gone through service learning
26. How many from Rangel's district in it?
27. What percentage of students African-American
28. PRES, CCAPP, other support programs get stats
29. Stats on graduating African-Americans and Hispanic-Americans
30. Can we do something about Drop-outs
31. Support the ones that are already in CCNY
32. che ee ce bme me
33. Marina Fernando, Juan Carlos
34. Focus on people from 15th District, majority Hispanic, then African-American
35. Send them AIG proposal without names
36. First week in November, Oil for the Poor program announcement before election
37. They want to announce this too
38. Ted will write to Pres of CCNY



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39. Go to August 9th Event

No remediation
We would have to get them a GED- they're ineligible to receive TAP money and the school would have to pick that up.

But programs at CUNY Academy focused on drop-outs- Michael R.

A. Phillip Randolph- a number of programs CCMSE
City College Academy in Washington Heights
80 Students/ year started last year in 9th grade- segment focused on later met withthe
Congressman wants whole $10 Million for Rangel Center
Sci/Eng students with public service
(do we have to make them take the curriculum?
Ask Bill..?

He is talking $20 Million- will get Trump, mayor- City Council, get something from Chancellor Klein?

I should set up meeting with Ford for after election
Heavy schedule ps related to their coursework

Charlie didn't like Chavez' remarks about our president
Is there a problem for CCNY to accept and run program?
To Accept and run program
Engineers without borders build robots and water supply in Honduras
Greg OK with doing community service define it loosely
Get Lois and Zeev and Michael
Run it through Harlem 40 Program

Set up a meeting- tomorrow afternoon
10023(part)
10024(part)
10025(part)
10026(part)
10027
10029(part)
10030
10031
10032
10033
10034
10035
10037
10039
10040



CSOC.CBR.00024458

10115
10116
10169(part)
10463(part)
11105(part)

Lisa.. check with Serrano

Another discussion

Congressman Serrano from the Bronx
GED Business
The funding for the Harlem 40-50 - If its done through Continuing Education
Do through consortium

Jay says hold it off until after the election

Do we want to touch it?

Prez always wants to think about new ideas concerned that it takes us in a little different direction.

We don't really do any GED stuff different avenue
CITGO to CCNY

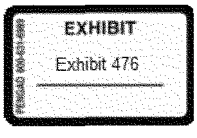
Get back to Capel- we floated it- some works, some doesn't

We don't do GED, we want to explore school

We have some concerns- not sure that this would work
Investigating
Want to continue to work with the Congressman delay it stall
Growing emphasis on public service issues one of the things we are trying to institute in all our students
We recruit them
In our mission statement accreditation
Less and less criticism about technical aspects
More emphasis on communication and P.S.

Opportunity to take people in tech areas and influence them w. spirit of PS

ted gershon's thing—under-credited, over-aged without a high school diploma—
"we realize that the standards for ccny won't be changed; it may be that the students need to do work" need to have another conversation about how we can help them



CSOC.CBR.00024459

November 30, 2006

He spoke to ned about this thing—I wonder if we just did something for the rangel center; forget about the scholarships; the naming thing is not that important—not make or break

$5M over 5 years – go to the building -

Ned meets with Martin once a week on philanthropic stuff – wants to bring up with Martin—

later on

I can write something up for $1M/year for five years—just for the building—could be naming –

ned will take it to martin

January 11, 2007

talked with Ed Lee today—he said some slight movement; I told him about Jan 29 and that all three people at AIG would receive invitations. I told him other funders would be there and if they offered more to name the building, we'd have to go with them. He said fine, AIG didn't need the naming. I said that was great and we could use the money for anything they like, including scholarships. He said we were closer and that he thought the next move would be to get the presidents together. I also said it would be wonderful if AIG could be at the Ford Foundation presentation as a funder and that I thought the Congress would appreciate that.

January 26, 2007
spoke to ed lee today—he said he had hoped to get me an answer before ford but martin Sullivan went to the davos conference; ned didn't want the wrong message sent to Charlie by coming to the ford presentation; they also feel that they're way past that point

they go way back with Charlie and had worked with him on many issues; they had done democratic fundraisers for him when the dems were way down

they're a little concerned about how it would look and they're discussing it



CSOC.CBR.00024446

ed knows walter and everyone at the rangel office



CSOC.CBR.00024447

Corporate Affairs NY

Summary of Projects and Initiatives
First Quarter, 2007

Redacted

Federal

- **Charlie Rangel.** Our long standing relationship with Rangel will help on tax and trade matters and in fact, we are sitting down with the Tax Department next week about their tax policy issues.

Redacted



MEMO FROM THE DESK OF

Ed Lee

DATE: January 11, 2007

TO: Ned Cloonan

RE: **MJS Approval Needed**

REDACTED

- **Charlie Rangel** – CCNY, Charlie Rangel Center
  Total $5 million -- $1 million per year – 5 years

REDACTED

EL/cb
attachs.
S/Ed/Note-Ned

MEMORANDUM

DATE: January 18, 2007

TO: Ned Cloonan

FROM: Ed Lee/James Chin/Shawn Gallagher

RE: **Meeting with Martin Sullivan – 8:45 a.m. – Friday, January 19, 2007**

REDACTED

- Charlie Rangel. Proposed $5 million contribution to the Rangel Center -- $1 million per year for 5 years.

REDACTED

EL/cb
attach.
S/Ed/Memo-Ned



MEMORANDUM

DATE: 2/28/07

TO: Ned Cloonan
Ed Lee

FROM: James Chin
Shawn Gallagher

RE: **DC Trip Report**

As you know, we were in DC on Monday for a number of meetings. Below is a summary of our trip.

Congress

REDACTED

- **Congressman Wally Herger (R-CA).** Herger is the Ranking Member on Ways and Means Subcommittee on Trade. We met with Dan Maclean, Legislative Director responsible for tax and trade matters. We talked about the Republican trade agenda, which appears to be stalled, although Maclean thinks Korea FTA could be approved before TPA expires in June. He confirmed that Rangel is trying to design a mechanism/process that folds labor and environmental issues into the FTA adoption process.

REDACTED

- **Congressman Rangel (D-NY).** We met with his Chief of Staff George Dalley. We talked about your invitation to Rangel to the Geneva Association gathering. He said he would encourage Rangel to give the keynote. Dalley also asked about the math/science initiative at the CUNY/Rangel center. He also asked that we meet with Rangel's education advisor for other grant ideas. We are scheduled to see him next Monday.

REDACTED

CHARLES B. RANGEL, NEW YORK,
CHAIRMAN

FORTNEY PETE STARK, CALIFORNIA
SANDER M. LEVIN, MICHIGAN
JIM MCDERMOTT, WASHINGTON
JOHN LEWIS, GEORGIA
RICHARD E. NEAL, MAINE
MICHAEL R. MCNULTY, NEW YORK
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EARL POMEROY, NORTH DAKOTA
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RAHM EMANUEL, ILLINOIS
EARL BLUMENAUER, OREGON
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ARTUR DAVIS, ALABAMA

JANICE MAYS
CHIEF COUNSEL AND STAFF DIRECTOR

Congress of the United States
U.S. House of Representatives
COMMITTEE ON WAYS AND MEANS
1102 LONGWORTH HOUSE OFFICE BUILDING
(202) 225-3625
Washington, DC 20515-6348
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JIM MCCRERY, LOUISIANA
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JIM RAMSTAD, MINNESOTA
SAM JOHNSON, TEXAS
PHIL ENGLISH, PENNSYLVANIA
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KEVIN BRADY, TEXAS
THOMAS M. REYNOLDS, NEW YORK
PAUL RYAN, WISCONSIN
ERIC CANTOR, VIRGINIA
JOHN LINDER, GEORGIA
DEVIN NUNES, CALIFORNIA
PAT TIBERI, OHIO
JON PORTER, NEVADA

BRETT LOPER,
MINORITY STAFF DIRECTOR

March 15, 2007

Douglas L. Poling
Executive Vice President
AIG Financial Products Corp
50 Danbury Road
Wilton, CT 06897-4444

Dear Mr. Poling,

Thank you for taking the time to meet with my Committee staff. Kase Jubboori and Mildeen Worrell have briefed me on your concerns regarding the nonqualified deferred compensation provision contained in Section 206 of the "Small Business and Work Opportunity Act of 2007". As you know, the bill was approved by the Senate Finance Committee, and subsequently passed the Senate. On Wednesday, the Committee on Ways and Means held a hearing on the revenue raising provisions contained in the bill. The nonqualified compensation provisions were the central focus of the hearing.

My staff has shared with me your concerns of the affect the provision would have on arrangements currently maintained by AIG Financial Products and its ability to accumulate capital. They have briefed me on your thoughts and recommendations regarding possible improvements to the proposal.

I will certainly consider your views on this proposal as we prepare for a conference on this legislation. Please feel free to contact me or my staff on this or any future issues of interest to you.

Sincerely,

Charles B. Rangel
Chairman



Confidential Memorandum

To:	President Williams
From:	Amanda Wilson
	Shelly Butler
Date:	April 20, 2007
Re:	Briefing – AIG

MEETING LOGISTICS:

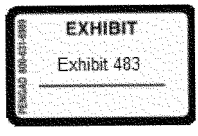
Prospect:	Ed Lee, Assistant Vice President, International & Corporate Affairs
	Ned Cloonan, Vice President
Date, Time:	Wednesday, April 25, 2007, 12:00pm
Participants:	President Williams, Shelly Bulter
Location:	70 Pine Street (between William and Water Street)
Contact:	Ned Cloonan, 212-770

OBJECTIVES:

- Ask AIG to make a substantial contribution to the Charles B. Rangel Center at The City College of New York.
- **$10M gift for the Rangel Center to create AIG Hall.** NOTE: We will get a 1:2 match from CUNY.
    - Focus on the partnership that this will create and the shared values between AIG and CCNY. A commitment to diversity is a guiding business principle at AIG and is the primary vision of the Rangel Center. Goal is to have a more diverse population of public servants that reflects the diversity in the United States. Unique factors at CCNY make this the place to train such future leaders.
    - AIG Hall will be the physical home of the Rangel Center and will present opportunities for publicity. Examples include: Center's Inauguration, gathering of public figures, lectures, conferences, and receptions.
    - Two examples of university buildings named for corporations: $20M gift to University of Maryland for Comcast Center (athletics) and $5 million gift to University of North Carolina, Chapel Hill to create FedEx Global Education Center (houses the university's international programs).
- Note: AIG is also interested in scholarships and minorities.
- Background: Original request was for $10 million; then it was two parts–STEM and the building; then $5 million.
- Finalize next steps to get this project approved by CEO, Martin Sullivan. Mr. Sullivan already likes the project.

FINANCIAL INFORMATION

- AIG reported $113 billion in sales for 2007. Firm's net worth is reported at $101 billion. 106,000 employees.
- Martin J. Sullivan , CEO and President. Pay: $7.5M; Stock exercised: $158K
- Steven J. Bensinger Chief Financial Officer and Exec. VP. Pay: $ 2.95M



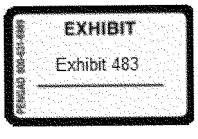
CSOC.CBR.00024602

- Edmund S.W. Tse, Jr. Sr. Vice Chairman of Life Insurance. Pay: $2.3 M; Stock exercised: $1.43 M.
- Rodney O. Martin, Exec. VP of Life Insurance. Pay: $ 1.79M; Stock exercised: $346K.

PHILANTHROPY

- Corporate philanthropy falls under the Corporate Responsibility umbrella and is directed at the company's strategic focus: entrepreneurship and economic empowerment; emergency preparedness and disaster relief; strategic education and health initiatives; and independence for people with disabilities.
- In 2001 AIG created the AIG Disaster Relief Fund in response to the events of September 11. In 2006 the fund disttributed $7.6M in response to Hurricane Katrina and Tsunami in Asia
- $5 million pledge in March 2007 to ORBIS International for Blindness prevention in five countries. Edward T. Cloonan is on the board of ORBIS, which recently launched a $100M campaign.
- $100,000 commitment in February 2007 National Organization on Disability's Emergency Preparedness Initiative.
- Starr Foundation has long been the philanthropic arm of AIG. The Foundation has $3.5 billion in assets. Since 2005 when the AIG board forced Maurice "Hank" Greenberg to resign from his post as Chairman and CEO under fraud allegations, there has been greater separation between AIG and the foundation.

SOURCES: CCF database, LexisNexis, www.google.com, www.aigcorporate.com, www.finance.yahoo.com



CSOC.CBR.00024603

Redacted

From: Godfrey, Jamie
Sent: Monday, June 25, 2007 8:50 AM
To: deRosset, Kate
Subject: RE: City college

5M for AIG Hall, 2.5M for Chair/Professor and 2.5M for the AIG Scholarship for Success Program. Ned wants to present all options to MJS ...

-----Original Message-----
From: deRosset, Kate
Sent: Monday, June 25, 2007 8:46 AM
To: Godfrey, Jamie
Subject: City college

How did ed get to $10M? I'm only counting 5M...

Confidential



MEMORANDUM

DATE: June 26, 2007

TO: Ned Cloonan

FROM: Ed Lee/James Chin/Shawn Gallagher

RE: **Plane Ride to Ireland**

REDACTED

2) **CCNY/Rangel Center**. $10M over five years. Part of the money can come from the OTS settlement.

REDACTED

4) **Charlie Rangel**. Rangel is on an anti-China rant (not personal to AIG). George Daly said it was a "rhetorical tool". This stems from a private meeting with Wu Yi and how she disrespected Rangel. We have scheduled a fundraiser for Rangel in September.

REDACTED

Redacted

From: Keegan, Diana
Sent: Monday, July 02, 2007 10:33 AM
To: Merski, Rich; Mulvey, Kevin
Cc: Johnson, Oakley
Subject: US KOREA FTA

Rich, Kevin
You will both have seen the announcement from Pelosi, Hoyer, Rangel, and Levin Statement on Trade issued on Friday in which they state that they cannot support the Korea agreement as negotiated. The agreement was signed on Saturday. Minister Kim was very upset with the announcement just prior to the signing and took it as a personal affront. He did not say anything publicly (he looked very grim) but mentioned it to several people present, but Rangel was and I understand that Nancy Pelosi would have followed his lead. Everyone is wondering what happened and what might need to be done at least to get Rangel back on board---what does he need to see. Or alternatively, what can we do in the way of education or otherwise to allow him to take a different position. I know both of you know Tim Reif well, and was wondering if you could give him a call, or alternatively, if you would mind if I called to ask the question. We may not get the answer but it could be worth a try.
Diana

Tel: 202-585-
Cell: 202-222-

EXHIBIT
Exhibit 486

Telephone Report

Date: July 26, 2007

To: File

From: Shelly

Re: Conversation with Ned Cloonan of AIG – 212 770[redacted] Maureen

I had left Ned a phone message yesterday and then sent him an email. Today, he returned my call and it was very friendly. He asked me about the Post article and "how did it get out?" I said a low-level staffer at the Congressman's office had released a document that was supposed to be confidential and not shared. The document itself listed gifts that were in and pending requests from potential donors. I said that AIG was listed under the latter and that the Post had decided to put it in the article as a gift already in. The College, I said, contemplated sending in a letter but felt that was the Post wanted and it would certainly help to blow up story that seemed to have no legs. I repeated what I said in my email that we had never reported a gift from AIG as confirmed. He said, "we receive hundreds of proposals every month and yours is one of them, but no action has been taken yet."

I told him about the California Congressman who proposed amendments to every single earmark in the $170 billion health and human services bill, but that they had all been resoundingly voted down, 3 to 1, by most Republicans as well. He said they all thought that it was politically motivated and that he had told his CEO and their VP for Communications the same thing.

He then said, "having said that, we like City College very much and feel there is a real link with AIG there—we are both international and global." I said we also felt very connected to AIG. He said he thought there might be a problem only with some unpleasant board member about our proposal. I reminded him that there were two professorships in there—one in economics education and one in consumer understanding or something or other and that those might help. He agreed and said and they are all relevant to a community that's underserved.

He said City College is a very good place and that we should maybe slow it down a little and low key it until the dust settles. I said I thought was a good idea. He said let's keep the discussions going and I said absolutely.



CSOC.CBR.00024435

Redacted

Subject: Cong. Charlie Rangel Luncheon
Location: 60/70

Start: Mon 9/24/2007 12:00 PM
End: Mon 9/24/2007 1:30 PM

Recurrence: (none)

From: Bradley, Connie
To: Jacobs, Philip
Sent: Tue Sep 18 10:14:23 2007
Subject: Cong. Charlie Rangel Luncheon-Sept. 24, '07

DATE: September 17, 2007

FROM: Ned Cloonan

RE: Cong. Charlie Rangel (D-NY)
Luncheon, Monday, September 24, 2007

I would like to invite you to a luncheon with Congressman Charlie Rangel on Monday, September 24, 2007 at 12:30PM on the 60th Floor of 70 Pine Street.

Congressman Rangel is a good friend and frequent visitor to AIG. He is Chairman of the House Ways and Means Committee, one of the most powerful positions in Congress. This Committee has jurisdiction over a wide range of issues important to AIG including, taxes, trade and social security.

Congressman Rangel, is one of the most influential and respected officials in Washington and in the Democratic Party. His insight on legislation, the Middle East, and the Presidential election are always unique and interesting.

I hope you will be able to join us. Please R.S.V.P. to Ayanna Phillip at 212-770-[redacted] or ayanna.phillip[redacted]

Confidential

AIGSC0562

EXHIBIT
Exhibit 488

CSOC.CBR.00025624

CSOC.CBR.00025624

Redacted

From: Chin, James
Sent: Thursday, October 25, 2007 2:10 PM
To: Jacobs, Philip
Subject: RE: Mother Of All Tax Bills Update

Phil: If you have anything of concern regarding Rangel, pls. let Ned know. He knows him personally.

-----Original Message-----
From: Jacobs, Philip
Sent: Thursday, October 25, 2007 1:16 PM
To: Chin, James
Cc: Serether, Jeffrey
Subject: RE: Mother Of All Tax Bills Update

James - thanks very much. This is helpful.

Phil

-----Original Message-----
From: Chin, James
Sent: Thursday, October 25, 2007 11:37 AM
To: Jacobs, Philip
Cc: Serether, Jeffrey
Subject: FW: Mother Of All Tax Bills Update

Phil: Ned asked me to share some insights from our friends in Grassley's office. You might already know of this, but in case not, FYI.

To W&M GOP Tax Aides:
In case you or your boss were not able to be at the bipartisan caucus on the Mother of All Tax Bills, here are the highlights.
Chairman Rangel said that he would introduce his bill tomorrow but indicated he would soon move - likely next week - a stand-alone extenders bill. No paper was provided, but here is a summary of what was orally described to the Members. The Mother Bill will have three sections, each of which will be self-contained in terms of offsets (i.e., they claim they will not be using revenues raised from the corporate side to pay for the individual reforms and vice-versa).
I. Individual Tax:
· Repeal AMT for 2008 and beyond
· Expanded tax benefits for low-income individuals (EITC expansion, increase in the standard deduction, increase refundability of the child tax credit).
· Offset by a surtax on AGI (not taxable income) on single people with AGI over $150,000 and married couples filing jointly with AGI over $200,000. The surtax will start at 4% but rise to 4.6% for incomes over $500,000 (not clear if that is the attachment point for singles, marrieds, or both).
II. Extenders:
· One year AMT patch for 2007
· One year extension of all provisions that expire at the end of 2007 · Paid for with carried interest, taxing deferred compensation plans of offshore hedge funds, and basis reporting on securities. · Additional money will be raised by enforcing requirements that S Corps that provide services pay payroll taxes.
· No specifics were given on the policy, but the staff did indicate that the carried interest and deferred compensation changes, together, would raise something above $40 billion.
III. Corporate Title:
· Lower the corporate tax rate to 30.5% · Repeal Section 199 manufacturing deduction · Repeal accounting method (which we assume to mean repeal LIFO and require current LIFO users to trigger their LIFO reserves and pay taxes on those amounts).
· Defer deductions for certain expenses of foreign subsidiaries of U.S. companies

Confidential

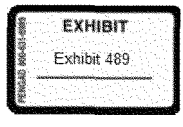
EXHIBIT
Exhibit 489

AIGSC0708

CSOC.CBR.00025785

until the money is repatriated to the U.S.
As always, more details as soon as possible.

Confidential



AIGSC0709

CSOC.CBR.00025786

Brett Silverstein

Date: Wed, 31 Oct 2007 14:17:00 -0400
From: "Shelly Butler" <[redacted]>
Subject: meeting with AIG--yayy!
To: "Dalley, George" <[redacted]>, "Berger, Dan" <[redacted]>
Cc: <awilson[redacted]>

Dear George and Dan,

I have two Mondays from AIG—both are ok with President Williams. Hopefully, one will be ok with Congressman Rangel for this meeting. They are:

Monday, November 26—early afternoon—any time between 12 pm and 3 pm

Monday, December 17—same thing

If these are not good, possibly Congressman Rangel may have more availability in December if the House is not in session. Perhaps you may be able to give me some additional dates.

Thanks
Shelly

Shelly Butler, Vice President
Development & Institutional Advancement
The City College of New York
160 Convent Avenue, S-154
New York, NY 10031
Tel: (212) 650-[redacted]; 650-[redacted]
Fax: (212) 650-[redacted]
Email: rbutler[redacted]

EXHIBIT
Exhibit 490

CSOC.CBR.00024274

Redacted

From: Jacobs, Philip
Sent: Friday, November 09, 2007 3:00 PM
To: Bensinger, Steven
Cc: Cloonan, Ned; Merski, Rich; Welling, Brad; Berman, Brad; Cohen, Bruce; Johnson, Oakley; Kelly, Anastasia
Subject: Summary of Tax Proposals from Rep. Charles Rangel
Attachments: Summary of Tax Reduction and Reform Act of 2007.doc

Steve – as you know, Rep Charles Rangel proposed tax legislation recently which would have significant effects on individual and corporate taxpayers. We have summarized on the attached the provisions that are germane to AIG. Significant debate continues around these provisions. We will keep you informed regarding further developments.

Please let me know if you would like to discuss any of this information in more detail.

Confidential



CSOC.CBR.00025613

Sheiner, Jon

From: Dalley, George
Sent: Thursday, November 15, 2007 4:17 PM
To: Sherwood, Michelle; Eaton, Geoffrey; Capel, Jim; Berger, Dan; Jones, Vivian; McRae, Tina; Sheiner, Jon; Milne, Emile; Featherson, Wendy; Biglow, Holly; Palmer, Jioni; Beck, Matthew; Garcia, Elbert; Solano, Socrates; 'walter@charlierangel.org'; Grant, Cedric
Cc: Dalley, George
Subject: FW: New York Times and the Rangel Center

From: Shelly Butler [redacted]
Sent: Thursday, November 15, 2007 11:51 AM
To: Dalley, George; Capel, Jim; Berger, Dan
Cc: gwilliams [redacted]; edmondsor [redacted]
Subject: New York Times and the Rangel Center

Dear George, Jim, and Dan,

I spoke with Marilyn Thompson (Johnson?) of the Times this morning and wanted to give you a basic digest of what she asked. According to Mary Lou Edmondson, our VP for Communications, Marilyn was interested in whether the Congressman was "inappropriately involved" in any of our discussions about the Rangel Center or soliciting a gift.

I told her that the Center came out of discussions between the Congressman and President Williams at least as early as 2004 and that in June of 2005, a general letter of inquiry (Dear Sir or Madam) from the Congressman was written to about 125 foundations and corporations in the New York area. She asked for the letter and I faxed it to her. I told her that my office followed up on every one of these letters to try to get appointments. It just gave us a foot in the door but we did the legwork. The Ford Foundation sent us a letter and the Congressman, President Williams and I visited Ford. Ford was very interested and said they would host a presentation to which they would invite some foundations, which they did, and then we followed up with those foundations. Gifts from the Verizon Foundation and the New York Community Trust resulted and we are still talking with other foundations.

She asked about AIG and I said that early in 2006, the Congressman suggested I call them, which I did, but that the Congressman never visited AIG with me, nor did I ever meet with AIG's CEO. I began sending proposals to AIG in 2006 and am still doing so, but they have not accepted anything as yet. This is very standard operating procedure for our office, which speaks to foundations, corporations and individuals all the time. We have a conversation with them in which we try to find common ground between what they want to fund and what are our needs are and of course, we have to meet their guidelines for funding.

They also asked about whether we had met with Maurice Greenberg and I told them that Congressman Rangel, President Williams and I did, and that we were referred to the Starr Foundation. I spoke several times with the Starr Foundation, which is one of the largest funders in higher education, and tried to find a fit within their guidelines and their mission, which we did, resulting in a gift. They asked about Gene Isenberg and I said President Williams, Congressman Rangel and I had met with Gene in District Attorney Morgenthau's office in October of 2006 and then that President Williams and I met with Gene later. I mentioned that Mr. Morgenthau had been something of a mentor to the Congressman and had given him his first job out of law school when the Congressman came up against racial barriers. She was very interested in that story. I also told her that Gene was interested in having our economics and engineering students apply for internships at Nabors, which they did and four did internships in Houston and Alaska last summer—also other connections with the Isenberg school of Management and our Dean of Social Science.

She wanted to know if I ever had any questions about the appropriateness of AIG giving to CCNY or any qualms

EXHIBIT
Exhibit 492

and I said absolutely not, that we were talking about the mission of the Rangel Center in which we believed and so did everyone.

Give me a call if you have any questions.
Best
Shelly

Shelly Butler, Vice President
Development & Institutional Advancement
The City College of New York
160 Convent Avenue, S-154
New York, NY 10031
Tel: (212) 650-[redacted], 650-[redacted]
Fax: (212) 650-[redacted]
Email: rbutler[redacted]

11/12/2008



CBR 002813

CSOC.CBR.00003120

Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) **- All Filers Are Required to Complete This Page**

1. Registrant Name ☑ Organization ☐ Individual

American International Group, Inc.

2. Address ☐ **Check if different than previously reported**

Address1 1399 New York Avenue, Northwest Address2 Suite 900

City Washington State DC Zip Code 20005 - Country USA

3. Principal place of business (if different than line 2)

City New York State NY Zip Code 10270 - Country USA

4a. Contact Name	b. Telephone Number ☐ International Number	c. E-mail	5. Senate ID#
Mr. L. Oakley Johnson	(202) 585-5804		2695-12

7. Client Name ☑ Self	6. House ID#
American International Group, Inc.	310960000

TYPE OF REPORT 8. Year 2007 Midyear (January1-June30) ☐ Year End (July 1-December 31) ☑

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ Termination Date _____ 11. No Lobbying Activity ☒

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☒

$10,000 or more ☐ $ _____

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSE relating to lobbying activities for this reporting period were:

Less than $10,000 ☐

$10,000 or more ☑ $ 4,520,000.00

14. REPORTING Check box to indicate expense accounting method. See instructions for description of options.

- ☐ **Method A.** Reporting amounts using LDA definitions only
- ☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code
- ☑ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Signature ✓ Digitally Signed By: L. Oakley Johnson **Date** 02/08/2008

Printed Name and Title L. Oakley Johnson, Senior Vice President, Corporate Affairs

v5.0.1b

EXHIBIT
Exhibit 493

Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) **- All Filers Are Required to Complete This Page**

1. Registrant Name ☑ Organization ☐ Individual

Ogilvy Government Relations

2. Address ☐ **Check if different than previously reported**

Address1 1111 19th Street, NW Address2 Suite 1100

City Washington State DC Zip Code 20036 - Country USA

3. Principal place of business (if different than line 2)

City State Zip Code - Country

4a. Contact Name	b. Telephone Number ☐ International Number	c. E-mail	5. Senate ID#
Mr. WAYNE BERMAN	(202) 729-4200		48827-1698
7. Client Name ☐ **Self**			6. House ID#
AMERICAN INTERNATIONAL GROUP (AIG)			345280093

TYPE OF REPORT 8. Year 2007 Midyear (January 1-June30) ☐ Year End (July 1-December 31) ☑

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ Termination Date 11. No Lobbying Activity ☐

INCOME OR EXPENSES - Complete Either Line 12 OR Line 13

12. Lobbying

INCOME relating to lobbying activities for this reporting period was:

Less than $10,000 ☐

$10,000 or more ☑ $ 100,000.00

Provide a good faith estimate, rounded to the nearest $20,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSE relating to lobbying activities for this reporting period were:

Less than $10,000 ☐

$10,000 or more ☐ $

14. REPORTING Check box to indicate expense accounting method. See instructions for description of options.

☐ **Method A.** Reporting amounts using LDA definitions only

☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☐ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Signature Digitally Signed By: George S Hall **Date** 02/13/2008

US, DST Aces Unaffiliated Individual, George S Hall

Printed Name and Title Stewart Hall, Managing Director

v5.0.0m

EXHIBIT
Exhibit 494

Registrant Ogilvy Government Relations Client Name AMERICAN INTERNATIONAL GROUP (AIG)

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Attach additional page(s) as needed.

15. General issue area code BAN Banking (one per page)

16. Specific lobbying issues

H.R.2834, To amend the Internal Revenue Code of 1986 to treat income received by partners for performing investment management services as ordinary income received for the performance of services.
H.R.2761/S.2285, Terrorism Risk Insurance Revision and Extension Act of 2007.
H.R.4299, Terrorism Risk Insurance Program Reauthorization Act of 2007.

17. House(s) of Congress and Federal agencies ☐ Check if None ☑ House ☑ Senate ☐ Other

18. Name of each individual who acted as a lobbyist in this issue area

Name			Covered Official Position (if applicable)	New
First	Last	Suffix		
Wayne	Berman			☐
John	Green			☐
Stewart	Hall			☐
Julie	Dammann		Chief of Staff, Senator Christopher S. Bond	☐
Moses	Mercado			☐
Jimmy	Williams			☑
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Stewart Hall, Managing Director

v5.0.0m

EXHIBIT
Exhibit 494

ADDENDUM for General Lobbying Issue Area: BAN - Banking

Issues related to carried interest tax treatment, surplus lines insurance, and government-sponsored enterprise (GSE) reform.

Printed Name and Title Stewart Hall, Managing Director

EXHIBIT
Exhibit 494

CSOC.CBR.00032494

Bill Summary & Status

H.R.2834

Search Results > H.R.2834 > Cosponsors

Modify Search | New Search | Save Search/Alert Help | Contact Us

H.R.2834 [110th]

Title: To amend the Internal Revenue Code of 1986 to treat income received by partners for performing investment management services as ordinary income received for the performance of services.

Sponsor: Rep Levin, Sander M. [D-MI-12] (introduced 6/22/2007) **Cosponsors:** 26

Committees: House Ways and Means

Related Bills: H.R.2785, S.1624

Latest Major Action: 6/22/2007 Referred to House committee. Status: Referred to the House Committee on Ways and Means.

COSPONSORS, ALPHABETICAL [* = original cosponsor]: (Change sort: by date, by party)
Cosponsor Statistics: 26 current (includes 12 original)

Rep Abercrombie, Neil [D-HI-1] - 8/3/2007	Rep Blumenauer, Earl [D-OR-3] - 6/22/2007 *
Rep Conyers, John, Jr. [D-MI-14] - 7/19/2007	Rep DeFazio, Peter A. [D-OR-4] - 7/19/2007
Rep Filner, Bob [D-CA-51] - 6/28/2007	Rep Frank, Barney [D-MA-4] - 6/22/2007 *
Rep Gutierrez, Luis V. [D-IL-4] - 8/3/2007	Rep Jones, Stephanie Tubbs [D-OH-11] - 6/22/2007 *
Rep Kind, Ron [D-WI-3] - 6/22/2007 *	Rep Kucinich, Dennis J. [D-OH-10] - 9/4/2007
Rep Larson, John B. [D-CT-1] - 6/22/2007 *	Rep Lee, Barbara [D-CA-9] - 9/7/2007
Rep Lewis, John [D-GA-5] - 6/22/2007 *	Rep McDermott, Jim [D-WA-7] - 6/22/2007 *
Rep Napolitano, Grace F. [D-CA-38] - 9/18/2007	Rep Neal, Richard E. [D-MA-2] - 6/22/2007 *
Rep Norton, Eleanor Holmes [D-DC] - 7/19/2007	Rep Pascrell, Bill, Jr. [D-NJ-8] - 6/22/2007 *
Rep Pomeroy, Earl [D-ND] - 6/22/2007 *	Rep Rangel, Charles B. [D-NY-15] - 6/22/2007 *
Rep Sanchez, Linda T. [D-CA-39] - 1/22/2008	Rep Sarbanes, John P. [D-MD-3] - 8/3/2007
Rep Sherman, Brad [D-CA-27] - 7/11/2007	Rep Slaughter, Louise McIntosh [D-NY-28] - 10/18/2007
Rep Stark, Fortney Pete [D-CA-13] - 6/22/2007 *	Rep Welch, Peter [D-VT] - 6/28/2007

Search Results > H.R.2834 > Cosponsors

Modify Search | New Search | Save Search/Alert Help | Contact Us

EXHIBIT
Exhibit 494

Bill Summary & Status

H.R.2834

Search Results > H.R.2834 > Overview

Modify Search | New Search | Save Search/Alert Help | Contact Us

H.R.2834 [110th]

Title: To amend the Internal Revenue Code of 1986 to treat income received by partners for performing investment management services as ordinary income received for the performance of services.
Sponsor: Rep Levin, Sander M. [D-MI-12] (introduced 6/22/2007) **Cosponsors:** 26
Committees: House Ways and Means
Related Bills: H.R.2785, S.1624
Latest Major Action: 6/22/2007 Referred to House committee. Status: Referred to the House Committee on Ways and Means.

Jump to: Titles, Major Actions, Committees, Summary

TITLE(S): (*italics indicate a title for a portion of a bill*)

- OFFICIAL TITLE AS INTRODUCED:
  To amend the Internal Revenue Code of 1986 to treat income received by partners for performing investment management services as ordinary income received for the performance of services.

MAJOR ACTIONS: [SELECTED] *(dates in italics indicate Senate actions)* For more details, see: Bill Status Display.

NONE

COMMITTEE(S):

Committee/Subcommittee:	Activity:
House Ways and Means	Referral, In Committee

SUMMARY AS OF:
6/22/2007--Introduced.

Amends the Internal Revenue Code to treat as ordinary income (i.e., income taxed at regular income tax rates) income received by a partner from an investment services partnership interest. Defines "investment services partnership interest" as any interest in a partnership held by a person who provides services to a partnership by: (1) advising the partnership as to the value of specified assets (e.g., real estate, commodities, or options or derivative contracts); (2) advising the partnership about investing in, purchasing, or selling specified assets; (3) managing, acquiring, or disposing of specified assets; or (4) arranging financing with respect to acquiring specified assets.

Search Results > H.R.2834 > Overview

Modify Search | New Search | Save Search/Alert Help | Contact Us



CSOC.CBR.00032496

Active Financing Working Group

1001 Pennsylvania Ave. NW Suite 601 *Washington DC*

January 18, 2008

The Honorable Nancy Pelosi
Speaker of the House
Washington, D.C. 20515

The Honorable John Boehner
House Minority Leader
Washington, D.C. 20515

The Honorable Harry Reid
Senate Majority Leader
Washington, D.C. 20510

The Honorable Mitch McConnell
Senate Minority Leader
Washington, D.C. 20510

The Honorable Charles Rangel
Chairman
Ways and Means Committee
Washington, D.C. 20515

The Honorable Jim McCrery
Ranking Member
Ways and Means Committee
Washington, D.C. 20515

The Honorable Max Baucus
Chairman
Finance Committee
Washington, D.C. 20510

The Honorable Charles Grassley
Ranking Member
Finance Committee
Washington, D.C. 20510

Dear Madame Speaker and Messrs. Reid, Boehner, McConnell, Rangel, Baucus, McCrery and Grassley:

The members of the Active Financing Working Group are collectively a critical part of the U.S. economy and provide hundreds of thousands of U.S. jobs. We applaud your efforts to develop a fiscal stimulus package that will provide an immediate boost to the U.S. economy. Any such package should include an immediate extension of the subpart F rules applicable to financial services business income.

In addition to temporary provisions designed to "jump start" the economy, it is critical to recognize the need to provide certainty to the financial services industry. The recent turmoil in financial markets poses a risk to our economy and to our workers. The credit situation threatens to deteriorate unless specific steps are taken to stabilize the U.S. financial services sector. Thus, an important component of any economic stimulus package should be to buttress this essential component of the U.S. economy.



A failure to extend the active financial services rules would be a significant tax increase on U.S. financial services firms. The shadow of this looming tax increase is already being felt as U.S. financial concerns make long-term financial decisions, including pricing decisions, acquisition activity and maintenance of employment levels.

For manufacturers, the economic situation makes foreign markets even more critical to U.S. manufacturing jobs. Indeed, many U.S. manufacturers are relying on their exports and foreign sales to sustain and even grow jobs here at home. Failure to extend the active financial services rules would result in a tax hike that would increase the cost of financing many export sales. At this critical time, American workers cannot afford that tax increase.

Thus, an extension of current law is critical to maintain competitive balance and quality long-term U.S. jobs in both the manufacturing and financial services sectors. If current law lapses, foreign firms are likely to fill the void and thousands of supporting U.S. jobs may be lost. Already, only three U.S. banks are currently ranked amongst the world's top 25 banks.

Maintaining robust U.S. financial firms and markets is of paramount concern. Businesses and households must be able to finance their spending in order to make economic investments. Extending the active financial services provision as part of the economic stimulus package will ensure that U.S.-based financial services business are able to continue to operate competitively and provide the funds needed for investment and economic growth. In short, an extension of the active financial services rules now will provide a significant economic boost at a critical time for an industry facing significant challenges.

We cannot emphasize enough the need for quick action on this provision.

Sincerely,

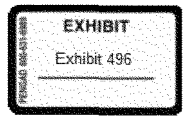
The Active Financing Working Group

UPDATED 2/15/08

INSURANCE ISSUES

BUDGET

Redacted



Climate Change

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GOVERNMENT SPONSORED ENTERPRISES (GSES – FANNIE MAE & FREDDIE MAC)

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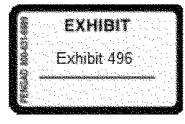


Redacted

MCCARRAN FERGUSON

Redacted

MISC. LEGISLATION (1/30/08 No Updates – Lott Retired)

Redacted



Redacted

Confidential



AIGSC0358

CSOC.CBR.00009362

FLOOD

Redacted

OPTIONAL FEDERAL CHARTER

Redacted



Redacted

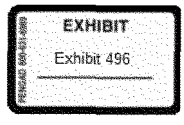
SURPLUS LINES

Redacted

TAX

Active Financing

Redacted



AMT

Ways and Means Committee Chairman Rangel (D-NY) introduced a $1.3 trillion tax overall plan, H.R. 3970, on October 25, 2007. The bill would repeal the AMT after 2007 and pay for it by imposing a surtax of at least 4 percent on tax payers with incomes exceeding $200,000. The legislation includes a $384 billion corporate title that would reduce the top corporate marginal tax rate from 35 percent to 30.5 percent. It also would modify the allocation of expense and taxes on repatriation of foreign income and repeal the last-in, first-out accounting methods for all companies. Any income recognized as a result of this change in accounting method would be spread over eight years. Rangel has said he would not consider this legislation until 2008. The legislation is a starting point for discussion and he would lower the corporate tax rate further if additional offsets can be found.

Senate Finance Committee Chairman Baucus (D-MT) intends to spend 2008 holding hearings on comprehensive tax reform with a goal of working on a major tax reform bill in 2009 and 2010.

The administration has remained largely quiet on the Rangel proposal. Treasury Secretary Paulson has been pushing for lower corporate tax rates and is likely to continue his discussions with Rangel on the topic.

Bermuda Reinsurance

Over the last several years, Senate Democrats have contemplated several proposals to close "tax loopholes" for U.S. companies operating overseas. One proposal that has resurfaced again is the Bermuda reinsurance tax proposal. This proposal, which Congress first considered in 2001, would treat as taxable income certain reinsurance premiums that insurers pay to reinsurers based in a low-tax jurisdiction.

Another proposal sponsored by Senator Byron Dorgan (D-ND) would treat "controlled foreign corporations" (CFCs) organized in a listed "tax haven" country as a domestic corporation. His proposal lists forty "tax haven" countries, including Bermuda and the Cayman Islands.

At this date, other than Mr. Dorgan's bill, there is no pending legislation aimed at the Bermuda or specifically, the reinsurance market. A coalition of U.S. insurers has been formed to push for legislation that would deny the deductibility of reinsurance premiums added to affiliated Bermuda insurers.

AIG is not supporting or opposing this effort.

Congressman Richard Neal (D-MA), chairman of the Ways and Means Committee's Select Revenue Measures Subcommittee and the cosponsor of the 2001 Bermuda reinsurance tax proposal, is expected to reintroduce a similar proposal this year. The Senate has yet to consider a similar proposal. But, if Senator Dorgan's bill advances in the Finance Committee, it may open the door for debate on more country-specific legislation, such as Bermuda.

Estate Tax

Senator Baucus (D-MT) is expected to push a permanent change to the estate tax, ending the uncertainty over a tax slated to disappear in 2010, then return with a higher rate and lower exemption in 2011. Lawmakers sense an opening for a deal short of repeal, but election-year politics could complicate the issue, and a recession could dampen support for legislation benefiting the wealthy. Congresswoman Nita Lowey (D-NY) introduced H.R. 4235 on November 11, 2007 and it has been referred to the House Committee on Ways and Means. The bill would restore the estate tax and reduce the estate tax rates by 20 percent and increase to $3 million the unified credit against the estate tax.

Inside Build Up

Redacted

TERRORISM INSURANCE

Redacted

Redacted

TRAVEL LIFE INSURANCE

Redacted



Rachelle Butler

From: Cloonan, Ned
Sent: Tuesday, February 26, 2008 6:40 PM
To: 'rbutler
Cc: Lee, Ed; Chin, James
Subject: Re: Great News from the Rangel Center at The City College of New York

Shelly,
Congratulations on the progress.
Look forward to the call etc. give my best to the president and to the chairman.

Sent from my BlackBerry Wireless Handheld

----- Original Message -----
From: Shelly Butler
To: Ned.Cloonan
Cc: ed.lee; 'Gregory H. Williams' <gwilliams; 'Dalley, George' <George.Dalley@mail.house.gov>; 'Berger, Dan' <Dan.Berger@mail.house.gov>
Sent: Tue Feb 26 15:23:34 2008
Subject: Great News from the Rangel Center at The City College of New York

Dear Ned,

I am delighted to tell you that the Charles B. Rangel Center has been officially approved by the City University Board of Trustees. City College will be issuing a press release imminently about the good news.

In more good news, the Rangel Center has received a $1.95 million grant from Congress. We are very proud that this allocation was passed overwhelmingly by both houses of Congress and recently signed into being by President Bush. Fundraising for the Center now stands at over $10 million and we are going strong.

On April 22, National Grid (formerly Keyspan) will be holding a reception in the Rayburn Office Building in Washington DC for all its Board members in honor of City College and its wonderful math, science, and technology programs for underrepresented populations. Congressman Rangel will be the guest of honor and the speaker. You and your colleagues will be invited so I hope that you are able to make it. President Williams and I will also both be there together with a number of Congressional leaders and VIPs.

Congressman Rangel has expressed a wish to meet with the folks from AIG together with President Williams about engaging AIG in the wonderful work of the Rangel Center. Dan Berger of Congressman Rangel's office will be contacting you about finding a time that is convenient for everyone.

I look forward to seeing you all in the very near future.

Best regards
Shelly

Shelly Butler, Vice President

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EXHIBIT
Exhibit 497

CSOC.CBR.00024598

CSOC.CBR.00024598

Development & Institutional Advancement
The City College of New York
160 Convent Avenue, S-154
New York, NY 10031
Tel: (212) 650-[redacted]; 650-[redacted]
Fax: (212) 650-[redacted]
Email: rbutler[redacted]



CSOC.CBR.00024599

Confidential Memorandum

To:	Congressman Charles Rangel
From:	President Gregory Williams
	Vice President Shelly Butler
Date:	April 15, 2008
Re:	Briefing – AIG

MEETING LOGISTICS:

Prospect:	Ned Cloonan, Vice President
Date, Time:	Monday, April 21, 2008, 10:00am
Participants:	Congressman Charles Rangel
	CCNY President Gregory Williams
	CCNY Vice President Shelly Butler
Location:	70 Pine Street (between William and Water Street)
Contact:	Ned Cloonan, 212-770-6114

OBJECTIVE:

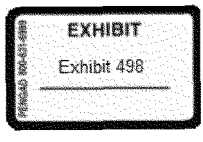
Close $10M gift from AIG for the Rangel Center which will:

- **Name AIG Hall**
- **Establish The AIG Endowed Chair in Financial Education**
- **Establish The Charles B. Rangel Professorship in Consumer Policy and**
- **Establish the AIG Endowed Scholarships in Financial Education**

BACKGROUND: I first met with them on April 28, 2006 and then July 25, 2006; President Williams and I met with them on April 25, 2007; and I had many telephone meetings with the people named below. President Williams and I have met with:

- VP Ned Cloonan
- AVP Ed Lee
- Director of Intl. and Corporate Affairs James Chin
- Kate de Rosset-Corporate grants—no longer there

- Solicitation began 2 years ago with an original $10M request for science, technology, math and engineering scholarships and the Rangel Center building
- We were asked to separate the two proposals, which we did for $5M each
- We were then asked if this request could change to include the professorships and scholarship named below, which we did (attached) 6-15-07, as AIG needed to fulfill some commitments to financial education of consumers
- In addition to naming the building, the gift will now include:
  - **The AIG Endowed Chair in Financial Education**
  - **The Charles B. Rangel Professorship in Consumer Policy**
  - **AIG Endowed Scholarships in Financial Education**



All went well until a negative article about the proposed Congressional allocation in the *Daily News* and AIG shied away and asked for time to let this die down. In time, the bill was passed and now with the Letter to the Editor from District Attorney Robert Morgenthau to *The Sun*, the climate is much better. Hopefully, we can now close the gift.

SPEAKING POINTS - RECOMMENDATIONS

1. Congressman Rangel will open and briefly talk about his vision to have the face of government and public service represent the diverse population in the United States.

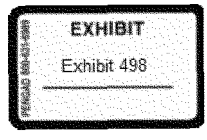
2. President Williams will speak about the history and mission of CCNY.
   - Access and Excellence.
   - Diverse population.

3. Vice President Shelly Butler will cover the following key components of the gift
   - Naming the Harlem limestone townhouse AIG Hall - $5M + $2.5M match from CUNY
   - The AIG Endowed Chair in Financial Education
   - The Charles B. Rangel Professorship in Consumer Policy
   - AIG Endowed Scholarships in Financial Education

4. Fundraising commitments - $11,650,000 – Details below
   - $5M The Starr Foundation (C.V. Starr Library)
   - $1.9M Congressional allocation (unrestricted)
   - $1M Gene Isenberg
   - $1M Ford Foundation (research)
   - $700k Josh and Judy Weston – MA Scholarships
   - $500k Verizon Foundation (technology grant joint with DWE)
   - $440k Kheel Foundation - scholarships
   - $445K and
   - $250k HUD grants (planning, design and construction)
   - $125k Community Trust (public service internships)
   - $100k David Rockefeller (unrestricted)
   - $50k Rockefeller Brothers Fund (Mid-Career Fellows)
   - $25k Rhodobeck Foundation

5. Focus on the partnership and the shared values between AIG and CCNY.

   - Commitment to diversity is a guiding business principle at AIG and is the primary vision of the Rangel Center.
   - Goal is to have a more diverse population of public servants that reflects the diversity in the United States.
   - AIG sees a reflection of itself in CCNY



6. **AIG Hall** will be the physical home of the Rangel Center and will present opportunities for publicity. Examples include:
    - Center's Inauguration and Launch of the programs
    - Gathering of public figures in the Harlem community
    - Lectures, conferences, and receptions.

7. Two examples of university buildings named for corporations:
    - $20M gift to University of Maryland for Comcast Center (athletics) and
    - $5 million gift to University of North Carolina, Chapel Hill to create FedEx Global Education Center (houses the university's international programs).

8. Close with the Next Steps
    - Absolute commitment and funding time period
    - Formal letter of agreement.

9. What the Rangel Center consists of:
    - The building
    - Charles B. Rangel Library and Archives holding the Chairman's papers
    - Two Degree Programs
    - The Master's Program in Public Service, interdisciplinary.
    - Combined BA/MA Program in Public Service – fast track program.
    - Charles B. Rangel Fellows: A Mid-Career Program in Leadership and Policy Innovation

FINANCIAL INFORMATION

- AIG reported $113 billion in sales for 2007. Firm's net worth is reported at $101 billion. 106,000 employees. $29.2B inventory of subprime debt (wrote down $352M on value of subprime holdings last year).
- Martin J. Sullivan , CEO and President. Pay: $11M
- Steven J. Bensinger Chief Financial Officer and Exec. VP. Pay: $ 6.5M
- Edmund S.W. Tse, Jr. Sr. Vice Chairman of Life Insurance. Pay: $2.7 M
- Rodney O. Martin, Exec. VP of Life Insurance. Pay: $4.7M

AIG'S PHILANTHROPY

- Corporate philanthropy falls under the Corporate Responsibility umbrella and is directed at the company's strategic focus: entrepreneurship and economic empowerment; emergency preparedness and disaster relief; strategic education and health initiatives; and independence for people with disabilities.
- In 2001 AIG created the AIG Disaster Relief Fund in response to the events of September 11. In 2006 the fund distributed $7.6M in response to Hurricane Katrina and Tsunami in Asia
- $5M pledge in March 2007 to ORBIS International for Blindness prevention in five countries. **Edward (Ned) T. Cloonan** is on the board of ORBIS, which recently launched a $100M campaign.



- $100K commitment in February 2007 National Organization on Disability's Emergency Preparedness Initiative.

Starr Foundation ($3.5B in assets) was philanthropic arm of AIG until 2005 when AIG board forced Maurice "Hank" Greenberg to resign from his post as Chairman and CEO under fraud allegations.

SOURCES: LexisNexis, www.google.com, www.aigcorporate.com, www.finance.yahoo.com



Tickley

Jacob Morel

From: Shelly Butler

Sent: Wednesday, April 16, 2008 2:24 PM

To: 'Dalley, George'; 'Berger, Dan'; 'Capel, Jim'; 'Gregory H. Williams'

Cc: 'Jacob Morel'; 'Teresa Flemming'; aperez 'Michael Rogovin'; 'Jones, Vivian'; awilson 'Milne, Emile'; 'Sherwood, Michelle'; 'Featherson, Wendy'; 'Grant, Cedric'; 'Biglow, Holly'; 'Sheiner, Jon'

Subject: RE: URGENT - Confirmation of meeting at AIG with Congressman Rangel, VP Ned Cloonan,President Gregory Williams, VP Shelly Butler April 21

Attachments: AIG for Rangel 042108 (2).doc; AIG, the Rangel Center, and Financial Literacy 4-16-08.doc; AIG Hall at the Charles B Rangel Center for Public Service-4-16-08.doc

Hello everyone,
Attached is the briefing which includes the summary history of our discussions with AIG and the names of all persons involved. I have attached ONLY the latest versions of the proposal, how separated into two parts as they requested:

$5 million to name AIG Hall
$5 million to endow The AIG Endowed Chair in Financial Education, The Charles B. Rangel Professorship in Consumer Policy and the
AIG Endowed Scholarships in Financial Education

The two professorships are so that AIG can repair some fences they had with consumers and of course, everyone likes scholarships!

Please let me know if you have any questions.
Thanks
Shelly

Shelly Butler, Vice President
Development & Institutional Advancement
The City College of New York
160 Convent Avenue, S-154
New York, NY 10031
Tel: (212) 650 650
Fax: (212) 650
Email: rbutler

From: Dalley, George
Sent: Wednesday, April 16, 2008 12:45 PM
To: rbutler ; Berger, Dan; Capel, Jim
Cc: Jacob Morel; Teresa Flemming; aperez Michael Rogovin; Jones, Vivian; awilson Milne, Emile; Sherwood, Michelle; Featherson, Wendy; Grant, Cedric; Dalley, George; Biglow, Holly; Sheiner, Jon
Subject: RE: URGENT - Confirmation of meeting at AIG with Congressman Rangel, VP Ned Cloonan,President Gregory Williams, VP Shelly Butler April 21

Shelly, this meeting is on his calendar for Monday morning. Please help us brief him for participation by preparing and sending him a summary history of our discussions with AIG regarding the Rangel Center with the names of all of the persons who have been involved. Please also send Charlie a copy of the proposal you have submitted

4/16/2008

EXHIBIT
Exhibit 499

to them.

From: Shelly Butler
Sent: Wednesday, April 16, 2008 11:30 AM
To: Berger, Dan; Dalley, George; Capel, Jim
Cc: 'Jacob Morel'; 'Teresa Flemming'; aperez 'Michael Rogovin'; Jones, Vivian; awilson
Subject: URGENT - Confirmation of meeting at AIG with Congressman Rangel, VP Ned Cloonan,President Gregory Williams, VP Shelly Butler April 21

Hi everyone, we're on for our meeting at AIG with Ned Cloonan, the Chairman, President Williams and me

Monday, April 21 @ 10AM with AIG and Congressman Rangel at
70 Pine Street, between Pearl and William Street.
New York

Hope to close this $10 million gift for the Rangel Center finally! The Chairman doesn't need to make the case—we already have our proposal in. His presence is all that is needed—that will send the message.

Best
Shelly

Shelly Butler, Vice President
Development & Institutional Advancement
The City College of New York
160 Convent Avenue, S-154
New York, NY 10031
Tel: (212) 650- ; 650-
Fax: (212) 650-
Email: rbutler



the City College of New York

OFFICE OF THE PRESIDENT

Administration Building, Room 300
Convent Avenue at 138th Street
New York, New York 10031
TEL: 212.650.7285
FAX: 212.650.7680
www.ccny.cuny.edu

April 21, 2008

Mr. Ned Cloonan
Vice President
American International Group
70 Pine Street, 36th Floor
New York, NY 10270

Dear Ned,

I want to thank you and your team for meeting today with Congressman Rangel, VP Shelly Butler and me at AIG. As we all agree, there is a special affinity that AIG and The City College of New York have for each other that will make our partnership beneficial to us all. I know that CCNY can provide a number of the internationally savvy, knowledgeable and eager new members of the AIG team that you are seeking.

I'm sure you could also see how important the Charles B. Rangel Center for Public Service is to the Congressman and what a high priority he sets upon its advancement. Although he was not yet in the pink, and although he had to go back to Washington for our event tomorrow, he took time from a very heavy schedule to make sure to be there today. I believe he wanted to help you understand how significant a role the Rangel Center can play in the future of public service. He believes in bringing more underrepresented populations into the higher levels of government and public service just as you do at AIG. I think he also expressed very eloquently how vital it is for the public and private sectors to work together where government alone is just not enough.

He is rightly proud of the Rangel Center being a most important part of his legacy; we are proud, too. His willingness to address your Board on the Center's behalf speaks for itself, I think. I look forward to hearing from you in the very near future and embarking on this wonderful initiative together. Then I can have the very great pleasure of welcoming you into the CCNY community as a full partner as we go forward.

Sincerely yours,

Gregory H. Williams
President

cc: Congressman Charles B. Rangel

RECEIVED
APR 24 2008
S.C. CLOONAN

THE CITY UNIVERSITY OF NEW YORK

EXHIBIT
Exhibit 500

the City College of New York

OFFICE OF THE PRESIDENT

Administration Building, Room 300
Convent Avenue at 138th Street
New York, New York 10031
TEL: 212.650.7285
FAX: 212.650.7680
www.ccny.cuny.edu

April 21, 2008

The Honorable Charles B. Rangel
US Congress, 15th Congressional District
163 West 125th Street
New York, NY 10027

Dear Congressman Rangel,

Thank you so much for meeting today with Shelly and me at AIG. As you could see, there is still a little way to go, but there is no question in my mind that by your presence and your eloquence, you have moved this whole proceeding to a different level.

You let them know how important education and the Charles B. Rangel Center at The City College of New York are to you. They are cleared inclined to make the gift, but certainly after your presentation today, I believe they will now make it a priority.

Even after a serious illness, you made a special effort to be there for CCNY and the Rangel Center. Please know how very much you and the Rangel Center mean to us, as well.

I know we will see each other again in DC and I'm hoping you will be in town for our gala on May 7 at the Mandarin. You have my warmest thanks and appreciation for all that you do.

Your friend,

Gregory H. Williams
President

EXHIBIT
Exhibit 501

Redacted

From: MacArthur, Maureen on behalf of Cloonan, Ned
Sent: Tuesday, April 22, 2008 6:17 PM
To: Lee, Ed; Chin, James
Subject: FW: thanks so much for the meeting today
Attachments: Letter to the Editor of The Sun by District Attorney Robert M. Morgenthau.doc

Tracking:

Recipient	Read
Lee, Ed	Read: 4/22/2008 6:25 PM
Chin, James	Read: 4/22/2008 7:38 PM

Let's discuss.
Ned

-----Original Message-----
From: Shelly Butler
Sent: Monday, April 21, 2008 5:11 PM
To: Cloonan, Ned
Subject: thanks so much for the meeting today

Dear Ned,

I want to thank you, Ed, James and everyone for meeting with Congressman Rangel, President Williams and me today. It was a really good meeting and it was clear that you are eager to begin this project with City College. As you could see, the Chairman is really invested in the Rangel Center's future and considers it a great thing, as we do. I was impressed that he would be willing to speak before your Board---but not really surprised. I have attached the Letter to the Editor written by New York County District Attorney Robert Morgenthau in the Sun. I think that says it all. The Center is a true good thing and in many ways will be a positive for AIG.

Again, many thanks and I hope we will be bringing you all up to City College for an inaugural event very soon!

Best regards
Shelly

Shelly Butler, Vice President
Development & Institutional Advancement
The City College of New York
160 Convent Avenue, S-154
New York, NY 10031
Tel: (212) 650-[redacted]; 650-[redacted]
Fax: (212) 650-[redacted]
Email: rbutler[redacted]

EXHIBIT
Exhibit 502

Call Report

Date: April 23, 2008

To: File

From: Shelly

Re: Meeting with AIG on April 21, 2008

President Williams, Congressman Rangel and I met with Ned Cloonan, Ed Lee, James Chin, Jackie Shen, and one or two others from AIG who were from corporate. The Congressman talked about AIG and how well it had done in its corporate outreach. Then, President Williams talked about CCNY and I spoke about the proposal in the packets. Ned seemed to indicate that they were on board with it. The Congressman said something about let's not oversell this thing if the vacuum has already been sold and then President Williams chimed in with a question about what we need to do to complete the gift, that we had been working with them for two years.

Then, Ned said rather abashed that he thought that his board would be concerned with the possibility that there could be some adverse publicity about this, that some of the media might accuse AIG of trying to win the favor of the Chairman of the House Ways and Means Committee by making this gift. I then suggested returning to one of our earlier ideas, that the building not be named for AIG. But when I said this, Ned said, no, if they were going to make the gift, they wanted the naming. Then, the Congressman said he thought we had already made the sale—he didn't realize we were still at this point and he asked again, what do we need to do to get this done? And then he went on to say that he would be happy to go to AIG's board and speak to them about the importance of doing this. He referred to the Letter to the Editor by NY District Attorney Morgenthau that had been printed in the Sun, but I didn't have it with me. I did email it to Ned, however, with my TY later that day. Ned said he didn't need the approval of his board to get it done and said that out of respect for the Congressman, he wouldn't ask him to speak to his Board and then the Congressman asked a third time what needed to be done. At this point, after a bit of hesitation, Ned said to the Congressman, give me two weeks and then I might ask you to make one call. Shortly after, we left (after I distributed invitations to our gala).

The next day, Jackie called me. Dawn told her I was in Washington and could it wait until I came back and Jackie said no, she had some questions. So I called her and she asked me some good procedural questions:

1. She found the stuff on the Jewish Studies and the Skadden gifts, but not on the NY Life gift, so I emailed her the PR link to our website. She also asked me how that gift was paid and I said it was paid in one lump sum. She then asked were these gifts to departments; I said no, they were all to centers and that the Rangel Center was listed on our website under Centers; she said she saw it.
2. She then asked me what entity gifts are paid to and I told her about the City College 21st Century Foundation. She asked if all the money goes into one City College and then everything is paid out of that. I told her no, that we would set up individual funds within the Foundation; that the

EXHIBIT
Exhibit 503

gift to the building would be a separate spend-down account and that each endowed professorship and the scholarships would all be separate accounts.

3. She then asked if the scholarships would be limited to the Rangel Center; I said the way the proposal was written now, they would be, but that could be opened up if AIG wanted to do that.
4. I also told her that there was a chance that we could get the chancellor's 1:2 match, but as it had been offered two years ago, I was no longer sure we would get it and that was why it had not been included in the proposal, but that it wasn't off the table.
5.



Clerk of the House of Representatives	Secretary of the Senate
Legislative Resource Center	Office of Public Records
B-106 Cannon Building	232 Hart Building
Washington, DC 20515	Washington, DC 20510
http://lobbyingdisclosure.house.gov	http://www.senate.gov/lobby

LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - **All Filers Are Required to Complete This Page**

1. Registrant Name ☑ Organization/Lobbying Firm ☐ Self Employed Individual

American International Group

2. Address ☑ **Check if different than previously reported**

Address1 70 Pine Street Address2

City New York State NY Zip Code 10270 - Country USA

3. Principal place of business (if different than line 2)

City State Zip Code - Country

4a. Contact Name	b. Telephone Number / International Number	c. E-mail	5. Senate ID#
Mrs. Anastasia D. Kelly	(212) 770-5426		2695-12

7. Client Name		6. House ID#
☑ *Self* ☐ *Check if client is a state or local government or instrumentality*		
American International Group		310960000

TYPE OF REPORT 8. Year 2008 Q1 (1/1 - 3/31) ☐ Q2 (4/1 - 6/30) ☑ Q3 (7/1-9/30) ☐ Q4 (10/1 - 12/31) ☐

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ Termination Date 11. No Lobbying Issue Activity ☒

INCOME OR EXPENSES - **YOU MUST complete either Line 12 or Line 13**

12. Lobbying

INCOME relating to lobbying activities for this reporting period was:

Less than $5,000 ☒

$5,000 or more ☒ $

Provide a good faith estimate, rounded to the nearest $10,000, of all lobbying related income from the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).

13. Organizations

EXPENSE relating to lobbying activities for this reporting period were:

Less than $5,000 ☐

$5,000 or more ☑ $ 2,750,000.00

14. REPORTING Check box to indicate expense accounting method. See instructions for description of options.

☐ **Method A.** Reporting amounts using LDA definitions only

☐ **Method B.** Reporting amounts under section 6033(b)(8) of the Internal Revenue Code

☑ **Method C.** Reporting amounts under section 162(e) of the Internal Revenue Code

Signature Digitally Signed By: William Minor **Date** 07/21/2008

Printed Name and Title Anastasia D. Kelly, General Counsel

v6.0.1f

EXHIBIT
Exhibit 504

Registrant American International Group | Client Name American International Group

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Add additional page(s) as needed.

15. General issue area code ACC Accounting (one per page)

16. Specific lobbying issues

Issues concerning fair value accounting.

17. House(s) of Congress and Federal agencies ☐ Check if None

U.S. HOUSE OF REPRESENTATIVES, U.S. SENATE, Treasury - Dept of

18. Name of each individual who acted as a lobbyist in this issue area

First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Rich	Merski			☐
Brad	Welling			☐
				☐
				☒
				☒
				☒
				☒
				☒
				☒

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Anastasia D. Kelly, General Counsel



Registrant American International Group | Client Name American International Group

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Add additional page(s) as needed.

15. General issue area code | TAX | Taxation/Internal Revenue Code | (one per page)

16. Specific lobbying issues

S. 940/H.R. 1509, to amend the Internal Revenue Code of 1986 to permanently extend the subpart F exemption for active financing income; H.R. 6049, the Renewable Energy and Job Creation Act of 2008, section 239; S. 3125, the Energy Independence and Tax Relief Act of 2008, section 241.

17. House(s) of Congress and Federal agencies ☐ Check if None

U.S. HOUSE OF REPRESENTATIVES, U.S. SENATE

18. Name of each individual who acted as a lobbyist in this issue area

First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Rich	Merski			☐
Brad	Welling			☐
Andre	Belelieu			☑
James	Chin			☐
Edmund	Lee			☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Anastasia D. Kelly, General Counsel

EXHIBIT
Exhibit 504

Registrant American International Group | Client Name American International Group

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Add additional page(s) as needed.

15. General issue area code INS Insurance (one per page)

16. Specific lobbying issues

H.R. 2205/S.1010, Retirement Security for Life Act of 2007; H.R. 1065/S. 929, Nonadmitted & Reinsurance Reform Act of 2007; S. 40, H.R. 3200, National Insurance Act of 2007; H.R. 5840, the Insurance Information Act of 2008; S.2666, the Affordable Housing Investment Act of 2008.

17. House(s) of Congress and Federal agencies ☐ Check if None

U.S. HOUSE OF REPRESENTATIVES, U.S. SENATE

18. Name of each individual who acted as a lobbyist in this issue area

First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Rich	Merski			☐
Brad	Welling			☐
Kyra	Detmer		Former Congressman Robert H. Michel (IL-18)	☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Anastasia D. Kelly, General Counsel

EXHIBIT
Exhibit 504

Registrant American International Group | Client Name American International Group

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Add additional page(s) as needed.

15. General issue area code | RET | Retirement | (one per page)

16. Specific lobbying issues

H.R. 3185, the 401(k) Fair Disclosure for Retirement Security Act of 2007; S. 2794, the Senior Investor Protection Act of 2008.

17. House(s) of Congress and Federal agencies ☐ Check if None

U.S. HOUSE OF REPRESENTATIVES, U.S. SENATE

18. Name of each individual who acted as a lobbyist in this issue area

First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Kyra	Detmer		Former Congressman Robert H. Michel (IL-18)	☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Anastasia D. Kelly, General Counsel

EXHIBIT
Exhibit 504

Registrant American International Group | Client Name American International Group

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Add additional page(s) as needed.

15. General issue area code HOU Housing (one per page)

16. Specific lobbying issues

S. 2636, the Foreclosure Prevention Act of 2008; H.R. 3221, the American Housing Rescue and Foreclosure Prevention Act of 2008; S. 2136, the Helping Families Save their Homes in Bankruptcy Act of 2007; H.R. 1427, the Federal Housing Finance Reform Act of 2007.

17. House(s) of Congress and Federal agencies ☐ Check if None

U.S. SENATE, U.S. HOUSE OF REPRESENTATIVES

18. Name of each individual who acted as a lobbyist in this issue area

First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Kyra	Detmer		Former Congressman Robert H. Michel (IL-18)	☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Anastasia D. Kelly, General Counsel

EXHIBIT
Exhibit 504

Registrant American International Group | Client Name American International Group

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Add additional page(s) as needed.

15. General issue area code: BNK — Bankruptcy (one per page)

16. Specific lobbying issues

H.R. 3609, the Emergency Home Ownership and Mortgage Equity Protection Act of 2007.

17. House(s) of Congress and Federal agencies ☐ Check if None

U.S. HOUSE OF REPRESENTATIVES

18. Name of each individual who acted as a lobbyist in this issue area

First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Kyra	Detmer		Former Congressman Robert H. Michel (IL-18)	☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Anastasia D. Kelly, General Counsel

EXHIBIT
Exhibit 504

Registrant American International Group | Client Name American International Group

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Add additional page(s) as needed.

15. General issue area code | CSP | Consumer Issues/Safety/Products | (one per page)

16. Specific lobbying issues

S. 1782/H.R. 3010, the Arbitration Fairness Act of 2007; H.R. 4040/S. 2663, the Consumer Product Safety Modernization Act.

17. House(s) of Congress and Federal agencies ☐ Check if None

U.S. SENATE, U.S. HOUSE OF REPRESENTATIVES

18. Name of each individual who acted as a lobbyist in this issue area

First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Kyra	Detmer		Former Congressman Robert H. Michel (IL-18)	☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Anastasia D. Kelly, General Counsel

EXHIBIT
Exhibit 504

Registrant American International Group | Client Name American International Group

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Add additional page(s) as needed.

15. General issue area code | TRD | Trade (Domestic/Foreign) | (one per page)

16. Specific lobbying issues

AIG's position on China, including compliance issues, market access requests, and the US-China Bilateral Investment Treaty; AIG's position with regard to EU-US insurance regulatory convergence and Solvency II framework; AIG's position with regard to the U.S.-Korea Free Trade Agreement and improved transparency in legislation and regulation; AIG's position with regard to the U.S. trade agenda and trade capacity building; AIG's position with regard to WTO and the Doha Round; AIG's position with regard to Japan.

17. House(s) of Congress and Federal agencies ☐ Check if None

U.S. HOUSE OF REPRESENTATIVES, U.S. SENATE, Natl Security Council (NSC), U.S. Trade Representative (USTR), Treasury - Dept of, State - Dept of (DOS), Commerce - Dept of (DOC)

18. Name of each individual who acted as a lobbyist in this issue area

First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Edmund	Lee			☐
Edward	Cloonan			☐
Joe	Dillon		U.S. State Dept, detail to WH Comms; Treasury	☐
Shawn	Gallagher		Reps. J. Greenwood, D. Chrysler and M. Foley	☐
Diana	Keegan			☐
Kevin	Mulvey			☐
				☐
				☐
				☒

19. Interest of each foreign entity in the specific issues listed on line 16 above ☐ Check if None

Insurance company operations

Printed Name and Title Anastasia D. Kelly, General Counsel

EXHIBIT
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ADDENDUM for General Lobbying Issue Area: TRD - Trade (Domestic/Foreign)

Insurance privatization, and other financial services; AIG's position with regard to insurance issues in Malaysia, including liberalization of financial services sector; AIG's position with regard to insurance law reform issues in Thailand, Indonesia; AIG's position with regard to financial services issues in India; AIG's position with regard to sectoral discussions on an investment and financial services agreement with Singapore, Chile, Brunei, and New Zealand, known as the P-4 agreement; AIG's position with regard to WTO accession in Kazahkstan.

Printed Name and Title Anastasia D. Kelly, General Counsel



Registrant American International Group | Client Name American International Group

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Add additional page(s) as needed.

15. General issue area code | ENV | Environment/Superfund | (one per page)

16. Specific lobbying issues

S. 2191, the Lieberman-Warner Climate Security Act.

17. House(s) of Congress and Federal agencies ☐ Check if None

U.S. HOUSE OF REPRESENTATIVES, U.S. SENATE, U.S. Trade Representative (USTR)

18. Name of each individual who acted as a lobbyist in this issue area

First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Diana	Keegan			☐
Andre	Belelieu			☑
James	Chin			☐
Edward	Cloonan			☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Anastasia D. Kelly, General Counsel



Registrant American International Group | Client Name American International Group

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Add additional page(s) as needed.

15. General issue area code | FIN | Financial Institutions/Investments/Sec | (one per page)

16. Specific lobbying issues

Financial services regulatory reform.

17. House(s) of Congress and Federal agencies ☐ Check if None

U.S. HOUSE OF REPRESENTATIVES, U.S. SENATE

18. Name of each individual who acted as a lobbyist in this issue area

First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Andre	Belelieu			☑
James	Chin			☐
Edmund	Lee			☐
Edward	Cloonan			☐
				☐
				☐
				☐
				☐
				☐

19. Interest of each foreign entity in the specific issues listed on line 16 above ☑ Check if None

Printed Name and Title Anastasia D. Kelly, General Counsel

EXHIBIT
Exhibit 504

Registrant American International Group | Client Name American International Group

Information Update Page - Complete ONLY where registration information has changed.

20. Client new address

Address

City State Zip Code - Country

21. Client new principal place of business (if different than line 20)

City State Zip Code - Country

22. New General description of client's business or activities

LOBBYIST UPDATE

23. Name of each previously reported individual who is no longer expected to act as a lobbyist for the client

	First Name	Last Name	Suffix		First Name	Last Name	Suffix
1	Edward	Nevins		3			
2	Nora	Beatson		4			

ISSUE UPDATE

24. General lobbying issue that no longer pertains

AFFILIATED ORGANIZATIONS

25. Add the following affiliated organization(s)

Internet Address:

Name	Address Street Address City State/Province Zip Country	Principal Place of Business (city and state or country)
		City State Country City State Country

26. Name of each previously reported organization that is no longer affiliated with the registrant or client

1 2 3

FOREIGN ENTITIES

27. Add the following foreign entities

Name	Address Street Address City State/Province Country	Principal place of business (city and state or country)	Amount of contribution for lobbying activities	Ownership percentage in client
		City State Country		%

28. Name of each previously reported foreign entity that no longer owns, or controls, or is affiliated with the registrant, client or affiliated organization

1 3 5

2 4 6

Printed Name and Title Anastasia D. Kelly, General Counsel



Bill Summary & Status

H.R.1509

Search Results > H.R.1509 > Overview

Modify Search | New Search | Save Search/Alert Help | Contact Us

H.R.1509 [110th]
Title: To amend the Internal Revenue Code of 1986 to permanently extend the subpart F exemption for active financing income.
Sponsor: Rep Neal, Richard E. [D-MA-2] (introduced 3/13/2007) **Cosponsors:** 28
Committees: House Ways and Means
Related Bills: S.940
Latest Major Action: 3/13/2007 Referred to House committee. Status: Referred to the House Committee on Ways and Means.

Jump to: Titles, Major Actions, Committees, Summary

TITLE(S): (*italics indicate a title for a portion of a bill*)

- OFFICIAL TITLE AS INTRODUCED:
  To amend the Internal Revenue Code of 1986 to permanently extend the subpart F exemption for active financing income.

MAJOR ACTIONS: [SELECTED] *(dates in italics indicate Senate actions)* For more details, see: Bill Status Display.

NONE

COMMITTEE(S):

Committee/Subcommittee:	Activity:
House Ways and Means	Referral, In Committee

SUMMARY AS OF:
3/13/2007--Introduced.

Amends the Internal Revenue Code, with respect to taxation of U.S. shareholders of controlled foreign corporations, to permanently extend the subpart F exemption (which excludes such income from the shareholder's foreign personal holding company income) for active financing (insurance, banking, financing, or similar businesses) income earned on business operations overseas.

Search Results > H.R.1509 > Overview

Modify Search | New Search | Save Search/Alert Help | Contact Us

CSOC.CBR.00032304

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

(Mark One)

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2008

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to
Commission file number 1-8787

American International Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**13-2592361**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
70 Pine Street, New York, New York	**10270**
(Address of principal executive offices)	*(Zip Code)*

Registrant's telephone number, including area code (212) 770-7000

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, Par Value $2.50 Per Share	New York Stock Exchange
5.75% Series A-2 Junior Subordinated Debentures	New York Stock Exchange
4.875% Series A-3 Junior Subordinated Debentures	New York Stock Exchange
6.45% Series A-4 Junior Subordinated Debentures	New York Stock Exchange
7.70% Series A-5 Junior Subordinated Debentures	New York Stock Exchange
Corporate Units (composed of stock purchase contracts and junior subordinated debentures)	New York Stock Exchange
NIKKEI 225 ® Index Market Index Target-Term Securities ® due January 5, 2011	NYSE Arca

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Act.

Large accelerated filer ☑ Accelerated filer ☐ (Do not check if a smaller reporting company) Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes



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☐ No ☑

The aggregate market value of the voting and nonvoting common equity held by nonaffiliates of the registrant computed by reference to the price at which the common equity was last sold of $26.46 as of June 30, 2008 (the last business day of the registrant's most recently completed second fiscal quarter), was approximately $61,753,000,000.

As of January 30, 2009, there were outstanding 2,690,747,320 shares of Common Stock, $2.50 par value per share, of the registrant.

DOCUMENTS INCORPORATED BY REFERENCE

Document of the Registrant	Form 10-K Reference Locations
Portions of the registrant's definitive proxy statement for the 2009 Annual Meeting of Shareholders	Part III, Items 10, 11, 12, 13 and 14

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Part I

Item 1. ***Business***

American International Group, Inc. (AIG), a Delaware corporation, is a holding company which, through its subsidiaries, is engaged in a broad range of insurance and insurance-related activities in the United States and abroad. AIG's primary activities include both General Insurance and Life Insurance & Retirement Services operations. Other significant activities include Financial Services and Asset Management.

Liquidity Events and Transactions with the NY Fed and the United States Department of the Treasury

Liquidity Entering the Third Quarter of 2008

AIG parent entered the third quarter of 2008 with $17.6 billion of cash and cash equivalents, including the remaining proceeds from the issuance of $20 billion of common stock, equity units, and junior subordinated debt securities in May 2008. In addition, AIG's securities lending collateral pool held $10.4 billion of cash and other short-term investments. On August 18, 2008, AIG raised $3.25 billion through the issuance of 8.25% Notes Due 2018.

Strategic Review and Proposed Liquidity Measures

From mid-July and throughout August 2008, AIG's then Chief Executive Officer, Robert Willumstad, was engaged in a strategic review of AIG's businesses.

During this time period, AIG was engaged in a review of measures to address the liquidity concerns in AIG's securities lending portfolio and to address the ongoing collateral calls with respect to the AIG Financial Products Corp. and AIG Trading Group Inc. and their respective subsidiaries (collectively, AIGFP) super senior multi-sector credit default swap portfolio, which at July 31, 2008 totaled $16.1 billion. To facilitate this process, AIG asked a number of investment banking firms to discuss possible solutions to these issues. In late August, AIG engaged J.P. Morgan Securities, Inc. (J.P. Morgan) to assist in developing alternatives, including a potential additional capital raise.

Continuing Liquidity Pressures

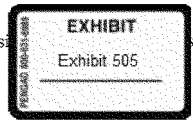
Historically, under AIG's securities lending program, cash collateral was received from borrowers and invested by AIG primarily in fixed maturity securities to earn a spread. AIG had received cash collateral from borrowers of 100 to 102 percent of the value of the loaned securities. In light of more favorable terms offered by other lenders of securities, AIG accepted cash advanced by borrowers of less than the 102 percent historically required by insurance regulators. Under an agreement with its insurance company subsidiaries participating in the securities lending program, AIG parent deposited collateral in an amount sufficient to address the deficit. AIG parent also deposited amounts into the collateral pool to offset losses realized by the pool in connection with sales of impaired securities. Aggregate deposits by AIG parent to or for the benefit of the securities lending collateral pool through August 31, 2008 totaled $3.3 billion.

In addition, from July 1, 2008 to August 31, 2008, the continuing decline in value of the super senior collateralized debt obligation (CDO) securities protected by AIGFP's super senior credit default swap portfolio, together with ratings downgrades of such CDO securities, resulted in AIGFP posting additional collateral in an aggregate net amount of $5.9 billion.

By the beginning of September 2008, these collateral postings and securities lending requirements were placing increasing stress on AIG parent's liquidity.

Rating Agencies

In early September 2008, AIG met with the representatives of the principal rating agencies to discuss Mr. Willumstad's strategic review as well as the liquidity issues arising from AIG's securities lending program and AIGFP's super senior multi-sector CDO credit default swap portfolio. On Friday, September 12, 2008, Standard & Poor's, a division of The McGraw-Hill Companies, Inc. (S&P), placed AIG on CreditWatch with negative

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implications and noted that upon completion of its review, the agency could affirm AIG parent's current rating of AA- or lower the rating by one to three notches. AIG understood that both S&P and Moody's Investors Service (Moody's) would re-evaluate AIG's ratings early in the week of September 15, 2008. Also on Friday, September 12, 2008, AIG's subsidiaries, International Lease Finance Corporation (ILFC) and American General Finance, Inc. (AGF), were unable to replace all of their maturing commercial paper with new issuances of commercial paper. As a result, AIG advanced loans to these subsidiaries to meet their commercial paper obligations.

The Accelerated Capital Raise Attempt

As a result of S&P's action, AIG accelerated the process of attempting to raise additional capital and over the weekend of September 13 and 14, 2008 discussed potential capital injections and other liquidity measures with private equity firms, sovereign wealth funds and other potential investors. AIG kept the United States Department of the Treasury and the NY Fed informed of these efforts. AIG also engaged Blackstone Advisory Services LP to assist in developing alternatives, including a potential additional capital raise. Despite offering a number of different structures through this process, AIG did not receive a proposal it could act upon in a timely fashion. AIG's difficulty in this regard resulted in part from the dramatic decline in its common stock price from $22.76 on September 8, 2008 to $12.14 on September 12, 2008. This decrease in stock price made it unlikely that AIG would be able to raise the large amounts of capital that would be necessary if AIG's long-term debt ratings were downgraded.

AIG Attempts to Enter into a Syndicated Secured Lending Facility

On Monday, September 15, 2008, AIG was again unable to access the commercial paper market for its primary commercial paper programs, AIG Funding, ILFC and AGF. Payments under the programs totaled $2.2 billion for the day, and AIG advanced loans to ILFC and AGF to meet their funding obligations. In addition, AIG experienced returns under its securities lending programs which led to cash payments of $5.2 billion to securities lending counterparts on that day.

On Monday morning, September 15, 2008, AIG met with representatives of Goldman, Sachs & Co., J.P. Morgan and the NY Fed to discuss the creation of a $75 billion secured lending facility to be syndicated among a number of large financial institutions. The facility was intended to act as a bridge loan to meet AIG parent's liquidity needs until AIG could sell sufficient assets to stabilize and enhance its liquidity position. Goldman, Sachs & Co. and J.P. Morgan immediately commenced syndication efforts.

The Rating Agencies Downgrade AIG's Long-Term Debt Rating

In the late afternoon of September 15, 2008, S&P downgraded AIG's long-term debt rating by three notches, Moody's downgraded AIG's long-term debt rating by two notches and Fitch Ratings (Fitch) downgraded AIG's long-term debt rating by two notches. As a consequence of the rating actions, AIGFP estimated that it would need in excess of $20 billion in order to fund additional collateral demands and transaction termination payments in a short period of time. Subsequently, in a period of approximately 15 days following the rating actions, AIGFP was required to fund approximately $32 billion, reflecting not only the effect of the rating actions but also changes in market values and other factors.

The Private Sector Solution Fails

By Tuesday morning, September 16, 2008, it had become apparent that Goldman, Sachs & Co. and J.P. Morgan were unable to syndicate a lending facility. Moreover, the downgrades, combined with a steep drop in AIG's common stock price to $4.76 on September 15, 2008, had resulted in counterparties withholding payments from AIG and refusing to transact with AIG even on a secured short-term basis. As a result, AIG was unable to borrow in the short-term lending markets. To provide liquidity, on Tuesday, September 16, 2008 both ILFC and AGF drew down on their existing revolving credit facilities, resulting in borrowings of approximately $6.5 billion and $4.6 billion, respectively.

Also, on September 16, 2008, AIG was notified by its insurance regulators that it would no longer be permitted to borrow funds from its insurance company subsidiaries under a revolving credit facility that AIG maintained with certain of its insurance subsidiaries acting as lenders. Subsequently, the insurance regulators required AIG to repay

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any outstanding loans under that facility and to terminate it. The intercompany facility was terminated effective September 22, 2008.

Fed Credit Agreement

By early Tuesday afternoon on September 16, 2008, it was clear that AIG had no viable private sector solution to its liquidity issues. At this point, AIG received the terms of a secured lending agreement that the NY Fed was prepared to provide. AIG estimated that it had an immediate need for cash in excess of its available liquid resources. That night, AIG's Board of Directors approved borrowing from the NY Fed based on a term sheet that set forth the terms of the secured credit agreement and related equity participation. Over the next six days, AIG elected Edward M. Liddy Director, Chairman and CEO, replacing Robert Willumstad in those positions, and negotiated a definitive credit agreement with the NY Fed and borrowed, on a secured basis, approximately $37 billion from the NY Fed before formally entering into the Credit Agreement, dated as of September 22, 2008 (as amended, the Fed Credit Agreement) between AIG and the NY Fed, which established the credit facility (Fed Facility).

On September 22, 2008, AIG entered into the Fed Credit Agreement in the form of a two-year secured loan and a Guarantee and Pledge Agreement (the Pledge Agreement) with the NY Fed. See Note 13 to the Consolidated Financial Statements for more information regarding the terms of and borrowings under the Fed Credit Agreement and subsequent amendments thereto.

AIG's Strategy for Stabilization and Repayment of the Fed Facility

In October 2008, AIG announced a restructuring of its operations, which contemplated retaining its U.S. property and casualty and foreign general insurance businesses and a continuing ownership interest in certain of its foreign life insurance operations while exploring disposition opportunities for its remaining businesses. Proceeds from sales of these assets are contractually required to be applied as mandatory prepayments pursuant to the terms of the Fed Credit Agreement. Also in October 2008, AIGFP began unwinding its businesses and portfolios. AIGFP is now entering into new derivative transactions only to maintain its current portfolio, reduce risk and hedge the currency and interest rate risks associated with its affiliated businesses. As part of its orderly wind-down, AIGFP is also opportunistically terminating contracts. Due to the long-term duration of AIGFP's derivative contracts and the complexity of AIGFP's portfolio, AIG expects that an orderly wind-down of AIGFP will take a substantial period of time.

On November 9, 2008, AIG, the NY Fed and the United States Department of the Treasury announced a set of transactions that were implemented during the fourth quarter of 2008 pursuant to which, among other actions, AIG issued $40 billion of fixed-rate cumulative perpetual serial preferred stock (Series D Preferred Stock) to the United States Department of the Treasury, terminated $62 billion of credit default swaps written by AIGFP and resolved and terminated its U.S. securities lending program.

On March 2, 2009, AIG, the NY Fed and the United States Department of the Treasury announced agreements in principle to modify the terms of the Fed Credit Agreement and the Series D Preferred Stock and to provide a $30 billion equity capital commitment facility. The parties also announced their intention to take a number of other actions intended to strengthen AIG's capital position, enhance its liquidity, reduce its borrowing costs and facilitate AIG's asset disposition program.

See Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Note 23 to the Consolidated Financial Statements for a further discussion of this strategy.

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Principal Business Units

The principal business units in each of AIG's operating segments during 2008 are shown below. For information on AIG's business segments, see Note 3 to the Consolidated Financial Statements.

General Insurance

American Home Assurance Company (American Home)
National Union Fire Insurance Company of Pittsburgh, Pa. (National Union)
New Hampshire Insurance Company (New Hampshire)
Lexington Insurance Company (Lexington)
The Hartford Steam Boiler Inspection and Insurance Company (HSB) [1]
Transatlantic Reinsurance Company
United Guaranty Residential Insurance Company
American International Underwriters Overseas, Ltd. (AIUO)
AIU Insurance Company (AIUI)

Life Insurance & Retirement Services

Domestic:	Foreign:
American General Life Insurance Company (AIG American General)	American Life Insurance Company (ALICO)
American General Life and Accident Insurance Company (AGLA)	AIG Star Life Insurance Co., Ltd. (AIG Star Life)
The United States Life Insurance Company in the City of New York (USLIFE)	AIG Edison Life Insurance Company (AIG Edison Life)
The Variable Annuity Life Insurance Company (VALIC)	American International Assurance Company, Limited, together with American International Assurance Company (Bermuda) Limited (AIA)
AIG Annuity Insurance Company (AIG Annuity)	American International Reinsurance Company Limited (AIRCO)
AIG SunAmerica Life Assurance Company (AIG SunAmerica)	Nan Shan Life Insurance Company, Ltd. (Nan Shan)
	The Philippine American Life and General Insurance Company (Philamlife)

Financial Services

International Lease Finance Corporation (ILFC)
AIG Financial Products Corp. and AIG Trading Group Inc. and their respective subsidiaries
American General Finance, Inc. (AGF)
AIG Consumer Finance Group, Inc. (AIGCFG)
Imperial A.I. Credit Companies (A.I. Credit)

Asset Management

AIG SunAmerica Asset Management Corp. (SAAMCo)
AIG Global Asset Management Holdings Corp. and its subsidiaries and affiliated companies (collectively, AIG Investments)
AIG Private Bank Ltd. (AIG Private Bank) [2]
AIG Global Real Estate Investment Corp. (AIG Global Real Estate)

[1] On December 22, 2008, AIG entered into a contract to sell HSB Group, Inc., the parent company of HSB, to Munich Re Group for $742 million. Subject to satisfaction of certain closing conditions, including regulatory approvals, AIG expects the sale to close by the end of the first quarter of 2009.

[2] On December 1, 2008, AIG entered into a contract to sell AIG Private Bank to Aabar Investments PJSC for $328 million. Subject to satisfaction of certain closing conditions, including regulatory approvals, AIG expects the sale to close by the end of the first quarter of 2009.

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At December 31, 2008, AIG and its subsidiaries had approximately 116,000 employees.

AIG's Internet address for its corporate website is *www.aigcorporate.com*. AIG makes available free of charge, through the Investor Information section of AIG's corporate website, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and Proxy Statements on Schedule 14A and amendments to those reports or statements filed or furnished pursuant to Section 13(a), 14(a) or 15(d) of the Securities Exchange Act of 1934 (the Exchange Act) as soon as reasonably practicable after such materials are electronically filed with, or furnished to, the Securities and Exchange Commission (SEC). AIG also makes available on its corporate website copies of the charters for its Audit, Nominating and Corporate Governance and Compensation and Management Resources Committees, as well as its Corporate Governance Guidelines (which include Director Independence Standards), Director, Executive Officer and Senior Financial Officer Code of Business Conduct and Ethics, Employee Code of Conduct and Related-Party Transactions Approval Policy. Except for the documents specifically incorporated by reference into this Annual Report on Form 10-K, information contained on AIG's website or that can be accessed through its website is not incorporated by reference into this Annual Report on Form 10-K.

Throughout this Annual Report on Form 10-K, AIG presents its operations in the way it believes will be most meaningful, as well as most transparent. Certain of the measurements used by AIG management are "non-GAAP financial measures" under SEC rules and regulations. Statutory underwriting profit (loss) is determined in accordance with accounting principles prescribed by insurance regulatory authorities. For an explanation of why AIG management considers this "non-GAAP measure" useful to investors, see Management's Discussion and Analysis of Financial Condition and Results of Operations.

General Insurance Operations

AIG's General Insurance subsidiaries are multiple line companies writing substantially all lines of property and casualty insurance and various personal lines both domestically and abroad and constitute the AIG Property Casualty Group (formerly known as Domestic General Insurance) and the Foreign General Insurance Group.

AIG Property Casualty Group is comprised of Commercial Insurance, Transatlantic, Personal Lines and Mortgage Guaranty businesses.

AIG is diversified both in terms of classes of business and geographic locations. In General Insurance, workers' compensation business is the largest class of business written and represented approximately 11 percent of net premiums written for the year ended December 31, 2008. During 2008, 9 percent, 5 percent and 5 percent of the direct General Insurance premiums written (gross premiums less return premiums and cancellations, excluding reinsurance assumed and before deducting reinsurance ceded) were written in California, New York and Texas, respectively. No other state or foreign country accounted for more than five percent of such premiums.

The majority of AIG's General Insurance business is in the casualty classes, which tend to involve longer periods of time for the reporting and settling of claims. This may increase the risk and uncertainty with respect to AIG's loss reserve development.

Commercial Insurance

AIG's primary property casualty division is Commercial Insurance. Commercial Insurance's business in the United States and Canada is conducted through American Home, National Union, Lexington, HSB and certain other General Insurance company subsidiaries of AIG. During 2008, Commercial Insurance accounted for 47 percent of AIG's General Insurance net premiums written.

Commercial Insurance writes substantially all classes of business insurance, accepting such business mainly from insurance brokers. This provides Commercial Insurance the opportunity to select specialized markets and retain underwriting control. Any licensed broker is able to submit business to Commercial Insurance without the traditional agent-company contractual relationship, but such broker usually has no authority to commit Commercial Insurance to accept a risk.

In addition to writing substantially all classes of business insurance, including large commercial or industrial property insurance, excess liability, inland marine, environmental, workers' compensation and excess and umbrella coverages, Commercial Insurance offers many specialized forms of insurance such as aviation, accident and health,




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equipment breakdown, directors and officers liability (D&O), difference-in-conditions, kidnap-ransom, export credit and political risk, and various types of professional errors and omissions coverages. Also included in Commercial Insurance are the operations of AIG Risk Management, which provides insurance and risk management programs for large corporate customers and is a leading provider of customized structured insurance products, and AIG Environmental, which focuses specifically on providing specialty products to clients with environmental exposures. Lexington writes surplus lines for risks on which conventional insurance companies do not readily provide insurance coverage, either because of complexity or because the coverage does not lend itself to conventional contracts. The AIG Worldsource Division introduces and coordinates AIG's products and services to U.S.-based multinational clients and foreign corporations doing business in the U.S.

Transatlantic

Transatlantic Holdings, Inc. (Transatlantic) subsidiaries offer reinsurance capacity on both a treaty and facultative basis both in the United States and abroad. Transatlantic structures programs for a full range of property and casualty products with an emphasis on specialty risk. Transatlantic is a public company owned 58.9 percent by AIG and therefore is included in AIG's consolidated financial statements.

Personal Lines

AIG's Personal Lines operations provide automobile insurance through 21st Century Insurance, its direct marketing distribution channel, and the Agency Auto Division, its independent agent/broker distribution channel. It also provides a broad range of coverages for high net worth individuals through the AIG Private Client Group (Private Client Group). Coverages for the Personal Lines operations are written predominantly in the United States.

Mortgage Guaranty

The main business of the subsidiaries of United Guaranty Corporation (UGC) is the issuance of residential mortgage guaranty insurance, both domestically and internationally, that covers the first loss for credit defaults on high loan-to-value conventional first-lien mortgages for the purchase or refinance of one to four family residences.

On October 13, 2008, United Guaranty Residential Insurance Company (UGRIC) and United Guaranty Mortgage Indemnity Company (UGMIC) were downgraded from A+ to A- and placed on CreditWatch negative by S&P, and on February 13, 2009, UGRIC was downgraded from Aa3 to A3 and placed under review for possible downgrade by Moody's. All U.S-based mortgage insurers are currently subject to a Government Sponsored Enterprise (GSE) remediation plan as a result of industry-wide rating agency downgrades. UGRIC and UGMIC continue to write new domestic first-lien mortgage insurance and remain eligible mortgage insurers with Fannie Mae and Freddie Mac.

Foreign General Insurance

AIG's Foreign General Insurance group writes both commercial and consumer lines of insurance which is primarily underwritten through American International Underwriters (AIU), a marketing unit consisting of wholly owned agencies and insurance companies. The Foreign General Insurance group also includes business written by AIG's foreign-based insurance subsidiaries. The Foreign General Insurance group uses various marketing methods and multiple distribution channels to write both commercial and consumer lines insurance with certain refinements for local laws, customs and needs. AIU operates in Asia, the Pacific Rim, Europe, the U.K., Africa, the Middle East and Latin America. During 2008, the Foreign General Insurance group accounted for 32 percent of AIG's General Insurance net premiums written.

Discussion and Analysis of Consolidated Net Losses and Loss Expense Reserve Development

The reserve for net losses and loss expenses represents the accumulation of estimates for reported losses (case basis reserves) and provisions for losses incurred but not reported (IBNR), both reduced by applicable reinsurance recoverable and the discount for future investment income, where permitted. Net losses and loss expenses are charged to income as incurred.




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The liability for unpaid claims and claims adjustment expense (loss reserves) established with respect to foreign business are set and monitored in terms of the currency in which payment is expected to be made. Therefore, no assumption is included for changes in currency rates. See also Note 1(dd) to the Consolidated Financial Statements.

Management reviews the adequacy of established loss reserves utilizing a number of analytical reserve development techniques. Through the use of these techniques, management is able to monitor the adequacy of AIG's established reserves and determine appropriate assumptions for inflation. Also, analysis of emerging specific development patterns, such as case reserve redundancies or deficiencies and IBNR emergence, allows management to determine any required adjustments.

The "Analysis of Consolidated Losses and Loss Expense Reserve Development" table presents the development of net losses and loss expense reserves for calendar years 1998 through 2008. Immediately following this table is a second table that presents all data on a basis that excludes asbestos and environmental net losses and loss expense reserve development. The opening reserves held are shown at the top of the table for each year-end date. The amount of loss reserve discount included in the opening reserve at each date is shown immediately below the reserves held for each year. The undiscounted reserve at each date is thus the sum of the discount and the reserve held.

The upper half of the table presents the cumulative amounts paid during successive years related to the undiscounted opening loss reserves. For example, in the table that excludes asbestos and environmental losses, with respect to the net losses and loss expense reserve of $25.29 billion at December 31, 2001, by the end of 2008 (seven years later) $36.35 billion had actually been paid in settlement of these net loss reserves. In addition, as reflected in the lower section of the table, the original undiscounted reserve of $26.71 billion was reestimated to be $46.69 billion at December 31, 2008. This increase from the original estimate generally results from a combination of a number of factors, including reserves being settled for larger amounts than originally estimated. The original estimates will also be increased or decreased as more information becomes known about the individual claims and overall claim frequency and severity patterns. The redundancy (deficiency) depicted in the table, for any particular calendar year, presents the aggregate change in estimates over the period of years subsequent to the calendar year reflected at the top of the respective column heading. For example, the deficiency of $107 million at December 31, 2008 related to December 31, 2007 net losses and loss expense reserves of $70.03 billion represents the cumulative amount by which reserves in 2007 and prior years have developed unfavorably during 2008.

The bottom of each table below presents the remaining undiscounted and discounted net loss reserve for each year. For example, in the table that excludes asbestos and environmental losses, for the 2003 year-end, the remaining undiscounted reserves held at December 31, 2008 are $15.40 billion, with a corresponding discounted net reserve of $14.36 billion.

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Analysis of Consolidated Losses and Loss Expense Reserve Development

The following table presents for each calendar year the losses and loss expense reserves and the development thereof including those with respect to asbestos and environmental claims. See also Management's Discussion and Analysis of Financial Condition and Results of Operations — Operating Review — General Insurance Operations — Liability for unpaid claims and claims adjustment expense.

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
						(In millions)					
Net Reserves Held	$25,418	$25,636	$25,684	$26,005	$29,347	$36,228	$47,254	$57,476	$62,630	$69,288	$72,455
Discount (in Reserves Held)	897	1,075	1,287	1,423	1,499	1,516	1,553	2,110	2,264	2,429	2,574
Net Reserves Held (Undiscounted)	26,315	26,711	26,971	27,428	30,846	37,744	48,807	59,586	64,894	71,717	75,029
Paid (Cumulative) as of:											
One year later	7,205	8,266	9,709	11,007	10,775	12,163	14,910	15,326	14,862	16,531	
Two years later	12,382	14,640	17,149	18,691	18,589	21,273	24,377	25,152	24,388		
Three years later	16,599	19,901	21,930	23,881	25,513	28,763	31,296	32,295			
Four years later	20,263	23,074	26,090	28,717	30,757	33,825	36,804				
Five years later	22,303	25,829	29,473	32,685	34,627	38,087					
Six years later	24,114	28,165	32,421	35,656	37,778						
Seven years later	25,770	30,336	34,660	38,116							
Eight years later	27,309	31,956	36,497								
Nine years later	28,626	33,489									
Ten years later	29,709										

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
						(In millions)					
Net Reserves Held (Undiscounted)	$26,315	$ 26,711	$ 26,971	$ 27,428	$ 30,846	$ 37,744	$48,807	$59,586	$64,894	$71,717	$75,029
Undiscounted Liability as of:											
One year later	25,897	26,358	26,979	31,112	32,913	40,931	53,486	59,533	64,238	71,873	
Two years later	25,638	27,023	30,696	33,363	37,583	49,463	55,009	60,126	64,764		
Three years later	26,169	29,994	32,732	37,964	46,179	51,497	56,047	61,242			
Four years later	28,021	31,192	36,210	45,203	48,427	52,964	57,618				
Five years later	28,607	33,910	41,699	47,078	49,855	54,870					
Six years later	30,632	38,067	43,543	48,273	51,560						
Seven years later	33,861	39,597	44,475	49,803							
Eight years later	34,986	40,217	45,767								
Nine years later	35,556	41,168									
Ten years later	36,161										
Net Redundancy / (Deficiency)	(9,846)	(14,457)	(18,796)	(22,375)	(20,714)	(17,126)	(8,811)	(1,656)	130	(156)	
Remaining Reserves (Undiscounted)	6,362	7,679	9,270	11,687	13,782	16,783	20,814	28,947	40,376	55,342	
Remaining Discount	453	537	644	768	903	1,040	1,190	1,398	1,691	2,113	
Remaining Reserves	5,909	7,142	8,626	10,919	12,879	15,743	19,624	27,549	38,685	53,229	

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American International Group, Inc., and Subsidiaries

The following table presents the gross liability (before discount), reinsurance recoverable and net liability recorded at each year-end and the reestimation of these amounts as of December 31, 2008:

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
						(In millions)					
Gross Liability, End of Year	$ 36,973	$ 37,278	$ 39,222	$ 42,629	$ 48,173	$ 53,387	$ 63,431	$79,279	$82,263	$87,929	$91,832
Reinsurance Recoverable, End of Year	10,658	10,567	12,251	15,201	17,327	15,643	14,624	19,693	17,369	16,212	16,803
Net Liability, End of Year	26,315	26,711	26,971	27,428	30,846	37,744	48,807	59,586	64,894	71,717	75,029
Reestimated Gross Liability	55,593	61,885	68,507	73,240	74,920	75,807	76,619	82,943	82,923	88,264	
Reestimated Reinsurance Recoverable	19,431	20,717	22,740	23,437	23,360	20,337	19,001	21,701	18,159	16,391	
Reestimated Net Liability	36,161	41,168	45,767	49,803	51,560	54,870	57,618	61,242	64,764	71,873	
Cumulative Gross Redundancy/(Deficiency)	(18,619)	(24,607)	(29,285)	(30,611)	(26,747)	(22,420)	(13,188)	(3,664)	(660)	(335)	

Analysis of Consolidated Losses and Loss Expense Reserve Development Excluding Asbestos and Environmental Losses and Loss Expense Reserve Development

The following table presents for each calendar year the losses and loss expense reserves and the development thereof excluding those with respect to asbestos and environmental claims. See also Management's Discussion and Analysis of Financial Condition and Results of Operations — Operating Review — General Insurance Operations — Liability for unpaid claims and claims adjustment expense.

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
						(In millions)					
Net Reserves Held	$24,554	$24,745	$24,829	$25,286	$28,656	$35,559	$45,742	$55,227	$60,451	$67,597	$71,062
Discount (In Reserves Held)	897	1,075	1,287	1,423	1,499	1,816	1,533	2,110	2,264	2,429	2,574
Net Reserves Held (Undiscounted)	25,451	25,820	26,116	26,709	30,149	37,075	47,295	57,337	62,715	70,026	73,636
Paid (Cumulative) as of:											
One year later	7,084	8,195	9,515	10,861	10,632	11,999	14,718	15,047	14,356	16,183	
Two years later	12,190	14,376	16,308	17,801	18,283	21,419	23,906	24,367	23,535		
Three years later	16,214	19,490	21,447	23,430	25,021	28,129	30,220	31,163			
Four years later	19,732	22,521	25,445	28,080	29,987	32,686	35,481				
Five years later	21,630	25,116	28,643	31,771	33,353	36,601					
Six years later	23,282	27,266	31,315	34,238	36,139						
Seven years later	24,753	29,162	33,051	36,353							
Eight years later	26,017	30,279	34,543								
Nine years later	26,832	31,469									
Ten years later	27,661										

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American International Group, Inc., and Subsidiaries

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
						(In millions)					
Net Reserves Held (Undiscounted)	$25,451	$ 25,820	$ 26,116	$ 26,709	$ 30,149	$ 37,075	$47,295	$57,337	$62,715	$70,026	$73,636
Undiscounted Liability as of:											
One year later	24,890	25,437	26,071	30,274	32,129	39,261	51,048	57,077	62,043	70,133	
Two years later	24,602	26,053	29,670	32,438	35,803	46,865	57,364	57,653	62,521		
Three years later	25,084	28,002	31,619	36,043	43,427	48,691	53,385	58,721			
Four years later	26,813	30,014	34,102	42,348	45,510	50,140	54,908				
Five years later	27,314	31,738	38,655	44,018	46,925	51,997					
Six years later	28,345	34,978	40,204	45,201	48,584						
Seven years later	30,636	36,283	41,213	46,685							
Eight years later	31,556	36,889	42,459								
Nine years later	32,113	37,795									
Ten years later	32,672										
Net Redundancy/(Deficiency)	(7,221)	(11,975)	(16,343)	(19,976)	(18,435)	(14,922)	(7,613)	(1,384)	194	(107)	
Remaining Reserves (Undiscounted)	5,011	6,326	7,916	10,332	12,625	15,396	19,427	27,558	38,986	53,960	
Remaining Discount	453	537	664	768	903	1,040	1,190	1,398	1,691	2,113	
Remaining Reserves	4,558	5,789	7,272	9,564	11,722	14,356	18,237	26,160	37,295	51,847	

The following table presents the gross liability (before discount), reinsurance recoverable and net liability recorded at each year-end and the reestimation of these amounts as of December 31, 2008:

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
						(In millions)					
Gross Liability, End of Year	$ 34,474	$ 34,666	$ 36,777	$ 40,400	$ 46,036	$ 51,363	$ 59,790	$73,808	$77,111	$83,551	$87,973
Reinsurance Recoverable, End of Year	9,023	8,846	10,661	13,691	15,887	14,288	12,495	16,472	14,396	13,525	14,337
Net Liability, End of Year	25,451	25,820	26,116	26,709	30,149	37,075	47,295	57,336	62,715	70,026	73,636
Reestimated Gross Liability	46,549	53,749	60,393	65,655	67,678	68,955	70,056	76,802	77,439	83,658	
Reestimated Reinsurance Recoverable	13,877	15,454	17,934	18,970	19,094	16,958	15,148	18,081	14,918	13,525	
Reestimated Net Liability	32,672	37,795	42,459	46,685	48,584	51,997	54,908	58,721	62,521	70,133	
Cumulative Gross Redundancy/(Deficiency)	(12,075)	(18,583)	(23,616)	(25,255)	(21,642)	(17,592)	(10,266)	(2,994)	(328)	(107)	

The liability for unpaid claims and claims adjustment expense as reported in AIG's consolidated balance sheet at December 31, 2008 differs from the total reserve reported in the Annual Statements filed with state insurance departments and, where appropriate, with foreign regulatory authorities. The differences at December 31, 2008 relate primarily to reserves for certain foreign operations not required to be reported in the United States for statutory reporting purposes. Further, statutory practices in the United States require reserves to be shown net of applicable reinsurance recoverable.

The reserve for gross losses and loss expenses is prior to reinsurance and represents the accumulation for reported losses and IBNR. Management reviews the adequacy of established gross loss reserves in the manner previously described for net loss reserves.

For further discussion regarding net reserves for losses and loss expenses, see Management's Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations — Segment Results — General Insurance Operations — Liability for unpaid claims and claims adjustment expense.

Life Insurance & Retirement Services Operations

AIG's Life Insurance & Retirement Services operations provide insurance, financial and investment-oriented products throughout the world. Insurance-oriented products consist of individual and group life, payout annuities (including structured settlements), endowment and accident and health policies. Retirement savings products consist generally of fixed and variable annuities.

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Foreign Life Insurance & Retirement Services

In its Foreign Life Insurance & Retirement Services businesses, AIG operates principally through ALICO, AIG Star Life, AIG Edison Life, AIA, Nan Shan and Philamlife. ALICO is incorporated in Delaware and all of its business is written outside the United States. ALICO has operations either directly or through subsidiaries in Europe, including the U.K., Latin America, the Caribbean, the Middle East, South Asia and the Far East, with Japan being the largest territory. AIA operates primarily in China (including Hong Kong), Singapore, Malaysia, Thailand, Korea, Australia, New Zealand, Vietnam, Indonesia and India. The operations in India are conducted through a joint venture, Tata AIG Life Insurance Company Limited. Nan Shan operates in Taiwan. Philamlife is the largest life insurer in the Philippines. AIG Star Life and AIG Edison Life operate in Japan. Operations in foreign countries comprised 80 percent of Life Insurance & Retirement Services premiums and other considerations in 2008.

The Foreign Life Insurance & Retirement Services companies have over 350,000 full and part-time agents, as well as independent producers, and sell their products largely to indigenous persons in local and foreign currencies. In addition to the agency outlets, these companies also distribute their products through direct marketing channels, such as mass marketing, and through brokers and other distribution outlets, such as financial institutions in 2008.

Domestic Life Insurance and Domestic Retirement Services

AIG's principal Domestic Life Insurance and Domestic Retirement Services operations include AGLA, AIG American General, AIG Annuity, USLIFE, VALIC and AIG SunAmerica. These companies utilize multiple distribution channels including independent producers, brokerage, career agents and financial institutions to offer life insurance, annuity and accident and health products and services, as well as financial and other investment products. The Domestic Life Insurance and Domestic Retirement Services operations comprised 20 percent of total Life Insurance & Retirement Services premiums and other considerations.

Reinsurance

AIG's General Insurance subsidiaries worldwide operate primarily by underwriting and accepting risks for their direct account and securing reinsurance on that portion of the risk in excess of the limit which they wish to retain. This operating policy differs from that of many insurance companies that will underwrite only up to their net retention limit, thereby requiring the broker or agent to secure commitments from other underwriters for the remainder of the gross risk amount.

Various AIG profit centers, including Commercial Insurance, AIU and AIG Risk Finance, as well as certain Life Insurance subsidiaries, use AIRCO as a reinsurer for certain of their businesses. In Bermuda, AIRCO discounts reserves attributable to certain classes of business assumed from other AIG subsidiaries.

For a further discussion of reinsurance, see Item 1A. Risk Factors — Reinsurance; Management's Discussion and Analysis of Financial Condition and Results of Operations — Risk Management — Insurance Risk Management — Reinsurance; and Note 1 to the Consolidated Financial Statements.



Insurance Investment Operations

A significant portion of AIG's General Insurance and Life Insurance & Retirement Services revenues are derived from AIG's insurance investment operations. The following table summarizes the investment results of the insurance operations:

Years Ended December 31,	Annual Average Cash and Invested Assets: Cash (including short-term investments)(a)	Invested Assets(a)	Total	Return on Average Cash and Invested Assets(b)	Return on Average Invested Assets(c)
			(In millions)		
General Insurance:					
2008	**$ 9,766**	**$111,435**	**$121,201**	**2.9%**	**3.1%**
2007	5,874	117,050	122,924	5.0	5.2
2006	3,201	102,231	105,432	5.4	5.6
2005	2,450	86,211	88,661	4.5	4.7
2004	2,012	73,338	75,350	4.2	4.4
Life Insurance & Retirement Services:					
2008	**$ 29,278**	**$385,980**	**$415,258**	**2.4%**	**2.6%**
2007	25,926	423,743	449,669	5.0	5.3
2006	13,698	392,348	406,046	4.9	5.1
2005	11,137	356,839	367,976	5.1	5.2
2004	7,737	309,627	317,364	4.9	5.1

(a) Including investment income due and accrued and real estate. Also, includes collateral assets invested under the securities lending program.

(b) Net investment income divided by the annual average sum of cash and invested assets.

(c) Net investment income divided by the annual average invested assets.

AIG's worldwide insurance investment policy places primary emphasis on investments in government and fixed income securities in all of its portfolios and, to a lesser extent, investments in high-yield bonds, common stocks, real estate, hedge funds and other alternative investments, in order to enhance returns on policyholders' funds and generate net investment income. The ability to implement this policy is somewhat limited in certain territories as there may be a lack of attractive long-term investment opportunities or investment restrictions may be imposed by the local regulatory authorities.

Financial Services Operations

AIG's Financial Services subsidiaries engage in diversified activities including aircraft leasing, capital markets, consumer finance and insurance premium finance. Together, the Aircraft Leasing, Capital Markets and Consumer Finance operations generate the majority of the revenues produced by the Financial Services operations. A.I. Credit also contributes to Financial Services results principally by providing insurance premium financing for both AIG's policyholders and those of other insurers.

Aircraft Leasing

AIG's Aircraft Leasing operations are the operations of ILFC, which generates its revenues primarily from leasing new and used commercial jet aircraft to foreign and domestic airlines. Revenues also result from the remarketing of commercial jet aircraft for ILFC's own account, and remarketing and fleet management services for airlines and financial institutions. See also Note 3 to Consolidated Financial Statements.

Capital Markets

Capital Markets is comprised of the operations of AIGFP, which engaged as principal in a wide variety of financial transactions, including standard and customized financial products involving commodities, credit,




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currencies, energy, equities and interest rates. AIGFP also invests in a diversified portfolio of securities and principal investments and engages in borrowing activities that involve issuing standard and structured notes and other securities and entering into guaranteed investment agreements (GIAs). Due to the extreme market conditions experienced in 2008, the downgrades of AIG's credit ratings by the rating agencies, as well as AIG's intent to refocus on its core businesses, AIGFP has begun to unwind its businesses and portfolios including those associated with credit protection written through credit default swaps on super senior risk tranches of diversified pools of loans and debt securities. See Management's Discussion and Analysis of Financial Condition and Results of Operations — Outlook — Financial Services.

Consumer Finance

AIG's Consumer Finance operations in North America are principally conducted through AGF. AGF derives most of its revenues from finance charges assessed on real estate loans, secured and unsecured non-real estate loans and retail sales finance receivables. In the second quarter of 2008, AGF ceased its wholesale originations (originations through mortgage brokers). In light of severe stress in the U.S. housing sector, AGF also closed 179 branch offices and reduced new loan originations in the fourth quarter of 2008.

AIG's foreign consumer finance operations are principally conducted through AIGCFG. AIGCFG operates primarily in emerging and developing markets. AIGCFG has operations in Argentina, China, Brazil, Hong Kong, Mexico, the Philippines, Poland, Taiwan, Thailand, India and Colombia. Through February 18, 2009, AIGCFG had entered into contracts to sell certain of its operations in Taiwan, Thailand and the Philippines.

Asset Management Operations

AIG's Asset Management operations comprise a wide variety of investment-related services and investment products. These services and products are offered to individuals, pension funds and institutions (including AIG subsidiaries) globally through AIG's Spread-Based Investment business, Institutional Asset Management, and Brokerage Services and Mutual Funds business. Also included in Asset Management operations are the results of certain SunAmerica sponsored partnership investments.

Revenues and operating income (loss) for Asset Management are affected by the general conditions in the equity and credit markets. In addition, net realized gains (losses) and performance fee (carried interest) revenues are contingent upon various fund closings, maturity levels, investment management performance and market conditions.

Spread-Based Investment Business

AIG's Spread-Based Investment business includes the results of AIG's proprietary spread-based investment operations, the Matched Investment Program (MIP) and the Guaranteed Investment Contracts (GIC), which the MIP replaced. Due to the extreme market conditions experienced in 2008 and the downgrades of AIG's credit ratings, the MIP is currently in run-off. As previously disclosed, the GIC has been in run-off since the inception of the MIP in 2006. No additional debt issuances are expected for either the MIP or GIC for the foreseeable future.

Institutional Asset Management

AIG's Institutional Asset Management business, conducted through AIG Investments, provides an array of investment products and services globally to institutional investors, pension funds, AIG subsidiaries, AIG affiliates and high net worth investors. These products include traditional equity and fixed maturity securities, and a wide range of real estate, private banking and alternative asset classes. Services include investment advisory and sub-advisory services, investment monitoring and transaction structuring. Within the equity and fixed maturity asset classes, AIG Investments offers various forms of structured investments. Within the alternative asset class, AIG Investments offers hedge and private equity funds and fund-of-funds, direct investments and distressed debt investments. AIG Global Real Estate provides a wide range of real estate investment, development and management services for AIG subsidiaries, as well as for third-party institutional investors, pension funds and high net worth investors. AIG Global Real Estate also maintains a proprietary real estate investment portfolio through various joint venture platforms.

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AIG expects to divest its Institutional Asset Management businesses consisting of investment services that are offered to third-party clients. The businesses offered for sale exclude those investment services providing traditional fixed income and shorter duration asset and liability management for AIG's insurance company subsidiaries. AIG expects to continue relationships with the divested businesses for other investment management services used by those subsidiaries.

AIG Investments previously acquired alternative investments, primarily consisting of direct private equity and private equity fund investments, with the intention of "warehousing" such investments until the investment or economic benefit thereof could be transferred to a fund or other AIG-managed investment product. However, AIG Investments' intended launch of such new products and funds has been indefinitely postponed. As a result of this decision, AIG will retain these investments with a net asset value of $1.1 billion at December 31, 2008 as proprietary investments until they can be divested. Unaffiliated investment commitments associated with these investments were approximately $720 million at December 31, 2008 and are expected to be funded over the next five years. AIG accounts for these investments based on the attributes of the investment using consolidation, equity or cost accounting methods, as appropriate.

Other Operations

AIG's Other operations include interest expense, restructuring costs, expenses of corporate staff not attributable to specific business segments, expenses related to efforts to improve internal controls, corporate initiatives, certain compensation plan expenses and the settlement costs more fully described in Note 14(a) to the Consolidated Financial Statements.

Certain AIG subsidiaries provide insurance-related services such as adjusting claims and marketing specialized products. Several wholly owned foreign subsidiaries of AIG operating in countries or jurisdictions such as Ireland, Bermuda, Barbados and Gibraltar provide insurance and related administrative and back office services to affiliated and unaffiliated insurance and reinsurance companies, including captive insurance companies unaffiliated with AIG.

For additional information regarding the business of AIG on a consolidated basis, the contributions made to AIG's consolidated revenues and operating income and the assets held by its General Insurance, Life Insurance & Retirement Services, Financial Services and Asset Management operations and Other operations, see Selected Financial Data, Management's Discussion and Analysis of Financial Condition and Results of Operations and Notes 1 and 3 to the Consolidated Financial Statements.

Locations of Certain Assets

As of December 31, 2008, approximately 39 percent of the consolidated assets of AIG were located in foreign countries (other than Canada), including $7.7 billion of cash and securities on deposit with foreign regulatory authorities. Foreign operations and assets held abroad may be adversely affected by political developments in foreign countries, including tax changes, nationalization and changes in regulatory policy, as well as by consequence of hostilities and unrest. The risks of such occurrences and their overall effect upon AIG vary from country to country and cannot easily be predicted. If expropriation or nationalization does occur, AIG's policy is to take all appropriate measures to seek recovery of such assets. Certain of the countries in which AIG's business is conducted have currency restrictions which generally cause a delay in a company's ability to repatriate assets and profits. See also Item 1A. Risk Factors — Foreign Operations and Notes 1 and 3 to the Consolidated Financial Statements.

Regulation

AIG's operations around the world are subject to regulation by many different types of regulatory authorities, including insurance, securities, investment advisory, banking and thrift regulators in the United States and abroad. AIG's operations have become more diverse and consumer-oriented, increasing the scope of regulatory supervision and the possibility of intervention. In light of AIG's liquidity problems in the third and fourth quarters of 2008, AIG and its regulated subsidiaries have been subject to intense review and supervision around the world. Regulators have taken significant steps to protect the businesses of the entities they regulate. These steps have included:

- restricting or prohibiting the payment of dividends to AIG;



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- restricting or prohibiting other payments to AIG;
- requesting additional capital contributions by AIG;
- requesting that intercompany reinsurance reserves be covered by assets locally;
- restricting the business in which the subsidiaries may engage;
- requiring pre-approval of all proposed transactions between the regulated subsidiaries and AIG or any with affiliates; and
- requiring more frequent reporting, including with respect to capital and liquidity positions.

These and other actions have made it challenging for AIG to continue to engage in business in the ordinary course. AIG does not expect these conditions to change until its financial situation stabilizes.

In 1999, AIG became a unitary thrift holding company within the meaning of the Home Owners' Loan Act (HOLA) when the Office of Thrift Supervision (OTS) granted AIG approval to organize AIG Federal Savings Bank. AIG is subject to OTS regulation, examination, supervision and reporting requirements. In addition, the OTS has enforcement authority over AIG and its subsidiaries. Among other things, this permits the OTS to restrict or prohibit activities that are determined to be a serious risk to the financial safety, soundness or stability of AIG's subsidiary savings association, AIG Federal Savings Bank.

Under prior law, a unitary savings and loan holding company, such as AIG, was not restricted as to the types of business in which it could engage, provided that its savings association subsidiary continued to be a qualified thrift lender. The Gramm-Leach-Bliley Act of 1999 (GLBA) provides that no company may acquire control of an OTS regulated institution after May 4, 1999 unless it engages only in the financial activities permitted for financial holding companies under the law or for multiple savings and loan holding companies. The GLBA, however, grandfathered the unrestricted authority for activities with respect to a unitary savings and loan holding company existing prior to May 4, 1999, so long as its savings association subsidiary continues to be a qualified thrift lender under the HOLA. As a unitary savings and loan holding company whose application was pending as of May 4, 1999, AIG is grandfathered under the GLBA and generally is not restricted under existing laws as to the types of business activities in which it may engage, provided that AIG Federal Savings Bank continues to be a qualified thrift lender under the HOLA.

Certain states require registration and periodic reporting by insurance companies that are licensed in such states and are controlled by other corporations. Applicable legislation typically requires periodic disclosure concerning the corporation that controls the registered insurer and the other companies in the holding company system and prior approval of intercorporate services and transfers of assets (including in some instances payment of dividends by the insurance subsidiary) within the holding company system. AIG's subsidiaries are registered under such legislation in those states that have such requirements.

AIG's insurance subsidiaries, in common with other insurers, are subject to regulation and supervision by the states and by other jurisdictions in which they do business. Within the United States, the method of such regulation varies but generally has its source in statutes that delegate regulatory and supervisory powers to an insurance official. The regulation and supervision relate primarily to approval of policy forms and rates, the standards of solvency that must be met and maintained, including risk-based capital, the licensing of insurers and their agents, the nature of and limitations on investments, restrictions on the size of risks that may be insured under a single policy, deposits of securities for the benefit of policyholders, requirements for acceptability of reinsurers, periodic examinations of the affairs of insurance companies, the form and content of reports of financial condition required to be filed, and reserves for unearned premiums, losses and other purposes. In general, such regulation is for the protection of policyholders rather than the equity owners of these companies.

AIG has taken various steps to enhance the capital positions of the AIG Property Casualty Group companies. AIG entered into capital maintenance agreements with these companies that set forth procedures through which AIG will provide ongoing capital support. Also, in order to allow the AIG Property Casualty Group companies to record as an admitted asset at December 31, 2008 certain reinsurance ceded to non-U.S. reinsurers (which has the effect of maintaining the level of the statutory surplus of such companies), AIG obtained and entered into reimbursement agreements for approximately $1.6 billion of letters of credit issued

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by several commercial banks in favor of certain AIG Property Casualty Group companies and funded trusts totalling $2.9 billion. Finally, AIG has agreed to contribute capital to the AIG Property Casualty Group companies that hold shares of Transatlantic if, upon selling their Transatlantic shares they receive less than the shares' statutory book value. The amount of the capital contribution would equal the difference between the aggregate statutory book value of the shares they sold and the aggregate cash proceeds they received in respect to those shares.

In the U.S., the Risk-Based Capital (RBC) formula is designed to measure the adequacy of an insurer's statutory surplus in relation to the risks inherent in its business. Thus, inadequately capitalized general and life insurance companies may be identified. The U.S. RBC formula develops a risk-adjusted target level of statutory surplus by applying certain factors to various asset, premium and reserve items. Higher factors are applied to more risky items and lower factors are applied to less risky items. Thus, the target level of statutory surplus varies not only as a result of the insurer's size, but also based on the risk profile of the insurer's operations.

The RBC Model Law provides for four incremental levels of regulatory attention for insurers whose surplus is below the calculated RBC target. These levels of attention range in severity from requiring the insurer to submit a plan for corrective action to placing the insurer under regulatory control.

The statutory surplus of each of AIG's AIG Property Casualty Group and U.S.-based Life Insurance subsidiaries exceeded their RBC minimum required levels as of December 31, 2008.

To the extent that any of AIG's insurance entities would fall below prescribed levels of statutory surplus, it would be AIG's intention to provide appropriate capital or other types of support to that entity.

A substantial portion of AIG's General Insurance business and a majority of its Life Insurance business is conducted in foreign countries. The degree of regulation and supervision in foreign jurisdictions varies. Generally, AIG, as well as the underwriting companies operating in such jurisdictions, must satisfy local regulatory requirements. Licenses issued by foreign authorities to AIG subsidiaries are subject to modification or revocation by such authorities, and these subsidiaries could be prevented from conducting business in certain of the jurisdictions where they currently operate. A change in control of AIG, such as that resulting from the issuance of the Series C Preferred Stock (described in Note 15 to the Consolidated Financial Statements), or changes in the ownership of a regulated subsidiary that may result from a disposition of the subsidiary or the repayment of outstanding amounts under the Fed Facility with subsidiary preferred equity, may also trigger change of control requirements in jurisdictions around the world and result in other regulatory actions.

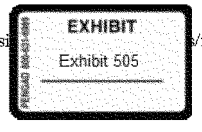
In addition to licensing requirements, AIG's foreign operations are also regulated in various jurisdictions with respect to currency, policy language and terms, advertising, amount and type of security deposits, amount and type of reserves, amount and type of capital to be held, amount and type of local investment and the share of profits to be returned to policyholders on participating policies. Some foreign countries regulate rates on various types of policies. Certain countries have established reinsurance institutions, wholly or partially owned by the local government, to which admitted insurers are obligated to cede a portion of their business on terms that may not always allow foreign insurers, including AIG subsidiaries, full compensation. In some countries, regulations governing constitution of technical reserves and remittance balances may hinder remittance of profits and repatriation of assets.

See Management's Discussion and Analysis of Financial Condition and Results of Operations — Capital Resources and Liquidity — Regulation and Supervision and Note 16 to Consolidated Financial Statements.

Competition

AIG's businesses operate in highly competitive environments, both domestically and overseas. Principal sources of competition are insurance companies, banks, investment banks and other non-bank financial institutions.

The insurance industry in particular is highly competitive. Within the United States, AIG's General Insurance subsidiaries compete with approximately 3,400 other stock companies, specialty insurance organizations, mutual companies and other underwriting organizations. AIG's Life Insurance & Retirement Services subsidiaries compete in the United States with approximately 2,100 life insurance companies and other participants in related financial services fields. Overseas, AIG's subsidiaries compete for business with the foreign insurance operations of large U.S. insurers and with global insurance groups and local



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companies in particular areas in which they are active.

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As a result of the reduction of the credit ratings of AIG and its subsidiaries, uncertainty relating to AIG's financial condition and AIG's asset disposition plan, AIG's businesses have faced and continue to face intense competition to retain existing customers and to maintain business with existing customers and counterparties at historical levels. Further, AIG has been and continues to be at a significant disadvantage in soliciting new customers. AIG expects these difficult conditions to continue for the foreseeable future.

Competition is also intense for key employees. The announced asset dispositions, decline in AIG's common stock price and uncertainty surrounding AIG's financial condition have adversely affected AIG's ability to retain key employees and to attract new employees. While AIG has granted retention awards and taken other steps to retain its key employees, no assurance can be given that these actions will be successful.

For a further discussion of the risks of AIG's disadvantage in soliciting new customers and losing key employees, see item 1A. Risk Factors — Employees.

Directors and Executive Officers of AIG

All directors of AIG are elected for one-year terms at the annual meeting of shareholders. All executive officers are elected to one-year terms, but serve at the pleasure of the Board of Directors.

Except as hereinafter noted, each of the executive officers has, for more than five years, occupied an executive position with AIG or companies that are now its subsidiaries. There are no arrangements or understandings between any executive officer and any other person pursuant to which the executive officer was elected to such position. Prior to joining AIG in September 2008, Mr. Liddy served at the private equity investment firm of Clayton, Dubilier & Rice, Inc. during 2008. From January 1999 until his retirement in April 2008, Mr. Liddy served as Chairman of the Board of The Allstate Corporation (Allstate), the parent of Allstate Insurance Company. He also served as Chief Executive Officer of Allstate from January 1999 to December 2006 and President from January 1995 to May 2005. Ms. Reynolds was President and Chief Executive Officer of Safeco Corporation from January 2006 to September 2008 and Chairman from May 2008 to September 2008. Previously, Ms. Reynolds served as President and Chief Executive Officer of AGL Resources, an Atlanta-based energy holding company, from 2000 to 2005 and Chairman from 2002 to 2005. From January 2000 until joining AIG in May 2004, Dr. Frenkel served as Chairman of Merrill Lynch International, Inc. Prior to joining AIG in September 2006, Ms. Kelly served as Executive Vice President and General Counsel of MCI/WorldCom. Previously, she was Senior Vice President and General Counsel of Sears, Roebuck and Co. from 1999 to 2003. From June 2004 until joining AIG in May 2007, Mr. Kaslow was a managing partner of QuanStar Group, LLC (an advisory services firm), and, from January 2002 until May 2004, Mr. Kaslow was Senior Executive Vice President of Human Resources for Vivendi Universal (an entertainment and telecommunications company).



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American International Group, Inc., and Subsidiaries

Set forth below is information concerning the directors and executive officers of AIG as of February 18, 2009.

Name	Title	Age	Served as Director or Officer Since
Stephen F. Bollenbach	Director	66	2008
Dennis D. Dammerman	Director	63	2008
Martin S. Feldstein	Director	69	1987
Edward M. Liddy	Director and Chief Executive Officer	63	2008
George L. Miles, Jr.	Director	67	2005
Suzanne Nora Johnson	Director	51	2008
Morris W. Offit	Director	72	2005
James F. Orr III	Director	65	2006
Virginia M. Rometty	Director	50	2006
Michael H. Sutton	Director	67	2005
Edmund S. W. Tse	Director, Senior Vice Chairman — Life Insurance	70	1996
Richard H. Booth	Vice Chairman — Transition Planning and Chief Administrative Officer	61	2008
Jacob A. Frenkel	Vice Chairman — Global Economic Strategies	64	2004
Anastasia D. Kelly	Vice Chairman — Legal, Human Resources, Corporate Communications and Corporate Affairs	59	2006
Paula R. Reynolds	Vice Chairman — Chief Restructuring Officer	52	2008
Frank G. Wisner	Vice Chairman — External Affairs	70	1997
David L. Herzog	Executive Vice President and Chief Financial Officer	49	2005
Rodney O. Martin, Jr.	Executive Vice President — Life Insurance	56	2002
Kristian P. Moor	Executive Vice President — AIG Property Casualty Group	49	1998
Win J. Neuger	Executive Vice President	59	1995
Nicholas C. Walsh	Executive Vice President — Foreign General Insurance	58	2005
Jay S. Wintrob	Executive Vice President — Retirement Services	51	1999
William N. Dooley	Senior Vice President — Financial Services	56	1992
Andrew J. Kaslow	Senior Vice President and Chief Human Resources Officer	58	2007
Robert E. Lewis	Senior Vice President and Chief Risk Officer	57	1993
Monika M. Machon	Senior Vice President and Chief Investment Officer	48	2009
Brian T. Schreiber	Senior Vice President — Global Capital Planning and Analysis	43	2002

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American International Group, Inc., and Subsidiaries

Item 1A. ***Risk Factors***

AIG has been significantly and adversely affected by recent events in the marketplace as well as in its businesses, and is subject to significant risks, as discussed below. Many of these risks are interrelated and occur under similar business and economic conditions, and the occurrence of certain of them may in turn cause the emergence, or exacerbate the effect, of others. Such a combination could materially increase the severity of the impact on AIG. As a result, should certain of these risks emerge, AIG may need additional support from the U.S. government. Without additional support from the U.S. government, in the future there could exist substantial doubt about AIG's ability to continue as a going concern. See Management's Discussion and Analysis of Financial Condition and Results of Operations — Consideration of AIG's Ability to Continue as a Going Concern and Note 1 to the Consolidated Financial Statements for a further discussion.

Proposed Transactions with the NY Fed and the United States Department of the Treasury

No assurance can be given that the NY Fed and the United States Department of the Treasury will complete the proposed transactions with AIG. AIG has entered into certain agreements in principle and announced intentions to enter into transactions with the NY Fed and the United States Department of the Treasury described below and in Note 23 to the Consolidated Financial Statements. These proposed transactions are designed to promote AIG's restructuring. Neither agreements in principle nor the intentions are legally binding, and neither the NY Fed nor the United States Department of the Treasury is bound to proceed with the transactions or complete them on the terms currently contemplated. AIG, however, expects to be able to complete these transactions and others necessary to enable an orderly restructuring and understands that the NY Fed and the United States Department of the Treasury remain committed to providing AIG with continued support. If AIG is unable to complete one or more of the proposed transactions, AIG's credit ratings may be downgraded and AIG may not be able to complete its restructuring plan. See Credit and Financial Strength Ratings for a discussion of the impact of a downgrade in AIG's credit ratings.

The proposed repayment of outstanding amounts under the Fed Facility with subsidiary preferred equity in holding companies for AIA and ALICO is complex and may need to be restructured. The NY Fed's proposed investment in two new holding companies for AIA and ALICO is unprecedented and it is possible that the terms of the exchange may change, perhaps materially.

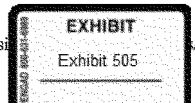
Business and Credit Environment

AIG's businesses, results of operations and financial condition have been materially and adversely affected by market conditions and will be materially affected by these conditions for the foreseeable future. During 2008, worldwide economic conditions significantly deteriorated and the United States economy and most other major economies entered into a recession. It is difficult to predict how long global recessionary conditions will exist or the manner in which AIG's markets, products, financial condition and businesses will be negatively affected in the future.

The global financial crisis has resulted in a lack of liquidity, highly volatile markets, a steep depreciation in asset values across all classes, an erosion of investor confidence, a widening of credit spreads, a lack of price transparency in many markets and the collapse or merger of several prominent financial institutions. Difficult economic conditions also resulted in increased unemployment and a severe decline in business activity across a wide range of industries and regions. Global regulators, governments and central banks have taken a number of unprecedented steps to address these issues but these steps have so far failed to prevent financial markets from declining by a very substantial amount, both in percentage terms and in absolute terms. It is unclear whether these measures will be effective or, if effective, when markets will stabilize.

AIG has been materially and adversely affected by these conditions and events in a number of ways, including:

- the need to enter into transactions with the NY Fed and the United States Department of the Treasury, and to participate in generally available governmental programs addressing disruptions in financial markets;
- severe and continued declines in the valuation and performance of its investment portfolio across all asset classes, leading to decreased investment income, material unrealized and realized losses,



including other-

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than-temporary impairments, both of which decreased AIG's shareholders' equity and, to a lesser extent, the regulatory capital of its subsidiaries;

- significant credit losses due to the failure of, or governmental intervention with respect to, several prominent institutions;
- impairment of goodwill in its insurance and financial services businesses; and
- a general decline in business activity leading to reduced premium volume, increases in surrenders or cancellations of policies and increased competition from other insurers.

The consequences of these conditions have been more severe for AIG than for other insurers. Since the third quarter of 2008, AIG's principal sources of liquidity have been the Fed Facility and issuances of commercial paper under the Commercial Paper Funding Facility established by the NY Fed (CPFF). Authorization for the CPFF to accept new issuances of commercial paper is set to expire on October 30, 2009, with all outstanding issuances under the program maturing by January 2010. Since mid-September 2008, AIG has had no access to funding in public markets.

Certain of AIG's in-force and new business products in its life insurance businesses provide minimum benefit guarantees and crediting rates. Low interest rates driven by recessionary or deflationary environments could result in a negative spread between the yield produced by AIG's investment portfolios and the underlying costs of these products. While potentially providing short-term benefits, long-term profitability of the business could be negatively affected by this negative spread and the volume and value of new business could be adversely affected by low interest rate environments.

Credit and Financial Strength Ratings

Adverse ratings actions regarding AIG's long-term debt ratings by the major rating agencies would require AIG to post a substantial amount of additional collateral payments pursuant to, and/or permit the termination of, derivative transactions to which AIGFP is a party, which could further adversely affect AIG's business and its consolidated results of operations, financial condition and liquidity. Additional obligations to post collateral or the costs of assignment, termination or obtaining alternative credit could exceed the amounts then available under the Fed Facility. In the third quarter of 2008, S&P, Moody's, Fitch and A.M. Best Company (A.M. Best) each downgraded the credit ratings of AIG Inc. and most of the Insurer Financial Strength Ratings of AIG's insurance operating subsidiaries. In particular, S&P downgraded AIG's long-term debt rating by three notches, Moody's downgraded AIG's long-term debt rating by two notches, Fitch downgraded AIG's long-term debt rating by two notches and A.M. Best downgraded AIG's issuer credit rating from a+ to bbb and most of AIG's Insurer Financial Strength Ratings from A+ to A.

Subsequent to the rating actions referred to above, the following rating actions were taken:

- Moody's lowered AIG's Senior Unsecured Debt rating to A3 from A2 and ILFC's and American General Finance Corporation's (AGF Corp.) Senior Unsecured Debt ratings to Baa1 from A3. Most ratings remain under review for possible downgrade with ILFC revised to under review with direction uncertain.
- S&P revised the CreditWatch status on AIG's and AGF Corp.'s ratings from CreditWatch Developing to CreditWatch Negative in October 2008. Subsequently, S&P lowered its long-term debt rating on ILFC from A– to BBB+, and its short-term debt rating from A–1 to A–2. The ratings remain on Credit Watch Developing. S&P lowered its long-term debt rating on AGF Corp. from BBB to BB+, and its short-term debt rating from A–3 to B. The long-term debt ratings were assigned a Negative Outlook. S&P also revised the credit watch status of AIG's property and casualty subsidiaries from Credit Watch Developing to Credit Watch Negative.
- Fitch lowered its long-term debt ratings on AGF Corp. from A to BBB. The ratings remain on Rating Watch Evolving. Fitch also removed the ratings of AIG, Inc. and its property and casualty subsidiaries from Rating Watch Evolving and assigned them a Stable Outlook.



- A.M. Best affirmed the Insurer Financial Strength Ratings and Issuer Credit Ratings of the insurance subsidiaries of AIG, Inc. In addition A.M. Best affirmed the Issuer Credit Rating of AIG, Inc. These ratings were removed from Under Review with Negative Implications and assigned a Negative Outlook.

Credit ratings estimate a company's ability to meet its obligations and may directly affect the cost and availability to that company of unsecured financing and its eligibility for certain government sponsored funding programs such as the CPFF, as discussed below. In the event of a further downgrade of AIG's long-term senior debt ratings, AIGFP would be required to post additional collateral and AIG or certain of AIGFP's counterparties would be permitted to elect early termination of contracts.

It is estimated that as of the close of business on February 18, 2009, based on AIGFP's outstanding municipal GIAs, secured funding arrangements and financial derivative transactions (including AIGFP's super senior credit default swap portfolio) at that date, a one-notch downgrade of AIG's long-term senior debt ratings to Baa1 by Moody's and BBB+ by S&P would permit counterparties to make additional collateral calls and permit either AIGFP or the counterparties to elect early termination of contracts, resulting in up to approximately $8 billion of corresponding collateral postings and termination payments, a two-notch downgrade to Baa2 by Moody's and BBB by S&P would result in approximately $2 billion in additional collateral postings and termination payments, and a three-notch downgrade to Baa3 by Moody's and BBB- by S&P would result in approximately $1 billion in additional collateral and termination payments.

The actual amount of collateral that AIGFP would be required to post to counterparties in the event of such downgrades, or the aggregate amount of payments that AIG could be required to make, would depend on market conditions, the fair value of outstanding affected transactions and other factors prevailing at the time of the downgrade. If AIG is unable to secure sufficient additional funding through the Fed Facility or otherwise, AIG could become insolvent.

ILFC is a party to two Export Credit Agency (ECA) facilities that require ILFC to segregate security deposits and maintenance reserves related to aircraft financed under these facilities into separate accounts in the event of a downgrade in ILFC's credit ratings. In October 2008, Moody's downgraded ILFC's debt ratings, and ILFC was subsequently notified by the trustees under its ECA facilities that it would be required to segregate security deposits and maintenance reserves totaling approximately $260 million in separate accounts. Further downgrades would impose additional restrictions under these facilities, including the requirement to segregate rental payments and would require prior consent to withdraw funds from the segregated account.

For a further discussion of AIG's liquidity, see Management's Discussion and Analysis of Financial Condition and Results of Operations — Capital Resources and Liquidity — Liquidity.

A downgrade in the short-term credit ratings of the commercial paper programs of certain AIG affiliates could make these issuers ineligible for participation in the CPFF. AIG Funding and affiliates Curzon Funding LLC and Nightingale Finance LLC currently obtain financing through participation in the CPFF. As of February 18, 2009, AIG Funding, Curzon Funding LLC and Nightingale Finance LLC had $6.1 billion, $6.8 billion and $1.1 billion, respectively, outstanding under the CPFF. However, in the event of a downgrade of the short-term credit ratings applicable to the commercial paper programs of these issuers, they may no longer qualify for participation in the CPFF and would likely have significant difficulty obtaining access to alternative sources of liquidity. AIG's subsidiary, ILFC, participated in the CPFF at December 31, 2008, but on January 21, 2009, S&P downgraded ILFC's short-term debt rating and, as a result, ILFC lost access to the CPFF. The CPFF purchases only U.S. dollar-denominated commercial paper (including asset-backed commercial paper) that is rated at least A-1/P-1/F1 by a major nationally recognized statistical rating organization (NRSRO) or, if rated by multiple major NRSROs, is rated at least A-1/P-1/F1 by two or more major NRSROs. Accordingly, these AIG entities will lose access to the CPFF if:

- AIG Funding's short-term rating is downgraded by any two of S&P, Moody's or Fitch;
- Curzon Funding LLC's short-term rating is downgraded by either S&P or Moody's; or
- Nightingale Finance LLC's short-term rating is downgraded by either S&P or Moody's.

Adverse rating actions could result in further reductions in credit limits extended to AIG and in a decline in the number of counterparties willing to transact with AIG or its affiliates. To appropriately manage risk, AIG needs trading counterparties willing to extend sufficient credit limits to purchase and sell



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other assets, as well as to conduct hedging activities. To the extent that counterparties are unwilling to trade with or to extend adequate credit limits to AIG or its subsidiaries, AIG could be exposed to open positions or other unhedged risks, resulting in increased volatility of results and increased losses.

A downgrade in the Insurer Financial Strength ratings of AIG's insurance companies could prevent the companies from writing new business and retaining customers and business. Insurer Financial Strength ratings are an important factor in establishing the competitive position of insurance companies. Insurer Financial Strength ratings measure an insurance company's ability to meet its obligations to contract holders and policyholders, help maintain public confidence in a company's products, facilitate marketing of products and enhance a company's competitive position.

Further downgrades of the Insurer Financial Strength ratings of AIG's insurance companies may prevent these companies from offering products and services or result in increased policy cancellations or termination of assumed reinsurance contracts. Moreover, a downgrade in AIG's credit ratings may, under credit rating agency policies concerning the relationship between parent and subsidiary ratings, result in a downgrade of the Insurer Financial Strength ratings of AIG's insurance subsidiaries.

Liquidity

AIG parent's ability to access funds from its subsidiaries is severely limited. As a holding company, AIG parent depends significantly on dividends, distributions and other payments from its subsidiaries to fund payments due on AIG's obligations, including its debt securities. Further, the majority of AIG's investments are held by its regulated subsidiaries. In light of AIG's current financial situation, many of AIG's regulated subsidiaries have been significantly restricted from making dividend payments, or advancing funds, to AIG, and AIG expects these restrictions to continue. AIG's subsidiaries also are limited in their ability to make dividend payments or advance funds to AIG because of the need to retain funds to conduct their own operations. These factors may hinder AIG's ability to access funds that AIG may need to make payments on its obligations, including those arising from day-to-day business activities.

AIG parent's ability to support its subsidiaries is limited. Historically, AIG has provided capital and liquidity to its subsidiaries to maintain regulatory capital ratios, comply with rating agency requirements and meet unexpected cash flow obligations. AIG's current limited access to liquidity may reduce or prevent AIG from providing support to its subsidiaries. If AIG is unable to provide support to a subsidiary having an immediate capital need, the subsidiary could become insolvent or, in the case of an insurance subsidiary or other regulated entity, could be seized by its regulator.

A significant portion of AIG's investments are illiquid and are difficult to sell, or to sell in significant amounts at acceptable prices, to generate cash to meet AIG's needs. AIG's investments in certain securities, including certain fixed income securities and certain structured securities, direct private equities, limited partnerships, hedge funds, mortgage loans, flight equipment, finance receivables and real estate are illiquid. These asset classes represented approximately 31 percent of the carrying value of AIG's total cash and invested assets at December 31, 2008. In addition, the steep decline in the U.S. real estate market and the current disruption in the credit markets have materially adversely affected the liquidity of other AIG securities portfolios, including its residential and commercial mortgage-backed securities portfolios. If AIG requires significant amounts of cash on short notice in excess of anticipated cash requirements or is required to post or return collateral in connection with AIGFP's derivative transactions, then AIG may have difficulty selling these investments or terminating these transactions in a timely manner or may be forced to sell or terminate them at unfavorable values.

If AIG fails to maintain compliance with the continued listing standards of the New York Stock Exchange (NYSE), the NYSE may initiate suspension and de-listing procedures, which will have a material adverse effect on the liquidity of AIG's common stock. AIG's common stock and other securities are listed on the NYSE. AIG is subject to the NYSE's continued listing requirements, including, among other things, the requirement that AIG maintain an average closing price equal to at least $1.00 over each consecutive 30-day trading period. The share price of AIG's common stock has declined significantly since the third quarter of 2008, and recently has begun to close below $1.00. AIG has not been informed of any non-compliance by the NYSE, but there is no assurance that AIG will be able to maintain compliance with the NYSE's continued listing standards or that, in the event of non-compliance, the NYSE will not take action to suspend and de-list AIG's securities from trading. A de-listing would

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have a significant adverse effect on the liquidity of AIG's common stock, making it more difficult and expensive for AIG to raise additional capital.

Fed Facility and Series D Preferred Stock

The Fed Credit Agreement and the Series D Preferred Stock require AIG to devote significant resources to debt repayment and preferred stock dividends for the foreseeable future, thereby significantly reducing capital available for other purposes. AIG is required to repay the five-year Fed Facility primarily from the proceeds of sales of assets, including businesses. The amount available under the Fed Facility is permanently reduced by the amount of such repayments as they are made. In addition, the $40 billion liquidation preference of the Series D Fixed Rate Cumulative Perpetual Preferred Stock (Series D Preferred Stock) issued to the United States Department of the Treasury accumulates dividends at 10 percent per year. These dividends, and the dividends on any other series of preferred stock issued by AIG, are not deductible for tax purposes.

AIG's significant obligations require it to dedicate all of its proceeds from asset dispositions and a considerable portion of its cash flows from operations to the repayment of the Fed Facility, thereby reducing the funds available for investment in its businesses. Moreover, because AIG's debt service and preferred stock dividend obligations are very high, AIG may be more vulnerable to competitive pressures and have less flexibility to plan for or respond to changing business and economic conditions.

A further inability to effect asset sales in accordance with its asset disposition plan or to do so at acceptable prices could result in AIG not being able to repay its borrowings under the Fed Facility. See Capital Resources and Liquidity Requirements — Asset Disposition Plan for a discussion of AIG's asset disposition plan.

Borrowings available to AIG under the Fed Facility may not be sufficient to meet AIG's funding needs and additional financing may not be available or could be prohibitively expensive. Additional collateral calls, continued high surrenders of annuity and other policies, further downgrades in AIG's credit ratings or a further deterioration in AIGFP's remaining super senior credit default swap portfolio could cause AIG to require additional funding in excess of the borrowings available under the Fed Facility. In that event, AIG would be required to find additional financing and new financing sources. In the current business environment such financing could be difficult, if not impossible, to obtain and, if available, very expensive, and additional funding from the NY Fed, United States Department of the Treasury or other government sources may not be available. If AIG is unable to obtain sufficient financing to meet its capital needs, AIG could become insolvent.

Borrowings under the Fed Facility are subject to the NY Fed being satisfied with the collateral pledged by AIG. A condition to borrowing under the Fed Facility is that the NY Fed be satisfied with the collateral pledged by AIG (including its value). It is possible that the NY Fed may determine that AIG's collateral is insufficient to permit a borrowing for many reasons including:

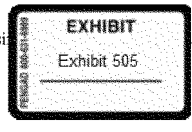
- a decline in the value of AIG's businesses;
- poor performance in one or more of AIG's businesses; and
- low prices received by AIG in its asset disposition plan.

Such a determination could limit AIG's ability to borrow under the Fed Facility.

AIG must sell or otherwise dispose of significant assets to service the debt under the Fed Facility. AIG must make asset dispositions to repay the borrowings under the Fed Facility. A continued delay or inability to effect these dispositions at acceptable prices and on acceptable terms could result in AIG being unable to repay the Fed Facility by its maturity date.

While AIG has adopted an asset disposition plan, as discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity — Asset Disposition Plan, this plan may not be successfully executed due to, among other things:

- an inability of purchasers to obtain funding due to the deterioration in the credit markets;
- a general unwillingness of potential buyers to commit capital in the difficult current market environment;
- an adverse change in interest rates and borrowing costs; and

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- continued declines in AIG asset values and deterioration in its businesses.

Further, AIG may be unable to negotiate favorable terms in connection with asset sales, including with respect to price. As a result, AIG may need to modify its asset disposition plan to sell additional or different assets.

If AIG is not able to repay the Fed Facility from the proceeds of asset dispositions and cannot otherwise repay the Fed Facility in accordance with its terms, an event of default would result. In such an event, the NY Fed could enforce its security interest in AIG's pledged collateral. In addition, an event of default or declaration of acceleration under the Fed Credit Agreement could also result in an event of default under other agreements. In such an event, AIG would likely not have sufficient liquid assets to meet its obligations under such agreements.

The Fed Credit Agreement includes financial and other covenants that impose restrictions on AIG's financial and business operations. The Fed Credit Agreement requires AIG to maintain a minimum aggregate liquidity level and restricts AIG's ability to make certain capital expenditures. The Fed Credit Agreement also restricts AIG's and its restricted subsidiaries' ability to incur additional indebtedness, incur liens, merge, consolidate, sell assets, enter into hedging transactions outside the normal course of business, or pay dividends. These covenants could restrict AIG's business and thereby adversely affect AIG's results of operations.

Moreover, if AIG fails to comply with the covenants in the Fed Credit Agreement and is unable to obtain a waiver or amendment, an event of default would result. If an event of default were to occur, the NY Fed could, among other things, declare outstanding borrowings under the Fed Credit Agreement immediately due and payable and enforce its security interest in AIG's pledged collateral. In addition, an event of default or declaration of acceleration under the Fed Credit Agreement could also result in an event of default under AIG's other agreements.

AIG's results of operations and cash flows will be materially and adversely affected by a significant increase in interest expense and preferred stock dividends paid. AIG expects its results of operations in 2009 and in future periods to be significantly adversely affected by the recognition of interest expense on borrowings under the Fed Facility and by the payment of significant preferred stock dividends. In addition, the prepaid commitment fee asset of $23 billion associated with the Series C Preferred Stock (described below) was capitalized and is being amortized through interest expense over the term of the Fed Facility, which is five years.

The Series D Preferred Stock accrues dividends, payable if, as and when declared, at a rate of 10 percent per annum, or $4 billion, on the $40 billion of liquidation preference, which are not tax deductible.

Controlling Shareholder

Following the issuance of the Series C Preferred Stock to the AIG Credit Facility Trust, a trust for the sole benefit of the United States Treasury, the Trust, which is overseen by three independent trustees, will hold a controlling interest in AIG. AIG's interests and those of AIG's minority shareholders may not be the same as those of the Trust or the United States Treasury. In accordance with the Fed Credit Agreement, in early March 2009, AIG expects to issue 100,000 shares of Series C Perpetual, Convertible, Participating Preferred Stock, par value $5.00 per share and at an initial liquidation preference of $5.00 per share (the Series C Preferred Stock), to the AIG Credit Facility Trust, a trust for the sole benefit of the United States Treasury (together with its trustees, the Trust) established under the AIG Credit Facility Trust Agreement dated as of January 16, 2009 (as it may be amended from time to time, the Trust Agreement). The Trust will hold the Series C Preferred Stock for the sole benefit of the United States Treasury. The Series C Preferred Stock is entitled to:

- participate in any dividends paid on the common stock, with the payments attributable to the Series C Preferred Stock being approximately 77.9 percent of the aggregate dividends paid on common stock, treating the Series C Preferred Stock as converted; and
- to the extent permitted by law, vote with AIG's common stock on all matters submitted to AIG's shareholders and hold approximately 77.9 percent of the aggregate voting power of common stock, treating the Series C Preferred Stock as converted.

The dividends payable on and the total voting power of (i) the shares of common stock underlying the



Series C Preferred Stock, (ii) the 53,798,766 shares of common stock underlying the warrants issued to the United States Department of the Treasury on November 25, 2008 and (iii) the shares of common stock underlying the warrants to be issued to the United States Department of the Treasury in connection with the capital commitment facility will

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not exceed 79.9 percent of the aggregate dividends payable on and the voting power of the outstanding shares of common stock, treating the Series C Preferred Stock as converted.

The Series C Preferred Stock will remain outstanding even if the Fed Facility is repaid in full or otherwise terminates. In addition, upon shareholder approval and the filing with the Delaware Secretary of State of certain amendments to AIG's Restated Certificate of Incorporation, the Trust can convert at its option all or a portion of the Series C Preferred Stock into common stock.

As a result of its ownership of the Series C Preferred Stock, the Trust will be able, subject to the terms of the Trust Agreement and the Series C Preferred Stock, to elect all of AIG's directors and will be able, to the extent permitted by law, to control the vote on substantially all matters, including:

- approval of mergers or other business combinations;
- a sale of all or substantially all of AIG's assets;
- issuance of any additional common stock or other equity securities;
- the selection and tenure of AIG's Chief Executive Officer and other executive officers; and
- other matters that might be favorable to the United States Treasury.

Moreover, the Trust's ability to prevent any change in control of AIG could also have an adverse effect on the market price of the common stock.

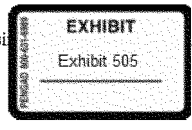
The Trust may also, subject to the terms of the Trust Agreement and applicable securities laws, transfer all, or a portion of, the Series C Preferred Stock to another person or entity and, in the event of such a transfer, that person or entity could become the controlling shareholder.

Possible future sales of Series C Preferred Stock or common stock by the Trust could adversely affect the market for AIG common stock. Pursuant to the Series C Preferred Stock Purchase Agreement, dated as of March 1, 2009, between the Trust and AIG (the Series C Preferred Stock Purchase Agreement), AIG has agreed to file a shelf registration statement that will allow the Trust to publicly sell Series C Preferred Stock or any shares of common stock it receives upon conversion of the Series C Preferred Stock. In addition, the Trust could sell Series C Preferred Stock or shares of common stock without registration under certain circumstances, such as in a private transaction. Although AIG can make no prediction as to the effect, if any, that such sales would have on the market price of common stock, sales of substantial amounts of Series C Preferred Stock or common stock, or the perception that such sales could occur, could adversely affect the market price of common stock. If the Trust sells or transfers shares of Series C Preferred Stock or common stock as a block, another person or entity could become AIG's controlling shareholder.

Change of Control

The issuance of the Series C Preferred Stock may have adverse consequences for AIG and its subsidiaries with regulators and contract counterparties. The issuance of the Series C Preferred Stock will result in a change of control of AIG. A change of control of AIG triggers notice, approval and/or other regulatory requirements in many of the more than 130 countries and jurisdictions in which AIG and its subsidiaries operate. AIG has undertaken a worldwide review of the regulatory requirements arising in connection with the issuance of the Series C Preferred Stock, and has worked to achieve material compliance with applicable regulatory requirements. In this connection, AIG has submitted notices to regulators in the jurisdictions where its principal businesses are located, and currently has no knowledge that any regulator intends to impose any penalties or take any other actions as a result of the change in control of AIG in a manner that would be adverse in any material respect to AIG. However, in light of the large number of jurisdictions in which AIG and its subsidiaries operate and the complexity of assessing and addressing the regulatory requirements in each of the relevant jurisdictions, AIG has not been able to obtain all regulatory consents or approvals that may be required in connection with the issuance of the Series C Preferred Stock. Accordingly, no assurances can be provided that the failure to obtain all required consents or approvals will not have a material adverse effect on AIG's consolidated financial condition, results of operations or cash flows.

AIG and its subsidiaries are also parties to various contracts and other agreements that may be affected by a change of control of AIG. Although AIG believes the change of control arising from the issuance of the Series C

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Preferred Stock will not result in a breach of any material contract or agreement, no assurances can be given that AIG's counterparties to such contracts and agreements will not claim that breaches have occurred. If AIG were to be found to have breached any material contract or agreement, its consolidated financial condition, results of operations or cash flows could be materially adversely affected.

Concentration of Investments and Exposures

Concentration of AIG's investment portfolios in any particular segment of the economy may have adverse effects. AIG results of operations have been adversely affected and may continue to be adversely affected by a concentration in residential mortgage-backed, commercial mortgage-backed and other asset-backed securities. AIG also has significant exposures to financial institutions and, in particular, to money center and global banks. These types of concentrations in AIG's investment portfolios could have an adverse effect on the investment portfolios and consequently on AIG's consolidated results of operations or financial condition. While AIG seeks to mitigate this risk by having a broadly diversified portfolio, events or developments that have a negative effect on any particular industry, asset class, group of related industries or geographic region may have a greater adverse effect on the investment portfolios to the extent that the portfolios are concentrated. Furthermore, AIG's ability to sell assets relating to such particular groups of related assets may be limited if other market participants are seeking to sell at the same time.

Concentration of AIG's insurance and other risk exposures may have adverse effects. AIG seeks to manage the risks to which it is exposed as a result of the insurance policies, derivatives and other obligations that it undertakes to customers and counterparties by monitoring the diversification of its exposures by exposure type, industry, geographic region, counterparty and otherwise and by using reinsurance, hedging and other arrangements to limit or offset exposures that exceed the limits it wishes to retain. In certain circumstances, or with respect to certain exposures, such risk management arrangements may not be available on acceptable terms, or AIG's exposure in absolute terms may be so large that even slightly adverse experience compared to AIG's expectations may cause a material adverse effect on AIG's consolidated financial condition or results of operations.

Casualty Insurance Underwriting and Reserves

Casualty insurance liabilities are difficult to predict and may exceed the related reserves for losses and loss expenses. AIG has announced that it intends to focus its resources on its core property and casualty insurance businesses while selling other businesses to repay the borrowing under the Fed Credit Agreement. As a result, AIG expects to become more reliant on these businesses.

Although AIG annually reviews the adequacy of the established liability for unpaid claims and claims adjustment expense, there can be no assurance that AIG's loss reserves will not develop adversely and have a material adverse effect on AIG's results of operations. Estimation of ultimate net losses, loss expenses and loss reserves is a complex process for long-tail casualty lines of business, which include excess and umbrella liability, D&O, professional liability, medical malpractice, workers' compensation, general liability, products liability and related classes, as well as for asbestos and environmental exposures. Generally, actual historical loss development factors are used to project future loss development. However, there can be no assurance that future loss development patterns will be the same as in the past. Moreover, any deviation in loss cost trends or in loss development factors might not be discernible for an extended period of time subsequent to the recording of the initial loss reserve estimates for any accident year. Thus, there is the potential for reserves with respect to a number of years to be significantly affected by changes in loss cost trends or loss development factors that were relied upon in setting the reserves. These changes in loss cost trends or loss development factors could be attributable to changes in inflation or in the judicial environment, or in other social or economic phenomena affecting claims, such as the effects that the recent disruption in the credit markets could have on reported claims under D&O or professional liability coverages. For a further discussion of AIG's loss reserves see also Management's Discussion and Analysis of Financial Condition and Results of Operations — Segment Results — General Insurance Operations — Liability for unpaid claims and claims adjustment expense.



Catastrophe Exposures

The occurrence of catastrophic events could adversely affect AIG's consolidated financial condition or results of operations. The occurrence of events such as hurricanes, earthquakes, pandemic disease, acts of terrorism and other catastrophes could adversely affect AIG's consolidated financial condition or results of operations, including by exposing AIG's businesses to the following:

- widespread claim costs associated with property, workers' compensation, mortality and morbidity claims;
- loss resulting from the value of invested assets declining to below the amount required to meet policy and contract liabilities; and
- loss resulting from actual policy experience emerging adversely in comparison to the assumptions made in the product pricing related to mortality, morbidity, termination and expenses.

Reinsurance

Reinsurance may not be available or affordable. AIG subsidiaries are major purchasers of reinsurance and utilize reinsurance as part of AIG's overall risk management strategy. Reinsurance is an important risk management tool to manage transaction and insurance line risk retention and to mitigate losses that may arise from catastrophes. Market conditions beyond AIG's control determine the availability and cost of the reinsurance purchased by AIG subsidiaries. For example, reinsurance may be more difficult to obtain after a year with a large number of major catastrophes. Accordingly, AIG may be forced to incur additional expenses for reinsurance or may be unable to obtain sufficient reinsurance on acceptable terms, in which case AIG would have to accept an increase in exposure risk, reduce the amount of business written by its subsidiaries or seek alternatives.

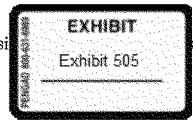
Reinsurance subjects AIG to the credit risk of its reinsurers and may not be adequate to protect AIG against losses. Although reinsurance makes the reinsurer liable to the AIG subsidiary to the extent the risk is ceded, it does not relieve the AIG subsidiary of the primary liability to its policyholders. Accordingly, AIG bears credit risk with respect to its subsidiaries' reinsurers to the extent not mitigated by collateral or other credit enhancements. A reinsurer's insolvency or inability or refusal to make timely payments under the terms of its agreements with the AIG subsidiaries could have a material adverse effect on AIG's results of operations and liquidity. For additional information on AIG's reinsurance, see Management's Discussion and Analysis of Financial Condition and Results of Operations — Risk Management — Reinsurance.

Policyholder Behavior

AIG's policyholders, agents and other distributors of AIG's insurance products have expressed significant concerns in the wake of announcements by AIG of adverse financial results. AIG expects that these concerns will be exacerbated by the announcement of AIG's 2008 results. Many of AIG's businesses depend upon the financial stability (both actual and perceived) of AIG's parent company. Concerns that AIG or its subsidiaries may not be able to meet their obligations have negatively affected AIG's businesses in many ways, including:

- requests by customers to withdraw funds from AIG under annuity and certain life insurance contracts;
- a refusal by independent agents, brokers and banks to continue to offer AIG products and services;
- a refusal of counterparties, customers or vendors to continue to do business with AIG; and
- requests by customers and other parties to terminate existing contractual relationships.

Continued economic uncertainty, additional adverse results or a lack of confidence in AIG and AIG's businesses may cause AIG customers, agents and other distributors to cease or reduce their dealings with AIG, turn to competitors or shift to products that generate less income for AIG. Although AIG has announced its intent to refocus its business and certain AIG subsidiaries are rebranding themselves in an attempt to overcome a perception of instability, AIG cannot be sure that such efforts will be successful in attracting or maintaining clients.

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Foreign Operations

Foreign operations expose AIG to risks that may affect its operations, liquidity and financial condition. AIG provides insurance, investment and other financial products and services to both businesses and individuals in more than 130 countries and jurisdictions. A substantial portion of AIG's General Insurance business and a majority of its Life Insurance & Retirement Services business is conducted outside the United States. Operations outside the United States, particularly those in developing nations, may be affected by regional economic downturns, changes in foreign currency exchange rates, political upheaval, nationalization and other restrictive government actions, which could also affect other AIG operations.

The degree of regulation and supervision in foreign jurisdictions varies. Generally, AIG, as well as its subsidiaries operating in such jurisdictions, must satisfy local regulatory requirements. Licenses issued by foreign authorities to AIG subsidiaries are subject to modification and revocation. Thus, AIG's insurance subsidiaries could be prevented from conducting future business in certain of the jurisdictions where they currently operate. Adverse actions from any single country could adversely affect AIG's results of operations, liquidity and financial condition depending on the magnitude of the event and AIG's net financial exposure at that time in that country.

Employees

Because of the decline in the value of equity awards previously granted to employees and the uncertainty surrounding AIG's asset disposition program, AIG may be unable to retain key employees, including individuals critical to the execution of its disposition plan. AIG relies upon the knowledge and talent of its employees to successfully conduct business. The decline in AIG's common stock price has dramatically reduced the value of equity awards previously granted to its key employees. Also, the announcement of proposed asset dispositions has resulted in competitors seeking to hire AIG's key employees. AIG has implemented retention programs to seek to keep its key employees, but there can be no assurance that the programs will be effective. A loss of key employees could reduce the value of AIG's businesses and impair its ability to effect a successful asset disposition plan.

A loss of key employees in AIG's financial reporting process could prevent AIG from making required filings, preparing financial statements and otherwise adversely affect its internal controls. AIG relies upon the knowledge and experience of the employees involved in these functions for the effective and timely preparation of required filings and financial statements and operation of internal controls. If these employees depart, AIG may not be able to replace them with individuals having comparable knowledge and experience.

The limitations on incentive compensation contained in the American Recovery and Reinvestment Act of 2009 may adversely affect AIG's ability to retain its highest performing employees. On February 17, 2009, the American Recovery and Reinvestment Act of 2009 (Recovery Act) was signed into law. The Recovery Act contains restrictions on bonus and other incentive compensation payable to the five executives named in a company's proxy statement and the next twenty highest paid employees of companies receiving TARP funds. Historically, AIG has embraced a pay-for-performance philosophy. Depending upon the limitations placed on incentive compensation by the final regulations issued under the Recovery Act, it is possible that AIG may be unable to create a compensation structure that permits AIG to retain its highest performing employees. If this were to occur, AIG's asset disposition plan, businesses and results of operations would be adversely affected, perhaps materially.

Conflicts of interest may arise as AIG implements its asset disposition plan. AIG relies on certain key employees to operate its businesses during the asset disposition period, to provide information to prospective buyers and to maximize the value of businesses to be divested. The successful completion of the asset disposition plan could be adversely affected by any conflict of interests between AIG and its employees arising as a result of the asset disposition process.

Employee error and misconduct may be difficult to detect and prevent and may result in significant losses. Losses may result from, among other things, fraud, errors, failure to document transactions properly or to obtain proper internal authorization or failure to comply with regulatory requirements, both generally, and during the asset disposition process. There have been a number of highly publicized cases involving fraud or other misconduct by employees in the financial services industry in recent years, and AIG runs the risk that employee misconduct could occur. It is not always possible to deter or prevent employee misconduct and the controls that AIG has in place to prevent and detect this activity may not be effective in all cases.




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Regulation

AIG is subject to extensive regulation in the jurisdictions in which it conducts its businesses, and recent regulatory actions have made it challenging for AIG to continue to engage in business in the ordinary course. AIG's operations around the world are subject to regulation by different types of regulatory authorities, including insurance, securities, investment advisory, banking and thrift regulators in the United States and abroad. AIG's operations have become more diverse and consumer-oriented, increasing the scope of regulatory supervision and the possibility of intervention. In light of AIG's liquidity issues beginning in the third quarter of 2008, AIG and its regulated subsidiaries have been subject to intense review and supervision around the world. Regulators have taken significant steps to protect the businesses of the entities they regulate. These steps have included:

- Restricting or prohibiting the payment of dividends to AIG;
- Restricting or prohibiting other payments to AIG;
- Requesting additional capital contributions by AIG;
- Requesting that intercompany reinsurance reserves be covered by assets locally;
- Restricting the business in which the subsidiaries may engage; and
- Requiring pre-approval of all proposed transactions between the regulated subsidiaries and AIG or any affiliate.

AIG does not expect these conditions to change unless its financial situation stabilizes.

Adjustments to Life Insurance & Retirement Services Deferred Policy Acquisition Costs

Interest rate fluctuations, increased surrenders and other events may require AIG subsidiaries to accelerate the amortization of deferred policy acquisition costs (DAC) which could adversely affect AIG's consolidated financial condition or results of operations. DAC represents the costs that vary with and are related primarily to the acquisition of new and renewal insurance and annuity contracts. When interest rates rise or customers lose confidence in a company, policy loans and policy surrenders and withdrawals of life insurance policies and annuity contracts may increase as policyholders seek to buy products with perceived higher returns or more stability, requiring AIG subsidiaries to accelerate the amortization of DAC. To the extent such amortization exceeds surrender or other charges earned upon surrender and withdrawals of certain life insurance policies and annuity contracts, AIG's results of operations could be negatively affected.

DAC for both insurance-oriented and investment-oriented products, as well as retirement services products is reviewed for recoverability, which involves estimating the future profitability of current business. This review involves significant management judgment. If the actual emergence of future profitability were to be substantially lower than estimated, AIG could be required to accelerate its DAC amortization and such acceleration could adversely affect AIG's results of operations. For a further discussion of DAC, see also Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Estimates and Notes 1 and 8 to the Consolidated Financial Statements.

Risk Management

AIG is exposed to a number of significant risks, and AIG's risk management policies, processes and controls may not be effective in mitigating AIG's risk exposures in all market conditions and to all types of risk. The major risks to which AIG is exposed include credit risk, market risk, including credit spread risk, operational risk, liquidity risk and insurance risk. Given continued capital markets volatility, persistent risk aversion, inadequate liquidity in the markets of many asset classes, combined with AIG's weakened financial condition, AIG may not have adequate risk management policies, tools and processes and AIG may not have sufficient access to the markets and trading counterparties to effectively implement risk mitigating strategies and techniques. This environment could materially and adversely affect AIG's consolidated results of operations, liquidity or financial condition, result in regulatory action or litigation or further damage AIG's reputation. For a further discussion of AIG's risk management process and controls, see Management's Discussion and Analysis of Financial Condition and Results of Operations — Risk Management.




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Operational risks of asset dispositions. AIG is exposed to various operational risks associated with the dispositions of subsidiaries and the resulting restructuring of AIG at the business and corporate levels. These risks include the ability to deconsolidate systems and processes of divested operations without adversely affecting AIG, the ability of AIG to fulfill its obligations under any transition separation agreements agreed upon with buyers, the ability of AIG to downsize the corporation as dispositions are accomplished and the ability of AIG to continue to provide services previously performed by divested entities.

AIGFP wind-down risks. An orderly and successful wind-down of AIGFP's businesses and portfolios is subject to numerous risks, including market conditions, counterparty willingness to transact, or terminate transactions, with AIGFP and the retention of key personnel. An orderly and successful wind-down will also depend on the stability of AIG's credit ratings. Further downgrades of AIG's credit ratings likely would have an adverse effect on the wind-down of AIGFP's businesses and portfolios.

Use of Estimates

If actual experience differs from management's estimates used in the preparation of financial statements, AIG's consolidated results of operations or financial condition could be adversely affected. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the application of accounting policies that often involve a significant degree of judgment. AIG considers that its accounting policies that are most dependent on the application of estimates and assumptions, and therefore viewed as critical accounting estimates, are those described in Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Estimates. These accounting estimates require the use of assumptions, some of which are highly uncertain at the time of estimation. For example, recent market volatility and declines in liquidity have made it more difficult to value certain of AIG's invested assets and the obligations and collateral relating to certain financial instruments issued or held by AIG, such as AIGFP's super senior credit default swap portfolio. Additionally, the recoverability of deferred tax assets depends in large part on assumptions about future profitability. These estimates, by their nature, are based on judgment and current facts and circumstances. Therefore, actual results could differ from these estimates, possibly in the near term, and could have a material effect on the consolidated financial statements.

Legal Proceedings

Significant legal proceedings may adversely affect AIG's results of operations. AIG is party to numerous legal proceedings, including securities class actions and regulatory or governmental investigations. Due to the nature of the litigation, the lack of precise damage claims and the type of claims made against AIG, AIG cannot currently quantify its ultimate liability for these actions. It is possible that developments in these unresolved matters could have a material adverse effect on AIG's consolidated financial condition or consolidated results of operations for an individual reporting period. For a discussion of these unresolved matters, see Note 14 to the Consolidated Financial Statements.

Aircraft Suppliers

There are limited suppliers of aircraft and engines. The supply of jet transport aircraft, which ILFC purchases and leases, is dominated by two airframe manufacturers, Boeing and Airbus, and a limited number of engine manufacturers. As a result, ILFC is dependent on the manufacturers' success in remaining financially stable, producing aircraft and related components which meet the airlines' demands, both in type and quantity, and fulfilling their contractual obligations to ILFC. Competition between the manufacturers for market share is intense and may lead to instances of deep discounting for certain aircraft types that could negatively affect ILFC's competitive pricing.

Item 1B. ***Unresolved Staff Comments***

There are no material unresolved written comments that were received from the SEC staff 180 days or more before the end of AIG's fiscal year relating to AIG's periodic or current reports under the Exchange Act.



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American International Group, Inc., and Subsidiaries

Item 2. ***Properties***

AIG and its subsidiaries operate from approximately 2,000 offices in the United States, 41 in Puerto Rico, 8 in Canada and numerous offices in over 100 foreign countries. The offices in Greensboro and Winston-Salem, North Carolina; Springfield, Illinois; Amarillo, Ft. Worth, Houston and Lewisville, Texas; Wilmington, Delaware; San Juan, Puerto Rico; Tampa, Florida; Livingston, New Jersey; Evansville, Indiana; Nashville, Tennessee; 70 Pine Street, 72 Wall Street and 175 Water Street in New York, New York; and offices in more than 30 foreign countries and jurisdictions including Bermuda, Chile, Hong Kong, the Philippines, Japan, the U.K., Singapore, Malaysia, Switzerland, Taiwan and Thailand are located in buildings owned by AIG and its subsidiaries. The remainder of the office space utilized by AIG subsidiaries is leased.

Item 3. ***Legal Proceedings***

For a discussion of legal proceedings, see Note 14(a) to the Consolidated Financial Statements, which is incorporated herein by reference.

Item 4. ***Submission of Matters to a Vote of Security Holders***

There were no matters submitted to a vote of security holders during the fourth quarter of 2008.

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Part II

Item 5. ***Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities***

AIG's common stock is listed on the New York Stock Exchange, as well as on the stock exchanges in Ireland and Tokyo.

The following table presents the high and low closing sales prices on the New York Stock Exchange Composite Tape and the dividends paid per share of AIG's common stock for each quarter of 2008 and 2007:

	2008			2007		
	High	Low	Dividends Paid	High	Low	Dividends Paid
First quarter	$59.32	$39.80	$ 0.200	$72.15	$66.77	$ 0.165
Second quarter	49.04	26.46	0.200	72.65	66.49	0.165
Third quarter	30.10	2.05	0.220	70.44	61.64	0.200
Fourth quarter	4.00	1.35	—	70.11	51.33	0.200

The approximate number of record holders of common stock as of January 30, 2009 was 58,182.

Under the Fed Credit Agreement, AIG is restricted from paying dividends on its common stock.

For a discussion of certain restrictions on the payment of dividends to AIG by some of its insurance subsidiaries, see Item 1A. Risk Factors — Liquidity — AIG parent's ability to access funds from its subsidiaries is severely limited, and Note 15 to the Consolidated Financial Statements.

AIG's table of equity compensation plans previously approved by security holders and equity compensation plans not previously approved by security holders will be included in the definitive proxy statement for AIG's 2009 Annual Meeting of Shareholders, which will be filed with the SEC no later than 120 days after the close of AIG's fiscal year pursuant to Regulation 14A.

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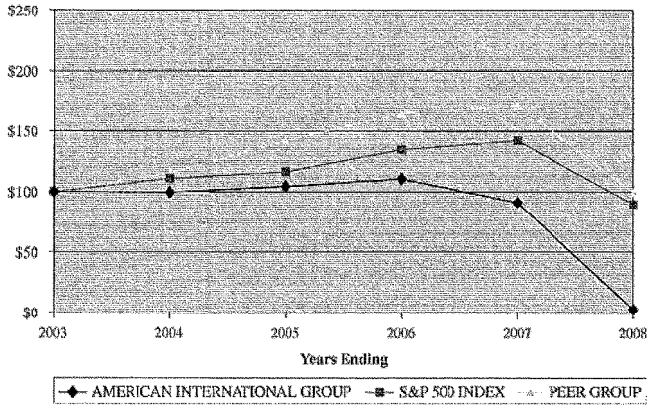
Performance Graph

The following Performance Graph compares the cumulative total shareholder return on AIG common stock for a five-year period (December 31, 2003 to December 31, 2008) with the cumulative total return of the S&P's 500 stock index (which includes AIG) and a peer group of companies consisting of nine insurance companies to which AIG compares its business and operations: ACE Limited, Aflac Incorporated, The Chubb Corporation, The Hartford Financial Services Group, Inc., Lincoln National Corporation, MetLife, Inc., Prudential Financial, Inc., The Travelers Companies, Inc. (formerly The St. Paul Travelers Companies, Inc.) and XL Capital Ltd.

FIVE-YEAR CUMULATIVE TOTAL SHAREHOLDER RETURNS
Value of $100 Invested on December 31, 2003



	As of December 31,					
	2003	2004	2005	2006	2007	2008
AIG	$100.00	$ 99.48	$104.31	$110.62	$ 91.00	$ 2.64
S&P 500	100.00	110.88	116.33	134.70	142.10	89.53
Peer Group	100.00	115.57	142.12	164.44	171.76	99.39

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Item 6. ***Selected Financial Data***

American International Group, Inc. and Subsidiaries
Selected Consolidated Financial Data

The Selected Consolidated Financial Data should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and accompanying notes included elsewhere herein.

	Years Ended December 31,				
	2008	2007	2006(a)	2005(a)	2004(a)
	(In millions, except per share data)				
Revenues *(b)(c)* :					
Premiums and other considerations	$ 83,505	$ 79,302	$ 74,213	$ 70,310	$ 66,704
Net investment income	12,222	28,619	26,070	22,584	19,007
Net realized capital gains (losses)	(55,484)	(3,592)	106	341	44
Unrealized market valuation losses on AIGFP super senior credit default swap portfolio	(28,602)	(11,472)	—	—	—
Other income	(537)	17,207	12,998	15,546	12,068
Total revenues	11,104	110,064	113,387	108,781	97,823
Benefits, claims and expenses:					
Policyholder benefits and claims incurred	63,299	66,115	60,287	64,100	58,600
Policy acquisition and other insurance expenses *(f)*	27,565	20,396	19,413	17,773	16,049
Interest expense *(g)*	17,007	4,751	3,657	2,572	2,013
Restructuring expenses and related asset impairment and other expenses	758	—	—	—	—
Other expenses	11,236	9,859	8,343	9,123	6,316
Total benefits, claims and expenses	119,865	101,121	91,700	93,568	82,978
Income (loss) before income tax expense (benefit), minority interest and cumulative effect of change in accounting principles *(b)(c)(d)(e)*	(108,761)	8,943	21,687	15,213	14,845
Income tax expense (benefit) *(h)*	(8,374)	1,455	6,537	4,258	4,407
Income (loss) before minority interest and cumulative effect of change in accounting principles	(100,387)	7,488	15,150	10,955	10,438
Minority interest	1,098	(1,288)	(1,136)	(478)	(455)
Income (loss) before cumulative effect of change in accounting principles	(99,289)	6,200	14,014	10,477	9,983
Cumulative effect of change in accounting principles, net of tax	—	—	34	—	(144)
Net income (loss)	(99,289)	6,200	14,048	10,477	9,839
Earnings (loss) per common share:					
Basic					
Income (loss) before cumulative effect of change in accounting principles	(37.84)	2.40	5.38	4.03	3.83
Cumulative effect of change in accounting principles, net of tax	—	—	0.01	—	(0.06)
Net income (loss)	(37.84)	2.40	5.39	4.03	3.77
Diluted					
Income (loss) before cumulative effect of change in accounting principles	(37.84)	2.39	5.35	3.99	3.79
Cumulative effect of change in accounting principles, net of tax	—	—	0.01	—	(0.06)
Net income (loss)	(37.84)	2.39	5.36	3.99	3.73
Dividends declared per common share	0.42	0.77	0.65	0.63	0.29
Year-end balance sheet data:					
Total assets	860,418	1,048,361	979,410	853,048	801,007
Long-term debt *(i)*	177,485	162,935	135,316	100,314	86,653
Commercial paper and extendible commercial notes *(j)*	15,718	13,114	13,363	9,535	10,246
Total liabilities	807,708	952,560	877,542	766,545	721,135
Shareholders' equity	$ 52,710	$ 95,801	$101,677	$ 86,317	$ 79,673

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(a) Certain reclassifications have been made to prior period amounts to conform to the current period presentation.

(b) In 2008, 2007, 2006, 2005 and 2004, includes other-than-temporary impairment charges of $50.8 billion, $4.7 billion, $944 million, $598 million and $684 million, respectively. Also includes gains (losses) from hedging activities that did not qualify for hedge accounting treatment under FAS 133, including the related foreign exchange gains and losses. In 2008, 2007, 2006, 2005 and 2004, respectively, the effect was $(4.0) billion, $(1.44) billion, $(1.87) billion, $2.02 billion, and $385 million in revenues and $(4.0) billion, $(1.44) billion, $(1.87) billion, $2.02 billion and $671 million in operating income. These amounts result primarily from interest rate and foreign currency derivatives that are effective economic hedges of investments and borrowings.

(c) Includes an other-than-temporary impairment charge of $643 million on AIGFP's available for sale investment securities reported in other income in 2007.

(d) Includes current year catastrophe-related losses of $1.8 billion in 2008, $276 million in 2007, $3.28 billion in 2005 and $1.16 billion in 2004. There were no significant catastrophe-related losses in 2006.

(e) Reduced by fourth quarter charges of $1.8 billion and $850 million in 2005 and 2004, respectively, related to the annual review of General Insurance loss and loss adjustment reserves. In 2006, 2005 and 2004, changes in estimates for asbestos and environmental reserves were $198 million, $873 million and $850 million, respectively.

(f) In 2008, includes goodwill impairment charges of $3.2 billion.

(g) In 2008, includes $11.4 billion of interest expense on the Fed Facility, which was comprised of $9.3 billion of amortization on the prepaid commitment fee asset associated with the Fed Facility and $2.1 billion of accrued compounding interest.

(h) In 2008, includes a $20.6 billion valuation allowance to reduce AIG's deferred tax asset to an amount AIG believes is more likely than not to be realized, and a $5.5 billion deferred tax expense attributable to the potential sale of foreign businesses.

(i) Includes that portion of long-term debt maturing in less than one year. See Note 13 to the Consolidated Financial Statements.

(j) Includes borrowings of $6.8 billion, $6.6 billion and $1.7 billion for AIGFP, AIG Funding and II.FC, respectively, under the CPFF at December 31, 2008.

See Note 1(ff) to the Consolidated Financial Statements for effects of adopting new accounting standards.

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Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

Throughout this Management's Discussion and Analysis of Financial Condition and Results of Operations, AIG presents its operations in the way it believes will be most meaningful. Statutory underwriting profit (loss) is presented in accordance with accounting principles prescribed by insurance regulatory authorities because these are standard measures of performance used in the insurance industry and thus allow more meaningful comparisons with AIG's insurance competitors. AIG has also incorporated into this discussion a number of cross-references to additional information included throughout this Annual Report on Form 10-K to assist readers seeking additional information related to a particular subject.

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Cautionary Statement Regarding Forward-Looking Information

This Annual Report on Form 10-K and other publicly available documents may include, and AIG's officers and representatives may from time to time make, projections and statements which may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These projections and statements are not historical facts but instead represent only AIG's belief regarding future events, many of which, by their nature, are inherently uncertain and outside AIG's control. These projections and statements may address, among other things, the outcome of proposed transactions with the NY Fed and the United States Department of the Treasury, the number, size, terms, cost and timing of dispositions and their potential effect on AIG's businesses, financial condition, results of operations, cash flows and liquidity (and AIG at any time and from time to time may change its plans with respect to the sale of one or more businesses), AIG's exposures to subprime mortgages, monoline insurers and the residential and commercial real estate markets and AIG's strategy for growth, product development, market position, financial results and reserves. It is possible that AIG's actual results and financial condition will differ, possibly materially, from the anticipated results and financial condition indicated in these projections and statements. Factors that could cause AIG's actual results to differ, possibly materially, from those in the specific projections and statements include a failure to complete the proposed transactions with the NY Fed and the United States Department of the Treasury, developments in global credit markets and such other factors as discussed throughout this Management's Discussion and Analysis of Financial Condition and Results of Operations and in Item 1A. Risk Factors of this Annual Report on Form 10-K. AIG is not under any obligation (and expressly disclaims any obligation) to update or alter any projection or other statement, whether written or oral, that may be made from time to time, whether as a result of new information, future events or otherwise.

Overview

Operations

AIG identifies its operating segments by product line, consistent with its management structure. These segments are General Insurance, Life Insurance & Retirement Services, Financial Services and Asset Management. Through these operating segments, AIG provides insurance, financial and investment products and services to both businesses and individuals in more than 130 countries and jurisdictions.

AIG's subsidiaries serve commercial, institutional and individual customers through an extensive property-casualty and life insurance and retirement services network. AIG's Financial Services businesses include commercial aircraft and equipment leasing, capital markets operations and consumer finance, both in the United States and abroad. AIG also provides asset management services to institutions and individuals.

General Business Environment

The 2008 business environment was one of the most difficult in recent decades. In the U.S., real GDP shrank at annual rates of more than 4 percent in the second half of the year and almost 4 percent in the fourth quarter alone. At the beginning of 2008, the unemployment rate was 4.9 percent and by year-end was 7.2 percent.

The strong declines in the overall U.S. economy during the second half of 2008 occurred despite repeated reductions of interest rates by the Federal Reserve, the creation of numerous credit facilities for the banking system and the passage of a stimulus package.

Consideration of AIG's Ability to Continue as a Going Concern

In connection with the preparation of this Annual Report on Form 10-K, management has assessed whether AIG has the ability to continue as a going concern (See Note 1 to the Consolidated Financial Statements). In making this assessment, AIG has considered:

- The commitment of the NY Fed and the United States Department of the Treasury to the orderly restructuring of AIG and their commitment to continuing to work with AIG to maintain its ability to meet its obligations as they come due;
- The liquidity events in the second half of 2008, including transactions with the NY Fed and the United States Department of the Treasury;




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- AIG's liquidity-related actions and plans to stabilize its businesses and repay the Fed Facility;
- The level of AIG's realized and unrealized losses and the negative impact of these losses in shareholders' equity and on the capital levels of AIG's insurance subsidiaries;
- The substantial resolution of the liquidity issues surrounding AIGFP's multi-sector super senior credit default swap portfolio and the U.S. securities lending program;
- The additional capital provided to AIG by the United States Department of the Treasury;
- Anticipated transactions with the NY Fed and the United States Department of the Treasury;
- The continuing liquidity issues in AIG's businesses and AIG's actions to address such issues; and
- The substantial risks to which AIG is subject.

Each of these items is discussed in more detail below.

In considering these items, management has made significant judgments and estimates with respect to the potentially adverse financial and liquidity effects of AIG's risks and uncertainties. Management has also assessed other items and risks arising in AIG's businesses and made reasonable judgments and estimates with respect thereto. After consideration, management believes that it will have adequate liquidity to finance and operate AIG's businesses and continue as a going concern for at least the next twelve months.

It is possible that the actual outcome of one or more of management's plans could be materially different or that one or more of management's significant judgments or estimates about the potential effects of the risks and uncertainties could prove to be materially incorrect or that the principal transactions disclosed in Note 23 to the Consolidated Financial Statements (and as discussed below) are not consummated. If one or more of these possible outcomes is realized, AIG may need additional U.S. government support to meet its obligations as they come due.

Liquidity

Liquidity Events in the Second Half of 2008

In the second half of 2008, AIG experienced an unprecedented strain on liquidity. This strain led to a series of transactions with the NY Fed and the United States Department of the Treasury. The two principal causes of the liquidity strain were demands for the return of cash collateral under the U.S. securities lending program and collateral calls on AIGFP's super senior multi-sector CDO credit default swap portfolio.

Under AIG's securities lending program, cash collateral was received from borrowers in exchange for loans of securities owned by AIG's insurance company subsidiaries. The cash was invested by AIG in fixed income securities, primarily residential mortgage-backed securities (RMBS), to earn a spread. During September 2008, borrowers began in increasing numbers to request a return of their cash collateral. Because of the illiquidity in the market for RMBS, AIG was unable to sell RMBS at acceptable prices and was forced to find alternative sources of cash to meet these requests. As of the end of August, AIG's U.S. securities lending program had approximately $69 billion of borrowings outstanding. See Investments — Securities Lending Activities for additional information about the securities lending program.

Additionally, throughout the second half of 2008, declines in the fair values of the super senior multi-sector CDO securities protected by AIGFP's credit default swap portfolio, together with ratings downgrades of the CDO securities, resulted in AIGFP being required to post significant additional collateral. As of the end of August 2008, AIG had posted approximately $19.7 billion of collateral under its super senior credit default swap portfolio. See Critical Accounting Estimates — Fair Value Measurements of Certain Financial Assets and Liabilities for additional information about AIGFP's super senior multi-sector CDO credit default swap portfolio.

Both of these liquidity strains were significantly exacerbated by the downgrades of AIG's long-term debt ratings by S&P, Moody's and Fitch on September 15, 2008.

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Arrangements with the Federal Reserve Bank of New York and the United States Department of the Treasury

Fed Credit Agreement

Because of these immediate liquidity requirements, AIG's Board of Directors determined that the only viable alternative was to accept an arrangement offered by the NY Fed, and on September 16, 2008, approved borrowing from the NY Fed based on a term sheet that set forth the terms of the secured credit agreement and related equity participation. Over the next six days, AIG elected Edward M. Liddy Director, Chairman and CEO, replacing Robert Willumstad in those positions, negotiated a definitive credit agreement with the NY Fed and borrowed, on a secured basis, approximately $37 billion from the NY Fed, enabling AIG to meet its liquidity requirements before formally entering into a credit agreement with the NY Fed.

On September 22, 2008, AIG entered into the Fed Credit Agreement in the form of a two-year secured loan and the Pledge Agreement with the NY Fed. On November 9, 2008, AIG and the NY Fed agreed to amend the Fed Credit Agreement to reduce the total commitment under the Fed Facility to $60 billion following the issuance of the Series D Preferred Stock (described below), extend the term of the Fed Facility to 5 years and reduce the related interest and fees payable under the Fed Facility. See Note 13 to the Consolidated Financial Statements for information regarding the terms of and borrowings under the Fed Credit Agreement.

Series D Preferred Stock Issuance

On November 25, 2008, AIG entered into a Securities Purchase Agreement (the Series D Preferred Stock Purchase Agreement) with the United States Department of the Treasury pursuant to which, among other things, AIG issued and sold to the United States Department of the Treasury, as part of the Troubled Asset Relief Program (TARP) and the Systemically Significant Failing Institutions Program, $40 billion of Series D Preferred Stock, and a warrant to purchase 53,798,766 shares of common stock (the Warrant). The proceeds from the sale of the Series D Preferred Stock and the Warrant were used to repay borrowings under the Fed Facility. See Note 15 to the Consolidated Financial Statements for further information on the Series D Preferred Stock and the Warrant.

Termination of $62 billion of CDS

On November 25, 2008, AIG entered into a Master Investment and Credit Agreement (the ML III Agreement) with the NY Fed, Maiden Lane III LLC (ML III), and The Bank of New York Mellon, which established arrangements, through ML III, to fund the purchase of the multi-sector CDOs underlying or related to certain credit default swaps and other similar derivative instruments (CDS) written by AIG Financial Products Corp. in connection with the termination of such CDS transactions. Concurrently, AIG Financial Products Corp.'s counterparties to such CDS transactions agreed to terminate those CDS transactions relating to the multi-sector CDOs purchased from them by ML III. Through December 31, 2008, ML III had purchased from counterparties a total of $62.1 billion in par amount of CDO securities, and the associated credit default swaps had been terminated. Approximately $12.2 billion notional amount of AIG Financial Products Corp.'s CDS transactions referencing super senior multi-sector CDOs remained outstanding as of February 18, 2009. See Note 5 to the Consolidated Financial Statements for further information on the transactions with ML III.

Resolution of U.S. Securities Lending Program

On December 12, 2008, AIG, certain of AIG's wholly owned U.S. life insurance subsidiaries, and AIG Securities Lending Corp. (the AIG Agent), another AIG subsidiary, entered into an Asset Purchase Agreement (the ML II Agreement) with Maiden Lane II LLC (ML II), a Delaware limited liability company whose sole member is the NY Fed.

Pursuant to the ML II Agreement, the life insurance subsidiaries sold to ML II all of their undivided interests in a pool of $39.3 billion face amount of RMBS held by the AIG Agent as agent of the life insurance subsidiaries in connection with AIG's U.S. securities lending program. In exchange for the RMBS, the life insurance subsidiaries received an initial purchase price of approximately $19.8 billion plus the right to receive deferred contingent portions of the total purchase price of $1 billion plus participation in the residual, each of which is subordinated to the repayment of the NY Fed loan to ML II. These life insurance subsidiaries applied the net cash proceeds of sale of




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the RMBS toward the amounts due by such life insurance subsidiaries in terminating both the U.S. securities lending program and the interim agreement entered into with the NY Fed whereby the NY Fed borrowed securities from AIG subsidiaries in exchange for cash collateral. See Investments — Securities Lending Activities and Note 5 to the Consolidated Financial Statements for further information on the transaction with ML II.

AIG Affiliates Participate in the NY Fed's Commercial Paper Funding Facility

On October 27, 2008, four affiliates of AIG (including ILFC) applied for participation in the CPFF. Currently, AIG Funding, Inc., an AIG subsidiary, and two of AIGFP's sponsored vehicles, Curzon Funding LLC and Nightingale Finance LLC may issue up to approximately $6.9 billion, $7.2 billion and $1.1 billion, respectively, of commercial paper under the CPFF. AIG Funding uses the proceeds to refinance AIG's outstanding commercial paper as it matures, meet other working capital needs and make prepayments under the Fed Facility while the two other programs use the proceeds to refinance maturing commercial paper. On January 21, 2009, S&P downgraded ILFC's short-term credit rating and, as a result, ILFC can no longer participate in the CPFF.

Series C Preferred Stock Issuance

On March 1, 2009, AIG entered into the Series C Preferred Stock Purchase Agreement with the Trust, pursuant to which AIG agreed to issue and sell 100,000 shares of Series C Preferred Stock to the Trust. AIG expects to issue the Series C Preferred Stock to the Trust in early March, 2009. The aggregate purchase price for the Series C Preferred Stock was $500,000, with an understanding that additional and independently sufficient consideration was also furnished in September 2008 by the NY Fed in the form of its $85 billion lending commitment under the Fed Credit Agreement.

The Series C Preferred Stock Purchase Agreement, among other things:

- provides the Trust with rights to require registration of the Series C Preferred Stock under the Securities Act of 1933 and for AIG to facilitate other dispositions;
- prohibits AIG from issuing capital stock without the approval of the Trust so long as the Trust owns 50 percent of the Series C Preferred Stock, subject to certain exceptions relating to existing obligations and employee benefit plans;
- requires AIG and its Board of Directors to work in good faith with the Trust to ensure satisfactory corporate governance arrangements;
- requires the following proposals to be presented to AIG's shareholders at AIG's 2009 Annual Meeting of Shareholders:
  - to amend AIG's Restated Certificate of Incorporation to permit AIG's Board of Directors to issue classes of preferred stock that are not of equal rank and cause the Series D Preferred Stock and any other series of preferred stock subsequently issued to the United States Department of the Treasury to rank senior to the Series C Preferred Stock and any other subsequently issued series of preferred stock that is not issued to the United States Department of the Treasury; and
  - to eliminate any restriction on the pledging of all or substantially all of AIG's properties or assets; and
- requires the following proposals to be presented to AIG's shareholders at a special shareholders' meeting or at a future annual shareholders' meeting following notice from the Trust:
  - to amend AIG's Restated Certificate of Incorporation to decrease the par value of AIG's common stock, increase the authorized number of shares of common stock and, if these amendments are not approved;
  - to amend the terms of AIG's Restated Certificate of Incorporation to decrease the par value of AIG's serial preferred stock and increase the number of authorized shares of AIG's serial preferred stock, and amend the terms of the Series C Preferred Stock to increase the number of shares of Series C Preferred Stock so that each share of Series C Preferred Stock would be convertible into common stock on approximately a one-to-one basis.



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The Series C Preferred Stock is not redeemable by AIG and, upon the effectiveness of the required amendments to AIG's Restated Certificate of Incorporation, will be convertible into common stock. From issuance, the Series C Preferred Stock will, to the extent permitted by law, vote with the common stock as a single class and represent approximately 77.9 percent of the voting power of the common stock, treating the Series C Preferred Stock as converted. The Series C Preferred Stock will also participate in any dividends paid on the common stock, with approximately 77.9 percent of all dividends paid allocated to the Series C Preferred Stock, treating the Series C Preferred Stock as converted. Upon the liquidation, dissolution or winding up of AIG, the Series C Preferred Stock is entitled to a liquidation preference per share equal to the greater of (i) $5.00 and (ii) the amount that would be payable with respect to the shares of common stock issuable upon conversion of such share of Series C Preferred Stock. For additional information about the Series C Preferred Stock, see Note 15 to the Consolidated Financial Statements.

March 2009 Agreements in Principle

On March 2, 2009, AIG, the NY Fed and the United States Department of the Treasury announced agreements in principle to modify the terms of the Fed Credit Agreement and the Series D Preferred Stock and to provide a $30 billion equity capital commitment facility. The United States Government has issued the following statement referring to the agreements in principle and other transactions they expect to undertake with AIG intended to strengthen AIG's capital position, enhance its liquidity, reduce its borrowing costs and facilitate AIG's asset disposition program.

> "The steps announced today provide tangible evidence of the U.S. government's commitment to the orderly restructuring of AIG over time in the face of continuing market dislocations and economic deterioration. Orderly restructuring is essential to AIG's repayment of the support it has received from U.S. taxpayers and to preserving financial stability. The U.S. government is committed to continuing to work with AIG to maintain its ability to meet its obligations as they come due."

See Note 23 to the Consolidated Financial Statements.

Modification to Series D Preferred Stock

On March 2, 2009, AIG and the United States Department of the Treasury announced their agreement in principle to enter into a transaction pursuant to which the United States Department of the Treasury would modify the terms of the Series D Preferred Stock. The modification will be effected by an exchange of 100 percent of the outstanding shares of Series D Preferred Stock for newly issued perpetual serial preferred stock (Series E Preferred Stock), with a liquidation preference equal to the issuance-date liquidation preference of the Series D Preferred Stock surrendered plus accumulated but unpaid dividends thereon. The terms of the Series E Preferred Stock will be the same as for the Series D Preferred Stock except that the dividends will not be cumulative. The Series D Preferred Stock bore cumulative dividends.

The dividend rate on both the cumulative Series D Preferred Stock and the non-cumulative Series E Preferred Stock is 10 percent per annum. Concurrent with the exchange of the shares of Series D Preferred Stock for the Series E Preferred Stock, AIG will enter into a replacement capital covenant in favor of the holders of a series of AIG debt, pursuant to which AIG will agree that prior to the third anniversary of the issuance of the Series E Preferred Stock AIG will not repay, redeem or purchase, and no subsidiary of AIG will purchase, all or any part of the Series E Preferred Stock except with the proceeds obtained from the issuance by AIG or any subsidiary of AIG of certain capital securities. AIG will make a statement of intent substantially similar to the replacement capital covenant with respect to subsequent years. The Series D Preferred Stock was not subject to a replacement capital covenant.

Equity Capital Commitment Facility

On March 2, 2009, AIG and the United States Department of the Treasury announced its agreement in principle to provide AIG with a 5-year equity capital commitment facility of $30 billion. AIG may use the facility to sell to the United States Department of the Treasury fixed-rate, non-cumulative perpetual serial preferred stock

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(Series F Preferred Stock). The facility will be available to AIG so long as AIG is not the debtor in a pending case under Title 11, United States Code, and the Trust (or any successor entity established for the benefit of the United States Treasury) "beneficially owns" more than 50 percent of the aggregate voting power of AIG's voting securities at the time of such drawdown.

The terms of the Series F Preferred Stock will be substantially similar to the Series E Preferred Stock, except that the Series F Preferred Stock will not be subject to a replacement capital covenant or the statement of intent.

In connection with the equity capital commitment facility, the United States Department of the Treasury will also receive warrants exercisable for a number of shares of common stock of AIG equal to 1 percent of AIG's then outstanding common stock and, upon issuance of the warrants, the dividends payable on, and the voting power of, the Series C Preferred Stock will be reduced by the number of shares subject to the warrant.

Repayment of Fed Facility with Subsidiary Preferred Equity

On March 2, 2009, AIG and the NY Fed announced their intent to enter into a transaction pursuant to which AIG will transfer to the NY Fed preferred equity interests in newly-formed special purpose vehicles (SPVs). Each SPV will have (directly or indirectly) as its only asset 100 percent of the common stock of an AIG operating subsidiary (AIA in one case and ALICO in the other). AIG expects to own the common interests of each SPV and will initially have the right to appoint the entire board of directors of each SPV. In exchange for the preferred equity interests received by the NY Fed, there would be a concurrent substantial reduction in the outstanding balance and maximum available amount to be borrowed on the Fed Facility.

Securitizations

On March 2, 2009, AIG and the NY Fed announced their intent to enter into a transaction pursuant to which AIG will issue to the NY Fed senior certificates in one or more newly-formed SPVs backed by inforce blocks of life insurance policies in settlement of a portion of the outstanding balance of the Fed Facility. The amount of the Fed Facility reduction will be based on the proceeds received. The SPVs are expected to be consolidated by AIG.

Modification to Fed Facility

On March 2, 2009, AIG and the NY Fed announced their agreement in principle to amend the Fed Credit Agreement to remove the interest rate floor. Under the current terms, interest accrues on the outstanding borrowings under the Fed Facility at three-month LIBOR (no less than 3.5 percent) plus 3.0 percent per annum. The 3.5 percent LIBOR floor will be eliminated following the amendment. In addition, the Fed Facility will be amended to ensure that the total commitment will be at least $25 billion, even after giving effect to the repayment of the Fed Facility with subsidiary preferred equity and securitization transactions described above. These proceeds are expected to substantially reduce the outstanding borrowings under the Fed Facility from the amount outstanding as of December 31, 2008.

Liquidity Position

At December 31, 2008, AIG had outstanding borrowings under the Fed Facility of $36.8 billion, with a remaining borrowing capacity of $23.2 billion, and accrued compounding interest and fees totaled $3.6 billion.

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Borrowings outstanding and remaining available amount that can be borrowed under the Fed Facility were as follows:

	Inception through December 31, 2008	Inception through February 18, 2009(c)
	(In millions)	
Borrowings:		
Loans to AIGFP for collateral postings, GIA and other debt maturities	$ 46,997	$ 47,547
Capital contributions to insurance companies *(a)*	20,850	20,850
Repayment of obligations to securities lending program	3,160	3,160
Repayment of intercompany loans	1,528	1,528
Contributions to AIGCFG subsidiaries	1,672	1,686
Debt repayments	2,109	2,319
Funding of equity interest in ML III	5,000	5,000
Repayment from the proceeds of the issuance of Series D Preferred Stock and common stock warrant	(40,000)	(40,000)
Other *(a)(b)*	(4,516)	(6,890)
Net borrowings	36,800	35,200
Total Fed Facility	60,000	60,000
Remaining available amount	$ 23,200	$ 24,800
Net borrowings	$ 36,800	$ 35,200
Accrued compounding interest and fees	3,631	3,631
Total balance outstanding	$ 40,431	$ 38,831

(a) Includes securities lending activities.

(b) Includes repayments from funds received from the Fed Securities Lending Agreement and the CPFF.

(c) At February 25, 2009, $36 billion was outstanding under the Fed Facility.

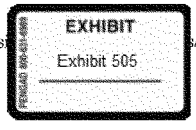
AIG's Strategy for Stabilization and Repayment of AIG's Obligations as They Come Due

Future Cash Requirements

The following table shows the maturing debt of AIG and its subsidiaries for each quarter of 2009:

	First Quarter 2009	Second Quarter 2009	Third Quarter 2009	Fourth Quarter 2009	Total
			(In millions)		
AIG	$ 418	$ —	$ —	$1,000	$ 1,418
AIG MIP	—	1,156	—	—	1,156
AIGFP	1,421	765	2,132	1,125	5,443
ILFC	917	1,097	1,151	2,986	6,151
AGF	835	931	3,209	1,661	6,636
Other subsidiaries	312	227	114	124	777
Total	$3,903	$4,176	$6,606	$6,896	$21,581

In addition, at February 18, 2009, AIG affiliates had issued $14 billion in commercial paper to the CPFF with the majority of maturities in April of 2009. If AIG's short-term ratings are downgraded, AIG Funding may lose access to the CPFF and would be required to find other sources to fund the maturing commercial paper.



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AIG expects to meet these obligations primarily through borrowings from the Fed Facility and the cash flows, including from dispositions, of assets supporting these obligations. Approximately $3.1 billion of AIGFP's debt maturities through December 31, 2009 are fully collateralized with assets backing the corresponding liabilities. It is expected that AGF and ILFC will require support from AIG, in addition to their cash flows from operations and proceeds from asset sales and securitizations, to meet their 2009 obligations. See Note 13 to the Consolidated Financial Statements for additional information regarding the terms of the Fed Credit Agreement and the related Pledge Agreement.

In 2009, AIG made capital contributions of $1.25 billion to certain of its Domestic Life Insurance & Retirement Services companies. If a substantial portion of the Domestic Life Insurance & Retirement Services bond portfolio diminishes significantly in value or suffers credit events, AIG may need to provide additional capital support for these operations.

AIG has developed certain plans (described below), some of which have already been implemented, to provide stability to its businesses and to provide for the timely repayment of the Fed Facility; other plans are still being formulated.

Asset Disposition Plan

On October 3, 2008, AIG announced a restructuring plan under which AIG's Life Insurance & Retirement Services operations and certain other businesses would be divested in whole or in part. Since that time, AIG has sold certain businesses and assets and has entered into contracts to sell others. However, global market conditions have continued to deteriorate, posing risks to AIG's ability to divest assets at acceptable values. As announced on March 2, 2009 and as described in Note 23 to the Consolidated Financial Statements, AIG's restructuring plan has evolved in response to these market conditions. Specifically, AIG's current plans involve transactions between AIG and the NY Fed with respect to AIA and ALICO, as well as plans to retain the majority of AIG's U.S. property and casualty and foreign general insurance businesses.

AIG believes that these current plans are necessary to maximize the value of its businesses over a longer time frame. Therefore, some businesses that have previously been prepared for sale will be divested, some will be held for later divestiture, and some businesses will be prepared for potential subsequent offerings to the public. Dispositions of certain businesses will be subject to regulatory approval. Proceeds from these dispositions, to the extent they do not represent required capital of AIG's insurance company subsidiaries, are contractually required to be applied toward the repayment of the Fed Facility as mandatory repayments.

In connection with AIG's asset disposition plan, through February 18, 2009, AIG had sold, or entered into contracts to sell the following operations:

- On November 26, 2008, AIG sold its 50 percent stake in the Brazilian joint venture Unibanco AIG Seguros S.A. to AIG's JV partner Unibanco-União de Bancos Brasileiros S.A.
- On December 1, 2008, AIG entered into a contract to sell AIG Private Bank Ltd. to Aabar Investments PJSC.
- On December 18, 2008, AIG sold the assets of its Taiwan Finance business to Taiwan Acceptance Corporation.
- On December 19, 2008, AIG entered into a contract to sell Deutsche Versicherungs-und Rückversicherungs-Aktiengesellschaft (Darag), a German general insurance subsidiary of AIG affiliate Württembergische und Badische Versicherungs-AG(WüBa) in Germany, to Augur.
- On December 22, 2008, AIG entered into a contract to sell HSB Group, Inc., the parent company of HSB, to Munich Re Group.
- On January 13, 2009, AIG entered into a contract to sell AIG Life Insurance Company of Canada to BMO Financial Group.

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- On January 23, 2009, AIG entered into a contract to sell AIG PhilAm Savings Bank, PhilAm Auto Financing and Leasing, and PFL Holdings to EastWest Banking Corporation.
- On February 5, 2009, AIG entered into a contract to sell AIG Retail Bank Public Company Limited and AIG Card (Thailand) to Bank of Ayudhya.

Subject to satisfaction of certain closing conditions, including regulatory approvals, AIG expects those sales that are under contract to close during the first half of 2009. These operations had total assets and liabilities with carrying values of approximately $14.1 billion and $12.6 billion, respectively, at December 31, 2008. Aggregate proceeds from the sale of these businesses, including repayment of intercompany loan facilities, are expected to be $2.8 billion. These eight transactions are expected to generate $2.1 billion of net cash proceeds to repay outstanding borrowings on the Fed Facility, after taking insurance affiliate capital requirements into account.

AIG expects to divest its Institutional Asset Management businesses that manage third-party assets. These businesses offered for sale exclude those providing traditional fixed income and shorter duration asset and liability management for AIG's insurance company subsidiaries. The extraction of these asset management businesses will require the establishment of shared service arrangements between the remaining asset management businesses and those that are sold as well as the establishment of new asset management contracts, which will be determined in conjunction with the buyers of these businesses.

AIGFP is engaged in a multi-step process of unwinding its businesses and portfolios. In connection with that process, certain assets have been sold, or are under contract to be sold. The proceeds from these sales will be used for AIGFP's liquidity and are not included in the amounts above. The NY Fed has waived the requirement under the Fed Credit Agreement that the proceeds of these sales be applied as a mandatory repayment under the Fed Facility, which would result in a permanent reduction of the NY Fed's commitment to lend to AIG. Instead, the NY Fed has given AIGFP permission to retain the proceeds of the completed sales, and has required that the proceeds of pending sales be used to voluntarily repay the Fed Facility, with the amounts repaid available for future reborrowing subject to the terms of the Fed Facility. AIGFP is also opportunistically terminating contracts. AIGFP is entering into new derivative transactions only to hedge its current portfolio, reduce risk and hedge the currency, interest rate and other market risks associated with its affiliated businesses. Due to the long-term duration of AIGFP's derivative contracts and the complexity of AIGFP's portfolio, AIG expects that an orderly wind-down will take a substantial period of time. The cost of executing the wind-down will depend on many factors, many of which are not within AIGFP's control, including market conditions, AIGFP's access to markets via market counterparties, the availability of liquidity and the potential implications of further rating downgrades.

AIG continually evaluates overall market conditions, performance of businesses that are for sale, and market and business performance of competitors and likely bidders for the assets. This evaluation informs decision-making about the timing and process of putting businesses up for sale. Depending on market and business conditions, as noted above, AIG can modify its sales approach to maximize value for AIG and the U.S. taxpayers in the disposition process. Such a modification could result in the sale of additional or other assets.

Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" (FAS 144) requires that certain criteria be met in order for AIG to classify a business as held for sale. At December 31, 2008, the held for sale criteria in FAS 144 was not met for AIG's significant businesses included in its asset disposition plan.

Expense Reductions and Preservation of Cash and Capital

AIG developed a plan to review significant projects and eliminated, delayed, or curtailed those that are discretionary or non-essential to make available internal resources and to improve liquidity by reducing cash outflows to outside service providers. AIG also suspended the dividend on its common stock to preserve capital.

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Liquidity of Parent and Subsidiaries

AIG (Parent Company)

At February 18, 2009, AIG parent had the following sources of liquidity:

- $24.8 billion of available borrowings under the Fed Facility;
- $753 million of available commercial paper borrowings under the CPFF; and
- $1.1 billion of cash and short-term investments.

These sources of liquidity will be supplemented when the liquidity arrangements expected to be entered into among AIG, the NY Fed and the United States Department of the Treasury are implemented. As a result, AIG believes that it has sufficient liquidity at the parent level to meet its obligations through at least the next twelve months. However, no assurance can be given that AIG's cash needs will not exceed projected amounts. Additional collateral calls at AIGFP, a further downgrade of AIG's credit ratings or unexpected capital or liquidity needs of AIG's subsidiaries may result in significant additional cash needs. For a further discussion of this risk, see Item 1A. Risk Factors.

Since the fourth quarter of 2008, AIG has not had access to its traditional sources of long-term or short-term financing through the public debt markets. Further, in light of AIG's current common stock price, AIG does not expect to be able to issue equity securities in the public markets in the foreseeable future.

Traditionally AIG depended on dividends, distributions, and other payments from subsidiaries to fund payments on its obligations. In light of AIG's current financial situation, many of its regulated subsidiaries are restricted from making dividend payments, or advancing funds, to AIG (see Item 1A. Risk Factors). Primary uses of cash flow are for debt service and subsidiary funding. In 2008, AIG parent collected $2.7 billion in dividends and other payments from subsidiaries (primarily from insurance company subsidiaries), issued $12.8 billion of debt and retired $3.2 billion of debt, excluding MIP and Series AIGFP debt. Excluding MIP and Series AIGFP debt, AIG parent made interest payments totaling $1.5 billion, and made $27.2 billion in net capital contributions to subsidiaries. AIG paid $1.7 billion in dividends to shareholders in 2008, prior to the suspension of dividends in September 2008.

AIG parent funds a portion of its short-term working capital needs through commercial paper issued by AIG Funding. Since October 2008, all commercial paper issuance for AIG Funding has been through the CPFF program. As of December 31, 2008, AIG Funding had $6.9 billion of commercial paper outstanding with an average maturity of 32 days, of which $6.6 billion was issued through the CPFF.

AIG's liquidity could also be further impaired by unforeseen significant outflows of cash. This situation may arise due to circumstances that AIG may be unable to control, such as more extensive general market disruption or an operational problem that affects third parties or AIG. Regulatory and other legal restrictions would likely limit AIG's ability to transfer funds freely, either to or from its subsidiaries. For a further discussion of the regulatory environment in which AIG subsidiaries operate and other issues affecting AIG's liquidity, see Item 1A. Risk Factors.

General Insurance

AIG currently expects that its general insurance subsidiaries will be able to continue to meet their obligations as they come due through cash from operations and, to the extent necessary, asset dispositions. One or more large catastrophes, however, may require AIG to provide additional support to the affected general insurance operations. In addition, further downgrades in AIG's credit ratings could put pressure on the insurer financial strength ratings of these subsidiaries. A downgrade in the insurer financial strength ratings of an insurance company subsidiary could result in non-renewals or cancellations by policyholders and adversely affect these companies' ability to meet their own obligations and require that AIG provide capital or liquidity support to them. For a discussion of AIG's potential inability to support its subsidiaries, see Item 1A. Risk Factors — Liquidity.

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General Insurance operating cash flow is derived from underwriting and investment activities. Cash flow from underwriting operations includes collections of periodic premiums and paid loss recoveries, less reinsurance premiums, losses, and acquisition and operating expenses. Generally, there is a time lag from when premiums are collected and losses and benefits are paid. Investment cash flow is primarily derived from interest and dividends received, and includes investment maturities and repayments.

With respect to General Insurance operations, if paid losses accelerated beyond AIG's ability to fund such losses from current operating cash flows, AIG might need to liquidate a portion of its General Insurance investment portfolio and/or attempt to arrange for financing. A liquidity strain could result from the occurrence of one or several significant catastrophic events in a relatively short period of time. Additional strain on liquidity could occur if the investments liquidated to fund such paid losses were sold in a depressed market place. Further liquidity strains could also arise if reinsurance recoverable on such paid losses became uncollectible or collateral supporting such reinsurance recoverable significantly decreased in value.

At December 31, 2008, General Insurance had liquidity in the form of cash and short-term investments of $11.7 billion. In the event additional liquidity is required, management believes it can provide such liquidity through sale of a portion of its substantial holdings in government and corporate bonds as well as equity securities. Government and corporate bonds represented 97.6 percent of total fixed income investments at December 31, 2008. Given the size and liquidity profile of AIG's General Insurance investment portfolios, AIG believes that deviations from its projected claim experience do not constitute a significant liquidity risk. AIG's asset/liability management process takes into account the expected maturity of investments and the specific nature and risk profile of liabilities. Historically, there has been no significant variation between the expected maturities of AIG's General Insurance investments and the payment of claims.

AIG has arranged for letters of credit that totaled $1.6 billion and funded trusts totaling $2.9 billion at December 31, 2008, to allow certain AIG Property and Casualty Group subsidiaries to obtain admitted surplus credit for reinsurance provided by non-admitted carriers. Substantially all the letters of credit may be cancelled on December 31, 2010. The inability of AIG to renew or replace these letters of credit or otherwise obtain equivalent financial support would result in a reduction of the statutory surplus of these property and casualty companies. AIG Property Casualty Group maintains liquidity in its investment portfolio through holdings of $6.2 billion of municipal securities which have been refunded and are escrowed to the call or to maturity. The maturities of these holdings are all less than ten years, and the bonds are secured by the United States Department of the Treasury or Government Agency securities held in escrow by trustees. These municipal holdings have substantial unrealized gains and demonstrated liquidity even during the market dislocations experienced during the fourth quarter of 2008.

Life Insurance & Retirement Services

Life Insurance & Retirement Services operating cash flow is derived from underwriting and investment activities. Cash flow from underwriting operations includes collections of periodic premiums and policyholders' contract deposits, and paid loss recoveries, less reinsurance premiums, losses, benefits, surrenders, and acquisition and operating expenses. Generally, there is a time lag from when premiums are collected and losses and benefits are paid. Investment cash flow is primarily derived from interest and dividends received, and includes investment maturities and repayments. Contributions from AIG parent also represent a liquidity source.

If a substantial portion of the Life Insurance & Retirement Services operations bond portfolio diminished significantly in value and/or defaulted, AIG might need to provide capital or liquidity support to these operations. For a discussion of AIG's potential inability to support its subsidiaries, see Item 1A. Risk Factors — Liquidity. A significant increase in policy surrenders and withdrawals, which could be triggered by a variety of factors, including AIG-specific concerns, could result in a substantial liquidity strain. Other potential events causing a liquidity strain could include economic collapse of a nation or region in which Life Insurance & Retirement Services operations exist, nationalization, catastrophic terrorist acts, or other economic or political upheaval.

At December 31, 2008, Life Insurance & Retirement Services had liquidity in the form of cash and short-term investments of $32.3 billion. In the event additional liquidity is required, management believes it can provide such liquidity through sale of a portion of its substantial holdings in government and corporate bonds as well as equity




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securities. Government and corporate bonds represented 84.8 percent of total fixed income investments at December 31, 2008. Given the size and liquidity profile of AIG's Life Insurance & Retirement Services investment portfolios, AIG believes that deviations from its projected claim experience do not constitute a significant liquidity risk. AIG's asset/liability management process takes into account the expected maturity of investments and expected benefit payments and policy surrenders as well as the specific nature and risk profile of these liabilities. The Life Insurance & Retirement Services subsidiaries have been able to meet liquidity needs, even during the period of higher surrenders which was experienced from mid-September through year-end 2008, and expect to be able to do so in the foreseeable future.

Foreign Life Insurance Companies

AIG's Foreign Life Insurance companies (including ALICO) have had significant capital needs following publicity of AIG parent's liquidity issues and related credit ratings downgrades and reflecting the decline in the equity markets. AIG contributed $4.4 billion to the Foreign Life Insurance companies during 2008 ($4.0 billion of which was contributed using borrowings under the Fed Facility). In Taiwan, AIG contributed approximately $1.8 billion to Nan Shan in 2008 as a result of the continued declines in the Taiwan equity market and foreign currency movements. AIG made capital contributions of $2.6 billion to support foreign life operations in Hong Kong and Japan, principally due to the steep decline in AIG's common stock price.

AIG believes that its Foreign Life Insurance subsidiaries have adequate capital to support their business plans through 2009; however, to the extent the investment portfolios of the Foreign Life Insurance companies continue to be adversely affected by market conditions, AIG may need to make additional capital contributions to these companies. For a discussion of AIG's potential inability to support its subsidiaries, see Item 1A. Risk Factors — Liquidity.

Domestic Life Insurance and Domestic Retirement Services Companies

AIG's Domestic Life Insurance and Domestic Retirement Services companies have two primary liquidity needs: the funding of surrenders, and obtaining capital to offset statutory other-than-temporary impairment charges. At the current rate of surrenders, AIG believes that its Domestic Life Insurance and Domestic Retirement Services companies will have sufficient resources to meet these obligations. A substantial increase in surrender activity could, however, place stress on the liquidity of these companies and require asset sales or contributions from AIG.

During the year ended December 31, 2008 and through February 27, 2009, AIG contributed capital totaling $22.7 billion ($18.0 billion of which was contributed using borrowings under the Fed Facility) to certain of its Domestic Life Insurance and Domestic Retirement Services subsidiaries to replace a portion of the capital lost as a result of net realized capital losses (primarily resulting from other-than-temporary impairment charges). Further capital contributions may be required to the extent additional statutory net realized capital losses are incurred. For a discussion of AIG's potential inability to support its subsidiaries, see Item 1A. Risk Factors — Liquidity.

Financial Services

AIG's major Financial Services operating subsidiaries consist of ILFC, AIGFP, AGF and AIGCFG. Traditional sources of funds considered in meeting the liquidity needs of these operations are generally no longer available. These sources included GIAs' issuance of long- and short-term debt, issuance of commercial paper, bank loans and bank credit facilities. However, AIGCFG has been able to retain a significant portion of customer deposits, providing a measure of liquidity.

ILFC

ILFC's traditional source of liquidity had been collections of lease payments and borrowing in the public debt markets to fund aircraft purchases and to satisfy maturing debt. Additional liquidity is provided by the proceeds of aircraft sales.



In September 2008, ILFC was unable to borrow in the public debt markets, and therefore, ILFC borrowed the full $6.5 billion amount available under its credit facilities. ILFC was also accepted into the CPFF and had borrowed approximately $1.7 billion under the CPFF as of December 31, 2008. On January 21, 2009, however, S&P downgraded ILFC's short-term credit rating and, as a result, ILFC lost access to the CPFF. The $1.7 billion ILFC had borrowed under the CPFF was due and paid on January 28, 2009. ILFC is currently seeking secured financing. ILFC has the capacity under its present facilities and indentures, to enter into secured financings in excess of $5.0 billion. If ILFC continues to be limited in its ability to use this capacity, AIG expects that these borrowings and cash flows from operations, which may include aircraft sales, will be inadequate to permit ILFC to meet its obligations for 2009. Therefore, AIG will need to provide support through additional asset sales or funding for the remaining amounts.

As a result of Moody's downgrade of ILFC's long-term debt rating, ILFC received notice under the provisions of the Export Credit Facilities to segregate security deposits and maintenance reserves related to aircraft funded under the facilities into separate accounts. ILFC had 90 days from the date of the notice to comply and, subsequent to December 31, 2008, ILFC segregated approximately $260 million of deposits and maintenance reserves. The amount of funds required to be segregated under the facility agreements fluctuates with the changes in the related deposits, maintenance reserves, and debt maturities. Further rating downgrades would impose additional restrictions under these facilities including the requirement to segregate rental payments and would require prior consent to withdraw funds from the segregated account.

AIGFP

AIGFP had historically funded its operations through the issuance of notes and bonds, GIA borrowings and other structured financing transactions. AIGFP also obtained funding through repurchase agreements.

In the last half of 2008, AIGFP's access to its traditional sources of liquidity were significantly reduced and it relied on AIG Parent to meet most of its liquidity needs. AIGFP's asset backed commercial paper conduit, Curzon Funding LLC, was accepted into the CPFF with a total borrowing limit of $7.2 billion, and had approximately $6.8 billion outstanding at February 18, 2009. Separately, a structured investment vehicle sponsored, but not consolidated, by AIGFP, Nightingale Finance LLC, was also accepted into the CPFF with a borrowing limit of $1.1 billion. As of February 18, 2009, this vehicle had approximately $1.1 billion outstanding under the CPFF.

AGF

AGF's traditional source of liquidity has been collections of customer receivables and borrowing in the public markets.

In September 2008, AGF was unable to borrow in the public debt markets and drew down $4.6 billion, the full amount available, under its primary credit facilities. AGF anticipates that its primary source of funds to support its operations and repay its obligations will be customer receivable collections. In order to improve cash flow, AGF will limit its lending activities and manage its expenses. In addition, AGF is pursuing sales of certain of its finance receivables and seeking securitization financing. AIG expects that AGF's existing sources of funds will be inadequate to meet its debt and other obligations for 2009. Therefore, AIG will need to provide support through additional asset sales or funding for the remaining amounts.

AIGCFG

AIGCFG experienced significant deposit withdrawals in Hong Kong during September 2008. AIGCFG subsidiaries borrowed $1.6 billion from AIG in September and October of 2008 to meet these withdrawals and other cash needs. No further material funding was required during the remainder of the fourth quarter of 2008.

Since November of 2008, AIGCFG subsidiaries have been able to retain significant deposit balances as a result of the lowered perceived risk, as well as depository insurance support provided by various regulatory authorities in countries in which AIGCFG units operate.



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AIG believes that the funding needs of AIGCFG have stabilized, but it is possible that renewed customer and counterparty concerns could substantially increase AIGCFG's liquidity needs in 2009. Through February 18, 2009, AIGCFG had entered into contracts to sell certain of its operations in Taiwan, Thailand and the Philippines.

Asset Management

Asset Management's principal cash requirements are to fund general working capital needs, investment commitments related to proprietary investments originally acquired for warehouse purposes, contractual capital commitments, proprietary investments of AIG Global Real Estate and any liquidity mismatches in the Spread-Based Investment business. Requirements related to Institutional Asset Management are funded through general operating cash flows from management and performance fees, proceeds from events in underlying funds (capital calls to third parties, sale of portfolio companies, etc.) as well as intercompany funding provided by AIG. Accordingly, Institutional Asset Management's ability to fund certain of its needs may depend on advances from AIG under various intercompany borrowing facilities. Restrictions on these facilities would have adverse consequences on the ability of the business to satisfy its respective obligations. With respect to the Global Real Estate business, investing activities are also funded through third-party financing arrangements which are secured by the relevant properties.

The GIC and MIP programs are in run-off. AIG expects to fund its obligations under these programs through cash flows generated from invested assets (principal and interest) as well as sales of investments, primarily fixed maturity securities. However, illiquidity and diminished values within the investment portfolios may impair AIG's ability to sell the related program assets or sell such assets for a price adequate to settle the corresponding liabilities when they come due. In such a case, AIG parent would need to fund the payments.

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Debt

Total debt was as follows:

	At December 31, 2008	2007
	(In millions)	
Debt issued by AIG:		
Fed Facility (secured)	$ 40,431	$ —
Notes and bonds payable	11,756	14,588
Junior subordinated debt	11,685	5,809
Junior subordinated debt attributable to equity units	5,880	—
Loans and mortgages payable	416	729
MIP matched notes and bonds payable	14,446	14,267
AIGFP matched notes and bonds payable	4,660	874
Total AIG debt	89,274	36,267
Debt guaranteed by AIG:		
AIGFP *(a)*		
Commercial paper *(b)*	6,802	—
GIAs	13,860	19,908
Notes and bonds payable	5,250	36,676
Loans and mortgages payable	2,175	1,384
Hybrid financial instrument liabilities *(c)*	2,113	7,479
Total AIGFP debt	30,200	65,447
AIG Funding commercial paper *(b)*	6,856	4,222
AIGLH notes and bonds payable	798	797
Liabilities connected to trust preferred stock	1,415	1,435
Total debt issued or guaranteed by AIG	128,543	108,168
Debt not guaranteed by AIG:		
ILFC		
Commercial paper *(b)*	1,748	4,483
Junior subordinated debt	999	999
Notes and bonds payable *(d)*	30,047	25,737
Total ILFC debt	32,794	31,219
AGF		
Commercial paper and extendible commercial notes	188	3,801
Junior subordinated debt	349	349
Notes and bonds payable	23,089	22,369
Total AGF debt	23,626	26,519
AIGCFG		
Commercial paper	124	287
Loans and mortgages payable	1,596	1,839
Total AIGCFG debt	1,720	2,126
Other subsidiaries	670	775
Debt of consolidated investments held through:		

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	At December 31, 2008	2007
	(In millions)	
A.I. Credit *(e)*	—	321
AIG Investments	1,300	1,636
AIG Global Real Estate	4,545	5,096
AIG SunAmerica	5	186
ALICO	—	3
Total debt of consolidated investments	5,850	7,242
Total debt not guaranteed by AIG	64,660	67,881
Consolidated:		
Total commercial paper and extendible commercial notes	613	13,114
Federal Reserve Bank of New York commercial paper funding facility	15,105	—
Total long-term debt	177,485	162,935
Total debt	$193,203	$176,049

(a) In 2008, AIGFP borrowings are carried at fair value.

(b) Includes borrowings of $6.8 billion, $6.6 billion and $1.7 billion for AIGFP (through Curzon Funding LLC, AIGFP's asset-backed commercial paper conduit), AIG Funding and ILFC, respectively, under the CPFF at December 31, 2008.

(c) Represents structured notes issued by AIGFP that are accounted at fair value.

(d) Includes borrowings under Export Credit Facility of $2.4 billion and $2.5 billion at December 31, 2008 and 2007, respectively.

(e) Represents commercial paper issued by a variable interest entity secured by receivables of A.I. Credit.

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Long-Term Debt

A roll forward of long-term debt, excluding debt of consolidated investments is as follows:

	Balance at December 31, 2007	Issuances	Maturities and Repayments	Effect of Foreign Exchange	Other Non-Cash Changes(b)	Balance at December 31, 2008
	for the year ended December 31, 2008					
	(In millions)					
AIG						
Fed Facility	$ —	$ 96,650	$ (59,850)	$ —	$ 3,631	$ 40,431
Notes and bonds payable	14,588	—	(2,700)	(1)	(131)	11,756
Junior subordinated debt	5,809	6,953	—	(1,078)	1	11,685
Junior subordinated debt attributable to equity units	—	5,880	—	—	—	5,880
Loans and mortgages payable	729	457	(762)	8	(16)	416
MIP matched notes and bonds payable	14,267	—	(194)	(38)	411	14,446
AIGFP matched notes and bonds payable	874	3,464	(198)	—	520	4,660
AIGFP *(a)*						
GIAs	19,908	5,070	(16,576)	—	5,458	13,860
Notes and bonds payable and hybrid financial instrument liabilities	44,155	63,803	(99,531)	—	(1,064)	7,363
Loans and mortgages payable	1,384	9,254	(8,512)	—	49	2,175
AIGLH notes and bonds payable	797	—	—	—	1	798
Liabilities connected to trust preferred stock	1,435	—	(19)	—	(1)	1,415
ILFC notes and bonds payable	25,737	9,389	(4,575)	(507)	3	30,047
ILFC junior subordinated debt	999	—	—	—	—	999
AGF notes and bonds payable	22,369	5,844	(4,659)	(427)	(38)	23,089
AGF junior subordinated debt	349	—	—	—	—	349
AIGCFG loans and mortgages payable	1,839	2,278	(2,431)	(214)	124	1,596
Other subsidiaries	775	23	(165)	26	11	670
Total	$ 156,014	$209,065	$(200,172)	$ (2,231)	$ 8,959	$ 171,635

(a) In 2008, AIGFP borrowings are carried at fair value.

(b) Includes the change in fair value and cumulative effect of the adoption of FAS 159, "The Fair Value Option for Financial Assets and Financial Liabilities" (FAS 159). Also includes commitment fee and accrued compounding interest of $3.63 billion on the Fed Facility.

AIG (Parent Company)

AIG traditionally issued debt securities from time to time to meet its financing needs and those of certain of its subsidiaries, as well as to opportunistically fund the MIP. The maturities of the debt securities issued by AIG to fund the MIP are generally expected to be paid using the cash flows of assets held by AIG as part of the MIP portfolio. However, mismatches in the timing of cash inflows and outflows of the MIP, as well as shortfalls due to impairments of MIP assets, would need to be funded by AIG parent.

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On August 18, 2008, AIG sold $3.25 billion principal amount of senior unsecured notes in a Rule 144A/Regulation S offering which bear interest at a per annum rate of 8.25 percent and mature in 2018. The proceeds from the sale of these notes were used by AIGFP for its general corporate purposes, and the notes are included within "AIGFP matched notes and bonds payable" in the preceding tables. AIG has agreed to use commercially reasonable efforts to consummate an exchange offer for the notes pursuant to an effective registration statement within 360 days of the date on which the notes were issued.

As of December 31, 2008, approximately $7.5 billion principal amount of senior notes were outstanding under AIG's medium-term note program, of which $3.2 billion was used for AIG's general corporate purposes, $893 million was used by AIGFP (included within "AIGFP matched notes bonds and payable" in the preceding tables) and $3.4 billion was used to fund the MIP. The maturity dates of these notes range from 2009 to 2052. To the extent considered appropriate, AIG may enter into swap transactions to manage its effective borrowing rates with respect to these notes.

As of December 31, 2008, the equivalent of $12.0 billion of notes were outstanding under AIG's Euro medium-term note program, of which $9.7 billion were used to fund the MIP and the remainder was used for AIG's general corporate purposes. The aggregate amount outstanding includes a $588 million loss resulting from foreign exchange translation into U.S. dollars, of which $0.1 million gain relates to notes issued by AIG for general corporate purposes and $588 million loss relates to notes issued to fund the MIP. AIG has economically hedged the currency exposure arising from its foreign currency denominated notes.

In May 2008, AIG raised a total of approximately $20 billion through the sale of (i) 196,710,525 shares of AIG common stock in a public offering at a price per share of $38; (ii) 78.4 million Equity Units in a public offering at a price per unit of $75; and (iii) $6.9 billion in unregistered offerings of junior subordinated debentures in three series. The Equity Units and junior subordinated debentures receive hybrid equity treatment from the major rating agencies under their current policies but are recorded as long-term debt on the consolidated balance sheet. The Equity Units consist of an ownership interest in AIG junior subordinated debentures and a stock purchase contract obligating the holder of an equity unit to purchase, and obligating AIG to sell, a variable number of shares of AIG common stock on three dates in 2011 (a minimum of 128,944,480 shares and a maximum of 154,738,080 shares, subject to anti-dilution adjustments).

During 2007 and 2008, AIG issued an aggregate of $12.5 billion of junior subordinated debentures in U.S. dollars, British Pounds and Euros in eight series. In connection with each series of junior subordinated debentures, AIG entered into a Replacement Capital Covenant (RCC) for the benefit of the holders of AIG's 6.25 percent senior notes due 2036. The RCCs provide that AIG will not repay, redeem, or purchase the applicable series of junior subordinated debentures on or before a specified date, unless AIG has received qualifying proceeds from the sale of the replacement capital securities.

In October 2007, AIG borrowed a total of $500 million on an unsecured basis pursuant to a loan agreement with a third-party bank. The entire amount of the loan was repaid on September 30, 2008.

AIGFP

Approximately $3.1 billion of AIGFP's debt maturities through December 31, 2009 are fully collateralized with assets backing the corresponding liabilities. However, mismatches in the timing of cash inflows on the assets and outflows with respect to the liabilities may require assets to be sold to satisfy maturing liabilities. Depending on market conditions and AIGFP's ability to sell assets at that time, proceeds from sales may not be sufficient to satisfy the full amount due on maturing liabilities. Any shortfalls would need to be funded by AIG parent.

ILFC

ILFC has a $4.3 billion Export Credit Facility for use in connection with the purchase of approximately 75 aircraft delivered through 2001. This facility was guaranteed by various European Export Credit Agencies. The interest rate varies from 5.75 percent to 5.86 percent on these amortizing ten-year borrowings depending on the delivery date of the aircraft. At December 31, 2008, ILFC had $365 million outstanding under this facility. The debt is collateralized by a pledge of the shares of a subsidiary of ILFC, which holds title to the aircraft financed under the facility.

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ILFC has a similarly structured Export Credit Facility for up to a maximum of $3.6 billion for Airbus aircraft to be delivered through May 31, 2009. The facility becomes available as the various European Export Credit Agencies provide their guarantees for aircraft based on a forward-looking calendar, and the interest rate is determined through a bid process. The interest rates are either LIBOR based with spreads ranging from (0.04) percent to 0.90 percent or at fixed rates ranging from 4.2 percent to 4.7 percent. At December 31, 2008, ILFC had $2.1 billion outstanding under this facility. At December 31, 2008, the interest rate of the loans outstanding ranged from 2.51 percent to 4.71 percent. The debt is collateralized by a pledge of shares of a subsidiary of ILFC, which holds title to the aircraft financed under the facility. Borrowings with respect to these facilities are included in ILFC's notes and bonds payable in the preceding table of borrowings.

At December 31, 2008, the total funded amount of ILFC's bank financings was $7.6 billion. The fundings mature through February 2012. The interest rates are LIBOR-based, with spreads ranging from 0.30 percent to 1.625 percent. At December 31, 2008, the interest rates ranged from 2.15 percent to 4.36 percent. AIG does not guarantee any of the debt obligations of ILFC.

AGF

As of December 31, 2008, notes and bonds aggregating $23.1 billion were outstanding with maturity dates ranging from 2009 to 2031 at interest rates ranging from 0.23 percent to 9 percent. To the extent considered appropriate, AGF may enter into swap transactions to manage its effective borrowing rates with respect to these notes and bonds.

AIG does not guarantee any of the debt obligations of AGF but has provided a capital support agreement for the benefit of AGF's lenders under the AGF 364-Day Syndicated Facility. Under this support agreement, AIG has agreed to cause AGF to maintain (1) consolidated net worth of $2.2 billion and (2) an adjusted tangible leverage ratio of less than or equal to 8 to 1 at the end of each fiscal quarter.

Revolving Credit Facilities

AIG, ILFC and AGF maintain committed, unsecured revolving credit facilities listed on the table below in order to support their respective commercial paper programs and for general corporate purposes. Some of the facilities, as noted below, contain a "term-out option" allowing for the conversion by the borrower of any outstanding loans at expiration into one-year term loans.

Both ILFC and AGF have drawn the full amount available under their revolving credit facilities. AIG's syndicated facilities contain a covenant requiring AIG to maintain total shareholders' equity (calculated on a consolidated basis consistent with GAAP) of at least $50 billion at all times. If AIG fails to maintain this level of total shareholders' equity at any time, it will lose access to those facilities. Additionally, if an event of default occurs under those facilities, including AIG failing to maintain $50 billion of total shareholders' equity at any time, which causes the banks to terminate either of those facilities, then AIG may be required to collateralize approximately

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$2.7 billion of letters of credit that AIG has obtained for the benefit of its insurance subsidiaries so that these subsidiaries may obtain statutory recognition of their intercompany reinsurance transactions.

At December 31, 2008 (in millions) Facility	Size	Borrower(s)	Available Amount	Expiration	One-Year Term-Out Option
			(In millions)		
AIG:					
364-Day Syndicated Facility (a)	$2,125	AIG/AIG Funding (b)	$ 2,125	July 2009	Yes
5-Year Syndicated Facility (a)	1,625	AIG/AIG Funding (b)	1,625	July 2011	No
Total AIG	$3,750		$ 3,750		
ILFC:					
5-Year Syndicated Facility	$2,500	ILFC	$ —	October 2011	No
5-Year Syndicated Facility	2,000	ILFC	—	October 2010	No
5-Year Syndicated Facility	2,000	ILFC	—	October 2009	No
Total ILFC	$6,500		$ —		
AGF:					
364-Day Syndicated Facility	$2,450	American General Finance Corporation American General Finance, Inc. (c)	$ —	July 2009	Yes
5-Year Syndicated Facility	2,125	American General Finance Corporation	—	July 2010	No
Total AGF	$4,575		$ —		

(a) On October 5, 2008, Lehman Brothers Holdings Inc. (LBHI), the parent company of Lehman Brothers Bank, FSB (LBB), filed for bankruptcy protection. LBB is a lender under AIG's 364-Day Syndicated Facility and 5-Year Syndicated Facility and had committed to provide $100 million and $42.5 million, respectively, under these facilities. While LBB is not included in the LBHI bankruptcy filing, AIG cannot be certain whether LBB would fulfill it commitments under these facilities.

(b) Guaranteed by AIG. In September 2008, AIG Capital Corporation was removed as a borrower on the syndicated facilities.

(c) AGF is an eligible borrower for up to $400 million only.

Credit Ratings

The cost and availability of unsecured financing for AIG and its subsidiaries are generally dependent on their short-and long-term debt ratings. The following table presents the credit ratings of AIG and certain of its subsidiaries as of February 18, 2009. In parentheses, following the initial occurrence in the table of each rating, is an indication of that rating's relative rank within the agency's rating categories. That ranking refers only to the

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generic or major rating category and not to the modifiers appended to the rating by the rating agencies to denote relative position within such generic or major category.

	Short-term Debt			Senior Long-term Debt		
	Moody's	S&P	Fitch	Moody's(a)	S&P(b)	Fitch(c)
AIG	P-1 (1st of 3) *(g)*	A-1 (1st of 8) *(e)*	F1 (1st of 5)	A3 (3rd of 9) *(g)*	A- (3rd of 8) *(e)*	A (3rd of 9)
AIG Financial Products Corp. *(d)*	P-1 *(g)*	A-1 *(e)*	—	A3 *(g)*	A- *(e)*	—
AIG Funding *(d)*	P-1 *(g)*	A-1 *(e)*	F1	—	—	—
ILFC	P-2 (2nd of 3) *(h)*	A-2 (2nd of 8) *(f)*	F1 *(j)*	Baa1 (4th of 9) *(h)*	BBB+ (4th of 8) *(f)*	A *(j)*
American General Finance Corporation	P-2 *(i)*	B (4th of 8)	F1 *(j)*	Baa1 *(g)*	BB+ (5th of 8) *(i)*	BBB (4th of 9) *(j)*
American General Finance, Inc.	P-2 *(g)*	A-3 (3rd of 8)	F1 *(j)*	—	—	BBB *(j)*

(a) Moody's appends numerical modifiers 1, 2 and 3 to the generic rating categories to show relative position within the rating categories.

(b) S&P ratings may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.

(c) Fitch ratings may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.

(d) AIG guarantees all obligations of AIG Financial Products Corp. and AIG Funding.

(e) Credit Watch Negative.

(f) Credit Watch Developing.

(g) Under Review for Possible Downgrade.

(h) Under Review with Direction Uncertain.

(i) Negative Outlook.

(j) Rating Watch Evolving.

These credit ratings are current opinions of the rating agencies. As such, they may be changed, suspended or withdrawn at any time by the rating agencies as a result of changes in, or unavailability of, information or based on other circumstances. Ratings may also be withdrawn at AIG management's request. This discussion of ratings is not a complete list of ratings of AIG and its subsidiaries.

"Ratings triggers" have been defined by one independent rating agency to include clauses or agreements the outcome of which depends upon the level of ratings maintained by one or more rating agencies. "Ratings triggers" generally relate to events that (i) could result in the termination or limitation of credit availability, or require accelerated repayment, (ii) could result in the termination of business contracts or (iii) could require a company to post collateral for the benefit of counterparties.

A significant portion of AIGFP's GIAs, structured financing arrangements and financial derivative transactions include provisions that require AIGFP, upon a downgrade of AIG's long-term debt ratings, to post collateral or, with the consent of the counterparties, assign or repay its positions or arrange a substitute guarantee of its obligations by an obligor with higher debt ratings. Furthermore, certain downgrades of AIG's long-term senior debt ratings would permit either AIG or the counterparties to elect early termination of contracts.

The actual amount of collateral that AIGFP would be required to post to counterparties in the event of such downgrades, or the aggregate amount of payments that AIG could be required to make, depends on market conditions, the fair value of outstanding affected transactions and other factors prevailing at the time of the downgrade. For the impact of a downgrade in AIG's credit ratings, see Item 1A. Risk Factors — Credit Ratings.

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Contractual Obligations

Contractual obligations in total, and by remaining maturity were as follows:

At December 31, 2008	Total Payments	Less Than One Year	Payments due by Period 1-3 Years	3-5 Years	More Than Five Years
			(In millions)		
Borrowings *(a)*	$ 131,204	$ 20,417	$ 33,574	$ 18,607	$ 58,606
Fed Facility	40,431	—	—	40,431	—
Interest payments on borrowings	81,860	5,361	9,281	22,832	44,386
Loss reserves *(b)*	89,258	24,546	27,224	12,942	24,546
Insurance and investment contract liabilities *(c)*	620,440	32,059	41,703	38,103	508,575
GIC liabilities *(d)*	18,020	6,175	2,472	3,406	5,967
Aircraft purchase commitments	16,677	3,028	448	2,917	10,284
Operating leases	4,258	800	1,094	699	1,665
Other long-term obligations	562	228	308	12	14
Total *(e)(f)*	$1,002,710	$ 92,614	$116,104	$139,949	$654,043

(a) Excludes commercial paper and borrowings incurred by consolidated investments and includes hybrid financial instrument liabilities recorded at fair value.

(b) Represents future loss and loss adjustment expense payments estimated based on historical loss development payment patterns. Due to the significance of the assumptions used, the periodic amounts presented could be materially different from actual required payments.

(c) Insurance and investment contract liabilities include various investment-type products with contractually scheduled maturities, including periodic payments of a term certain nature. Insurance and investment contract liabilities also include benefit and claim liabilities, of which a significant portion represents policies and contracts that do not have stated contractual maturity dates and may not result in any future payment obligations. For these policies and contracts (i) AIG is currently not making payments until the occurrence of an insurable event, such as death or disability, (ii) payments are conditional on survivorship, or (iii) payment may occur due to a surrender or other non-scheduled event out of AIG's control. AIG has made significant assumptions to determine the estimated undiscounted cash flows of these contractual policy benefits, which assumptions include mortality, morbidity, future lapse rates, expenses, investment returns and interest crediting rates, offset by expected future deposits and premiums on inforce policies. Due to the significance of the assumptions used, the periodic amounts presented could be materially different from actual required payments. The amounts presented in this table are undiscounted and therefore exceed the future policy benefits and policyholder contract deposits included in the balance sheet.

(d) Represents guaranteed maturities under GICs.

(e) Does not reflect unrecognized tax benefits of $3.4 billion, the timing of which is uncertain.

(f) The majority of AIGFP's credit default swaps require AIGFP to provide credit protection on a designated portfolio of loans or debt securities. At December 31, 2008, the fair value derivative liability was $5.9 billion relating to AIGFP's super senior multi-sector CDO credit default swap portfolio, net of amounts realized in extinguishing derivative obligations. Due to the long-term maturities of these credit default swaps, AIG is unable to make reasonable estimates of the periods during which any payments would be made.

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Off Balance Sheet Arrangements and Commercial Commitments

Off Balance Sheet Arrangements and Commercial Commitments in total, and by remaining maturity were as follows:

at December 31, 2008	Total Amounts Committed	Amount of Commitment Expiration: Less Than One Year	1-3 Years	3+-5 Years	Over Five Years
		(In millions)			
Guarantees:					
Liquidity facilities *(a)*	$ 912	$ —	$ —	$ 799	$ 113
Standby letters of credit	1,541	1,340	41	25	135
Construction guarantees *(b)*	155	—	—	—	155
Guarantees of indebtedness	776	77	134	307	258
All other guarantees	1,857	69	48	28	1,712
Commitments:					
Investment commitments *(c)*	9,185	2,575	3,742	1,951	917
Commitments to extend credit	629	132	437	54	6
Letters of credit	316	306	10	—	—
Other commercial commitments *(d)*	1,034	3	—	160	871
Total	$ 16,405	$ 4,502	$4,412	$3,324	$ 4,167

(a) Primarily liquidity facilities provided in connection with certain municipal swap transactions and collateralized bond obligations.

(b) Primarily AIG SunAmerica construction guarantees connected to affordable housing investments.

(c) Includes commitments to invest in limited partnerships, private equity, hedge funds and mutual funds and commitments to purchase and develop real estate in the United States and abroad.

(d) Includes options to acquire aircraft. Excludes commitments with respect to pension plans. The annual pension contribution for 2009 is expected to be approximately $600 million for U.S. and non-U.S. plans.

Arrangements with Variable Interest Entities

AIG enters into various arrangements with variable interest entities (VIEs) in the normal course of business. AIG's insurance companies are involved with VIEs primarily as passive investors in debt securities (rated and unrated) and equity interests issued by VIEs. Through its Financial Services and Asset Management operations, AIG has participated in arrangements that included designing and structuring entities, warehousing and managing the collateral of the entities, entering into insurance transactions with VIEs. Interest holders in the VIEs generally have recourse only to the assets and cash flows of the VIEs and do not have recourse to AIG, except, in limited circumstances, when AIG has provided a guarantee to the VIEs' interest holders.

Under FIN 46(R), AIG consolidates a VIE when it is the primary beneficiary of the entity. The primary beneficiary is the party that either (i) absorbs a majority of the VIE's expected losses; (ii) receives a majority of the VIE's expected residual returns; or (iii) both. For a further discussion of AIG's involvement with VIEs, see Note 9 of Notes to the Consolidated Financial Statements.

Outlook

General disruptions in the global equity and credit markets and the liquidity issues at AIG have negatively affected the results of each of AIG's operating segments as discussed below.

General Insurance

Commercial Insurance has been generally successful in retaining clients, although some have reduced the number of lines or limits of coverage due in part to concerns over AIG's financial strength. In addition, the number

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of new business opportunities has declined since September of 2008. Senior management has spent considerable time since September 2008 meeting with policyholders and brokers explaining the financial strength of Commercial Insurance and the protections afforded policyholders by insurance regulations. However, net premiums written declined 22 percent in the fourth quarter of 2008 compared to the same period of 2007. The retention of existing business continues to be moderately lower than in the comparable prior year period, however retention levels have improved in the early part of 2009 compared to the fourth quarter of 2008.

Overall, rates in Commercial Insurance are essentially flat in early 2009 compared to the first quarter of 2008. The stabilization of rates is an improvement from the fourth quarter of 2008 and reflects the offsetting effects of downward pressure on premiums from the current recessionary environment and the recent introduction of new competitors in the marketplace and the upward pressure on premiums from the combination of investment and underwriting losses suffered by the commercial insurance industry.

AIG expects that the current recessionary environment will continue to affect UGC's operating results for the foreseeable future and will result in a significant operating loss for UGC in 2009.

Foreign General Insurance has been successful in retaining business in its property, casualty and consumer lines. During the critical first quarter 2009 renewal period with more than 30 percent of the annual production expected, business retention was strong in Foreign General Insurance's top three regions, U.K./Ireland, Europe and the Far East, with the significant majority of clients maintaining their relationship with AIG. However, there was some expected "de-risking" among customers to further diversify their portfolios as well as a slight reduction in new business production. Because the three regions represent the majority of business, recent business activity is comparable to 2008. Overall, gross premiums to date for 2009 were essentially flat from the comparable period of 2008 as measured in original currency.

Life Insurance & Retirement Services

AIG expects that the aforementioned events and AIG's previously announced asset disposition plan will continue to adversely affect Life Insurance & Retirement Services operating results in 2009, specifically net investment income, deferred policy acquisition costs and sales inducement asset (SIA) amortization and net realized capital gains (losses). In addition, AIG's liquidity issues have affected certain operations through higher surrender activity, primarily in the U.S. domestic retirement fixed annuity business and foreign investment-oriented and retirement products in Japan and Asia. While surrender levels have declined from their peaks in mid-September of 2008, they continue to be higher than historic levels in certain products and countries and AIG expects them to continue to be volatile.

These uncertainties, together with rating agency downgrades, have resulted in significantly reduced levels of new sales activity, particularly among products and markets where ratings are critical. Sales of investment-oriented and retirement services products have also declined due to the general decline in the equity markets. New sales activity is expected to remain at lower levels until the uncertainties relating to AIG are resolved.

Financial Services

AIGFP began unwinding its businesses and portfolios during the fourth quarter of 2008, and these activities are expected to continue at least through 2009. In connection with these activities, AIGFP has disaggregated its portfolio of existing transactions into a number of separate "books", and has developed a plan for addressing each book, including each book's risks, risk mitigation options, monitoring metrics and certain implications of various potential outcomes. Each plan has been reviewed by a steering committee whose membership includes senior executives of AIG. The plans are subject to change as efforts progress and as conditions in the financial markets evolve, and they contemplate, depending on the book in question, alternative strategies, including sales, assignments or other transfers of positions, terminations of positions, and/or run-offs of positions in accordance with existing terms. Execution of the plans is overseen by a transaction approval process involving increasingly senior members of AIGFP's and AIG's respective management groups as specific actions entail greater liquidity and revenue consequences. Successful execution of the plans is subject, to varying degrees depending on the transactions of a given book, to market conditions and, in many circumstances, counterparty negotiation and agreement.




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As a consequence of its wind-down strategy, AIGFP is entering into new derivative transactions only to hedge its current portfolio, reduce risk and hedge the currency, interest rate and other market risks associated with its affiliated businesses. AIGFP has already reduced the size of certain portions of its portfolio, including effecting a substantial reduction in credit derivative transactions in respect of multi-sector CDOs (see Termination of $62 billion of CDS below), a sale of its commodity index business, termination of its activities as a foreign exchange prime broker, sale and other disposition of the large majority of its energy/infrastructure investment portfolio. Due to the long-term duration of many of AIGFP's derivative contracts and to the complexity of AIGFP's portfolio, AIG expects that an orderly wind-down will take a substantial period of time. The cost of executing the wind-down will depend on many factors, many of which are not within AIGFP's control, including market conditions, AIGFP's access to markets via market counterparties, the availability of liquidity and the potential implications of further rating downgrades.

AIGCFG experienced significant deposit withdrawals in Hong Kong during September 2008. The inability of AIGCFG to access its traditional sources of funding resulted in AIG lending $1.6 billion to subsidiaries of AIGCFG in September and October of 2008. Additional funding during the remainder of the fourth quarter of 2008 was not material. AIG has entered into contracts to sell certain finance operations in Taiwan, Thailand and the Philippines.

Asset Management

Distressed global markets have reduced the value of assets under management, translating to lower base management fees and reduced carried interest revenues. Tight credit markets have put pressure on the commercial and residential real estate markets, which has caused values in certain geographic locations to fall, resulting in impairment charges on real estate held for investment purposes.

Liquidity issues at AIG parent and lower asset performance as a result of challenging market conditions have contributed to the loss of institutional and retail clients, as well as higher redemptions from some of AIG subsidiaries' managed hedge and mutual funds, have prevented AIG subsidiaries from launching new funds and will continue to adversely affect Asset Management results.

Within the Spread-Based Investment business, distressed markets have resulted in significant loss of invested asset value, and AIG expects such losses to continue through mid 2009. In addition, AIG does not expect to issue any additional debt to fund the Matched Investment Program for the foreseeable future.

As AIG implements the proposed transactions with the NY Fed and United States Department of the Treasury described above and in Note 23 to the Consolidated Financial Statements, AIG expects to incur significant additional restructuring related charges, such as accelerated amortization of the pre-paid commitment asset and, potentially, the write-off of intangible assets. Further, if AIG continues to incur losses in its businesses, AIG may need to write off material amounts of goodwill.

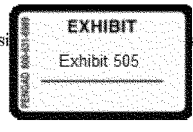
Results of Operations

Consolidated Results

Fourth quarter 2008 net loss

Due to continued severe market deterioration and charges related to ongoing restructuring activities, AIG incurred a substantial net loss of $61.7 billion in the fourth quarter of 2008. This loss resulted primarily from the following:

- net realized capital losses arising from other-than-temporary impairment charges of $18.6 billion ($13.0 billion after tax) reflecting severity losses primarily related to CMBS, other structured securities and securities of financial institutions due to rapid and severe market valuation declines where the impairment period was not deemed temporary; losses related to the change in AIG's intent and ability to hold to recovery certain securities; and issuer-specific credit events, including charges associated with investments in financial institutions;
- net realized capital losses of $2.4 billion ($1.7 billion after tax) related to certain securities lending activities which were deemed to be sales due to reduced levels of collateral provided by counterparties;

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- net realized capital losses of $2.3 billion ($1.6 billion after tax) related to declines in fair values of RMBS for the month of October prior to the sale of these securities to ML II;
- net realized capital losses of $1.7 billion ($1.2 billion after tax) primarily related to foreign exchange transactions and derivatives activity;
- unrealized market valuation losses on AIGFP's super senior credit default swap portfolio totaling $6.9 billion ($4.5 billion after tax); a credit valuation loss of $7.8 billion ($5.1 billion after tax) representing the effect of changes in credit spreads on the valuation of AIGFP's assets and liabilities; and losses primarily from winding down of AIGFP's businesses and portfolios of $1.5 billion ($1.0 billion after tax);
- losses on hedges not qualifying for hedge accounting treatment under FAS 133 of $3.3 billion ($2.2 billion after tax) largely due to the significant decline in U.S. interest rates, resulting in a decrease in the fair value of the derivatives, which primarily economically hedge AIG's debt. To a lesser extent, the strengthening of the U.S. dollar, mainly against the British Pound and Euro decreased the fair value of the foreign currency derivatives economically hedging AIG's non-U.S. dollar denominated debt and foreign exchange transactions;
- interest expense associated with the Fed Facility of $10.6 billion ($6.9 billion after tax), including accelerated amortization of the prepaid commitment fee of $6.6 billion ($4.3 billion after tax);
- goodwill impairment charges of $3.6 billion, principally related to the General Insurance and Domestic Life Insurance and Domestic Retirement Services businesses; and
- the inability to obtain a tax benefit for a significant amount of the losses incurred during the quarter as reflected in the addition to the valuation allowance of $17.6 billion, and other discrete items of $3.4 billion.

AIG's consolidated statements of income (loss) for the years ended December 31, 2008, 2007 and 2006 were as follows:

	Years Ended December 31,			Percentage Increase/ (Decrease)	
	2008	2007	2006	2008 vs. 2007	2007 vs. 2006
	(In millions, except per share data)				
Revenues:					
Premiums and other considerations	$ 83,505	$ 79,302	$ 74,213	5%	7%
Net investment income	12,222	28,619	26,070	(57)	10
Net realized capital gains (losses)	(55,484)	(3,592)	106	—	—
Unrealized market valuation losses on AIGFP super senior credit default swap portfolio	(28,602)	(11,472)	—	—	—
Other income (loss)	(537)	17,207	12,998	—	32
Total revenues	11,104	110,064	113,387	(90)	(3)
Benefits, claims and expenses:					
Policyholder benefits and claims incurred	63,299	66,115	60,287	(4)	10
Policy acquisition and other insurance expenses	27,565	20,396	19,413	35	5
Interest expense	17,007	4,751	3,657	258	30
Restructuring expenses and related asset impairment and other expenses	758	—	—	—	—
Other expenses	11,236	9,859	8,343	14	18
Total benefits, claims and expenses	119,865	101,121	91,700	19	10
Income (loss) before income tax expense (benefit), minority interest and cumulative effect of change in accounting principles	(108,761)	8,943	21,687	—	(59)
Income tax expense (benefit):					

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	Years Ended December 31,			Percentage Increase/(Decrease)	
	2008	2007	2006	2008 vs. 2007	2007 vs. 2006
	(In millions, except per share data)				
Current	1,706	3,219	5,489	(47)	(41)
Deferred	(10,080)	(1,764)	1,048	—	—
Total income tax expense (benefit)	(8,374)	1,455	6,537	—	(78)
Income (loss) before minority interest and cumulative effect of change in accounting principles	(100,387)	7,488	15,150	—	(51)
Minority interest	1,098	(1,288)	(1,136)	—	13
Income (loss) before cumulative effect of change in accounting principles	(99,289)	6,200	14,014	—	(56)
Cumulative effect of change in accounting principles, net of tax	—	—	34	—	—
Net income (loss)	$ (99,289)	$ 6,200	$14,048	—%	(56)%

Premiums and Other Considerations

2008 and 2007 Comparison

Premiums and other considerations increased in 2008 compared to 2007 primarily due to:

- growth in Foreign Life Insurance & Retirement Services of $3.3 billion resulting from increased production and favorable foreign exchange rates;
- an increase of $1.7 billion in Foreign General Insurance due to growth in commercial and consumer lines driven by new business from both established and new distribution channels, a decrease in the use of reinsurance and favorable foreign exchange rates; and
- growth in Domestic Life Insurance due to an increase in sales of payout annuities sales and growth in life insurance business in force.

These increases were partially offset by a decline in Commercial Insurance premiums of $1.5 billion primarily from lower U.S. workers' compensation premiums attributable to declining rates, lower employment levels and increased competition, as well as a decline in other casualty lines of business.

2007 and 2006 Comparison

Premiums and other considerations increased in 2007 compared to 2006 primarily due to:

- growth in Foreign Life Insurance & Retirement Services of $2.4 billion as a result of increased life insurance production, growing group products business in Europe, improved sales in Thailand and the favorable effect of foreign exchange rates;
- an increase of $1.8 billion in Foreign General Insurance primarily due to growth in new business from both established and new distribution channels, including Central Insurance Co. Ltd. Taiwan acquired in late 2006; and
- growth in Domestic Life Insurance primarily due an increase in life insurance business in force and payout annuity premiums.

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Net Investment Income

The components of consolidated net investment income were as follows:

	Years Ended December 31,			Percentage Increase/(Decrease)	
	2008	2007	2006	2008 vs. 2007	2007 vs. 2006
		(In millions)			
Fixed maturities, including short-term investments	**$20,839**	$21,445	$19,773	(3)%	8%
Equity securities	**592**	575	277	3	108
Interest on mortgage and other loans	**1,516**	1,423	1,253	7	14
Partnerships	**(2,022)**	1,986	1,596	—	24
Mutual funds	**(989)**	535	948	—	(44)
Trading account losses	**(725)**	(150)	—	—	—
Other investments*	1,002	959	1,241	4	(23)
Total investment income before policyholder income and trading gains (losses)	**20,213**	26,773	25,088	(25)	7
Policyholder investment income and trading gains (losses)	**(6,984)**	2,903	2,016	—	44
Total investment income	**13,229**	29,676	27,104	(55)	9
Investment expenses	1,007	1,057	1,034	(5)	2
Net investment income	**$12,222**	$28,619	$26,070	(57)%	10%

* *Includes net investment income from securities lending activities, representing interest earned on securities lending invested collateral offset by interest expense on securities lending payable.*

2008 and 2007 Comparison

Net investment income decreased in 2008 compared to 2007 due to:

- losses from partnership and mutual fund investments reflecting significantly weaker market conditions in 2008 than in 2007;
- significant policyholder investment income and trading losses for Life Insurance & Retirement Services (together, policyholder trading losses), which were $7.0 billion in 2008 compared to policyholder trading gains of $2.9 billion for 2007, reflecting equity market declines. Policyholder trading gains (losses) are offset by a change in incurred policy losses and benefits expense. Policyholder trading gains (losses) generally reflect the trends in equity markets, principally in Japan and Asia;
- losses related to AIG's economic interest in ML II and investment in ML III of approximately $1.1 billion in 2008; and
- the effect of increased levels of short-term investments, for liquidity purposes.

2007 and 2006 Comparison

Net investment income increased in 2007 compared to 2006 due to higher levels of interest income on fixed maturity securities, an increase in income from partnerships as well as higher policyholder trading gains. Partially offsetting these increases were trading account losses related to certain investment-oriented products in the U.K. for Life Insurance & Retirement Services. The policyholder trading gains for 2007 generally reflected the trends in equity markets, principally in Japan and Asia.

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Net Realized Capital Gains (Losses)	Years Ended December 31, 2008	2007	2006
		(In millions)	
Sales of fixed maturity securities	$ (5,266)	$ (468)	$(382)
Sales of equity securities	(119)	1,087	813
Sales of real estate and other assets	1,239	619	303
Other-than-temporary impairments:			
Severity*	(29,146)	(1,557)	—
Lack of intent to hold to recovery	(12,110)	(1,054)	(636)
Trading at 25 percent or more discount for nine consecutive months	—	—	—
Foreign currency declines	(1,903)	(500)	—
Issuer-specific credit events	(5,985)	(515)	(262)
Adverse projected cash flows on structured securities	(1,661)	(446)	(46)
Foreign exchange transactions	3,123	(643)	(382)
Derivative instruments	(3,656)	(115)	698
Total	$(55,484)	$(3,592)	$ 106

* *In 2007, includes $643 million related to AIGFP reported in other income.*

2008 and 2007 Comparison

Net realized capital losses increased $51.9 billion in 2008 compared to 2007 primarily due to an increase in other-than-temporary impairment charges of $46.7 billion. The increase in other-than-temporary impairment charges included the following significant items:

- an increase in severity losses primarily related to certain RMBS, other structured securities and securities of financial institutions due to rapid and severe market valuation declines where the impairment period was not deemed temporary;
- losses related to the change in AIG's intent and ability to hold to recovery certain securities, primarily those held as collateral in the securities lending program;
- issuer-specific credit events, including charges associated with investments in financial institutions; and
- adverse projected cash flows on certain structured securities impaired under Emerging Issues Task Force Issue No. 99-20, "Recognition of Interest Income and Impairment on Purchased Beneficial Interests and Beneficial Interests that Continue to be Held by a Transferor in Securitized Financial Assets" (EITF 99
-20) and related interpretive guidance.

These other-than-temporary impairment charges were partially offset by the favorable effect of foreign exchange transactions due to strengthening of the U.S. dollar. See Investments — Portfolio Review — Other-Than-Temporary Impairments.

During the fourth quarter of 2008, in connection with certain securities lending transactions, AIG met the requirements of sale accounting under FAS 140 because collateral received was insufficient to fund substantially all of the cost of purchasing replacement assets for the securities lent to various counterparties. Accordingly, AIG recognized a loss of $2.4 billion on deemed sales of these securities. Also, net realized capital losses in 2008 included a loss of $2.3 billion, incurred in the fourth quarter of 2008, on RMBS prior to their purchase by ML II. See Investments — Securities Lending Activities and Note 5 to the Consolidated Financial Statements.

2007 and 2006 Comparison

AIG recorded net realized capital losses in 2007 compared to net realized capital gains in 2006 primarily due to an increase in other-than-temporary impairment charges. Other-than-temporary impairment charges included an

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increase in severity losses primarily related to certain RMBS and other structured securities, resulting from the disruption in the U.S. residential mortgage and credit markets.

Unrealized Market Valuation Losses on AIGFP Super Senior Credit Default Swap Portfolio

The unrealized market valuation losses on AIGFP's super senior credit default swap portfolio increased in 2008 compared to 2007 due to significant widening in credit spreads and the downgrades of RMBS and CDO securities by rating agencies in 2008 driven by the credit concerns resulting from U.S. residential mortgages and the severe liquidity crisis affecting the markets. In connection with the termination of $62.1 billion net notional amount of CDS transactions related to multi-sector CDOs purchased in the ML III transaction, AIG Financial Products Corp. paid $32.5 billion through the surrender of collateral previously posted (net of $2.5 billion received pursuant to the shortfall agreement), of which $2.5 billion (included in Other income (loss)) is related to certain 2a-7 Put transactions written on multi-sector CDOs purchased by ML III. These losses did not affect income, as unrealized market valuation losses were already recorded in income. See Capital Markets Results and Critical Accounting Estimates — Valuation of Level 3 Assets and Liabilities and Note 5 to the Consolidated Financial Statements.

Other Income (loss)

2008 and 2007 Comparison

Other Income (loss) decreased in 2008 compared to 2007 primarily due to increased losses in Capital Markets of $13.7 billion, which includes a credit valuation adjustment of $9.1 billion on AIGFP's assets and liabilities which are measured at fair value. Asset Management other income decreased by $2.4 billion primarily as a result of lower partnership income related to the Spread-Based Investment Business reflecting weaker market conditions in 2008 and a decline in Institutional Asset Management revenues reflecting lower carried interest and losses on sales of real estate investments. These decreases were partially offset by increased rental revenues for ILFC, driven by a larger aircraft fleet and higher lease rates.

2007 and 2006 Comparison

Other Income increased in 2007 compared to 2006 primarily due to a $2 billion positive effect for AIGFP related to hedging activities that did not qualify for hedge accounting treatment under FAS 133, increased Asset Management revenues primarily resulting from higher partnership income and carried interest as well as increased rental revenues for ILFC, driven by a larger aircraft fleet and higher lease rates.

Policyholder Benefits and Claims Incurred

2008 and 2007 Comparison

Policyholder benefits and claims incurred decreased in 2008 compared to 2007 due to a reduction in incurred policy losses and benefits expense for Life Insurance & Retirement Services of $7.0 billion in 2008 compared to an increase of $2.9 billion in 2007 related to policyholder trading gains (losses) as discussed above in net investment income. These losses more than offset increased claims and claims adjustment expenses of $5.6 billion in AIG's General Insurance operations, which reflected increased catastrophe losses of $1.5 billion principally from hurricanes Ike and Gustav and a $1.8 billion increase in Mortgage Guaranty claims incurred, reflecting the continued deterioration of the U.S. housing market.

2007 and 2006 Comparison

Policyholder benefits and claims incurred increased in 2007 compared to 2006 primarily due to increases in policyholder benefits and claims incurred of $3.2 billion in Life Insurance & Retirement Services due to losses and benefits arising from policyholder trading losses of $886 million discussed above in Net Investment Income, a $1.1 billion increase in Foreign General Insurance resulting from the June 2007 U.K. floods, an increase in severe but non-catastrophic losses and higher frequency of non-severe losses, and a $1.1 billion increase in Mortgage Guaranty claims incurred resulting from the deterioration of the U.S. housing market.

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Policy Acquisition and Other Insurance Expenses

2008 and 2007 Comparison

Policy acquisition and other insurance expenses increased in 2008 compared to 2007 primarily due to a $3.6 billion increase in General Insurance expenses and a $3.7 billion increase in Life Insurance & Retirement Services expenses. General Insurance expenses increased primarily due to goodwill impairment charges of $2.0 billion, including $1.2 billion from Commercial Insurance and $696 million from Personal Lines, respectively, primarily related to goodwill arising from acquisitions. Life Insurance & Retirement Services expenses increased primarily due to $1.2 billion of goodwill impairment charges related to Domestic Life Insurance and Domestic Retirement Services of $402 million and $817 million, respectively. Life Insurance & Retirement Services expenses also increased as a result of the effect of foreign exchange, growth in the business and the effect of FAS 159 implementation.

2007 and 2006 Comparison

Policy acquisition and other insurance expenses increased in 2007 compared to 2006 primarily due costs associated with realigning certain legal entities through which Foreign General Insurance operates and the increased significance of Foreign General consumer lines business, which have higher acquisition costs. Life Insurance & Retirement Services expenses increased principally as a result of the effect of growth in the Foreign Life Insurance & Retirement Services business, increased DAC amortization related to the adoption of SOP 05-1, higher operating expenses related to remediation activities and the effect of foreign exchange.

Interest Expense

2008 and 2007 Comparison

Interest expense increased in 2008 compared to 2007 on higher levels of borrowings. Interest expense in 2008 included $11.4 billion of interest expense on the Fed Facility which was comprised of $9.3 billion of amortization of the prepaid commitment fee asset associated with the Fed Facility, including accelerated amortization of the prepaid commitment asset of $6.6 billion in connection with the restructuring of the Fed Facility and $1.9 billion of accrued compounding interest. Interest expense in 2008 also included interest on the debt and Equity Units from the dates of issuance in May 2008. The above amounts are reflected in the Other category in AIG's segment results.

2007 and 2006 Comparison

Interest expense increased in 2007 compared to 2006 reflecting higher levels of borrowings, including interest on the junior subordinated debt issued in March and June 2007, borrowings used to fund the MIP and borrowings used for general corporate purposes.

Restructuring expenses and related asset impairment and other expenses

As described in Note 1 to the Consolidated Financial Statements, AIG commenced an organization-wide restructuring plan under which some of its businesses will be divested, some will be held for later divestiture, and some businesses will be prepared for potential subsequent offerings to the public. In connection with activities under this plan, AIG recorded restructuring and separation expenses of $758 million in 2008, consisting of severance expenses of $89 million, contract termination expenses of $27 million, asset write-downs of $51 million, other exit expenses of $140 million and separation expenses of $451 million.

Other exit expenses primarily include consulting and other professional fees related to (i) asset disposition activities, (ii) AIG's debt and capital restructuring program with the NY Fed and the United States Department of the Treasury and (iii) unwinding of AIGFP's businesses and portfolios.

Severance and separation expenses described above include retention awards of $492 million to key employees to maintain ongoing business operations and facilitate the successful execution of the restructuring and asset disposition plan. This amount also includes retention awards to AIGFP's employees under its retention program, which was established in the first quarter of 2008 due to the declining market environment, to manage and



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unwind its complex businesses. The total amount expected to be incurred related to these retention programs is approximately $1.0 billion.

For the year ended December 31, 2008, $139 million, $68 million, $287 million and $69 million of the restructuring and separation expenses have been recorded within the General Insurance, Life Insurance & Retirement Services, Financial Services and Asset Management segments, respectively, while $195 million has been recorded in Other operations.

Total restructuring and separation expenses could have a material affect on future results of operations and cash flows.

Other Expenses

2008 and 2007 Comparison

Other Expenses increased in 2008 compared to 2007 primarily due to goodwill impairment charges of $791 million in 2008 in the Financial Services segment related to the Consumer Finance and Capital Markets businesses, which resulted from the downturn in the housing markets, the credit crisis and the intent to unwind AIGFP's businesses and portfolios. In addition, other expenses in 2008 increased compared to 2007 due to higher AGF provisions for finance receivable losses of $674 million in response to the higher levels of delinquencies in AGF's finance receivable portfolio.

2007 and 2006 Comparison

Other Expenses increased in 2007 compared to 2006 primarily due to increases in MIP and compensation related expenses in Asset Management, increases in depreciation expense on flight equipment in line with the increase in the size of the aircraft fleet and an increase in AGF's provision for finance receivable losses of $206 million.

Income tax expense (benefit)

2008 and 2007 Comparison

The effective tax rate on the pre-tax loss for 2008 was 7.7 percent. The effective tax rate was lower than the statutory rate of 35 percent due primarily to $26.1 billion of deferred tax expense recorded during 2008, comprising $5.5 billion of deferred tax expense attributable to the potential sale of foreign businesses and a $20.6 billion valuation allowance to reduce its deferred tax asset to an amount that AIG believes is more likely than not to be realized.

Realization of the deferred tax asset depends on AIG's ability to generate sufficient taxable income of the appropriate character within the carryforward periods of the jurisdictions in which the net operating losses and deductible temporary differences were incurred. AIG assessed its ability to realize its deferred tax asset of $31.9 billion and concluded a $20.6 billion valuation allowance was required to reduce the deferred tax asset to an amount AIG believes is more likely than not that to be realized. See Note 20 to Consolidated Financial Statements for additional discussion regarding deferred tax asset realization.

2007 and 2006 Comparison

The effective tax rate declined from 30.1 percent in 2006 to 16.3 percent in 2007, primarily due to the unrealized market valuation losses on AIGFP's super senior credit default swap portfolio and other-than-temporary impairment charges. These losses, which are taxed at a U.S. tax rate of 35 percent and are included in the calculation of income tax expense, reduced AIG's overall effective tax rate. In addition, other tax benefits, including tax exempt interest and effects of foreign operations were proportionately larger in 2007 than in 2006 due to the decline in pre-tax income in 2007. Furthermore, tax deductions taken in 2007 for SICO compensation plans for which the expense had been recognized in prior years also reduced the effective tax rate in 2007.

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American International Group, Inc., and Subsidiaries

Segment Results

The following table summarizes the operations of each operating segment. See also Note 3 to the Consolidated Financial Statements.

	Years Ended December 31,			Percentage Increase/(Decrease)	
	2008	2007	2006	2008 vs. 2007	2007 vs. 2006
		(In millions)			
Total Revenues:					
General Insurance	$ 44,676	$ 51,708	$ 49,206	(14)%	5%
Life Insurance & Retirement Services	3,054	53,570	50,878	(94)	5
Financial Services	(31,095)	(1,309)	7,777	----	----
Asset Management	(4,526)	5,625	4,543	----	24
Other	(81)	457	483	----	(5)
Consolidation and eliminations	(924)	13	500	----	(97)
Total	$ 11,104	$110,064	$113,387	(90)	(3)
Net realized capital gains (losses):					
General Insurance	$ (5,023)	$ (106)	$ 59	----	----
Life Insurance & Retirement Services	(44,347)	(2,398)	88	----	----
Financial Services	(498)	(100)	(133)	----	----
Asset Management	(8,758)	(1,000)	(125)	----	----
Other	3,142	12	217	----	(95)
Total	$ (55,484)	$ (3,592)	$ 106	—	—
Operating Income (loss):					
General Insurance	$ (5,746)	$ 10,526	$ 10,412	—	1
Life Insurance & Retirement Services	(37,446)	8,186	10,121	—	(19)
Financial Services	(40,821)	(9,515)	383	----	----
Asset Management	(9,187)	1,164	1,538	—	(24)
Other	(15,055)	(2,140)	(1,435)	—	—
Consolidation and eliminations	(506)	722	668	—	8
Total	$(108,761)	$ 8,943	$ 21,687	—%	(59)%

General Insurance Operations

AIG's General Insurance subsidiaries are multiple line companies writing substantially all lines of property and casualty insurance and various personal lines both domestically and abroad and constitute the AIG Property Casualty Group (formerly known as Domestic General Insurance) and the Foreign General Insurance Group.

As previously noted, AIG believes it should present and discuss its financial information in a manner most meaningful to its financial statement users. Accordingly, in its General Insurance business, AIG uses certain regulatory measures, where AIG has determined these measurements to be useful and meaningful.

A critical discipline of a successful general insurance business is the objective to produce profit from underwriting activities taking into account costs of capital. AIG views underwriting results to be critical in the overall evaluation of performance.

Statutory underwriting profit is derived by reducing net premiums earned by net losses and loss expenses incurred and net expenses incurred. Statutory accounting generally requires immediate expense recognition and

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ignores the matching of revenues and expenses as required by GAAP. That is, for statutory purposes, expenses (including acquisition costs) are recognized immediately, not over the same period that the revenues are earned. Thus, statutory expenses exclude changes in DAC.

GAAP provides for the recognition of certain acquisition expenses at the same time revenues are earned, the accounting principle of matching. Therefore, acquisition expenses are deferred and amortized over the period the related net premiums written are earned. DAC is reviewed for recoverability, and such review requires management judgment. The most comparable GAAP measure to statutory underwriting profit is income before income taxes, minority interest and cumulative effect of change in accounting principles. A table reconciling statutory underwriting profit to income before income taxes, minority interest and cumulative effect of change in accounting principles is contained in footnote (b) to the following table. See also Critical Accounting Estimates herein and Notes 1 and 8 to the Consolidated Financial Statements.

AIG, along with most property and casualty insurance companies, uses the loss ratio, the expense ratio and the combined ratio as measures of underwriting performance. The loss ratio is the sum of claims and claims adjustment expenses divided by net premiums earned. The expense ratio is underwriting expenses divided by net premiums earned. These ratios are relative measurements that describe, for every $100 of net premiums earned, the cost of losses and expenses, respectively. A combined ratio of less than 100 percent indicates an underwriting profit and over 100 percent indicates an underwriting loss.

Net premiums written are initially deferred and earned based upon the terms of the underlying policies. The net unearned premium reserve constitutes deferred revenues which are generally earned ratably over the policy period. Thus, the net unearned premium reserve is not fully recognized in income as net premiums earned until the end of the policy period.

The underwriting environment varies from country to country, as does the degree of litigation activity. Regulation, product type and competition have a direct effect on pricing and consequently on profitability as reflected in underwriting profit and general insurance ratios.

General Insurance Results

General Insurance operating income is comprised of statutory underwriting profit (loss), changes in DAC, net investment income and net realized capital gains and losses. Operating income (loss), as well as net premiums written, net premiums earned, net investment income and net realized capital gains (losses) and statutory ratios were as follows:

	Years Ended December 31,			Percentage Increase/(Decrease)	
	2008	2007	2006	2008 vs. 2007	2007 vs. 2006
	(In millions, except ratios)				
Net premiums written:					
AIG Property Casualty Group					
Commercial Insurance	**$21,099**	$24,112	$24,312	(12)%	(1)%
Transatlantic	**4,108**	3,953	3,633	4	9
Personal Lines	**4,514**	4,808	4,654	(6)	3
Mortgage Guaranty	**1,123**	1,143	866	(2)	32
Foreign General Insurance	**14,390**	13,051	11,401	10	14
Total	**$45,234**	$47,067	$44,866	(4)%	5%

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	Years Ended December 31,			Percentage Increase/(Decrease)	
	2008	2007	2006	2008 vs. 2007	2007 vs. 2006
	(In millions, except ratios)				
Net premiums earned:					
AIG Property Casualty Group					
Commercial Insurance	$22,351	$23,849	$23,910	(6)%	—%
Transatlantic	4,067	3,903	3,604	4	8
Personal Lines	4,679	4,695	4,645	—	1
Mortgage Guaranty	1,038	886	740	17	20
Foreign General Insurance	14,087	12,349	10,552	14	17
Total	$46,222	$45,682	$43,451	1%	5%
Net investment income:					
AIG Property Casualty Group					
Commercial Insurance	$ 1,969	$ 3,879	$ 3,411	(49)%	14%
Transatlantic	440	470	435	(6)	8
Personal Lines	223	231	225	(3)	3
Mortgage Guaranty	183	158	140	16	13
Foreign General Insurance	651	1,388	1,484	(53)	(6)
Reclassifications and eliminations	11	6	1	—	—
Total	$ 3,477	$ 6,132	$ 5,696	(43)%	8%
Net realized capital gains (losses)	$ (5,023)	$ (106)	$ 59	—%	—%
Operating income (loss) *(a)* :					
AIG Property Casualty Group Commercial Insurance	$ (3,065)	$ 7,305	$ 5,845	—%	25%
Transatlantic	(61)	661	589	—	12
Personal Lines	(785)	67	432	—	(84)
Mortgage Guaranty	(2,475)	(637)	328	—	—
Foreign General Insurance	618	3,137	3,228	(80)	(3)
Reclassifications and eliminations	22	(7)	(10)	—	—
Total	$ (5,746)	$10,526	$10,412	—%	1%
Statutory underwriting profit (loss) *(a)(b)* :					
AIG Property Casualty Group Commercial Insurance	$ (1,465)	$ 3,404	$ 2,322	—%	47%
Transatlantic	(80)	165	129	—	28
Personal Lines	(944)	(191)	204	—	—
Mortgage Guaranty	(2,666)	(849)	188	—	—
Foreign General Insurance	1,014	1,544	1,565	(34)	(1)
Total	$ (4,141)	$ 4,073	$ 4,408	—%	(8)%
AIG Property Casualty Group *(a)* :					
Loss ratio	86.3	71.2	69.6		
Expense ratio	30.1	20.6	21.7		
Combined ratio	116.4	91.8	91.3		

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American International Group, Inc., and Subsidiaries

	Years Ended December 31,			Percentage Increase/ (Decrease)	
	2008	2007	2006	2008 vs. 2007	2007 vs. 2006
	(In millions, except ratios)				
Foreign General Insurance *(a)* :					
Loss ratio	**55.6**	50.6	48.9		
Expense ratio	**36.9**	35.1	34.3		
Combined ratio	**92.5**	85.7	83.2		
Consolidated *(a)* :					
Loss ratio	**76.9**	65.6	64.6		
Expense ratio	**32.2**	24.5	24.7		
Combined ratio	**109.1**	90.1	89.3		

(a) Catastrophe-related losses in 2008 and 2007 by reporting unit were as follows. There were no significant catastrophe-related losses in 2006.

	2008		2007	
	Insurance Related Losses	Net Reinstatement Premium Cost	Insurance Related Losses	Net Reinstatement Premium Cost
	(In millions)			
Reporting Unit:				
Commercial Insurance	**$ 1,408**	**$ 5**	$ 113	$ (13)
Transatlantic	**191**	**(14)**	11	(1)
Personal Lines	**105**	**2**	61	14
Foreign General Insurance	**128**	**15**	90	1
Total	**$ 1,832**	**$ 8**	$ 275	$ 1

(b) Statutory underwriting profit (loss) is a measure that U.S. domiciled insurance companies are required to report to their regulatory authorities. The following table reconciles statutory underwriting profit (loss) to operating income (loss) for General Insurance for the years ended December 31, 2008, 2007 and 2006:

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American International Group, Inc., and Subsidiaries

Years Ended December 31,	Commercial Insurance	Transatlantic	Personal Lines	Mortgage Guaranty	Foreign General Insurance	Reclassifications and Eliminations	Total
				(In millions)			
2008							
Statutory underwriting profit (loss)	$ (1,465)	$ (80)	$ (944)	$ (2,666)	$ 1,014	$ —	$ (4,141)
Increase (decrease) in DAC	(98)	7	(10)	1	33	—	(59)
Net investment income	1,969	440	223	183	651	11	3,477
Net realized capital gains (losses)	(3,479)	(428)	(54)	7	(1,080)	11	(5,023)
Operating income (loss)	$ (3,065)	$ (61)	$ (785)	$ (2,475)	$ 618	$ 22	$ (5,746)
2007							
Statutory underwriting profit (loss)	$ 3,404	$ 165	$ (191)	$ (849)	$ 1,544	$ —	$ 4,073
Increase in DAC	97	17	29	57	227	—	427
Net investment income	3,879	470	231	158	1,388	6	6,132
Net realized capital gains (losses)	(75)	9	(2)	(3)	(22)	(13)	(106)
Operating income (loss)	$ 7,305	$ 661	$ 67	$ (637)	$ 3,137	$ (7)	$ 10,526
2006							
Statutory underwriting profit (loss)	$ 2,322	$ 129	$ 204	$ 188	$ 1,565	$ —	$ 4,408
Increase in DAC	14	14	2	3	216	—	249
Net investment income	3,411	435	225	140	1,484	1	5,696
Net realized capital gains (losses)	98	11	1	(3)	(37)	(11)	59
Operating income (loss)	$ 5,845	$ 589	$ 432	$ 328	$ 3,228	$ (10)	$ 10,412

AIG transacts business in most major foreign currencies. The following table summarizes the effect of changes in foreign currency exchange rates on the growth of General Insurance net premiums written:

	Years Ended December 31, 2008	2007
Growth in original currency*	(5.5)%	3.5%
Foreign exchange effect	1.6	1.4
Growth as reported in U.S. dollars	(3.9)%	4.9%

* *Computed using a constant exchange rate for each period.*

2008 and 2007 Comparison

General Insurance reported an operating loss in 2008 compared to operating income in 2007 due to declines in underwriting results and net investment income as well as increased net realized capital losses. The combined ratio for 2008 increased to 109.1, an increase of 19.0 points compared to the same period in 2007, primarily due to an increase in the loss ratio of 11.3 points. The loss ratio for accident year 2008 recorded in 2008 was 6.8 points higher than the loss ratio for accident year 2007 recorded in 2007. Catastrophe-related losses were $1.8 billion and $276 million in 2008 and 2007, accounting for 3.4 points of the increase in the accident year loss ratio. Increases in Mortgage Guaranty losses accounted for 2.8 points of the increase in the 2008 accident year loss ratio. The loss ratio also increased for other property and casualty lines due to premium rate decreases and changes in loss trends. Development from prior years increased incurred losses by $155 million in 2008 and decreased incurred losses by $606 million in 2007. The expense ratio increased primarily due to goodwill impairment charges of $2.0 billion in

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2008, principally attributable to goodwill arising from the acquisitions of HSB, 21st Century, and Transatlantic as well as the recognition of a premium deficiency reserve of $222 million in 2008 related to UGC's second-lien business. Also contributing to the operating loss was Personal Lines, primarily resulting from the goodwill impairment charge noted above.

General Insurance net premiums written declined $1.8 billion in 2008 compared to 2007, including a decline in U.S. workers' compensation net premiums of $1.7 billion due to declining rates, lower employment levels and increased competition. Declining rates in other casualty lines within Commercial Insurance and a reduction in Personal Lines net premiums earned were largely offset by growth in Foreign General Insurance from both established and new distribution channels and the positive effect of changes in foreign currency exchange rates.

See Results of Operations — Consolidated Results for further discussion on Net investment income and Realized capital gains (losses).

2007 and 2006 Comparison

General Insurance operating income increased in 2007 compared to 2006 due to growth in net investment income, partially offset by a decline in underwriting profit and net realized capital losses. The 2007 combined ratio increased to 90.1, an increase of 0.9 points compared to 2006, primarily due to an increase in the loss ratio of 1.0 points. The loss ratio for accident year 2007 recorded in 2007 was 2.3 points higher than the loss ratio for accident year 2006 recorded in 2006. Increases in Mortgage Guaranty losses accounted for a 2.1 point increase in the 2007 accident year loss ratio. The higher 2007 accident year loss ratio was partially offset by favorable development on prior years, which reduced incurred losses by $606 million and $53 million in 2007 and 2006, respectively. Additional favorable loss development of $50 million (recognized in consolidation and related to certain asbestos settlements) reduced overall incurred losses.

Commercial Insurance Results

2008 and 2007 Comparison

Commercial Insurance operating income decreased in 2008 compared to 2007, primarily due to significant declines in underwriting results and net investment income, as well as significantly greater net realized capital losses in 2008. The decline in underwriting results is also reflected in the combined ratio, which increased 21.6 points in 2008 compared to 2007. The loss ratio for accident year 2008 recorded in 2008 included a 6.0 point effect related to catastrophe losses, and was 13.3 points higher than the loss ratio for accident year 2007 recorded in 2007. Prior year development and increases in the loss reserve discount reduced incurred losses by $169 million and $555 million in 2008 and 2007, respectively, accounting for an additional 1.6 point increase in the combined ratio.

Commercial Insurance net premiums written declined in 2008 compared to 2007 primarily due to declines in premiums from workers' compensation and other casualty lines. Declines in other casualty lines were due to declining rates and reduced activity in the construction and transportation industries. Management and Professional liability lines declined due to increased competition, particularly in the fourth quarter of 2008.

Commercial Insurance expense ratio increased to 26.8 in 2008 compared to 18.4 in 2007. The most significant driver of the increase was goodwill impairment charges principally attributable to goodwill arising from the acquisition of HSB, representing 5.4 points of the increase in the expense ratio. Additionally, the provision for uncollectible premiums and other provisions increased approximately $178 million due to economic conditions, compared to a reduction of $18 million of expenses in 2007 as provisions established in 2006 were released, accounting for 0.9 points of the increase in the expense ratio. The remaining increase is due to the decline in net premiums earned and mix of business. While AIG is aggressively pursuing expense reductions, the impact of expense savings will lag the decline in net written premiums.

2007 and 2006 Comparison

Commercial Insurance operating income increased in 2007 compared to 2006 primarily due to growth in both net investment income and underwriting profit. The improvement is also reflected in the combined ratio, which declined 4.9 points in 2007 compared to 2006, primarily due to an improvement in the loss ratio of 3.3 points. Catastrophe-related losses increased the 2007 loss ratio by 0.4 points. The loss ratio for



accident year 2007 recorded

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in 2007 was 0.9 points lower than the loss ratio recorded in 2006 for accident year 2006. The loss ratio for accident year 2006 has improved in each quarter since September 30, 2006. As a result, the 2007 accident year loss ratio is 2.8 points higher than the 2006 accident year loss ratio, reflecting reductions in 2006 accident year losses recorded through December 31, 2007. Prior year development reduced incurred losses by $390 million in 2007 and increased incurred losses by $175 million in 2006, accounting for 2.4 points of the improvement in the loss ratio.

Commercial Insurance expense ratio decreased to 18.4 in 2007 compared to 20.1 in 2006, primarily due to the 2006 charge related to the remediation of the material weakness in internal control over certain balance sheet reconciliations that accounted for 2.1 points of the decline. The decline was partially offset by increases in operating expenses for marketing initiatives and operations.

Mortgage Guaranty Results

2008 and 2007 Comparison

Mortgage Guaranty operating loss increased in 2008 compared to 2007 due to declining housing values, increasing mortgage foreclosures and the recognition of a premium deficiency reserve on the second-lien business. The domestic first-lien operating loss increased by $1.0 billion in 2008 to $1.1 billion compared to 2007 while the second-lien operating loss of $1.2 billion in 2008, which includes the recognition of a $222 million premium deficiency reserve, increased $656 million compared to 2007.

During 2008, UGC tightened underwriting standards and increased premium rates for its first-lien business and ceased insuring second-lien business as of September 30, 2008. During the fourth quarter of 2008, UGC ceased insuring new private student loan business and suspended insuring new business throughout its European operations. All of these actions were in response to the deteriorating market conditions and resulted in a significant decline in new business written during the second half of 2008.

Net premiums written declined in 2008 compared to 2007. First- and second-lien business net premiums written grew moderately, primarily due to increased persistency year over year. However, new insurance written, which is a measure of the amount of new insurance added to the portfolio, decreased 45 percent, 82 percent and 42 percent for first- and second-lien business and international business, respectively, during 2008 compared to 2007. These declines are primarily due to UGC's tightening of underwriting guidelines and rate increases during the year and the actions described above.

Claims and claims adjustment expenses increased $1.8 billion compared to 2007 primarily due to the continuing decline in the domestic housing market. Domestic first-lien losses incurred of $1.8 billion increased 159 percent compared to the same period in 2007 resulting in a 2008 first-lien loss ratio of 276 compared to a 2007 loss ratio of 122. Second-lien losses incurred of $1.2 billion increased 61 percent compared to the same period in 2007. UGC strengthened international loss reserves by $96 million during the fourth quarter of 2008. Increases in both domestic and international losses incurred resulted in an overall loss ratio for Mortgage Guaranty (excluding the second-lien business in run-off) of 257 in 2008 compared to 111 in 2007. UGC's ability to cede losses to captive insurers will be reduced in future periods primarily due to captive reinsurers exceeding the limits of the reinsurance agreements.

Historically, Mortgage Guaranty included all mortgage insurance risks in a single premium deficiency test because the manner of acquiring, servicing and measuring the profitability of all Mortgage Guaranty contracts was consistent. Due to the run-off in the second-lien business, management no longer measures the profitability for the second-lien business in the same manner as that for Mortgage Guaranty's ongoing businesses, and will no longer report loss ratio or expense ratio information for the second-lien business. As a result, UGC performs a separate premium deficiency calculation for the second-lien business.

At December 31, 2008, the present value of expected second-lien future losses and expenses (net of expected future recoveries) was $1.4 billion, and was offset by the present value of expected second-lien future premiums of $499 million and the already established liability for unpaid claims and claims adjustment expense of $701 million, resulting in a premium deficiency reserve of $222 million. The second-lien risk in force at December 31, 2008 totaled $2.9 billion with 530 thousand second-lien policies in force compared to $3.8 billion of risk in force and 644 thousand policies in force at December 31, 2007. The second-lien business is expected to run-off over the next 10 to 12 years. Risk in force represents the full amount of second-lien loans insured reduced for contractual

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aggregate loss limits on certain pools of loans, usually 10 percent of the full amount of loans insured in each pool. Mortgage Guaranty may record net losses on this business in future periods because the timing of future delinquencies may precede recognition of future premiums in an amount in excess of the premium deficiency reserve.

UGC's domestic mortgage risk in force totaled $30.1 billion as of December 31, 2008 and the 60-day delinquency ratio was 7.5 percent (based on number of policies, consistent with mortgage industry practice) compared to domestic mortgage risk in force of $29.8 billion and a delinquency ratio of 3.7 percent at December 31, 2007. Approximately 84 percent of the domestic mortgage risk is secured by first-lien, owner-occupied properties.

2007 and 2006 Comparison

Mortgage Guaranty incurred an operating loss in 2007 compared to operating income in 2006 as the deteriorating U.S. residential housing market adversely affected losses incurred for both the domestic first- and second-lien businesses. Domestic first- and second-lien losses incurred increased 362 percent and 346 percent respectively, compared to 2006, resulting in loss ratios of 122.0 and 357.0, respectively, in 2007. Increases in domestic losses incurred resulted in an overall loss ratio of 168.6 in 2007 compared to 47.2 in 2006. Prior year development reduced incurred losses in 2007 by $25 million compared to a reduction of $115 million in 2006, which accounted for 10.2 points of the increase in the loss ratio.

Net premiums written increased in 2007 compared to 2006 primarily due to growth in the international markets, accounting for 58 percent of the increase in net premiums written. In addition, the increased use of mortgage insurance for credit enhancement as well as better persistency resulted in an increase in domestic first-lien premiums.

The expense ratio in 2007 was 21.2, down from 23.4 in 2006 as premium growth offset the effect of increased expenses related to UGC's international expansion and the employment of additional operational resources in the second-lien business.

Foreign General Insurance Results

2008 and 2007 Comparison

Foreign General Insurance operating income decreased in 2008 compared to 2007 due to a decrease in statutory underwriting profit and change in DAC of $724 million, an increase in net realized capital losses reflecting other-than-temporary-impairment charges related to the deterioration in the fixed income markets (see — Results of Operations — Consolidated Results-Net Realized Gains (losses) for further discussion), and a decrease in net investment income reflecting lower mutual fund and partnership income related to poor performance in the equity markets (see Results of Operations — Consolidated Results — Net Investment Income for further discussion).

Net premiums written increased 10 percent (5 percent in original currency) in 2008 compared to 2007 due to growth in commercial and consumer lines driven by new business from established and new distribution channels, including the late 2007 acquisition of Württembergische und Badische Versicherungs — AG (WüBa) in Germany. New business in the commercial lines in the U.K. and Europe and decreases in the use of reinsurance increased net premiums earned, but were partially offset by declines in premium rates. Growth in personal accident business in Latin America, South East Asia and Europe also contributed to the increase, however, premiums from the Lloyd's Syndicate Ascot continued to decline.

The loss ratio in 2008 increased 5.1 points compared to 2007 due to:

- The loss ratio for accident year 2008 recorded in 2008 was 3.2 points higher than the loss ratio recorded in 2007 for accident year 2007 primarily due to continued rate erosion and increased lower level claims frequency.
- Loss development on prior accident years increased the loss ratio by 1.9 points.

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2007 and 2006 Comparison

Foreign General Insurance operating income decreased in 2007 compared to 2006, due primarily to decreases in net investment income and statutory underwriting profit. Net investment income in 2006 included income of $424 million from unit investment trusts (UCITS) adjustments. Underwriting profit decreased due to losses from the June 2007 U.K. floods, an increase in severe but non-catastrophic losses and higher frequency of non-severe losses compared to 2006, partially offset by higher favorable loss development on prior accident years.

Net premiums written increased 14 percent (10 percent in original currency) in 2007 compared to 2006, reflecting growth in commercial and consumer lines driven by new business from both established and new distribution channels, including Central Insurance Co. Ltd. in Taiwan acquired in late 2006. Net premiums written for commercial lines increased due to new business in the U.K. and Europe and decreases in the use of reinsurance, partially offset by declines in premium rates. Growth in consumer lines in Latin America, Asia and Europe also contributed to the increase. Net premiums written for the Lloyd's syndicate Ascot (Ascot) and Aviation declined due to rate decreases and increased market competition.

The 2007 loss ratio increased a total of 1.7 points compared to 2006. Losses of $90 million from the June 2007 U.K. floods added 0.7 points to the loss ratio and higher severe but non-catastrophic losses and higher loss frequency for personal accident business in Japan and personal lines business in Asia and Latin America added 1.6 points to the loss ratio. Partially offsetting these increases was favorable loss development on prior accident years of $286 million in 2007 compared to $183 million in 2006, which decreased the loss ratio by 0.6 points.

The 2007 expense ratio increased 1.3 points compared to 2006. This increase reflected the cost of realigning certain legal entities through which Foreign General Insurance operates and the increased significance of consumer lines of business, which have higher acquisition costs. These factors contributed 0.7 points to the 2007 expense ratio.

Liability for unpaid claims and claims adjustment expense

The following table presents the components of the General Insurance gross liability for unpaid claims and claims adjustment expense (loss reserves) by major lines of business on a statutory annual statement basis:*

	At December 31,	
	2008	2007
	(In millions)	
Other liability occurrence	**$19,773**	$20,580
Workers' compensation	**15,170**	15,568
Other liability claims made	**13,189**	13,878
International	**11,786**	7,036
Auto liability	**5,593**	6,068
Property	**5,201**	4,274
Mortgage guaranty/credit	**3,137**	1,426
Reinsurance	**3,102**	3,127
Products liability	**2,400**	2,416
Medical malpractice	**2,210**	2,361
Aircraft	**1,693**	1,623
Accident and health	**1,451**	1,818
Commercial multiple peril	**1,163**	1,900
Fidelity/surety	**1,028**	1,222
Other	**2,362**	2,203
Total	**$89,258**	$85,500

* *Presented by lines of business pursuant to statutory reporting requirements as prescribed by the National Association of Insurance Commissioners.*

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Reserves for non-U.S. domiciled companies are carried in the International line of business. As a result of restructuring of certain foreign operations in 2008, reserves for the International line of business included amounts formerly reported in other lines of business.

AIG's gross liability for unpaid claims and claims adjustment expense represents the accumulation of estimates of ultimate losses, including estimates for incurred but not yet reported reserves (IBNR) and loss expenses. The methods used to determine loss reserve estimates and to establish the resulting reserves are continually reviewed and updated. Any adjustments resulting therefrom are currently reflected in operating income. Because loss reserve estimates are subject to the outcome of future events, changes in estimates are unavoidable given that loss trends vary and time is often required for changes in trends to be recognized and confirmed. Reserve changes that increase previous estimates of ultimate cost are referred to as unfavorable or adverse development or reserve strengthening. Reserve changes that decrease previous estimates of ultimate cost are referred to as favorable development.

Estimates for mortgage guaranty insurance losses and loss adjustment expense reserves are based on notices of mortgage loan delinquencies and estimates of delinquencies that have been incurred but have not been reported by loan servicers, based upon historical reporting trends. Mortgage Guaranty establishes reserves using a percentage of the contractual liability (for each delinquent loan reported) that is based upon past experience regarding certain loan factors such as age of the delinquency, cure rates, dollar amount of the loan and type of mortgage loan. Because mortgage delinquencies and claims payments are affected primarily by macroeconomic events, such as changes in home price appreciation or depreciation, interest rates and unemployment, the determination of the ultimate loss cost requires a high degree of judgment. AIG believes it has provided appropriate reserves for currently delinquent loans. Consistent with industry practice, AIG does not establish a reserve for insured loans that are not currently delinquent, but that may become delinquent in future periods.

At December 31, 2008, General Insurance net loss reserves increased $3.17 billion from 2007 to $72.46 billion. The net loss reserves represent loss reserves reduced by reinsurance recoverable, net of an allowance for unrecoverable reinsurance and applicable discount for future investment income.

The following table classifies the components of the General Insurance net liability for unpaid claims and claims adjustment expense by business unit:

	At December 31,	
	2008	2007
	(In millions)	
Commercial Insurance	**$48,789**	$47,392
Transatlantic	**7,349**	6,900
Personal Lines	**2,460**	2,417
Mortgage Guaranty	**3,004**	1,339
Foreign General Insurance	**10,853**	11,240
Total net loss reserves	**$72,455**	$69,288

Discounting of Reserves

At December 31, 2008, AIG's overall General Insurance net loss reserves reflect a loss reserve discount of $2.57 billion, including tabular and non-tabular calculations. The tabular workers' compensation discount is calculated using a 3.5 percent interest rate and the 1979-81 Decennial Mortality Table. The non-tabular workers' compensation discount is calculated separately for companies domiciled in New York and Pennsylvania, and follows the statutory regulations for each state. For New York companies, the discount is based on a five percent interest rate and the companies' own payout patterns. For Pennsylvania companies, the statute has specified discount factors for accident years 2001 and prior, which are based on a six percent interest rate and an industry payout pattern. For accident years 2002 and subsequent, the discount is based on the payout patterns and investment yields of the companies. Certain other liability occurrence and products liability occurrence business in AIRCO that was written by Commercial Insurance is discounted based on the yield of United States Department of the Treasury securities ranging from one to twenty years and the Commercial Insurance payout pattern for this business. The discount is comprised of the following: $733 million — tabular discount for workers' compensation in Commercial

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Insurance; $1.67 billion — non-tabular discount for workers' compensation in Commercial Insurance; and, $170 million — non-tabular discount for other liability occurrence and products liability occurrence in AIRCO for Commercial Insurance business. Since 1998 AIRCO has assumed on a quota share basis certain general liability and products liability business written by Commercial Insurance, and the reserves for this business are carried on a discounted basis by AIRCO.

Results of the Reserving Process

AIG believes that the General Insurance net loss reserves are adequate to cover General Insurance net losses and loss expenses as of December 31, 2008. While AIG regularly reviews the adequacy of established loss reserves, there can be no assurance that AIG's ultimate loss reserves will not develop adversely and materially exceed AIG's loss reserves as of December 31, 2008. In the opinion of management, such adverse development and resulting increase in reserves is not likely to have a material adverse effect on AIG's consolidated financial condition, although it could have a material adverse effect on AIG's consolidated results of operations for an individual reporting period. See Item 1A. Risk Factors — Casualty Insurance and Underwriting Reserves.

The following table presents the reconciliation of net loss reserves:

	At December 31,		
	2008	2007	2006
		(In millions)	
Net liability for unpaid claims and claims adjustment expense at beginning of year	**$69,288**	$62,630	$57,476
Foreign exchange effect	**(2,113)**	955	741
Acquisitions and dispositions *(a)*	**(269)**	317	55
Losses and loss expenses incurred:			
Current year	**35,085**	30,261	27,805
Prior years, other than accretion of discount *(b)*	**118**	(656)	(53)
Prior years, accretion of discount	**317**	327	300
Losses and loss expenses incurred	**35,520**	29,932	28,052
Losses and loss expenses paid:			
Current year	**13,440**	9,684	8,368
Prior years	**16,531**	14,862	15,326
Losses and loss expenses paid	**29,971**	24,546	23,694
Net liability for unpaid claims and claims adjustment expense at end of year	**$72,455**	$69,288	$62,630

(a) Reflects the closing balance with respect to Unibanco divested in the fourth quarter of 2008 and the opening balance with respect to the acquisitions of WiiBa and the Central Insurance Co., Ltd. in 2007 and 2006, respectively.

(b) Includes $88 million and $181 million in 2007 and 2006, respectively, for the general reinsurance operations of Transatlantic and, $7 million, $64 million and $103 million of losses incurred in 2008, 2007 and 2006, respectively, resulting from 2005 and 2004 catastrophes.

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American International Group, Inc., and Subsidiaries

The following tables summarize development, (favorable) or unfavorable, of incurred losses and loss expenses for prior years (other than accretion of discount):

	Years Ended December 31,		
	2008	2007	2006
		(In millions)	
Prior Accident Year Development by Reporting Unit:			
Commercial Insurance	$ (24)	$(390)	$ 175
Personal Lines	65	7	(111)
Mortgage Guaranty	177	(25)	(115)
Foreign General Insurance	(62)	(286)	(183)
Subtotal	156	(694)	(234)
Transatlantic	(1)	88	181
Asbestos settlements*	(37)	(50)	----
Prior years, other than accretion of discount	$118	$(656)	$ (53)

* *Represents the effect of settlements of certain asbestos liabilities.*

	Years Ended December 31,		
	2008	2007	2006
		(In millions)	
Prior Accident Year Development by Major Class of Business:			
Excess casualty (Commercial Insurance)	$1,105	$ 73	$ 102
D&O and related management liability (Commercial Insurance)	(430)	(305)	(20)
Excess workers' compensation (Commercial Insurance)	(12)	(14)	74
Healthcare (Commercial insurance)	(310)	(194)	(130)
Reinsurance (Transatlantic)	(1)	88	181
Asbestos and environmental (primarily Commercial Insurance)	51	18	208
All other, net	(285)	(322)	(468)
Prior years, other than accretion of discount	$ 118	$(656)	$ (53)

	Years Ended December 31, Calendar Year		
	2008	2007	2006
		(In millions)	
Prior Accident Year Development by Accident Year:			
Accident Year			
2007	$(370)		
2006	(590)	$(1,248)	
2005	(455)	(446)	$(1,576)
2004	(335)	(428)	(511)
2003	200	37	(212)
2002	176	234	373
2001	238	263	29
2000	341	321	338
1999	346	47	382
1998 and prior	567	564	1,124
Prior years, other than accretion of discount	$ 118	$ (656)	$ (53)

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American International Group, Inc., and Subsidiaries

In determining the loss development from prior accident years, AIG conducts analyses to determine the change in estimated ultimate loss for each accident year for each profit center. For example, if loss emergence for a profit center is different than expected for certain accident years, the actuaries examine the indicated effect such emergence would have on the reserves of that profit center. In some cases, the higher or lower than expected emergence may result in no clear change in the ultimate loss estimate for the accident years in question, and no adjustment would be made to the profit center's reserves for prior accident years. In other cases, the higher or lower than expected emergence may result in a larger change, either favorable or unfavorable, than the difference between the actual and expected loss emergence. Such additional analyses were conducted for each profit center, as appropriate, in 2008 to determine the loss development from prior accident years for 2008. As part of its reserving process, AIG also considers notices of claims received with respect to emerging issues, such as those related to the U.S. mortgage and housing market.

2008 Net Loss Development

In 2008, net loss development from prior accident years was adverse by approximately $118 million, including approximately $339 million of favorable development relating to loss sensitive business in the first three months of 2008 (which was offset by an equal amount of negative earned premium development), and excluding approximately $317 million from accretion of loss reserve discount. Excluding both the favorable development relating to loss sensitive business and accretion of loss reserve discount, net loss development from prior accident years in 2008 was adverse by approximately $457 million. The overall adverse development of $118 million consisted of approximately $1.75 billion of favorable development from accident years 2004 through 2007 offset by approximately $1.87 billion of adverse loss development from accident years 2003 and prior. The adverse development from accident years 2003 and prior was primarily related to excess casualty business within Commercial Insurance; this business accounted for approximately $1.25 billion of the adverse development from accident years 2003 and prior. The favorable development from accident years 2004 through 2007 included approximately $590 million in favorable development from business written by Lexington Insurance Company, including healthcare, catastrophic casualty, casualty and program businesses. Financial Services divisions within Commercial Insurance, including D&O and related management liability business, contributed approximately $430 million to the favorable development from accident years 2004 through 2007, relating primarily to D&O, and related management liability business from accident years 2004 and 2005. The adverse development from accident years 2003 and prior included approximately $200 million related to claims involving MTBE, a gasoline additive, primarily on excess casualty business within Commercial Insurance from accident years 2000 and prior. In addition, the excess casualty adverse development reflect continued emergence of latent claims such as construction defect, product aggregate, and pharmaceutical related exposures, as well as higher than expected large loss activity from these accident years. AIG's exposure to these latent exposures was reduced after 2002 due to significant changes in policy terms and conditions as well as underwriting guidelines. (See Net Loss Development by Class of Business below). Other segments throughout AIG also contributed to the adverse development from accident year 2003 and prior, including approximately $215 million relating to Transatlantic. Mortgage Guaranty contributed approximately $177 million of overall adverse development in 2008, with $159 million relating to accident year 2007. See Year-to-Date Mortgage Guaranty Results — 2008 and 2007 Comparison above.

2007 Net Loss Development

In 2007, net loss development from prior accident years was favorable by approximately $656 million, including approximately $88 million of adverse development from Transatlantic; and excluding approximately $327 million from accretion of loss reserve discount. Excluding Transatlantic, as well as accretion of discount, net loss development in 2007 from prior accident years was favorable by approximately $744 million. The overall favorable development of $656 million consisted of approximately $2.12 billion of favorable development from accident years 2004 through 2006, partially offset by approximately $1.43 billion of adverse development from accident years 2002 and prior and $37 million of adverse development from accident year 2003. In 2007, most classes of AIG's business continued to experience favorable development for accident years 2004 through 2006. The majority of the adverse development from accident years 2002 and prior was related to development from excess casualty and primary workers' compensation business within Commercial Insurance and from Transatlantic. The development from accident year 2003 was primarily related to adverse development from excess casualty and primary workers' compensation business within Commercial Insurance offset by favorable development from most



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other classes of business. The overall favorable development of $656 million included approximately $305 million pertaining to the D&O and related management liability classes of business within Commercial Insurance, consisting of approximately $335 million of favorable development from accident years 2003 through 2006, partially offset by approximately $30 million of adverse development from accident years 2002 and prior. The overall favorable development of $656 million also included approximately $300 million of adverse development from primary workers' compensation business within Commercial Insurance.

2006 Net Loss Development

In 2006, net loss development from prior accident years was favorable by approximately $53 million, including approximately $198 million in net adverse development from asbestos and environmental reserves resulting from the updated ground-up analysis of these exposures in the fourth quarter of 2006; approximately $103 million of adverse development pertaining to the major hurricanes in 2004 and 2005; and $181 million of adverse development from Transatlantic; and excluding approximately $300 million from accretion of loss reserve discount. Excluding the fourth quarter asbestos and environmental reserve increase, catastrophes and Transatlantic, as well as accretion of discount, net loss development in 2006 from prior accident years was favorable by approximately $535 million. The overall favorable development of $53 million consisted of approximately $2.30 billion of favorable development from accident years 2003 through 2005, partially offset by approximately $2.25 billion of adverse development from accident years 2002 and prior. In 2006, most classes of AIG's business continued to experience favorable development for accident years 2003 through 2005. The adverse development from accident years 2002 and prior reflected development from excess casualty, workers' compensation, excess workers' compensation, and post-1986 environmental liability classes of business, all within Commercial Insurance, from asbestos reserves within Commercial Insurance and Foreign General Insurance, and from Transatlantic.

Net Loss Development by Class of Business

The following is a discussion of the primary reasons for the development in 2008, 2007 and 2006 for those classes of business that experienced significant prior accident year developments during the three-year period. See Asbestos and Environmental Reserves below for a further discussion of asbestos and environmental reserves and development.

Excess Casualty: Excess Casualty reserves experienced significant adverse loss development in 2008, following relatively minor adverse development in 2006 and 2007. However, all three years exhibited significant adverse development from accident years 2002 and prior. The increase in loss costs resulted primarily from medical inflation, which increased the economic loss component of tort claims, advances in medical care, which extended the life span of severely injured claimants, and larger jury verdicts, which increased the value of severe tort claims. An additional factor affecting AIG's excess casualty experience in recent years has been the exhaustion of underlying primary policies for products liability coverage and for homebuilders. This has led to increased loss emergence relating to claims involving exhaustion of underlying product aggregates and increased construction defect-related claims activity on AIG's excess and umbrella policies. Many excess casualty policies were written on a multi-year basis in the late 1990s, which limited AIG's ability to respond to emerging market trends as rapidly as would otherwise be the case. In subsequent years, AIG responded to these emerging trends by increasing rates and implementing numerous policy form and coverage changes. This led to a significant improvement in experience beginning with accident year 2001. In 2007 and 2008, a significant portion of the adverse development from accident years 2002 and prior also related to latent exposures, including pharmaceutical exposures as well as the construction defect and product aggregate related exposures noted above. AIG's exposure to these latent exposures was sharply reduced after 2002 due to significant changes in policy terms and conditions as well as underwriting guidelines. Another contributor to the adverse development during 2006 through 2008 is that actual loss development for other large losses for accident years 1998 and subsequent have emerged at higher than expected levels as compared to the loss emergence pattern exhibited from earlier accident years. This has caused significant additional development for accident years 1998 to 2002, and to a lesser extent 2003. In 2008, this phenomenon also caused some adverse development for accident year 2004; however the accident year results for accident years 2003 and 2004 both remain very favorable.

For the year-end 2007 loss reserve review, AIG claims staff updated its review of accounts with significant exposure to construction defect-related claims. AIG's actuaries determined that no significant changes in the



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assumptions were required. Prior accident year loss development in 2007 was adverse by approximately $75 million, a minor amount for this class of business. However, AIG continued to experience adverse development in this class for accident years 2002 and prior, amounting to approximately $450 million in 2007. In addition, loss reserves developed adversely for accident year 2003 by approximately $100 million in 2007 for this class. The loss ratio for accident year 2003 remained very favorable for this class and had been relatively stable over the past several years. Favorable development in 2007 for accident years 2004 through 2006 largely offset the adverse development from accident years 2003 and prior. A significant portion of the adverse development from accident years 2002 and prior related to the latent exposures described above.

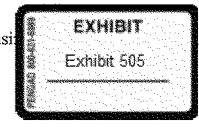
For the year-end 2006 loss reserve review, AIG claims staff updated the separate review for accounts with significant exposure to construction defect-related claims in order to assist the actuaries in determining the proper reserve for this exposure. AIG's actuaries determined that no significant changes in the assumptions were required. Prior accident year loss development in 2006 was adverse by approximately $100 million, a relatively minor amount for this class of business. However, AIG continued to experience adverse development for this class for accident years prior to 2003.

For the year-end 2008 loss reserve review, AIG claims staff again updated its review of accounts with significant exposure to construction defect-related claims. In response to the continued upward developments on these claims, and based on an updated analysis of this development, AIG increased the reserves by an additional $75 million beyond the increases identified in the claims review. In response to the continued adverse development of product aggregate related claims during 2007 and 2008, AIG's actuaries conducted a special analysis of product aggregate-related claims development, resulting in an increase in the IBNR reserve for this exposure of $175 million. In response to the high level of pharmaceutical related claim emergence during 2007 and 2008, AIG claims staff reviewed the remaining exposure, and based on this review an additional reserve of $10 million was established. In response to the much greater than expected actual loss emergence for other large losses for accident years 1998 and subsequent during 2007 and 2008, AIG's actuaries increased the loss development factor assumptions for this business, resulting in a further increase of approximately $200 million in loss reserves for this class. In total, the specific increases in reserves related to these items increased the excess casualty reserves by approximately $460 million during 2008, of which $370 million was recognized in AIG's fourth quarter 2008 results. In the first three months of 2008, AIG also recognized approximately $200 million of losses relating to MTBE, a gasoline additive, which primarily related to excess casualty business from accident years 2000 and prior. While the various adjustments described above were intended to respond appropriately to the recent adverse trends in loss experience, excess casualty remains a highly volatile class of business and there cannot be any assurance that further adjustments to assumptions in the loss reserve process for this class of business will not be necessary.

Loss reserves pertaining to the excess casualty class of business are generally included in the other liability occurrence line of business, with a small portion of the excess casualty reserves included in the other liability claims made line of business, as presented in the table above.

D&O and Related Management Liability Classes of Business: AIG experienced an insignificant amount of favorable development in 2006 for the D&O and related management liability class of business, followed by significant favorable development during 2007 and 2008. The favorable development throughout the three-year period related primarily to accident years 2004 and 2005, and to a lesser extent accident years 2003 and 2006. Loss cost trends for D&O and related management liability classes of business were adverse in accident years 2002 and prior due to a variety of factors, including an increase in frequency and severity of corporate bankruptcies; the increase in the frequency of financial restatements; the sharp rise in market capitalization of publicly traded companies; and the increase in the number of initial public offerings. The 2003 through 2006 period was marked by a significant reduction in claims related to these factors; thus the expected loss ratios initially established for these accident years have developed favorably, particularly for 2004 and 2005. Beginning in accident year 2007, claims relating to the credit crisis have resulted in increased overall claim activity, and accident year 2007 reserves developed adversely by a relatively insignificant amount during 2008. AIG utilizes ground up claims projections by AIG claims staff as a benchmark to select the loss reserves for this business; these projections are updated annually.

For the year-end 2008 loss reserve review, AIG's actuaries took into account the continued favorable loss emergence for accident years 2006 and prior. They determined that, in order to respond to the significant favorable loss emergence during 2007 and 2008, greater weight should be applied to the improving loss experience for

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accident years 2006 and prior. Loss reserve selections therefore gave increased weight to the improved experience and less weight to the ground-up claim projections for these accident years, as the experience has continued to improve relative to the claim benchmark that was originally established for these accident years. For accident year 2007, the claim projections include claims relating to the credit crisis. The recognition of these projections resulted in a significant increase in loss reserves for some D&O subclasses. However this was partially offset by favorable loss development for other subclasses that were significantly less affected by the credit crisis. The overall development for accident year 2007 was thus only a modest increase in loss reserves. The reserves established for accident year 2008 reflect AIG's expectation of increased claim activity relating to the credit crisis. Given the uncertainty of the ultimate development from claims relating to the credit crisis in accident years 2007 and 2008, there is a greater than normal potential variation in the loss ratios for these accident years. The increased responsiveness to the improving loss trends for accident years 2006 and prior resulted in approximately $225 million of favorable loss development in the fourth quarter of 2008 for this business, primarily in accident years 2004 and 2005.

For the year-end 2007 loss reserve review, AIG's actuaries determined that no significant changes in the assumptions were required. Prior accident year reserve development in 2007 was favorable by approximately $305 million, due primarily to favorable development from accident years 2004 and 2005, and to a lesser extent 2003 and 2006. AIG's actuaries continued to benchmark the loss reserve indications to the ground-up claim projections provided by AIG claims staff for this class of business. For the year-end 2007 loss reserve review, the ground-up claim projections included all accident years through 2006, and included stock options backdating-related exposures from accident year 2006.

For the year-end 2006 loss reserve review, AIG's actuaries determined that no significant changes in the assumptions were required. Prior accident year loss development in 2006 was favorable by approximately $20 million, an insignificant amount for these classes. AIG's actuaries continued to benchmark the loss reserve indications to the ground-up claim projections provided by AIG claims staff for this class of business. For the year-end 2006 loss reserve review, the ground-up claim projections included all accident years through 2005.

Loss reserves pertaining to D&O and related management liability classes of business are included in the other liability claims made line of business, as presented in the table above.

Healthcare: Healthcare business written by Commercial Insurance produced moderate favorable development in 2006 and 2007 and significant favorable development in 2008. Healthcare loss reserves have benefited from favorable market conditions and an improved legal environment in accident years 2002 and subsequent, following a period of adverse loss trends and market conditions that began in the mid 1990's. For the year-end 2008 loss reserve review, AIG's actuaries responded to the consistently favorable experience observed during the latest three years by utilizing more responsive assumptions relating to loss development factors, loss trend factors, and expected loss ratios for this business. These modified assumptions resulted in approximately $140 million of additional favorable development that was recognized in the fourth quarter of 2008 for this business.

Overview of Loss Reserving Process

The General Insurance loss reserves can generally be categorized into two distinct groups. One group is short-tail classes of business consisting principally of property, personal lines and certain casualty classes. The other group is long-tail casualty classes of business which includes excess and umbrella liability, D&O, professional liability, medical malpractice, workers' compensation, general liability, products liability and related classes.

Short-Tail Reserves

For operations writing short-tail coverages, such as property coverages, the process of recording quarterly loss reserves is generally geared toward maintaining an appropriate reserve for the outstanding exposure, rather than determining an expected loss ratio for current business. For example, the IBNR reserve required for a class of property business might be expected to approximate 20 percent of the latest year's earned premiums, and this level of reserve would generally be maintained regardless of the loss ratio emerging in the current quarter. The 20 percent factor would be adjusted to reflect changes in rate levels, loss reporting patterns, known exposure to unreported losses, or other factors affecting the particular class of business.

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Long-Tail Reserves

Estimation of ultimate net losses and loss expenses (net losses) for long-tail casualty classes of business is a complex process and depends on a number of factors, including the class and volume of business involved. Experience in the more recent accident years of long-tail casualty classes of business shows limited statistical credibility in reported net losses because a relatively low proportion of net losses would be reported claims and expenses and an even smaller percentage would be net losses paid. Therefore, IBNR would constitute a relatively high proportion of net losses.

AIG's carried net long-tail loss reserves are tested using loss trend factors that AIG considers appropriate for each class of business. A variety of actuarial methods and assumptions is normally employed to estimate net losses for long-tail casualty classes of businesses. These methods ordinarily involve the use of loss trend factors intended to reflect the annual growth in loss costs from one accident year to the next. For the majority of long-tail casualty classes of business, net loss trend factors approximated five percent. Loss trend factors reflect many items including changes in claims handling, exposure and policy forms, current and future estimates of monetary inflation and social inflation and increases in litigation and awards. These factors are periodically reviewed and adjusted, as appropriate, to reflect emerging trends which are based upon past loss experience. Thus, many factors are implicitly considered in estimating the year to year growth in loss costs.

A number of actuarial assumptions are generally made in the review of reserves for each class of business. For longer-tail classes of business, actuarial assumptions generally are made with respect to the following:

- Loss trend factors which are used to establish expected loss ratios for subsequent accident years based on the projected loss ratio for prior accident years.
- Expected loss ratios for the latest accident year (i.e., accident year 2008 for the year-end 2008 loss reserve analysis) and, in some cases for accident years prior to the latest accident year. The expected loss ratio generally reflects the projected loss ratio from prior accident years, adjusted for the loss trend (see above) and the effect of rate changes and other quantifiable factors on the loss ratio. For low-frequency, high-severity classes such as excess casualty, expected loss ratios generally are used for at least the three most recent accident years.
- Loss development factors which are used to project the reported losses for each accident year to an ultimate basis. Generally, the actual loss development factors observed from prior accident years would be used as a basis to determine the loss development factors for the subsequent accident years.

AIG records quarterly changes in loss reserves for each of its many General Insurance classes of business. The overall change in AIG's loss reserves is based on the sum of these classes of business changes. For most long-tail classes of business, the process of recording quarterly loss reserve changes involves determining the estimated current loss ratio for each class of coverage. This loss ratio is multiplied by the current quarter's net earned premium for that class of coverage to determine the current accident quarter's total estimated net incurred loss and loss expense. The change in loss reserves for the quarter for each class is thus the difference between the net incurred loss and loss expense, estimated as described above, and the net paid losses and loss expenses in the quarter. Also any change in estimated ultimate losses from prior accident years, either positive or negative, is reflected in the loss reserve for the current quarter.

Details of the Loss Reserving Process

The process of determining the current loss ratio for each class of business is based on a variety of factors. These include, but are not limited to, the following considerations: prior accident year and policy year loss ratios; rate changes; changes in coverage, reinsurance, or mix of business; and actual and anticipated changes in external factors affecting results, such as trends in loss costs or in the legal and claims environment. The current loss ratio for each class of business reflects input from actuarial, underwriting and claims staff and is intended to represent management's best estimate of the current loss ratio after reflecting all of the factors described above. At the close of each quarter, the assumptions underlying the loss ratios are reviewed to determine if the loss ratios remain appropriate. This process includes a review of the actual claims experience in the quarter, actual rate changes achieved, actual changes in coverage, reinsurance or mix of business, and changes in certain other factors that may

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affect the loss ratio. When this review suggests that the initially determined loss ratio is no longer appropriate, the loss ratio for current business is changed to reflect the revised assumptions.

A comprehensive annual loss reserve review is completed in the fourth quarter of each year for each AIG general insurance subsidiary. These reviews are conducted in full detail for each class of business for each subsidiary, and thus consist of hundreds of individual analyses. The purpose of these reviews is to confirm the appropriateness of the reserves carried by each of the individual subsidiaries, and therefore of AIG's overall carried reserves. The reserve analysis for each class of business is performed by the actuarial personnel who are most familiar with that class of business. In completing these detailed actuarial reserve analyses, the actuaries are required to make numerous assumptions, including the selection of loss development factors and loss cost trend factors. They are also required to determine and select the most appropriate actuarial methods to employ for each business class. Additionally, they must determine the appropriate segmentation of data from which the adequacy of the reserves can be most accurately tested. In the course of these detailed reserve reviews a point estimate of the loss reserve is determined. The sum of these point estimates for each class of business for each subsidiary provides an overall actuarial point estimate of the loss reserve for that subsidiary. The ultimate process by which the actual carried reserves are determined considers both the actuarial point estimate and numerous other internal and external factors including a qualitative assessment of inflation and other economic conditions in the United States and abroad, changes in the legal, regulatory, judicial and social environment, underlying policy pricing, terms and conditions, and claims handling. Loss reserve development can also be affected by commutations of assumed and ceded reinsurance agreements.

Actuarial Methods for Major Classes of Business

In testing the reserves for each class of business, a determination is made by AIG's actuaries as to the most appropriate actuarial methods. This determination is based on a variety of factors including the nature of the claims associated with the class of business, such as frequency or severity. Other factors considered include the loss development characteristics associated with the claims, the volume of claim data available for the applicable class, and the applicability of various actuarial methods to the class. In addition to determining the actuarial methods, the actuaries determine the appropriate loss reserve groupings of data. For example, AIG writes a great number of unique subclasses of professional liability. For pricing or other purposes, it is appropriate to evaluate the profitability of each subclass individually. However, for purposes of estimating the loss reserves for professional liability, it is appropriate to combine the subclasses into larger groups. The greater degree of credibility in the claims experience of the larger groups may outweigh the greater degree of homogeneity of the individual subclasses. This determination of data segmentation and actuarial methods is carefully considered for each class of business. The segmentation and actuarial methods chosen are those which together are expected to produce the most accurate estimate of the loss reserves.

Actuarial methods used by AIG for most long-tail casualty classes of business include loss development methods and expected loss ratio methods, including "Bornhuetter Ferguson" methods described below. Other methods considered include frequency/severity methods, although these are generally used by AIG more for pricing analysis than for loss reserve analysis. Loss development methods utilize the actual loss development patterns from prior accident years to project the reported losses to an ultimate basis for subsequent accident years. Loss development methods generally are most appropriate for classes of business which exhibit a stable pattern of loss development from one accident year to the next, and for which the components of the classes have similar development characteristics. For example, property exposures would generally not be combined into the same class as casualty exposures, and primary casualty exposures would generally not be combined into the same class as excess casualty exposures. Expected loss ratio methods are generally utilized by AIG where the reported loss data lacks sufficient credibility to utilize loss development methods, such as for new classes of business or for long-tail classes at early stages of loss development.

Expected loss ratio methods rely on the application of an expected loss ratio to the earned premium for the class of business to determine the loss reserves. For example, an expected loss ratio of 70 percent applied to an earned premium base of $10 million for a class of business would generate an ultimate loss estimate of $7 million. Subtracting any reported paid losses and loss expense would result in the indicated loss reserve for this class. "Bornhuetter Ferguson" methods are expected loss ratio methods for which the expected loss ratio is applied only to the expected unreported portion of the losses. For example, for a long-tail class of business for which only



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10 percent of the losses are expected to be reported at the end of the accident year, the expected loss ratio would be applied to the 90 percent of the losses still unreported. The actual reported losses at the end of the accident year would be added to determine the total ultimate loss estimate for the accident year. Subtracting the reported paid losses and loss expenses would result in the indicated loss reserve. In the example above, the expected loss ratio of 70 percent would be multiplied by 90 percent. The result of 63 percent would be applied to the earned premium of $10 million resulting in an estimated unreported loss of $6.3 million. Actual reported losses would be added to arrive at the total ultimate losses. If the reported losses were $1 million, the ultimate loss estimate under the "Bornhuetter Ferguson" method would be $7.3 million versus the $7 million amount under the expected loss ratio method described above. Thus, the "Bornhuetter Ferguson" method gives partial credibility to the actual loss experience to date for the class of business. Loss development methods generally give full credibility to the reported loss experience to date. In the example above, loss development methods would typically indicate an ultimate loss estimate of $10 million, as the reported losses of $1 million would be estimated to reflect only 10 percent of the ultimate losses.

A key advantage of loss development methods is that they respond quickly to any actual changes in loss costs for the class of business. Therefore, if loss experience is unexpectedly deteriorating or improving, the loss development method gives full credibility to the changing experience. Expected loss ratio methods would be slower to respond to the change, as they would continue to give more weight to the expected loss ratio, until enough evidence emerged for the expected loss ratio to be modified to reflect the changing loss experience. On the other hand, loss development methods have the disadvantage of overreacting to changes in reported losses if in fact the loss experience is not credible. For example, the presence or absence of large losses at the early stages of loss development could cause the loss development method to overreact to the favorable or unfavorable experience by assuming it will continue at later stages of development. In these instances, expected loss ratio methods such as "Bornhuetter Ferguson" have the advantage of properly recognizing large losses without extrapolating unusual large loss activity onto the unreported portion of the losses for the accident year. AIG's loss reserve reviews for long-tail classes typically utilize a combination of both loss development and expected loss ratio methods. Loss development methods are generally given more weight for accident years and classes of business where the loss experience is highly credible. Expected loss ratio methods are given more weight where the reported loss experience is less credible, or is driven more by large losses. Expected loss ratio methods require sufficient information to determine the appropriate expected loss ratio. This information generally includes the actual loss ratios for prior accident years, and rate changes as well as underwriting or other changes which would affect the loss ratio. Further, an estimate of the loss cost trend or loss ratio trend is required in order to allow for the effect of inflation and other factors which may increase or otherwise change the loss costs from one accident year to the next.

Frequency/severity methods generally rely on the determination of an ultimate number of claims and an average severity for each claim for each accident year. Multiplying the estimated ultimate number of claims for each accident year by the expected average severity of each claim produces the estimated ultimate loss for the accident year. Frequency/severity methods generally require a sufficient volume of claims in order for the average severity to be predictable. Average severity for subsequent accident years is generally determined by applying an estimated annual loss cost trend to the estimated average claim severity from prior accident years. Frequency/severity methods have the advantage that ultimate claim counts can generally be estimated more quickly and accurately than can ultimate losses. Thus, if the average claim severity can be accurately estimated, these methods can more quickly respond to changes in loss experience than other methods. However, for average severity to be predictable, the class of business must consist of homogeneous types of claims for which loss severity trends from one year to the next are reasonably consistent. Generally these methods work best for high frequency, low severity classes of business such as personal auto. AIG also utilizes these methods in pricing subclasses of professional liability. However, AIG does not generally utilize frequency/severity methods to test loss reserves, due to the general nature of AIG's reserves being applicable to lower frequency, higher severity commercial classes of business where average claim severity is volatile.

Excess Casualty: AIG generally uses a combination of loss development methods and expected loss ratio methods for excess casualty classes. Expected loss ratio methods are generally utilized for at least the three latest accident years, due to the relatively low credibility of the reported losses. The loss experience is generally reviewed separately for lead umbrella classes and for other excess classes, due to the relatively shorter tail for lead umbrella business. Automobile-related claims are generally reviewed separately from non-auto claims, due to the shorter-tail

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nature of the automobile related claims. Claims relating to certain latent exposures such as construction defects or exhaustion of underlying product aggregate limits are reviewed separately due to the unique emergence patterns of losses relating to these claims. The expected loss ratios utilized for recent accident years are based on the projected ultimate loss ratios of prior years, adjusted for rate changes, estimated loss cost trends and all other changes that can be quantified. The estimated loss cost trend utilized in the year-end 2008 reviews averaged approximately five percent for excess casualty classes. Frequency/severity methods are generally not utilized as the vast majority of reported claims do not result in a claim payment. In addition, the average severity varies significantly from accident year to accident year due to large losses which characterize this class of business, as well as changing proportions of claims which do not result in a claim payment.

D&O: AIG generally utilizes a combination of loss development methods and expected loss ratio methods for D&O and related management liability classes of business. Expected loss ratio methods are given more weight in the two most recent accident years, whereas loss development methods are given more weight in more mature accident years. In addition to these traditional actuarial methods, AIG's actuaries utilize ground-up claim projections provided by AIG claims staff as a benchmark for determining the indicated ultimate losses for all accident years other than the most recent accident year. For the year-end 2008 loss reserve review, claims projections for accident years 2007 and prior were utilized. These classes of business reflect claims made coverage, and losses are characterized by low frequency and high severity. Thus, the claim projections can produce an overall indicator of the ultimate loss exposure for these classes by identifying and estimating all large losses. Frequency/severity methods are generally not utilized for these classes as the overall losses are driven by large losses more than by claim frequency. Severity trends have varied significantly from accident year to accident year.

Workers' Compensation: AIG generally utilizes loss development methods for all but the most recent accident year. Expected loss ratio methods generally are given significant weight only in the most recent accident year. Workers' compensation claims are generally characterized by high frequency, low severity, and relatively consistent loss development from one accident year to the next. AIG is a leading writer of workers' compensation, and thus has sufficient volume of claims experience to utilize development methods. AIG does not believe frequency/severity methods are as appropriate, due to significant growth and changes in AIG's workers' compensation business over the years. AIG generally segregates California business from other business in evaluating workers' compensation reserves. Certain classes of workers' compensation, such as construction, are also evaluated separately. Additionally, AIG writes a number of very large accounts which include workers' compensation coverage. These accounts are generally priced by AIG actuaries, and to the extent appropriate, the indicated losses based on the pricing analysis may be utilized to record the initial estimated loss reserves for these accounts.

Excess Workers' Compensation: AIG generally utilizes a combination of loss development methods and expected loss ratio methods. Loss development methods are given the greater weight for mature accident years such as 2002 and prior. Expected loss ratio methods are given the greater weight for the more recent accident years. Excess workers' compensation is an extremely long-tail class of business, with loss emergence extending for decades. Therefore there is limited credibility in the reported losses for many of the more recent accident years. For the mature accident years, AIG's actuaries utilize claims projections provided by AIG claims staff to help determine the loss development factors for this class of business.

General Liability: AIG generally uses a combination of loss development methods and expected loss ratio methods for primary general liability or products liability classes. For certain classes of business with sufficient loss volume, loss development methods may be given significant weight for all but the most recent one or two accident years, whereas for smaller or more volatile classes of business, loss development methods may be given limited weight for the five or more most recent accident years. Expected loss ratio methods would be utilized for the more recent accident years for these classes. The loss experience for primary general liability business is generally reviewed at a level that is believed to provide the most appropriate data for reserve analysis. For example, primary claims made business is generally segregated from business written on an occurrence policy form. Additionally, certain subclasses, such as construction, are generally reviewed separately from business in other subclasses. Due to the fairly long-tail nature of general liability business, and the many subclasses that are reviewed individually, there is less credibility in the reported losses and increased reliance on expected loss ratio methods. AIG's actuaries generally do not utilize frequency/severity methods to test reserves for this business, due to significant changes and growth in AIG's general liability and products liability business over the years.




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American International Group, Inc., and Subsidiaries

Commercial Automobile Liability: AIG generally utilizes loss development methods for all but the most recent accident year for commercial automobile classes of business. Expected loss ratio methods are generally given significant weight only in the most recent accident year. Frequency/severity methods are generally not utilized due to significant changes and growth in this business over the years.

Healthcare: AIG generally uses a combination of loss development methods and expected loss ratio methods for healthcare classes of business. The largest component of the healthcare business consists of coverage written for hospitals and other healthcare facilities. Reserves for excess coverage are tested separately from those for primary coverage. For primary coverages, loss development methods are generally given the majority of the weight for all but the latest three accident years, and are given some weight for all years other than the latest accident year. For excess coverages, expected loss methods are generally given all the weight for the latest three accident years, and are also given considerable weight for accident years prior to the latest three years. For other classes of healthcare coverage, an analogous weighting between loss development and expected loss ratio methods is utilized. The weights assigned to each method are those which are believed to result in the best combination of responsiveness and stability. Frequency/severity methods are sometimes utilized for pricing certain healthcare accounts or business. However, in testing loss reserves the business is generally combined into larger groupings to enhance the credibility of the loss experience. The frequency/severity methods that are applicable in pricing may not be appropriate for reserve testing and thus frequency/severity methods are not generally employed in AIG's healthcare reserve analyses.

Professional Liability: AIG generally uses a combination of loss development methods and expected loss ratio methods for professional liability classes of business. Loss development methods are used for the more mature accident years. Greater weight is given to expected loss ratio methods in the more recent accident years. Reserves are tested separately for claims made classes and classes written on occurrence policy forms. Further segmentations are made in a manner believed to provide an appropriate balance between credibility and homogeneity of the data. Frequency/severity methods are used in pricing and profitability analyses for some classes of professional liability; however, for loss reserve testing, the need to enhance credibility generally results in classes that are not sufficiently homogenous to utilize frequency/severity methods.

Catastrophic Casualty: AIG utilizes expected loss ratio methods for all accident years for catastrophic casualty business. This class of business consists of casualty or financial lines coverage which attaches in excess of very high attachment points; thus the claims experience is marked by very low frequency and high severity. Because of the limited number of claims, loss development methods are not utilized. The expected loss ratios and loss development assumptions utilized are based upon the results of prior accident years for this business as well as for similar classes of business written above lower attachment points. The business is generally written on a claims made basis. AIG utilizes ground-up claim projections provided by AIG claims staff to assist in developing the appropriate reserve.

Aviation: AIG generally uses a combination of loss development methods and expected loss ratio methods for aviation exposures. Aviation claims are not very long-tail in nature; however, they are driven by claim severity. Thus a combination of both development and expected loss ratio methods are used for all but the latest accident year to determine the loss reserves. Expected loss ratio methods are used to determine the loss reserves for the latest accident year. Frequency/severity methods are not employed due to the high severity nature of the claims and different mix of claims from year to year.

Personal Auto (Domestic): AIG generally utilizes frequency/severity methods and loss development methods for domestic personal auto classes. For many classes of business, greater reliance is placed on frequency/severity methods as claim counts emerge quickly for personal auto and allow for more immediate analysis of resulting loss trends and comparisons to industry and other diagnostic metrics.

Fidelity/Surety: AIG generally uses loss development methods for fidelity exposures for all but the latest accident year. Expected loss ratio methods are also given weight for the more recent accident years, and for the latest accident year they may be given 100 percent weight. For surety exposures, AIG generally uses the same method as for short-tail classes.

Mortgage Guaranty: AIG tests mortgage guaranty reserves using loss development methods, supplemented by an internal claim analysis by actuaries and staff who specialize in the mortgage guaranty business. The claim

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analysis projects ultimate losses for claims within each of several categories of delinquency based on actual historical experience and is essentially a frequency/severity analysis for each category of delinquency. Additional reserve tests using "Bornhuetter Ferguson" methods are also employed, as well as tests measuring losses as a percent of risk in force. Reserves are reviewed separately for each class of business to consider the loss development characteristics associated with the claims, the volume of claim data available for the applicable class and the applicability of various actuarial methods to the class.

Short-Tail Classes: AIG generally uses either loss development methods or IBNR factor methods to set reserves for short-tail classes such as property coverages. Where a factor is used, it generally represents a percent of earned premium or other exposure measure. The factor is determined based on prior accident year experience. For example, the IBNR for a class of property coverage might be expected to approximate 20 percent of the latest year's earned premium. The factor is continually reevaluated in light of emerging claim experience as well as rate changes or other factors that could affect the adequacy of the IBNR factor being employed.

International: Business written by AIG's Foreign General Insurance sub-segment includes both long-tail and short-tail classes of business. For long-tail classes of business, the actuarial methods utilized would be analogous to those described above. However, the majority of business written by Foreign General Insurance is short-tail, high frequency and low severity in nature. For this business, loss development methods are generally employed to test the loss reserves. AIG maintains a data base of detailed historical premium and loss transactions in original currency for business written by Foreign General Insurance, thereby allowing AIG actuaries to determine the current reserves without any distortion from changes in exchange rates over time. In testing the Foreign General Insurance reserves, AIG's actuaries segment the data by region, country or class of business as appropriate to determine an optimal balance between homogeneity and credibility.

Loss Adjustment Expenses: AIG determines reserves for legal defense and cost containment loss adjustment expenses for each class of business by one or more actuarial methods. The methods generally include development methods analogous to those described for loss development methods. The developments could be based on either the paid loss adjustment expenses or the ratio of paid loss adjustment expenses to paid losses, or both. Other methods include the utilization of expected ultimate ratios of paid loss expense to paid losses, based on actual experience from prior accident years or from similar classes of business. AIG generally determines reserves for adjuster loss adjustment expenses based on calendar year ratios of adjuster expenses paid to losses paid for the particular class of business. AIG generally determines reserves for other unallocated loss adjustment expenses based on the ratio of the calendar year expenses paid to overall losses paid. This determination is generally done for all classes of business combined, and reflects costs of home office claim overhead as a percent of losses paid.

Catastrophes: Special analyses are conducted by AIG in response to major catastrophes in order to estimate AIG's gross and net loss and loss expense liability from the events. These analyses may include a combination of approaches, including modeling estimates, ground-up claim analysis, loss evaluation reports from on-site field adjusters, and market share estimates.

AIG's loss reserve analyses do not calculate a range of loss reserve estimates. Because a large portion of the loss reserves from AIG's General Insurance business relates to longer-tail casualty classes of business driven by severity rather than frequency of claims, such as excess casualty and D&O, developing a range around loss reserve estimates would not be meaningful. Using the reserving methodologies described above, AIG's actuaries determine their best estimate of the required reserve and advise management of that amount. AIG then adjusts its aggregate carried reserves as necessary so that the actual carried reserves as of December 31 reflect this best estimate.

Volatility of Reserve Estimates and Sensitivity Analyses

As described above, AIG uses numerous assumptions in determining its best estimate of reserves for each class of business. The importance of any specific assumption can vary by both class of business and accident year. If actual experience differs from key assumptions used in establishing reserves, there is potential for significant variation in the development of loss reserves, particularly for long-tail casualty classes of business such as excess casualty, D&O or workers' compensation. Set forth below is a sensitivity analysis that estimates the effect on the loss reserve position of using alternative loss trend or loss development factor assumptions rather than those actually used in determining AIG's best estimates in the year-end loss reserve analyses in 2008. The analysis addresses each major class of business for which a material deviation to AIG's overall reserve position is believed reasonably




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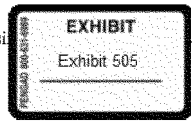
possible, and uses what AIG believes is a reasonably likely range of potential deviation for each class. There can be no assurance, however, that actual reserve development will be consistent with either the original or the adjusted loss trend or loss development factor assumptions, or that other assumptions made in the reserving process will not materially affect reserve development for a particular class of business.

Excess Casualty: For the excess casualty class of business, the assumed loss cost trend was approximately five percent. After evaluating the historical loss cost trends from prior accident years since the early 1990s, in AIG's judgment, it is reasonably likely that actual loss cost trends applicable to the year-end 2008 loss reserve review for excess casualty will range from negative five percent to positive 15 percent, or approximately ten percent lower or higher than the assumption actually utilized in the year-end 2008 reserve review. A ten percent change in the assumed loss cost trend for excess casualty would cause approximately a $2.4 billion increase or a $1.6 billion decrease in the net loss and loss expense reserve for this class of business. It should be emphasized that the ten percent deviations are not considered the highest possible deviations that might be expected, but rather what is considered by AIG to reflect a reasonably likely range of potential deviation. Actual loss cost trends in the early 1990s were negative for several years, including amounts below the negative five percent cited above, whereas actual loss cost trends in the late 1990s ran well into the double digits for several years, including amounts greater than the 15 percent cited above. Thus, there can be no assurance that loss trends will not deviate by more than ten percent. The loss cost trend assumption is critical for the excess casualty class of business due the long-tail nature of the claims and therefore is applied across many accident years.

For the excess casualty class of business, the assumed loss development factors are also a key assumption. After evaluating the historical loss development factors from prior accident years since the early 1990s, in AIG's judgment, it is reasonably likely that actual loss development factors will range from approximately 4.4 percent below those actually utilized in the year-end 2008 reserve review to approximately 6.4 percent above those factors actually utilized. If the loss development factor assumptions were changed by 4.4 percent and 6.4 percent, respectively, the net loss reserves for the excess casualty class would decrease by approximately $900 million under the lower assumptions or increase by approximately $1.5 billion under the higher assumptions. Generally, actual historical loss development factors are used to project future loss development. However there can be no assurance that future loss development patterns will be the same as in the past, or that they will not deviate by more than the amounts illustrated above. Moreover, as excess casualty is a long-tail class of business, any deviation in loss cost trends or in loss development factors might not be discernible for an extended period of time subsequent to the recording of the initial loss reserve estimates for any accident year. Thus, there is the potential for the reserves with respect to a number of accident years to be significantly affected by changes in the loss cost trends or loss development factors that were initially relied upon in setting the reserves. These changes in loss trends or loss development factors could be attributable to changes in inflation or in the judicial environment, or in other social or economic conditions affecting claims. Thus, there is the potential for variations greater than the amounts cited above, either positively or negatively.

D&O and Related Management Liability Classes of Business: For D&O and related management liability classes of business, the assumed loss cost trend was approximately four percent. After evaluating the historical loss cost trends from prior accident years since the early 1990s, including the potential effect of recent claims relating to the credit crisis, in AIG's judgment, it is reasonably likely that actual loss cost trends applicable to the year-end 2008 loss reserve review for these classes will range from negative 11 percent to positive 24 percent, or approximately 15 percent lower or 20 percent higher than the assumption actually utilized in the year-end 2008 reserve review. A 20 or 15 percent change in the assumed loss cost trend for these classes would cause approximately a $950 million increase or a $600 million decrease, respectively, in the net loss and loss expense reserves for these classes of business. It should be emphasized that the 20 and 15 percent deviations are not considered the highest possible deviations that might be expected, but rather what is considered by AIG to reflect a reasonably likely range of potential deviation. Actual loss cost trends for these classes since the early 1990s were negative for several years, including amounts below the negative 11 percent cited above, whereas actual loss cost trends exceeded the 24 percent figure cited above for several other years. Because the D&O class of business has exhibited highly volatile loss trends from one accident year to the next, there is the possibility of an exceptionally high deviation.

For D&O and related management liability classes of business, the assumed loss development factors are also an important assumption but less critical than for excess casualty. Because these classes are written on a claims

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made basis, the loss reporting and development tail is much shorter than for excess casualty. However, the high severity nature of the claims does create the potential for significant deviations in loss development patterns from one year to the next. After evaluating the historical loss development factors for these classes of business for accident years since the early 1990s, in AIG's judgment, it is reasonably likely that actual loss development factors will range from approximately 8.5 percent lower to 3.5 percent higher than those factors actually utilized in the year-end 2008 loss reserve review for these classes. If the loss development factor assumptions were changed by 8.5 percent and 3.5 percent, respectively, the net loss reserves for these classes would be estimated to decrease or increase by approximately $300 million and $150 million, respectively. As noted above for excess casualty, actual historical loss development factors are generally used to project future loss development. However, there can be no assurance that future loss development patterns will be the same as in the past, or that they will not deviate by more than the 8.5 percent or 3.5 percent amounts.

Excess Workers' Compensation: For excess workers' compensation business, loss costs were trended at six percent per annum. After reviewing actual industry loss trends for the past ten years, in AIG's judgment, it is reasonably likely that actual loss cost trends applicable to the year-end 2008 loss reserve review for excess workers' compensation will range five percent lower or higher than this estimated loss trend. A five percent change in the assumed loss cost trend would cause approximately a $425 million increase or a $275 million decrease in the net loss reserves for this business. It should be emphasized that the actual loss cost trend could vary significantly from this assumption, and there can be no assurance that actual loss costs will not deviate, perhaps materially, by greater than five percent.

For excess workers' compensation business, the assumed loss development factors are a critical assumption. Excess workers' compensation is an extremely long-tail class of business, with a much greater than normal uncertainty as to the appropriate loss development factors for the tail of the loss development. After evaluating the historical loss development factors for prior accident years since the 1980s, in AIG's judgment, it is reasonably likely that actual loss development factors will range from approximately 12 percent lower to 20 percent higher than those factors actually utilized in the year-end 2008 loss reserve review for excess workers' compensation. If the loss development factor assumptions were increased by 20 percent or decreased by 12 percent, the net loss reserves for excess workers' compensation would increase or decrease by approximately $950 million and $550 million, respectively. Given the exceptionally long-tail for this class of business, there is the potential for actual deviations in the loss development tail to exceed the deviations assumed, perhaps materially.

Primary Workers' Compensation: For primary workers' compensation, the loss cost trend assumption is not believed to be material with respect to AIG's loss reserves. This is primarily because AIG's actuaries are generally able to use loss development projections for all but the most recent accident year's reserves, so there is limited need to rely on loss cost trend assumptions for primary workers' compensation business.

However, for primary workers' compensation business the loss development factor assumptions are important. Generally, AIG's actual historical workers' compensation loss development factors would be expected to provide a reasonably accurate predictor of future loss development. However, workers' compensation is a long-tail class of business, and AIG's business reflects a very significant volume of losses particularly in recent accident years due to growth of the business. After evaluating the actual historical loss developments since the 1980s for this business, in AIG's judgment, it is reasonably likely that actual loss development factors will fall within the range of approximately 3.6 percent below to 9.4 percent above those actually utilized in the year-end 2008 loss reserve review. If the loss development factor assumptions were changed by 3.6 percent and 9.4 percent, respectively, the net loss reserves for workers' compensation would decrease or increase by approximately $900 million and $2.4 billion, respectively. For this class of business, there can be no assurance that actual deviations from the expected loss development factors will not exceed the deviations assumed, perhaps materially.

Other Casualty Classes of Business: For casualty business other than the classes discussed above, there is generally some potential for deviation in both the loss cost trend and loss development factor assumptions. However, the effect of such deviations is expected to be less material when compared to the effect on the classes cited above.

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Asbestos and Environmental Reserves

The estimation of loss reserves relating to asbestos and environmental claims on insurance policies written many years ago is subject to greater uncertainty than other types of claims due to inconsistent court decisions as well as judicial interpretations and legislative actions that in some cases have tended to broaden coverage beyond the original intent of such policies and in others have expanded theories of liability. The insurance industry as a whole is engaged in extensive litigation over these coverage and liability issues and is thus confronted with a continuing uncertainty in its efforts to quantify these exposures.

AIG continues to receive claims asserting injuries and damages from toxic waste, hazardous substances, and other environmental pollutants and alleged claims to cover the cleanup costs of hazardous waste dump sites, referred to collectively as environmental claims, and indemnity claims asserting injuries from asbestos.

The vast majority of these asbestos and environmental claims emanate from policies written in 1984 and prior years. Commencing in 1985, standard policies contained an absolute exclusion for pollution-related damage and an absolute asbestos exclusion was also implemented. The current environmental policies that AIG underwrites on a claims-made basis have been excluded from the analysis herein.

The majority of AIG's exposures for asbestos and environmental claims are excess casualty coverages, not primary coverages. Thus, the litigation costs are treated in the same manner as indemnity amounts. That is, litigation expenses are included within the limits of the liability AIG incurs. Individual significant claim liabilities, where future litigation costs are reasonably determinable, are established on a case-by-case basis.

Estimation of asbestos and environmental claims loss reserves is a subjective process and reserves for asbestos and environmental claims cannot be estimated using conventional reserving techniques such as those that rely on historical accident year loss development factors. The methods used to determine asbestos and environmental loss estimates and to establish the resulting reserves are continually reviewed and updated by management.

Significant factors which affect the trends that influence the asbestos and environmental claims estimation process are the court resolutions and judicial interpretations which broaden the intent of the policies and scope of coverage. The current case law can be characterized as still evolving, and there is little likelihood that any firm direction will develop in the near future. Additionally, the exposures for cleanup costs of hazardous waste dump sites involve issues such as allocation of responsibility among potentially responsible parties and the government's refusal to release parties from liability.

Due to this uncertainty, it is not possible to determine the future development of asbestos and environmental claims with the same degree of reliability as with other types of claims. Such future development will be affected by the extent to which courts continue to expand the intent of the policies and the scope of the coverage, as they have in the past, as well as by the changes in Superfund and waste dump site coverage and liability issues. If the asbestos and environmental reserves develop deficiently, such deficiency would have an adverse effect on AIG's future results of operations.

With respect to known asbestos and environmental claims, AIG established over two decades ago specialized toxic tort and environmental claims units, which investigate and adjust all such asbestos and environmental claims. These units evaluate these asbestos and environmental claims utilizing a claim-by-claim approach that involves a detailed review of individual policy terms and exposures. Because each policyholder presents different liability and coverage issues, AIG generally evaluates exposure on a policy-by-policy basis, considering a variety of factors such as known facts, current law, jurisdiction, policy language and other factors that are unique to each policy. Quantitative techniques have to be supplemented by subjective considerations, including management judgment. Each claim is reviewed at least semi-annually utilizing the aforementioned approach and adjusted as necessary to reflect the current information.

In both the specialized and dedicated asbestos and environmental claims units, AIG actively manages and pursues early resolution with respect to these claims in an attempt to mitigate its exposure to the unpredictable development of these claims. AIG attempts to mitigate its known long-tail environmental exposures by utilizing a combination of proactive claim-resolution techniques, including policy buybacks, complete environmental releases, compromise settlements, and, where indicated, litigation.



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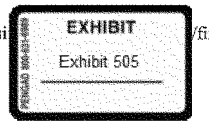
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With respect to asbestos claims handling, AIG's specialized claims staff operates to mitigate losses through proactive handling, supervision and resolution of asbestos cases. Thus, while AIG has resolved all claims with respect to miners and major manufacturers (Tier One), its claims staff continues to operate under the same proactive philosophy to resolve claims involving accounts with products containing asbestos (Tier Two), products containing small amounts of asbestos, companies in the distribution process, and parties with remote, ill-defined involvement in asbestos (Tiers Three and Four). Through its commitment to appropriate staffing, training, and management oversight of asbestos cases, AIG seeks to mitigate its exposure to these claims.

To determine the appropriate loss reserve as of December 31, 2008 for its asbestos and environmental exposures, AIG performed a series of top-down and ground-up reserve analyses. In order to ensure it had the most comprehensive analysis possible, AIG engaged a third-party actuary to assist in a review of these exposures, including ground-up estimates for asbestos reserves consistent with the 2005 through 2007 reviews as well as a top-down report year projection for environmental reserves. Prior to 2005, AIG's reserve analyses for asbestos and environmental exposures were focused around a report year projection of aggregate losses for both asbestos and environmental reserves. Additional tests such as market share analyses were also performed. Ground-up analyses take into account policyholder-specific and claim-specific information that has been gathered over many years from a variety of sources. Ground-up studies can thus more accurately assess the exposure to AIG's layers of coverage for each policyholder, and hence for all policyholders in the aggregate, provided a sufficient sample of the policyholders can be modeled in this manner.

In order to ensure its ground-up analysis was comprehensive, AIG staff produced the information required at policy and claim level detail for over 800 asbestos defendants. This represented over 95 percent of all accounts for which AIG had received any claim notice of any amount pertaining to asbestos exposure. AIG did not set any minimum thresholds, such as amount of case reserve outstanding, or paid losses to date, that would have served to reduce the sample size and hence the comprehensiveness of the ground-up analysis. The results of the ground-up analysis for each significant account were examined by AIG's claims staff for reasonableness, for consistency with policy coverage terms, and any claim settlement terms applicable. Adjustments were incorporated accordingly. The results from the universe of modeled accounts, which as noted above reflects the vast majority of AIG's known exposures, were then utilized to estimate the ultimate losses from accounts or exposures that could not be modeled and to determine an appropriate provision for unreported claims.

AIG conducted a comprehensive analysis of reinsurance recoverability to establish the appropriate asbestos and environmental reserve net of reinsurance. AIG determined the amount of reinsurance that would be ceded to insolvent reinsurers or to commuted reinsurance contracts for both reported claims and for IBNR. These amounts were then deducted from the indicated amount of reinsurance recoverable. The year-end 2008 analysis reflected an update to the comprehensive analysis of reinsurance recoverability that was first completed in 2005 and updated in 2006 and 2007. All asbestos accounts for which there was a significant change in estimated losses in the 2008 review were analyzed to determine the appropriate reserve net of reinsurance.

AIG also completed a top-down report year projection of its indicated asbestos and environmental loss reserves. These projections consist of a series of tests performed separately for asbestos and for environmental exposures.

For asbestos, these tests project the losses expected to be reported over the next 18 years, i.e., from 2009 through 2026, based on the actual losses reported through 2008 and the expected future loss emergence for these claims. Three scenarios were tested, with a series of assumptions ranging from more optimistic to more conservative.

For environmental claims, an analogous series of frequency/severity tests are produced. Environmental claims from future report years, (i.e., IBNR) are projected out eight years, i.e., through the year 2016.

At year-end 2008, AIG considered a number of factors and recent experience in addition to the results of the respective top-down and ground-up analyses performed for asbestos and environmental reserves. AIG considered the significant uncertainty that remains as to AIG's ultimate liability relating to asbestos and environmental claims. This uncertainty is due to several factors including:

- The long latency period between asbestos exposure and disease manifestation and the resulting potential for involvement of multiple policy periods for individual claims;



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- The increase in the volume of claims by currently unimpaired plaintiffs;
- Claims filed under the non-aggregate premises or operations section of general liability policies;
- The number of insureds seeking bankruptcy protection and the effect of prepackaged bankruptcies;
- Diverging legal interpretations; and
- With respect to environmental claims, the difficulty in estimating the allocation of remediation cost among various parties.

After carefully considering the results of the ground-up analysis, which AIG updates on an annual basis, as well as all of the above factors, including the recent report year experience, AIG increased its gross asbestos reserves by $200 million and increased its net asbestos reserves by $30 million. Additionally, during 2008 an amount of adverse incurred loss development pertaining to asbestos was reflected which was primarily attributed to several large defendants, the effect of which was largely offset by one large favorable settlement.

Upon completion of the environmental top-down report year analysis performed in the fourth quarter of 2008, no adjustment to gross and net reserves was recognized. Additionally, during 2008 a moderate amount of favorable gross incurred loss development pertaining to environmental was reflected which was primarily attributable to recent favorable experience which was fully insured, resulting in no favorable net development on environmental net reserves.

A summary of reserve activity, including estimates for applicable IBNR, relating to asbestos and environmental claims separately and combined appears in the table below. The vast majority of such claims arise from policies written in 1984 and prior years. The current environmental policies that AIG underwrites on a claims-made basis have been excluded from the table below.

	As of or for the Years Ended December 31,					
	2008		2007		2006	
	Gross	Net	Gross	Net	Gross	Net
	(In millions)					
Asbestos:						
Liability for unpaid claims and claims adjustment expense at beginning of year	$3,864	$1,454	$4,523	$1,889	$4,501	$1,840
Losses and loss expenses incurred *	273	53	96	5	572	267
Losses and loss expenses paid *	(694)	(307)	(755)	(440)	(550)	(218)
Liability for unpaid claims and claims adjustment expense at end of year	$3,443	$1,200	$3,864	$1,454	$4,523	$1,889
Environmental:						
Liability for unpaid claims and claims adjustment expense at beginning of year	$ 515	$ 237	$ 629	$ 290	$ 969	$ 410
Losses and loss expenses incurred *	(44)	(2)	10	13	(231)	(59)
Losses and loss expenses paid *	(54)	(41)	(124)	(66)	(109)	(61)
Liability for unpaid claims and claims adjustment expense at end of year	$ 417	$ 194	$ 515	$ 237	$ 629	$ 290
Combined:						
Liability for unpaid claims and claims adjustment expense at beginning of year	$4,379	$1,691	$5,152	$2,179	$5,470	$2,250
Losses and loss expenses incurred *	229	51	106	18	341	208
Losses and loss expenses paid *	(748)	(348)	(879)	(506)	(659)	(279)
Liability for unpaid claims and claims adjustment expense at end of year	$3,860	$1,394	$4,379	$1,691	$5,152	$2,179

* *All amounts pertain to policies underwritten in prior years, primarily to policies issued in 1984 and prior.*

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The gross and net IBNR included in the liability for unpaid claims and claims adjustment expense, relating to asbestos and environmental claims separately and combined were estimated as follows:

	At December 31,					
	2008		2007		2006	
	Gross	Net	Gross	Net	Gross	Net
	(In millions)					
Asbestos	$2,301	$ 939	$2,701	$1,145	$3,270	$1,469
Environmental	249	99	325	131	378	173
Combined	$2,550	$1,038	$3,026	$1,276	$3,648	$1,642

A summary of asbestos and environmental claims count activity was as follows:

	As of or for the Years Ended December 31,								
	2008			2007			2006		
	Asbestos	Environmental	Combined	Asbestos	Environmental	Combined	Asbestos	Environmental	Combined
Claims at beginning of year	6,563	7,652	14,215	6,878	9,442	16,320	7,293	9,873	17,166
Claims during year:									
Opened	639	1,065	1,704	656	937	1,593	643	1,383	2,026
Settled	(219)	(207)	(426)	(150)	(179)	(329)	(150)	(155)	(305)
Dismissed or otherwise resolved	(1,203)	(1,836)	(3,039)	(821)	(2,548)	(3,369)	(908)	(1,659)	(2,567)
Claims at end of year	5,780	6,674	12,454	6,563	7,652	14,215	6,878	9,442	16,320

Survival Ratios — Asbestos and Environmental

The following table presents AIG's survival ratios for asbestos and environmental claims at December 31, 2008, 2007 and 2006. The survival ratio is derived by dividing the current carried loss reserve by the average payments for the three most recent calendar years for these claims. Therefore, the survival ratio is a simplistic measure estimating the number of years it would be before the current ending loss reserves for these claims would be paid off using recent year average payments. The December 31, 2008 survival ratio is lower than the ratio at December 31, 2007 because the more recent periods included in the rolling average reflect higher claims payments. In addition, AIG's survival ratio for asbestos claims was negatively affected by the favorable settlement described above, as well as several similar settlements during 2007. These settlements reduced gross and net asbestos survival ratios at December 31, 2008 by approximately 1.1 years and 2.4 years, respectively, and reduced gross and net asbestos survival ratios at December 31, 2007 by approximately 1.3 years and 2.6 years, respectively. Many factors, such as aggressive settlement procedures, mix of business and level of coverage provided, have a significant effect on the amount of asbestos and environmental reserves and payments and the resultant survival ratio. Moreover, as discussed above, the primary basis for AIG's determination of its reserves is not survival ratios, but instead the ground-up and top-down analysis. Thus, caution should be exercised in attempting to determine reserve adequacy for these claims based simply on this survival ratio.

AIG's survival ratios for asbestos and environmental claims, separately and combined, were based upon a three-year average payment and were as follows:

Years Ended December 31,	Gross	Net
2008		
Survival ratios:		
Asbestos	5.2	3.7
Environmental	4.4	3.5
Combined	5.1	3.7

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Years Ended December 31,	Gross	Net
2007		
Survival ratios:		
Asbestos	7.1	5.6
Environmental	4.7	3.7
Combined	6.7	5.2
2006		
Survival ratios:		
Asbestos	11.8	12.9
Environmental	5.6	4.5
Combined	10.4	10.3

Life Insurance & Retirement Services Operations

AIG's Life Insurance & Retirement Services operations offer a wide range of insurance and retirement savings products both domestically and abroad.

AIG's Foreign Life Insurance & Retirement Services operations include insurance and investment-oriented products such as whole and term life, investment linked, universal life and endowments, personal accident and health products, group products including pension, life and health, and fixed and variable annuities. The Foreign Life Insurance & Retirement Services products are sold through independent producers, career agents, financial institutions and direct marketing channels.

AIG's Domestic Life Insurance operations offer a broad range of protection products, such as individual life insurance and group life and health products, including disability income products and payout annuities, which include single premium immediate annuities, structured settlements and terminal funding annuities. The Domestic Life Insurance products are sold through independent producers, career agents, financial institutions and direct marketing channels. Home service operations include an array of life insurance, accident and health and annuity products sold primarily through career agents.

AIG's Domestic Retirement Services operations include group retirement products, individual fixed and variable annuities sold through banks, broker-dealers and exclusive sales representatives, and annuity runoff operations, which include previously acquired "closed blocks" and other fixed and variable annuities largely sold through distribution relationships that have been discontinued.

AIG's Life Insurance & Retirement Services reports its operations through the following major internal reporting units and legal entities:

Foreign Life Insurance & Retirement Services

Japan and Other

- American Life Insurance Company (ALICO)
- AIG Star Life Insurance Co., Ltd. (AIG Star Life)
- AIG Edison Life Insurance Company (AIG Edison Life)

Asia

- American International Assurance Company, Limited, together with American International Assurance Company (Bermuda) Limited (AIA)
- Nan Shan Life Insurance Company, Ltd. (Nan Shan)
- American International Reinsurance Company Limited (AIRCO)
- The Philippine American Life and General Insurance Company (Philamlife)

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Domestic Life Insurance

- American General Life Insurance Company (AIG American General)
- The United States Life Insurance Company in the City of New York (USLIFE)
- American General Life and Accident Insurance Company (AGLA)

Domestic Retirement Services

- The Variable Annuity Life Insurance Company (VALIC)
- AIG Annuity Insurance Company (AIG Annuity)
- AIG SunAmerica Life Assurance Company (AIG SunAmerica)

Life Insurance & Retirement Services Results

Life Insurance & Retirement Services results were as follows:

Years Ended December 31,	Premiums and Other Considerations	Net Investment Income	Net Realized Capital Gains (Losses)	Total Revenues	Operating Income (Loss)*
			(In millions)		
2008					
Japan and Other	$ 14,513	$ 980	$ (5,693)	$ 9,800	$ (2,687)
Asia	15,406	981	(6,092)	10,295	(3,650)
Total Foreign Life & Retirement Services	29,919	1,961	(11,785)	20,095	(6,337)
Domestic Life Insurance	6,248	3,799	(11,568)	(1,521)	(10,238)
Domestic Retirement Services	1,128	4,346	(20,994)	(15,520)	(20,871)
Total	$ 37,295	$ 10,106	$ (44,347)	$ 3,054	$ (37,446)
2007					
Japan and Other	$ 12,387	$ 6,083	$ (294)	$ 18,176	$ 3,044
Asia	14,214	5,766	107	20,087	3,153
Total Foreign Life & Retirement Services	26,601	11,849	(187)	38,263	6,197
Domestic Life Insurance	5,836	3,995	(803)	9,028	642
Domestic Retirement Services	1,190	6,497	(1,408)	6,279	1,347
Total	$ 33,627	$ 22,341	$ (2,398)	$ 53,570	$ 8,186
2006					
Japan and Other	$ 11,106	$ 5,239	$ 406	$ 16,751	$ 3,821
Asia	13,060	4,519	301	17,880	3,060
Total Foreign Life & Retirement Services	24,166	9,758	707	34,631	6,881
Domestic Life Insurance	5,543	3,778	(215)	9,106	917
Domestic Retirement Services	1,057	6,488	(404)	7,141	2,323
Total	$ 30,766	$ 20,024	$ 88	$ 50,878	$ 10,121
Percentage Increase/(Decrease) 2008 vs. 2007:					
Japan and Other	17%	(84)%	—%	(46)%	—%
Asia	8	(83)	—	(49)	—
Total Foreign Life & Retirement Services	12	(83)	—	(47)	—
Domestic Life Insurance	7	(5)	—	—	—
Domestic Retirement Services	(5)	(33)	—	—	—
Total	11%	(55)%	—%	(94)%	—%

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Years Ended December 31,	Premiums and Other Considerations	Net Investment Income	Net Realized Capital Gains (Losses)	Total Revenues	Operating Income (Loss)*
			(In millions)		
Percentage Increase/(Decrease) 2007 vs. 2006:					
Japan and Other	12%	16%	—%	9%	(20)%
Asia	9	28	(64)	12	3
Total Foreign Life & Retirement Services	10	21	—	10	(10)
Domestic Life Insurance	5	6	—	(1)	(30)
Domestic Retirement Services	13	—	—	(12)	(42)
Total	9%	12%	—%	5%	(19)%

* *2008 operating income (loss) includes goodwill impairment charges of $402 million and $817 million for Domestic Life Insurance and Domestic Retirement Services, respectively.*

The following table presents the gross insurance in force for Life Insurance & Retirement Services:

	At December 31,		
	2008	2007	2006
		(In billions)	
Foreign*	$1,352	$1,327	$1,163
Domestic	1,026	985	908
Total	$2,378	$2,312	$2,071

* *Includes increases of $57.8 billion, $55.1 billion and $41.5 billion related to changes in foreign exchange rates at December 31, 2008, 2007 and 2006, respectively.*

2008 and 2007 Comparison

Total revenues decreased in 2008 compared to 2007, primarily due to significantly higher levels of net realized capital losses and lower net investment income. See Consolidated Results and Investments — Portfolio Review for further discussion.

Premiums and other considerations increased in 2008 compared to 2007 primarily due to increased production and favorable foreign exchange rates in the Foreign Life Insurance & Retirement Services operations and sales of payout annuities in Domestic Life Insurance.

In addition to the higher net realized capital losses and lower net investment income noted above, the operating loss for 2008 increased as a result of DAC and sales inducement asset (SIA) unlocking and related reserve strengthening of $1.5 billion in the Domestic Retirement Services operations resulting from the continued weakness in the equity markets, the significantly higher surrender activity resulting from AIG parent's liquidity issues beginning in mid-September and goodwill impairment charges of $1.2 billion in the Domestic Life Insurance and Domestic Retirement Services companies. The impairment charges were attributable to declines in the estimated fair values of reporting units in the Property and Casualty Group, Domestic Life Insurance and Domestic Retirement Services, Consumer Finance and Capital Markets businesses attributable to the uncertain economic environment that developed in late 2008 coupled with other indications of fair value developed through the restructuring and asset disposition activities. The operating loss also included higher benefit costs in the Japan variable life product resulting from declines in the Japanese equity market. These decreases were partially offset by the favorable effect of foreign exchange rates and growth in the underlying business in force. The operating loss in 2008 included a DAC and SIA benefit of $3.2 billion related to net realized capital losses compared to a benefit of $333 million in 2007.

AIG adopted FAS 157 on January 1, 2008. The adoption of FAS 157 resulted in an increase in pre-tax net realized capital losses of $155 million as of January 1, 2008, partially offset by a $47 million DAC benefit related to

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these losses. These results were primarily due to an increase in the embedded policy derivative liability valuations resulting from the inclusion of explicit risk margins.

AIG adopted FAS 159 on January 1, 2008 and elected to apply the fair value option to a closed block of single premium variable life business in Japan and to an investment-linked product sold principally in Asia. The adoption of FAS 159 with respect to these fair value elections resulted in a decrease to 2008 opening retained earnings of $559 million, net of tax. The fair value of the liabilities for these policies totaled $2.6 billion at December 31, 2008 and is reported in policyholder contract deposits.

2007 and 2006 Comparison

The severe credit market disruption was a key driver of operating results in 2007 principally due to significant net realized capital losses resulting from other-than-temporary impairment charges and losses on derivative instruments not qualifying for hedge accounting treatment. See Results of Operations Consolidated Results — Net Realized Gains (Losses) for further discussion.

Life Insurance & Retirement Services total revenues increased in 2007 compared to 2006 despite the higher net realized capital losses primarily due to higher premiums and other considerations and higher net investment income.

Operating income in 2007 decreased compared to 2006 primarily due to net realized capital losses and the following:

- mark-to-market trading losses of $150 million related to investment-linked products in the U.K.;
- DAC amortization charges of $108 million related to the adoption in 2007 of SOP 05-1;
- remediation activity charges of $118 million; and
- out-of-period adjustments related to UCITS and participating policyholder dividends, which increased 2006 operating income by $332 million.

These decreases were partially offset as operating income in 2006 was negatively affected by charges of $125 million for the Superior National arbitration ruling, $66 million related to exiting the domestic financial institutions credit life business and $55 million related to other litigation charges.

Foreign Life Insurance & Retirement Services Results

Foreign Life Insurance & Retirement Services results on a sub-product basis were as follows:

Years Ended December 31,	Premiums and Other Considerations	Net Investment Income	Net Realized Capital Gains (Losses)	Total Revenues	Operating Income / (Loss)
			(In millions)		
2008					
Life insurance	$ 17,839	$ 1,734	$ (8,837)	$10,736	$ (5,669)
Personal accident	7,055	371	(385)	7,041	1,040
Group products	3,777	510	73	4,360	564
Individual fixed annuities	761	2,320	(2,660)	421	(2,125)
Individual variable annuities	487	(2,974)	24	(2,463)	(147)
Total	$ 29,919	$ 1,961	$ (11,785)	$20,095	$ (6,337)

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American International Group, Inc., and Subsidiaries

Years Ended December 31,	Premiums and Other Considerations	Net Investment Income	Net Realized Capital Gains (Losses)	Total Revenues	Operating Income / (Loss)
			(in millions)		
2007					
Life insurance	$ 16,630	$ 7,473	$ 85	$24,188	$ 3,898
Personal accident	6,094	354	(3)	6,445	1,457
Group products	2,979	753	(76)	3,656	263
Individual fixed annuities	438	2,283	(171)	2,550	548
Individual variable annuities	460	986	(22)	1,424	31
Total	$ 26,601	$ 11,849	$ (187)	$38,263	$ 6,197
2006					
Life insurance	$ 15,732	$ 5,937	$ 574	$22,243	$ 4,247
Personal accident	5,518	285	55	5,858	1,459
Group products	2,226	648	47	2,921	450
Individual fixed annuities	400	2,027	31	2,458	580
Individual variable annuities	290	861	—	1,151	145
Total	$ 24,166	$ 9,758	$ 707	$34,631	$ 6,881
Percentage Increase/(Decrease) 2008 vs. 2007:					
Life insurance	7%	(77)%	—%	(56)%	—%
Personal accident	16	5	—	9	(29)
Group products	27	(32)	—	19	114
Individual fixed annuities	74	2	—	(83)	—
Individual variable annuities	6	—	—	—	—
Total	12%	(83)%	—%	(47)%	—%
Percentage Increase/(Decrease) 2007 vs. 2006:					
Life insurance	6%	26%	(85)%	9%	(8)%
Personal accident	10	24	—	10	—
Group products	34	16	—	25	(42)
Individual fixed annuities	10	13	—	4	(6)
Individual variable annuities	59	15	—	24	(79)
Total	10%	21%	—%	10%	(10)%

AIG transacts business in most major foreign currencies and therefore premiums and other considerations reported in U.S. dollars vary by volume and from changes in foreign currency translation rates.

The following table summarizes the effect of changes in foreign currency exchange rates on the growth of the Foreign Life Insurance & Retirement Services premiums and other considerations:

	Years Ended December 31,	
	2008	2007
Growth in original currency*	6.7%	7.6%
Foreign exchange effect	5.8	2.5
Growth as reported in U.S. dollars	12.5%	10.1%

* *Computed using a constant exchange rate each period.*

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2008 and 2007 Comparison

Total revenues for Foreign Life Insurance & Retirement Services in 2008 decreased compared to 2007 primarily due to substantial net realized capital losses and significantly lower net investment income. See Consolidated Results — Net Investment Income and — Net Realized Capital Gains (Losses).

Despite the continued growth in the underlying business in force and the positive effect of foreign exchange, operating income in 2008 also decreased compared to 2007 due to:

- higher losses of $262 million on certain investment linked-products in the U.K. due to mark-to-market trading losses partially offset by a positive change in benefit reserves resulting from changes to the Premier Access Bond product following significant surrender activity as a result of the AIG liquidity issues in mid-September. As allowed under the contract terms, surrenders were suspended to allow sufficient time to develop an appropriate course of action with the respective distribution network and to protect the interest of the fund's policyholders. Policyholders received a cash distribution equal to approximately half of their account value and were given the option to receive the remainder in cash at a discounted amount based on the value of the underlying investments or transfer their account value into a newly created fund. The newly created fund is valued at the net asset value of the underlying investments but provides for a guarantee of a minimum amount should the policyholder remain in the fund until July 2012. Any surrenders prior to July 2012 will be at the net asset value;
- higher benefit costs, net of related DAC unlocking, of $106 million principally related to volatility in the Japanese equity market and declines in interest rates and,
- Foreign Life Insurance & Retirement Services continued its ongoing project to increase standardization of AIG's actuarial systems and processes throughout the world which resulted in a favorable effect on operating income of $151 million for 2008 compared to a $183 million positive effect in 2007.

Partially offsetting these items were higher DAC and SIA benefits of $132 million related to the net realized capital losses and higher surrender charge income related to the temporary spike in policy surrenders during the fourth quarter. Generally, surrenders have returned to normal levels in the foreign operations. In addition, operating income for 2007 included $118 million of remediation activity charges and $67 million of additional claim expense related to an industry-wide regulatory claims review in Japan.

2007 and 2006 Comparison

Total revenues for Foreign Life Insurance & Retirement Services in 2007 increased compared to 2006, primarily due to higher premiums and other considerations and net investment income partially offset by net realized capital losses. Net investment income increased in 2007 compared to 2006 due to higher levels of assets under management, higher policyholder trading gains and higher partnership and mutual fund income.

Operating income decreased in 2007 compared to 2006 principally due to:

- net realized capital losses;
- mark-to-market trading losses of $150 million related to investment-linked products in the U.K.;
- remediation activity charge of $118 million;
- additional claim expense of $67 million relating to an industry-wide regulatory review of claims in Japan;
- additional policyholder benefits expense of $36 million related to a closed block of Japanese business with guaranteed benefits; and
- out-of-period adjustments benefiting 2006 earnings for $332 million related to UCITS and participating policyholder dividend reserves.

These decreases were partially offset by higher net investment income, a $183 million positive effect of changes in actuarial estimates and the positive effect of changes in foreign exchange rates.



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American International Group, Inc., and Subsidiaries

*Foreign Life Insurance & Retirement Services Sales and Deposits**

First year premium, single premium and annuity deposits for Foreign Life Insurance & Retirement Services were as follows:

	Years Ended December 31,			Percentage Increase (Decrease) 2008 vs 2007		2007 vs 2006	
	2008	2007	2006	U.S. $	Original Currency	U.S. $	Original Currency
	(In millions)						
First year premium	**$ 4,815**	$ 5,032	$ 4,542	(4)%	**(7)%**	11%	9%
Single premium	**10,738**	15,905	5,283	(32)	**(33)**	201	183
Annuity deposits	**17,665**	19,150	21,916	(8)	**(9)**	(13)	(18)

* *Excludes operations in Brazil.*

2008 and 2007 Comparison

First year premium sales in 2008 declined compared to 2007 primarily due to decreases in life insurance and personal accident sales. In Japan, life insurance sales were lower due to reduced levels of increasing term sales and lower sales in the fourth quarter of 2008 related to AIG's liquidity issues. Also in Japan, personal accident sales declined in the direct marketing distribution channel due to lower response rates resulting from market saturation. In Taiwan, regular premium life insurance sales declined due to a shift in sales to investment-linked and variable annuity products. These declines were partially offset by increases in group products sales, particularly in Japan, Australia and the Middle East.

Single premium sales in 2008 declined compared to 2007 primarily due to lower guaranteed income bond deposits in the U.K. which fell as customers shifted to variable annuity products during the first three quarters of the year and which were significantly negatively affected in the fourth quarter by AIG's liquidity issues. Single premium sales in Asia also dropped as customers became concerned about declining equity markets, particularly in Taiwan, Hong Kong, Singapore and China. A new single premium personal accident and health product launched in Japan during the first quarter of 2008 continues to perform well and sales, which started through banks, are being expanded to the agency channels.

Annuity deposits decreased in 2008 compared to 2007 as the decline in individual variable annuity deposits more than offset the increase in individual fixed annuity deposits. Investment-linked deposits in the U.K. decreased significantly in the fourth quarter of 2008 due to the AIG liquidity issues. Individual variable annuity deposits in Taiwan increased in 2008 compared to 2007 due to the launch of a new variable annuity product. In Japan, individual fixed annuity deposits increased in 2008 compared to 2007 due primarily to a favorable exchange rate environment for non-yen denominated products. However, AIG's liquidity issues and the planned disposition of AIG's Japan life operations negatively affected deposits in the fourth quarter of 2008 as banks suspended the distribution of AIG products. While some banks in Japan have resumed sales of annuity products, most have not. AIG has, therefore, increased sales of annuity deposits through agents.

2007 and 2006 Comparison

First year premium sales in 2007 increased compared to 2006 in both U.S. dollar terms and original currency primarily due to strong investment-oriented product sales in Southeast Asia. This increase was partially offset by declines in Japan resulting from the suspension of increasing term sales and lower personal accident production resulting from changes in local tax regulations.

Single premium sales in 2007 increased dramatically compared to 2006, driven primarily by guaranteed income bond sales in the U.K. and investment-oriented product sales in Hong Kong and Singapore.

Annuity deposits declined in 2007 compared to 2006. Individual fixed annuity deposits were negatively affected by an unfavorable exchange rate environment and a shift to variable annuity products. Individual variable annuity deposits declined in 2007 compared to 2006 in both Europe and Japan. In Europe, lower deposits reflected the effect of tax law changes that reduced tax benefits to policyholders. In Japan, lower sales resulted from increased

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competition and the introduction of a new law that increased sales compliance and customer suitability requirements.

Domestic Life Insurance Results

Domestic Life Insurance results, presented on a sub-product basis were as follows:

Years Ended December 31,	Premiums and Other Considerations	Net Investment Income	Net Realized Capital Gains (Losses)	Total Revenues	Operating Income (Loss)(a)
			(In millions)		
2008					
Life insurance	$ 2,478	$ 1,324	$ (8,182)	$ (4,380)	$ (7,360)
Home service	743	613	(1,422)	(66)	(1,314)
Group life/health	847	192	(336)	703	(332)
Payout annuities *(b)*	2,131	1,242	(1,209)	2,164	(1,026)
Individual fixed and runoff annuities	49	428	(419)	58	(206)
Total	$ 6,248	$ 3,799	$ (11,568)	$ (1,521)	$(10,238)
2007					
Life insurance	$ 2,352	$ 1,528	$ (584)	$ 3,296	$ 226
Home service	767	640	(100)	1,307	216
Group life/health	842	200	(16)	1,026	67
Payout annuities *(b)*	1,820	1,153	(67)	2,906	74
Individual fixed and runoff annuities	55	474	(36)	493	59
Total	$ 5,836	$ 3,995	$ (803)	$ 9,028	$ 642
2006					
Life insurance	$ 2,127	$ 1,377	$ (83)	$ 3,421	$ 654
Home service	790	630	(38)	1,382	282
Group life/health	995	213	(8)	1,200	(159)
Payout annuities *(b)*	1,582	1,004	(51)	2,535	76
Individual fixed and runoff annuities	49	554	(35)	568	64
Total	$ 5,543	$ 3,778	$ (215)	$ 9,106	$ 917
Percentage Increase/(Decrease) 2008 vs. 2007:					
Life insurance	5%	(13)%	—%	—%	—%
Home service	(3)	(4)	—	—	—
Group life/health	1	(4)	—	(31)	—
Payout annuities	17	8	—	(26)	—
Individual fixed and runoff annuities	(11)	(10)	—	—	—
Total	7%	(5)%	—%	—%	—%

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Years Ended December 31,	Premiums and Other Considerations	Net Investment Income	Net Realized Capital Gains (Losses)	Total Revenues	Operating Income (Loss)(a)
			(In millions)		
Percentage Increase/(Decrease) 2007 vs. 2006:					
Life insurance	11%	11%	—%	(4)%	(65)%
Home service	(3)	2	—	(5)	(23)
Group life/health	(15)	(6)	—	(15)	—
Payout annuities	15	15	—	15	(3)
Individual fixed and runoff annuities	12	(14)	—	(13)	(8)
Total	5%	6%	—%	(1)%	(30)%

(a) *2008 operating income (loss) includes goodwill impairment charges of $80 million for life insurance, $280 million for home service and $42 million for group life/health.*

(b) *Premiums and other considerations include structured settlements, single premium immediate annuities and terminal funding annuities.*

2008 and 2007 Comparison

Total revenues for Domestic Life Insurance decreased in 2008 compared to 2007 primarily due to significantly higher net realized capital losses and lower net investment income, partially offset by higher premiums and other considerations. Domestic Life Insurance premiums and other considerations increased due to strong payout annuities sales and growth in life insurance business in force. The growth in payout annuities deposits was driven by structured settlement and terminal funding annuities in both the U.S. and Canada. Net investment income declined due to higher policyholder trading losses offset in policyholder benefits, reduced overall investment yields from increased levels of short-term investments and lower partnership and call and tender income. Partially offsetting these items were growth in underlying businesses and reduced losses due to the phaseout of synthetic fuel production investments. The increase in net realized capital losses was primarily driven by other-than-temporary impairment charges. See Results of Operations — Consolidated Results — Net Investment Income and Net Realized Capital Losses and Investments — Securities Lending Activities.

Domestic Life Insurance reported a significant operating loss in 2008 compared to operating income in 2007 due principally to significantly lower revenues (as described above), goodwill impairment charges and restructuring expenses in 2008. Partially offsetting these items was the continued growth in the underlying business in force and favorable mortality experience in life insurance and payout annuities. Life insurance results were also affected by higher DAC amortization of $30 million related to the change in the unearned revenue liability described above, resulting in a net benefit of $22 million. In addition, 2007 payout annuities operating income was adversely affected by a $30 million adjustment to increase group annuity reserves. Policyholder benefit reserves in 2008 included an increase of $12 million related to the workers' compensation reinsurance program compared to a reduction in expense of $52 million in 2007. Operating income (loss) includes a DAC benefit related to realized capital losses of $364 million in 2008 compared to a benefit of $13 million in 2007.

2007 and 2006 Comparison

Total revenues for Domestic Life Insurance decreased in 2007 compared to 2006 primarily due to net realized capital losses partially offset by higher net investment income and premiums and other considerations. The Domestic Life Insurance premiums and other considerations increased as a result of higher payout annuity deposits and growth in life insurance business in force, partially offset by decreased group life/health premiums from exiting the financial institutions credit life business at the end of 2006.

Operating income decreased in 2007 compared with 2006 due principally to net realized capital losses. In addition, operating income in 2007 was negatively affected by a $52 million charge due to changes in actuarial estimates which included DAC unlocking and refinements in estimates resulting from actuarial valuation system enhancements and a $67 million increase in DAC amortization related to SOP 05-1. These items were partially

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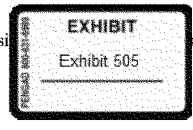

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offset by a $52 million decrease in policy benefits due to additional reinsurance recoveries associated with Superior National. Operating income in 2006 included a $125 million charge related to the Superior National workers' compensation arbitration, a $66 million loss related to exiting the financial institutions credit life business and a $55 million charge related to litigation reserves.

Domestic Life Insurance Sales and Deposits

Domestic Life Insurance sales and deposits by product* were as follows:

	Years Ended December 31,			Percentage Increase/ (Decrease)	
	2008	2007	2006	2008 vs. 2007	2007 vs. 2006
	(In millions)				
Life insurance					
Periodic premium by product:					
Universal life	$ 167	$ 230	$ 334	(27)%	(31)%
Variable universal life	63	55	56	15	(2)
Term life	210	219	240	(4)	(9)
Whole life/other	11	9	13	22	(31)
Total periodic premiums by product	451	513	643	(12)	(20)
Unscheduled and single deposits	267	426	269	(37)	58
Total life insurance	718	939	912	(24)	3
Home service					
Life insurance and accident and health	87	96	95	(9)	1
Fixed annuities	199	116	107	72	8
Unscheduled and single deposits	21	18	19	17	(5)
Total home service	307	230	221	33	4
Group life/health	121	118	148	3	(20)
Payout annuities	2,893	2,612	2,465	11	6
Individual fixed and runoff annuities	930	420	641	121	(34)
Total sales and deposits	$4,969	$4,319	$4,387	15%	(2)%

* *Life insurance sales include periodic premium from new business expected to be collected over a one-year period and unscheduled and single premiums from new and existing policyholders. Sales of group accident and health insurance represent annualized first year premium from new policies. Annuity sales represent deposits from new and existing policyholders.*

2008 and 2007 Comparison

Total Domestic Life Insurance sales and deposits increased in 2008 compared to 2007 primarily due to strong payout and individual fixed annuities sales, partially offset by a decline in total life insurance premiums. Payout annuities sales increased due to strong terminal funding and structured settlement sales in both the U.S. and Canada. Individual fixed annuities sales increased as a result of the interest rate environment as credited rates offered were more competitive with the rates offered by banks on certificates of deposit. The ratings downgrades and negative publicity related to AIG resulted in lower sales and deposits for the fourth quarter of 2008.

The U.S. life insurance market remains highly competitive and Domestic Life's emphasis on maintaining new business margins has affected sales of term and universal life products, although recent enhancements to term products resulted in an increase in sales prior to AIG's liquidity issues in September 2008.

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Domestic Retirement Services Results

Domestic Retirement Services results, presented on a sub-product basis were as follows:

Years Ended December 31,	Premiums and Other Considerations	Net Investment Income	Net Realized Capital Gains (Losses)	Total Revenues	Operating Income (Loss)(a)
			(In millions)		
2008					
Group retirement products	$ 401	$ 1,461	$ (6,700)	$ (4,838)	$ (6,283)
Individual fixed annuities	128	2,487	(11,928)	(9,313)	(11,646)
Individual variable annuities	584	85	(1,281)	(612)	(1,884)
Individual annuities — runoff *(b)*	15	313	(1,085)	(757)	(1,058)
Total	$ 1,128	$ 4,346	$ (20,994)	$(15,520)	$ (20,871)
2007					
Group retirement products	$ 446	$ 2,280	$ (451)	$ 2,275	$ 696
Individual fixed annuities	96	3,664	(829)	2,931	530
Individual variable annuities	627	166	(45)	748	122
Individual annuities — runoff *(b)*	21	387	(83)	325	(1)
Total	$ 1,190	$ 6,497	$ (1,408)	$ 6,279	$ 1,347
2006					
Group retirement products	$ 386	$ 2,279	$ (144)	$ 2,521	$ 1,017
Individual fixed annuities	122	3,581	(257)	3,446	1,036
Individual variable annuities	531	202	5	738	193
Individual annuities — runoff *(b)*	18	426	(8)	436	77
Total	$ 1,057	$ 6,488	$ (404)	$ 7,141	$ 2,323
Percentage Increase/(Decrease) 2008 vs. 2007:					
Group retirement products	(10)%	(34)%	—%	(315)%	—%
Individual fixed annuities	33	(30)	—	(417)	—
Individual variable annuities	(7)	(48)	—	(182)	—
Individual annuities — runoff	(29)	(19)	—	(331)	—
Total	(5)%	(31)%	—%	(348)%	—%
Percentage Increase/(Decrease) 2007 vs. 2006:					
Group retirement products	16%	—%	—%	(10)%	(32)%
Individual fixed annuities	(21)	2	—	(15)	(49)
Individual variable annuities	18	(18)	—	1	(37)
Individual annuities — runoff	17	(9)	—	(25)	—
Total	13%	—%	—%	(12)%	(42)%

(a) *2008 operating income (loss) includes goodwill impairment charges of $817 million for individual fixed annuities.*

(b) *Primarily represents runoff annuity business sold through discontinued distribution relationships.*

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2008 and 2007 Comparison

Domestic Retirement Services incurred an operating loss in 2008 compared to operating income in 2007, primarily due to significantly increased net realized capital losses, losses on partnership investments as well as DAC unlocking and related reserve strengthening resulting from increased surrenders and deteriorating equity markets and goodwill impairment charges. See Results of Operations — Consolidated Results — Net Investment Income and Net Realized Capital Losses for further information. AIG discontinued its U.S. securities lending program in December 2008. See Investments — Securities Lending Activities.

Both group retirement products and individual fixed annuities reported operating losses in 2008 compared to operating income in 2007 primarily as a result of increased net realized capital losses due to higher other-than-temporary impairment charges and goodwill impairment charges, lower net investment income due to partnership losses, lower yield enhancement income and reduced overall investment yield from increased levels of short-term investments. In addition, DAC and SIA unlocking for group retirement products and individual fixed annuities totaled $210 million and $171 million, respectively, driven by projected increases in surrenders and deteriorating equity markets. These negative effects were partially offset by DAC and SIA benefits of $1.7 billion related to the net realized capital losses compared to $182 million in 2007.

Individual variable annuities reported an operating loss in 2008 compared to operating income in 2007 primarily as a result of significantly increased net realized capital losses, principally due to $822 million of increased embedded policy derivative liability valuations, net of related economic hedges and other-than-temporary impairment charges. In addition, the operating loss included $1.1 billion of DAC unlocking and related reserve strengthening resulting primarily from the deteriorating equity markets. Operating losses also included DAC and SIA benefits of $454 million related to the net realized capital losses compared to $16 million in 2007.

2007 and 2006 Comparison

Total revenues and operating income for Domestic Retirement Services declined in 2007 compared to 2006 primarily due to increased net realized capital losses. Net realized capital losses for Domestic Retirement Services increased due to higher other-than-temporary impairment charges and sales to reposition assets in certain investment portfolios for both group retirement products and individual fixed annuities, as well as from changes in the value of certain individual variable annuity product guarantees and related hedges associated with living benefit features. Changes in actuarial estimates, including DAC unlockings and refinements to estimates resulting from actuarial valuation system enhancements, resulted in a net decrease to operating income of $112 million in 2007.

Domestic Retirement Services Sales and Deposits

The following table presents the account value roll forward for Domestic Retirement Services by product:

	Years Ended December 31,	
	2008	2007
	(In millions)	
Group retirement products		
Balance at beginning of year	$ 68,109	$64,357
Deposits — annuities	5,661	5,898
Deposits — mutual funds	1,520	1,633
Total Deposits	7,181	7,531
Surrenders and other withdrawals	(6,693)	(6,551)
Death benefits	(246)	(262)
Net inflows (outflows)	242	718
Change in fair value of underlying investments, interest credited, net of fees	(11,490)	3,034
Balance at end of year	$ 56,861	$68,109

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American International Group, Inc., and Subsidiaries

	Years Ended December 31,	
	2008	2007
	(In millions)	
Individual fixed annuities		
Balance at beginning of year	$ 50,508	$ 52,685
Deposits	7,276	5,085
Surrenders and other withdrawals	(9,571)	(7,565)
Death benefits	(1,721)	(1,667)
Net inflows (outflows)	(4,016)	(4,147)
Change in fair value of underlying investments, interest credited, net of fees	1,902	1,970
Balance at end of year	$ 48,394	$ 50,508
Individual variable annuities		
Balance at beginning of year	$ 33,108	$ 31,093
Deposits	3,455	4,472
Surrenders and other withdrawals	(4,240)	(4,158)
Death benefits	(480)	(497)
Net inflows (outflows)	(1,265)	(183)
Change in fair value of underlying investments, interest credited, net of fees	(8,250)	2,198
Balance at end of year	$ 23,593	$ 33,108
Total Domestic Retirement Services		
Balance at beginning of year	$151,725	$148,135
Deposits	17,912	17,088
Surrenders and other withdrawals	(20,504)	(18,274)
Death benefits	(2,447)	(2,426)
Net inflows (outflows)	(5,039)	(3,612)
Change in fair value of underlying investments, interest credited, net of fees	(17,838)	7,202
Balance at end of year, excluding runoff	128,848	151,725
Individual annuities runoff	5,079	5,690
Balance at end of year	$133,927	$157,415
General and separate account reserves and mutual funds		
General account reserve	$ 89,140	$ 88,801
Separate account reserve	38,499	60,461
Total general and separate account reserves	127,639	149,262
Group retirement mutual funds	6,288	8,153
Total reserves and mutual funds	$133,927	$157,415

2008 and 2007 Comparison

Deposits in all three product lines were negatively affected by the AIG ratings downgrades and AIG's liquidity issues commencing in September 2008. The decrease in group retirement products deposits was due to a decline in both group annuity deposits and group mutual fund deposits. The improvement in individual fixed annuity deposits was due to a steepened yield curve, providing the opportunity to offer higher interest crediting rates than certificates of deposits and mutual fund money market rates available at the time. Both group retirement products and

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individual fixed annuities deposits decreased after the AIG ratings downgrades. Individual variable annuity product sales declined due to the AIG ratings downgrades and continued weakness in the equity markets.

Domestic Retirement Services surrenders and other withdrawals increased in all three product lines in 2008 compared to 2007 primarily due to the AIG ratings downgrades and AIG's liquidity issues.

2007 and 2006 Comparison

Domestic Retirement Services deposits increased in 2007 compared to 2006 primarily reflecting higher deposits in group retirement products and individual variable annuities, partially offset by a decrease in individual fixed annuities. Group retirement deposits increased 10 percent in 2007 compared to 2006 as a result of an increased focus on sales management and acquiring outside deposits. Mutual funds deposits increased 20 percent while group annuity deposits increased 8 percent. Individual fixed annuity sales continued to face increased competition from bank deposit products and money market funds offering very competitive short-term rates in the 2007 yield curve environment, and as a result deposits decreased 5 percent in 2007 compared to 2006. Individual variable annuity deposits increased 5 percent in 2007 compared to 2006 despite the discontinuation of a major bank proprietary product.

Domestic Retirement Services surrenders and other withdrawals increased in 2007 compared to 2006 reflecting higher surrenders in both group retirement products and individual fixed annuities. Group retirement surrenders increased as a result of both normal maturing of the business and higher large group surrenders in 2007 compared to 2006. Individual fixed annuity surrenders and withdrawals increased in 2007 due to both an increasing number of policies coming out of their surrender charge period and increased competition from bank deposit products.

The following table presents Domestic Retirement Services reserves by surrender charge category and surrender rates:

At December 31,	Group Retirement Products*	Individual Fixed Annuities	Individual Variable Annuities
		(In millions)	
2008			
No surrender charge	$ 43,797	$ 10,287	$ 8,594
0% – 2%	1,320	3,043	3,097
Greater than 2% – 4%	1,714	6,711	2,187
Greater than 4%	2,710	25,110	7,663
Non-Surrenderable	1,032	3,243	2,052
Total Reserves	$ 50,573	$ 48,394	$ 23,593
Surrender rates	10.5%	18.8%	14.9%
2007			
No surrender charge	$ 49,770	$ 11,316	$ 13,014
0% – 2%	3,284	3,534	5,381
Greater than 2% – 4%	3,757	7,310	5,133
Greater than 4%	2,280	24,956	9,492
Non-Surrenderable	865	3,392	88
Total Reserves	$ 59,956	$ 50,508	$ 33,108
Surrender rates	9.8%	14.6%	12.8%

* *Excludes mutual funds of $6.3 billion and $8.2 billion in 2008 and 2007, respectively.*

Surrender rates increased for group retirement products and individual variable and fixed annuities in 2008 compared to 2007 primarily due to the AIG ratings downgrades and AIG's liquidity issues.

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American International Group, Inc., and Subsidiaries

Deferred Policy Acquisition Costs and Sales Inducement Assets

DAC for Life Insurance & Retirement Services products arises from the deferral of costs that vary with, and are directly related to, the acquisition of new or renewal business. Policy acquisition costs for life insurance products are generally deferred and amortized over the premium paying period in accordance with FAS 60, "Accounting and Reporting by Insurance Enterprises" (FAS 60). Policy acquisition costs that relate to universal life and investment-type products are generally deferred and amortized, with interest in relation to the incidence of estimated gross profits to be realized over the estimated lives of the contracts in accordance with FAS 97. Value of Business Acquired (VOBA) is determined at the time of acquisition and is reported on the consolidated balance sheet with DAC and amortized over the life of the business, similar to DAC. AIG offers sales inducements to contract holders (bonus interest) on certain annuity and investment contracts. Sales inducements are recognized as an asset (SIA) with a corresponding increase to the liability for policyholder contract deposits on the consolidated balance sheet and are amortized over the life of the contract similar to DAC. The deferral of acquisition and sales inducement costs decreased $164 million in 2008 compared to 2007 primarily due to declines in new business production resulting from AIG's liquidity issues. Total amortization expense increased by $1.5 billion in 2008 compared to 2007. The current year amortization includes a $3.2 billion increase to operating income related to net realized capital losses in 2008 compared to $333 million in 2007 reflecting significantly higher other-than-temporary impairment charges. Current year amortization for Domestic Retirement Services also includes adjustments for DAC and SIA unlocking of $961 million related to the continued weakness in the equity markets and DAC and SIA unlocking of $267 million due to higher surrender activity. There was no effect from higher surrender activity in Domestic Life and the Foreign Life operations as the write-off of the DAC was offset by related policy charges. In 2007, amortization expense included changes in actuarial estimates of $732 million, mostly offset in policyholder benefits and claims incurred, which decreased the reported expense. Annualized amortization expense levels in 2008 and 2007 were approximately 13 percent and 10 percent, respectively, of the opening DAC balance.

AIG adopted FAS 159 on January 1, 2008 and elected to apply fair value accounting for an investment-linked product sold principally in Asia. Upon fair value election, all DAC and SIA are written off and there is no further deferral or amortization of DAC and SIA for that product. The amounts of DAC and SIA written off as of January 1, 2008 were $1.1 billion and $299 million, respectively.

The following table summarizes the major components of the changes in DAC/VOBA and SIA:

	Years Ended December 31,					
	2008			2007		
	DAC/VOBA	SIA	Total	DAC/VOBA	SIA	Total
	(In millions)					
Foreign Life Insurance & Retirement Services						
Balance at beginning of year	$ 26,175	$ 681	$26,856	$ 21,153	$404	$21,557
Acquisition costs deferred	5,622	66	5,688	5,640	241	5,881
Amortization (charged) or credited to operating income *(a)*	(4,449)	(90)	(4,539)	(1,879)	10	(1,869)
Change in unrealized gains (losses) on securities	261	(8)	253	301	16	317
Increase (decrease) due to foreign exchange	(352)	(33)	(385)	831	10	841
Other *(b)*	(1,091)	(299)	(1,390)	129	—	129
Balance at end of year	$ 26,166	$ 317	$26,483	$ 26,175	$681	$26,856

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American International Group, Inc., and Subsidiaries

	Years Ended December 31,					
	2008			2007		
	DAC/VOBA	SIA	Total	DAC/VOBA	SIA	Total
	(In millions)					
Domestic Life Insurance						
Balance at beginning of year	$ 6,432	$ 53	$ 6,485	$ 6,006	$ 46	$ 6,052
Acquisition costs deferred	865	16	881	895	15	910
Amortization (charged) or credited to operating income	(324)	(4)	(328)	(652)	(8)	(660)
Change in unrealized gains (losses) on securities	379	—	379	162	—	162
Increase (decrease) due to foreign exchange	(116)	—	(116)	85	—	85
Other *(b)*	—	1	1	(64)	—	(64)
Balance at end of year	$ 7,236	$ 66	$ 7,302	$ 6,432	$ 53	$ 6,485
Domestic Retirement Services						
Balance at beginning of year	$ 5,838	$ 991	$ 6,829	$ 5,651	$ 887	$ 6,538
Acquisition costs deferred	790	210	1,000	741	201	942
Amortization (charged) or credited to operating income *(a)*	(198)	39	(159)	(836)	(151)	(987)
Change in unrealized gains (losses) on securities	779	175	954	282	54	336
Increase (decrease) due to foreign exchange	2	—	2	—	—	—
Balance at end of year	$ 7,211	$1,415	$ 8,626	$ 5,838	$ 991	$ 6,829
Total Life Insurance & Retirement Services						
Balance at beginning of year	$ 38,445	$1,725	$40,170	$ 32,810	$1,337	$34,147
Acquisition costs deferred	7,277	292	7,569	7,276	457	7,733
Amortization (charged) or credited to operating income *(a)*	(4,971)	(55)	(5,026)	(3,367)	(149)	(3,516)
Change in unrealized gains (losses) on securities	1,419	167	1,586	745	70	815
Increase due to foreign exchange	(466)	(33)	(499)	916	10	926
Other *(b)*	(1,091)	(298)	(1,389)	65	—	65
Balance at end of year	$ 40,613	$1,798	$42,411	$ 38,445	$1,725	$40,170

(a) In 2007, Foreign Life Insurance & Retirement Services includes lower amortization of $836 million related to changes in actuarial estimates, mostly offset in Policyholder benefits and claims incurred. Domestic Retirement Services includes higher amortization of $104 million related to changes in actuarial estimates.

(b) In 2008, primarily represents the cumulative effect of adoption of FAS 159. In 2007, includes the cumulative effect of adoption of SOP 05-1.

As AIG operates in various global markets, the estimated gross profits used to amortize DAC, VOBA and SIA are subject to differing market returns and interest rate environments in any single period. The combination of market returns and interest rates may lead to acceleration of amortization in some products and regions and simultaneous deceleration of amortization in other products and regions.

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DAC, VOBA and SIA for insurance-oriented, investment-oriented and retirement services products are reviewed for recoverability, which involves estimating the future profitability of current business. This review involves significant management judgment. If actual future profitability is substantially lower than estimated, AIG's DAC, VOBA and SIA may be subject to an impairment charge and AIG's results of operations could be significantly affected in future periods.

Taiwan

Beginning in 2000, the yield available on Taiwanese 10-year government bonds dropped from approximately 6 percent to 1.5 percent at December 31, 2008. Yields on most other invested assets have correspondingly dropped over the same period. Current sales are focused on products such as:

- variable separate account products which do not contain interest rate guarantees,
- participating products which contain very low implied interest rate guarantees, and
- accident and health policies and riders.

In developing the reserve adequacy analysis for Nan Shan, several key best estimate assumptions have been made:

- Observed historical mortality improvement trends have been projected to 2014;
- Morbidity, expense and termination rates have been updated to reflect recent experience;
- Taiwan government bond rates are expected to remain at current levels for 10 years and gradually increase to best estimate assumptions of a market consensus view of long-term interest rate expectations;
- Foreign assets are assumed to comprise 35 percent of invested assets, resulting in a composite long-term investment assumption of approximately 4.9 percent; and
- The current practice permitted in Taiwan of offsetting positive mortality experience with negative interest margins, thus eliminating the need for mortality dividends, will continue.

Future results of the reserve adequacy tests will involve significant management judgment as to mortality, morbidity, expense and termination rates and investment yields. Adverse changes in these assumptions could accelerate DAC amortization and necessitate reserve strengthening. Future results of the reserve adequacy tests will be affected by the nature, timing and duration of any potential change in investment strategy implemented for Nan Shan.

Financial Services Operations

AIG's Financial Services subsidiaries engage in diversified activities including aircraft leasing, capital markets, and consumer finance and insurance premium finance. Together, the Aircraft Leasing, Capital Markets and Consumer Finance operations generate the majority of the revenues produced by the Financial Services operations. A.I. Credit also contributes to Financial Services income principally by providing insurance premium financing for both AIG's policyholders and those of other insurers.

Capital Markets represents the operations of AIGFP, which engaged as principal in a wide variety of financial transactions, including standard and customized financial products involving commodities, credit, currencies, energy, equities and interest rates. AIGFP also invests in a diversified portfolio of securities and engages in borrowing activities that involve issuing standard and structured notes and other securities and entering into GIAs. Given the extreme market conditions experienced in 2008, downgrades of AIG's credit ratings by the rating agencies, as well as AIG's intent to refocus on its core businesses, AIGFP has begun to unwind its businesses and portfolios including those associated with credit protection written through credit default swaps on super senior risk tranches of diversified pools of loans and debt securities.

Historically, AIG's Capital Markets operations derived a significant portion of their revenues from hedged financial positions entered into in connection with counterparty transactions. AIGFP has also participated as a dealer in a wide variety of financial derivatives transactions. Revenues and operating income of the Capital Markets operations and the percentage change in these amounts for any given period are significantly affected by changes in

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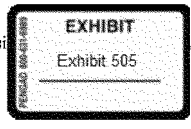
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the fair value of AIGFP's assets and liabilities and by the number, size and profitability of transactions entered into during that period relative to those entered into during the comparative period.

Financial Services Results

Financial Services results were as follows:

	Years Ended December 31,			Percentage Increase/(Decrease)	
	2008	2007	2006	2008 vs. 2007	2007 vs. 2006
	(In millions)				
Revenues:					
Aircraft Leasing	$ 5,075	$ 4,694	$4,082	8%	15%
Capital Markets	(40,333)	(9,979)	(186)	—	—
Consumer Finance	3,849	3,655	3,587	5	2
Other, including intercompany adjustments	314	321	294	(2)	9
Total	$(31,095)	$ (1,309)	$7,777	—%	—%
Operating income (loss):					
Aircraft Leasing	$ 1,116	$ 873	$ 578	28%	51%
Capital Markets	(40,471)	(10,557)	(873)	—	—
Consumer Finance	(1,261)	171	668	—	(74)
Other, including intercompany adjustments	(205)	(2)	10	—	—
Total	$(40,821)	$ (9,515)	$ 383	—%	—%

2008 and 2007 Comparison

Financial Services reported operating losses in 2008 and 2007, primarily due to unrealized market valuation losses related to AIGFP's super senior credit default swap portfolios of $28.6 billion and $11.5 billion in 2008 and 2007, respectively. AIGFP also recorded operating losses of $9.3 billion in 2008 representing the effect of changes in credit spreads on the valuation of AIGFP's assets and liabilities, including $185 million of gains reflected in the unrealized market valuation loss on the super senior credit default swaps. AGF's operating income declined in 2008 compared to 2007 primarily due to increases in the provision for finance receivable losses of $674 million resulting from increases to the allowance for finance receivable losses in response to the higher levels of delinquencies on AGF's finance receivable portfolio, higher net charge-offs, and a goodwill impairment charge of $341 million. As of December 31, 2008, AGF reclassified $1.0 billion of real estate loans to be held for sale due to management's change in intent to hold these receivables. Based on negotiations with prospective purchasers, AGF determined that a write-down of $27 million was necessary to reduce the carrying value of these loans to net realizable value. The sales of these loans were completed in February 2009. As of December 31, 2008, AGF's intent to hold for investment the remainder of the finance receivable portfolio had not changed. AIGCFG also recorded a goodwill impairment charge of $343 million in 2008. The net loss in the Other reporting unit resulted primarily from the change in fair value of interest rate swaps on economically hedged exposures.

ILFC generated strong operating income growth in 2008 compared to 2007, driven to a large extent by a larger aircraft fleet, higher lease rates and lower composite borrowing rates.

2007 and 2006 Comparison

Financial Services reported an operating loss in 2007 compared to operating income in 2006 primarily due to an unrealized market valuation loss of $11.5 billion on AIGFP's super senior credit default swap portfolio, an other-than-temporary impairment charge on AIGFP's available for sale investment securities of $643 million recorded in other income, and a decline in operating income for AGF. AGF's operating income declined in 2007 compared to 2006, due to reduced residential mortgage origination volumes, lower revenues from its mortgage banking activities

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and increases in the provision for finance receivable losses. In 2007, AGF's mortgage banking operations also recorded a pre-tax charge of $178 million, representing the estimated cost of implementing the Supervisory Agreement entered into with the OTS.

ILFC generated strong operating income growth in 2007 compared to 2006, driven to a large extent by a larger aircraft fleet, higher lease rates and higher utilization.

In 2007, AIGFP began applying hedge accounting under FAS 133 to certain of its interest rate swaps and foreign currency forward contracts that hedge its investments and borrowings and AGF and ILFC began applying hedge accounting to most of their derivatives that hedge floating rate and foreign currency denominated borrowings. Prior to 2007, hedge accounting was not applied to any of AIG's derivatives and related assets and liabilities. Accordingly, revenues and operating income were exposed to volatility resulting from differences in the timing of revenue recognition between the derivatives and the hedged assets and liabilities.

Capital Markets Results

2008 and 2007 Comparison

AIGFP's operating loss increased in 2008 compared to 2007 primarily related to its super senior multi-sector CDO credit default swap portfolio and the effect of credit spreads on the valuation of its assets and liabilities. The 2008 net operating loss was driven by the extreme market conditions experienced during the year and the effects of downgrades of AIG's credit ratings by the rating agencies. The net operating results were also affected by internal efforts during the first half of 2008 intended to preserve liquidity. As a result of AIG's intention to refocus on its core business, AIGFP began unwinding its businesses and portfolios. For a further discussion, see Overview — Outlook — Financial Services.

AIG recognized an unrealized market valuation loss of $28.6 billion in 2008 compared to $11.5 billion in 2007, representing the change in fair value of its super senior credit default swap portfolio. The principal components of the loss recognized in 2008 were as follows:

- Approximately $25.7 billion relates to derivatives written on the super senior tranches of multi-sector CDOs. The material decline in the fair value of these derivatives was caused by significant deterioration in the pricing and credit quality of RMBS, CMBS and CDO securities. Included in this amount is a loss of $4.3 billion with respect to the change in fair value of transactions outstanding at December 31, 2008 having a net notional amount of $12.6 billion. Also included in the unrealized market valuation losses on AIGFP's super senior credit default swap portfolio are losses of approximately $995 million that were subsequently realized through payments to counterparties to acquire at par value the underlying CDO securities with fair values that were less than par. Specifically, during the second quarter of 2008, AIGFP issued new maturity-shortening puts that allow the holders of the securities issued by certain CDOs to treat the securities as short-term eligible 2a-7 investments under the Investment Company Act of 1940 (2a-7 Puts), with a net notional amount of $5.4 billion on the super senior security issued by a CDO of AAA-rated commercial mortgage-backed securities (CMBS) pursuant to a facility that was entered into in 2005. All of these 2a-7 Puts and other 2a-7 Puts in AIGFP's multi-sector CDO super senior credit default swap portfolio with a combined net notional amount of $9.4 billion were exercised by the counterparties during 2008. In addition, AIGFP extinguished its obligations with respect to one other credit default swap by purchasing the protected CDO security at its principal amount outstanding of $162 million. These transactions represent all of the payments that have been made to counterparties through December 31, 2008 on the super senior credit default swap portfolio of AIGFP under the settlement provisions of these contracts. AIGFP has not committed to enter into any new 2a-7 Puts.

  Further, included in the unrealized market valuation losses on AIGFP's super senior credit default swap portfolio are losses of approximately $21.1 billion that were subsequently realized through the termination of contracts through the ML III transaction. See Note 5 to the Consolidated Financial Statements.

- Approximately $2.3 billion relates to derivatives written as part of the corporate arbitrage portfolio. The decline in the fair value of these derivatives was caused by the continued significant widening in corporate credit spreads.

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- Approximately $379 million relates to the decline in fair value of a transaction in the regulatory capital portfolio where AIGFP no longer believes the credit default swap is used by the counterparty to obtain regulatory capital relief.

See Critical Accounting Estimates — Valuation of Level 3 Assets and Liabilities and Note 5 to the Consolidated Financial Statements for a discussion of AIGFP's super senior credit default swap portfolio.

During 2008, AIGFP recognized a loss of $888 million on credit derivatives which are not included in the super senior credit default swap portfolio, compared to a net gain of $370 million in 2007.

The following table presents AIGFP's credit valuation adjustment gains (losses) for the year ended December 31, 2008 (excluding intercompany transactions):

Counterparty Credit Valuation Adjustment on Assets		AIG's Own Credit Valuation Adjustment on Liabilities	
	(In millions)		
Trading securities	$ (8,928)	Term notes	$ 248
Loans and other assets	(61)	Hybrid term notes	646
Derivative assets	(1,667)	GIAs	(415)
		Other liabilities	55
		Derivative liabilities*	860
Decrease in assets	$(10,656)	Decrease in liabilities	$1,394
Net pre-tax decrease to other income	$ (9,262)		

* *Includes super senior credit default swap portfolio*

Capital Markets' operating loss for 2008 includes a loss of $9.3 billion representing the effect of changes in credit spreads on the valuation of AIGFP's assets and liabilities, including $185 million of gains reflected in the unrealized market valuation loss on super senior credit default swaps. Historically, AIG's credit spreads and those on AIGFP's assets moved in a similar fashion. This relationship began to diverge during second quarter of 2008 and continued to diverge through the end of the year. While AIG's credit spreads widened significantly during 2008, the credit spreads on the ABS and CDO products, which represent a significant portion of AIGFP's investment portfolio, widened even more. The losses on AIGFP's assets more than offset the net gain on its liabilities that was driven by the significant widening in AIG's credit spreads. The net gain on AIGFP's liabilities was reduced by the effect of posting collateral and the early terminations of GIAs, term notes and hybrid term notes. Included in the 2008 operating loss is the transition amount of $291 million related to the adoption of FAS 157 and FAS 159.

The most significant component of Capital Markets operating expenses is compensation. Due to the significant losses recognized by AIGFP during 2008, the entire amount of $563 million accrued under AIGFP's various deferred compensation plans and special incentive plan was reversed in 2008. Total compensation expense in 2008 was $426 million including retention awards.

2007 and 2006 Comparison

Capital Markets reported an operating loss in 2007 compared to operating income in 2006, primarily due to fourth quarter 2007 unrealized market valuation losses related to AIGFP's super senior credit default swap portfolio principally written on multi-sector CDOs and an other-than-temporary impairment charge on AIGFP's investment portfolio of CDOs of ABS. These losses were partially offset by the effect of applying hedge accounting to certain hedging activities beginning in 2007, as described below, and net unrealized market gains related to certain credit default swaps purchased against the AAA to BBB-rated risk layers on portfolios of reference obligations. AIGFP experienced higher transaction flow in 2007 in its rate and currency products which contributed to its revenues.

Included in AIGFP's net operating loss was a net unrealized market valuation gain of $401 million on certain credit default swaps and embedded credit derivatives in credit-linked notes in 2007. In these transactions, AIGFP purchased protection at the AAA - to BBB-rated risk layers on portfolios of reference obligations that include multi-sector CDO obligations.



During the fourth quarter of 2007, certain of AIGFP's available for sale investments in super senior and AAA-rated bonds issued by multi-sector CDOs experienced severe declines in their fair value. As a result, AIGFP recorded an other-than-temporary impairment charge in other income of $643 million. Notwithstanding AIG's intent and ability to hold such securities at such time until they recover in value, and despite structures which indicated that a substantial amount of the securities should continue to perform in accordance with their original terms, AIG concluded that it could not reasonably assert that the recovery period would be temporary. See also Investments — Financial Services Invested Assets and Note 5 to the Consolidated Financial Statements.

The change in fair value of AIGFP's credit default swaps that reference CDOs and the decline in fair value of its investments in CDOs were caused by the significant widening in spreads in the fourth quarter on asset-backed securities, principally those related to U.S. residential mortgages, the severe liquidity crisis affecting the structured finance markets and the effects of rating agency downgrades on those securities.

In addition, in 2007 AIGFP recognized a net gain of $211 million related to hedging activities that did not qualify for hedge accounting treatment under FAS 133, compared to a net loss of $1.82 billion in 2006.

The year ended December 31, 2007 included an out-of-period charge of $380 million to reverse net gains recognized in previous periods on transfers of available for sale securities among legal entities consolidated within AIGFP, and a $166 million reduction in fair value at March 31, 2007 of certain derivatives that were an integral part of, and economically hedge, the structured transactions that were affected by the proposed regulations issued by the United States Department of the Treasury. The net loss on AIGFP's derivatives recognized in 2006 included an out-of-period charge of $223 million related to the remediation of the material weakness in internal control over accounting for certain derivative transactions under FAS 133. The net loss also reflects the effect of increases in U.S. interest rates and a weakening of the U.S. dollar on derivatives hedging AIGFP's assets and liabilities.

Financial market conditions in 2007 were characterized by increases in global interest rates, widening of credit spreads, higher equity valuations and a slightly weaker U.S. dollar.

The most significant component of Capital Markets operating expenses is compensation, which was approximately $423 million and $544 million in 2007 and 2006, respectively. The amount of compensation was not affected by gains and losses arising from derivatives not qualifying for hedge accounting treatment under FAS 133.

Asset Management Operations

AIG's Asset Management operations comprise a wide variety of investment-related services and investment products. These services and products are offered to individuals, pension funds and institutions (including AIG subsidiaries) globally through AIG's Spread-Based Investment business, Institutional Asset Management, and Brokerage Services and Mutual Funds businesses. Also included in Asset Management operations are the results of certain SunAmerica sponsored partnership investments.

The revenues and operating income (loss) for this segment are affected by the general conditions in the equity and credit markets. In addition, net realized gains and carried interest are contingent upon various fund closings, maturity levels and market conditions. In the Institutional Asset Management business, carried interest, computed in accordance with each fund's governing agreement, is based on the investment's performance over the life of each fund. Unrealized carried interest is recognized based on each fund's performance as of the balance sheet date. Future fund performance may negatively affect previously recognized carried interest.



Asset Management Results

Asset Management results were as follows:

	Years Ended December 31,			Percentage Increase/(Decrease)	
	2008	2007	2006	2008 vs. 2007	2007 vs. 2006
		(In millions)			
Revenues:					
Spread-Based Investment business	$(6,918)	$2,023	$2,713	—%	(25)%
Institutional Asset Management	1,938	2,900	1,240	(33)	134
Brokerage Services and Mutual Funds	273	322	293	(15)	10
Other Asset Management	181	380	297	(52)	28
Total	$(4,526)	$5,625	$4,543	—%	24%
Operating income (loss):					
Spread-Based Investment business	$(8,543)	$ (89)	$ 732	—%	—%
Institutional Asset Management	(848)	784	438	—	79
Brokerage Services and Mutual Funds	28	100	87	(72)	15
Other Asset Management	176	369	281	(52)	31
Total	$(9,187)	$1,164	$1,538	—%	(24)%

2008 and 2007 Comparison

Asset Management recognized an operating loss in 2008 compared to operating income in 2007, primarily due to higher other-than-temporary impairment charges on fixed maturity securities, higher mark-to-market losses on unhedged derivatives, significantly lower partnership income, higher equity losses and realized losses on real estate investments, and lower net carried interest revenues. Partially offsetting these declines were increases in net foreign exchange gains on foreign currency denominated GIC and MIP liabilities. Included in the Institutional Asset Management operating income during 2007 was a gain on the sale of a portion of AIG's investment in The Blackstone Group L.P. (Blackstone) in connection with its initial public offering.

As noted in the Asset Disposition section of Management's Discussion and Analysis of Financial Condition and Results of Operations, certain businesses within the Asset Management segment are being divested. The $9.2 billion operating loss for 2008 includes approximately $4.5 billion in net operating losses related to businesses which are expected to be retained by AIG, including the MIP. AIG will retain the businesses that manage the short duration asset and liability management and traditional fixed income investment services for the insurance companies.

2007 and 2006 Comparison

Asset Management revenues increased in 2007 compared to 2006 primarily due to increased partnership income, management fees, and carried interest.

Asset Management operating income decreased in 2007 compared to 2006, due to foreign exchange, interest rate and credit-related mark-to-market losses and other-than-temporary impairment charges on fixed income investments. These other-than-temporary impairment charges were due primarily to changes in market liquidity and spreads. Partially offsetting these decreases were higher partnership income, increased gains on real estate investments and a gain of $398 million on the sale of a portion of AIG's investment in Blackstone in connection with its initial public offering. Revenues increased in 2007 compared to 2006 periods as a result of consolidating several warehoused investments. AIG consolidates the operating results of warehoused investments until such time as they are sold or otherwise divested. A portion of these amounts is offset in minority interest expense, which is not a component of operating income (loss).

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Spread-Based Investment Business Results

2008 and 2007 Comparison

The Spread-Based Investment business reported increased operating losses in 2008 compared to 2007 due to significantly higher net realized capital losses and lower partnership income. Net realized capital losses were $8.6 billion in 2008 compared to $1.3 billion in 2007. The increase in net realized capital losses for 2008 primarily consists of an increase of $6.4 billion in other-than-temporary impairment charges on fixed maturity securities for both the GIC and MIP, higher net mark-to-market losses of $1.2 billion on interest rate and foreign exchange hedges not qualifying for hedge accounting treatment for both the GIC and MIP and higher net mark-to-market losses of $374 million on credit default swap investments held by the MIP due to the widening of corporate credit spreads. The MIP credit default swaps are comprised of single-name investment grade corporate exposures. AIG enters into derivative arrangements to hedge the effect of changes in currency and interest rates associated with the fixed and floating rate and foreign currency denominated obligations issued under these programs. Some of these hedging relationships qualify for hedge accounting treatment, while others do not, and although being effective economic hedges, creates volatility in operating results. Partially offsetting these declines were increased net foreign exchange gains on foreign denominated GIC reserves and MIP liabilities of $1.3 billion.

The increase in other-than-temporary impairment charges on fixed maturity securities held in the GIC and MIP portfolios were $3.2 billion for the GIC and $3.2 billion for the MIP in 2008, primarily resulting from severity and credit losses and the change in AIG's intent to hold securities to recovery related to both the U.S. securities lending portfolio and its general portfolios. See Investments — Portfolio Review — Other-Than-Temporary Impairments.

In the GIC program, income from partnership investments decreased $1.4 billion for 2008 compared to 2007 due to significantly higher returns in the 2007 period and weaker market conditions in 2008. GIC income was also affected by higher net mark-to-market losses of $676 million on interest rate and foreign exchange hedges not qualifying for hedge accounting treatment. Offsetting these declines were net foreign exchange gains on foreign-denominated GIC reserves which increased by $1.2 billion in 2008 compared to 2007 as a result of the strengthening of the U.S. dollar. As noted below, a significant portion of these GIC reserves mature in the next twelve months. The derivative losses included net mark-to-market losses on interest rate and foreign exchange derivatives used to economically hedge the effect of interest rate and foreign exchange rate movements on GIC reserves. Although these economic hedges are partially effective in hedging the interest rate and foreign exchange risk, AIG has not applied hedge accounting treatment.

The MIP recognized an operating loss, due to net realized capital losses, of $4.8 billion in 2008, and an operating loss of $794 million in 2007.

AIG did not issue any additional debt to fund the MIP in 2008 and does not intend to issue any additional debt for the foreseeable future. Through December 31, 2008, the MIP had cumulative debt issuances of $13.4 billion. During 2007, AIG issued the equivalent of $8.1 billion of securities to fund the MIP in the Euromarkets and the U.S. public and private markets. See Note 13 to the Consolidated Financial Statements for a schedule of maturities of the MIP debt.

The GIC program is in runoff with no new GICs issued subsequent to 2005. The anticipated runoff of the domestic GIC portfolio was as follows:

At December 31,	Less Than One Year	1-3 Years	3+-5 Years	Over Five Years	Total
			(in billions)		
Domestic GICs	$ 6.0	$ 2.0	$ 3.0	$ 3.8	$14.8

2007 and 2006 Comparison

The Spread-Based Investment business reported an operating loss in 2007 compared to operating income in 2006 due to foreign exchange, interest rate and credit-related mark-to-market losses and other-than-temporary impairment charges on fixed income investments, partially offset by increased partnership income. In 2007, the GIC program incurred foreign exchange losses of $526 million on foreign-denominated GIC reserves. Partially offsetting these losses were $269 million of net mark-to-market gains on derivative positions. These net gains included mark-to-market gains on foreign exchange derivatives used to economically hedge the effect of foreign



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exchange rate movements on foreign-denominated GIC reserves and mark-to-market losses on interest rate hedges that did not qualify for hedge accounting treatment.

The MIP experienced mark-to-market losses of $193 million due to interest rate and foreign exchange derivative positions that, while partially effective in hedging interest rate and foreign exchange risk, did not qualify for hedge accounting treatment and an additional $98 million due to credit default swap losses. The mark-to-market losses for 2007 were driven primarily by a decline in short-term interest rates, the decline in the value of the U.S. dollar and widening credit spreads.

Also contributing to the operating loss were other-than-temporary impairment charges on various fixed maturity investments held in the GIC and MIP portfolios of approximately $836 million as a result of movements in credit spreads and decreased market liquidity. See Investments — Portfolio Review — Other-Than-Temporary Impairments. These losses were partially offset by an increase in partnership income associated with the GIC.

Institutional Asset Management Results

2008 and 2007 Comparison

Institutional Asset Management recognized an operating loss in 2008 compared to operating income in 2007, primarily resulting from the difficult market conditions in 2008 in the private equity, hedge fund and real estate environments. The operating loss reflects higher net equity losses and impairment charges of $330 million and lower net realized capital gains of $211 million on real estate investments, and lower carried interest of $209 million. Due to the current global real estate market conditions, several of AIG Global Real Estate's investments were deemed to be impaired, and several equity investments were written off during 2008. These impairments and write-offs totaled $269 million. The reduction in carried interest revenues was driven by lower net unrealized carry due to higher fund performance in 2007 and significantly lower fund performance in 2008.

Increased losses from warehoused investments of $92 million were incurred as such investments were not able to be sold or otherwise divested as originally contemplated. Such assets are now considered proprietary investments of the Institutional Asset Management business. Total operating losses including funding costs from these investments for 2008 and 2007 were $257 million and $165 million, respectively, with 2008 reflecting a full-year of such losses compared to a partial year in 2007. Of these operating losses, $142 million and $35 million for 2008 and 2007, respectively, are offset in minority interest expense, which is not a component of operating income (loss).

Additional losses resulted from a decrease in securities lending fees of $60 million as the U.S. securities lending program was terminated and restructuring-related expenses of $43 million primarily related to employee-related costs associated with the intended divestment of various asset management businesses, including AIG Private Bank. Included in the 2007 results was a $398 million gain related to the sale of a portion of AIG's investment in Blackstone.

AIG's unaffiliated client assets under management, including retail mutual funds and institutional accounts, were $68.9 billion and $97.6 billion at December 31, 2008 and December 31, 2007, respectively. The decline from December 31, 2007 reflects lower asset values due to the significant deterioration in the credit and equity markets during 2008 as well as the effect of net client outflows. Although there was a significant decline in end of period unaffiliated client assets under management, average assets under management decreased nominally in 2008 compared to 2007 and resulted in slightly lower base management fees.

2007 and 2006 Comparison

Operating income for Institutional Asset Management increased in 2007 compared to 2006 reflecting increased carried interest revenues driven by higher valuations of portfolio investments that are generally associated with improved performance in the equity markets. The increase also reflects the $398 million gain from the sale of a portion of AIG's investment in Blackstone in connection with its initial public offering. Also contributing to this increase were higher base management fees driven by higher levels of third-party assets under management. Partially offsetting these increases were the operating losses from warehousing activities. The consolidated warehoused private equity investments are not wholly owned by AIG and thus, a significant portion of the effect of consolidating these operating losses is offset in minority interest, which is not a component of operating income.



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Brokerage Services and Mutual Funds

Revenues and operating income related to Brokerage Services and Mutual Fund activities decreased in 2008 from 2007 due to lower fee income as a result of a lower asset base and a decline in commission income resulting from difficult market conditions. In addition, restructuring expenses of $24 million were recorded in 2008 primarily related to employee costs.

Other Asset Management Results

Revenues and operating income related to Other Asset Management activities declined in 2008 from 2007 and increased in 2007 from 2006, due to changes in partnership income driven by weaker market conditions in 2008 and 2006 compared to strong market conditions in 2007.

Critical Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires the application of accounting policies that often involve a significant degree of judgment. AIG considers that its accounting policies that are most dependent on the application of estimates and assumptions, and therefore viewed as critical accounting estimates, to be those relating to items considered by management in the determination of AIG's ability to continue as a going concern, liability for general insurance unpaid claims and claims adjustment expenses, future policy benefits for life and accident and health contracts, recoverability of DAC, estimated gross profits for investment-oriented products, the allowance for finance receivable losses, flight equipment recoverability, other-than-temporary impairments, goodwill impairment, estimates with respect to income taxes and fair value measurements of certain financial assets and liabilities, including credit default swaps. These accounting estimates require the use of assumptions about matters, some of which are highly uncertain at the time of estimation. To the extent actual experience differs from the assumptions used, AIG's results of operations would be directly affected.

The major categories for which assumptions are developed and used to establish each critical accounting estimate are highlighted below.

AIG's Ability to Continue as a Going Concern

When assessing AIG's ability to continue as a going concern, management must make judgments and estimates about the following:

- the marketability of assets to be disposed of and the timing and amount of related cash proceeds to be used to repay indebtedness;
- plans to raise new funds or restructure debt;
- projections of future profitability and the timing and amount of cash flows from operating activities;
- the funding needs of regulated subsidiaries;
- AIG's ability to comply with debt covenants;
- plans to reduce expenditures;
- the effects of ratings agency actions on collateral requirements and other contractual conditions; and
- the future regulatory, business, credit, and competitive environments in which AIG operates around the world.

These factors individually and collectively will have a significant effect on AIG's ability to generate sufficient cash to repay indebtedness as it becomes due and profitably operate its businesses as it executes its restructuring initiatives.

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Liability for Unpaid Claims and Claims Adjustment Expenses (General Insurance):

- *Loss trend factors:* used to establish expected loss ratios for subsequent accident years based on premium rate adequacy and the projected loss ratio with respect to prior accident years.
- *Expected loss ratios for the latest accident year:* in this case, accident year 2008 for the year-end 2008 loss reserve analysis. For low-frequency, high-severity classes such as excess casualty, expected loss ratios generally are utilized for at least the three most recent accident years.
- *Loss development factors:* used to project the reported losses for each accident year to an ultimate amount.
- *Reinsurance recoverable on unpaid losses:* the expected recoveries from reinsurers on losses that have not yet been reported and/or settled.

For discussion of sensitivity analysis on the reserve for unpaid claims and claims adjustment expenses, see Results of Operations — Segment Results — General Insurance Operations — Liability for Unpaid Claims and Claims Adjustment Expense.

Future Policy Benefits for Life and Accident and Health Contracts (Life Insurance & Retirement Services):

- *Interest rates:* which vary by geographical region, year of issuance and products.
- *Mortality, morbidity and surrender rates:* based upon actual experience by geographical region modified to allow for variation in policy form, risk classification and distribution channel.

Periodically, the net benefit reserves (policy benefit reserves less DAC) established for Life Insurance & Retirement Services companies are tested to ensure that, including consideration of future expected premium payments, they are adequate to provide for future policyholder benefit obligations. The assumptions used to perform the tests are current best-estimate assumptions as to policyholder mortality, morbidity, terminations, company maintenance expenses and invested asset returns. For long duration traditional business, a "lock-in" principle applies, whereby the assumptions used to calculate the benefit reserves and DAC are set when a policy is issued and do not change with changes in actual experience. These assumptions include margins for adverse deviation in the event that actual experience might deviate from these assumptions. For business in-force outside of North America, 52 percent of total policyholder benefit liabilities at December 31, 2008 resulted from traditional business where the lock-in principle applies. In most foreign locations, various guarantees are embedded in policies in force that may remain applicable for many decades into the future.

As experience changes over time, the best-estimate assumptions are updated to reflect observed changes. Because of the long-term nature of many of AIG's liabilities subject to the lock-in principle, small changes in certain of the assumptions may cause large changes in the degree of reserve adequacy. In particular, changes in estimates of future invested asset return assumptions have a large effect on the degree of reserve adequacy.

Deferred Policy Acquisition Costs (Life Insurance & Retirement Services):

- *Recoverability:* based on current and future expected profitability, which is affected by interest rates, foreign exchange rates, mortality/morbidity experience, expenses, investment returns and policy persistency.

Deferred Policy Acquisition Costs (General Insurance):

- *Recoverability:* based upon the current terms and profitability of the underlying insurance contracts.

Estimated Gross Profits for Investment-Oriented Products (Life Insurance & Retirement Services):

- *Estimated gross profits:* to be realized over the estimated duration of the contracts (investment-oriented products) affect the carrying value of DAC, unearned revenue liability, SIAs and associated amortization patterns. Estimated gross profits include investment income and gains and losses on investments less required interest, actual mortality and other expenses.

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Allowance for Finance Receivable Losses (Financial Services):

- *Historical defaults and delinquency experience:* utilizing factors, such as delinquency ratio, allowance ratio, charge-off ratio and charge-off coverage.
- *Portfolio characteristics:* portfolio composition and consideration of the recent changes to underwriting criteria and portfolio seasoning.
- *External factors:* consideration of current economic conditions, including levels of unemployment and personal bankruptcies.
- *Migration analysis:* empirical technique measuring historical movement of similar finance receivables through various levels of repayment, delinquency, and loss categories to existing finance receivable pools.

Flight Equipment Recoverability (Financial Services):

- *Expected undiscounted future net cash flows:* based upon current lease rates, projected future lease rates and estimated terminal values of each aircraft based on expectations of market participants.

Other-Than-Temporary Impairments:

AIG evaluates its available for sale, equity method and cost method investments for impairment such that a security is considered a *candidate* for other-than-temporary impairment if it meets any of the following criteria:

- Trading at a significant (25 percent or more) discount to par, amortized cost (if lower) or cost for an extended period of time (nine consecutive months or longer);
- The occurrence of a discrete credit event resulting in (i) the issuer defaulting on a material outstanding obligation; (ii) the issuer seeking protection from creditors under the bankruptcy laws or any similar laws intended for court supervised reorganization of insolvent enterprises; or (iii) the issuer proposing a voluntary reorganization pursuant to which creditors are asked to exchange their claims for cash or securities having a fair value substantially lower than par value of their claims; or
- AIG may not realize a full recovery on its investment, regardless of the occurrence of one of the foregoing events.

The determination that a security has incurred an other-than-temporary decline in value requires the judgment of management and consideration of the fundamental condition of the issuer, its near-term prospects and all the relevant facts and circumstances. The above criteria also consider circumstances of a rapid and severe market valuation decline, such as that experienced in current credit markets, in which AIG could not reasonably assert that the impairment period would be temporary (severity losses). For further discussion, see Investments — Portfolio Review — Other-Than-Temporary Impairments.

At each balance sheet date, AIG evaluates its available for sale securities holdings with unrealized losses. When AIG does not intend to hold or lacks the ability to hold such securities until they have recovered their cost basis, AIG records the unrealized loss in income. If a loss is recognized from a sale subsequent to a balance sheet date pursuant to changes in circumstances, the loss is recognized in the period in which the intent to hold the securities to recovery no longer existed.

In periods subsequent to the recognition of an other-than-temporary impairment charge for fixed maturity securities, which is not credit or foreign exchange related, AIG generally accretes into income the discount or amortizes the reduced premium resulting from the reduction in cost basis over the remaining life of the security.

Goodwill Impairment

Goodwill is the excess of the cost of an acquired business over the fair value of the identifiable net assets of the acquired business. Goodwill is tested for impairment annually, or more frequently if circumstances indicate an impairment may have occurred. During 2008, AIG performed goodwill impairment tests at June 30, September 30, and December 31.




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The impairment assessment involves a two-step process in which an initial assessment for potential impairment is performed and, if potential impairment is present, the amount of impairment is measured and recorded. Impairment is tested at the reporting unit level or, when all reporting units that comprise an operating segment have similar economic characteristics, impairment is tested at the operating segment level.

Management initially assesses the potential for impairment by estimating the fair value of each of AIG's reporting units or operating segments and comparing the estimated fair values with the carrying amounts of those reporting units, including allocated goodwill. The estimate of a reporting unit's fair value may be based on one or a combination of approaches including market-based earning multiples of the unit's peer companies, discounted expected future cash flows, external appraisals or, in the case of reporting units being considered for sale, third-party indications of fair value, if available. Management considers one or more of these estimates when determining the fair value of a reporting unit to be used in the impairment test. As part of the impairment test, management compares the sum of the estimated fair values of AIG's reporting units with AIG's fully diluted common stock market capitalization as a basis for concluding on the reasonableness of the estimated reporting unit fair values.

If the estimated fair value of a reporting unit exceeds its carrying value, goodwill is not impaired. If the carrying value of a reporting unit exceeds its estimated fair value, goodwill associated with that reporting unit potentially is impaired. The amount of impairment, if any, is measured as the excess of the carrying value of goodwill over the estimated fair value of the goodwill. The estimated fair value of the goodwill is measured as the excess of the fair value of the reporting unit over the amounts that would be assigned to the reporting unit's assets and liabilities in a hypothetical business combination. An impairment charge is recognized in income to the extent of the excess. During 2008, AIG recorded an aggregate goodwill impairment charge of $4.1 billion. This impairment charge was primarily attributable to declines in estimated fair values of reporting units in the Property and Casualty Group, Domestic Life Insurance and Domestic Retirement Services, Consumer Finance and Capital Markets businesses attributable to the uncertain economic environment during the 2008 fourth quarter.

Management observed a narrowing of the fair values over the carrying values of the Foreign General Insurance and Institutional Asset Management reporting units during the fourth quarter of 2008. Fair value exceeded book value in the Foreign General Insurance, Foreign Life Insurance & Retirements Services — Japan & Other, and Institutional Asset Management reporting units as of December 31, 2008; therefore, the goodwill of these reporting units was considered not impaired. AIG's stock price, along with the stock prices of other companies in the financial services industry, including insurers, has continued to decline in 2009. AIG will continue to monitor overall competitive, business and economic conditions, and other events or circumstances that might result in an impairment of goodwill in the future.

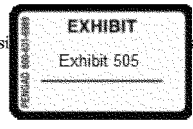
Valuation Allowance on Deferred Tax Assets:

At December 31, 2008, AIG recorded a net deferred tax asset after valuation allowance of $11 billion compared to a net deferred tax liability of $5.3 billion at December 31, 2007. SFAS 109 permits this asset to be recorded if the asset meets a more likely than not standard (i.e. more than 50 percent likely) that the asset will be realized. Realization of AIG's net deferred tax asset depends on AIG's ability to generate sufficient future taxable income of the appropriate character within carryforward periods of the jurisdictions in which the net operating and capital losses, tax credits and deductible temporary differences were incurred. Because the realization of the deferred tax asset relies on a projection of future income, AIG views this as a critical accounting estimate.

In making this estimate, AIG considered its ability to execute its divestiture plan at the values anticipated and within the timeframe expected. The realization of the deferred tax asset is highly dependent on the ability of AIG to generate significant gains from these transactions.

AIG is also relying upon producing taxable operating profits from the businesses to be retained, principally Commercial Insurance and Foreign General Insurance. AIG has evaluated its forecasts of future operating income and determined that there would be sufficient operating income, inclusive of gains on the divestiture of businesses. There are many risk factors that could affect the attainment of AIG's budgeted results. See Item 1A. Risk Factors.

When making its assessment about the realization of its deferred tax assets at December 31, 2008, AIG considered all available evidence, including (i) the nature, frequency, and severity of current and cumulative financial reporting losses, (ii) actions completed during 2008 and expected to be completed during 2009 that



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designed to eliminate or limit a recurrence of the factors that contributed to the recent cumulative losses, giving greater weight to actions completed through December 31, 2008 and to the expectation that strategies will be executed in 2009 to mitigate credit losses in the future on certain classes of invested assets, (iii) the carryforward periods for the net operating and capital loss and foreign tax credit carryforwards, (iv) the sources and timing of future taxable income, giving greater weight to discrete sources and to earlier future years in the forecast period, and (v) tax planning strategies that would be implemented, if necessary, to accelerate taxable amounts.

In assessing future GAAP taxable income, AIG considered its strong earnings history exclusive of the recent losses on the AIGFP super senior credit default swap portfolio and from the securities lending program. AIG also considered the completed transactions with the NY Fed and the United States Department of the Treasury, including (i) amendment to the Fed Credit Agreement designed to reduce the interest rate payable on outstanding borrowing and undrawn amounts; (ii) the transfer of RMBS related to AIG's U.S. securities lending program to ML II; and (iii) the termination of multi-sector credit default swap transactions and sale of underlying CDOs to ML III.

In addition, AIG also considered the proposed transactions with the NY Fed and the United States Department of the Treasury announced on March 2, 2009, including (i) the modification of the terms of the Series D Preferred Stock; (ii) establishment of a equity capital commitment facility for the sales of Series F Preferred Stock to the United States Department of the Treasury, along with warrants to purchase shares of common stock; and (iii) amendment to the Fed Credit Agreement designed to reduce the interest rate payable on outstanding borrowing by revising the LIBOR floor. These transactions are designed to enhance AIG's ability to generate taxable income from the sales of businesses under its asset disposition plan, continue the earnings strength of the insurance businesses it intends to sell, and underscore the United States Government's commitment to the orderly restructuring of AIG over time in the face of continuing market dislocations and economic deterioration.

The forecast of taxable income was prepared using budgets submitted by each of AIG's significant operating units for management planning purposes and is consistent with the forecast used in AIG's going concern analysis. AIG's profitability in any given period can be materially affected by conditions in global financial markets, economic conditions, catastrophes and other events around the world and, currently, AIG-specific events. Further, the results of operations in the first quarter of 2009 may not be indicative of the results expected for the full year because the transactions being discussed with the United States Department of the Treasury and the NY Fed are not expected to be in place. However, AIG believes its forecasts are achievable.

Income Taxes on Earnings of Certain Foreign Subsidiaries:

In connection with AIG's asset disposition plan, AIG determined it can no longer assert that earnings of its foreign subsidiaries will be indefinitely reinvested. Due to the complexity of the U.S. federal income tax laws involved in determining the amount of income taxes incurred on these potential dispositions, as well as AIG's reliance on reasonable assumptions and estimates in calculating this liability, AIG considers the U.S. federal income taxes accrued on the earnings of certain foreign subsidiaries to be a critical accounting estimate.

Fair Value Measurements of Certain Financial Assets and Liabilities:

Overview

AIG measures at fair value on a recurring basis financial instruments in its trading and available for sale securities portfolios, certain mortgage and other loans receivable, certain spot commodities, derivative assets and liabilities, securities purchased (sold) under agreements to resell (repurchase), securities lending invested collateral, non-marketable equity investments included in other invested assets, certain policyholder contract deposits, securities and spot commodities sold but not yet purchased, certain trust deposits and deposits due to banks and other depositors, certain long-term debt, and certain hybrid financial instruments included in other liabilities. The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between willing, able and knowledgeable market participants at the measurement date.

The degree of judgment used in measuring the fair value of financial instruments generally correlates with the level of pricing observability. Financial instruments with quoted prices in active markets generally have more pricing observability and less judgment is used in measuring fair value. Conversely, financial



instruments traded in

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other-than-active markets or that do not have quoted prices have less observability and are measured at fair value using valuation models or other pricing techniques that require more judgment. An active market is one in which transactions for the asset or liability being valued occur with sufficient frequency and volume to provide pricing information on an ongoing basis. An other-than-active market is one in which there are few transactions, the prices are not current, price quotations vary substantially either over time or among market makers, or in which little information is released publicly for the asset or liability being valued. Pricing observability is affected by a number of factors, including the type of financial instrument, whether the financial instrument is new to the market and not yet established, the characteristics specific to the transaction and general market conditions.

AIG management is responsible for the determination of the value of the financial assets and financial liabilities carried at fair value and the supporting methodologies and assumptions. With respect to securities, AIG employs independent third-party valuation service providers to gather, analyze, and interpret market information and derive fair values based upon relevant methodologies and assumptions for individual instruments. When AIG's valuation service providers are unable to obtain sufficient market observable information upon which to estimate the fair value for a particular security, fair value is determined either by requesting brokers who are knowledgeable about these securities to provide a quote, which is generally non-binding, or by employing widely accepted internal valuation models.

Valuation service providers typically obtain data about market transactions and other key valuation model inputs from multiple sources and, through the use of widely accepted internal valuation models, provide a single fair value measurement for individual securities for which a fair value has been requested under the terms of service agreements. The inputs used by the valuation service providers include, but are not limited to, market prices from recently completed transactions and transactions of comparable securities, interest rate yield curves, credit spreads, currency rates, and other market-observable information, as applicable. The valuation models take into account, among other things, market observable information as of the measurement date as well as the specific attributes of the security being valued including its term, interest rate, credit rating, industry sector, and when applicable, collateral quality and other issue or issuer-specific information. When market transactions or other market observable data is limited, the extent to which judgment is applied in determining fair value is greatly increased.

AIG employs specific control processes to determine the reasonableness of the fair values of AIG's financial assets and financial liabilities. AIG's processes are designed to ensure that the values received or internally estimated are accurately recorded and that the data inputs and the valuation techniques utilized are appropriate, consistently applied, and that the assumptions are reasonable and consistent with the objective of determining fair value. AIG assesses the reasonableness of individual security values received from valuation service providers through various analytical techniques. In addition, AIG may validate the reasonableness of fair values by comparing information obtained from AIG's valuation service providers to other third-party valuation sources for selected securities. AIG also validates prices for selected securities obtained from brokers through reviews by members of management who have relevant expertise and who are independent of those charged with executing investing transactions.

The fair value of fixed income and equity securities by source of value determination was as follows:

At December 31, 2008	Fair Value (In billions)	Percent of Total
Fair value based on external sources *(a)*	$ 387	91%
Fair value based on internal sources	38	9
Total fixed income and equity securities *(b)*	$ 425	100%

(a) Includes $45.8 billion whose primary source is broker quotes.

(b) Includes available for sale, trading and securities lending invested collateral securities.

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See Note 4 to the Consolidated Financial Statements for more detailed information about AIG's accounting policy for the incorporation of credit risk in fair value measurements and the measurement of fair value of the following financial assets and financial liabilities:

- Fixed maturity securities;
- Equity securities traded in active markets — trading and available for sale;
- Non-traded equity investments — other invested assets;
- Private limited partnership and hedge fund investments — other invested assets;
- Separate account assets;
- Freestanding derivatives;
- Embedded policy derivatives;
- AIGFP's super senior credit default swap portfolio; and
- Policyholder contract deposits.

Level 3 Assets and Liabilities

Under FAS 157, assets and liabilities recorded at fair value in the consolidated balance sheet are classified in a hierarchy for disclosure purposes consisting of three "levels" based on the observability of inputs available in the marketplace used to measure the fair value. See Note 4 to the Consolidated Financial Statements for additional information about fair value measurements.

At December 31, 2008, AIG classified $42.1 billion and $21.1 billion of assets and liabilities, respectively, measured at fair value on a recurring basis as Level 3. This represented 4.9 percent and 2.6 percent of the total assets and liabilities, respectively, measured at fair value on a recurring basis. Level 3 fair value measurements are based on valuation techniques that use at least one significant input that is unobservable. These measurements are made under circumstances in which there is little, if any, market activity for the asset or liability. AIG's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment.

In making the assessment, AIG considers factors specific to the asset or liability. In certain cases, the inputs used to measure fair value of an asset or a liability may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety is classified is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Valuation of Level 3 Assets and Liabilities

AIG values its assets and liabilities classified as Level 3 using judgment and valuation models or other pricing techniques that require a variety of inputs including contractual terms, market prices and rates, yield curves, credit curves, measures of volatility, prepayment rates and correlations of such inputs, some of which may be unobservable. The following paragraphs describe the methods AIG uses to measure on a recurring basis the fair value of the major classes of assets and liabilities classified in Level 3.

Private equity and real estate fund investments: These assets initially are valued at the transaction price, i.e., the price paid to acquire the asset. Subsequently, they are measured based on net asset value using information provided by the general partner or manager of these investments, the accounts of which generally are audited on an annual basis. AIG considers observable market data and performs diligence procedures in validating the appropriateness of using the net asset value as a fair value measurement.

Corporate bonds and private placement debt: These assets initially are valued at the transaction price. Subsequently, they are valued using market data for similar instruments (e.g., recent transactions, bond spreads or credit default swap spreads), comparisons to benchmark derivative indices or movements in underlying credit spreads. When observable price quotations are not available, fair value is determined based on cash flow models with yield curves, bond or single-name credit default swap spreads and estimated recovery rates.

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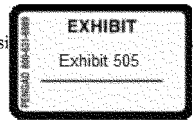
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Certain Residential Mortgage-Backed Securities (RMBS) and Commercial Mortgage-Backed Securities (CMBS): These assets initially are valued at the transaction price. Subsequently, they may be valued by comparison to transactions in instruments with similar collateral and risk profiles, remittances received and updated cumulative loss data on underlying obligations, discounted cash flow techniques, and/or for RMBS option adjusted spread analyses.

Certain Asset-Backed Securities — non-mortgage: These assets initially are valued at the transaction price. Subsequently, they may be valued based on external price/spread data. When position-specific external price data are not observable, the valuation is based on prices of comparable securities.

CDOs: These assets initially are valued at the transaction price. Subsequently, they are valued based on external price/spread data from independent third parties, dealer quotations, matrix pricing, the BET model or a combination thereof.

Interests in ML II and ML III: At their inception, AIG's economic interest in ML II and membership interest in ML III (Maiden Lane Interests) were valued at the transaction prices of $1 billion and $5 billion, respectively. Subsequently, Maiden Lane Interests are valued using a discounted cash flow methodology that uses the estimated future cash flows of the assets to which the Maiden Lane Interests are entitled and the discount rates applicable to such interests as derived from the fair value of the entire asset pool. The implicit discount rates are calibrated to the changes in the estimated asset values for the underlying assets commensurate with AIG's interests in the capital structure of the respective entities. Estimated cash flows and discount rates used in the valuations are validated, to the extent possible, using market observable information for securities with similar asset pools, structure and terms.

See Note 4 to the Consolidated Financial Statements for further discussion.

AIGFP's Super Senior Credit Default Swap Portfolio: AIGFP wrote credit protection on the super senior risk layer of collateralized loan obligations (CLOs), multi-sector CDOs and diversified portfolios of corporate debt, and prime residential mortgages. In these transactions, AIGFP is at risk of credit performance on the super senior risk layer related to such assets. These transactions placed a significant demand on AIGFP's liquidity during 2008, primarily as a result of their collateral posting provisions (see General Contractual Terms below). To a lesser extent, AIGFP also wrote protection on tranches below the super senior risk layer, primarily in respect of regulatory capital relief transactions.

As discussed under Arbitrage Portfolio and ML III Transaction below, during the fourth quarter of 2008, AIG Financial Products Corp. terminated the vast majority of the credit default swaps it had written on multi-sector CDOs. See Note 5 to the Consolidated Financial Statements for further discussion.

The net notional amount, fair value of derivative liability and unrealized market valuation loss of the AIGFP super senior credit default swap portfolio, including credit default swaps written on mezzanine tranches of certain regulatory capital relief transactions, by asset class were as follows:

	Net Notional Amount December 31,		Fair Value Of Derivative Liability at December 31,		Unrealized Market Valuation Loss Year Ended December 31(a),	
	2008(b)	2007(b)	2008(c)	2007(c)	2008(d)	2007(d)
	(In millions)					
Regulatory Capital:						
Corporate loans	$125,628	$229,313	$ —	$ —	$ —	$ —
Prime residential mortgages	107,246	149,430	—	—	—	—
Other *(e)*	1,575	—	379	—	379	—
Total	234,449	378,743	379	—	379	—

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	Net Notional Amount December 31,		Fair Value Of Derivative Liability at December 31,		Unrealized Market Valuation Loss Year Ended December 31(a),	
	2008(b)	2007(b)	2008(c)	2007(c)	2008(d)	2007(d)
	(In millions)					
Arbitrage:						
Multi-sector CDOs *(f)*	**12,556**	78,205	**5,906**	11,246	**25,700**	11,246
Corporate debt/CLOs *(g)*	**50,495**	70,425	**2,554**	226	**2,328**	226
Total	**63,051**	148,630	**8,460**	11,472	**28,028**	11,472
Mezzanine tranches *(h)*	**4,701**	5,770	**195**	—	**195**	—
Total	**$302,201**	$533,143	**$9,034**	$11,472	**$28,602**	$11,472

(a) There were no unrealized market valuation losses in 2006.

(b) Net notional amounts presented are net of all structural subordination below the covered tranches.

(c) Fair value amounts are shown before the effects of counterparty netting adjustments and offsetting cash collateral in accordance with FIN 39.

(d) Includes credit valuation adjustment gains of $185 million in 2008 representing the positive effect of AIG's widening credit spreads on the valuation of the derivatives liabilities. AIGFP began reflecting this valuation adjustment as a result of the adoption of SFAS 157 on January 1, 2008. Prior to January 1, 2008, a credit valuation adjustment was not reflected in the valuation of AIGFP's liabilities.

(e) During 2008, a European RMBS regulatory capital relief transaction was not terminated as expected when it no longer provided regulatory capital relief to the counterparty as a result of arbitrage opportunities arising from its unique attributes and the counterparty's access to a particular funding source.

(f) Includes $9.7 billion in net notional amount of credit default swaps written with cash settlement provisions at December 31, 2008. In connection with the terminations of CDS transactions in respect of the ML III transaction, AIG Financial Products Corp. paid $32.5 billion through the surrender of collateral previously posted (net of the $2.5 billion received pursuant to the shortfall agreement), of which $2.5 billion (included in Other income (loss)) is related to certain 2a-7 Put transactions written on multi-sector CDOs purchased by ML III.

(g) Includes $1.5 billion of credit default swaps written on the super senior tranches of CLOs as of December 31, 2008.

(h) Includes offsetting purchased CDS of $2.0 billion and $2.7 billion in net notional amount at December 31, 2008 and 2007, respectively.

The changes in the net notional amount of the AIGFP super senior credit default swap portfolio, including credit default swaps written on mezzanine tranches of certain regulatory capital relief transactions were as follows:

For The Year Ended December 31, 2008

	Net Notional Amount December 31, 2007	Terminations and Maturities	ML III Transaction(a)	Effect of Foreign Exchange Rates(b)	Amortization/ Reclassification	Net Notional Amount December 31, 2008
			(In millions)			
Regulatory Capital:						
Corporate loans	$ 229,313	$ (75,480)	$ —	$ (3,554)	$ (24,651)	$ 125,628
Prime residential mortgages	149,430	(24,222)	—	(6,539)	(11,423)	107,246
Other *(c)*	—	—	—	(207)	1,782	1,575
Total	378,743	(99,702)	—	(10,300)	(34,292)	234,449

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	Net Notional Amount December 31, 2007	Terminations and Maturities	ML III Transaction(a)	Effect of Foreign Exchange Rates(b)	Amortization/ Reclassification	Net Notional Amount December 31, 2008
			(In millions)			
Arbitrage:						
Multi-sector CDOs	78,205	(2,146)	(62,130)	(227)	(1,146)	12,556
Corporate debt/CLOs	70,425	(17,147)	—	(943)	(1,840)	50,495
Total	148,630	(19,293)	(62,130)	(1,170)	(2,986)	63,051
Mezzanine tranches	5,770	(358)	—	(529)	(182)	4,701
Total	$ 533,143	$ (119,353)	$ (62,130)	$(11,999)	$ (37,460)	$ 302,201

(a) Includes $8.5 billion of multi-sector CDOs underlying 2a-7 Puts written by AIG Financial Products Corp.

(b) Relates to the strengthening of the U.S. dollar, primarily against the Euro and the British Pound.

(c) During 2008, a European RMBS regulatory capital relief transaction was not terminated as expected when it no longer provided regulatory capital relief to the counterparty as a result of arbitrage opportunities arising from its unique attributes and the counterparty's access to a particular funding source.

General Contractual Terms

AIGFP entered into CDS transactions in the ordinary course of its business. In the majority of AIGFP's credit derivative transactions, AIGFP sold credit protection on a designated portfolio of loans or debt securities. Generally, AIGFP provides such credit protection on a "second loss" basis, meaning that AIGFP will incur credit losses only after a shortfall of principal and/or interest, or other credit events, in respect of the protected loans and debt securities, exceeds a specified threshold amount or level of "first loss."

Typically, the credit risk associated with a designated portfolio of loans or debt securities has been tranched into different layers of risk, which are then analyzed and rated by the credit rating agencies. At origination, there is usually an equity layer covering the first credit losses in respect of the portfolio up to a specified percentage of the total portfolio, and then successive layers ranging generally from a BBB-rated layer to one or more AAA-rated layers. A significant majority of transactions that are rated by rating agencies have risk layers or tranches that were rated AAA at origination and are immediately junior to the threshold level above which AIGFP's payment obligation would generally arise. In transactions that were not rated, AIGFP applied equivalent risk criteria for setting the threshold level for its payment obligations. Therefore, the risk layer assumed by AIGFP with respect to the designated portfolio of loans or debt securities in these transactions is often called the "super senior" risk layer, defined as a layer of credit risk senior to one or more risk layers that have been rated AAA by the credit rating agencies, or if the transaction is not rated, structured to the equivalent thereto.

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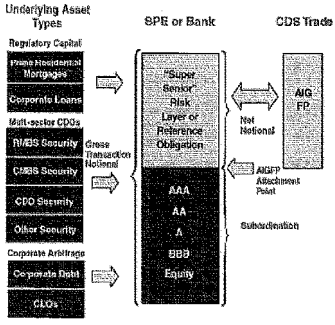
The following graphic represents a typical structure of a transaction including the super senior risk layer:



Regulatory Capital Portfolio

A total of $234.4 billion (consisting of corporate loans and prime residential mortgages) in net notional exposure of AIGFP's super senior credit default swap portfolio as of December 31, 2008 represented derivatives written for financial institutions, principally in Europe, for the purpose of providing regulatory capital relief rather than for arbitrage purposes. These transactions were entered into by Banque AIG, AIGFP's French regulated bank subsidiary, and written on diversified pools of residential mortgages and corporate loans (made to both large corporations and small to medium sized enterprises). In exchange for a periodic fee, the counterparties receive credit protection with respect to diversified loan portfolios they own, thus reducing their minimum capital requirements.

The regulatory benefit of these transactions for AIGFP's financial institution counterparties is generally derived from the terms of the Capital Accord of the Basel Committee on Banking Supervision (Basel I) that existed through the end of 2007 and which is in the process of being replaced by the Revised Framework for the International Convergence of Capital Measurement and Capital Standards issued by the Basel Committee on Banking Supervision (Basel II). Prior to the adoption of Basel II, a financial institution was required to hold capital against its assets, based on the categorization of the issuer or guarantor of the assets. One of the means for a financial institution to reduce its required regulatory capital was to purchase credit protection on a group of its assets from a regulated financial institution, such as Banque AIG, in order to benefit from such regulated financial institution's lower risk weighting (e.g., 20 percent vs. 100 percent) that is assigned to those assets under Basel I. A lower risk weighting reduces the amount of capital a financial institution is required to hold against such assets.

Unlike Basel I, Basel II gives credit to the relative risk of loss associated with the assets, meaning that less capital is required for such assets. After a financial institution has implemented a capital model that is compliant with Basel II and has obtained approval from its local regulator, the CDS transactions provide no additional regulatory benefit in most cases, except during a transition period. The Basel II implementation includes a transition period during which the financial institutions must calculate their capital requirements under both Basel I and Basel II (until December 31, 2009). During this period, the capital required is "floored" at a percentage of the Basel I capital calculation; therefore, until early 2010, these CDS transactions may still provide regulatory capital benefit for AIGFP's counterparties, depending on each counterparty's particular circumstances. In addition, in a limited number of instances, counterparties may decide to hold these CDSs for a longer period of time because they provide a regulatory capital benefit, while smaller, under Basel II.

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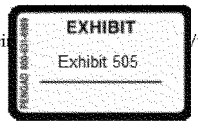
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Given the prospect of Basel II, the CDS transactions were structured with early termination rights for counterparties following a regulatory event such as the implementation of Basel II. The pace at which the CDS transactions were and will be terminated early varies among the counterparties based on a number of factors including their progress in having the internal capital models approved by their national regulator, the effect of the transitional floor on overall total capital charges, the counterparties' capital needs and their sensitivity to Basel I capital measures. AIG expects that the counterparties in the remaining CDS transactions will terminate the vast majority of transactions with AIGFP during this transition period within the next 15 months.

When a counterparty elects to terminate a transaction early pursuant to the terms of the contracts, the early termination is at no cost to AIGFP. The counterparty may be required to pay the remaining balance of an agreed-upon minimum fee to AIGFP. Typically, the minimum guaranteed fee on recent transactions is equal to the fees due to AIGFP through the first call date (which is the first date on which a counterparty can terminate the transaction at no cost). During 2008, $99.7 billion in net notional amount was terminated or matured. Through February 18, 2009, AIGFP has also received formal termination notices for an additional $26.5 billion in net notional amount with effective termination dates in 2009.

The regulatory capital relief CDS transactions require cash settlement and, other than collateral posting, AIGFP is required to make a payment in connection with a regulatory capital relief transaction only if realized credit losses in respect of the underlying portfolio exceed AIGFP's attachment point (see Triggers and Settlement Alternatives below).

The super senior tranches of these CDS transactions continue to be supported by high levels of subordination, which, in most instances, have increased since origination. The weighted average subordination supporting the European residential mortgage and corporate loan referenced portfolios at December 31, 2008 was 12.7 percent and 18.3 percent, respectively. Delinquencies, defaults and realized losses for both types of referenced portfolios have been modest to date. Substantially all of the underlying assets are not rated by one of the principal rating agencies. The highest level of realized losses to date in any single residential mortgage and corporate loan pool was 2.1 percent and 0.42 percent, respectively. The European residential mortgage portfolios are each comprised of thousands of seasoned, prime, full documentation, mostly first lien, owner-occupied mortgages originated largely at bank retail branches at modest loan-to-value (LTV) ratios, except for one $1.6 billion high LTV CDS transaction, which benefits from both subordination and a significant percentage of pool mortgage insurance. The corporate loan transactions are each comprised of several hundred secured and unsecured loans diversified by industry and, in some instances, by country, and have tight per-issuer concentration limits. Both types of transactions generally allow some substitution and replenishment of loans, subject to tightly defined constraints, as older loans mature or are prepaid. These replenishment rights usually mature within the first few years of the trade, after which the proceeds of any prepaid or maturing loans are applied first to the super senior tranche (sequentially), thereby increasing the relative level of subordination supporting the balance of AIGFP's super senior CDS exposure.

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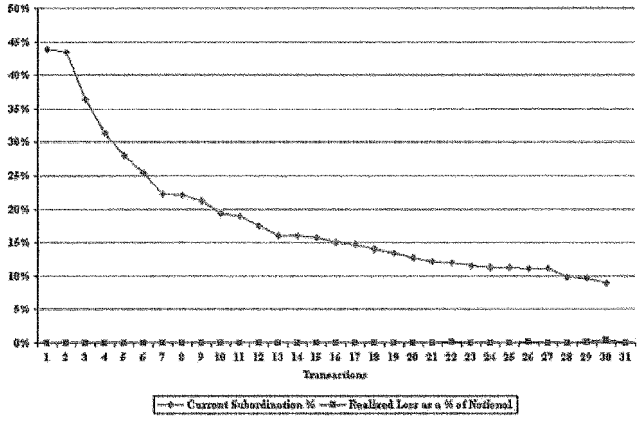
The following graph presents subordination level from highest to lowest and realized losses as a percent of gross notional amount for each regulatory capital relief super senior CDS transaction written on a diversified portfolio of corporate loans as of December 31, 2008:



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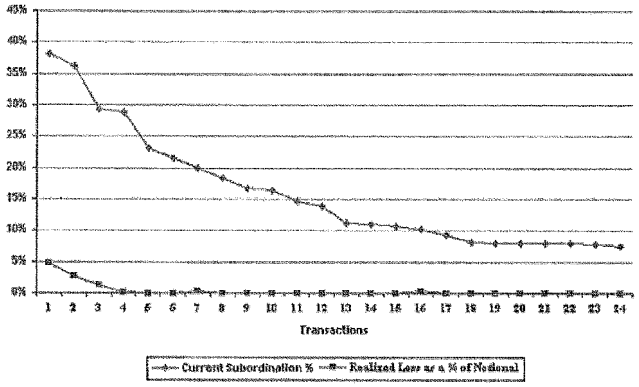
The following graph presents subordination level from highest to lowest and realized losses as a percent of notional amount for each regulatory capital relief super senior CDS transaction written on a diversified portfolio of residential mortgages as of December 31, 2008:



Given the current performance of the underlying portfolios, the level of subordination and the expectation that counterparties will terminate these transactions prior to their maturity; AIG Financial Products Corp. does not expect that it will be required to make payments pursuant to the contractual terms of these transactions.

Arbitrage Portfolio

A total of $63.1 billion in net notional exposure on AIG Financial Products Corp.'s super senior credit default swaps as of December 31, 2008 are arbitrage-motivated transactions written on multi-sector CDOs or designated pools of investment grade senior unsecured corporate debt or CLOs. While certain credit default swaps written on corporate debt and multi-sector CDOs provide for cash settlement, $2.8 billion in net notional amount of CDS transactions written on multi-sector CDOs and all the CDS transactions written on CLOs ($1.5 billion net notional) require physical settlement (see Triggers and Settlement Alternatives below). The ML III transaction eliminated the vast majority of the super senior multi-sector CDO credit default swap exposure.

ML III Transaction

On November 25, 2008, AIG entered into a Master Investment and Credit Agreement with the NY Fed, ML III, and The Bank of New York Mellon which established arrangements for the purchase by ML III of the multi-sector CDOs referenced in certain CDS transactions between AIG Financial Products Corp. and its counterparties. Concurrently, AIG Financial Products Corp.'s counterparties to such CDS transactions agreed to terminate the CDS transactions relating to the multi-sector CDOs purchased by ML III.

During 2008, AIG Financial Products Corp. terminated multi-sector CDO transactions with a net notional amount of $62.1 billion with its counterparties, and concurrently, ML III purchased the underlying multi-sector CDOs including $8.5 billion of multi-sector CDOs underlying 2a-7 Puts written by AIG Financial Products Corp. The CDS transactions terminated in connection with ML III contained physical settlement provisions and were denominated in U.S. dollars. The net payment made by ML III to the counterparties for the purchase of the multi-sector CDOs was $26.8 billion, which was funded by AIG's equity interest in ML III in the amount of $5 billion and

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$24.3 billion of borrowings under a senior loan from the NY Fed to ML III. A portion of the net payment made by ML III to the counterparties for the purchase of the multi-sector CDOs facilitated the resolution of $8.0 billion of liquidity arrangements, which had funded certain of the multi-sector CDOs in connection with the 2a-7 Puts.

In connection with the ML III transaction, AIG Financial Products Corp. entered into a Shortfall Agreement, dated November 25, 2008 and amended on December 18, 2008 (the Shortfall Agreement), with ML III under which ML III made a payment of $2.5 billion to AIG Financial Products Corp. representing the amount by which collateral surrendered as part of the termination of the CDS exceeded the fair value of the CDS as of October 31, 2008.

Among the multi-sector CDOs purchased by ML III are certain CDO securities with a net notional amount of $1.7 billion for which the related 2a-7 Puts to AIG Financial Products Corp. remained outstanding as of December 31, 2008. For the $252 million notional amount of multi-sector CDOs held by ML III with 2a-7 Puts that may be exercised in 2009, ML III has agreed to not sell the multi-sector CDOs in 2009 and to either not exercise its put option on such multi-sector CDOs or to simultaneously exercise their par put option with a par purchase of the multi-sector CDO securities. In exchange, AIG Financial Products Corp. has agreed to pay to ML III the consideration that it receives for providing the put protection. AIG Financial Products Corp. and ML III are currently negotiating an agreement that will outline procedures to be taken by ML III and AIG Financial Products Corp. for multi-sector CDOs with put options that may be exercised after December 31, 2009, with the objective of mitigating or eliminating the impact on AIG Financial Products Corp. of such 2a-7 Puts and capturing the associated economics for ML III.

In connection with the termination of $62.1 billion net notional amount of CDS transactions in respect of the ML III transaction, AIG Financial Products Corp. paid $32.5 billion, net of $2.5 billion received in connection with the shortfall agreement, through the surrender of collateral previously posted. Included in this amount is $2.5 billion related to multi-sector CDOs underlying 2a-7 Puts previously written by AIG Financial Products Corp. and sold to ML III. As a result of the termination of such CDS, AIG Financial Products Corp. is no longer subject to any further collateral calls related to such CDS transactions nor subject to the risk of having to make a payment to a counterparty to physically settle the CDS transactions following the occurrence of a credit event, thereby alleviating the demand on AIGFP's liquidity.

Multi-Sector CDOs

The gross transaction notional amount of the multi-sector CDOs on which AIGFP wrote protection on the super senior tranche, subordination below the super senior risk layer, net notional amount and fair value of derivative liability by underlying collateral type were as follows (excluding 2a-7 Puts):

At December 31, 2008	Gross Transaction Notional Amount(a)	Subordination Below the Super Senior Risk Layer	Net Notional Amount(b)	Fair Value of Derivative Liability
		(In millions)		
High grade with sub-prime collateral	$ 6,776	$ 2,808	$ 3,968	$ 1,797
High grade with no sub-prime collateral	10,156	5,816	4,340	1,428
Total high grade *(c)*	16,932	8,624	8,308	3,225
Mezzanine with sub-prime	6,407	2,955	3,452	2,156
Mezzanine with no sub-prime	1,697	901	796	525
Total mezzanine *(d)*	8,104	3,856	4,248	2,681
Total	$ 25,036	$ 12,480	$ 12,556	$ 5,906

(a) Total outstanding principal amount of securities held by a CDO.

(b) Net notional size on which AIGFP wrote credit protection.

(c) "High grade" refers to transactions in which the underlying collateral credit ratings on a stand-alone basis were predominantly AA or higher at origination.

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(d) "Mezzanine" refers to transactions in which the underlying collateral credit ratings on a stand-alone basis were predominantly A or lower at origination.

The net notional amounts of the multi-sector CDOs on which AIGFP wrote protection on the super senior tranche, by settlement alternative, were as follows:

	December 31, 2008	December 31, 2007
	(In millions)	
CDS transactions with cash settlement provisions		
US dollar denominated	$ 7,947	$ 10,544
Euro denominated	1,780	2,075
Total CDS transactions with cash settlement provisions	9,727	12,619
CDS transactions with physical settlement provisions		
US dollar denominated	766	63,040
Euro denominated	2,063	2,546
Total CDS transactions with physical settlement provisions	2,829	65,586
Total	$ 12,556	$ 78,205

The following table presents, for each multi-sector CDO that is a reference obligation in a CDS written by AIGFP, the gross and net notional amounts at December 31, 2008, attachment points at inception and at December 31, 2008 and percentage of gross notional amount rated less than B-/B3 at December 31, 2008:

CDO	Gross Notional Amount at December 31, 2008	Net Notional Amount at December 31, 2008	Attachment Point at Inception*	Attachment Point at December 31, 2008*	Percentage of Gross Notional Amount Rated Less than B-/B3 at December 31, 2008
1	$ 1,680	$ 1,440	12.00%	14.28%	15.88%
2	665	396	27.00%	40.45%	20.20%
3	1,064	814	20.00%	23.49%	18.96%
4	1,328	531	40.00%	60.02%	42.68%
5	463	238	36.00%	48.55%	42.37%
6	698	327	53.00%	53.19%	2.86%
7	1,000	470	53.00%	53.00%	0.00%
8	1,412	360	76.00%	74.50%	39.33%
9	1,130	4	10.83%	11.29%	6.89%
10	403	221	39.33%	45.30%	65.11%
11	1,268	1,103	12.27%	10.24%	5.04%
12	1,348	960	25.24%	27.86%	6.54%
13	1,490	1,350	10.00%	9.42%	8.76%
14	575	302	33.00%	47.48%	54.63%
15	623	265	33.25%	37.36%	60.94%
16	2,570	1,780	16.50%	17.84%	0.00%
17	495	277	32.00%	44.08%	43.08%
18	682	529	24.49%	22.46%	68.89%
19	779	469	32.90%	39.75%	81.03%
20	393	224	34.51%	43.09%	78.07%
21	4,970	496	9.72%	10.31%	0.00%
Total	$ 25,036	$ 12,556			

* *Expressed as a percentage of gross notional amount.*

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In a number of instances, the level of subordination with respect to individual CDOs has increased since inception relative to the overall size of the CDO. While the super senior tranches are amortizing, subordinate layers have not been reduced by realized losses to date. Such losses are expected to emerge in the future. At inception, substantially all of the underlying assets were rated B-/B3 or higher and in most cases at least BBB. Thus, the percentage of gross notional amount rated less than B-/B3 represents deterioration in the credit quality of the underlying assets.

The gross transaction notional amount, percentage of the total CDO collateral pools, and ratings and vintage breakdown of collateral securities in the multi-sector CDOs at December 31, 2008, by ABS category, were as follows (excluding 2a-7 Puts):

	Gross Transaction Notional Amount (Dollars in millions)	Percent of Total	Ratings							Vintage				
			AAA	AA	A	BBB	BB	<BB	NR	2008	2007	2006	2005	2004+P
RMBS PRIME	$ 3,013	12.79%	10.50%	0.95%	0.57%	0.26%	0.00%	0.51%	0.00%	0.31%	7.39%	3.72%	0.59%	0.78%
RMBS ALT-A	3,526	14.96%	8.91%	0.99%	0.78%	1.68%	0.55%	2.05%	0.00%	0.68%	3.91%	5.33%	4.29%	0.75%
RMBS SUBPRIME	6,865	29.12%	0.93%	3.74%	2.29%	2.55%	2.38%	17.23%	0.00%	0.00%	1.33%	1.94%	17.30%	8.55%
CMBS	4,457	17.47%	2.93%	2.33%	2.74%	6.72%	2.24%	0.42%	0.09%	0.07%	0.96%	5.26%	4.85%	6.33%
CDO	3,151	12.42%	1.54%	1.74%	1.58%	1.24%	0.83%	5.35%	0.14%	0.00%	0.61%	1.45%	3.31%	7.05%
OTHER	4,024	13.24%	3.70%	3.01%	4.18%	1.75%	0.04%	0.36%	0.20%	0.32%	0.58%	2.85%	4.43%	5.66%
Total	$ 25,036	100.00%	28.51%	12.76%	12.14%	14.20%	6.04%	25.92%	0.43%	1.38%	14.78%	20.55%	34.77%	28.52%

The corporate arbitrage portfolio consists principally of CDS written on portfolios of senior unsecured corporate obligations that were generally rated investment grade at the inception of the CDS. These CDS transactions require cash settlement (see Triggers and Settlement Alternatives below). This portfolio also includes CDS with a net notional amount of $1.5 billion written on the senior part of the capital structure of CLOs, which require physical settlement.

The gross transaction notional amount of CDS transactions written on portfolios of senior unsecured corporate obligations (excluding CLOs), percentage of the total referenced portfolios, and ratings by industry sector, in addition to the subordinations below the super senior risk layer and AIGFP's net notional exposure at December 31, 2008, by industry sector, were as follows:

	Gross Transaction Notional Amount (Dollars in millions)	Percent of Total	Ratings						
			AAA	Aa	A	Baa	Ba	<Ba	NR
United States Industrial	$ 23,363	37.5%	0.0%	0.4%	7.5%	19.2%	4.7%	5.4%	0.3%
Financial	9,776	15.7%	0.4%	0.6%	7.6%	4.6%	1.5%	0.3%	0.7%
Utilities	2,218	3.6%	0.0%	0.0%	0.5%	2.7%	0.1%	0.1%	0.2%
Other	1,364	2.2%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	2.1%
Total United States	36,721	59.0%	0.4%	1.0%	15.6%	26.6%	6.3%	5.8%	3.3%
Non-United States Industrial	18,616	29.9%	0.1%	0.9%	9.0%	14.4%	2.2%	1.0%	2.3%
Financial	3,088	5.0%	0.1%	0.7%	3.0%	0.8%	0.1%	0.0%	0.3%
Government	1,853	3.0%	0.0%	0.4%	1.4%	1.0%	0.2%	0.0%	0.0%
Utilities	1,680	2.7%	0.0%	0.0%	1.5%	0.8%	0.0%	0.0%	0.4%
Other	268	0.4%	0.0%	0.0%	0.2%	0.1%	0.0%	0.0%	0.1%

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	Gross Transaction Notional Amount (Dollars in millions)	Percent of Total	Ratings AAA	Aa	A	Baa	Ba	<Ba	NR
Total Non-United States	25,505	41.0%	0.2%	2.0%	15.1%	17.1%	2.5%	1.0%	3.1%
Total	$ 62,226	100.0%	0.6%	3.0%	30.7%	43.7%	8.8%	6.8%	6.4%
Subordination	$ 13,242								
Net Notional Amount	$ 48,984								
Fair Value of Derivative Liability	$ 2,147								

Triggers and Settlement Alternatives

At December 31, 2008, all outstanding CDS transactions for regulatory capital purposes and the majority of the arbitrage portfolio (comprising $56.7 billion or 90 percent of the net notional amount for the arbitrage portfolio at December 31, 2008) have cash-settled structures in respect of a basket of reference obligations, where AIGFP's payment obligations may be triggered by payment shortfalls, bankruptcy and certain other events such as write-downs of the value of underlying assets (see Cash Settlement below). For the remainder of the CDS transactions in respect of the arbitrage portfolio (comprising $6.4 billion or 10 percent of the net notional amount for the arbitrage portfolio at December 31, 2008), AIGFP's payment obligations are triggered by the occurrence of a credit event under a single reference security, and performance is limited to a single payment by AIGFP in return for physical delivery by the counterparty of the reference security (see Physical Settlement below). By contrast, at December 31, 2007, under the large majority of CDS transactions in respect of multi-sector CDOs (comprising $65.6 billion or 44.1 percent of the net notional amount for the arbitrage portfolio at December 31, 2007) AIGFP's payment obligations were triggered by the occurrence of a non-payment event under a single reference CDO security, and performance was limited to a single payment by AIGFP in return for physical delivery by the counterparty of the reference security.

Cash Settlement. Transactions requiring cash settlement (principally on a "pay as you go" basis) are generally in respect of baskets of reference credits (which may also include single-name CDS in addition to securities and loans) rather than a single reference obligation as in the case of the physically settled transactions described below. Under these credit default swap transactions:

- Each time a "triggering event" occurs a "loss amount" is calculated. A triggering event is generally a failure by the relevant obligor to pay principal of or, in some cases, interest on one of the reference credits in the underlying basket. Triggering events may also include bankruptcy of the obligors of the reference credits, write-downs or payment postponements with respect to interest or to the principal amount of a reference credit payable at maturity. The determination of the loss amount is specific to each triggering event. It can represent the amount of a shortfall in ordinary course interest payments on the reference credit, a write-down in the interest on or principal of such reference credit or payment postponed. It can also represent the difference between the notional or par amount of such reference credit and its market value, as determined by reference to market quotations. A "write-down" with respect to a referenced credit may arise as a result of a reduction in the outstanding principal amount of such referenced credit (other than as a result of a scheduled or unscheduled payment of principal), whether caused by a principal deficiency, realized loss or forgiveness of principal. An implied write-down may also result from the existence of a shortfall between the referenced credit's pool principal balance and the aggregate balance of all *pari passu* obligations and senior securities backed by the same pool.
- Triggering events can occur multiple times, either as a result of continuing shortfalls in interest or write-downs or payment postponements on a single reference credit, or as a result of triggering events in respect of different reference credits included in a protected basket. In connection with each triggering event, AIGFP is required to make a cash payment to the buyer of protection under the related CDS only if the aggregate loss amounts calculated in respect of such triggering event and all prior triggering events exceed a specified threshold amount (reflecting AIGFP's attachment point).

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- If there are reimbursements received (actual or deemed) by the CDS buyer in respect of prior triggering events, AIGFP will be entitled to receive equivalent amounts from the counterparty to the extent AIGFP has previously made a related payment.

Physical Settlement. For CDS transactions requiring physical settlement, AIGFP is generally required to pay unpaid principal and accrued interest for the relevant reference obligation in return for physical delivery of such reference obligation by the CDS buyer upon the occurrence of a credit event. After purchasing the reference obligation, AIGFP may sell the security and recover all or a portion of the purchase price paid under the CDS, or hold such security and be entitled to receive subsequent collections of principal and interest. AIGFP generally is required to settle such a transaction only if the following conditions are satisfied:

- A "Credit Event" (as defined in the relevant CDS transaction confirmation) must have occurred. In all CDS transactions subject to physical settlement, "Failure to Pay" is specified as a Credit Event and is generally triggered if there is a failure by the issuer under the related CDO to make a payment under the reference obligation (after the expiration of any applicable grace period and, in certain transactions, subject to a nominal non-payment threshold having been met).
  - In addition, certain of the AIGFP CDS (with an aggregate net notional amount totaling $265 million and $8.3 billion at December 31, 2008 and 2007, respectively) provide credit protection in respect of CDOs that require minimum amounts of collateral to be maintained to support the CDO debt, where the notional amount of such collateral, subject to certain adjustments, is affected by among other things the ratings of the securities and other obligations comprising such collateral. In the event that the issuer of such a CDO fails to maintain the minimum levels of collateral, an event of default would occur, triggering a right by a specified controlling class of CDO note holders to accelerate the payment of principal and interest on the protected reference obligations. Under certain of the CDSs, upon acceleration of the reference obligations underlying a CDS, AIGFP may be required to purchase such reference obligations for a purchase price equal to unpaid principal of and accrued interest on the CDO in settlement of the CDS. As a result of this over-collateralization feature of these CDOs, AIGFP potentially may be required to purchase such CDO securities in settlement of the related CDS sooner than would be required if such CDOs did not have an over-collateralization feature. One of these CDOs was accelerated in 2008, and AIGFP extinguished its CDS obligations by purchasing the protected CDO security for $162 million, which equaled the principal amount outstanding related to this CDS, of which $103 million was recorded in the trading securities portfolio and $59 million was recorded in the available for sale portfolio. AIGFP had no CDS net notional exposure with respect to CDOs that have experienced over-collateralization events of default at February 18, 2009.
- In addition to subordination, cash flow diversion mechanics may provide further protection from losses for holders of the super senior CDO securities. Following the acceleration of a CDO security, all, or a portion of, available cash flows in a CDO could be diverted from the junior tranches to the most senior tranches. In a CDO with such a feature, the junior tranches may not receive any cash flows until all interest on, and principal of, the super senior tranches are paid in full. Thus, potential losses borne by the holders of the super senior CDO securities may be mitigated as cash flows that would otherwise be payable to junior tranches throughout the entire CDO capital structure are instead diverted directly to the most senior tranches. Cash flow diversion mechanics also may arise in the context of over-collateralization tests. Upon a failure by the CDO issuer to comply with certain over-collateralization tests (other than those that trigger an indenture event of default), cash flows that would otherwise be payable to certain junior tranches throughout the CDO capital structure may instead be diverted to more senior tranches. Consequently, the super senior risk layer is paid down at a faster rate, effectively increasing the relative level of subordination.
- The existence of a tranche of securities ranking *pari passu* with the super senior CDO securities does not provide additional subordination that protects holders of the super senior CDO securities, as holders of such *pari passu* securities are entitled to receive payments from available cash flows at the same level of priority as holders of the super senior securities. Thus, a *pari passu* tranche of securities does not affect the amount of losses that have to be absorbed by classes of CDO securities other than the super senior CDO

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securities before the super senior securities incur a loss, although the *pari passu* tranche will absorb losses on a pro rata basis after subordinate classes of securities are exhausted.

- The CDS buyer must deliver the reference obligation within a specified period, generally within 30 days. There is no payment obligation if delivery is not made within this period.
- Upon completion of the physical delivery and payment by AIGFP, AIGFP would be the holder of the relevant reference obligation and have all rights associated with a holder of such securities.

2a-7 Puts : Included in the multi-sector CDO portfolio are maturity-shortening puts that allow the holders of the securities issued by certain CDOs to treat the securities as short-term eligible 2a-7 investments under the Investment Company Act of 1940 (2a-7 Puts). Holders of securities are required, in certain circumstances, to tender their securities to the issuer at par. If an issuer's remarketing agent is unable to resell the securities so tendered, AIGFP must purchase the securities at par as long as the security has not experienced a payment default or certain bankruptcy events with respect to the issuer of such security have not occurred.

At December 31, 2007, 2a-7 Puts with a net notional amount of $6.5 billion were outstanding and included as part of the multi-sector CDO portfolio. During 2008, AIGFP issued new 2a-7 Puts with a net notional amount of $5.4 billion on the super senior security issued by a CDO of AAA-rated CMBS pursuant to a facility that was entered into in 2005. AIGFP is not a party to any commitments to issue any additional 2a-7 Puts. During 2008, AIGFP repurchased multi-sector CDO securities with a principal amount of $9.4 billion in connection with these obligations, of which $8.0 billion was funded using existing liquidity arrangements. In connection with the ML III transaction, ML III purchased $8.5 billion of multi-sector CDOs underlying 2a-7 Puts written by AIGFP. A portion of the net payment made by ML III to the counterparties for the purchase of the multi-sector CDOs facilitated the resolution of liquidity arrangements, which had funded certain of the multi-sector CDOs in connection with the 2a-7 Puts. Among the multi-sector CDOs purchased by ML III are certain CDO securities with a net notional amount of $1.7 billion for which the related 2a-7 Puts to AIGFP remained outstanding as of December 31, 2008. For the $252 million net notional amount of multi-sector CDOs held by ML III with 2a-7 Puts that may be exercised in 2009, ML III has agreed to not sell the multi-sector CDOs in 2009 and to either not exercise its put option on such multi-sector CDOs or to simultaneously exercise their par put option with a par purchase of the multi-sector CDO securities. In exchange, AIG Financial Products Corp. has agreed to pay to ML III the consideration that it received for providing the put protection. AIG Financial Products Corp. and ML III are currently negotiating an agreement that will outline procedures to be taken by ML III and AIG Financial Products Corp. for multi-sector CDOs with put options that may be exercised after December 31, 2009, with the objective of mitigating or eliminating the impact on AIG Financial Products Corp. of such 2a-7 Puts and capturing the associated economics for ML III. At December 31, 2008, 2a-7 Puts with a net notional amount of $1.7 billion were outstanding.

Termination Events. Certain of the super senior credit default swaps provide the counterparties with an additional termination right if AIG's rating level falls to BBB or Baa2. At that level, counterparties to the CDS transactions with the following net notional amounts at December 31, 2008, by portfolio, have the right to terminate the transactions early:

	Net Notional Amount At December 31, 2008 (In millions)
Multi-sector CDO	$ 5,501
Corporate arbitrage	27,908
Regulatory capital	5,205
Total	$ 38,614

If counterparties exercise this right, the contracts provide for the counterparties to be compensated for the cost to replace the transactions, or an amount reasonably determined in good faith to estimate the losses the counterparties would incur as a result of the termination of the transactions.

Given the level of uncertainty in estimating both the number of counterparties who may elect to exercise their right to terminate and the payment that may be triggered in connection with any such exercise, AIG is unable to

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reasonably estimate the aggregate amount that it would be required to pay under the super senior credit default swaps in the event of any further downgrade.

Certain super senior credit default swaps written for regulatory capital relief, with a net notional amount of $161.5 billion at December 31, 2008, include triggers that require certain actions to be taken by AIG once AIG's rating level falls to certain levels, which, if not taken, give rise to a right of the counterparties to terminate the CDS. Such actions include posting collateral, transferring the swap or providing a guarantee from a more highly rated entity. In light of the rating actions taken in respect of AIG on September 15, 2008, AIGFP has implemented collateral arrangements in a large majority of these transactions. In the event of a termination of the contract that is caused by AIG's rating downgrade, AIGFP is obligated to compensate the counterparty based on its "loss." As a result of AIGFP posting collateral, AIG eliminated the counterparties' right to terminate under this downgrade provision, thereby avoiding the uncertainty of determining the "loss" from an early termination of a regulatory capital CDS.

Collateral

Most of AIGFP's credit default swaps are subject to collateral posting provisions. These provisions differ among counterparties and asset classes. Although AIGFP has collateral posting obligations associated with both regulatory capital relief transactions and arbitrage transactions, the large majority of these obligations to date have been associated with arbitrage transactions in respect of multi-sector CDOs.

The collateral arrangements in respect of the multi-sector CDO, regulatory capital and corporate arbitrage transactions are nearly all documented under a Credit Support Annex (CSA) to an ISDA Master Agreement (Master Agreement). The Master Agreement and CSA forms are standardized form agreements published by the ISDA, which market participants have adopted as the primary contractual framework for various kinds of derivatives transactions, including CDS. The Master Agreement and CSA forms are designed to be customized by counterparties to accommodate their particular requirements for the anticipated types of swap transactions to be entered into. Elective provisions and modifications of the standard terms are negotiated in connection with the execution of these documents. The Master Agreement and CSA permit any provision contained in these documents to be further varied or overridden by the individual transaction confirmations, providing flexibility to tailor provisions to accommodate the requirements of any particular transaction. A CSA, if agreed by the parties to a Master Agreement, supplements and forms part of the Master Agreement and contains provisions (among others) for the valuation of the covered transactions, the delivery and release of collateral, the types of acceptable collateral, the grant of a security interest (in the case of a CSA governed by New York law) or the outright transfer of title (in the case of a CSA governed by English law) in the collateral that is posted, the calculation of the amount of collateral required, the valuation of the collateral provided, the timing of any collateral demand or return, dispute mechanisms, and various other rights, remedies and duties of the parties with respect to the collateral provided.

In general, each party has the right under a CSA to act as the "Valuation Agent" and initiate the calculation of the exposure of one party to the other (Exposure) in respect of transactions covered by the CSA. The valuation calculation may be performed daily, weekly or at some other interval, and the frequency is one of the terms negotiated at the time the CSA is signed. The definition of Exposure under a standard CSA is the amount that would be payable to one party by the other party upon a hypothetical termination of that transaction. This amount is determined, in most cases, by the Valuation Agent using its estimate of mid-market quotations (i.e., the average of hypothetical bid and ask quotations) of the amounts that would be paid for a replacement transaction. AIGFP determines Exposure typically by reference to the mark-to-market valuation of the relevant transaction produced by its systems and specialized models. Exposure amounts are typically determined for all transactions under a Master Agreement (unless the parties have specifically agreed to exclude certain transactions, not to apply the CSA or to set a specific transaction Exposure to zero). The aggregate Exposure less the value of collateral already held by the relevant party (and following application of certain thresholds) results in a net exposure amount (Delivery Amount). If this amount is a positive number, then the other party must deliver collateral with a value equal to the Delivery Amount. Under the standard CSA, the party not acting as Valuation Agent for any particular Exposure calculation may dispute the Valuation Agent's calculation of the Delivery Amount. If the parties are unable to resolve this dispute, the terms of the standard CSA provide that the Valuation Agent is required to recalculate Exposure using, in substitution for the disputed Exposure amounts, the average of actual quotations at mid-market from four leading dealers in the relevant market.

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After an Exposure amount is determined for a transaction subject to a CSA, it is combined with the Exposure amounts for all other transactions under the relevant Master Agreement, which may be netted against one another where the counterparties to a Master Agreement are each exposed to one another in respect of different transactions. Actual collateral postings with respect to a Master Agreement may be affected by other agreed CSA terms, including threshold and independent amounts, that may increase or decrease the amount of collateral posted.

Regulatory Capital Relief Transactions

As of December 31, 2008, 68.0 percent of AIGFP's regulatory capital relief transactions (measured by net notional amount) were subject to a CSA. In other transactions, which represent 1.0 percent of the total net notional amount of the outstanding regulatory capital relief transactions, AIGFP is obligated to put a CSA or alternative collateral arrangement in place if AIG's ratings fall below certain levels (typically, A-/A3). At December 31, 2008, 31.0 percent of the regulatory capital relief portfolio is not subject to collateral posting provisions. In general, each regulatory capital relief transaction is subject to a stand-alone Master Agreement or similar agreement, under which the aggregate Exposure is calculated with reference to only a single transaction.

The underlying mechanism that determines the amount of collateral to be posted varies from one counterparty to another, and there is no standard formula. The varied mechanisms resulted from varied negotiations with different counterparties. The following is a brief description of the primary mechanisms that are currently being employed to determine the amount of collateral posting for this portfolio.

Reference to Market Indices — Under this mechanism, the amount of collateral to be posted is determined based on a formula that references certain tranches of a market index, such as either Itraxx or CDX. This mechanism is used for CDS transactions that reference either corporate loans, or residential mortgages. While the market index is not a direct proxy, it has the advantage of being readily obtainable.

Market Value of Reference Obligation — Under this mechanism the amount of collateral to be posted is determined based on the difference between the net notional amount of a referenced RMBS security and the security's market value.

Expected Loss Models — Under this mechanism, the amount of collateral to be posted is determined based on the amount of expected credit losses, generally determined using a rating-agency model.

Negotiated Amount — Under this mechanism, the amount of collateral to be posted is determined based on bespoke terms negotiated between AIGFP and the counterparty, which could be a fixed percentage of the notional amount or present value of premiums to be earned by AIGFP.

The amount of collateral postings by underlying mechanism as described above with respect to the regulatory capital relief portfolio (prior to consideration of transactions other than AIGFP's super senior credit default swap portfolio subject to the same Master Agreements) were as follows (there were no collateral postings on this portfolio prior to March 31, 2008):

	March 31, 2008	June 30, 2008	September 30, 2008	December 31, 2008	February 18, 2009
			(In millions)		
Reference to market indices	$ 212	$ 177	$ 157	$ 667	$ 417
Market value of reference obligation	—	142	286	380	299
Expected loss models	—	—	—	5	5
Negotiated amount	—	—	—	235	213
Other	—	—	—	—	18
Total	$ 212	$ 319	$ 443	$ 1,287	$ 952

Arbitrage Portfolio — Multi-Sector CDOs

In the large majority of the CDS transactions in respect of multi-sector CDOs, the standard CSA provisions for the calculation of Exposure have been modified, with the Exposure amount determined pursuant to an agreed

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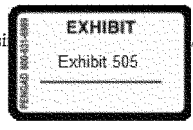
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formula that is based on the difference between the net notional amount of such transaction and the market value of the relevant underlying CDO security, rather than the replacement value of the transaction. As of any date, the "market value" of the relevant CDO security is the price at which a marketplace participant would be willing to purchase such CDO security in a market transaction on such date, while the "replacement value of the transaction" is the cost on such date of entering into a credit default swap transaction with substantially the same terms on the same referenced obligation (e.g., the CDO security). In cases where a formula is utilized, a transaction-specific threshold is generally factored into the calculation of Exposure, which reduces the amount of collateral required to be posted. These thresholds typically vary based on the credit ratings of AIG and/or the reference obligations, with greater posting obligations arising in the context of lower ratings. For the large majority of counterparties to these transactions, the Master Agreement and CSA cover non-CDS transactions (e.g., interest rate and cross currency swap transactions) as well as CDS transactions. As a result, the amount of collateral to be posted by AIGFP in relation to the CDS transactions will be added to or offset by the amount, if any, of the Exposure AIG has to the counterparty on the non-CDS transactions.

Arbitrage Portfolio — Corporate Debt/CLOs

Almost all of AIGFP's corporate arbitrage transactions are subject to CSAs. 97.6 percent (measured by net notional amount) of these transactions contain no special collateral posting provisions, but are subject to a Master Agreement that includes a CSA. These transactions are treated the same as other transactions subject to the same Master Agreement and CSA, with the calculation of collateral in accordance with the standard CSA procedures outlined above. 17.5 percent (measured by net notional amount) of these transactions, although subject to a Master Agreement and CSA, have specific valuation and threshold provisions. These thresholds are typically based on a combination of the credit rating of AIG and a ratings model of the transaction developed by Moody's model rating of the transaction (and not based on the value of any underlying reference obligations). Thus, as long as AIG maintains a rating above a specified threshold and the Moody's model of the underlying transaction exceeds a specified rating, the collateral provisions do not apply.

Collateral Calls

AIGFP has received collateral calls from counterparties in respect of certain super senior credit default swaps, of which a large majority relate to multi-sector CDOs. To a lesser extent, AIGFP has also received collateral calls in respect of certain super senior credit default swaps entered into by counterparties for regulatory capital relief purposes and in respect of corporate arbitrage.

Frequently, valuation estimates made by counterparties with respect to certain super senior credit default swaps or the underlying reference CDO securities, for purposes of determining the amount of collateral required to be posted by AIGFP in connection with such instruments, have differed, at times significantly, from AIGFP's estimates. In almost all cases, AIGFP has been able to successfully resolve the differences or otherwise reach an accommodation with respect to collateral posting levels, including in certain cases by entering into compromise collateral arrangements. Due to the ongoing nature of these collateral calls, AIGFP may engage in discussions with one or more counterparties in respect of these differences at any time. Valuation estimates made by counterparties for collateral purposes are, like any other third-party valuation, considered in the determination of the fair value estimates of AIGFP's super senior credit default swap portfolio.

Through June 30, 2007, AIGFP had not received any collateral calls related to this super senior credit default swap portfolio. Since that date and through February 18, 2009, counterparties have made large collateral calls against AIGFP, in particular related to the multi-sector CDO portfolio. This was largely driven by deterioration in the market value of the reference obligations and the effects of the downgrade of AIG's ratings.

The amount of collateral postings with respect to AIGFP's super senior credit default swap portfolio (prior to offsets for other transactions) were as follows:

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	December 31, 2007	March 31, 2008	June 30, 2008	September 30, 2008	December 31, 2008
			(In millions)		
Regulatory capital	$ —	$ 212	$ 319	$ 443	$ 1,287
Arbitrage — multi-sector CDO	2,718	7,590	13,241	31,469	5,129
Arbitrage — corporate	161	368	259	902	2,349
Total	$ 2,879	$ 8,170	$13,819	$ 32,814	$ 8,765

The amount of future collateral posting requirements is a function of AIG's credit ratings, the rating of the reference obligations and any further decline in the market value of the relevant reference obligations, with the latter being the most significant factor. While a high level of correlation exists between the amount of collateral posted and the valuation of these contracts in respect of the arbitrage portfolio, a similar relationship does not exist with respect to the regulatory capital portfolio given the nature of how the amount of collateral for these transactions is determined. Given the severe market disruption, lack of observable data and the uncertainty regarding the potential effects on market prices of measures recently undertaken by the federal government to address the credit market disruption, AIGFP is unable to reasonably estimate the amounts of collateral that it would be required to post.

Models and Modeling

AIGFP values its credit default swaps written on the super senior risk layers of designated pools of debt securities or loans using internal valuation models, third-party price estimates and market indices. The principal market was determined to be the market in which super senior credit default swaps of this type and size would be transacted, or have been transacted, with the greatest volume or level of activity. AIG has determined that the principal market participants, therefore, would consist of other large financial institutions who participate in sophisticated over-the-counter derivatives markets. The specific valuation methodologies vary based on the nature of the referenced obligations and availability of market prices.

The valuation of the super senior credit derivatives continues to be challenging given the limitation on the availability of market observable information due to the lack of trading and price transparency in the structured finance market, particularly during and since the second half of 2007. These market conditions have increased the reliance on management estimates and judgments in arriving at an estimate of fair value for financial reporting purposes. Further, disparities in the valuation methodologies employed by market participants and the varying judgments reached by such participants when assessing volatile markets have increased the likelihood that the various parties to these instruments may arrive at significantly different estimates as to their fair values.

AIGFP's valuation methodologies for the super senior credit default swap portfolio have evolved in response to the deteriorating market conditions and the lack of sufficient market observable information. AIG has sought to calibrate the model to available market information and to review the assumptions of the model on a regular basis.

Arbitrage Portfolio — Multi-Sector CDOs

The underlying assumption of the valuation methodology for AIGFP's credit default swap portfolio wrapping multi-sector CDOs is that, to be willing to assume the obligations under a credit default swap, a market participant would require payment of the full difference between the cash price of the underlying tranches of the referenced securities portfolio and the net notional amount specified in the credit default swap.

AIGFP uses a modified version of the Binomial Expansion Technique (BET) model to value its credit default swap portfolio written on super senior tranches of CDOs of ABS, including the 2a-7 Puts. The BET model was developed in 1996 by a major rating agency to generate expected loss estimates for CDO tranches and derive a credit rating for those tranches, and has been widely used ever since.

AIG selected the BET model for the following reasons:

- it is known and utilized by other institutions;
- it has been studied extensively, documented and enhanced over many years;

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- it is transparent and relatively simple to apply;
- the parameters required to run the BET model are generally observable; and
- it can easily be modified to use probabilities of default and expected losses derived from the underlying collateral securities market prices instead of using rating-based historical probabilities of default.

The BET model has certain limitations. A well known limitation of the BET model is that it can understate the expected losses for super senior tranches when default correlations are high. The model uses correlations implied from diversity scores which do not capture the tendency for correlations to increase as defaults increase. Recognizing this concern, AIG tested the sensitivity of the valuations to the diversity scores. The results of the testing demonstrated that the valuations are not very sensitive to the diversity scores because the expected losses generated from the prices of the collateral pool securities are currently high, breaching the attachment point in most transactions. Once the attachment point is breached by a sufficient amount, the diversity scores, and their implied correlations, are no longer a significant driver of the valuation of a super senior tranche.

AIGFP has adapted the BET model to estimate the price of the super senior risk layer or tranche of the CDO. AIG modified the BET model to imply default probabilities from market prices for the underlying securities and not from rating agency assumptions. To generate the estimate, the model uses the price estimates for the securities comprising the portfolio of a CDO as an input and converts those price estimates to credit spreads over current LIBOR-based interest rates. These credit spreads are used to determine implied probabilities of default and expected losses on the underlying securities. These data are then aggregated and used to estimate the expected cash flows of the super senior tranche of the CDO.

The application of the modified BET model involves the following steps for each individual super senior tranche of a CDO in the portfolio:

1) Calculation of the cash flow pattern that matches the weighted average life for each underlying security of the CDO;

2) Calculation of an implied credit spread for each security from the price and cash flow pattern determined in step 1. This is an arithmetic process which converts prices to yields (similar to the conversion of United States Department of the Treasury security prices to yields), and then subtracts LIBOR-based interest rates to determine the credit spreads;

3) Conversion of the credit spread into its implied probability of default. This also is an arithmetic process that determines the assumed level of default on the security that would equate the present value of the expected cash flows discounted at a risk-free rate with the present value of the contractual cash flows discounted using LIBOR-based interest rates plus the credit spreads;

4) Generation of expected losses for each underlying security using the probability of default and recovery rate;

5) Aggregation of the cash flows for all securities to create a cash flow profile of the entire collateral pool within the CDO;

6) Division of the collateral pool into a number of hypothetical independent identical securities based on the CDO's diversity score so that the cash flow effects of the portfolio can be mathematically aggregated properly. The purpose of dividing the collateral pool into hypothetical securities is a simplifying assumption used in all BET models as part of a statistical technique that aggregates large amounts of homogeneous data;

7) Simulation of the default behavior of the hypothetical securities using a Monte Carlo simulation and aggregation of the results to derive the effect of the expected losses on the cash flow pattern of the super senior tranche taking into account the cash flow diversion mechanism of the CDO;

8) Discounting of the expected cash flows determined in step 7 using LIBOR-based interest rates to estimate the value of the super senior tranche of the CDO; and

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9) Adjustment of the model value for the super senior multi-sector CDO credit default swap for the effect of the risk of non-performance by AIG using the credit spreads of AIG available in the marketplace and considering the effects of collateral and master netting arrangements.

AIGFP employs a Monte Carlo simulation in step 7 above to assist in quantifying the effect on the valuation of the CDO of the unique aspects of the CDO's structure such as triggers that divert cash flows to the most senior part of the capital structure. The Monte Carlo simulation is used to determine whether an underlying security defaults in a given simulation scenario and, if it does, the security's implied random default time and expected loss. This information is used to project cash flow streams and to determine the expected losses of the portfolio.

In addition to calculating an estimate of the fair value of the super senior CDO security referenced in the credit default swaps using its internal model, AIGFP also considers the price estimates for the super senior CDO securities provided by third parties, including counterparties to these transactions, to validate the results of the model and to determine the best available estimate of fair value. In determining the fair value of the super senior CDO security referenced in the credit default swaps, AIGFP uses a consistent process which considers all available pricing data points and eliminates the use of outlying data points. When pricing data points are within a reasonable range an averaging technique is applied.

The following table presents the net notional amount and fair value of derivative liability of the multi-sector super senior credit default swap portfolio using AIGFP's fair value methodology:

	At December 31,			
	Net Notional Amount		Fair Value Derivative Liability	
	2008	2007	2008	2007
	(In millions)			
BET model	$ 2,545	$ 42,173	$ 1,370	$ 5,432
Third-party price	2,951	8,038	1,753	1,947
Average of BET model and third-party price	3,218	21,152	1,568	2,975
Other	—	2,220	—	761
European RMBS	3,842	4,622	1,215	131
Total	$ 12,556	$ 78,205	$ 5,906	$ 11,246

The fair value of derivative liability of $5.9 billion recorded on AIGFP's super senior multi-sector CDO credit default swap portfolio represents the cumulative change in fair value of the remaining derivatives, which represents AIG's best estimate of the amount it would need to pay to a willing, able and knowledgeable third-party to assume the obligations under AIGFP's super senior multi-sector credit default swap portfolio at December 31, 2008.

Arbitrage Portfolio — Corporate Debt/CLOs

The valuation of credit default swaps written on portfolios of investment-grade corporate debt and CLOs is less complex than the valuation of super senior multi-sector CDO credit default swaps and the valuation inputs are more transparent and readily available.

In the case of credit default swaps written on portfolios of investment-grade corporate debt, AIGFP estimates the fair value of its obligations by comparing the contractual premium of each contract to the current market levels of the senior tranches of comparable credit indices, the iTraxx index for European corporate issuances and the CDX index for U.S. corporate issuances. These indices are considered reasonable proxies for the referenced portfolios. In addition, AIGFP compares these valuations to third-party prices and makes adjustments as necessary to determine the best available estimate of fair value.

AIGFP estimates the fair value of its obligations resulting from credit default swaps written on CLOs to be equivalent to the par value less the current market value of the referenced obligation. Accordingly, the value is determined by obtaining third-party quotes on the underlying super senior tranches referenced under the credit default swap contract.

No assurance can be given that the fair value of AIGFP's arbitrage credit default swap portfolio would not change materially if other market indices or pricing sources were used to estimate the fair value of the portfolio.



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Regulatory Capital Portfolio

In the case of credit default swaps written to facilitate regulatory capital relief, AIGFP estimates the fair value of these derivatives by considering observable market transactions. The transactions with the most observability are the early terminations of these transactions by counterparties. AIG expects that the majority of these transactions will be terminated within the next 15 months by AIGFP's counterparties. During 2008, $99.7 billion in net notional amount of regulatory capital super senior transactions was terminated or matured. AIGFP has also received formal termination notices for an additional $26.5 billion in net notional amount of regulatory capital super senior CDS transactions with effective termination dates in 2009. AIGFP has not been required to make any payments as part of these terminations and in certain cases was paid a fee upon termination. AIGFP also considers other market data, to the extent relevant and available.

AIGFP does not expect to make any payment under these contracts based on current portfolio conditions and stress analyses performed. Over the contractual life of the transactions, AIGFP is owed contractual premiums over an extended period. However, the expectation that the counterparties will be willing and able to terminate these transactions in the very near term based on the contract provisions and market conditions significantly reduces the expected future cash flows to be received. Consequently, the future expected cash flows validate the observable market transactions used to price the portfolio.

In light of early termination experience to date and after other analyses, AIG determined that there was no unrealized market valuation adjustment for this regulatory capital relief portfolio for the year ended December 31, 2008 other than for one transaction where AIGFP believes the counterparty is no longer using the transaction to obtain regulatory capital relief. During 2008, a regulatory capital relief transaction with a net notional amount of $1.6 billion and a fair value loss of $379 million at December 31, 2008 was not terminated as expected when it no longer provided regulatory capital benefit to the counterparty. This transaction provides protection on European RMBS, unlike the other regulatory transactions, which provide protection on loan portfolios held by the counterparties. The documentation for this transaction contains provisions not included in AIGFP's other regulatory capital relief transactions, which enable the counterparty to arbitrage a specific credit exposure.

AIG will continue to assess the valuation of this portfolio and monitor developments in the marketplace. Given the significant deterioration in the credit markets and the risk that AIGFP's expectations with respect to the termination of these transactions by its counterparties may not materialize, there can be no assurance that AIG will not recognize unrealized market valuation losses from this portfolio in future periods, and given its size, recognition of even a small percentage decline in the fair value of this portfolio could be material to AIG's consolidated results of operations for an individual reporting period or to AIG's consolidated financial condition.

Key Assumptions Used in the BET model — Multi-Sector CDOs

The most significant assumption used in the BET model is the estimated price of the individual securities within the CDO collateral pools. The following table summarizes the gross transaction notional weighted average price by ABS category.

	Gross Transaction Notional Weighted Average Price at December 31,	
ABS Category	2008	2007
RMBS Prime	50.46%	84.32%
RMBS Alt-A*	31.68	N/A
RMBS Subprime	29.02	65.34
CMBS	54.50	92.96
CDOs	17.53	47.82
Other	50.92	92.11
Total	36.65%	73.29%

* *RMBS Alt-A category was included in RMBS Prime in 2007.*

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The decrease in the weighted average prices reflects continued deterioration in the markets for RMBS and CMBS and further downgrades in RMBS and CMBS credit ratings.

Prices for the individual securities held by a CDO are obtained in most cases from the CDO collateral managers, to the extent available. For the year ended December 31, 2008, CDO collateral managers provided market prices for 61.2 percent of the underlying securities. When a price for an individual security is not provided by a CDO collateral manager, AIGFP derives the price through a pricing matrix using prices from CDO collateral managers for similar securities. Matrix pricing is a mathematical technique used principally to value debt securities without relying exclusively on quoted prices for the specific securities, but rather by relying on the relationship of the security to other benchmark-quoted securities. Substantially all of the CDO collateral managers who provided prices used dealer prices for all or part of the underlying securities, in some cases supplemented by third-party pricing services.

The BET model also uses diversity scores, weighted average lives, recovery rates and discount rates. The determination of some of these inputs requires the use of judgment and estimates, particularly in the absence of market-observable data. Diversity scores (which reflect default correlations between the underlying securities of a CDO) are obtained from CDO trustees or implied from default correlations. Weighted average lives of the underlying securities are obtained, when available, from external subscription services such as Bloomberg and Intex and, if not available, AIGFP utilizes an estimate reflecting known weighted average lives.

Collateral recovery rates are obtained from the multi-sector CDO recovery data of a major rating agency. AIGFP utilizes a LIBOR-based interest rate curve to derive its discount rates.

AIGFP employs similar control processes to validate these model inputs as those used to value AIG's investment portfolio as described in Critical Accounting Estimates — Fair Value Measurements of Certain Financial Assets and Liabilities — Overview. The effects of the adjustments resulting from the validation process were de minimis for each period presented.

Valuation Sensitivity — Arbitrage Portfolio

Multi-Sector CDOs

AIG utilizes sensitivity analyses that estimate the effects of using alternative pricing and other key inputs on AIG's calculation of the unrealized market valuation loss related to the AIGFP super senior credit default swap portfolio. While AIG believes that the ranges used in these analyses are reasonable, given the current difficult market conditions, AIG is unable to predict which of the scenarios is most likely to occur. As recent experience demonstrates, actual results in any period are likely to vary, perhaps materially, from the modeled scenarios, and there can be no assurance that the unrealized market valuation loss related to the AIGFP super senior credit default swap portfolio will be consistent with any of the sensitivity analyses. On average for any quarterly period during the past year, prices for CDOs declined between 6.14 percent and 11.93 percent of the notional amount outstanding. Further, it is difficult to extrapolate future experience based on current dislocated market conditions.

For the purposes of estimating sensitivities for the super senior multi-sector CDO credit default swap portfolio, the change in valuation derived using the BET model is used to estimate the change in the fair value of the derivative liability. Out of the total $12.6 billion net notional amount of CDS written on multi-sector CDOs outstanding at December 31, 2008, a BET value is available for $8.8 billion net notional amount. No BET value is determined for $3.8 billion of CDS written on European multi-sector CDOs as prices on the underlying securities held by the CDOs are not provided by collateral managers; instead these CDS are valued using counterparty prices. Therefore, sensitivities disclosed below apply only to the net notional amount of $8.8 billion.

As mentioned above, the most significant assumption used in the BET model is the estimated price of the securities within the CDO collateral pools. If the actual price of the securities within the collateral pools differs from the price used in estimating the fair value of the super senior credit default swap portfolio, there is potential for material variation in the fair value estimate. Any further declines in the value of the underlying collateral securities held by a CDO will similarly affect the value of the super senior CDO securities given their significantly depressed valuations. Given the current difficult market conditions, AIG cannot predict reasonably likely changes in the prices of the underlying collateral securities held within a CDO at this time.



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The following table presents key inputs used in the BET model, and the potential increase (decrease) to the fair value of the derivative liability by ABS category at December 31, 2008 corresponding to changes in these key inputs:

	Inputs Used at December 31, 2008	Change	Increase (Decrease) to Fair Value of Derivative Liability: Entire Portfolio	RMBS PRIME	RMBS ALT-A	RMBS Subprime	CMBS	CDOs	Other
			(Dollars in millions)						
Bond prices	33 points	Increase of 5 points	$ (745)	$ (38)	$ (73)	$ (336)	$ (178)	$ (81)	$ (39)
		Decrease of 5 points	668	38	66	284	178	66	36
Weighted average life	5.03 years	Increase of 1 year	131	5	9	113	1	2	1
		Decrease of 1 year	(284)	(8)	(8)	(268)	1	(1)	—
Recovery rates	21%	Increase of 10%	(71)	(3)	(1)	(23)	(38)	(5)	(1)
		Decrease of 10%	92	3	(1)	38	45	6	1
Diversity score *(a)*	16	Increase of 5	(15)						
		Decrease of 5	35						
Discount curve *(b)*	N/A	Increase of 100bps	34						

(a) The diversity score is an input at the CDO level. A calculation of sensitivity to this input by type of security is not possible.

(b) The discount curve is an input at the CDO level. A calculation of sensitivity to this input by type of security is not possible. Furthermore, for this input it is not possible to disclose a weighted average input as a discount curve consists of a series of data points.

These results are calculated by stressing a particular assumption independently of changes in any other assumption. No assurance can be given that the actual levels of the key inputs will not exceed, perhaps significantly, the ranges assumed by AIG for purposes of the above analysis. No assumption should be made that results calculated from the use of other changes in these key inputs can be interpolated or extrapolated from the results set forth above.

Corporate Debt

The following table represents the relevant market credit indices and CDS maturity used to estimate the sensitivity for the credit default swap portfolio written on investment-grade corporate debt and the estimated increase (decrease) to fair value of derivative liability at December 31, 2008 corresponding to changes in these market credit indices and maturity:

Input Used at December 31, 2008	Increase (Decrease) To Fair Value Derivative Liability (In millions)		
CDS maturity (in years)	5	7	10
CDX Index spread (in basis points)	54	59	48
Effect of an increase of 10 basis points	$(20)	$(48)	$(10)
Effect of a decrease of 10 basis points	$ 20	$ 49	$ 10
iTraxx Index spread (in basis points)	62	58	65
Effect of an increase of 10 basis points	$ (9)	$(33)	$ (7)
Effect of a decrease of 10 basis points	$ 9	$ 33	$ 7

These results are calculated by stressing a particular assumption independently of changes in any other assumption. No assurance can be given that the actual levels of the indices and maturity will not exceed, perhaps significantly, the ranges assumed by AIGFP for purposes of the above analysis. No assumption should be made that results calculated from the use of other changes in these indices and maturity can be interpolated or extrapolated from the results set forth above.

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Other derivatives. Valuation models that incorporate unobservable inputs initially are calibrated to the transaction price. Subsequent valuations are based on observable inputs to the valuation model (e.g., interest rates, credit spreads, volatilities, etc.). Model inputs are changed only when corroborated by market data.

Transfers into Level 3

During the year ended December 31, 2008, AIG transferred from Level 2 to Level 3 approximately $1.7 billion of assets, primarily representing fixed maturity securities for which the significant inputs used to measure the fair value of the securities became unobservable primarily as a result of the significant disruption in the credit markets. See Note 4 to the Consolidated Financial Statements for additional information about transfers into Level 3.

Capital Resources and Liquidity

For a discussion of AIG's liquidity see Overview — Liquidity.

Shareholders' Equity

The changes in AIG's consolidated shareholders' equity were as follows:

	Years Ended December 31,	
	2008	2007
	(in millions)	
Beginning of year	$ 95,801	$101,677
Net income (loss)	(99,289)	6,200
Unrealized depreciation of investments, net of tax	(8,722)	(5,708)
Cumulative translation adjustment, net of tax	(1,067)	1,185
Dividends to shareholders	(1,105)	(1,964)
Payments advanced to purchase shares, net	912	(912)
Common share issuance	7,343	—
Consideration received for preferred stock not yet issued *(a)*	23,000	—
Issuance of Series D preferred stock	20	—
Excess of proceeds over par value of preferred stock issued	39,889	—
Issuance of warrants	91	—
Share purchases	(1,912)	(5,104)
Cumulative effect of change in accounting principles, net of tax	(1,108)	—
Other *(b)*	(1,143)	427
End of year	$ 52,710	$ 95,801

(a) AIG expects to issue the Series C Preferred Stock in early March 2009.

(b) Reflects the effects of employee stock transactions and the present value of future contract adjustment payments related to the issuance of Equity Units.

Share Repurchases

In February 2007, AIG's Board of Directors increased AIG's share repurchase program by authorizing the purchase of shares with an aggregate purchase price of $8 billion. In November 2007, AIG's Board of Directors authorized the purchase of an additional $8 billion in common stock. In 2007, AIG entered into structured share repurchase arrangements providing for the purchase of shares over time with an aggregate purchase price of $7 billion.

A total of 37,926,059 shares were purchased during the first six months of 2008 to meet commitments that existed at December 31, 2007. There were no repurchases during the third and fourth quarters of 2008.

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At February 18, 2009, $9 billion was available for purchases under the aggregate authorization. Pursuant to the Fed Credit Agreement, however, AIG is restricted from repurchasing shares of its common stock.

Share Issuance

In May 2008, AIG sold 196,710,525 shares of its common stock at a price per share of $38 in a public offering. Concurrent with the common stock offering, AIG sold 78.4 million Equity Units at a price per unit of $75. The Equity Units consist of an ownership interest in AIG junior subordinated debentures and a stock purchase contract obligating the holder of an equity unit to purchase, and obligating AIG to sell, on each of February 15, 2011, May 1, 2011 and August 1, 2011, for a price of $25, a variable number of shares of AIG common stock, that is not less than 0.54823 shares and not more than 0.6579 shares, subject to anti-dilution adjustments. Accordingly, a maximum number of 154,738,080 shares and a minimum number of 128,944,480 shares of AIG common stock will be issued in the year 2011 under the stock purchase contracts, subject to anti-dilution adjustments.

On May 7, 2008, AIG's Board of Directors declared a quarterly cash dividend on the common stock of $0.22 per share that was paid on September 19, 2008 to shareholders of record on September 5, 2008. Effective September 23, 2008, AIG's Board of Directors suspended the declaration of dividends on AIG's common stock. Pursuant to the Fed Credit Agreement, AIG is restricted from paying dividends on its common stock.

See Note 15 to the Consolidated Financial Statements.

Dividends from Insurance Subsidiaries

Payments of dividends to AIG by its insurance subsidiaries are subject to certain restrictions imposed by regulatory authorities. With respect to AIG's domestic insurance subsidiaries, the payment of any dividend requires formal notice to the insurance department in which the particular insurance subsidiary is domiciled. Under the laws of many states, an insurer may pay a dividend without prior approval of the insurance regulator when the amount of the dividend is below certain regulatory thresholds. Other foreign jurisdictions, notably Bermuda, Japan, Hong Kong, Taiwan, the U.K., Thailand and Singapore, may restrict the ability of AIG's foreign insurance subsidiaries to pay dividends. Largely as a result of these restrictions, a significant majority of the aggregate equity of AIG's consolidated subsidiaries was restricted from immediate transfer to AIG parent at December 31, 2008. See Regulation and Supervision herein. AIG cannot predict how recent regulatory investigations may affect the ability of its regulated subsidiaries to pay dividends. To AIG's knowledge, no AIG company is currently on any regulatory or similar "watch list" with regard to solvency. See also Liquidity herein, Note 14 to the Consolidated Financial Statements and Item 1A. Risk Factors — Liquidity.

Regulation and Supervision

AIG's insurance subsidiaries, in common with other insurers, are subject to regulation and supervision by the states and jurisdictions in which they do business. In the United States, the NAIC has developed Risk-Based Capital (RBC) requirements. RBC relates an individual insurance company's statutory surplus to the risk inherent in its overall operations.

AIG's insurance subsidiaries file financial statements prepared in accordance with statutory accounting practices prescribed or permitted by domestic and foreign insurance regulatory authorities. The principal differences between statutory financial statements and financial statements prepared in accordance with U.S. GAAP for domestic companies are that statutory financial statements do not reflect DAC, some bond portfolios may be carried at amortized cost, assets and liabilities are presented net of reinsurance, policyholder liabilities are valued using more conservative assumptions and certain assets are non-admitted.

In connection with the filing of the 2005 statutory financial statements for AIG's domestic General Insurance companies, AIG agreed with the relevant state insurance regulators on the statutory accounting treatment of various items. The regulatory authorities have also permitted certain of the domestic and foreign insurance subsidiaries to support the carrying value of their investments in certain non-insurance and foreign insurance subsidiaries by utilizing the AIG audited consolidated financial statements to satisfy the requirement that the U.S. GAAP-basis equity of such entities be audited. AIG has received similar permitted practice authorizations from insurance regulatory authorities in connection with the 2008 and 2007 statutory financial statements. The permitted practice



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resulted in a benefit to the surplus of the domestic and foreign General Insurance companies of $114 million and $859 million, respectively, and did not affect compliance with minimum regulatory capital requirements.

As discussed under Item 3. Legal Proceedings, various regulators have commenced investigations into certain insurance business practices. In addition, the OTS and other regulators routinely conduct examinations of AIG and its subsidiaries, including AIG's consumer finance operations. AIG cannot predict the ultimate effect that these investigations and examinations, or any additional regulation arising therefrom, might have on its business. Federal, state or local legislation may affect AIG's ability to operate and expand its various financial services businesses, and changes in the current laws, regulations or interpretations thereof may have a material adverse effect on these businesses.

AIG's U.S. operations are negatively affected under guarantee fund assessment laws which exist in most states. As a result of operating in a state which has guarantee fund assessment laws, a solvent insurance company may be assessed for certain obligations arising from the insolvencies of other insurance companies which operated in that state. AIG generally records these assessments upon notice. Additionally, certain states permit at least a portion of the assessed amount to be used as a credit against a company's future premium tax liabilities. Therefore, the ultimate net assessment cannot reasonably be estimated. The guarantee fund assessments net of credits recognized in 2008, 2007 and 2006, respectively, were $8 million, $87 million and $97 million.

AIG is also required to participate in various involuntary pools (principally workers' compensation business) which provide insurance coverage for those not able to obtain such coverage in the voluntary markets. This participation is also recorded upon notification, as these amounts cannot reasonably be estimated.

A substantial portion of AIG's General Insurance business and a majority of its Life Insurance & Retirement Services business are conducted in foreign countries. The degree of regulation and supervision in foreign jurisdictions varies. Generally, AIG, as well as the underwriting companies operating in such jurisdictions, must satisfy local regulatory requirements. Licenses issued by foreign authorities to AIG subsidiaries are subject to modification and revocation. Thus, AIG's insurance subsidiaries could be prevented from conducting future business in certain of the jurisdictions where they currently operate. AIG's international operations include operations in various developing nations. Both current and future foreign operations could be adversely affected by unfavorable political developments up to and including nationalization of AIG's operations without compensation. Adverse effects resulting from any one country may affect AIG's results of operations, liquidity and financial condition depending on the magnitude of the event and AIG's net financial exposure at that time in that country.

Foreign insurance operations are individually subject to local solvency margin requirements that require maintenance of adequate capitalization, which AIG complies with by country. In addition, certain foreign locations, notably Japan, have established regulations that can result in guarantee fund assessments. These have not had a material effect on AIG's financial condition or results of operations.

Investments

Investments by Segment

The following tables summarize the composition of AIG's investments by segment:

	General Insurance	Life Insurance & Retirement Services	Financial Services	Asset Management	Other	Total
			(In millions)			
At December 31, 2008						
Fixed maturity securities:						
Bonds available for sale, at fair value	$85,791	$ 262,824	$ 1,971	$ 12,284	$ 172	$363,042
Bond trading securities, at fair value	—	6,296	26,848	5	4,099	37,248
Securities lending invested collateral, at fair value	790	3,054	—	—	—	3,844

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	General Insurance	Life Insurance & Retirement Services	Financial Services	Asset Management	Other	Total
			(In millions)			
Equity securities:						
Common stocks available for sale, at fair value	3,497	4,988	8	299	16	8,808
Common and preferred stocks trading, at fair value	285	11,312	737	1	—	12,335
Mortgage and other loans receivable, net of allowance	15	27,709	367	6,558	38	34,687
Finance receivables, net of allowance	—	5	30,944	—	—	30,949
Flight equipment primarily under operating leases, net of accumulated depreciation	—	—	43,395	—	—	43,395
Other invested assets	11,763	17,184	1,247	14,540	7,244	51,978
Securities purchased under agreements to resell, at fair value	—	—	3,960	—	—	3,960
Short-term investments	10,803	26,554	6,238	2,347	724	46,666
Total Investments*	$112,944	$ 359,926	$115,715	$ 36,034	$12,293	$636,912
At December 31, 2007						
Fixed maturity securities:						
Bonds available for sale, at fair value	$ 74,057	$ 294,162	$ 41,703	$ 27,753	$ —	$437,675
Bonds held to maturity, at amortized cost	21,355	1	—	225	—	21,581
Bond trading securities, at fair value	—	9,948	276	34	—	10,258
Securities lending invested collateral, at fair value	5,031	57,471	148	13,012	—	75,662
Equity securities:						
Common stocks available for sale, at fair value	7,484	12,093	10	609	76	20,272
Common and preferred stocks trading, at fair value	321	21,026	3,921	29	—	25,297
Mortgage and other loans receivable, net of allowance	13	24,851	1,365	7,442	56	33,727
Finance receivables, net of allowance	—	5	31,229	—	—	31,234
Flight equipment primarily under operating leases, net of accumulated depreciation	—	—	41,984	—	—	41,984
Other invested assets	12,467	19,031	3,663	17,327	6,989	59,477
Short-term investments:						
Securities purchased under agreements to resell, at fair value	—	—	20,950	—	—	20,950
Other short-term investments	7,356	25,236	12,249	4,919	1,591	51,351
Total Investments*	$128,084	$ 463,824	$157,498	$ 71,350	$ 8,712	$829,468

* *At December 31, 2008, approximately 54 percent and 46 percent of investments were held by domestic and foreign entities, respectively. At December 31, 2007, approximately 63 percent and 37 percent of investments were held by domestic and foreign investments, respectively.*

Investment Strategy

AIG's investment strategies are tailored to the specific business needs of each operating unit. The investment objectives are driven by the business model for each of the businesses: General Insurance, Life Insurance, Retirement Services and Asset Management's Spread-Based Investment business. The primary objectives are liquidity, preservation of capital, growth of surplus and generation of investment income to support the insurance

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products. Difficult market conditions in recent quarters have significantly hindered AIG's ability to achieve these objectives, and these challenges are expected to persist for the foreseeable future.

At the local operating unit level, investment strategies are based on considerations that include the local market, liability duration and cash flow characteristics, rating agency and regulatory capital considerations, legal investment limitations, tax optimization and diversification.

The majority of assets backing insurance liabilities at AIG consist of intermediate and long duration fixed maturity securities. In the case of Life Insurance & Retirement Services companies, as well as in the GIC and MIP portfolios of the Asset Management segment, the fundamental investment strategy is, as nearly as is practicable, to match the duration characteristics of the liabilities with comparable duration assets. Fixed maturity securities held by the insurance companies included in the AIG Property Casualty Group historically have consisted primarily of laddered holdings of tax-exempt municipal bonds, which provided attractive after-tax returns and limited credit risk. In light of AIG's net operating position, AIG changed its intent to hold to maturity certain tax-exempt municipal securities held by its insurance subsidiaries. Fixed maturity securities held by Foreign General Insurance companies consist primarily of intermediate duration high grade securities.

The market price of fixed maturity securities reflects numerous components, including interest rate environment, credit spread, embedded optionality (such as call features), liquidity, structural complexity, foreign exchange risk, and other credit and non-credit factors. However, in most circumstances, pricing is most sensitive to interest rates, such that the market price declines as interest rates rise, and increases as interest rates fall. This effect is more pronounced for longer duration securities.

AIG marks to market the vast majority of the invested assets held by its insurance companies pursuant to FAS 115, "Accounting for Certain Investments in Debt and Equity Securities," and related accounting pronouncements. However, with limited exceptions (primarily with respect to separate account products consolidated on AIG's balance sheet pursuant to SOP 03-01), AIG does not mark-to-market its insurance liabilities for changes in interest rates, even though rising interest rates have the effect of reducing the fair value of such liabilities, and falling interest rates have the opposite effect. This results in the recording of changes in unrealized gains (losses) on securities in Accumulated other comprehensive income resulting from changes in interest rates without any correlative, inverse changes in gains (losses) on AIG's liabilities. Because AIG's asset duration in certain low-yield currencies, particularly Japan and Taiwan, is shorter than its liability duration, AIG views increasing interest rates in these countries as economically advantageous, notwithstanding the effect that higher rates have on the market value of its fixed maturity portfolio.

Discussion of investments by operating segment is as follows:

General Insurance

In AIG's General Insurance business, the duration of liabilities for long-tail casualty lines is greater than other lines. As differentiated from the Life Insurance & Retirement Services companies, the focus is not on asset-liability matching, but on preservation of capital and growth of surplus.

Fixed income holdings of the AIG Property Casualty Group are currently comprised primarily of tax-exempt securities, which provide attractive risk-adjusted after-tax returns. These high quality municipal investments have an average rating of AA.

Fixed income assets held in Foreign General Insurance are of high quality and short to intermediate duration, averaging 2.5 years compared to 6.9 years for those in AIG Property Casualty Group.

While invested assets backing reserves are invested in conventional fixed income securities in AIG Property Casualty Group, a modest portion of surplus is allocated to large capitalization, high-dividend, public equity strategies and to alternative investments, including private equity and hedge funds. Notwithstanding the current environment, these investments have provided a combination of added diversification and attractive long-term returns over time.

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Life Insurance & Retirement Services

With respect to Life Insurance & Retirement Services, AIG uses asset-liability management as a tool worldwide in the life insurance business to influence the composition of the invested assets and appropriate marketing strategies. AIG's objective is to maintain a matched asset-liability structure. However, in certain markets, the absence of long-dated fixed income investment instruments may preclude a matched asset-liability position. In addition, AIG may occasionally determine that it is economically advantageous to be temporarily in an unmatched position. To the extent that AIG has maintained a matched asset-liability structure, the economic effect of interest rate fluctuations is partially mitigated.

AIG's investment strategy for the Life Insurance & Retirement Services segment is to produce cash flows greater than maturing insurance liabilities. AIG actively manages the asset-liability relationship in its foreign operations, even though certain territories lack qualified long-term investments or certain local regulatory authorities may impose investment restrictions. For example, in several Southeast Asian countries, the duration of investments is shorter than the effective maturity of the related policy liabilities. Therefore, there is risk that the reinvestment of the proceeds at the maturity of the initial investments may be at a yield below that of the interest required for the accretion of the policy liabilities. Additionally, there exists a future investment risk associated with certain policies currently in-force which will have premium receipts in the future. That is, the investment of these future premium receipts may be at a yield below that required to meet future policy liabilities.

AIG actively manages the interest rate assumptions and crediting rates used for its new and in force business. Business strategies continue to evolve to maintain profitability of the overall business. In some countries, new products are being introduced with minimal investment guarantees, resulting in a shift toward investment-linked savings products and away from traditional savings products with higher guarantees.

The investment of insurance cash flows and reinvestment of the proceeds of matured securities and coupons requires active management of investment yields while maintaining satisfactory investment quality and liquidity.

AIG may use alternative investments, including equities, real estate and foreign currency denominated fixed income instruments in certain foreign jurisdictions where interest rates remain low and there are limited long-dated bond markets to extend the duration or increase the yield of the investment portfolio to more closely match the requirements of the policyholder liabilities and DAC recoverability. This strategy has been effectively used in Japan and more recently by Nan Shan in Taiwan. In Japan, foreign assets, excluding those matched to foreign liabilities, were approximately 17 percent of statutory assets, which is below the maximum allowable percentage under current local regulation. Foreign assets comprised approximately 27 percent of Nan Shan's invested assets at December 31, 2008, slightly below the maximum allowable percentage under current local regulation. The majority of Nan Shan's in-force policy portfolio is traditional life and endowment insurance products with implicit interest rate guarantees. New business with lower interest rate guarantees are gradually reducing the overall interest requirements, but asset portfolio yields have declined faster due to the prolonged low interest rate environment. As a result, although the investment margins for a large block of in-force policies are negative, the block remains profitable overall because the mortality and expense margins presently exceed the negative investment spread. In response to the low interest rate environment and the volatile exchange rate of the Taiwanese dollar, Nan Shan is emphasizing new products with lower implied guarantees, including participating endowments and investment-linked products.

AIG actively manages the asset-liability relationship in its domestic operations. This relationship is more easily managed through the availability of qualified long-term investments.

A number of guaranteed benefits, such as living benefits or guaranteed minimum death benefits, are offered on certain variable life and variable annuity products. AIG manages its exposure resulting from these long-term guarantees through reinsurance or capital market hedging instruments.

AIG invests in equities for various reasons, including diversifying its overall exposure to interest rate risk. Available for sale bonds and equity securities are subject to declines in fair value. Such declines in fair value are presented in unrealized appreciation or depreciation of investments, net of taxes, as a component of Accumulated other comprehensive income. Declines that are determined to be other-than-temporary are reflected in income in the period in which the determination is made. See Critical Accounting Estimates — Other-Than-Temporary Impairments herein. Generally, insurance regulations restrict the types of assets in which an insurance company may invest. When permitted by regulatory authorities and when deemed



necessary to protect insurance assets, including

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invested assets, from adverse movements in foreign currency exchange rates, interest rates and equity prices, AIG and its insurance subsidiaries may enter into derivative transactions as end users to hedge their exposures. For a further discussion of AIG's use of derivatives, see Risk Management — Credit Risk Management — Derivatives Transactions herein.

In certain jurisdictions, significant regulatory and/or foreign governmental barriers exist which may not permit the immediate free flow of funds between insurance subsidiaries or from the insurance subsidiaries to AIG parent. For a discussion of these restrictions, see Item 1. Business — Regulation.

Financial Services

Capital Markets

AIGFP's management objective is to minimize interest rate, currency, commodity and equity risks associated with its investment securities. AIGFP hedges the market risk associated with the investment securities on a portfolio basis effectively converting the returns. While not qualifying for hedge accounting treatment under FAS133, this transaction achieves the economic result of limiting interest rate volatility arising from such securities. The market risk associated with such hedges is managed on a portfolio basis.

Securities purchased under agreements to resell are treated as collateralized financing transactions. AIGFP takes possession of or obtains a security interest in securities purchased under agreements to resell.

For a discussion of the unwinding of AIG's businesses and portfolios, see Management's Discussion and Analysis of Financial Condition and Results of Operations — Outlook — Financial Services.

AIGFP uses the proceeds from the issuance of notes and bonds and GIAs to invest in a diversified portfolio of securities, including securities available for sale, and derivative transactions. The funds may also be invested in securities purchased under agreements to resell. The proceeds from the disposal of the aforementioned securities available for sale and securities purchased under agreements to resell are used to fund the maturing GIAs or other AIGFP financings, or to invest in new assets. For a further discussion of AIGFP's borrowings, see Capital Resources and Liquidity — Borrowings herein.

Capital Markets derivative transactions are carried at fair value. AIGFP reduces its market risk exposure through similarly valued offsetting transactions including swaps, trading securities, options, forwards and futures. For a further discussion on the use of derivatives by Capital Markets, see Operating Review — Financial Services Operations — Capital Markets and Risk Management — Derivatives herein and Note 10 to the Consolidated Financial Statements.

AIGFP owns inventories in certain commodities in which it trades, and may reduce the exposure to market risk through the use of swaps, forwards, futures, and option contracts. Physical commodities are recorded at the lower of cost or fair value.

Trading securities, at fair value, and securities and spot commodities sold but not yet purchased, at fair value, are marked to fair value daily with the unrealized gain or loss recognized in income. These trading securities are purchased and sold as necessary to meet the risk management and business objectives of Capital Markets operations.

Asset Management

Asset Management invested assets include those supporting AIG's Spread-Based Investment Business, proprietary investments of AIG Global Real Estate and other proprietary investments including investments originally acquired for warehouse purposes.

The Spread-Based Investment business strategy is to generate spread income from investments yielding returns greater than AIG's cost of funds. The asset-liability relationship is actively managed. The goal of the business is to capture a spread between income earned on investments and the funding costs of the program while mitigating interest rate and foreign currency exchange rate risk. The invested assets are predominantly fixed maturity securities and include U.S. residential mortgage-backed securities, asset-backed securities and commercial mortgage-backed securities. In addition, the GIC program invests in various investment partnerships such as




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hedge, private equity and affordable housing funds. The MIP sold credit protection by issuing predominantly single-name investment grade corporate credit default swaps with the intent to earn spread income on credit exposure in an unfunded and leveraged form.

AIG Global Real Estate maintains a proprietary investment portfolio of direct real estate investments and investments in real estate based joint ventures and partnerships. AIG Global Real Estate invests primarily in strategic and opportunistic development projects domiciled in the U.S., Europe and Asia. AIG Investments holds investments in various direct private equity and private equity funds that were originally acquired as warehouse investments targeted for future managed investment products but which are now considered proprietary investments.

Available for Sale and Held to Maturity Investments

The amortized cost or cost and fair value of AIG's available for sale and held to maturity securities were as follows:

	December 31, 2008				December 31, 2007			
	Amortized Cost or Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost or Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In millions)							
Available for sale *(a)*:								
U.S. government and government sponsored entities	$ 4,433	$ 331	$ (59)	$ 4,705	$ 7,956	$ 333	$ (37)	$ 8,252
Obligations of states, municipalities and political subdivisions	62,718	1,150	(2,611)	61,257	46,087	927	(160)	46,854
Non-U.S. governments	62,176	6,560	(1,199)	67,537	67,023	3,920	(743)	70,200
Corporate debt	194,481	4,661	(13,523) *(b)*	185,619	239,822	6,215	(4,518)	241,519
Mortgage-backed, asset-backed and collateralized	53,255	1,004	(6,933)	47,326	140,982	1,221	(7,703)	134,500
Total bonds	$ 377,063	$ 13,706	$ (24,325)	$366,444	$ 501,870	$ 12,616	$ (13,161)	$501,325
Equity securities	8,381	1,146	(719)	8,808	15,188	5,547	(463)	20,272
Total	$ 385,444	$ 14,852	$ (25,044)	$375,252	$ 517,058	$ 18,163	$ (13,624)	$521,597
Held to maturity *(c)*:	$ —	$ —	$ —	$ —	$ 21,581	$ 609	$ (33)	$ 22,157

(a) At December 31, 2007, included AIGFP available for sale securities with a fair value of $39.3 billion, for which AIGFP elected the fair value option effective January 1, 2008, consisting primarily of corporate debt, mortgage-backed, asset-backed and CDO securities. At December 31, 2008, the fair value of these securities was $26.1 billion. At December 31, 2008 and December 31, 2007, fixed maturities held by AIG that were below investment grade or not rated totaled $19.4 billion and $27.0 billion, respectively. During the third quarter of 2008, AIG changed its intent to hold until maturity certain tax-exempt municipal securities held by its insurance subsidiaries. As a result, all securities previously classified as held to maturity are now classified in the available for sale category. See Note 1 to the Consolidated Financial Statements for additional information. Fixed maturity securities reported on the balance sheet include $442 million of short-term investments included in Securities lending invested collateral.

(b) Financial institutions represent approximately 57 percent of the total gross unrealized losses at December 31, 2008.

(c) Represents obligations of states, municipalities and political subdivisions. In 2008, AIG changed its intent to hold such securities to maturity.

At December 31, 2008, approximately 54 percent of the fixed maturity securities were in domestic entities. Approximately 28 percent of such domestic securities were rated AAA by one or more of the principal rating agencies. Approximately eight percent were below investment grade or not rated. AIG's investment decision process relies primarily on internally generated fundamental analysis and internal risk ratings. Third-party rating

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services' ratings and opinions provide one source of independent perspectives for consideration in the internal analysis.

A significant portion of the foreign fixed maturity portfolio is rated by Moody's, S&P or similar foreign rating services. Rating services are not available in all overseas locations. AIG's Credit Risk Committee (CRC) closely reviews the credit quality of the foreign portfolio's non-rated fixed maturity securities. At December 31, 2008, approximately 14 percent of the foreign fixed income investments were either rated AAA or, on the basis of AIG's internal analysis, were equivalent from a credit standpoint to securities so rated. Approximately five percent were below investment grade or not rated at that date. Approximately one third of the foreign fixed maturity portfolio is sovereign fixed maturity securities supporting policy liabilities in the country of issuance.

For additional disclosures on investments, see Note 5 to the Consolidated Financial Statements.

The credit ratings of AIG's fixed maturity investments were as follows:

	At December 31,	
	2008	2007
Rating		
AAA	22%	40%
AA	30	27
A	26	18
BBB	16	10
Below investment grade	4	4
Non-rated	2	1
Total	100%	100%

The industry categories of AIG's available for sale corporate debt securities, other than those of AIGFP, were as follows:

	At December 31,	
	2008	2007
Financial institutions:		
Money Center /Global Bank Groups	20%	16%
Regional banks — other	5	6
Life insurance	4	5
Securities firms and other finance companies	4	6
Insurance non-life	5	2
Regional banks — North America	3	4
Other financial institutions	1	3
Utilities	13	11
Communications	8	8
Consumer noncyclical	8	7
Capital goods	6	6
Consumer cyclical	5	5
Energy	5	4
Other	13	17
Total*	100%	100%

* *At both December 31, 2008 and December 31, 2007, approximately 96 percent of these investments were rated investment grade.*

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Investments in RMBS, CMBS, CDOs and ABS

The amortized cost, gross unrealized gains (losses) and fair value of AIG's investments in RMBS, CMBS, CDOs and ABS were as follows:

	At December 31,							
	2008				2007			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In millions)							
Bonds — available for sale:								
AIG, excluding AIGFP:								
RMBS	$ 32,092	$ 645	$ (2,985)	$29,752	$ 89,851	$ 433	$ (5,504)	$ 84,780
CMBS	14,205	126	(3,105)	11,226	23,918	237	(1,156)	22,999
CDO/ABS	6,741	233	(843)	6,131	10,844	196	(593)	10,447
Subtotal, excluding								
AIGFP	53,038	1,004	(6,933)	47,109	124,613	866	(7,253)	118,226
AIGFP*	217	—	—	217	16,369	355	(450)	16,274
Total	$ 53,255	$ 1,004	$ (6,933)	$47,326	$ 140,982	$ 1,221	$ (7,703)	$134,500

* *The December 31, 2007 amounts represent total AIGFP investments in mortgage-backed, asset-backed and collateralized securities for which AIGFP has elected the fair value option effective January 1, 2008. At December 31, 2008, the fair value of these securities was $12.4 billion. The December 31, 2008 amounts represent securities for which AIGFP has not elected the fair value option.*

Investments in RMBS

The amortized cost, gross unrealized gains (losses) and estimated fair value of AIG's investments in RMBS securities, other than those of AIGFP, were as follows:

	At December 31,									
	2008					2007				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Percent of Total	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Percent of Total
	(In millions)									
RMBS:										
U.S. agencies	$ 12,793	$ 537	$ (22)	$13,308	45%	$ 14,575	$ 320	$ (70)	$14,825	17%
Prime non-agency *(a)*	12,744	41	(1,984)	10,801	36	21,552	72	(550)	21,074	25
Alt-A	4,927	25	(743)	4,209	14	25,349	17	(1,620)	23,746	28
Other housing-related *(b)*	419	23	(54)	379	1	4,301	2	(357)	3,946	5
Subprime	1,218	19	(182)	1,055	4	24,074	22	(2,907)	21,189	25
Total	$ 32,092	$ 645	$ (2,985)	$29,752	100%	$ 89,851	$ 433	$ (5,504)	$84,780	100%

(a) Includes foreign and jumbo RMBS-related securities.

(b) Primarily wrapped second-lien.

AIG's operations, other than AIGFP, held investments in RMBS with an estimated fair value of $29.8 billion at December 31, 2008, or approximately 5 percent of AIG's total invested assets. On December 12, 2008, RMBS with an estimated fair value of $20.8 billion were sold to ML II in connection with AIG's termination of the U.S. securities lending program. In addition, AIG's insurance operations held investments with a fair value totaling $6.1 billion in CDOs/ABS, of which $14 million included some level of subprime exposure. AIG's RMBS investments are predominantly in highly-rated tranches that contain substantial protection features through collateral subordination. At December 31, 2008, approximately 82 percent of these investments were rated AAA, and approximately 9 percent were rated AA by one or more of the principal rating agencies. AIG's investments rated BBB or below totaled $1.8 billion, or less than 0.28 percent of AIG's total invested assets at December 31, 2008. As of February 19, 2009, $5.3 billion of AIG's RMBS portfolio had been downgraded as a result of rating agency actions since January 1, 2007, and $130 million of such investments had been upgraded. Of

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the downgrades, $4.9 billion were AAA rated securities. In addition to the downgrades, as of February 19, 2009, the rating agencies had $951 million of RMBS on watch for downgrade.

In 2008, AIG collected approximately $7.5 billion of principal payments on RMBS.

The amortized cost of AIG's RMBS investments, other than those of AIGFP, by year of vintage and credit rating, at December 31, 2008, were as follows:

	Year of Vintage						
	Prior	2004	2005	2006	2007	2008	Total
	(In billions)						
Rating:							
Total RMBS							
AAA	$6,924	$4,035	$3,965	$3,884	$4,207	$3,188	$26,203
AA	866	351	427	825	327	—	2,796
A	240	187	230	296	284	51	1,288
BBB and below	42	170	203	560	785	45	1,805
Total RMBS	$8,072	$4,743	$4,825	$5,565	$5,603	$3,284	$32,092
Alt-A RMBS							
AAA	$ 677	$ 526	$ 662	$ 740	$ 832	$ —	$ 3,437
AA	230	61	177	177	170	—	815
A	25	20	36	22	48	—	151
BBB and below	8	10	20	189	297	—	524
Total Alt-A	$ 940	$ 617	$ 895	$1,128	$1,347	$ —	$ 4,927
Subprime RMBS							
AAA	$ 228	$ 79	$ 74	$ 189	$ 60	$ —	$ 630
AA	62	63	59	50	27	—	261
A	84	49	84	23	1	—	241
BBB and below	3	50	16	13	4	—	86
Total Subprime	$ 377	$ 241	$ 233	$ 275	$ 92	$ —	$ 1,218
Prime non-agency RMBS							
AAA	$2,746	$1,678	$1,445	$1,750	$1,675	$ 11	$ 9,305
AA	551	217	183	533	68	—	1,552
A	117	107	98	230	234	51	837
BBB and below	29	69	148	288	471	45	1,050
Total Subprime	$3,443	$2,071	$1,874	$2,801	$2,448	$ 107	$12,744

AIG's underwriting practices for investing in RMBS, other asset-backed securities and CDOs take into consideration the quality of the originator, the manager, the servicer, security credit ratings, underlying characteristics of the mortgages, borrower characteristics, and the level of credit enhancement in the transaction. AIG's strategy is typically to invest in securities rated AA or better.

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Investments in CMBS

The amortized cost of AIG's CMBS investments, other than those of AIGFP, at December 31, 2008, was as follows:

	Amortized Cost	Percent of Total
	(In millions)	
CMBS (traditional)	$ 13,033	92%
ReRemic/CRE CDO	583	4
Agency	159	1
Other	430	3
Total	$ 14,205	100%

The percentage of AIG's CMBS investments, other than those of AIGFP, by credit rating, at December 31, 2008, was as follows:

	Percentage
Rating:	
AAA	84%
AA	8
A	6
BBB and below	2
Total	100%

The percentage of AIG's CMBS investments, other than those of AIGFP, by year of vintage, at December 31, 2008, was as follows:

	Percentage
Year:	
2008	1%
2007	23
2006	11
2005	17
2004	19
2003 and prior	29
Total	100%

The percentage of AIG's CMBS investments, other than those of AIGFP, by geographic region, at December 31, 2008, was as follows:

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	Percentage
Geographic region:	
New York	15%
California	13
Texas	6
Florida	6
Virginia	3
Illinois	3
New Jersey	3
Pennsylvania	3
Maryland	2
Georgia	2
All Other	44
Total	100%

There have been disruptions in the commercial mortgage markets in general, and the CMBS market in particular, with credit default swaps indices and quoted prices of securities at levels consistent with a severe correction in lease rates, occupancy and fair value of properties. In addition, spreads in the primary mortgage market have widened significantly.

Investments in CDOs

The amortized cost of AIG's CDO investments, other than those of AIGFP, by collateral type, at December 31, 2008, was as follows:

	Amortized Cost	Percent of Total
	(In millions)	
Collateral Type:		
Bank loans (CLO)	$ 824	61%
Synthetic investment grade	210	16
Other	291	22
Subprime ABS	12	1
Total	$ 1,337	100%

Amortized cost of the AIG's CDO investments, other than those of AIGFP, by credit rating, at December 31, 2008, was as follows:

	Amortized Cost	Percent of Total
	(In millions)	
Rating:		
AAA	$ 386	29%
AA	180	13
A	574	43
BBB	168	13
Below investment grade and equity	29	2
Total	$ 1,337	100%

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Commercial Mortgage Loans

At December 31, 2008, AIG had direct commercial mortgage loan exposure of $17.5 billion, with $15.9 billion representing U.S. loan exposure. At that date, substantially all of the U.S. loans were current. Foreign commercial mortgage loans of $1.6 billion are secured predominantly by properties in Japan. In addition, at December 31, 2008, AIG had $2.3 billion in residential mortgage loans in jurisdictions outside the United States, primarily secured by properties in Taiwan and Thailand.

The U.S. commercial loan exposure by state and type of loan, at December 31, 2008, were as follows:

(dollars in millions)

State	# of Loans	Amount	Apartments	Offices	Retails	Industrials	Hotels	Others	% of Total
California	235	$ 4,357	$ 135	$1,835	$ 249	$1,089	$ 506	$ 543	27%
New York	79	1,816	345	1,118	178	40	48	87	11%
New Jersey	71	1,283	598	280	276	50	—	79	8%
Florida	108	1,048	46	393	245	116	29	219	7%
Texas	84	1,037	87	420	141	269	81	39	7%
Pennsylvania	76	643	105	194	162	149	18	15	4%
Ohio	63	444	212	53	75	50	41	13	3%
Maryland	27	418	35	200	173	2	4	4	3%
Arizona	20	368	121	54	62	14	9	108	2%
Illinois	35	362	67	167	13	61	49	5	2%
Other states	492	4,085	375	1,642	814	379	351	524	26%
Total	1,290	$15,861	$2,126	$6,356	$2,388	$2,219	$1,136	$1,636	100%

AIGFP Trading Investments

The fair value of AIGFP's fixed maturity trading investments, at December 31, 2008, were as follows:

	Fair Value	Percent of Total
	(In millions)	
U.S. government and government sponsored entities	$ 9,594	37%
Non-U.S. governments	500	2
Corporate debt	3,530	13
Mortgage-backed, asset-backed and collateralized	12,445	48
Total	$26,069	100%

The credit ratings of AIGFP's fixed maturity trading investments, at December 31, 2008, were as follows:

	Percentage
Rating:	
AAA	74%
AA	10
A	11
BBB	3
Below investment grade	2
Total	100%

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The fair value of AIGFP's trading investments in RMBS, CDO, ABS and other collateralized securities was as follows:

	At December 31, 2008	
	Fair Value	Percent of Total
	(In millions)	
RMBS	$ 3,679	30%
CMBS	2,020	16
CDO/ABS and other collateralized	6,746	54
Total	$12,445	100%

These securities are used to collateralize AIGFP's secured financing arrangements including the obligations of its asset backed commercial paper conduit.

Securities Lending Activities

AIG's securities lending program historically operated as centrally managed by AIG Investments for the benefit of certain of AIG's insurance companies. Under this program, securities were loaned to various financial institutions, primarily major banks and brokerage firms. Cash collateral was received and was invested in fixed maturity securities to earn a net spread. The amount of cash advanced by borrowers declined in 2008 due in part to the availability of alternative transactions requiring less collateral. During the fourth quarter of 2008, in connection with certain securities lending transactions, AIG met the requirements of sale accounting as prescribed by FAS 140 because collateral received was insufficient to fund substantially all of the cost of purchasing replacement assets. Accordingly, AIG recognized $2.4 billion of net realized capital losses on deemed sales of the securities it had lent. Also, net realized capital losses in 2008 included a loss of $2.3 billion, incurred in the fourth quarter of 2008, on RMBS prior to their purchase by ML II. Also see Note 5 to the Consolidated Financial Statements.

A significant portion of the collateral received was invested in RMBS with cash flows having tenors longer than the liabilities to the counterparties. The value of those collateral securities declined during the latter part of 2007 and throughout 2008 and trading in such securities was extremely limited. Given these events, AIG began increasing liquidity in the securities lending pool by increasing the amount of cash and overnight investments that in the third quarter of 2007 comprised the securities lending invested collateral.

Due to AIG-specific credit concerns and systemic issues in the financial markets in the third quarter of 2008, counterparties began curtailing their participation in the program. As a result, liquidity in the collateral pools became constrained. At September 30, 2008, AIG had borrowed approximately $11.5 billion under the Fed Facility to provide liquidity to the securities lending program.

On October 8, 2008, AIG announced that certain of its domestic life insurance subsidiaries had entered into a securities lending agreement with the NY Fed pursuant to which the NY Fed agreed to borrow, on an overnight basis, up to $37.8 billion in investment grade fixed income securities from these AIG subsidiaries in return for cash collateral. The Securities Lending Agreement assisted AIG in meeting its obligations to borrowers requesting the return of their cash collateral.

On December 12, 2008, AIG, certain of AIG's wholly owned U.S. life insurance subsidiaries, and AIG Securities Lending Corp. (the AIG Agent), another AIG subsidiary, entered into the ML II Agreement with ML II.

Pursuant to the ML II Agreement, the life insurance subsidiaries sold to ML II all of their undivided interests in a pool of $39.3 billion face amount of RMBS held by the AIG Agent as agent of the life insurance subsidiaries in connection with AIG's U.S. securities lending program. In exchange for the RMBS, the life insurance subsidiaries received an initial purchase price of $19.8 billion plus the right to receive deferred contingent portions of the total purchase price of $1 billion plus participation in the residual, each of which is subordinated to the repayment of the NY Fed loan to ML II. These life insurance subsidiaries applied the net cash proceeds of sale of the RMBS toward the amounts due by such life insurance subsidiaries in terminating both the U.S. securities lending program and the

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Securities Lending Agreement. See Note 5 for further information on the transaction with ML II. At December 31, 2008, total securities lending collateral held by AIG of $3.8 billion represents the foreign securities lending program, which is expected to wind down in 2009. Securities lending payables amounted to $2.9 billion at December 31, 2008.

The recognition of other-than-temporary impairment charges for the securities lending collateral investments placed significant stress on the statutory surplus of the participating insurance companies. During 2008, AIG recognized other-than-temporary impairment charges of $18.2 billion related to these investments, including $6.9 billion of charges related to AIG's change in intent to hold these securities to maturity as it winds this program down. During 2008, AIG contributed $21.5 billion to certain of its Domestic Life Insurance and Domestic Retirement Services subsidiaries, largely related to these charges.

Portfolio Review

Other-Than-Temporary Impairments

AIG assesses its ability to hold any fixed maturity security in an unrealized loss position to its recovery, including fixed maturity securities classified as available for sale, at each balance sheet date. The decision to sell any such fixed maturity security classified as available for sale reflects the judgment of AIG's management that the security sold is unlikely to provide, on a relative value basis, as attractive a return in the future as alternative securities entailing comparable risks. With respect to distressed securities, the sale decision reflects management's judgment that the risk-discounted anticipated ultimate recovery is less than the value achievable on sale.

AIG evaluates its investments for impairments in valuation as well as credit. The determination that a security has incurred an other-than-temporary decline in value requires the judgment of management and consideration of the fundamental condition of the issuer, its near-term prospects and all the relevant facts and circumstances. See Critical Accounting Estimates — Other-Than-Temporary Impairments herein for further information.

Once a security has been identified as other-than-temporarily impaired, the amount of such impairment is determined by reference to that security's contemporaneous fair value and recorded as a charge to earnings.

As a result of AIG's periodic evaluation of its securities for other-than-temporary impairments in value, AIG recorded other-than-temporary impairment charges of $50.8 billion, $4.7 billion (including $643 million related to AIGFP recorded on other income) and $944 million in 2008, 2007 and 2006, respectively.

In light of the recent significant disruption in the U.S. residential mortgage and credit markets, AIG has recognized an other-than-temporary impairment charge (severity loss) of $29.1 billion in 2008, primarily related to mortgage-backed, asset-backed and collateralized securities and securities of financial institutions. Notwithstanding AIG's intent and ability to hold such securities until they have recovered their cost basis, and despite structures that indicate that a substantial amount of the securities should continue to perform in accordance with original terms, AIG concluded that it could not reasonably assert that the impairment would be temporary.

Pricing of CMBS has been adversely affected by market perceptions that underlying mortgage defaults will increase. As a result, AIG recognized $6.2 billion of other-than-temporary impairment charges in 2008 on CMBS valued at a severe discount to cost, despite the absence of any meaningful deterioration in performance of the underlying credits, because AIG concluded that it could not reasonably assert that the impairment period was temporary. In addition, AIG recognized $527 million in other-than-temporary impairment charges due to the change in intent to hold these CMBS until they recover in value and $245 million due to issuer-specific credit events.

Certain high quality, highly rated securities in the CMBS portfolio experienced severe market price declines in late 2008. With respect to this portfolio, AIG has performed extensive internal fundamental credit risk analysis on a security-by-security basis, including consideration of credit enhancements and expected defaults on underlying collateral. In management's view, this internal analysis, supplemented by relevant industry analyst reports and forecasts and other market available data, provides persuasive evidence sufficient to overcome the premise that such severe declines in fair value below amortized cost should be considered other than temporary. As a result, impairment charges were not taken on certain CMBS having fair values $1.8 billion below amortized cost.



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In addition to the above severity losses, AIG recorded other-than-temporary impairment charges in 2008, 2007 and 2006 related to:

- securities that AIG does not intend to hold until recovery;
- declines due to foreign exchange rates;
- issuer-specific credit events;
- certain structured securities impaired under EITF 99-20 and related interpretative guidance; and
- other impairments, including equity securities and partnership investments.

Other-than-temporary impairment charges by segment were as follows:

	General Insurance	Life Insurance & Retirement Services	Financial Services	Asset Management	Other	Total
			(In millions)			
December 31, 2008						
Impairment Type:						
Severity	$ 2,667	$ 21,096	$ 94	$ 5,288	$ 1	$29,146
Lack of intent to hold to recovery	388	10,975	12	735	—	12,110
Foreign currency declines	—	1,903	—	—	—	1,903
Issuer-specific credit events	1,471	3,385	15	977	137	5,985
Adverse projected cash flows on structured securities	7	1,372	6	276	—	1,661
Total	$ 4,533	$ 38,731	$ 127	$ 7,276	$138	$50,805
December 31, 2007						
Impairment Type:						
Severity	$ 71	$ 1,070	$ 643	$ 416	$ —	$ 2,200
Lack of intent to hold to recovery	91	885	7	71	—	1,054
Foreign currency declines	—	500	—	—	—	500
Issuer-specific credit events	113	177	—	69	156	515
Adverse projected cash flows on structured securities	1	166	—	279	—	446
Total	$ 276	$ 2,798	$ 650	$ 835	$156	$ 4,715
December 31, 2006						
Impairment Type:						
Lack of intent to hold to recovery	$ 13	$ 473	$ —	$ 150	$ —	$ 636
Issuer-specific credit events	65	131	—	66	—	262
Adverse projected cash flows on structured securities	—	37	—	9	—	46
Total	$ 78	$ 641	$ —	$ 225	$ —	$ 944

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Other-than-temporary severity-related impairment charges by type of security and credit rating were as follows:

Rating:	RMBS	CDO	CMBS	Financial Institutions	Other Securities	Total
			(In millions)			
December 31, 2008*						
Fixed Maturities:						
AAA	$ 8,832	$ 369	$3,684	$ 66	$ 149	$13,100
AA	3,139	625	987	346	58	5,155
A	1,162	1,490	1,194	1,074	138	5,058
BBB and below	1,251	590	327	640	497	3,305
Nonrated	—	41	—	15	171	227
Equities	—	—	—	521	1,780	2,301
Total	$14,384	$3,115	$6,192	$ 2,662	$ 2,793	$29,146
December 31, 2007*						
Fixed Maturities:						
AAA	$ 168	$ 621	$ —	$ —	$ —	$ 789
AA	870	53	6	—	—	929
A	66	32	77	—	—	175
BBB and below	28	—	52	—	—	80
Nonrated	—	—	—	—	227	227
Total	$ 1,132	$ 706	$ 135	$ —	$ 227	$ 2,200

* *Ratings are as of the date of the impairment charge.*

Financial institutions industry other-than-temporary impairment charges by industry classification were, at December 31, 2008, as follows:

	Severity	Lack of Intent to Hold to Recovery	Currency Decline	Issuer-Specific Credit Events	Total
			(In millions)		
Industry Classification:					
Banking	$1,568	$ 1,270	$ 267	$ 526	$3,631
Brokerage	186	172	26	1,356	1,740
Insurance	262	177	30	88	557
Other	646	511	21	167	1,345
Total	$2,662	$ 2,130	$ 344	$ 2,137	$7,273

Financial institutions other-than-temporary impairment charges were immaterial in 2007 and 2006.

No other-than-temporary impairment charge with respect to any one single credit was significant to AIG's consolidated financial condition or results of operations, and no individual other-than-temporary impairment charge exceeded three percent of consolidated shareholders equity in 2008.

In periods subsequent to the recognition of an other-than-temporary impairment charge for fixed maturity securities, that is not credit or foreign exchange related, AIG generally accretes into income the discount or amortizes the reduced premium resulting from the reduction in cost basis over the remaining life of the security. The amount of accretion recognized in earnings for 2008 was $634 million.

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An aging of the pre-tax unrealized losses of fixed maturity and equity securities, distributed as a percentage of cost relative to unrealized loss (the extent by which the fair value is less than amortized cost or cost), including the number of respective items was as follows:

	At December 31, 2008											
	Less than or equal to 20% of Cost(b)			Greater than 20% to 50% of Cost(b)			Greater than 50% of Cost(b)			Total		
Aging(a)	Cost(c)	Unrealized Loss	Items	Cost(c)	Unrealized Loss	Items	Cost(c)	Unrealized Loss(g)	Items	Cost(c)	Unrealized Loss(d)	Items
	(Dollars in millions)											
Investment grade bonds												
0-6 months	$ 65,631	$ 3,679	9,213	$10,800	$ 3,076	1,803	$ 772	$ 198	33	$ 77,203	$ 6,953	11,049
7-12 months	44,863	3,119	6,295	12,152	3,269	1,291	667	368	62	57,682	6,756	7,648
> 12 months	32,604	2,976	4,707	20,330	5,920	2,534	1,550	889	93	54,484	9,785	7,334
Total	$143,098	$ 9,774	20,215	$43,282	$ 12,265	5,628	$2,989	$ 1,455	188	$189,369	$ 23,494	26,031
Below investment grade bonds												
0-6 months	$ 4,785	$ 189	1,925	$ 668	$ 182	131	$ —	$ —	—	$ 5,453	$ 371	2,056
7-12 months	1,556	88	501	602	164	78	—	—	—	2,158	252	579
> 12 months	1,339	66	272	489	142	130	—	—	—	1,828	208	402
Total	$ 7,680	$ 343	2,698	$ 1,759	$ 488	339	$ —	$ —	—	$ 9,439	$ 831	3,037
Total bonds												
0-6 months	$ 70,416	$ 3,868	11,138	$11,468	$ 3,258	1,934	$ 772	$ 198	33	$ 82,656	$ 7,324	13,105
7-12 months	46,419	3,207	6,796	12,754	3,433	1,369	667	368	62	59,840	7,008	8,227
> 12 months	33,943	3,042	4,979	20,819	6,062	2,664	1,550	889	93	56,312	9,993	7,736
Total (e)	$150,778	$ 10,117	22,913	$45,041	$ 12,753(f)	5,967	$2,989	$ 1,455	188	$198,808	$ 24,325	29,068
Equity securities												
0-6 months	$ 1,835	$ 165	38,389	$ 1,072	$ 349	960	$ 4	$ 2	89	$ 2,911	$ 516	39,438
7-12 months	386	43	244	446	156	300	6	4	47	838	203	591
> 12 months	—	—	—	—	—	—	—	—	—	—	—	—
Total	$ 2,221	$ 208	38,633	$ 1,518	$ 505	1,260	$ 10	$ 6	136	$ 3,749	$ 719	40,029

(a) Represents the number of consecutive months that fair value has been less than cost by any amount.

(b) Represents the percentage by which fair value is less than cost at the balance sheet date.

(c) For bonds, represents amortized cost.

(d) The effect on net income of unrealized losses after taxes will be mitigated upon realization because certain realized losses will be charged to participating policyholder accounts, or realization will result in current decreases in the amortization of certain DAC.

(e) Includes securities lending invested collateral.

(f) Of this $12.8 billion, $4.5 billion relates to RMBS, CMBS, CDOs and ABS with unrealized losses greater than 25 percent; and $791 million relates to RMBS, CMBS, CDOs and ABS with unrealized losses between 20 percent and 25 percent. The balance represents all other classes of fixed maturity securities.

(g) Total bonds unrealized loss of $1.5 billion represents CMBS not deemed other than temporarily impaired based on credit analysis.

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The aging of the unrealized losses of RMBS, CMBS, CDOs and ABS with fair values greater than 20 percent and 50 percent less than their cost at December 31, 2008 (in footnote (f) to the table above) is shown in the table below, which provides the period in which those securities in unrealized loss positions would become candidates for impairment solely because they have been trading at a discount for nine consecutive months (AIG's other-than-temporary aging guideline) without regard to the level of discount (AIG's other-than-temporary trading level guideline), assuming prices remained unchanged.

	First Quarter 2009	Second Quarter 2009	Third Quarter 2009	Total
		(In millions)		
Unrealized loss percent:				
Greater than 25 percent	$ 46	$ 275	$4,181	$4,502
20 to less than 25 percent	$ —	$ —	$ 791	$ 791

Given the current difficult market conditions, AIG is not able to predict reasonably likely changes in the prices of these securities. Moreover, AIG is unable to assess the effect, if any, that potential sales of securities pursuant to TARP will have on the pricing of its available for sale securities.

Unrealized gains and losses

At December 31, 2008, the carrying value of AIG's available for sale fixed maturity and equity securities aggregated $375.3 billion. At December 31, 2008, aggregate pre-tax unrealized gains for fixed maturity and equity securities were $14.8 billion ($9.6 billion after tax).

At December 31, 2008, the aggregate pre-tax gross unrealized losses on fixed maturity and equity securities were $25.0 billion ($16.3 billion after tax). Additional information about these securities is as follows:

- These securities were valued, in the aggregate, at approximately 88 percent of their current amortized cost.
- Approximately 24 percent of these securities were valued at less than 20 percent of their current cost, or amortized cost.
- Approximately five percent of the fixed maturity securities had issuer credit ratings which were below investment grade.

AIG did not consider these securities in an unrealized loss position to be other-than-temporarily impaired at December 31, 2008, because management has the intent and ability to hold these investments until they recover their cost basis within a recovery period deemed to be temporary. In performing this evaluation, management considered the market recovery periods for securities in previous periods of broad market declines. In addition, for certain securities with more significant declines, management performed extended fundamental credit analysis on a security-by-security basis including consideration of credit enhancements, expected defaults on underlying collateral, review of relevant industry analyst reports and forecasts and other market available data. In management's view this analysis provides persuasive evidence sufficient to conclude that such severe declines in fair value below amortized cost should not be considered other than temporary.

In 2008, unrealized losses related to investment grade bonds increased $10.6 billion ($6.9 billion after tax), reflecting the widening of credit spreads, partially offset by the effects of a decline in risk-free interest rates.

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The amortized cost and fair value of fixed maturity securities available for sale in an unrealized loss position by contractual maturity were as follows:

	At December 31, 2008	
	Amortized Cost	Fair Value
	(In millions)	
Due in one year or less	$ 6,037	$ 6,023
Due after one year through five years	41,782	37,862
Due after five years through ten years	48,025	42,439
Due after ten years	71,717	63,840
Mortgage-backed, asset-backed and collateralized	31,247	24,319
Total	$ 198,808	$174,483

For the year ended December 31, 2008, the pre-tax gross realized losses incurred with respect to the sale of fixed maturities and equity securities were $13.4 billion. The aggregate fair value of securities sold was $97 billion, which was approximately 88 percent of amortized cost. The average period of time that securities sold at a loss during 2008 were trading continuously at a price below book value was approximately eight months. See Risk Management — Credit Risk Management herein for an additional discussion of investment risks associated with AIG's investment portfolio.

Certain of AIG's foreign subsidiaries included in the consolidated financial statements report on a fiscal year ended November 30. The effect on AIG's consolidated financial condition and results of operations of all material events occurring between November 30 and December 31 for all periods presented has been recorded. AIG determined the significant appreciation in world-wide fixed income and equity markets in December 2008 to be an intervening event that had a material effect on its consolidated financial condition and results of operations. AIG reflected the December 2008 market appreciation throughout its investment portfolio. Accordingly, AIG recorded $5.6 billion ($3.6 billion after tax) of unrealized appreciation on investments.

Risk Management

Overview

The continued unprecedented market turmoil, which began in the U.S. housing sector but which has expanded to other sectors of the economy, led to severe price declines and reduced liquidity of highly-rated asset-backed securities, including residential mortgage-backed securities and related collateralized debt obligations. Structured finance securities suffered the greatest valuation losses among fixed income asset classes, starting with residential mortgage-backed securities with sub-prime collateral in late 2007, followed by commercial mortgage-backed securities in late 2008. The current environment is such that liquidity is very limited in all fixed income and alternative asset classes.

AIG's investment goal in its insurance investment portfolios is to purchase assets with acceptable credit quality that will generate over time an acceptable spread over AIG's insurance related liabilities. The process by which AIG assesses acceptable credit quality is further described below under Credit Risk Management. Because accounting implications have not been a factor in determining AIG's investment decisions, AIG has historically not set limits on its exposure to volatility of reported financial results from fluctuations in market credit spreads. The environment for securities pricing in 2008, resulting from widening of credit spreads of unprecedented proportions in many asset classes, has caused material and adverse effects on AIG's results of operations, financial condition and cash flow.

The unanticipated price declines and associated reduction of liquidity exceeded the parameters historically used by AIG for purposes of its asset-liability and liquidity management processes. AIG is responding to these developments by enhancing its risk management processes and de-risking certain exposures, based upon enhanced scenario-related stress testing. AIG's de-risking strategies have resulted in the following:

- reduction of certain foreign exchange exposures at the local entity level by selling or hedging investments denominated in non-local currencies;
- reduction of certain foreign exchange exposures at the AIG level by hedging non-U.S. dollar exposures; and

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- reduction of regulatory capital charges and volatility of earnings by selling certain equity and alternative investments, including common stock, mutual funds and real estate investments.

However, the continuation of such market turmoil and associated price declines and limited liquidity have severely constrained AIG's ability to utilize techniques for mitigating its exposure to credit, market and liquidity risks.

AIG has been reassessing its risk management control environment and its enterprise risk management functions, both in its individual businesses as well as at the corporate level, in light of AIG's current situation. AIG continues to invest in risk management systems and processes where those investments are consistent with AIG's current liquidity, capital and disposition plans.

The major risks to which AIG is exposed include the following:

- *Credit risk* — the potential loss arising from an obligor's inability or unwillingness to meet its obligations to AIG.
- *Market risk* — the potential loss arising from adverse fluctuations in interest rates, foreign currencies, equity and commodity prices, and their levels of volatility. Market risk includes credit spread risk, the potential loss arising from adverse fluctuations in credit spreads of securities or counterparties.
- *Operational risk* — the potential loss resulting from inadequate or failed internal processes, people, and systems, or from external events.
- *Liquidity risk* — the potential inability to meet all payment obligations when they become due.
- *General insurance risk* — the potential loss resulting from inadequate premiums, insufficient reserves and catastrophic exposures.
- *Life insurance risk* — the potential loss resulting from experience deviating from expectations for mortality, morbidity and termination rates in the insurance-oriented products and insufficient cash flows to cover contract liabilities in the retirement savings products.

AIG is also exposed to reputational risk, which is defined as the risk of direct loss or loss in future business because of damage to AIG's reputation. Damage to the company's reputation can arise from a large number of issues, including potential conflicts of interest; legal and regulatory requirements; ethical issues; and sales and trading practices. In addition, reputational risk can be both the cause of or result from the major risks outlined above.

The primary responsibility for risk management lies with the business executives within AIG's segments. The business executives are responsible for establishing and maintaining risk management processes in their areas of activity under the risk management framework established by AIG senior management, and responding to their specific business needs and issues, including risk concentrations within their respective businesses. The primary focus of corporate risk management is to provide oversight of these processes in the businesses and to assess the risk of AIG incurring economic losses from concentrations of risk in the risk categories outlined above.

Corporate Risk Governance

AIG's major risks are addressed at the corporate level through Enterprise Risk Management (ERM), which is headed by AIG's Chief Risk Officer (CRO). ERM reports to the Chief Executive Officer and is responsible for assisting AIG's business leaders, executive management and Board of Directors to identify, assess, quantify, manage and mitigate the risks incurred by AIG.

An important goal of ERM is to ensure that, after appropriate governance, authorities, procedures and policies have been established, aggregated risks do not result in inappropriate concentrations. Senior management defines the policies and has established general operating parameters for its global businesses and various oversight committees to monitor the risks attendant to its businesses. These committees include the Credit Risk Committee (CRC), Liquidity Risk Committee (LRC), Catastrophic & Emerging Risks Committee (CERC), Complex Structured Finance Transaction Committee (CSFTC) and Global and Regional Pricing Committees.

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- The CRC is responsible for the following:
  - approving credit risk policies and procedures for use throughout AIG;
  - delegating credit authority to business unit credit officers and select business unit managers;
  - approving transaction requests and limits for corporate, sovereign, structured finance and cross-border credit exposures that exceed delegated authorities;
  - establishing and maintaining AIG's risk rating process for corporate, financial and sovereign obligors;
  - conducting regular reviews of credit risk exposures in the portfolios of all credit-incurring business units; and
  - reviewing all credit concentration risks.
- The LRC is responsible for liquidity policy and implementation at AIG Parent and exercises oversight and control of liquidity policies at each AIG entity. See Capital Resources and Liquidity herein.
- The CERC was formed in June 2008 to enhance and consolidate AIG's existing processes to analyze, discuss, quantify and report to senior management the risks to AIG of potential catastrophic events that have been insured by AIG's various divisions. The committee meets regularly and discusses potential events and emerging risks that may materialize in the future. The committee's membership includes senior underwriting, actuarial, and risk management professionals.
- A CSFT is any AIG transaction or product that may involve a heightened legal, regulatory, accounting or reputational risk that is developed, marketed or proposed by AIG or a third-party The CSFTC has the authority and responsibility to review and approve any proposed CSFT. The CSFTC provides guidance to and monitors the activities of transaction review committees (TRCs) which have been established in all major business units. TRCs have the responsibility to identify, review and refer CSFTs to the CSFTC.

AIG developed and implemented a Global Pricing Committee in the first quarter of 2008 to address the requirements of FAS 157. The Global Pricing Committee provides oversight of AIG's pricing valuation practices and processes and has delegated operational responsibility to five Regional Pricing Committees to implement and monitor these practices within the underlying businesses of each respective region.

Credit Risk Management

AIG devotes considerable resources to managing its direct and indirect credit exposures, such as those arising from fixed income investments, deposits, corporate and consumer loans, leases, reinsurance recoverables, counterparty risk in derivatives activities, cessions of insurance risk to reinsurers and customers, credit risk assumed through credit derivatives written, financial guarantees and letters of credit. Credit risk is defined as the risk that AIG's customers or counterparties are unable or unwilling to repay their contractual obligations when they become due. Credit risk may also be manifested: (i) through the downgrading of credit ratings of counterparties whose credit instruments AIG may be holding, or, in some cases, insuring, causing the value of the assets to decline or insured risks to rise; and (ii) as cross-border risk where a country (sovereign government risk) or one or more non-sovereign obligors within a country are unable to repay an obligation or are unable to provide foreign exchange to service a credit or equity exposure incurred by another AIG business unit located outside that country.

AIG's credit risks are managed at the corporate level by the Credit Risk Management department (CRM) whose primary role is to support and supplement the work of the businesses and the CRC. CRM is headed by AIG's Chief Credit Officer (CCO), who reports to AIG's CRO. AIG's CCO is primarily responsible for the development and maintenance of credit risk policies and procedures approved by the CRC. In discharging this function CRM has the following responsibilities:

- approve delegated credit authorities to CRM credit executives and business unit credit officers;
- manage the approval process for all requests for credit limits, program limits and transactions above delegated authorities;

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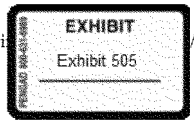
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- aggregate globally all credit exposure data by counterparty, country and industry and report risk concentrations regularly to and review with the CRC and the Finance Committee of the Board of Directors;
- administer regular portfolio credit reviews of all investment, derivative and credit-incurring business units and recommend any corrective actions where required;
- develop methodologies for quantification and assessment of credit risks, including the establishment and maintenance of AIG's internal risk rating process; and
- approve appropriate credit reserves and methodologies at the business unit and enterprise levels.

The CRC also approves concentration limits on U.S. and international business unit consumer loan portfolios, including the mortgage insurance activities of UGC. In addition, the CRC is also responsible for establishing concentration limits on AIG Investments' exposures in U.S. and international residential and commercial mortgage-backed securities and collateralized debt obligations.

AIG monitors and controls its company-wide credit risk concentrations and attempts to avoid unwanted or excessive risk accumulations, whether funded or unfunded. To minimize the level of credit risk in certain circumstances, AIG may require third-party guarantees, reinsurance or collateral, such as letters of credit and trust account deposits. These guarantees, letters of credit and reinsurance recoverables are also treated as credit exposure and are added to AIG's risk concentration exposure data.

AIG defines its aggregate credit exposures to a counterparty as the sum of its fixed maturities, loans, finance leases, reinsurance recoverables, derivatives (mark-to-market), deposits and letters of credit (both in the case of financial institutions) and the specified credit equivalent exposure to certain insurance products which embody credit risk.

The following table presents AIG's largest credit exposures as a percentage of total shareholders' equity:

	At December 31, 2008	
Category	Risk Rating *(a)*	Credit Exposure as a Percentage of Total Shareholders' Equity
Investment Grade:		
10 largest combined	A+ (weighted average) *(b)*	173.8%
Single largest non-sovereign (financial institution)	A-	19.2
Single largest corporate	AA	9.4
Single largest sovereign	AAA	35.6
Non-Investment Grade:		
Single largest sovereign	BB-	3.3
Single largest non-sovereign	BB	1.4

(a) Risk rating is based on the lower of AIG's internal risk ratings or the external ratings of the major rating agencies.

(b) Five of the ten largest credit exposures are to financial institutions and four are to investment-grade rated sovereigns; none is rated lower than BBB or its equivalent.

AIG monitors its aggregate cross-border exposures by country and regional group of countries. AIG defines its cross-border exposure to include both cross-border credit exposures and its cross-border investments in its own international subsidiaries. Ten countries had cross-border exposures in excess of 20 percent of total shareholders' equity at December 31, 2008. At that date, seven were AAA-rated two were AA-rated and one was A-rated.

In addition, AIG reviews and manages its industry concentrations. AIG's single largest industry credit exposure is to the global financial institutions sector, comprised of banks, securities firms, life and non-life insurance companies, reinsurance companies, finance companies and government-sponsored entities.

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The following table presents AIG's largest credit exposures to the global financial institution sector as a percentage of total consolidated shareholders' equity:

At December 31, 2008	Credit Exposure as a Percentage of Consolidated Shareholders' Equity
Industry Category:	
Money Center / Global Bank Groups	160.0%
Global Life Insurance Companies	30.8
European Regional Financial Institutions	28.2
Global Reinsurance Companies	21.2
Global Securities Companies	18.8
Asian Regional Financial Institutions	15.8
North American-Based Regional Financial Institutions	15.7
Government-Sponsored Entities	12.8
Non-Life Insurance Companies	12.5

AIG's exposure to its five largest money center/global bank group institutions was 65.6 percent of shareholders' equity at December 31, 2008.

AIG's exposure to global financial institutions includes $6.6 billion of preferred stock and Tier 1 securities, $1.4 billion of upper Tier 2 securities and $7.5 billion of lower Tier 2 securities. These securities can be subject to a higher risk of dividend or interest deferral and principal non-payment or non-redemption because they provide various levels of capital support to these institutions, and may be subject to regulatory and contractual restrictions. These securities are held by various AIG subsidiaries and are diversified by obligor and country. In addition, AIG's financial institution exposures include other subordinated securities totaling $20.0 billion.

AIG's other industry credit concentrations in excess of 20 percent of total consolidated shareholders' equity are in the following industries (in descending order by approximate size):

- oil and gas companies;
- electric and water utilities; and
- global telecommunications companies.

Some of AIG's exposures are insured ("wrapped") by financial guarantor insurance companies, also known as "monoline insurers", which at December 31, 2008, provided AIG over $36 billion (carrying value) in financial support. The monoline insurers, many of which now have non-investment grade credit ratings, provide support predominantly in the United States. AIG does not rely on the monoline insurance as its principal source of repayment when evaluating securities for purchase. All investment securities are evaluated primarily based on the underlying cash flow generation capacities of the issuer or cash flow characteristics of the security.

The CRC reviews quarterly concentration reports in all categories listed above as well as credit trends by risk ratings. The CRC may adjust limits to provide reasonable assurance that AIG does not incur excessive levels of credit risk and that AIG's credit risk profile is properly calibrated across business units.

Market Risk Management

AIG is exposed to market risks, primarily within its insurance and capital markets businesses (see Overview — Outlook — Financial Services on Capital Markets regarding its market risk issues and management as transactions in that business are wound down). For AIG's insurance operations, the asset-liability exposures are predominantly structural in nature, and not the result of speculative positioning to take advantage of short-term market opportunities. For example, the business model of life insurance and retirement savings is to collect premiums or deposits from policyholders and invest the proceeds in predominantly long-term, credit based assets. A spread is earned over time between the asset yield and the funding cost payable to policyholders. The asset and liability profiles are managed so that the cash flows resulting from invested assets are sufficient to meet policyholder obligations when

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they become due without the need to sell assets prematurely into a potentially distressed market. In periods of severe market volatility, as currently being experienced, depressed and illiquid market values on otherwise performing investments diminish shareholders' equity even without the realization of actual credit event related losses. Such diminution of capital strength is causing downward pressure on the market's assessment of the financial strength and the credit ratings of insurers.

The Market Risk Management function (MRM), which reports to the CRO, is responsible for control and oversight of market risks in all aspects of AIG's financial services, insurance, and investment activities.

AIG's market exposures can be categorized as follows:

- *Benchmark interest rates.* Benchmark interest rates are also known as risk-free interest rates and are associated with either the government / treasury yield curve or the swap curve. The fair value of AIG's significant fixed maturity securities portfolio changes as benchmark interest rates change.
- *Credit spread or risk premium.* Credit spread risk is the potential for loss due to a change in an instrument's risk premium or yield relative to that of a comparable-duration, default-free instrument.
- *Equity and alternative investment prices.* AIG's exposure to equity and alternative investment prices arises from direct investments in common stocks and mutual funds, from minimum benefit guarantees embedded in the structure of certain variable annuity and variable life insurance products and from other equity-like investments, such as partnerships comprised of hedge funds and private equity funds, private equity investments, commercial real estate and real estate funds.
- *Foreign currency exchange rates.* AIG is a globally diversified enterprise with significant income, assets and liabilities denominated in and significant capital deployed in a variety of currencies.

AIG uses a number of measures and approaches to measure and quantify its market risk exposure, including:

- *Duration / key rate duration.* Duration is the measure of the sensitivities of a fixed-income instrument to the parallel shift in the benchmark yield curve. Key rate duration measures sensitivities to the movement at a given term point on the yield curve.
- *Scenario analysis.* Scenario analysis uses historical, hypothetical, or forward-looking macro-economic scenarios to assess and report exposures. Examples of hypothetical scenarios include a 100 basis point parallel shift in the yield curve or a 10 percent immediate and simultaneous decrease in world-wide equity markets.
- *Value-at-Risk (VaR).* VaR is a summary statistical measure that uses the estimated volatility and correlation of market factors to calculate the maximum loss that could occur over a defined period of time with a specified level of statistical confidence. VaR measures not only the size of individual exposures but also the interaction between different market exposures, thereby providing a portfolio approach to measuring market risk. A key shortcoming of the VaR approach is its reliance on historical data, making VaR calculations essentially "backward looking." This shortcoming was most evident during the current credit crisis.
- *Stress testing.* Stress testing is a special form of scenario analysis whereby the scenarios used are designed to lead to a material adverse outcome (for example, the stock market crash of October 1987 or the widening of yields or spread of RMBS or CMBS during 2008). Stress testing is often used to address VaR shortcomings and complement VaR calculations. Particularly in times of significant volatility in financial markets, using stress scenarios provides more pertinent and forward-looking information on market risk exposure than VaR results based upon historical data alone.

The magnitudes of volatilities of financial markets and degree of correlation among different markets, risks and asset classes in 2008 were unprecedented and rendered the VaR measure that is based on historical data analysis a much less reliable and indicative risk measure. As a result, AIG believes that the historical data based VaR measure does not effectively convey the market risks to which AIG is subject. Therefore, as an alternative, AIG has used sensitivities under specific scenarios to convey the magnitude of its exposures to various key market risk factors, such as yield curve, equity markets and alternative assets, and foreign currency exchange rates. For Insurance, Asset Management, and Financial Services (excluding Capital Markets), these sensitivities and scenarios are shown in the table below.




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Insurance, Asset Management and Financial Services (excluding Capital Markets) Sensitivities

The following table provides estimates of AIG's sensitivity to a yield curve upward shift, equity losses and foreign currency exchange rate losses at December 31, 2008:

(dollars in millions)	Exposure	Sensitivity Factor	Effect
Yield Curve	$500,000	100 bps parallel upward shift in all yield curves	$23,500
Equity and Alternative Investments	$ 47,000	15% drop in stock prices and value of alternative investments	$ 7,050
Foreign Currency Exchange Rates	$ 17,000	10% depreciation of all foreign currency exchange rates against the U.S. dollar	$ 1,700

Exposures for yield curves include assets that are directly sensitive to yield curve movements, such as fixed-maturity securities, loans, finance receivables and short-term investments (excluding consolidated separate account assets per SOP 03-1). Exposures for equity and alternative investment prices include investments in common stocks, preferred stocks, mutual funds, hedge funds, private equity funds, commercial real estate and real estate funds (excluding consolidated separate account assets per SOP 03-1 and consolidated managed partnerships and funds). Exposures to foreign currency exchange rates reflect AIG's consolidated non-U.S. dollar net capital investments on a GAAP basis.

The above sensitivities of a 100 bps upward shift in yield curves, a 15 percent drop in equities and alternative assets, and a 10 percent depreciation of all foreign currency exchange rates against the U.S. dollar were chosen solely for illustrative purposes. The selection of these specific events should not be construed as a prediction, but only as a demonstration of the potential effects of such events. These scenarios should not be construed as the only risks AIG faces; these events are shown as an indication of several possible losses AIG could experience. In addition, losses from these and other risks could be materially higher than illustrated.

The sensitivity factors presented above were selected based on historical data from 1987 to 2007, as follows (see the table below):

- a 100 basis point parallel shift in the yield curve is consistent with a one standard deviation movement of the benchmark ten-year treasury yield;
- a 15 percent drop for equity and alternative investments is consistent with a one standard deviation movement in the S&P 500; and
- a 10 percent depreciation of foreign currency exchange rates is consistent with a one standard deviation movement in the USD/JPY exchange rate.

	Period	Standard Deviation	Suggested Scenario	Scenario as a Multiple of SD	2008 Change/ Return	2008 as a Multiple of SD
10-Year Treasury (bps)	1987-2007	98.1%	100.0%	1.0	(185.0)%	1.9
S&P 500	1987-2007	16.1%	15.0%	0.9	(38.5)%	2.4
USD/JPY	1987-2007	10.0%	10.0%	1.0	23.3%	2.3

Total non-trading market risk based on AIG's previously reported VaR measure resulted in total non-trading market risk of $10.4 billion at December 31, 2008 compared to $5.6 billion at December 31, 2007. The increase in VaR primarily results from much higher volatilities in financial markets and by a significant decrease in benchmark interest rates globally.

Operational Risk Management

AIG's Operational Risk Management department (ORM) oversees AIG's operational risk management practices. The Director of ORM reports to the CRO. ORM is responsible for establishing the framework, principles and guidelines of AIG's operational risk management program. AIG has implemented an operational risk management framework and a risk and control self assessment (RCSA) process.

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Each business unit is responsible for implementing the components of the operational risk management program to ensure that effective operational risk management practices are utilized throughout AIG. Business units are currently in the process of enhancing their governance frameworks in order to perform more robust risk assessments. In addition, business units involved in the disposition process will be engaged in the assessment of the specific operational risks attendant to a separation from AIG.

Insurance Risk Management

Reinsurance

AIG uses reinsurance programs for its insurance risks as follows:

- Facultative agreements to cover large individual exposures;
- Quota share treaties to cover specific books of business;
- Excess-of-loss treaties to cover large losses;
- Excess or surplus automatic treaties to cover individual life risks in excess of stated per-life retention limits; and
- Catastrophe treaties to cover specific catastrophes, including earthquake, windstorm and flood.

AIG monitors its exposures to natural catastrophes and takes corrective actions to limit its exposure with respect to particular geographic areas, companies, or perils. During the fourth quarter of 2008, Lexington reduced its exposure to natural catastrophes by approximately $900 million through facultative reinsurance placements.

AIG's Reinsurance Security Department (RSD) conducts periodic detailed assessments of the financial status and condition of current and potential reinsurers, both foreign and domestic. The RSD monitors both the nature of the risks ceded to the reinsurers and the aggregation of total reinsurance recoverables ceded to reinsurers. Such assessments may include, but are not limited to, identifying if a reinsurer is appropriately licensed and has sufficient financial capacity and evaluating the local economic environment in which a foreign reinsurer operates.

The RSD reviews the nature of the risks ceded to reinsurers and the need for credit risk mitigants. For example, in AIG's treaty reinsurance contracts, AIG frequently includes provisions that require a reinsurer to post collateral when a referenced event occurs. Furthermore, AIG limits its unsecured exposure to reinsurers through the use of credit triggers which include but are not limited to, insurer financial strength rating downgrades, declines in statutory surplus below pre-determined levels, decreases in NAIC risk-based capital (RBC) below certain levels, or setting maximum limits for reinsurance recoverables. In addition, AIG's CRC reviews all reinsurer exposures and credit limits and approves most large reinsurer credit limits above pre-set limits that represent actual or potential credit concentrations. AIG believes that no exposure to a single reinsurer represents an inappropriate concentration of risk to AIG, nor is AIG's business substantially dependent upon any single reinsurance contract.

AIG enters into intercompany reinsurance transactions for its General Insurance and Life Insurance & Retirement Services operations. AIG enters into these transactions as a sound and prudent business practice in order to maintain underwriting control and spread insurance risk among AIG's various legal entities and to leverage economies of scale with external reinsurers. When required for statutory recognition, AIG obtains letters of credit from third-party financial institutions to collateralize these intercompany transactions. At December 31, 2008, approximately $5.4 billion of letters of credit were outstanding to cover intercompany reinsurance transactions among subsidiaries.

Although reinsurance arrangements do not relieve AIG subsidiaries from their direct obligations to insureds, an efficient and effective reinsurance program substantially mitigates AIG's exposure to potentially significant losses. AIG continually evaluates the reinsurance markets and the relative attractiveness of various arrangements for coverage, including structures such as catastrophe bonds, insurance risk securitizations, "sidecars" and similar vehicles.

AIG purchased U.S. property catastrophe coverage of approximately $1.35 billion and $1.1 billion in 2009 and 2008, respectively, in excess of a per occurrence deductible of $1.5 billion. In addition, AIG purchased over $640 million in workers' compensation catastrophe reinsurance that was not purchased in 2008. For Life Insurance & Retirement Services, AIG's 2008 catastrophe program covers losses of $250 million in excess of



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$200 million for Japan and Taiwan only. No assurance can be given that AIG will be able to obtain this level of coverage in 2009.

Reinsurance Recoverable

General reinsurance recoverable assets are comprised of:

- Balances due from reinsurers for indemnity losses and loss expenses billed to, but not yet collected from, reinsurers (Paid Losses Recoverable);
- Ultimate ceded reserves for indemnity losses and expenses, including reserves for claims reported but not yet paid and estimates for IBNR (collectively, Ceded Loss Reserves); and
- Ceded Reserves for Unearned Premiums.

At December 31, 2008, reinsurance assets of $21.9 billion include Paid Losses Recoverable of $1.3 billion and Ceded Loss Reserves of $16.8 billion, and $4.2 billion of Ceded Reserves for Unearned Premiums. The methods used to estimate IBNR and to establish the resulting ultimate losses involve projecting the frequency and severity of losses over multiple years and are continually reviewed and updated by management. Any adjustments are reflected in income currently. It is AIG's belief that the ceded reserves for losses and loss expenses at December 31, 2008 reflect the ultimate losses recoverable. Actual losses may differ from the reserves currently ceded.

AIG manages the credit risk in its reinsurance relationships by transacting with reinsurers that it considers financially sound, and when necessary AIG requires reinsurers to post substantial collateral in the form of funds, securities and/or irrevocable letters of credit. This collateral can be drawn on for amounts that remain unpaid beyond specified time periods on an individual reinsurer basis. At December 31, 2008, approximately 55 percent of the reinsurance assets were from unauthorized reinsurers. The terms authorized and unauthorized pertain to regulatory categories, not creditworthiness. More than 52 percent of these balances were collateralized, permitting statutory recognition. Additionally, with the approval of insurance regulators, AIG posted approximately $1.6 billion of letters of credit issued by commercial banks and $2.9 billion of trust in favor of certain General Insurance companies to permit those companies statutory recognition of balances otherwise uncollateralized at December 31, 2008. The remaining 45 percent of the reinsurance assets were from authorized reinsurers. At December 31, 2008, approximately 84 percent of the balances with respect to authorized reinsurers are from reinsurers rated A (excellent) or better, as rated by A.M. Best, or A (strong) or better, as rated by S&P. These ratings are measures of financial strength.

The following table provides information for each reinsurer representing in excess of five percent of AIG's total reinsurance assets:

At December 31, 2008	S&P Rating(a)	A.M. Best Rating(a)	Gross Reinsurance Assets	Percent of Reinsurance Assets, Net	Collateral Held(b)	Uncollateralized Reinsurance Assets
			(In millions)			
Reinsurer:						
Swiss Reinsurance Group of Companies	A+	A+	$ 1,665	7.3%	$ 380	$ 1,285
Berkshire Hathaway Group of Companies	AAA	A++	$ 1,341	5.8%	$ 131	$ 1,210
Munich Reinsurance Group of Companies	AA-	A+	$ 1,274	5.6%	$ 539	$ 735
Lloyd's Syndicates — Lloyd's of London *(c)*	A+	A	$ 1,051	4.6%	$ 128	$ 923

(a) The financial strength ratings reflect the ratings of the various reinsurance subsidiaries of the companies listed as of February 18, 2009.

(b) Excludes collateral held in excess of applicable treaty balances.

(c) Excludes Equitas gross reinsurance assets that are unrated, which are less than five percent of AIG's general reinsurance assets.

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AIG maintains an allowance for estimated unrecoverable reinsurance of $425 million. At December 31, 2008, AIG had no significant reinsurance recoverables due from any individual reinsurer that was financially troubled (i.e., liquidated, insolvent, in receivership or otherwise subject to formal or informal regulatory restriction). In the current environment of weaker economic conditions and strained financial markets, certain reinsurers are reporting losses and could be subject to rating downgrades. AIG's reinsurance recoverable exposures are primarily to the regulated subsidiaries of such companies which are subject to minimum regulatory capital requirements. The RSD, in conjunction with CRM, is reviewing these developments, is monitoring compliance with credit triggers that may require the reinsurer to post collateral, and, as appropriate, will seek to use other means to mitigate any material risks arising from these developments.

Segment Risk Management

Other than as described above, AIG manages its business risk oversight activities through its business segments.

Insurance Operations

AIG's multiple insurance businesses conducted on a global basis expose AIG to a wide variety of risks with different time horizons. These risks are managed throughout the organization, both centrally and locally, through a number of procedures, including:

- pre-launch approval of product design, development and distribution;
- underwriting approval processes and authorities;
- exposure limits with ongoing monitoring;
- modeling and reporting of aggregations and limit concentrations at multiple levels (policy, line of business, product group, country, individual/group, correlation and catastrophic risk events);
- compliance with financial reporting and capital and solvency targets;
- extensive use of reinsurance, both internal and third-party; and
- review and establishment of reserves.

AIG closely manages insurance risk by overseeing and controlling the nature and geographic location of the risks in each line of business underwritten, the terms and conditions of the underwriting and the premiums charged for taking on the risk. Concentrations of risk are analyzed using various modeling techniques and include, but are not limited to, wind, flood, earthquake, terrorism and accident.

AIG has two major categories of insurance risks as follows:

- *General Insurance* — risks covered include property, casualty, fidelity/surety, management liability and mortgage insurance. Risks in the general insurance segment are managed through aggregations and limitations of concentrations at multiple levels: policy, line of business, correlation and catastrophic risk events.
- *Life Insurance & Retirement Services* — risks include mortality and morbidity in the insurance-oriented products and insufficient cash flows to cover contract liabilities in the retirement savings-oriented products. Risks are managed through product design, sound medical underwriting, external traditional reinsurance programs and external catastrophe reinsurance programs.

AIG is a major purchaser of reinsurance for its insurance operations. The use of reinsurance facilitates insurance risk management (retention, volatility, concentrations) and capital planning locally (branch and subsidiary). AIG may purchase reinsurance on a pooling basis. Pooling of AIG's reinsurance risks enables AIG to purchase reinsurance more efficiently at a consolidated level, manage global counterparty risk and relationships and manage global catastrophe risks, both for the General Insurance and Life Insurance & Retirement Services businesses.

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General Insurance

In General Insurance, underwriting risks are managed through the application approval process, exposure limitations as well as through exclusions, coverage limits and reinsurance. The risks covered by AIG are managed through limits on delegated underwriting authority, the use of sound underwriting practices, pricing procedures and the use of actuarial analysis as part of the determination of overall adequacy of provisions for insurance contract liabilities.

A primary goal of AIG in managing its General Insurance operations is to achieve an underwriting profit. To achieve this goal, AIG must be disciplined in its risk selection, and premiums must be adequate and terms and conditions appropriate to cover the risk accepted.

Catastrophe Exposures

The nature of AIG's business exposes it to various catastrophic events in which multiple losses across multiple lines of business can occur in any calendar year. In order to control this exposure, AIG uses a combination of techniques, including setting aggregate limits in key business units, monitoring and modeling accumulated exposures, and purchasing catastrophe reinsurance to supplement its other reinsurance protections.

Natural disasters, such as hurricanes, earthquakes and other catastrophes have the potential to adversely affect AIG's operating results. Other risks, such as an outbreak of a pandemic disease, such as the Avian Influenza A Virus (H5N1), could adversely affect AIG's business and operating results to an extent that may be only partially offset by reinsurance programs.

AIG evaluates catastrophic events and assesses the probability of occurrence and magnitude of catastrophic events through the use of industry recognized models, among other techniques. AIG updates these models by periodically monitoring the exposure risks of AIG's worldwide General Insurance operations and adjusting such models accordingly. Following is an overview of modeled losses associated with the more significant natural perils, which includes exposures for Commercial Insurance Group, Personal Lines, Foreign General, HSB and 21st Century Insurance (21st Century). Transatlantic utilizes a different model, and its results are presented separately below. Significant Life and accident and health (A&H) exposures have been added to these results as well. The modeled results assume that all reinsurers fulfill their obligations to AIG in accordance with their terms.

It is important to recognize that there is no standard methodology to project the possible losses from total property and workers' compensation exposures. Further, there are no industry standard assumptions to be utilized in projecting these losses. The use of different methodologies and assumptions could materially change the projected losses. Therefore, these modeled losses may not be comparable to estimates made by other companies. These estimates are inherently uncertain and may not reflect AIG's maximum exposures to these events. It is highly likely that AIG's losses will vary, perhaps significantly, from these estimates.

The modeled results provided in the table below were based on the aggregate exceedence probability (AEP) losses, which represent total property, workers' compensation, life, and A&H losses that may occur in any single year from one or more natural events. The Life and A&H data include exposures for United States, Japan and Taiwan earthquakes. These represent the largest share of Life and A&H exposures to earthquakes. A&H losses were modeled using April 2008 data, and Life losses were modeled using May 2008 data for Japan and Taiwan and February 2007 data for the United States. The property exposures for AIG's largest property exposures, Lexington commercial lines and Private Client Group, were modeled with data as of September 2008, and June 2008 data was used for most other divisions. All reinsurance program structures, including both domestic and international structures, reflect the reinsurance programs in place as of January 31, 2009. The values provided were based on 100-year return period losses, which have a one percent likelihood of being exceeded in any single year. Thus, the model projects that there is a one percent probability that AIG could incur in any year losses in excess of the

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modeled amounts for these perils. Losses include loss adjustment expenses and the net values include reinstatement premiums.

At December 31, 2008	Gross	Net of 2009 Reinsurance	Net After Income Tax	% of Consolidated Shareholders' Equity
			(In millions)	
Natural Peril:				
Earthquake	$7,905	$ 4,480	$ 2,912	5.5%
Tropical Cyclone*	$7,598	$ 4,518	$ 2,937	5.6%

* *Includes hurricanes, typhoons and European Windstorms.*

Gross earthquake and tropical cyclone modeled losses increased $2.3 billion and $1.8 billion, respectively, compared to 2007 while net losses increased $1.1 billion and $1.1 billion, respectively, compared to 2007. These increases are primarily due to exposure growth and the inclusion of Ascot.

In addition to the return period loss, AIG evaluates potential single event earthquake and hurricane losses that may be incurred. The single events utilized are a subset of potential events identified and utilized by Lloyd's *(see Lloyd's Realistic Disaster Scenarios, Scenario Specifications, April 2006)* and referred to as Realistic Disaster Scenarios (RDSs). The purpose of this analysis is to utilize these RDSs to provide a reference frame and place into context the model results. However, it is important to note that the specific events used for this analysis do not necessarily represent the worst case loss that AIG could incur from this type of an event in these regions. The losses associated with the RDSs are included in the following table.

Single-event modeled property and workers' compensation losses to AIG's worldwide portfolio of risk for key geographic areas are set forth below. Gross values represent AIG's liability after the application of policy limits and deductibles, and net values represent losses after reinsurance is applied; the net losses also include reinsurance reinstatement premiums. Both gross and net losses include loss adjustment expenses.

	Gross	Net of 2009 Reinsurance
	(In millions)	
Natural Peril:		
San Francisco Earthquake	$8,617	$ 4,966
Miami Hurricane	$7,912	$ 4,362
Northeast Hurricane	$6,128	$ 3,857
Los Angeles Earthquake	$7,646	$ 4,491
Gulf Coast Hurricane	$5,410	$ 3,065
Japanese Earthquake	$ 747	$ 397
European Windstorm	$ 418	$ 152
Japanese Typhoon	$ 253	$ 119

AIG also monitors key international property risks utilizing modeled statistical return period losses. Based on these simulations, the 100-year return period loss for Japanese Earthquake is $335 million gross and $180 million net; the 100-year return period loss for European Windstorm is $577 million gross and $186 million net; and the 100-year return period loss for Japanese Typhoon is $504 million gross and $172 million net.

The losses provided above do not include Transatlantic. The one in 100-year AEP amounts for AIG's share (59 percent) of Transatlantic are as follows:

	At December 31, 2008		
	Gross	Net of 2009 Reinsurance	Net After Income Tax
		(In millions)	
Natural Peril:			
AIG's Share of Transatlantic Earthquake	$452	$ 406	$ 264
AIG's Share of Transatlantic Tropical Cyclone	$618	$ 577	$ 375

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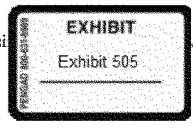
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ACTUAL RESULTS IN ANY PERIOD ARE LIKELY TO VARY, PERHAPS MATERIALLY, FROM THE MODELED SCENARIOS, AND THE OCCURRENCE OF ONE OR MORE SEVERE EVENTS COULD HAVE A MATERIAL ADVERSE EFFECT ON AIG'S FINANCIAL CONDITION, RESULTS OF OPERATIONS AND LIQUIDITY.

Terrorism

Exposure to loss from terrorist attack is controlled by limiting the aggregate accumulation of workers' compensation and property insurance that is underwritten within defined target locations. Modeling is used to provide projections of probable maximum loss by target location based upon the actual exposures of AIG policyholders.

Terrorism risk is monitored to manage AIG's exposure. AIG shares its exposures to terrorism risks under the Terrorism Risk Insurance Act (TRIA). During 2008, AIG's deductible under TRIA was approximately $4.2 billion, with a 15 percent share of certified terrorism losses in excess of the deductible. As of January 1, 2009, the deductible decreased to approximately $3.8 billion, with a 15 percent share of certified terrorism losses in excess of the deductible.

Life Insurance & Retirement Services

In Life Insurance & Retirement Services, the primary risks are the following:

- Pricing risk, which represents the potential exposure to loss resulting from actual policy experience emerging adversely in comparison to the assumptions made in product pricing associated with mortality, morbidity, termination and expenses; and
- Investment risk, which represents the exposure to loss resulting from the cash flows from the invested assets being less than cash flows required to meet the obligations of the expected policy and contract liabilities and the necessary return on investments.

AIG businesses manage these risks through product design, exposure limitations and the active management of the asset-liability relationship in their operations. The emergence of significant adverse experience would require an adjustment to DAC and benefit reserves that could have a material adverse effect on AIG's consolidated results of operations for a particular period. For a further discussion of this risk, see Item 1A. Risk Factors — Adjustments to Life Insurance & Retirement Services Deferred Policy Acquisition Costs.

AIG's Foreign Life Insurance & Retirement Services companies generally limit their maximum underwriting exposure on life insurance of a single life to approximately $5 million of coverage in certain circumstances. AIG's Domestic Life Insurance and Domestic Retirement Services companies limit their maximum underwriting exposure on life insurance of a single life to $15 million of coverage in certain circumstances by using yearly renewable term reinsurance. In Life Insurance & Retirement Services, the reinsurance programs provide risk mitigation per life for individual and group covers and for catastrophic risk events.

Pandemic Influenza

The potential for a pandemic influenza outbreak has received much attention. While outbreaks of the Avian Flu continue to occur among poultry or wild birds in a number of countries in Asia, Europe, including the U.K., and Africa, transmission to humans has been rare to date. If the virus mutates to a form that can be transmitted from human to human, it has the potential to spread rapidly worldwide. If such an outbreak were to take place, early quarantine and vaccination could be critical to containment.

The contagion and mortality rates of any mutated H5N1 virus that can be transmitted from human to human are highly speculative. AIG continues to monitor the developing facts. A significant global outbreak could have a material adverse effect on Life Insurance & Retirement Services operating results and liquidity from increased mortality and morbidity rates.

Utilizing a scenario-based approach, AIG has analyzed its insurance risk associated with this peril. For a severe event, considered to be a recurrence of the 1918 Pandemic Flu, the analysis indicates AIG could incur a pre-tax loss of approximately $6.2 billion if this event were to recur. For a mild event, considered to be a recurrence of the 1968



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Pandemic Flu, the analysis indicates AIG could incur a pre-tax loss of approximately $0.6 billion if this event were to recur. The analyses were based on 2007 policy data representing approximately 95 percent of AIG's individual life, group life and credit life books of business, net of reinsurance at that point in time. This estimate does not include claims that could be made under other policies, such as business interruption or general liability policies, and does not reflect estimates for losses resulting from disruption of AIG's own business operations or asset losses that may arise out of such a pandemic. The model used to generate these estimates has been developed only recently. The reasonableness of the model and its underlying assumptions cannot readily be verified by reference to comparable historical events. As a result, AIG's actual losses from a pandemic influenza outbreak are likely to vary significantly from those predicted by the model.

Financial Services

AIG's Financial Services subsidiaries engage in diversified activities including aircraft leasing, capital markets, consumer finance and insurance premium finance. Together, the Aircraft Leasing, Capital Markets and Consumer Finance operations generate the majority of the revenues produced by the Financial Services operations. A.I. Credit also contributes to Financial Services income principally by providing insurance premium financing for both AIG's policyholders and those of other insurers.

Capital Markets

Capital Markets represents the operations of AIGFP, which engaged as principal in a wide variety of financial transactions, including standard and customized financial products involving commodities, credit, currencies, energy, equities and interest rates. AIGFP also invested in a diversified portfolio of securities and principal investments and engaged in borrowing activities that involve issuing standard and structured notes and other securities and entering into GIAs. Given the extreme market conditions experienced in 2008, downgrades of AIG's credit ratings by the rating agencies, as well as because of AIG's intent to refocus on its core businesses, AIGFP has begun to unwind its businesses and portfolios.

The senior management of AIG defines the policies and establishes general operating parameters for Capital Markets operations. AIG's senior management has established various oversight committees to monitor on an ongoing basis the various financial market, operational and credit risk attendant to the Capital Markets operations. The senior management of AIGFP reports the results of its operations to and reviews future strategies with AIG's senior management.

AIGFP actively manages its exposures to limit potential economic losses, and in doing so, AIGFP must continually manage a variety of exposures including credit, market, liquidity, operational and legal risks.

Derivative Transactions

A counterparty may default on any obligation to AIG, including a derivative contract. Credit risk is a consequence of extending credit and/or carrying trading and investment positions. Credit risk exists for a derivative contract when that contract has a positive fair value to AIG. The maximum potential exposure will increase or decrease during the life of the derivative commitments as a function of maturity and market conditions. To help manage this risk, AIGFP's credit department operates within the guidelines set by the CRC. Transactions which fall outside these pre-established guidelines require the specific approval of the CRC. It is also AIG's policy to establish reserves for potential credit impairment when necessary.

In addition, AIGFP utilizes various credit enhancements, including letters of credit, guarantees, collateral, credit triggers, credit derivatives and margin agreements to reduce the credit risk relating to its outstanding financial derivative transactions. AIGFP requires credit enhancements in connection with specific transactions based on, among other things, the creditworthiness of the counterparties, and the transaction's size and maturity. Furthermore, AIGFP generally seeks to enter into agreements that have the benefit of set-off and close-out netting provisions. These provisions provide that, in the case of an early termination of a transaction, AIGFP can set off its receivables from a counterparty against its payables to the same counterparty arising out of all covered transactions. As a result, where a legally enforceable netting agreement exists, the fair value of the transaction with the counterparty represents the net sum of estimated fair values. The fair value of AIGFP's interest rate, currency, commodity and equity swaps, options, swaptions, and forward commitments, futures, and forward contracts approximated




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$16.0 billion at December 31, 2008 and $17.1 billion at December 31, 2007. Where applicable, these amounts have been determined in accordance with the respective master netting agreements.

AIGFP evaluates the counterparty credit quality by reference to ratings from rating agencies or, where such ratings are not available, by internal analysis consistent with the risk rating policies of the CRC. In addition, AIGFP's credit approval process involves pre-set counterparty and country credit exposure limits subject to approval by the CRC and, for particularly credit-intensive transactions, requires approval from the CRC. AIG estimates that the average credit rating of Capital Markets derivatives counterparties, measured by reference to the fair value of its derivative portfolio as a whole, is equivalent to the AA rating category.

The fair value of Capital Markets derivatives portfolios by counterparty credit rating was as follows:

	At December 31,	
	2008	2007
	(In millions)	
Rating:		
AAA	$ 3,278	$ 5,069
AA	4,963	5,166
A	5,815	4,796
BBB	1,694	1,801
Below investment grade	251	302
Total	$16,001	$17,134

See Critical Accounting Estimates and Note 10 for additional discussion related to derivative transactions.

Capital Markets Trading VaR

AIGFP attempts to minimize risk in benchmark interest rates, equities, commodities and foreign exchange. Market exposures in option-implied volatilities, correlations and basis risks are also minimized over time.

AIGFP's minimal reliance on market risk-driven revenue is reflected in its VaR. AIGFP's VaR calculation is based on the interest rate, equity, commodity and foreign exchange risk arising from its portfolio. Credit-related factors, such as credit spreads or credit default, are not included in AIGFP's VaR calculation. Because the market risk with respect to securities available for sale, at market, is substantially hedged, segregation of the financial instruments into trading and other than trading was not considered necessary. AIGFP operates under established market risk limits based upon this VaR calculation. In addition, AIGFP back-tests its VaR.

In the calculation of VaR for AIGFP, AIG uses the historical simulation methodology based on estimated changes to the value of all transactions under explicit changes in market rates and prices within a specific historical time period. AIGFP attempts to secure reliable and independent current market prices, such as published exchange prices, external subscription services, such as Bloomberg or Reuters, or third-party or broker quotes. When such prices are not available, AIGFP uses an internal methodology that includes extrapolation from observable and verifiable prices nearest to the dates of the transactions. Historically, actual results have not deviated from these models in any material respect.

AIGFP reports its VaR level using a 95 percent confidence level and a one-day holding period, facilitating risk comparison with AIGFP's trading peers and reflecting the fact that market risks can be actively assumed and offset in AIGFP's trading portfolio.

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The following table presents the year-end, average, high, and low VaRs on a diversified basis and of each component of market risk for Capital Markets operations. The diversified VaR is usually smaller than the sum of its components due to correlation effects.

	As of December 31, 2008	For the Year Ended December 31, 2008 Average	High	Low	As of December 31, 2007	For the Year Ended December 31, 2007 Average	High	Low
				(In millions)				
Total AIG trading market risk:								
Diversified	$ 3	$ 5	$ 9	$ 3	$ 5	$ 5	$ 8	$ 4
Interest rate	2	2	4	1	3	2	3	2
Currency	2	1	4	—	1	1	2	1
Equity	2	2	4	2	3	3	5	2
Commodity	1	4	7	1	3	3	7	2

See Valuation of Level 3 Assets and Liabilities for a comprehensive discussion of AIGFP's super senior credit default swap portfolio.

Aircraft Leasing

AIG's Aircraft Leasing operations represent the operations of ILFC, which generates its revenues primarily from leasing new and used commercial jet aircraft to foreign and domestic airlines. Revenues also result from the re-marketing of commercial jet aircraft for ILFC's own account and re-marketing and fleet management services for airlines and financial institutions. Risks inherent in this business, which are managed at the business unit level, include the following:

- the risk that there will be no market for the aircraft acquired;
- the risk that aircraft cannot be placed with lessees;
- the risk of non-performance by lessees; and
- the risk that aircraft and related assets cannot be disposed of at the time and in a manner desired.

The airline industry is sensitive to changes in economic conditions and is cyclical and highly competitive. Airlines and related companies may be affected by political or economic instability, terrorist activities, changes in national policy, competitive pressures on certain air carriers, fuel prices and shortages, labor stoppages, insurance costs, recessions, world health issues and other political or economic events adversely affecting world or regional trading markets.

ILFC's revenues and operating income may be adversely affected by the volatile competitive environment in which its customers operate. ILFC is exposed to operating loss and liquidity strain through non-performance of aircraft lessees, through owning aircraft which it is unable to sell or re-lease at acceptable rates at lease expiration, and, in part, through committing to purchase aircraft which it is unable to lease.

To date ILFC manages the risk of nonperformance by its lessees with security deposit requirements, repossession rights, overhaul requirements and close monitoring of industry conditions through its marketing force. More than 90 percent of ILFC's fleet is leased to non-U.S. carriers, and the fleet, comprised of the most efficient aircraft in the airline industry, continues to be in high demand from such carriers.

Management formally reviews regularly, and no less frequently than quarterly, issues affecting ILFC's fleet, including events and circumstances that may cause impairment of aircraft values. Management evaluates aircraft in the fleet as necessary based on these events and circumstances in accordance with FAS 144. ILFC has not recognized any impairment related to its fleet in 2008, 2007 or 2006. ILFC has been able to re-lease the aircraft without diminution in lease rates that would result in an impairment under FAS 144.

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Consumer Finance

AIG's Consumer Finance operations in North America are principally conducted through AGF. AGF derives most of its revenues from finance charges assessed on real estate loans, secured and unsecured non-real estate loans and retail sales finance receivables. In the second quarter of 2008, AGF ceased its wholesale origination activities (originations through mortgage brokers).

AIG's foreign consumer finance operations are principally conducted through AIGCFG. AIGCFG operates primarily in emerging and developing markets. AIGCFG has operations in Argentina, China, Brazil, Hong Kong, Mexico, the Philippines, Poland, Taiwan, Thailand, India and Colombia. AIGCFG is currently considering the sale of all or a portion of its operations.

Many of AGF's borrowers are non-prime or subprime. The real estate loans are comprised principally of first-lien mortgages on residential real estate generally having a maximum term of 360 months, and are considered non-conforming. The real estate loans are principally closed-end accounts and fixed rate products. AGF does not offer mortgage products with borrower payment options that allow for negative amortization of the principal balance. The majority of AGF's non-real estate loans are secured by consumer goods, automobiles or other personal property. Both secured and unsecured non-real estate loans and retail sales finance receivables generally have a maximum term of 60 months.

Current economic conditions, such as interest rate and employment levels, can have a direct effect on the borrowers' ability to repay these loans. AGF manages the credit risk inherent in its portfolio by using credit scoring models at the time of credit applications, established underwriting criteria and review procedures. AGF systematically monitors the quality of the finance receivables portfolio and determines the appropriate level of the allowance for losses through its Credit Strategy and Policy Committee. This Committee bases its conclusions on quantitative analyses, qualitative factors, current economic conditions and trends, and each Committee member's experience in the consumer finance industry.

The overall credit quality of AGF's finance receivable portfolio deteriorated during 2008 due to negative economic fundamentals and the aging of the real estate loan portfolio. Based upon anticipated difficult economic conditions for the U.S. consumer, AGF expects credit quality to remain under pressure in the remainder of 2009.

At December 31, 2008, the 60-day delinquency rate for the entire portfolio increased by 215 basis points to 4.99 percent compared to December 31, 2007, while the 60-day delinquency rate for real estate loans increased by 247 basis points to 5.11 percent. For 2008, AGF's net charge-off rate increased to 2.08 percent compared to 1.16 percent in 2007.

AGF's allowance for finance receivable losses as a percentage of outstanding receivables was 4.61 percent at December 31, 2008 compared to 2.36 percent at December 31, 2007.

AIGCFG monitors the quality of its finance receivable portfolio and determines the appropriate level of the allowance for losses through several internal committees. These committees base their conclusions on quantitative analysis, qualitative factors, current economic conditions and trends, political and regulatory implications, competition and the judgment of the committees' members.

AIG's Consumer Finance operations are exposed to credit risk and risk of loss resulting from adverse fluctuations in interest rates and payment defaults. Credit loss exposure is managed through a combination of underwriting controls, mix of finance receivables, collateral and collection efficiency. Large product programs and exposures to certain high risk products are subject to CRC approval.

Over half of the finance receivables are real estate loans which are collateralized by the related properties. With respect to credit losses, the allowance for losses is maintained at a level considered adequate to absorb anticipated credit losses existing in that portfolio as of the balance sheet date.

Asset Management

AIG's Asset Management operations are exposed to various forms of credit, market and operational risks. Asset Management complies with AIG's corporate risk management guidelines and framework and is subject to

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periodic reviews by the CRC. In addition, transactions are referred to the Asset Management investment committees for approval of investment decisions.

The majority of the credit and market risk exposures within Asset Management results from the Spread-Based Investment business and the investment activities of AIG Global Real Estate and to a lesser extent, assets originally acquired for warehouse purposes.

In the Spread-Based Investment business, the primary risk is investment risk, which represents the exposure to loss resulting from the cash flows from the invested assets being less than the cash flows required to meet the obligations of the liabilities and the necessary return on investments. Credit risk is also a significant component of the investment strategy for these businesses. Market risk is taken in the form of duration and convexity risk. While AIG generally maintains a matched asset-liability relationship, it may occasionally determine that it is economically advantageous to be in an unmatched duration position. The risks in the Spread-Based Investment business are managed through exposure limitations, active management of the investment portfolios and close oversight of the asset-liability relationship.

AIG Global Real Estate is exposed to the general conditions in global real estate markets and the credit markets. Such exposure can subject Asset Management to delays in real estate property development and sales, additional carrying costs and in turn affect operating results within the segment. Also negatively affecting current market conditions is the lack of available funding for development, repositioning and refinancing. These risks are mitigated through the underwriting process, transaction and contract terms and conditions and portfolio diversification by type of project, sponsor, real estate market and country. AIG's exposure to real estate investments is monitored on an ongoing basis by the Asset Management Real Estate Investment Committee.

Asset Management is also exposed to market and liquidity risk with respect to the warehoused investing activities of AIG Investments. During the warehousing period, AIG bears the cost and risks associated with carrying these investments and may consolidate them on its balance sheet and records the operating results until the investments are transferred, sold or otherwise divested. Changes in market conditions may negatively affect the fair value of these warehoused investments. As a result of AIG's restructuring initiatives, AIG Investments' intended launch of new products and funds for which these warehouse investments were targeted have been indefinitely postponed. Accordingly, AIG will retain all current warehouse investments with a net asset value of $1.1 billion at December 31, 2008 as permanent balance sheet investments until such time that they can be divested. Further, certain of these warehoused investments include unfunded investment commitments of $720 million at December 31, 2008 which are to be funded over the next three to five years.

Recent Accounting Standards

Accounting Changes

In September 2006, the FASB issued FAS No. 157, "Fair Value Measurements."

In February 2007, the FASB issued FAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities."

In April 2007, the FASB issued FSP FIN 39-1, which modifies FASB Interpretation (FIN) No. 39, "Offsetting of Amounts Related to Certain Contracts."

In October 2008, the FASB issued FSP FAS 157-3, "Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active."

In December 2008, the FASB issued FSP FAS 140-4 and FIN 46(R)-8, "Disclosures by Public Entities (Enterprises) about Transfers of Financial Assets and Interests in Variable Interest Entities."

In January 2009, the FASB issued FSP EITF 99-20-1, "Amendments to the Impairment Guidance of EITF Issue No. 99-20" (FSP EITF 99-20-1).

Future Application of Accounting Standards

In December 2007, the FASB issued FAS 141 (revised 2007), "Business Combinations."

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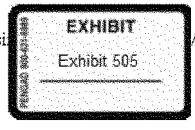
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In December 2007, the FASB issued FAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51."

In February 2008, the FASB issued FSP No. FAS 140-3, "Accounting for Transfers of Financial Assets and Repurchase Financing Transactions."

In March 2008, the FASB issued FAS 161, "Disclosures about Derivative Instruments and Hedging Activities — an amendment of FASB Statement No. 133."

In May 2008, the FASB issued FAS 162, "The Hierarchy of Generally Accepted Accounting Principles."

In June 2008, the FASB ratified the consensus reached by the EITF on Issue No. 07-5, "Determining Whether an Instrument (or Embedded Feature) is Indexed to an Entity's Own Stock."

In September 2008, the FASB issued FASB Staff Position No. FAS 133-1 and FIN 45-4, "Disclosures about Credit Derivatives and Certain Guarantees: An amendment of FASB Statement No. 133 and FASB Interpretation No. 45."

In December 2008, the FASB issued FSP FAS 132(R)-1, "Employer's Disclosures about Postretirement Benefit Plan Assets."

For further discussion of these recent accounting standards and their application to AIG, see Note 1(hh) to the Consolidated Financial Statements.

Item 7A. ***Quantitative and Qualitative Disclosures About Market Risk***

Included in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Item 8. ***Financial Statements and Supplementary Data***

American International Group, Inc. and Subsidiaries Index to Financial Statements and Schedules

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of American International Group, Inc.:

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of American International Group, Inc. and its subsidiaries (AIG) at December 31, 2008 and 2007, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2008 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedules listed in the accompanying index present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, AIG maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). AIG's management is responsible for these financial statements and financial statement schedules, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedules, and on AIG's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

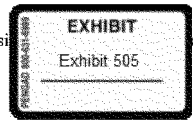
As described in Note 1 to the consolidated financial statements, as of January 1, 2008, AIG adopted a new framework for measuring fair value and elected an option to report selected financial assets and liabilities at fair value. Also, AIG changed the manner in which it accounts for internal replacements of certain insurance and investment contracts, uncertainty in income taxes, and changes or projected changes in the timing of cash flows relating to income taxes generated by leveraged lease transactions on January 1, 2007, and certain employee benefit plans as of December 31, 2006.

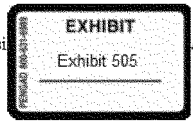
As discussed in Notes 1 and 23 to the consolidated financial statements, AIG has received substantial financial support from the Federal Reserve Bank of New York (NY Fed) and the United States Department of Treasury (US Treasury). AIG is dependent upon the continued financial support of the NY Fed and US Treasury.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
New York, New York
March 2, 2009

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American International Group, Inc., and Subsidiaries

Consolidated Balance Sheet

	December 31, 2008	December 31, 2007
	(In millions)	
Assets:		
Investments:		
Fixed maturity securities:		
Bonds available for sale, at fair value (amortized cost: 2008 — $373,600; 2007 — $433,327)	**$363,042**	$ 437,675
Bonds held to maturity, at amortized cost (fair value: 2008 — $0; 2007 — $22,157)	**—**	21,581
Bond trading securities, at fair value	**37,248**	10,258
Securities lending invested collateral, at fair value (cost: 2008 — $3,906; 2007 — $80,641)	**3,844**	75,662
Equity securities:		
Common and preferred stocks available for sale, at fair value (cost: 2008 — $8,381; 2007 — $15,188)	**8,808**	20,272
Common and preferred stocks trading, at fair value	**12,335**	25,297
Mortgage and other loans receivable, net of allowance (amount measured at fair value: 2008 — $131)	**34,687**	33,727
Finance receivables, net of allowance	**30,949**	31,234
Flight equipment primarily under operating leases, net of accumulated depreciation	**43,395**	41,984
Other invested assets (amount measured at fair value: 2008 — $19,196; 2007 — $20,827)	**51,978**	59,477
Securities purchased under agreements to resell, at fair value in 2008	**3,960**	20,950
Short-term investments (amount measured at fair value: 2008 — $19,316)	**46,666**	51,351
Total investments	**636,912**	829,468
Cash	**8,642**	2,284
Investment income due and accrued	**5,999**	6,587
Premiums and insurance balances receivable, net of allowance	**17,330**	18,395
Reinsurance assets, net of allowance	**23,495**	23,103
Trade receivables	**1,901**	672
Current and deferred income taxes	**11,734**	—
Deferred policy acquisition costs	**45,782**	43,914
Real estate and other fixed assets, net of accumulated depreciation	**5,566**	5,518
Unrealized gain on swaps, options and forward transactions, at fair value	**13,773**	14,104
Goodwill	**6,952**	9,414
Other assets, including prepaid commitment asset of $15,458 in 2008 (amount measured at fair value: 2008 — $369; 2007 — $4,152)	**31,190**	16,218
Separate account assets, at fair value	**51,142**	78,684
Total assets	**$860,418**	$1,048,361

See Accompanying Notes to Consolidated Financial Statements.

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Consolidated Balance Sheet — (Continued)

	December 31, 2008	December 31, 2007
	(In millions, except share data)	
Liabilities:		
Liability for unpaid claims and claims adjustment expense	$ 89,258	$ 85,500
Unearned premiums	25,735	27,703
Future policy benefits for life and accident and health insurance contracts	142,334	136,387
Policyholder contract deposits (amount measured at fair value: 2008 — $5,458; 2007 — $295)	226,700	258,459
Other policyholder funds	13,240	12,599
Commissions, expenses and taxes payable	5,436	6,310
Insurance balances payable	3,668	4,878
Funds held by companies under reinsurance treaties	2,133	2,501
Current and deferred income taxes	—	3,823
Securities sold under agreements to repurchase (amount measured at fair value: 2008 — $4,508)	5,262	8,331
Trade payables	977	6,445
Securities and spot commodities sold but not yet purchased, at fair value	2,693	4,709
Unrealized loss on swaps, options and forward transactions, at fair value	6,238	18,031
Trust deposits and deposits due to banks and other depositors (amount measured at fair value: 2008 — $30)	4,498	4,903
Commercial paper and extendible commercial notes	613	13,114
Federal Reserve Bank of New York commercial paper funding facility	15,105	—
Federal Reserve Bank of New York credit facility	40,431	—
Other long-term debt (amount measured at fair value: 2008 — $16,595)	137,054	162,935
Securities lending payable	2,879	81,965
Other liabilities (amount measured at fair value: 2008 — $1,355; 2007 — $3,262)	22,296	24,761
Separate account liabilities	51,142	78,684
Minority interest	10,016	10,522
Total liabilities	807,708	952,560
Commitments, contingencies and guarantees (See Note 14)		
Shareholders' equity:		
Preferred Stock, Series D; liquidation preference of $10,000 per share; issued: 2008 — 4,000,000	20	—
Common stock, $2.50 par value; 5,000,000,000 shares authorized; shares issued 2008 — 2,948,038,001; 2007 — 2,751,327,476	7,370	6,878
Additional paid-in capital	72,466	2,848
Payments advanced to purchase shares	—	(912)
Retained earnings (accumulated deficit)	(12,368)	89,029
Accumulated other comprehensive income (loss)	(6,328)	4,643
Treasury stock, at cost; 2008 — 258,368,924; 2007 — 221,743,421 shares of common stock (including 119,283,433 and 119,293,487 shares, respectively, held by subsidiaries)	(8,450)	(6,685)
Total shareholders' equity	52,710	95,801
Total liabilities and shareholders' equity	$860,418	$1,048,361

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American International Group, Inc., and Subsidiaries

Consolidated Statement of Income (Loss)

	Years Ended December 31,		
	2008	2007	2006
	(In millions, except per share data)		
Revenues:			
Premiums and other considerations	$ 83,505	$ 79,302	$ 74,213
Net investment income	12,222	28,619	26,070
Net realized capital gains (losses)	(55,484)	(3,592)	106
Unrealized market valuation losses on AIGFP super senior credit default swap portfolio	(28,602)	(11,472)	—
Other income (loss)	(537)	17,207	12,998
Total revenues	11,104	110,064	113,387
Benefits, claims and expenses:			
Policyholder benefits and claims incurred	63,299	66,115	60,287
Policy acquisition and other insurance expenses	27,565	20,396	19,413
Interest expense	17,007	4,751	3,657
Restructuring expenses and related asset impairment and other expenses	758	—	—
Other expenses	11,236	9,859	8,343
Total benefits, claims and expenses	119,865	101,121	91,700
Income (loss) before income tax expense (benefit), minority interest and cumulative effect of change in accounting principles	(108,761)	8,943	21,687
Income tax expense (benefit):			
Current	1,706	3,219	5,489
Deferred	(10,080)	(1,764)	1,048
Total income tax expense (benefit)	(8,374)	1,455	6,537
Income (loss) before minority interest and cumulative effect of change in accounting principles	(100,387)	7,488	15,150
Minority interest	1,098	(1,288)	(1,136)
Income (loss) before cumulative effect of change in accounting principles	(99,289)	6,200	14,014
Cumulative effect of change in accounting principles, net of tax	—	—	34
Net income (loss)	$ (99,289)	$ 6,200	$ 14,048
Earnings (loss) per common share:			
Basic			
Income (loss) before cumulative effect of change in accounting principles	$ (37.84)	$ 2.40	$ 5.38
Cumulative effect of change in accounting principles, net of tax	—	—	0.01
Net income (loss)	$ (37.84)	$ 2.40	$ 5.39
Diluted			
Income (loss) before cumulative effect of change in accounting principles	$ (37.84)	$ 2.39	$ 5.35
Cumulative effect of change in accounting principles, net of tax	—	—	0.01
Net income (loss)	$ (37.84)	$ 2.39	$ 5.36
Weighted average shares outstanding:			
Basic	2,634	2,585	2,608
Diluted	2,634	2,598	2,623

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American International Group, Inc., and Subsidiaries

Consolidated Statement of Shareholders' Equity

	Years Ended December 31,					
	Amounts			Shares		
	2008	2007	2006	2008	2007	2006
	(In millions, except share and per share data)					
Preferred Stock, Series D:						
Balance, beginning of year	$ —	$ —	$ —	—	—	—
Issuances	20	—	—	4,000,000	—	—
Balance, end of year	20	—	—	4,000,000	—	—
Common stock:						
Balance, beginning of year	6,878	6,878	6,878	2,751,327,476	2,751,327,476	2,751,327,476
Issuances	492	—	—	196,710,525	—	—
Balance, end of year	7,370	6,878	6,878	2,948,038,001	2,751,327,476	2,751,327,476
Additional paid-in capital:						
Balance, beginning of year	2,848	2,590	2,339			
Excess of proceeds over par value of common stock issued	6,851	—	—			
Excess of proceeds over par value of preferred stock issued	39,889	—	—			
Issuance of warrants	91	—	—			
Present value of future contract adjustment payments related to issuance of equity units	(431)	—	—			
Consideration received for Series C preferred stock not yet issued	23,000	—	—			
Excess of cost over proceeds of common stock issued under stock plans	(120)	(98)	(128)			
Other	338	356	379			
Balance, end of year	72,466	2,848	2,590			
Payments advanced to purchase shares:						
Balance, beginning of year	(912)	—	—			
Payments advanced	(1,000)	(6,000)	—			
Shares purchased	1,912	5,088	—			
Balance, end of year	—	(912)	—			
Retained earnings (accumulated deficit):						
Balance, beginning of year	89,029	84,996	72,330			
Cumulative effect of change in accounting principles, net of tax	(1,003)	(203)	308			
Adjusted balance, beginning of year	88,026	84,793	72,638			
Net income (loss)	(99,289)	6,200	14,048			
Dividends to common shareholders ($0.42, $0.77 and $0.65 per share, respectively)	(1,105)	(1,964)	(1,690)			
Balance, end of year	(12,368)	89,029	84,996			
Accumulated other comprehensive income (loss):						
Unrealized appreciation (depreciation) of investments, net of tax:						
Balance, beginning of year	4,375	10,083	8,348			
Cumulative effect of change in accounting principles, net of tax	(105)	—	—			
Adjusted balance, beginning of year	4,270	10,083	8,348			
Unrealized appreciation (depreciation) of investments, net of reclassification adjustments	(13,670)	(8,046)	2,574			
Income tax benefit (expense)	4,948	2,338	(839)			
Balance, end of year	(4,452)	4,375	10,083			

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American International Group, Inc., and Subsidiaries

Consolidated Statement of Shareholders' Equity — (Continued)

	Years Ended December 31,					
	Amounts			Shares		
	2008	2007	2006	2008	2007	2006
	(In millions, except share and per share data)					
Foreign currency translation adjustments, net of tax:						
Balance, beginning of year	880	(305)	(1,241)			
Translation adjustment	(1,423)	1,325	1,283			
Income tax benefit (expense)	356	(140)	(347)			
Balance, end of year	(187)	880	(305)			
Net derivative gains (losses) arising from cash flow hedging activities, net of tax:						
Balance, beginning of year	(87)	(27)	(25)			
Net deferred gains (losses) on cash flow hedges, net of reclassification adjustments	(156)	(133)	13			
Income tax benefit (expense)	52	73	(15)			
Balance, end of year	(191)	(87)	(27)			
Retirement plan liabilities adjustment, net of tax:						
Balance, beginning of year	(525)	(641)	(115)			
Net gain (loss)	(1,313)	197	—			
Prior service credit	(12)	(24)	—			
Minimum pension liability adjustment	—	—	80			
Income tax benefit (expense)	352	(57)	(74)			
Adjustment to initially apply FAS 158, net of tax	—	—	(532)			
Balance, end of year	(1,498)	(525)	(641)			
Accumulated other comprehensive income (loss), end of year	(6,328)	4,643	9,110			
Treasury stock, at cost:						
Balance, beginning of year	(6,685)	(1,897)	(2,197)	(221,743,421)	(150,131,273)	(154,680,704)
Shares purchased	(1,912)	(5,104)	(20)	(37,931,370)	(76,519,859)	(288,365)
Shares issued under stock plans	146	305	291	1,290,431	4,958,345	4,579,913
Other	1	11	29	15,436	(50,634)	257,883
Balance, end of year	(8,450)	(6,685)	(1,897)	(258,368,924)	(221,743,421)	(150,131,273)
Total shareholders' equity, end of year	$52,710	$95,801	$101,677			

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American International Group, Inc., and Subsidiaries

Consolidated Statement of Cash Flows

	Years Ended December 31,		
	2008	2007	2006
		(In millions)	
Summary:			
Net cash provided by (used in) operating activities	$ 755	$ 35,171	$ 6,252
Net cash provided by (used in) investing activities	47,484	(67,834)	(66,914)
Net cash provided by (used in) financing activities	(41,919)	33,307	60,241
Effect of exchange rate changes on cash	38	50	114
Change in cash	6,358	694	(307)
Cash at beginning of year	2,284	1,590	1,897
Cash at end of year	$ 8,642	$ 2,284	$ 1,590
Cash flows from operating activities:			
Net income (loss)	$ (99,289)	$ 6,200	$ 14,048
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Noncash revenues, expenses, gains and losses included in income (loss):			
Unrealized market valuation losses on AIGFP super senior credit default swap portfolio	$ 28,602	$ 11,472	$ —
Net (gains) losses on sales of securities available for sale and other assets	5,572	(1,349)	(763)
Foreign exchange transaction (gains) losses	(2,958)	(104)	1,795
Net unrealized (gains) losses on non-AIGFP derivatives and other assets and liabilities	23,575	116	(713)
Equity in (income) loss from equity method investments, net of dividends or distributions	5,410	(4,760)	(3,990)
Amortization of deferred policy acquisition costs	12,400	11,602	11,578
Depreciation and other amortization	3,523	3,913	3,564
Provision for mortgage, other loans and finance receivables	1,445	646	495
Other-than-temporary impairments	50,958	4,715	944
Impairments of goodwill and other assets	4,538	—	—
Amortization of costs related to Federal Reserve Bank of New York credit facility	11,218	—	—
Changes in operating assets and liabilities:			
General and life insurance reserves	11,787	16,242	12,930
Premiums and insurance balances receivable and payable — net	(258)	(207)	(1,214)
Reinsurance assets	(565)	923	1,665
Capitalization of deferred policy acquisition costs	(14,610)	(15,987)	(15,486)
Investment income due and accrued	364	(401)	(249)
Funds held under reinsurance treaties	(163)	(151)	(1,612)
Other policyholder funds	763	1,374	(498)
Income taxes receivable and payable — net	(8,992)	(3,709)	2,003
Commissions, expenses and taxes payable	(1)	989	408
Other assets and liabilities — net	(2,567)	3,255	(444)
Trade receivables and payables — net	(6,698)	2,243	(198)
Trading securities	2,746	(2,850)	(7,936)
Net unrealized (gain) loss on swaps, options and forward transactions (net of collateral)	(37,996)	1,413	(1,482)
Securities purchased under agreements to resell	16,971	9,341	(16,568)
Securities sold under agreements to repurchase	(3,020)	(11,391)	9,552
Securities and spot commodities sold but not yet purchased	(2,027)	633	(1,899)
Finance receivables and other loans held for sale — originations and purchases	(349)	(5,145)	(10,822)
Sales of finance receivables and other loans — held for sale	558	5,671	10,603
Other, net	(182)	477	541
Total adjustments	100,044	28,971	(7,796)
Net cash provided by operating activities	$ 755	$ 35,171	$ 6,252

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American International Group, Inc., and Subsidiaries

Consolidated Statement of Cash Flows — (Continued)

	Years Ended December 31,		
	2008	2007	2006
	(in millions)		
Cash flows from investing activities:			
Proceeds from (payments for)			
Sales of fixed maturity securities available for sale and hybrid investments	$ 104,099	$ 87,691	$ 93,146
Maturities of fixed maturity securities available for sale and hybrid investments	18,837	44,629	19,686
Sales of equity securities available for sale	10,969	9,616	12,475
Maturities of fixed maturity securities held to maturity	126	295	205
Sales of trading securities	29,909	—	—
Sales of flight equipment	430	303	697
Sales or distributions of other invested assets	17,314	14,109	14,084
Payments received on mortgage and other loans receivable	7,229	9,062	5,227
Principal payments received on finance receivables held for investment	12,282	12,553	12,586
Funding to establish Maiden Lane III LLC	(5,000)	—	—
Purchases of fixed maturity securities available for sale and hybrid investments	(115,625)	(139,184)	(145,802)
Purchases of equity securities available for sale	(8,813)	(10,933)	(14,482)
Purchases of fixed maturity securities held to maturity	(88)	(266)	(197)
Purchases of trading securities	(26,807)	—	—
Purchases of flight equipment (including progress payments)	(3,528)	(4,772)	(6,009)
Purchases of other invested assets	(18,641)	(26,688)	(16,040)
Mortgage and other loans receivable issued	(7,486)	(12,439)	(8,066)
Finance receivables held for investment — originations and purchases	(13,523)	(15,271)	(13,830)
Change in securities lending invested collateral	51,565	(12,303)	(9,835)
Net additions to real estate, fixed assets, and other assets	(1,289)	(870)	(1,097)
Net change in short-term investments	(3,032)	(23,484)	(10,620)
Net change in non-AIGFP derivative assets and liabilities	(1,444)	118	958
Net cash provided by (used in) investing activities	$ 47,484	$ (67,834)	$ (66,914)
Cash flows from financing activities:			
Proceeds from (payments for)			
Policyholder contract deposits	$ 47,296	$ 64,829	$ 57,197
Policyholder contract withdrawals	(69,745)	(58,675)	(43,413)
Change in other deposits	(557)	(355)	266
Change in commercial paper and extendible commercial notes	(12,525)	(338)	2,960
Issuance of other long-term debt	113,501	103,210	71,028
Federal Reserve Bank of New York credit facility borrowings	96,650	—	—
Federal Reserve Bank of New York Commercial Paper Funding Facility borrowings	15,061	—	—
Repayments on other long-term debt	(138,951)	(79,738)	(36,489)
Repayments on Federal Reserve Bank of New York credit facility borrowings	(59,850)	—	—
Change in securities lending payable	(76,916)	11,757	9,789
Proceeds from issuance of Series D preferred stock and common stock warrant	40,000	—	—
Proceeds from common stock issued	7,343	—	—
Issuance of treasury stock	12	206	163
Payments advanced to purchase shares	(1,000)	(6,000)	—
Cash dividends paid to shareholders	(1,628)	(1,881)	(1,638)
Acquisition of treasury stock	—	(16)	(20)
Other, net	(610)	308	398
Net cash provided by (used in) financing activities	$ (41,919)	$ 33,307	$ 60,241
Supplementary disclosure of cash flow information:			
Cash paid during the period for:			
Interest	$ 7,437	$ 8,818	$ 6,539
Taxes	$ 617	$ 5,163	$ 4,693
Non-cash financing activities:			
Consideration received for preferred stock not yet issued	$ 23,000	$ —	$ —
Interest credited to policyholder accounts included in financing activities	$ 2,566	$ 11,628	$ 10,746
Treasury stock acquired using payments advanced to purchase shares	$ 1,912	$ 5,088	$ —
Present value of future contract adjustment payments related to issuance of equity units	$ 431	$ —	$ —
Non-cash investing activities:			
Debt assumed on acquisitions and warehoused investments	$ 153	$ 791	$ —

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American International Group, Inc., and Subsidiaries

Consolidated Statement of Comprehensive Income (Loss)

	Years Ended December 31,		
	2008	2007	2006
		(In millions)	
Net income (loss)	$ (99,289)	$ 6,200	$14,048
Other comprehensive income (loss):			
Cumulative effect of change in accounting principles	(162)	—	—
Income tax benefit on above changes	57	—	—
Unrealized appreciation (depreciation) of investments — net of reclassification adjustments	(13,670)	(8,046)	2,574
Income tax benefit (expense) on above changes	4,948	2,338	(839)
Foreign currency translation adjustments	(1,423)	1,325	1,283
Income tax benefit (expense) on above changes	356	(140)	(347)
Net derivative gains (losses) arising from cash flow hedging activities — net of reclassification adjustments	(156)	(133)	13
Income tax expense (benefit) on above changes	52	73	(15)
Change in retirement plan liabilities adjustment	(1,325)	173	80
Income tax benefit (expense) on above changes	352	(57)	(74)
Other comprehensive income (loss)	(10,971)	(4,467)	2,675
Comprehensive income (loss)	$(110,260)	$ 1,733	$16,723

See Accompanying Notes to Consolidated Financial Statements.

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American International Group, Inc., and Subsidiaries

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American International Group, Inc., and Subsidiaries

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements include the accounts of American International Group, Inc. (AIG), its controlled subsidiaries, and variable interest entities in which AIG is the primary beneficiary. Entities that AIG does not consolidate but in which it holds 20 percent to 50 percent of the voting rights and/or has the ability to exercise significant influence are accounted for under the equity method.

Certain of AIG's foreign subsidiaries included in the consolidated financial statements report on a fiscal year ended November 30. The effect on AIG's consolidated financial condition and results of operations of all material events occurring between November 30 and December 31 for all periods presented has been recorded.

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). All material intercompany accounts and transactions have been eliminated.

Going Concern Considerations

Recent Events

During the third quarter of 2008, requirements (i) to post collateral in connection with AIG Financial Products Corp. and AIG Trading Group Inc. and their respective subsidiaries' (collectively, AIGFP) credit default swap (CDS) portfolio and other AIGFP transactions and (ii) to fund returns of securities lending collateral placed stress on AIG's liquidity. AIG's stock price declined from $22.76 on September 8, 2008 to $4.76 on September 15, 2008. On that date, AIG's long-term debt ratings were downgraded by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. (S&P), Moody's Investors Service (Moody's) and Fitch Ratings (Fitch), which triggered additional requirements for liquidity. These and other events severely limited AIG's access to debt and equity markets.

On September 22, 2008, AIG entered into an $85 billion revolving credit agreement (the Fed Credit Agreement) with the Federal Reserve Bank of New York (the NY Fed) and, pursuant to the Fed Credit Agreement, AIG agreed to issue 100,000 shares of Series C Perpetual, Convertible, Participating Preferred Stock (the Series C Preferred Stock) to a trust for the sole benefit of the United States Treasury (together with its trustees, the Trust). The total commitment under the facility created pursuant to the Fed Credit Agreement (the Fed Facility) was reduced to $60 billion effective November 25, 2008. The commitment fees and interest rate were reduced and the maturity was extended by three years.

In addition, during the fourth quarter of 2008, AIG completed the following:

- Issued $40 billion of Series D Fixed Rate Cumulative Perpetual Preferred Stock;
- Sold $39.3 billion face amount of residential mortgage-backed securities (RMBS) to Maiden Lane II LLC (ML II);
- Terminated approximately $62.1 billion notional amount of CDS on super senior multi-sector collateralized debt obligations in connection with the Maiden Lane III LLC (ML III) transaction; and
- Participated in the NY Fed's Commercial Paper Funding Facility.

See Notes 5 , 13 and 15 for details on these arrangements.

In the fourth quarter of 2008, the global financial crisis continued, characterized by a lack of liquidity, highly volatile markets, a steep depreciation in asset values across many asset classes, an erosion of investor confidence, a large widening of credit spreads in some sectors, a lack of price transparency in many markets and the collapse of several prominent financial institutions.

AIG was materially and adversely affected by these conditions and events in a number of ways, including:

- severe and continued declines in the valuation and performance of its investment portfolio across many asset classes, leading to decreased investment income, material unrealized and realized losses,



including other

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other-than-temporary impairments, both of which decreased AIG's shareholders' equity and, to a lesser extent, the regulatory capital of its subsidiaries;

- significant credit losses due to the failure of, or governmental intervention with respect to, several prominent institutions; and
- a general decline in business activity leading to reduced premium volume, increases in surrenders or cancellations of policies and increased competition from other insurers.

At December 31, 2008, amounts owed under the Fed Facility totaled $40.4 billion, including accrued fees and interest, and the remaining available amount under the Fed Facility was $23.2 billion.

Liquidity of Parent and Subsidiaries

AIG manages liquidity at both the parent and subsidiary levels. Since the fourth quarter of 2008, AIG has not had access to its traditional sources of long-term or short-term financing through the public debt markets. Further, in light of AIG's current common stock price, AIG does not expect to be able to issue equity securities in the public markets in the foreseeable future.

Traditionally AIG depended on dividends, distributions, and other payments from subsidiaries to fund payments on its obligations. In light of AIG's current financial situation, many of its regulated subsidiaries are restricted from making dividend payments, or advancing funds, to AIG. Primary uses of cash flow are for debt service and subsidiary funding.

As a result, AIG has been dependent on the Fed Facility, CPFF and other transactions with the NY Fed and the United States Department of the Treasury as its primary sources of liquidity.

Certain subsidiaries also have been dependent on the NY Fed and the United States Department of the Treasury to meet collateral posting requirements, make debt repayments as amounts came due, and to meet capital or liquidity requirements at the insurance companies (primarily in the Life Insurance & Retirement Services segment) and other financial services operations.

March 2009 Agreements in Principle

On March 2, 2009, AIG, the NY Fed and the United States Department of the Treasury announced agreements in principle to modify the terms of the Fed Credit Agreement and the Series D Preferred Stock and to provide a $30 billion equity capital commitment facility. The United States Government has issued the following statement referring to the agreements in principle and other transactions they expect to undertake with AIG intended to strengthen AIG's capital position, enhance its liquidity, reduce its borrowing costs and facilitate AIG's asset disposition program.

> "The steps announced today provide tangible evidence of the U.S. government's commitment to the orderly restructuring of AIG over time in the face of continuing market dislocations and economic deterioration. Orderly restructuring is essential to AIG's repayment of the support it has received from U.S. taxpayers and to preserving financial stability. The U.S. government is committed to continuing to work with AIG to maintain its ability to meet its obligations as they come due."

See Note 23 herein.

Management's Plans for Stabilization of AIG and Repayment of AIG's Obligations as They Come Due

AIG has developed certain plans (described below), some of which have already been implemented, to provide stability to its businesses and to provide for the timely repayment of the Fed Facility.

On October 3, 2008, AIG announced a restructuring plan under which AIG's Life Insurance & Retirement Services operations and certain other businesses would be divested in whole or in part. Since that time, AIG has sold certain businesses and assets and has entered into contracts to sell others. However, global market conditions have

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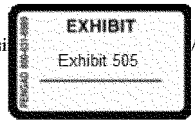
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continued to deteriorate, posing risks to AIG's ability to divest assets at acceptable values. As announced on March 2, 2009 and as described in Note 23 herein, AIG's restructuring plan has evolved in response to these market conditions. Specifically, AIG's current plans involve transactions between AIG and the NY Fed with respect to AIA and ALICO, as well as preparation for a potential sale of a minority stake in its property and casualty and foreign general insurance businesses.

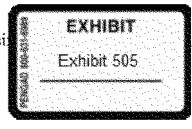
AIG believes that these current plans are necessary to maximize the value of its businesses over a longer time frame. Therefore, some businesses that have previously been prepared for sale will be divested, some will be held for later divestiture, and some businesses will be prepared for potential subsequent offerings to the public. Dispositions of certain businesses will be subject to regulatory approval. Proceeds from these dispositions, to the extent they do not represent required capital of AIG's insurance company subsidiaries, are contractually required to be applied toward the repayment of the Fed Facility as mandatory repayments.

In connection with the restructuring plan, in the fourth quarter of 2008, AIG sold its interest in a Brazilian joint venture with Unibanco AIG Seguros S.A. and entered into contracts to sell AIG Private Bank Ltd., HSB Group, Inc., its Taiwan Finance business and a small German general insurance subsidiary. These operations had total assets and liabilities with carrying values of approximately $9.6 billion and $8.2 billion, respectively, at December 31, 2008. Aggregate proceeds from the sale of these businesses, after giving effect to the repayment of intercompany loan facilities, are expected to be $1.9 billion. Through February 18, 2009, AIG has also entered into contracts to sell its life insurance operations in Canada and certain Consumer Finance businesses in the Philippines and Thailand.

Statement of Financial Accounting Standards No. 144 requires that certain criteria be met in order for AIG to classify a business as held for sale. At December 31, 2008, the held for sale criteria in FAS 144 were not met for AIG's significant businesses included in the asset disposition plan. AIG continues to evaluate the status of its asset sales with respect to these criteria.

Subject to satisfaction of certain closing conditions, including regulatory approvals, AIG expects those sales that are under contract to close during the first half of 2009. These operations had total assets and liabilities with carrying values of approximately $14.1 billion and $12.6 billion, respectively, at December 31, 2008. Aggregate proceeds from the sale of these businesses, including repayment of intercompany loan facilities, is expected to be $2.8 billion. These eight transactions are expected to generate $2.1 billion of net cash proceeds to repay outstanding borrowings on the Fed Facility, after taking insurance affiliate capital requirements into account.

AIG expects to divest its Institutional Asset Management businesses that manage third-party assets. These businesses offered for sale exclude those providing traditional fixed income and shorter duration asset and liability management for AIG's insurance company subsidiaries. The extraction of these asset management businesses will require the establishment of shared service arrangements between the remaining asset management businesses and those that are sold as well as the establishment of new asset management contracts, which will be determined in conjunction with the buyers of these businesses. AIGFP is engaged in a multi-step process of unwinding its businesses and portfolios. In connection with that process, certain assets have been sold, or are under contract to be sold. The proceeds from these sales will be used for AIGFP's liquidity and are not included in the amounts above. The NY Fed has waived the requirement under the Fed Credit Agreement that the proceeds of these sales be applied as a mandatory repayment under the Fed Facility, which would result in a permanent reduction of the NY Fed's commitment to lend to AIG. Instead, the NY Fed has given AIGFP permission to retain the proceeds of the completed sales, and has required that such proceeds be used to voluntarily repay the Fed Facility, with the amounts repaid available for future reborrowing subject to the terms of the Fed Facility. AIGFP is also opportunistically terminating contracts. AIGFP is entering into new derivative transactions only to hedge its current portfolio, reduce risk and hedge the currency, interest rate and other market risks associated with its affiliated businesses. Due to the long-term duration of AIGFP's derivative contracts and the complexity of AIGFP's portfolio, AIG expects that an orderly wind-down will take a substantial period of time. The cost of executing the wind-down will depend on many factors, many of which are not within AIGFP's control, including market conditions, AIGFP's access to markets via market counterparties, the availability of liquidity and the potential implications of further rating downgrades.



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American International Group, Inc., and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

AIG continually evaluates overall market conditions, performance of businesses that are for sale, and market and business performance of competitors and likely bidders for the assets. This evaluation informs decision-making about the timing and process of putting businesses up for sale. Depending on market and business conditions, as noted above, AIG can modify its sales approach to maximize value for AIG and the U.S. taxpayers in the disposition process. Such a modification could result in the sale of additional or other assets.

AIG developed a plan to review significant projects and eliminated, delayed, or curtailed those that are discretionary or non-essential to make available internal resources to improve liquidity by reducing cash outflows to outside service providers. AIG also suspended the dividend on its common stock to preserve capital.

Management's Assessment and Conclusion

In assessing AIG's current financial position and developing operating plans for the future, management has made significant judgments and estimates with respect to the potential financial and liquidity effects of AIG's risks and uncertainties, including but not limited to:

- the commitment of the NY Fed and the United States Department of the Treasury to the orderly restructuring of AIG and their commitment to continuing to work with AIG to maintain its ability to meet its obligations as they come due;
- the potential adverse effects on AIG's businesses that could result if there are further downgrades by rating agencies, including in particular, the uncertainty of estimates relating to AIGFP's derivative transactions, both the number of counterparties who may elect to terminate under contractual termination provisions and the amount that would be required to be paid in the event of a downgrade;
- the potential delays in asset dispositions and reduction in the anticipated proceeds therefrom;
- the potential for continued declines in bond and equity markets;
- the potential effect on AIG if the capital levels of its regulated and unregulated subsidiaries prove inadequate to support current business plans;
- the effect on AIG's businesses of continued compliance with the covenants of the Fed Credit Agreement;
- the potential loss of key personnel that could then reduce the value of AIG's business and impair its ability to effect a successful asset disposition plan;
- the potential that AIG may be unable to complete one or more of the proposed transactions with the NY Fed and the United States Department of the Treasury described in Note 23, or that the transactions do not achieve their desired objectives; and
- the potential regulatory actions in one or more countries, including possible actions resulting from the legal change in control as a result of the issuance of the Series C Preferred Stock.

Based on the U.S. government's continuing commitment, the agreements in principle and the other expected transactions with the NY Fed and the United States Department of the Treasury, management's plans to stabilize AIG's businesses and dispose of its non-core assets, and after consideration of the risks and uncertainties to such plans, management believes that it will have adequate liquidity to finance and operate AIG's businesses, execute its asset disposition plan and repay its obligations for at least the next twelve months.

It is possible that the actual outcome of one or more of management's plans could be materially different, or that one or more of management's significant judgments or estimates about the potential effects of these risks and uncertainties could prove to be materially incorrect. If one or more of these possible outcomes is realized, AIG may need additional U.S. government support to meet its obligations as they come due.

AIG's consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. These consolidated financial statements do not include any adjustments relating to the recoverability and



classification of recorded assets nor

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relating to the amounts and classification of liabilities that may be necessary should AIG be unable to continue as a going concern.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

AIG considers its most critical accounting estimates to be those with respect to items considered by management in the determination of AIG's ability to continue as a going concern, recoverability of deferred income tax assets, reserves for losses and loss expenses, future policy benefits for life and accident and health contracts, recoverability of deferred policy acquisition costs (DAC), estimated gross profits for investment-oriented products, the allowance for finance receivable losses, flight equipment recoverability, other-than-temporary impairments in the value of investments, the fair values of reporting units used in connection with testing for goodwill impairment, and the fair value measurements of certain assets and liabilities, including the super senior credit default swaps written by AIGFP. These estimates, by their nature, are based on judgment and current facts and circumstances. Therefore, actual results could differ from these estimates, possibly in the near term, and could have a material effect on AIG's consolidated financial statements.

During the second half of 2007 and through 2008, disruption in the global credit markets, coupled with the repricing of credit risk, and the U.S. housing market deterioration, created increasingly difficult conditions in the financial markets. These conditions have resulted in greater volatility, less liquidity, widening of credit spreads and a lack of price transparency in certain markets and have made it more difficult to value certain of AIG's invested assets and the obligations and collateral relating to certain financial instruments issued or held by AIG, such as AIGFP's super senior credit default swap portfolio.

Certain of AIG's foreign subsidiaries included in the consolidated financial statements report on a fiscal year ended November 30. The effect on AIG's consolidated financial condition and results of operations of all material events occurring between November 30 and December 31 for all periods presented has been recorded. AIG determined the significant appreciation in world-wide fixed income and equity markets in December 2008 to be an intervening period event that had a material effect on its consolidated financial condition and results of operations. AIG reflected the December 2008 market appreciation throughout its investment portfolio. Accordingly, AIG recorded $5.6 billion ($3.6 billion after tax) of unrealized appreciation on investments.

Revisions and Reclassifications

During 2008, AIG began reporting interest expense and other expenses separately on the consolidated statement of income (loss). Interest expense represents interest expense on short-term and long-term debt, excluding interest expense associated with AIGFP, which is recorded in other income. Other expenses represent all other expenses not separately disclosed on the consolidated statement of income (loss). AIG previously reported certain assets and liabilities of its Financial Services subsidiaries separately on its consolidated balance sheet. As of December 31, 2008, AIG has reclassified the balances previously reported in Financial Services — securities available for sale to bonds available for sale and has reclassified the balances previously reported in Financial Services — trading securities to bonds and stocks — trading. In addition, non-AIGFP derivative assets and liabilities previously reported in other assets and other liabilities are being reported in unrealized gain or (loss) on swaps, options and forward transactions. All prior period amounts were revised to conform to the current period presentation for these reclassifications.

Also during 2008, AIG determined that certain accident and health contracts in its Foreign General Insurance reporting unit, which were previously accounted for as short duration contracts, should be treated as long duration insurance products. Accordingly, the December 31, 2007 consolidated balance sheet has been revised to reflect the reclassification of $763 million of deferred direct response advertising costs, previously reported in other assets, to

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DAC. Additionally, $320 million has been reclassified in the consolidated balance sheet as of December 31, 2007 from unearned premiums to future policy benefits for life and accident and health insurance contracts. These revisions did not have a material effect on AIG's net income (loss), or shareholders' equity for any period presented.

See Recent Accounting Standards — Accounting Changes below for a discussion of AIG's adoption of the Financial Accounting Standards Board (FASB) Staff Position (FSP) FASB Interpretation No. (FIN) 39-1, "Amendment of FASB Interpretation No. 39" (FSP FIN 39-1), which resulted in reclassifications of amounts previously presented on the consolidated balance sheet at December 31, 2007.

Fixed Maturity Securities, Held to Maturity — Change in Intent

During 2008, AIG transferred all securities previously classified as held to maturity to available for sale. As a result of the continuing disruption in the credit markets during 2008, AIG changed its intent to hold to maturity certain tax-exempt municipal securities held by its insurance subsidiaries, which comprised substantially all of AIG's held to maturity securities. This change in intent resulted from a change in certain subsidiaries' investment strategies to increase their allocations to taxable securities, reflecting AIG's net operating loss position. As of the date the securities were transferred, the securities had a carrying value of $20.8 billion and a net unrealized loss of $752 million.

Accounting Policies

(a) Revenue Recognition and Expenses:

Premiums and Other Considerations: Premiums for short duration contracts and considerations received from retailers in connection with the sale of extended service contracts are earned primarily on a pro rata basis over the term of the related coverage. The reserve for unearned premiums includes the portion of premiums written and other considerations relating to the unexpired terms of coverage.

Premiums for long duration insurance products and life contingent annuities are recognized as revenues when due. Estimates for premiums due but not yet collected are accrued. Consideration for universal life and investment-type products consists of policy charges for the cost of insurance, administration, and surrenders during the period. Policy charges collected with respect to future services are deferred and recognized in a manner similar to DAC related to such products.

Net Investment Income: Net investment income represents income primarily from the following sources in AIG's insurance operations and AIG parent:

- Interest income and related expenses, including amortization of premiums and accretion of discounts on bonds with changes in the timing and the amount of expected principal and interest cash flows reflected in the yield, as applicable.
- Dividend income and distributions from common and preferred stock and other investments when receivable.
- Realized and unrealized gains and losses from investments in trading securities accounted for at fair value.
- Earnings from hedge funds and limited partnership investments accounted for under the equity method.
- The difference between the carrying amount of a life settlement contract and the life insurance proceeds of the underlying life insurance policy recorded in income upon the death of the insured.

Realized Capital Gains (Losses): Realized capital gains and losses are determined by specific identification. The realized capital gains and losses are generated primarily from the following sources:

- Sales of fixed maturity securities and equity securities (except trading securities accounted for at fair value), real estate, investments in joint ventures and limited partnerships and other types of investments.

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- Reductions to the cost basis of fixed maturity securities and equity securities (except trading securities accounted for at fair value) and other invested assets for other-than-temporary impairments.
- Changes in fair value of derivatives except for (1) those instruments at AIGFP, (2) those instruments that qualify for hedge accounting treatment under (FAS 133) Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" when the change in the fair value of the hedged item is not reported in realized gains (losses), and (3) those instruments that are designated as economic hedges of financial instruments for which the fair value option has been elected under FAS 159, "The Fair Value Option for Financial Assets and Financial Liabilities" (FAS 159).
- Exchange gains and losses resulting from foreign currency transactions.

Other Income: Other income includes income from flight equipment, Asset Management operations, the operations of AIGFP and finance charges on consumer loans.

Income from flight equipment under operating leases is recognized over the life of the lease as rentals become receivable under the provisions of the lease or, in the case of leases with varying payments, under the straight-line method over the noncancelable term of the lease. In certain cases, leases provide for additional payments contingent on usage. Rental income is recognized at the time such usage occurs less a provision for future contractual aircraft maintenance. Gains and losses on flight equipment are recognized when flight equipment is sold and the risk of ownership of the equipment is passed to the new owner.

Income from Asset Management operations is generally recognized as revenues as services are performed. Certain costs incurred in the sale of mutual funds are deferred and subsequently amortized.

Income from the operations of AIGFP included in other income consists of the following:

- Change in fair value relating to financial assets and liabilities for which the fair value option has been elected.
- Interest income and related expenses, including amortization of premiums and accretion of discounts on bonds with changes in the timing and the amount of expected principal and interest cash flows reflected in the yield, as applicable.
- Dividend income and distributions from common and preferred stock and other investments when receivable.
- Changes in the fair value of derivatives. In certain instances, no initial gain or loss was recognized in accordance with Emerging Issues Task Force Issue (EITF) 02-3, "Issues Involved in Accounting for Derivative Contracts Held for Trading Purposes and Contracts Involved in Energy Trading and Risk Management Activities" (EITF 02-3). Prior to January 1, 2008, the initial gain or loss was recognized in income over the life of the transaction or when observable market data became available. Any remaining unamortized balances at January 1, 2008 were recognized in beginning retained earnings in the transition to FAS 159.
- Changes in the fair value of trading securities and spot commodities sold but not yet purchased, futures and hybrid financial instruments.
- Realized gains and losses from the sale of available for sale securities and investments in private equities, joint ventures, limited partnerships and other investments.
- Exchange gains and losses resulting from foreign currency transactions.
- Reductions to the cost basis of securities available for sale for other-than-temporary impairments.
- Earnings from hedge funds and limited partnership investments accounted for under the equity method.

Finance charges on consumer loans are recognized as revenue using the interest method. Revenue ceases to be accrued when contractual payments are not received for four consecutive months for loans and retail sales contracts,



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and for six months for revolving retail accounts and private label receivables. Extension fees, late charges, and prepayment penalties are recognized as revenue when received.

Policyholder benefits and claims incurred: Incurred policy losses for short duration insurance contracts consist of the estimated ultimate cost of settling claims incurred within the reporting period, including incurred but not reported claims, plus the changes in estimates of current and prior period losses resulting from the continuous review process. Benefits for long duration insurance contracts consist of benefits paid and changes in future policy benefits liabilities. Benefits for universal life and investment-type products primarily consist of interest credited to policy account balances and benefit payments made in excess of policy account balances except for certain contracts for which the fair value option was elected under FAS 159, for which benefits represent the entire change in fair value (including derivative gains and losses on related economic hedges).

Restructuring expenses and related asset impairment and other expenses : Restructuring expenses include employee severance and related costs, costs to terminate contractual arrangements, consulting and other professional fees and other costs related to restructuring and divesture activities. Asset impairment includes charges associated with writing down long-lived assets to fair value when their carrying values are not recoverable from undiscounted cash flows. Other expenses include other costs associated with divesting of businesses and costs of key employee retention awards.

(b) Income Taxes: Deferred tax assets and liabilities are recorded for the effects of temporary differences between the tax basis of an asset or liability and its reported amount in the consolidated financial statements. AIG assesses its ability to realize deferred tax assets considering all available evidence, including the earnings history, the timing, character and amount of future earnings potential, the reversal of taxable temporary differences, and the tax planning strategies available to the legal entities when recognizing deferred tax assets in accordance with Statement of Financial Accounting Standards No. (FAS) 109, "Accounting for Income Taxes" (FAS 109). See Note 20 herein for a further discussion of income taxes.

(c) Investments in Fixed Maturities and Equity Securities: Bonds held to maturity are principally owned by insurance subsidiaries and are carried at amortized cost when AIG has the ability and positive intent to hold these securities until maturity. When AIG does not have the positive intent to hold bonds until maturity, these securities are classified as available for sale or as trading and are carried at fair value.

During 2008, AIG determined that it no longer had the positive intent to continue to hold any of its bonds until maturity. All positions previously classified as held to maturity were determined to be available for sale.

Premiums and discounts arising from the purchase of bonds classified as held to maturity or available for sale are treated as yield adjustments over their estimated lives, until maturity, or call date, if applicable.

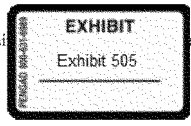
Common and preferred stocks are carried at fair value.

For AIG's Financial Services subsidiaries, those securities for which the fair value option was not elected, are held to meet long-term investment objectives and are accounted for as available for sale, carried at fair values and recorded on a trade-date basis.

For AIG parent and its insurance subsidiaries, unrealized gains and losses on investments in trading securities are reported in Net investment income. Unrealized gains and losses from available for sale investments in equity and fixed maturity securities are reported as a separate component of Accumulated other comprehensive income (loss), net of deferred income taxes, in consolidated shareholders' equity. Investments in fixed maturities and equity securities are recorded on a trade-date basis.

Trading securities include the investment portfolio of AIGFP and AIG's economic interests in Maiden Lane II LLC and membership interests in Maiden Lane III LLC, all of which are carried at fair value under FAS 159.

Trading securities for AIGFP are held to meet short-term investment objectives and to economically hedge other securities. Trading securities are recorded on a trade-date basis and carried at fair value. Realized and unrealized gains and losses are reflected in Other income.



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AIG evaluates its available for sale, equity method and cost method investments for impairment such that a security is considered a candidate for other-than-temporary impairment if it meets any of the following criteria:

- Trading at a significant (25 percent or more) discount to par, amortized cost (if lower) or cost for an extended period of time (nine consecutive months or longer);
- The occurrence of a discrete credit event resulting in (i) the issuer defaulting on a material outstanding obligation; (ii) the issuer seeking protection from creditors under the bankruptcy laws or any similar laws intended for court supervised reorganization of insolvent enterprises; or (iii) the issuer proposing a voluntary reorganization pursuant to which creditors are asked to exchange their claims for cash or securities having a fair value substantially lower than par value of their claims; or
- AIG may not realize a full recovery on its investment regardless of the occurrence of one of the foregoing events.

The determination that a security has incurred an other-than-temporary decline in value requires the judgment of management and consideration of the fundamental condition of the issuer, its near-term prospects and all the relevant facts and circumstances. The above criteria also consider circumstances of a rapid and severe market valuation decline, such as that experienced in current credit markets, in which AIG could not reasonably assert that the impairment period would be temporary (severity losses).

At each balance sheet date, AIG evaluates its securities holdings with unrealized losses. When AIG does not intend to hold such securities until they have recovered their cost basis based on the circumstances at the date of evaluation, AIG records the unrealized loss in income. If a loss is recognized from a sale subsequent to a balance sheet date pursuant to changes in circumstances, the loss is recognized in the period in which the intent to hold the securities to recovery no longer existed.

In periods subsequent to the recognition of an other-than-temporary impairment charge for fixed maturity securities, which is not intent, credit or foreign exchange related, AIG generally accretes into income the discount or amortizes the reduced premium resulting from the reduction in cost basis over the remaining life of the security.

Certain investments in beneficial interests in securitized financial assets of less than high quality with contractual cash flows, including asset-backed securities, are subject to the impairment and income recognition guidance of EITF 99-20, "Recognition of Interest Income and Impairment on Purchased Beneficial Interests and Beneficial Interests that Continued to Be Held by a Transferor in Securitized Financial Assets" as amended by FSP No. EITF 99-20-1, "Amendments to the Impairment Guidance of EITF Issue No. 99-20," which became effective prospectively in the fourth quarter of 2008. EITF 99-20 requires periodic updates of AIG's best estimate of cash flows over the life of the security. If the fair value of such security is less than its cost or amortized cost and there has been a decrease in the present value of the estimated cash flows since the last revised estimate, considering both their timing and amount, an other-than-temporary impairment charge is recognized. Interest income is recognized based on changes in the timing and the amount of expected principal and interest cash flows reflected in the yield.

AIG also considers its intent and ability to retain a temporarily impaired security until recovery. Estimating future cash flows is a quantitative and qualitative process that incorporates information received from third-party sources and, in the case of certain structured securities, with certain internal assumptions and judgments regarding the future performance of the underlying collateral. In addition, projections of expected future cash flows may change based upon new information regarding the performance of the underlying collateral.

(d) Securities Lending Invested Collateral, at Fair Value and Securities Lending Payable: AIG's insurance and asset management operations lend their securities and primarily take cash as collateral with respect to the securities lent. Invested collateral consists of interest-bearing cash equivalents and fixed and floating rate bonds, whose changes in fair value are recorded as a separate component of Accumulated other comprehensive income (loss), net of deferred income taxes. The invested collateral is evaluated for other-than-temporary impairment by applying the same criteria used for investments in fixed maturities. Income earned on invested collateral, net of interest payable to the collateral provider, is recorded in Net investment income. AIG generally obtains and maintains cash collateral from securities borrowers at current



market levels for the securities lent. During the fourth

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quarter of 2008, in connection with certain securities lending transactions, AIG failed to obtain or maintain collateral sufficient to fund substantially all of the cost of purchasing securities lent to various counterparties. In some cases, this shortfall in collateral has resulted in AIG accounting for individual securities lending transactions as sales combined with a forward purchase commitment rather than as secured borrowings.

The fair value of securities pledged under securities lending arrangements was $4 billion and $76 billion at December 31, 2008 and 2007, respectively.

(e) Mortgage and Other Loans Receivable — net: Mortgage and other loans receivable includes mortgage loans on real estate, policy loans and collateral, commercial and guaranteed loans. Mortgage loans on real estate and collateral, commercial and guaranteed loans are carried at unpaid principal balances less credit allowances and plus or minus adjustments for the accretion or amortization of discount or premium. Interest income on such loans is accrued as earned.

Impairment of mortgage and other loans receivable is based on certain risk factors and recognized when collection of all amounts due under the contractual terms is not probable. This impairment is generally measured based on the present value of expected future cash flows discounted at the loan's effective interest rate subject to the fair value of underlying collateral. Interest income on such impaired loans is recognized as cash is received.

Policy loans are carried at unpaid principal amount. There is no allowance for policy loans because these loans serve to reduce the death benefit paid when the death claim is made and the balances are effectively collateralized by the cash surrender value of the policy.

(f) Finance Receivables: Finance receivables, which are reported net of unearned finance charges, are held for both investment purposes and for sale. Finance receivables held for investment purposes are carried at amortized cost, which includes accrued finance charges on interest bearing finance receivables, unamortized deferred origination costs, and unamortized net premiums and discounts on purchased finance receivables. The allowance for finance receivable losses is established through the provision for finance receivable losses charged to expense and is maintained at a level considered adequate to absorb estimated credit losses in the portfolio. The portfolio is periodically evaluated on a pooled basis and factors such as economic conditions, portfolio composition, and loss and delinquency experience are considered in the evaluation of the allowance.

Direct costs of originating finance receivables, net of nonrefundable points and fees, are deferred and included in the carrying amount of the related receivables. The amount deferred is amortized to income as an adjustment to finance charge revenues using the interest method.

Finance receivables originated and intended for sale in the secondary market are carried at the lower of cost or fair value, as determined by aggregate outstanding commitments from investors or current investor yield requirements. American General Finance, Inc. (AGF) recognizes net unrealized losses through a valuation allowance by charges to income.

(g) Flight Equipment: Flight equipment is stated at cost, net of accumulated depreciation. Major additions, modifications and interest are capitalized. Normal maintenance and repairs, airframe and engine overhauls and compliance with return conditions of flight equipment on lease are provided by and paid for by the lessee. Under the provisions of most leases for certain airframe and engine overhauls, the lessee is reimbursed for certain costs incurred up to but not exceeding contingent rentals paid to International Lease Finance Corporation (ILFC) by the lessee. AIG provides a charge to income for such reimbursements based on the expected reimbursements during the life of the lease. For passenger aircraft, depreciation is generally computed on the straight-line basis to a residual value of approximately 15 percent of the cost of the asset over its estimated useful life of 25 years. For freighter aircraft, depreciation is computed on the straight-line basis to a zero residual value over its useful life of 35 years. At December 31, 2008, ILFC had 13 freighter aircraft in its fleet. Aircraft in the fleet are evaluated for impairment in accordance with Statement of Financial Accounting No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" FAS 144. FAS 144 requires long-lived assets to be evaluated for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets is measured by comparing the carrying amount of an asset to future undiscounted net cash flows expected to be



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generated by the asset. These evaluations for impairment are significantly affected by estimates of future net cash flows and other factors that involve uncertainty.

When assets are retired or disposed of, the cost and associated accumulated depreciation are removed from the related accounts and the difference, net of proceeds, is recorded as a gain or loss in Other income.

Accumulated depreciation on flight equipment was $12.3 billion and $10.5 billion at December 31, 2008 and 2007, respectively.

(h) Other Invested Assets: Other invested assets consist primarily of investments by AIG's insurance operations in hedge funds, private equity and limited partnerships.

Hedge funds and limited partnerships in which AIG's insurance operations hold in the aggregate less than a five percent interest are reported at fair value. The change in fair value is recognized as a component of Accumulated other comprehensive income (loss). With respect to hedge funds and limited partnerships in which AIG holds in the aggregate a five percent or greater interest or less than a five percent interest but in which AIG has more than a minor influence over the operations of the investee, AIG's carrying value is its share of the net asset value of the funds or the partnerships. The changes in such net asset values, accounted for under the equity method, are recorded in Net investment income.

In applying the equity method of accounting, AIG consistently uses the most recently available financial information provided by the general partner or manager of each of these investments, which is one to three months prior to the end of AIG's reporting period. The financial statements of these investees are generally audited on an annual basis.

Other invested assets include investments entered into for strategic purposes and not solely for capital appreciation or for income generation. These investments are accounted for under the equity method. At December 31, 2008, AIG's significant investments in partially owned companies included its 26.0 percent interest in Tata AIG Life Insurance Company, Ltd., its 26.0 percent interest in Tata AIG General Insurance Company, Ltd. and its 39 percent interest in The Fuji Fire and Marine Insurance Co., Ltd. Dividends received from unconsolidated entities in which AIG's ownership interest is less than 50 percent were $20 million, $30 million and $28 million for the years ended December 31, 2008, 2007, and 2006, respectively. The undistributed earnings of unconsolidated entities in which AIG's ownership interest is less than 50 percent were $227 million, $266 million and $300 million at December 31, 2008, 2007, and 2006, respectively.

Also included in Other invested assets are real estate held for investment, aircraft asset investments held by non-Financial Services subsidiaries and investments in life settlement contracts. See Note 5 (h) herein for further information.

(i) Securities Purchased (Sold) Under Agreements to Resell (Repurchase), at contract value: Securities purchased under agreements to resell and Securities sold under agreements to repurchase for AIGFP are accounted for as collateralized borrowing or lending transactions and are recorded at their contracted resale or repurchase amounts, plus accrued interest. AIG's policy is to take possession of or obtain a security interest in securities purchased under agreements to resell.

AIG minimizes the credit risk that counterparties to transactions might be unable to fulfill their contractual obligations by monitoring customer credit exposure and collateral value and generally requiring additional collateral to be deposited with AIG when necessary.

(j) Short-term Investments: Short-term investments consist of interest-bearing cash equivalents, time deposits, and investments with original maturities within one year from the date of purchase, such as commercial paper.

(k) Cash: Cash represents cash on hand and non-interest bearing demand deposits.

(l) Premiums and Insurance Balances Receivable: Premiums and insurance balances receivable consist of premium balances, less commissions payable thereon, due from agents and brokers and insureds. The allowance for

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doubtful accounts on premiums and insurance balances receivable was $578 million and $662 million at December 31, 2008 and 2007, respectively.

(m) Reinsurance Assets: Reinsurance assets include the balances due from reinsurance and insurance companies under the terms of AIG's reinsurance agreements for paid and unpaid losses and loss expenses, ceded unearned premiums and ceded future policy benefits for life and accident and health insurance contracts and benefits paid and unpaid. Amounts related to paid and unpaid losses and benefits and loss expenses with respect to these reinsurance agreements are substantially collateralized. The allowance for doubtful accounts on reinsurance assets was $425 million and $520 million at December 31, 2008 and 2007, respectively.

(n) Trade Receivables and Trade Payables: Trade receivables and Trade payables for AIGFP include option premiums paid and received and receivables from and payables to counterparties that relate to unrealized gains and losses on futures, forwards, and options and balances due from and due to clearing brokers and exchanges.

(o) Deferred Policy Acquisition Costs: Policy acquisition costs represent those costs, including commissions, premium taxes and other underwriting expenses that vary with and are primarily related to the acquisition of new business.

Short-duration Insurance Contracts: Policy acquisition costs are deferred and amortized over the period in which the related premiums written are earned. DAC is grouped consistent with the manner in which the insurance contracts are acquired, serviced and measured for profitability and is reviewed for recoverability based on the profitability of the underlying insurance contracts. Investment income is not anticipated in assessing the recoverability of DAC.

Long-duration Insurance Contracts: Policy acquisition costs for participating life, traditional life and accident and health insurance products are generally deferred and amortized, with interest, over the premium paying period in accordance with FAS 60, "Accounting and Reporting by Insurance Enterprises" (FAS 60). Policy acquisition costs and policy issuance costs related to universal life, and investment-type products (investment-oriented products) are deferred and amortized, with interest, in relation to the incidence of estimated gross profits to be realized over the estimated lives of the contracts in accordance with FAS 97, "Accounting and Reporting by Insurance Enterprises for Certain Long-Duration Contracts and for Realized Gains and Losses from the Sale of Investments" (FAS 97). Estimated gross profits are composed of net interest income, net realized investment gains and losses, fees, surrender charges, expenses, and mortality and morbidity gains and losses. If estimated gross profits change significantly, DAC is recalculated using the new assumptions. Any resulting adjustment is included in income as an adjustment to DAC. DAC is grouped consistent with the manner in which the insurance contracts are acquired, serviced and measured for profitability and is reviewed for recoverability based on the current and projected future profitability of the underlying insurance contracts.

The DAC for investment-oriented products is also adjusted with respect to estimated gross profits as a result of changes in the net unrealized gains or losses on fixed maturity and equity securities available for sale. Because fixed maturity and equity securities available for sale are carried at aggregate fair value, an adjustment is made to DAC equal to the change in amortization that would have been recorded if such securities had been sold at their stated aggregate fair value and the proceeds reinvested at current yields. The change in this adjustment, net of tax, is included with the change in net unrealized gains/losses on fixed maturity and equity securities available for sale that is credited or charged directly to Accumulated other comprehensive income (loss).

Value of Business Acquired (VOBA) is determined at the time of acquisition and is reported in the consolidated balance sheet with DAC. This value is based on the present value of future pre-tax profits discounted at yields applicable at the time of purchase. For products accounted for under FAS 60, VOBA is amortized over the life of the business similar to that for DAC based on the assumptions at purchase. For products accounted for under FAS 97, VOBA is amortized in relation to the estimated gross profits to date for each period.

Beginning in 2008, for contracts accounted for at fair value under FAS 159, policy acquisition costs are expensed as incurred and not deferred or amortized.

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(p) Real Estate and Other Fixed Assets: The costs of buildings and furniture and equipment are depreciated principally on the straight-line basis over their estimated useful lives (maximum of 40 years for buildings and ten years for furniture and equipment). Expenditures for maintenance and repairs are charged to income as incurred; expenditures for betterments are capitalized and depreciated. AIG periodically assesses the carrying value of its real estate for purposes of determining any asset impairment.

Also included in Real Estate and Other Fixed Assets are capitalized software costs, which represent costs directly related to obtaining, developing or upgrading internal use software. Such costs are capitalized and amortized using the straight-line method over a period generally not exceeding five years.

Real estate, fixed assets and other long-lived assets are assessed for impairment in accordance with FAS 144 when certain impairment indicators exist.

Accumulated depreciation on real estate and other fixed assets was $5.8 billion and $5.4 billion at December 31, 2008 and 2007, respectively.

(q) Unrealized Gain and Unrealized Loss on Swaps, Options and Forward Transactions: Interest rate, currency, equity and commodity swaps (including AIGFP's super senior credit default swap portfolio), swaptions, options and forward transactions are accounted for as derivatives recorded on a trade-date basis, and carried at fair value. Unrealized gains and losses are reflected in income, when appropriate. In certain instances, when income is not recognized at inception of the contract, income is recognized over the life of the contract and as observable market data becomes available. Aggregate asset or liability positions are netted on the Balance Sheet to the extent permitted by qualifying master netting arrangements in place with each respective counterparty. Cash collateral posted by AIG with counterparties in conjunction with these transactions is reported as a reduction of the corresponding net derivative liability, while cash collateral received by AIG in conjunction with these transactions is reported as a reduction of the corresponding net derivative asset.

(r) Goodwill: Goodwill is the excess of the cost of an acquired business over the fair value of the identifiable net assets of the acquired business. Goodwill is tested for impairment annually, or more frequently if circumstances indicate an impairment may have occurred. During 2008, AIG performed goodwill impairment tests at June 30, September 30, and December 31.

The impairment assessment involves a two-step process in which an initial assessment for potential impairment is performed and, if potential impairment is present, the amount of impairment is measured and recorded. Impairment is tested at the reporting unit level or, when all reporting units that comprise an operating segment have similar economic characteristics, impairment is tested at the operating segment level.

Management initially assesses the potential for impairment by estimating the fair value of each of AIG's reporting units or operating segments and comparing the estimated fair values with the carrying amounts of those reporting units, including allocated goodwill. The estimate of a reporting unit's fair value may be based on one or a combination of approaches including market-based earning multiples of the unit's peer companies, discounted expected future cash flows, external appraisals or, in the case of reporting units being considered for sale, third-party indications of fair value, if available. Management considers one or more of these estimates when determining the fair value of a reporting unit to be used in the impairment test. As part of the impairment test, management compares the sum of the estimated fair values of AIG's reporting units with AIG's fully diluted common stock market capitalization as a basis for concluding on the reasonableness of the estimated reporting unit fair values.

If the estimated fair value of a reporting unit exceeds its carrying value, goodwill is not impaired. If the carrying value of a reporting unit exceeds its estimated fair value, goodwill associated with that reporting unit potentially is impaired. The amount of impairment, if any, is measured as the excess of the carrying value of goodwill over the estimated fair value of the goodwill. The estimated fair value of the goodwill is measured as the excess of the fair value of the reporting unit over the amounts that would be assigned to the reporting unit's assets and liabilities in a hypothetical business combination. An impairment charge is recognized in income to the extent of the excess.

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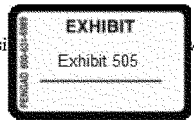
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(s) Other Assets: Other assets consists of a prepaid commitment fee asset related to the Fed Credit Agreement, prepaid expenses, including deferred advertising costs, sales inducement assets, deposits, other deferred charges, intangible assets other than goodwill and spot commodities held by AIGFP. The prepaid commitment fee asset related to the NY Fed Credit Agreement is being amortized as interest expense ratably over the five-year term of the agreement, accelerated for actual pay-downs that reduce the total credit available.

Certain direct response advertising costs are deferred and amortized over the expected future benefit period in accordance with SOP 93-7, "Reporting on Advertising Costs." When AIG can demonstrate that its customers have responded specifically to direct-response advertising, the primary purpose of which is to elicit sales to customers, and when it can be shown such advertising results in probable future economic benefits, the advertising costs are capitalized. Deferred advertising costs are amortized on a cost-pool-by-cost-pool basis over the expected future economic benefit period and are reviewed regularly for recoverability. Deferred advertising costs totaled $640 million and $1.35 billion at December 31, 2008 and 2007, respectively. The amount of expense amortized into income was $483 million, $395 million and $359 million, for the years ended 2008, 2007 and 2006, respectively.

Also during 2008, AIG determined that certain accident and health contracts in its Foreign General Insurance reporting unit, which were previously accounted for as short duration contracts, should be treated as long duration insurance products. For further discussion, see Revisions and Reclassifications above.

AIG offers sales inducements, which include enhanced crediting rates or bonus payments to contract holders (bonus interest) on certain annuity and investment contract products. Sales inducements provided to the contractholder are recognized as part of the liability for policyholders' contract deposits in the consolidated balance sheet. Such amounts are deferred and amortized over the life of the contract using the same methodology and assumptions used to amortize DAC. To qualify for such accounting treatment, the bonus interest must be explicitly identified in the contract at inception, and AIG must demonstrate that such amounts are incremental to amounts AIG credits on similar contracts without bonus interest, and are higher than the contract's expected ongoing crediting rates for periods after the bonus period. The deferred bonus interest and other deferred sales inducement assets totaled $1.8 billion and $1.7 billion at December 31, 2008 and 2007, respectively. The amortization expense associated with these assets is reported within Policyholder benefits and claims incurred in the consolidated statement of income. Such amortization expense totaled $56 million, $149 million and $132 million for the years ended December 31, 2008, 2007 and 2006, respectively.

Spot commodities held in AIGFP's wholly owned broker-dealer subsidiary are recorded at fair value. All other commodities are recorded at the lower of cost or fair value. Spot commodities are recorded on a trade-date basis. The exposure to market risk may be reduced through the use of forwards, futures and option contracts. Lower of cost or fair value reductions in commodity positions and unrealized gains and losses in related derivatives are reflected in Other income.

See Note 10 herein for a discussion of derivatives.

(t) Separate Accounts: Separate accounts represent funds for which investment income and investment gains and losses accrue directly to the policyholders who bear the investment risk. Each account has specific investment objectives, and the assets are carried at fair value. The assets of each account are legally segregated and are not subject to claims that arise out of any other business of AIG. The liabilities for these accounts are equal to the account assets.

(u) Liability for unpaid claims and claims adjustment expense: Claims and claims adjustment expenses are charged to income as incurred. The liability for unpaid claims and claims adjustment expense represents the accumulation of estimates for unpaid reported losses and includes provisions for losses incurred but not reported. The methods of determining such estimates and establishing resulting reserves, including amounts relating to allowances for estimated unrecoverable reinsurance, are reviewed and updated. If the estimate of reserves is determined to be inadequate or redundant, the increase or decrease is reflected in income. AIG discounts its loss reserves relating to workers' compensation business written by its U.S. domiciled subsidiaries as permitted by the domiciliary statutory regulatory authorities.



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(v) Future Policy Benefits for Life and Accident and Health Contracts and Policyholder Contract Deposits: The liability for future policy benefits and policyholder contract deposits are established using assumptions described in Note 11 herein. Future policy benefits for life and accident and health insurance contracts include provisions for future dividends to participating policyholders, accrued in accordance with all applicable regulatory or contractual provisions. Policyholder contract deposits include AIG's liability for (a) certain guarantee benefits accounted for as embedded derivatives at fair value in accordance with FAS 133 and (b) certain contracts that AIG has elected to account for at fair value beginning in 2008 in accordance with FAS 159.

See Note 4 to the Consolidated Financial Statements for additional FAS 159 disclosures.

(w) Other Policyholder Funds: Other policyholder funds are reported at cost and include any policyholders' funds on deposit that encompass premium deposits and similar items.

(x) Securities and Spot Commodities Sold but not yet Purchased, at Fair Value: Securities and spot commodities sold but not yet purchased represent sales of securities and spot commodities not owned at the time of sale. The obligations arising from such transactions are recorded on a trade-date basis and carried at fair value. Also included are obligations under gold leases, which are accounted for as a debt host with an embedded gold derivative. Beginning January 1, 2008, AIGFP elected the fair value option for these debt host contracts.

(y) Commercial Paper and Extendible Commercial Notes and Long-Term Debt: AIG's funding consists, in part, of medium and long-term debt and commercial paper. Commercial paper, when issued at a discount, is recorded at the proceeds received and accreted to its par value. Extendible commercial notes were issued by AGF with initial maturities of up to 90 days, but were extended by AGF in mid-September 2008 to 390 days. Long-term debt is carried at the principal amount borrowed, net of unamortized discounts or premiums. See Note 13 herein for additional information. Long-term debt also includes liabilities connected to trust preferred stock principally related to outstanding securities issued by AIG Life Holdings (US), Inc. (AIGLH), a wholly owned subsidiary of AIG. Cash distributions on such preferred stock are accounted for as interest expense.

(z) Fed Facility and Commercial Paper Funding Facility: In 2008, AIG obtained funding under the Fed Facility and the NY Fed's Commercial Paper Funding Facility (the CPFF). Amounts borrowed under the Fed Facility and the CPFF are carried at the principal amount borrowed, and in the case of the Fed Facility, also include accrued compounding interest and fees.

(aa) Other Liabilities: Other liabilities consist of other funds on deposit, and other payables. AIG has entered into certain insurance and reinsurance contracts, primarily in its General Insurance segment, that do not contain sufficient insurance risk to be accounted for as insurance or reinsurance. Accordingly, the premiums received on such contracts, after deduction for certain related expenses, are recorded as deposits within Other liabilities in the consolidated balance sheet. Net proceeds of these deposits are invested and generate net investment income. As amounts are paid, consistent with the underlying contracts, the deposit liability is reduced.

(bb) Minority Interest: Minority interest liability includes the equity interest of outside shareholders in AIG's consolidated subsidiaries and the preferred shareholders' equity in subsidiary companies relating to outstanding preferred stock or interest of ILFC, a wholly owned subsidiary of AIG. Cash distributions on such preferred stock or interest are accounted for as interest expense.

At December 31, 2008, the preferred stock consisted of 1,000 shares of market auction preferred stock (MAPS) in two series (Series A and B) of 500 shares each. Each of the MAPS shares has a liquidation value of $100,000 per share and is not convertible. The dividend rate, other than the initial rate, for each dividend period for each series is reset approximately every seven weeks (49 days) on the basis of orders placed in an auction. During 2006, ILFC extended each of the MAPS dividend periods for three years. At December 31, 2008, the dividend rate for Series A MAPS was 4.70 percent and the dividend rate for Series B MAPS was 5.59 percent.

(cc) Contingent Liabilities: Amounts are accrued for the resolution of claims that have either been asserted or are deemed probable of assertion if, in the opinion of management, it is both probable that a liability has been incurred and the amount of the liability can be reasonably estimated. In many cases, it is



not possible to determine

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whether a liability has been incurred or to estimate the ultimate or minimum amount of that liability until years after the contingency arises, in which case, no accrual is made until that time.

(dd) Foreign Currency: Financial statement accounts expressed in foreign currencies are translated into U.S. dollars in accordance with FAS 52, "Foreign Currency Translation" (FAS 52). Under FAS 52, functional currency assets and liabilities are translated into U.S. dollars generally using rates of exchange prevailing at the balance sheet date of each respective subsidiary and the related translation adjustments are recorded as a separate component of Accumulated other comprehensive income (loss), net of any related taxes, in consolidated shareholders' equity. Functional currencies are generally the currencies of the local operating environment. Income statement accounts expressed in functional currencies are translated using average exchange rates during the period. The adjustments resulting from translation of financial statements of foreign entities operating in highly inflationary economies are recorded in income. Exchange gains and losses resulting from foreign currency transactions are recorded in income.

(ee) Earnings (Loss) per Share: Basic earnings or loss per share and diluted loss per share are based on the weighted average number of common shares outstanding, adjusted to reflect all stock dividends and stock splits. Diluted earnings per share is based on those shares used in basic earnings per share plus shares that would have been outstanding assuming issuance of common shares for all dilutive potential common shares outstanding, adjusted to reflect all stock dividends and stock splits.

(ff) Recent Accounting Standards:

Accounting Changes

AIG adopted the following accounting standards during 2006:

FAS 155

In February, 2006, the FASB issued FAS 155, "Accounting for Certain Hybrid Financial Instruments — an amendment of FAS 140 and FAS 133" (FAS 155). FAS 155 allows AIG to include changes in fair value in earnings on an instrument-by-instrument basis for any hybrid financial instrument that contains an embedded derivative that would otherwise be required to be bifurcated and accounted for separately under FAS 133. The election to measure the hybrid instrument at fair value is irrevocable at the acquisition or issuance date.

AIG elected to early adopt FAS 155 as of January 1, 2006, and apply FAS 155 fair value measurement to certain structured note liabilities and structured investments in AIG's available for sale portfolio that existed at December 31, 2005. The effect of this adoption resulted in an $11 million after-tax ($18 million pre-tax) decrease to opening retained earnings as of January 1, 2006, representing the difference between the fair value of these hybrid financial instruments and the prior carrying value as of December 31, 2005. The effect of adoption on after-tax gross gains and losses was $218 million ($336 million pre-tax) and $229 million ($354 million pre-tax), respectively.

In connection with AIG's early adoption of FAS 155, structured note liabilities of $8.9 billion, other structured liabilities in conjunction with equity derivative transactions of $111 million, and hybrid financial instruments of $522 million at December 31, 2006 are now carried at fair value. The effect on earnings for 2006, for changes in the fair value of hybrid financial instruments, was a pre-tax loss of $313 million, of which $287 million was reflected in Other income and was largely offset by gains on economic hedge positions which were also reflected in operating income, and $26 million was reflected in Net investment income.

FAS 158

In September 2006, the FASB issued FAS 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans — an amendment of FASB Statements No. 87, 88, 106 and 132R" (FAS 158). FAS 158 requires AIG to prospectively recognize the overfunded or underfunded status of defined benefit postretirement plans as an asset or liability in AIG's consolidated balance sheet and to recognize changes in that funded status in the year in which the changes occur through Other comprehensive income. FAS 158 also requires AIG to measure the



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funded status of plans as of the date of its year-end balance sheet, with limited exceptions. AIG adopted FAS 158 for the year ended December 31, 2006. The cumulative effect, net of deferred income taxes, on AIG's consolidated balance sheet at December 31, 2006 was a net reduction in shareholders' equity through a charge to Accumulated other comprehensive income (loss) of $532 million, with a corresponding net decrease of $538 million in total assets, and a net decrease of $6 million in total liabilities. See Note 18 herein for additional information on the adoption of FAS 158.

AIG adopted the following accounting standards during 2007:

SOP 05-1

In September 2005, the AICPA issued SOP 05-1, "Accounting by Insurance Enterprises for Deferred Acquisition Costs in Connection with Modifications or Exchanges of Insurance Contracts" (SOP 05-1). SOP 05-1 provides guidance on accounting for internal replacements of insurance and investment contracts other than those specifically described in FAS 97. SOP 05-1 defines an internal replacement as a modification in product benefits, features, rights, or coverage that occurs by the exchange of a contract for a new contract, or by amendment, endorsement, or rider to a contract, or by the election of a feature or coverage within a contract. Internal replacements that result in a substantially changed contract are accounted for as a termination and a replacement contract.

SOP 05-1 became effective on January 1, 2007 and generally affects the accounting for internal replacements occurring after that date. In the first quarter of 2007, AIG recorded a cumulative effect reduction of $82 million, net of tax, to the opening balance of retained earnings on the date of adoption. This adoption reflected changes in unamortized DAC, VOBA, deferred sales inducement assets, unearned revenue liabilities and future policy benefits for life and accident and health insurance contracts resulting from a shorter expected life related to certain group life and health insurance contracts and the effect on the gross profits of investment-oriented products related to previously anticipated future internal replacements. This cumulative effect adjustment affected only the Life Insurance & Retirement Services segment.

FIN 48

In July 2006, the FASB issued FASB Interpretation No. (FIN) 48, "Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109" (FIN 48), which clarifies the accounting for uncertainty in income tax positions. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of an income tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, and additional disclosures. AIG adopted FIN 48 on January 1, 2007. Upon adoption, AIG recognized a $71 million increase in the liability for unrecognized tax benefits, which was accounted for as a decrease to opening retained earnings as of January 1, 2007. See Note 21 for additional FIN 48 disclosures.

FSP 13-2

In July 2006, the FASB issued FASB Staff Position No. (FSP) FAS 13-2, "Accounting for a Change or Projected Change in the Timing of Cash Flows Relating to Income Taxes Generated by a Leveraged Lease Transaction" (FSP 13-2). FSP 13-2 addresses how a change or projected change in the timing of cash flows relating to income taxes generated by a leveraged lease transaction affects the accounting for the lease by the lessor, and directs that the tax assumptions be consistent with any FIN 48 uncertain tax position related to the lease. AIG adopted FSP 13-2 on January 1, 2007. Upon adoption, AIG recorded a $50 million decrease in the opening balance of retained earnings, net of tax, to reflect the cumulative effect of this change in accounting.

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AIG adopted the following accounting standards during 2008:

FAS 157

In September 2006, the FASB issued Statement of Financial Accounting Standards (FAS) No. 157, "Fair Value Measurements" (FAS 157). FAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosure requirements regarding fair value measurements but does not change existing guidance about whether an asset or liability is carried at fair value. FAS 157 nullifies the guidance in EITF 02-3 that precluded the recognition of a trading profit at the inception of a derivative contract unless the fair value of such contract was obtained from a quoted market price or other valuation technique incorporating observable market data. FAS 157 also clarifies that an issuer's credit standing should be considered when measuring liabilities at fair value. The fair value measurement and related disclosure guidance in FAS 157 do not apply to fair value measurements associated with AIG's share-based employee compensation awards accounted for in accordance with FAS 123(R), "Share-Based Payment."

AIG adopted FAS 157 on January 1, 2008, its required effective date. FAS 157 must be applied prospectively, except for certain stand-alone derivatives and hybrid instruments initially measured using the guidance in EITF 02-3, which must be applied as a cumulative effect of change in accounting principle to retained earnings at January 1, 2008. The cumulative effect, net of taxes, of adopting FAS 157 on AIG's consolidated balance sheet was an increase in retained earnings of $4 million.

The most significant effect of adopting FAS 157 on AIG's consolidated results of operations for 2008 related to changes in fair value methodologies with respect to both liabilities already carried at fair value, primarily hybrid notes and derivatives, and newly elected liabilities measured at fair value (see FAS 159 discussion below). Specifically, the incorporation of AIG's own credit spreads and the incorporation of explicit risk margins (embedded policy derivatives at transition only) resulted in a increase in pre-tax loss of $1.8 billion ($1.2 billion after tax) for 2008. The effects of the changes in AIG's own credit spreads on pre-tax income for AIGFP was an increase of $1.4 billion for 2008. The effect of the changes in counterparty credit spreads for assets measured at fair value at AIGFP was a decrease in pre-tax income of $10.7 billion for 2008.

See Note 4 to the Consolidated Financial Statements for additional FAS 157 disclosures.

FAS 159

In February 2007, the FASB issued FAS 159, "The Fair Value Option for Financial Assets and Financial Liabilities" (FAS 159). FAS 159 permits entities to choose to measure at fair value many financial instruments and certain other items that are not required to be measured at fair value. Subsequent changes in fair value for designated items are required to be reported in income. FAS 159 also establishes presentation and disclosure requirements for similar types of assets and liabilities measured at fair value. FAS 159 permits the fair value option election on an instrument-by-instrument basis for eligible items existing at the adoption date and at initial recognition of an asset or liability, or upon most events that give rise to a new basis of accounting for that instrument.

AIG adopted FAS 159 on January 1, 2008, its required effective date. The adoption of FAS 159 with respect to elections made in the Life Insurance & Retirement Services segment resulted in an after-tax decrease to 2008 opening retained earnings of $559 million. The adoption of FAS 159 with respect to elections made by AIGFP resulted in an after-tax decrease to 2008 opening retained earnings of $448 million. Included in this amount are net unrealized gains of $105 million that were reclassified to retained earnings from accumulated other comprehensive income (loss) related to available for sale securities recorded in the consolidated balance sheet at January 1, 2008 for which the fair value option was elected.

See Note 4 to the Consolidated Financial Statements for additional FAS 159 disclosures.

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FAS 157 and FAS 159

The following table summarizes the after-tax increase (decrease) from adopting FAS 157 and FAS 159 on the opening shareholders' equity accounts:

At January 1, 2008	Accumulated Other Comprehensive Income/(Loss)	Retained Earnings	Cumulative Effect of Accounting Changes
		(In millions)	
FAS 157	$ —	$ 4	$ 4
FAS 159	(105)	(1,007)	(1,112)
Cumulative effect of change in accounting principles	$ (105)	$(1,003)	$ (1,108)

FSP FIN 39-1

In April 2007, the FASB issued FSP FIN 39-1, which modifies FASB Interpretation (FIN) No. 39, "Offsetting of Amounts Related to Certain Contracts," and permits companies to offset cash collateral receivables or payables against derivative instruments under certain circumstances. AIG adopted the provisions of FSP FIN 39-1 effective January 1, 2008, which requires retrospective application to all prior periods presented. At December 31, 2008, the amounts of cash collateral received and posted that were offset against net derivative positions totaled $7.1 billion and $19.2 billion, respectively. The cash collateral received and paid related to AIGFP derivative instruments was previously recorded in both trade payables and trade receivables. Cash collateral received related to non-AIGFP derivative instruments was previously recorded in other liabilities. Accordingly, the derivative assets and liabilities at December 31, 2007 have been reduced by $6.3 billion and $5.8 billion, respectively, related to the netting of cash collateral.

FSP FAS 133-1 and FIN 45-4

In September 2008, the FASB issued FASB Staff Position No. FAS 133-1 and FIN 45-4, "Disclosures about Credit Derivatives and Certain Guarantees: An amendment of FASB Statement No. 133 and FASB Interpretation No. 45 " (FSP). The FSP amends FAS 133 to require additional disclosures by sellers of credit derivatives, including derivatives embedded in a hybrid instrument. The FSP also amends FIN No. 45, "Guarantor's Accounting and Disclosure Requirement for Guarantees, Including Indirect Guarantees of Indebtedness of Others ", to require an additional disclosure about the current status of the payment/performance risk of a guarantee. The additional disclosures are included in Note 10 herein.

FSP FAS 157-3

In October 2008, the FASB issued FSP FAS 157-3, "Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active" (FSP FAS 157-3). FSP FAS 157-3 provides guidance clarifying certain aspects of FAS 157 with respect to the fair value measurements of a security when the market for that security is inactive. AIG adopted this guidance in the third quarter of 2008. The effects of adopting FSP FAS 157-3 on AIG's consolidated financial condition and results of operations were not material.

FSP FAS 140-4 and FIN 46(R)-8

In December 2008, the FASB issued FSP FAS 140-4 and FIN 46(R)-8. "Disclosures by Public Entities (Enterprises) about Transfers of Financial Assets and Interests in Variable Interest Entities" (FSP). The FSP amends and expands the disclosure requirements regarding transfers of financial assets and a company's involvement with variable interest entities. The FSP is effective for interim and annual periods ending after December 15, 2008. Adoption of the FSP did not affect AIG's financial condition, results of operations or cash flow, as only additional disclosures were required. The additional disclosures are included in Note 9 herein.

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FSP EITF 99-20-1

In January 2009, the FASB issued FSP EITF 99-20-1, "Amendments to the Impairment Guidance of EITF Issue No. 99-20" (FSP EITF 99-20-1). FSP EITF 99-20-1 amends the impairment guidance in EITF Issue No. 99-20, "Recognition of Interest Income and Impairment on Purchased Beneficial Interests and Beneficial Interests That Continue to Be Held by a Transferor in Securitized Financial Assets," to achieve more consistent determination of whether an other-than-temporary impairment has occurred. The FSP also retains and emphasizes the objective of an other-than-temporary impairment assessment and the related disclosure requirements in FASB Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities" and other related guidance. AIG adopted this guidance in the fourth quarter of 2008. The effects of adopting FSP EITF 99-20-1 on AIG's consolidated financial condition and results of operations were not material.

Future Application of Accounting Standards

FAS 141(R)

In December 2007, the FASB issued FAS 141 (revised 2007), "Business Combinations" (FAS 141(R)). FAS 141(R) changes the accounting for business combinations in a number of ways, including broadening the transactions or events that are considered business combinations; requiring an acquirer to recognize 100 percent of the fair value of assets acquired, liabilities assumed, and noncontrolling (i.e., minority) interests; recognizing contingent consideration arrangements at their acquisition-date fair values with subsequent changes in fair value generally reflected in income; and recognizing preacquisition loss and gain contingencies at their acquisition-date fair values, among other changes.

AIG adopted FAS 141(R) for business combinations for which the acquisition date is on or after January 1, 2009. AIG's adoption of this guidance does not have a material effect on the Company's consolidated financial position or results of operations, but may have an effect on the accounting for future business combinations, if any, as well as the assessment of goodwill impairments in the future.

FAS 160

In December 2007, the FASB issued FAS 160, "Noncontrolling Interests in Consolidated Financial Statements, an Amendment of ARB No. 51" (FAS 160). FAS 160 requires noncontrolling (i.e., minority) interests in partially owned consolidated subsidiaries to be classified in the consolidated balance sheet as a separate component of consolidated shareholders' equity, or in the mezzanine section of the balance sheet (between liabilities and equity), to the extent such interests do not qualify as "permanent equity" in accordance with EITF Topic D-98, "Classification and Measurement of Redeemable Securities" (revised September 2008). FAS 160 also establishes accounting rules for subsequent acquisitions and sales of noncontrolling interests and provides for how noncontrolling interests should be presented in the consolidated statement of income. The noncontrolling interests' share of subsidiary income should be reported as a part of consolidated net income with disclosure of the attribution of consolidated net income to the controlling and noncontrolling interests on the face of the consolidated statement of income.

AIG adopted FAS 160 on January 1, 2009, its required effective date. FAS 160 must be adopted prospectively, except that consolidated net income would be recast to include net income attributable to both the controlling and noncontrolling interests retrospectively and minority interest balance sheet reclassifications are to be made retrospectively, as discussed below. Effective with AIG's first quarter 2009 Form 10-Q, AIG will retrospectively reclassify a portion of the minority interest liability of $10.0 billion at December 31, 2008 (and prior periods) to a separate component of shareholders equity, titled Non-controlling interest, to the extent it qualifies to be reported in shareholders' equity. The remaining portion will be reclassified to the mezzanine section of the balance sheet.

FAS 161

In March 2008, the FASB issued FAS 161, "Disclosures about Derivative Instruments and Hedging Activities — an amendment of FASB Statement No. 133" (FAS 161). FAS 161 requires enhanced disclosures about (a) how and why AIG uses derivative instruments, (b) how derivative instruments and related hedged items



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are accounted for under FAS No. 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect AIG's consolidated financial condition, results of operations, and cash flows. FAS 161 is effective for AIG beginning with financial statements issued in the first quarter of 2009. Because FAS 161 only requires additional disclosures about derivatives, it will have no effect on AIG's consolidated financial condition, results of operations or cash flows.

FAS 162

In May 2008, the FASB issued FAS 162, "The Hierarchy of Generally Accepted Accounting Principles" (FAS 162). FAS 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements presented in conformity with GAAP but does not change current practices. FAS 162 will become effective on the 60th day following Securities and Exchange Commission (SEC) approval of the Public Company Accounting Oversight Board amendments to remove GAAP hierarchy from the auditing standards. FAS 162 will have no effect on AIG's consolidated financial condition, results of operations or cash flows.

FSP FAS 140-3

In February 2008, the FASB issued FSP No. FAS 140-3, "Accounting for Transfers of Financial Assets and Repurchase Financing Transactions" (FSP FAS 140-3). FSP FAS 140-3 requires an initial transfer of a financial asset and a repurchase financing that was entered into contemporaneously with or in contemplation of the initial transfer to be evaluated as a linked transaction unless certain criteria are met. FSP FAS 140-3 is effective for AIG beginning January 1, 2009 and will be applied to new transactions entered into from that date forward. Early adoption is prohibited. AIG is currently assessing the effect that adopting FSP FAS 140-3 will have on its consolidated financial statements but does not believe the effect will be material.

FSP FAS 132(R)-1

In December 2008, the FASB issued FSP FAS 132(R)-1, "Employer's Disclosures about Postretirement Benefit Plan Assets" (FSP FAS 132(R)-1). FSP FAS 132(R)-1 amends FAS 132(R) to require more detailed disclosures about an employer's plan assets, including the employer's investment strategies, major categories of plan assets, concentrations of risk within plan assets, and valuation techniques used to measure the fair values of plan assets. FSP FAS 132(R)-1 is effective for fiscal years ending after December 15, 2009.

EITF 07-5

In June 2008, the FASB ratified the consensus reached by the Emerging Issues Task Force (EITF) on Issue No. 07-5, "Determining Whether an Instrument (or Embedded Feature) is Indexed to an Entity's Own Stock". Following the January 1, 2009 adoption date, instruments that are not indexed to the issuer's stock would not qualify for an exception from derivative accounting provided in FAS 133 (which requires that an instrument is both indexed to the issuer's own stock, and that it is classified in equity). AIG is assessing the effect that adopting EITF 07-5 will have on its consolidated financial statements, but does not believe the effect will be material.

2. Restructuring

As described in Note 1 herein, AIG commenced an organization-wide restructuring plan under which some of its businesses will be divested, some will be held for later divestiture, and some businesses will be prepared for potential subsequent offerings to the public.

Successful execution of the restructuring plan involves significant separation activities. Accordingly, AIG established retention programs for its key employees to maintain ongoing business operations and to facilitate the successful execution of the restructuring plan. Additionally, given the market disruption in the first quarter of 2008, AIGFP established a retention plan for its employees to manage and unwind its complex businesses. Other major activities include the separation of shared services, infrastructure and assets among business units and corporate functions.




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Notes to Consolidated Financial Statements — (Continued)

At December 31, 2008, AIG cannot determine the expected date of completion or reliably estimate the total aggregate expenses expected to be incurred for all AIG's restructuring and separation activities. This is due to the significant scale of the restructuring plan, the fact that restructuring costs will vary depending on the identity of the ultimate purchasers of the divested entities, as well as the extended period over which the restructuring is expected to occur. For those activities that can be reasonably estimated, the total restructuring and separation expenses expected to be incurred is $1.9 billion at December 31, 2008.

Restructuring expenses and related asset impairment and other expenses, for the year ended December 31, 2008, by operating segment consisted of the following:

	Restructuring Expenses	Separation Expenses	Total	Total Amount Expected to be Incurred *
		(In millions)		
General Insurance	$ 38	$ 101	$139	$ 312
Life Insurance & Retirement Services	15	53	68	243
Financial Services	91	196	287	564
Asset Management	24	45	69	94
Other	139	56	195	724
Total	$ 307	$ 451	$758	$ 1,937

* *Includes cumulative amounts incurred and additional future amounts to be incurred that can be reasonably estimated at the balance sheet date.*

The initial restructuring liability and the corresponding movement from inception, for the year ended December 31, 2008, are summarized as follows:

	Severance Expenses(a)	Contract Termination Expenses	Asset Write-Downs	Other Exit Expenses(b)	Subtotal Restructuring Expenses	Separation Expenses(c)	Total Restructuring and Separation Expenses
				(In millions)			
Liability balance, beginning of year	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Amounts charged to expense	89	27	51	140	307	451	758
Paid	(12)	—	—	(53)	(65)	(167)	(232)
Non-cash	—	—	(51)	—	(51)	—	(51)
Liability balance, end of year	$ 77	$ 27	$ —	$ 87	$ 191	$ 284	$ 475
Total amount expected to be incurred(d)	$ 164	$ 106	$ 51	$ 585	$ 906	$ 1,031	$ 1,937

(a) Restructuring expenses include $44 million of retention awards and Total amount expected to be incurred includes $57 million for retention awards for employees expected to be terminated.

(b) Primarily includes consulting and other professional fees related to (i) asset disposition activities, (ii) AIG's debt and capital restructuring program with the NY Fed and the United States Department of the Treasury and (iii) unwinding most of AIGFP's businesses and portfolios.

(c) Restructuring expenses include $448 million of retention awards and Total amount expected to be incurred includes $1.0 billion for key employee retention awards announced during 2008.

(d) Includes cumulative amounts incurred and additional future amounts to be incurred that can be reasonably estimated at the balance sheet date.

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3. Segment Information

AIG identifies its operating segments by product line consistent with its management structure and evaluates their performance based on operating income (loss) before taxes. These segments and their respective operations are as follows:

General Insurance: AIG's General Insurance subsidiaries write substantially all lines of commercial property and casualty insurance and various personal lines both domestically and abroad. Revenues in the General Insurance segment represent General Insurance net Premiums and other considerations earned, Net investment income and Net realized capital gains (losses). AIG's principal General Insurance operations are as follows:

Commercial Insurance writes substantially all classes of business insurance in the U.S. and Canada, accepting such business mainly from insurance brokers.

Transatlantic Holdings, Inc. (Transatlantic) subsidiaries offer reinsurance on both a treaty and facultative basis to insurers in the U.S. and abroad. Transatlantic structures programs for a full range of property and casualty products with an emphasis on specialty risks.

AIG's Personal Lines operations provide automobile insurance through 21st.com and the Agency Auto Division, as well as a broad range of coverages for high net worth individuals through the AIG Private Client Group.

Mortgage Guaranty operations provide residential mortgage guaranty insurance that covers the first loss for credit defaults on high loan-to-value conventional first- and second-lien mortgages for the purchase or refinance of one to four family residences. Effective September 30, 2008 Mortgage Guaranty ceased insuring new second-lien mortgages.

AIG's Foreign General Insurance group accepts risks primarily underwritten through a network of branches and foreign based insurance subsidiaries. The Foreign General Insurance group uses various marketing methods to write both business and consumer lines insurance with certain refinements for local laws, customs and needs. AIU operates in Asia, the Pacific Rim, Europe, including the United Kingdom, Africa, the Middle East and Latin America.

Each of the General Insurance sub-segments is comprised of groupings of major products and services as follows: Commercial Insurance is comprised of domestic commercial insurance products and services; Transatlantic is comprised of reinsurance products and services sold to other general insurance companies; Personal Lines is comprised of general insurance products and services sold to individuals; Mortgage Guaranty is comprised of products insuring against losses arising under certain loan agreements; and Foreign General is comprised of general insurance products sold overseas.

Life Insurance & Retirement Services: AIG's Life Insurance & Retirement Services subsidiaries offer a wide range of insurance and retirement savings products both domestically and abroad. Insurance-oriented products consist of individual and group life, payout annuities (including structured settlements), endowment and accident and health policies. Retirement savings products consist generally of fixed and variable annuities. Revenues in the Life Insurance & Retirement Services segment represent Life Insurance & Retirement Services Premiums and other considerations, Net investment income and Net realized capital gains (losses).

AIG's principal Foreign Life Insurance & Retirement Services operations are American Life Insurance Company (ALICO), American International Assurance Company, Limited, together with American International Assurance Company (Bermuda) Limited (AIA), Nan Shan Life Insurance Company, Ltd. (Nan Shan), The Philippine American Life and General Insurance Company (Philamlife), AIG Edison Life Insurance Company (AIG Edison Life) and AIG Star Life Insurance Co. Ltd. (AIG Star Life).

AIG's principal Domestic Life Insurance and Domestic Retirement Services operations are American General Life Insurance Company (AG Life), The United States Life Insurance Company in the City of New York (USLIFE), American General Life and Accident Insurance Company (AGLA and, collectively with AG Life and USLIFE, the Domestic Life Insurance internal reporting unit), AIG Annuity Insurance Company (AIG Annuity), The Variable



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Annuity Life Insurance Company (VALIC) and AIG Retirement Services, Inc (AIG SunAmerica and, collectively with AIG Annuity and VALIC, the Domestic Retirement Services internal reporting unit).

American International Reinsurance Company Limited (AIRCO) acts primarily as an internal reinsurance company for AIG's insurance operations.

Life Insurance & Retirement Services is comprised of two major groupings of products and services: insurance-oriented products and services and retirement savings products and services.

Financial Services: AIG's Financial Services subsidiaries engage in diversified activities including aircraft leasing, capital markets, consumer finance and insurance premium finance. Together, the Aircraft Leasing, Capital Markets and Consumer Finance operations generate the majority of the revenues produced by the Financial Services operations. A.I. Credit also contributes to Financial Services income principally by providing insurance premium financing for both AIG's policyholders and those of other insurers.

AIG's Aircraft Leasing operations represent the operations of ILFC, which generates its revenues primarily from leasing new and used commercial jet aircraft to foreign and domestic airlines. Revenues also result from the remarketing of commercial jet aircraft for ILFC's own account, and remarketing and fleet management services for airlines and financial institutions.

Capital Markets represents the operations of AIGFP, which engaged as principal in a wide variety of financial transactions, including standard and customized financial products involving commodities, credit, currencies, energy, equities and interest rates. AIGFP also invests in a diversified portfolio of securities and principal investments and engages in borrowing activities that involve issuing standard and structured notes and other securities and entering into GIAs. Given the extreme market conditions experienced in 2008, downgrades of AIG's credit ratings by the rating agencies, as well as AIG's intent to refocus on its core businesses, AIGFP has begun to unwind its businesses and portfolios including those associated with credit protection written through credit default swaps on super senior risk tranches of diversified pools of loans and debt securities.

Historically, AIG's Capital Markets operations derived a significant portion of their revenues from hedged financial positions entered into in connection with counterparty transactions. AIGFP has also participated as a dealer in a wide variety of financial derivatives transactions. Revenues and operating income of the Capital Markets operations and the percentage change in these amounts for any given period are significantly affected by changes in the fair value of AIGFP's assets and liabilities and by the number, size and profitability of transactions entered into during that period relative to those entered into during the comparative period.

AIG's Consumer Finance operations in North America are principally conducted through AGF. AGF derives most of its revenues from finance charges assessed on real estate loans, secured and unsecured non-real estate loans and retail sales finance receivables. During 2008, AGF ceased its wholesale originations (originations through mortgage brokers).

AIG's foreign consumer finance operations are principally conducted through AIGCFG. AIGCFG operates primarily in emerging and developing markets. AIGCFG has operations in Argentina, China, Brazil, Hong Kong, Mexico, the Philippines, Poland, Taiwan, Thailand, India and Colombia.

Asset Management: AIG's Asset Management operations comprise a wide variety of investment-related services and investment products. Such services and products are offered to individuals, pension funds and institutions globally through AIG's Spread-Based Investment business, Institutional Asset Management, and Brokerage Services and Mutual Funds business. Revenues in the Asset Management segment represent investment income with respect to spread-based products and management, advisory and incentive fees.

Other Operations: AIG's Other operations include interest expense, restructuring costs, expenses of corporate staff not attributable to specific business segments, expenses related to efforts to improve internal controls, corporate initiatives, certain compensation plan expenses and the settlement costs more fully described in Note 14(a) to the Consolidated Financial Statements.

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Notes to Consolidated Financial Statements — (Continued)

AIG's operations by operating segment were as follows:

	Operating Segments							
	General Insurance	Life Insurance & Retirement Services	Financial Services	Asset Management	Other	Total	Consolidation and Eliminations	Consolidated
				(In millions)				
2008								
Total revenues*	$ 44,676	$ 3,054	$ (31,095)	$ (4,526)	$ (81)	$ 12,028	$ (924)	$ 11,104
Interest expense	6	5	3,365	712	13,323	17,411	(393)	17,018
Other-than-temporary impairment charges	4,533	38,731	127	7,276	138	50,805	—	50,805
Operating loss before minority interest*	(5,746)	(37,446)	(40,821)	(9,187)	(15,055)	(108,255)	(506)	(108,761)
Depreciation expense	380	439	1,976	250	162	3,207	—	3,207
Capital expenditures	261	695	3,501	1,381	303	6,141	—	6,141
Year-end identifiable assets	$ 165,947	$ 489,646	$ 167,061	$ 46,850	$168,762	$1,038,266	$ (177,848)	$ 860,418
2007								
Total revenues	$ 51,708	$ 53,570	$ (1,309)	$ 5,625	$ 457	$ 110,051	$ 13	$ 110,064
Interest expense	29	128	7,794	567	1,580	10,098	(410)	9,688
Other-than-temporary impairment charges	276	2,798	650	835	156	4,715	—	4,715
Operating income (loss) before minority interest	10,526	8,186	(9,515)	1,164	(2,140)	8,221	722	8,943
Depreciation expense	300	392	1,831	88	179	2,790	—	2,790
Capital expenditures	354	532	4,569	3,557	271	9,283	—	9,283
Year-end identifiable assets	$ 181,708	$ 613,161	$ 193,975	$ 77,274	$126,874	$1,192,992	$ (144,631)	$ 1,048,361
2006								
Total revenues	$ 49,206	$ 50,878	$ 7,777	$ 4,543	$ 483	$ 112,887	$ 500	$ 113,387
Interest expense	23	74	6,005	105	1,069	7,276	(325)	6,951
Other-than-temporary impairment charges	77	641	1	225	—	944	—	944
Operating income (loss) before minority interest	10,412	10,121	383	1,538	(1,435)	21,019	668	21,687
Depreciation expense	274	268	1,555	13	164	2,374	—	2,374
Capital expenditures	375	711	6,278	835	244	8,443	—	8,443
Year-end identifiable assets	$ 167,004	$ 550,957	$ 202,485	$ 78,275	$107,517	$1,106,238	$ (126,828)	$ 979,410

* *To better align financial reporting with the manner in which AIG's chief operating decision maker manages the business, AIG's own credit risk valuation adjustments on intercompany transactions, the recognition of which began in 2008, are excluded from segment revenues and operating income. In addition, goodwill impairment charges totaling $1.1 billion that were recorded on AIG Parent's books have been included herein for segment reporting purposes.*

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AIG's General Insurance operations by major internal reporting unit were as follows:

	General Insurance								
	Commercial Insurance	Transatlantic	Personal Lines	Mortgage Guaranty	Foreign General Insurance	Total Reportable Segment	Consolidation and Eliminations	Total General Insurance
				(In millions)				
2008								
Total revenues	$ 20,841	$ 4,079	$ 4,848	$ 1,228	$ 13,658	$ 44,654	$ 22	$ 44,676
Claims and claims adjustment expenses incurred	17,915	2,907	3,633	3,264	7,838	35,557	—	35,557
Underwriting expenses	5,991	1,233	2,000	439	5,202	14,865	—	14,865
Operating income (loss)	(3,065)	(61)	(785)	(2,475)	618	(5,768)	22	(5,746)
Depreciation expense	101	3	87	7	182	380	—	380
Capital expenditures	69	3	62	10	117	261	—	261
Year-end identifiable assets	$ 107,458	$ 13,376	$ 5,304	$ 6,561	$ 39,037	$ 171,736	$ (5,789)	$ 165,947
2007								
Total revenues	$ 27,653	$ 4,382	$ 4,924	$ 1,041	$ 13,715	$ 51,715	$ (7)	$ 51,708
Claims and claims adjustment expenses incurred	15,948	2,638	3,660	1,493	6,243	29,982	—	29,982
Underwriting expenses	4,400	1,083	1,197	185	4,335	11,200	—	11,200
Operating income (loss)	7,305	661	67	(637)	3,137	10,533	(7)	10,526
Depreciation expense	97	2	70	6	125	300	—	300
Capital expenditures	93	4	81	21	155	354	—	354
Year-end identifiable assets	$ 112,675	$ 15,484	$ 5,930	$ 4,550	$ 48,728	$ 187,367	$ (5,659)	$ 181,708
2006								
Total revenues	$ 27,419	$ 4,050	$ 4,871	$ 877	$ 11,999	$ 49,216	$ (10)	$ 49,206
Claims and claims adjustment expenses incurred	16,779	2,463	3,306	349	5,155	28,052	—	28,052
Underwriting expenses	4,795	998	1,133	200	3,616	10,742	—	10,742
Operating income	5,845	589	432	328	3,228	10,422	(10)	10,412
Depreciation expense	100	2	52	5	115	274	—	274
Capital expenditures	125	2	94	11	143	375	—	375
Year-end identifiable assets	$ 104,866	$ 14,268	$ 5,391	$ 3,604	$ 43,879	$ 172,008	$ (5,004)	$ 167,004

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AIG's Life Insurance & Retirement Services operations by major internal reporting unit were as follows:

	Life Insurance & Retirement Services					
	Foreign Life Insurance & Retirement Services	Domestic Life Insurance	Domestic Retirement Services	Total Reportable Segment	Consolidation and Eliminations	Total Life Insurance & Retirement Services
			(In millions)			
2008						
Total revenues:						
Insurance-oriented products	**$ 22,137**	**$ (3,743)**	**$ —**	**$ 18,394**	**$ —**	**$ 18,394**
Retirement savings products	**(2,042)**	**2,222**	**(15,520)**	**(15,340)**	**—**	**(15,340)**
Total revenues	**20,095**	**(1,521)**	**(15,520)**	**3,054**	**—**	**3,054**
Operating income	**(6,337)**	**(10,238)**	**(20,871)**	**(37,446)**	**—**	**(37,446)**
Depreciation expense	**232**	**90**	**117**	**439**	**—**	**439**
Capital expenditures	**595**	**32**	**68**	**695**	**—**	**695**
Year-end identifiable assets	**$ 271,867**	**$ 97,773**	**$137,471**	**$507,111**	**$ (17,465)**	**$ 489,646**
2007						
Total revenues:						
Insurance-oriented products	$ 34,289	$ 8,535	$ —	$ 42,824	$ —	$ 42,824
Retirement savings products	3,974	493	6,279	10,746	—	10,746
Total revenues	38,263	9,028	6,279	53,570	—	53,570
Operating income	6,197	642	1,347	8,186	—	8,186
Depreciation expense	194	85	113	392	—	392
Capital expenditures	398	53	81	532	—	532
Year-end identifiable assets	$ 309,934	$108,908	$201,216	$620,058	$ (6,897)	$ 613,161
2006						
Total revenues:						
Insurance-oriented products	$ 31,022	$ 8,538	$ —	$ 39,560	$ —	$ 39,560
Retirement savings products	3,609	568	7,141	11,318	—	11,318
Total revenues	34,631	9,106	7,141	50,878	—	50,878
Operating income	6,881	917	2,323	10,121	—	10,121
Depreciation expense	171	63	34	268	—	268
Capital expenditures	602	71	38	711	—	711
Year-end identifiable assets	$ 261,259	$103,624	$192,885	$557,768	$ (6,811)	$ 550,957

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AIG's Financial Services operations by major internal reporting unit were as follows:

	Financial Services						
	Aircraft Leasing	Capital Markets	Consumer Finance	Other	Total Reportable Segment	Consolidation and Elimination	Total Financial Services
				(In millions)			
2008							
Total revenues	**$ 5,075**	**$ (40,333)**	**$ 3,849**	**$ 323**	**$ (31,086)**	**$ (9)**	**$ (31,095)**
Interest expense	**1,557**	**—**	**1,567**	**276**	**3,400**	**(35)**	**3,365**
Operating income*	**1,116**	**(40,471)**	**(1,261)**	**(205)**	**(40,821)**	**—**	**(40,821)**
Depreciation expense	**1,879**	**20**	**48**	**29**	**1,976**	**—**	**1,976**
Capital expenditures	**3,231**	**5**	**85**	**180**	**3,501**	**—**	**3,501**
Year-end identifiable assets	**$47,426**	**$ 77,846**	**$ 34,525**	**$ (2,354)**	**$157,443**	**$ 9,618**	**$167,061**
2007							
Total revenues	$ 4,694	$ (9,979)	$ 3,655	$ 1,471	$ (159)	$ (1,150)	$ (1,309)
Interest expense	1,650	4,644	1,437	63	7,794	—	7,794
Operating income (loss)	873	(10,557)	171	(2)	(9,515)	—	(9,515)
Depreciation expense	1,751	24	41	15	1,831	—	1,831
Capital expenditures	4,164	21	62	322	4,569	—	4,569
Year-end identifiable assets	$44,970	$105,568	$ 36,822	$17,357	$204,717	$ (10,742)	$193,975
2006							
Total revenues	$ 4,082	$ (186)	$ 3,587	$ 320	$ 7,803	$ (26)	$ 7,777
Interest expense	1,442	3,215	1,303	108	6,068	(63)	6,005
Operating income (loss)	578	(873)	668	10	383	—	383
Depreciation expense	1,584	19	41	11	1,655	—	1,655
Capital expenditures	6,012	15	52	199	6,278	—	6,278
Year-end identifiable assets	$41,975	$121,243	$ 32,702	$12,368	$208,288	$ (5,803)	$202,485

* *Includes $1.4 billion of intercompany interest expense and $803 million of increase to fair value which are eliminated in AIG's consolidation.*

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AIG's Asset Management operations consist of a single internal reporting unit.

AIG's operations by major geographic segment were as follows:

	Geographic Segments			
	Domestic(a)	Far East	Other Foreign	Consolidated
		(In millions)		
2008				
Total revenues	**$ (33,301)**	**$25,022**	**$19,383**	**$ 11,104**
Real estate and other fixed assets, net of accumulated depreciation	**3,224**	**1,552**	**790**	**5,566**
Flight equipment primarily under operating leases, net of accumulated depreciation *(b)*	**$ 43,395**	**$ —**	**$ —**	**$ 43,395**
2007				
Total revenues	$ 46,402	$36,512	$27,150	$ 110,064
Real estate and other fixed assets, net of accumulated depreciation	3,202	1,404	912	5,518
Flight equipment primarily under operating leases, net of accumulated depreciation *(b)*	$ 41,984	$ —	$ —	$ 41,984
2006				
Total revenues	$ 57,984	$33,883	$21,520	$ 113,387
Real estate and other fixed assets, net of accumulated depreciation	2,432	1,082	867	4,381
Flight equipment primarily under operating leases, net of accumulated depreciation *(b)*	$ 39,875	$ —	$ —	$ 39,875

(a) Including revenues from insurance operations in Canada of $1.4 billion, $1.3 billion and $1.1 billion in 2008, 2007 and 2006, respectively. Revenues are generally recorded based on the geographic location of the reporting unit.

(b) ILFC derives more than 90 percent of its revenue from foreign-operated airlines.

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American International Group, Inc., and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

4. Fair Value Measurements

Effective January 1, 2008, AIG adopted FAS 157 and FAS 159, which specify measurement and disclosure standards related to assets and liabilities measured at fair value. See Note 1 herein for additional information.

The most significant effect of adopting FAS 157 on AIG's results of operations for 2008 related to changes in fair value methodologies with respect to both liabilities already carried at fair value, primarily hybrid notes and derivatives, and newly elected liabilities measured at fair value (see FAS 159 discussion below). Specifically, the incorporation of AIG's own credit spreads and the incorporation of explicit risk margins (embedded policy derivatives at transition only) to reflect the risk of AIG's non-performance resulted in an increase of $1.8 billion to pre-tax income ($1.2 billion after tax) for 2008, as follows:

	Net Pre-Tax Increase (Decrease) Twelve Months Ended December 31, 2008 (In millions)	Liabilities Carried at Fair Value	Business Segment Affected
Income statement caption:			
Net realized capital losses	$ 542	Freestanding derivatives	All segments — excluding AIGFP
	(155)	Embedded policy derivatives	Life Insurance & Retirement Services
Unrealized market valuation losses on AIGFP super senior credit default swap portfolio	185	Super senior credit default swap portfolio	AIGFP
Other income	1,209	Notes, GIAs, derivatives, other liabilities	AIGFP
Net pre-tax increase	$ 1,781		
Liabilities already carried at fair value	$ 1,697		
Newly elected liabilities measured at fair value (FAS 159 elected)	84		
Net pre-tax increase	$ 1,781		

Fair Value Measurements on a Recurring Basis

AIG measures at fair value on a recurring basis financial instruments in its trading and available for sale securities portfolios, certain mortgage and other loans receivable, certain spot commodities, derivative assets and liabilities, securities purchased (sold) under agreements to resell (repurchase), securities lending invested collateral, non-traded equity investments and certain private limited partnerships and certain hedge funds included in other invested assets, certain short-term investments, separate and variable account assets, certain policyholder contract deposits, securities and spot commodities sold but not yet purchased, certain trust deposits and deposits due to banks and other depositors, certain long-term debt, and certain hybrid financial instruments included in other liabilities. The fair value of a financial instrument is the amount that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The degree of judgment used in measuring the fair value of financial instruments generally correlates with the level of pricing observability. Financial instruments with quoted prices in active markets generally have more pricing observability and less judgment is used in measuring fair value. Conversely, financial instruments traded in other-than-active markets or that do not have quoted prices have less observability and are measured at fair value using valuation models or other pricing techniques that require more judgment. An active market is one in which transactions for the asset or liability being valued occur with sufficient frequency and volume to provide pricing



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information on an ongoing basis. An other-than-active market is one in which there are few transactions, the prices are not current, price quotations vary substantially either over time or among market makers, or in which little information is released publicly for the asset or liability being valued. Pricing observability is affected by a number of factors, including the type of financial instrument, whether the financial instrument is new to the market and not yet established, the characteristics specific to the transaction and general market conditions.

Fair Value Hierarchy

Beginning January 1, 2008, assets and liabilities recorded at fair value in the consolidated balance sheet are measured and classified in a hierarchy for disclosure purposes consisting of three "levels" based on the observability of inputs available in the marketplace used to measure the fair values as discussed below:

- *Level 1:* Fair value measurements that are quoted prices (unadjusted) in active markets that AIG has the ability to access for identical assets or liabilities. Market price data generally is obtained from exchange or dealer markets. AIG does not adjust the quoted price for such instruments. Assets and liabilities measured at fair value on a recurring basis and classified as Level 1 include certain government and agency securities, actively traded listed common stocks and derivative contracts, most separate account assets and most mutual funds.
- *Level 2:* Fair value measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. Assets and liabilities measured at fair value on a recurring basis and classified as Level 2 generally include certain government securities, most investment-grade and high-yield corporate bonds, certain ABS, certain listed equities, state, municipal and provincial obligations, hybrid securities, mutual fund and hedge fund investments, derivative contracts, GIAs at AIGFP and physical commodities.
- *Level 3:* Fair value measurements based on valuation techniques that use significant inputs that are unobservable. These measurements include circumstances in which there is little, if any, market activity for the asset or liability. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety. AIG's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment. In making the assessment, AIG considers factors specific to the asset or liability. Assets and liabilities measured at fair value on a recurring basis and classified as Level 3 include certain distressed ABS, structured credit products, certain derivative contracts (including AIGFP's super senior credit default swap portfolio), policyholder contract deposits carried at fair value, private equity and real estate fund investments, and direct private equity investments. AIG's non-financial-instrument assets that are measured at fair value on a non-recurring basis generally are classified as Level 3.

The following is a description of the valuation methodologies used for instruments carried at fair value:

Incorporation of Credit Risk in Fair Value Measurements

- *AIG's Own Credit Risk.* Fair value measurements for AIGFP's debt, GIAs, structured note liabilities and freestanding derivatives incorporate AIG's own credit risk by determining the explicit cost for each counterparty to protect against its net credit exposure to AIG at the balance sheet date by reference to observable AIG credit default swap spreads. A counterparty's net credit exposure to AIG is determined based on master netting agreements, when applicable, which take into consideration all positions with AIG, as well as collateral posted by AIG with the counterparty at the balance sheet date.

  Fair value measurements for embedded policy derivatives and policyholder contract deposits take into consideration that policyholder liabilities are senior in priority to general creditors of AIG and therefore are much less sensitive to changes in AIG credit default swap or cash issuance spreads.



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- *Counterparty Credit Risk.* Fair value measurements for freestanding derivatives incorporate counterparty credit by determining the explicit cost for AIG to protect against its net credit exposure to each counterparty at the balance sheet date by reference to observable counterparty credit default swap spreads. AIG's net credit exposure to a counterparty is determined based on master netting agreements, which take into consideration all derivative positions with the counterparty, as well as cash collateral posted by the counterparty at the balance sheet date.

Fair values for fixed maturity securities based on observable market prices for identical or similar instruments implicitly include the incorporation of counterparty credit risk. Fair values for fixed maturity securities based on internal models incorporate counterparty credit risk by using discount rates that take into consideration cash issuance spreads for similar instruments or other observable information.

Fixed Maturity Securities — Trading and Available for Sale

AIG maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. Whenever available, AIG obtains quoted prices in active markets for identical assets at the balance sheet date to measure at fair value fixed maturity securities in its trading and available for sale portfolios. Market price data generally is obtained from exchange or dealer markets.

AIG estimates the fair value of fixed maturity securities not traded in active markets, including securities purchased (sold) under agreements to resell (repurchase), and mortgage and other loans receivable for which AIG elected the fair value option, by referring to traded securities with similar attributes, using dealer quotations, a matrix pricing methodology, discounted cash flow analyses or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating and tenor, its coupon rate, its position in the capital structure of the issuer, yield curves, credit curves, prepayment rates and other relevant factors. For fixed maturity instruments that are not traded in active markets or that are subject to transfer restrictions, valuations are adjusted to reflect illiquidity and/or non-transferability, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

ML II and ML III

At their inception, AIG's economic interests in ML II and membership interests in ML III (Maiden Lane Interests) were valued at the transaction prices of $1 billion and $5 billion, respectively. Subsequently, Maiden Lane Interests are valued using a discounted cash flow methodology that uses the estimated future cash flows of the assets to which the Maiden Lane Interests are entitled and the discount rates applicable to such interests as derived from the fair value of the entire asset pool. The implicit discount rates are calibrated to the changes in the estimated asset values for the underlying assets commensurate with AIG's interests in the capital structure of the respective entities. Estimated cash flows and discount rates used in the valuations are validated, to the extent possible, using market observable information for securities with similar asset pools, structure and terms.

Valuation Sensitivity: The fair values of the Maiden Lane Interests are most affected by changes in the discount rates and changes in the underlying estimated future collateral cash flow assumptions used in the valuation model.

The benchmark LIBOR interest rate curve changes are determined by macroeconomic considerations and financial sector credit spreads. The spreads over LIBOR for the Maiden Lane Interests (including collateral-specific credit and liquidity spreads) can change as a result of changes in market expectations about the future performance of these investments as well as changes in the risk premium that market participants would demand at the time of the transactions.

Changes in estimated future cash flows would primarily be the result of changes in expectations for collateral defaults, recoveries, and underlying loan prepayments.

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Increases in the discount rate or decreases in estimated future cash flows used in the valuation would decrease AIG's estimate of the fair value of the Maiden Lane Interests as shown in the table below.

	Fair Value Change	
	ML II	ML III
	(in millions)	
Discount Rates		
200 basis point increase	$ (87)	$ (596)
400 basis point increase	(164)	(1,098)
Estimated Future Cash Flows		
10% decrease	(316)	(881)
20% decrease	(595)	(1,668)

AIG believes that the ranges of discount rates used in these analyses are reasonable based on implied spread volatilities of similar collateral securities and implied volatilities of LIBOR interest rates. The ranges of estimated future cash flows were determined based on variability in estimated future cash flows implied by cumulative loss estimates for similar instruments. The fair values of the Maiden Lane Interests are likely to vary, perhaps materially, from the amount estimated.

Equity Securities Traded in Active Markets — Trading and Available for Sale

AIG maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. Whenever available, AIG obtains quoted prices in active markets for identical assets at the balance sheet date to measure at fair value marketable equity securities in its trading and available for sale portfolios. Market price data generally is obtained from exchange or dealer markets.

Non-Traded Equity Investments — Other Invested Assets

AIG initially estimates the fair value of equity instruments not traded in active markets by reference to the transaction price. This valuation is adjusted only when changes to inputs and assumptions are corroborated by evidence such as transactions in similar instruments, completed or pending third-party transactions in the underlying investment or comparable entities, subsequent rounds of financing, recapitalizations and other transactions across the capital structure, offerings in the equity capital markets, and changes in financial ratios or cash flows. For equity securities that are not traded in active markets or that are subject to transfer restrictions, valuations are adjusted to reflect illiquidity and/or non-transferability and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Private Limited Partnership and Hedge Fund Investments — Other Invested Assets

AIG initially estimates the fair value of investments in certain private limited partnerships and certain hedge funds by reference to the transaction price. Subsequently, AIG obtains the fair value of these investments generally from net asset value information provided by the general partner or manager of the investments, the financial statements of which generally are audited annually. AIG considers observable market data and performs diligence procedures in validating the appropriateness of using the net asset value as a fair value measurement.

Separate Account Assets

Separate account assets are composed primarily of registered and unregistered open-end mutual funds that generally trade daily and are measured at fair value in the manner discussed above for equity securities traded in active markets.

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Freestanding Derivatives

Derivative assets and liabilities can be exchange-traded or traded over the counter (OTC). AIG generally values exchange-traded derivatives using quoted prices in active markets for identical derivatives at the balance sheet date.

OTC derivatives are valued using market transactions and other market evidence whenever possible, including market-based inputs to models, model calibration to market clearing transactions, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency. When models are used, the selection of a particular model to value an OTC derivative depends on the contractual terms of, and specific risks inherent in, the instrument as well as the availability of pricing information in the market. AIG generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures of volatility, prepayment rates and correlations of such inputs. For OTC derivatives that trade in liquid markets, such as generic forwards, swaps and options, model inputs can generally be corroborated by observable market data by correlation or other means, and model selection does not involve significant management judgment.

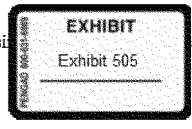
Certain OTC derivatives trade in less liquid markets with limited pricing information, and the determination of fair value for these derivatives is inherently more difficult. When AIG does not have corroborating market evidence to support significant model inputs and cannot verify the model to market transactions, the transaction price is initially used as the best estimate of fair value. Accordingly, when a pricing model is used to value such an instrument, the model is adjusted so the model value at inception equals the transaction price. Subsequent to initial recognition, AIG updates valuation inputs when corroborated by evidence such as similar market transactions, third-party pricing services and/or broker or dealer quotations, or other empirical market data. When appropriate, valuations are adjusted for various factors such as liquidity, bid/offer spreads and credit considerations. Such adjustments are generally based on available market evidence. In the absence of such evidence, management's best estimate is used.

Embedded Policy Derivatives

The fair value of embedded policy derivatives contained in certain variable annuity and equity-indexed annuity and life contracts is measured based on actuarial and capital market assumptions related to projected cash flows over the expected lives of the contracts. These cash flow estimates primarily include benefits and related fees assessed, when applicable, and incorporate expectations about policyholder behavior. Estimates of future policyholder behavior are subjective and based primarily on AIG's historical experience. With respect to embedded policy derivatives in AIG's variable annuity contracts, because of the dynamic and complex nature of the expected cash flows, risk neutral valuations are used. Estimating the underlying cash flows for these products involves many estimates and judgments, including those regarding expected market rates of return, market volatility, correlations of market index returns to funds, fund performance, discount rates and policyholder behavior. With respect to embedded policy derivatives in AIG's equity-indexed annuity and life contracts, option pricing models are used to estimate fair value, taking into account assumptions for future equity index growth rates, volatility of the equity index, future interest rates, and determinations on adjusting the participation rate and the cap on equity indexed credited rates in light of market conditions and policyholder behavior assumptions. With the adoption of FAS 157, these methodologies were not changed, with the exception of incorporating an explicit risk margin to take into consideration market participant estimates of projected cash flows and policyholder behavior. The valuation technique used to measure the fair value of certain variable annuity guarantees was modified during 2008, primarily with respect to the development of long-dated equity volatility assumptions and the discount rates applied to certain projected benefit payments.

AIGFP's Super Senior Credit Default Swap Portfolio

AIGFP values its credit default swaps written on the super senior risk layers of designated pools of debt securities or loans using internal valuation models, third-party price estimates and market indices. The principal market was determined to be the market in which super senior credit default swaps of this type and size would be



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transacted, or have been transacted, with the greatest volume or level of activity. AIG has determined that the principal market participants, therefore, would consist of other large financial institutions who participate in sophisticated over-the-counter derivatives markets. The specific valuation methodologies vary based on the nature of the referenced obligations and availability of market prices.

The valuation of the super senior credit derivatives continues to be challenging given the limitation on the availability of market observable information due to the lack of trading and price transparency in the structured finance market, particularly during and since the second half of 2007. These market conditions have increased the reliance on management estimates and judgments in arriving at an estimate of fair value for financial reporting purposes. Further, disparities in the valuation methodologies employed by market participants and the varying judgments reached by such participants when assessing volatile markets have increased the likelihood that the various parties to these instruments may arrive at significantly different estimates as to their fair values.

AIGFP's valuation methodologies for the super senior credit default swap portfolio have evolved in response to the deteriorating market conditions and the lack of sufficient market observable information. AIG has sought to calibrate the model to available market information and to review the assumptions of the model on a regular basis.

In the case of credit default swaps written to facilitate regulatory capital relief, AIGFP estimates the fair value of these derivatives by considering observable market transactions. The transactions with the most observability are the early terminations of these transactions by counterparties. AIG expects that the majority of these transactions will be terminated within the next 15 months by AIGFP's counterparties. During 2008, $99.7 billion in net notional amount of regulatory capital super senior transactions was terminated or matured. AIGFP has also received formal termination notices for an additional $26.5 billion in net notional amount of regulatory capital super senior CDS transactions with effective termination dates in 2009. AIGFP has not been required to make any payments as part of these terminations and in certain cases was paid a fee upon termination. AIGFP also considers other market data, to the extent relevant and available.

AIGFP uses a modified version of the Binomial Expansion Technique (BET) model to value its credit default swap portfolio written on super senior tranches of multi-sector collateralized debt obligations (CDOs) of asset-backed securities (ABS), including maturity-shortening puts that allow the holders of the securities issued by certain CDOs to treat the securities as short-term eligible 2a-7 investments under the Investment Company Act of 1940 (2a-7 Puts). The BET model was developed in 1996 by a major rating agency to generate expected loss estimates for CDO tranches and derive a credit rating for those tranches, and has been widely used ever since.

AIGFP has adapted the BET model to estimate the price of the super senior risk layer or tranche of the CDO. AIG modified the BET model to imply default probabilities from market prices for the underlying securities and not from rating agency assumptions. To generate the estimate, the model uses the price estimates for the securities comprising the portfolio of a CDO as an input and converts those estimates to credit spreads over current LIBOR-based interest rates. These credit spreads are used to determine implied probabilities of default and expected losses on the underlying securities. This data is then aggregated and used to estimate the expected cash flows of the super senior tranche of the CDO.

Prices for the individual securities held by a CDO are obtained in most cases from the CDO collateral managers, to the extent available. For the year ended December 31, 2008, CDO collateral managers provided market prices for 61.2 percent of the underlying securities. When a price for an individual security is not provided by a CDO collateral manager, AIGFP derives the price through a pricing matrix using prices from CDO collateral managers for similar securities. Matrix pricing is a mathematical technique used principally to value debt securities without relying exclusively on quoted prices for the specific securities, but rather by relying on the relationship of the security to other benchmark quoted securities. Substantially all of the CDO collateral managers who provided prices used dealer prices for all or part of the underlying securities, in some cases supplemented by third-party pricing services.

The BET model also uses diversity scores, weighted average lives, recovery rates and discount rates.

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AIGFP employs a Monte Carlo simulation to assist in quantifying the effect on the valuation of the CDO of the unique aspects of the CDO's structure such as triggers that divert cash flows to the most senior part of the capital structure. The Monte Carlo simulation is used to determine whether an underlying security defaults in a given simulation scenario and, if it does, the security's implied random default time and expected loss. This information is used to project cash flow streams and to determine the expected losses of the portfolio.

In addition to calculating an estimate of the fair value of the super senior CDO security referenced in the credit default swaps using its internal model, AIGFP also considers the price estimates for the super senior CDO securities provided by third parties, including counterparties to these transactions, to validate the results of the model and to determine the best available estimate of fair value. In determining the fair value of the super senior CDO security referenced in the credit default swaps, AIGFP uses a consistent process which considers all available pricing data points and eliminates the use of outlying data points. When pricing data points are within a reasonable range an averaging technique is applied.

In the case of credit default swaps written on portfolios of investment-grade corporate debt, AIGFP estimates the fair value of its obligations by comparing the contractual premium of each contract to the current market levels of the senior tranches of comparable credit indices, the iTraxx index for European corporate issuances and the CDX index for U.S. corporate issuances. These indices are considered reasonable proxies for the referenced portfolios. In addition, AIGFP compares these valuations to third-party prices and makes adjustments as necessary to determine the best available estimate of fair value.

AIGFP estimates the fair value of its obligations resulting from credit default swaps written on CLOs to be equivalent to the par value less the current market value of the referenced obligation. Accordingly, the value is determined by obtaining third-party quotes on the underlying super senior tranches referenced under the credit default swap contract.

Policyholder Contract Deposits

Policyholder contract deposits accounted for at fair value beginning January 1, 2008 are measured using an income approach by taking into consideration the following factors:

- Current policyholder account values and related surrender charges;
- The present value of estimated future cash inflows (policy fees) and outflows (benefits and maintenance expenses) associated with the product using risk neutral valuations, incorporating expectations about policyholder behavior, market returns and other factors; and
- A risk margin that market participants would require for a market return and the uncertainty inherent in the model inputs.

The change in fair value of these policyholder contract deposits is recorded as policyholder benefits and claims incurred in the consolidated statement of income (loss).

Spot commodities and Securities and spot commodities sold but not yet purchased

Fair values of spot commodities and spot commodities sold but not yet purchased are based on current market prices of reference spot futures contracts traded on exchanges. Fair values for securities sold but not yet purchased are based on current market prices.

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Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table presents information about assets and liabilities measured at fair value on a recurring basis and indicates the level of the fair value measurement based on the levels of the inputs used:

	Level 1	Level 2	Level 3	Counterparty Netting(a)	Cash Collateral(b)	Total December 31, 2008
			(In millions)			
Assets:						
Bonds available for sale	$ 414	$344,237	$18,391	$ —	$ —	$ 363,042
Bond trading securities	781	29,480	6,987	—	—	37,248
Securities lending invested collateral *(c)*	—	2,966	435	—	—	3,401
Common and preferred stocks available for sale	7,282	1,415	111	—	—	8,808
Common and preferred stocks trading	11,199	1,133	3	—	—	12,335
Mortgage and other loans receivable	—	131	—	—	—	131
Other invested assets *(d)*	1,853	6,175	11,168	—	—	19,196
Unrealized gain on swaps, options and forward transactions	223	90,998	3,865	(74,217)	(7,096)	13,773
Securities purchased under agreements to resell	—	3,960	—	—	—	3,960
Short-term investments	3,247	16,069	—	—	—	19,316
Separate account assets	47,902	2,410	830	—	—	51,142
Other assets	—	44	325	—	—	369
Total	$72,901	$499,018	$42,115	$ (74,217)	$ (7,096)	$ 532,721
Liabilities:						
Policyholder contract deposits	$ —	$ —	$ 5,458	$ —	$ —	$ 5,458
Other policyholder funds	—	—	—	—	—	—
Securities sold under agreements to repurchase	—	4,423	85	—	—	4,508
Securities and spot commodities sold but not yet purchased	1,124	1,569	—	—	—	2,693
Unrealized loss on swaps, options and forward transactions *(e)*	1	85,255	14,435	(74,217)	(19,236)	6,238
Trust deposits and deposits due to banks and other depositors	—	30	—	—	—	30
Commercial paper	—	6,802	—	—	—	6,802
Other long-term debt	—	15,448	1,147	—	—	16,595
Other liabilities	—	1,355	—	—	—	1,355
Total	$ 1,125	$114,882	$21,125	$ (74,217)	$ (19,236)	$ 43,679

(a) Represents netting of derivative exposures covered by a qualifying master netting agreement in accordance with FIN 39.

(b) Represents cash collateral posted and received.

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(c) Amounts exclude short-term investments that are carried at cost, which approximates fair value of $443 million.

(d) Approximately 14.6 percent of the fair value of the assets recorded as Level 3 relates to various private equity, real estate, hedge fund and fund-of-funds which are consolidated by AIG. AIG's ownership in these funds represented 27.6 percent, or $1.7 billion of the Level 3 amount.

(e) Included in Level 3 is the fair value derivative liability of $9.0 billion on AIGFP super senior credit default swap portfolio.

At December 31, 2008, Level 3 assets were 4.9 percent of total assets, and Level 3 liabilities were 2.6 percent of total liabilities.

The following tables present changes during 2008 in Level 3 assets and liabilities measured at fair value on a recurring basis, and the realized and unrealized gains (losses) recorded in income during 2008 related to the Level 3 assets and liabilities that remained in the consolidated balance sheet at December 31, 2008:

	Balance Beginning of Year(a)	Net Realized and Unrealized Gains (Losses) Included in Income(b)	Accumulated Other Comprehensive Income (Loss)	Purchases, Sales, Issuances and Settlements-net	Transfers In (Out)	Balance at December 31, 2008	Changes in Unrealized Gains (Losses) on Instruments Held at December 31, 2008
				(In millions)			
Assets:							
Bonds available for sale	$ 19,071	$ (5,968)	$ (653)	$ 803	$ 5,138	$ 18,391	$ —
Bond trading securities	4,563	(3,905)	5	6,268	56	6,987	(2,468)
Securities lending invested collateral	11,353	(6,667)	1,668	(11,732)	5,813	435	—
Common and preferred stocks available for sale	359	(25)	(53)	(173)	3	111	—
Common and preferred stocks trading	30	—	(4)	(25)	2	3	(1)
Mortgage and other loans receivable	—	(4)	—	—	4	—	—
Other invested assets	10,373	112	(382)	1,042	23	11,168	991
Short-term investments	—	—	—	—	—	—	—
Other assets	141	12	—	172	—	325	12
Separate account assets	1,003	(221)	—	48	—	830	(221)
Total	$ 46,893	$ (16,666)	$ 581	$ (3,597)	$ 11,039	$ 38,250	$ (1,687)
Liabilities:							
Policyholder contract deposits	$ (3,674)	$ (986)	$ 5	$ (803)	$ —	$ (5,458)	$ 2,163
Securities sold under agreements to repurchase	(208)	(17)	—	(82)	222	(85)	(3)
Unrealized loss on swaps, options and forward transactions, net	(11,710)	(26,824)	(19)	27,956	27	(10,570)	(177)
Other long-term debt	(3,578)	730	—	1,309	392	(1,147)	(126)
Other liabilities	(511)	—	—	511	—	—	—
Total	$ (19,681)	$ (27,097)	$ (14)	$ 28,891	$ 641	$ (17,260)	$ 1,857

(a) Total Level 3 derivative exposures have been netted on these tables for presentation purposes only.

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(b) Net realized and unrealized gains and losses shown above are reported in the consolidated statement of income (loss) primarily as follows:

Major Category of Assets/Liabilities	Consolidated Statement of Income (Loss) Line Items
Financial Services assets and liabilities	• Other income • Unrealized market valuation losses on AIGFP super senior credit default swap portfolio
Securities lending invested collateral	• Net realized capital gains (losses)
Other invested assets	• Net realized capital gains (losses)
Policyholder contract deposits	• Policyholder benefits and claims incurred • Net realized capital gains (losses)

Both observable and unobservable inputs may be used to determine the fair values of positions classified in Level 3 in the tables above. As a result, the unrealized gains (losses) on instruments held at December 31, 2008 may include changes in fair value that were attributable to both observable (e.g., changes in market interest rates) and unobservable inputs (e.g., changes in unobservable long-dated volatilities).

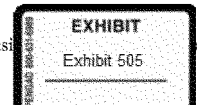
AIG uses various hedging techniques to manage risks associated with certain positions, including those classified within Level 3. Such techniques may include the purchase or sale of financial instruments that are classified within Level 1 and/or Level 2. As a result, the realized and unrealized gains (losses) for assets and liabilities classified within Level 3 presented in the table above do not reflect the related realized or unrealized gains (losses) on hedging instruments that are classified within Level 1 and/or Level 2.

Changes in the fair value of separate and variable account assets are completely offset in the consolidated statement of income (loss) by changes in separate and variable account liabilities, which are not carried at fair value and therefore not included in the tables above.

Fair Value Measurements on a Non-Recurring Basis

AIG also measures the fair value of certain assets on a non-recurring basis, generally quarterly, annually, or when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. These assets include held to maturity securities (in periods prior to the third quarter of 2008), cost and equity-method investments, life settlement contracts, flight equipment, collateral securing foreclosed loans and real estate and other fixed assets, goodwill, and other intangible assets. AIG uses a variety of techniques to measure the fair value of these assets when appropriate, as described below:

- *Cost and Equity-Method Investments:* When AIG determines that the carrying value of these assets may not be recoverable, AIG records the assets at fair value with the loss recognized in income. In such cases, AIG measures the fair value of these assets using the techniques discussed in Fair Value Measurements on a Recurring Basis — Fair Value Hierarchy, above, for fixed maturities and equity securities.
- *Life Settlement Contracts:* AIG measures the fair value of individual life settlement contracts (which are included in other invested assets) whenever the carrying value plus the undiscounted future costs that are expected to be incurred to keep the life settlement contract in force exceed the expected proceeds from the contract. In those situations, the fair value is determined on a discounted cash flow basis, incorporating current life expectancy assumptions. The discount rate incorporates current information about market interest rates, the credit exposure to the insurance company that issued the life settlement contract and AIG's estimate of the risk margin an investor in the contracts would require.
- *Flight Equipment Primarily Under Operating Leases:* When AIG determines the carrying value of its commercial aircraft may not be recoverable, AIG records the aircraft at fair value with the loss recognized in income. AIG measures the fair value of its commercial aircraft using an income approach based on the present value of all cash flows from existing and projected lease payments (based on historical experience and current expectations regarding market participants) including net contingent rentals for the period



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extending to the end of the aircraft's economic life in its highest and best use configuration, plus its disposition value.

- *Collateral Securing Foreclosed Loans and Real Estate and Other Fixed Assets:* When AIG takes collateral in connection with foreclosed loans, AIG generally bases its estimate of fair value on the price that would be received in a current transaction to sell the asset by itself.
- *Goodwill:* AIG tests goodwill for impairment whenever events or changes in circumstances indicate the carrying amount of goodwill may not be recoverable, but at least annually. When AIG determines goodwill may be impaired, AIG uses techniques including discounted expected future cash flows, appraisals, or, in the case of reporting units being considered for sale, third-party indications of fair value, if available.
- *Long-Lived Assets:* AIG tests its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of a long-lived asset may not be recoverable. AIG measures the fair value of long-lived assets based on an in-use premise that considers the same factors used to estimate the fair value of its real estate and other fixed assets under an in-use premise discussed above.

See Notes 1(c), (d), (e), and (s) herein for additional information about how AIG tests various asset classes for impairment.

Assets measured at fair value on a non-recurring basis on which impairment charges were recorded were as follows:

	Level 1	Level 2	Level 3	Total	Year Ended December 31, 2008
			(In millions)		
Goodwill	$ —	$ —	$ —	$ —	$ 4,085
Real estate owned	—	—	1,379	1,379	242
Other investments	15	—	3,122	3,137	265
Other assets	—	29	1,160	1,189	107
Total	$ 15	$ 29	$5,661	$5,705	$ 4,699

AIG recognized goodwill impairment charges of $4.1 billion in 2008, which were primarily related to the General Insurance, Domestic Life Insurance and Domestic Retirement Services, Consumer Finance and the Capital Markets businesses. At December 31, 2008, the carrying value of remaining goodwill in the General Insurance, Life Insurance & Retirement Services and Asset Management operating segments totaled $1.3 billion, $4.4 billion and $1.3 billion, respectively.

AIG recognized an impairment charge on certain investment real estate and other long-lived assets of $614 million for 2008, which was included in other income. As required by FAS 157, the fair value disclosed in the table above is unadjusted for transaction costs. The amounts recorded on the consolidated balance sheet are net of transaction costs.

Fair Value Option

FAS 159 permits a company to choose to measure at fair value many financial instruments and certain other assets and liabilities that are not required to be measured at fair value. Subsequent changes in fair value for designated items are required to be reported in income. Unrealized gains and losses on financial instruments in AIG's insurance businesses and in AIGFP for which the fair value option was elected under FAS 159 are classified in policyholder benefits and claims incurred and in other income, respectively, in the consolidated statement of income (loss).

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The following table presents the gains or losses recorded during 2008 related to the eligible instruments for which AIG elected the fair value option and the related transition adjustment recorded as a decrease to opening shareholders' equity at January 1, 2008:

	January 1, 2008 Prior to Adoption	Transition Adjustment Upon Adoption(a)	January 1, 2008 After Adoption	Gain (Loss) Year Ended December 31, 2008
	(In millions)			
Mortgage and other loans receivable	$ 1,109	$ —	$ 1,109	$ (82)
Trading securities (formerly available for sale)	39,278	5	39,283	(8,663)
Trading — ML II and ML III	—	—	—	(1,116)
Securities purchased under agreements to resell	20,950	1	20,951	400
Other invested assets	321	(1)	320	(39)
Short-term investments	6,969	—	6,969	68
Deferred policy acquisition costs	1,147	(1,147)	—	—
Other assets	435	(435)	—	1
Future policy benefits for life, accident and health insurance contracts	299	299	—	—
Policyholder contract deposits *(b)*	3,739	360	3,379	1,314
Securities sold under agreements to repurchase	6,750	(10)	6,760	(125)
Securities and spot commodities sold but not yet purchased	3,797	(10)	3,807	(176)
Trust deposits and deposits due to banks and other depositors	216	(25)	241	198
Long-term debt	57,968	(675)	58,643	(4,041)
Other liabilities	1,792	—	1,792	1,210
Total gain (loss) for the year ended December 31, 2008 *(c)*				$ (11,051)
Pre-tax cumulative effect of adopting the fair value option		(1,638)		
Decrease in deferred tax liabilities		526		
Cumulative effect of adopting the fair value option		$ (1,112)		

(a) Effective January 1, 2008, AIGFP elected to apply the fair value option under FAS 159 to all eligible assets and liabilities (other than equity method investments, trade receivables and trade payables) because electing the fair value option allows AIGFP to more closely align its results with the economics of its transactions by recognizing concurrently through earnings the change in fair value of its derivatives and the offsetting change in fair value of the assets and liabilities being hedged as well as the manner in which the business is evaluated by management. Substantially all of the gain (loss) amounts shown above are reported in other income on the consolidated statement of income (loss). In August 2008, AIGFP modified prospectively this election as management believes it is appropriate to exclude from the automatic election for securities purchased in connection with existing structured credit transactions and their related funding obligations. AIGFP will evaluate whether to elect the fair value option on a case-by-case basis for securities purchased in connection with existing structured credit transactions and their related funding obligations.

(b) AIG elected to apply the fair value option to certain single premium variable life products in Japan and an investment-linked life insurance product sold principally in Asia, both classified within policyholder contract deposits in the consolidated balance sheet. AIG elected the fair value option for these liabilities to more closely align its accounting with the economics of its transactions. For the investment-linked product sold principally in

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Asia, the election more effectively aligns changes in the fair value of assets with a commensurate change in the fair value of policyholders' liabilities. For the single premium life products in Japan, the fair value option election allows AIG to economically hedge the inherent market risks associated with this business in an efficient and effective manner through the use of derivative instruments. The hedging program, which was completely implemented in the third quarter of 2008, results in an accounting presentation for this business that more closely reflects the underlying economics and the way the business is managed, with the change in the fair value of derivatives and underlying assets largely offsetting the change in fair value of the policy liabilities. AIG did not elect the fair value option for other liabilities classified in policyholder contract deposits because other contracts do not share the same contract features that created the disparity between the accounting presentation and the economic performance.

(c) *Not included in the table above were losses of $44.6 billion for the year ended December 31, 2008, that were primarily due to changes in the fair value of derivatives, trading securities and certain other invested assets for which the fair value option under FAS 159 was not elected. Included in this amount were unrealized market valuation losses of $28.6 billion for the year ended December 31, 2008, related to AIGFP's super senior credit default swap portfolio.*

Interest income and expense and dividend income on assets and liabilities elected under the fair value option are recognized and classified in the consolidated statement of income (loss) depending on the nature of the instrument and related market conventions. For AIGFP related activity, interest, dividend income, and interest expense are included in other income. Otherwise, interest and dividend income are included in net investment income in the consolidated statement of income (loss). See Note 1(a) herein for additional information about AIG's policies for recognition, measurement, and disclosure of interest and dividend income and interest expense.

During 2008, AIG recognized a gain of $84 million, attributable to the observable effect of changes in credit spreads on AIG's own liabilities for which the fair value option was elected. AIG calculates the effect of these credit spread changes using discounted cash flow techniques that incorporate current market interest rates, AIG's observable credit spreads on these liabilities and other factors that mitigate the risk of nonperformance such as collateral posted.

The following table presents the difference between fair values and the aggregate contractual principal amounts of mortgage and other loans receivable and long-term debt, for which the fair value option was elected:

	Fair Value at December 31, 2008	Principal Amount Due Upon Maturity	Difference
		(in millions)	
Assets:			
Mortgage and other loans receivable	$ 131	$ 244	$ (113)
Liabilities:			
Long-term debt	$ 21,285	$ 16,827	$ 4,458

At December 31, 2008, there were no mortgage and other loans receivable for which the fair value option was elected, that were 90 days or more past due and in non-accrual status.

Fair Value Information about Financial Instruments Not Measured at Fair Value

FAS 107, "Disclosures about Fair Value of Financial Instruments" (FAS 107), requires disclosure of fair value information about financial instruments for which it is practicable to estimate such fair value. FAS 107 excludes certain financial instruments, including those related to insurance contracts and lease contracts.

Information regarding the estimation of fair value for financial instruments not carried at fair value is discussed below:

- *Mortgage and other loans receivable:* Fair values of loans on real estate and collateral loans were estimated for disclosure purposes using discounted cash flow calculations based upon discount rates that



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AIG believes market participants would use in determining the price they would pay for such assets. For certain loans, AIG's current incremental lending rates for similar type loans is used as the discount rate, as it is believed that this rate approximates the rates market participants would use. The fair values of policy loans were not estimated as AIG believes it would have to expend excessive costs for the benefits derived.

- *Finance receivables:* Fair values were estimated for disclosure purposes using discounted cash flow calculations based upon the weighted average rates currently being offered in the marketplace for similar finance receivables.
- *Securities lending invested collateral and securities lending payable:* Securities lending collateral are floating rate fixed maturity securities recorded at fair value. Fair values were based upon quoted market prices or internally developed models consistent with the methodology for other fixed maturity securities. The contract values of securities lending payable approximate fair value as these obligations are short-term in nature.
- *Cash, short-term investments, trade receivables, trade payables, securities purchased (sold) under agreements to resell (repurchase), and commercial paper and extendible commercial notes:* The carrying values of these assets and liabilities approximate fair values because of the relatively short period of time between origination and expected realization.
- *Policyholder contract deposits associated with investment-type contracts:* Fair values for policyholder contract deposits associated with investment-type contracts not accounted for at fair value were estimated for disclosure purposes using discounted cash flow calculations based upon interest rates currently being offered for similar contracts with maturities consistent with those remaining for the contracts being valued. Where no similar contracts are being offered, the discount rate is the appropriate tenor swap rates (if available) or current risk-free interest rates consistent with the currency in which the cash flows are denominated.
- *Trust deposits and deposits due to banks and other depositors:* The fair values of certificates of deposit which mature in more than one year are estimated for disclosure purposes using discounted cash flow calculations based upon interest rates currently offered for deposits with similar maturities. For demand deposits and certificates of deposit which mature in less than one year, carrying values approximate fair value.
- *Long-term debt:* Fair values of these obligations were estimated for disclosure purposes using discounted cash flow calculations based upon AIG's current incremental borrowing rates for similar types of borrowings with maturities consistent with those remaining for the debt being valued.



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American International Group, Inc., and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

The following table presents the carrying value and estimated fair value of AIG's financial instruments as required by FAS 107:

	At December 31,			
	2008		2007	
	Carrying Value(a)	Fair Value	Carrying Value(a)	Fair Value
	(In millions)			
Assets:				
Fixed maturities	$404,134	$404,134	$545,176	$545,752
Equity securities	21,143	21,143	45,569	45,569
Mortgage and other loans receivable	34,687	35,056	33,727	34,123
Finance receivables, net of allowance	30,949	28,731	31,234	28,693
Other invested assets *(b)*	50,381	51,622	57,788	58,633
Securities purchased under agreements to resell	3,960	3,960	20,950	20,950
Short-term investments	46,666	46,666	51,351	51,351
Cash	8,642	8,642	2,284	2,284
Unrealized gain on swaps, options and forward transactions	13,773	13,773	14,104	14,104
Trade receivables	1,901	1,901	672	672
Liabilities:				
Policyholder contract deposits associated with investment-type contracts	179,478	176,783	211,987	211,698
Securities sold under agreements to repurchase	5,262	5,262	8,331	9,048
Trade payables	977	977	6,445	6,445
Securities and spot commodities sold but not yet purchased	2,693	2,693	4,709	4,709
Unrealized loss on swaps, options and forward transactions	6,238	6,238	18,031	18,031
Trust deposits and deposits due to banks and other depositors	4,498	4,469	4,903	4,986
Commercial paper and extendible commercial notes	613	613	13,114	13,114
Federal Reserve Bank of New York commercial paper funding facility	15,105	15,105	—	—
Federal Reserve Bank of New York credit facility	40,431	40,708	—	—
Other long-term debt	137,054	101,467	162,935	165,064
Securities lending payable	2,879	2,879	81,965	81,965

(a) The carrying value of all other financial instruments approximates fair value.

(b) Excludes aircraft asset investments held by non-Financial Services subsidiaries.

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American International Group, Inc., and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

5. Investments

(a) Statutory Deposits: Total carrying values of cash and securities deposited by AIG's insurance subsidiaries under requirements of regulatory authorities were $15.2 billion and $13.6 billion at December 31, 2008 and 2007, respectively.

(b) Net Investment Income: **An analysis of net investment income follows:**

	Years Ended December 31,		
	2008	2007	2006
		(In millions)	
Fixed maturities, including short-term investments	$20,839	$21,445	$19,773
Equity securities	592	575	277
Interest on mortgage and other loans	1,516	1,423	1,253
Partnerships	(2,022)	1,986	1,596
Mutual funds	(989)	535	948
Trading account losses	(725)	(150)	—
Other investments*	1,002	959	1,241
Total investment income before policyholder income and trading gains (losses)	20,213	26,773	25,088
Policyholder investment income and trading gains (losses)	(6,984)	2,903	2,016
Total investment income	13,229	29,676	27,104
Investment expenses	1,007	1,057	1,034
Net investment income	$12,222	$28,619	$26,070

* *Includes net investment income from securities lending activities, representing interest earned on securities lending invested collateral offset by interest expense on securities lending payable.*

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(c) Net Realized Gains and Losses:

The Net realized capital gains (losses) and increase (decrease) in unrealized appreciation of AIG's available for sale investments were as follows:

	Years Ended December 31,		
	2008	2007	2006
	(In millions)		
Net realized capital gains (losses):			
Sales of fixed maturities	$ (5,266)	$ (468)	$ (382)
Sales of equity securities	(119)	1,087	813
Sales of real estate and other assets	1,239	619	303
Other-than-temporary impairments:			
Severity	(29,146)	(1,557)	—
Lack of intent to hold to recovery	(12,110)	(1,054)	(636)
Foreign currency declines	(1,903)	(500)	—
Issuer-specific credit events	(5,985)	(515)	(262)
Adverse projected cash flows on structured securities	(1,661)	(446)	(46)
Foreign exchange transactions	3,123	(643)	(382)
Derivative instruments	(3,656)	(115)	698
Total	$(55,484)	$(3,592)	$ 106
Increase (decrease) in unrealized appreciation of investments:			
Fixed maturities	$ (9,944)	$(6,644)	$1,156
Equity securities	(4,654)	2,440	432
Other investments	766	(3,842)	986
Increase (decrease) in unrealized appreciation	$(13,832)	$(8,046)	$2,574

Net unrealized gains (losses) included in the consolidated statement of income from investment securities classified as trading securities in 2008, 2007 and 2006 were $(8.1) billion, $1.1 billion and $938 million, respectively.

Other-Than-Temporary Impairments

AIG assesses its ability to hold any fixed maturity security in an unrealized loss position to its recovery, including fixed maturity securities classified as available for sale, at each balance sheet date. The decision to sell any such fixed maturity security classified as available for sale reflects the judgment of AIG's management that the security to be sold is unlikely to provide, on a relative value basis, as attractive a return in the future as alternative securities entailing comparable risks. With respect to distressed securities, the decision to sell reflects the judgment of AIG's management that the risk-discounted anticipated ultimate recovery is less than the value achievable on sale.

AIG evaluates its investments for impairments in valuation as well as credit. The determination that a security has incurred an other-than-temporary decline in value requires the judgment of AIG's management and consideration of the fundamental condition of the issuer, its near-term prospects and all the relevant facts and circumstances. See Note 1(c) — Investments in Fixed Maturities and Equity Securities for further information on AIG's impairment policy.

Once a security has been identified as other-than-temporarily impaired, the amount of such impairment is determined by reference to that security's contemporaneous fair value and recorded as a charge to earnings.

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As a result of AIG's periodic evaluation of its securities for other-than-temporary impairments in value, AIG recorded other-than-temporary impairment charges of $50.8 billion, $4.7 billion (including $643 million related to AIGFP recorded in other income) and $944 million in 2008, 2007 and 2006, respectively.

In light of the recent significant disruption in the U.S. residential mortgage and credit markets, AIG has recognized an other-than-temporary impairment charge (severity loss) of $29.1 billion in 2008, primarily related to mortgage-backed, asset-backed and collateralized securities, and securities of financial institutions. Notwithstanding AIG's intent and ability to hold such securities until they have recovered their cost basis (except for securities lending invested collateral comprising $9.2 billion of the severity loss for 2008), and despite structures that indicate that a substantial amount of the securities should continue to perform in accordance with original terms, AIG concluded that it could not reasonably assert that the impairment period would be temporary.

In addition to the above severity losses, AIG recorded other-than-temporary impairment charges in 2008, 2007 and 2006 related to:

- securities that AIG does not intend to hold until recovery;
- declines due to foreign exchange rates;
- issuer-specific credit events;
- certain structured securities impaired under Emerging Issues Task Force Issue No. 99-20, "Recognition of Interest Income and Impairment on Purchased Beneficial Interests and Beneficial Interests that Continue to be Held by a Transferor in Securitized Financial Assets" and related interpretive guidance; and
- other impairments, including equity securities and partnership investments.

The gross realized gains and gross realized losses from sales of AIG's available for sale securities were as follows:

	Years Ended December 31,					
	2008		2007		2006	
	Gross Realized Gains	Gross Realized Losses	Gross Realized Gains	Gross Realized Losses	Gross Realized Gains	Gross Realized Losses
	(in millions)					
Fixed maturities	**$ 6,620**	**$11,886**	$ 680	$ 1,148	$ 711	$ 1,093
Equity securities	**1,415**	**1,569**	1,368	291	1,111	320
Preferred stocks	**35**	**—**	10	—	22	—
Total	**$ 8,070**	**$13,455**	$ 2,058	$ 1,439	$ 1,844	$ 1,413

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Notes to Consolidated Financial Statements — (Continued)

(d) Fair Value of Investment Securities:

The amortized cost or cost and fair value of AIG's available for sale and held to maturity securities were as follows:

	December 31, 2008				December 31, 2007			
	Amortized Cost or Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost or Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In millions)							
Available for sale *(a)*:								
U.S. government and government sponsored entities	$ 4,433	$ 331	$ (59)	$ 4,705	$ 7,956	$ 333	$ (37)	$ 8,252
Obligations of states, municipalities and political subdivisions	62,718	1,150	(2,611)	61,257	46,087	927	(160)	46,854
Non-U.S. governments	62,176	6,560	(1,199)	67,537	67,023	3,920	(743)	70,200
Corporate debt *(b)*	194,481	4,661	(13,523)	185,619	239,822	6,215	(4,518)	241,519
Mortgage-backed, asset-backed and collateralized:								
RMBS	32,092	645	(2,985)	29,752	89,851	433	(5,504)	84,780
CMBS	14,205	126	(3,105)	11,226	23,918	237	(1,156)	22,999
CDO/ABS	6,741	233	(843)	6,131	10,844	196	(593)	10,447
AIGFP *(c)*	217	—	—	217	16,369	355	(450)	16,274
Total Mortgage-backed, asset-backed and collateralized	53,255	1,004	(6,933)	47,326	140,982	1,221	(7,703)	134,500
Total bonds	377,063	13,706	(24,325)	366,444	501,870	12,616	(13,161)	501,325
Equity securities	8,381	1,146	(719)	8,808	15,188	5,547	(463)	20,272
Total	385,444	14,852	(25,044)	375,252	517,058	18,163	(13,624)	521,597
Held to maturity *(d)*:	$ —	$ —	$ —	$ —	$ 21,581	$ 609	$ (33)	$ 22,157

(a) At December 31, 2007, included AIGFP available for sale securities with a fair value of $39.3 billion, for which AIGFP elected the fair value option effective January 1, 2008, consisting primarily of corporate debt, mortgage-backed, asset-backed and collateralized securities. At December 31, 2008, the fair value of these securities was $26.1 billion. At December 31, 2008 and 2007, fixed maturities held by AIG that were below investment grade or not rated totaled $19.4 billion and $27.0 billion, respectively. During the third quarter of 2008, AIG changed its intent to hold until maturity certain tax-exempt municipal securities held by its insurance subsidiaries. As a result, all securities previously classified as held to maturity are now classified in the available for sale category. See Note 1 to the Consolidated Financial Statements for additional information. Fixed maturity securities reported on the balance sheet include $442 million of short-term investments included in Securities lending invested collateral.

(b) Excluding AIGFP, corporate debt securities by industry categories were primarily in financial institutions and utilities at 42 percent and 13 percent, respectively, at December 31, 2008 and 42 percent and 11 percent, respectively, at December 31, 2007.

(c) The December 31, 2007 amounts represent total AIGFP investments in mortgage-backed, asset-backed and collateralized securities for which AIGFP has elected the fair value option effective January 1, 2008. At December 31, 2008, the fair value of these securities was $12.4 billion. The December 31, 2008 amounts represent securities for which AIGFP has not elected the fair value option.

(d) Represents obligations of states, municipalities and political subdivisions. In 2008, AIG changed its intent to hold such securities to maturity.

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The amortized cost and fair values of AIG's available for sale fixed maturity securities, by contractual maturity were as follows. Actual maturities may differ from contractual maturities because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

	Available for Sale	
At December 31, 2008	Amortized Cost	Fair Value
	(In millions)	
Due in one year or less	$ 15,430	$ 15,515
Due after one year through five years	79,619	77,742
Due after five years through ten years	98,957	97,064
Due after ten years	129,802	128,797
Mortgage-backed, asset-backed and collateralized	53,255	47,326
Total available for sale	$377,063	$366,444

AIG's available for sale securities are recorded on the consolidated balance sheet as follows:

	At December 31, Fair Value	
	2008	2007
	(In millions)	
Bonds available for sale	$363,042	$437,675
Common and preferred stocks available for sale	8,808	20,272
Securities lending invested collateral*	3,402	63,650
Total	$375,252	$521,597

* *Excludes $442 million and $12.0 billion of short-term investments included in securities lending invested collateral at December 31, 2008 and 2007, respectively.*

(c) Gross Unrealized Losses and Estimated Fair Values on Investments:

The following table summarizes the cost basis and gross unrealized losses on AIG's available for sale securities, aggregated by major investment category and length of time that individual securities have been in a continuous unrealized loss position:

	12 Months or Less		More Than 12 Months		Total	
	Cost(a)	Unrealized Losses	Cost(a)	Unrealized Losses	Cost(a)	Unrealized Losses
			(In millions)			
December 31, 2008						
Bonds *(b)*	**$142,496**	**$ 14,332**	**$56,312**	**$ 9,993**	**$198,808**	**$ 24,325**
Equity securities	3,749	719	—	—	3,749	719
Total	**$146,245**	**$ 15,051**	**$56,312**	**$ 9,993**	**$202,557**	**$ 25,044**
December 31, 2007						
Bonds *(b)*	$190,809	$ 9,935	$65,137	$ 3,226	$255,946	$ 13,161
Equity securities	4,433	463	—	—	4,433	463
Total	$195,242	$ 10,398	$65,137	$ 3,226	$260,379	$ 13,624

(a) For bonds, represents amortized cost.

(b) Primarily relates to the corporate debt category.

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At December 31, 2008, AIG held 29,068 and 40,029 of individual bond and stock investments, respectively, that were in an unrealized loss position, of which 7,736 individual investments were in an unrealized loss position for a continuous 12 months or longer.

AIG did not consider these securities in an unrealized loss position to be other-than-temporarily impaired at December 31, 2008, because management has the intent and ability to hold these investments until they recover their cost basis within a recovery period deemed to be temporary. In performing this evaluation, management considered the market recovery periods for securities in previous periods of broad market declines. In addition, for certain securities with more significant declines, management performed extended fundamental credit analysis on a security-by-security basis including consideration of credit enhancements, expected defaults on underlying collateral, review of relevant industry analyst reports and forecasts and other market available data. In management's view this analysis provides persuasive evidence sufficient to conclude that such severe declines in fair value below amortized cost should not be considered other than temporary.

(f) Maiden Lane II LLC

On December 12, 2008, AIG, certain wholly owned U.S. life insurance company subsidiaries of AIG (the life insurance companies), and AIG Securities Lending Corp. (the AIG Agent), another AIG subsidiary, entered into an Asset Purchase Agreement (the Asset Purchase Agreement) with Maiden Lane II LLC (ML II), a Delaware limited liability company whose sole member is the NY Fed.

Pursuant to the Asset Purchase Agreement, the life insurance companies sold to ML II all of their undivided interests in a pool of $39.3 billion face amount of residential mortgage-backed securities (the RMBS) held by the AIG Agent, as agent of the life insurance companies, in connection with AIG's U.S. securities lending program (the Securities Lending Program). The AIG Agent had purchased the RMBS on behalf of the life insurance companies with cash held as collateral for securities loaned by the life insurance companies in the U.S. Securities Lending Program. In exchange for the RMBS, the life insurance companies received an initial purchase price of $19.8 billion plus the right to receive deferred contingent portions of the total purchase price of $1 billion plus a participation in the residual, each of which is subordinated to the repayment of the NY Fed loan to ML II. The amount of the initial payment and the deferred contingent portions of the total purchase price, if any are realized, will be allocated among the life insurance companies based on their respective ownership interests in the pool of RMBS as of September 30, 2008.

Pursuant to a credit agreement, the NY Fed, as senior lender, made a loan to ML II (the ML II Senior Loan) in the aggregate amount of $19.5 billion (such amount being the cash purchase price of the RMBS payable by ML II on the closing date after certain adjustments, including payments on RMBS for the period between the transaction settlement date of October 31, 2008 and the closing date of December 12, 2008). The ML II Senior Loan is secured by a first priority security interest in the RMBS and all property of ML II, bears interest at a rate per annum equal to one-month LIBOR plus 1.00 percent and has a stated six-year term, subject to extension by the NY Fed at its sole discretion. After the ML II Senior Loan has been repaid in full, to the extent there are sufficient net cash proceeds from the RMBS, the life insurance companies will be entitled to receive from ML II a portion of the deferred contingent purchase price in the amount of up to $1.0 billion plus interest that accrues from the closing date and is capitalized monthly at the rate of one-month LIBOR plus 3.0 percent. In addition, after ML II has paid this fixed portion of the deferred contingent purchase price plus interest, the life insurance companies will be entitled to receive one-sixth of any net proceeds received by ML II in respect of the RMBS as the remaining deferred contingent purchase price for the RMBS and the NY Fed will receive five-sixths of any net proceeds received by ML II in respect of the RMBS as contingent interest on the ML II Senior Loan. The NY Fed will have sole control over ML II and the sales of the RMBS by ML II so long as the NY Fed has any interest in the ML II Senior Loan.

AIG does not have any control rights over ML II. AIG has determined that ML II is a variable interest entity (VIE) and AIG is not the primary beneficiary. The transfer of RMBS to ML II has been accounted for as a sale, in accordance with FAS 140. AIG has elected to account for its $1 billion economic interest in ML II (including the rights to the deferred contingent purchase price) at fair value under FAS 159. This interest is reported in Bonds —



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trading securities, with changes in fair value reported as a component of Net investment income. See Note 4 for further discussion of AIG's fair value methodology.

The life insurance companies applied the initial consideration from the RMBS sale, along with available cash and $5.1 billion provided by AIG in the form of capital contributions, to settle outstanding securities lending transactions under the U.S. Securities Lending Program, including those with the NY Fed, which totaled approximately $20.5 billion at December 12, 2008, and the U.S. Securities Lending Program and the Securities Lending Agreement with the NY Fed have been terminated.

(g) Maiden Lane III LLC

On November 25, 2008, AIG entered into a Master Investment and Credit Agreement (the ML III Agreement) with the NY Fed, Maiden Lane III LLC (ML III), and The Bank of New York Mellon, which established arrangements, through ML III, to fund the purchase of multi-sector collateralized debt obligations (multi-sector CDOs) underlying or related to certain credit default swaps and other similar derivative instruments (CDS) written by AIG Financial Products Corp. in connection with the termination of such CDS. Concurrently, AIG Financial Products Corp.'s counterparties to such CDS transactions agreed to terminate those CDS transactions relating to the multi-sector CDOs purchased from them.

Pursuant to the ML III Agreement, the NY Fed, as senior lender, made available to ML III a term loan facility (the ML III Senior Loan) in an aggregate amount up to $30.0 billion. The ML III Senior Loan bears interest at one-month LIBOR plus 1.0 percent and has a six-year expected term, subject to extension by the NY Fed at its sole discretion.

AIG contributed $5.0 billion for an equity interest in ML III. The equity interest will accrue distributions at a rate per annum equal to one-month LIBOR plus 3.0 percent. Accrued but unpaid distributions on the equity interest will be compounded monthly. AIG's rights to payment from ML III are fully subordinated and junior to all payments of principal and interest on the ML III Senior Loan. The creditors of ML III do not have recourse to AIG for ML III's obligations, although AIG is exposed to losses up to the full amount of AIG's equity interest in ML III.

Upon payment in full of the ML III Senior Loan and the accrued distributions on AIG's equity interest in ML III, all remaining amounts received by ML III will be paid 67 percent to the NY Fed as contingent interest and 33 percent to AIG as contingent distributions on its equity interest.

The NY Fed is the controlling party and managing member of ML III for so long as the NY Fed has any interest in the ML III Senior Loan. AIG does not have any control rights over ML III. AIG has determined that ML III is a VIE and AIG is not the primary beneficiary. AIG has elected to account for its $5 billion interest in ML III (including the rights to contingent distributions) at fair value under FAS 159. This interest is reported in Bonds — trading securities, at fair value, with changes in fair value reported as a component of Net investment income. See Note 4 for a further discussion of AIG's fair value methodology.

Through December 31, 2008, AIG Financial Products Corp. terminated CDS transactions with its counterparties and concurrently, ML III purchased the underlying multi-sector CDOs, including $8.5 billion of multi-sector CDOs underlying 2a-7 Puts written by AIG Financial Products Corp. The NY Fed advanced an aggregate of $24.3 billion to ML III under the ML III Senior Loan, and ML III funded its purchase of the $62.1 billion of multi-sector CDOs with a net payment to AIG Financial Products Corp. counterparties of $26.8 billion. AIG Financial Products Corp.'s counterparties also retained $35.0 billion, of which $2.5 billion was returned under the shortfall agreement, in net collateral previously posted by AIG Financial Products Corp. in respect of the terminated multi-sector CDS. The $26.8 billion funded by ML III was based on the fair value of the underlying multi-sector CDOs at October 31, 2008, as mutually agreed between the NY Fed and AIG.

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Notes to Consolidated Financial Statements — (Continued)

(h) Other Invested Assets:

Other invested assets were as follows:

	At December 31, 2008	2007
	(In millions)	
Partnerships *(a)*	$24,416	$28,938
Mutual funds	2,924	4,891
Investment real estate *(b)*	8,879	9,877
Aircraft asset investments *(c)*	1,597	1,689
Life settlement contracts *(d)*	2,581	1,610
Consolidated managed partnerships and funds	6,714	6,614
Investments in partially owned companies	649	654
All other investments	4,218	5,204
Other invested assets	$51,978	$59,477

(a) Includes private equity partnerships and hedge funds.

(b) Net of accumulated depreciation of $813 million and $548 million in 2008 and 2007, respectively.

(c) Consist primarily of Life Insurance & Retirement Services investments in aircraft equipment held in trusts.

(d) See paragraph (i) below for additional information.

At December 31, 2008 and 2007, $6.8 billion and $7.2 billion of Other invested assets related to available for sale investments carried at fair value, with unrealized gains and losses recorded in of Accumulated other comprehensive income (loss), net of deferred taxes, with almost all of the remaining investments being accounted for on the equity method of accounting. All of the investments are subject to impairment testing (see Note 1(k) herein). The gross unrealized loss on the investments accounted for as available for sale at December 31, 2008 was $438 million, the majority of which represents investments that have been in a continuous unrealized loss position for less than 12 months.

(i) Investments in Life Settlement Contracts: At December 31, 2008, the carrying value of AIG's life settlement contracts was $2.6 billion, and is included in Other invested assets in the consolidated balance sheet. These investments are monitored for impairment on a contract-by-contract basis quarterly. During 2008, income recognized on life settlement contracts previously held in non-consolidated trusts was $99 million, and is included in net investment income in the consolidated statement of income.

Further information regarding life settlement contracts follows:

At December 31, 2008	Number of Contracts	Carrying Value	Face Value (Death Benefits)
		(Dollars in millions)	
Remaining Life Expectancy of Insureds:			
0 — 1 year	8	$ 7	$ 10
1 — 2 years	50	43	59
2 — 3 years	113	93	146
3 — 4 years	166	139	296
4 — 5 years	218	163	357
Thereafter	3,522	2,136	10,963
Total	4,077	$ 2,581	$ 11,831

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At December 31, 2008, the anticipated life insurance premiums required to keep the life settlement contracts in force, payable in the ensuing twelve months ending December 31, 2009 and the four succeeding years ending December 31, 2013 are $258 million, $280 million, $279 million, $285 million, and $285 million, respectively.

6. Lending Activities

Mortgages and other loans receivable were as follows:

	Years Ended December 31,	
	2008	2007
	(In millions)	
Mortgages — commercial	$17,161	$17,105
Mortgages — residential*	2,271	2,153
Life insurance policy loans	9,589	8,099
Collateral, guaranteed, and other commercial loans	5,874	6,447
Total mortgage and other loans receivable	34,895	33,804
Allowance for losses	(208)	(77)
Mortgage and other loans receivable, net	$34,687	$33,727

* *Primarily consists of foreign mortgage loans.*

Mortgage loans and other receivables held for sale were $33 million and $377 million at December 31, 2008 and 2007, respectively.

Finance receivables, net of unearned finance charges, were as follows:

	Years Ended December 31,	
	2008	2007
	(In millions)	
Real estate loans	$20,650	$20,023
Non-real estate loans	5,763	5,447
Retail sales finance	3,417	3,659
Credit card loans	1,422	1,566
Other loans	1,169	1,417
Total finance receivables	32,421	32,112
Allowance for losses	(1,472)	(878)
Finance receivables, net	$30,949	$31,234

Finance receivables held for sale were $960 million and $233 million at December 31, 2008 and 2007, respectively.

7. Reinsurance

In the ordinary course of business, AIG's General Insurance and Life Insurance companies place reinsurance with other insurance companies in order to provide greater diversification of AIG's business and limit the potential for losses arising from large risks. In addition, AIG's General Insurance subsidiaries assume reinsurance from other insurance companies.

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Supplemental information for gross loss and benefit reserves net of ceded reinsurance follows:

	As Reported	Net of Reinsurance
	(In millions)	
December 31, 2008		
Liability for unpaid claims and claims adjustment expense	**$ (89,258)**	**$ (72,455)**
Future policy benefits for life and accident and health insurance contracts	**(142,334)**	**(140,750)**
Reserve for unearned premiums	**(25,735)**	**(21,540)**
Reinsurance assets*	**22,582**	**—**
December 31, 2007		
Liability for unpaid claims and claims adjustment expense	$ (85,500)	$ (69,288)
Future policy benefits for life and accident and health insurance contracts	(136,387)	(134,781)
Reserve for unearned premiums	(27,703)	(23,709)
Reinsurance assets*	21,811	—

* *Represents gross reinsurance assets, excluding allowances and reinsurance recoverable on paid losses.*

AIRCO acts primarily as an internal reinsurance company for AIG's insurance operations. This facilitates insurance risk management (retention, volatility, concentrations) and capital planning locally (branch and subsidiary). It also allows AIG to pool its insurance risks and purchase reinsurance more efficiently at a consolidated level, manage global counterparty risk and relationships and manage global life catastrophe risks.

General Reinsurance

General reinsurance is effected under reinsurance treaties and by negotiation on individual risks. Certain of these reinsurance arrangements consist of excess of loss contracts which protect AIG against losses over stipulated amounts. Ceded premiums are considered prepaid reinsurance premiums and are recognized as a reduction of premiums earned over the contract period in proportion to the protection received. Amounts recoverable from general reinsurers are estimated in a manner consistent with the claims liabilities associated with the reinsurance and presented as a component of reinsurance assets. Assumed reinsurance premiums are earned primarily on a pro-rata basis over the terms of the reinsurance contracts. For both ceded and assumed reinsurance, risk transfer requirements must be met in order for reinsurance accounting to apply. If risk transfer requirements are not met, the contract is accounted for as a deposit, resulting in the recognition of cash flows under the contract through a deposit asset or liability and not as revenue or expense. To meet risk transfer requirements, a reinsurance contract must include both insurance risk, consisting of both underwriting and timing risk, and a reasonable possibility of a significant loss for the assuming entity. Similar risk transfer criteria are used to determine whether directly written insurance contracts should be accounted for as insurance or as a deposit.

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General Insurance premiums written and earned were as follows:

	Years Ended December 31,		
	2008	2007	2006
		(In millions)	
Premiums written:			
Direct	$ 49,422	$ 52,055	$ 49,609
Assumed	7,239	6,743	6,671
Ceded	(11,427)	(11,731)	(11,414)
Total	$ 45,234	$ 47,067	$ 44,866
Premiums earned:			
Direct	$ 50,110	$ 50,403	$ 47,973
Assumed	7,336	6,530	6,449
Ceded	(11,224)	(11,251)	(10,971)
Total	$ 46,222	$ 45,682	$ 43,451

For the years ended December 31, 2008, 2007 and 2006, reinsurance recoveries, which reduced loss and loss expenses incurred, amounted to $8.4 billion, $9.0 billion and $8.3 billion, respectively.

Life Reinsurance

Life reinsurance is effected principally under yearly renewable term treaties. The premiums with respect to these treaties are considered prepaid reinsurance premiums and are recognized as a reduction of premiums earned over the contract period in proportion to the protection provided. Amounts recoverable from life reinsurers are estimated in a manner consistent with the assumptions used for the underlying policy benefits and are presented as a component of reinsurance assets.

Life Insurance & Retirement Services premiums were as follows:

	Years Ended December 31,		
	2008	2007	2006
		(In millions)	
Gross premiums	$39,153	$34,585	$32,247
Ceded premiums	(1,858)	(1,778)	(1,481)
Premiums	$37,295	$32,807	$30,766

Life Insurance recoveries, which reduced death and other benefits, approximated $908 million, $1.1 billion and $806 million, respectively, for the years ended December 31, 2008, 2007 and 2006.

Life Insurance in force ceded to other insurance companies was as follows:

	At December 31,		
	2008	2007	2006
		(In millions)	
Life Insurance in force ceded	$384,538	$402,654	$408,970

Life Insurance assumed represented less than 0.1 percent, 0.1 percent and 0.1 percent of gross Life Insurance in force at December 31, 2008, 2007 and 2006, respectively, and Life Insurance & Retirement Services premiums assumed represented 0.2 percent, 0.1 percent and 0.1 percent of gross premiums and other considerations for the years ended December 31, 2008, 2007 and 2006, respectively.

AIG's Domestic Life Insurance and Domestic Retirement Services operations utilize internal and third-party reinsurance relationships to manage insurance risks and to facilitate capital management strategies. Pools of highly-



rated third-party reinsurers are utilized to manage net amounts at risk in excess of retention limits. AIG's Domestic Life Insurance companies also cede excess, non-economic reserves carried on a statutory-basis only on certain term and universal life insurance policies and certain fixed annuities to an offshore affiliate.

AIG generally obtains letters of credit in order to obtain statutory recognition of its intercompany reinsurance transactions. For this purpose, AIG has a $2.5 billion syndicated letter of credit facility outstanding at December 31, 2008, all of which relates to life intercompany reinsurance transactions. AIG has also obtained approximately $2.3 billion of letters of credit on a bilateral basis all of which relates to life intercompany reinsurance transactions. All of these approximately $4.8 billion of letters of credit are due to mature on December 31, 2015. In the event that AIG's Domestic Life Insurance companies cease to be wholly owned subsidiaries of AIG, then AIG may no longer be able to utilize these letters of credit or the above referenced facility.

Reinsurance Security

AIG's third-party reinsurance arrangements do not relieve AIG from its direct obligation to its insureds. Thus, a credit exposure exists with respect to both general and life reinsurance ceded to the extent that any reinsurer fails to meet the obligations assumed under any reinsurance agreement. AIG holds substantial collateral as security under related reinsurance agreements in the form of funds, securities, and/or letters of credit. A provision has been recorded for estimated unrecoverable reinsurance. AIG has been largely successful in prior recovery efforts.

AIG evaluates the financial condition of its reinsurers and establishes limits per reinsurer through AIG's Credit Risk Committee. AIG believes that no exposure to a single reinsurer represents an inappropriate concentration of risk to AIG, nor is AIG's business substantially dependent upon any single reinsurer.

8. Deferred Policy Acquisition Costs

The rollforward of deferred policy acquisition costs were as follows:

	Years Ended December 31,		
	2008	2007	2006
		(In millions)	
General Insurance operations:			
Balance at beginning of year	$ 5,407	$ 4,977	$ 4,546
Acquisition costs deferred	7,370	8,661	8,115
Amortization expense	(7,428)	(8,235)	(7,866)
Increase (decrease) due to foreign exchange and other	(235)	4	182
Balance at end of year	$ 5,114	$ 5,407	$ 4,977
Life Insurance & Retirement Services operations:			
Balance at beginning of year	$38,445	$32,810	$28,106
Acquisition costs deferred	7,277	7,276	6,823
Amortization expense *(a)*	(4,971)	(3,367)	(3,712)
Change in net unrealized gains (losses) on securities	1,419	745	646
Increase (decrease) due to foreign exchange	(466)	916	947
Other *(b)*	(1,091)	65	—
Subtotal	$40,613	$38,445	$32,810
Consolidation and eliminations	55	62	70
Balance at end of year *(c)*	$40,668	$38,507	$32,880
Total deferred policy acquisition costs	$45,782	$43,914	$37,857

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(a) In 2007, amortization expense was reduced by $732 million related to changes in actuarial estimates, which was mostly offset in policyholder benefits and claims incurred.

(b) In 2008, primarily represents the cumulative effect of the adoption of FAS 159. In 2007, includes the cumulative effect of the adoption of SOP 05-1 of $(118) million and a balance sheet reclassification of $189 million.

(c) Includes $1.4 billion, $5 million and $(720) million at December 31, 2008, 2007 and 2006, respectively, related to the effect of net unrealized gains and losses on available for sale securities.

Included in the above table is the VOBA, an intangible asset recorded during purchase accounting, which is amortized in a manner similar to DAC. Amortization of VOBA was $111 million, $213 million and $239 million in 2008, 2007 and 2006, respectively, while the unamortized balance was $2.05 billion, $1.86 billion and $1.98 billion at December 31, 2008, 2007 and 2006, respectively. The percentage of the unamortized balance of VOBA at 2008 expected to be amortized in 2009 through 2013 by year is: 11.7 percent, 10.0 percent, 8.1 percent, 7.4 percent and 6.2 percent, respectively, with 56.6 percent being amortized after five years. These projections are based on current estimates for investment, persistency, mortality and morbidity assumptions. The DAC amortization charged to income includes the increase or decrease of amortization for FAS 97-related realized capital gains (losses), primarily in the Domestic Retirement Services business. In 2008, 2007 and 2006, the rate of amortization expense decreased by $2.2 billion, $291 million and $90 million, respectively.

There were no impairments of DAC or VOBA for the years ended December 31, 2008, 2007 and 2006.

9. Variable Interest Entities

FIN 46R, "Consolidation of Variable Interest Entities" provides the guidance for the determination of consolidation for certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity that is at risk which would allow the entity to finance its activities without additional subordinated financial support. FIN 46R recognizes that consolidation based on majority voting interest should not apply to these VIEs. A VIE is consolidated by its primary beneficiary, which is the party or group of related parties that absorbs a majority of the expected losses of the VIE, receives the majority of the expected residual returns of the VIE, or both.

AIG primarily determines whether it is the primary beneficiary or a significant interest holder based on a qualitative assessment of the VIE. This includes a review of the VIE's capital structure, contractual relationships and terms, nature of the VIE's operations and purpose, nature of the VIE's interests issued, and AIG's interests in the entity which either create or absorb variability. AIG evaluates the design of the VIE and the related risks the entity was designed to expose the variable interest holders to in evaluating consolidation. In limited cases, when it may be unclear from a qualitative standpoint if AIG is the primary beneficiary, AIG uses a quantitative analysis to calculate the probability weighted expected losses and probability weighted expected residual returns using cash flow modeling.

AIG's total off balance sheet exposure associated with VIEs was $3.3 billion and $1.2 billion at December 31, 2008 and 2007, respectively.

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The following table presents AIG's total assets, total liabilities and off-balance sheet exposure associated with its significant variable interests in consolidated VIEs:

	At December 31,					
	VIE Assets(a)		VIE Liabilities		Off-Balance Sheet Exposure	
	2008	2007(b)	2008	2007	2008	2007
	(In billions)					
Real estate and investment funds	$ 5.6	$ 9.2	$ 3.1	$ 2.6	$0.9	$0.8
Commercial paper conduit	8.8	8.9	8.5	8.6	—	—
CLOs/CDOs	0.3	0.4	—	—	—	—
Affordable housing partnerships	2.7	2.7	—	—	—	—
Other	0.2	1.7	—	—	—	—
Total	$17.6	$ 22.9	$11.6	$11.2	$0.9	$0.8

(a) Each of the VIE's assets can be used only to settle specific obligations of that VIE.

(b) In 2008, AIG made revisions to the VIE assets reported above to exclude certain entities previously categorized as VIEs that were historically consolidated based on a voting interest model, were duplicated or were otherwise miscategorized. Accordingly, AIG revised the prior period presented to conform to the revised presentation.

AIG defines a variable interest as significant relative to the materiality of its interest in the VIE. AIG calculates its maximum exposure to loss to be (i) the amount invested in the debt or equity of the VIE, (ii) the notional amount of VIE assets or liabilities where AIG has also provided credit protection to the VIE with the VIE as the referenced obligation, or (iii) other commitments and guarantees to the VIE. Interest holders in VIEs sponsored by AIG generally have recourse only to the assets and cash flows of the VIEs and do not have recourse to AIG, except in limited circumstances when AIG has provided a guarantee to the VIE's interest holders.

The following table presents total assets of unconsolidated VIEs in which AIG holds a significant variable interest or is a sponsor that holds variable interest in a VIE, and AIG's maximum exposure to loss associated with these VIEs:

		Maximum Exposure to Loss(a)				
		On-Balance Sheet		Off-Balance Sheet		
	Total VIE Assets	Purchased and Retained Interests	Other	Commitments and Guarantees	Derivatives	Total
		(In billions)				
December 31, 2008						
Real estate and investment funds	$ 23.5	$ 2.5	$ 0.5	$ 1.6	$ —	$ 4.6
CLOs/CDOs	95.9	6.4	—	—	0.5	6.9
Affordable housing partnerships	1.0	—	1.0	—	—	1.0
Maiden Lane Interests	46.4	4.9	—	—	—	4.9
Other *(c)*	8.7	2.1	0.5	0.3	—	2.9
Total	$175.5	$ 15.9	$ 2.0	$ 1.9	$ 0.5	$20.3
December 31, 2007 *(b)*						
Real estate and investment funds	$ 40.6	$ 3.9	$ 3.8	$ 0.3	$ —	$ 8.0
CLOs/CDOs	104.7	12.2	—	—	—	12.2
Affordable housing partnerships	0.9	—	0.9	—	—	0.9
Other *(c)*	20.3	8.5	1.5	0.1	—	10.1
Total	$166.5	$ 24.6	$ 6.2	$ 0.4	$ —	$31.2

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(a) AIG's total maximum exposure to loss on unconsolidated VIEs declined from December 31, 2007 as a result of the termination of certain of AIGFP's transactions and the effects of overall market deterioration.

(b) In 2008, AIG made revisions to the presentation of assets and liabilities of unconsolidated VIEs to remove previously disclosed equity investments in entities that do not meet the criteria of a VIE as defined in FIN 46R. The investments are classified on the consolidated balance sheet as other invested assets. Accordingly, AIG revised the prior period presented to conform to the revised presentation.

(c) Includes $1.4 billion and $2.4 billion of assets held in an unconsolidated SIV sponsored by AIGFP in 2008 and 2007, respectively. As of December 31, 2008 and 2007, AIGFP's invested assets included $0.6 billion and $1.7 billion, respectively, of securities purchased under agreements to resell, commercial paper and medium-term and capital notes issued by this entity.

Balance Sheet Classification

AIG's interest in the assets and liabilities of consolidated and unconsolidated VIEs were classified on AIG's consolidated balance sheet as follows:

	At December 31,			
	Consolidated VIEs		Unconsolidated VIEs	
	2008	2007	2008	2007
	(In billions)			
Assets:				
Cash	$ —	$ 0.9	$ —	$ —
Mortgage and other loans receivable	—	—	0.5	0.3
Available for sale securities	9.1	10.7	6.4	20.1
Trading securities (primarily Maiden Lane Interests in 2008)	—	3.4	5.5	0.6
Other invested assets	4.3	3.9	3.5	9.0
Other asset accounts	4.2	4.0	2.0	0.8
Total	$17.6	$22.9	$17.9	$30.8
Liabilities:				
Federal Reserve Bank of New York commercial paper funding facility	$ 6.8	$ —	$ —	$ —
Other long-term debt	4.8	11.2	—	—
Total	$11.6	$11.2	$ —	$ —

AIG enters into various arrangements with VIEs in the normal course of business. AIG's insurance companies are involved with VIEs primarily as passive investors in debt securities (rated and unrated) and equity interests issued by VIEs. Through its Financial Services and Asset Management operations, AIG has participated in arrangements with VIEs that included designing and structuring entities, warehousing and managing the collateral of the entities, and entering into insurance, credit and derivative transactions with the VIEs.

Real Estate and Investment Funds

AIG Investments, through AIG Global Real Estate, is an investor in various real estate investments, some of which are VIEs. These investments are typically with unaffiliated third-party developers via a partnership or limited liability company structure. The VIE's activities consist of the development or redevelopment of commercial and residential real estate. AIG's involvement varies from being a passive equity investor or finance provider to actively managing the activities of the VIE.

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In certain instances, AIG Investments acts as the investment manager of an investment fund, private equity fund or hedge fund and is responsible for carrying out the investment mandate of the VIE. AIG's insurance operations participate as passive investors in the equity issued primarily by third-party-managed hedge and private equity funds and some AIG Investments managed funds. AIG's insurance operations typically are not involved in the design or establishment of VIEs, nor do they actively participate in the management of VIEs.

Commercial Paper Conduit

AIGFP is the primary beneficiary of Curzon Funding LLC, an asset-backed commercial paper conduit to third parties, the assets of which serve as collateral for the conduit's obligations. During 2008, the entity issued $6.8 billion of commercial paper and participated in the CPFF.

CLOs/CDOs

AIGFP has invested in CDOs, and similar structures, which can be cash-based or synthetic and are actively or passively managed. AIGFP's role is generally limited to that of an investor. It does not manage such structures.

In certain instances, AIG Investments acts as the collateral manager of a CDO or collateralized loan obligation (CLO). In CDO and CLO transactions, AIG establishes a trust or other special purpose entity that purchases a portfolio of assets such as bank loans, corporate debt, or non-performing credits and issues trust certificates or debt securities that represent interests in the portfolio of assets. These transactions can be cash-based or synthetic and are actively or passively managed. The management fees that AIG Investments earns as collateral manager are not material to AIG's consolidated financial statements. Certain AIG insurance companies also invest in these CDOs and CLOs. AIG combines variable interests (e.g. management, performance fees and debt or equity securities) held through its various operating subsidiaries in evaluating the need for consolidation. The CDOs in which AIG holds an ownership interest are further described in Note 5.

Affordable Housing Partnerships

SunAmerica Affordable Housing Partners, Inc. (SAAHP) organizes and invests in limited partnerships that develop and operate affordable housing qualifying for federal tax credits, and a few market rate properties across the United States. The general partners in the operating partnerships are almost exclusively unaffiliated third-party developers. AIG does not consolidate an operating partnership if the general partner is an unaffiliated person. Through approximately 1,200 partnerships, SAAHP has invested in developments with approximately 157,000 apartment units nationwide, and has syndicated over $7 billion in partnership equity since 1991 to other investors who will receive, among other benefits, tax credits under certain sections of the Internal Revenue Code. The operating income of SAAHP is reported, along with other SunAmerica partnership income, as a component of AIG's Asset Management segment.

Maiden Lane Interests

ML II

On December 12, 2008, certain AIG wholly owned life insurance companies sold all of their undivided interests in a pool of $39.3 billion face amount of RMBS to ML II, whose sole member is the NY Fed. AIG has a significant variable economic interest in ML II, which is a VIE. See Note 5 for details of AIG's agreement regarding ML II.

ML III

On November 25, 2008, AIG entered into the ML III Agreement with the NY Fed, ML III, and The Bank of New York Mellon, which established arrangements, through ML III, to fund the purchase of multi-sector CDOs underlying or related to CDS written by AIG Financial Products Corp. in connection with the termination of such CDS. Concurrently, AIG Financial Products Corp's counterparties to such CDS transactions agreed to terminate



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those CDS transactions relating to the multi-sector CDOs purchased from them. AIG has a significant variable interest in ML III, which is a VIE. See Note 5 for details of AIG's agreement regarding ML III.

Other Asset Accounts

Structured Investment Vehicle

In 2007, AIGFP sponsored Nightingale Finance LLC, its only structured investment vehicle (SIV), that invests in variable rate, investment-grade debt securities, the majority of which are asset-backed securities. AIGFP has an obligation to support the SIV by purchasing commercial paper or providing repurchase financing to the extent that the SIV is unable to finance itself in the open market. The SIV meets the definition of a VIE because it does not have sufficient equity to operate without subordinated capital notes, which serve as equity even though they are legally debt instruments. The capital notes absorb losses prior to the senior debt. During 2008, AIGFP's interest in the SIV was reduced to $150 million of investments in its medium term notes and $406 million of securities purchased under agreement to resell, primarily due to the issuance of $1.1 billion of commercial paper as a result of its participation in the NY Fed's CPFF in October 2008. AIGFP did not own a material loss-absorbing variable interest in the SIV at December 31, 2008 and, therefore, is not the primary beneficiary.

Qualifying Special Purpose Entities (QSPEs)

AIG sponsors three QSPEs that issue securities backed by consumer loans collateralized by individual life insurance assets. As of December 31, 2008, AIG's maximum exposure, representing the carrying value of the consumer loans, was $854 million and the total VIE assets for these entities was $2.9 billion. AIG records the maximum exposure as finance receivables and, in accordance with SFAS 140, does not consolidate the total VIE assets of these entities.

RMBS, CMBS and Other ABS

AIG is a passive investor in RMBS, CMBS and other ABS primarily issued by domestic entities that are typically structured as QSPEs. AIG does not sponsor or transfer assets to the entities and was not involved in the design of the entities; as such, AIG has not included these entities in the above table. As the non-sponsor and non-transferor, AIG does not have the information needed to conclusively verify that these entities are QSPEs. AIG's maximum exposure is limited to its investment in securities issued by these entities and AIG is not the primary beneficiary of the overall entity activities. As further discussed in Note 5, the fair value of AIG's investment in RMBS, CMBS and CDO/ABS was $59.6 billion and $134.5 billion at December 31, 2008 and 2007, respectively.

10. Derivatives and Hedge Accounting

AIG uses derivatives and other financial instruments as part of its financial risk management programs and as part of its investment operations. AIGFP has also transacted in derivatives as a dealer.

Derivatives, as defined in FAS 133, are financial arrangements among two or more parties with returns linked to or "derived" from some underlying equity, debt, commodity or other asset, liability, or foreign exchange rate or other index or the occurrence of a specified payment event. Derivative payments may be based on interest rates, exchange rates, prices of certain securities, commodities, or financial or commodity indices or other variables. Derivatives are reflected at fair value on the balance sheet in "Unrealized gain on swaps, options and forward transactions" and "Unrealized loss on swaps, options and forward contracts."

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American International Group, Inc., and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

The fair values of derivative assets and liabilities on the consolidated balances sheet were as follows:

	At December 31,			
	Derivative Assets		Derivative Liabilities	
	2008	2007	2008	2007
	(In millions)			
AIGFP derivatives	**$12,111**	$12,319	**$4,344**	$14,817
Non-AIGFP derivatives	**1,662**	1,785	**1,894**	3,214
Total	**$13,773**	$14,104	**$6,238**	$18,031

AIGFP Derivatives

AIGFP enters into derivative transactions to mitigate risk in its exposures (interest rates, currencies, commodities, credit and equities) arising from its transactions. In most cases, AIGFP did not hedge its exposures related to the credit default swaps it had written. As a dealer, AIGFP structured and entered into derivative transactions to meet the needs of counterparties who may be seeking to hedge certain aspects of such counterparties' operations or obtain a desired financial exposure.

AIGFP's derivative transactions involving interest rate swap transactions generally involve the exchange of fixed and floating rate interest payment obligations without the exchange of the underlying notional amounts. AIGFP typically became a principal in the exchange of interest payments between the parties and, therefore, is exposed to counterparty credit risk and may be exposed to loss, if counterparties default. Currency, commodity, and equity swaps are similar to interest rate swaps, but involve the exchange of specific currencies or cashflows based on the underlying commodity, equity securities or indices. Also, they may involve the exchange of notional amounts at the beginning and end of the transaction. Swaptions are options where the holder has the right but not the obligation to enter into a swap transaction or cancel an existing swap transaction.

AIGFP follows a policy of minimizing interest rate, currency, commodity, and equity risks associated with securities available for sale by entering into internal offsetting positions, on a security by security basis within its derivatives portfolio, thereby offsetting a significant portion of the unrealized appreciation and depreciation. In addition, to reduce its credit risk, AIGFP has entered into credit derivative transactions with respect to $635 million of securities to economically hedge its credit risk. As previously discussed, these economic offsets did not meet the hedge accounting requirements of FAS 133 and, therefore, are recorded in Other income in the Consolidated Statement of Income.

Notional amount represents a standard of measurement of the volume of swaps business of AIGFP. Notional amount is not a quantification of market risk or credit risk and is not recorded on the consolidated balance sheet. Notional amounts generally represent those amounts used to calculate contractual cash flows to be exchanged and are not paid or received, except for certain contracts such as currency swaps.

The timing and the amount of cash flows relating to AIGFP's foreign exchange forwards and exchange traded futures and options contracts are determined by each of the respective contractual agreements.

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Notes to Consolidated Financial Statements — (Continued)

The following table presents the notional amounts by remaining maturity of AIGFP interest rate, credit default and currency swaps and swaptions derivatives portfolio:

	Remaining Life of Notional Amount at December 31, 2008(a)				Notional Amount at December 31,	
	One Year	Two Through Five Years	Six Through Ten Years	After Ten Years	2008	2007
			(In millions)			
Interest rate swaps	$190,864	$ 542,810	$ 139,674	$ 9,714	**$ 883,062**	$1,167,464
Credit default swaps *(b)*	98,398	173,168	29,734	4,239	**305,539**	561,813
Currency swaps	35,504	117,988	35,565	5,274	**194,331**	224,275
Swaptions, equity and commodity swaps	28,907	60,998	33,236	8,786	**131,927**	178,967
Total	$353,673	$ 894,964	$ 238,209	$28,013	**$1,514,859**	$2,132,519

(a) Notional amount is not representative of either market risk or credit risk and is not recorded in the consolidated balance sheet.

(b) Netted in the notional amount at December 31, 2008 is $5.5 billion of gross notional amount where credit protection was both purchased and sold on the same underlying.

Futures and forward contracts are contracts that obligate the holder to sell or purchase foreign currencies, commodities or financial indices in which the seller/purchaser agrees to make/take delivery at a specified future date of a specified instrument, at a specified price or yield. Options are contracts that allow the holder of the option to purchase or sell the underlying commodity, currency or index at a specified price and within, or at, a specified period of time. As a writer of options, AIGFP generally receives an option premium and then manages the risk of any unfavorable change in the value of the underlying commodity, currency or index by entering into offsetting transactions with third-party market participants. Risks arise as a result of movements in current market prices from contracted prices, and the potential inability of the counterparties to meet their obligations under the contracts.

The following table presents AIGFP futures, forward and option contracts portfolio by maturity and type of derivative:

	Remaining Life of Notional Amount at December 31, 2008				Notional Amount at December 31,	
	One Year	Two Through Five Years	Six Through Ten Years	After Ten Years	2008	2007
			(In millions)			
Exchange traded futures and options contracts contractual amount	$11,239	$ 509	$ —	$ —	**$11,748**	$ 28,947
Over the counter forward contracts contractual amount	37,477	4,046	1,509	—	**43,032**	493,046
Total	$48,716	$ 4,555	$ 1,509	$ —	**$54,780**	$521,993

AIGFP Hedging Program

During 2007, AIGFP designated certain interest rate swaps as fair value hedges of the benchmark interest rate risk on certain of its interest bearing financial assets and liabilities. In these hedging relationships, AIG hedged its fixed rate available for sale securities and fixed rate borrowings. AIGFP also designated foreign currency forward contracts as fair value hedges for changes in spot foreign exchange rates of its non-U.S. dollar denominated available for sale debt securities. Under these strategies, all or portions of individual or multiple derivatives could be designated against a single hedged item.

At inception of each hedging relationship, AIGFP performed and documented its prospective assessments of hedge effectiveness to demonstrate that the hedge was expected to be highly effective. For hedges of interest rate risk, AIGFP used regression analysis to demonstrate the hedge was highly effective, while it used the periodic dollar

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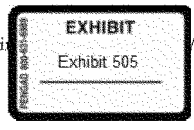
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offset method for its foreign currency hedges. AIGFP used the periodic dollar offset method to assess whether its hedging relationships were highly effective on a retrospective basis. The prospective and retrospective assessments were updated on a daily basis. The passage of time component of the hedging instruments and the forward points on foreign currency hedges were excluded from the assessment of hedge effectiveness and measurement of hedge ineffectiveness. AIGFP did not utilize the shortcut, matched terms or equivalent methods to assess hedge effectiveness.

The change in fair value of the derivatives that qualified under the requirements of FAS 133 as fair value hedges was recorded in current period earnings along with the gain or loss on the hedged item for the hedged risks. For interest rate hedges, the adjustments to the carrying value of the hedged items were amortized into income using the effective yield method over the remaining life of the hedged item. Amounts excluded from the assessment of hedge effectiveness were recognized in current period earnings. For the year ended December 31, 2007, AIGFP recognized net losses of $0.7 million in earnings, representing hedge ineffectiveness, and also recognized net losses of $456 million related to the portion of the hedging instruments excluded from the assessment of hedge effectiveness.

Since its election of the Fair Value Option under SFAS 159 on January 1, 2008, AIGFP no longer designates any derivatives as hedging relationships qualifying for hedge accounting under FAS 133 under this hedging program.

For the year ended December 31, 2006. AIGFP did not designate any derivatives as hedging relationships under FAS 133.

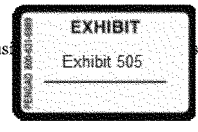
AIG Hedging Intermediated by AIGFP

In 2008 and 2007, AIG designated certain AIGFP derivatives as either fair value or cash flow hedges of certain debt issued by AIG, Inc. (including MIP), ILFC and AGF. The fair value hedges included (i) interest rate swaps that were designated as hedges of the change in the fair value of fixed rate debt attributable to changes in the benchmark interest rate and (ii) foreign currency swaps designated as hedges of the change in fair value of foreign currency denominated debt attributable to changes in foreign exchange rates and/or the benchmark interest rate. With respect to the cash flow hedges, (i) interest rate swaps were designated as hedges of the changes in cash flows on floating rate debt attributable to changes in the benchmark interest rate, and (ii) foreign currency swaps were designated as hedges of changes in cash flows on foreign currency denominated debt attributable to changes in the benchmark interest rate and foreign exchange rates.

AIG assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. Regression analysis is employed to assess the effectiveness of these hedges both on a prospective and retrospective basis. AIG does not utilize the shortcut, matched terms or equivalent methods to assess hedge effectiveness.

The change in fair value of derivatives designated and effective as fair value hedges along with the gain or loss on the hedged item are recorded in current period earnings. Upon discontinuation of hedge accounting, the cumulative adjustment to the carrying value of the hedged item resulting from changes in the benchmark interest rate or exchange rate is amortized into income using the effective yield method over the remaining life of the hedged item. Amounts excluded from the assessment of hedge effectiveness are recognized in current period earnings. During the year ended December 31, 2008 and 2007, AIG recognized a loss of $61 million and $1 million, respectively, in earnings related to the ineffective portion of the hedging instruments. During the year ended December 31, 2008 and 2007, AIG also recognized gains of $17 million and $3 million, respectively, related to the change in the hedging instruments forward points excluded from the assessment of hedge effectiveness.

The effective portion of the change in fair value of a derivative qualifying as a cash flow hedge is recorded in Accumulated other comprehensive income (loss), until earnings are affected by the variability of cash flows in the hedged item. The ineffective portion of these hedges is recorded in net realized capital gains (losses). AIG recognized losses of $13 million and gains of $1 million in earnings representing hedge ineffectiveness in 2008 and 2007, respectively. At December 31, 2008, $115 million of the deferred net loss in Accumulated other



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comprehensive income is expected to be recognized in earnings during the next 12 months. All components of the derivatives' gains and losses were included in the assessment of hedge effectiveness. There were no instances of the discontinuation of hedge accounting in 2008 and 2007.

AIGFP Written Super Senior and Single Name Credit Default Swaps

AIGFP entered into credit derivative transactions in the ordinary course of its business, with the intention of earning revenue on credit exposure in an unfunded form. In the majority of AIGFP's credit derivative transactions, AIGFP sold credit protection on a designated portfolio of loans or debt securities. Generally, AIGFP provides such credit protection on a "second loss" basis, meaning that AIGFP would incur credit losses only after a shortfall of principal and/or interest, or other credit events, in respect of the protected loans and debt securities, exceeds a specified threshold amount or level of "first losses."

Typically, the credit risk associated with a designated portfolio of loans or debt securities has been tranched into different layers of risk, which are then analyzed and rated by the credit rating agencies. At origination, there is usually an equity layer covering the first credit losses in respect of the portfolio up to a specified percentage of the total portfolio, and then successive layers ranging generally from a BBB-rated layer to one or more AAA-rated layers. A significant majority of AIGFP transactions were rated by rating agencies have risk layers or tranches rated AAA at origination and are immediately junior to the threshold level above which AIGFP's payment obligation would generally arise. In transactions that were not rated, AIGFP applied equivalent risk criteria for setting the threshold level for its payment obligations. Therefore, the risk layer assumed by AIGFP with respect to the designated portfolio of loans or debt securities in these transactions is often called the "super senior" risk layer, defined as a layer of credit risk senior to one or more risk layers rated AAA by the credit rating agencies, or if the transaction is not rated, structured to the equivalent thereto. The expected weighted average maturity of AIGFP's super senior credit derivative portfolios as of December 31, 2008 was 0.7 years for the Regulatory Capital Corporate portfolio, 1.2 years for the Regulatory Capital Residential Mortgage portfolio, 7.8 years for the Regulatory Capital Other portfolio, 3.7 years for the Corporate Arbitrage portfolio and 6.0 years for the Multi-Sector CDO portfolio.

The net notional amount, fair value of derivative liability and unrealized market valuation loss of the AIGFP super senior credit default swap portfolio, including credit default swaps written on mezzanine tranches of certain regulatory capital relief transactions, by asset class were as follows:

	Net Notional Amount December 31,		Fair Value Of Derivative Liability at December 31,		Unrealized Market Valuation Loss Year Ended December 31(a),	
	2008(b)	2007(b)	2008(c)	2007(c)	2008(d)	2007(d)
	(In millions)					
Regulatory Capital:						
Corporate loans	$125,628	$229,313	$ —	$ —	$ —	$ —
Prime residential mortgages	107,246	149,430	—	—	—	—
Other *(e)*	1,575	—	379	—	379	—
Total	234,449	378,743	379	—	379	—
Arbitrage:						
Multi-sector CDOs *(f)*	12,556	78,205	5,906	11,246	25,700	11,246
Corporate debt/CLO *(g)*	50,495	70,425	2,554	226	2,328	226
Total	63,051	148,630	8,460	11,472	28,028	11,472
Mezzanine tranches *(h)*	4,701	5,770	195	—	195	—
Total	$302,201	$533,143	$9,034	$ 11,472	$ 28,602	$ 11,472

(a) There were no unrealized market valuation losses in 2006.

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(b) Net notional amounts presented are net of all structural subordination below the covered tranches.

(c) Fair value amounts are shown before the effects of counterparty netting adjustments and offsetting cash collateral in accordance with FIN 39.

(d) Includes credit valuation adjustment gains of $185 million in 2008 representing the positive effect of offsetting AIG's widening credit spreads on the valuation of the derivatives liabilities. AIGFP began reflecting this valuation adjustment as a result of the adoption of SFAS 157 on January 1, 2008. Prior to January 1, 2008, a credit valuation adjustment was not reflected in the valuation of AIGFP's liabilities.

(e) During 2008, a European RMBS regulatory capital relief transaction was not terminated as expected when it no longer provided regulatory capital relief to the counterparty as a result of arbitrage opportunities arising from its unique attributes and the counterparty's access to a particular funding source.

(f) In connection with the terminations of CDS transactions in respect of the ML III transaction, AIG Financial Products Corp. paid $32.5 billion through the surrender of collateral previously posted (net of the $2.5 billion received pursuant to the shortfall agreement), of which $2.5 billion (included in Other income (loss)) is related to certain 2a-7 Put transactions written on multi-sector CDOs purchased by ML III.

(g) Includes $1.5 billion of credit default swaps written on the super senior tranches of CLOs as of December 31, 2008.

(h) Includes offsetting purchased CDS of $2.0 billion and $2.7 billion in net notional amount at December 31, 2008 and 2007, respectively.

At December 31, 2008, all outstanding CDS transactions for regulatory capital purposes and the majority of the arbitrage portfolio have cash-settled structures in respect of a basket of reference obligations, where AIGFP's payment obligations may be triggered by payment shortfalls, bankruptcy and certain other events such as write-downs of the value of underlying assets. For the remainder of the CDS transactions in respect of the arbitrage portfolio, AIGFP's payment obligations are triggered by the occurrence of a credit event under a single reference security, and performance is limited to a single payment by AIGFP in return for physical delivery by the counterparty of the reference security. By contrast, at December 31, 2007, under the large majority of CDS transactions in respect of multi-sector CDOs, AIGFP's payment obligations were triggered by the occurrence of a non-payment event under a single reference CDO security, and performance was limited to a single payment by AIGFP in return for physical delivery by the counterparty of the reference security.

A total of $234.4 billion (consisting of corporate loans and prime residential mortgages) in net notional exposure of AIGFP's super senior credit default swap portfolio as of December 31, 2008 represented derivatives written for financial institutions, principally in Europe, for the purpose of providing regulatory capital relief rather than for arbitrage purposes. In exchange for a periodic fee, the counterparties receive credit protection with respect to a portfolio of diversified loans they own, thus reducing their minimum capital requirements. These CDS transactions were structured with early termination rights for counterparties allowing them to terminate these transactions at no cost to AIGFP at a certain period of time or upon a regulatory event such as the implementation of Basel II. During 2008, $99.7 billion in net notional amount was terminated or matured. Through February 18, 2009, AIGFP has also received formal termination notices for an additional $26.5 billion in net notional amount with effective termination dates in 2009.

The regulatory capital relief CDS transactions require cash settlement and, other than for collateral posting, AIGFP is required to make a payment in connection with a regulatory capital relief transaction only if realized credit losses in respect of the underlying portfolio exceed AIGFP's attachment point.

The super senior tranches of these CDS transactions continue to be supported by high levels of subordination, which, in most instances, have increased since origination. The weighted average subordination supporting the European residential mortgage and corporate loan referenced portfolios at December 31, 2008 was 12.7 percent and 18.3 percent, respectively. The highest level of realized losses to date in any single residential mortgage and corporate loan pool was 2.1 percent and 0.42 percent, respectively. The corporate loan transactions are each comprised of several hundred secured and unsecured



loans diversified by industry and, in some instances, by country, and have per-issuer concentration limits. Both types of transactions generally allow some substitution and

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replenishment of loans, subject to defined constraints, as older loans mature or are prepaid. These replenishment rights generally mature within the first few years of the trade, after which the proceeds of any prepaid or maturing loans are applied first to the super senior tranche (sequentially), thereby increasing the relative level of subordination supporting the balance of AIGFP's super senior CDS exposure.

Given the current performance of the underlying portfolios, the level of subordination and the expectation that counterparties will terminate these transactions prior to their maturity, AIGFP does not expect that it will be required to make payments pursuant to the contractual terms of these transactions.

A total of $63.1 billion and $148.6 billion in net notional exposure on AIGFP's super senior credit default swaps as of December 31, 2008 and 2007, respectively, are arbitrage-motivated transactions written on multi-sector CDOs or designated pools of investment grade senior unsecured corporate debt or CLOs.

As described in Note 4, the ML III transaction eliminated the vast majority of the super senior multi-sector CDO CDS exposure.

The outstanding multi-sector CDO CDS portfolio at December 31, 2008 were written on CDO transactions that generally held a concentration of RMBS, CMBS and inner CDO securities. Approximately $7.4 billion net notional amount (fair value liability of $4.0 billion) of this portfolio was written on super senior multi-sector CDOs that contain some level of sub-prime RMBS collateral, with a concentration in the 2005 and earlier vintages of sub-prime RMBS. AIGFP's portfolio also included both high grade and mezzanine CDOs.

The majority of multi-sector CDO CDS transactions require cash settlement and, other than for collateral posting, AIGFP is required to make a payment in connection with such transactions only if realized credit losses in respect of the underlying portfolio exceed AIGFP's attachment point. In the remainder of the portfolio, AIGFP's payment obligations are triggered by the occurrence of a credit event under a single reference security, and performance is limited to a single payment by AIGFP in return for physical delivery by the counterparty of the reference security.

Included in the multi-sector CDO portfolio are maturity-shortening puts that allow the holders of the securities issued by certain CDOs to treat the securities as short-term eligible 2a-7 investments under the Investment Company Act of 1940 (2a-7 Puts). Holders of securities are required, in certain circumstances, to tender their securities to the issuer at par. If an issuer's remarketing agent is unable to resell the securities so tendered, AIGFP must purchase the securities at par as long as the security has not experienced a payment default or certain bankruptcy events with respect to the issuer of such security have not occurred. At December 31, 2008 and 2007, 2a-7 Puts with a net notional amount of $1.7 billion and $6.5 billion, respectively, were outstanding.

$252 million of the 2008 amount may be exercised in 2009 and ML III has agreed to not sell the multi-sector CDOs in 2009 and to either not exercise its put option on such multi-sector CDOs or to simultaneously exercise their par put option with a par purchase of the multi-sector CDO securities. In exchange, AIG Financial Products Corp. agreed to pay to ML III the consideration that it received for providing the put protection.

The corporate arbitrage portfolio consists principally of CDS transactions written on portfolios of senior unsecured corporate obligations that were generally rated investment grade at inception of the CDS. These CDS transactions require cash settlement. Also, included in this portfolio are CDS transactions with a net notional of $1.5 billion written on the senior part of the capital structure of CLOs, which require cash settlement upon the occurrence of a credit event.

Certain of the super senior credit default swaps provide the counterparties with an additional termination right if AIG's rating level falls to BBB or Baa2. At that level, counterparties to the CDS transactions with a net notional amount of $38.6 billion at December 31, 2008 have the right to terminate the transactions early. If counterparties exercise this right, the contracts provide for the counterparties to be compensated for the cost to replace the transactions, or an amount reasonably determined in good faith to estimate the losses the counterparties would incur as a result of the termination of the transactions.

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Given the level of uncertainty in estimating both the number of counterparties who may elect to exercise their right to terminate and the payment that may be triggered in connection with any such exercise, AIG is unable to reasonably estimate the aggregate amount that it would be required to pay under the super senior credit default swaps in the event of any credit rating downgrade below AIG's current ratings.

Due to long-term maturities of the CDS in the arbitrage portfolio, AIG is unable to make reasonable estimates of the periods during which any payments would be made. However, the net notional amount represents the maximum exposure to loss on the super senior credit default swap portfolio.

Most of AIGFP's credit default swaps are subject to collateral posting provisions, which typically are governed by International Swaps and Derivatives Association, Inc. (ISDA) Master Agreements and Credit Support Annexes. These provisions differ among counterparties and asset classes. Although AIGFP has collateral posting obligations associated with both regulatory capital relief transactions and arbitrage transactions, the large majority of these obligations to date have been associated with arbitrage transactions in respect of multi-sector CDOs.

AIGFP has received collateral calls from counterparties in respect of certain super senior credit default swaps, of which a large majority relate to multi-sector CDOs. To a lesser extent, AIGFP has also received collateral calls in respect of certain super senior credit default swaps entered into by counterparties for regulatory capital relief purposes and in respect of corporate arbitrage.

The amount of future collateral posting requirements is a function of AIG's credit ratings, the rating of the reference obligations and any further decline in the market value of the relevant reference obligations, with the latter being the most significant factor. While a high level of correlation exists between the amount of collateral posted and the valuation of these contracts in respect of the arbitrage portfolio, a similar relationship does not exist with respect to the regulatory capital portfolio given the nature of how the amount of collateral for these transactions is determined. Given the severe market disruption, lack of observable data and the uncertainty regarding the potential effects on market prices of measures recently undertaken by the federal government to address the credit market disruption, AIGFP is unable to reasonably estimate the amounts of collateral that it may be required to post.

Collateral amounts under Master Agreements may be netted against one another where the counterparties are each exposed to one another in respect of different transactions. Actual collateral postings with respect to Master Agreements may be affected by other agreed terms, including threshold and independent amounts, that may increase or decrease the amount of collateral posted.

As of December 31, 2008 and 2007 the amount of collateral postings with respect to AIGFP's super senior credit default swap portfolio (prior to offsets for other transactions) was $8.8 billion and $2.9 billion, respectively.

AIGFP has also entered into credit default swap contracts referencing single-name exposures written on corporate, index, and asset-backed credits, with the intention of earning spread income on credit exposure in an unfunded form. Some of these transactions were entered into as part of a long short strategy allowing AIGFP to earn the net spread between CDS they wrote and ones they purchased.

As of December 31, 2008, the notional of written CDS contracts was $6.3 billion, with an average credit rating of BBB. AIGFP has hedged these exposures by purchasing offsetting CDS contracts of $3.0 billion in net notional amount with identical reference obligations. The net unhedged position of approximately $3.3 billion represents the maximum exposure to loss on these CDS contacts. The average maturity of the written CDS contracts is 4 years. As of December 31, 2008, the fair value (which represents the carrying value) of the portfolio of CDS was $(1.0) billion.

Upon a triggering event (e.g., a default) with respect to the underlying credit, AIGFP would normally have the option to settle the position through an auction process (cash settle) or pay the notional of the contract to the counterparty in exchange for a bond issued by the underlying credit (physical settle).

AIGFP transacted these written CDS contracts under ISDA agreements. The majority of these ISDA agreements include credit support annex provisions, which provide for collateral postings at various ratings and threshold levels. At December 31, 2008, AIGFP had posted $1.2 billion of collateral under these contracts.



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Non-AIGFP Derivatives

AIG and its subsidiaries (other than AIGFP) also use derivatives and other instruments as part of their financial risk management programs. Interest rate derivatives (such as interest rate swaps) are used to manage interest rate risk associated with investments in fixed income securities, commercial paper issuances, medium- and long-term note offerings, and other interest rate sensitive assets and liabilities. In addition, foreign exchange derivatives (principally cross currency swaps, forwards and options) are used to economically mitigate risk associated with non-U.S. dollar denominated debt, net capital exposures and foreign exchange transactions. The derivatives are effective economic hedges of the exposures they are meant to offset.

In addition to hedging activities, AIG also uses derivative instruments with respect to investment operations, which include, among other things, credit default swaps, and purchasing investments with embedded derivatives, such as equity linked notes and convertible bonds. All changes in the fair value of these derivatives are recorded in earnings. AIG bifurcates an embedded derivative where: (i) the economic characteristics of the embedded instruments are not clearly and closely related to those of the remaining components of the financial instrument; (ii) the contract that embodies both the embedded derivative instrument and the host contract is not remeasured at fair value; and (iii) a separate instrument with the same terms as the embedded instrument meets the definition of a derivative under FAS 133.

Matched Investment Program Written Credit Default Swaps

The Matched Investment Program (MIP) has entered into CDS contracts as a writer of protection, with the intention of earning spread income on credit exposure in an unfunded form. The portfolio of CDS contracts are single-name exposures and, at inception, are predominantly high grade corporate credits.

The MIP invested in written CDS contracts through an affiliate which then transacts directly with unaffiliated third parties under ISDA agreements. As of December 31, 2008, the notional amount of written CDS contracts was $4.1 billion with an average credit rating of BBB+. The average maturity of the written CDS contracts is March 2012, or 3.3 years. As of December 31, 2008, the fair value (which represents the carrying value) of the MIP's written CDS was $(351) million.

The majority of the ISDA agreements include credit support annex provisions, which provide for collateral postings at various ratings and threshold levels. At December 31, 2008, $128.9 million of collateral was posted for CDS contracts related to the MIP. The notional amount represents the maximum exposure to loss on the written CDS contracts. However, due to the average investment grade rating and expected default recovery rates, actual losses are expected to be less. AIG Investments, as investment manager for MIP, manages the credit exposure through its corporate credit risk process.

Upon a triggering event (e.g., a default) with respect to the underlying credit, the MIP would normally have the option to settle the position through an auction process (cash settlement) or pay the notional amount of the contract to the counterparty in exchange for a bond issued by the underlying credit (physical settlement).

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Notes to Consolidated Financial Statements — (Continued)

11. Liability for unpaid claims and claims adjustment expense and Future policy benefits for life and accident and health insurance contracts and policyholder contract deposits

The reconciliation of activity in the liability for unpaid claims and claims adjustment expense was as follows:

	Years Ended December 31,		
	2008	2007	2006
		(In millions)	
At beginning of year:			
Liability for unpaid claims and claims adjustment expense	$ 85,500	$ 79,999	$ 77,169
Reinsurance recoverable	(16,212)	(17,369)	(19,693)
Total	69,288	62,630	57,476
Foreign exchange effect	(2,113)	955	741
Acquisitions and dispositions *(a)*	(269)	317	55
Losses and loss expenses incurred:			
Current year	35,085	30,261	27,805
Prior years, other than accretion of discount *(b)*	118	(656)	(53)
Prior years, accretion of discount	317	327	300
Total	35,520	29,932	28,052
Losses and loss expenses paid:			
Current year	13,440	9,684	8,368
Prior years	16,531	14,862	15,326
Total	29,971	24,546	23,694
At end of year:			
Net liability for unpaid claims and claims adjustment expense	72,455	69,288	62,630
Reinsurance recoverable	16,803	16,212	17,369
Total	$ 89,258	$ 85,500	$ 79,999

(a) Reflects the closing balance with respect to Unibanco divested in the fourth quarter of 2008 and the opening balance with respect to the acquisitions of WüBa and the Central Insurance Co., Ltd. in 2007 and 2006, respectively.

(b) Includes $88 million and $181 million in 2007 and 2006, respectively, for the general reinsurance operations of Transatlantic and, $7 million, $64 million and $103 million of losses incurred in 2008, 2007 and 2006, respectively, resulting from the 2005 and 2004 catastrophes.

Discounting of Reserves

At December 31, 2008, AIG's overall General Insurance net loss reserves reflect a loss reserve discount of $2.57 billion, including tabular and non-tabular calculations. The tabular workers' compensation discount is calculated using a 3.5 percent interest rate and the 1979-81 Decennial Mortality Table. The non-tabular workers' compensation discount is calculated separately for companies domiciled in New York and Pennsylvania, and follows the statutory regulations for each state. For New York companies, the discount is based on a five percent interest rate and the companies' own payout patterns. For Pennsylvania companies, the statute has specified discount factors for accident years 2001 and prior, which are based on a six percent interest rate and an industry payout pattern. For accident years 2002 and subsequent, the discount is based on the payout patterns and investment yields of the companies.

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Notes to Consolidated Financial Statements — (Continued)

The analysis of the future policy benefits and policyholder contract deposits liabilities was as follows:

	At December 31, 2008	2007
	(In millions)	
Future policy benefits:		
Long duration contracts	**$141,623**	$135,521
Short duration contracts	**711**	866
Total	**$142,334**	$136,387
Policyholder contract deposits:		
Annuities	**$139,126**	$140,444
Guaranteed investment contracts	**14,821**	25,321
Universal life products	**29,277**	27,114
Variable products	**24,965**	46,407
Corporate life products	**2,259**	2,124
Other investment contracts	**16,252**	17,049
Total	**$226,700**	$258,459

Long duration contract liabilities included in future policy benefits, as presented in the preceding table, result primarily from life products. Short duration contract liabilities are primarily accident and health products. The liability for future life policy benefits has been established based upon the following assumptions:

- Interest rates (exclusive of immediate/terminal funding annuities), which vary by territory, year of issuance and products, range from 1.0 percent to 11.0 percent within the first 20 years. Interest rates on immediate/terminal funding annuities are at a maximum of 11.5 percent and grade to not greater than 6.0 percent.
- Mortality and surrender rates are based upon actual experience by geographical area modified to allow for variations in policy form. The weighted average lapse rate, including surrenders, for individual and group life approximated 6.8 percent.
- The portions of current and prior net income and of current unrealized appreciation of investments that can inure to the benefit of AIG are restricted in some cases by the insurance contracts and by the local insurance regulations of the jurisdictions in which the policies are in force.
- Participating life business represented approximately 15 percent of the gross insurance in force at December 31, 2008 and 21 percent of gross premiums and other considerations in 2008. The amount of annual dividends to be paid is determined locally by the boards of directors. Provisions for future dividend payments are computed by jurisdiction, reflecting local regulations.

The liability for policyholder contract deposits has been established based on the following assumptions:

- Interest rates credited on deferred annuities, which vary by territory and year of issuance, range from 1.4 percent to, including bonuses, 13.0 percent. Less than 1.0 percent of the liabilities are credited at a rate greater than 9.0 percent. Current declared interest rates are generally guaranteed to remain in effect for a period of one year though some are guaranteed for longer periods. Withdrawal charges generally range from zero percent to 12.0 percent grading to zero over a period of zero to 15 years.
- Domestically, guaranteed investment contracts (GICs) have market value withdrawal provisions for any funds withdrawn other than benefit responsive payments. Interest rates credited generally range from 1.2 percent to 9.0 percent. The vast majority of these GICs mature within three years.
- Interest rates on corporate life insurance products are guaranteed at 4.0 percent and the weighted average rate credited in 2008 was 5.0 percent.

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- The universal life funds have credited interest rates of 1.0 percent to 5.8 percent and guarantees ranging from 1.0 percent to 5.5 percent depending on the year of issue. Additionally, universal life funds are subject to surrender charges that amount to 13.0 percent of the aggregate fund balance grading to zero over a period not longer than 20 years.
- For variable products and investment contracts, policy values are expressed in terms of investment units. Each unit is linked to an asset portfolio. The value of a unit increases or decreases based on the value of the linked asset portfolio. The current liability at any time is the sum of the current unit value of all investment units plus any liability for guaranteed minimum death or withdrawal benefits.

Certain products are subject to experience adjustments. These include group life and group medical products, credit life contracts, accident and health insurance contracts/riders attached to life policies and, to a limited extent, reinsurance agreements with other direct insurers. Ultimate premiums from these contracts are estimated and recognized as revenue, and the unearned portions of the premiums recorded as liabilities. Experience adjustments vary according to the type of contract and the territory in which the policy is in force and are subject to local regulatory guidance.

12. Variable Life and Annuity Contracts

AIG follows Statement of Position 03-1 (SOP 03-1), which requires recognition of a liability for guaranteed minimum death benefits and other living benefits related to variable annuity and variable life contracts as well as certain disclosures for these products.

AIG reports variable contracts through separate accounts when investment income and investment gains and losses accrue directly to, and investment risk is borne by, the contract holder (traditional variable annuities), and the separate account qualifies for separate account treatment under SOP 03-1. In some foreign jurisdictions, separate accounts are not legally insulated from general account creditors and therefore do not qualify for separate account treatment under SOP 03-1. In such cases, the variable contracts are reported as general account contracts even though the policyholder bears the risks associated with the performance of the assets. AIG also reports variable annuity and life contracts through separate accounts, or general accounts when not qualified for separate account reporting, when AIG contractually guarantees to the contract holder (variable contracts with guarantees) either (a) total deposits made to the contract less any partial withdrawals plus a minimum return (and in minor instances, no minimum returns) (Net Deposits Plus a Minimum Return) or (b) the highest contract value attained, typically on any anniversary date minus any subsequent withdrawals following the contract anniversary (Highest Contract Value Attained). These guarantees include benefits that are payable in the event of death, annuitization, or, in other instances, at specified dates during the accumulation period. Such benefits are referred to as guaranteed minimum death benefits (GMDB), guaranteed minimum income benefits (GMIB), guaranteed minimum withdrawal benefits (GMWB) and guaranteed minimum account value benefits (GMAV). For AIG, GMDB is by far the most widely offered benefit.

The assets supporting the variable portion of both traditional variable annuities and variable contracts with guarantees are carried at fair value and reported as Separate account assets with an equivalent summary total reported as Separate account liabilities when the separate account qualifies for separate account treatment under SOP 03-1. Assets for separate accounts that do not qualify for separate account treatment are reported as trading account assets, and liabilities are included in the respective policyholder liability account of the general account. Amounts assessed against the contract holders for mortality, administrative, and other services are included in revenue and changes in liabilities for minimum guarantees are included in policyholder benefits and claims incurred in the consolidated statement of income. Separate account net investment income, net investment gains and losses, and the related liability changes are offset within the same line item in the consolidated statement of income for those accounts that qualify for separate account treatment under SOP 03-1. Net investment income and gains and losses on trading accounts for contracts that do not qualify for separate account treatment under SOP 03-1 are reported in net investment income and are principally offset by amounts reported in policyholder benefits and claims incurred.

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American International Group, Inc., and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

The vast majority of AIG's exposure on guarantees made to variable contract holders arises from GMDB. Details concerning AIG's GMDB exposures were as follows:

	Net Deposits Plus a Minimum Return	Highest Contract Value Attained
	(Dollars in billions)	
December 31, 2008		
Account value(a)	$ 50	$ 11
Amount at risk(b)	13	5
Average attained age of contract holders by product	38 - 69 years	55 - 71 years
Range of guaranteed minimum return rates	3 - 10%	
December 31, 2007		
Account value(a)	$ 66	$ 17
Amount at risk(b)	5	1
Average attained age of contract holders by product	38 - 69 years	55 - 72 years
Range of guaranteed minimum return rates	3 - 10%	

(a) Included in Policyholder contract deposits in the consolidated balance sheet.

(b) Represents the amount of death benefit currently in excess of Account value.

The following summarizes GMDB liabilities for guarantees on variable contracts reflected in the general account.

	Years Ended December 31,	
	2008	2007
	(In millions)	
Balance, beginning of year	$463	$406
Reserve increase	351	111
Benefits paid	(97)	(54)
Balance, end of year	$717	$463

The GMDB liability is determined each period end by estimating the expected value of death benefits in excess of the projected account balance and recognizing the excess ratably over the accumulation period based on total expected assessments. AIG regularly evaluates estimates used and adjusts the additional liability balance, with a related charge or credit to benefit expense, if actual experience or other evidence suggests that earlier assumptions should be revised.

The following assumptions and methodology were used to determine the GMDB liability at December 31, 2008:

- Data used was up to 1,000 stochastically generated investment performance scenarios.
- Mean investment performance assumptions ranged from three percent to approximately ten percent depending on the block of business.
- Volatility assumptions ranged from eight percent to 23 percent depending on the block of business.
- Mortality was assumed at between 50 percent and 103 percent of various life and annuity mortality tables.
- For domestic contracts, lapse rates vary by contract type and duration and ranged from zero percent to 40 percent. For foreign contracts, lapse rates ranged from zero percent to 15 percent depending on the type of contract.

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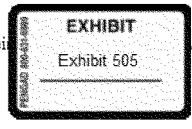
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- For domestic contracts, the discount rate ranged from 3.25 percent to 11 percent. For foreign contracts, the discount rate ranged from 1.6 percent to seven percent.

In addition to GMDB, AIG's contracts currently include to a lesser extent GMIB. The GMIB liability is determined each period end by estimating the expected value of the annuitization benefits in excess of the projected account balance at the date of annuitization and recognizing the excess ratably over the accumulation period based on total expected assessments. AIG periodically evaluates estimates used and adjusts the additional liability balance, with a related charge or credit to benefit expense, if actual experience or other evidence suggests that earlier assumptions should be revised.

AIG contracts currently include GMAV and GMWB benefits. GMAV and GMWB considered to be embedded derivatives are recognized at fair value through earnings. AIG enters into derivative contracts to economically hedge a portion of the exposure that arises from GMAV and GMWB.

13. Debt Outstanding

AIG's total debt outstanding was as follows:

	At December 31,	
	2008	2007
	(In millions)	
Fed Facility	$ 40,431	$ —
Other long-term debt	137,054	162,935
Commercial paper and extendible commercial notes	613	13,114
NY Fed commercial paper funding facility	15,105	—
Total debt	$193,203	$176,049

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American International Group, Inc., and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

Maturities of long-term debt, excluding borrowings of consolidated investments, are as follows:

	At December 31, 2008						
	Total	2009	2010	2011	2012	2013	Thereafter
				(In millions)			
AIG:							
Fed Facility	$ 40,431	$ —	$ —	$ —	$ —	$40,431	$ —
Notes and bonds payable	11,756	1,418	1,350	562	27	998	7,401
Junior subordinated debt	11,685	—	—	—	—	—	11,685
Junior subordinated debt attributable to equity units	5,880	—	—	—	—	—	5,880
Loans and mortgages payable	416	4	4	5	5	338	60
MIP matched notes and bonds payable	14,446	1,156	2,235	3,111	2,157	877	4,910
AIGFP matched notes and bonds payable	4,660	255	38	27	56	—	4,284
Total AIG	89,274	2,833	3,627	3,705	2,245	42,644	34,220
AIGFP, at fair value:							
GIAs	13,860	1,166	768	282	410	400	10,834
Notes and bonds payable	5,250	2,630	762	177	625	79	977
Loans and mortgages payable	2,175	1,175	324	195	192	78	211
Hybrid financial instrument liabilities *(a)*	2,113	216	238	241	94	249	1,075
Total AIGFP	23,398	5,187	2,092	895	1,321	806	13,097
AIGLH notes and bonds payable	798	—	500	—	—	—	298
Liabilities connected to trust preferred stock	1,415	—	—	—	—	—	1,415
ILFC *(b)*:							
Notes and bonds payable	20,051	3,178	4,003	4,380	3,572	3,542	1,376
Junior subordinated debt	999	—	—	—	—	—	999
Export credit facility *(c)*	2,437	502	400	312	283	283	657
Bank financings	7,559	2,471	2,103	2,660	325	—	—
Total ILFC	31,046	6,151	6,506	7,352	4,180	3,825	3,032
AGF *(b)*:							
Notes and bonds payable	23,089	6,636	4,112	3,172	2,079	1,979	5,111
Junior subordinated debt	349	—	—	—	—	—	349
Total AGF	23,438	6,636	4,112	3,172	2,079	1,979	5,460
AIGCFG Loans and mortgages payable *(b)*	1,596	771	652	83	36	35	19
Other subsidiaries *(b)*	670	3	3	5	4	3	652
Total	$171,635	$21,581	$17,492	$15,212	$9,865	$49,292	$ 58,193

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(a) Represents structured notes issued AIGFP that are accounted for at fair value.

(b) AIG does not guarantee these borrowings.

(c) Reflects future minimum payment for ILFC's borrowing under Export Credit Facilities.

AIG (Parent Company)

(i) Fed Facility: On September 22, 2008, AIG entered into the $85 billion Fed Credit Agreement and a Guarantee and Pledge Agreement (the Pledge Agreement) with the NY Fed.

Pursuant to the Fed Credit Agreement, in consideration for the NY Fed's extension of credit under the Fed Facility and the payment of $500,000, AIG agreed to issue 100,000 shares of Series C Preferred Stock. See Note 15 to the Consolidated Financial Statements for further discussion of the Series C Preferred Stock.

On November 9, 2008, AIG and the NY Fed amended the Fed Credit Agreement with effect from November 25, 2008. The amended Fed Credit Agreement provides, among other things, that (i) the total commitment under the Fed Facility following the issuance of the Series D Preferred Stock is $60 billion; (ii) the interest rate payable on outstanding borrowings is three-month LIBOR (not less than 3.5 percent) plus 3.0 percent per annum; (iii) the fee payable on undrawn amounts is 0.75 percent per annum; and (iv) the term of the Fed Facility is five years. See Note 15 herein for further discussion of the Series D Preferred Stock. At December 31, 2008, a total of $40.4 billion was outstanding under the Fed Facility, including commitment fees and accrued compounding interest of $3.63 billion.

The Fed Facility is secured by pledges of the capital stock and assets of certain of AIG's subsidiaries, subject to exclusions of certain property not permitted to be pledged under the debt agreements of AIG and certain of its subsidiaries and AIG's Restated Certificate of Incorporation, as well as exclusions of assets of regulated subsidiaries, assets of foreign subsidiaries and assets of special purpose vehicles. The exclusion of the capital stock of certain direct subsidiaries of AIG from AIG's pledge ensures that AIG has not pledged all or substantially all of its assets to the NY Fed.

AIG has not had access to its traditional sources of long-term financing through the public debt market.

(ii) Notes and bonds payable: On August 18, 2008, AIG sold $3.25 billion principal amount of senior unsecured notes in a Rule 144A/Regulation S offering which bear interest at a per annum rate of 8.25 percent and mature in 2018. The proceeds from the sale of these notes were used by AIGFP for its general corporate purposes, and the notes are included within "AIGFP matched notes and bonds payable" in the preceding tables. AIG has agreed to use commercially reasonable efforts to consummate an exchange offer for the notes pursuant to an effective registration statement within 360 days of the date on which the notes were issued.

As of December 31, 2008, approximately $7.5 billion principal amount of senior notes were outstanding under AIG's medium-term note program, of which $3.2 billion was used for AIG's general corporate purposes, $893 million was used by AIGFP (included within "AIGFP matched notes bonds and payable" in the preceding tables) and $3.4 billion was used to fund the MIP. The maturity dates of these notes range from 2009 to 2052. To the extent considered appropriate, AIG may enter into swap transactions to manage its effective borrowing rates with respect to these notes.

As of December 31, 2008, the equivalent of $12.0 billion of notes were outstanding under AIG's Euro medium-term note program, of which $9.7 billion were used to fund the MIP and the remainder was used for AIG's general corporate purposes. The aggregate amount outstanding includes a $588 million loss resulting from foreign exchange translation into U.S. dollars, of which $0.1 million gain relates to notes issued by AIG for general corporate purposes and $588 million loss relates to notes issued to fund the MIP. AIG has economically hedged the currency exposure arising from its foreign currency denominated notes.

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AIG maintains a shelf registration statement in Japan, providing for the issuance of up to Japanese Yen 300 billion principal amount of senior notes, of which the equivalent of $562 million was outstanding at December 31, 2008.

(iii) Junior subordinated debt: During 2007 and 2008, AIG issued an aggregate of $12.5 billion of junior subordinated debentures denominated in U.S. dollars, British Pounds and Euros in eight series of securities. In connection with each series of junior subordinated debentures, AIG entered into a Replacement Capital Covenant (RCC) for the benefit of the holders of AIG's 6.25 percent senior notes due 2036. The RCCs provide that AIG will not repay, redeem, or purchase the applicable series of junior subordinated debentures on or before a specified date, unless AIG has received qualifying proceeds from the sale of replacement capital securities.

In May 2008, AIG raised a total of approximately $20 billion through the sale of (i) 196,710,525 shares of AIG common stock in a public offering at a price per share of $38; (ii) 78.4 million Equity Units in a public offering at a price per unit of $75; and (iii) $6.9 billion in unregistered offerings of junior subordinated debentures in three series. The Equity Units and junior subordinated debentures receive hybrid equity treatment from the major rating agencies under their current policies but are recorded as long-term debt on the consolidated balance sheet. The Equity Units consist of an ownership interest in AIG junior subordinated debentures and a stock purchase contract obligating the holder of an equity unit to purchase, and obligating AIG to sell, a variable number of shares of AIG common stock on three dates in 2011 (a minimum of 128,944,480 shares and a maximum of 154,738,080 shares, subject to anti-dilution adjustments).

AIGFP

Borrowings under obligations of guaranteed investment agreements: Borrowings under obligations of GIAs, which are guaranteed by AIG, are recorded at fair value. Obligations may be called at various times prior to maturity at the option of the counterparty. Interest rates on these borrowings are primarily fixed, vary by maturity, and range up to 9.8 percent.

At December 31, 2008, the fair value of securities pledged as collateral with respect to these obligations approximated $8.4 billion.

AIGFP's debt, excluding GIAs, outstanding are as follows:

At December 31, 2008 Range of Maturities	Currency	Range of Interest Rates	U.S. Dollar Carrying Value (Dollars in millions)
2009-2035	U.S. dollar	0.01-8.25%	$4,167
2009-2047	Euro	1.59-7.65	2,866
2009-2023	Japanese yen	0.01-2.50	2,205
2009-2015	Swiss franc	0.25-2.79	112
2009-2015	Australian dollar	0.01-2.65	107
2009-2012	Other	0.01-7.73	81
Total			$9,538

AIGFP economically hedges its notes and bonds. AIG guarantees all of AIGFP's debt.

Hybrid financial instrument liabilities: AIGFP's notes and bonds include structured debt instruments whose payment terms are linked to one or more financial or other indices (such as an equity index or commodity index or another measure that is not considered to be clearly and closely related to the debt instrument). These notes contain embedded derivatives that otherwise would be required to be accounted for separately under FAS 133. Upon AIG's early adoption of FAS 155, AIGFP elected the fair value option for these notes. The notes that are accounted for using the fair value option are reported separately under hybrid financial instrument liabilities at fair value.




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AIGLH

At December 31, 2008, AIGLH notes and bonds payable aggregating $798 million were outstanding with maturity dates ranging from 2010 to 2029 at interest rates from 6.625 percent to 7.50 percent. AIG guarantees the notes and bonds of AIGLH.

Liabilities Connected to Trust Preferred Stock

AIGLH issued Junior Subordinated Debentures (liabilities) to certain trusts established by AIGLH, which represent the sole assets of the trusts. The trusts have no independent operations. The trusts issued mandatory redeemable preferred stock to investors. The interest terms and payment dates of the liabilities correspond to those of the preferred stock. AIGLH's obligations with respect to the liabilities and related agreements, when taken together, constitute a full and unconditional guarantee by AIGLH of payments due on the preferred securities. AIG guarantees the obligations of AIGLH with respect to these liabilities and related agreements. The liabilities are redeemable, under certain conditions, at the option of AIGLH on a proportionate basis.

At December 31, 2008, the preferred stock outstanding consisted of $300 million liquidation value of 8.5 percent preferred stock issued by American General Capital II in June 2000, $500 million liquidation value of 8.125 percent preferred stock issued by American General Institutional Capital B in March 1997, and $500 million liquidation value of 7.57 percent preferred stock issued by American General Institutional Capital A in December 1996.

ILFC

(i) Notes and bonds payable: At December 31, 2008, notes aggregating $20.1 billion were outstanding, consisting of $7.7 billion of term notes, $12.4 billion of medium-term notes with maturities ranging from 2009 to 2015 and interest rates ranging from 1.62 percent to 7.95 percent and $1.0 billion of junior subordinated debt as discussed below. Notes aggregating $4.1 billion are at floating interest rates and the remainder are at fixed rates. ILFC enters into swap transactions to manage its effective borrowing rates with respect to these notes.

ILFC does not currently have access to its traditional sources of long-term or short-term financing through the public debt markets. ILFC currently has the capacity under its present facilities and indentures to enter into secured financings in excess of $5.0 billion.

As a well-known seasoned issuer, ILFC has an effective shelf registration statement with the SEC. At December 31, 2008, $6.9 billion of debt securities had been issued under this registration statement. In addition, ILFC has a Euro medium-term note program for $7.0 billion, under which $2.3 billion in notes were outstanding at December 31, 2008. Notes issued under the Euro medium-term note program are included in ILFC notes and bonds payable in the preceding table of borrowings. ILFC has substantially eliminated the currency exposure arising from foreign currency denominated notes by hedging the note exposure through swaps.

(ii) Junior subordinated debt: In December 2005, ILFC issued two tranches of junior subordinated debt totaling $1.0 billion to underlie trust preferred securities issued by a trust sponsored by ILFC. The $600 million tranche has a call date of December 21, 2010 and the $400 million tranche has a call date of December 21, 2015. Both tranches mature on December 21, 2065. The $600 million tranche has a fixed interest rate of 5.90 percent for the first five years. The $400 million tranche has a fixed interest rate of 6.25 percent for the first ten years. Both tranches have interest rate adjustments if the call option is not exercised based on a floating quarterly reset rate equal to the initial credit spread plus the highest of (i) 3-month LIBOR, (ii) 10-year constant maturity treasury and (iii) 30-year constant maturity treasury.

(iii) Export credit facility: At December 31, 2008, ILFC had $365 million outstanding under a $4.3 billion Export Credit Facility (ECA) used in the purchase of approximately 75 aircraft delivered through 2001. The interest rate varies from 5.75 percent to 5.86 percent on these amortizing ten-year borrowings depending on the delivery date of the aircraft. The debt is collateralized by a pledge of the shares of a subsidiary of ILFC, which holds title to the aircraft financed under the facility. This facility was guaranteed by various European Export Credit Agencies.



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At December 31, 2008, ILFC had $2.1 billion outstanding under a similarly structured ECA under which it may borrow up to a maximum of $3.6 billion for aircraft to be delivered through May 31, 2009. The facility becomes available as the various European Export Credit Agencies provide their guarantees for aircraft based on a forward-looking calendar, and the interest rate is determined through a bid process. The interest rates are either LIBOR-based with spreads ranging from (0.04) percent to 0.90 percent or at fixed rates ranging from 4.2 percent to 4.7 percent. At December 31, 2008, the interest rates of the loans outstanding ranged from 2.51 percent to 4.71 percent. The debt is collateralized by a pledge of shares of a subsidiary of ILFC, which holds title to the aircraft financed under the facility. Borrowings with respect to these facilities are included in ILFC's notes and bonds payable in the preceding table of borrowings.

Under these Export Credit Facilities, ILFC may be required to segregate deposits and maintenance reserves for the financed aircraft into separate accounts in connection with certain credit rating downgrades. As a result of Moody's October 3, 2008 downgrade of ILFC's long-term debt rating to Baa1, ILFC received notice from the security trustees of the facilities to segregate into separate accounts security deposits and maintenance reserves related to aircraft funded under the facility. ILFC had 90 days from the date of the notice to comply, and subsequent to December 31, 2008, ILFC segregated approximately $260 million of deposits and maintenance reserves. Funds required to be segregated under the facility agreements fluctuate with changes in deposits, maintenance reserves and debt maturities related to the aircraft funded under the facilities. Further credit rating declines could impose additional restrictions under the Export Credit Facilities including the requirement to segregate rental payments and would require prior consent to withdraw funds from the segregated account.

(iv) Bank financings: From time to time, ILFC enters into various bank financings. At December 31, 2008, the total funded amount was $7.6 billion. The financings mature through 2012. The interest rates are LIBOR-based, with spreads ranging from 0.30 percent to 1.625 percent. At December 31, 2008, the interest rates ranged from 2.15 percent to 4.36 percent.

AIG does not guarantee any of the debt obligations of ILFC.

AGF

(i) Notes and bonds payable: At December 31, 2008, notes and bonds aggregating $23.1 billion were outstanding with maturity dates ranging from 2009 to 2031 at interest rates ranging from 0.23 percent to 9 percent. AGF has entered into swap transactions to manage its effective borrowing rates with respect to several of these notes and bonds.

(ii) Junior subordinated debt: At December 31, 2008, junior subordinated debentures aggregating $349 million were outstanding that mature in January 2067. The debentures underlie a series of trust preferred securities sold by a trust sponsored by AGF in a Rule 144A/Regulation S offering. AGF can redeem the debentures at par beginning in January 2017.

AIG does not guarantee any of the debt obligations of AGF but has provided a capital support agreement for the benefit of AGF's lenders under the AGF 364-Day Syndicated Facility.

Both ILFC and AGF have drawn the full amount available under their revolving credit facilities.

AIG's syndicated facilities contain a covenant requiring AIG to maintain total shareholders' equity (calculated on a consolidated basis consistent with GAAP) of at least $50 billion at all times. If AIG fails to maintain this level of total shareholders' equity at any time, it will lose access to those facilities. Additionally, if an event of default occurs under those facilities, including AIG failing to maintain $50 billion of total shareholders' equity at any time, which causes the banks to terminate either of those facilities, then AIG may be required to collateralize approximately

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$2.7 billion of letters of credit that AIG has obtained for the benefit of its insurance subsidiaries so that these subsidiaries may obtain statutory recognition of their intercompany reinsurance transactions.

Other Notes, Bonds, Loans and Mortgages Payable, consisted of the following:

At December 31,	Uncollateralized Notes/Bonds/Loans Payable	Collateralized Loans and Mortgages Payable
	(In millions)	
AIGCFG	$ 1,596	$ —
AIG	416	—
Other subsidiaries	514	156
Total	$ 2,526	$ 156

Commercial Paper

Commercial paper issued and outstanding was as follows:

At December 31, 2008	Net Book Value	Unamortized Discount and Accrued Interest	Face Amount	Weighted Average Interest Rate	Weighted Average Maturity in Days
		(Dollars in millions)			
Commercial paper:					
ILFC	$ 57	$ —	$ 57	3.51%	57
AGF *(a)*	173	1	174	3.40	66
AIG Funding	244	—	244	3.19	39
AIGCC — Taiwan *(b)*	110	—	110	1.48	15
AIGF — Thailand *(b)*	14	—	14	2.46	18
Total commercial paper	598	1	599	—	—
CPFF:					
AIGFP *(c)*	6,802	19	6,812	3.84	29
ILFC *(d)*	1,691	3	1,694	2.78	28
AIG Funding	6,612	15	6,627	2.82	24
Total CPFF	15,105	37	15,133	—	—
Total *(a)*	$15,703	$ 38	$15,732	—	—

(a) Excludes $15 million of extendible commercial notes.

(b) Issued in local currencies at prevailing local interest rates.

(c) Carried at fair value.

(d) On January 21, 2009, S&P downgraded ILFC's short-term credit rating and, as a result, ILFC lost access to the CPFF.

At December 31, 2008, AIG did not guarantee the commercial paper of any of its subsidiaries other than AIG Funding.

Commercial Paper Funding Facility

AIG is participating in the CPFF. AIG Funding, Curzon Funding LLC and Nightingale Finance LLC may issue up to approximately $6.9 billion, $7.2 billion and $1.1 billion, respectively, of commercial paper under the CPFF. ILFC participated in the CPFF at December 31, 2008, and had borrowed approximately $1.7 billion under the

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program. On January 21, 2009, S&P downgraded ILFC's short-term credit rating and, as a result, ILFC could no longer participate in the CPFF. The $1.7 billion ILFC had borrowed under the CPFF was due and paid on January 28, 2009. As of December 31, 2008 and February 18, 2009, the other three affiliates had borrowed a total of approximately $14.5 billion and $14 billion, respectively, under this facility. These AIG affiliates are participating under the CPFF's standard terms and conditions.

Proceeds from the issuance of the commercial paper under the CPFF are used to refinance AIG's outstanding commercial paper as it matures, meet other working capital needs and make voluntary repayments under the Fed Facility. The voluntary repayments of the Fed Facility do not reduce the amount available to be borrowed thereunder.

14. Commitments, Contingencies and Guarantees

In the normal course of business, various commitments and contingent liabilities are entered into by AIG and certain of its subsidiaries. In addition, AIG guarantees various obligations of certain subsidiaries.

(a) Litigation and Investigations

Litigation Arising from Operations. AIG and its subsidiaries, in common with the insurance and financial services industries in general, are subject to litigation, including claims for punitive damages, in the normal course of their business. In AIG's insurance operations, litigation arising from claims settlement activities is generally considered in the establishment of AIG's liability for unpaid claims and claims adjustment expense. However, the potential for increasing jury awards and settlements makes it difficult to assess the ultimate outcome of such litigation.

Various federal, state and foreign regulatory and governmental agencies are reviewing certain public disclosures, transactions and practices of AIG and its subsidiaries in connection with AIG's liquidity problems industry-wide and other inquiries. These reviews include inquiries by the SEC and U.S. Department of Justice (DOJ) with respect to AIG's valuation of and disclosures relating to the AIGFP super senior credit default swap portfolio and the U.K. Serious Fraud Office with respect to the UK operations of AIGFP. AIG has cooperated, and will continue to cooperate, in producing documents and other information in response to subpoenas and other requests.

In connection with some of the SEC investigations, AIG understands that some of its employees have received Wells notices and it is possible that additional current and former employees could receive similar notices in the future. Under SEC procedures, a Wells notice is an indication that the SEC staff has made a preliminary decision to recommend enforcement action that provides recipients with an opportunity to respond to the SEC staff before a formal recommendation is finalized.

Although AIG cannot currently quantify its ultimate liability for the unresolved litigation and investigation matters referred to below, it is possible that such liability could have a material adverse effect on AIG's consolidated financial condition, consolidated results of operations or consolidated cash flow for an individual reporting period.

Litigation Relating to AIGFP's Super Senior Credit Default Swap Portfolio

Securities Actions — Southern District of New York. On May 21, 2008, a purported securities fraud class action complaint was filed against AIG and certain of its current and former officers and directors in the United States District Court for the Southern District of New York (the Southern District of New York). The complaint alleges that defendants made statements during the period May 11, 2007 through May 9, 2008 in press releases, AIG's quarterly and year-end filings and during conference calls with analysts which were materially false and misleading and which artificially inflated the price of AIG's stock. The alleged false and misleading statements relate to, among other things, unrealized market valuation losses on AIGFP's super senior credit default swap portfolio as a result of severe credit market disruption. The complaint alleges claims under Sections 10(b) and 20(a) of the Exchange Act. Three additional purported securities class action complaints were subsequently filed in the

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Southern District of New York, all containing similar allegations. One of the additional complaints, filed on June 19, 2008, alleges a purported class period of November 10, 2006 through June 6, 2008.

On October 9, 2008, a purported securities class action complaint was filed in the Southern District of New York on behalf of purchasers of AIG's 7.70 percent Series A-5 Junior Subordinated Debentures issued in a registered public offering on December 11, 2007 against AIG, certain of its current and former officers and directors, and the underwriters of the offering. The complaint alleges that defendants made statements in AIG's registration statement, prospectus and quarterly and year-end filings which were materially false and misleading, in violation of Sections 11, 12(a) and 15 of the Securities Act of 1933. The claims are based generally on the same allegations as the securities fraud class actions described above. One additional purported securities class action complaint was filed in the Southern District of New York on October 27, 2008, containing identical allegations.

On December 4, 2008, a purported securities class action complaint was filed in the Southern District of New York on behalf of purchasers of various AIG securities issued pursuant to three shelf registration statements filed on June 12, 2003, June 22, 2007, and May 12, 2008, against AIG, certain of its current and former officers and directors, and the underwriters of the offerings. The complaint alleges that defendants made statements in the shelf registration statements, and in annual, quarterly and current filings which were materially false and misleading in violation of Sections 11, 12(a) and 15 of the Securities Act of 1933. The claims are based generally on the same allegations as the securities fraud class actions described above.

On January 15, 2009, a purported securities class action complaint was filed in the Southern District of New York on behalf of purchasers of AIG Medium-Term Notes, Series AIG-FP, which the complaint alleges were offered on a continuous basis from November 17, 2006 through April 10, 2008, against AIG, certain of its current and former officers and directors, and the underwriters of the offerings. The complaint alleges that in connection with the offering materials, defendants failed to disclose information relevant to the creditworthiness of AIG and therefore the value of the notes, making them false and misleading in violation of Sections 11, 12(a) and 15 of the Securities Act of 1933.

The Court has not yet appointed a lead plaintiff in these actions.

ERISA Actions — Southern District of New York. On June 25, 2008, the Company, certain of its executive officers and directors, and unnamed members of the Company's Retirement Board and Investment Committee were named as defendants in two separate, though nearly identical, actions filed in the Southern District of New York. The actions purport to be brought as class actions on behalf of all participants in or beneficiaries of certain pension plans sponsored by AIG or its subsidiaries (the Plans) during the period May 11, 2007 through the present and whose participant accounts included investments in the Company's common stock. Plaintiffs allege, among other things, that the defendants breached their fiduciary responsibilities to Plan participants and their beneficiaries under the Employee Retirement Income Security Act of 1974, as amended (ERISA), by: (i) failing to prudently and loyally manage the Plans and the Plans' assets; (ii) failing to provide complete and accurate information to participants and beneficiaries about the Company and the value of the Company's stock; (iii) failing to monitor appointed Plan fiduciaries and to provide them with complete and accurate information; and (iv) breaching their duty to avoid conflicts of interest. The alleged ERISA violations relate to, among other things, the defendants' purported failure to monitor and/or disclose unrealized market valuation losses on AIGFP's super senior credit default swap portfolio as a result of severe credit market disruption. Six additional purported ERISA class action complaints were subsequently filed in the Southern District of New York, each containing similar allegations. It is anticipated that these actions will all be consolidated and that the Court will then appoint a lead plaintiff in the consolidated action.

Derivative Actions — Southern District of New York. On November 20, 2007, two purported shareholder derivative actions were filed in the Southern District of New York naming as defendants the then current directors of AIG and certain senior officers of AIG and its subsidiaries. Plaintiffs assert claims for breach of fiduciary duty, waste of corporate assets and unjust enrichment, as well as violations of Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder, and Section 20(a) of the Exchange Act, among other things, in connection with AIG's public disclosures regarding its exposure to what the lawsuits describe as the subprime market crisis. The



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American International Group, Inc., and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

actions were consolidated as In re American International Group, Inc. 2007 Derivative Litigation (the Consolidated 2007 Derivative Litigation). On February 15, 2008, plaintiffs filed a consolidated amended complaint alleging the same causes of action. On April 15, 2008, motions to dismiss the action were filed on behalf of all defendants. The motions to dismiss are pending.

On August 6, 2008, a purported shareholder derivative action was filed in the Southern District of New York asserting claims on behalf of AIG based generally on the same allegations as in the consolidated amended complaint in the Consolidated 2007 Derivative Litigation.

Derivative Action — Supreme Court of New York. On February 29, 2008, a purported shareholder derivative complaint was filed in the Supreme Court of Nassau County naming as defendants the then current directors of AIG and certain former and present senior officers of AIG and its subsidiaries. Plaintiff asserts claims for breach of fiduciary duty, waste of corporate assets, and unjust enrichment in connection with AIG's public disclosures regarding its exposure to what the complaint describes as the subprime mortgage market. On May 19, 2008, defendants filed a motion to dismiss or to stay the proceedings in light of the pending Consolidated 2007 Derivative Litigation. The motion is pending.

Derivative Action — Delaware Court of Chancery. On September 17, 2008, a purported shareholder derivative complaint was filed in the Court of Chancery of Delaware naming as defendants certain former and present directors and senior officers of AIG and its subsidiaries. Plaintiff asserts claims on behalf of nominal defendant AIG for breach of fiduciary duty, waste of corporate assets, and mismanagement in connection with AIG's public disclosures regarding its exposure to the subprime lending market. On December 19, 2008, a motion to stay or dismiss the action was filed on behalf of defendants. The motion is pending.

Derivative Action — Delaware Court of Chancery. On January 15, 2009, a purported shareholder derivative complaint was filed in the Court of Chancery of Delaware naming as defendants certain current directors of AIG and Joseph Cassano, the former CEO of AIGFP, and asserting claims on behalf of nominal defendant AIGFP. As sole shareholder of AIGFP, AIG was also named as a nominal defendant. Plaintiff asserts claims against Joseph Cassano for breach of fiduciary duty and unjust enrichment. The complaint alleges that Cassano was responsible for losses suffered by AIGFP related to its exposure to subprime-backed credit default swaps and collateralized debt obligations and that he concealed these losses for his own benefit.

Action by the Starr Foundation — Supreme Court of New York. On May 7, 2008, the Starr Foundation filed a complaint in New York State Supreme Court against AIG, AIG's former Chief Executive Officer, Martin Sullivan, and AIG's then Chief Financial Officer, Steven Bensinger, asserting a claim for common law fraud. The complaint alleges that the defendants made materially misleading statements and omissions concerning alleged multi-billion dollar losses in AIG's portfolio of credit default swaps. The complaint asserts that if the Starr Foundation had known the truth about the alleged losses, it would have sold its remaining shares of AIG stock. The complaint alleges that the Starr Foundation has suffered damages of at least $300 million. On May 30, 2008, a motion to dismiss the complaint was filed on behalf of defendants. After a hearing, the complaint was dismissed. On December 23, 2008, plaintiff filed a notice of appeal.

Canadian Securities Class Action — Ontario Superior Court of Justice. On November 13, 2008, an application was filed in the Ontario Superior Court of Justice for leave to bring a purported securities fraud class action against AIG, AIGFP, certain of AIG's current and former officers and directors, and the former CEO of AIGFP. If the Court grants the application, a class plaintiff will be permitted to file a statement of claim against AIG. The proposed statement of claim would assert a class period of November 10, 2006 through September 16, 2008, and would allege that during this period defendants made false and misleading statements and omissions in quarterly and annual reports and during oral presentations in violation of the Ontario Securities Act.

Litigation Relating to the Credit Agreement with the NY Fed

On November 4, 2008, a purported class action was filed in the Delaware Court of Chancery naming as defendants AIG, Chairman and Chief Executive Officer Edward M. Liddy, and certain current and former AIG directors. Plaintiff alleges violations of Delaware General Corporation Law Section 242(b)(2) and breaches of



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fiduciary duty in connection with the Series C Preferred Stock to be issued pursuant to the Fed Credit Agreement to the trust created for the sole benefit of the United States Treasury. Plaintiff sought an order declaring that the Series C Preferred Stock is not convertible into common stock absent a class vote by the holders of the common stock to amend the Restated Certificate of Incorporation to increase the number of shares of authorized common stock and decrease the par value of the common stock, an order declaring that AIG's directors are breaching their fiduciary duties in not seeking alternative or supplemental financing in advance of a stockholder vote on such an amendment to the Restated Certificate of Incorporation, and damages. During a conference with the Court on November 7, 2008, AIG's counsel stated that any amendment to the Restated Certificate of Incorporation to increase the number of authorized common stock or to decrease the par value of the common stock would be the subject of a class vote by the holders of the common stock, and plaintiff's counsel agreed that the plaintiff's request for an order granting this relief is moot. On January 12, 2009, plaintiff agreed to stipulate to dismiss its claims against defendants and litigate only the matter of attorneys' fees, which have been stipulated not to exceed $350,000. On February 5, 2009, the Court approved a stipulation and order of dismissal entered into by the parties in connection with the action.

2006 Regulatory Settlements and Related Matters

2006 Regulatory Settlements. In February 2006, AIG reached a resolution of claims and matters under investigation with the DOJ, the SEC, the Office of the New York Attorney General (NYAG) and the New York State Department of Insurance (DOI). AIG recorded an after-tax charge of $1.15 billion relating to these settlements in the fourth quarter of 2005. The settlements resolved investigations conducted by the SEC, NYAG and DOI in connection with the accounting, financial reporting and insurance brokerage practices of AIG and its subsidiaries, as well as claims relating to the underpayment of certain workers' compensation premium taxes and other assessments. These settlements did not, however, resolve investigations by regulators from other states into insurance brokerage practices related to contingent commissions and other broker-related conduct, such as alleged bid rigging. Nor did the settlements resolve any obligations that AIG may have to state guarantee funds in connection with any of these matters.

As a result of these settlements, AIG made payments or placed amounts in escrow in 2006 totaling approximately $1.64 billion, $225 million of which represented fines and penalties. Amounts held in escrow totaling approximately $338 million, including interest thereon, are included in other assets at December 31, 2008. At that date, all of the funds were escrowed for settlement of claims resulting from the underpayment by AIG of its residual market assessments for workers' compensation.

In addition to the escrowed funds, $800 million was deposited into a fund under the supervision of the SEC as part of the settlements to be available to resolve claims asserted against AIG by investors, including the securities class action shareholder lawsuits described below.

Also, as part of the settlements, AIG agreed to retain, for a period of three years, an independent consultant to conduct a review that will include, among other things, the adequacy of AIG's internal control over financial reporting, the policies, procedures and effectiveness of AIG's regulatory, compliance and legal functions and the remediation plan that AIG has implemented as a result of its own internal review.

Other Regulatory Settlements. AIG's 2006 regulatory settlements with the SEC, DOJ, NYAG and DOI did not resolve investigations by regulators from other states into insurance brokerage practices. AIG entered into agreements effective January 29, 2008 with the Attorneys General of the States of Florida, Hawaii, Maryland, Michigan, Oregon, Texas and West Virginia; the Commonwealths of Massachusetts and Pennsylvania; and the District of Columbia; as well as the Florida Department of Financial Services and the Florida Office of Insurance Regulation, relating to their respective industry-wide investigations into producer compensation and insurance placement practices. The settlements call for total payments of $12.5 million to be allocated among the ten jurisdictions representing restitution to state agencies and reimbursement of the costs of the investigation. During the term of the settlement agreements, AIG will continue to maintain certain producer compensation disclosure and ongoing compliance initiatives. AIG will also continue to cooperate with the industry-wide investigations. The agreement with the Texas Attorney General also settles allegations of anticompetitive conduct relating to AIG's

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relationship with Allied World Assurance Company and includes an additional settlement payment of $500,000 related thereto.

AIG entered into an agreement effective March 13, 2008 with the Pennsylvania Insurance Department relating to the Department's investigation into the affairs of AIG and certain of its Pennsylvania-domiciled insurance company subsidiaries. The settlement calls for total payments of approximately $13.5 million, of which approximately $4.4 million was paid under previous settlement agreements. During the term of the settlement agreement, AIG will provide annual reinsurance reports, as well as maintain certain producer compensation disclosure and ongoing compliance initiatives.

NAIC Examination of Workers' Compensation Premium Reporting. During 2006, the Settlement Review Working Group of the National Association of Insurance Commissioners (NAIC), under the direction of the states of Indiana, Minnesota and Rhode Island, began an investigation into AIG's reporting of workers' compensation premiums. In late 2007, the Settlement Review Working Group recommended that a multi-state targeted market conduct examination focusing on workers' compensation insurance be commenced under the direction of the NAIC's Market Analysis Working Group. AIG was informed of the multi-state targeted market conduct examination in January 2008. The lead states in the multi-state examination are Delaware, Florida, Indiana, Massachusetts, Minnesota, New York, Pennsylvania, and Rhode Island. All other states (and the District of Columbia) have agreed to participate in the multi-state examination. To date, the examination has focused on legacy issues related to AIG's writing and reporting of workers' compensation insurance between 1985 and 1996. AIG has also been advised that the examination will focus on current compliance with legal requirements applicable to such business. AIG has been advised by the lead states that to date no determinations have been made with respect to these issues, and AIG cannot predict either the outcome of the investigation or provide any assurance regarding regulatory action that may result from the investigation.

Securities Action — Southern District of New York. Beginning in October 2004, a number of putative securities fraud class action suits were filed in the Southern District of New York against AIG and consolidated as In re American International Group, Inc. Securities Litigation. Subsequently, a separate, though similar, securities fraud action was also brought against AIG by certain Florida pension funds. The lead plaintiff in the class action is a group of public retirement systems and pension funds benefiting Ohio state employees, suing on behalf of themselves and all purchasers of AIG's publicly traded securities between October 28, 1999 and April 1, 2005. The named defendants are AIG and a number of present and former AIG officers and directors, as well as Starr, SICO, General Reinsurance Corporation (General Re), and PricewaterhouseCoopers LLP (PwC), among others. The lead plaintiff alleges, among other things, that AIG: (1) concealed that it engaged in anti-competitive conduct through alleged payment of contingent commissions to brokers and participation in illegal bid-rigging; (2) concealed that it used "income smoothing" products and other techniques to inflate its earnings; (3) concealed that it marketed and sold "income smoothing" insurance products to other companies; and (4) misled investors about the scope of government investigations. In addition, the lead plaintiff alleges that AIG's former Chief Executive Officer, Maurice R. Greenberg, manipulated AIG's stock price. The lead plaintiff asserts claims for violations of Sections 11 and 15 of the Securities Act of 1933, Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder, Section 20(a) of the Exchange Act, and Section 20A of the Exchange Act. In April 2006, the court denied the defendants' motions to dismiss the second amended class action complaint and the Florida complaint. In December 2006, a third amended class action complaint was filed, which does not differ substantially from the prior complaint. Fact discovery is currently ongoing. On February 20, 2008, the lead plaintiff filed a motion for class certification. The motion remains pending.

ERISA Action — Southern District of New York. Between November 30, 2004 and July 1, 2005, several ERISA actions were filed in the Southern District of New York on behalf of purported class participants and beneficiaries of three pension plans sponsored by AIG or its subsidiaries. A consolidated complaint filed on September 26, 2005 alleges a class period between September 30, 2000 and May 31, 2005 and names as defendants AIG, the members of AIG's Retirement Board and the Administrative Boards of the plans at issue, and present or former members of AIG's Board of Directors. The factual allegations in the complaint are essentially identical to those in the securities actions described above under Securities Actions — Southern District of New York. The

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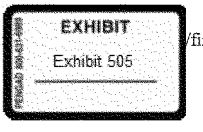
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parties have reached an agreement to settle this matter for an amount within AIG's insurance coverage limits. On July 3, 2008, the Court granted preliminary approval of the settlement, and at a hearing on October 7, 2008 the Court issued an order finally approving the settlement, dismissing the action with prejudice. The deadline for filing an appeal from the approval order was November 7, 2008. No appeal was filed and the settlement is now final.

Derivative Action — Southern District of New York. Between October 25, 2004 and July 14, 2005, seven separate derivative actions were filed in the Southern District of New York, five of which were consolidated into a single action (the New York 2004/2005 Derivative Litigation under Securities Actions — Southern District of New York). The complaint in this action contains nearly the same types of allegations made in the securities fraud action described above. The named defendants include current and former officers and directors of AIG, as well as Marsh & McLennan Companies, Inc. (Marsh), SICO, Starr, ACE Limited and subsidiaries, General Re, PwC, and certain employees or officers of these entity defendants. Plaintiffs assert claims for breach of fiduciary duty, gross mismanagement, waste of corporate assets, unjust enrichment, insider selling, auditor breach of contract, auditor professional negligence and disgorgement from AIG's former Chief Executive Officer, Maurice R. Greenberg, and former Chief Financial Officer, Howard I. Smith, of incentive-based compensation and AIG share proceeds under Section 304 of the Sarbanes-Oxley Act, among others. Plaintiffs seek, among other things, compensatory damages, corporate governance reforms, and a voiding of the election of certain AIG directors. AIG's Board of Directors has appointed a special committee of independent directors (Special Committee) to review the matters asserted in the operative consolidated derivative complaint. The court has entered an order staying this action pending resolution of the Delaware 2004/2005 Derivative Litigation discussed below. The court also has entered an order that termination of certain named defendants from the Delaware action applies to this action without further order of the court. On October 17, 2007, plaintiffs and those AIG officer and director defendants against whom the shareholder plaintiffs in the Delaware action are no longer pursuing claims filed a stipulation providing for all claims in this action against such defendants to be dismissed with prejudice. Former directors and officers Maurice R. Greenberg and Howard I. Smith have asked the court to refrain from so ordering this stipulation.

Derivative Actions — Delaware Chancery Court. From October 2004 to April 2005, AIG shareholders filed five derivative complaints in the Delaware Chancery Court. All of these derivative lawsuits were consolidated into a single action as In re American International Group, Inc. Consolidated Derivative Litigation (the Delaware 2004/2005 Derivative Litigation). The amended consolidated complaint named 43 defendants (not including nominal defendant AIG) who, as in the New York 2004/2005 Derivative Litigation, were current and former officers and directors of AIG, as well as other entities and certain of their current and former employees and directors. The factual allegations, legal claims and relief sought in this action are similar to those alleged in the New York 2004/2005 Derivative Litigation, except that the claims are only under state law. In early 2007, the court approved an agreement that AIG be realigned as plaintiff, and, on June 13, 2007, acting on the direction of the Special Committee, AIG filed an amended complaint against former directors and officers Maurice R. Greenberg and Howard I. Smith, alleging breach of fiduciary duty and indemnification. Also on June 13, 2007, the Special Committee filed a motion to terminate the litigation as to certain defendants, while taking no action as to others. Defendants Greenberg and Smith filed answers to AIG's complaint and brought third-party complaints against certain current and former AIG directors and officers, PwC and Regulatory Insurance Services, Inc. On September 28, 2007, AIG and the shareholder plaintiffs filed a combined amended complaint in which AIG continued to assert claims against defendants Greenberg and Smith and took no position as to the claims asserted by the shareholder plaintiffs in the remainder of the combined amended complaint. In that pleading, the shareholder plaintiffs are no longer pursuing claims against certain AIG officers and directors. On February 12, 2008, the court granted AIG's motion to stay discovery pending the resolution of claims against AIG in the New York consolidated securities action. On April 11, 2008, the shareholder plaintiffs filed the First Amended Combined Complaint, which added claims against former AIG directors and officers Maurice Greenberg, Edward Matthews, and Thomas Tizzio for breach of fiduciary duty based on alleged bid-rigging in the municipal derivatives market. On June 13, 2008, certain defendants filed motions to dismiss the shareholder plaintiffs' portions of the complaint. On February 11, 2009, the court denied the motions to dismiss filed by Maurice Greenberg, Edward Matthews, and Thomas Tizzio; granted the motion to dismiss filed by PwC without prejudice; and granted the motion to dismiss filed by certain



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former employees of AIG without prejudice for lack of personal jurisdiction. The shareholder plaintiffs have appealed the dismissal of PwC. The motions to dismiss filed by the remaining parties are pending.

AIG is also named as a defendant in a derivative action in the Delaware Chancery Court brought by shareholders of Marsh. On July 10, 2008, shareholder plaintiffs filed a second consolidated amended complaint, which contains claims against AIG for aiding and abetting a breach of fiduciary duty and contribution and indemnification in connection with alleged bid-rigging and steering practices in the commercial insurance market that are the subject of the Policyholder Antitrust and Racketeering Influenced and Corrupt Organizations Act (RICO) Actions described below. On November 10, 2008, AIG and certain defendants filed motions to dismiss the shareholder plaintiffs' portions of the complaint. The motions to dismiss are pending.

Derivative Action — Supreme Court of New York. On February 11, 2009, shareholder plaintiffs in the Delaware 2004/2005 Derivative Litigation filed a derivative complaint in the Supreme Court of New York against the individual defendants who moved to dismiss the complaint in the Delaware 2004/2005 Derivative Litigation on personal jurisdiction grounds. The defendants include current and former officers and employees of AIG, Marsh, and Gen Re; AIG is named as a nominal defendant. The complaint in this action contains similar allegations to those made in the Delaware 2004/2005 Derivative Litigation described above.

Policyholder Antitrust and RICO Actions. Commencing in 2004, policyholders brought multiple federal antitrust and RICO class actions in jurisdictions across the nation against insurers and brokers, including AIG and a number of its subsidiaries, alleging that the insurers and brokers engaged in a broad conspiracy to allocate customers, steer business, and rig bids. These actions, including 24 complaints filed in different federal courts naming AIG or an AIG subsidiary as a defendant, were consolidated by the judicial panel on multi-district litigation and transferred to the United States District Court for the District of New Jersey (District of New Jersey) for coordinated pretrial proceedings. The consolidated actions have proceeded in that court in two parallel actions, In re Insurance Brokerage Antitrust Litigation (the Commercial Complaint) and In re Employee Benefit Insurance Brokerage Antitrust Litigation (the Employee Benefits Complaint, and, together with the Commercial Complaint, the Multi-district Litigation).

The plaintiffs in the Commercial Complaint are a group of corporations, individuals and public entities that contracted with the broker defendants for the provision of insurance brokerage services for a variety of insurance needs. The broker defendants are alleged to have placed insurance coverage on the plaintiffs' behalf with a number of insurance companies named as defendants, including AIG subsidiaries. The Commercial Complaint also named various brokers and other insurers as defendants (three of which have since settled). The Commercial Complaint alleges, among other things, that defendants engaged in a widespread conspiracy to allocate customers through bid-rigging and steering practices. Plaintiffs assert that the defendants violated the Sherman Antitrust Act, RICO, and the antitrust laws of 48 states and the District of Columbia, and are liable under common law breach of fiduciary duty and unjust enrichment theories. Plaintiffs seek treble damages plus interest and attorneys' fees as a result of the alleged RICO and Sherman Antitrust Act violations.

The plaintiffs in the Employee Benefits Complaint are a group of individual employees and corporate and municipal employers alleging claims on behalf of two separate nationwide purported classes: an employee class and an employer class that acquired insurance products from the defendants from August 26, 1994 to the date of any class certification. The Employee Benefits Complaint names AIG, as well as various other brokers and insurers, as defendants. The activities alleged in the Employee Benefits Complaint, with certain exceptions, track the allegations made in the Commercial Complaint.

The Court in connection with the Commercial Complaint granted (without leave to amend) defendants' motions to dismiss the federal antitrust and RICO claims on August 31, 2007 and September 28, 2007, respectively. The court declined to exercise supplemental jurisdiction over the state law claims in the Commercial Complaint and therefore dismissed it in its entirety. On January 14, 2008, the court granted defendants' motion for summary judgment on the ERISA claims in the Employee Benefits Complaint and subsequently dismissed the remaining state law claims without prejudice, thereby dismissing the Employee Benefits Complaint in its entirety. On February 12, 2008, plaintiffs filed a notice of appeal to the United States Court of Appeals for the Third Circuit with



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respect to the dismissal of the Employee Benefits Complaint. Plaintiffs previously appealed the dismissal of the Commercial Complaint to the United States Court of Appeals for the Third Circuit on October 10, 2007. Both appeals are fully briefed and oral argument in both appeals has been tentatively scheduled for April 20, 2009.

A number of complaints making allegations similar to those in the Multi-district Litigation have been filed against AIG and other defendants in state and federal courts around the country. The defendants have thus far been successful in having the federal actions transferred to the District of New Jersey and consolidated into the Multi-district Litigation. These additional consolidated actions are still pending in the District of New Jersey, but are currently stayed pending a decision by the court on whether they will proceed during the appeal of the dismissal of the Multi-district Litigation. On August 20, 2008, the District Court, however, granted plaintiff's motion to lift the stay in one tag-along matter and suggested that the case be remanded to the transferor court, and on November 26, 2008, the Judicial Panel on Multidistrict Litigation issued an order remanding the case to the transferor court. The AIG defendants have also sought to have state court actions making similar allegations stayed pending resolution of the Multi-district Litigation proceeding. These efforts have generally been successful, although plaintiffs in one case pending in Texas state court have moved to re-open discovery; a hearing on that motion was held on April 9, 2008. The court subsequently issued an order deferring a ruling on the motion until the Court holds a hearing on defendants' Special Exceptions. On January 9, 2009, the Court held a hearing on defendants' Special Exceptions. The hearing has not been completed and has been continued to April 3, 2009. AIG has settled several of the various federal and state actions alleging claims similar to those in the Multi-district Litigation, including a state court action pending in Florida in which discovery had been allowed to proceed.

Ohio Attorney General Action — Ohio Court of Common Pleas. On August 24, 2007, the Ohio Attorney General filed a complaint in the Ohio Court of Common Pleas against AIG and a number of its subsidiaries, as well as several other broker and insurer defendants, asserting violation of Ohio's antitrust laws. The complaint, which is similar to the Commercial Complaint, alleges that AIG and the other broker and insurer defendants conspired to allocate customers, divide markets, and restrain competition in commercial lines of casualty insurance sold through the broker defendant. The complaint seeks treble damages on behalf of Ohio public purchasers of commercial casualty insurance, disgorgement on behalf of both public and private purchasers of commercial casualty insurance, as well as a $500 per day penalty for each day of conspiratorial conduct. AIG, along with other co-defendants, moved to dismiss the complaint on November 16, 2007. On June 30, 2008, the Court denied defendants' motion to dismiss. On August 18, 2008, defendants filed their answers to the complaint. Discovery is ongoing.

Action Relating to Workers' Compensation Premium Reporting — Northern District of Illinois. On May 24, 2007, the National Workers' Compensation Reinsurance Pool (the NWCRP), on behalf of its participant members, filed a lawsuit in the United States District Court for the Northern District of Illinois against AIG with respect to the underpayment by AIG of its residual market assessments for workers' compensation. The complaint alleges claims for violations of RICO, breach of contract, fraud and related state law claims arising out of AIG's alleged underpayment of these assessments between 1970 and the present and seeks damages purportedly in excess of $1 billion. On August 6, 2007, the court denied AIG's motion seeking to dismiss or stay the complaint or, in the alternative, to transfer to the Southern District of New York. On December 26, 2007, the court denied AIG's motion to dismiss the complaint. On March 17, 2008, AIG filed an amended answer, counterclaims and third-party claims against the National Council on Compensation Insurance (in its capacity as attorney-in-fact for the NWCRP), the NWCRP, its board members, and certain of the other insurance companies that are members of the NWCRP alleging violations of RICO, as well as claims for conspiracy, fraud, and other state law claims. The counterclaim-and third-party defendants filed motions to dismiss on June 9, 2008. On February 23, 2009, the Court issued a decision and order sustaining AIG's counterclaims and sustaining, in part, AIG's third-party claims. The Court also dismissed certain of AIG's third-party claims without prejudice. The Court also has stayed the entire case pending a ruling on AIG's motion to dismiss for lack of subject matter jurisdiction, which is scheduled for a ruling on June 10, 2009.

Action Relating to Workers' Compensation Premium Reporting — Minnesota. On February 16, 2006, the Attorney General of the State of Minnesota filed a complaint against AIG with respect to claims by the Minnesota Department of Revenue and the Minnesota Special Compensation Fund, alleging that AIG made



false statements

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and reports to Minnesota agencies and regulators, unlawfully reducing AIG's contributions and payments to Minnesota and certain state funds relating to its workers' compensation premiums. While AIG settled that litigation in December 2007, a similar lawsuit was filed by the Minnesota Workers' Compensation Reinsurance Association and the Minnesota Workers' Compensation Insurers Association in the United States District Court for the District of Minnesota. On March 28, 2008, the court granted AIG's motion to dismiss the case in its entirety. On April 25, 2008, plaintiffs appealed to the United States Court of Appeals for the Eighth Circuit and also filed a new complaint making similar allegations in Minnesota state court. On April 30, 2008, substantially identical claims were also filed in Minnesota state court by the Minnesota Insurance Guaranty Association and Minnesota Assigned Risk Plan. On September 11, 2008, the parties to both actions entered into a settlement, resulting in the dismissal of all claims against AIG. In exchange for the dismissal and a broad release of claims, the financial terms of the settlement provided for AIG's payment of $21.5 million to plaintiffs and waiver of its right to collect $3.5 million in payments due from the plaintiffs.

Action Relating to Workers' Compensation Premium Reporting — District of South Carolina. A purported class action was also filed in the United States District Court for the District of South Carolina on January 25, 2008 against AIG and certain of its subsidiaries, on behalf of a class of employers that obtained workers' compensation insurance from AIG companies and allegedly paid inflated premiums as a result of AIG's alleged underreporting of workers' compensation premiums. An amended complaint was filed on March 24, 2008, and AIG filed a motion to dismiss the amended complaint on April 21, 2008. On July 8, 2008, the court granted AIG's motion to dismiss all claims without prejudice and granted plaintiff leave to refile subject to certain conditions. Plaintiffs filed their second amended complaint on July 22, 2008. AIG moved to dismiss the second amended complaint on August 22, 2008. Discovery is stayed pending resolution of the motion to dismiss.

Litigation Relating to SICO and Starr

SICO Action. In July, 2005 SICO filed a complaint against AIG in the Southern District of New York, claiming that AIG had refused to provide SICO access to certain artwork, and asking the court to order AIG immediately to release the property to SICO. AIG filed an answer denying SICO's allegations and setting forth defenses to SICO's claims. In addition, AIG filed counterclaims asserting breach of contract, unjust enrichment, conversion, breach of fiduciary duty, a constructive trust and declaratory judgment, relating to SICO's breach of its commitment to use its AIG shares only for the benefit of AIG and AIG employees. On June 23, 2008, the Court denied in part and granted in part SICO's motion for summary judgment, and on July 31, 2008 the parties submitted a joint pre-trial order. Trial is scheduled to commence on June 15, 2009.

Derivative Action Relating to Starr and SICO. On December 31, 2002, a derivative lawsuit was filed in the Delaware Chancery Court against twenty directors and executives of AIG as well as against AIG as a nominal defendant that alleges, among other things, that the directors of AIG breached the fiduciary duties of loyalty and care by approving the payment of commissions to insurance managing general agencies owned by Starr and of rental and service fees to SICO and the executives breached their duty of loyalty by causing AIG to enter into contracts with Starr and SICO and their fiduciary duties by usurping AIG's corporate opportunities. The complaint further alleges that the Starr agencies did not provide any services that AIG was not capable of providing itself, and that the diversion of commissions to these entities was solely for the benefit of Starr's owners. The complaint also alleges that the service fees and rental payments made to SICO and its subsidiaries were improper. Under the terms of a stipulation approved by the Court on February 16, 2006, the claims against the outside independent directors were dismissed with prejudice, while the claims against the other directors were dismissed without prejudice. In an opinion dated June 21, 2006, the Court denied defendants' motion to dismiss, except with respect to plaintiff's challenge to payments made to Starr before January 1, 2000. On July 21, 2006, plaintiff filed its second amended complaint, which alleges that, between January 1, 2000 and May 31, 2005, individual defendants breached their duty of loyalty by causing AIG to enter into contracts with Starr and SICO and breached their fiduciary duties by usurping AIG's corporate opportunity. Starr is charged with aiding and abetting breaches of fiduciary duty and unjust enrichment for its acceptance of the fees. SICO is no longer named as a defendant. On June 27, 2007, Starr filed a cross-claim against AIG, alleging one count that includes contribution, unjust enrichment and setoff. On November 15, 2007, the Court granted AIG's motion to dismiss the cross-claim by Starr to the extent that it sought



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affirmative relief from AIG. On February 14, 2008, the Court granted a motion to add former AIG officer Thomas Tizzio as a defendant. As a result, the remaining defendants in the case are AIG (the nominal defendant), Starr and former directors and officers Maurice Greenberg, Howard Smith, Edward Matthews and Thomas Tizzio. On September 30, 2008, the parties filed a stipulation of settlement, where defendants agreed to payment of $115 million to AIG, net of attorneys' fees and costs, in exchange for receipt of a broad release of claims relating to the allegations in the complaint. At the settlement hearing on December 17, 2008, the Court approved the terms of the settlement and entered final judgment.

Litigation Matters Relating to AIG's General Insurance Operations

Caremark. AIG and certain of its subsidiaries have been named defendants in two putative class actions in state court in Alabama that arise out of the 1999 settlement of class and derivative litigation involving Caremark Rx, Inc. (Caremark). The plaintiffs in the second-filed action have intervened in the first-filed action, and the second-filed action has been dismissed. An excess policy issued by a subsidiary of AIG with respect to the 1999 litigation was expressly stated to be without limit of liability. In the current actions, plaintiffs allege that the judge approving the 1999 settlement was misled as to the extent of available insurance coverage and would not have approved the settlement had he known of the existence and/or unlimited nature of the excess policy. They further allege that AIG, its subsidiaries, and Caremark are liable for fraud and suppression for misrepresenting and/or concealing the nature and extent of coverage. In addition, the intervenor-plaintiffs originally alleged that various lawyers and law firms who represented parties in the underlying class and derivative litigation (the Lawyer Defendants) were also liable for fraud and suppression, misrepresentation, and breach of fiduciary duty. The complaints filed by the plaintiffs and the intervenor-plaintiffs request compensatory damages for the 1999 class in the amount of $3.2 billion, plus punitive damages. AIG and its subsidiaries deny the allegations of fraud and suppression and have asserted that information concerning the excess policy was publicly disclosed months prior to the approval of the settlement. AIG and its subsidiaries further assert that the current claims are barred by the statute of limitations and that plaintiffs' assertions that the statute was tolled cannot stand against the public disclosure of the excess coverage. The plaintiffs and intervenor-plaintiffs, in turn, have asserted that the disclosure was insufficient to inform them of the nature of the coverage and did not start the running of the statute of limitations. On November 26, 2007, the trial court issued an order that dismissed the intervenors' complaint against the Lawyer Defendants and entered a final judgment in favor of the Lawyer Defendants. The matter was stayed pending appeal to the Alabama Supreme Court. In September 2008 the Alabama Supreme Court affirmed the trial court's dismissal of the Lawyer Defendants. After the case was remanded to the trial court, the intervenor-plaintiffs retained additional counsel — the law firm of Haskell Slaughter Young & Rediker, LLC (Haskell Slaughter) — and filed an Amended Complaint in Intervention on December 1, 2008. The Amended Complaint in Intervention names only Caremark and AIG and various subsidiaries as defendants and purports to bring claims against all defendants for deceit and conspiracy to deceive and against AIG and its subsidiaries for aiding and abetting Caremark's alleged deception. The defendants have moved to dismiss the Amended Complaint, and, in the alternative, for a more definite statement. After the appearance of the Haskell Slaughter firm on behalf of the intervenor-plaintiffs, the plaintiffs moved to disqualify all of the lawyers for the intervenor-plaintiffs because, among other things, the Haskell Slaughter firm previously represented Caremark. The intervenor-plaintiffs, in turn, moved to disqualify the lawyers for the plaintiffs in the first-filed action. The trial court heard oral argument on the motions to disqualify on February 6, 2009, and the court has also clarified that the defendants' motion to dismiss and any class action scheduling conference will be deferred until the motions to disqualify have been decided. At this time, class discovery has yet to begin. AIG cannot reasonably estimate either the likelihood of its prevailing in these actions or the potential damages in the event liability is determined.

(b) Commitments

Flight Equipment

At December 31, 2008, ILFC had committed to purchase 168 new aircraft deliverable from 2009 through 2019 at an estimated aggregate purchase price of $16.7 billion. ILFC will be required to find customers for any aircraft acquired, and it must arrange financing for portions of the purchase price of such equipment.



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Included in the 168 new aircraft are 74 Boeing 787 aircraft, with the first aircraft currently scheduled to be delivered in July of 2012. Boeing has made several announcements concerning delays in the deliveries of the 787s and ILFC is in discussion with Boeing related to potential delay compensation and penalties for which ILFC may be eligible. Under the terms of ILFC's 787 leases, particular lessees may be entitled to share in any compensation which ILFC receives from Boeing for late delivery of the aircraft. ILFC has signed leases for 31 of the 74 787s on order.

Minimum future rental income on noncancelable operating leases of flight equipment that has been delivered was as follows:

	At December 31, 2008 (In millions)
2009	$ 4,449
2010	4,026
2011	3,363
2012	2,681
2013	2,027
Remaining years after 2013	4,047
Total	$ 20,593

Flight equipment is leased under operating leases with remaining terms ranging from 1 to 11 years.

Lease Commitments

AIG and its subsidiaries occupy leased space in many locations under various long-term leases and have entered into various leases covering the long-term use of data processing equipment.

The future minimum lease payments under operating leases were as follows:

	At December 31, 2008 (In millions)
2009	$ 800
2010	631
2011	463
2012	388
2013	311
Remaining years after 2013	1,665
Total	$ 4,258

Rent expense approximated $896 million, $771 million, and $657 million for the years ended December 31, 2008, 2007, and 2006, respectively.

Other Commitments

In the normal course of business, AIG enters into commitments to invest in limited partnerships, private equities, hedge funds and mutual funds and to purchase and develop real estate in the U.S. and abroad. These commitments totaled $9.2 billion at December 31, 2008.

On June 27, 2005, AIG entered into an agreement pursuant to which AIG agreed, subject to certain conditions, to make any payment that is not promptly paid with respect to the benefits accrued by certain employees of AIG and its subsidiaries under the SICO Plans in (c) below under Benefits Provided by Starr International Company, Inc. and C.V. Starr & Co., Inc.

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(c) Contingencies

Liability for unpaid claims and claims adjustment expense

Although AIG regularly reviews the adequacy of the established liability for unpaid claims and claims adjustment expense, there can be no assurance that AIG's ultimate liability for unpaid claims and claims adjustment expense will not develop adversely and materially exceed AIG's current liability for unpaid claims and claims adjustment expense. Estimation of ultimate net claims, claims adjustment expenses and liability for unpaid claims and claims adjustment expense is a complex process for long-tail casualty lines of business, which include excess and umbrella liability, directors and officers liability (D&O), professional liability, medical malpractice, workers' compensation, general liability, products liability and related classes, as well as for asbestos and environmental exposures. Generally, actual historical loss development factors are used to project future loss development. However, there can be no assurance that future loss development patterns will be the same as in the past. Moreover, any deviation in loss cost trends or in loss development factors might not be discernible for an extended period of time subsequent to the recording of the initial loss reserve estimates for any accident year. Thus, there is the potential for reserves with respect to a number of years to be significantly affected by changes in loss cost trends or loss development factors that were relied upon in setting the reserves. These changes in loss cost trends or loss development factors could be attributable to changes in inflation, in labor and material costs or in the judicial environment, or in other social or economic phenomena affecting claims.

Deferred Tax Assets

AIG's determination of the realizability of deferred tax assets requires estimates of future taxable income. Such estimates could change in the near term, perhaps materially, which may require AIG to adjust its valuation allowance. Such adjustment, either positive or negative, could be material to AIG's consolidated financial condition or its results of operations. See Note 20 herein.

Benefits Provided by Starr International Company, Inc. and C.V. Starr & Co., Inc.

SICO has provided a series of two-year Deferred Compensation Profit Participation Plans (SICO Plans) to certain AIG employees. The SICO Plans were created in 1975 when the voting shareholders and Board of Directors of SICO, a private holding company whose principal asset is AIG common stock, decided that a portion of the capital value of SICO should be used to provide an incentive plan for the current and succeeding managements of all American International companies, including AIG.

None of the costs of the various benefits provided under the SICO Plans has been paid by AIG, although AIG has recorded a charge to reported earnings for the deferred compensation amounts paid to AIG employees by SICO, with an offsetting amount credited to additional paid-in capital reflecting amounts considered to be contributed by SICO. The SICO Plans provide that shares currently owned by SICO are set aside by SICO for the benefit of the participant and distributed upon retirement. The SICO Board of Directors currently may permit an early payout of units under certain circumstances. Prior to payout, the participant is not entitled to vote, dispose of or receive dividends with respect to such shares, and shares are subject to forfeiture under certain conditions, including but not limited to the participant's voluntary termination of employment with AIG prior to normal retirement age. Under the SICO Plans, SICO's Board of Directors may elect to pay a participant cash in lieu of shares of AIG common stock. Following notification from SICO to participants in the SICO Plans that it will settle specific future awards under the SICO Plans with shares rather than cash, AIG modified its accounting for the SICO Plans from variable to fixed measurement accounting. AIG gave effect to this change in settlement method beginning on December 9, 2005, the date of SICO's notice to participants in the SICO Plans.

(d) Guarantees

AIG has issued unconditional guarantees with respect to the prompt payment, when due, of all present and future payment obligations and liabilities of AIGFP arising from transactions entered into by AIGFP.

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SAI Deferred Compensation Holdings, Inc., a wholly owned subsidiary of AIG, has established a deferred compensation plan for registered representatives of certain AIG subsidiaries, pursuant to which participants have the opportunity to invest deferred commissions and fees on a notional basis. The value of the deferred compensation fluctuates with the value of the deferred investment alternatives chosen. AIG has provided a full and unconditional guarantee of the obligations of SAI Deferred Compensation Holdings, Inc. to pay the deferred compensation under the plan. In December 2008, AIG terminated the plan for current employees and ceased to permit new deferrals into the plan.

15. Shareholders' Equity and Earnings (Loss) Per Share

AIG parent depends on its subsidiaries for cash flow in the form of loans, advances, reimbursement for shared expenses, and dividends. AIG's insurance subsidiaries are subject to regulatory restrictions on the amount of dividends that can be remitted to AIG parent. These restrictions vary by jurisdiction. For example, unless permitted by the New York Superintendent of Insurance, general insurance companies domiciled in New York may not pay dividends to shareholders that, in any twelve-month period, exceed the lesser of ten percent of such company's statutory policyholders' surplus or 100 percent of its "adjusted net investment income," as defined. Generally, less severe restrictions applicable to both general and life insurance companies exist in most of the other states in which AIG's insurance subsidiaries are domiciled. Certain foreign jurisdictions have restrictions that could delay or limit the remittance of dividends. There are also various local restrictions limiting cash loans and advances to AIG by its subsidiaries. Largely as a result of these restrictions, a significant majority of the aggregate equity of AIG's consolidated subsidiaries was restricted from immediate transfer to AIG parent at December 31, 2008.

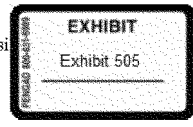
Series C Perpetual, Convertible, Participating Preferred Stock

As partial consideration for the Fed Credit Agreement, AIG agreed to issue 100,000 shares of Series C Preferred Stock to the Trust. AIG recorded the $23 billion fair value of the Series C Preferred Stock not yet issued as a prepaid commitment fee asset and an increase to additional paid-in capital. The Trust Agreement governing the operations of the Trust was executed in January 2009. On March 1, 2009, AIG entered into the Series C Preferred Stock Purchase Agreement with the Trust, and AIG expects to issue the Series C Preferred Stock to the Trust in early March 2009.

The Series C Preferred Stock will have voting rights commensurate with an approximately 77.9 percent holding of all outstanding shares of common stock, treating the Series C Preferred Stock as converted. Holders of the Series C Preferred Stock will be entitled to participate in dividends paid on the common stock, receiving approximately 77.9 percent of the aggregate amount of dividends paid on the shares of common stock then outstanding, treating the Series C Preferred Stock as converted. After the Series C Preferred Stock is issued and following notice from the Trust, AIG will be required to hold a special shareholders' meeting to amend its Restated Certificate of Incorporation to increase the number of authorized shares of common stock to 19 billion and to reduce the par value per share. The holders of the common stock will be entitled to vote as a class separate from the holders of the Series C Preferred Stock on these changes to AIG's Restated Certificate of Incorporation. If the increase in the number of authorized shares and change in par value of the common stock is approved, the Series C Preferred Stock will become convertible into common stock. The number of shares into which the Series C Preferred Stock will be convertible is that which will result in an approximately 77.9 percent holding, after conversion, based upon the number of shares of common stock outstanding on the issue date of the Series C Preferred Stock, plus the number of shares of common stock that are subsequently issued in settlement of Equity Units. Subject to certain exceptions, while the Trust owns for the sole benefit of the United States Treasury at least 50 percent of the Series C Preferred Stock (or the shares into which the Series C Preferred Stock is convertible), AIG will be prohibited from issuing any capital stock, or any securities or instruments convertible or exchangeable into, or exercisable for, capital stock, without the Trust's consent. In addition, AIG has provided demand registration rights for the Series C Preferred Stock.

The $23 billion initial fair value of the Series C Preferred Stock was determined by AIG primarily based on the implied value of the common stock into which the Series C Preferred Stock will be convertible as indicated by

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AIG's common stock price immediately after the terms of the Fed Credit Agreement were publicly announced. Other valuation techniques were employed to corroborate this value, which considered both market observable inputs, such as AIG credit spreads, and other inputs. The following significant assumptions were utilized in the valuation:

- The valuation date for the Series C Preferred Stock was September 16, 2008, the date AIG received the NY Fed's commitment to enter into the Fed Credit Agreement;
- The Series C Preferred Stock will be economically equivalent to the common stock, will have voting rights commensurate with the common stock, and will be convertible into shares of common stock; and
- The price of AIG's common stock the day after the announcement of the NY Fed's commitment to enter into the Fed Credit Agreement provided the most observable market evidence of the value of the Series C Preferred Stock.

Basic and diluted EPS will be affected by the Series C Preferred Stock in any period in which AIG has net income. The effect on basic and diluted EPS will be computed using the two-class method, pursuant to which the earnings of the period will be allocated to the Series C Preferred Stock and the common stock, as if all the earnings of the period were distributed. Prior to any partial conversion of the Series C Preferred Stock, this will result in approximately 77.9 percent of the earnings for the period being allocated to the Series C Preferred Stock, directly reducing the net income available for common shareholders. In the event that the Series C Preferred Stock becomes convertible, Diluted EPS will be determined using the more dilutive of the if-converted method or the two-class method. Under the if-converted method, conversion of the Series C Preferred Stock is assumed to have occurred as of the beginning of the period, and the number of common shares that would be issued on conversion is assumed to be the number of additional shares outstanding for the period. Because AIG incurred a net loss during the year ended December 31, 2008, the Series C Preferred Stock was anti-dilutive and is not reflected in the computation of basic or diluted EPS.

Series D Preferred Stock

Under the United States Department of the Treasury's Troubled Asset Relief Program (TARP) and the Systemically Significant Failing Institutions Program, AIG issued four million shares of Series D Fixed Rate Cumulative Perpetual Preferred Stock (Series D Preferred Stock) and a ten-year warrant to purchase 53,798,766 shares of common stock (the Warrant) for $40 billion, which AIG used to repay a portion of the outstanding debt under the Fed Facility.

The Series D Preferred Stock ranks *pari passu* with the Series C Preferred Stock and senior to AIG's common stock. The Series D Preferred Stock has limited class voting rights and cumulative compounding dividends at 10 percent per annum. The dividends are payable when, as and if declared by AIG's Board of Directors. AIG is not able to declare or pay any dividends on AIG's common stock or on any AIG preferred stock ranking *pari passu* with or junior to the Series D Preferred Stock until dividends on the Series D Preferred Stock have been paid. AIG may redeem the Series D Preferred Stock at the $40 billion stated liquidation preference, plus accumulated but unpaid dividends, at any time the Trust or a successor entity beneficially owns less than 30 percent of AIG's voting securities and no holder of the Series D Preferred Stock controls or has the potential to control AIG. As of December 31, 2008, the accumulated dividends were $400 million.

In addition, for as long as the United States Department of the Treasury owns any of the Series D Preferred Stock, AIG is subject to restrictions on its ability to repurchase capital stock, and is required to adopt and maintain policies limiting corporate expenses, lobbying activities and executive compensation.

In connection with the issuance of the Series D Preferred Stock, AIG issued the Warrant, which is exercisable at any time and has an initial exercise price of $2.50 per share. The exercise price will be reduced to $0.000001 per share in the event AIG's shareholders approve a reduction in the par amount of AIG's common stock to $0.000001 per share. The United States Department of the Treasury has agreed that it will not exercise any voting rights with respect to the common stock issued upon exercise of the Warrant. The Warrant is not subject to contractual transfer



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restrictions other than restrictions necessary to comply with U.S. federal and state securities laws. AIG is obligated, at the request of the United States Department of the Treasury, to file a registration statement with respect to the Warrant and the common stock for which the Warrant can be exercised. During the ten-year term of the Warrant, if the shares of common stock of AIG are no longer listed or trading on a national securities exchange, AIG may be obligated, at the direction of the United States Department of the Treasury, to exchange all or a portion of the Warrant for another economic interest of AIG classified as permanent equity under U.S. GAAP with an equivalent fair value. If the Series D Preferred Stock issued in connection with the Warrant is redeemed in whole or transferred to third parties, AIG may repurchase the Warrant then held by the United States Department of the Treasury at any time for its fair market value so long as the Trust does not control or have the potential to control AIG through Board of Director representation.

Dividends

Dividends declared per common share were $0.42, $0.77, and $0.65 in 2008, 2007, and 2006, respectively. Effective September 23, 2008, AIG's Board of Directors suspended the declaration of dividends on AIG's common stock. Pursuant to the Fed Credit Agreement, AIG is restricted from paying dividends on its common stock. In addition, pursuant to the terms of the Series D Preferred Stock, AIG is not able to declare or pay any dividends on AIG's common stock or on any AIG preferred stock ranking *pari passu* with or junior to the Series D Preferred Stock until dividends on the Series D Preferred Stock have been paid.

Share Issuance and Repurchases

In February 2007, AIG's Board of Directors increased AIG's share repurchase program by authorizing the purchase of shares with an aggregate purchase price of $8 billion. In November 2007, AIG's Board of Directors authorized the purchase of an additional $8 billion in common stock. In 2007, AIG entered into structured share repurchase arrangements providing for the purchase of shares over time with an aggregate purchase price of $7 billion.

A total of 37,926,059 shares were purchased during the first six months of 2008 to meet commitments that existed at December 31, 2007. There were no repurchases during the third and fourth quarters of 2008. At February 18, 2009, $9 billion was available for purchases under the aggregate authorizations.

Pursuant to the Fed Credit Agreement, however, AIG is restricted from repurchasing shares of its common stock.

In May 2008, AIG sold 196,710,525 shares of common stock at a price per share of $38 for gross proceeds of $7.47 billion and 78,400,000 equity units (the Equity Units) at a price per unit of $75 for gross proceeds of $5.88 billion. The Equity Units, the key terms of which are summarized below, are recorded as long-term debt in the consolidated balance sheet.

Equity Units

Each Equity Unit has an initial stated amount of $75 and consists of a stock purchase contract issued by AIG and, initially, a 1/40th or 2.5 percent undivided beneficial ownership interest in three series of junior subordinated debentures (Series B-1, B-2 and B-3), each with a principal amount of $1,000.

Each stock purchase contract requires its holder to purchase, and requires AIG to sell, a variable number of shares of AIG common stock for $25 in cash on each of February 15, 2011, May 1, 2011 and August 1, 2011. The number of shares that AIG is obligated to deliver on each stock purchase date is set forth in the chart below (where the "applicable market value" is an average of the trading prices of AIG's common stock over the 20-trading-day period ending on the third business day prior to the relevant stock purchase date).




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If the applicable market value is:	then AIG is obligated to issue:
• Greater than or equal to $45.60	• 0.54823 shares per stock purchase contract
• Between $45.60 and $38.00	• Shares equal to $25 divided by the applicable market value
• Less than or equal to $38.00	• 0.6579 shares per stock purchase contract

Basic earnings (loss) per share (EPS) will not be affected by outstanding stock purchase contracts. Diluted EPS will be determined considering the potential dilution from outstanding stock purchase contracts using the treasury stock method, and therefore diluted EPS will not be affected by outstanding stock purchase contracts until the applicable market value exceeds $45.60.

AIG is obligated to pay quarterly contract adjustment payments to the holders of the stock purchase contracts, at an initial annual rate of 2.71 percent applied to the stated amount. The present value of the contract adjustment payments, $431 million, was recognized at inception as a liability (a component of other liabilities), and was recorded as a reduction to additional paid-in capital.

In addition to the stock purchase contracts, as part of the Equity Units, AIG issued $1.96 billion of each of the Series B-1, B-2 and B-3 junior subordinated debentures, which initially pay interest at rates of 5.67 percent, 5.82 percent and 5.89 percent, respectively. AIG allocated the proceeds of the Equity Units between the stock purchase contracts and the junior subordinated debentures on a relative fair value basis. AIG determined that the fair value of the stock purchase contract at issuance was zero, and therefore all of the proceeds were allocated to the junior subordinated debentures.

Earnings (Loss) Per Share (EPS)

Basic earnings (loss) per share and diluted loss per share are based on the weighted average number of common shares outstanding, adjusted to reflect all stock dividends and stock splits. Diluted earnings per share is based on those shares used in basic earnings (loss) per share plus shares that would have been outstanding assuming issuance of common shares for all dilutive potential common shares outstanding, adjusted to reflect all stock dividends and stock splits.

The computation of basic and diluted EPS was as follows:

	Years Ended December 31,		
	2008	2007	2006
	(In millions, except per share data)		
Numerator for EPS:			
Income (loss) before cumulative effect of change in accounting principles	$(99,289)	$6,200	$14,014
Cumulative effect of change in accounting principles, net of tax	—	—	34
Dividends on Series D Preferred Stock	(400)	—	—
Net income (loss) applicable to common stock for basic EPS	(99,689)	6,200	14,048
Interest on contingently convertible bonds, net of tax	—	—	10
Net income (loss) applicable to common stock for diluted EPS	(99,689)	6,200	14,058
Cumulative effect of change in accounting principles, net of tax	—	—	(34)
Income (loss) before cumulative effect of change in accounting principles applicable to common stock for diluted EPS	$(99,689)	$6,200	$14,024

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	Years Ended December 31,		
	2008	2007	2006
	(In millions, except per share data)		
Denominator for EPS:			
Weighted average shares outstanding used in the computation of EPS:			
Common stock issued	2,872	2,751	2,751
Common stock in treasury	(252)	(179)	(153)
Deferred shares	14	13	10
Weighted average shares outstanding — basic	2,634	2,585	2,608
Incremental shares from potential common stock:			
Weighted average number of shares arising from outstanding employee stock plans (treasury stock method)*	—	13	7
Contingently convertible bonds	—	—	8
Weighted average shares outstanding — diluted*	2,634	2,598	2,623
EPS:			
Basic:			
Income (loss) before cumulative effect of change in accounting principles	$(37.84)	$ 2.40	$ 5.38
Cumulative effect of change in accounting principles, net of tax	—	—	0.01
Net income (loss)	$(37.84)	$ 2.40	$ 5.39
Diluted:			
Income (loss) before cumulative effect of change in accounting principles	$(37.84)	$ 2.39	$ 5.35
Cumulative effect of change in accounting principles, net of tax	—	—	0.01
Net income (loss)	$(37.84)	$ 2.39	$ 5.36

* *Calculated using the treasury stock method. Certain shares arising from share-based employee compensation plans and the warrant associated with the Series D Preferred Stock were not included in the computation of diluted EPS because the effect would have been anti-dilutive. The number of shares excluded were 98 million, 8 million and 13 million for the years ended December 31, 2008, 2007 and 2006, respectively.*

16. Statutory Financial Data

Statutory surplus and net income (loss) for General Insurance and Life Insurance & Retirement Services operations in accordance with statutory accounting practices were as follows:

	Years Ended December 31,		
	2008	2007	2006
	(In millions)		
Statutory surplus *(a)* :			
General Insurance	$ 34,616	$37,705	$32,665
Life Insurance & Retirement Services	24,511	33,212	35,058
Statutory net income(loss) *(a)(b)* :			
General Insurance *(c)*	216	8,018	8,010
Life Insurance & Retirement Services *(a)*	(23,558)	4,465	5,088

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(a) Statutory surplus and net income (loss) with respect to foreign operations are estimated at November 30. The basis of presentation for branches of AIA is the Hong Kong statutory filing basis. The basis of presentation for branches of ALICO is the U.S. statutory filing basis. AIG Star Life, AIG Edison Life, Nan Shan and Philamlife are estimated based on their respective local country filing basis.

(b) Includes realized capital gains and losses and taxes.

(c) Includes catastrophe losses, net of tax, of $1.15 billion and $177 million in 2008 and 2007.

AIG's insurance subsidiaries file financial statements prepared in accordance with statutory accounting practices prescribed or permitted by domestic and foreign insurance regulatory authorities. The principal differences between statutory financial statements and financial statements prepared in accordance with U.S. GAAP for domestic companies are that statutory financial statements do not reflect DAC, some bond portfolios may be carried at amortized cost, investment impairments are determined in accordance with statutory accounting practices, assets and liabilities are presented net of reinsurance, policyholder liabilities are generally valued using more conservative assumptions and certain assets are non-admitted.

In connection with the filing of the 2005 statutory financial statements for AIG's domestic General Insurance companies, AIG agreed with the relevant state insurance regulators on the statutory accounting treatment of various items. The regulatory authorities have also permitted certain of the domestic and foreign insurance subsidiaries to support the carrying value of their investments in certain non-insurance and foreign insurance subsidiaries by utilizing the AIG audited consolidated financial statements to satisfy the requirement that the U.S. GAAP-basis equity of such entities be audited. AIG has received similar permitted practice authorizations from insurance regulatory authorities in connection with the 2008 and 2007 statutory financial statements. The permitted practice resulted in a benefit to the surplus of the domestic and foreign General Insurance companies of $114 million and $859 million, respectively, and did not affect compliance with minimum regulatory capital requirements.

At December 31, 2008, 2007 and 2006, statutory capital of AIG's insurance subsidiaries exceeded minimum company action level requirements.

Effective October 1, 2008, certain Domestic Life Insurance and Domestic Retirement Services insurance entities adopted a change in their statutory accounting practices for other-than-temporary impairments from one acceptable method to another for "Bonds other than loan-backed and structured securities" and for "Loan-backed and structured securities". The effect of the new practice was to reduce other-than-temporary impairments for statutory reporting purposes in the fourth quarter of 2008, thereby increasing statutory surplus for these entities by approximately $7 billion as of December 31, 2008.

Effective January 1, 2009, these Domestic Life Insurance and Domestic Retirement Services insurance entities, as well as certain other AIG insurance entities are required to prospectively adopt SSAP 98, "Treatment of Cash Flows When Quantifying Changes in Valuation and Impairments, an Amendment of SSAP No. 43 — Loan-backed and Structured Securities" (SSAP 98). The effect of applying SSAP 98 has not yet been determined, but could decrease statutory surplus for these entities by an amount that could be significant. Even if this 2009 decrease is significant, AIG expects the statutory surplus of such insurance subsidiaries to exceed minimum company action level requirements.

17. Share-based Employee Compensation Plans

During the year ended December 31, 2008, AIG employees had received compensation pursuant to awards under seven different share-based employee compensation plans:

(i) AIG 1999 Stock Option Plan, as amended (1999 Plan);

(ii) AIG 1996 Employee Stock Purchase Plan, as amended (1996 Plan) — the subscriptions were cancelled from October 2007 based on the current market value of the common stock of AIG;

(iii) AIG 2002 Stock Incentive Plan, as amended (2002 Plan) under which AIG has issued time-vested restricted stock units (RSUs) and performance restricted stock units (performance RSUs);




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(iv) AIG 2007 Stock Incentive Plan, as amended (2007 Plan);

(v) SICO's Deferred Compensation Profit Participation Plans (SICO Plans);

(vi) AIG's 2005-2006 Deferred Compensation Profit Participation Plan (AIG DCPPP) — the AIG DCPPP was adopted as a replacement for the SICO Plans for the 2005-2006 period. Share-based employee compensation earned under the AIG DCPPP was granted as time-vested RSUs under the 2002 Plan; and

(vii) The AIG Partners Plan replaced the AIG DCPPP. Share-based employee compensation awarded under the AIG Partners Plan was granted as performance-based RSUs under the 2002 Plan, except for the December 2007 grant which was made under the 2007 Plan.

Although awards granted under all the plans described above remained outstanding at December 31, 2008, future grants of options, RSUs and performance RSUs can be made only under the 2007 Plan. AIG currently settles share option exercises and other share awards to participants by issuing shares it previously acquired and holds in its treasury account, except for share awards made by SICO, which are settled by SICO.

In 2006 and for prior years, AIG's non-employee directors received share-based compensation in the form of options granted pursuant to the 1999 Plan and grants of AIG common stock with delivery deferred until retirement from the Board pursuant to the AIG Director Stock Plan, which was approved by the shareholders at the 2004 Annual Meeting of Shareholders and which is now a subplan under the 2007 Plan. From and after May 16, 2007, non-employee directors receive deferred stock units (DSUs) under the 2007 Plan with delivery deferred until retirement from the Board.

Effective January 1, 2006, AIG adopted the fair value recognition provisions of FAS 123R for share-based compensation awarded to employees and recorded the cumulative effect of adoption of $46 million as a cumulative effect of change in accounting principles, net of tax.

Included in AIG's consolidated statement of income for the years ended December 31, 2008, 2007 and 2006 was pre-tax share-based compensation expense of $389 million, $275 million, and $353 million, respectively.

1999 Stock Option Plan

The 1999 Plan was approved by the shareholders at the 2000 Annual Meeting of Shareholders, with certain amendments approved at the 2003 Annual Meeting of Shareholders. The 1999 Plan superseded the 1991 Employee Stock Option Plan (the 1991 Plan), although outstanding options granted under the 1991 Plan continue until exercise or expiration. Options granted under the 1999 Plan generally vest over four years (25 percent vesting per year) and expire 10 years from the date of grant. The 2007 Plan supersedes the 1999 Plan.

At December 31, 2008, 34,265,635 shares were reserved for issuance under the 1999 and 1991 Plans and there are no shares reserved for future grants under the 1999 Plan.

Deferrals

At December 31, 2008, AIG was obligated to issue 12,341,489 shares in connection with previous exercises of options with delivery deferred.

Valuation

AIG uses a binomial lattice model to calculate the fair value of stock option grants. A more detailed description of the valuation methodology is provided below.

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Notes to Consolidated Financial Statements — (Continued)

The following weighted-average assumptions were used for stock options granted:

	2008	2007	2006
Expected annual dividend yield *(a)*	3.77%	1.39%	0.92%
Expected volatility *(b)*	53.27%	32.82%	23.50%
Risk-free interest rate *(c)*	4.43%	4.08%	4.61%
Expected term *(d)*	4 years	7 years	7 years

(a) The dividend yield is determined at the grant date.

(b) In 2008, expected volatility is the average of historical volatility (based on seven years of daily stock price changes) and the implied volatility of actively traded options on AIG shares.

(c) The interest rate curves used in the valuation model were the U.S. Treasury STRIP rates with terms from 3 months to 10 years.

(d) In 2008, the expected term is 4 years based on the average time to exercise derived from the output of the valuation model. In 2007 and 2006, the contractual term of the option was generally 10 years with an expected term of 7 years calculated based on an analysis of historical employee and executive exercise behavior and employee turnover (post-vesting terminations). The early exercise rate is a function of time elapsed since the grant. Fifteen years of historical data were used to estimate the early exercise rate.

Additional information with respect to AIG's stock option plans is as follows:

As of or for the Year Ended December 31, 2008	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Values
		(In millions)		
Options:				
Outstanding at beginning of year	36,363,769	$ 63.83		$ 59
Granted	1,144,000	23.52		—
Exercised	(336,422)	48.59		2
Forfeited or expired	(2,905,712)	58.60		—
Outstanding at end of year	34,265,635	$ 63.08	4.18	$ —
Options exercisable at end of year	30,269,601	$ 64.63	3.61	$ —
Weighted average fair value per share of options granted		$ 10.61		

Vested and expected-to-vest options at December 31, 2008, included in the table above, totaled 32,962,793, with a weighted average exercise price of $64.46, a weighted average contractual life of 3.91 years and a zero aggregate intrinsic value.

At December 31, 2008, total unrecognized compensation cost (net of expected forfeitures) was $48 million with a blended weighted average period of 1.09 years. The cost of awards outstanding under these plans at December 31, 2008 is expected to be recognized over approximately three years.

The intrinsic value of options exercised during 2008, 2007 and 2006 was approximately $2 million, $360 million, and $215 million, respectively. The grant date fair value of options vesting during 2008, 2007 and 2006 was approximately $67 million, $63 million and $97 million, respectively. AIG received $16 million, $482 million and $104 million in cash during 2008, 2007 and 2006, respectively, from the exercise of stock options. The tax benefits realized as a result of stock option exercises were $0.5 million, $16 million and $35 million in 2008, 2007 and 2006, respectively. The weighted average grant date fair values of options granted was $10.61, $20.97 and $23.41 in 2008, 2007 and 2006, respectively.

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Employee Stock Purchase Plan

AIG's 1996 Plan provides that eligible employees (those employed at least one year) may receive privileges to purchase up to an aggregate of 10,000,000 shares of AIG common stock, at a price equal to 85 percent of the fair market value on the date of the grant of the purchase privilege. Purchase privileges are granted quarterly and are limited to the number of whole shares that can be purchased on an annual basis by an amount equal to the lesser of 10 percent of an employee's annual salary or $10,000.

2002 Stock Incentive Plan

The 2002 Plan was adopted at the 2002 Annual Meeting of Shareholders and amended and restated by AIG's Board of Directors on September 18, 2002. During 2007, 179,106 RSUs, including performance RSUs, were granted under the 2002 Plan. Because the 2002 Plan has been superseded by the 2007 Plan, there were no shares reserved for issuance in connection with future awards at December 31, 2008 other than incremental amounts awarded for attaining specified criteria under the AIG DCPPP. Prior to March 2008, substantially all time-vested RSUs granted under the 2002 Plan were scheduled to vest on the fourth anniversary of the date of grant. Effective March 2008, the vesting of the December 2005 and 2006 grants was accelerated to vest on the third anniversary of the date of grant.

2007 Stock Incentive Plan

The 2007 Plan was adopted at the 2007 Annual Meeting of Shareholders and amended and restated by AIG's Board of Directors on November 14, 2007. The total number of shares of common stock that may be issued under the Plan is 180,000,000. The 2007 Plan supersedes the 1999 Plan and the 2002 Plan. During 2008 and 2007, 1,533,998 and 7,121,252 RSUs, respectively, including performance RSUs, were granted under the 2007 Plan. Each RSU, performance RSU and DSU awarded reduces the number of shares available for future grants by 2.9 shares. At December 31, 2008, there were 163,745,561 shares reserved for issuance under the 2007 Plan. A significant majority of the time-vested RSUs granted in 2008 under the 2007 Plan vest on the third anniversary of the date of grant.

Certain stock options granted in 2008 included a condition under which AIG's stock price had to exceed specific price levels for 15 consecutive trading days in order to vest.

Non-Employee Director Stock Awards

The methodology used for valuing employee stock options is also used to value director stock options. Director stock options vest one year after the grant date, but are otherwise the same as employee stock options. Commencing in 2007, directors no longer receive awards of options. Options with respect to 40,000 shares were granted during 2006.

In 2008, AIG granted to directors 127,070 DSUs, including DSUs representing dividend-equivalent amounts. AIG also granted to directors 6,375 shares and 14,000 shares, with delivery deferred, during 2007 and 2006, respectively, under the Director Stock Plan. There were no deferred shares granted in 2008.

SICO Plans

The SICO Plans provide that shares of AIG common stock currently held by SICO are set aside for the benefit of the participant and distributed upon retirement. The SICO Board of Directors currently may permit an early payout of shares under certain circumstances. Prior to payout, the participant is not entitled to vote, dispose of or receive dividends with respect to such shares, and shares are subject to forfeiture under certain conditions, including but not limited to the participant's termination of employment with AIG prior to normal retirement age.

The SICO Plans are also described in Note 14 herein.

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Although none of the costs of the various benefits provided under the SICO Plans have been paid by AIG, AIG has recorded compensation expense for the deferred compensation amounts payable to AIG employees by SICO, with an offsetting amount credited to additional paid-in capital reflecting amounts deemed contributed by SICO.

A significant portion of the awards under the SICO Plans vest the year after the participant reaches age 65, provided that the participant remains employed by AIG through age 65. The portion of the awards for which early payout is available vest on the applicable payout date.

AIG DCPPP

The AIG DCPPP provides share-based compensation to key AIG employees, including senior executive officers.

The AIG DCPPP contingently allocated a fixed number of time-vested RSUs to each participant if AIG's cumulative adjusted earnings per share in 2005 and 2006 exceeded that in 2003 and 2004 as determined by AIG's Compensation Committee. This goal was met, and pursuant to the terms of the DCPPP, 3,696,836 time-vested RSUs were awarded in 2007. Due to the modification in March 2008, the vesting periods for these RSUs have been shortened to vest in three installments with the final installment vesting in January 2012.

At December 31, 2008, RSU awards with respect to 2,987,955 shares remained outstanding.

AIG Partners Plan

On June 26, 2006, AIG's Compensation Committee approved two grants under the AIG Partners Plan. The first grant had a performance period that ran from January 1, 2006 through December 31, 2007. The second grant has a performance period that runs from January 1, 2007 through December 31, 2008. In December 2007, the Compensation Committee approved a grant with a performance period from January 1, 2008 through December 31, 2009. The Compensation Committee approved the performance metrics for this grant in the first quarter of 2008. The first and the second grants vest 50 percent on the fourth and sixth anniversaries of the first day of the related performance period. The third grant vests 50 percent on the third and fourth anniversaries of the first day of the performance period. The Compensation Committee approved the performance metrics for the first two grants prior to the date of grant. The measurement of the first two grants is deemed to have occurred on June 26, 2006 when there was mutual understanding of the key terms and conditions of the first two grants. All grants were modified in March 2008. In 2008, no compensation cost was recognized for the second and the third grants under the Partners Plan because the performance threshold for these awards was not met. In 2007, no compensation cost was recognized, and the compensation cost recognized in 2006 was reversed for the first grant under the Partners Plan because the performance threshold for these awards was not met.

Valuation

The fair value of RSUs and performance RSUs is based on the closing price of AIG stock on the date of grant.

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The following table presents a summary of shares relating to outstanding awards unvested under the foregoing plans* :

	Number of Shares					Weighted Average Grant-Date Fair Value				
As of or for the Year Ended December 31, 2008	Time-vested RSUs	AIG DCPPP	Partners Plan	Total AIG Plans	Total SICO Plans	Time-vested RSUs	AIG DCPPP	Partners Plan	Total AIG Plans	Total SICO Plans
Unvested, beginning of year	11,343,688	4,220,460	4,941,525	20,505,673	9,469,809	$ 63.01	$ 54.53	$ 55.08	$59.36	$61.27
Granted	1,533,998	—	1,378,342	2,912,340	—	25.40	—	41.59	33.06	—
Vested	(780,598)	(620,945)	(183,744)	(1,585,287)	(1,213,505)	64.49	51.34	39.13	56.40	45.50
Forfeited	(2,171,366)	(284,770)	(2,772,889)	(5,229,025)	(677,107)	43.70	57.48	55.83	50.88	60.19
Unvested, end of year	9,925,722	3,314,745	3,363,234	16,603,701	7,579,197	$ 61.31	$ 57.36	$ 50.23	$58.28	$61.12

* *Options are reported under the Additional Information with respect to AIG's stock option plans table above. DSUs are reported under Non-Employee Director Stock Awards. For the AIG DCPPP, includes all incremental shares granted or to be granted.*

The total unrecognized compensation cost (net of expected forfeitures) related to non-vested share-based compensation awards granted under the 2002 Plan, the 2007 Plan, the AIG DCPPP, the AIG Partners Plan and the SICO Plans and the weighted-average periods over which those costs are expected to be recognized are as follows:

At December 31, 2008	Unrecognized Compensation Cost	Weighted-Average Period	Expected Period
	(In millions)		
Time-vested RSUs — 2002 Plan	$ 74	0.64 years	3 years
Time-vested RSUs — 2007 Plan	$151	1.13 years	3 years
AIG DCPPP	$ 71	1.07 years	3 years
AIG Partners Plan	$ 29	1.19 years	3 years
Total AIG Plans	$325	1.01 years	3 years
Total SICO Plans	$181	5.63 years	31 years

Modifications

During the first quarter of 2008, AIG reviewed the vesting schedules of its share-based employee compensation plans, and on March 11, 2008, AIG's management and the Compensation and Management Resources Committee of AIG's Board of Directors determined that, to fulfill the objective of attracting and retaining high quality personnel, the vesting schedules of certain awards outstanding under these plans and all awards made in the future under these plans should be shortened. AIG also modified the metrics used to determine the level of performance achieved with respect to the AIG Partners Plan.

For accounting purposes, a modification of the terms or conditions of an equity award is treated as an exchange of the original award for a new award. As a result of this modification, the incremental value related to the remaining affected awards totaled $21 million and will, together with the unamortized originally-measured compensation cost, be amortized over shorter periods. The modifications increased the net amortization of this cost by $98 million in 2008. AIG estimates the modifications will increase the amortization of this cost by $43 million in 2009, with a related reduction in amortization expense of $120 million in 2010 through 2013.

18. Employee Benefits

Pension Plans

AIG, its subsidiaries and certain affiliated companies offer various defined benefit plans to eligible employees based on either completion of a specified period of continuous service or date of hire, subject to age limitations.

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AIG's U.S. qualified retirement plans are noncontributory defined benefit plans which are subject to the provisions of ERISA. U.S. salaried employees who are employed by a participating company, have attained age 21 and completed twelve months of continuous service are eligible to participate in the plans. Employees generally vest after 5 years of service. Unreduced benefits are paid to retirees at normal retirement (age 65) and are based upon a percentage of final average compensation multiplied by years of credited service, up to 44 years. Non-U.S. defined benefit plans are generally either based on the employee's years of credited service and compensation in the years preceding retirement or on points accumulated based on the employee's job grade and other factors during each year of service.

In 2007, AIG acquired the outstanding minority interest of 21st Century. Assets, obligations and costs with respect to 21st Century's plans are included herein. The assumptions used by 21st Century in its plans were not significantly different from those used by AIG in AIG's U.S. plans.

AIG also sponsors several unfunded defined benefit plans for certain employees, including key executives, designed to supplement pension benefits provided by AIG's other retirement plans. These include the AIG Excess Retirement Income Plan, which provides a benefit equal to the reduction in benefits payable to certain employees under the AIG U.S. retirement plan as a result of federal tax limitations on compensation and benefits payable and the Supplemental Executive Retirement Plan, which provides additional retirement benefits to designated executives. Under the Supplemental Plan, an annual benefit accrues at a percentage of final average pay multiplied by each year of credited service, not greater than 60 percent of final average pay, reduced by any benefits from the current and any predecessor retirement plans (including the AIG Excess Retirement Income Plan and any comparable plans), Social Security, if any, and from any qualified pension plan of prior employers.

Postretirement Plans

AIG and its subsidiaries also provide postretirement medical care and life insurance benefits in the U.S. and in certain non-U.S. countries. Eligibility in the various plans is generally based upon completion of a specified period of eligible service and attaining a specified age. Overseas, benefits vary by geographic location.

U.S. postretirement medical and life insurance benefits are based upon the employee electing immediate retirement and having a minimum of ten years of service. Medical benefits are contributory, while the life insurance benefits are non-contributory. Retiree medical contributions vary with age and length of service and range from requiring no cost for pre-1989 retirees to requiring actual premium payments reduced by certain credits for post-1993 retirees. These contributions are subject to adjustment annually. Other cost sharing features of the medical plan include deductibles, coinsurance, Medicare coordination and a lifetime maximum benefit of $2 million.

The following table presents the funded status of the plans, reconciled to the amount reported in the consolidated balance sheet. The measurement date for some of the non-U.S. defined benefit pension and postretirement plans is November 30, consistent with the fiscal year-end of the sponsoring companies. For all other plans, measurement occurs as of December 31, 2008.

	Pension				Postretirement (a)			
	Non-U.S. Plans (b)		U.S. Plans (c)		Non-U.S. Plans		U.S. Plans	
As of or for the Year Ended December 31, 2008	2008	2007	2008	2007	2008	2007	2008	2007
				(In millions)				
Change in projected benefit obligation:								
Benefit obligation, beginning of year	$1,745	$1,578	$3,156	$3,079	$79	$ 53	$257	$252
Service cost	112	90	132	135	8	5	8	11
Interest cost	62	50	202	186	4	3	16	15
Participant contributions	4	4	—	—	—	—	—	—
Actuarial (gain) loss	85	(12)	374	(159)	15	(2)	16	(3)
Plan amendments and mergers	1	(2)	—	17	—	—	—	—

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As of or for the Year Ended December 31, 2008	Pension				Postretirement (a)			
	Non-U.S. Plans (b)		U.S. Plans (c)		Non-U.S. Plans		U.S. Plans	
	2008	2007	2008	2007	2008	2007	2008	2007
	(In millions)							
Benefits paid:								
AIG assets	(60)	(36)	(25)	(11)	(1)	(1)	(17)	(18)
Plan assets	(43)	(43)	(96)	(91)	—	—	—	—
Effect of foreign currency fluctuation	107	78	—	—	(5)	4	—	—
Other	67	38	2	—	1	17	5	—
Projected benefit obligation, end of year	$ 2,080	$1,745	$ 3,745	$3,156	$ 101	$ 79	$ 285	$ 257
Change in plan assets:								
Fair value of plan assets, at beginning of year	$ 952	$ 850	$ 3,129	$2,760	$ —	$ —	$ —	$ —
Actual return on plan assets, net of expenses	(205)	36	(334)	162	—	—	—	—
AIG contributions	115	87	59	309	1	1	17	18
Participant contributions	4	4	—	—	—	—	—	—
Benefits paid:								
AIG assets	(60)	(36)	(25)	(11)	(1)	(1)	(17)	(18)
Plan assets	(43)	(43)	(96)	(91)	—	—	—	—
Effect of foreign currency fluctuation	5	51	—	—	—	—	—	—
Other	(3)	3	—	—	—	—	—	—
Fair value of plan assets, end of year	$ 765	$ 952	$ 2,733	$3,129	$ —	$ —	$ —	$ —
Funded status, end of year	$(1,315)	$ (793)	$(1,012)	$ (27)	$(101)	$(79)	$(285)	$(257)
Amounts recognized in the consolidated balance sheet:								
Assets	$ 32	$ 28	$ —	$ 228	$ —	$ —	$ —	$ —
Liabilities	(1,347)	(821)	(1,012)	(255)	(101)	(79)	(285)	(257)
Total amounts recognized	$(1,315)	$ (793)	$(1,012)	$ (27)	$(101)	$(79)	$(285)	$(257)
Amounts recognized in Accumulated other comprehensive (income) loss:								
Net loss	$ 601	$ 242	$ 1,429	$ 513	$ 21	$ 6	$ 12	$ (5)
Prior service cost (credit)	(66)	(67)	(1)	(2)	—	—	23	23
Total amounts recognized	$ 535	$ 175	$ 1,428	$ 511	$ 21	$ 6	$ 35	$ 18

(a) AIG does not currently fund postretirement benefits.

(b) Includes unfunded plans for which the aggregate pension benefit obligation was $859 million and $559 million at December 2008 and 2007, respectively. For 2008 and 2007, approximately 82 percent and 83 percent pertain to Japanese plans, which are not required by local regulation to be funded. The projected benefit obligation for these plans total $702 million and $464 million, respectively.

(c) Includes non-qualified unfunded plans, for which the aggregate projected benefit obligation was $270 million and $240 million at December 2008 and 2007, respectively.

The accumulated benefit obligations for both non-U.S. and U.S. pension benefit plans were as follows:

	At December 31,	
	2008	2007
	(In millions)	
Non-U.S. pension benefit plans	$1,862	$1,504
U.S. pension benefit plans	$3,219	$2,752

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Defined benefit pension plan obligations in which the projected benefit obligation was in excess of the related plan assets and in which the accumulated benefit obligation was in excess of the related plan assets were as follows:

	At December 31,							
	PBO Exceeds Fair Value of Plan Assets				ABO Exceeds Fair Value of Plan Assets			
	Non-U.S. Plans		U.S. Plans		Non-U.S. Plans		U.S. Plans	
	2008	2007	2008	2007	2008	2007	2008	2007
	(In millions)							
Projected benefit obligation	$2,000	$1,676	$3,745	$368	$1,840	$1,415	$3,745	$240
Accumulated benefit obligation	1,800	1,462	3,219	317	1,676	1,277	3,219	206
Fair value of plan assets	652	855	2,733	113	519	652	2,733	—

The following table presents the components of net periodic benefit cost recognized in income and other amounts recognized in Accumulated other comprehensive (income) loss with respect to the defined benefit pension plans and other postretirement benefit plans:

	Pension						Postretirement					
	Non-U.S. Plans			U.S. Plans			Non-U.S. Plans			U.S. Plans		
	2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006
	(In millions)											
Components of net periodic benefit cost:												
Service cost	$112	$ 90	$ 78	$ 132	$ 135	$ 130	$ 8	$ 5	$ 4	$ 8	$ 11	$ 6
Interest cost	62	50	36	202	186	169	4	3	2	16	15	11
Expected return on assets	(44)	(36)	(28)	(235)	(216)	(201)	—	—	—	—	—	—
Amortization of prior service credit	(11)	(10)	(9)	(1)	(3)	(3)	—	—	—	—	(2)	(6)
Amortization of transitional obligation	—	1	1	—	—	—	—	—	—	—	—	—
Amortization of net loss	29	9	16	22	43	75	—	—	—	—	—	—
Other	(1)	1	1	2	14	6	—	—	—	5	—	—
Net periodic benefit cost	$147	$105	$ 95	$ 122	$ 159	$ 176	$ 12	$ 8	$ 6	$ 29	$ 24	$ 11
Total recognized in Accumulated other comprehensive (income) loss	$361	$(10)	$ 38	$ 917	$(155)	$ 24	$ 16	$ (2)	$ —	$ 17	$ (7)	$ —
Total recognized in net periodic benefit cost and other comprehensive income	$508	$ 95	$133	$1,039	$ 4	$ 200	$ 28	$ 6	$ 6	$ 46	$ 17	$ 11

The estimated net loss and prior service credit that will be amortized from Accumulated other comprehensive income into net periodic benefit cost over the next fiscal year are $136 million and $12 million, respectively, for AIG's combined defined benefit pension plans. For the defined benefit postretirement plans, the estimated amortization from Accumulated other comprehensive income for net loss, prior service credit and transition obligation that will be amortized into net periodic benefit cost over the next fiscal year will be less than $2 million in the aggregate.

The annual pension expense in 2009 for the AIG U.S. Retirement Plan is expected to be approximately $239 million. A 100 basis point increase in the discount rate or expected long-term rate of return would decrease the 2009 expense by approximately $65 million and $27 million, respectively, with all other items remaining the same. Conversely, a 100 basis point decrease in the discount rate or expected long-term rate of return would increase the 2009 expense by approximately $84 million and $27 million, respectively, with all other items remaining the same.

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Assumptions

The weighted average assumptions used to determine the benefit obligations are as follows:

	Pension		Postretirement	
December 31, 2008	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans	U.S. Plans
Discount rate	**2.00 - 15.00%**	**6.00%**	**1.50 - 7.25%**	**6.00%**
Rate of compensation increase	**2.50 - 10.00%**	**4.25%**	**3.00 - 4.00%**	**4.25%**
December 31, 2007				
Discount rate	2.00 - 11.00%	6.50%	2.75 - 6.50%	6.50%
Rate of compensation increase	1.50 - 9.00%	4.25%	3.00 - 3.50%	4.25%

The benefit obligations for non-U.S. plans reflect those assumptions that were most appropriate for the local economic environments of each of the subsidiaries providing such benefits.

Assumed health care cost trend rates for the U.S. plans were as follows:

	At December 31,	
	2008	2007
Following year:		
Medical (before age 65)	**9.00%**	9.00%
Medical (age 65 and older)	**7.00%**	7.00%
Ultimate rate to which cost increase is assumed to decline	**5.00%**	5.00%
Year in which the ultimate trend rate is reached:		
Medical (before age 65)	**2018**	2015
Medical (age 65 and older)	**2018**	2015

A one percent point change in the assumed healthcare cost trend rate would have the following effect on AIG's postretirement benefit obligations:

	At December 31,			
	One Percent Increase		One Percent Decrease	
	2008	2007	2008	2007
	(In millions)			
Non-U.S. plans	**$ 14**	$ 12	**$(11)**	$ (8)
U.S. plans	**$ 6**	$ 6	**$ (5)**	$ (5)

AIG's postretirement plans provide benefits primarily in the form of defined employer contributions rather than defined employer benefits. Changes in the assumed healthcare cost trend rate are subject to caps for U.S. plans. AIG's non-U.S. postretirement plans are not subject to caps.

The weighted average assumptions used to determine the net periodic benefit costs were as follows:

	Pension		Postretirement	
At December 31,	Non-U.S. Plans*	U.S. Plans	Non-U.S. Plans*	U.S. Plans
2008				
Discount rate	**2.00 - 11.00%**	**6.50%**	**2.75 - 6.50%**	**6.50%**
Rate of compensation increase	**1.50 - 9.00%**	**4.25%**	**3.00 - 3.50%**	**4.25%**
Expected return on assets	**2.75 - 9.75%**	**7.75%**	**N/A**	**N/A**

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	Pension		Postretirement	
At December 31,	Non-U.S. Plans*	U.S. Plans	Non-U.S. Plans*	U.S. Plans
2007				
Discount rate	2.25 - 10.75%	6.00%	4.00 - 5.75%	6.00%
Rate of compensation increase	1.50 - 10.00%	4.25%	3.00%	4.25%
Expected return on assets	2.50 - 10.50%	8.00%	N/A	N/A
2006				
Discount rate	1.75 - 12.00%	5.50%	4.50 - 5.50%	5.50%
Rate of compensation increase	1.50 - 10.00%	4.25%	2.50 - 3.00%	4.25%
Expected return on assets	2.50 - 13.50%	8.00%	N/A	N/A

* *The benefit obligations for non-U.S. plans reflect those assumptions that were most appropriate for the local economic environments of the subsidiaries providing such benefits.*

Discount Rate Methodology

The projected benefit cash flows under the U.S. AIG Retirement Plan were discounted using the spot rates derived from the unadjusted Citigroup Pension Discount Curve at December 31, 2008 and 2007 and an equivalent single discount rate was derived that resulted in the same liability. This single discount rate was rounded to the nearest 25 basis points, namely 6.0 percent and 6.5 percent at December 31, 2008 and 2007, respectively. The rates applied to other U.S. plans were not significantly different from those discussed above.

In general, the discount rate for non-U.S. pension plans are selected by reference to high quality corporate bonds in developed markets, or local government bonds where developed markets are not as robust or nonexistent. Both funded and unfunded plans for Japan represent over 71 percent and 62 percent of the liabilities of AIG's non-U.S. pension plans at December 31, 2008 and 2007, respectively. The discount rate of 2.0 percent for Japan was selected by reference to the published Moody's/S&P AA Corporate Bond Universe at the measurement date having regard to the duration of the plans' liabilities.

Plan Assets

The investment strategy with respect to assets relating to AIG's U.S. pension plans is designed to achieve investment returns that will fully fund the pension plans over the long term, while limiting the risk of under funding over shorter time periods and defray plan expenses. Accordingly, the asset allocation is targeted to maximize the investment rate of return while managing various risk factors, including the risk and rewards profile indigenous to each asset class. Plan assets are periodically monitored by both the investment committee of AIG's Retirement Board and the investment managers, which can entail rebalancing the plans' assets within pre-approved ranges, as deemed appropriate. For example, as a result of the disruption in the financial markets, AIG opted to terminate the pension plans' securities lending activities in 2008, to mitigate losses.

The expected long-term rates of return for AIG's U.S. pension plans were 7.75 and 8.00 percent for the years ended December 31, 2008 and 2007, respectively. These rates of return are an aggregation of expected returns within each asset category that, when combined with AIG's contribution to the plan, are expected to maintain the plan's ability to meet all required benefit obligations. The return with respect to each asset class was developed based on a building block approach that considers both historical returns, current market conditions, asset volatility and the expectations for future market returns. While the assessment of the expected rate of return is long-term and thus not expected to change annually, significant changes in investment strategy or economic conditions may warrant such a change.

Non-U.S. pension plan assets are held in various trusts and are similarly invested in equity, debt and other investments to maximize the long-term return on assets for a given level of risk. Other investments for both the U.S. and Non-U.S. plans includes cash, insurance contracts, real estate, private equity, related party group annuity

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and hedge funds asset classes. The related party group annuity is with US Life, an AIG affiliate, and totaled approximately $36 million and $38 million at December 31, 2008 and 2007, respectively. There were no shares of AIG common stock included in the U.S. pension plan assets at December 31, 2008 or 2007.

The asset allocation percentage by major asset class for AIG's plans and the target allocation follow:

	At December 31,					
	Non-U.S. Plans-Allocation			U.S. Plans-Allocation		
	Target 2009	Actual 2008	Actual 2007	Target 2009	Actual 2008	Actual 2007
Asset class:						
Equity securities	41%	39%	50%	45%	31%	56%
Debt securities	30	32	28	30	46	30
Real Estate	7	6	5	—	—	—
Cash	2	3	1	—	5	2
Other	20	20	16	25	18	12
Total	100%	100%	100%	100%	100%	100%

Expected Cash Flows

Funding for the U.S. pension plan ranges from the minimum amount required by ERISA to the maximum amount that would be deductible for U.S. tax purposes. This range is generally not determined until the fourth quarter. Contributed amounts in excess of the minimum amounts are deemed voluntary. Amounts in excess of the maximum amount would be subject to an excise tax and may not be deductible under the Internal Revenue Code. Supplemental and excess plans' payments and postretirement plan payments are deductible when paid.

During 2008 AIG contributed $174 million to its U.S. and non-U.S. pension plans. The annual pension contribution in 2009 is expected to be approximately $600 million for U.S. and non-U.S. plans. These estimates are subject to change, since contribution decisions are affected by various factors including AIG's liquidity, asset dispositions, market performance and management's discretion.

As of January 1, 2009, AIG anticipates that the U.S. pension plan's funded status based on the Pension Protection Act of 2006 target liability will exceed 94 percent. As a result, AIG does not anticipate any benefit restrictions or shortfall amortization relevant to the current period.

The expected future benefit payments, net of participants' contributions, with respect to the defined benefit pension plans and other postretirement benefit plans, are as follows:

	Pension		Postretirement	
	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans	U.S. Plans
	(In millions)			
2009	$ 108	$ 129	$ 1	$ 21
2010	104	139	1	19
2011	109	150	1	20
2012	112	164	1	21
2013	125	178	2	22
2014-2018	650	1,111	11	125

Defined Contribution Plans

In addition to several small defined contribution plans, AIG sponsors a voluntary savings plan for U.S. employees which provides for salary reduction contributions by employees and matching U.S. contributions by

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AIG of up to seven percent of annual salary depending on the employees' years of service. Pre-tax expense associated with this plan was $124 million, $114 million and $104 million in 2008, 2007 and 2006, respectively.

19. Ownership and Transactions With Related Parties

(a) Ownership: According to the Schedule 13D filed on January 22, 2009 by Maurice R. Greenberg, Edward E. Matthews, Starr International Company, Inc., C.V. Starr & Co., Inc., Universal Foundation, Inc., The Maurice R. and Corinne P. Greenberg Family Foundation, Inc., Maurice R. and Corinne P. Greenberg Joint Tenancy Company, LLC and C.V. Starr & Co., Inc. Trust, these reporting persons could be deemed to beneficially own 270,491,939 shares of AIG's common stock at that date. Based on the shares of AIG's common stock outstanding at January 30, 2009, this ownership would represent approximately 10.1 percent of the voting stock of AIG. Although these reporting persons have made filings under Section 16 of the Exchange Act, reporting sales of shares of common stock, no amendment to the Schedule 13D has been filed to report a change in ownership subsequent to January 22, 2009.

(b) For discussion of the Series C Preferred Stock and the ownership by the Trust for the sole benefit of the United States Treasury of a majority of the voting equity interest of AIG, see Note 15 herein.

20. Federal Income Taxes

The pretax components of U.S. and foreign income reflect the locations in which such pretax income (loss) was generated. The pretax U.S. and foreign income (loss) was as follows:

	Years Ended December 31,		
	2008	2007	2006
	(In millions)		
U.S	$(105,179)	$(3,957)	$ 9,862
Foreign	(3,582)	12,900	11,825
Total	$(108,761)	$ 8,943	$21,687

The provision for income taxes were as follows:

	Years Ended December 31,		
	2008	2007	2006
	(In millions)		
Foreign and U.S. components of actual income tax expense (benefit):			
Foreign:			
Current	$ 1,537	$ 3,157	$2,725
Deferred	(1,812)	461	933
U.S.:			
Current	169	62	2,764
Deferred	(8,268)	(2,225)	115
Total	$(8,374)	$ 1,455	$6,537

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The U.S. federal income tax rate was 35 percent for 2008, 2007 and 2006. Actual tax expense on income loss differs from the statutory amount computed by applying the federal income tax rate because of the following:

	Years Ended December 31,					
	2008		2007		2006	
	Amount	Percent of Pretax Income	Amount	Percent of Pretax Income	Amount	Percent of Pretax Income
	(Dollars in millions)					
U.S. federal income tax (benefit) at statutory rate	$(38,066)	35.0%	$3,130	35.0%	$7,591	35.0%
Adjustments:						
Valuation allowance	20,673	(19.0)%	—	—	—	—
Effect of foreign operations	5,189	(4.8)%	(565)	(6.3)%	(132)	(0.6)%
Uncertain tax positions	1,113	(1.0)%	622	7.0%	—	—
Goodwill	1,401	(1.3)%	—	—	—	—
Tax exempt interest	(843)	0.8%	(823)	(9.2)%	(718)	(3.3)%
Partnerships and joint ventures	279	(0.3)%	(312)	(3.5)%	(265)	(1.2)%
Tax credits	(59)	0.1%	(127)	(1.4)%	(196)	(0.9)%
Dividends received deduction	(144)	0.1%	(129)	(1.4)%	(102)	(0.5)%
State income taxes	(63)	0.1%	45	0.5%	59	0.3%
SICO benefit	—	—%	(194)	(2.2)%	—	—
Other	2,146	(2.0)%	(192)	(2.2)%	300	1.3%
Actual income tax expense (benefit)	$ (8,374)	7.7%	$1,455	16.3%	$6,537	30.1%

The components of the net deferred tax asset were as follows:

	December 31,	
	2008	2007
	(In millions)	
Deferred tax assets:		
Loss reserve discount	$ 2,105	$ 2,249
Unearned premium reserve reduction	1,179	1,743
Unrealized depreciation of investments	12,401	1,503
Unrealized (gains)/losses related to available for sale debt securities	3,649	—
Loan loss and other reserves	1,166	1,408
Investments in foreign subsidiaries and joint ventures	—	1,121
Adjustment to life policy reserves	3,226	3,213
NOL's and tax attributes*	25,632	1,814
Accruals not currently deductible, and other	2,617	1,305
Total deferred tax assets	51,975	14,356

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	December 31, 2008	December 31, 2007
	(In millions)	
Deferred tax liabilities:		
Deferred policy acquisition costs	**(11,462)**	(11,716)
Flight equipment, fixed assets and intangible assets	**(5,593)**	(5,239)
Investments in foreign subsidiaries and joint ventures	**(2,321)**	—
Unrealized (gains)/losses related to available for sale debt securities	**—**	(1,399)
Other	**(717)**	(1,041)
Total deferred tax liabilities	**$(20,093)**	$(19,395)
Net deferred tax asset (liability) before valuation allowance	**$ 31,882**	$ (5,039)
Valuation allowance	**(20,896)**	(223)
Net deferred tax asset (liability)	**$ 10,986**	$ (5,262)

* *AIG has operating loss carryforwards as of December 31, 2008 and 2007 in the amount of $47.3 billion and $4.5 billion, and unused foreign tax credits of $2.2 billion and $639 million, respectively. Net operating loss carryforwards may be carried forward for twenty years while unused foreign tax credits may be carried forward for ten years. As of December 31, 2008, AIG has capital loss carryforwards of $20.9 billion, which will expire in five years. AIG has recorded deferred tax assets for general business credits of $260 million and $56 million, and deferred tax assets for minimum tax credits of $250 million and $101 million for the years ending December 31, 2008 and 2007, respectively. Unused general business credits will expire in twenty years, while unused minimum tax credits are available for future use without expiration.*

Valuation Allowances

At December 31, 2008, AIG recorded a net deferred tax asset after valuation allowance of $11 billion compared to a net deferred tax liability of $5.3 billion at December 31, 2007. At December 31, 2008 and 2007, AIG recorded deferred tax asset valuation allowances of $20.9 billion and $0.2 billion, respectively, to reduce net deferred tax assets to amounts AIG considered more likely than not (a likelihood of more than 50 percent) to be realized. Realization of AIG's net deferred tax asset depends on its ability to generate sufficient taxable income of the appropriate character within the carryforward periods of the jurisdictions in which the net operating and capital losses, deductible temporary differences and credits were incurred.

As of December 31, 2008, AIG had a cumulative loss for financial reporting purposes in recent years. When making its assessment about the realization of its deferred tax assets at December 31, 2008, AIG considered all available evidence, including (i) the nature, frequency, and severity of current and cumulative financial reporting losses, (ii) actions completed during 2008 and expected to be completed during 2009 that are designed to eliminate or limit a recurrence of the factors that contributed to the recent cumulative losses, giving greater weight to actions completed through December 31, 2008, and to the expectation that strategies will be executed in 2009 to mitigate credit losses in the future on certain classes of invested assets, (iii) the carryforward periods for the net operating and capital loss and foreign tax credit carryforwards, (iv) the sources and timing of future taxable income, giving greater weight to discrete sources and to earlier future years in the forecast period, and (v) tax planning strategies that would be implemented, if necessary, to accelerate taxable amounts.

Cumulative losses in recent years were principally related to securities losses, which included the super senior multi-sector CDS portfolio and the securities lending portfolio. In the fourth quarter of 2008, AIG entered into two transactions with the NY Fed (NY Fed Transactions) designed to provide solutions to the credit deterioration of the AIGFP multi-sector CDS portfolio and the securities lending portfolio. AIG expects these transactions to significantly limit future losses associated with the CDS portfolio and the securities lending portfolio.

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American International Group, Inc., and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

On March 2, 2009, AIG, the NY Fed and the United States Department of the Treasury announced agreements in principle to modify the terms of the Fed Facility and the Series D Preferred Stock and provide a $30 billion equity capital commitment facility. The parties also announced their intention to take a number of other actions intended to strengthen AIG's capital position, enhance its liquidity, reduce its borrowing costs and facilitate AIG's asset disposition program. See Note 23 herein.

These transactions executed in the fourth quarter of 2008 and expected to be executed in 2009 were considered significant positive evidence that allowed management to conclude that a portion of AIG's deferred tax assets is more likely than not to be realizable. AIG also considered future income in the near term, tax gains from dispositions, and tax-planning strategies AIG would implement, if necessary, to realize the net deferred tax asset.

In view of the announcement on March 2, 2009 regarding agreements in principle with the United States Department of the Treasury and the NY Fed and other proposed arrangements with the NY Fed, as well as AIG's projections of income, gain, and loss, AIG's Management has concluded that $11.0 billion of net deferred tax assets are recoverable at December 31, 2008 and accordingly established a valuation allowance of $20.9 billion as of December 31, 2008 in order to reduce AIG's deferred tax assets to an amount that is more likely than not to be realized.

In evaluating the realizability of the loss carryforwards, AIG considered the relief provided by IRS Notice 2008-84 which provides that the limitation on loss carryforwards that can arise as a result of one or more acquisitions of stock of a loss company will not apply to such stock acquisitions for any period during which the United States becomes a direct or indirect owner of more than 50 percent interest in the loss company.

At December 31, 2008, AIG has recorded deferred tax assets related to stock compensation of $239 million. Due to the significant decline in AIG's stock price, these deferred tax assets may not be realizable in the future. FAS 123(R) precludes AIG from recognizing an impairment charge on these assets until the related stock awards are either exercised, vested or expired. Any charge associated with the deferred tax asset would likely be reflected in additional paid-in capital rather than income tax expense.

Undistributed Earnings

During 2008, AIG recorded $3.9 billion of deferred tax expense attributable to the undistributed earnings of its non-U.S. subsidiaries and $0.7 billion attributable to its U.S. subsidiaries. Deferred tax expense for its non-U.S. subsidiaries recorded in 2008 is related to current year activity as well as deferred taxes that previously were not provided because the earnings were considered to be reinvested indefinitely. At December 31, 2008, AIG has provided deferred taxes related to all the undistributed earnings of its non-U.S. subsidiaries.

Tax Filings and Examinations

AIG and its eligible U.S. subsidiaries file a consolidated U.S. federal income tax return. Several U.S. subsidiaries included in the consolidated financial statements file separate U.S. federal income tax returns and are not part of the AIG U.S. consolidated income tax group. Subsidiaries operating outside the U.S. are taxed, and income tax expense is recorded, based on applicable U.S. and foreign law.

The statute of limitations for all tax years prior to 2000 has now expired for AIG's consolidated federal income tax return. AIG is currently under examination for the tax years 2000 through 2002.

In April 2008, AIG filed a refund claim for years 1997 through 2006. A refund claim filed in June 2007 for years 1991 through 1996 is still pending. These refund claims relate to the tax effects of the restatements of AIG's 2004 and prior financial statements.

On March 20, 2008, AIG received a Statutory Notice of Deficiency (Notice) from the IRS for years 1997 to 1999. The Notice asserted that AIG owes additional taxes and penalties for these years primarily due to the disallowance of foreign tax credits associated with cross-border financing transactions. The transactions that are the subject of the Notice extend beyond the period covered by the Notice, and it is likely that the IRS will seek to challenge these later periods. It is also possible that the IRS will consider other transactions to be similar to these




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transactions. AIG has paid the assessed tax plus interest and penalties for 1997 and has filed a claim for refund. On February 26, 2009, AIG filed suit for a refund in the United States District Court for the Southern District of New York. AIG has also paid additional taxes, interest, and penalties assessed for 1998 and 1999. AIG will vigorously defend its position, and continues to believe that it has adequate reserves for any liability that could result from the IRS actions.

On October 6, 2008, AIG notified the IRS of its decision to participate in an IRS settlement initiative with respect to certain tax payers that participated in targeted leasing transactions. In accordance with FIN 48 and FSP 13-2, AIG recorded an after-tax charge of $110 million for this matter in 2008.

FIN 48

A reconciliation of the beginning and ending balances of the total amounts of gross unrecognized tax benefits is as follows:

	Year Ended December 31,	
	2008	2007
	(In millions)	
Gross unrecognized tax benefits, beginning of year	$1,310	$1,138
Agreed audit adjustments with taxing authorities included in the beginning balance	—	(188)
Increases in tax positions for prior years	1,339	646
Decreases in tax positions for prior years	(322)	(189)
Increases in tax positions for current year	1,092	82
Lapse in statute of limitations	(26)	(1)
Settlements	(25)	(178)
Gross unrecognized tax benefits, end of year	$3,368	$1,310

As of December 31, 2008 and 2007, AIG's unrecognized tax benefits, excluding interest and penalties, were $3.4 billion and $1.3 billion, respectively. As of December 31, 2008 and 2007, AIG's unrecognized tax benefits included $665 million and $299 million, respectively, related to tax positions the disallowance of which would not affect the effective tax rate. Accordingly, as of December 31, 2008 and 2007, the amounts of unrecognized tax benefits that, if recognized, would favorably affect the effective tax rate were $2.7 billion and $1.0 billion, respectively.

Interest and penalties related to unrecognized tax benefits are recognized in income tax expense. At December 31, 2008 and 2007, AIG had accrued $426 million and $281 million, respectively, for the payment of interest (net of the federal benefit) and penalties. For the years ended December 31, 2008 and 2007, AIG recognized $201 million and $170 million, respectively, of interest (net of the federal benefit) and penalties in the Consolidated Statement of Income.

AIG continually evaluates adjustments proposed by taxing authorities. At December 31, 2008, such proposed adjustments would not result in a material change to AIG's consolidated financial condition, although it is possible that the effect could be material to AIG's consolidated results of operations for an individual reporting period Although it is reasonably possible that a significant change in the balance of unrecognized tax benefits may occur within the next twelve months, at this time it is not possible to estimate the range of the change due to the uncertainty of the potential outcomes.

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American International Group, Inc., and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

Listed below are the tax years that remain subject to examination by major tax jurisdictions:

At December 31, 2008 Major Tax Jurisdictions	Open Tax Years
United States	2000-2007
France	2005-2007
Hong Kong	2003-2007
Japan	2001-2007
Korea	2003-2007
Malaysia	2002-2007
Singapore	2001-2007
Taiwan	2000-2007
Thailand	2006-2007
United Kingdom	2006-2007

The reserve for Uncertain Tax Position increased in 2008 by approximately $2 billion primarily relating to expenses incurred in connection with the Federal Facility and foreign tax credits associated with cross border financing transactions.

21. Quarterly Financial Information (Unaudited)

The following quarterly financial information for each of the three months ended March 31, June 30, September 30 and December 31, 2008 and 2007 is unaudited. However, in the opinion of management, all adjustments (consisting only of normal recurring adjustments) necessary for a fair statement of the results of operations for such periods have been made.

Consolidated Statements of Operations

	Three Months Ended							
	March 31,		June 30,		September 30,		December 31,	
	2008	2007	2008	2007	2008	2007	2008	2007
	(In millions, except per share data)							
Total revenues *(a)(b)*	$ 14,031	$30,645	$19,933	$31,150	$ 898	$29,836	$(23,758)	$18,433
Income (loss) before income taxes and minority interest *(a)(b)*	(11,264)	6,172	(8,756)	6,328	(28,185)	4,879	(60,556)	(8,436)
Net income (loss) *(c)*	$ (7,805)	$ 4,130	$ (5,357)	$ 4,277	$(24,468)	$ 3,085	$(61,659)	$ (5,292)
Earnings (loss) per common share:								
Basic	$ (3.09)	$ 1.58	$ (2.06)	$ 1.64	$ (9.05)	$ 1.20	$ (22.95)	$ (2.08)
Diluted	$ (3.09)	$ 1.58	$ (2.06)	$ 1.64	$ (9.05)	$ 1.19	$ (22.95)	$ (2.08)
Weighted average shares outstanding:								
Basic	2,528	2,612	2,605	2,602	2,703	2,576	2,704	2,550
Diluted	2,528	2,621	2,605	2,613	2,703	2,589	2,704	2,550

(a) Both revenues and income (loss) before income taxes and minority interest include (i) an unrealized market valuation loss of $9.1 billion, $5.6 billion, $7.1 billion, and $6.9 billion, in the first, second, third and fourth quarter of 2008, respectively, and $352 million and $11.1 billion in the third and fourth quarter of 2007, respectively, on AIGFP's super senior credit default swap portfolio and (ii) other-than-temporary impairment charges of $5.6 billion, $6.8 billion, $19.9 billion, and $18.6 billion in the first, second, third and fourth quarter of 2008, respectively, and $3.3 billion in the fourth quarter of 2007.

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(b) In the fourth quarter of 2008, both revenues and income (loss) before income taxes and minority interest include a credit valuation adjustment loss of $7.8 billion.

(c) In 2008, includes a $20.6 billion valuation allowance to reduce AIG's deferred tax asset to an amount AIG believes is more likely than not to be realized, and a $5.5 billion deferred tax expense attributable to the potential sale of foreign businesses.

22. Information Provided in Connection With Outstanding Debt

The following condensed consolidating financial statements reflect the results of AIG Life Holdings (US), Inc. (AIGLH), formerly known as American General Corporation, a holding company and a wholly owned subsidiary of AIG. AIG provides a full and unconditional guarantee of all outstanding debt of AIGLH.

In addition, AIG Liquidity Corp. and AIG Program Funding, Inc. are both wholly owned subsidiaries of AIG. AIG provides a full and unconditional guarantee of all obligations of AIG Liquidity Corp. and AIG Program Funding, Inc. There are no reportable amounts for these entities.

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American International Group, Inc., and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

Condensed Consolidating Balance Sheet

	American International Group, Inc. (As Guarantor)	AIGLH	Other Subsidiaries	Eliminations	Consolidated AIG
			(In millions)		
December 31, 2008					
Assets:					
Investments *(a)*	$ 16,110	$ —	$ 753,181	$ (132,379)	$ 636,912
Loans to subsidiaries *(b)*	64,283	—	(64,283)	—	—
Cash	103	—	8,539	—	8,642
Investment in consolidated subsidiaries *(b)*	65,724	23,256	34,499	(123,479)	—
Debt issuance costs, including prepaid commitment asset of $15,458 in 2008	15,743	—	—	—	15,743
Other assets	11,707	2,626	185,095	(307)	199,121
Total assets	$ 173,670	$25,882	$ 917,031	$ (256,165)	$ 860,418
Liabilities:					
Insurance liabilities	$ —	$ —	$ 503,171	$ (103)	$ 503,068
Federal Reserve Bank of New York credit facility	40,431	—	—	—	40,431
Other long-term debt	47,928	2,097	234,701	(131,954)	152,772
Other liabilities *(a)*	32,601	3,063	75,670	103	111,437
Total liabilities	120,960	5,160	813,542	(131,954)	807,708
Total shareholders' equity	52,710	20,722	103,489	(124,211)	52,710
Total liabilities and shareholders' equity	$ 173,670	$25,882	$ 917,031	$ (256,165)	$ 860,418
December 31, 2007					
Assets:					
Investments	$ 14,712	$ 40	$ 836,506	$ (21,790)	$ 829,468
Cash	84	1	2,199	—	2,284
Investment in consolidated subsidiaries	111,650	24,396	17,952	(153,998)	—
Other assets	9,414	2,592	204,448	155	216,609
Total assets	$ 135,860	$27,029	$1,061,105	$ (175,633)	$1,048,361
Liabilities:					
Insurance liabilities	$ 43	$ —	$ 528,059	$ (75)	$ 528,027
Long-term debt	36,045	2,136	156,003	(18,135)	176,049
Other liabilities	3,971	2,826	244,772	(3,085)	248,484
Total liabilities	40,059	4,962	928,834	(21,295)	952,560
Total shareholders' equity	95,801	22,067	132,271	(154,338)	95,801
Total liabilities and shareholders' equity	$ 135,860	$27,029	$1,061,105	$ (175,633)	$1,048,361

(a) Includes intercompany derivative positions, which are reported at fair value before credit valuation adjustment.

(b) Eliminated in consolidation.

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Condensed Consolidating Statement of Income (Loss)

	American International Group, Inc. As Guarantor	AIGLH	Other Subsidiaries	Eliminations	Consolidated AIG
			(In millions)		
Year Ended December 31, 2008					
Operating income (loss)	$ (20,512)	$ (92)	$ (88,157)	$ —	$ (108,761)
Equity in undistributed net income (loss) of consolidated subsidiaries *(a)*	(61,542)	(17,027)	—	78,569	—
Dividend income from consolidated subsidiaries *(a)*	2,399	75	—	(2,474)	—
Income tax expense (benefit) *(b)*	19,634	(17)	(27,991)	—	(8,374)
Minority interest	—	—	1,098	—	1,098
Net income (loss)	$ (99,289)	$(17,027)	$ (59,068)	$ 76,095	$ (99,289)
Year Ended December 31, 2007					
Operating income (loss)	$ (2,379)	$ (152)	$ 11,474	$ —	$ 8,943
Equity in undistributed net income of consolidated subsidiaries	3,121	(27)	—	(3,094)	—
Dividend income from consolidated subsidiaries	4,685	1,358	—	(6,043)	—
Income tax expense (benefit)	(773)	248	1,980	—	1,455
Minority interest	—	—	(1,288)	—	(1,288)
Net income (loss)	$ 6,200	$ 931	$ 8,206	$ (9,137)	$ 6,200
Year Ended December 31, 2006					
Operating income (loss)	$ (786)	$ 122	$ 22,351	$ —	$ 21,687
Equity in undistributed net income of consolidated subsidiaries	13,308	1,263	—	(14,571)	—
Dividend income from consolidated subsidiaries	1,689	602	—	(2,291)	—
Income tax expense (benefit)	197	(131)	6,471	—	6,537
Minority interest	—	—	(1,136)	—	(1,136)
Cumulative effect of change in accounting principles	34	—	—	—	34
Net income (loss)	$ 14,048	$ 2,118	$ 14,744	$ (16,862)	$ 14,048

(a) Eliminated in consolidation.

(b) Income taxes recorded by the Parent company include deferred tax expense attributable to the potential sale of foreign and domestic businesses and a valuation allowance to reduce the consolidated deferred tax asset to the amount more likely than not to be realized. See Note 20 to the Consolidated Financial Statements for additional information.

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American International Group, Inc., and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

Condensed Consolidating Statements of Cash Flows

	American International Group, Inc. As Guarantor	AIGLH	Other Subsidiaries	Consolidated AIG
		(In millions)		
Year Ended December 31, 2008				
Net cash provided by (used in) operating activities	$ (1,896)	$ 178	$ 2,473	$ 755
Cash flows from investing:				
Funding to establish Maiden Lane III LLC	(5,000)	—	—	(5,000)
Invested assets disposed	10,704	—	190,491	201,195
Invested assets acquired	(4,200)	—	(190,311)	(194,511)
Loans to subsidiaries	(86,045)	—	86,045	—
Other	(7,617)	—	53,417	45,800
Net cash provided by (used in) investing activities	(92,158)	—	139,642	47,484
Cash flows from financing activities:				
Federal Reserve Bank of New York credit facility borrowings	96,650	—	—	96,650
Repayment of Federal Reserve Bank of New York credit facility borrowings	(59,850)	—	—	(59,850)
Issuance of long-term debt	21,142	1	92,358	113,501
Repayments of long-term debt	(5,143)	—	(133,808)	(138,951)
Proceeds from common stock issued	7,343	—	—	7,343
Proceeds from issuance of Series D preferred stock and common stock warrant	40,000	—	—	40,000
Payments advanced to purchase shares	(1,000)	—	—	(1,000)
Cash dividends paid to shareholders	(1,628)	—	—	(1,628)
Other	(3,441)	(180)	(94,363)	(97,984)
Net cash provided by (used in) financing activities	94,073	(179)	(135,813)	(41,919)
Effect of exchange rate changes on cash	—	—	38	38
Change in cash	19	(1)	6,340	6,358
Cash at beginning of year	84	1	2,199	2,284
Cash at end of year	$ 103	$ —	$ 8,539	$ 8,642

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American International Group, Inc., and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

	American International Group, Inc. As Guarantor	AIGLH	Other Subsidiaries	Consolidated AIG
		(In millions)		
Year Ended December 31, 2007				
Net cash provided by (used in) operating activities	$ (774)	$ 214	$ 35,731	$ 35,171
Cash flows from investing:				
Invested assets disposed	3,586	—	174,672	178,258
Invested assets acquired	(10,029)	—	(199,524)	(209,553)
Other	(6,051)	—	(30,488)	(36,539)
Net cash used in investing activities	(12,494)	—	(55,340)	(67,834)
Cash flows from financing activities:				
Issuance of long-term debt	20,582	—	82,628	103,210
Repayments of long-term debt	(1,253)	—	(78,485)	(79,738)
Payments advanced to purchase shares	(6,000)	—	—	(6,000)
Cash dividends paid to shareholders	(1,881)	—	—	(1,881)
Other	1,828	(213)	16,101	17,716
Net cash provided by (used in) financing activities	13,276	(213)	20,244	33,307
Effect of exchange rate changes on cash	—	—	50	50
Change in cash	8	1	685	694
Cash at beginning of year	76	—	1,514	1,590
Cash at end of year	$ 84	$ 1	$ 2,199	$ 2,284
Year Ended December 31, 2006				
Net cash provided by (used in) operating activities	$ (2,602)	$ 258	$ 8,596	$ 6,252
Cash flows from investing:				
Invested assets disposed	3,343	—	154,763	158,106
Invested assets acquired	(8,239)	—	(196,187)	(204,426)
Other	(2,313)	(67)	(18,214)	(20,594)
Net cash used in investing activities	(7,209)	(67)	(59,638)	(66,914)
Cash flows from financing activities:				
Issuance of long-term debt	12,005	—	59,023	71,028
Repayments of long-term debt	(2,417)	—	(34,072)	(36,489)
Cash dividends paid to shareholders	(1,638)	—	—	(1,638)
Other	1,747	(191)	25,784	27,340
Net cash provided by (used in) financing activities	9,697	(191)	50,735	60,241
Effect of exchange rate changes on cash	—	—	114	114
Change in cash	(114)	—	(193)	(307)
Cash at beginning of year	190	—	1,707	1,897
Cash at end of year	$ 76	$ —	$ 1,514	$ 1,590

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Notes to Consolidated Financial Statements — (Continued)

Supplementary disclosure of cash flow information:

	Years Ended December 31,	
	2008	2007
	(In millions)	
Intercompany non-cash financing/investing activities:		
Settlement of repurchase agreement with loan receivable	$ 3,160	$ —
Capital contributions in the form of bonds	3,160	—
Loans receivable forgiven through capital contributions	11,350	—
Other non-cash capital contributions to subsidiaries	513	—

During the second quarter of 2008, AIG made certain revisions to the American International Group, Inc. (as Guarantor) Condensed Statement of Cash Flows, primarily relating to the effect of reclassifying certain intercompany and securities lending balances. Accordingly, AIG revised the previous periods presented to conform to the revised presentation. There was no effect on the Consolidated Statement of Cash Flows or ending cash balances.

The revisions and their effect on the American International Group, Inc. (as Guarantor) Condensed Statement of Cash Flows for the years ended December 31, 2007 and 2006 were as follows:

	Originally Reported	Revisions	As Revised
	(In millions)		
December 31, 2007			
Cash flows provided by (used in) operating activities	$ (770)	$ (4)	$ (774)
Cash flows provided by (used in) investing activities	(10,737)	(1,757)	(12,494)
Cash flows provided by (used in) financing activities	$ 11,515	$ 1,761	$ 13,276
December 31, 2006			
Cash flows provided by (used in) operating activities	$ (590)	$ (2,012)	$ (2,602)
Cash flows provided by (used in) investing activities	(7,643)	434	(7,209)
Cash flows provided by (used in) financing activities	$ 8,119	$ 1,578	$ 9,697

23. Subsequent Events

March 2009 Agreements in Principle

On March 2, 2009, AIG, the NY Fed and the United States Department of the Treasury announced agreements in principle to modify the terms of the Fed Credit Agreement and the Series D Preferred Stock and to provide a $30 billion equity capital commitment facility.

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Modification to Series D Preferred Stock

On March 2, 2009, AIG and the United States Department of the Treasury announced their agreement in principle to enter into a transaction pursuant to which the United States Department of the Treasury would modify the terms of the Series D Preferred Stock. The modification will be effected by an exchange of 100 percent of the outstanding shares of Series D Preferred Stock for newly issued perpetual serial preferred stock (Series E Preferred Stock), with a liquidation preference equal to the issuance-date liquidation preference of the Series D Preferred Stock surrendered plus accumulated but unpaid dividends thereon. The terms of the Series E Preferred Stock will be the same as for the Series D Preferred Stock except that the dividends will not be cumulative. The Series D Preferred Stock bore cumulative dividends.

The dividend rate on both the cumulative Series D Preferred Stock and the non-cumulative Series E Preferred Stock is 10 percent per annum. Concurrent with the exchange of the shares of Series D Preferred Stock for the Series E Preferred Stock, AIG will enter into a replacement capital covenant in favor of the holders of a series of AIG debt, pursuant to which AIG will agree that prior to the third anniversary of the issuance of the Series E Preferred Stock AIG will not repay, redeem or purchase, and no subsidiary of AIG will purchase, all or any part of the Series E Preferred Stock except with the proceeds obtained from the issuance by AIG or any subsidiary of AIG of certain capital securities. AIG will make a statement of intent substantially similar to the replacement capital covenant with respect to subsequent years. The Series D Preferred Stock was not subject to a replacement capital covenant.

Equity Capital Commitment Facility

On March 2, 2009, AIG and the United States Department of the Treasury announced an agreement in principle to provide a 5-year equity capital commitment facility of $30 billion. AIG may use the facility to sell to the United States Department of the Treasury fixed-rate, non-cumulative perpetual serial preferred stock (Series F Preferred Stock). The facility will be available to AIG so long as AIG is not the debtor in a pending case under Title 11, United States Code, and the Trust (or any successor entity established for the benefit of the United States Treasury) "beneficially owns" more than 50 percent of the aggregate voting power of AIG's voting securities at the time of such drawdown.

The terms of the Series F Preferred Stock will be substantially similar to the Series E Preferred Stock, except that the Series F Preferred Stock will not be subject to a replacement capital covenant or the statement of intent.

In connection with the equity capital commitment facility, the United States Department of the Treasury will also receive warrants exercisable for a number of shares of common stock of AIG equal to 1 percent of AIG's then outstanding common stock and, upon issuance of the warrants, the dividends payable on, and the voting power of, the Series C Preferred Stock will be reduced by the number of shares subject to the warrant.

Repayment of Fed Facility with Subsidiary Preferred Equity

On March 2, 2009, AIG and the NY Fed announced their intent to enter into a transaction pursuant to which AIG will transfer to the NY Fed preferred equity interests in newly-formed special purpose vehicles (SPVs), in settlement of a portion of the outstanding balance of the Fed Facility. Each SPV will have (directly or indirectly) as its only asset 100 percent of the common stock of an AIG operating subsidiary (AIA in one case and ALICO in the other). AIG expects to own the common interests of each SPV. In exchange for the preferred equity interests received by the NY Fed, there would be a concurrent substantial reduction in the outstanding balance and maximum available amount to be borrowed on the Fed Facility.

Securitizations

On March 2, 2009, AIG and the NY Fed announced their intent to enter into a transaction pursuant to which AIG will issue to the NY Fed senior certificates in one or more newly-formed SPVs backed by inforce blocks of life insurance policies in settlement of a portion of the outstanding balance of the Fed Facility. The amount of the Fed




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Facility reduction will be based on the proceeds received. The SPVs are expected to be consolidated by AIG. These transfers are subject to agreement on definitive terms and regulatory approvals at a later date.

Modification to Fed Facility

On March 2, 2009, AIG and the NY Fed announced their agreement in principle to amend the Fed Credit Agreement to remove the interest rate floor. Under the current terms, interest accrues on the outstanding borrowings under the Fed Facility at three-month LIBOR (no less than 3.5 percent) plus 3.0 percent per annum. The 3.5 percent LIBOR floor will be eliminated following the amendment. In addition, the Fed Facility will be amended to ensure that the total commitment will be at least $25 billion, even after giving effect to the repayment of the Fed Facility with subsidiary preferred equity and securitization transactions described above. These proceeds are expected to substantially reduce the outstanding borrowings under the Fed Facility from the amount outstanding as of December 31, 2008.

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Part II — Other Information

Item 9. ***Changes in and Disagreements With Accountants on Accounting and Financial Disclosure***

None.

Item 9A. ***Controls and Procedures***

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures. In connection with the preparation of this Annual Report on Form 10-K, an evaluation was carried out by AIG management, with the participation of AIG's Chief Executive Officer and Chief Financial Officer, of the effectiveness of AIG's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (Exchange Act)) as of December 31, 2008. Based on this evaluation, AIG's Chief Executive Officer and Chief Financial Officer concluded that AIG's disclosure controls and procedures were effective as of December 31, 2008.

Management's Report on Internal Control Over Financial Reporting

Management of AIG is responsible for establishing and maintaining adequate internal control over financial reporting. AIG's internal control over financial reporting is a process, under the supervision of AIG's Chief Executive Officer and Chief Financial Officer, designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of AIG's financial statements for external purposes in accordance with GAAP.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

AIG management conducted an assessment of the effectiveness of AIG's internal control over financial reporting as of December 31, 2008 based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

AIG management has concluded that, as of December 31, 2008, AIG's internal control over financial reporting was effective based on the criteria in *Internal Control — Integrated Framework* issued by the COSO. The effectiveness of AIG's internal control over financial reporting as of December 31, 2008 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report, which is included in this Annual Report on Form 10-K.

Remediation of Prior Material Weakness in Internal Control Over Financial Reporting

AIG management previously identified and disclosed a material weakness in internal control over financial reporting relating to the fair value valuation of the AIGFP super senior credit default swap portfolio and oversight thereof. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of AIG's annual or interim financial statements will not be prevented or detected on a timely basis.

AIG has been actively engaged in the implementation of remediation efforts to address the material weakness in controls over fair value valuation of the AIGFP super senior credit default swap portfolio and oversight thereof that was in existence at December 31, 2007. These remediation efforts, outlined below, were specifically designed to address the material weakness previously identified by AIG management.

AIG's remediation efforts were governed by a Steering Committee, under the direction of AIG's Chief



Audit Executive and included AIG's Chief Risk Officer, Chief Executive Officer, Chief Financial Officer and

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Comptroller. The status of remediation was reviewed with the Audit Committee who was advised of issues encountered and key decisions reached by AIG management.

As of December 31, 2007, AIG did not maintain effective controls over the fair value valuation of the AIGFP super senior credit default swap portfolio and oversight thereof. Specifically, AIG had insufficient resources to design and carry out effective controls to prevent or detect errors and to determine appropriate disclosures on a timely basis with respect to the processes and models introduced in the fourth quarter of 2007. As a result, AIG had not fully developed its controls to assess, on a timely basis, the relevance to its valuation of all third-party information. Also, controls to permit the appropriate oversight and monitoring of the AIGFP super senior credit default swap portfolio valuation process, including timely sharing of information at the appropriate levels of the organization, did not operate effectively. As a result, controls over the AIGFP super senior credit default swap portfolio valuation process and oversight thereof were not adequate to prevent or detect misstatements in the accuracy of management's fair value estimates and disclosures on a timely basis.

During 2008, AIG management took the following actions to remediate this material weakness:

- Created a framework, including allocation of roles and responsibilities, for the valuation and oversight for the valuation of the super senior credit default swap portfolio (the portfolio).
- Designed and implemented enhanced controls over the valuation of the portfolio including assessing the relevance and impact of available third-party information and additional segregation of duties.
- Ensured improved oversight and governance, including increased interaction with Corporate finance and risk management functions.
- Enhanced communication by establishing formal reporting lines between key AIGFP functions and AIG Corporate counterparts.
- Implemented a valuation control group within AIGFP to perform the controls, with appropriate allocation of qualified resources.
- Developed new systems and processes to reduce the reliance on manual controls.
- Documented the process and controls over the valuation approach.
- Assessed the design and tested the operating effectiveness of the key controls over the fair value valuation process.

AIG continues to develop further enhancements to its controls over the fair value valuation of the AIG super senior credit default swap portfolio. Based upon the significant actions taken and the testing and evaluation of the effectiveness of the controls, AIG management has concluded the material weakness in AIG's controls over the AIGFP super senior credit default swap portfolio valuation process and oversight thereof no longer existed as of December 31, 2008.

Continuing Improvements to Internal Control over Financial Reporting

AIG management recognizes the importance of continued attention to improving its internal controls related to the period end financial reporting and consolidation processes, investment accounting, income tax, and valuation processes. Additionally, in carrying out its restructuring plan, AIG is committed to ensuring that the manual controls that have been established remain effective and sustainable. To maintain effective and sustainable controls, AIG has implemented retention programs to seek to keep its key employees and has engaged third-party resources to supplement the efforts of AIG financial personnel. Furthermore, where consistent with the direction of its asset disposition plan, AIG is investing in new systems and processes which will allow it, over time, to reduce its reliance on manual controls.

Changes in Internal Control over Financial Reporting

Changes in AIG's internal control over financial reporting during the quarter ended December 31, 2008 that have materially affected, or are reasonably likely to materially affect, AIG's internal control over financial reporting have been described above.




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Item 9B. ***Other Information***

None.

Part III

Item 10. ***Directors, Executive Officers and Corporate Governance***

Except for the information provided in Part I under the heading "Directors and Executive Officers of AIG", information required by Item 10 of this Form 10-K is incorporated by reference from the definitive proxy statement for AIG's 2009 Annual Meeting of Shareholders, which will be filed with the SEC not later than 120 days after the close of the fiscal year pursuant to Regulation 14A.

Item 11. ***Executive Compensation***

Information required by Item 11 of this Form 10-K is incorporated by reference from the definitive proxy statement for AIG's 2009 Annual Meeting of Shareholders, which will be filed with the SEC not later than 120 days after the close of the fiscal year pursuant to Regulation 14A.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

Information required by Item 12 of this Form 10-K is incorporated by reference from the definitive proxy statement for AIG's 2009 Annual Meeting of Shareholders, which will be filed with the SEC not later than 120 days after the close of the fiscal year pursuant to Regulation 14A.

Item 13. ***Certain Relationships and Related Transactions, and Director Independence***

Information required by Item 13 of this Form 10-K is incorporated by reference from the definitive proxy statement for AIG's 2009 Annual Meeting of Shareholders, which will be filed with the SEC not later than 120 days after the close of the fiscal year pursuant to Regulation 14A.

Item 14. ***Principal Accounting Fees and Services***

Information required by Item 14 of this Form 10-K is incorporated by reference from the definitive proxy statement for AIG's 2009 Annual Meeting of Shareholders, which will be filed with the SEC not later than 120 days after the close of the fiscal year pursuant to Regulation 14A.

Part IV

Item 15. ***Exhibits, Financial Statement Schedules***

(a) Financial Statements and Schedules. See accompanying Index to Financial Statements.

(b) Exhibits. See accompanying Exhibit Index.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized, on the 2nd of March, 2009.

AMERICAN INTERNATIONAL GROUP, INC.

By /s/ EDWARD M. LIDDY
(Edward M. Liddy, Chairman and Chief Executive Officer)

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Edward M. Liddy and David L. Herzog, and each of them severally, his or her true and lawful attorney-in-fact, with full power of substitution and resubstitution, to sign in his or her name, place and stead, in any and all capacities, to do any and all things and execute any and all instruments that such attorney may deem necessary or advisable under the Securities Exchange Act of 1934, as amended, and any rules, regulations and requirements of the U.S. Securities and Exchange Commission in connection with this Annual Report on Form 10-K and any and all amendments hereto, as fully for all intents and purposes as he or she might or could do in person, and hereby ratifies and confirms all said attorneys-in-fact and agents, each acting alone, and his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on the 2nd of March, 2009.

Signature	Title
/s/ EDWARD M. LIDDY (Edward M. Liddy)	Chief Executive Officer and Director (Principal Executive Officer)
/s/ DAVID L. HERZOG (David L. Herzog)	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ JOSEPH D. COOK (Joseph D. Cook)	Vice President and Comptroller (Principal Accounting Officer)
/s/ STEPHEN F. BOLLENBACH (Stephen F. Bollenbach)	Director
/s/ DENNIS D. DAMMERMAN (Dennis D. Dammerman)	Director
/s/ MARTIN S. FELDSTEIN (Martin S. Feldstein)	Director
/s/ GEORGE L. MILES, JR. (George L. Miles, Jr.)	Director
/s/ SUZANNE NORA JOHNSON (Suzanne Nora Johnson)	Director
/s/ MORRIS W. OFFIT (Morris W. Offit)	Director




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Signature	Title
/s/ JAMES F. ORR III (James F. Orr III)	Director
/s/ VIRGINIA M. ROMETTY (Virginia M. Rometty)	Director
/s/ MICHAEL H. SUTTON (Michael H. Sutton)	Director
/s/ EDMUND S.W. TSE (Edmund S.W. Tse)	Director

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American International Group, Inc., and Subsidiaries

EXHIBIT INDEX

Exhibit Number	Description	Location
2	Plan of acquisition, reorganization, arrangement, liquidation or succession	
	Agreement and Plan of Merger, dated as of May 11, 2001, among American International Group, Inc., Washington Acquisition Corporation and American General Corporation	Incorporated by reference to Exhibit 2.1(i)(a) to AIG's Registration Statement on Form S-4 (File No. 333-62688).
3(i)(a)	Restated Certificate of Incorporation of AIG	Incorporated by reference to Exhibit 3(i) to AIG's Annual Report on Form 10-K for the year ended December 31, 1996 (File No. 1-8787).
3(i)(b)	Certificate of Amendment of Certificate of Incorporation of AIG, filed June 3, 1998	Incorporated by reference to Exhibit 3(i) to AIG's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998 (File No. 1-8787).
3(i)(c)	Certificate of Merger of SunAmerica Inc. with and into AIG, filed December 30, 1998 and effective January 1, 1999	Incorporated by reference to Exhibit 3(i) to AIG's Annual Report on Form 10-K for the year ended December 31, 1998 (File No. 1-8787).
3(i)(d)	Certificate of Amendment of Certificate of Incorporation of AIG, filed June 5, 2000	Incorporated by reference to Exhibit 3(i)(c) to AIG's Registration Statement on Form S-4 (File No. 333-45828).
3(i)(e)	Certificate of Designations of Series D Fixed Rate Cumulative Perpetual Preferred Stock of AIG	Incorporated by reference to Exhibit 3.1 to AIG's Current Report on Form 8-K filed with the SEC on November 26, 2008 (File No. 1-8787).
3(i)(f)	Form of Certificate of Designations of Series C Perpetual, Convertible, Participating Preferred Stock of AIG	Filed herewith.
3(ii)(a)	AIG By-laws, amended January 16, 2008	Incorporated by reference to Exhibit 3.1 to AIG's Current Report on Form 8-K filed with the SEC on January 17, 2008 (File No. 1-8787).
4	Instruments defining the rights of security holders, including indentures	Certain instruments defining the rights of holders of long-term debt securities of AIG and its subsidiaries are omitted pursuant to Item 601(b)(4)(iii) of Regulation S-K. AIG hereby undertakes to furnish to the Commission, upon request, copies of any such instruments.
	(1) Credit Agreement, dated as of September 22, 2008, between AIG and Federal Reserve Bank of New York	Incorporated by reference to Exhibit 99.1 to AIG's Current Report on Form 8-K filed with the SEC on September 26, 2008 (File No. 1-8787).
	(2) Amendment No. 2, dated as of November 9, 2008, to the Credit Agreement dated as of September 22, 2008 between AIG and Federal Reserve Bank of New York	Incorporated by reference to Exhibit 10.4 to AIG's Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 (File No. 1-8787).
	(3) Securities Purchase Agreement, dated as of November 25, 2008, between AIG and United States Department of the Treasury	Incorporated by reference to Exhibit 10.1 to AIG's Current Report on Form 8-K filed with the SEC on November 26, 2008 (File No. 1-8787).
	(4) Indenture, dated as of November 1, 1991, between International Lease Finance Corporation and U.S. Bank Trust National Association (successor to Continental Bank, National Association), as supplemented	Incorporated by reference to Exhibit 4 to International Lease Finance Corporation's Registration Statement on Form S-3 (File No. 33-43698).




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Exhibit Number	Description	Location
(5)	Indenture dated as of November 1, 2000, between International Lease Finance Corporation and the Bank of New York, as supplemented	Incorporated by reference to Exhibit 4 to International Lease Finance Corporation's Registration Statement on Form S-3 (File No. 333-49566).
(6)	Indenture dated as of August 1, 2006, between International Lease Finance Corporation and Deutsche Bank Trust Company Americas	Incorporated by reference to Exhibit 4.1 to International Lease Finance Corporation's Registration Statement on Form S-3 (File No. 333-136681).
(7)	Indenture dated as of May 1, 1999 from American General Finance Corporation to Wilmington Trust Company (successor trustee to Citibank, N.A.)	Incorporated by reference to Exhibit 4(a)(1) to American General Finance Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000 (File No. 1-06155).
9	Voting Trust Agreement	None.
10	Material contracts	
	(1) AIG Amended and Restated 1996 Employee Stock Purchase Plan*	Filed as exhibit to AIG's Definitive Proxy Statement dated April 4, 2003 (File No. 1-8787) and incorporated herein by reference.
	(2) AIG 2003 Japan Employee Stock Purchase Plan*	Incorporated by reference to Exhibit 4 to AIG's Registration Statement on Form S-8 (File No. 333-111737).
	(3) AIG 1991 Employee Stock Option Plan*	Filed as exhibit to AIG's Definitive Proxy Statement dated April 4, 1997 (File No. 1-8787) and incorporated herein by reference.
	(4) AIG Amended and Restated 1999 Stock Option Plan*	Filed as exhibit to AIG's Definitive Proxy Statement dated April 4, 2003 (File No. 1-8787) and incorporated herein by reference.
	(5) Form of Stock Option Grant Agreement under the AIG Amended and Restated 1999 Stock Option Plan*	Incorporated by reference to Exhibit 10(a) to AIG's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 (File No. 1-8787).
	(6) AIG Amended and Restated 2002 Stock Incentive Plan*	Filed herewith.
	(7) Form of Restricted Stock Unit Award Agreement under the AIG Amended and Restated 2002 Stock Incentive Plan*	Incorporated by reference to Exhibit 10(b) to AIG's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 (File No. 1-8787).
	(8) AIG Executive Deferred Compensation Plan*	Incorporated by reference to Exhibit 4(a) to AIG's Registration Statement on Form S-8 (File No. 333-101640).
	(9) AIG Supplemental Incentive Savings Plan*	Incorporated by reference to Exhibit 4(b) to AIG's Registration Statement on Form S-8 (File No. 333-101640).
	(10) AIG Director Stock Plan*	Filed as an exhibit to AIG's Definitive Proxy Statement dated April 5, 2004 (File No. 1-8787) and incorporated herein by reference.
	(11) Purchase Agreement between AIA and Mr. E.S.W. Tse*	Incorporated by reference to Exhibit 10(l) to AIG's Annual Report on Form 10-K for the year ended December 31, 1997 (File No. 1-8787).
	(12) Retention and Employment Agreement between AIG and Jay S. Wintrob*	Incorporated by reference to Exhibit 10(m) to AIG's Annual Report on Form 10-K for the year ended December 31, 1998 (File No. 1-8787).

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Exhibit Number	Description	Location
	(13) SunAmerica Inc. 1988 Employee Stock Plan*	Incorporated by reference to Exhibit 4(a) to AIG's Registration Statement on Form S-8 (File No. 333-70069).
	(14) SunAmerica 1997 Employee Incentive Stock Plan*	Incorporated by reference to Exhibit 4(b) to AIG's Registration Statement on Form S-8 (File No. 333-70069).
	(15) SunAmerica Nonemployee Directors' Stock Option Plan*	Incorporated by reference to Exhibit 4(c) to AIG's Registration Statement on Form S-8 (File No. 333-70069).
	(16) SunAmerica 1995 Performance Stock Plan*	Incorporated by reference to Exhibit 4(d) to AIG's Registration Statement on Form S-8 (File No. 333-70069).
	(17) SunAmerica Inc. 1998 Long-Term Performance-Based Incentive Plan For the Chief Executive Officer*	Incorporated by reference to Exhibit 4(e) to AIG's Registration Statement on Form S-8 (File No. 333-70069).
	(18) SunAmerica Inc. Long-Term Performance-Based Incentive Plan Amended and Restated 1997*	Incorporated by reference to Exhibit 4(f) to AIG's Registration Statement on Form S-8 (File No. 333-70069).
	(19) SunAmerica Five-Year Deferred Cash Plan*	Incorporated by reference to Exhibit 4(a) to AIG's Registration Statement on Form S-8 (File No. 333-31346).
	(20) SunAmerica Executive Savings Plan*	Incorporated by reference to Exhibit 4(b) to AIG's Registration Statement on Form S-8 (File No. 333-31346).
	(21) HSB Group, Inc. 1995 Stock Option Plan*	Incorporated by reference to Exhibit 10(iii)(f) to HSB's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 1-13135).
	(22) HSB Group, Inc. Employee's Thrift Incentive Plan*	Incorporated by reference to Exhibit 4(i)(c) to The Hartford Steam Boiler Inspection and Insurance Company's Registration Statement on Form S-8 (File No. 33-36519).
	(23) American General Corporation 1994 Stock and Incentive Plan (January 2000)*	Incorporated by reference to Exhibit 10.2 to American General Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998 (File No. 1-7981).
	(24) Amendment to American General Corporation 1994 Stock and Incentive Plan (January 1999)*	Incorporated by reference to Exhibit 10.4 to American General Corporation's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 1-7981).
	(25) Amendment to American General Corporation 1994 Stock and Incentive Plan (January 2000)*	Incorporated by reference to Exhibit 10.5 to American General Corporation's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 1-7981).
	(26) Amendment to American General Corporation 1994 Stock and Incentive Plan (November 2000)*	Incorporated by reference to Exhibit 10.1 to American General Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000 (File No. 1-7981).
	(27) American General Corporation 1997 Stock and Incentive Plan*	Incorporated by reference to Exhibit 10.3 to American General Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998 (File No. 1-7981).

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Exhibit Number	Description	Location
	(28) Amendment to American General Corporation 1997 Stock and Incentive Plan (January 1999)*	Incorporated by reference to Exhibit 10.7 to American General Corporation's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 1-7981).
	(29) Amendment to American General Corporation 1997 Stock and Incentive Plan (November 2000)*	Incorporated by reference to Exhibit 10.2 to American General Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000 (File No. 1-7981).
	(30) American General Corporation 1999 Stock and Incentive Plan*	Incorporated by reference to Exhibit 10.4 to American General Corporation's Annual Report on Form 10-K for the year ended December 31, 1998 (File No. 1-7981).
	(31) Amendment to American General Corporation 1999 Stock and Incentive Plan (January 1999)*	Incorporated by reference to Exhibit 10.9 to American General Corporation's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 1-7981).
	(32) Amendment to American General Corporation 1999 Stock and Incentive Plan (November 2000)*	Incorporated by reference to Exhibit 10.3 to American General Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000 (File No. 1-7981).
	(33) Amended and Restated American General Corporation Deferred Compensation Plan (12/11/00)*	Incorporated by reference to Exhibit 10.13 to American General Corporation's Annual Report on Form 10-K for the year ended December 31, 2000 (File No. 1-7981).
	(34) Amended and Restated Restoration of Retirement Income Plan for Certain Employees Participating in the Restated American General Retirement Plan (Restoration of Retirement Income Plan) (12/31/98)*	Incorporated by reference to Exhibit 10.14 to American General Corporation's Annual Report on Form 10-K for the year ended December 31, 2000 (File No. 1-7981).
	(35) Amended and Restated American General Supplemental Thrift Plan (12/31/98)*	Incorporated by reference to Exhibit 10.15 to American General Corporation's Annual Report on Form 10-K for the year ended December 31, 2000 (File No. 1-7981).
	(36) American General Employees' Thrift and Incentive Plan (restated July 1, 2001)*	Incorporated by reference to Exhibit 4(a) to AIG's Registration Statement on Form S-8 (File No. 333-68640).
	(37) American General Agents' and Managers' Thrift and Incentive Plan (restated July 1, 2001)*	Incorporated by reference to Exhibit 4(b) to AIG's Registration Statement on Form S-8 (File No. 333-68640).
	(38) ComunLoCo Thrift Plan (restated July 1, 2001)*	Incorporated by reference to Exhibit 4(c) to AIG's Registration Statement on Form S-8 (File No. 333-68640).
	(39) Western National Corporation 1993 Stock and Incentive Plan, as amended*	Incorporated by reference to Exhibit 10.18 to Western National Corporation's Annual Report on Form 10-K for the year ended December 31, 1995 (File No. 1-12540).
	(40) USLIFE Corporation 1991 Stock Option Plan, as amended*	Incorporated by reference to USLIFE Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995 (File No. 1-5683).

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Exhibit Number	Description	Location
	(41) Employment Agreement, Amendment to Employment Agreement, and Split-Dollar Agreement, including Assignment of Life Insurance Policy as Collateral, with Rodney O. Martin, Jr.*	Incorporated by reference to Exhibit 10(xx) to AIG's Annual Report on Form 10-K for the year ended December 31, 2002 (File No. 1-8787).
	(42) Letter from AIG to Martin J. Sullivan, dated March 16, 2005*	Incorporated by reference to Exhibit 10.1 to AIG's Current Report on Form 8-K filed with the SEC on March 17, 2005 (File No. 1-8787).
	(43) Letter from AIG to Steven J. Bensinger, dated March 16, 2005*	Incorporated by reference to Exhibit 10.3 to AIG's Current Report on Form 8-K filed with the SEC on March 17, 2005 (File No. 1-8787).
	(44) Employment Agreement between AIG and Martin J. Sullivan, dated as of June 27, 2005*	Incorporated by reference to Exhibit 10(1) to AIG's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005 (File No. 1-8787).
	(45) Employment Agreement between AIG and Steven J. Bensinger, dated as of June 27, 2005*	Incorporated by reference to Exhibit 10(3) to AIG's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005 (File No. 1-8787).
	(46) Executive Severance Plan, effective as of March 11, 2008*	Incorporated by reference to Exhibit 10.3 to AIG's Current Report on Form 8-K filed with the SEC on March 17, 2008 (File No. 1-8787).
	(47) AIG Amended and Restated Executive Severance Plan*	Incorporated by reference to Exhibit 10.1 to AIG's Current Report on Form 8-K filed with the SEC on September 26, 2008 (File No. 1-8787).
	(48) Assurance Agreement, by AIG in favor of eligible employees, dated as of June 27, 2005, relating to certain obligations of Starr International Company, Inc.*	Incorporated by reference to Exhibit 10(6) to AIG's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005 (File No. 1-8787).
	(49) AIG 2005 Senior Partners Plan (amended and restated effective December 31, 2008)*	Filed herewith.
	(50) 2005/2006 Deferred Compensation Profit Participation Plan for Senior Partners (amended and restated effective December 31, 2008)*	Filed herewith.
	(51) 2005/2006 Deferred Compensation Profit Participation Plan for Partners (amended and restated effective December 31, 2008)*	Filed herewith.
	(52) 2005/2006 Deferred Compensation Profit Participation Plan RSU Award Agreement (amended and restated effective December 31, 2008)*	Filed herewith.
	(53) Summary of Non-Employee Director Compensation, dated July 16, 2008*	Filed herewith
	(54) AIG Special Restricted Stock Unit Award Agreement with Steven J. Bensinger, dated January 6, 2006*	Incorporated by reference to Exhibit 10.1 to AIG's Current Report on Form 8-K filed with the SEC on January 9, 2006 (File No. 1-8787).
	(55) Agreement with the United States Department of Justice, dated February 7, 2006	Incorporated by reference to Exhibit 10.1 to AIG's Current Report on Form 8-K filed with the SEC on February 9, 2006 (File No. 1-8787).
	(56) Final Judgment and Consent with the Securities and Exchange Commission, including the related complaint, dated February 9, 2006	Incorporated by reference to Exhibit 10.2 to AIG's Current Report on Form 8-K filed with the SEC on February 9, 2006 (File No. 1-8787).



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Exhibit Number	Description	Location
	(57) Agreement between the Attorney General of the State of New York and AIG and its Subsidiaries, dated January 18, 2006	Incorporated by reference to Exhibit 10.3 to AIG's Current Report on Form 8-K filed with the SEC on February 9, 2006 (File No. 1-8787).
	(58) Stipulation with the State of New York Insurance Department, dated January 18, 2006	Incorporated by reference to Exhibit 10.4 to AIG's Current Report on Form 8-K filed with the SEC on February 9, 2006 (File No. 1-8787).
	(59) AIG Senior Partners Plan (amended and restated effective December 31, 2008)*	Filed herewith.
	(60) AIG Partners Plan (amended and restated effective December 31, 2008)*	Filed herewith.
	(61) AIG Executive Incentive Plan*	Incorporated by reference to Exhibit 10.1 to AIG's Current Report on Form 8-K filed with the SEC on May 22, 2006 (File No. 1-8787).
	(62) AIG Amended and Restated 2007 Stock Incentive Plan*	Filed herewith.
	(63) AIG Form of Stock Option Award Agreement*	Incorporated by reference to Exhibit 10.A to AIG's Registration Statement on Form S-8 (File No. 333- 148148).
	(64) AIG Amended and Restated Form of Performance RSU Award Agreement*	Filed herewith.
	(65) AIG Amended and Restated Form of Time-Vested RSU Award Agreement*	Filed herewith
	(66) AIG Form of Time-Vested RSU Award Agreement with Four-Year Pro Rata Vesting*	Incorporated by reference to Exhibit 10.D to AIG's Registration Statement on Form S-8 (File No. 333- 148148).
	(67) AIG Amended and Restated Form of Time-Vested RSU Award Agreement with Three-Year Pro Rata Vesting*	Filed herewith.
	(68) AIG Amended and Restated Form of Time-Vested RSU Award Agreement with Three-Year Pro Rata Vesting and with Early Retirement*	Filed herewith.
	(69) AIG Amended and Restated Form of Non-Employee Director Deferred Stock Units Award Agreement*	Filed herewith.
	(70) Letter Agreement between AIG and Martin J. Sullivan, dated March 12, 2008*	Incorporated by reference to Exhibit 10.1 to AIG's Current Report on Form 8-K filed with the SEC on June 16, 2008 (File No. 1-8787).
	(71) Letter Agreement between AIG and Steven J. Bensinger, dated March 12, 2008*	Incorporated by reference to Exhibit 10.1 to AIG's Current Report on Form 8-K filed with the SEC on June 16, 2008 (File No. 1-8787).
	(72) Letter Agreement between AIG and Martin J. Sullivan, dated June 30, 2008*	Incorporated by reference to Exhibit 10.1 to AIG's Current Report on Form 8-K filed with the SEC on July 1, 2008 (File No. 1-8787).
	(73) Employment Agreement Amendment between AIG and Steven J. Bensinger, dated May 8, 2008*	Incorporated by reference to Exhibit 10.1 to AIG's Current Report on Form 8-K filed with the SEC on May 8, 2008 (File No. 1-8787).
	(74) Letter Agreement between Robert B. Willumstad and AIG, effective July 16, 2008*	Incorporated by reference to Exhibit 10.1 to AIG's Current Report on Form 8-K filed with the SEC on September 24, 2008 (File No. 1-8787).

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American International Group, Inc., and Subsidiaries

Exhibit Number	Description	Location
	(75) Sign-On Stock Option Award Agreement between Robert B. Willumstad and AIG, effective July 16, 2008*	Incorporated by reference to Exhibit 10.2 to AIG's Current Report on Form 8-K filed with the SEC on September 24, 2008 (File No. 1-8787).
	(76) Sign-On Restricted Share Award Agreement between Robert B. Willumstad and AIG, effective July 16, 2008*	Incorporated by reference to Exhibit 10.3 to AIG's Current Report on Form 8-K filed with the SEC on September 24, 2008 (File No. 1-8787).
	(77) Letter Agreement between Robert B. Willumstad and AIG, dated December 26, 2008*	Incorporated by reference to Exhibit 10.1 to AIG's Current Report on Form 8-K filed with the SEC on December 30, 2008 (File No. 1-8787).
	(78) Credit Agreement, dated as of September 22, 2008, between AIG and the Federal Reserve Bank of New York	Incorporated by reference to Exhibit 99.1 to AIG's Current Report on Form 8-K filed with the SEC on September 26, 2008 (File No. 1-8787).
	(79) Amendment No. 2, dated as of November 9, 2008, to the Credit Agreement dated as of September 22, 2008 between AIG and Federal Reserve Bank of New York	Incorporated by reference to Exhibit 10.4 to AIG's Quarterly Report on Form 10-Q filed with the SEC on November 10, 2008 (File No. 1-8787).
	(80) Guarantee and Pledge Agreement, dated as of September 22, 2008, among AIG, the Guarantors party thereto and the Federal Reserve Bank of New York	Incorporated by reference to Exhibit 99.2 to AIG's Current Report on Form 8-K filed with the SEC on September 26, 2008 (File No. 1-8787).
	(81) Agreement and Release, dated as of September 25, 2008, between Robert M. Sandler and AIG*	Incorporated by reference to Exhibit 10.2 to AIG's Current Report on Form 8-K filed with the SEC on September 26, 2008 (File No. 1-8787).
	(82) Securities Purchase Agreement, dated as of November 25, 2008, between AIG and United States Department of the Treasury	Incorporated by reference to Exhibit 10.1 to AIG's Current Report on Form 8-K filed with the SEC on November 26, 2008 (File No. 1-8787).
	(83) Warrant to Purchase Common Stock, issued November 25, 2008	Incorporated by reference to Exhibit 10.2 to AIG's Current Report on Form 8-K filed with the SEC on November 26, 2008 (File No. 1-8787).
	(84) Master Investment and Credit Agreement, dated as of November 25, 2008, among Maiden Lane III LLC, the Federal Reserve Bank of New York, AIG and the Bank of New York Mellon	Incorporated by reference to Exhibit 10.1 to AIG's Current Report on Form 8-K filed with the SEC on December 2, 2008 (File No. 1-8787).
	(85) Shortfall Agreement, dated as of November 25, 2008, between Maiden Lane III LLC and AIG Financial Products Corp.	Incorporated by reference to Exhibit 10.2 to AIG's Current Report on Form 8-K filed with the SEC on December 2, 2008 (File No. 1-8787).
	(86) Asset Purchase Agreement, dated as of December 12, 2008, among the Sellers party thereto, AIG Securities Lending Corp., AIG, Maiden Lane II LLC and the Federal Reserve Bank of New York	Incorporated by reference to Exhibit 10.1 to AIG's Current Report on Form 8-K filed with the SEC on December 15, 2008 (File No. 1-8787).
	(87) Amendment No. 1 to the Shortfall Agreement, dated as of December 18, 2008	Incorporated by reference to Exhibit 10.2 to AIG's Current Report on Form 8-K filed with the SEC on December 24, 2008 (File No. 1-8787).

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American International Group, Inc., and Subsidiaries

Exhibit Number	Description	Location
	(88) Release Agreement with Steven J. Bensinger*	Incorporated by reference to Exhibit 10.1 to AIG's Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 (File No. 1-8787).
	(89) Letter from Robert B. Willumstad to Edward M. Liddy*	Incorporated by reference to Exhibit 10.2 to AIG's Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 (File No. 1-8787).
	(90) AIG Credit Facility Trust Agreement, dated as of January 16, 2009, among Federal Reserve Bank of New York and Jill M. Considine, Chester B. Feldberg and Douglas L. Foshee	Incorporated by reference to Exhibit 10.1 to AIG's Current Report on Form 8-K filed with the SEC on January 23, 2009 (File No. 1-8787).
	(91) Series C Perpetual, Convertible, Participating Preferred Stock Purchase Agreement, dated as of March 1, 2009, between AIG Credit Facility Trust and AIG	Filed herewith.
	(92) Letter Agreement, dated as of March 1, 2009, between United States Department of the Treasury and AIG.	Filed herewith.
	(93) Support Agreement, dated as of July 10, 2008, between AIG and American General Finance Corporation	Filed herewith.
	(94) Aircraft Facility Agreement, dated as of January 19, 1999, among International Lease Finance Corporation, Halifax PLC and the other banks listed therein	Incorporated by reference to Exhibit 10.3 to International Lease Finance Corporation's Annual Report on Form 10-K for the year ended December 31, 1998 (File No. 000-11350).
	(95) Aircraft Facility Agreement, dated as of May 18, 2004, among Whitney Leasing Limited, as borrower, International Lease Finance Corporation, as guarantor and the Bank of Scotland and the other banks listed therein	Incorporated by reference to Exhibit 10 to International Lease Finance Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004 (File No. 001-31616).
	(96) $2,000,000,000 Five-Year Revolving Credit Agreement, dated as of October 15, 2004, among International Lease Finance Corporation, CitiCorp USA, Inc., as Administrative Agent, and the other financial institutions listed therein	Incorporated by reference to Exhibit 10.2 to International Lease Finance Corporation's Annual Report on Form 10-K for the year ended December 31, 2004 (File No. 001-31616).
	(97) Amendment No. 1 to the $2,000,000,000 Five-Year Revolving Credit Agreement dated as of October 15, 2004, among International Lease Finance Corporation, CitiCorp USA, Inc., as Administrative Agent, and the other financial institutions listed therein	Incorporated by reference to Exhibit 10.3 to International Lease Finance Corporation's Current Report on Form 8-K filed with the SEC on October 18, 2006 (File No. 001-31616).
	(98) $2,000,000,000 Five-Year Revolving Credit Agreement dated as of October 14, 2005, among International Lease Finance Corporation, CitiCorp USA, Inc. as Administrative Agent, and the other financial institutions listed therein	Incorporated by reference to Exhibit 10.2 to International Lease Finance Corporation's Current Report on Form 8-K filed with the SEC on October 18, 2005 (File No. 001-31616).
	(99) Amendment No. 1 to the $2,000,000,000 Five-Year Revolving Credit Agreement dated as of October 14, 2005, among International Lease Finance Corporation, CitiCorp USA, Inc., as Administrative Agent, and the other financial institutions listed therein	Incorporated by reference to Exhibit 10.2 to International Lease Finance Corporation's Current Report on Form 8-K filed with the SEC on October 18, 2006 (File No. 001-31616).



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American International Group, Inc., and Subsidiaries

Exhibit Number	Description	Location
	(100) $2,500,000,000 Five-Year Revolving Credit Agreement, dated as of October 13, 2006, among International Lease Finance Corporation, CitiCorp USA, Inc., as Administrative Agent, and the other financial institutions listed therein	Incorporated by reference to Exhibit 10.1 to International Lease Finance Corporation's Current Report on Form 8-K filed with the SEC on October 18, 2006 (File No. 001-31616).
11	Statement re computation of per share earnings	Included in Note 15 to Consolidated Financial Statements.
12	Computation of Ratios of Earnings to Fixed Charges	Filed herewith.
13	Annual report to security holders	Not required to be filed.
21	Subsidiaries of Registrant	Filed herewith.
23	Consent of PricewaterhouseCoopers LLP	Filed herewith.
24	Power of attorney	Included on the signature page hereof.
31	Rule 13a-14(a)/15d-14(a) Certifications	Filed herewith.
32	Section 1350 Certifications	Filed herewith.
99	Additional exhibits	None.

* *This exhibit is a management contract or a compensatory plan or arrangement.*

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American International Group, Inc., and Subsidiaries

Summary of Investments — Other than Investments in Related Parties

Schedule I

At December 31, 2008	Cost*	Fair Value	Amount at which shown in the Balance Sheet
		(In millions)	
Fixed maturities:			
U.S. government and government-sponsored entities	$ 4,471	$ 4,741	$ 4,741
Obligations of states, municipalities and political subdivisions	62,722	61,260	61,260
Non U.S. governments	62,982	68,313	68,313
Public utilities	12,819	12,769	12,769
All other corporate	276,556	253,207	253,207
Securities lending invested collateral, at fair value	3,906	3,844	3,844
Total fixed maturities	423,456	404,134	404,134
Equity securities and mutual funds:			
Common stocks:			
Public utilities	399	434	434
Banks, trust and insurance companies	1,406	1,561	1,561
Industrial, miscellaneous and all other	5,435	5,516	5,516
Total common stocks	7,240	7,511	7,511
Preferred stocks	1,349	1,244	1,244
Mutual funds	14,608	12,388	12,388
Total equity securities and mutual funds	23,197	21,143	21,143
Mortgage and other loans receivable	34,687	35,056	34,687
Finance receivables, net of allowance	30,949	28,731	30,949
Other invested assets	51,891	53,219	51,978
Securities purchased under agreements to resell, at contract value	3,960	3,960	3,960
Short-term investments, at cost (approximates fair value)	46,666	46,666	46,666
Trade receivables	1,901	1,901	1,901
Unrealized gain on swaps, options and forward transactions	—	13,773	13,773
Total investments			$ 609,191

* *Original cost of equity securities and fixed maturities are reduced by other-than-temporary impairment charges, and, as to fixed maturities, reduced by repayments and adjusted for amortization of premiums or accrual of discounts.*

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American International Group, Inc., and Subsidiaries

Condensed Financial Information of Registrant

Balance Sheet — Parent Company Only
Schedule II

	December 31, 2008	2007
	(In millions)	
Assets:		
Cash	$ 103	$ 84
Investments	16,110	14,712
Loans to subsidiaries*	64,283	—
Investments in consolidated subsidiaries*	65,724	111,650
Current and deferred income taxes	7,179	—
Due from affiliates*	222	—
Premiums and insurance balances receivable — net	—	311
Debt issuance costs including prepaid commitment asset of $15,458 in 2008	15,743	—
Other assets	4,306	9,103
Total assets	$173,670	$135,860
Liabilities:		
Insurance balances payable	$ —	$ 43
Due to affiliates*	26,593	3,916
Federal Reserve Bank of New York credit facility	40,431	—
Notes and bonds payable	29,321	20,397
Loans payable	—	500
AIG MIP matched notes and bonds payable	14,464	14,274
Series AIGFP matched notes and bonds payable	4,143	874
Other liabilities (in 2008 includes intercompany liabilities of $3,593)	6,008	55
Total liabilities	120,960	40,059
Shareholders' equity:		
Preferred stock	20	—
Common stock	7,370	6,878
Additional paid-in capital	72,466	1,936
Retained earnings (accumulated deficit)	(12,368)	89,029
Accumulated other comprehensive income (loss)	(6,328)	4,643
Treasury stock	(8,450)	(6,685)
Total shareholders' equity	52,710	95,801
Total liabilities and shareholders' equity	$173,670	$135,860

* *Eliminated in consolidation*

See Accompanying Notes to Financial Statements — Parent Company Only.

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American International Group, Inc., and Subsidiaries

Condensed Financial Information of Registrant — (Continued)

Statement of Income (Loss) — Parent Company Only

	Years Ended December 31,		
	2008	2007	2006
	(In millions)		
Agency income	$ —	$ 10	$ 9
Financial services income (loss)	(307)	69	531
Asset management income	882	99	34
General insurance loss	(1,076)	—	—
Cash dividend income from consolidated subsidiaries *	2,337	4,685	1,689
Non-cash dividend income from consolidated subsidiaries *	62	—	—
Dividend income from partially-owned companies	2	9	11
Equity in undistributed net income (loss) of consolidated subsidiaries and partially owned companies	(61,542)	3,121	13,308
Interest expense	(13,707)	(1,343)	(501)
Other expenses, net	(6,306)	(1,223)	(870)
Cumulative effect of change in accounting principles	—	—	34
Income before income tax expense (benefit)	(79,655)	5,427	14,245
Income tax expense (benefit)	19,634	(773)	197
Net income (loss)	$(99,289)	$ 6,200	$14,048

* *Eliminated in consolidation.*

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American International Group, Inc., and Subsidiaries

Condensed Financial Information of Registrant — (Continued)

Statement of Cash Flows — Parent Company Only
Schedule II

	Years Ended December 31,		
	2008	2007	2006
		(In millions)	
Net cash used in operating activities	$ (1,896)	$ (774)	$ (2,602)
Cash flows from investing activities:			
Funding to establish Maiden Lane III LLC	(5,000)	—	—
Purchase of investments	(4,016)	(7,649)	(7,744)
Sale of investments	748	3,052	3,314
Change in short-term investments	(254)	(3,657)	414
Contributions to subsidiaries and investments in partially owned companies	(9,973)	(755)	(957)
Mortgage and other loan receivables — originations and purchases*	(86,229)	(2,380)	(495)
Payments received on mortgages and other loan receivables	9,956	534	29
Other, net	2,610	(1,639)	(1,770)
Net cash used in investing activities	(92,158)	(12,494)	(7,209)
Cash flows from financing activities:			
Federal Reserve Bank of New York credit facility borrowings	96,650	—	—
Repayment of Federal Reserve Bank of New York credit facility borrowings	(59,850)	—	—
Issuance of long-term debt	21,142	20,582	12,005
Repayment of long-term debt	(5,143)	(1,253)	(2,417)
Proceeds from common stock issued	7,343	—	—
Proceeds from issuance of Series D preferred stock and common stock warrant	40,000	—	—
Issuance of treasury stock	16	217	190
Payments advanced to purchase shares	(1,000)	(6,000)	—
Cash dividends paid to shareholders	(1,628)	(1,881)	(1,638)
Acquisition of treasury stock	—	(16)	(20)
Other, net	(3,457)	1,627	1,577
Net cash provided by financing activities	94,073	13,276	9,697
Change in cash	19	8	(114)
Cash at beginning of year	84	76	190
Cash at end of year	$ 103	$ 84	$ 76

* *In 2008, includes $86,045 of loans to subsidiaries.*

Supplementary disclosure of cash flow information:

	Years Ended December 31,	
	2008	2007
	(In millions)	
Intercompany non-cash financing/investing activities:		
Settlement of repurchase agreement with loan receivable	$ 3,160	$ —
Capital contributions in the form of bonds	3,160	—
Loans receivable forgiven through capital contributions	11,350	—
Other non-cash capital contributions to subsidiaries	513	—

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American International Group, Inc., and Subsidiaries

Condensed Financial Information of Registrant — (Continued)

Notes to Condensed Financial Information of Registrant

American International Group, Inc.'s (the Registrant) investments in consolidated subsidiaries are stated at cost plus equity in undistributed income of consolidated subsidiaries. The accompanying condensed financial statements of the Registrant should be read in conjunction with the consolidated financial statements and notes thereto of American International Group, Inc. and subsidiaries included in the Registrant's 2008 Annual Report on Form 10-K. Agency operations previously conducted in New York through the North American Division of AIU are included in the 2007 and 2006 financial statements of the Parent Company.

The Registrant includes in its statement of income (loss) dividends from its subsidiaries and equity in undistributed income (loss) of consolidated subsidiaries, which represents the net income (loss) of each of its wholly-owned subsidiaries.

Certain prior period amounts have been reclassified to conform to the current period presentation.

Long term obligations for the Parent Company include the Credit Agreement with the Federal Reserve Bank of New York and other loans payable. The details of all obligations and their five-year maturity schedule are incorporated by reference from Note 13 to Consolidated Financial Statements.

The Registrant files a consolidated federal income tax return with certain subsidiaries and acts as an agent for the consolidated tax group when making payments to the Internal Revenue Service. The Registrant and its subsidiaries have adopted, pursuant to a written agreement, a method of allocating consolidated Federal income taxes. Amounts allocated to the subsidiaries under the written agreement are included in Due to Affiliates in the accompanying Condensed Balance Sheets.

Income taxes in the accompanying Condensed Balance Sheets are comprised of the Registrant's current and deferred tax assets, the consolidated group's current income tax receivable, deferred taxes attributable to the potential sale of foreign and domestic businesses and a valuation allowance to reduce the consolidated deferred tax asset to an amount more likely than not to be realized. See Note 20 to the Consolidated Financial Statements for additional information.

During the second quarter of 2008, the Registrant made certain revisions to the American International Group, Inc. Condensed Statement of Cash Flows, primarily relating to the effect of reclassifying certain intercompany and securities lending balances. Accordingly, the Registrant revised the previous periods presented to conform to the revised presentation. There was no effect on the Consolidated Statement of Cash Flows or ending cash balances.

The revisions and their effect on the American International Group, Inc. Condensed Statement of Cash Flows for the years ended December 31, 2007 and 2006 were as follows:

	Originally Reported	Revisions	As Revised
		(In millions)	
December 31, 2007			
Cash flows provided by (used in) operating activities	$ (770)	$ (4)	$ (774)
Cash flows provided by (used in) investing activities	(10,737)	(1,757)	(12,494)
Cash flows provided by (used in) financing activities	$ 11,515	$ 1,761	$ 13,276
December 31, 2006			
Cash flows provided by (used in) operating activities	$ (590)	$ (2,012)	$ (2,602)
Cash flows provided by (used in) investing activities	(7,643)	434	(7,209)
Cash flows provided by (used in) financing activities	$ 8,119	$ 1,578	$ 9,697

See Accompanying Notes to Financial Statements — Parent Company Only.

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American International Group, Inc., and Subsidiaries

Supplementary Insurance Information

Schedule III
At December 31, 2008, 2007 and 2006 and for the years then ended

Segment	Deferred Policy Acquisition Costs	Liability for Unpaid Claims and Claims Adjustment Expense, Future Policy Benefits(a)	Reserve for Unearned Premiums	Policy and Contract Claims(b)	Premiums and Other Considerations Revenue	Net Investment Income	Losses and Loss Expenses Incurred, Benefits	Amortization of Deferred Policy Acquisition Costs	Other Operating Expenses	Net Premiums Written
					(In millions)					
2008										
General Insurance	$ 5,114	$ 89,258	$ 25,735	$ —	$ 46,222	$ 3,477	$ 35,557	$ 7,438	$ 7,437	$ 45,234
Life Insurance & Retirement Services	40,613	142,334	—	3,118	37,295	10,106	27,594	4,972	7,934	—
Other	55	—	—	—	(12)	(1,361)	148	—	—	—
	$ 45,782	$ 231,592	$ 25,735	$ 3,118	$ 83,505	$ 12,222	$ 63,299	$ 12,400	$ 15,371	$ 45,234
2007										
General Insurance	$ 5,407	$ 85,500	$ 27,703	$ —	$ 45,682	$ 6,132	$ 29,982	$ 8,235	$ 2,965	$ 47,067
Life Insurance & Retirement Services	38,445	136,387	—	3,123	33,627	22,341	36,188	3,367	5,829	—
Other	62	—	—	—	(7)	146	(55)	—	—	—
	$ 43,914	$ 221,887	$ 27,703	$ 3,123	$ 79,302	$ 28,619	$ 66,115	$ 11,602	$ 8,794	$ 47,067
2006										
General Insurance	$ 4,977	$ 79,999	$ 26,271	$ —	$ 43,451	$ 5,696	$ 28,052	$ 7,866	$ 2,876	$ 44,866
Life Insurance & Retirement Services	32,810	121,094	—	2,788	30,766	20,024	32,086	3,712	4,959	—
Other	70	—	—	—	(4)	350	149	—	—	—
	$ 37,857	$ 201,093	$ 26,271	$ 2,788	$ 74,213	$ 26,070	$ 60,287	$ 11,578	$ 7,835	$ 44,866

(a) Liability for unpaid claims and claims adjustment expense with respect to the General Insurance operations are net of discounts of $2.57 billion, $2.43 billion and $2.26 billion at December 31, 2008, 2007 and 2006, respectively.

(b) Reflected in insurance balances payable on the accompanying consolidated balance sheet.

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American International Group, Inc., and Subsidiaries

Reinsurance

Schedule IV
At December 31, 2008, 2007 and 2006 and for the years then ended

	Gross Amount	Ceded to Other Companies	Assumed from Other Companies	Net Amount	Percent of Amount Assumed to Net
	(Dollars in millions)				
2008					
Life Insurance in-force	**$2,377,314**	**$384,538**	**$ 1,000**	**$1,993,776**	**0.1%**
Premiums:					
General Insurance	**$ 49,422**	**$ 11,427**	**$ 7,239**	**$ 45,234**	**16.0%**
Life Insurance & Retirement Services	**39,091**	**1,858**	**62**	**37,295**	**0.2**
Total premiums	**$ 88,513**	**$ 13,285**	**$ 7,301**	**$ 82,529**	**8.8%**
2007					
Life Insurance in-force	$2,311,022	$402,654	$ 1,023	$1,909,391	0.1%
Premiums:					
General Insurance	$ 52,055	$ 11,731	$ 6,743	$ 47,067	14.3%
Life Insurance & Retirement Services	34,555	1,778	30	32,807*	0.1
Total premiums	$ 86,610	$ 13,509	$ 6,773	$ 79,874	8.5%
2006					
Life Insurance in-force	$2,069,617	$408,970	$ 983	$1,661,630	0.1%
Premiums:					
General Insurance	$ 49,609	$ 11,414	$ 6,671	$ 44,866	14.9%
Life Insurance & Retirement Services	32,227	1,481	20	30,766*	0.1
Total premiums	$ 81,836	$ 12,895	$ 6,691	$ 75,632	8.8%

* *Includes accident and health premiums of $8.06 billion, $6.76 billion and $7.11 billion in 2008, 2007 and 2006, respectively.*

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American International Group, Inc., and Subsidiaries

Valuation and Qualifying Accounts

Schedule V
For the years ended December 31, 2008, 2007 and 2006

	Balance, Beginning of Year	Additions: Charged to Costs and Expenses	Charge offs	Other Changes(a)	Balance, End of Year
			(In millions)		
2008					
Allowance for mortgage and other loans receivable	$ 77	$ 72	$ (3)	$ 62	$ 208
Allowance for finance receivables	878	1,427	(931)	98	1,472
Allowance for premiums and insurances balances receivable	662	205	(283)	(6)	578
Allowance for reinsurance assets	520	4	(7)	(92)	425
Valuation allowance for deferred tax assets	223	20,673	—	—	20,896
Overhaul reserve *(b)*	372	265	—	(218)	419
2007					
Allowance for mortgage and other loans receivable	$ 64	$ 22	$ (7)	$ (2)	$ 77
Allowance for finance receivables	737	646	(632)	127	878
Allowance for premiums and insurances balances receivable	756	114	(216)	8	662
Allowance for reinsurance assets	536	131	(62)	(85)	520
Valuation allowance for deferred tax assets	11	212	—	—	223
Overhaul reserve *(b)*	245	290	—	(163)	372
2006					
Allowance for mortgage and other loans receivable	$ 64	$ 17	$ (11)	$ (6)	$ 64
Allowance for finance receivables	670	495	(534)	106	737
Allowance for premiums and insurances balances receivable	871	240	(481)	126	756
Allowance for reinsurance assets	999	147	(381)	(229)	536
Valuation allowance for deferred tax assets	—	11	—	—	11
Overhaul reserve *(b)*	127	264	—	(146)	245

(a) Includes recoveries of amounts previously charged off and reclassifications to/from other accounts.

(b) Amounts for Overhaul reserve represent reimbursements to lessees for overhauls performed and amounts transferred to buyers for aircraft sold and is included in Other liabilities in the consolidated balance sheet.

http://investing.businessweek.com/busi[illegible]/financials/drawFiling.as... 10/14/2010

EXHIBIT
Exhibit 505

CSOC.CBR.00031015

Exhibit 3.i.f

CERTIFICATE OF DESIGNATIONS

OF

SERIES C PERPETUAL, CONVERTIBLE, PARTICIPATING PREFERRED STOCK

OF

AMERICAN INTERNATIONAL GROUP, INC.

American International Group, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Company"), hereby certifies that the following resolution was adopted by the Board of Directors of the Company (the "Board of Directors") as required by Section 151 of the General Corporation Law of the State of Delaware at a meeting duly held on March 1, 2009:

RESOLVED, that pursuant to the authority granted to and vested in the Board of Directors in accordance with the provisions of the Restated Certificate of Incorporation, as amended from time to time, the Board of Directors hereby creates a series of Serial Preferred Stock, par value $5.00 per share, of the Company, and hereby states the designation and number of shares, and fixes the voting and other powers, and the relative rights and preferences, and the qualifications, limitations and restrictions thereof, as follows:

Series C Perpetual, Convertible, Participating Preferred Stock:

Capitalized terms used and not defined have the respective meanings set forth in Section 19.

Section 1. Designation and Number of Shares. There is hereby created out of the authorized and unissued shares of serial preferred stock of the Company a series of preferred stock designated as the "Series C Perpetual, Convertible, Participating Preferred Stock" (the "Series C Preferred Stock"). The authorized number of shares of the Series C Preferred Stock shall be 100,000. Such number of shares may be decreased by resolution of the Board of Directors, subject to the terms and conditions hereof; provided, that no decrease shall reduce the number of shares of Series C Preferred Stock to a number less than the number of shares then outstanding.

Section 2. Dividends and Distributions.

(A) Subject to the rights of the holders of any shares of any series of Preferred Stock ranking prior and superior to the Series C Preferred Stock with respect to dividends, the holders of shares of Series C Preferred Stock shall be entitled to receive per share of Series C Preferred Stock when, as and if declared by the Board of Directors or any duly

EXHIBIT
Exhibit 505

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authorized committee of the Board of Directors out of funds legally available for the purpose, on the same date as any dividends are paid on the Common Stock (payable in cash or in kind as applicable, other than in shares of Common Stock or other securities the Company may issue) (each such date being referred to herein as a " Dividend Payment Date "), commencing on the first Dividend Payment Date on or after March 4, 2009, dividends or distributions in an amount (rounded to the nearest cent) equal to the Conversion Ratio on the record date for such dividend or distribution times the amount of the cash dividend per share of Common Stock to be paid on such Dividend Payment Date (and the Conversion Ratio on the record date for such dividend or distribution times the amount (payable in kind) of the non-cash dividend or other distribution, other than a dividend payable in shares of Common Stock or in other securities the Company may issue, to be paid per share of Common Stock on such Dividend Payment Date), whether or not shares of Series C Preferred Stock are convertible as of the applicable record date; provided however that if the aggregate amount of dividends and distributions paid on any Dividend Payment Date with respect to all shares of Series C Preferred Stock then outstanding would exceed the Threshold Percentage of the aggregate amount of dividends and distributions paid with respect to all shares of Series C Preferred Stock then outstanding together with all shares of Common Stock then outstanding, then the amount of dividends and distributions paid per share of Series C Preferred Stock shall be reduced *pro rata* so that the aggregate amount of dividends and distributions paid on any Dividend Payment Date with respect to all shares of Series C Preferred Stock then outstanding will not exceed the Threshold Percentage of the aggregate amount of dividends and distributions paid with respect to all shares of Series C Preferred Stock then outstanding together with all shares of Common Stock then outstanding. For the avoidance of doubt, the intent of the foregoing is that the dividends or other distributions paid to holders of shares of Series C Preferred Stock (other than a dividend payable in shares of Common Stock or other securities the Company may issue) shall equal the dividends and other distributions that would have been payable with respect to the shares of Common Stock issuable upon conversion of such shares of Series C Preferred Stock (whether or not such shares were convertible as of the applicable record date at the Conversion Ratio), subject to the foregoing proviso.

The holders of the Series C Preferred Stock agree that, upon the effectiveness of the Ranking Amendment, the Series C Preferred Stock shall rank junior to the Series D Preferred Stock as to the payment of dividends and distributions.

(B) The Company shall not declare or pay a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock or other securities the Company may issue) unless it simultaneously declares and pays such dividend or distribution on the Series C Preferred Stock as provided in paragraph (A) of this Section.

(C) The Board of Directors or any duly authorized committee of the Board of Directors may fix a record date for the determination of holders of shares of Series C Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than 60 days prior to the date fixed for the payment thereof and shall be the same as the record date for the determination of holders of shares of Common Stock entitled to receive payment of a concurrent dividend or distribution.



(D) Notwithstanding anything else to the contrary herein, if required by law, the Company (or its agents) shall withhold and backup withhold tax on any payment or distribution on the Series C Preferred Stock, on the Conversion Securities (or in lieu thereof) and on any adjustment to the Conversion Ratio. Such withholding shall be treated for all purposes hereunder as if paid to the holder of such Series C Preferred Stock or Conversion Securities. The Company (or its agents) may (but is not required to) set-off any tax that the Company is required to withhold as a result of a change in the Conversion Ratio against payments of dividends payable on the Series C Preferred Stock and against Conversion Securities deliverable upon the conversion of the Series C Preferred Stock (valued at the Current Market Price Per Share upon conversion).

Section 3. Voting Rights. The holders of shares of Series C Preferred Stock shall have the following voting rights:

(A) Each share of Series C Preferred Stock shall entitle the holder thereof to a number of votes equal to the Conversion Ratio as of the applicable record date on all matters submitted to a vote of the stockholders of the Company having general voting rights, whether or not shares of Series C Preferred Stock are convertible as of such record date; provided however that if the aggregate voting power of the Series C Preferred Stock on any such matter would exceed the Threshold Percentage of the aggregate voting power of the stockholders of the Company entitled to vote on such matter as of such record date, then the voting power per share of Series C Preferred Stock shall be reduced *pro rata* so that the aggregate voting power of the Series C Preferred Stock on such matter will not exceed the Threshold Percentage of the aggregate voting power of the stockholders of the Company entitled to vote on such matter as of such record date. For the avoidance of doubt, the intent of the foregoing is that the voting power of the holders of shares of Series C Preferred Stock on all matters submitted to a vote of the stockholders of the Company having general voting rights shall equal the voting power of the shares of Common Stock issuable upon conversion of such shares of Series C Preferred Stock (whether or not such shares were convertible as of the applicable record date at the Conversion Ratio), subject to the foregoing proviso.

(B) Except as otherwise provided herein, or in any other Certificate of Designations creating a series of Preferred Stock or as required by law, the holders of shares of Series C Preferred Stock and the holders of shares of Common Stock and any other capital stock of the Company having general voting rights shall vote together as one class on all matters submitted to a vote of stockholders of the Company.

Section 4. Certain Restrictions.

(A) No dividend shall be paid upon, or declared or set apart for, any share of Series C Preferred Stock or any other share of Preferred Stock ranking on a parity with the Series C Preferred Stock as to dividends unless at the same time a like proportionate dividend, ratably in proportion to the respective total amounts to which the holders of all such shares are then entitled, shall be paid upon, or declared and set apart for, all shares of Series C Preferred Stock and Preferred Stock of all series ranking on a parity as to



dividends then issued and outstanding and on which dividends are accrued and payable for all dividend periods terminating on or prior to the relevant Dividend Payment Date.

(B) In no event, so long as any shares of Series C Preferred Stock shall be outstanding, shall any dividend, whether in cash or property, be paid or declared, nor shall any distribution be made, on any junior stock, nor shall any shares of any junior stock be purchased, redeemed or otherwise acquired for value by the Company, unless all dividends on the Series C Preferred Stock and any series of Preferred Stock ranking on a parity with the Series C Preferred Stock as to dividends for all past dividend periods and for the then current period shall have been paid or declared and a sum sufficient for the payment thereof set apart, and unless the Company shall not be in default with respect to any of its obligations with respect to any past period with respect to any sinking fund for any series of Preferred Stock ranking on a parity with the Series C Preferred Stock as to dividends. The foregoing provisions of paragraph (B) of this Section 4 shall not, however, apply to a dividend payable on any junior stock, or to the acquisition of shares of any junior stock in exchange for, or through application of the proceeds of the sale of, shares of any other junior stock.

(C) The Company shall not permit any subsidiary of the Company to purchase or otherwise acquire for consideration any shares of stock of the Company unless the Company could, under paragraph (B) of this Section 4 and under the applicable provisions of the Charter, purchase or otherwise acquire such shares at such time and in such manner.

Section 5. Reacquired Shares. Shares of the Series C Preferred Stock that are repurchased or otherwise acquired by the Company shall revert to authorized but unissued shares of Preferred Stock (*provided* that any such cancelled shares of the Series C Preferred Stock may be reissued only as shares of any series of Preferred Stock other than the Series C Preferred Stock).

Section 6. Liquidation, Dissolution or Winding Up. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company, then, before any distribution or payment shall be made to the holders of any junior stock, the holders of the Series C Preferred Stock and any shares of Preferred Stock ranking on a parity therewith as to liquidation shall be entitled to be paid in full the respective amounts of the liquidation preferences thereof, which in the case of the Series C Preferred Stock shall be $5.00 per share, plus an amount equal to all previously declared and unpaid dividends; provided that the holders of Series C Preferred Stock shall be entitled to receive per share of Series C Preferred Stock no less than an aggregate amount equal to the Conversion Ratio at such time multiplied by the amount to be distributed per share of Common Stock. For the avoidance of doubt, the intent of the foregoing proviso is to result in the distributions made to holders of shares of Series C Preferred Stock at least equaling the payments that would have been payable with respect to the shares of Common Stock issuable upon conversion of such shares of Series C Preferred Stock (whether or not such shares were then convertible at the Conversion Ratio). If such payment shall have been made in full to holders of the Series C Preferred Stock and any series of Preferred Stock ranking on a parity therewith as to liquidation, the remaining assets and funds of the Company shall be distributed among the holders of the junior stock, according to their respective rights and preferences and in each case according to their respective shares. If, upon



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any liquidation, dissolution or winding up of the affairs of the Company, the amounts so payable are not paid in full to the holders of all outstanding shares of Series C Preferred Stock and any series of Preferred Stock ranking on a parity therewith as to liquidation, the holders of Series C Preferred Stock and any series of Preferred Stock ranking on a parity therewith as to liquidation shall share ratably in any distribution of assets in proportion to the full amounts to which they would otherwise be respectively entitled. Neither the consolidation or merger of the Company, nor the sale, lease or conveyance of all or a part of its assets, shall be deemed a liquidation, dissolution or winding up of the affairs of the Company within the meaning of the foregoing provisions of this Section 6.

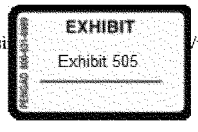
The holders of the Series C Preferred Stock agree that, upon the effectiveness of the Ranking Amendment, the Series C Preferred Stock shall rank junior to the Series D Preferred Stock as to the payment of amounts upon the liquidation, dissolution or winding up of the Company.

Section 7. Consolidation, Merger, etc. In case the Company shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each share of Series C Preferred Stock shall at the same time become convertible into an amount per share (payable in cash or kind, as applicable), equal to the Conversion Ratio at the effective time multiplied by the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged.

Section 8. No Redemption; Perpetual. The shares of Series C Preferred Stock shall not be redeemable, either at the option of the Company or the holders thereof, and are not subject to a sinking fund. The Series C Preferred Stock has no set redemption or repayment date and does not have a maturity.

Section 9. Rank. Subject to the second sentence of this Section 9, the Series C Preferred Stock shall rank, with respect to the payment of dividends and the distribution of assets, to the extent set forth in this Certificate of Designations on a parity with all series of any other class of the Company's Serial Preferred Stock. The holders of the Series C Preferred Stock agree that, upon the effectiveness of the Ranking Amendment, the Series C Preferred Stock shall rank junior to the Series D Preferred Stock as to the payment of dividends and the distribution of assets.

Section 10. Amendment. This Certificate of Designations shall not be amended, modified or supplemented in any manner that is adverse to the holders of Series C Preferred Stock without the affirmative vote of the holders of at least 66-2/3% of the outstanding shares of Series C Preferred Stock, voting together as a single class and as a separate class from all other capital stock of the Company. Neither the Charter nor the bylaws of the Company shall be amended, modified or supplemented in any manner, including through a merger, consolidation or other transaction or otherwise, that would materially alter or change the powers, preferences, privileges or rights of the Series C Preferred Stock so as to affect them adversely or in any manner that would eliminate, impair, interfere with, limit, condition or otherwise modify the right of stockholders to act by written consent in lieu of a meeting of stockholders, in each case without the affirmative vote of the holders of at least 66-2/3% of the outstanding shares of Series



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C Preferred Stock, voting together as a single class and as a separate class from all other capital stock of the Company. Without the affirmative vote of the holders of at least 66-2/3% of the outstanding shares of Series C Preferred Stock, voting together as a single class and as a separate class from all other capital stock of the Company, neither the Charter nor the bylaws of the Company shall be amended, modified or supplemented in any manner that would eliminate, impair, interfere with, limit, condition or otherwise modify the provisions, or the rights of stockholders, relating to the call (including by stockholders) of special meetings of stockholders.

Section 11. Conversion .

(A) (i) Upon the terms and in the manner set forth herein, each share of Series C Preferred Stock shall be convertible, at the option of the holder thereof, at any time or from time to time, in whole or in part, commencing on the effective date of the Charter Amendment upon surrender to the transfer agent which may be maintained for such purpose (the " Conversion Agent ") of the certificate(s) for each share to be converted or, if the shares of Series C Preferred Stock are not in certificated form, upon delivery to the Conversion Agent of a written Notice of Conversion (the date on which the Conversion Agent shall have received a written Notice of Conversion and, if applicable, a surrendered certificate, the " Conversion Date "), into (x) a number of shares of Common Stock equal to the Conversion Ratio (it being agreed that if there is more than one class or series of Common Stock the holder shall be entitled to elect in its sole discretion which class or series, or combination thereof, shall be issued upon conversion hereof), plus (y) to the extent the Conversion Date falls on or after the close of business on a record date (or record dates) for the related payment of dividends and before the relevant payment date(s), a right to receive on the related payment date an amount in cash equal to the amount of cash that would have been paid to the holder if the shares of Common Stock received upon conversion had been outstanding on the record date (unless such dividends or distributions are payable in kind in which case they shall be so payable), it being understood and agreed that the Series C Preferred Stock so converted shall not be entitled to any dividends or distributions with respect to such related payment date. If the Company shall fail to deliver any of the amounts or property described in clause (y), such failure shall not affect the validity of the issuance of any securities pursuant to clause (x) and the Company shall continue to be required to deliver the amounts or property contemplated by clause (y). Upon conversion by the holder of Series C Preferred Stock pursuant to this Section 11 and upon receipt of such payments, such holder shall not be entitled to any future dividends, distributions or other payments otherwise payable on shares of Series C Preferred Stock pursuant to Section 2 hereof with respect to shares of Series C Preferred Stock so converted (for the avoidance of doubt, nothing herein shall affect the right of such holder to receive dividends on any shares of Common Stock or other securities deliverable upon conversion of any shares of Series C Preferred Stock, the record date for which occurs after the Conversion Date).

(ii) In order to convert shares of Series C Preferred Stock pursuant to Section 11, the holder thereof shall deliver a properly completed and duly executed Notice of Conversion (as set forth in the form of Series C Perpetual, Convertible, Participating Preferred Stock certificate attached hereto). Each holder of Series C Preferred Stock shall (A) deliver a Notice of Conversion to the Conversion Agent specifying the name or



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names in which such holder wishes to register such shares of Common Stock issuable upon such conversion on the stock ledger of the Company, (B) if such shares of Series C Preferred Stock are evidenced by a certificate, surrender the certificate for such shares of Series C Preferred Stock to the Conversion Agent, accompanied, if so required by the Conversion Agent, by a written instrument or instruments of transfer in form reasonably satisfactory to the Conversion Agent duly executed by the holder or its attorney duly authorized in writing, or if such shares of Series C Preferred Stock are not evidenced by a certificate, deliver to the Conversion Agent a written instrument or instruments of transfer in form reasonably satisfactory to the Conversion Agent duly executed by the holder or its attorney duly authorized in writing, and (C) subject to Section 11(I) hereof, pay any transfer or similar tax required hereby; provided that such transfer or similar tax may, at the option of such holder and in lieu of any payment in cash, be paid through a reduction of the number of shares of Common Stock received upon such conversion, valued at the Current Market Price Per Share (as defined herein).

(B) Whenever a holder converts the Series C Preferred Stock in whole or in part, it may assign its right to receive the Common Stock or Conversion Securities (as defined below) issuable upon such conversion to any other Person, subject to the provisions of Section 11(I) and Section 13 hereof.

(C) The Company covenants and agrees that all shares of Common Stock or other securities that may be issued upon conversion of the Series C Preferred Stock (the " Conversion Securities ") will, upon issuance, be validly authorized, issued and outstanding, fully paid and nonassessable, free of preemptive rights and free from all taxes, liens and charges with respect to the issuance thereof (other than liens or charges created by the holder of the Series C Preferred Stock, income and franchise taxes incurred in connection with the conversion of the Series C Preferred Stock or taxes in connection with any transfer occurring prior to or contemporaneously therewith).

(D) If the shares of Common Stock or other Conversion Securities are then listed or quoted on a national securities exchange or a regional securities exchange, all such securities issuable upon conversion shall, upon issuance, also be so listed or quoted.

(E) The Company will at all times after the effective date of the Charter Amendment while the Series C Preferred Stock is outstanding (the " Conversion Period "), have authorized and reserved solely for purposes of the conversion hereof, free from preemptive rights, a sufficient number of shares of its Common Stock or other Conversion Securities to provide for the conversion in full of the Series C Preferred Stock. If at any time during the Conversion Period the number of authorized but unissued shares of Common Stock or other Conversion Securities shall not be sufficient to permit conversion in full of the Series C Preferred Stock, the Company will as promptly as practicable take such corporate action as shall be necessary to increase its authorized but unissued shares of Common Stock or other Conversion Securities to such number of shares as shall be sufficient for such purposes.

(F) If at any time the Conversion Securities shall include any shares or other securities other than shares of Common Stock, or any other property or assets, the terms of the



Series C Preferred Stock shall be modified or supplemented (and in the absence of express written documentation thereof, shall be deemed to be so modified or supplemented), and the Company shall take all actions as may be necessary to preserve, in a manner and on terms as nearly equivalent as practicable to the provisions of the Series C Preferred Stock as they apply to the Common Stock, the rights of the holder hereof, including any equitable replacements of the term "Common Stock" with the term "Conversion Securities" and adjustments of any formula included herein.

(G) The Company will not, by amendment of its Charter, bylaws or other governing documents or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of the Series C Preferred Stock and in the taking of all such action as may be necessary or appropriate in order to protect the conversion rights of the holder against impairment or dilution consistent with the intent and principles expressed herein. If any event or occurrence shall occur (including without limitation, stock dividends and stock splits) as to which the failure to make any adjustment to the Number of Outstanding Shares, the Conversion Ratio and/or the number of shares or other assets or property issuable upon conversion of the Series C Preferred Stock would adversely affect the conversion rights or value represented by the Series C Preferred Stock, including any issuance of Common Stock or Participating Securities, then, in each such case, the Board of Directors, acting in good faith, shall determine the adjustment, if any, on a basis consistent with the essential intent and principles herein, necessary to preserve, without dilution, the conversion rights and value represented by the Series C Preferred Stock. Notice of each such determination shall be given to each holder of the Series C Preferred Stock within 10 days of such determination in the manner set forth in Section 17. For so long as the Trust holds any shares of Series C Preferred Stock, the trustees of the Trust may object in writing to the Board of Directors' determination within 10 Business Days of receipt of written notice thereof. If the Board of Directors and the trustees of the Trust are unable to agree on the adjustment during the 10-Business Day period following the delivery of the trustees' objection, the Appraisal Procedure may be invoked by either party to determine the adjustment by delivery of a written notification thereof not later than the 30 th day after delivery of the trustees' objection. " Appraisal Procedure " means a procedure whereby two independent appraisers, one chosen by the Board of Directors and one by the trustees of the Trust, shall mutually agree upon the adjustment. Each party shall deliver a notice to the other appointing its appraiser within 10 days after the Appraisal Procedure is invoked. If within 30 days after appointment of the two appraisers they are unable to agree upon the adjustment, a third independent appraiser shall be chosen within 10 days thereafter by the mutual consent of such first two appraisers. The decision of the third appraiser so appointed and chosen shall be given within 30 days after the selection of such third appraiser. If three appraisers shall be appointed and the determination of one appraiser is disparate from the middle determination by more than twice the amount or number, as applicable, by which the other determination is disparate from the middle determination, then the determination of such appraiser shall be excluded, the remaining two determinations shall be averaged and such average shall be binding and conclusive upon the Company and the holders of the



Series C Preferred Stock; otherwise, the average of all three determinations shall be binding upon the Company and the holders of the Series C Preferred Stock. The costs of conducting any Appraisal Procedure shall be borne by the Company. Without limiting the foregoing, in the event of any dividend or distribution by the Company of assets or property (including shares of any other Person) on or with respect to the Common Stock, or any exchange of the shares of Common Stock into any other assets, property or securities, the Series C Preferred Stock will be equitably adjusted to permit the holder to receive upon conversion the assets, property or securities that would have been received if the Series C Preferred Stock had been converted immediately prior to the earlier of the record date and the effective date for such dividend, distribution or exchange.

(H) In the event (i) the Company takes a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, (ii) the Company authorizes the granting to the holders of Common Stock (or holders of any other class of Conversion Securities) of rights to subscribe to or purchase any shares of capital stock of any class or securities convertible into any shares of capital stock or of any other right, (iii) the Company authorizes any reclassification of, or any recapitalization involving, any class of Common Stock or any consolidation or merger to which the Company is a party and for which approval of the stockholders of the Company is required, or of the sale or transfer of all or substantially all of the assets of the Company, (iv) the Company authorizes or consents to or otherwise commences the voluntary or involuntary dissolution, liquidation or winding up of the Company or (v) the Company authorizes or takes any other action that would trigger an adjustment in the Number of Outstanding Shares, the Conversion Ratio or the number or amount of shares of Common Stock or other Conversion Securities issuable upon conversion of the Series C Preferred Stock, the Company shall mail to the holder, at least ten (10) days prior to the earlier of the record date for any such action or stockholder vote and the date of such action, a notice specifying (a) which action is to be taken and the date on which any such record is to be taken for the purpose of any such action, (b) the date that any such action is to take place and (c) the amount and character of any stock, other securities or property, or rights or options with respect thereto, proposed to be issued, granted or delivered to each holder of Common Stock (or holders of any other class of Conversion Securities).

(I) The initial issuance of Common Stock upon any conversion of the Series C Preferred Stock shall be made without charge to the exercising holder for any transfer, stamp or similar tax or for any other governmental charges that may be imposed in connection with the issuance of such stock, and such stock shall be issued in the respective names of, or in such names as may be directed by, the holder; provided , however , that the Company shall not be required to pay any tax or such other charges that may be payable in connection with any transfer involved in the issuance of any such stock, any new shares of Series C Preferred Stock or other securities in a name other than that of the holder upon conversion of the Series C Preferred Stock, and the Company shall not be required to issue or deliver such stock or other securities unless and until the Person or Persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid or is not payable.



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(J) If a share of Series C Preferred Stock in certificated form is lost, stolen, mutilated or destroyed, the Company shall, on reasonable and customary terms as to indemnity or other customary administrative matters (which shall, in the case of a mutilated share, include the surrender thereof), issue a new share of Series C Preferred Stock of like number as the share so lost, stolen, mutilated or destroyed. Any such new share shall constitute an original share, whether or not the allegedly lost, stolen, mutilated or destroyed security shall be at any time enforceable by anyone.

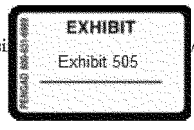
(K) The Company will at no time close its transfer books during normal business hours on any Business Day against the transfer of any shares of Common Stock issued or issuable upon the conversion of any Series C Preferred Stock in any manner that interferes with the timely conversion of the Series C Preferred Stock.

(L) Conversion Mechanics.

(i) A conversion shall be deemed to have been effected at the close of business on the Conversion Date. Immediately upon conversion, the rights of the holders of Series C Preferred Stock converted on the Conversion Date shall cease and the persons entitled to receive the shares of Common Stock upon the conversion of such shares of Series C Preferred Stock shall be treated for all purposes as having become the record and beneficial owners of such shares of Common Stock.

(ii) As promptly as practicable after the Conversion Date (and in no event more than two (2) Business Days thereafter), the Company shall deliver or cause to be delivered at the office or agency of the Conversion Agent, to, or upon the written order of, the holders of the surrendered shares of Series C Preferred Stock, a notice pursuant to direct registration that a number of fully paid and nonassessable shares of Common Stock have been registered on the books and records of the Company, with no personal liability attaching to the ownership thereof, free of all taxes with respect to the issuance thereof to the extent provided in Section 11(A) and (I), liens, charges and security interests (other than liens or charges created by the holder of the Series C Preferred Stock, income and franchise taxes incurred in connection with the conversion of the Series C Preferred Stock or taxes in connection with any transfer occurring prior to or contemporaneously therewith) and not subject to any preemptive rights, into which such shares of Series C Preferred Stock have been converted in accordance with the provisions of this Section 11 and any cash payable in respect of fractional shares as provided herein. On the relevant payment date following the Conversion Date, the Company shall deliver or cause to be delivered at the office or agency of the Conversion Agent, to, or upon the written order of, the holders of the surrendered shares of Series C Preferred Stock, the amount of cash or other property, if any, due in respect of dividends or other distributions on such surrendered shares, as provided in Section 11(A)(i)(y), payable, in the case of cash dividends or distributions (i) if the holder is the Trust, in immediately available funds, at such account designated by the holder or (ii) otherwise by check delivered to the holder at its address as set forth on the books and records of the Company.

(iii) Upon the surrender of a certificate representing shares of Series C Preferred Stock that is converted in part, the Company shall deliver or cause to be



delivered to the holder a notice that shares of Series C Preferred Stock equal in number to the unconverted shares of Series C Preferred Stock represented by the certificate so surrendered have been registered on the books and records of the Company.

(M) No Fractional Shares . No fractional shares or scrip representing fractional shares of Common Stock or other Conversion Securities shall be issued upon the conversion of any shares of Series C Preferred Stock. Instead of any fractional interest in a share of Common Stock or other Conversion Security that would otherwise be deliverable upon the conversion of a share of Series C Preferred Stock, the Company shall pay to the holder of such share of Series C Preferred Stock an amount in cash (computed to the nearest cent) equal to the product of (i) such fraction and (ii) the Current Market Price Per Share on the Trading Day (as defined below) next preceding the day of conversion. For the purposes of any computation under this Section 11, the " Current Market Price Per Share " of the Common Stock or any other security on any Trading Day shall be deemed to be the volume weighted average sales price of the Common Stock or such other security on the New York Stock Exchange on such Trading Day (or, if the Common Stock or such other security is not listed on the New York Stock Exchange, such other national or regional exchange or market in the United States on which the Common Stock or such other security is then listed or quoted) or, if the Common Stock or such other security is not listed or quoted on a national or regional exchange or market, the last quoted price or, if not so quoted, the average of the high bid and low asked prices on such other nationally recognized quotation system then in use in the United States on such Trading Day, or, if the Common Stock or such other security is not quoted on any such quotation system, the average of the closing bid and asked prices on such Trading Day as furnished by a professional market maker selected by the Board of Directors in good faith making a market in the Common Stock or such other security. Any determination of Current Market Price Per Share shall be made without reference to extended or after hours trading.

Section 12. Form .

(A) Series C Preferred Stock shall be initially issued in the form of one or more certificates in definitive, fully registered form with, until such time as otherwise determined by the Company and the Registrar, the restricted shares legend (the " Restricted Shares Legend "), as set forth on the form of Series C Perpetual, Convertible, Participating Preferred Stock certificate attached hereto as Exhibit A (each, a " Preferred Share Certificate "), which is hereby incorporated in and expressly made a part of this Certificate of Designations. The Preferred Share Certificate may have notations, legends or endorsements required by law, stock exchange rules, agreements to which the Company is subject, if any, or usage (provided that any such notation, legend or endorsement is in a form acceptable to the Company).

(B) (i) An Officer shall sign the Preferred Share Certificate for the Company, in accordance with the Company's bylaws and applicable law, by manual or facsimile signature.

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(ii) If an Officer whose signature is on a Preferred Share Certificate no longer holds that office at the time the Transfer Agent authenticates such Preferred Share Certificate, such Preferred Share Certificate shall be valid nevertheless.

(iii) A Preferred Share Certificate shall not be valid or obligatory until an authorized signatory of the Transfer Agent manually countersigns the Preferred Share Certificate. The signature shall be conclusive evidence that such Preferred Share Certificate has been authenticated under this Certificate of Designations. Each Preferred Share Certificate shall be dated the date of its authentication.

(C) Other than upon original issuance, all transfers, conversions and exchanges of the Series C Preferred Stock shall be made by direct registration on the books and records of the Company.

Section 13. Registration; Transfer .

(A) The Series C Preferred Stock and the Common Stock issuable upon conversion of the shares of Series C Preferred Stock have not been registered under the Securities Act and may not be resold, pledged or otherwise transferred other than (i) pursuant to an exemption from the registration requirements of the Securities Act provided by Rule 144 thereunder, (ii) in accordance with another exemption from the registration requirements of the Securities Act, (iii) to the Company or a subsidiary thereof, or (iv) pursuant to an effective registration statement under the Securities Act, in each case, in accordance with any applicable securities laws of any state of the United States.

(B) Except in connection with a transfer pursuant to an effective registration statement relating to the Series C Preferred Stock and shares of Common Stock issuable on conversion of the Series C Preferred Stock, if shares of Series C Preferred Stock are issued upon the transfer, exchange or replacement of Series C Preferred Stock bearing the Restricted Shares Legend, or if a request is made to remove such Restricted Shares Legend on shares of Series C Preferred Stock, the Series C Preferred Stock so issued shall be subject to the transfer restrictions set forth in the Restricted Shares Legend and such restrictions shall continue to apply unless there is delivered to the Company and the Registrar such satisfactory evidence, which may include an opinion of counsel licensed to practice law in the State of New York, as may be reasonably required by the Company or the Registrar, that such restrictions on transfer are not required to ensure that transfers thereof comply with the provisions of Rule 144 under the Securities Act or that such shares of Series C Preferred Stock are not "restricted securities" within the meaning of Rule 144 under the Securities Act. Upon provision of such satisfactory evidence, the Registrar, at the direction of the Company, shall notify the holder that such shares of Series C Preferred Stock are no longer subject to the transfer restrictions set forth in the Restricted Shares Legend.

(C) The Company will refuse to register any transfer of Series C Preferred Stock or any Common Stock issuable upon conversion of the shares of Series C Preferred Stock that is not made in accordance with the provisions of the Restricted Shares Legend and pursuant to an effective registration statement under the Securities Act or pursuant to Rule 144 or



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another available exemption from the registration requirements of the Securities Act; provided that the provisions of this paragraph (C) shall not be applicable to any Series C Preferred Stock that is not subject to the restrictions set forth in the Restricted Shares Legend or to any Common Stock that is not subject to the Common Stock Legend.

(D) Each notice of issuance of Common Stock issued upon a conversion of the Series C Preferred Stock prior to the transfer of such Series C Preferred Stock pursuant to Rule 144 or an effective registration statement relating to such Series C Preferred Stock shall be subject to the common stock legend (the " Common Stock Legend ") set forth in Exhibit C hereto and be transferable only in accordance with the Form of Certificate of Transfer for Common Stock set out in Exhibit D. If shares of Common Stock subject to the Common Stock Legend are transferred by such holder, then the holder must deliver to the Registrar a certificate in substantially the form of Exhibit D as to compliance with the restrictions on transfer applicable to such Common Stock and the Registrar shall not be required to register any transfer of such Common Stock not so accompanied by a properly completed certificate. Upon the presentation of satisfactory evidence that the transfer restrictions set forth in Common Stock Legend are no longer required as described above in paragraph (B) of this Section with respect to the Series C Preferred Stock, the Registrar, at the direction of the Company, shall notify the holder that such shares of Common Stock are no longer subject to the transfer restrictions set forth in the Common Stock Legend.

(E) The Company will refuse to register any transfer of the Series C Preferred Stock or the Conversion Securities unless the transferor first pays all transfer taxes or similar taxes required to be paid on such transfer.

Section 14. Transfer Agent, Conversion Agent and Registrar . The duly appointed Transfer Agent, Conversion Agent and Registrar for the Series C Preferred Stock shall be Wells Fargo Bank, N.A. The Company may, in its sole discretion, remove the Transfer Agent in accordance with the agreement between the Company and the Transfer Agent; provided that the Company shall appoint a successor transfer agent who shall accept such appointment prior to the effectiveness of such removal.

Section 15. Other Rights . The shares of the Series C Preferred Stock shall not have any rights, preferences, privileges or voting powers or relative, participating, optional or other special rights, or qualifications, limitations or restrictions thereof, other than as set forth herein or in the Charter, the bylaws of the Company or as provided by applicable law.

Section 16. Record Holders . To the fullest extent permitted by applicable law, the Company and the Transfer Agent for Series C Preferred Stock may deem and treat the record holder of any share of the Series C Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Company nor such Transfer Agent shall be affected by any notice to the contrary.

Section 17. Notices . All notices or communications in respect of the Series C Preferred Stock shall be sufficiently given if given in writing and delivered in person or by first class mail, postage prepaid, or given in such other manner as may be permitted in this Certificate of Designations, in the Charter, the bylaws of the Company or by applicable law. Notwithstanding

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the foregoing, if shares of the Series C Preferred Stock are issued in book-entry form through The Depository Trust Company or any similar facility, such notices may be given to the holders of the Series C Preferred Stock in any manner permitted by such facility.

Section 18. No Preemptive Rights. No holder of any share of Series C Preferred Stock shall be entitled as of right to subscribe for, purchase or receive any shares of stock of any class or any other securities which the Company may issue, whether now or hereafter authorized, and whether such stock or securities be issued for money or for a consideration other than money or by way of a dividend and all such shares of stock or other securities may be issued or disposed of by the Board of Directors to such persons, firms, corporations and associates and on such terms as it, in its absolute discretion, may deem advisable, without offering to stockholders then of record of any share of Series C Preferred Stock upon the same terms or upon any terms.

Section 19. Definitions. (A) The following terms shall have the respective meanings set forth below:

"2008 Warrants" shall mean the warrant issued by the Company to the United States Department of the Treasury concurrently with the issuance of the Series D Preferred Stock.

"Business Day" shall mean any day other than a Saturday, Sunday or day on which banks in New York City are authorized or required by law to close.

"Charter" means the Company's Restated Certificate of Incorporation, as amended from time to time.

"Charter Amendment" shall mean an amendment to the Charter to reduce the par value of the Common Stock to $0.000001 per share and increase the number of authorized shares of Common Stock to 19 billion.

"Common Stock" shall mean the common stock, $2.50 par value, of the Company, the common stock of the Company with any other par value or no par value, and all other stock of any class or classes (however designated) of the Company from time to time outstanding, the holders of which have the right, without limitation as to amount, either to all or to a share of the balance of current dividends or liquidating distributions after the payment of dividends and distributions on any shares entitled to preference. For purposes of clarification, the Common Stock shall not include the Series C Preferred Stock.

"Conversion Ratio" as of any date shall mean the quotient obtained by dividing (x) the Number of Underlying Shares as of such date by (y) 100,000.

"Credit Agreement" means the Credit Agreement, dated as of September 22, 2008, between the Company and Federal Reserve Bank of New York, as amended from time to time.

"Equity Units" means the Equity Units issued by the Company pursuant to a Purchase Contract Agreement dated May 16, 2008 between the Company and The Bank of New York.

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" Exchange Act " means the Securities Exchange Act of 1934, as amended from time to time.

" Number of Outstanding Shares " means, as of any date, the number of shares of Common Stock outstanding as of the date hereof *plus* the number of shares of Common Stock issued on or prior to such date in settlement of the Equity Units.

" Number of Underlying Shares " means, as of any date, a number of shares of Common Stock equal to the excess of (a) the product of 3.9751244 times the Number of Outstanding Shares as of such date over (b) the sum of (i) 53,798,766 (the number of shares of Common Stock underlying the 2008 Warrants as of the date hereof), (ii) the initial number of shares of Common Stock underlying any warrants or other securities convertible into, exchangeable for or representing the right to receive shares of Common Stock (other than the Series C Preferred Stock and the 2008 Warrants) that are beneficially owned by the Treasury (or any vehicle on its behalf) and (iii) so long as any shares of Series C Preferred Stock are beneficially owned by the Treasury (or any vehicle on its behalf), any shares of Common Stock directly owned by the Treasury (or any vehicle on its behalf) as of such date other than (A) the shares of Common Stock referred to in (i) and (ii) above and (B) any shares of Common Stock received upon conversion of the Series C Preferred Stock.

" Officer " means the Chairman, any Vice President, the Treasurer or the Secretary of the Company.

" Participating Securities " shall mean (i) any equity security (other than Common Stock) that entitles the holders thereof to participate in liquidations or other distributions with the holders of Common Stock or otherwise participate in the capital of the Company other than through a fixed or floating rate of return on capital loaned or invested, and (ii) any stock appreciation rights, phantom stock rights, or any other profit or other economic participation rights with respect to any of the Company's capital stock or other equity ownership interest, or any rights or options to acquire any such rights.

" Person " shall mean any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, estate, unincorporated organization or government or any agency or political subdivision thereof, or any other entity whatsoever.

" Preferred Stock " means any and all series of preferred stock of the Company, including the Series C Preferred Stock and Series D Preferred Stock.

" Ranking Amendment " means an amendment to the Charter (A) to permit the Board of Directors to issue classes of Preferred Stock that are not of equal rank, such that the Board of Directors or a duly authorized committee thereof may, prior to issuance, in the resolution or resolutions providing for the issue of shares of each particular series, provide whether the shares of such series rank senior or junior to any other class of Preferred Stock as to the right to receive dividends and the right to receive payments out of the assets of the Company upon voluntary or involuntary liquidation, dissolution or winding up of the Company and (B) to cause the Series D Preferred Stock and any other series of Preferred Stock subsequently issued to the United States Department of the Treasury to rank senior to the Series C Preferred Stock and any other subsequently issued series of Preferred Stock that is not issued to the United States Department of the Treasury, so that as a result of these amendments the Series C Preferred Stock and any subsequently issued series of Preferred Stock that ranks *pari passu* with or junior to the Series C Preferred Stock would not be entitled to vote on the subsequent creation or issuance of any such senior Serial Preferred Stock.

" Securities Act " means the Securities Act of 1933, as amended from time to time.

" Series D Preferred Stock " means the Series D Fixed Rate Cumulative Perpetual Preferred Stock of the Company.



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" Threshold Percentage " means a quotient obtained by dividing (x) the Number of Underlying Shares by (y) the sum of the Number of Underlying Shares and the Number of Outstanding Shares and expressed as a percentage.

" Trading Day " shall mean any day during which the Common Stock or other Conversion Security trades regular way on the New York Stock Exchange or, if the Common Stock or other Conversion Security is not listed on the New York Stock Exchange, on the principal other national or regional securities exchange on which the Common Stock or other Conversion Security is then listed or, if the Common Stock or other Conversion Security is not listed on a national or regional securities exchange, on the principal other market on which the Common Stock or other Conversion Security is then traded.

" Treasury " means either the United States Department of the Treasury or the United States Treasury.

" Trust " means the AIG Credit Facility Trust, a trust established for the benefit of the United States Treasury, or any successor thereto.

(B) The terms "junior stock" and "sinking fund" shall have the respective meanings set forth in subdivision (7) of Article Four of the Charter.

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CSOC.CBR.00031031

IN WITNESS WHEREOF, the Company has caused this Certificate of Designations to be signed on its behalf by its _____ and attested by its Secretary this ___th day of March, 2009.

AMERICAN INTERNATIONAL GROUP, INC.

By: _____
Name:
Title:

ATTEST:

_____
Name:
Title: Secretary

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CSOC.CBR.00031032

EXHIBIT
Exhibit 505

EXHIBIT A

FORM OF SERIES C PERPETUAL, CONVERTIBLE, PARTICIPATING PREFERRED STOCK

Number: _____ _____ Shares

CUSIP NO.: _____

Series C Perpetual, Convertible, Participating Preferred Stock
(par value $5.00 per share)
(liquidation preference $5.00 per share)
OF
AMERICAN INTERNATIONAL GROUP, INC.

FACE OF SECURITY

TRANSFERS OF THIS CERTIFICATE OR PORTIONS THEREOF SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE CERTIFICATE OF DESIGNATIONS REFERRED TO BELOW.

IN CONNECTION WITH ANY TRANSFER, THE HOLDER WILL DELIVER TO THE REGISTRAR AND TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AS SUCH REGISTRAR AND TRANSFER AGENT MAY REASONABLY REQUIRE TO CONFIRM THAT TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.

THIS SECURITY AND THE SHARES OF COMMON STOCK ISSUABLE UPON CONVERSION OF THIS SECURITY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. NEITHER THIS SECURITY OR THE SHARES OF COMMON STOCK ISSUABLE UPON CONVERSION OF THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN OR THEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, REGISTRATION.

EXHIBIT
Exhibit 505

AMERICAN INTERNATIONAL GROUP, INC., a Delaware corporation (the "Company"), hereby certifies that AIG Credit Facility Trust or its registered assigns (the "Holder") is the registered owner of a number of fully paid and non-assessable shares of preferred stock of the Company designated the Series C Perpetual, Convertible, Participating Preferred Stock, par value $5.00 per share and liquidation preference $5.00 per share (the "Series C Preferred Stock"), specified above. The shares of Series C Preferred Stock are transferable on the books and records of the Registrar, in person or by a duly authorized attorney, upon surrender of this certificate duly endorsed and in proper form for transfer. The designation, rights, privileges, restrictions, preferences and other terms and provisions of the Series C Preferred Stock represented hereby are specified in and shall in all respects be subject to the provisions of the Certificate of Designations of the Company dated March 4, 2009, as the same may be amended from time to time in accordance with its terms (the "Certificate of Designations"). Capitalized terms used herein but not defined shall have the respective meanings given them in the Certificate of Designations. The Company will provide a copy of the Certificate of Designations to a Holder without charge upon written request to the Company at its principal place of business.

Reference is hereby made to select provisions of the Series C Preferred Stock set forth on the reverse hereof, and to the Certificate of Designations, which select provisions and the Certificate of Designations shall for all purposes have the same effect as if set forth at this place.

Upon receipt of this certificate, the Holder is bound by the Certificate of Designations and is entitled to the benefits thereunder.

Unless the Transfer Agent's Certificate of Authentication hereon has been properly executed, the shares of Series C Preferred Stock evidenced hereby shall not be entitled to any benefit under the Certificate of Designations or be valid or obligatory for any purpose.



IN WITNESS WHEREOF, American International Group, Inc. has executed this certificate as of the date set forth below.

AMERICAN INTERNATIONAL GROUP, INC.

By: _____
Name:
Title:

Dated: _____

TRANSFER AGENT'S CERTIFICATE OF AUTHENTICATION

This is one of the certificates representing shares of Series C Perpetual, Convertible, Participating Preferred Stock referred to in the within mentioned Certificate of Designations.

WELLS FARGO BANK, N.A.,
as Transfer Agent

By: _____
Name:
Title: Authorized Signatory

Dated: _____



REVERSE OF SECURITY

AMERICAN INTERNATIONAL GROUP, INC.

Series C Perpetual, Convertible, Participating Preferred Stock

Dividends on each share of Series C Preferred Stock shall be payable as provided in the Certificate of Designations.

The shares of Series C Preferred Stock shall have the voting rights set forth in the Certificate of Designations.

The shares of Series C Preferred Stock shall not be redeemable or subject to a sinking fund.

The shares of Series C Preferred Stock shall have no maturity.

The shares of Series C Preferred Stock shall be convertible into the Company's Common Stock in the manner and according to the terms set forth in the Certificate of Designations.

The transfer or exchange of any shares represented by this certificate and the issuance and delivery of shares of Common Stock upon the conversion of all or part of the shares represented by this certificate shall be effected on the books and records of the Company and no certificates representing such shares shall be delivered.

As required under Delaware law, the Company shall furnish to any Holder upon request and without charge, a full summary statement of the designations, voting rights preferences, limitations and special rights of the shares of each class or series authorized to be issued by the Company so far as they have been fixed and determined.

EXHIBIT
Exhibit 505

CSOC.CBR.00031037

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto:

_____

_____

(Insert assignee's social security or other identifying number)

_____

(Insert address and zip code of assignee)

_____

_____

shares of capital stock represented by the within Certificate and hereby irrevocably constitutes and appoints:

_____

agent to transfer the said stock on the books of the Transfer Agent and Registrar with full power of substitution in the premises.

Date:_____

Signature:_____

(Sign exactly as your name appears on the other side of this Series C Preferred Stock Certificate)

Signature Guarantee: _____ [1]

[1] Signature must be guaranteed by an "eligible guarantor institution" (i.e., a bank, stockbroker, savings and loan association or credit union) meeting the requirements of the Registrar, which requirements include membership or participation in the Securities Transfer Agents Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended from time to time.

EXHIBIT
Exhibit 505

CSOC.CBR.00031038

NOTICE OF CONVERSION

(To be Executed by the Registered Holder in order to Convert the Series C Preferred Stock)

The undersigned hereby irrevocably elects to convert (the "Conversion") ___ shares of Series C Perpetual, Convertible, Participating Preferred Stock (the "Series C Preferred Stock"), represented by stock certificate No(s). ___ (the "Series C Preferred Stock Certificates") into shares of common stock (the "Common Stock"), of American International Group, Inc. (the "Company") according to the conditions of the Certificate of Designations dated March 4, 2009 establishing the terms of the Series C Preferred Stock, as such may be amended from time to time (the "Certificate of Designations"), as of the date written below. If shares are to be issued in the name of a person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto and is delivering herewith such certificates. No fee will be charged to the holder for any conversion, except for transfer taxes, if any. [A copy of each Series C Preferred Stock Certificate is attached hereto (or evidence of loss, theft or destruction thereof).] [1]

The undersigned represents and warrants that all offers and sales by the undersigned of the shares of Common Stock issuable to the undersigned upon conversion of the Series C Preferred Stock shall be made pursuant to registration of the Common Stock under the Securities Act of 1933, as amended from time to time (the "Act"), or pursuant to an exemption from registration under the Act.

[The Company is not required to issue shares of Common Stock until the original Series C Preferred Stock Certificate(s) (or evidence of mutilation, loss, theft or destruction thereof) to be converted are received by the Company or its Transfer Agent.] The Company shall record the issuance of the shares of Common Stock on its books and records by direct registration not later than two business days following receipt of the original Series C Preferred Stock Certificate(s) to be converted or, if the Series C Preferred Stock is not represented by a Series C Preferred Stock Certificate, no later than two business days following receipt of this Notice of Conversion. The holder acknowledges that no certificates shall be issued in respect of the shares of Common Stock or any shares evidenced by Series C Preferred Stock Certificate(s) that are not converted.

Capitalized terms used but not defined herein shall have the meanings ascribed thereto in or pursuant to the Certificate of Designations.

Date of Conversion:	_____
Applicable Conversion Ratio:	_____
Number of shares of Series C Preferred Stock to be Converted:	_____
Number of shares of Common Stock to be Issued:	_____
Signature:	_____
Name:	_____
Address: [2]	_____
	_____
	_____
Fax No.:	_____

[1] Delete bracketed language if this Notice of Conversion is used with respect to uncertificated shares.

[2] Address where shares of Common Stock and any other payments or certificates shall be sent by the Company, if applicable.

EXHIBIT
Exhibit 505

CSOC.CBR.00031039

NOTICE OF CONVERSION

(To be Executed by the Registered Holder in order to Convert the Series C Preferred Stock)

The undersigned hereby irrevocably elects to convert (the "Conversion") ___ shares of Series C Perpetual, Convertible, Participating Preferred Stock (the "Series C Preferred Stock"), represented by stock certificate No(s). ___ (the "Series C Preferred Stock Certificates") into shares of common stock (the "Common Stock"), of American International Group, Inc. (the "Company") according to the conditions of the Certificate of Designations dated March [3], 2009 establishing the terms of the Series C Preferred Stock, as such may be amended from time to time (the "Certificate of Designations"), as of the date written below. If shares are to be issued in the name of a person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto and is delivering herewith such certificates. No fee will be charged to the holder for any conversion, except for transfer taxes, if any. [A copy of each Series C Preferred Stock Certificate is attached hereto (or evidence of loss, theft or destruction thereof).] [2]

The undersigned represents and warrants that all offers and sales by the undersigned of the shares of Common Stock issuable to the undersigned upon conversion of the Series C Preferred Stock shall be made pursuant to registration of the Common Stock under the Securities Act of 1933, as amended from time to time (the "Act"), or pursuant to an exemption from registration under the Act.

[The Company is not required to issue shares of Common Stock until the original Series C Preferred Stock Certificate(s) (or evidence of mutilation, loss, theft or destruction thereof) to be converted are received by the Company or its Transfer Agent.] The Company shall record the issuance of the shares of Common Stock on its books and records by direct registration not later than two business days following receipt of the original Series C Preferred Stock Certificate(s) to be converted or, if the Series C Preferred Stock is not represented by a Series C Preferred Stock Certificate, no later than two business days following receipt of this Notice of Conversion. The holder acknowledges that no certificates shall be issued in respect of the shares of Common Stock or any shares evidenced by Series C Preferred Stock Certificate(s) that are not converted.

Capitalized terms used but not defined herein shall have the meanings ascribed thereto in or pursuant to the Certificate of Designations.

Date of Conversion:	_____
Applicable Conversion Ratio:	_____
Number of shares of Series C Preferred Stock to be Converted:	_____
Number of shares of Common Stock to be Issued:	_____
Signature:	_____
Name:	_____

[2] Delete bracketed language if this Notice of Conversion is used with respect to uncertificated shares.



Address: [3] _____

_____

Fax No.: _____

[3] Address where shares of Common Stock and any other payments or certificates shall be sent by the Company, if applicable.

EXHIBIT
Exhibit 505

CSOC.CBR.00031041

EXHIBIT B

FORM OF CERTIFICATE OF TRANSFER FOR SERIES C PREFERRED STOCK
(Transfers pursuant to Section 13 of the Certificate of Designations)

Wells Fargo Bank, N.A., as Transfer Agent
Shareowner Services
161 North Concord Exchange Street
South St. Paul, MN 55075-1139
Attn: Suzanne M. Swits

Re: American International Group, Inc.
Series C Perpetual, Convertible, Participating Preferred Stock (the "Series C Preferred Stock")

Reference is hereby made to the Certificate of Designations relating to the Series C Preferred Stock dated March 4, 2009, as such may be amended from time to time (the "Certificate of Designations"). Capitalized terms used but not defined herein shall have the respective meanings given them in the Certificate of Designations.

This letter relates to ___shares of the Series C Preferred Stock (the "Securities") which are held in the form of [a Preferred Share Certificate bearing/uncertificated shares subject to the restrictions set forth in] the Restricted Share(s) Legend (CUSIP NO.) in the name of [name of transferor] (the "Transferor") to effect the transfer of the Securities.

In connection with such request, and in respect of the Securities, the Transferor does hereby certify that the Securities are being transferred (i) in accordance with applicable securities laws of any state of the United States or any other jurisdiction and (ii) in accordance with their terms:

CHECK ONE BOX BELOW:

(1) ☐ pursuant to an exemption from registration under the Securities Act of 1933, as amended from time to time (the "Securitie Act"), provided by Rule 144 thereunder;
(2) ☐ in accordance with another exemption from the registration requirements of the Securities Act;
(3) ☐ to the Company or a subsidiary thereof; or
(4) ☐ pursuant to an effective registration statement under the Securities Act.

Unless one of the boxes is checked, the Transfer Agent will refuse to register any of the Securities in the name of any person other than the registered holder thereof; provided, however, that if box (1) or (2) is checked, the Transfer Agent shall be entitled to require, prior to registering any such transfer of the Securities, such legal opinions, certifications and other

EXHIBIT
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CSOC.CBR.00031042

information as the Company has reasonably requested to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, such as the exemption provided by Rule 144 under the Securities Act.

[Name of Transferor]

By: _____
Name:
Title:

Dated: _____

cc: American International Group, Inc.
70 Pine Street
New York, New York 10270
Attn: Secretary

EXHIBIT
Exhibit 505

EXHIBIT C

FORM OF COMMON STOCK LEGEND

"THE SECURITIES REFERRED TO HEREIN HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. NEITHER SUCH SECURITIES NOR ANY INTEREST OR PARTICIPATION THEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, REGISTRATION."

EXHIBIT
Exhibit 505

CSOC.CBR.00031044

EXHIBIT D

FORM OF CERTIFICATE OF TRANSFER FOR COMMON STOCK
(Transfers pursuant to Section 13 of the Certificate of Designations)

Wells Fargo Bank, N.A., as Transfer Agent
Shareowner Services
161 North Concord Exchange Street
South St. Paul, MN 55075-1139
Attn: Suzanne M. Swits

Re: American International Group, Inc.
Series C Perpetual, Convertible, Participating Preferred Stock (the "Series C Preferred Stock")

Reference is hereby made to the Certificate of Designations relating to the Series C Preferred Stock dated March 4, 2009, as such may be amended from time to time (the "Certificate of Designations"). Capitalized terms used but not defined herein shall have the respective meanings given them in the Certificate of Designations.

This letter relates to ___shares of Common Stock (the "Securities") that were issued upon conversion of the Series C Preferred Stock and which are held in the name of [name of transferor] (the "Transferor") to effect the transfer of the Securities.

In connection with such request, and in respect of the Securities, the Transferor does hereby certify that the Securities are being transferred (i) in accordance with applicable securities laws of any state of the United States or any other jurisdiction and (ii) in accordance with their terms:

CHECK ONE BOX BELOW:

(1) ☐ pursuant to an exemption from registration under the Securities Act of 1933, as amended from time to time (the "Securitie Act"), provided by Rule 144 thereunder;
(2) ☐ in accordance with another exemption from the registration requirements of the Securities Act;
(3) ☐ to the Company or a subsidiary thereof; or
(4) ☐ pursuant to an effective registration statement under the Securities Act.

Unless one of the boxes is checked, the Transfer Agent will refuse to register any of the Securities in the name of any person other than the registered holder thereof; provided, however, that if box (1) or (2) is checked, the Transfer Agent shall be entitled to require, prior to registering any such transfer of the Securities, such legal opinions, certifications and other information as the Company has reasonably requested to confirm that such transfer is being



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made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, such as the exemption provided by Rule 144 under the Securities Act.

[Name of Transferor]

By: _____
Name:
Title:

Dated: _____

cc: American International Group, Inc.
70 Pine Street
New York, New York 10270
Attn: Secretary



Exhibit 10(6)

AMERICAN INTERNATIONAL GROUP, INC.
AMENDED AND RESTATED 2002 STOCK INCENTIVE PLAN



AMERICAN INTERNATIONAL GROUP, INC.
Amended and Restated 2002 Stock Incentive Plan

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AMERICAN INTERNATIONAL GROUP, INC.
AMENDED AND RESTATED 2002 STOCK INCENTIVE PLAN

ARTICLE I—GENERAL

1.1 PURPOSE

The purpose of the American International Group, Inc. Amended and Restated 2002 Stock Incentive Plan is to attract, retain and motivate officers, directors, employees (including prospective employees), consultants and others who may perform services for the Company, to compensate them for their contributions to the long-term growth and profits of the Company, and to encourage them to acquire a proprietary interest in the success of the Company.

1.2 DEFINITIONS OF CERTAIN TERMS

" *AIG* " means American International Group, Inc. or a successor entity contemplated by Section 3.5.

" *Award* " means an award made pursuant to the Plan.

" *Award Agreement* " means the written document by which each Award is evidenced.

" *Board* " means the Board of Directors of AIG.

" *Certificate* " means a stock certificate (or other appropriate document or evidence of ownership) representing shares of Common Stock of AIG.

" *Code* " means the Internal Revenue Code of 1986, as amended from time to time, and the applicable rulings and regulations thereunder.

" *Committee* " shall have the meaning set forth in Section 1.3.1.

" *Common Stock* " means the common stock of AIG, par value $2.50 per share.

" *Company* " means AIG and its subsidiaries.

" *Covered Person* " shall have the meaning set forth in Section 1.3.3.

" *Employment* " means a grantee's performance of services for the Company, as determined by the Committee. The terms "employ" and "employed" shall have their correlative meanings.

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" *Exchange Act* " means the Securities Exchange Act of 1934, as amended from time to time, and the applicable rules and regulations thereunder.

" *Fair Market Value* " means, with respect to a share of Common Stock on any day, the fair market value as determined in accordance with a valuation methodology approved by the Committee.

" *Plan* " means the American International Group, Inc. Amended and Restated 2002 Stock Incentive Plan, as described herein and as hereafter amended from time to time.

" *Section 409A* " means Section 409A of the Code, including any amendments or successor provisions to that section, and any regulations and other administrative guidance thereunder, in each case as they may be from time to time amended or interpreted through further administrative guidance.

" *Treasury Regulations* " means the regulations promulgated under the Code by the United States Internal Revenue Service, as amended.

1.3 ADMINISTRATION

1.3.1 Except as otherwise provided herein, the Plan shall be administered by a committee (the " *Committee* ") of the Board to be drawn solely from members of the Board who are not and have not been officers of the Company. The Committee is authorized, subject to the provisions of the Plan, to establish such rules and regulations as it deems necessary for the proper administration of the Plan and to make such determinations and interpretations and to take such action in connection with the Plan and any Award granted thereunder as it deems necessary or advisable. All determinations and interpretations made by the Committee shall be final, binding and conclusive on all grantees and on their legal representatives and beneficiaries. The Committee shall have the authority, in its absolute discretion, to determine the persons who shall receive Awards, the time when Awards shall be granted, the terms of such Awards and the number of shares of Common Stock, if any, which shall be subject to such Awards. Unless otherwise provided in an Award Agreement, but subject to Section 3.17, the Committee shall have the authority, in its absolute discretion, to (i) amend any outstanding Award Agreement in any respect, whether or not the rights of the grantee of such Award are adversely affected, including, without limitation, to accelerate the time or times at which the Award becomes vested, unrestricted or may be exercised, waive or amend any goals, restrictions or conditions set forth in such Award Agreement, or impose new goals, restrictions and conditions, or reflect a change in the grantee's circumstances and (ii) determine whether, to what extent and under what circumstances and method or methods (A) Awards may be (1) settled in cash, shares of Common Stock, other securities, other Awards or other property or (2) canceled, forfeited or suspended, (B) shares of Common Stock, other securities, other Awards or other property, and other amounts payable with respect to an Award may be deferred either automatically or at the election of the grantee thereof or of the Committee and (C) Awards may be settled by the Company or any of its designees, *provided* that the Committee may not amend the terms of any outstanding Award without shareholder approval, unless such amendment is a result of a grantee's termination from employment due to



retirement, death, disability or a change of control. Notwithstanding anything to the contrary contained herein, the Board may, in its sole discretion, at any time and from time to time, grant Awards (including grants to members of the Board who are not employees of the Company) or administer the Plan, in which case the Board shall have all of the authority and responsibility granted to the Committee herein. To the extent any Award is made to an "officer" (as defined for purposes of Rule 16a-1(f) under the Exchange Act) or director of AIG, the Award shall be made by the full Board or a committee or subcommittee of the Board composed of at least two 'non-employee directors' (as defined in Rule 16b-3 under the Exchange Act).

1.3.2 Actions of the Committee may be taken by the vote of a majority of its members. The Committee may allocate among its members and delegate to any person who is not a member of the Committee any of its administrative responsibilities.

1.3.3 No member of the Board or the Committee or any employee of the Company (each such person a "*Covered Person*") shall have any liability to any person (including any grantee) for any action taken or omitted to be taken or any determination made in good faith with respect to the Plan or any Award. Each Covered Person shall be indemnified and held harmless by AIG against and from any loss, cost, liability, or expense (including attorneys' fees) that may be imposed upon or incurred by such Covered Person in connection with or resulting from any action, suit or proceeding to which such Covered Person may be a party or in which such Covered Person may be involved by reason of any action taken or omitted to be taken under the Plan or any Award Agreement and against and from any and all amounts paid by such Covered Person, with AIG's approval, in settlement thereof, or paid by such Covered Person in satisfaction of any judgment in any such action, suit or proceeding against such Covered Person, *provided* that AIG shall have the right, at its own expense, to assume and defend any such action, suit or proceeding and, once AIG gives notice of its intent to assume the defense, AIG shall have sole control over such defense with counsel of AIG's choice. To the extent any taxable expense reimbursement under this paragraph is subject to Section 409A, (x) the amount thereof eligible in one taxable year shall not affect the amount eligible in any other taxable year; (y) in no event shall any expenses be reimbursed after the last day of the taxable year following the taxable year in which the Covered Person incurred such expenses; and (z) in no event shall any right to reimbursement be subject to liquidation or exchange for another benefit. The foregoing right of indemnification shall not be available to a Covered Person to the extent that a court of competent jurisdiction in a final judgment or other final adjudication, in either case, not subject to further appeal, determines that the acts or omissions of such Covered Person giving rise to the indemnification claim resulted from such Covered Person's bad faith, fraud or willful misconduct. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which Covered Persons may be entitled under AIG's Restated Certificate of Incorporation or Bylaws, as a matter of law, or otherwise, or any other power that AIG may have to indemnify such persons or hold them harmless.



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1.4 PERSONS ELIGIBLE FOR AWARDS

Awards under the Plan may be made to such officers, directors, employees (including prospective employees), consultants and other individuals who may perform services for the Company, as the Committee may select, except that no Award may be made to directors who are not employees of the Company without shareholder approval.

1.5 TYPES OF AWARDS UNDER PLAN

Awards may be made under the Plan in the form of (a) restricted stock, (b) restricted stock units, (c) dividend equivalent rights and (d) other equity-based or equity-related Awards which the Committee determines to be consistent with the purposes of the Plan and the interests of the Company. AIG, however, will not grant stock options pursuant to the Plan.

1.6 SHARES OF COMMON STOCK AVAILABLE FOR AWARDS

1.6.1 *Common Stock Subject to the Plan* . Subject to adjustment as provided in Section 1.6.2 hereof, the maximum number of shares that may be issued under the Plan through December 31, 2002 is fifteen million (15,000,000) shares of Common Stock and in each calendar year thereafter shall be the sum of (a) one million (1,000,000) shares of Common Stock and (b) the number of shares of Common Stock available for issuance under the Plan in the previous calendar year but not issued in such year. Such shares of Common Stock may, in the discretion of the Committee, be either authorized but unissued shares or shares previously issued and reacquired by AIG. If any Award shall expire, terminate or otherwise lapse, in whole or in part, any shares of Common Stock subject to such Award (or portion thereof) shall again be available for issuance under the Plan.

1.6.2 *Adjustments* . The Committee shall have the authority (but shall not be required) to adjust the number of shares of Common Stock authorized pursuant to Section 1.6.1 and to adjust equitably (including, without limitation, by payment of cash) the terms of any outstanding Awards (including, without limitation, the number of shares of Common Stock covered by each outstanding Award, the type of property to which the Award is subject and the exercise or strike price of any Award), in such manner as it deems appropriate to preserve the benefits or potential benefits intended to be made available to grantees of Awards, for any increase or decrease in the number of issued shares of Common Stock resulting from a recapitalization, stock split, stock dividend, combination or exchange of shares of Common Stock, merger, consolidation, rights offering, separation, reorganization or liquidation, or any other change in the corporate structure or shares of AIG; *provided* that no such adjustment shall be made if or to the extent that it would cause any outstanding Award to fail to comply with Section 409A. After any adjustment made pursuant to this Section 1.6.2, the number of shares of Common Stock subject to each outstanding Award shall be rounded down to the nearest whole number. For the avoidance of doubt, the Committee may, in its sole discretion, decline to adjust the



terms of any outstanding Award if it determines that such adjustment would violate applicable law or result in adverse tax consequences to the grantee or to the Company.

1.6.3 There shall be no limit on the amount of cash, securities (other than shares of Common Stock as provided in this Section 1.6) or other property that may be delivered pursuant to the Plan or any Award, *provided*, *however*, that Awards with respect to no more than 250,000 shares of Common Stock may be granted to any one grantee in any calendar year, and *provided further*, that Awards of stock appreciation rights with respect to no more than 250,000 shares of Common Stock may be granted to any one grantee in any calendar year.

ARTICLE II—AWARDS UNDER THE PLAN

2.1 AGREEMENTS EVIDENCING AWARDS

Each Award granted under the Plan shall be evidenced by a written document which shall contain such provisions and conditions as the Committee deems appropriate. The Committee may grant Awards in tandem with or, subject to Section 3.17, in substitution for any other Award or Awards granted under this Plan or any award granted under any other plan of the Company. By accepting an Award pursuant to the Plan, a grantee thereby agrees that the Award shall be subject to all of the terms and provisions of the Plan and the applicable Award Agreement.

2.2 NO RIGHTS AS A SHAREHOLDER

No grantee of an Award shall have any of the rights of a shareholder of AIG with respect to shares of Common Stock subject to such Award until the delivery of such shares. Except as otherwise provided in Section 1.6.2, no adjustments shall be made for dividends, distributions or other rights (whether ordinary or extraordinary, and whether in cash, Common Stock, other securities or other property) for which the record date is prior to the date such shares are delivered.

2.3 GRANT OF RESTRICTED SHARES OF COMMON STOCK

The Committee may grant or offer for sale restricted shares of Common Stock in such amounts and subject to Section 2.7 and such terms and conditions as the Committee shall determine. Upon the delivery of such shares, the grantee shall have the rights of a shareholder with respect to the restricted stock, subject to Section 2.7 and any other restrictions and conditions as the Committee may include in the applicable Award Agreement. In the event that a Certificate is issued in respect of restricted shares of Common Stock, such Certificate may be registered in the name

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of the grantee but shall be held by AIG or its designated agent until the time the restrictions lapse.

2.4 GRANT OF RESTRICTED STOCK UNITS

The Committee may grant Awards of restricted stock units in such amounts and subject to Section 2.7 and such terms and conditions as the Committee shall determine. A grantee of a restricted stock unit will have only the rights of a general unsecured creditor of AIG until delivery of shares of Common Stock, cash or other securities or property is made as specified in the applicable Award Agreement. On the delivery date specified in the Award Agreement, the grantee of each restricted stock unit not previously forfeited or terminated shall receive one share of Common Stock, or cash, securities or other property equal in value to a share of Common Stock or a combination thereof, as specified by the Committee.

2.5 GRANT OF DIVIDEND EQUIVALENT RIGHTS

The Committee may include in the Award Agreement with respect to any Award a dividend equivalent right entitling the grantee to receive amounts equal to all or any portion of the dividends that would be paid on the shares of Common Stock covered by such Award if such shares had been delivered pursuant to such Award. The grantee of a dividend equivalent right will have only the rights of a general unsecured creditor of AIG until payment of such amounts is made as specified in the applicable Award Agreement. In the event such a provision is included in an Award Agreement, the Committee shall, subject to Section 3.17, determine whether such payments shall be made in cash, in shares of Common Stock or in another form, whether they shall be conditioned upon the exercise of the Award to which they relate, the time or times at which they shall be made, and such other terms and conditions as the Committee shall deem appropriate.

2.6 OTHER STOCK-BASED AWARDS

The Committee may grant other types of equity-based or equity-related Awards (including the grant or offer for sale of unrestricted shares of Common Stock) in such amounts and subject to such terms and conditions, as the Committee shall determine. Such Awards may entail the transfer of actual shares of Common Stock to Award recipients, or payment in cash or otherwise of amounts based on the value of shares of Common Stock, and may include, without limitation, Awards designed to comply with or take advantage of the applicable local laws of jurisdictions other than the United States. Any Award made pursuant to this Section 2.6 to a director of the Company or an executive officer of the Company (as defined in Rule 3b-7 under the Exchange Act), must be either (i) granted in lieu of salary or cash bonus or (ii) limited in the aggregate to five percent (5%) of the shares of Common Stock authorized under the Plan.



2.7 CERTAIN RESTRICTIONS

In the case of an Award in the form of restricted stock or restricted stock units, at least three years must elapse before the delivery or payment of shares of Common Stock, cash or other property, except in the case of (i) termination of employment due to death, disability, retirement or change of control or (ii) an Award that the Committee determines is performance based, in which case at least one year must elapse.

ARTICLE III—MISCELLANEOUS

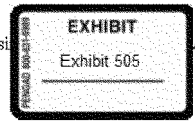
3.1 AMENDMENT OF THE PLAN

3.1.1 Unless otherwise provided in an Award Agreement, the Board may from time to time suspend, discontinue, revise or amend the Plan in any respect whatsoever, including in any manner that adversely affects the rights, duties or obligations of any grantee of an Award.

3.1.2 Unless otherwise determined by the Board, shareholder approval of any suspension, discontinuance, revision or amendment shall be obtained only to the extent necessary to comply with any applicable law; *provided*, *however*, that, without shareholder approval, neither the Board nor the Committee may amend the Plan to (i) materially increase the benefits accruing to grantees under the Plan, (ii) materially increase the number of shares of Common Stock which may be issued under the Plan, or (iii) materially modify the requirements for participation in the Plan.

3.2 TAX WITHHOLDING

3.2.1 Grantees shall be solely responsible for any applicable taxes (including, without limitation, income and excise taxes) and penalties, and any interest that accrues thereon, that they incur in connection with the receipt, vesting or exercise of any Award. As a condition to the delivery of any shares of Common Stock pursuant to any Award or the lifting or lapse of restrictions on any Award, or in connection with any other event that gives rise to a federal or other governmental tax withholding obligation on the part of the Company relating to an Award (including, without limitation, FICA tax), (a) the Company may deduct or withhold (or cause to be deducted or withheld) from any payment or distribution to a grantee whether or not pursuant to the Plan or (b) the Committee shall be entitled to require that the grantee remit cash to the Company (through payroll deduction or otherwise), in each case in an amount sufficient in the opinion of the Company to satisfy such withholding obligation.



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3.3 REQUIRED CONSENTS AND LEGENDS

3.3.1 If the Committee shall at any time determine that any consent (as hereinafter defined) is necessary or desirable as a condition of, or in connection with, the granting of any Award, the delivery of shares of Common Stock or the delivery of any cash, securities or other property under the Plan, or the taking of any other action thereunder (each such action being hereinafter referred to as a "plan action"), then, subject to Section 3.17, such plan action shall not be taken, in whole or in part, unless and until such consent shall have been effected or obtained to the full satisfaction of the Committee. The Committee may direct that any Certificate evidencing shares delivered pursuant to the Plan shall bear a legend setting forth such restrictions on transferability as the Committee may determine to be necessary or desirable, and may advise the transfer agent to place a stop transfer order against any legended shares.

3.3.2 The term "consent" as used in this Section 3.3 with respect to any plan action includes (a) any and all listings, registrations or qualifications in respect thereof upon any securities exchange or under any federal, state, or local law, or law, rule or regulation of a jurisdiction outside the United States, (b) or any other matter, which the Committee may deem necessary or desirable to comply with the terms of any such listing, registration or qualification or to obtain an exemption from the requirement that any such listing, qualification or registration be made, (c) any and all other consents, clearances and approvals in respect of a plan action by any governmental or other regulatory body or any stock exchange or self-regulatory agency and (d) any and all consents or other documentation required by the Committee. Nothing herein shall require AIG to list, register or qualify the shares of Common Stock on any securities exchange.

3.4 NONASSIGNABILITY; NO HEDGING

Except to the extent otherwise expressly provided in the applicable Award Agreement or determined by the Committee, no Award (or any rights and obligations thereunder) granted to any person under the Plan may be sold, exchanged, transferred, assigned, pledged, hypothecated or otherwise disposed of or hedged, in any manner (including through the use of any cash-settled instrument), whether voluntarily or involuntarily and whether by operation of law or otherwise, other than by will or by the laws of descent and distribution, and all such Awards (and any rights thereunder) shall be exercisable during the life of the grantee only by the grantee or the grantee's legal representative. Any sale, exchange, transfer, assignment, pledge, hypothecation, or other disposition in violation of the provisions of this Section 3.4 shall be null and void and any Award which is hedged in any manner shall immediately be forfeited. All of the terms and conditions of this Plan and the Award Agreements shall be binding upon any permitted successors and assigns.



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3.5 SUCCESSOR ENTITY

Unless otherwise provided in the applicable Award Agreement and except as otherwise determined by the Committee, in the event of a merger, consolidation, mandatory share exchange or other similar business combination of AIG with or into any other entity (" *Successor Entity* ") or any transaction in which another person or entity acquires all of the issued and outstanding Common Stock of AIG, or all or substantially all of the assets of AIG, outstanding Awards may be assumed or a substantially equivalent award may be substituted by such successor entity or a parent or subsidiary of such successor entity.

3.6 RIGHT OF DISCHARGE RESERVED

Nothing in the Plan or in any Award Agreement shall confer upon any grantee the right to continue Employment by the Company or affect any right which the Company may have to terminate such Employment.

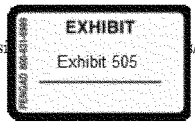
3.7 NATURE OF PAYMENTS

3.7.1 Any and all grants of Awards and deliveries of Common Stock, cash, securities or other property under the Plan shall be in consideration of services performed or to be performed for the Company by the grantee. Awards under the Plan may, in the discretion of the Committee, and subject to Section 3.17, be made in substitution in whole or in part for cash or other compensation otherwise payable to a participant in the Plan. Only whole shares of Common Stock shall be delivered under the Plan. Awards shall, to the extent reasonably practicable, be aggregated in order to eliminate any fractional shares. Fractional shares shall be rounded down to the nearest whole share and any such fractional shares shall be forfeited.

3.7.2 All such grants and deliveries shall constitute a special discretionary incentive payment to the grantee and shall not be required to be taken into account in computing the amount of salary or compensation of the grantee for the purpose of determining any contributions to or any benefits under any pension, retirement, profit-sharing, bonus, life insurance, severance or other benefit plan of the Company or under any agreement with the grantee, unless the Company specifically provides otherwise.

3.8 NON-UNIFORM DETERMINATIONS

The Committee's determinations under the Plan and Award Agreements need not be uniform and may be made by it selectively among persons who receive, or are eligible to receive, Awards under the Plan (whether or not such persons are similarly situated). Without limiting the generality of the foregoing, the Committee shall be entitled, among other things, to make non-uniform and selective determinations under Award Agreements, and to enter into non-uniform and selective Award



Agreements, as to (a) the persons to receive Awards, (b) the terms and provisions of Awards and (c) whether a grantee's Employment has been terminated for purposes of the Plan.

3.9 OTHER PAYMENTS OR AWARDS

Nothing contained in the Plan shall be deemed in any way to limit or restrict the Company from making any award or payment to any person under any other plan, arrangement or understanding, whether now existing or hereafter in effect.

3.10 PLAN HEADINGS

The headings in this Plan are for the purpose of convenience only and are not intended to define or limit the construction of the provisions hereof.

3.11 TERMINATION OF PLAN

The Board reserves the right to terminate the Plan at any time; *provided*, *however*, that in any case, the Plan shall terminate March 13, 2012, and *provided further*, that all Awards made under the Plan prior to its termination shall remain in effect until such Awards have been satisfied or terminated in accordance with the terms and provisions of the Plan and the applicable Award Agreements.

3.12 GOVERNING LAW

THIS PLAN SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

3.13 SEVERABILITY; ENTIRE AGREEMENT

If any of the provisions of this Plan or any Award Agreement is finally held to be invalid, illegal or unenforceable (whether in whole or in part), such provision shall be deemed modified to the extent, but only to the extent, of such invalidity, illegality or unenforceability and the remaining provisions shall not be affected thereby; *provided*, that if any of such provisions is finally held to be invalid, illegal, or unenforceable because it exceeds the maximum scope determined to be acceptable to permit such provision to be enforceable, such provision shall be deemed to be modified to the minimum extent necessary to modify such scope in order to make such provision enforceable hereunder. The Plan and any Award Agreements contain



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the entire agreement of the parties with respect to the subject matter thereof and supersede all prior agreements, promises, covenants, arrangements, communications, representations and warranties between them, whether written or oral with respect to the subject matter thereof.

3.14 WAIVER OF CLAIMS

Each grantee of an Award recognizes and agrees that prior to being selected by the Committee to receive an Award he or she has no right to any benefits hereunder. Accordingly, in consideration of the grantee's receipt of any Award hereunder, he or she expressly waives any right to contest the amount of any Award, the terms of any Award Agreement, any determination, action or omission hereunder or under any Award Agreement by the Committee, the Company or the Board, or any amendment to the Plan or any Award Agreement (other than an amendment to this Plan or an Award Agreement to which his or her consent is expressly required by the express terms of an Award Agreement).

3.15 NO THIRD PARTY BENEFICIARIES

Except as expressly provided therein, neither the Plan nor any Award Agreement shall confer on any person other than the Company and the grantee of any Award any rights or remedies thereunder. The exculpation and indemnification provisions of Section 1.3.3 shall inure to the benefit of a Covered Person's estate and beneficiaries and legatees.

3.16 SUCCESSORS AND ASSIGNS OF AIG

The terms of this Plan shall be binding upon and inure to the benefit of AIG and any successor entity contemplated by Section 3.5.

3.17 SECTION 409A

3.17.1 All Awards made under the Plan that are intended to be "deferred compensation" subject to Section 409A shall be interpreted, administered and construed to comply with Section 409A, and all Awards made under the Plan that are intended to be exempt from Section 409A shall be interpreted, administered and construed to comply with and preserve such exemption. The Board and the Committee shall have full authority to give effect to the intent of the foregoing sentence. To the extent necessary to give effect to this intent, in the case of any conflict or potential inconsistency between the Plan and a provision of any Award or Award Agreement with respect to an Award, the Plan shall govern.



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3.17.2 Without limiting the generality of Section 3.17.1, with respect to any Award made under the Plan that is intended to be "deferred compensation" subject to Section 409A: (a) references to termination of the grantee's employment will mean the grantee's separation from service with the Company within the meaning of Section 409A; (b) any payment to be made with respect to such Award in connection with the grantee's separation from service with the Company within the meaning of Section 409A that would be subject to the limitations in Section 409A(a)(2)(b) of the Code shall be delayed until six months after the grantee's separation from service (or earlier death) in accordance with the requirements of Section 409A; (c) to the extent necessary to comply with Section 409A, any other securities, other Awards or other property that the Company may deliver in lieu of shares of Common Stock in respect of an Award shall not have the effect of deferring delivery or payment beyond the date on which such delivery or payment would occur with respect to the shares of Common Stock that would otherwise have been deliverable (unless the Committee elects a later date for this purpose in accordance with the requirements of Section 409A); (d) with respect to any required Consent described in Section 3.3 or the applicable Award Agreement, if such Consent has not been effected or obtained as of the latest date provided by such Award Agreement for payment in respect of such Award and further delay of payment is not permitted in accordance with the requirements of Section 409A, such Award or portion thereof, as applicable, will be forfeited and terminate notwithstanding any prior earning or vesting; (e) if the Award includes a "series of installment payments" (within the meaning of Section 1.409A-2(b)(2)(iii) of the Treasury Regulations), the grantee's right to the series of installment payments shall be treated as a right to a series of separate payments and not as a right to a single payment; (f) if the Award includes "dividend equivalents" (within the meaning of Section 1.409A-3(e) of the Treasury Regulations), the grantee's right to the dividend equivalents shall be treated separately from the right to other amounts under the Award; and (g) unless the Committee determines otherwise, for purposes of determining whether the grantee has experienced a separation from service with the Company within the meaning of Section 409A, "subsidiary" shall mean a corporation or other entity in a chain of corporations or other entities in which each corporation or other entity, starting with AIG, has a controlling interest in another corporation or other entity in the chain, ending with such corporation or other entity. For purposes of the preceding sentence, the term "controlling interest" has the same meaning as provided in Section 1.414(c)-2(b)(2)(i) of the Treasury Regulations, provided that the language "at least 20 percent" is used instead of "at least 80 percent" each place it appears in Section 1.414(c)-2(b)(2)(i) of the Treasury Regulations.

3.18 NO LIABILITY WITH RESPECT TO TAX QUALIFICATION OR ADVERSE TAX TREATMENT

3.18.1 Notwithstanding anything to the contrary contained herein, in no event shall the Company be liable to a grantee on account of an Award's failure to (a) qualify for favorable United States or foreign tax treatment or (b) avoid adverse tax treatment under United States or foreign law, including, without limitation, Section 409A.



3.19 DATE OF ADOPTION AND APPROVAL OF SHAREHOLDERS

The Plan was adopted on March 13, 2002 by the Board and approved by the shareholders of AIG at the 2002 Annual Meeting of Shareholders. The Plan was amended and restated effective as of September 18, 2002 and effective as of December 31, 2008.

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CSOC.CBR.00031061

Exhibit 10(49)

AMERICAN INTERNATIONAL GROUP, INC.

2005 SENIOR PARTNERS PLAN
(AMENDED AND RESTATED EFFECTIVE DECEMBER 31, 2008)

1. PURPOSE

The Compensation and Management Resources Committee of the Board of Directors (the " *Committee* ") of American International Group, Inc. (" *AIG* ") has determined that certain key employees of AIG and its subsidiaries (together, the " *Employer* ") contribute substantially to the long-term growth and profitability of AIG. AIG has created this AIG 2005 Senior Partners Plan (this " *Plan* ") to reward these individuals and to provide incentives for their continued contribution to the long-term performance of AIG.

2. SPUs AND PARTICIPANTS

A. **2005 Senior Partner Units** . Senior Partner Units (" *SPUs* ") issued under this Plan will entitle holders to receive cash distributions from AIG, subject to the terms and conditions of this Plan.

B. **Participants.** The Committee will determine (1) the key employees of the Employer who will be awarded SPUs under this Plan (the " *Participants* ") and (2) the number of SPUs held by each Participant. It is expected that no SPUs will be awarded under this Plan after December 31, 2005.

C. **Maximum Number of SPUs** . A maximum of 30,000 SPUs may be awarded.

3. VALUE AMOUNT PER SPU

Each SPU will entitle a Participant to receive a cash distribution of $2,200 (the " *2005 SPU Value Amount* ") from AIG, subject to the terms and conditions of this Plan.

4. VESTING AND PAYOUTS OF 2005 SPU VALUE AMOUNT

A. **General** . The 2005 SPU Value Amount of each SPU will be paid out to Participants in cash promptly after January 1, 2011 (the " *Scheduled Payment Date* "), but no later than the end of 2011. Except as provided in Sections 4B and 6A, if a Participant's employment with the Employer is terminated for any reason, the Participant's rights in respect of any 2005 SPU Value Amount that would be payable on the Scheduled Payment Date will be forfeited and terminate. Notwithstanding the foregoing, if a Scheduled Payment Date occurs at a time when a Participant is considered by AIG to be one of its "covered employees" within the meaning of Section 162(m) of the U.S. Internal Revenue Code of 1986, as amended (the " *Code* "), then, unless the Committee determines

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otherwise, payout of the Weighted-Average SPU Value in respect of such Scheduled Payment Date may be deferred by the Employer under the circumstances described in Section 409A until the earliest date that the Employer reasonably anticipates that the deduction or payment will not be limited or eliminated.

B. **Death, Disability or Retirement after Age 65** . If a Participant dies, becomes subject to Disability or terminates employment by means of retirement at or after age 65 (" *Retires* "), in each case while actively employed by the Employer, any remaining unpaid 2005 SPU Value Amount will be paid to the Participant or his/her estate or guardian, as the case may be, promptly after the date of such event, but no later than 90 days after such event (in the case of death or Disability) or the end of the calendar year in which such event falls (in the case of Retirement), as applicable. For this purpose, " *Disability* " means a period of medically determined physical or mental impairment that is expected to result in death or last for a period of not less than 36 months during which a Participant qualifies for income replacement benefits under the Employer's long-term disability plan for at least six months, or, if a Participant does not participate in such a plan, a period of disability during which the Participant is unable to engage in any substantial gainful activity by reason of any medically determined physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 36 months.

C. **Election to Delay Payment** . The Committee may, in its sole discretion, determine to defer payment of the 2005 SPU Value Amount or permit a Participant to elect to defer payment of the 2005 SPU Value Amount, in each case in a manner that conforms to the requirements of Section 409A(a)(4) of the Code.

5. DIVIDEND-RELATED PAYMENTS

A. **General** . Beginning in 2006, each Participant will be paid a cash dividend-related amount on March 31, June 30, September 30 and December 31 based upon their unpaid 2005 SPU Value Amount. The quarterly dividend-related payment for each Participant will equal (1) his or her aggregate unpaid 2005 SPU Value Amount at the beginning of the quarter *multiplied by* (2) the total cash dividends AIG pays on its common stock during the quarter *divided by* (3) the Adjusted Book Value at the beginning of the quarter.

B. **Definitions** . " *Adjusted Book Value* " means, for any date, the total AIG shareholders' equity as of the date *minus* Accumulated Other Comprehensive Income (or *plus* Accumulated Other Comprehensive Loss) as of such date (as reported in AIG's Consolidated Statement of Shareholders' Equity) with such adjustments as the Committee may make in its sole discretion.



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C. **Termination of Employment** . If a Participant's employment with the Employer is terminated for any reason, the Participant's rights to receive any further dividend-related payment will terminate.

6. ADMINISTRATION OF THIS PLAN

A. **General** . This Plan will be administered by the Committee. Actions of the Committee may be taken by the vote of a majority of its members. The Committee may allocate among its members and delegate to any person who is not a member of the Committee any of its administrative responsibilities. The Committee will have power to interpret this Plan, to make regulations for carrying out its purpose and to make all other determinations in connection with its administration (including, without limitation, whether a Participant has become subject to Disability), all of which will, unless otherwise determined by the Committee, be final, binding and conclusive. In addition, the Committee may, in its sole discretion, reinstate any SPUs, 2005 SPU Value Amounts or dividend-related payments that would otherwise have been terminated and forfeited because of a Participant's termination of employment, if the Participant complies with any covenants, agreements or conditions that the Committee may impose; *provided, however* , that any such payments will not be paid until the scheduled times set forth in this Plan.

B. **Non-Uniform Determinations** . The Committee's determinations under this Plan need not be uniform and may be made by it selectively among persons who receive, or are eligible to receive, SPUs under this Plan (whether or not such persons are similarly situated). Without limiting the generality of the foregoing, the Committee will be entitled, among other things, to make non-uniform and selective determinations as to the persons to become Participants.

C. **Determination of Employment** . The Committee will have the right to determine itself with respect to any Participant the commencement date of the Participant's employment with the Employer solely for purposes of this Plan, separate and apart from any determination as may be made by AIG or its subsidiaries with respect to the individual's employment.

D. **Amendments.** The Committee will have the power to amend this Plan in any manner and at any time, including in a manner adverse to the rights of the Participants; *provided* that, notwithstanding the foregoing, the Committee may not accelerate or postpone any payment to a Participant to occur at a time other than the time provided for in this Plan.

E. **No Liability** . No member of the Board of Directors of AIG or the Committee or any employee of the Employer (each, a " *Covered Person* ") will have any liability to any person (including any Participant) for any action taken or omitted to be taken or any determination made in good faith with respect to this Plan or any Participant's participation in it. Each Covered Person will be



indemnified and held harmless by AIG against and from any loss, cost, liability, or expense (including attorneys' fees) that may be imposed upon or incurred by such Covered Person in connection with or resulting from any action, suit or proceeding to which such Covered Person may be a party or in which such Covered Person may be involved by reason of any action taken or omitted to be taken under this Plan and against and from any and all amounts paid by such Covered Person, with AIG's approval, in settlement thereof, or paid by such Covered Person in satisfaction of any judgment in any such action, suit or proceeding against such Covered Person, *provided* that AIG will have the right, at its own expense, to assume and defend any such action, suit or proceeding and, once AIG gives notice of its intent to assume the defense, AIG will have sole control over such defense with counsel of AIG's choice. To the extent any taxable expense reimbursement under this paragraph is subject to Section 409A, (x) the amount thereof eligible in one taxable year shall not affect the amount eligible in any other taxable year; (y) in no event shall any expenses be reimbursed after the last day of the taxable year following the taxable year in which the Covered Person incurred such expenses; and (z) in no event shall any right to reimbursement be subject to liquidation or exchange for another benefit. The foregoing right of indemnification will not be available to a Covered Person to the extent that a court of competent jurisdiction in a final judgment or other final adjudication, in either case, not subject to further appeal, determines that the acts or omissions of such Covered Person giving rise to the indemnification claim resulted from such Covered Person's bad faith, fraud or willful misconduct. The foregoing right of indemnification will not be exclusive of any other rights of indemnification to which Covered Persons may be entitled under AIG's Restated Certificate of Incorporation or Bylaws, as a matter of law, or otherwise, or any other power that AIG may have to indemnify such persons or hold them harmless.

F. **Other** . In furtherance of AIG's policies, notwithstanding Section 2, if any Participant is a shareholder in C.V. Starr & Co., Inc. on March 31, 2006, such person will cease to be a Participant, his or her SPUs will be forfeited and terminate and he or she will have no rights under this Plan (in each case, unless the Committee determines otherwise).

7. **General Rules**

A. **No Funding** . AIG will be under no obligation to fund or set aside amounts to pay obligations under this Plan. Participants will have no rights to the 2005 SPU Value Amount other than as a general unsecured creditor of AIG.

B. **Tax Withholding** . As a condition to the payment of any amount under this Plan or in connection with any other event that gives rise to a federal or other governmental tax withholding obligation (1) AIG may deduct or withhold (or cause to be deducted or withheld) from any payment to a Participant whether or not pursuant to this Plan or (2) the Committee will be entitled to require that the Participant remit



cash to AIG (through payroll deduction or otherwise), in each case, in an amount sufficient in the opinion of AIG to satisfy such withholding obligation.

C. **No Rights to Other Payments** . The provisions of this Plan provide no right or eligibility to a Participant to any other payouts from AIG or its subsidiaries under any other alternative plans, schemes, arrangements or contracts AIG may have with any employees or group of employees of AIG or its subsidiaries.

D. **No Effect on Benefits** . Grants and payments under this Plan will constitute a special discretionary incentive payment to the Participants and will not be required to be taken into account in computing the amount of salary or compensation of the Participants for the purpose of determining any contributions to or any benefits under any pension, retirement, profit-sharing, bonus, life insurance, severance or other benefit plan of the Employer or under any agreement with the Participant, unless the Employer specifically provides otherwise.

E. **Section 409A** .

(1) SPUs are intended to provide payments that are "deferred compensation" subject to Section 409A, and this Plan is intended to, and will be interpreted, administered and construed to, comply with Section 409A with respect to the SPUs. For this purpose, " *Section 409A* " means Section 409A of the Code, including any amendments or successor provisions to that section, and any regulations and other administrative guidance thereunder, in each case as they may be from time to time amended or interpreted through further administrative guidance. The Committee will have full authority to give effect to the intent of this Section 7E.

(2) Without limiting the generality of Section 7E(1), (a) references to the termination of a Participant's employment with respect to SPUs will mean the Participant's separation from service with the Employer within the meaning of Section 409A, and (b) the right to dividend-related payments pursuant to Section 5 will be treated separately from the right to payment of the 2005 SPU Value Amount for all purposes of Section 409A.

(3) Any payment to be made under the SPUs in connection with termination of a Participant's employment (and any other payment under this Plan) that would be subject to the limitations in Section 409A(a)(2)(b) of the Code will be delayed until six months after termination of the Participant's employment (or earlier death) in accordance with the requirements of Section 409A.



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(4) Each payment under the SPUs will be treated as a separate payment for purposes of Section 409A.

F. **Severability** . If any of the provisions of this Plan is finally held to be invalid, illegal or unenforceable (whether in whole or in part), such provision will be deemed modified to the extent, but only to the extent, of such invalidity, illegality or unenforceability and the remaining provisions will not be affected thereby; *provided* that if any of such provisions is finally held to be invalid, illegal, or unenforceable because it exceeds the maximum scope determined to be acceptable to permit such provision to be enforceable, such provision will be deemed to be modified to the minimum extent necessary to modify such scope in order to make such provision enforceable hereunder.

G. **Entire Agreement** . This Plan contains the entire agreement of the parties with respect to the subject matter thereof and supersedes all prior agreements, promises, covenants, arrangements, communications, representations and warranties between them, whether written or oral with respect to the subject matter thereof.

H. **Waiver of Claims** . Each Participant recognizes and agrees that prior to being selected by the Committee to receive a SPU he or she has no right to any benefits under this Plan. Accordingly, in consideration of the Participant's receipt of any SPU hereunder, he or she expressly waives any right to contest the amount of any SPU, the terms of this Plan, any determination, action or omission hereunder by the Committee or AIG or any amendment to this Plan.

I. **No Third Party Beneficiaries** . Except as expressly provided therein, this Plan will not confer on any person other than AIG and the Participant any rights or remedies thereunder. The exculpation and indemnification provisions of Section 6E will inure to the benefit of a Covered Person's estate and beneficiaries and legatees.

J. **AIG's Successors and Assigns** . The terms of this Plan will be binding upon and inure to the benefit of AIG and its successors and assigns.

K. **Nonassignability** . The SPUs, 2005 SPU Value Amounts and dividend-related payments will not be assignable, transferable, pledged, hedged or in any manner alienated, whether by operation of law or otherwise, except as a result of death or incapacity where such rights are passed pursuant to a will or by operation of law. The Committee may in its sole discretion acknowledge the written direction by a Participant to transfer his/her SPUs under this Plan to a revocable grantor trust in such form and on such conditions as the Committee may require in its sole discretion. Any assignment, transfer, pledge, or other disposition in violation of the provisions of this Section 7K will be null and void and any SPUs which are hedged in any manner will immediately be forfeited.

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L. **Right to Discharge** . Nothing contained in this Plan or in any SPU will confer on any Participant any right to be continued in the employ of the Employer or to be included in any future plans of a similar nature.

M. **Consent** . If the Committee will at any time determine that any consent (as hereinafter defined) is necessary or desirable as a condition of, or in connection with, the granting of any SPUs, determination of the 2005 SPU Value Amount or the payment of any amount under this Plan, or the taking of any other action thereunder (each such action, a " *plan action* "), then such plan action will not be taken, in whole or in part, unless and until such consent will have been effected or obtained to the full satisfaction of the Committee. The term " *consent* " as used in this Section 7M includes (1) any and all listings, registrations or qualifications in respect thereof upon any securities exchange or under any federal, state, or local law, or law, rule or regulation of a jurisdiction outside the United States, (2) any other matter, which the Committee may deem necessary or desirable to comply with the terms of any such listing, registration or qualification or to obtain an exemption from the requirement that any such listing, qualification or registration be made, (3) any and all other consents, clearances and approvals in respect of a plan action by any governmental or other regulatory body or any stock exchange or self-regulatory agency and (4) any and all consents required by the Committee; *provided* that if such consent has not been so effected or obtained as of the latest date provided by this Plan for payment of such amount and further delay is not permitted in accordance with the requirements of Section 409A, such amount will be forfeited and terminate notwithstanding any prior earning or vesting.

N. **Adoption** . This Plan was adopted on December 14, 2005 by the Committee. This Plan was amended and restated by the Committee on November 11, 2008.

8. DISPUTES

A. **Governing Law** . This Plan will be governed by and construed in accordance with the laws of the State of New York, without regard to principles of conflict of laws.

B. **Arbitration** . Subject to the provisions of this Section 8, any dispute, controversy or claim between AIG and a Participant, arising out of or relating to or concerning this Plan or any SPU, will be finally settled by arbitration in New York City before, and in accordance with the rules then obtaining of, the New York Stock Exchange, Inc. (the " *NYSE* ") or, if the NYSE declines to arbitrate the matter (or if the matter otherwise is not arbitrable by it), the American Arbitration Association (the " *AAA* ") in accordance with the commercial arbitration rules of the AAA. Prior to arbitration, all claims maintained by a Participant must first be submitted to the Committee in accordance with claims procedures determined by the Committee.



C. **Jurisdiction** . AIG and each Participant hereby irrevocably submit to the exclusive jurisdiction of a state or federal court of appropriate jurisdiction located in the Borough of Manhattan, the City of New York over any suit, action or proceeding arising out of or relating to or concerning this Plan or any SPU that is not otherwise arbitrated or resolved according to Section 8B. AIG and each Participant acknowledge that the forum designated by this Section has a reasonable relation to this Plan and to such Participant's relationship with AIG.

D. **Waiver** . AIG and each Participant waive, to the fullest extent permitted by applicable law, any objection which AIG and such Participant now or hereafter may have to personal jurisdiction or to the laying of venue of any such suit, action or proceeding in any court referred to in Section 8C. AIG and each Participant undertake not to commence any action, suit or proceeding arising out of or relating to or concerning this Plan or any SPU in any forum other than a forum described in Section 8C.

E. **Service of Process** . Each Participant irrevocably appoints the Secretary of AIG at 70 Pine Street, New York, New York 10270, U.S.A. as his or her agent for service of process in connection with any action, suit or proceeding arising out of or relating to or concerning this Plan or any SPU that is not otherwise arbitrated or resolved according to Section 8A. The Secretary will promptly advise the Participant of any such service of process.

F. **Confidentiality** . Each Participant must keep confidential any information concerning any grant made under this Plan and any dispute, controversy or claim relating to this Plan, except that a Participant may disclose information concerning a dispute or claim to the court that is considering such dispute or to such Participant's legal counsel (provided that such counsel agrees not to disclose any such information other than as necessary to the prosecution or defense of the dispute).

9. TERM OF PLAN

This Plan will continue until suspended or terminated by the Committee in its sole discretion. Any termination of this Plan will be done in a manner that the Committee determines complies with Section 409A.

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Exhibit 10(50)

AMERICAN INTERNATIONAL GROUP, INC.

2005/2006 DEFERRED COMPENSATION PROFIT PARTICIPATION PLAN

(SENIOR PARTNERS)

(AMENDED AND RESTATED EFFECTIVE DECEMBER 31, 2008)

1. PURPOSE AND STRUCTURE

The Compensation and Management Resources Committee of the Board of Directors (the " *Compensation Committee* ") of American International Group, Inc. (" *AIG* ") has determined that certain key employees of AIG and its subsidiaries (together, the " *Employer* ") contribute substantially to the growth of the value of the assets and income of AIG. AIG has created this AIG 2005/2006 Deferred Compensation Profit Participation Plan to reward these individuals (the " *Participants* ") and to provide incentives for their continued contribution to the growth of AIG.

The AIG 2005/2006 Deferred Compensation Profit Participation Plan (the " *Plan* ") is composed of three plan documents, one for Participants in the "Senior Partner" category, one for Participants in the "Partner" category and one for Participants in the "Associate" category. These documents describe features that differ among these categories of Participants but together constitute one Plan. This is the Plan document for participants in the "Senior Partner" category.

2. PARTICIPATION AND UNITS

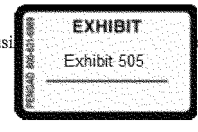
The Compensation Committee, in its sole discretion, shall establish a list of the Participants in the Plan (from the employees of the Employer) and express an amount of participation in the Plan in "units" next to each name that shall indicate the level of participation of the Participant. Categories of participation shall be divided, based on the number of allocated units, into Associate, Partner or Senior Partner.

Participants granted 1000 or more participation units under the Plan are referred to as "Senior Partners".

All participation units under the Plan shall be deemed to be granted effective January 1, 2005 (the " *Grant Date* "), regardless of when an individual becomes a Participant. The term of the Plan shall commence January 1, 2005 and shall continue to December 31, 2006.

3. INITIAL ALLOCATED AIG STOCK AND EPS THRESHOLD

AIG shall cause an account to be kept in the name of each Participant that shall reflect the shares of common stock of AIG, par value $2.50 per share (the " *AIG Stock* "), if any, contingently allocated to each Participant under the Plan. If the EPS Growth Threshold (as defined below) is satisfied, each Senior Partner Participant employed by the Employer at December 31, 2006 shall have contingently allocated



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to such Participant's account 16 shares of AIG Stock for each participation unit granted to such Participant (such Participant's "*Initial Allocated AIG Stock*").

The "*EPS Growth Threshold*" shall be satisfied if the cumulative earnings per share of AIG Stock during the two year term of the Plan exceeds cumulative earnings per share of AIG Stock during the two year period commencing January 1, 2003 and ending December 31, 2004. For this purpose earnings per share shall be determined by the Compensation Committee in its sole discretion in accordance with U.S. Generally Accepted Accounting Principles (1) without giving effect to realized capital gains or losses, net of tax; the cumulative affect of changes in accounting treatment during the relevant periods, net of tax; FAS 133 gains and losses, excluding realized capital gains or losses, net of tax; or extraordinary items related to acquisition, restructuring and related charges, net of tax, (2) with adjustments for any stock split or stock dividend during the relevant period, (3) with adjustments in the case of cash acquisitions in excess of $5 billion to equalize the effect of acquisitions for cash and acquisitions for AIG Stock, (4) giving effect to any restatement in earnings per share for the relevant period and (5) with such other adjustments as the Compensation Committee may make to provide consistency between the two year term of the Plan and the two year period commencing January 1, 2003 and ending December 31, 2004. For the avoidance of doubt, the preceding adjustments may be made by the Compensation Committee in its sole discretion.

4. Payouts of Initial Allocated AIG Stock

Subject to the following terms and conditions, each Senior Partner Participant shall receive:

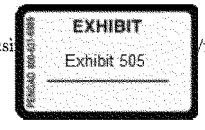
A. promptly after May 1, 2009 (but no later than the end of 2009), providing that such Participant is employed by the Employer at such time, fifty percent (50%) of such Participant's Initial Allocated AIG Stock (less any withholding taxes required thereon); and

B. promptly after May 1, 2010 (but no later than the end of 2010), providing that such Participant is employed by the Employer at such time, fifty percent (50%) of such Participant's Initial Allocated AIG Stock (less any withholding taxes required thereon).

5. Payouts of Incremental Amount

The amounts described in this section shall be contingently allocated to the account of each Senior Partner Participant in accordance with the rules of the Plan, regardless of any payouts received by such Participant under section 4.

A. If any Senior Partner Participant is employed with the Employer as of March 1, 2012, an additional amount of AIG Stock equal to twenty percent (20%) of such Participant's Initial Allocated AIG Stock shall be paid to such Participant promptly thereafter (but no later than the end of 2012) (such Participant's "*Incremental Amount*" and, together with such Participant's Initial Allocated AIG Stock, such Participant's "*Allocated AIG Stock*").



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B. Notwithstanding the conditions of section 5 A, if a Senior Partner Participant terminates employment with the Employer by means of retirement after reaching age 65 (" *Retires* "), dies or becomes subject to Disability, such Participant shall be entitled in accordance with section 7 to such portion of the Incremental Amount contingently allocated under this section as follows:

(1) 25% of such amount if death, Disability or Retirement occurs within 6 months from the Grant Date;

(2) 50% of such amount if death, Disability or Retirement occurs on or after 6 months but within 12 months from the Grant Date;

(3) 75% of such amount if death, Disability or Retirement occurs on or after 12 months but within 18 months from the Grant Date; and

(4) 100% of such amount if death, Disability or Retirement occurs on or after 18 months from the Grant Date.

C. If a Senior Partner Participant retires or is terminated with the consent of the Compensation Committee prior to age 65 and satisfies the covenants, agreements and conditions as provided by section 6 A, such Participant may be entitled in accordance with section 7 to such portion of the Incremental Amount contingently allocated to the Participant's account under this section, the numerator of which shall be the number of years from the Grant Date to the date of such retirement or termination, and the denominator of which shall be eight (8). If the retirement or termination with consent of the Compensation Committee occurs within the first 6 months of a calendar year no credit for any part of the year shall be provided in calculating the numerator of the fraction. If such event occurs during the last six months of a calendar year, a full year of service shall be included in the numerator of the fraction.

6. Retirement or Termination with Consent of Compensation Committee

A. Notwithstanding the limitations provided in section 7 A that deprive a Participant who retires, terminates, is terminated or otherwise departs prior to age 65 of any rights to such Participant's Allocated AIG Stock, but subject to section 6 B, the Compensation Committee may, in its sole discretion, reinstate such contingent rights to the Allocated AIG Stock as provided in B (1) through (3) herein, if and only if, such Participant complies with such covenants, agreements and conditions as the Compensation Committee may, in its sole discretion, impose from the time of early termination of employment to age 65.

B. Any Participant who receives the consent of the Compensation Committee to reinstate the contingent rights to such Participant's Allocated AIG Stock under this section shall be entitled to the



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following amounts after appropriate determination that the required covenants, agreements and conditions of subsection A have been complied with:

(1) one hundred percent (100%) of the Participant's Initial Allocated AIG Stock or, if such retirement occurs before the end of the two year term of the Plan, such portion of the Participant's Initial Allocated AIG Stock as determined under section 8;

(2) plus such portion of the Incremental Amount as described in section 5 C;

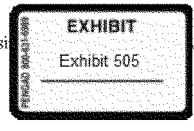
(3) less any Allocated AIG Stock previously distributed under the provisions of section 4;

provided, however, that any Allocated AIG Stock reinstated pursuant to this section 6 will not be paid until the payment times set forth in sections 4 and 5.

7. GENERAL RULES

Each Participant's Allocated AIG Stock shall not vest and shall continue to be governed by and contingently reserved for the Participant in accordance with the Plan's terms and conditions until the payment times set forth in sections 4 and 5 above.

A. The Participant will forfeit any and all rights to or interest in any undistributed Allocated AIG Stock contingently allocated to the Participant's account in the event his/her employment with the Employer terminates or is terminated before the applicable payment time set forth in section 4 or section 5 for any reason including, but not limited to, redundancy or dismissal prior to Retirement. Notwithstanding the foregoing, if the Participant (1) dies, (2) becomes subject to Disability or (3) Retires, in each case while a full time employee with the Employer, the Participant or his/her estate, heir or successors, as the case may be, shall become entitled to receive any Allocated AIG Stock contingently allocated to the Participant's account as provided hereunder no later than 90 days after the date of such event (in the case of death or Disability) or no later than the end of the calendar year in which such event occurs (in the case of Retirement), as applicable. For this purpose, "*Disability*" means a period of medically determined physical or mental impairment that is expected to result in death or last for a period of not less than 36 months during which a Participant qualifies for income replacement benefits under the Employer's long-term disability plan for at least six months, or, if a Participant does not participate in such a plan, a period of disability during which the Participant is unable to engage in any substantial gainful activity by reason of any medically determined physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 36 months.



B. The Participant will have no rights as a stockholder of AIG, and therefore will not be entitled to cash dividends paid on the Allocated AIG Stock nor to vote such stock until the AIG Stock is delivered to such individual by AIG under the terms described in the Plan. Unless the Compensation Committee makes an adjustment pursuant to the following sentence, all stock dividends or splits with respect to any Allocated AIG Stock occurring after December 31, 2006 shall accrue and accumulate and be paid in kind at the same time as the Allocated AIG Stock to which such stock dividend or split relates. The Compensation Committee shall have the authority (but shall not be required) to adjust equitably the shares of AIG Stock to be allocated for each participation unit pursuant to section 3 and the shares of Allocated AIG Stock in such manner as it deems appropriate to preserve the benefits or potential benefits intended to be made available to Participants (including, without limitation, by payment of cash or by substituting or adding other securities or property) for any change in the AIG Stock resulting from a recapitalization, stock split, stock dividend, combination or exchange of shares of AIG Stock, merger, consolidation, rights offering, separation, reorganization or liquidation, or any other change in the corporate structure or shares of AIG; *provided* that no such adjustment shall be made if or to the extent that it would cause any payment under this Plan to fail to comply with Section 409A. After any adjustment made pursuant to this section, the number of shares of each Participant's Allocated AIG Stock shall be rounded down to the nearest whole number. For the avoidance of doubt, the Compensation Committee may, in its sole discretion, decline to adjust the terms of any outstanding Allocated AIG Stock if it determines that such adjustment would violate applicable law or result in adverse tax consequences to the Participant or to the Employer.

C. For the avoidance of doubt, any Participant elections with respect to the payment of Allocated AIG Stock made prior to the amendment of the Plan on March 11, 2008 will be disregarded for all purposes, and such Allocated AIG Stock will be paid only at the times provided for in the Plan.

D. The Compensation Committee in its sole discretion reserves the right of final determination of whether to distribute to the Participant either the shares of AIG Stock or an amount of cash equivalent in value to the fair market value of such shares of AIG Stock.

E. Notwithstanding any other provision existing within the Plan, a Participant must have rendered service to one or more Employers for a period of at least four (4) years before being considered eligible for any distributions under the Plan, subject to any longer period of service required by any other provision of the Plan for any payouts under any provision of the Plan.

F. The provisions of the Plan provide no right or eligibility to a Participant to any other payouts from AIG, its subsidiaries or affiliates under any other alternative plans, schemes, arrangements



or contracts AIG may have with any employees or group of employees of AIG, its subsidiaries or affiliates.

G. Shares of AIG Stock delivered to a Participant under the Plan shall be treated as an "Award" made pursuant to the AIG 2002 Stock Incentive Plan, as amended from time to time (the " *SIP* "), and, except as modified by this Plan, all terms of the SIP shall apply to this Plan. Notwithstanding any other provision existing within the Plan, the amount of Allocated AIG Stock contingently allocated to any Participant's account shall not exceed any per person per period award limit under the SIP.

H. Only whole shares of AIG Stock shall be delivered under the Plan. Fractional shares shall be rounded down to the nearest whole share and any such fractional shares shall be forfeited.

I. Grants and deliveries under the Plan shall constitute a special discretionary incentive payment to the Participant and shall not be required to be taken into account in computing the amount of salary or compensation of the Participant for the purpose of determining any contributions to or any benefits under any pension, retirement, profit-sharing, bonus, life insurance, severance or other benefit plan of the Employer or under any agreement with the Participant, unless the Employer specifically provides otherwise.

J. The Plan is intended to provide payments that are "deferred compensation" subject to Section 409A, and the Plan is intended to, and will be interpreted, administered and construed to, comply with Section 409A. For this purpose, " *Section 409A* " means Section 409A of the U.S. Internal Revenue Code of 1986, as amended (the " *Code* "), including any amendments or successor provisions to that section, and any regulations and other administrative guidance thereunder, in each case as they may be from time to time amended or interpreted through further administrative guidance. The Compensation Committee will have full authority to give effect to the intent of this section 7 J. Without limiting the generality of the foregoing: (1) references to the termination of a Participant's employment will mean the Participant's separation from service with AIG within the meaning of Section 409A; (2) any payment to be made under the Plan in connection with termination of a Participant's employment (and any other payment under the Plan) that would be subject to the limitations in Section 409A(a)(2)(b) of the Code will be delayed until six months after termination of the Participant's employment (or earlier death) in accordance with the requirements of Section 409A; (3) to the extent necessary to comply with the foregoing, any securities or other property that the Employer may deliver in lieu of AIG Stock or cash will not have the effect of deferring delivery or payment beyond the date on which such delivery or payment would occur with respect to the AIG Stock that would otherwise have been deliverable (unless the Committee elects a later date for this purpose in accordance with section 7 J (5)); (4) each payment under the Plan will be treated as a separate payment for purposes of Section 409A;

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and (5) the Compensation Committee may, in its sole discretion, determine to defer a payment under the Plan or permit a Participant to elect to defer a payment under the Plan, in each case in a manner that conforms to the requirements of Section 409A(a)(4) of the Code.

8. Death, Disability or Retirement In The First Two Years Of Plan

If a Participant dies, becomes subject to Disability, or retires with the consent of the Compensation Committee as provided in section 6 during the two year term of the Plan (except that Retirement does not need the consent of the Compensation Committee):

A. within the first six months after the Grant Date, the Participant will receive following determination one fourth of the appropriate Initial Allocated AIG Stock at the applicable time otherwise set forth in the Plan;

B. on or after six months but within one year of the Grant Date, the Participant will receive following determination one half of the appropriate Initial Allocated AIG Stock at the applicable time otherwise set forth in the Plan;

C. on or after twelve months but within eighteen months of the Grant Date, the Participant will receive following determination three fourths of the appropriate Initial Allocated AIG Stock at the applicable time otherwise set forth in the Plan; and

D. on or after eighteen months from the Grant Date, the Participant will receive following determination one hundred percent (100%) of the appropriate Initial Allocated AIG Stock at the applicable time otherwise set forth in the Plan;

in each case which would have been allocated to his or her account at the end of the second year of the Plan and in each case excluding the Incremental Amount (which portion available for payment shall be determined under section 5 B or C).

9. Non-Assignable

Any rights or expectancy thereof which a Participant may receive pursuant to the Plan shall not be assignable, transferable, pledged, hedged or in any manner alienated, whether by operation of law or otherwise, except as a result of death or incapacity where such rights are passed pursuant to a will or by operation of law. The Compensation Committee may in its sole discretion acknowledge the written direction by a Participant to transfer his/her contingent rights under the Plan to a revocable grantor trust in such form and on such conditions as such officer may require in his or her sole discretion. Any assignment, transfer, pledge, or other disposition in violation of the provisions of this section 9 shall be null and void and any Allocated AIG Stock which is hedged in any manner shall immediately be forfeited.



10. ADMINISTRATION OF THE PLAN

The Plan shall be administered by the Compensation Committee. Actions of the Committee may be taken by the vote of a majority of its members. The Committee may allocate among its members and delegate to any person who is not a member of the Committee any of its administrative responsibilities.

The Compensation Committee shall have power to interpret the Plan, to make regulations for carrying out its purpose and to make all other determinations in connection with its administration, all of which shall, unless otherwise determined by the Compensation Committee, be final, binding and conclusive. The Compensation Committee shall have the power to amend the Plan in any manner and at any time, including in a manner adverse to the rights of the Participants; *provided* that, notwithstanding the foregoing, the Compensation Committee may not accelerate or postpone the delivery of shares of AIG Stock or the delivery of any cash, securities or other property under the Plan to occur at a time other than the time otherwise provided for in the Plan. In addition, the Compensation Committee shall have the power to increase a Participant's amount of Initial Allocated AIG Stock.

No member of the Board of Directors of AIG or the Compensation Committee or any employee of the Company (each such person a " *Covered Person* ") shall have any liability to any person (including any Participant) for any action taken or omitted to be taken or any determination made in good faith with respect to the Plan or any Participant's participation in it. Each Covered Person shall be indemnified and held harmless by AIG against and from any loss, cost, liability, or expense (including attorneys' fees) that may be imposed upon or incurred by such Covered Person in connection with or resulting from any action, suit or proceeding to which such Covered Person may be a party or in which such Covered Person may be involved by reason of any action taken or omitted to be taken under the Plan and against and from any and all amounts paid by such Covered Person, with AIG's approval, in settlement thereof, or paid by such Covered Person in satisfaction of any judgment in any such action, suit or proceeding against such Covered Person, *provided* that AIG shall have the right, at its own expense, to assume and defend any such action, suit or proceeding and, once AIG gives notice of its intent to assume the defense, AIG shall have sole control over such defense with counsel of AIG's choice. To the extent any taxable expense reimbursement under this paragraph is subject to Section 409A, (x) the amount thereof eligible in one taxable year shall not affect the amount eligible in any other taxable year; (y) in no event shall any expenses be reimbursed after the last day of the taxable year following the taxable year in which the Covered Person incurred such expenses; and (z) in no event shall any right to reimbursement be subject to liquidation or exchange for another benefit. The foregoing right indemnification shall not be available to a Covered Person to the extent that a court of competent jurisdiction in a final judgment or other final adjudication, in either case, not subject to further appeal, determines that the acts or omissions of such Covered Person giving rise to the indemnification claim resulted from such Covered Person's bad faith, fraud or willful misconduct. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which Covered Persons may be entitled under AIG's Restated Certificate of Incorporation or Bylaws, as a matter of law, or otherwise, or any other power that AIG may have to indemnify such persons or hold them harmless.



If the Compensation Committee shall at any time determine that any consent (as hereinafter defined) is necessary or desirable as a condition of, or in connection with, the granting of any units, contingent allocation of any Allocated AIG Stock, the delivery of shares of AIG Stock or the delivery of any cash, securities or other property under the Plan, or the taking of any other action thereunder (each such action, a "plan action"), then such plan action shall not be taken, in whole or in part, unless and until such consent shall have been effected or obtained to the full satisfaction of the Compensation Committee; *provided* that if such consent has not been so effected or obtained as of the latest date provided by the Plan for the delivery of shares of AIG Stock or the delivery of any cash, securities or other property under the Plan and further delay of delivery is not permitted in accordance with the requirements of Section 409A, such amounts will be forfeited and terminate notwithstanding any prior earning or vesting. The Compensation Committee may direct that any certificate evidencing AIG Stock delivered pursuant to the Plan shall bear a legend setting forth such restrictions on transferability as the Compensation Committee may determine to be necessary or desirable, and may advise the transfer agent to place a stop transfer order against any legended shares. The term "consent" as used in this paragraph includes (A) any and all listings, registrations or qualifications in respect thereof upon any securities exchange or under any federal, state, or local law, or law, rule or regulation of a jurisdiction outside the United States, (B) any other matter, which the Compensation Committee may deem necessary or desirable to comply with the terms of any such listing, registration or qualification or to obtain an exemption from the requirement that any such listing, qualification or registration be made, (C) any and all other consents, clearances and approvals in respect of a plan action by any governmental or other regulatory body or any stock exchange or self-regulatory agency and (D) any and all consents required by the Compensation Committee. Nothing herein shall require AIG to list, register or qualify the shares of AIG Stock on any securities exchange.

The Compensation Committee's determinations under the Plan need not be uniform and may be made by it selectively among persons who receive, or are eligible to receive, benefits under the Plan (whether or not such persons are similarly situated). Without limiting the generality of the foregoing, the Compensation Committee shall be entitled, among other things, to make non-uniform and selective determinations as to the persons to become Participants.

11. Determination of Employment

Nothing contained in the Plan or in any participation granted pursuant to the Plan shall confer on any Participant any right to be continued in the employ of the Employer or to be included in any future plans of a similar nature.

The Compensation Committee shall have the right to determine itself with respect to any Participant the commencement date of such Participant's employment with the Employer solely for purposes of the Plan, separate and apart from any such determination as may be made by AIG, its subsidiaries or affiliates with respect to the individual's employment.



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12. Governing Law; Waiver of Suit; Confidentiality

Any dispute, controversy or claim between AIG and a Participant, arising out of or relating to or concerning the Plan or any allocation, shall be finally settled by arbitration in New York City before, and in accordance with the rules then obtaining of, the New York Stock Exchange, Inc. (the "*NYSE*") or, if the NYSE declines to arbitrate the matter (or if the matter otherwise is not arbitrable by it), the American Arbitration Association (the "*AAA*") in accordance with the commercial arbitration rules of the AAA. Prior to arbitration, all claims maintained by a Participant must first be submitted to the Compensation Committee in accordance with claims procedures determined by the Compensation Committee. This Paragraph is subject to the other provisions of section 12 below.

AIG and each Participant hereby irrevocably submit to the exclusive jurisdiction of a state or federal court of appropriate jurisdiction located in the Borough of Manhattan, the City of New York over any suit, action or proceeding arising out of or relating to or concerning the Plan or any allocation that is not otherwise arbitrated or resolved according to the foregoing paragraph. AIG and each Participant acknowledge that the forum designated by this section has a reasonable relation to the Plan and to such Participant's relationship with AIG.

AIG and each Participant waive, to the fullest extent permitted by applicable law, any objection which AIG and such Participant now or hereafter may have to personal jurisdiction or to the laying of venue of any such suit, action or proceeding in any court referred to in this section. AIG and each Participant undertake not to commence any action, suit or proceeding arising out of or relating to or concerning the Plan or any allocation in any forum other than a forum described in this section.

Each Participant irrevocably appoints the Secretary of AIG at 70 Pine Street, New York, New York 10270, U.S.A. as his or her agent for service of process in connection with any action, suit or proceeding arising out of or relating to or concerning the Plan or any allocation that is not otherwise arbitrated or resolved according to the first paragraph of this section 12. The Secretary shall promptly advise the Participant of any such service of process.

Each Participant recognizes and agrees that prior to being selected by the Compensation Committee to receive an allocation he/she has no right to any benefits under the Plan. Accordingly, in consideration of each Participant's receipt of an allocation, he/she expressly waives any right to contest the amount of such allocation, the terms of such allocation, any determination, action or omission made by the Compensation Committee, AIG or the board of directors of AIG, or any amendment to the Plan.

Each Participant must keep confidential any information concerning any allocation made under the Plan and any dispute, controversy or claim relating to the Plan, except that a Participant may disclose information concerning a dispute or claim to the court that is considering such dispute or to such Participant's legal counsel (provided that such counsel agrees not to disclose any such information other than as necessary to the prosecution or defense of the dispute).

EXHIBIT
Exhibit 505

CSOC.CBR.00031079

Exhibit 10(51)

AMERICAN INTERNATIONAL GROUP, INC.

2005/2006 DEFERRED COMPENSATION PROFIT PARTICIPATION PLAN

(PARTNERS)

(AMENDED AND RESTATED EFFECTIVE DECEMBER 31, 2008)

1. PURPOSE AND STRUCTURE

The Compensation and Management Resources Committee of the Board of Directors (the " *Compensation Committee* ") of American International Group, Inc. (" *AIG* ") has determined that certain key employees of AIG and its subsidiaries (together, the " *Employer* ") contribute substantially to the growth of the value of the assets and income of AIG. AIG has created this AIG 2005/2006 Deferred Compensation Profit Participation Plan to reward these individuals (the " *Participants* ") and to provide incentives for their continued contribution to the growth of AIG.

The AIG 2005/2006 Deferred Compensation Profit Participation Plan (the " *Plan* ") is composed of three plan documents, one for Participants in the "Senior Partner" category, one for Participants in the "Partner" category and one for Participants in the "Associate" category. These documents describe features that differ among these categories of Participants but together constitute one Plan. This is the Plan document for participants in the "Partner" category.

2. PARTICIPATION AND UNITS

The Compensation Committee, in its sole discretion, shall establish a list of the Participants in the Plan (from the employees of the Employer) and express an amount of participation in the Plan in "units" next to each name that shall indicate the level of participation of the Participant. Categories of participation shall be divided, based on the number of allocated units, into Associate, Partner or Senior Partner.

Participants granted more than 599 participation units under the Plan but less than 1000 participation units under the Plan are referred to as "Partners".

All participation units under the Plan shall be deemed to be granted effective January 1, 2005 (the " *Grant Date* "), regardless of when an individual becomes a Participant. The term of the Plan shall commence January 1, 2005 and shall continue to December 31, 2006.

3. INITIAL ALLOCATED AIG STOCK AND EPS THRESHOLD

AIG shall cause an account to be kept in the name of each Participant that shall reflect the shares of common stock of AIG, par value $2.50 per share (the " *AIG Stock* "), if any, contingently allocated to each Participant under the Plan. If the EPS Growth Threshold (as defined below) is satisfied, each Partner Participant employed

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by the Employer at December 31, 2006 shall have contingently allocated to such Participant's account 12 shares of AIG Stock for each participation unit granted to such Participant (such Participant's "*Initial Allocated AIG Stock*").

The "*EPS Growth Threshold*" shall be satisfied if the cumulative earnings per share of AIG Stock during the two year term of the Plan exceeds cumulative earnings per share of AIG Stock during the two year period commencing January 1, 2003 and ending December 31, 2004. For this purpose earnings per share shall be determined by the Compensation Committee in its sole discretion in accordance with U.S. Generally Accepted Accounting Principles (1) without giving effect to realized capital gains or losses, net of tax; the cumulative affect of changes in accounting treatment during the relevant periods, net of tax; FAS 133 gains and losses, excluding realized capital gains or losses, net of tax; or extraordinary items related to acquisition, restructuring and related charges, net of tax, (2) with adjustments for any stock split or stock dividend during the relevant period, (3) with adjustments in the case of cash acquisitions in excess of $5 billion to equalize the effect of acquisitions for cash and acquisitions for AIG Stock, (4) giving effect to any restatement in earnings per share for the relevant period and (5) with such other adjustments as the Compensation Committee may make to provide consistency between the two year term of the Plan and the two year period commencing January 1, 2003 and ending December 31, 2004. For the avoidance of doubt, the preceding adjustments may be made by the Compensation Committee in its sole discretion.

4. Payouts of Initial Allocated AIG Stock

Subject to the following terms and conditions, each Partner Participant shall receive:

A. promptly after May 1, 2009 (but no later than the end of 2009) providing that such Participant is employed by the Employer at such time, fifty percent (50%) of such Participant's Initial Allocated AIG Stock (less any withholding taxes required thereon); and

B. promptly after May 1, 2010 (but no later than the end of 2010) providing that such Participant is employed by the Employer at such time, fifty percent (50%) of such Participant's Initial Allocated AIG Stock (less any withholding taxes required thereon).

5. Payouts of Incremental Amount

The amounts described in this section shall be contingently allocated to the account of each Partner Participant in accordance with the rules of the Plan, regardless of any payouts received by such Participant under section 4.

A. If any Partner Participant is employed with the Employer as of March 1, 2012, an additional amount of AIG Stock equal to thirty-five percent (35%) of such Participant's Initial Allocated AIG Stock shall be paid to such Participant promptly thereafter (but no later than the end of 2012) (such Participant's "*Incremental Amount*" and, together



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with such Participant's Initial Allocated AIG Stock, such Participant's "*Allocated AIG Stock*").

B. Notwithstanding the conditions of section 5 A, if a Partner Participant terminates employment with the Employer by means of retirement after reaching age 65 ("***Retires***"), dies, or becomes subject to Disability, such Participant shall be entitled in accordance with section 7 to such portion of the Incremental Amount contingently allocated under this section as follows:

(1) 25% of such amount if death, Disability or Retirement occurs within 6 months from the Grant Date;

(2) 50% of such amount if death, Disability or Retirement occurs on or after 6 months but within 12 months from the Grant Date;

(3) 75% of such amount if death, Disability or Retirement occurs on or after 12 months but within 18 months from the Grant Date; and

(4) 100% of such amount if death, Disability or Retirement occurs on or after 18 months from the Grant Date.

C. If a Partner Participant retires or is terminated with the consent of the Compensation Committee prior to age 65 and satisfies the covenants, agreements and conditions as provided by section 6 A, such Participant may be entitled in accordance with section 7 to such portion of the Incremental Amount contingently allocated to the Participant's account under this section, the numerator of which shall be the number of years from the Grant Date to the date of such retirement or termination, and the denominator of which shall be eight (8). If the retirement or termination with consent of the Compensation Committee occurs within the first 6 months of a calendar year no credit for any part of the year shall be provided in calculating the numerator of the fraction. If such event occurs during the last six months of a calendar year, a full year of service shall be included in the numerator of the fraction.

6. RETIREMENT OR TERMINATION WITH CONSENT OF COMPENSATION COMMITTEE

A. Notwithstanding the limitations provided in section 7 A that deprive a Participant who retires, terminates, is terminated or otherwise departs prior to age 65 of any rights to the such Participant's Allocated AIG Stock, but subject to section 6 B, the Compensation Committee may, in its sole discretion, reinstate such contingent rights to the Allocated AIG Stock as provided in B (1) through (3) herein, if and only if, such Participant complies with such covenants, agreements and conditions as the Compensation Committee may, in



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its sole discretion, impose from the time of early termination of employment to age 65.

B. Any Participant who receives the consent of the Compensation Committee to reinstate the contingent rights to such Participant's Allocated AIG Stock under this section shall be entitled to the following amounts after appropriate determination that the required covenants, agreements and conditions of subsection A have been complied with:

(1) one hundred percent (100%) of the Participant's Initial Allocated AIG Stock or, if such retirement occurs before the end of the two year term of the Plan, such portion of the Participant's Initial Allocated AIG Stock as determined under section 8;

(2) plus such portion of the Incremental Amount as described in section 5 C;

(3) less any Allocated AIG Stock previously distributed under the provisions of section 4;

provided, *however*, that any Allocated AIG Stock reinstated pursuant to this section 6 will not be paid until the payment times set forth in sections 4 and 5.

7. General Rules

Each Participant's Allocated AIG Stock shall not vest and shall continue to be governed by and contingently reserved for the Participant in accordance with the Plan's terms and conditions until the payment times set forth in sections 4 and 5 above.

A. The Participant will forfeit any and all rights to or interest in any undistributed Allocated AIG Stock contingently allocated to the Participant's account in the event his/her employment with the Employer terminates or is terminated before the applicable payment time set forth in section 4 or section 5 for any reason including, but not limited to, redundancy or dismissal prior to such Retirement. Notwithstanding the foregoing, if the Participant (1) dies, (2) becomes subject to Disability or (3) Retires, in each case while a full time employee with the Employer, the Participant or his/her estate, heir or successors, as the case may be, shall become entitled to receive any Allocated AIG Stock contingently allocated to the Participant's account as provided hereunder, no later than 90 days after the date of such event (in the case of death or Disability) or no later than the end of the calendar year in which such event occurs (in the case of Retirement), as applicable. For this purpose, "*Disability*" means a period of medically determined physical or mental impairment that is expected to result in death or last for a period of not less than 36



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months during which a Participant qualifies for income replacement benefits under the Employer's long-term disability plan for at least six months, or, if a Participant does not participate in such a plan, a period of disability during which the Participant is unable to engage in any substantial gainful activity by reason of any medically determined physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 36 months.

B. The Participant will have no rights as a stockholder of AIG, and therefore will not be entitled to cash dividends paid on the Allocated AIG Stock nor to vote such stock until the AIG Stock is delivered to such individual by AIG under the terms described in the Plan. Unless the Compensation Committee makes an adjustment pursuant to the following sentence, all stock dividends or splits with respect to any Allocated AIG Stock occurring after December 31, 2006 shall accrue and accumulate and be paid in kind at the same time as the Allocated AIG Stock to which such stock dividend or split relates. The Compensation Committee shall have the authority (but shall not be required) to adjust equitably the shares of AIG Stock to be allocated for each participation unit pursuant to section 3 and the shares of Allocated AIG Stock in such manner as it deems appropriate to preserve the benefits or potential benefits intended to be made available to Participants (including, without limitation, by payment of cash or by substituting or adding other securities or property) for any change in the AIG Stock resulting from a recapitalization, stock split, stock dividend, combination or exchange of shares of AIG Stock, merger, consolidation, rights offering, separation, reorganization or liquidation, or any other change in the corporate structure or shares of AIG; *provided* that no such adjustment shall be made if or to the extent that it would cause any payment under this Plan to fail to comply with Section 409A. After any adjustment made pursuant to this section, the number of shares of each Participant's Allocated AIG Stock shall be rounded down to the nearest whole number. For the avoidance of doubt, the Compensation Committee may, in its sole discretion, decline to adjust the terms of any outstanding Allocated AIG Stock if it determines that such adjustment would violate applicable law or result in adverse tax consequences to the Participant or to the Employer.

C. For the avoidance of doubt, any Participant elections with respect to the payment of Allocated AIG Stock made prior to the amendment of the Plan on March 11, 2008 will be disregarded for all purposes, and such Allocated AIG Stock will be paid only at the times provided for in the Plan.

D. The Compensation Committee in its sole discretion reserves the right of final determination of whether to distribute to the Participant either the shares of AIG Stock or an amount of cash equivalent in value to the fair market value of such shares of AIG Stock.



E. Notwithstanding any other provision existing within the Plan, a Participant must have rendered service to one or more Employers for a period of at least four (4) years before being considered eligible for any distributions under the Plan, subject to any longer period of service required by any other provision of the Plan for any payouts under any provision of the Plan.

F. The provisions of the Plan provide no right or eligibility to a Participant to any other payouts from AIG, its subsidiaries or affiliates under any other alternative plans, schemes, arrangements or contracts AIG may have with any employees or group of employees of AIG, its subsidiaries or affiliates.

G. Shares of AIG Stock delivered to a Participant under the Plan shall be treated as an "Award" made pursuant to the AIG 2002 Stock Incentive Plan, as amended from time to time (the "*SIP*"), and, except as modified by this Plan, all terms of the SIP shall apply to this Plan. Notwithstanding any other provision existing within the Plan, the amount of Allocated AIG Stock contingently allocated to any Participant's account shall not exceed any per person per period award limit under the SIP.

H. Only whole shares of AIG Stock shall be delivered under the Plan. Fractional shares shall be rounded down to the nearest whole share and any such fractional shares shall be forfeited.

I. Grants and deliveries under the Plan shall constitute a special discretionary incentive payment to the Participant and shall not be required to be taken into account in computing the amount of salary or compensation of the Participant for the purpose of determining any contributions to or any benefits under any pension, retirement, profit-sharing, bonus, life insurance, severance or other benefit plan of the Employer or under any agreement with the Participant, unless the Employer specifically provides otherwise.

J. The Plan is intended to provide payments that are "deferred compensation" subject to Section 409A, and the Plan is intended to, and will be interpreted, administered and construed to, comply with Section 409A. For this purpose, "*Section 409A*" means Section 409A of the U.S. Internal Revenue Code of 1986, as amended (the "*Code*"), including any amendments or successor provisions to that section, and any regulations and other administrative guidance thereunder, in each case as they may be from time to time amended or interpreted through further administrative guidance. The Compensation Committee will have full authority to give effect to the intent of this section 7 J. Without limiting the generality of the foregoing: (1) references to the termination of a Participant's employment will mean the Participant's separation from service with the Employer within the meaning of Section 409A; (2) any payment to be made under the Plan in connection with termination of a Participant's

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employment (and any other payment under the Plan) that would be subject to the limitations in Section 409A(a)(2)(b) of the Code will be delayed until six months after termination of the Participant's employment (or earlier death) in accordance with the requirements of Section 409A; (3) to the extent necessary to comply with the foregoing, any securities or other property that the Employer may deliver in lieu of AIG Stock or cash will not have the effect of deferring delivery or payment beyond the date on which such delivery or payment would occur with respect to the AIG Stock that would otherwise have been deliverable (unless the Committee elects a later date for this purpose in accordance with section 7 J (5)); (4) each payment under the Plan will be treated as a separate payment for purposes of Section 409A; and (5) the Compensation Committee may, in its sole discretion, determine to defer a payment under the Plan or permit a Participant to elect to defer a payment under the Plan, in each case in a manner that conforms to the requirements of Section 409A(a)(4) of the Code.

8. Death, Disability or Retirement In The First Two Years Of Plan

If a Participant dies, becomes subject to Disability, or retires with the consent of the Compensation Committee as provided in section 6 during the two year term of the Plan (except that Retirement does not need the consent of the Compensation Committee):

A. within the first six months after the Grant Date, the Participant will receive following determination one fourth of the appropriate Initial Allocated AIG Stock at the applicable time otherwise set forth in the Plan;

B. on or after six months but within one year of the Grant Date, the Participant will receive following determination one half of the appropriate Initial Allocated AIG Stock at the applicable time otherwise set forth in the Plan;

C. on or after twelve months but within eighteen months of the Grant Date, the Participant will receive following determination three fourths of the appropriate Initial Allocated AIG Stock at the applicable time otherwise set forth in the Plan;

D. on or after eighteen months from the Grant Date, the Participant will receive following determination one hundred percent (100%) of the appropriate Initial Allocated AIG Stock at the applicable time otherwise set forth in the Plan;

in each case which would have been allocated to his or her account at the end of the second year of the Plan and in each case excluding the Incremental Amount (which portion available for payment shall be determined under section 5 B or C).



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9. NON-ASSIGNABLE

Any rights or expectancy thereof which a Participant may receive pursuant to the Plan shall not be assignable, transferable, pledged, hedged or in any manner alienated, whether by operation of law or otherwise, except as a result of death or incapacity where such rights are passed pursuant to a will or by operation of law. The Compensation Committee may in its sole discretion acknowledge the written direction by a Participant to transfer his/her contingent rights under the Plan to a revocable grantor trust in such form and on such conditions as such officer may require in his or her sole discretion. Any assignment, transfer, pledge, or other disposition in violation of the provisions of this section 9 shall be null and void and any Allocated AIG Stock which is hedged in any manner shall immediately be forfeited.

10. ADMINISTRATION OF THE PLAN

The Plan shall be administered by the Compensation Committee. Actions of the Committee may be taken by the vote of a majority of its members. The Committee may allocate among its members and delegate to any person who is not a member of the Committee any of its administrative responsibilities.

The Compensation Committee shall have power to interpret the Plan, to make regulations for carrying out its purpose and to make all other determinations in connection with its administration, all of which shall, unless otherwise determined by the Compensation Committee, be final, binding and conclusive. The Compensation Committee shall have the power to amend the Plan in any manner and at any time, including in a manner adverse to the rights of the Participants; *provided* that, notwithstanding the foregoing, the Compensation Committee may not accelerate or postpone the delivery of shares of AIG Stock or the delivery of any cash, securities or other property under the Plan to occur at a time other than the time otherwise provided for in the Plan. In addition, the Compensation Committee shall have the power to increase a Participant's amount of Initial Allocated AIG Stock.

No member of the Board of Directors of AIG or the Compensation Committee or any employee of the Company (each such person a "*Covered Person*") shall have any liability to any person (including any Participant) for any action taken or omitted to be taken or any determination made in good faith with respect to the Plan or any Participant's participation in it. Each Covered Person shall be indemnified and held harmless by AIG against and from any loss, cost, liability, or expense (including attorneys' fees) that may be imposed upon or incurred by such Covered Person in connection with or resulting from any action, suit or proceeding to which such Covered Person may be a party or in which such Covered Person may be involved by reason of any action taken or omitted to be taken under the Plan and against and from any and all amounts paid by such Covered Person, with AIG's approval, in settlement thereof, or paid by such Covered Person in satisfaction of any judgment in any such action, suit or proceeding against such Covered Person, *provided* that AIG shall have the right, at its own expense, to assume and defend any such action, suit or proceeding and, once AIG gives notice of its intent to assume the defense, AIG shall have sole control over such defense



with counsel of AIG's choice. To the extent any taxable expense reimbursement under this paragraph is subject to Section 409A, (x) the amount thereof eligible in one taxable year shall not affect the amount eligible in any other taxable year; (y) in no event shall any expenses be reimbursed after the last day of the taxable year following the taxable year in which the Covered Person incurred such expenses; and (z) in no event shall any right to reimbursement be subject to liquidation or exchange for another benefit. The foregoing right indemnification shall not be available to a Covered Person to the extent that a court of competent jurisdiction in a final judgment or other final adjudication, in either case, not subject to further appeal, determines that the acts or omissions of such Covered Person giving rise to the indemnification claim resulted from such Covered Person's bad faith, fraud or willful misconduct. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which Covered Persons may be entitled under AIG's Restated Certificate of Incorporation or Bylaws, as a matter of law, or otherwise, or any other power that AIG may have to indemnify such persons or hold them harmless.

If the Compensation Committee shall at any time determine that any consent (as hereinafter defined) is necessary or desirable as a condition of, or in connection with, the granting of any units, contingent allocation of any Allocated AIG Stock, the delivery of shares of AIG Stock or the delivery of any cash, securities or other property under the Plan, or the taking of any other action thereunder (each such action, a "plan action"), then such plan action shall not be taken, in whole or in part, unless and until such consent shall have been effected or obtained to the full satisfaction of the Compensation Committee; *provided* that if such consent has not been so effected or obtained as of the latest date provided by the Plan for the delivery of shares of AIG Stock or the delivery of any cash, securities or other property under the Plan and further delay of delivery is not permitted in accordance with the requirements of Section 409A, such amounts will be forfeited and terminate notwithstanding any prior earning or vesting. The Compensation Committee may direct that any certificate evidencing AIG Stock delivered pursuant to the Plan shall bear a legend setting forth such restrictions on transferability as the Compensation Committee may determine to be necessary or desirable, and may advise the transfer agent to place a stop transfer order against any legended shares. The term "consent" as used in this paragraph includes (A) any and all listings, registrations or qualifications in respect thereof upon any securities exchange or under any federal, state, or local law, or law, rule or regulation of a jurisdiction outside the United States, (B) any other matter, which the Compensation Committee may deem necessary or desirable to comply with the terms of any such listing, registration or qualification or to obtain an exemption from the requirement that any such listing, qualification or registration be made, (C) any and all other consents, clearances and approvals in respect of a plan action by any governmental or other regulatory body or any stock exchange or self-regulatory agency and (D) any and all consents required by the Compensation Committee. Nothing herein shall require AIG to list, register or qualify the shares of AIG Stock on any securities exchange.

The Compensation Committee's determinations under the Plan need not be uniform and may be made by it selectively among persons who receive, or are eligible to receive, benefits under the Plan (whether or not such persons are



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similarly situated). Without limiting the generality of the foregoing, the Compensation Committee shall be entitled, among other things, to make non-uniform and selective determinations as to the persons to become Participants.

11. Determination of Employment

Nothing contained in the Plan or in any participation granted pursuant to the Plan shall confer on any Participant any right to be continued in the employ of the Employer or to be included in any future plans of a similar nature.

The Compensation Committee shall have the right to determine itself with respect to any Participant the commencement date of such Participant's employment with the Employer solely for purposes of the Plan, separate and apart from any such determination as may be made by AIG, its subsidiaries or affiliates with respect to the individual's employment.

12. Governing Law; Waiver of Suit; Confidentiality

Any dispute, controversy or claim between AIG and a Participant, arising out of or relating to or concerning the Plan or any allocation, shall be finally settled by arbitration in New York City before, and in accordance with the rules then obtaining of, the New York Stock Exchange, Inc. (the "*NYSE*") or, if the NYSE declines to arbitrate the matter (or if the matter otherwise is not arbitrable by it), the American Arbitration Association (the "*AAA*") in accordance with the commercial arbitration rules of the AAA. Prior to arbitration, all claims maintained by a Participant must first be submitted to the Compensation Committee in accordance with claims procedures determined by the Compensation Committee. This Paragraph is subject to the other provisions of section 12 below.

AIG and each Participant hereby irrevocably submit to the exclusive jurisdiction of a state or federal court of appropriate jurisdiction located in the Borough of Manhattan, the City of New York over any suit, action or proceeding arising out of or relating to or concerning the Plan or any allocation that is not otherwise arbitrated or resolved according to the foregoing paragraph. AIG and each Participant acknowledge that the forum designated by this section has a reasonable relation to the Plan and to such Participant's relationship with AIG.

AIG and each Participant waive, to the fullest extent permitted by applicable law, any objection which AIG and such Participant now or hereafter may have to personal jurisdiction or to the laying of venue of any such suit, action or proceeding in any court referred to in this section. AIG and each Participant undertake not to commence any action, suit or proceeding arising out of or relating to or concerning the Plan or any allocation in any forum other than a forum described in this section.

Each Participant irrevocably appoints the Secretary of AIG at 70 Pine Street, New York, New York 10270, U.S.A. as his or her agent for service of process in connection with any action, suit or proceeding arising out of or relating to or concerning the Plan or any allocation that is not otherwise arbitrated or resolved



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according to the first paragraph of this section 12. The Secretary shall promptly advise the Participant of any such service of process.

Each Participant recognizes and agrees that prior to being selected by the Compensation Committee to receive an allocation he/she has no right to any benefits under the Plan. Accordingly, in consideration of each Participant's receipt of an allocation, he/she expressly waives any right to contest the amount of such allocation, the terms of such allocation, any determination, action or omission made by the Compensation Committee, AIG or the board of directors of AIG, or any amendment to the Plan.

Each Participant must keep confidential any information concerning any allocation made under the Plan and any dispute, controversy or claim relating to the Plan, except that a Participant may disclose information concerning a dispute or claim to the court that is considering such dispute or to such Participant's legal counsel (provided that such counsel agrees not to disclose any such information other than as necessary to the prosecution or defense of the dispute).

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Exhibit 10(52)

AMERICAN INTERNATIONAL GROUP, INC.
2005/2006 DEFERRED COMPENSATION PROFIT PARTICIPATION PLAN
RSU AWARD AGREEMENT

This award agreement (this "***Award Agreement***") sets forth the terms and conditions of an award (this "***Award***") of restricted stock units ("***RSUs***") awarded to you pursuant to the American International Group, Inc. 2005/2006 Deferred Compensation Profit Participation Plan (the "***DCPPP***") and issued to you under the American International Group, Inc. Amended and Restated 2002 Stock Incentive Plan (the "***SIP***").

1. The SIP. This Award is made pursuant to the SIP, the terms of which are incorporated in this Award Agreement. Capitalized terms used in this Award Agreement that are not defined in this Award Agreement, or in the attached Glossary of Terms, have the meanings as used or defined in the SIP.

2. Award. The number of RSUs subject to this Award is set forth at the end of this Award Agreement. Each RSU constitutes an unfunded and unsecured promise of AIG to deliver (or cause to be delivered) to you, subject to the terms of this Award Agreement, one share of Common Stock (the "***Share***" or the "***Shares***" as the context requires) (or cash equal to the Fair Market Value thereof) on the Scheduled Vesting Date as provided herein. Until such delivery, you have only the rights of a general unsecured creditor, and no rights as a shareholder, of AIG. **THIS AWARD IS SUBJECT TO ALL TERMS, CONDITIONS AND PROVISIONS OF THE DCPPP, THE SIP AND THIS AWARD AGREEMENT, INCLUDING, WITHOUT LIMITATION, THE ARBITRATION AND CHOICE OF FORUM PROVISIONS SET FORTH IN PARAGRAPH 15.**

3. Vesting and Payout.

(a) ***Vesting***. Except as provided in this Paragraph 3 and in Paragraphs 4 and 6, you shall become vested in the RSUs on **[May 1, 2009 / May 1, 2010 / March 1, 2012]** (the "***Scheduled Vesting Date***"). Unless the Committee determines otherwise, and except as provided in Paragraph 6, if your employment terminates for any reason prior to the Scheduled Vesting Date, your rights in respect of all of your unvested RSUs shall be forfeited and terminate, and no Shares (or cash) shall be paid in respect of such RSUs.

(b) ***Payout***. Except as provided in this Paragraph 3 and in Paragraphs 4, 6, 8 and 9, the Shares underlying the vested RSUs shall be paid promptly after the Scheduled Vesting Date, but no later than the end of the calendar year in which such Scheduled Vesting Date falls. The Company may, at its option and subject to the DCPPP and the SIP, deliver cash in lieu of all or any portion of the Shares otherwise payable on the Scheduled Vesting Date. Such cash payment shall equal the product of the number of Shares to be delivered on the Scheduled Vesting Date and the Fair Market Value of one Share of Common Stock on the Scheduled Vesting Date. You shall be deemed the beneficial owner of the Shares at the close of business on the Scheduled Vesting Date and shall be entitled to any dividend or distribution that has not already been made with respect to such Shares if the record date for such dividend or distribution is after the close of business on the Scheduled Vesting Date. Notwithstanding the foregoing, if the Scheduled Vesting Date occurs at



a time you are considered by AIG to be one of its "covered employees" within the meaning of Section 162(m) of the Code, then, unless the Committee determines otherwise, payout of the Shares (or cash) may be deferred by the Company under the circumstances described in Section 409A until the earliest date that the Company reasonably anticipates that the deduction or payment will not be limited or eliminated.

(c) ***Death***. Notwithstanding any other provision of this Award Agreement, if you die prior to the Scheduled Vesting Date, and provided your rights in respect of your RSUs have not yet terminated, the Shares (or cash in lieu of all or any part thereof) corresponding to your outstanding RSUs shall be paid to the representative of your estate promptly after your death (but no later than 90 days after your death).

(d) ***Delay of Payment***. The Committee may, in its sole discretion, determine to defer payment of the RSUs or permit you to elect to defer payment of the RSUs, in each case in a manner that conforms to the requirements of Section 409A(a)(4) of the Code.

4. Termination of RSUs; Non-Payment of Shares.

(a) ***Termination on Separation from Service.*** Unless the Committee determines otherwise, and except as provided in Paragraphs 3(c) and 6, your rights in respect of your outstanding RSUs shall immediately terminate, and no Shares (or cash) shall be paid in respect of such unvested RSUs, if at any time prior to the Scheduled Vesting Date your employment with the Company terminates for any reason, or you are otherwise no longer actively employed by the Company.

(b) ***Termination on Other Events.*** Unless the Committee determines otherwise, and except as provided in Paragraph 6, your rights in respect of all of your RSUs (whether or not vested) shall immediately terminate, and no Shares (or cash) shall be paid in respect of such RSUs, if at any time prior to the Scheduled Vesting Date:

(i) you attempt to have any dispute under this Award Agreement, the DCPPP or the SIP resolved in any manner that is not provided for by Paragraph 15;

(ii) any event that constitutes Cause has occurred;

(iii) you in any manner, directly or indirectly, (A) Solicit any Client to transact business with a Competitive Enterprise or to reduce or refrain from doing any business with the Company or (B) interfere with or damage (or attempt to interfere with or damage) any relationship between the Company and any such Client or (C) Solicit any person who is an employee of the Company to resign from the Company or to apply for or accept employment with any Competitive Enterprise; or

(iv) you fail to certify to AIG, in accordance with procedures established by the Committee, with respect to the Scheduled Vesting Date that you have complied, or the Committee determines that you have failed as of the Scheduled Vesting Date to comply, with all of the terms and conditions of this Award Agreement. By accepting the delivery of Shares (or cash) under this Award Agreement, you shall be deemed to have represented and certified at such time that you have complied with all the terms and conditions of this Award Agreement.



(c) ***Termination on Failure to Certify.*** Unless the Committee determines otherwise, if the Scheduled Vesting Date in respect of any of your outstanding RSUs occurs, and Shares (or cash) with respect to such outstanding RSUs would be payable under the terms and conditions of this Award Agreement, except that you have not complied with the conditions or your obligations under Paragraph 4(b)(iv), all of your rights with respect to your outstanding RSUs shall terminate no later than the Scheduled Vesting Date for such Shares.

5. Repayment. If, following the delivery of Shares (or cash), the Committee determines that all terms and conditions of this Award Agreement in respect of such delivery were not satisfied, the Company shall be entitled to receive, and you shall be obligated to pay the Company immediately upon demand therefor, the Fair Market Value of the Shares (determined as of the Scheduled Vesting Date) and the amount of cash (to the extent that any cash was delivered in lieu of Shares) delivered with respect to the Scheduled Vesting Date, without reduction for any Shares (or cash) applied to satisfy withholding tax or other obligations in respect of such Shares (or cash).

6. Disability and Retirement.

(a) Notwithstanding any other provision of this Award Agreement, but subject to Paragraph 6(b), if you become subject to Disability or terminate Employment by means of retirement at or after age 65 (" ***Retire*** "), the condition set forth in Paragraph 4(a) shall be waived with respect to your then outstanding unvested RSUs (as a result of which any such then unvested outstanding RSUs shall vest and the Shares (or cash) corresponding to your outstanding RSUs shall be paid to you promptly after the date you become subject to Disability or Retire, but no later than 90 days thereafter (if you become subject to Disability) or the end of the calendar year in which such date falls (if you Retire), as applicable, but all other conditions of this Award Agreement shall continue to apply.

(b) Without limiting the application of Paragraph 4(b) or Paragraph 4(c), your rights in respect of any outstanding RSUs that become vested solely by reason of Paragraph 6(a) immediately shall terminate, and no Shares (or cash) shall be paid in respect of such outstanding RSUs if, following your becoming subject to Disability or Retiring and prior to the delivery of Shares (or cash) in respect of such outstanding RSUs, you (i) form, or acquire a 5% or greater equity ownership, voting or profit participation interest in, any Competitive Enterprise or (ii) associate in any capacity (including, but not limited to, association as an officer, employee, partner, director, consultant, agent or advisor) with any Competitive Enterprise.

7. Non-transferability. Except as otherwise may be provided by the Committee, the limitations set forth in Section 9 of the DCPPP shall apply. Any assignment in violation of the provisions of this Paragraph 7 shall be null and void.

8. Withholding, Consents and Legends.

(a) The delivery of Shares is conditioned on your satisfaction of any applicable withholding taxes (in accordance with Section 3.2 of the SIP).

(b) Your rights in respect of your RSUs are conditioned on the receipt to the full satisfaction of the Committee of any required consents (as defined in Section 10 of the DCPPP) that the Committee may determine to be necessary or advisable (including, without limitation, your consenting to deductions from your wages, or

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another arrangement satisfactory to the Committee, to reimburse the Company for advances made on your behalf to satisfy withholding and other tax obligations in connection with this Award); *provided* that if such Consent has not been so effected or obtained as of the latest date provided by this Award Agreement for the delivery of Shares (or cash) in respect of any RSUs and further delay of delivery is not permitted in accordance with the requirements of Section 409A, such RSUs will be forfeited and terminate notwithstanding any prior vesting.

(c) AIG may affix to Certificates representing Shares issued pursuant to this Award Agreement any legend that the Committee determines to be necessary or advisable (including to reflect any restrictions to which you may be subject under a separate agreement with AIG). AIG may advise the transfer agent to place a stop transfer order against any legended Shares.

9. Section 409A.

(a) RSUs awarded under this Award Agreement are intended to be "deferred compensation" subject to Section 409A, this Award Agreement is intended to, and shall be interpreted, administered and construed to, comply with Section 409A with respect to the RSUs. The Committee shall have full authority to give effect to the intent of this Paragraph 9(a). To the extent necessary to give effect to this intent, in the case of any conflict or potential inconsistency between the provisions of this Award Agreement and the provisions of the DCPPP or the SIP, the DCPPP or the SIP, as applicable, shall govern.

(b) Without limiting the generality of Paragraph 9(a), references to the termination of your Employment with respect to the RSUs shall mean your separation from service with the Company within the meaning of Section 409A.

(c) Any payment to be made under the RSUs in connection with termination of your Employment (and any other payment under the Plan) that would be subject to the limitations in Section 409A(a)(2)(b) of the Code shall be delayed until six months after termination of your Employment (or earlier death) in accordance with the requirements of Section 409A.

(d) Each payment under the RSUs shall be treated as a separate payment for purposes of Section 409A.

10. No Rights to Continued Employment. Nothing in this Award Agreement, the DCPPP or the SIP shall be construed as giving you any right to continued employment by the Company or affect any right that the Company may have to terminate or alter the terms and conditions of your employment.

11. Successors and Assigns of AIG. The terms and conditions of this Award Agreement shall be binding upon, and shall inure to the benefit of, AIG and its successor entities (as defined in Section 3.6 of the SIP.)

12. Committee Discretion. Subject to paragraph 13, the Committee shall have full discretion with respect to any actions to be taken or determinations to be made in connection with this Award Agreement (including, without limitation, whether you have become subject to Disability), and its determinations shall be final, binding and conclusive.



13. Amendment. The Committee reserves the right at any time and in any manner to amend the terms and conditions set forth in this Award Agreement and the DCPPP, including in a manner adverse to your rights; *provided* that, notwithstanding the foregoing, the Committee may not accelerate or postpone the payout of Shares (or cash in lieu of all or any part thereof) pursuant to this Award Agreement to occur at a time other than the time otherwise provided for in this Award Agreement.

14. Adjustment. Subject to Paragraph 9(a), in the event of a recapitalization, stock split, stock dividend, combination or exchange of shares, merger, consolidation, rights offering, separation, reorganization or liquidation, or any other change in the corporate structure or the Shares, subsequent to the date of the Date of Grant, the Committee or the Board shall make such equitable adjustments, designed to protect dilution or enlargement of rights, as it may deem appropriate, in the number and kind of Shares covered by the RSUs subject to this Award Agreement. In addition, the Committee shall have the authority (but will not be required) to adjust outstanding RSUs for any restatements of the Company's financial statements.

15. Arbitration; Choice of Forum.

(a) Any dispute, controversy or claim between the Company and you, arising out of or relating to or concerning the SIP or this Award Agreement, shall be finally settled by arbitration in New York City before, and in accordance with the rules then obtaining of, the New York Stock Exchange, Inc. (the "***NYSE***") or, if the NYSE declines to arbitrate the matter (or if the matter otherwise is not arbitrable by it), the American Arbitration Association (the "***AAA***") in accordance with the commercial arbitration rules of the AAA. Prior to arbitration, all claims maintained by you must first be submitted to the Committee in accordance with claims procedures determined by the Committee. This Paragraph is subject to the provisions of Paragraphs 15(b) and (c) below.

(b) **THE COMPANY AND YOU HEREBY IRREVOCABLY SUBMIT TO THE EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED IN THE CITY OF NEW YORK OVER ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO OR CONCERNING THE SIP OR THIS AWARD AGREEMENT THAT IS NOT OTHERWISE ARBITRATED OR RESOLVED ACCORDING TO PARAGRAPH 15(a) OF THIS AWARD AGREEMENT.** This includes any suit, action or proceeding to compel arbitration or to enforce an arbitration award. The Company and you acknowledge that the forum designated by this Paragraph 15(b) has a reasonable relation to the SIP, this Award Agreement, and to your relationship with the Company. Notwithstanding the foregoing, nothing herein shall preclude the Company from bringing any action or proceeding in any other court for the purpose of enforcing the provisions of this Paragraph 15.

(c) The agreement by you and the Company as to forum is independent of the law that may be applied in the action, and you and the Company agree to such forum even if the forum may under applicable law choose to apply non-forum law. You and the Company hereby waive, to the fullest extent permitted by applicable law, any objection which you or the Company now or hereafter may have to personal jurisdiction or to the laying of venue of any such suit, action or proceeding in any court referred to in Paragraph 15(b). You and the Company undertake not to commence any action, suit or proceeding arising out of or relating to or concerning



this Award Agreement in any forum other than a forum described in this Paragraph 15. You and (subject to the last sentence of Paragraph 15(a)) the Company agree that, to the fullest extent permitted by applicable law, a final and non-appealable judgment in any such suit, action or proceeding in any such court shall be conclusive and binding upon you and the Company.

(d) You irrevocably appoint the Secretary of AIG as your agent for service of process in connection with any action, suit or proceeding arising out of or relating to or concerning the DCPPP or this Award Agreement which is not arbitrated pursuant to the provisions of Paragraph 15(a), who shall promptly advise you of any such service of process.

(e) You hereby agree to keep confidential the existence of, and any information concerning any grant made under the DCPPP and any dispute, controversy or claim relating to the DCPPP or this Award Agreement, except that you may disclose information concerning such dispute or claim to the arbitrator or court that is considering such dispute or to your legal counsel (provided that such counsel agrees not to disclose any such information other than as necessary to the prosecution or defense of the dispute).

(f) You recognize and agree that prior to the grant of this Award you have no right to any benefits hereunder. Accordingly, in consideration of the receipt of this Award, you expressly waive any right to contest the amount of this Award, terms of this Award Agreement and the DCPPP, any determination, action or omission hereunder or under the SIP by the Committee, AIG or the Board, or any amendment to the DCPPP or this Award Agreement and you expressly waive any claim related in any way to the Award including any claim based on any promissory estoppel or other theory in connection with this Award and your employment with the Company.

16. Governing Law. THIS AWARD SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS.

17. Headings. The headings in this Award Agreement are for the purpose of convenience only and are not intended to define or limit the construction of the provisions hereof.



IN WITNESS WHEREOF, AMERICAN INTERNATIONAL GROUP, INC. has caused this Award Agreement to be duly executed and delivered as of the Date of Grant.

AMERICAN INTERNATIONAL GROUP, INC.

By _____
Name:
Title:

By _____
Name:
Title:

Recipient:

Number of RSUs:

Date of Grant:

Scheduled Vesting Date:



Glossary of Terms

Solely for purposes of this award of RSUs, the following terms shall have the meanings set forth below. Capitalized terms not defined in this Glossary of Terms shall have the meanings as used or defined in the applicable Award Agreement or the SIP.

" ***Cause*** " means (i) your conviction, whether following trial or by plea of guilty or *nolo contendere* (or similar plea), in a criminal proceeding (A) on a misdemeanor charge involving fraud, false statements or misleading omissions, wrongful taking, embezzlement, bribery, forgery, counterfeiting or extortion, or (B) on a felony charge or (C) on an equivalent charge to those in clauses (A) and (B) in jurisdictions which do not use those designations; (ii) your engaging in any conduct which constitutes an employment disqualification under applicable law (including statutory disqualification as defined under the Exchange Act); (iii) your failure to perform your duties to the Company; (iv) your violation of any securities or commodities laws, any rules or regulations issued pursuant to such laws, or the rules and regulations of any securities or commodities exchange or association of which AIG or any of its subsidiaries or affiliates is a member; (v) your violation of any Company policy concerning hedging or confidential or proprietary information, or your material violation of any other Company policy as in effect from time to time; (vi) your engaging in any act or making any statement which impairs, impugns, denigrates, disparages or negatively reflects upon the name, reputation or business interests of the Company; or (vii) your engaging in any conduct detrimental to the Company. The determination as to whether " ***Cause*** " has occurred shall be made by the Committee in its sole discretion. The Committee shall also have the authority in its sole discretion to waive the consequences under the DCPPP, the SIP or any Award Agreement of the existence or occurrence of any of the events, acts or omissions constituting " ***Cause*** ."

" ***Client*** " means any client or prospective client of the Company to whom you provided services, or for whom you transacted business, or whose identity became known to you in connection with your relationship with or employment by the Company.

" ***Competitive Enterprise*** " means a business enterprise that (i) engages in any activity, or (ii) owns or controls a significant interest in any entity that engages in any activity, that, in either case, competes anywhere with any activity in which the Company is engaged. The activities covered by the previous sentence include, without limitation, all insurance and re-insurance and insurance and re-insurance-related activities, asset management, financial product activities (including, without limitation, derivative activities) and financial services in the United States and abroad.

" ***Disability*** " means a period of medically determined physical or mental impairment that is expected to result in death or last for a period of not less than 36 months during which you qualify for income replacement benefits under the Company's long-term disability plan for at least six months, or, if you do not participate in such a plan, a period of disability during which you are unable to engage in any substantial gainful activity by reason of any medically determined physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 36 months.



"***Section 409A***" means Section 409A of the Internal Revenue Code, including any amendments or successor provisions to that section, and any regulations and other administrative guidance thereunder, in each case as they may be from time to time amended or interpreted through further administrative guidance.

"***Solicit***" means any direct or indirect communication of any kind whatsoever, regardless of by whom initiated, inviting, advising, encouraging or requesting any person or entity, in any manner, to take or refrain from taking any action.



Exhibit 10(53)

July 16, 2008

American International Group, Inc.
Non-Employee Director Compensation

The following non-employee director compensation arrangements were effective beginning May 16, 2007 (and amended as of June 15, 2008 with respect to Lead Independent Director additional compensation):

1. Annual cash retainer for all non-employee directors of $75,000, payable in four equal installments on the first business day of each quarter in advance of service. No attendance fees will be paid for Board meetings, including executive sessions. Directors may elect to defer the amount of any retainer into deferred stock units ("DSUs") under the AIG Amended and Restated 2007 Stock Incentive Plan, as amended (the "Plan").

2. Additional cash retainer and cash meeting fees for non-employee members of standing committees as follows:

   - Annual retainer for Chairman of the Audit Committee: $25,000
   - Annual retainer for other committee Chairmen: $15,000
   - Annual retainer for non-Chairmen committee members: $5,000 per committee
   - Meeting fees: $1,500 per meeting. [1]

   Retainers will be paid in four equal installments on the first business day of each quarter in advance of service and meeting fees will be paid on the first business day of each quarter for prior service. Directors may elect to defer the amount of these retainers and committee fees into DSUs under the Plan.

3. Additional cash retainer for the Lead Independent Director of $40,000, payable in four equal installments on the first business day of each quarter in advance of service. The Lead Independent Director may elect to defer the amount of the additional retainer into DSUs under the Plan.

4. Annual grant of $125,000 in DSUs under the Plan. Annual grants will be made on the date of the Annual Meeting.

5. The value of the DSUs received as part of the annual grant described above will be determined based upon the closing sale price of AIG Common Stock on the date of the Annual Meeting. The value of the DSUs received in connection with the deferral of any retainer or fees described above will be determined based upon the closing sale price of AIG Common Stock on the date the retainer or fees would otherwise be due. DSUs

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[1] Meeting fees will also be paid to any non-employee director who attends the meeting of a committee of which he or she is not a member so long as attendance is at the invitation of the chairman of that committee and to any non-employee director who attends a meeting of AIG's International Advisory Board.

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include dividend equivalent rights that entitle the director to a quarterly payment, in the form of DSUs, equal to the amount of any regular quarterly dividend that would have been paid by AIG if shares of Common Stock that underlie the DSUs had been outstanding.

6. In the event any director retires or otherwise ceases to be a director before the completion of his or her full annual term of office, the delivery of all shares of Common Stock underlying DSUs, including with respect to all accrued amounts for any committee fees, will be paid and/or delivered on the last trading day of the month in which the director ceases to be a director.

EXHIBIT
Exhibit 505

Exhibit 10(59)

AMERICAN INTERNATIONAL GROUP, INC.

SENIOR PARTNERS PLAN
(AMENDED AND RESTATED EFFECTIVE DECEMBER 31, 2008)

1. PURPOSE

The Compensation and Management Resources Committee of the Board of Directors (the " *Committee* ") of American International Group, Inc. (" *AIG* ") has determined that certain key employees of AIG and its subsidiaries (together, the " *Employer* ") contribute substantially to the long-term growth and profitability of AIG. AIG has created this AIG Senior Partners Plan (this " *Plan* ") to reward these individuals and to provide incentives for their continued contribution to the long-term performance of AIG.

2. PERFORMANCE PERIODS

This Plan will operate for successive overlapping three-year periods (each, a " *Performance Period* "). The first Performance Period will be from January 1, 2004 through December 31, 2006. The second Performance Period will be from January 1, 2005 through December 31, 2007. Thereafter, each Performance Period will be for successive three calendar-year periods until the Plan is terminated by the Committee.

3. SPUS AND PARTICIPANTS

A. Senior Partner Units . Senior Partner Units (" *SPUs* ") issued under this Plan will entitle holders to receive cash distributions from AIG based on the annual growth in AIG's adjusted book value per share during the Performance Periods to which the SPU relates, subject to the terms and conditions of this Plan.

B. Participants . The Committee will, from time to time, determine (1) the key employees of the Employer who will be awarded SPUs under this Plan (the " *Participants* ") and (2) the number of SPUs held by each Participant.

C. Status of Awards and Changes in Awards . A Participant's number of SPUs will remain constant until the Committee determines to increase or decrease the Participant's SPUs or terminates his or her status as a Participant. Unless determined otherwise by the Committee, an award of SPUs, or an increase or decrease in the number of a Participant's SPUs, will only affect the number of SPUs outstanding with respect to Performance Periods that have at least 12 months remaining in them at the time the Committee makes the award or determination. In addition, unless determined otherwise by the Committee, an initial award of SPUs to a Participant may only be made with respect to Performance Periods ending on or after the third anniversary of commencement of the Participant's employment with the Employer.

D. Maximum Number of SPUs . A total of up to 30,000 SPUs may be outstanding with respect to each Performance Period.

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4. WEIGHTED-AVERAGE SPU VALUE AND CONDITIONS

A. Weighted-Average SPU Value . At the end of each Performance Period, the Committee will determine the dollar amount (the " *Weighted-Average SPU Value* ") attributable to each SPU related to the Performance Period and will communicate the Weighted-Average SPU Value to the Participants. Subject to the conditions of this Plan, the Weighted-Average SPU Value for a Performance Period will be equal to (1) two-thirds of the Yearly SPU Value of the final year in the Performance Period *plus* (b) one-sixth of the Yearly SPU Value of each of the first two years in the Performance Period.

B. Definitions .

(1) " *Yearly SPU Value* " means, for each year, (a) the Growth in Adjusted Book Value for the year *multiplied by* (b) the Funding Percentage for the year *divided by* (c) the maximum number of SPUs.

(2) " *Growth in Adjusted Book Value* " means, for each year, the Adjusted Book Value at the beginning of the year *multiplied by* the Percentage Growth in Adjusted Book Value Per Share for the year. The determination of Growth in Adjusted Book Value and all its component parts (including any adjustments made as part of such determination) will be made by the Committee in its sole discretion in accordance with U.S. Generally Accepted Accounting Principles.

(3) " *Adjusted Book Value* " means, for any date, the total AIG shareholders' equity as of the date *minus* Accumulated Other Comprehensive Income (or *plus* Accumulated Other Comprehensive Loss) as of such date (as reported in AIG's Consolidated Statement of Shareholders' Equity), with such adjustments as the Committee may make in its sole discretion.

(4) " *Percentage Growth in Adjusted Book Value Per Share* " means, for any year, the percentage increase (or decrease) in:

(a) Adjusted Book Value at the end of the year *divided by* the number of shares of AIG common stock outstanding at the end of the year *over*

(b) Adjusted Book Value at the beginning of the year *divided by* the number of shares of AIG common stock outstanding at the beginning of the year.

(5) " *Funding Percentage* " means, for any year, the funding percentage determined by the Committee from time to time. Initially the Funding Percentage will be 0.85% (until the Committee establishes a different Funding Percentage).

C. Effect of Decrease in Book Value . If the Yearly SPU Value is a negative number for any year during a Performance Period, the Weighted-Average SPU Value for the Performance Period will be calculated as if the Yearly SPU Value

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for that year was $0.00 *except* that (1) the Weighted-Average SPU Value for the first Performance Period in which the year occurs will be reduced by the amount of the negative Yearly SPU Value and (2) if such reduction would result in a Weighted-Average SPU Value that is a negative number, the excess negative Yearly SPU Value will be carried forward to reduce the Weighted-Average SPU Value for future Performance Periods (until the negative Yearly SPU Value has been fully applied).

D. Partners Plan Condition . Notwithstanding Section 4A, the Weighted-Average SPU Value of a Performance Period will be $0.00 if the conditions are not satisfied for the funding threshold of the AIG Partners Plan for the period ending with the same year as the Performance Period. The Committee will, from time to time, designate the AIG Partners Plan and the funding threshold condition that will apply for this Section 4D.

5. VESTING AND PAYOUTS OF WEIGHTED-AVERAGE SPU VALUE

A. General . Except for SPUs related to the 2004-2006 and 2005-2007 Performance Periods, the Weighted-Average SPU Value of each SPU will be paid out to Participants in cash in two equal installments promptly after the third and fourth anniversaries of the first day of the last year of the Performance Period to which the SPU relates (each a " *Scheduled Payment Date* "), but no later than the end of the calendar year in which the relevant Scheduled Payment Date falls. The Weighted-Average SPU Value of each SPU related to the 2004-2006 or 2005-2007 Performance Period will be paid out to Participants in cash in two equal installments promptly after the fourth and sixth anniversaries of the first day of the last year of the Performance Period to which the SPU relates (the Scheduled Payment Dates for these SPUs), but no later than the end of the calendar year in which the relevant Scheduled Payment Date falls. Except as provided in Sections 5B, 6 and 8A, if a Participant's employment with the Employer is terminated for any reason, the Participant's rights in respect of any Weighted-Average SPU Value that would be payable on a future Scheduled Payment Date will be forfeited and terminate. Notwithstanding the foregoing, if a Scheduled Payment Date occurs at a time when a Participant is considered by AIG to be one of its "covered employees" within the meaning of Section 162(m) of the U.S. Internal Revenue Code of 1986, as amended (the " *Code* "), then, unless the Committee determines otherwise, payout of the Weighted-Average SPU Value in respect of such Scheduled Payment Date may be deferred by the Employer under the circumstances described in Section 409A until the earliest date that the Employer reasonably anticipates that the deduction or payment will not be limited or eliminated.

B. Death, Disability or Retirement after Age 65 . If a Participant dies, becomes subject to Disability or terminates Employment by means of retirement at or after age 65 (" *Retires* "), in each case while actively employed by the Employer, any remaining unpaid Weighted-Average SPU Values for prior Performance Periods in respect of all SPUs granted to the Participant will be paid promptly after the date of such event, but no later than 90 days after such event (if the Participant becomes subject to Disability) or the end of the calendar year in which such event falls (if the Participant Retires), as applicable. In addition, Weighted-Average SPU Value for any then-current Performance Periods will be determined and paid in accordance with Section 6B. For this purpose, " *Disability* " means a period of medically determined physical or mental impairment that is expected to result in

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death or last for a period of not less than 36 months during which a Participant qualifies for income replacement benefits under the Employer's long-term disability plan for at least six months, or, if a Participant does not participate in such a plan, a period of disability during which the Participant is unable to engage in any substantial gainful activity by reason of any medically determined physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 36 months.

C. Election to Delay Payment. The Committee may, in its sole discretion, determine to defer payment of the Weighted-Average SPU Value of SPUs or permit a Participant to elect to defer payment of the Weighted-Average SPU Value of SPUs, in each case in a manner that conforms to the requirements of Section 409A(a)(4) of the Code.

6. Vesting and Payout During a Performance Period

A. General. Except as provided in Section 6B, if a Participant's employment with the Employer is terminated for any reason during a Performance Period, all of the Participant's SPUs relating to the Performance Period will be forfeited and terminate.

B. Death, Disability or Retirement after Age 65.

(1) If a Participant dies or becomes subject to Disability during a Performance Period, in each case while actively employed by the Employer, the Participant will be paid a pro-rated amount (based upon the number of whole or partial months the Participant was employed during the Performance Period relative to 36 and the determination, in the Committee's sole discretion, of Growth in Adjusted Book Value through the date of the Participant's death or becoming subject to Disability) of the Weighted-Average SPU Value for each SPU relating to the Performance Period ending within 12 months of the Participant's death or becoming subject to Disability. The payment of such amount will occur promptly after such event (but no later than 90 days thereafter); or

(2) If the Participant Retires during a Performance Period, while actively employed by the Employer, the Participant will be paid a pro-rated amount (based upon the number of whole or partial months the Participant was employed during the Performance Period relative to 36) of the Weighted-Average SPU Value for each SPU relating to the Performance Period ending within 12 months of the Participant's Retirement. The payment of such amount will occur as soon as is practicable in the calendar year immediately following the end of such Performance Period when performance has been determined (but no later than the end of such year).

No Weighted-Average SPU Value will be paid with respect to any Performance Period ending more than 12 months after termination of employment with the Employer.



7. Dividend-Related Payments

A. General . Each Participant will be paid a cash dividend-related amount on March 31, June 30, September 30 and December 31 based upon their unpaid Weighted-Average SPU Value. The quarterly dividend-related payment for each Participant will equal (1) the aggregate unpaid Weighted-Average SPU Value of the Participant's SPUs at the beginning of the quarter *multiplied by* (2) the total cash dividends AIG pays on its common stock during the quarter *divided by* (3) the Adjusted Book Value at the beginning of the quarter.

B. Termination of Employment . If a Participant's employment with the Employer is terminated for any reason, the Participant's rights to receive any further dividend-related payment will terminate.

8. Administration of this Plan

A. General . This Plan will be administered by the Committee. Actions of the Committee may be taken by the vote of a majority of its members. The Committee may allocate among its members and delegate to any person who is not a member of the Committee any of its administrative responsibilities. The Committee will have power to interpret this Plan, to make regulations for carrying out its purpose and to make all other determinations in connection with its administration (including, without limitation, whether a Participant has become subject to Disability), all of which will, unless otherwise determined by the Committee, be final, binding and conclusive. Subject to Section 9N, the Committee will have the power to increase or decrease the Weighted-Average SPU Value of a Participant's SPUs. In addition, the Committee may, in its sole discretion, reinstate any SPUs, Weighted-Average SPU Values or dividend-related payments that would otherwise have been terminated and forfeited because of a Participant's termination of employment, if the Participant complies with any covenants, agreements or conditions that the Committee may impose; *provided, however* , that any such payments will not be paid until the scheduled times set forth in this Plan.

B. Non-Uniform Determinations . The Committee's determinations under this Plan need not be uniform and may be made by it selectively among persons who receive, or are eligible to receive, SPUs under this Plan (whether or not such persons are similarly situated). Without limiting the generality of the foregoing, the Committee will be entitled, among other things, to make non-uniform and selective determinations as to the persons to become Participants.

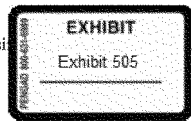
C. Determination of Employment . The Committee will have the right to determine itself with respect to any Participant the commencement date of the Participant's employment with the Employer solely for purposes of this Plan, separate and apart from any determination as may be made by AIG or its subsidiaries with respect to the individual's employment.

D. Amendments. The Committee will have the power to amend this Plan in any manner and at any time, including in a manner adverse to the rights of the Participants; *provided* that, notwithstanding the foregoing, the Committee may not accelerate or postpone any payment to a Participant to occur at a time other than the time provided for in this Plan.



E. No Liability . No member of the Board of Directors of AIG or the Committee or any employee of the Employer (each, a " *Covered Person* ") will have any liability to any person (including any Participant) for any action taken or omitted to be taken or any determination made in good faith with respect to this Plan or any Participant's participation in it. Each Covered Person will be indemnified and held harmless by AIG against and from any loss, cost, liability, or expense (including attorneys' fees) that may be imposed upon or incurred by such Covered Person in connection with or resulting from any action, suit or proceeding to which such Covered Person may be a party or in which such Covered Person may be involved by reason of any action taken or omitted to be taken under this Plan and against and from any and all amounts paid by such Covered Person, with AIG's approval, in settlement thereof, or paid by such Covered Person in satisfaction of any judgment in any such action, suit or proceeding against such Covered Person, *provided* that AIG will have the right, at its own expense, to assume and defend any such action, suit or proceeding and, once AIG gives notice of its intent to assume the defense, AIG will have sole control over such defense with counsel of AIG's choice. To the extent any taxable expense reimbursement under this paragraph is subject to Section 409A, (x) the amount thereof eligible in one taxable year shall not affect the amount eligible in any other taxable year; (y) in no event shall any expenses be reimbursed after the last day of the taxable year following the taxable year in which the Covered Person incurred such expenses; and (z) in no event shall any right to reimbursement be subject to liquidation or exchange for another benefit. The foregoing right of indemnification will not be available to a Covered Person to the extent that a court of competent jurisdiction in a final judgment or other final adjudication, in either case, not subject to further appeal, determines that the acts or omissions of such Covered Person giving rise to the indemnification claim resulted from such Covered Person's bad faith, fraud or willful misconduct. The foregoing right of indemnification will not be exclusive of any other rights of indemnification to which Covered Persons may be entitled under AIG's Restated Certificate of Incorporation or Bylaws, as a matter of law, or otherwise, or any other power that AIG may have to indemnify such persons or hold them harmless.

F. Adjustments. The Committee will have the authority (but will not be required) to adjust equitably the Annual Growth in Adjusted Book Value and all its component parts to preserve the benefits or potential benefits intended to be made available to Participants for any change in the AIG common stock resulting from a recapitalization, stock split, stock dividend, combination or exchange of shares of AIG common stock, merger, consolidation, rights offering, separation, reorganization or liquidation, or any other change in the corporate structure or shares of AIG; *provided* that no such adjustment shall be made if or to the extent that it would cause any payment under this Plan to fail to comply with Section 409A. In addition, the Committee will have the authority (but will not be required) to adjust the Weighted-Average SPU Values for previous and current Performance Periods for any restatements of AIG's financial statements, including adjusting unpaid Weighted-Average SPU Values to reflect over or under payment of a vested installment with respect to a prior Performance Period. For the avoidance of doubt, the Committee may, in its sole discretion, decline to adjust the terms of any outstanding SPU if it determines that such adjustment would violate applicable law or result in adverse tax consequences to the Participant or to the Company.



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G. Other . In furtherance of AIG's policies, notwithstanding Section 3, if any Participant is a shareholder in C.V. Starr & Co., Inc. on March 31, 2006, such person will cease to be a Participant, his or her SPUs will be forfeited and terminate and he or she will have no rights under this Plan (in each case, unless the Committee determines otherwise).

9. General Rules

A. No Funding . AIG will be under no obligation to fund or set aside amounts to pay obligations under this Plan. Participants will have no rights to the Weighted-Average SPU Value other than as a general unsecured creditor of AIG.

B. Tax Withholding . As a condition to the payment of any amount under this Plan or in connection with any other event that gives rise to a federal or other governmental tax withholding obligation (1) AIG may deduct or withhold (or cause to be deducted or withheld) from any payment to a Participant whether or not pursuant to this Plan or (2) the Committee will be entitled to require that the Participant remit cash to AIG (through payroll deduction or otherwise), in each case, in an amount sufficient in the opinion of AIG to satisfy such withholding obligation.

C. No Rights to Other Payments . The provisions of this Plan provide no right or eligibility to a Participant to any other payouts from AIG or its subsidiaries under any other alternative plans, schemes, arrangements or contracts AIG may have with any employees or group of employees of AIG or its subsidiaries.

D. No Effect on Benefits . Grants and payments under this Plan will constitute a special discretionary incentive payment to the Participants and will not be required to be taken into account in computing the amount of salary or compensation of the Participants for the purpose of determining any contributions to or any benefits under any pension, retirement, profit-sharing, bonus, life insurance, severance or other benefit plan of the Employer or under any agreement with the Participant, unless the Employer specifically provides otherwise.

E. Section 409A .

(1) SPUs are intended to provide payments that are "deferred compensation" subject to Section 409A, and this Plan is intended to, and will be interpreted, administered and construed to, comply with Section 409A with respect to the SPUs. For this purpose, " *Section 409A* " means Section 409A of the Code, including any amendments or successor provisions to that section, and any regulations and other administrative guidance thereunder, in each case as they may be from time to time amended or interpreted through further administrative guidance. The Committee will have full authority to give effect to the intent of this Section 9E.

(2) Without limiting the generality of Section 9E(1), (a) references to the termination of a Participant's employment with respect to SPUs will mean the Participant's separation from service with the Employer within the meaning of Section 409A, and (b) the right to dividend-related payments



pursuant to Section 7 will be treated separately from the right to payment of the Weighted-Average SPU Value of SPUs for all purposes of Section 409A.

(3) Any payment to be made under the SPUs in connection with termination of a Participant's employment (and any other payment under this Plan) that would be subject to the limitations in Section 409A(a)(2)(b) of the Code will be delayed until six months after termination of the Participant's employment (or earlier death) in accordance with the requirements of Section 409A.

(4) Each payment under the SPUs will be treated as a separate payment for purposes of Section 409A.

F. Severability . If any of the provisions of this Plan is finally held to be invalid, illegal or unenforceable (whether in whole or in part), such provision will be deemed modified to the extent, but only to the extent, of such invalidity, illegality or unenforceability and the remaining provisions will not be affected thereby; *provided* that if any of such provisions is finally held to be invalid, illegal, or unenforceable because it exceeds the maximum scope determined to be acceptable to permit such provision to be enforceable, such provision will be deemed to be modified to the minimum extent necessary to modify such scope in order to make such provision enforceable hereunder.

G. Entire Agreement . This Plan contains the entire agreement of the parties with respect to the subject matter thereof and supersedes all prior agreements, promises, covenants, arrangements, communications, representations and warranties between them, whether written or oral with respect to the subject matter thereof.

H. Waiver of Claims . Each Participant recognizes and agrees that prior to being selected by the Committee to receive a SPU he or she has no right to any benefits under this Plan. Accordingly, in consideration of the Participant's receipt of any SPU hereunder, he or she expressly waives any right to contest the amount of any SPU, the terms of this Plan, any determination, action or omission hereunder by the Committee or AIG or any amendment to this Plan.

I. No Third Party Beneficiaries . Except as expressly provided therein, this Plan will not confer on any person other than AIG and the Participant any rights or remedies thereunder. The exculpation and indemnification provisions of Section 8E will inure to the benefit of a Covered Person's estate and beneficiaries and legatees.

J. AIG's Successors and Assigns . The terms of this Plan will be binding upon and inure to the benefit of AIG and its successors and assigns.

K. Nonassignability . The SPUs, Weighted-Average SPU Values and dividend-related payments will not be assignable, transferable, pledged, hedged or in any manner alienated, whether by operation of law or otherwise, except as a result of death or incapacity where such rights are passed pursuant to a will or by operation of law. The Committee may in its sole discretion acknowledge the written direction by a Participant to transfer his/her SPUs under this Plan to a revocable

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grantor trust in such form and on such conditions as the Committee may require in its sole discretion. Any assignment, transfer, pledge, or other disposition in violation of the provisions of this Section 9L will be null and void and any SPUs which are hedged in any manner will immediately be forfeited.

L. Right to Discharge . Nothing contained in this Plan or in any SPU will confer on any Participant any right to be continued in the employ of the Employer or to be included in any future plans of a similar nature.

M. Consent . If the Committee will at any time determine that any consent (as hereinafter defined) is necessary or desirable as a condition of, or in connection with, the granting of any SPUs, determination of the Weighted-Average SPU Value or the payment of any amount under this Plan, or the taking of any other action thereunder (each such action, a " *plan action* "), then such plan action will not be taken, in whole or in part, unless and until such consent will have been effected or obtained to the full satisfaction of the Committee; *provided* that if such consent has not been so effected or obtained as of the latest date provided by this Plan for payment of such amount and further delay is not permitted in accordance with the requirements of Section 409A, such amount will be forfeited and terminate notwithstanding any prior earning or vesting.

The term " *consent* " as used in this paragraph includes (1) any and all listings, registrations or qualifications in respect thereof upon any securities exchange or under any federal, state, or local law, or law, rule or regulation of a jurisdiction outside the United States, (2) any other matter, which the Committee may deem necessary or desirable to comply with the terms of any such listing, registration or qualification or to obtain an exemption from the requirement that any such listing, qualification or registration be made, (3) any and all other consents, clearances and approvals in respect of a plan action by any governmental or other regulatory body or any stock exchange or self-regulatory agency and (4) any and all consents required by the Committee.

N. Subject to Any AIG Section 162(m) Plan. AIG may, in any year, propose a Section 162(m) compliant performance incentive award plan (the " *AIG Section 162(m) Plan* "). If an AIG Section 162(m) Plan is proposed and approved by the AIG stockholders in accordance with Section 162(m)(4)(C) of the Code and Treasury Regulation Section 1.162-27(e)(4), this Plan will function as a sub-plan under the AIG Section 162(m) Plan, whereby performance compensation amounts payable under the AIG Section 162(m) Plan can be paid in part by accruing Weighted-Average SPU Values with respect to a Performance Period. If the AIG Section 162(m) Plan is proposed and not so approved by the AIG stockholders, the SPUs will terminate and no further Weighted-Average SPU Values will accrue under this Plan.

O. Adoption . This Plan was originally adopted on November 30, 2005 by the Committee. This Plan was amended and restated by the Committee on March 15, 2006, further amended by the Committee on March 11, 2008, and further amended and restated by the Committee on November 11, 2008.



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10. DISPUTES

A. Governing Law . This Plan will be governed by and construed in accordance with the laws of the State of New York, without regard to principles of conflict of laws.

B. Arbitration . Subject to the provisions of this Section 10, any dispute, controversy or claim between AIG and a Participant, arising out of or relating to or concerning this Plan or any SPU, will be finally settled by arbitration in New York City before, and in accordance with the rules then obtaining of, the New York Stock Exchange, Inc. (the " *NYSE* ") or, if the NYSE declines to arbitrate the matter (or if the matter otherwise is not arbitrable by it), the American Arbitration Association (the " *AAA* ") in accordance with the commercial arbitration rules of the AAA. Prior to arbitration, all claims maintained by a Participant must first be submitted to the Committee in accordance with claims procedures determined by the Committee.

C. Jurisdiction . AIG and each Participant hereby irrevocably submit to the exclusive jurisdiction of a state or federal court of appropriate jurisdiction located in the Borough of Manhattan, the City of New York over any suit, action or proceeding arising out of or relating to or concerning this Plan or any SPU that is not otherwise arbitrated or resolved according to Section 10B. AIG and each Participant acknowledge that the forum designated by this section has a reasonable relation to this Plan and to such Participant's relationship with AIG.

D. Waiver . AIG and each Participant waive, to the fullest extent permitted by applicable law, any objection which AIG and such Participant now or hereafter may have to personal jurisdiction or to the laying of venue of any such suit, action or proceeding in any court referred to in Section 10C. AIG and each Participant undertake not to commence any action, suit or proceeding arising out of or relating to or concerning this Plan or any SPU in any forum other than a forum described in Section 10C.

E. Service of Process . Each Participant irrevocably appoints the Secretary of AIG at 70 Pine Street, New York, New York 10270, U.S.A. as his or her agent for service of process in connection with any action, suit or proceeding arising out of or relating to or concerning this Plan or any SPU that is not otherwise arbitrated or resolved according to Section 10A. The Secretary will promptly advise the Participant of any such service of process.

F. Confidentiality . Each Participant must keep confidential any information concerning any grant made under this Plan and any dispute, controversy or claim relating to this Plan, except that a Participant may disclose information concerning a dispute or claim to the court that is considering such dispute or to such Participant's legal counsel (provided that such counsel agrees not to disclose any such information other than as necessary to the prosecution or defense of the dispute).

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11. TERM OF PLAN

This Plan will continue until suspended or terminated by the Committee in its sole discretion. Any termination of this Plan will be done in a manner that the Committee determines complies with Section 409A.

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Exhibit 10(60)

AMERICAN INTERNATIONAL GROUP, INC.

PARTNERS PLAN
(AMENDED AND RESTATED EFFECTIVE DECEMBER 31, 2008)

1. PURPOSE

The Compensation and Management Resources Committee of the Board of Directors (the " *Committee* ") of American International Group, Inc. (" *AIG* ") has determined that certain key employees of AIG and its subsidiaries (together, the " *Employer* ") contribute substantially to the long-term growth and profitability of AIG. AIG has created this AIG Partners Plan (this " *Plan* ") to reward these individuals and to provide incentives for their continued contribution to the long-term performance of AIG.

2. PERFORMANCE PERIODS

This Plan will operate for successive overlapping two-year periods (each, a " *Performance Period* "). The first Performance Period will be from January 1, 2006 through December 31, 2007. The second Performance Period will be from January 1, 2007 through December 31, 2008. Thereafter, each Performance Period will be for successive two calendar-year periods until the Plan is terminated by the Committee.

3. PERFORMANCE RSUS AND PARTICIPANTS

A. Performance RSUs . Performance-based Restricted Stock Units awarded pursuant to this Plan (" *Performance RSUs* ") will provide holders the opportunity to earn shares of Common Stock of AIG (" *Shares* ") based on the growth in AIG's adjusted diluted earnings per share during the Performance Period to which the Performance RSUs relate.

B. Participants . The Committee will, from time to time, determine (1) the key employees of the Employer who will be awarded Performance RSUs under this Plan (the " *Participants* "), (2) the number of Performance RSUs awarded to each Participant and (3) the Performance Period to which the Performance RSUs relate.

C. Status of Performance RSUs . Performance RSUs awarded pursuant to this plan are issued under the AIG Amended and Restated 2007 Stock Incentive Plan or any successor plan, as amended from time to time (the " *SIP* "). Each Performance RSU constitutes an unfunded and unsecured promise of AIG to pay (or cause to be paid) one Share at the relevant payment date. Until such payment, a holder of Performance RSUs will have only the rights of a general unsecured creditor and no rights as a shareholder of AIG. As set forth in and subject to the relevant Performance RSU Award Agreement and the SIP, AIG may, at its option, deliver securities or other property in lieu of Shares otherwise payable under earned Performance RSUs. References in this Plan to Shares include such securities or other property in lieu thereof.

EXHIBIT
Exhibit 505

4. Performance Targets and Earned RSUs

A. Performance Targets. The Committee will, from time to time, determine the "*Target*," "*Threshold*" and "*Maximum*" performance targets for each Performance Period, based on Growth in Adjusted Diluted EPS over the Performance Period.

B. Earned Performance RSUs. At the end of each Performance Period, the Committee will determine the number of Performance RSUs earned for the Performance Period. Subject to the conditions of this Plan and unless determined otherwise by the Committee, the number of Performance RSUs earned for a Performance Period will be determined as follows:

Growth in Adjusted Diluted EPS for the Performance Period	Percentage of Performance RSUs Earned
Performance less than Threshold	0%
Performance at least Threshold	25%
Performance at Target	100%
Performance at or above Maximum	150%

The percentage of Performance RSUs earned for performance between Threshold and Target and between Target and Maximum will be determined on a straight-line basis.

C. Definitions.

(1) "*Growth in Adjusted Diluted EPS*" means, for any Performance Period, the average of (i) the percentage increase (or decrease) in Adjusted Diluted EPS for the first year of the Performance Period *over* the Adjusted Diluted EPS for the year prior to the beginning of the Performance Period and (ii) the percentage increase (or decrease) in Adjusted Diluted EPS for the second year of the Performance Period *over* the Adjusted Diluted EPS for the first year of the Performance Period; *provided* that, if there is a percentage decrease in Adjusted Diluted EPS for the first year of the Performance Period, then the percentage increase (or decrease) in the second year will be measured over the year prior to the beginning of the Performance Period.

(2) "*Adjusted Diluted EPS*" means, for any year, the diluted earnings per share of AIG common stock calculated on a consolidated basis in accordance with U.S. Generally Accepted Accounting Principles (a) without giving effect to (i) realized capital gains or losses, net of tax, (ii) the cumulative effect of changes in accounting treatment during the relevant periods, net of tax, (iii) the cumulative effect of material changes in tax laws during the relevant periods (such materiality to be determined by the Committee by reference to the changes' effect on AIG's reported actual tax expense), (iv) FAS 133 gains and losses, excluding realized capital gains or



losses, net of tax or (v) extraordinary items related to acquisition, restructuring and related charges, net of tax; (b) with adjustments for any stock split or stock dividend during the relevant period; (c) with adjustments in the case of cash acquisitions in excess of $5 billion to equalize the effect of acquisitions for cash and acquisitions for AIG common stock; (d) giving effect to any restatement in earnings per share for the relevant period; (e) giving effect to one-third of catastrophe losses and (f) with such other adjustments as the Compensation Committee may make. For the avoidance of doubt, the preceding adjustments may be made by the Compensation Committee in its sole discretion.

5. Vesting and Payout of Earned Performance RSUs

A. General . Except for Performance RSUs for the 2006-2007 Performance Period, earned Performance RSUs will vest and be paid in two equal installments promptly after the third and fourth anniversaries of the first day of the Performance Period to which the Performance RSUs relate (each, a " *Scheduled Vesting Date* "), but no later than the end of the calendar year in which the relevant Scheduled Vesting Date falls. Performance RSUs for the 2006-2007 Performance Period will vest and be paid in two equal installments promptly after January 1, 2010, and January 1, 2012 (the Scheduled Vesting Dates for these Performance RSUs), but no later than the end of the relevant calendar year. Except as provided in Sections 5B, 6 and 7A, if a Participant's employment with the Employer is terminated for any reason, the Participant's rights in respect of any Performance RSUs that would vest on a future Scheduled Vesting Date will be forfeited and terminate.

B. Death, Disability or Retirement after Age 65 . If a Participant dies, becomes subject to Disability or terminates employment by means of retirement at or after age 65 (" *Retires* "), in each case while actively employed by the Employer, any outstanding earned Performance RSUs will vest and be paid promptly after the date of such event, but no later than 90 days after such event (in the case of death or Disability) or the end of the calendar year in which such event falls (in the case of Retirement), as applicable. For this purpose, " *Disability* " means a period of medically determined physical or mental impairment that is expected to result in death or last for a period of not less than 36 months during which a Participant qualifies for income replacement benefits under the Employer's long-term disability plan for at least six months, or, if a Participant does not participate in such a plan, a period of disability during which the Participant is unable to engage in any substantial gainful activity by reason of any medically determined physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 36 months.

C. Delay of Payment . The Committee may, in its sole discretion, determine to defer payment of Performance RSUs or permit a Participant to elect to defer payment of Performance RSUs, in each case in a manner that conforms to the requirements of Section 409A(a)(4) of the Internal Revenue Code (the " *Code* ") .



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6. VESTING DURING A PERFORMANCE PERIOD

A. General . Except as provided in Section 6B, if a Participant's employment with the Employer is terminated for any reason during a Performance Period, all of the Participant's Performance RSUs relating to the Performance Period will be forfeited and terminate.

B. Death, Disability or Retirement after Age 65. If a Participant dies, becomes subject to Disability or Retires, in each case while actively employed by the Employer, the Participant will be eligible to receive a pro-rated amount (based upon the number of whole or partial months the Participant was employed during the Performance Period relative to 24) of the Performance RSUs earned for such Performance Period, as set forth in the relevant Performance RSU Award Agreement, subject to Section 8E.

7. ADMINISTRATION OF THIS PLAN

A. General . This Plan will be administered by the Committee. Actions of the Committee may be taken by the vote of a majority of its members. To the extent set forth in the SIP, the Committee may allocate among its members and delegate to any person who is not a member of the Committee any of its responsibilities. The Committee will have power to interpret this Plan, to make regulations for carrying out its purpose and to make all other determinations in connection with its administration (including, without limitation, whether a Participant has become subject to Disability), all of which will, unless otherwise determined by the Committee, be final, binding and conclusive. Subject to Section 8N, the Committee will have the power to increase or decrease the number of a Participant's Performance RSUs that are earned for a Performance Period. In addition, the Committee may, in its sole discretion, reinstate any Performance RSUs that would otherwise have been terminated and forfeited because of a Participant's termination of employment, if the Participant complies with any covenants, agreements or conditions that the Committee may impose; *provided, however* , that any such reinstated Performance RSUs will not be paid until the relevant Scheduled Vesting Dates set forth in Section 5A.

B. Non-Uniform Determinations . The Committee's determinations under this Plan need not be uniform and may be made by it selectively among persons who receive, or are eligible to receive, Performance RSUs under this Plan (whether or not such persons are similarly situated). Without limiting the generality of the foregoing, the Committee will be entitled, among other things, to make non-uniform and selective determinations as to the persons to become Participants.

C. Amendments. The Committee will have the power to amend this Plan in any manner and at any time, including in a manner adverse to the rights of the Participants; *provided* that, notwithstanding the foregoing and Sections 1.3.1(a), 1.3.1(b) and 3.1 of the SIP, the Committee may not accelerate or postpone the payout of Shares (or securities or other property in lieu of all or any part thereof) with respect to Performance RSUs to occur at a time other than the time otherwise provided for in this Plan or in the relevant Performance RSU Award Agreement.



D. No Liability . No member of the Board of Directors of AIG or the Committee or any employee of the Employer (each, a " *Covered Person* ") will have any liability to any person (including any Participant) for any action taken or omitted to be taken or any determination made in good faith with respect to this Plan or any Participant's participation in it. Each Covered Person will be indemnified and held harmless by AIG against and from any loss, cost, liability, or expense (including attorneys' fees) that may be imposed upon or incurred by such Covered Person in connection with or resulting from any action, suit or proceeding to which such Covered Person may be a party or in which such Covered Person may be involved by reason of any action taken or omitted to be taken under this Plan and against and from any and all amounts paid by such Covered Person, with AIG's approval, in settlement thereof, or paid by such Covered Person in satisfaction of any judgment in any such action, suit or proceeding against such Covered Person, *provided* that AIG will have the right, at its own expense, to assume and defend any such action, suit or proceeding and, once AIG gives notice of its intent to assume the defense, AIG will have sole control over such defense with counsel of AIG's choice. To the extent any taxable expense reimbursement under this paragraph is subject to Section 409A, (x) the amount thereof eligible in one taxable year shall not affect the amount eligible in any other taxable year; (y) in no event shall any expenses be reimbursed after the last day of the taxable year following the taxable year in which the Covered Person incurred such expenses; and (z) in no event shall any right to reimbursement be subject to liquidation or exchange for another benefit. The foregoing right of indemnification will not be available to a Covered Person to the extent that a court of competent jurisdiction in a final judgment or other final adjudication, in either case, not subject to further appeal, determines that the acts or omissions of such Covered Person giving rise to the indemnification claim resulted from such Covered Person's bad faith, fraud or willful misconduct. The foregoing right of indemnification will not be exclusive of any other rights of indemnification to which Covered Persons may be entitled under AIG's Restated Certificate of Incorporation or Bylaws, as a matter of law, or otherwise, or any other power that AIG may have to indemnify such persons or hold them harmless.

E. Adjustments. The Committee will have the authority (but will not be required) to adjust equitably outstanding and/or earned Performance RSUs to preserve the benefits or potential benefits intended to be made available to Participants for any change in the AIG common stock resulting from a recapitalization, combination or exchange of shares of AIG common stock, merger, consolidation, rights offering, separation, reorganization or liquidation, or any other change in the corporate structure or shares of AIG; *provided* that no such adjustment shall be made if or to the extent that it would cause any payment under this Plan to fail to comply with Section 409A. In addition, the Committee will have the authority (but will not be required) to adjust outstanding Performance RSUs for current Performance Periods and earned Performance RSUs for previous Performance Periods for any restatements of AIG's financial statements. For the avoidance of doubt, the Committee may, in its sole discretion, decline to adjust the terms of any outstanding Performance RSU if it determines that such adjustment would violate applicable law or result in adverse tax consequences to the Participant or to the Employer.

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CSOC.CBR.00031117

8. GENERAL RULES

A. SIP . All terms of the SIP shall apply to Performance RSUs. Notwithstanding any other provision existing within this Plan, the Performance RSUs awarded pursuant to this Plan will not exceed any per person per period award limit under the SIP.

B. Only Whole RSUs . Only whole Performance RSUs will be earned by Participants. Fractional Performance RSUs that would otherwise be earned with respect to a Performance Period will be rounded down to the nearest whole Performance RSU, and any such fractional Performance RSUs will be forfeited.

C. No Rights to Other Payments . The provisions of this Plan provide no right or eligibility to a Participant to any other payouts from AIG or its subsidiaries under any other alternative plans, schemes, arrangements or contracts AIG may have with any employees or group of employees of AIG or its subsidiaries.

D. No Effect on Benefits . Grants and payments under this Plan will constitute special discretionary incentive payments to the Participants and will not be required to be taken into account in computing the amount of salary or compensation of the Participants for the purpose of determining any contributions to or any benefits under any pension, retirement, profit-sharing, bonus, life insurance, severance or other benefit plan of the Employer or under any agreement with a Participant, unless the Employer specifically provides otherwise.

E. Section 409A .

(1) Performance RSUs are intended to provide payments that are "deferred compensation" subject to Section 409A, and this Plan is intended to, and will be interpreted, administered and construed to, comply with Section 409A with respect to the Performance RSUs. For this purpose, "*Section 409A*" means Section 409A of the Code, including any amendments or successor provisions to that section, and any regulations and other administrative guidance thereunder, in each case as they may be from time to time amended or interpreted through further administrative guidance. The Committee will have full authority to give effect to the intent of this Section 8E.

(2) Without limiting the generality of Section 8E(1), references to the termination of a Participant's employment with respect to Performance RSUs will mean the Participant's separation from service with the Employer within the meaning of Section 409A.

(3) Any payment to be made under the Performance RSUs in connection with termination of a Participant's employment (and any other payment under this Plan) that would be subject to the limitations in Section 409A(a)(2)(b) of the Code will be delayed until six months after termination of the Participant's employment (or earlier death) in accordance with the requirements of Section 409A.

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(4) To the extent necessary to comply with Section 8E(1), any securities or other property that the Employer may deliver in respect of Performance RSUs will not have the effect of deferring delivery or payment beyond the date on which such delivery or payment would occur with respect to the Shares that would otherwise have been deliverable (unless the Committee elects a later date for this purpose in accordance with Section 5C).

(5) Each payment under the Performance RSUs will be treated as a separate payment for purposes of Section 409A.

F. Severability . If any of the provisions of this Plan is finally held to be invalid, illegal or unenforceable (whether in whole or in part), such provision will be deemed modified to the extent, but only to the extent, of such invalidity, illegality or unenforceability and the remaining provisions will not be affected thereby; *provided* that if any of such provisions is finally held to be invalid, illegal, or unenforceable because it exceeds the maximum scope determined to be acceptable to permit such provision to be enforceable, such provision will be deemed to be modified to the minimum extent necessary to modify such scope in order to make such provision enforceable hereunder.

G. Entire Agreement . This Plan contains the entire agreement of the parties with respect to the subject matter thereof and supersedes all prior agreements, promises, covenants, arrangements, communications, representations and warranties between them, whether written or oral, with respect to the subject matter thereof.

H. Waiver of Claims . Each Participant recognizes and agrees that prior to being selected by the Committee to receive an award of Performance RSU he or she has no right to any benefits under this Plan. Accordingly, in consideration of the Participant's receipt of any Performance RSUs hereunder, he or she expressly waives any right to contest the amount of any Performance RSUs, the terms of this Plan, any determination, action or omission hereunder by the Committee or AIG or any amendment to this Plan.

I. No Third Party Beneficiaries . Except as expressly provided therein, this Plan will not confer on any person other than AIG and the Participant any rights or remedies thereunder. The exculpation and indemnification provisions of Section 7D will inure to the benefit of a Covered Person's estate and beneficiaries and legatees.

J. AIG's Successors and Assigns . The terms of this Plan will be binding upon and inure to the benefit of AIG and its successors and assigns.

K. Nonassignability . The Performance RSUs will not be assignable, transferable, pledged, hedged or in any manner alienated, whether by operation of law or otherwise, except as a result of death or incapacity where such rights are passed pursuant to a will or by operation of law. Any assignment, transfer, pledge, or other disposition in violation of the provisions of this Section 8L will be null and



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void and any Performance RSUs that are hedged in any manner will immediately be forfeited.

L. Right to Discharge . Nothing contained in this Plan or in any award of Performance RSUs will confer on any Participant any right to be continued in the employ of the Employer or to be included in any future plans of a similar nature.

M. Consent . If the Committee will at any time determine that any consent (as hereinafter defined) is necessary or desirable as a condition of, or in connection with, the awarding, earning or vesting of any Performance RSUs, the delivery of Shares in respect thereof or the payment of any amount under this Plan, or the taking of any other action thereunder (each such action, a "*plan action* "), then such plan action will not be taken, in whole or in part, unless and until such consent will have been effected or obtained to the full satisfaction of the Committee; *provided* that if such consent has not been so effected or obtained as of the latest date provided by this Plan for the delivery of Shares or securities or other property in respect of any Performance RSUs and further delay of delivery is not permitted in accordance with the requirements of Section 409A, such Performance RSUs will be forfeited and terminate notwithstanding any prior earning or vesting.

The term "*consent* " as used in this paragraph includes (1) any and all listings, registrations or qualifications in respect thereof upon any securities exchange or under any federal, state, or local law, or law, rule or regulation of a jurisdiction outside the United States, (2) any other matter, which the Committee may deem necessary or desirable to comply with the terms of any such listing, registration or qualification or to obtain an exemption from the requirement that any such listing, qualification or registration be made, (3) any and all other consents, clearances and approvals in respect of a plan action by any governmental or other regulatory body or any stock exchange or self-regulatory agency and (4) any and all consents required by the Committee.

N. Subject to Any AIG Section 162(m) Plan. AIG may, in any year, propose a Section 162(m) compliant performance incentive award plan (the "*AIG Section 162(m) Plan* "). If an AIG Section 162(m) Plan is proposed and approved by the AIG shareholders in accordance with Section 162(m) of the Code and Treasury Regulation Section 1.162-27(e)(4), this Plan will function as a sub-plan under the AIG Section 162(m) Plan, whereby performance compensation amounts payable under the AIG Section 162(m) Plan can be paid in part by earning Performance RSUs with respect to a Performance Period. If the AIG Section 162 (m) Plan is proposed and not so approved by the AIG shareholders, any Performance RSUs awarded to participants in the AIG Section 162(m) Plan will terminate and no Shares will be delivered with respect thereto.

O. Adoption . This plan was originally adopted on March 15, 2006 by the Committee. This Plan was amended and restated by the Committee on May 16, 2006, September 5, 2007, March 11, 2008, and November 11, 2008.

9. DISPUTES



CSOC.CBR.00031120

A. Governing Law . This Plan will be governed by and construed in accordance with the laws of the State of New York, without regard to principles of conflict of laws.

B. Dispute Resolution and Related Provisions . AIG agrees to the following provisions. By the acceptance of any award of Performance RSUs, each Participant agrees to accept the provisions of this Plan, including, without limitations, the following:

(1) **Arbitration** . Subject to the provisions of this Section 9, any dispute, controversy or claim between AIG and a Participant, arising out of or relating to or concerning this Plan or any Performance RSUs will be finally settled by arbitration in New York City before, and in accordance with the rules then obtaining of, the New York Stock Exchange, Inc. (the " *NYSE* ") or, if the NYSE declines to arbitrate the matter (or if the matter otherwise is not arbitrable by it), the American Arbitration Association (the " *AAA* ") in accordance with the commercial arbitration rules of the AAA. Prior to arbitration, all claims maintained by a Participant must first be submitted to the Committee in accordance with claims procedures determined by the Committee.

(2) **Jurisdiction** . AIG and each Participant hereby irrevocably submit to the exclusive jurisdiction of a state or federal court of appropriate jurisdiction located in the Borough of Manhattan, the City of New York over any suit, action or proceeding arising out of or relating to or concerning this Plan or any Performance RSUs that are not otherwise arbitrated or resolved according to Section 9B(1). AIG and each Participant acknowledge that the forum designated by this section has a reasonable relation to this Plan and to such Participant's relationship with AIG.

(3) **Waiver** . AIG and each Participant waive, to the fullest extent permitted by applicable law, any objection which AIG and such Participant now or hereafter may have to personal jurisdiction or to the laying of venue of any such suit, action or proceeding in any court referred to in Section 9B(2). AIG and each Participant undertake not to commence any action, suit or proceeding arising out of or relating to or concerning this Plan or any Performance RSUs in any forum other than a forum described in Section 9B(2).

(4) **Service of Process** . Each Participant irrevocably appoints the Secretary of AIG at 70 Pine Street, New York, New York 10270, U.S.A. as his or her agent for service of process in connection with any action, suit or proceeding arising out of or relating to or concerning this Plan or any Performance RSUs that are not otherwise arbitrated or resolved according to Section 9B(1). The Secretary will promptly advise the Participant of any such service of process.

C. Confidentiality . By the acceptance of any award of Performance RSUs, each Participant agrees to keep confidential any information concerning any grant made under this Plan and any dispute, controversy or claim relating to this



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Plan, except that a Participant may disclose information concerning a dispute or claim to the court that is considering such dispute or to such Participant's legal counsel (provided that such counsel agrees not to disclose any such information other than as necessary to the prosecution or defense of the dispute).

10. TERM OF PLAN

This Plan will continue until suspended or terminated by the Committee in its sole discretion. Any termination of this Plan will be done in a manner that the Committee determines complies with Section 409A.

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EXHIBIT
Exhibit 505

CSOC.CBR.00031122

Exhibit 10(62)

AMERICAN INTERNATIONAL GROUP, INC.
AMENDED AND RESTATED 2007 STOCK INCENTIVE PLAN



CSOC.CBR.00031123

AMERICAN INTERNATIONAL GROUP, INC.
Amended and Restated 2007 Stock Incentive Plan

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CSOC.CBR.00031124

AMERICAN INTERNATIONAL GROUP, INC.
Amended and Restated 2007 Stock Incentive Plan

ARTICLE I — GENERAL

1.1 Purpose

The purpose of the American International Group, Inc. Amended and Restated 2007 Stock Incentive Plan is to attract, retain and motivate officers, directors and key employees of American International Group, Inc. and its consolidated subsidiaries, to compensate them for their contributions to the long-term growth and profits of the Company and to encourage them to acquire a proprietary interest in the success of the Company.

This 2007 Stock Incentive Plan replaces the American International Group, Inc. Amended and Restated 1999 Stock Option Plan (as amended to the Effective Date, the " *Stock Option Plan* "), the American International Group, Inc. Amended and Restated 2002 Stock Incentive Plan (as amended to the Effective Date, the " *SIP* ") and the American International Group, Inc. Director Stock Plan (as amended to the Effective Date, the " *Director Plan* ") for Awards granted on or after the Effective Date. Awards may not be granted under any of the Stock Option Plan, the SIP or the Director Plan beginning on the Effective Date, but this 2007 Stock Incentive Plan will not affect the terms or conditions of any stock option, restricted stock unit or other award made under the Stock Option Plan, the SIP or the Director Plan before the Effective Date.

1.2 Definitions of Certain Terms

For purposes of this 2007 Stock Incentive Plan, the following terms have the meanings set forth below:

" *AIG* " means American International Group, Inc. or a successor entity contemplated by Section 3.6.

" *Assurance Agreement* " means the Assurance Agreement, by AIG in favor of eligible employees dated as of June 27, 2005, relating to certain obligations of Starr International Company, Inc. (as such agreement may be amended, supplemented, extended, modified or replaced from time to time).

" *Award* " means an award made pursuant to the Plan.

" *Award Agreement* " means the written document by which each Award is evidenced, and which may, but need not be (as determined by the Committee) executed or acknowledged by a Grantee as a condition to receiving an Award or the benefits under an Award, and which sets forth the terms and provisions applicable to Awards granted under the Plan to such Grantee.

" *Board* " means the Board of Directors of AIG.

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" *Certificate* " means a stock certificate (or other appropriate document or evidence of ownership) representing shares of Common Stock.

" *Code* " means the Internal Revenue Code of 1986, as amended from time to time, or any successor thereto, and the applicable rulings and regulations thereunder.

" *Committee* " has the meaning set forth in Section 1.3.1.

" *Common Stock* " means the common stock of AIG, par value $2.50 per share, and any other securities or property issued in exchange therefor or in lieu thereof pursuant to Section 1.6.4.

" *Company* " means AIG and its consolidated subsidiaries.

" *Consent* " has the meaning set forth in Section 3.3.2.

" *Covered Person* " has the meaning set forth in Section 1.3.3.

" *Director* " means a member of the Board or a member of the board of directors of a consolidated subsidiary of AIG.

" *Effective Date* " means May 16, 2007.

" *Employee* " means a regular, active employee of the Company.

" *Employment* " means a Grantee's performance of services for the Company, as an Employee, as determined by the Committee. The terms "employ" and "employed" will have their correlative meanings.

" *Exchange Act* " means the Securities Exchange Act of 1934, as amended from time to time, or any successor thereto, and the applicable rules and regulations thereunder.

" *Fair Market Value* " means, with respect to a share of Common Stock on any day, the fair market value as determined in accordance with a valuation methodology approved by the Committee, unless determined as otherwise specified herein.

" *Grantee* " means an Employee or Director who receives an Award.

" *Incentive Stock Option* " means an option to purchase shares of Common Stock that is intended to be designated as an "incentive stock option" within the meaning of Sections 421 and 422 of the Code, as now constituted or subsequently amended, or pursuant to a successor of the Code, and which is designated as an Incentive Stock Option in the applicable Award Agreement.

" *Non-Employee Director* " means a Director who is a "non-employee director" within the meaning of Rule 16b-3(b)(3) under the Exchange Act or any successor thereto.

" *Officer* " means an Employee who is an "officer" within the meaning of Rule 16a-1(f) under the Exchange Act.



" *Plan* " means this American International Group, Inc. Amended and Restated 2007 Stock Incentive Plan, as amended from time to time.

" *Plan Action* " will have the meaning set forth in Section 3.3.1.

" *Section 409A* " means Section 409A of the Code, including any amendments or successor provisions to that section, and any regulations and other administrative guidance thereunder, in each case as they may be from time to time amended or interpreted through further administrative guidance.

" *Securities Act* " means the Securities Act of 1933, as amended from time to time, or any successor thereto, and the applicable rules and regulations thereunder.

" *Treasury Regulations* " means the regulations promulgated under the Code by the United States Internal Revenue Service, as amended.

1.3 Administration

1.3.1 The Compensation and Management Resources Committee of the Board (as constituted from time to time, and including any successor committee, the " *Committee* ") will administer the Plan. The members of the Committee will be drawn solely from such members of the Board who are not and have not been Officers of the Company. The Committee is authorized, subject to the provisions of the Plan, to establish such rules and regulations as it deems necessary for the proper administration of the Plan and to make such determinations and interpretations and to take such action in connection with the Plan and any Award granted thereunder as it deems necessary or advisable. All determinations and interpretations made by the Committee will be final, binding and conclusive on all Grantees and on their legal representatives and beneficiaries. The Committee will have the authority, in its absolute discretion, to determine the persons who will receive Awards, the time when Awards will be granted, the terms of such Awards and the number of shares of Common Stock, if any, which will be subject to such Awards. Unless otherwise provided in an Award Agreement, the Committee reserves the authority, in its absolute discretion (but subject to Section 3.13.1 in the case of Awards made under the Plan that are intended to be "deferred compensation" subject to Section 409A, including provisions thereof relating to payment of Awards upon death, disability or retirement (either before or at normal retirement age)), to amend any outstanding Award Agreement in any respect, whether or not the rights of the Grantee of such Award are adversely affected (but subject to Sections 2.3.6 and 2.4.5), including, without limitation, to accelerate the time or times at which the Award becomes vested, unrestricted or may be exercised, to waive or amend any restrictions or conditions set forth in such Award Agreement, or to impose new restrictions and conditions, or to reflect a change in the Grantee's circumstances and (b) to determine whether, to what extent and under what circumstances and method or methods (i) Awards may be (A) settled in shares of Common Stock, other securities, other Awards or other property or (B) canceled, forfeited or suspended, (ii) shares of Common Stock, other securities, other Awards or other property, and other amounts payable with respect to an Award may be deferred either automatically or at the election of the Grantee thereof or of the Committee and (iii) Awards may be settled by the Company or any of its designees. Notwithstanding anything to the contrary contained herein, the Board may, in its sole discretion, at any time and from time to



time, grant Awards (other than grants to Directors) or administer the Plan, in which case the Board will have all of the authority and responsibility granted to the Committee herein. If so determined by the Committee, any Award made to an Officer will be made by the full Board or a committee or subcommittee of the Board composed of at least two Non-Employee Directors of AIG.

1.3.2 Actions of the Committee may be taken by the vote of a majority of its members. To the extent not inconsistent with applicable law and the rules and regulations of the New York Stock Exchange, (a) the Committee may delegate any of its powers under the Plan to a subcommittee of the Committee or to one of its members, (b) the Committee may allocate among its members any of its administrative responsibilities and (c) notwithstanding anything to the contrary contained herein, the Committee may delegate the determination of Awards (and related administrative responsibilities) to Employees who are not Officers to one or more officers of AIG designated by the Committee from time to time.

1.3.3 No Director or Employee (each such person, a "*Covered Person*") will have any liability to any person (including any Grantee) for any action taken or omitted to be taken or any determination made in good faith with respect to the Plan or any Award. Each Covered Person will be indemnified and held harmless by AIG against and from any loss, cost, liability or expense (including attorneys' fees) that may be imposed upon or incurred by such Covered Person in connection with or resulting from any action, suit or proceeding to which such Covered Person may be a party or in which such Covered Person may be involved by reason of any action taken or omitted to be taken under the Plan or any Award Agreement and against and from any and all amounts paid by such Covered Person, with AIG's approval, in settlement thereof, or paid by such Covered Person in satisfaction of any judgment in any such action, suit or proceeding against such Covered Person, *provided* that AIG will have the right, at its own expense, to assume and defend any such action, suit or proceeding and, once AIG gives notice of its intent to assume the defense, AIG will have sole control over such defense with counsel of AIG's choice. To the extent any taxable expense reimbursement under this paragraph is subject to Section 409A, (x) the amount thereof eligible in one taxable year shall not affect the amount eligible in any other taxable year; (y) in no event shall any expenses be reimbursed after the last day of the taxable year following the taxable year in which the Covered Person incurred such expenses; and (z) in no event shall any right to reimbursement be subject to liquidation or exchange for another benefit. The foregoing right of indemnification will not be available to a Covered Person to the extent that a court of competent jurisdiction in a final judgment or other final adjudication, in either case, not subject to further appeal, determines that the acts or omissions of such Covered Person giving rise to the indemnification claim resulted from such Covered Person's bad faith, fraud or willful misconduct. The foregoing right of indemnification will not be exclusive of any other rights of indemnification to which Covered Persons may be entitled under AIG's Restated Certificate of Incorporation or By-laws, as a matter of law, or otherwise, or any other power that AIG may have to indemnify such persons or hold them harmless.

1.4 Persons Eligible for Awards

Awards under the Plan may be made to Employees and Directors.

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1.5 Types of Awards Under Plan

Awards may be made under the Plan in the form of any of the following, in each case in respect of Common Stock: (a) stock options, (b) stock appreciation rights, (c) restricted shares, (d) restricted stock units, (e) dividend equivalent rights and (f) other equity-based or equity-related Awards that the Committee determines to be consistent with the purposes of the Plan and the interests of the Company.

1.6 Shares of Common Stock Available for Awards

1.6.1 *Common Stock Subject to the Plan.* Subject to the other provisions of this Section 1.6, the total number of shares of Common Stock that may be granted under the Plan is [•] . Such shares of Common Stock may, in the discretion of the Committee, be either authorized but unissued shares or shares previously issued and reacquired by AIG.

1.6.2 *Share Counting.* The number of shares of Common Stock granted under the Plan per year will be determined as follows: (a) each stock option, stock appreciation right and similar Award will count as 1 share of Common Stock and (b) each restricted share, restricted stock unit and similar Award will count as [2.9] shares of Common Stock. Shares of Common Stock issued in connection with awards that are assumed, converted or substituted as a result of the Company's acquisition of another company (including by way of merger, combination or similar transaction) will not count against the number of shares that may be issued under the Plan.

1.6.3 *Replacement of Shares.* If any Award is forfeited, expires, terminates or otherwise lapses, in whole or in part, without the delivery of Common Stock, then the shares of Common Stock covered by such forfeited, expired, terminated or lapsed award (counted in accordance with Section 1.6.2) will again be available for grant under the Plan. In addition, the following will be added to the number of shares available for grant under the Plan: (1) the number of shares of Common Stock underlying awards granted and outstanding under the Stock Option Plan before the Effective Date that are forfeited, expire, terminate or otherwise lapse on or after the Effective Date, in whole or in part, without the delivery of Common Stock and (2) the number of shares of Common Stock underlying awards granted and outstanding under the SIP before the Effective Date that are forfeited, expire, terminate or otherwise lapse on or after the Effective Date, in whole or in part, without the delivery of Common Stock (in each case, counted in accordance with Section 1.6.2). For the avoidance of doubt, the following shall not again become available for issuance under the Plan: (A) any shares of Common Stock withheld in respect of taxes, (B) any shares tendered or withheld to pay the exercise price of stock options, (C) any shares repurchased by the Company from the optionee with the proceeds from the exercise of stock options and (D) any shares subject to stock appreciation rights but not issued on exercise as a result of the operation of Section 2.4.4.

1.6.4 [*Adjustments.* The Committee [will] adjust the number of shares of Common Stock authorized pursuant to Section 1.6.1 and adjust equitably the terms of any outstanding Awards (including, without limitation, the number of shares of Common Stock covered by each outstanding Award, the type of property to which the Award is subject and the exercise or strike price of any Award), in such manner as it deems appropriate (including, without limitation, by payment of cash) to preserve the

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benefits or potential benefits intended to be made available to grantees of Awards, for any increase or decrease in the number of issued shares of Common Stock resulting from a recapitalization, stock split, stock dividend, combination or exchange of shares of Common Stock, merger, consolidation, rights offering, separation, reorganization or liquidation, or any other change in the corporate structure or shares of AIG; *provided* that no such adjustment shall be made if or to the extent that it would cause any outstanding Award to fail to comply with Section 409A. After any adjustment made pursuant to this Section 1.6.4, the number of shares of Common Stock subject to each outstanding Award will be rounded down to the nearest whole number. Notwithstanding the foregoing, the Committee may, in its sole discretion, decline to adjust the terms of any outstanding Award if it determines that such adjustment would violate applicable law or result in adverse tax consequences to the Grantee or to the Company.]

ARTICLE II—AWARDS UNDER THE PLAN

2.1 Agreements Evidencing Awards

Each Award granted under the Plan will be evidenced by an Award Agreement that will contain such provisions and conditions as the Committee deems appropriate. Unless otherwise provided herein, the Committee may grant Awards in tandem with or, subject to Section 3.13.1, in substitution for any other Award or Awards granted under the Plan or any award granted under any other plan of AIG. By accepting an Award pursuant to the Plan, a Grantee thereby agrees that the Award will be subject to all of the terms and provisions of the Plan and the applicable Award Agreement.

2.2 No Rights as a Shareholder

No Grantee (or other person having rights pursuant to an Award) shall have any of the rights of a shareholder of AIG with respect to shares of Common Stock subject to an Award until the delivery of such shares. Except as otherwise provided in Section 1.6.4, no adjustments will be made for dividends, distributions or other rights (whether ordinary or extraordinary, and whether in cash, Common Stock, other securities or other property) for which the record date is before the date the Certificates for the shares are delivered.

2.3 Options

2.3.1 *Grant* . Stock options may be granted to eligible recipients in such number and at such times during the term of the Plan as the Committee or the Board may determine; *provided, however* , that the maximum number of shares of Common Stock as to which stock options may be granted under the Plan to any one individual in any one year may not exceed 1,000,000 shares (as adjusted pursuant to the provisions of Section 1.6.4).



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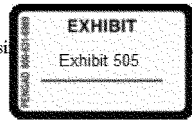
2.3.2 *Incentive Stock Options.* At the time of grant, the Committee will determine (a) whether all or any part of a stock option granted to an eligible employee will be an Incentive Stock Option and (b) the number of shares subject to such Incentive Stock Option; *provided, however*, that (1) the aggregate fair market value (determined as of the time the option is granted) of the stock with respect to which Incentive Stock Options are exercisable for the first time by an eligible employee during any calendar year (under all such plans of AIG and of any subsidiary corporation of AIG) will not exceed $100,000 and (2) no Incentive Stock Option (other than an Incentive Stock Option that may be assumed or issued by the Company in connection with a transaction to which Section 424(a) of the Code applies) may be granted to a person who is not eligible to receive an Incentive Stock Option under the Code. The form of any stock option which is entirely or in part an Incentive Stock Option will clearly indicate that such stock option is an Incentive Stock Option or, if applicable, the number of shares subject to the Incentive Stock Option.

2.3.3 *Exercise Price.* The exercise price per share with respect to each stock option will be determined by the Committee but, except as otherwise permitted by Section 1.6.4, may never be less than the Fair Market Value of the Common Stock. Unless otherwise noted in the Award Agreement, the Fair Market Value of the Common Stock will be its closing price on the New York Stock Exchange on the date of grant of the Award of stock options.

2.3.4 *Term of Stock Option.* In no event will any stock option be exercisable after the expiration of 10 years from the date on which the stock option is granted.

2.3.5 *Exercise of Stock Option and Payment for Shares.* The shares of Common Stock covered by each stock option may not be purchased for one year after the date on which the stock option is granted (except in the case of termination of Employment due to death, disability or retirement), but thereafter may be purchased in such installments as will be determined in the Award Agreement at the time the stock option is granted. Subject to any limitations in the applicable Award Agreement, any shares not purchased on the applicable installment date may be purchased thereafter at any time before the final expiration of the stock option. To exercise a stock option, the Grantee must give written notice to AIG specifying the number of shares to be purchased and accompanied by payment of the full purchase price therefor in cash or by certified or official bank check or in another form as determined by the Company, including: (a) personal check, (b) shares of Common Stock, valued as of the exercise date, of the same class as those to be granted by exercise of the stock option, (c) any other form of consideration approved by the Company and permitted by applicable law and (d) any combination of the foregoing. Any person exercising a stock option will make such representations and agreements and furnish such information as the Committee may in its discretion deem necessary or desirable to assure compliance by AIG, on terms acceptable to AIG, with the provisions of the Securities Act and any other applicable legal requirements. If a Grantee so requests, shares purchased may be issued in the name of the Grantee and another jointly with the right of survivorship.

2.3.6 *Repricing.* Except as otherwise permitted by Section 1.6.4, reducing the exercise price of stock options issued and outstanding under the Plan, including through amendment, cancellation in exchange for the grant of a substitute Award or repurchase for cash or other consideration (in each case that has the effect of reducing the exercise price), will require approval of the shareholders.



2.4 Stock Appreciation Rights

2.4.1 *Grant.* Stock appreciation rights may be granted to eligible recipients in such number and at such times during the term of the Plan as the Committee or the Board may determine; *provided, however*, that the maximum number of shares of Common Stock as to which stock appreciation rights may be granted under the Plan to any one individual in any one year may not exceed 1,000,000 shares (as adjusted pursuant to the provisions of Section 1.6.4).

2.4.2 *Exercise Price.* The exercise price per share with respect to each stock appreciation right will be determined by the Committee but, except as otherwise permitted by Section 1.6.4, may never be less than the Fair Market Value of the Common Stock. Unless otherwise noted in the Award Agreement, the Fair Market Value of the Common Stock will be its closing price on the New York Stock Exchange on the date of grant of the Award of stock appreciation rights.

2.4.3 *Term of Stock Appreciation Right.* In no event will any stock appreciation right be exercisable after the expiration of 10 years from the date on which the Stock Appreciation Right is granted.

2.4.4 *Exercise of Stock Appreciation Right and Delivery of Shares.* Each stock appreciation right may not be exercised for one year after the date on which the stock appreciation right is granted (except in the case of termination of Employment due to death, disability or retirement), but thereafter may be exercised in such installments as may be determined in the Award Agreement at the time the stock appreciation right is granted. Subject to any limitations in the applicable Award Agreement, any stock appreciation rights not exercised on the applicable installment date may be exercised thereafter at any time before the final expiration of the stock appreciation right. To exercise a stock appreciation right, the Grantee must give written notice to AIG specifying the number of stock appreciation rights to be exercised. Upon exercise of stock appreciation rights, shares of Common Stock with a Fair Market Value equal to (a) the excess of (1) the Fair Market Value of the Common Stock on the date of exercise *over* (2) the exercise price of such stock appreciation right *multiplied by* (b) the number of stock appreciation rights exercised will be delivered to the Grantee. Any person exercising a stock appreciation right will make such representations and agreements and furnish such information as the Committee may in its discretion deem necessary or desirable to assure compliance by AIG, on terms acceptable to AIG, with the provisions of the Securities Act and any other applicable legal requirements. If a Grantee so requests, shares purchased may be issued in the name of the Grantee and another jointly with the right of survivorship.

2.4.5 *Repricing.* Except as otherwise permitted by Section 1.6.4, reducing the exercise price of stock appreciation rights issued and outstanding under the Plan, including through amendment, cancellation in exchange for the grant of a substitute Award or repurchase for cash or other consideration (in each case that has the effect of reducing the exercise price), will require approval of the shareholders.

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2.5 Restricted Shares

2.5.1 *Grants.* The Committee may grant or offer for sale restricted shares in such amounts and subject to such terms and conditions as the Committee may determine. Upon the delivery of such shares, the Grantee will have the rights of a shareholder with respect to the restricted shares, subject to any restrictions and conditions as the Committee may include in the applicable Award Agreement. In the event that a Certificate is issued in respect of restricted shares, such Certificate may be registered in the name of the Grantee but will be held by AIG or its designated agent until the time the restrictions lapse.

2.5.2 *Right to Vote and Receive Dividends on Restricted Shares.* Each Grantee of an Award of restricted shares will, during the period of restriction, be the beneficial and record owner of such restricted shares and will have full voting rights with respect thereto. Unless the Committee determines otherwise in an Award Agreement, during the period of restriction, all ordinary cash dividends (as determined by the Committee in its sole discretion) paid upon any restricted share will be retained by the Company for the account of the relevant Grantee. Such dividends will revert back to the Company if for any reason the restricted share upon which such dividends were paid reverts back to the Company. Upon the expiration of the period of restriction, all such dividends made on such restricted share and retained by the Company will be paid to the relevant Grantee. Unless the applicable Award Agreement provides otherwise, additional shares or other property distributed to the Grantee in respect of restricted shares, as dividends or otherwise, will be subject to the same restrictions applicable to such restricted shares.

2.6 Restricted Stock Units

The Committee may grant Awards of restricted stock units in such amounts and subject to such terms and conditions as the Committee may determine. A Grantee of a restricted stock unit will have only the rights of a general unsecured creditor of AIG until delivery of shares of Common Stock or other securities or property is made as specified in the applicable Award Agreement. On the delivery date specified in the Award Agreement, the Grantee of each restricted stock unit not previously forfeited or terminated will receive one share of Common Stock, or securities or other property equal in value to a share of Common Stock or a combination thereof, as specified by the Committee.

2.7 Dividend Equivalent Rights

The Committee may include in the Award Agreement with respect to any Award a dividend equivalent right entitling the Grantee to receive amounts equal to all or any portion of the dividends that would be paid on the shares of Common Stock covered by such Award if such shares had been delivered pursuant to such Award. The grantee of a dividend equivalent right will have only the rights of a general unsecured creditor of AIG until payment of such amounts is made as specified in the applicable Award Agreement. In the event such a provision is included in an Award Agreement, the Committee will, subject to Section 3.13.1, determine whether such payments will be made in cash, in shares of Common Stock or in another form, whether they will

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be conditioned upon the exercise of the Award to which they relate, the time or times at which they will be made, and such other terms and conditions as the Committee will deem appropriate.

2.8 Other Stock-Based Awards

The Committee may grant other types of equity-based or equity-related Awards (including the grant or offer for sale of unrestricted shares of Common Stock) in such amounts and subject to such terms and conditions as the Committee may determine. Such Awards may entail the transfer of actual shares of Common Stock to Award recipients and may include Awards designed to comply with or take advantage of the applicable local laws of jurisdictions other than the United States.

ARTICLE III—MISCELLANEOUS

3.1 Amendment of the Plan

3.1.1 Unless otherwise provided in an Award Agreement, the Board may from time to time suspend, discontinue, revise or amend the Plan in any respect whatsoever, including in any manner that adversely affects the rights, duties or obligations of any Grantee of an Award.

3.1.2 Unless otherwise determined by the Board, shareholder approval of any suspension, discontinuance, revision or amendment will be obtained only to the extent necessary to comply with any applicable laws, regulations or rules of a securities exchange or self-regulatory agency.

3.2 Tax Withholding

Grantees shall be solely responsible for any applicable taxes (including, without limitation, income and excise taxes) and penalties, and any interest that accrues thereon, that they incur in connection with the receipt, vesting or exercise of any Award. As a condition to the delivery of any shares of Common Stock pursuant to any Award or the lifting or lapse of restrictions on any Award, or in connection with any other event that gives rise to a federal or other governmental tax withholding obligation on the part of the Company relating to an Award (including, without limitation, FICA tax), (a) the Company may deduct or withhold (or cause to be deducted or withheld) from any payment or distribution to a Grantee whether or not pursuant to the Plan (including shares of Common Stock otherwise deliverable) or (b) the Committee will be entitled to require that the Grantee remit cash to the Company (through payroll deduction or otherwise), in each case in an amount sufficient in the opinion of the Company to satisfy such withholding obligation.



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3.3 Required Consents and Legends

3.3.1 If the Committee at any time determines that any Consent (as hereinafter defined) is necessary or desirable as a condition of, or in connection with, the granting of any Award, the delivery of shares of Common Stock or the delivery of any securities or other property under the Plan, or the taking of any other action thereunder (each such action a "*Plan Action*"), then, subject to Section 3.13.2, such Plan Action will not be taken, in whole or in part, unless and until such Consent will have been effected or obtained to the full satisfaction of the Committee. The Committee may direct that any Certificate evidencing shares delivered pursuant to the Plan will bear a legend setting forth such restrictions on transferability as the Committee may determine to be necessary or desirable, and may advise the transfer agent to place a stop transfer order against any legended shares.

3.3.2 The term "*Consent*" as used in this Article III with respect to any Plan Action includes (a) any and all listings, registrations or qualifications in respect thereof upon any securities exchange or under any federal, state, or local law, or law, rule or regulation of a jurisdiction outside the United States, (b) or any other matter, which the Committee may deem necessary or desirable to comply with the terms of any such listing, registration or qualification or to obtain an exemption from the requirement that any such listing, qualification or registration be made, (c) any and all other consents, clearances and approvals in respect of a Plan Action by any governmental or other regulatory body or any stock exchange or self-regulatory agency and (d) any and all consents or other documentation required by the Committee. Nothing herein will require the Company to list, register or qualify the shares of Common Stock on any securities exchange.

3.4 Right of Offset

Except with respect to Awards made under the Plan that are intended to be "deferred compensation" subject to Section 409A, the Company will have the right to offset against its obligation to deliver shares of Common Stock (or other property) under the Plan or any Award Agreement any outstanding amounts (including, without limitation, travel and entertainment or advance account balances, loans, repayment obligations under any Awards, or amounts repayable to the Company pursuant to tax equalization, housing, automobile or other employee programs) that the Grantee then owes to the Company and any amounts the Committee otherwise deems appropriate pursuant to any tax equalization policy or agreement.

3.5 Nonassignability; No Hedging

No Award (or any rights and obligations thereunder) granted to any person under the Plan may be sold, exchanged, transferred, assigned, pledged, hypothecated or otherwise disposed of or hedged, in any manner (including through the use of any cash-settled instrument), whether voluntarily or involuntarily and whether by operation of law or otherwise, other than by will or by the laws of descent and distribution. Any sale, exchange, transfer, assignment, pledge, hypothecation, or other disposition in violation of the provisions of this Section 3.5 will be null and void and any Award which is hedged in any manner will immediately be forfeited. All of



the terms and conditions of the Plan and the Award Agreements will be binding upon any permitted successors and assigns.

3.6 Successor Entity

Unless otherwise provided in the applicable Award Agreement and except as otherwise determined by the Committee, in the event of a merger, consolidation, mandatory share exchange or other similar business combination of AIG with or into any other entity (" *Successor Entity* ") or any transaction in which another person or entity acquires all of the issued and outstanding Common Stock of AIG, or all or substantially all of the assets of AIG, outstanding Awards may be assumed or a substantially equivalent award may be substituted by such successor entity or a parent or subsidiary of such successor entity.

3.7 Right of Discharge Reserved

Nothing in the Plan or in any Award Agreement will confer upon any Grantee the right to continued Employment by the Company or affect any right which the Company may have to terminate such Employment.

3.8 Nature of Payments

3.8.1 Any and all grants of Awards and deliveries of Common Stock, securities or other property under the Plan will be in consideration of services performed or to be performed for the Company by the Grantee. Awards under the Plan may, in the discretion of the Committee, and subject to Section 3.13.1, be made in substitution in whole or in part for cash or other compensation otherwise payable to a participant in the Plan. Only whole shares of Common Stock will be delivered under the Plan. Awards will, to the extent reasonably practicable, be aggregated in order to eliminate any fractional shares. Fractional shares may, in the discretion of the Committee, be forfeited or be settled in cash or otherwise as the Committee may determine.

3.8.2 All such grants and deliveries will constitute a special discretionary incentive payment to the Grantee and will not be required to be taken into account in computing the amount of salary or compensation of the Grantee for the purpose of determining any contributions to or any benefits under any pension, retirement, profit-sharing, bonus, life insurance, severance or other benefit plan of the Company or under any agreement with the Grantee, unless the Company specifically provides otherwise.

3.9 Non-Uniform Determinations

3.9.1 The Committee's determinations under the Plan and Award Agreements need not be uniform and may be made by it selectively among persons who receive, or are eligible to receive, Awards under the Plan (whether or not such persons are similarly situated). Without limiting the generality of the foregoing, the Committee



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will be entitled, among other things, to make non-uniform and selective determinations under Award Agreements, and to enter into non-uniform and selective Award Agreements, as to (a) the persons to receive Awards, (b) the terms and provisions of Awards and (c) whether a Grantee's Employment has been terminated for purposes of the Plan.

3.9.2 To the extent the Committee deems it necessary, appropriate or desirable to comply with foreign law or practices and to further the purposes of the Plan, the Committee may, without amending the Plan, establish special rules applicable to Awards to Grantees who are foreign nationals, are employed outside the United States or both and grant Awards (or amend existing Awards) in accordance with those rules.

3.10 Other Payments or Awards

Nothing contained in the Plan will be deemed in any way to limit or restrict the Company from making any award or payment to any person under any other plan, arrangement or understanding, whether now existing or hereafter in effect.

3.11 Plan Headings

The headings in the Plan are for the purpose of convenience only and are not intended to define or limit the construction of the provisions hereof.

3.12 Termination of Plan

The Board reserves the right to terminate the Plan at any time; *provided, however*, that in any case, the Plan will terminate May 16, 2017, and *provided further*, that all Awards made under the Plan before its termination will remain in effect until such Awards have been satisfied or terminated in accordance with the terms and provisions of the Plan and the applicable Award Agreements.

3.13 Section 409A

3.13.1 All Awards made under the Plan that are intended to be "deferred compensation" subject to Section 409A shall be interpreted, administered and construed to comply with Section 409A, and all Awards made under the Plan that are intended to be exempt from Section 409A shall be interpreted, administered and construed to comply with and preserve such exemption. The Board and the Committee shall have full authority to give effect to the intent of the foregoing sentence. To the extent necessary to give effect to this intent, in the case of any conflict or potential inconsistency between the Plan and a provision of any Award or Award Agreement with respect to an Award, the Plan shall govern.

3.13.2 Without limiting the generality of Section 3.13.1, with respect to any Award made under the Plan that is intended to be "deferred compensation" subject

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to Section 409A: (a) references to termination of the Grantee's employment will mean the Grantee's separation from service with the Company within the meaning of Section 409A; (b) any payment to be made with respect to such Award in connection with the Grantee's separation from service with the Company within the meaning of Section 409A that would be subject to the limitations in Section 409A(a)(2)(b) of the Code shall be delayed until six months after the Grantee's separation from service (or earlier death) in accordance with the requirements of Section 409A; (c) to the extent necessary to comply with Section 409A, any other securities, other Awards or other property that the Company may deliver in lieu of shares of Common Stock in respect of an Award shall not have the effect of deferring delivery or payment beyond the date on which such delivery or payment would occur with respect to the shares of Common Stock that would otherwise have been deliverable (unless the Committee elects a later date for this purpose in accordance with the requirements of Section 409A); (d) with respect to any required Consent described in Section 3.3 or the applicable Award Agreement, if such Consent has not been effected or obtained as of the latest date provided by such Award Agreement for payment in respect of such Award and further delay of payment is not permitted in accordance with the requirements of Section 409A, such Award or portion thereof, as applicable, will be forfeited and terminate notwithstanding any prior earning or vesting; (e) if the Award includes a "series of installment payments" (within the meaning of Section 1.409A-2(b)(2)(iii) of the Treasury Regulations), the Grantee's right to the series of installment payments shall be treated as a right to a series of separate payments and not as a right to a single payment; (f) if the Award includes "dividend equivalents" (within the meaning of Section 1.409A-3(e) of the Treasury Regulations), the Grantee's right to the dividend equivalents shall be treated separately from the right to other amounts under the Award; and (g) unless the Committee determines otherwise, for purposes of determining whether the Grantee has experienced a separation from service with the Company within the meaning of Section 409A, "subsidiary" shall mean a corporation or other entity in a chain of corporations or other entities in which each corporation or other entity, starting with AIG, has a controlling interest in another corporation or other entity in the chain, ending with such corporation or other entity. For purposes of the preceding sentence, the term "controlling interest" has the same meaning as provided in Section 1.414(c)-2(b)(2)(i) of the Treasury Regulations, provided that the language "at least 20 percent" is used instead of "at least 80 percent" each place it appears in Section 1.414(c)-2(b)(2)(i) of the Treasury Regulations.

3.14 Governing Law

THE PLAN WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

3.15 Severability; Entire Agreement

If any of the provisions of the Plan or any Award Agreement is finally held to be invalid, illegal or unenforceable (whether in whole or in part), such provision will be deemed modified to the extent, but only to the extent, of such invalidity, illegality or unenforceability and the remaining provisions will not be affected thereby; *provided*



that if any of such provisions is finally held to be invalid, illegal, or unenforceable because it exceeds the maximum scope determined to be acceptable to permit such provision to be enforceable, such provision will be deemed to be modified to the minimum extent necessary to modify such scope in order to make such provision enforceable hereunder. The Plan and any Award Agreements contain the entire agreement of the parties with respect to the subject matter thereof and supersede all prior agreements, promises, covenants, arrangements, communications, representations and warranties between them, whether written or oral with respect to the subject matter thereof.

3.16 Waiver of Claims

Each Grantee of an Award recognizes and agrees that before being selected by the Committee to receive an Award he or she has no right to any benefits hereunder. Accordingly, in consideration of the Grantee's receipt of any Award hereunder, he or she expressly waives any right to contest the amount of any Award, the terms of any Award Agreement, any determination, action or omission hereunder or under any Award Agreement by the Committee, the Company or the Board, or any amendment to the Plan or any Award Agreement (other than an amendment to the Plan or an Award Agreement to which his or her consent is expressly required by the express terms of an Award Agreement).

3.17 No Liability With Respect to Tax Qualification or Adverse Tax Treatment

Notwithstanding anything to the contrary contained herein, in no event shall the Company be liable to a Grantee on account of an Award's failure to (a) qualify for favorable United States or foreign tax treatment or (b) avoid adverse tax treatment under United States or foreign law, including, without limitation, Section 409A.

3.18 No Third Party Beneficiaries

Except as expressly provided therein, neither the Plan nor any Award Agreement will confer on any person other than the Company and the Grantee of any Award any rights or remedies thereunder. The exculpation and indemnification provisions of Section 1.3.2 will inure to the benefit of a Covered Person's estate and beneficiaries and legatees.

3.19 Successors and Assigns of AIG

The terms of the Plan will be binding upon and inure to the benefit of AIG and any successor entity contemplated by Section 3.6.

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3.20 Date of Adoption and Approval of Shareholders

The Plan was adopted on March 14, 2007 by the Board and approved by the shareholders of AIG at the 2007 Annual Meeting of Shareholders. The Plan was amended and restated by the Board on November 14, 2007, November 11, 2008, and [December •], 2008, which amendment and restatement was approved by the shareholders of AIG at the 2008 Special Meeting of Shareholders held on [December •], 2008.

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Exhibit 10(64)

AMERICAN INTERNATIONAL GROUP, INC.
PARTNERS PLAN
PERFORMANCE RSU AWARD AGREEMENT

This award agreement (this "***Award Agreement***") sets forth the terms and conditions of an award (this "***Award***") of performance-based restricted stock units ("***Performance RSUs***") awarded to you pursuant to the American International Group, Inc. Partners Plan (the "***Partners Plan***") and issued to you under the American International Group, Inc. 2007 Stock Incentive Plan (the "***SIP***").

1. The SIP. This Award is issued under the SIP, the terms of which are incorporated in this Award Agreement. Capitalized terms used in this Award Agreement that are not defined in this Award Agreement, or in the attached Glossary of Terms, have the meanings as used or defined in the Partners Plan or the SIP.

2. Award.

(a) ***Award of Performance RSUs.*** The number of Performance RSUs initially subject to this Award, the Date of Grant and the Performance Period are set forth at the end of this Award Agreement. At the end of the Performance Period, the Committee will determine the number of Performance RSUs earned under this Award in accordance with the terms of the Partners Plan and will advise you of the number (such earned Performance RSUs, the "***Earned RSUs***"). The number of Earned RSUs may range from 0% to 150% of the Performance RSUs initially subject to this Award.

(b) ***Status of Earned RSUs.*** Each Earned RSU constitutes an unfunded and unsecured promise of AIG to deliver (or cause to be delivered) to you, subject to the terms of this Award Agreement, one share of Common Stock (the "***Share***" or the "***Shares***" as the context requires) (or securities or other property equal to the Fair Market Value thereof) on the Scheduled Vesting Date as provided herein. Until such delivery, you have only the rights of a general unsecured creditor, and no rights as a shareholder, of AIG. THIS AWARD IS SUBJECT TO ALL TERMS, CONDITIONS AND PROVISIONS OF THE PARTNERS PLAN, THE SIP AND THIS AWARD AGREEMENT, INCLUDING, WITHOUT LIMITATION, THE ARBITRATION AND CHOICE OF FORUM PROVISIONS SET FORTH IN PARAGRAPH 15.

3. Vesting and Payout.

(a) ***Vesting***. Except as provided in this Paragraph 3 and in Paragraphs 4 and 6, you shall become vested in the Earned RSUs in two equal installments on the third and fourth anniversaries of the first day of the Performance Period for this Award (each, a "***Scheduled Vesting Date***" for this Award). Except as provided in Paragraph 6, if your Employment terminates for any reason prior to a Scheduled Vesting Date, your rights in respect of all of your unvested Performance RSUs shall be forfeited and terminate, and no Shares (or securities or other property) shall be paid in respect of such Performance RSUs.

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(b) ***Payout***. Except as provided in this Paragraph 3 and in Paragraphs 4, 6, 8 and 9, the Shares underlying the vested Earned RSUs shall be paid promptly after the respective Scheduled Vesting Date, but no later than the end of the calendar year in which such Scheduled Vesting Date falls. The Company may, at its option and subject to the Partners Plan and the SIP, deliver securities or other property in lieu of all or any portion of the Shares otherwise payable on a Scheduled Vesting Date. Such payment shall equal the product of the number of Shares to be delivered on the Scheduled Vesting Date and the Fair Market Value of one Share of Common Stock on the Scheduled Vesting Date. You shall be deemed the beneficial owner of the Shares at the close of business on the Scheduled Vesting Date and shall be entitled to any dividend or distribution that has not already been made with respect to such Shares if the record date for such dividend or distribution is on or after the close of business on the Scheduled Vesting Date. Notwithstanding the foregoing, if a Scheduled Vesting Date occurs at a time when the tax deduction with respect to your payout of Shares (or securities or other property) would be limited or eliminated by Section 162(m) of the Code, payout of the Shares (or securities or other property) may be deferred by the Company under the circumstances described in Section 409A until the earliest date that the Company reasonably anticipates that the deduction or payment will not be limited or eliminated.

(c) ***Death***. Notwithstanding any other provision of this Award Agreement, if you die:

(i) during the Performance Period, and provided your rights in respect of your Performance RSUs have not yet terminated, (A) you shall be eligible to vest in a pro-rated amount of your Performance RSUs (based upon the number of whole or partial months you were employed during the Performance Period relative to 24 and the determination, in the Committee's sole discretion, of achievement through the date of your death against performance targets for the Performance Period) and (B) the Shares (or securities or other property in lieu of all or any part thereof) corresponding to such pro-rated amount of your Performance RSUs determined in accordance with Paragraphs 2(c)(i)(A) and 2(h) shall be paid to the representative of your estate promptly after your death (but no later than 90 days after your death); or

(ii) at any time prior to a Scheduled Vesting Date but after completion of the Performance Period, and provided your rights in respect of your Earned RSUs have not yet terminated, the Shares (or securities or other property in lieu of all or any part thereof) corresponding to your outstanding Earned RSUs shall be paid to the representative of your estate promptly after your death (but no later than 90 days after your death).

(d) ***Delay of Payment***. The Committee may, in its sole discretion, determine to defer payment of Performance RSUs or permit you to elect to defer payment of Performance RSUs, in each case in a manner that conforms to the requirements of Section 409A(a)(4) of the Code.

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4. Termination of Performance RSUs and Earned RSUs; Non-Payment of Shares.

(a) ***Termination on Separation from Service*** . Except as provided in Paragraphs 3(c) and 6, if your Employment with the Company terminates for any reason or you are otherwise no longer actively employed by the Company:

(i) during the Performance Period, your rights in respect of your outstanding Performance RSUs shall immediately terminate, there will be no Earned RSUs with respect thereto and no Shares (or securities or other property) shall be paid in respect thereof; or

(ii) at any time prior to a Scheduled Vesting Date but after the completion of the Performance Period, your rights in respect of your outstanding unvested Earned RSUs shall immediately terminate, and no Shares (or securities or other property) shall be paid in respect of such unvested Earned RSUs.

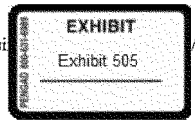
(b) ***Termination on Other Events*** . Unless the Committee determines otherwise, and except as further provided in Paragraph 6, your rights in respect of all of your Performance RSUs or Earned RSUs (whether or not vested) shall immediately terminate, and no Shares (or securities or other property) shall be paid in respect of Performance RSUs or Earned RSUs, if at any time prior to the Scheduled Vesting Date:

(i) you attempt to have any dispute under this Award Agreement, the Partners Plan or the SIP resolved in any manner that is not provided for by Paragraph 15;

(ii) any event that constitutes Cause has occurred;

(iii) you in any manner, directly or indirectly, (A) Solicit any Client to transact business with a Competitive Enterprise or to reduce or refrain from doing any business with the Company or (B) interfere with or damage (or attempt to interfere with or damage) any relationship between the Company and any such Client or (C) Solicit any person who is an employee of the Company to resign from the Company or to apply for or accept employment with any Competitive Enterprise; or

(iv) you fail to certify to AIG, in accordance with procedures established by the Committee, with respect to a Scheduled Vesting Date that you have complied, or the Committee determines that you have failed as of a Scheduled Vesting Date to comply, with all of the terms and conditions of this Award Agreement. By accepting the delivery of Shares (or securities or other property) under this Award Agreement, you shall be deemed to have represented and certified at such time that you have complied with all the terms and conditions of this Award Agreement.



(c) ***Termination on Failure to Certify.*** Unless the Committee determines otherwise, if a Scheduled Vesting Date in respect of any of your outstanding Earned RSUs occurs, and Shares (or securities or other property) with respect to such outstanding Earned RSUs would be payable under the terms and conditions of this Award Agreement, except that you have not complied with the conditions or your obligations under Paragraph 4(b)(iv), all of your rights with respect to your outstanding Earned RSUs shall terminate no later than the Scheduled Vesting Date for such Shares.

5. Repayment. If, following the delivery of Shares (or securities or other property), the Committee determines that all terms and conditions of this Award Agreement in respect of such delivery were not satisfied, the Company shall be entitled to receive, and you shall be obligated to pay the Company immediately upon demand therefor, the Fair Market Value of the Shares (determined as of the Scheduled Vesting Date) and the amount of securities or other property (to the extent that securities or other property was delivered in lieu of Shares) delivered with respect to the Scheduled Vesting Date, without reduction for any Shares (or securities or other property) applied to satisfy withholding tax or other obligations in respect of such Shares (or securities or other property).

6. Disability and Retirement.

(a) ***During the Performance Period***. Notwithstanding any other provision of this Award Agreement, but subject to Paragraph 6(c):

(i) if you become subject to Disability during the Performance Period, and provided your rights in respect of your Performance RSUs have not yet terminated, (A) you shall be eligible to vest in a pro-rated amount of your Performance RSUs (based upon the number of whole or partial months you were employed during the Performance Period relative to 24 and the determination, in the Committee's sole discretion, of achievement through the date of your becoming subject to Disability against performance targets for the Performance Period) and (B) the Shares (or securities or other property in lieu of all or any part thereof) corresponding to such pro-rated amount of your Performance RSUs determined in accordance with Paragraphs 6(a)(i)(A) and 2(b) shall be paid to you promptly after you become subject to Disability (but no later than 90 days thereafter); or

(ii) if you Retire during the Performance Period, and provided your rights in respect of your Performance RSUs have not yet terminated, (A) you shall be eligible to vest in a pro-rated amount of your Performance RSUs (based upon the number of whole or partial months you were employed during the Performance Period relative to 24) and (B) the Shares (or securities or other property in lieu of all or any part thereof) corresponding to such pro-rated amount of your Performance RSUs determined in accordance with Paragraphs 6(a)(ii)(A) and 2(b) shall be paid to you as soon as practicable in the calendar year immediately following the end of such Performance Period

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when performance has been determined (but no later than the end of such year).

(b) ***After the End of the Performance Period.*** Notwithstanding any other provision of this Award Agreement, but subject to Paragraph 6(c), if you become subject to Disability or Retire after the completion of the Performance Period, the condition set forth in Paragraph 4(a) shall be waived with respect to your then outstanding unvested Earned RSUs (as a result of which any such then unvested outstanding Earned RSUs shall vest and shares corresponding to the Earned RSUs shall be paid to you promptly after the date you become subject to Disability or Retire, but no later than 90 days after such event (in the case of Disability) or the end of the calendar year in which such date falls (in the case of Retirement), as applicable), but all other conditions of this Award Agreement shall continue to apply.

(c) ***Termination of Rights Following Disability or Retirement.*** Without limiting the application of Paragraph 4(b) or Paragraph 4(c), your rights in respect of any outstanding Performance RSUs that become vested solely by reason of Paragraph 6(a) or 6(b) shall terminate, and no Shares (or securities or other property) shall be paid in respect of such outstanding Performance RSUs if, following your becoming subject to Disability or Retiring and prior to the delivery of Shares (or securities or other property) in respect of such outstanding Performance RSUs, you (i) form, or acquire a 5% or greater equity ownership, voting or profit participation interest in, any Competitive Enterprise or (ii) associate in any capacity (including, but not limited to, association as an officer, employee, partner, director, consultant, agent or advisor) with any Competitive Enterprise.

7. Non-transferability. Except as otherwise may be provided by the Committee, the limitations set forth in Section 8L of the Partners Plan shall apply. Any assignment or delegation in violation of the provisions of this Paragraph 7 shall be null and void.

8. Withholding, Consents and Legends.

(a) The delivery of Shares is conditioned on your satisfaction of any applicable withholding taxes (in accordance with Section 3.2 of the SIP).

(b) Your rights in respect of your Performance RSUs and Earned RSUs are conditioned on the receipt to the full satisfaction of the Committee of any required consents (as defined in Section 8N of the Partners Plan) that the Committee may determine to be necessary or advisable (including, without limitation, your consenting to deductions from your wages, or another arrangement satisfactory to the Committee, to reimburse the Company for advances made on your behalf to satisfy withholding and other tax obligations in connection with this Award); *provided* that if such consent has not been so effected or obtained as of the latest date provided by the Partners Plan for the delivery of Shares or securities or other property in respect of any Performance RSUs and further delay of delivery is not permitted in accordance with the requirements of Section 409A, such Performance RSUs will be forfeited and terminate notwithstanding any prior earning or vesting.



(c) AIG may affix to Certificates representing Shares issued pursuant to this Award Agreement any legend that the Committee determines to be necessary or advisable (including to reflect any restrictions to which you may be subject under a separate agreement with AIG). AIG may advise the transfer agent to place a stop transfer order against any legended Shares.

9. Section 409A.

(a) Performance RSUs awarded under this Award Agreement are intended to provide payments that are "deferred compensation" subject to Section 409A, and this Award Agreement is intended to, and shall be interpreted, administered and construed to, comply with Section 409A with respect to the Performance RSUs. The Committee shall have full authority to give effect to the intent of this Paragraph 9(a). To the extent necessary to give effect to this intent, in the case of any conflict or potential inconsistency between the provisions of this Award Agreement and the provisions of the Partners Plan, the Partners Plan shall govern.

(b) Without limiting the generality of Paragraph 9(a), references to the termination of your Employment with respect to Performance RSUs shall mean your separation from service with the Company within the meaning of Section 409A.

(c) Any payment to be made under the Performance RSUs in connection with termination of your Employment with the Company (and any other payment under the Partners Plan) that would be subject to the limitations in Section 409A(a)(2)(b) of the Code shall be delayed until six months after termination of your Employment (or earlier death) in accordance with the requirements of Section 409A.

(d) To the extent necessary to comply with Paragraph 9(a), any securities or other property that the Company may deliver in respect of the Performance RSUs will not have the effect of deferring delivery or payment beyond the date on which such delivery or payment would occur with respect to the Shares that would otherwise have been deliverable (unless the Committee elects a later date for this purpose in accordance with Paragraph 3(d)).

(e) Each payment under the Performance RSUs will be treated as a separate payment for purposes of Section 409A.

10. No Rights to Continued Employment. Nothing in this Award Agreement, the Partners Plan or the SIP shall be construed as giving you any right to continued Employment by the Company or affect any right that the Company may have to terminate or alter the terms and conditions of your Employment or to be included in any future plans of similar nature.

11. Successors and Assigns of AIG. The terms and conditions of this Award Agreement shall be binding upon, and shall inure to the benefit of, AIG and its successor entities (as defined in Section 3.6 of the SIP).

12. Committee Discretion. Subject to Paragraph 13, the Committee shall have full discretion with respect to any actions to be taken or determinations to be



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made in connection with this Award Agreement (including, without limitation, whether you have become subject to Disability), and its determinations shall be final, binding and conclusive.

13. Amendment. The Committee reserves the right at any time and in any manner to amend the terms and conditions set forth in this Award Agreement and the Partners Plan in accordance with Sections 1.3.1 of the SIP, including in a manner adverse to your rights; *provided* that, notwithstanding the foregoing and Sections 1.3.1(a), 1.3.1(b) and 3.1 of the SIP, the Committee may not accelerate or postpone the payout of Shares (or securities or other property in lieu of all or any part thereof) pursuant to this Award Agreement to occur at a time other than the time otherwise provided for in this Award Agreement.

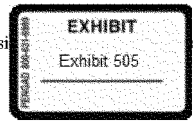
14. Adjustment. Subject to Paragraph 13, the Performance RSUs shall be subject to amendment and adjustment in accordance with Section 1.6.4 of the SIP.

15. Arbitration; Choice of Forum.

(a) Any dispute, controversy or claim between the Company and you, arising out of or relating to or concerning the SIP or this Award Agreement, shall be finally settled by arbitration in New York City before, and in accordance with the rules then obtaining of, the New York Stock Exchange, Inc. (the "***NYSE***") or, if the NYSE declines to arbitrate the matter (or if the matter otherwise is not arbitrable by it), the American Arbitration Association (the "***AAA***") in accordance with the commercial arbitration rules of the AAA. Prior to arbitration, all claims maintained by you must first be submitted to the Committee in accordance with claims procedures determined by the Committee. This paragraph is subject to the provisions of Paragraphs 15(b) and (c) below.

(b) **THE COMPANY AND YOU HEREBY IRREVOCABLY SUBMIT TO THE EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED IN THE CITY OF NEW YORK OVER ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO OR CONCERNING THE SIP OR THIS AWARD AGREEMENT THAT IS NOT OTHERWISE ARBITRATED OR RESOLVED ACCORDING TO PARAGRAPH 15(a) OF THIS AWARD AGREEMENT.** This includes any suit, action or proceeding to compel arbitration or to enforce an arbitration award. The Company and you acknowledge that the forum designated by this Paragraph 15(b) has a reasonable relation to the SIP, this Award Agreement, and to your relationship with the Company. Notwithstanding the foregoing, nothing herein shall preclude the Company from bringing any action, suit or proceeding in any other court for the purpose of enforcing the provisions of this Paragraph 15.

(c) The agreement by you and the Company as to forum is independent of the law that may be applied in the action, suit or proceeding, and you and the Company agree to such forum even if the forum may under applicable law choose to apply non-forum law. You and the Company hereby waive, to the fullest extent permitted by applicable law, any objection which you or the Company now or hereafter may have to personal jurisdiction or to the laying of venue of any such suit, action or proceeding in any court referred to in Paragraph 15(b). You and the Company undertake not to commence any action, suit or proceeding



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arising out of or relating to or concerning this Award Agreement in any forum other than a forum described in this Paragraph 15. You and (subject to the last sentence of Paragraph 15(b)) the Company agree that, to the fullest extent permitted by applicable law, a final and non-appealable judgment in any such suit, action or proceeding in any such court shall be conclusive and binding upon you and the Company.

(d) You irrevocably appoint the Secretary of AIG as your agent for service of process in connection with any action, suit or proceeding arising out of or relating to or concerning the Partners Plan or the Award Agreement which is not arbitrated pursuant to the provisions of Paragraph 15(a), who shall promptly advise you of any such service of process.

(e) You hereby agree to keep confidential the existence of, and any information concerning any grant made under the Partners Plan and any dispute, controversy or claim relating to the Partners Plan or this Award Agreement, except that you may disclose information concerning such dispute or claim to the arbitrator or court that is considering such dispute or to your legal counsel (provided that such counsel agrees not to disclose any such information other than as necessary to the prosecution or defense of the dispute).

(f) You recognize and agree that prior to the grant of this Award you have no right to any benefits hereunder. Accordingly, in consideration of the receipt of this Award, you expressly waive any right to contest the amount of this Award, terms of this Award Agreement and the Partners Plan, any determination, action or omission hereunder or under the SIP by the Committee or AIG of the Board, or any amendment to the Partners Plan or this Award Agreement and you expressly waive any claim related in any way to the Award including any claim based on any promissory estoppel or other theory in connection with this Award and your Employment with the Company.

16. Governing Law. **THIS AWARD SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS.**

17. Headings. The headings in this Award Agreement are for the purpose of convenience only and are not intended to define or limit the construction of the provisions hereof.



IN WITNESS WHEREOF, AMERICAN INTERNATIONAL GROUP, INC. has caused this Award Agreement to be duly executed and delivered as of the Date of Grant.

AMERICAN INTERNATIONAL GROUP, INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

Recipient:

Number of Performance RSUs:
Max. Earned RSUs
Target Earned RSUs
Threshold Earned RSUs
Min. Earned RSUs 0
Performance Period:
Date of Grant:
Scheduled Vesting Date:

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Glossary of Terms

Solely for purposes of this award of Performance RSUs, the following terms shall have the meanings set forth below. Capitalized terms not defined in this Glossary of Terms shall have the meanings as used or defined in the applicable Award Agreement or the SIP.

" ***Cause*** " means (i) your conviction, whether following trial or by plea of guilty or *nolo contendere* (or similar plea), in a criminal proceeding (A) on a misdemeanor charge involving fraud, false statements or misleading omissions, wrongful taking, embezzlement, bribery, forgery, counterfeiting or extortion, or (B) on a felony charge or (C) on an equivalent charge to those in clauses (A) and (B) in jurisdictions which do not use those designations; (ii) your engaging in any conduct which constitutes an employment disqualification under applicable law (including statutory disqualification as defined under the Exchange Act); (iii) your failure to perform your duties to the Company; (iv) your violation of any securities or commodities laws, any rules or regulations issued pursuant to such laws, or the rules and regulations of any securities or commodities exchange or association of which AIG or any of its subsidiaries or affiliates is a member; (v) your violation of any Company policy concerning hedging or confidential or proprietary information, or your material violation of any other Company policy as in effect from time to time; (vi) your engaging in any act or making any statement which impairs, impugns, denigrates, disparages or negatively reflects upon the name, reputation or business interests of the Company; or (vii) your engaging in any conduct detrimental to the Company. The determination as to whether " ***Cause*** " has occurred shall be made by the Committee in its sole discretion. The Committee shall also have the authority in its sole discretion to waive the consequences under the Partners Plan, SIP or any Award Agreement of the existence or occurrence of any of the events, acts or omissions constituting " ***Cause*** ."

" ***Client*** " means any client or prospective client of the Company to whom you provided services, or for whom you transacted business, or whose identity became known to you in connection with your relationship with or Employment by the Company.

" ***Competitive Enterprise*** " means a business enterprise that (i) engages in any activity, or (ii) owns or controls a significant interest in any entity that engages in any activity, that, in either case, competes anywhere with any activity in which the Company is engaged. The activities covered by the previous sentence include, without limitation, all insurance and re-insurance and insurance and re-insurance-related activities, asset management, financial product activities (including, without limitation, derivative activities) and financial services in the United States and abroad.

" ***Disability*** " means a period of medically determined physical or mental impairment that is expected to result in death or last for a period of not less than 36 months during which you qualify for income replacement benefits under the Company's long-term disability plan for at least six months, or, if you do not participate in such a plan, a period of disability during which you are unable to engage in any substantial gainful activity by reason of any medically determined

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physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 36 months.

"Section 409A" means Section 409A of the Internal Revenue Code, including any amendments or successor provisions to that section, and any regulations and other administrative guidance thereunder, in each case as they may be from time to time amended or interpreted through further administrative guidance.

"***Solicit***" means any direct or indirect communication of any kind whatsoever, regardless of by whom initiated, inviting, advising, encouraging or requesting any person or entity, in any manner, to take or refrain from taking any action.

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CSOC.CBR.000311

Exhibit 10(65)

AMERICAN INTERNATIONAL GROUP, INC.
AMENDED AND RESTATED 2007 STOCK INCENTIVE PLAN
RSU AWARD AGREEMENT

This award agreement (this "***Award Agreement***") sets forth the terms and conditions of an award (this "***Award***") of restricted stock units ("***RSUs***") granted to you under the American International Group, Inc. Amended and Restated 2007 Stock Incentive Plan (the "***Plan***").

1. The Plan. This Award is made pursuant to the Plan, the terms of which are incorporated in this Award Agreement. Capitalized terms used in this Award Agreement that are not defined in this Award Agreement, or in the attached Glossary of Terms, have the meanings as used or defined in the Plan.

2. Award. The number of RSUs subject to this Award is set forth at the end of this Award Agreement. Each RSU constitutes an unfunded and unsecured promise of AIG to deliver (or cause to be delivered) to you, subject to the terms of this Award Agreement, one share of Common Stock (the "***Share***" or the "***Shares***" as the context requires) (or securities or other property equal to the Fair Market Value thereof) on the Scheduled Vesting Date as provided herein. Until such delivery, you have only the rights of a general unsecured creditor, and no rights as a shareholder, of AIG. **THIS AWARD IS SUBJECT TO ALL TERMS, CONDITIONS AND PROVISIONS OF THE PLAN AND THIS AWARD AGREEMENT, INCLUDING, WITHOUT LIMITATION, THE ARBITRATION AND CHOICE OF FORUM PROVISIONS SET FORTH IN PARAGRAPH 15.**

3. Vesting and Payout.

(a) Vesting. Except as provided in this Paragraph 3 and in Paragraphs 4 and 6, you shall become vested in the RSUs on the third anniversary of the Date of Grant specified at the end of this Award Agreement (the "***Scheduled Vesting Date***"). Except as provided in Paragraph 6, if your Employment terminates for any reason prior to the Scheduled Vesting Date, your rights in respect of all of your RSUs shall terminate, and no Shares (or securities or other property) shall be paid in respect of such RSUs.

(b) Payout. Except as provided in this Paragraph 3 and in Paragraphs 4, 6, 8 and 9, the Shares underlying the vested RSUs shall be paid promptly after the Scheduled Vesting Date, but no later than the end of the calendar year in which such Scheduled Vesting Date falls. The Company may, at its option and subject to the Plan, deliver securities or other property in lieu of all or any portion of the Shares otherwise payable on the Scheduled Vesting Date. Such payment shall equal the product of the number of Shares to be delivered on the Scheduled Vesting Date and the Fair Market Value of one Share of Common Stock on the Scheduled Vesting Date. You shall be deemed the beneficial owner of the Shares at the close of business on the Scheduled Vesting Date and shall be entitled to any dividend or distribution that has not already been made with respect to such Shares if the record date for such dividend or distribution is on or after the close of



business on the Scheduled Vesting Date. Notwithstanding the foregoing, if the Scheduled Vesting Date occurs at a time when you are considered by AIG to be one of its "covered employees" within the meaning of Section 162(m) of the Code, then, unless the Committee determines otherwise, payout of the Shares (or securities or other property) may be deferred by the Company under the circumstances described in Section 409A until the earliest date that the Company reasonably anticipates that the deduction or payment will not be limited or eliminated.

(c) Death . Notwithstanding any other provision of this Award Agreement, if you die prior to the Scheduled Vesting Date, and provided your rights in respect of your RSUs have not previously terminated, the Shares (or securities or other property in lieu of all or any part thereof) corresponding to your outstanding RSUs shall be paid to the representative of your estate promptly after your death (but no later than 90 days after your death).

(d) Delay of Payment . The Committee may, in its sole discretion, determine to defer payment of RSUs or permit you to elect to defer payment of RSUs, in each case in a manner that conforms to the requirements of Section 409A(a)(4) of the Code.

4. Termination of RSUs and Non-Payment of Shares .

(a) Except as provided in Paragraphs 3(c) and 6, your rights in respect of your outstanding RSUs shall immediately terminate, and no Shares (or securities or other property) shall be paid in respect of such unvested RSUs, if at any time prior to the Scheduled Vesting Date your Employment with the Company terminates for any reason, or you are otherwise no longer actively Employed by the Company.

(b) Unless the Committee determines otherwise, and except as further provided in Paragraph 6, your rights in respect of all of your RSUs (whether or not vested) shall immediately terminate, and no Shares (or securities or other property) shall be paid in respect of such RSUs, if at any time prior to the Scheduled Vesting Date:

(i) you attempt to have any dispute under this Award Agreement or the Plan resolved in any manner that is not provided for by Paragraph 15; or

(ii) any event that constitutes Cause has occurred; or

(iii) you in any manner, directly or indirectly, (A) Solicit any Client to transact business with a Competitive Enterprise or to reduce or refrain from doing any business with the Company or (B) interfere with or damage (or attempt to interfere with or damage) any relationship between the Company and any such Client or (C) Solicit any person who is an employee of the Company to resign from the Company or to apply for or accept employment with any Competitive Enterprise; or

(iv) you fail to certify to AIG, in accordance with procedures established by the Committee, with respect to the Scheduled Vesting Date that you have complied, or the Committee determines that you have failed as



of the Scheduled Vesting Date to comply, with all of the terms and conditions of this Award Agreement. By accepting the delivery of Shares (or securities or other property) under this Award Agreement, you shall be deemed to have represented and certified at such time that you have complied with all the terms and conditions of this Award Agreement.

(c) Unless the Committee determines otherwise, if the Scheduled Vesting Date in respect of any of your outstanding RSUs occurs, and Shares (or securities or other property) with respect to such outstanding RSUs would be paid under the terms and conditions of this Award Agreement, except that you have not complied with the conditions or your obligations under Paragraph 4 (b)(iv), all of your rights with respect to your outstanding RSUs shall terminate no later than the Scheduled Vesting Date for such Shares.

5. Repayment. If, following the delivery of Shares (or securities or other property), the Committee determines that all terms and conditions of this Award Agreement in respect of such delivery were not satisfied, the Company shall be entitled to receive, and you shall be obligated to pay the Company immediately upon demand therefor, the Fair Market Value of the Shares (determined as of the Scheduled Vesting Date) and the amount of securities or other property (to the extent that any securities or other property was delivered in lieu of Shares) delivered with respect to the Scheduled Vesting Date, without reduction for any Shares (or securities or other property) applied to satisfy withholding tax or other obligations in respect of such Shares (or securities or other property).

6. Disability and Retirement.

(a) Notwithstanding any other provision of this Award Agreement, but subject to Paragraph 6(b), if you become subject to Disability or terminate Employment by means of retirement at or after age 65 ("***Retire***"), the condition set forth in Paragraph 4(a) shall be waived with respect to your then outstanding unvested RSUs (as a result of which any such then unvested outstanding RSUs shall vest and the Shares (or securities or other property) corresponding to your outstanding RSUs shall be paid to you promptly after the date you become subject to Disability or Retire, but no later than 90 days thereafter (if you become subject to Disability) or the end of the calendar year in which such date falls (if you Retire), as applicable), but all other conditions of this Award Agreement shall continue to apply.

(b) Without limiting the application of Paragraph 4(b) or Paragraph 4(c), your rights in respect of any outstanding RSUs that become vested solely by reason of Paragraph 6(a) shall terminate, and no Shares (or securities or other property) shall be paid in respect of such outstanding RSUs if, following your becoming subject to Disability or Retiring and prior to the delivery of Shares (or securities or other property) in respect of such outstanding RSUs, you (i) form, or acquire a 5% or greater equity ownership, voting or profit participation interest in, any Competitive Enterprise or (ii) associate in any capacity (including, but not limited to, association as an officer, employee, partner, director, consultant, agent or advisor) with any Competitive Enterprise.

7. Non-transferability. Except as otherwise may be provided by the Committee, the limitations set forth in Section 3.5 of the Plan shall apply. Any



assignment or delegation in violation of the provisions of this Paragraph 7 shall be null and void.

8. Withholding, Consents and Legends.

(a) The delivery of Shares is conditioned on your satisfaction of any applicable withholding taxes (in accordance with Section 3.2 of the Plan).

(b) Your rights in respect of your RSUs are conditioned on the receipt to the full satisfaction of the Committee of any required Consent (as defined in Section 3.3 of the Plan) that the Committee may determine to be necessary or advisable (including, without limitation, your consenting to deductions from your wages, or another arrangement satisfactory to the Committee, to reimburse the Company for advances made on your behalf to satisfy withholding and other tax obligations in connection with this Award); *provided* that if such Consent has not been so effected or obtained as of the latest date provided by this Award Agreement for the delivery of Shares (or securities or other property) in respect of any RSUs and further delay of delivery is not permitted in accordance with the requirements of Section 409A, such RSUs will be forfeited and terminate notwithstanding any prior vesting.

(c) AIG may affix to Certificates representing Shares issued pursuant to this Award Agreement any legend that the Committee determines to be necessary or advisable (including to reflect any restrictions to which you may be subject under a separate agreement with AIG). AIG may advise the transfer agent to place a stop transfer order against any legended Shares.

9. Section 409A.

(a) RSUs awarded under this Award Agreement are intended to be "deferred compensation" subject to Section 409A, and this Award Agreement is intended to, and shall be interpreted, administered and construed to, comply with Section 409A with respect to the RSUs. The Committee shall have full authority to give effect to the intent of this Paragraph 9(a). To the extent necessary to give effect to this intent, in the case of any conflict or potential inconsistency between the provisions of this Award Agreement and the provisions of the Plan, the Plan shall govern.

(b) Without limiting the generality of Paragraph 9(a), references to the termination of your Employment with respect to the RSUs shall mean your separation from service with the Company within the meaning of Section 409A.

(c) Any payment to be made under the RSUs in connection with termination of your Employment (and any other payment under the Plan) that would be subject to the limitations in Section 409A(a)(2)(b) of the Code shall be delayed until six months after termination of your Employment (or earlier death) in accordance with the requirements of Section 409A.

(d) To the extent necessary to comply with Paragraph 9(a), any securities or other property that the Company may deliver in respect of the RSUs shall not have the effect of deferring delivery or payment beyond the date on which such delivery or payment would occur with respect to the Shares that would



otherwise have been deliverable (unless the Committee elects a later date for this purpose in accordance with Paragraph 3(d)).

(e) Each payment under the RSUs shall be treated as a separate payment for purposes of Section 409A.

10. No Rights to Continued Employment. Nothing in this Award Agreement or the Plan shall be construed as giving you any right to continued Employment by the Company or affect any right that the Company may have to terminate or alter the terms and conditions of your Employment.

11. Successors and Assigns of AIG. The terms and conditions of this Award Agreement shall be binding upon, and shall inure to the benefit of, AIG and its successor entities (as defined in Section 3.6 of the Plan).

12. Committee Discretion. Subject to Paragraph 13, the Committee shall have full discretion with respect to any actions to be taken or determinations to be made in connection with this Award Agreement (including, without limitation, whether you have become subject to Disability), and its determinations shall be final, binding and conclusive.

13. Amendment. The Committee reserves the right at any time to amend the terms and conditions set forth in this Award Agreement, and the Board may amend the Plan in any respect; *provided* that, notwithstanding the foregoing and Sections 1.3.1(a), 1.3.1(b) and 3.1 of the Plan, no such amendment shall materially adversely affect your rights and obligations under this Award Agreement without your consent (or the consent of your estate, if such consent is obtained after your death), and *provided, further*, that the Committee may not accelerate or postpone the payout of the Shares (or securities or other property in lieu of all or any part thereof) to occur at a time other than the applicable time provided for in this Award Agreement. Any amendment of this Award Agreement shall be in writing signed by an authorized member of the Committee or a person or persons designated by the Committee.

14. Adjustment. Subject to Paragraph 13, the RSUs shall be subject to amendment and adjustment in accordance with Section 1.6.4 of the Plan.

15. Arbitration; Choice of Forum.

(a) Any dispute, controversy or claim between the Company and you, arising out of or relating to or concerning the Plan or this Award Agreement, shall be finally settled by arbitration in New York City before, and in accordance with the rules then obtaining of, the New York Stock Exchange, Inc. (the "***NYSE***") or, if the NYSE declines to arbitrate the matter (or if the matter otherwise is not arbitrable by it), the American Arbitration Association (the "***AAA***") in accordance with the commercial arbitration rules of the AAA. Prior to arbitration, all claims maintained by you must first be submitted to the Committee in accordance with claims procedures determined by the Committee. This paragraph is subject to the provisions of Paragraphs 15(b) and (c) below.

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(b) **THE COMPANY AND YOU HEREBY IRREVOCABLY SUBMIT TO THE EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED IN THE CITY OF NEW YORK OVER ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO OR CONCERNING THE PLAN OR THIS AWARD AGREEMENT THAT IS NOT OTHERWISE ARBITRATED OR RESOLVED ACCORDING TO PARAGRAPH 15(a) OF THIS AWARD AGREEMENT.** This includes any suit, action or proceeding to compel arbitration or to enforce an arbitration award. The Company and you acknowledge that the forum designated by this Paragraph 15(b) has a reasonable relation to the Plan, this Award Agreement, and to your relationship with the Company. Notwithstanding the foregoing, nothing herein shall preclude the Company from bringing any action, suit or proceeding in any other court for the purpose of enforcing the provisions of this Paragraph 15.

(c) The agreement by you and the Company as to forum is independent of the law that may be applied in the action, suit or proceeding and you and the Company agree to such forum even if the forum may under applicable law choose to apply non-forum law. You and the Company hereby waive, to the fullest extent permitted by applicable law, any objection which you or the Company now or hereafter may have to personal jurisdiction or to the laying of venue of any such suit, action or proceeding in any court referred to in Paragraph 15(b). You and the Company undertake not to commence any action, suit or proceeding arising out of or relating to or concerning this Award Agreement in any forum other than a forum described in this Paragraph 15. You and (subject to the last sentence of Paragraph 15(b)) the Company agree that, to the fullest extent permitted by applicable law, a final and non-appealable judgment in any such suit, action or proceeding in any such court shall be conclusive and binding upon you and the Company.

(d) You irrevocably appoint the Secretary of AIG as your agent for service of process in connection with any action, suit or proceeding arising out of or relating to or concerning this Award Agreement which is not arbitrated pursuant to the provisions of Paragraph 15(a), who shall promptly advise you of any such service of process.

(e) You hereby agree to keep confidential the existence of, and any information concerning, a dispute described in this Paragraph 15, except that you may disclose information concerning such dispute to the arbitrator or court that is considering such dispute or to your legal counsel (*provided* that such counsel agrees not to disclose any such information other than as necessary to the prosecution or defense of the dispute).

(f) You recognize and agree that prior to the grant of this Award you have no right to any benefits hereunder. Accordingly, in consideration of the receipt of this Award, you expressly waive any right to contest the amount of this Award, terms of this Award Agreement, any determination, action or omission hereunder or under the Plan by the Committee, AIG or the Board, or any amendment to the Plan or this Award Agreement (other than an amendment to which your consent is expressly required by Paragraph 13) and you expressly waive any claim related in any way to the Award including any claim based on any promissory estoppel or other theory in connection with this Award and your Employment with the Company.

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16. Governing Law. **THIS AWARD SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS.**

17. Headings. The headings in this Award Agreement are for the purpose of convenience only and are not intended to define or limit the construction of the provisions hereof.

EXHIBIT
Exhibit 505

IN WITNESS WHEREOF, AMERICAN INTERNATIONAL GROUP, INC. has caused this Award Agreement to be duly executed and delivered as of the Date of Grant.

AMERICAN INTERNATIONAL GROUP, INC.

By: _____

By: _____

Recipient: _____

Number of RSUs: _____

Date of Grant: _____

Scheduled Vesting Date: _____

Receipt Acknowledged: _____

Address: _____
Street

_____
City, State Zip Code

_____
Social Security No./Local I.D. No.

EXHIBIT
Exhibit 505

Glossary of Terms

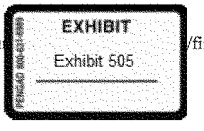
Solely for purposes of this award of RSUs, the following terms shall have the meanings set forth below. Capitalized terms not defined in this Glossary of Terms shall have the meanings as used or defined in the applicable Award Agreement or the Plan.

" ***Cause*** " means (i) your conviction, whether following trial or by plea of guilty or *nolo contendere* (or similar plea), in a criminal proceeding (A) on a misdemeanor charge involving fraud, false statements or misleading omissions, wrongful taking, embezzlement, bribery, forgery, counterfeiting or extortion, or (B) on a felony charge or (C) on an equivalent charge to those in clauses (A) and (B) in jurisdictions which do not use those designations; (ii) your engaging in any conduct which constitutes an employment disqualification under applicable law (including statutory disqualification as defined under the Exchange Act); (iii) your failure to perform your duties to the Company; (iv) your violation of any securities or commodities laws, any rules or regulations issued pursuant to such laws, or the rules and regulations of any securities or commodities exchange or association of which AIG or any of its subsidiaries or affiliates is a member; (v) your violation of any Company policy concerning hedging or confidential or proprietary information, or your material violation of any other Company policy as in effect from time to time; (vi) your engaging in any act or making any statement which impairs, impugns, denigrates, disparages or negatively reflects upon the name, reputation or business interests of the Company; or (vii) your engaging in any conduct detrimental to the Company. The determination as to whether " ***Cause*** " has occurred shall be made by the Committee in its sole discretion. The Committee shall also have the authority in its sole discretion to waive the consequences under the Plan or any Award Agreement of the existence or occurrence of any of the events, acts or omissions constituting " ***Cause*** ."

" ***Client*** " means any client or prospective client of the Company to whom you provided services, or for whom you transacted business, or whose identity became known to you in connection with your relationship with or Employment by the Company.

" ***Competitive Enterprise*** " means a business enterprise that (i) engages in any activity, or (ii) owns or controls a significant interest in any entity that engages in any activity, that, in either case, competes anywhere with any activity in which the Company is engaged. The activities covered by the previous sentence include, without limitation, all insurance and re-insurance and insurance and re-insurance-related activities, asset management, financial product activities (including, without limitation, derivative activities) and financial services in the United States and abroad.

" ***Disability*** " means a period of medically determined physical or mental impairment that is expected to result in death or last for a period of not less than 36 months during which you qualify for income replacement benefits under the Company's long-term disability plan for at least six months, or, if you do not participate in such a plan, a period of disability during which you are unable to engage in any substantial gainful activity by reason of any medically determined physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 36 months.



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"Section 409A" means Section 409A of the Internal Revenue Code, including any amendments or successor provisions to that section, and any regulations and other administrative guidance thereunder, in each case as they may be from time to time amended or interpreted through further administrative guidance.

"*Solicit*" means any direct or indirect communication of any kind whatsoever, regardless of by whom initiated, inviting, advising, encouraging or requesting any person or entity, in any manner, to take or refrain from taking any action.

EXHIBIT
Exhibit 505

CSOC.CBR.00031161

Exhibit 10(67)

AMERICAN INTERNATIONAL GROUP, INC.
AMENDED AND RESTATED 2007 STOCK INCENTIVE PLAN
RSU AWARD AGREEMENT

This award agreement (this "***Award Agreement***") sets forth the terms and conditions of an award (this "***Award***") of restricted stock units ("***RSUs***") granted to you under the American International Group, Inc. Amended and Restated 2007 Stock Incentive Plan (the "***Plan***").

1. The Plan. This Award is made pursuant to the Plan, the terms of which are incorporated in this Award Agreement. Capitalized terms used in this Award Agreement that are not defined in this Award Agreement, or in the attached Glossary of Terms, have the meanings as used or defined in the Plan.

2. Award. The number of RSUs subject to this Award is set forth at the end of this Award Agreement. Each RSU constitutes an unfunded and unsecured promise of AIG to deliver (or cause to be delivered) to you, subject to the terms of this Award Agreement, one share of Common Stock (the "***Share***" or the "***Shares***" as the context requires) (or securities or other property equal to the Fair Market Value thereof) on the Scheduled Vesting Date as provided herein. Until such delivery, you have only the rights of a general unsecured creditor, and no rights as a shareholder, of AIG. **THIS AWARD IS SUBJECT TO ALL TERMS, CONDITIONS AND PROVISIONS OF THE PLAN AND THIS AWARD AGREEMENT, INCLUDING, WITHOUT LIMITATION, THE ARBITRATION AND CHOICE OF FORUM PROVISIONS SET FORTH IN PARAGRAPH 15.**

3. Vesting and Payout.

(a) Vesting. Except as provided in this Paragraph 3 and in Paragraphs 4 and 6, you shall become vested in the RSUs on the third anniversary of the Date of Grant specified at the end of this Award Agreement (the "***Scheduled Vesting Date***"). Except as provided in Paragraph 6, if your Employment terminates for any reason prior to the Scheduled Vesting Date, your rights in respect of all of your RSUs shall terminate, and no Shares (or securities or other property) shall be paid in respect of such RSUs.

(b) Payout. Except as provided in this Paragraph 3 and in Paragraphs 4, 6, 8 and 9, the Shares underlying the vested RSUs shall be paid promptly after the Scheduled Vesting Date, but no later than the end of the calendar year in which such Scheduled Vesting Date falls. The Company may, at its option and subject to the Plan, deliver securities or other property in lieu of all or any portion of the Shares otherwise payable on the Scheduled Vesting Date. Such payment shall equal the product of the number of Shares to be delivered on the Scheduled Vesting Date and the Fair Market Value of one Share of Common Stock on the Scheduled Vesting Date. You shall be deemed the beneficial owner of the Shares at the close of business on the Scheduled Vesting Date and shall be entitled to any dividend or distribution that has not already been made with respect to such Shares if the record date for such dividend or distribution is on or after the close of business on the Scheduled Vesting Date. Notwithstanding the foregoing, if the Scheduled Vesting Date occurs at a time when you are considered by AIG to be one



of its "covered employees" within the meaning of Section 162(m) of the Code, then, unless the Committee determines otherwise, payout of the Shares (or securities or other property) may be deferred by the Company under the circumstances described in Section 409A until the earliest date that the Company reasonably anticipates that the deduction or payment will be limited or eliminated.

(c) Death. Notwithstanding any other provision of this Award Agreement, if you die prior to the Scheduled Vesting Date, and provided your rights in respect of your RSUs have not previously terminated, the Shares (or securities or other property in lieu of all or any part thereof) corresponding to your outstanding RSUs shall be paid to the representative of your estate promptly after your death (but no later than 90 days after your death).

(d) Delay of Payment. The Committee may, in its sole discretion, determine to defer payment of RSUs or permit you to elect to defer payment of RSUs, in each case in a manner that conforms to the requirements of Section 409A(a)(4) of the Code.

4. Termination of RSUs and Non-Payment of Shares.

(a) Except as provided in Paragraphs 3(c) and 6, your rights in respect of your outstanding RSUs shall immediately terminate, and no Shares (or securities or other property) shall be paid in respect of such unvested RSUs, if at any time prior to the Scheduled Vesting Date your Employment with the Company terminates for any reason, or you are otherwise no longer actively Employed by the Company.

(b) Unless the Committee determines otherwise, and except as further provided in Paragraph 6, your rights in respect of all of your RSUs (whether or not vested) shall immediately terminate, and no Shares (or securities or other property) shall be paid in respect of such RSUs, if at any time prior to the Scheduled Vesting Date:

(i) you attempt to have any dispute under this Award Agreement or the Plan resolved in any manner that is not provided for by Paragraph 15;

(ii) any event that constitutes Cause has occurred;

(iii) you in any manner, directly or indirectly, (A) Solicit any Client to transact business with a Competitive Enterprise or to reduce or refrain from doing any business with the Company or (B) interfere with or damage (or attempt to interfere with or damage) any relationship between the Company and any such Client or (C) Solicit any person who is an employee of the Company to resign from the Company or to apply for or accept employment with any Competitive Enterprise; or

(iv) you fail to certify to AIG, in accordance with procedures established by the Committee, with respect to the Scheduled Vesting Date that you have complied, or the Committee determines that you have failed as of the Scheduled Vesting Date to comply, with all of the terms and conditions of this Award Agreement. By accepting the delivery of Shares (or securities or other property) under this Award Agreement, you shall be



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deemed to have represented and certified at such time that you have complied with all the terms and conditions of this Award Agreement.

(c) Unless the Committee determines otherwise, if the Scheduled Vesting Date in respect of any of your outstanding RSUs occurs, and Shares (or securities or other property) with respect to such outstanding RSUs would be payable under the terms and conditions of this Award Agreement, except that you have not complied with the conditions or your obligations under Paragraph 4 (b)(iv), all of your rights with respect to your outstanding RSUs shall terminate no later than the Scheduled Vesting Date for such Shares.

5. Repayment. If, following the delivery of Shares (or securities or other property), the Committee determines that all terms and conditions of this Award Agreement in respect of such delivery were not satisfied, the Company shall be entitled to receive, and you shall be obligated to pay the Company immediately upon demand therefor, the Fair Market Value of the Shares (determined as of the Scheduled Vesting Date) and the amount of securities or other property (to the extent that any securities or other property was delivered in lieu of Shares) delivered with respect to the Scheduled Vesting Date, without reduction for any Shares (or securities or other property) applied to satisfy withholding tax or other obligations in respect of such Shares (or securities or other property).

6. Disability and Retirement.

(a) Notwithstanding any other provision of this Award Agreement, but subject to Paragraph 6(b):

(i) if you become subject to Disability following the first anniversary of the Date of Grant, the condition set forth in Paragraph 4(a) shall be waived with respect to your then outstanding unvested RSUs (as a result of which any such then unvested outstanding RSUs shall vest and the Shares (or securities or other property) corresponding to your outstanding RSUs shall be paid to you promptly after the date you become subject to Disability, but no later than 90 days thereafter), but all other conditions of this Award Agreement shall continue to apply;

(ii) if you terminate Employment by means of retirement at or after age 65 (" ***Retire*** ") prior to December 31, 20___, the condition set forth in Paragraph 4(a) shall be waived only with respect to a fraction of your then outstanding unvested RSUs, the numerator of which fraction shall be the number of whole quarters between January 1, 20___ and the date of your Retirement, and the denominator of which fraction shall be four (as a result of which such fraction of any such then unvested outstanding RSUs shall vest, and Shares (or securities or other property) corresponding to such fraction of the RSUs shall be paid to you promptly after the date you Retire, but no later than the end of the calendar year in which such date falls, but all other unvested outstanding RSUs shall immediately terminate), but all other conditions of this Award Agreement shall continue to apply; and

(iii) if you terminate your Employment by means of early retirement at or after age 55 but before reaching age 65, with the approval of, and subject to any terms and conditions prescribed by, the Committee in its sole discretion (" ***Early Retire*** "), the condition set forth in Paragraph 4(a)



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shall be waived with respect to a fraction of your then outstanding unvested RSUs, the numerator of which fraction shall be the number of whole quarters between January 1, 20__ and the date of your Early Retirement, and the denominator of which fraction shall be twelve (as a result of which such fraction of any such then unvested outstanding RSUs shall vest, and Shares (or securities or other property) corresponding to such fraction of the RSUs shall be paid to you promptly after the date you Early Retire, but no later than the end of the calendar year in which such date falls, but all other unvested outstanding RSUs shall immediately terminate), but all other conditions of this Award Agreement shall continue to apply.

(b) Without limiting the application of Paragraph 4(b) or Paragraph 4(c), your rights in respect of any outstanding RSUs that become vested solely by reason of Paragraph 6(a) shall terminate, and no Shares (or securities or other property) shall be paid in respect of such outstanding RSUs if, following your becoming subject to Disability, Retiring or Early Retiring and prior to the Scheduled Vesting Date, you (i) form, or acquire a 5% or greater equity ownership, voting or profit participation interest in, any Competitive Enterprise or (ii) associate in any capacity (including, but not limited to, association as an officer, employee, partner, director, consultant, agent or advisor) with any Competitive Enterprise.

7. Non-transferability. Except as otherwise may be provided by the Committee, the limitations set forth in Section 3.5 of the Plan shall apply. Any assignment or delegation in violation of the provisions of this Paragraph 7 shall be null and void.

8. Withholding, Consents and Legends.

(a) The delivery of Shares is conditioned on your satisfaction of any applicable withholding taxes (in accordance with Section 3.2 of the Plan).

(b) Your rights in respect of your RSUs are conditioned on the receipt to the full satisfaction of the Committee of any required Consent (as defined in Section 3.3 of the Plan) that the Committee may determine to be necessary or advisable (including, without limitation, your consenting to deductions from your wages, or another arrangement satisfactory to the Committee, to reimburse the Company for advances made on your behalf to satisfy withholding and other tax obligations in connection with this Award); *provided* that if such Consent has not been so effected or obtained as of the latest date provided by this Award Agreement for the delivery of Shares (or securities or other property) in respect of any RSUs and further delay of delivery is not permitted in accordance with the requirements of Section 409A, such RSUs will be forfeited and terminate notwithstanding any prior vesting.

(c) AIG may affix to Certificates representing Shares issued pursuant to this Award Agreement any legend that the Committee determines to be necessary or advisable (including to reflect any restrictions to which you may be subject under a separate agreement with AIG). AIG may advise the transfer agent to place a stop transfer order against any legended Shares.

9. Section 409A.



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(a) RSUs awarded under this Award Agreement are intended to be "deferred compensation" subject to Section 409A, and this Award Agreement is intended to, and shall be interpreted, administered and construed to, comply with Section 409A with respect to the RSUs. The Committee shall have full authority to give effect to the intent of this Paragraph 9(a). To the extent necessary to give effect to this intent, in the case of any conflict or potential inconsistency between the provisions of this Award Agreement and the provisions of the Plan, the Plan shall govern.

(b) Without limiting the generality of Paragraph 9(a), references to the termination of your Employment with respect to the RSUs shall mean your separation from service with the Company within the meaning of Section 409A.

(c) Any payment to be made under the RSUs in connection with termination of your Employment (and any other payment under the Plan) that would be subject to the limitations in Section 409A(a)(2)(b) of the Code shall be delayed until six months after termination of your Employment (or earlier death) in accordance with the requirements of Section 409A.

(d) To the extent necessary to comply with Paragraph 9(a), any securities or other property that the Company may deliver in respect of the RSUs shall not have the effect of deferring delivery or payment beyond the date on which such delivery or payment would occur with respect to the Shares that would otherwise have been deliverable (unless the Committee elects at a later date for this purpose in accordance with Paragraph 3(d)).

(e) Each payment under the RSUs shall be treated as a separate payment for purposes of Section 409A.

10. No Rights to Continued Employment. Nothing in this Award Agreement or the Plan shall be construed as giving you any right to continued Employment by the Company or affect any right that the Company may have to terminate or alter the terms and conditions of your Employment.

11. Successors and Assigns of AIG. The terms and conditions of this Award Agreement shall be binding upon, and shall inure to the benefit of, AIG and its successor entities (as defined in Section 3.6 of the Plan).

12. Committee Discretion. Subject to Paragraph 13, the Committee shall have full discretion with respect to any actions to be taken or determinations to be made in connection with this Award Agreement (including, without limitation, whether you have become subject to Disability), and its determinations shall be final, binding and conclusive.

13. Amendment. The Committee reserves the right at any time to amend the terms and conditions set forth in this Award Agreement, and the Board may amend the Plan in any respect; *provided*, that, notwithstanding the foregoing and Sections 1.3.1(a), 1.3.1(b) and 3.1 of the Plan, no such amendment shall materially adversely affect your rights and obligations under this Award Agreement without your consent (or the consent of your estate, if such consent is obtained after your death); and *provided, further*, that the Committee may not accelerate or postpone the payout of the Shares (or securities or other property in lieu of all or any part thereof) to occur at a time other than the applicable time provided for in



CSOC.CBR.00031166

this Award Agreement. Any amendment of this Award Agreement shall be in writing signed by an authorized member of the Committee or a person or persons designated by the Committee.

14. Adjustment. Subject to Paragraph 13, the RSUs shall be subject to amendment and adjustment in accordance with Section 1.6.4 of the Plan.

15. Arbitration; Choice of Forum.

(a) Any dispute, controversy or claim between the Company and you, arising out of or relating to or concerning the Plan or this Award Agreement, shall be finally settled by arbitration in New York City before, and in accordance with the rules then obtaining of, the New York Stock Exchange, Inc. (the "*NYSE*") or, if the NYSE declines to arbitrate the matter (or if the matter otherwise is not arbitrable by it), the American Arbitration Association (the "*AAA*") in accordance with the commercial arbitration rules of the AAA. Prior to arbitration, all claims maintained by you must first be submitted to the Committee in accordance with claims procedures determined by the Committee. This paragraph is subject to the provisions of Paragraphs 15(b) and (c) below.

(b) **THE COMPANY AND YOU HEREBY IRREVOCABLY SUBMIT TO THE EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED IN THE CITY OF NEW YORK OVER ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO OR CONCERNING THE PLAN OR THIS AWARD AGREEMENT THAT IS NOT OTHERWISE ARBITRATED OR RESOLVED ACCORDING TO PARAGRAPH 15(a) OF THIS AWARD AGREEMENT.** This includes any suit, action or proceeding to compel arbitration or to enforce an arbitration award. The Company and you acknowledge that the forum designated by this Paragraph 15(b) has a reasonable relation to the Plan, this Award Agreement, and to your relationship with the Company. Notwithstanding the foregoing, nothing herein shall preclude the Company from bringing any action, suit or proceeding in any other court for the purpose of enforcing the provisions of this Paragraph 15.

(c) The agreement by you and the Company as to forum is independent of the law that may be applied in the action, suit or proceeding and you and the Company agree to such forum even if the forum may under applicable law choose to apply non-forum law. You and the Company hereby waive, to the fullest extent permitted by applicable law, any objection which you or the Company now or hereafter may have to personal jurisdiction or to the laying of venue of any such suit, action or proceeding in any court referred to in Paragraph 15(b). You and the Company undertake not to commence any action, suit or proceeding arising out of or relating to or concerning this Award Agreement in any forum other than a forum described in this Paragraph 15. You and (subject to the last sentence of Paragraph 15(b)) the Company agree that, to the fullest extent permitted by applicable law, a final and non-appealable judgment in any such suit, action or proceeding in any such court shall be conclusive and binding upon you and the Company.

(d) You irrevocably appoint the Secretary of AIG as your agent for service of process in connection with any action, suit or proceeding arising out of or relating to or concerning this Award Agreement which is not arbitrated pursuant to



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the provisions of Paragraph 15(a), who shall promptly advise you of any such service of process.

(e) You hereby agree to keep confidential the existence of, and any information concerning, a dispute described in this Paragraph 15, except that you may disclose information concerning such dispute to the arbitrator or court that is considering such dispute or to your legal counsel (provided that such counsel agrees not to disclose any such information other than as necessary to the prosecution or defense of the dispute).

(f) You recognize and agree that prior to the grant of this Award you have no right to any benefits hereunder. Accordingly, in consideration of the receipt of this Award, you expressly waive any right to contest the amount of this Award, terms of this Award Agreement, any determination, action or omission hereunder or under the Plan by the Committee, AIG or the Board, or any amendment to the Plan or this Award Agreement (other than an amendment to which your consent is expressly required by Paragraph 13) and you expressly waive any claim related in any way to the Award including any claim based on any promissory estoppel or other theory in connection with this Award and your Employment with the Company.

16. Governing Law. **THIS AWARD SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS.**

17. Headings. The headings in this Award Agreement are for the purpose of convenience only and are not intended to define or limit the construction of the provisions hereof.



CSOC.CBR.00031168

IN WITNESS WHEREOF, AMERICAN INTERNATIONAL GROUP, INC. has caused this Award Agreement to be duly executed and delivered as of the Date of Grant.

AMERICAN INTERNATIONAL GROUP, INC.

By: _____

By: _____

Recipient: _____

Number of RSUs: _____

Date of Grant: _____

Scheduled Vesting Date: _____

Receipt Acknowledged: _____

Address: _____
Street

_____
City, State Zip Code

_____
Social Security No./Local I.D. No.

EXHIBIT
Exhibit 505

Glossary of Terms

Solely for purposes of this award of RSUs, the following terms shall have the meanings set forth below. Capitalized terms not defined in this Glossary of Terms shall have the meanings as used or defined in the applicable Award Agreement or the Plan.

" ***Cause*** " means (i) your conviction, whether following trial or by plea of guilty or *nolo contendere* (or similar plea), in a criminal proceeding (A) on a misdemeanor charge involving fraud, false statements or misleading omissions, wrongful taking, embezzlement, bribery, forgery, counterfeiting or extortion, or (B) on a felony charge or (C) on an equivalent charge to those in clauses (A) and (B) in jurisdictions which do not use those designations; (ii) your engaging in any conduct which constitutes an employment disqualification under applicable law (including statutory disqualification as defined under the Exchange Act); (iii) your failure to perform your duties to the Company; (iv) your violation of any securities or commodities laws, any rules or regulations issued pursuant to such laws, or the rules and regulations of any securities or commodities exchange or association of which AIG or any of its subsidiaries or affiliates is a member; (v) your violation of any Company policy concerning hedging or confidential or proprietary information, or your material violation of any other Company policy as in effect from time to time; (vi) your engaging in any act or making any statement which impairs, impugns, denigrates, disparages or negatively reflects upon the name, reputation or business interests of the Company; or (vii) your engaging in any conduct detrimental to the Company. The determination as to whether " ***Cause*** " has occurred shall be made by the Committee in its sole discretion. The Committee shall also have the authority in its sole discretion to waive the consequences under the Plan or any Award Agreement of the existence or occurrence of any of the events, acts or omissions constituting " ***Cause*** ."

" ***Client*** " means any client or prospective client of the Company to whom you provided services, or for whom you transacted business, or whose identity became known to you in connection with your relationship with or Employment by the Company.

" ***Competitive Enterprise*** " means a business enterprise that (i) engages in any activity, or (ii) owns or controls a significant interest in any entity that engages in any activity, that, in either case, competes anywhere with any activity in which the Company is engaged. The activities covered by the previous sentence include, without limitation, all insurance and re-insurance and insurance and re-insurance-related activities, asset management, financial product activities (including, without limitation, derivative activities) and financial services in the United States and abroad.

" ***Disability*** " means a period of medically determined physical or mental impairment that is expected to result in death or last for a period of not less than 36 months during which you qualify for income replacement benefits under the Company's long-term disability plan for at least six months, or, if you do not participate in such a plan, a period of disability during which you are unable to engage in any substantial gainful activity by reason of any medically determined physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 36 months.



CSOC.CBR.00031170

"Section 409A" means Section 409A of the Internal Revenue Code, including any amendments or successor provisions to that section, and any regulations and other administrative guidance thereunder, in each case as they may be from time to time amended or interpreted through further administrative guidance.

" *Solicit* " means any direct or indirect communication of any kind whatsoever, regardless of by whom initiated, inviting, advising, encouraging or requesting any person or entity, in any manner, to take or refrain from taking any action.

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CSOC.CBR.00031171

Exhibit 10(68)

AMERICAN INTERNATIONAL GROUP, INC.
AMENDED AND RESTATED 2007 STOCK INCENTIVE PLAN
RSU AWARD AGREEMENT

This award agreement (this "***Award Agreement***") sets forth the terms and conditions of an award (this "***Award***") of restricted stock units ("***RSUs***") granted to you under the American International Group, Inc. Amended and Restated 2007 Stock Incentive Plan (the "***Plan***").

1. The Plan. This Award is made pursuant to the Plan, the terms of which are incorporated in this Award Agreement. Capitalized terms used in this Award Agreement that are not defined in this Award Agreement, or in the attached Glossary of Terms, have the meanings as used or defined in the Plan.

2. Award. The number of RSUs subject to this Award is set forth at the end of this Award Agreement. Each RSU constitutes an unfunded and unsecured promise of AIG to deliver (or cause to be delivered) to you, subject to the terms of this Award Agreement, one share of Common Stock (the "***Share***" or the "***Shares***" as the context requires) (or securities or other property equal to the Fair Market Value thereof) on the Scheduled Vesting Date as provided herein. Until such delivery, you have only the rights of a general unsecured creditor, and no rights as a shareholder, of AIG. **THIS AWARD IS SUBJECT TO ALL TERMS, CONDITIONS AND PROVISIONS OF THE PLAN AND THIS AWARD AGREEMENT, INCLUDING, WITHOUT LIMITATION, THE ARBITRATION AND CHOICE OF FORUM PROVISIONS SET FORTH IN PARAGRAPH 15.**

3. Vesting and Payout.

(a) Vesting. Except as provided in this Paragraph 3 and in Paragraphs 4 and 6, you shall become vested in the RSUs on the third anniversary of the Date of Grant specified at the end of this Award Agreement (the "***Scheduled Vesting Date***"). Except as provided in Paragraph 6, if your Employment terminates for any reason prior to the Scheduled Vesting Date, your rights in respect of all of your RSUs shall terminate, and no Shares (or securities or other property) shall be paid in respect of such RSUs.

(b) Payout. Except as provided in this Paragraph 3 and in Paragraphs 4, 6, 8 and 9, the Shares underlying the vested RSUs shall be paid promptly after the Scheduled Vesting Date, but no later than the end of the calendar year in which such Scheduled Vesting Date falls. The Company may, at its option and subject to the Plan, deliver securities or other property in lieu of all or any portion of the Shares otherwise payable on the Scheduled Vesting Date. Such payment shall equal the product of the number of Shares to be delivered on the Scheduled Vesting Date and the Fair Market Value of one Share of Common Stock on the Scheduled Vesting Date. You shall be deemed the beneficial owner of the Shares at the close of business on the Scheduled Vesting Date and shall be entitled to any dividend or distribution that has not already been made with respect to such Shares if the record date for such dividend or distribution is on or after the close of

EXHIBIT
Exhibit 505

business on the Scheduled Vesting Date. Notwithstanding the foregoing, if the Scheduled Vesting Date occurs at a time when you are considered by AIG to be one of its "covered employees" within the meaning of Section 162(m) of the Code, then, unless the Committee determines otherwise, payout of the Shares (or securities or other property) may be deferred by the Company under the circumstances described in Section 409A until the earliest date that the Company reasonably anticipates that the deduction or payment will not be limited or eliminated.

(c) Death . Notwithstanding any other provision of this Award Agreement, if you die prior to the Scheduled Vesting Date, and provided your rights in respect of your RSUs have not previously terminated, the Shares (or securities or other property in lieu of all or any part thereof) corresponding to your outstanding RSUs shall be paid to the representative of your estate promptly after your death (but no later than 90 days after your death).

(d) Delay of Payment . The Committee may, in its sole discretion, determine to defer payment of RSUs or permit you to elect to defer payment of RSUs, in each case in a manner that conforms to the requirements of Section 409A(a)(4) of the Code.

4. Termination of RSUs and Non-Payment of Shares .

(a) Except as provided in Paragraphs 3(c) and 6, your rights in respect of your outstanding RSUs shall immediately terminate, and no Shares (or securities or other property) shall be paid in respect of such unvested RSUs, if at any time prior to the Scheduled Vesting Date your Employment with the Company terminates for any reason, or you are otherwise no longer actively Employed by the Company.

(b) Unless the Committee determines otherwise, and except as further provided in Paragraph 6, your rights in respect of all of your RSUs (whether or not vested) shall immediately terminate, and no Shares (or securities or other property) shall be paid in respect of such RSUs, if at any time prior to the Scheduled Vesting Date:

(i) you attempt to have any dispute under this Award Agreement or the Plan resolved in any manner that is not provided for by Paragraph 15;

(ii) any event that constitutes Cause has occurred;

(iii) you in any manner, directly or indirectly, (A) Solicit any Client to transact business with a Competitive Enterprise or to reduce or refrain from doing any business with the Company or (B) interfere with or damage (or attempt to interfere with or damage) any relationship between the Company and any such Client or (C) Solicit any person who is an employee of the Company to resign from the Company or to apply for or accept employment with any Competitive Enterprise; or

(iv) you fail to certify to AIG, in accordance with procedures established by the Committee, with respect to the Scheduled Vesting Date that you have complied, or the Committee determines that you have failed as of the Scheduled Vesting Date to comply, with all of the terms and

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conditions of this Award Agreement. By accepting the delivery of Shares (or securities or other property) under this Award Agreement, you shall be deemed to have represented and certified at such time that you have complied with all the terms and conditions of this Award Agreement.

(c) Unless the Committee determines otherwise, if the Scheduled Vesting Date in respect of any of your outstanding RSUs occurs, and Shares (or securities or other property) with respect to such outstanding RSUs would be payable under the terms and conditions of this Award Agreement, except that you have not complied with the conditions or your obligations under Paragraph 4 (b)(iv), all of your rights with respect to your outstanding RSUs shall terminate no later than the Scheduled Vesting Date for such Shares.

5. Repayment. If, following the delivery of Shares (or securities or other property), the Committee determines that all terms and conditions of this Award Agreement in respect of such delivery were not satisfied, the Company shall be entitled to receive, and you shall be obligated to pay the Company immediately upon demand therefor, the Fair Market Value of the Shares (determined as of the Scheduled Vesting Date) and the amount of securities or other property (to the extent that any securities or other property was delivered in lieu of Shares) delivered with respect to the Scheduled Vesting Date, without reduction for any Shares (or securities or other property) applied to satisfy withholding tax or other obligations in respect of such Shares (or securities or other property).

6. Disability and Retirement.

(a) Notwithstanding any other provision of this Award Agreement, but subject to Paragraph 6(b):

(i) if you become subject to Disability or terminate Employment by means of retirement at or after age 65 (" ***Retire*** "), the condition set forth in Paragraph 4(a) shall be waived with respect to your then outstanding unvested RSUs (as a result of which any such then unvested outstanding RSUs shall vest and the Shares (or securities or other property) corresponding to your outstanding RSUs shall be paid to you promptly after the date you become subject to Disability or Retire, but no later than 90 days thereafter (if you become subject to Disability) or the end of the calendar year in which such date falls (if you Retire), as applicable), but all other conditions of this Award Agreement shall continue to apply; and

(ii) if you terminate employment by means of early retirement at or after age 55 but before reaching age 65, with the approval of, and subject to any terms and conditions prescribed by, the Committee in its sole discretion (" ***Early Retire*** "), the condition set forth in Paragraph 4(a) shall be waived with respect to a fraction of your then outstanding unvested RSUs, the numerator of which fraction shall be the number of whole months between the Date of Grant and the date of your Early Retirement, and the denominator of which fraction shall be the number of whole months between the Date of Grant and the Scheduled Vesting Date (as a result of which such fraction of any such then unvested outstanding RSUs shall vest, and the Shares (or securities or other property) corresponding to such fraction of the RSUs shall be paid to you promptly after the date you Early Retire, but no

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later than the end of the calendar year in which such date falls, but all other unvested outstanding RSUs shall immediately terminate), but all other conditions of this Award Agreement shall continue to apply.

(b) Without limiting the application of Paragraph 4(b) or Paragraph 4(c), your rights in respect of any outstanding RSUs that become vested solely by reason of Paragraph 6(a) shall terminate, and no Shares (or securities or other property) shall be paid in respect of such outstanding RSUs if, following your becoming subject to Disability, Retiring or Early Retiring, you (i) form, or acquire a 5% or greater equity ownership, voting or profit participation interest in, any Competitive Enterprise or (ii) associate in any capacity (including, but not limited to, association as an officer, employee, partner, director, consultant, agent or advisor) with any Competitive Enterprise.

7. Non-transferability. Except as otherwise may be provided by the Committee, the limitations set forth in Section 3.5 of the Plan shall apply. Any assignment or delegation in violation of the provisions of this Paragraph 7 shall be null and void.

8. Withholding, Consents and Legends.

(a) The delivery of Shares is conditioned on your satisfaction of any applicable withholding taxes (in accordance with Section 3.2 of the Plan).

(b) Your rights in respect of your RSUs are conditioned on the receipt to the full satisfaction of the Committee of any required Consent (as defined in Section 3.3 of the Plan) that the Committee may determine to be necessary or advisable (including, without limitation, your consenting to deductions from your wages, or another arrangement satisfactory to the Committee, to reimburse the Company for advances made on your behalf to satisfy withholding and other tax obligations in connection with this Award); *provided* that if such Consent has not been so effected or obtained as of the latest date provided by this Award Agreement for the delivery of Shares (or securities or other property) in respect of any RSUs and further delay of delivery is not permitted in accordance with the requirements of Section 409A, such RSUs will be forfeited and terminate notwithstanding any prior vesting.

(c) AIG may affix to Certificates representing Shares issued pursuant to this Award Agreement any legend that the Committee determines to be necessary or advisable (including to reflect any restrictions to which you may be subject under a separate agreement with AIG). AIG may advise the transfer agent to place a stop transfer order against any legended Shares.

9. Section 409A.

(a) RSUs awarded under this Award Agreement are intended to be "deferred compensation" subject to Section 409A, and this Award Agreement is intended to, and shall be interpreted, administered and construed to, comply with Section 409A with respect to the RSUs. The Committee shall have full authority to give effect to the intent of this Paragraph 9(a). To the extent necessary to give effect to this intent, in the case of any conflict or potential inconsistency between the provisions of this Award Agreement and the provisions of the Plan, the Plan shall govern.



CSOC.CBR.00031175

(b) Without limiting the generality of Paragraph 9(a), references to the termination of your Employment with respect to the RSUs shall mean your separation from service with the Company within the meaning of Section 409A.

(c) Any payment to be made under the RSUs in connection with termination of your Employment (and any other payment under the Plan) that would be subject to the limitations in Section 409A(a)(2)(b) of the Code shall be delayed until six months after termination of your Employment (or earlier death) in accordance with the requirements of Section 409A.

(d) To the extent necessary to comply with Paragraph 9(a), any securities or other property that the Company may deliver in respect of the RSUs shall not have the effect of deferring delivery or payment beyond the date on which such delivery or payment would occur with respect to the Shares that would otherwise have been deliverable (unless the Committee elects at a later date for this purpose in accordance with Paragraph 3(d)).

(e) Each payment under the RSUs shall be treated as a separate payment for purposes of Section 409A.

10. No Rights to Continued Employment. Nothing in this Award Agreement or the Plan shall be construed as giving you any right to continued Employment by the Company or affect any right that the Company may have to terminate or alter the terms and conditions of your Employment.

11. Successors and Assigns of AIG. The terms and conditions of this Award Agreement shall be binding upon, and shall inure to the benefit of, AIG and its successor entities (as defined in Section 3.6 of the Plan).

12. Committee Discretion. Subject to paragraph 13, the Committee shall have full discretion with respect to any actions to be taken or determinations to be made in connection with this Award Agreement (including, without limitation, whether you have become subject to Disability), and its determinations shall be final, binding and conclusive.

13. Amendment. The Committee reserves the right at any time to amend the terms and conditions set forth in this Award Agreement, and the Board may amend the Plan in any respect; *provided*, that, notwithstanding the foregoing and Sections 1.3.1(a), 1.3.1(b) and 3.1 of the Plan, no such amendment shall materially adversely affect your rights and obligations under this Award Agreement without your consent (or the consent of your estate, if such consent is obtained after your death); and *provided, further*, that the Committee may not accelerate or postpone the payout of the Shares (or securities or other property in lieu of all or any part thereof) to occur at a time other than the applicable time provided for in this Award Agreement. Any amendment of this Award Agreement shall be in writing signed by an authorized member of the Committee or a person or persons designated by the Committee.

14. Adjustment. Subject to Paragraph 13, the RSUs shall be subject to amendment and adjustment in accordance with Section 1.6.4 of the Plan.



CSOC.CBR.00031176

15. Arbitration; Choice of Forum .

(a) Any dispute, controversy or claim between the Company and you, arising out of or relating to or concerning the Plan or this Award Agreement, shall be finally settled by arbitration in New York City before, and in accordance with the rules then obtaining of, the New York Stock Exchange, Inc. (the " *NYSE* ") or, if the NYSE declines to arbitrate the matter (or if the matter otherwise is not arbitrable by it), the American Arbitration Association (the " *AAA* ") in accordance with the commercial arbitration rules of the AAA. Prior to arbitration, all claims maintained by you must first be submitted to the Committee in accordance with claims procedures determined by the Committee. This paragraph is subject to the provisions of Paragraphs 15(b) and (c) below.

(b) **THE COMPANY AND YOU HEREBY IRREVOCABLY SUBMIT TO THE EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED IN THE CITY OF NEW YORK OVER ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO OR CONCERNING THE PLAN OR THIS AWARD AGREEMENT THAT IS NOT OTHERWISE ARBITRATED OR RESOLVED ACCORDING TO PARAGRAPH 15(a) OF THIS AWARD AGREEMENT.** This includes any suit, action or proceeding to compel arbitration or to enforce an arbitration award. The Company and you acknowledge that the forum designated by this Paragraph 15(b) has a reasonable relation to the Plan, this Award Agreement, and to your relationship with the Company. Notwithstanding the foregoing, nothing herein shall preclude the Company from bringing any action, suit or proceeding in any other court for the purpose of enforcing the provisions of this Paragraph 15.

(c) The agreement by you and the Company as to forum is independent of the law that may be applied in the action, suit or proceeding and you and the Company agree to such forum even if the forum may under applicable law choose to apply non-forum law. You and the Company hereby waive, to the fullest extent permitted by applicable law, any objection which you or the Company now or hereafter may have to personal jurisdiction or to the laying of venue of any such suit, action or proceeding in any court referred to in Paragraph 15(b). You and the Company undertake not to commence any action, suit or proceeding arising out of or relating to or concerning this Award Agreement in any forum other than a forum described in this Paragraph 15. You and (subject to the last sentence of Paragraph 15(b)) the Company agree that, to the fullest extent permitted by applicable law, a final and non-appealable judgment in any such suit, action or proceeding in any such court shall be conclusive and binding upon you and the Company.

(d) You irrevocably appoint the Secretary of AIG as your agent for service of process in connection with any action, suit or proceeding arising out of or relating to or concerning this Award Agreement which is not arbitrated pursuant to the provisions of Paragraph 15(a), who shall promptly advise you of any such service of process.

(e) You hereby agree to keep confidential the existence of, and any information concerning, a dispute described in this Paragraph 15, except that you may disclose information concerning such dispute to the arbitrator or court that is considering such dispute or to your legal counsel (provided that such counsel



agrees not to disclose any such information other than as necessary to the prosecution or defense of the dispute).

(f) You recognize and agree that prior to the grant of this Award you have no right to any benefits hereunder. Accordingly, in consideration of the receipt of this Award, you expressly waive any right to contest the amount of this Award, terms of this Award Agreement, any determination, action or omission hereunder or under the Plan by the Committee, AIG or the Board, or any amendment to the Plan or this Award Agreement (other than an amendment to which your consent is expressly required by Paragraph 13) and you expressly waive any claim related in any way to the Award including any claim based on any promissory estoppel or other theory in connection with this Award and your Employment with the Company.

16. Governing Law. **THIS AWARD SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS.**

17. Headings. The headings in this Award Agreement are for the purpose of convenience only and are not intended to define or limit the construction of the provisions hereof.



CSOC.CBR.00031178

IN WITNESS WHEREOF, AMERICAN INTERNATIONAL GROUP, INC. has caused this Award Agreement to be duly executed and delivered as of the Date of Grant.

AMERICAN INTERNATIONAL GROUP, INC.

By: _____

By: _____

Recipient: _____

Number of RSUs: _____

Date of Grant: _____

Scheduled Vesting Date: _____

Receipt Acknowledged: _____

Address: _____
Street

_____
City, State Zip Code

_____
Social Security No./Local I.D. No.

EXHIBIT
Exhibit 505

CSOC.CBR.00031179

Glossary of Terms

Solely for purposes of this award of RSUs, the following terms shall have the meanings set forth below. Capitalized terms not defined in this Glossary of Terms shall have the meanings as used or defined in the applicable Award Agreement or the Plan.

" ***Cause*** " means (i) your conviction, whether following trial or by plea of guilty or *nolo contendere* (or similar plea), in a criminal proceeding (A) on a misdemeanor charge involving fraud, false statements or misleading omissions, wrongful taking, embezzlement, bribery, forgery, counterfeiting or extortion, or (B) on a felony charge or (C) on an equivalent charge to those in clauses (A) and (B) in jurisdictions which do not use those designations; (ii) your engaging in any conduct which constitutes an employment disqualification under applicable law (including statutory disqualification as defined under the Exchange Act); (iii) your failure to perform your duties to the Company; (iv) your violation of any securities or commodities laws, any rules or regulations issued pursuant to such laws, or the rules and regulations of any securities or commodities exchange or association of which AIG or any of its subsidiaries or affiliates is a member; (v) your violation of any Company policy concerning hedging or confidential or proprietary information, or your material violation of any other Company policy as in effect from time to time; (vi) your engaging in any act or making any statement which impairs, impugns, denigrates, disparages or negatively reflects upon the name, reputation or business interests of the Company; or (vii) your engaging in any conduct detrimental to the Company. The determination as to whether " ***Cause*** " has occurred shall be made by the Committee in its sole discretion. The Committee shall also have the authority in its sole discretion to waive the consequences under the Plan or any Award Agreement of the existence or occurrence of any of the events, acts or omissions constituting " ***Cause*** ."

" ***Client*** " means any client or prospective client of the Company to whom you provided services, or for whom you transacted business, or whose identity became known to you in connection with your relationship with or Employment by the Company.

" ***Competitive Enterprise*** " means a business enterprise that (i) engages in any activity, or (ii) owns or controls a significant interest in any entity that engages in any activity, that, in either case, competes anywhere with any activity in which the Company is engaged. The activities covered by the previous sentence include, without limitation, all insurance and re-insurance and insurance and re-insurance-related activities, asset management, financial product activities (including, without limitation, derivative activities) and financial services in the United States and abroad.

" ***Disability*** " means a period of medically determined physical or mental impairment that is expected to result in death or last for a period of not less than 36 months during which you qualify for income replacement benefits under the Company's long-term disability plan for at least six months, or, if you do not participate in such a plan, a period of disability during which you are unable to engage in any substantial gainful activity by reason of any medically determined physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 36 months.



CSOC.CBR.00031180

"***Section 409A***" means Section 409A of the Internal Revenue Code, including any amendments or successor provisions to that section, and any regulations and other administrative guidance thereunder, in each case as they may be from time to time amended or interpreted through further administrative guidance.

"***Solicit***" means any direct or indirect communication of any kind whatsoever, regardless of by whom initiated, inviting, advising, encouraging or requesting any person or entity, in any manner, to take or refrain from taking any action.

EXHIBIT
Exhibit 505

CSOC.CBR.00031181

Exhibit 10(69)

AMERICAN INTERNATIONAL GROUP, INC.
AMENDED AND RESTATED 2007 STOCK INCENTIVE PLAN
NON-EMPLOYEE DIRECTOR DEFERRED STOCK UNITS AWARD AGREEMENT

This award agreement (this "***Award Agreement***") sets forth the terms and conditions of an award (this "***Award***") of $___ in deferred stock units ("***DSUs***") granted to you under the American International Group, Inc. Amended and Restated 2007 Stock Incentive Plan (as amended and restated from time to time, the "***Plan***").

1. The Plan. This Award is made pursuant to the Plan, the terms of which are incorporated in this Award Agreement. Capitalized terms used in this Award Agreement which are not defined in this Award Agreement have the meanings as used or defined in the Plan.

2. Award. The number of DSUs set forth on the signature page of this Award Agreement are subject to this Award. Each DSU constitutes an unfunded and unsecured promise of AIG to deliver (or cause to be delivered) to you, subject to the terms of this Award Agreement, one share of Common Stock (a "***Share***" or "***Shares***" as the context requires) (or securities or other property equal to the Fair Market Value thereof) on the Payment Date as provided herein. Until such delivery, you have only the rights of a general unsecured creditor and no rights as a shareholder of AIG. In the event the calculation of the number of DSUs subject to this Award Agreement results in fractional shares, the number of Shares shall be rounded down to the next whole Share. **THIS AWARD IS SUBJECT TO ALL TERMS, CONDITIONS AND PROVISIONS OF THE PLAN AND THIS AWARD AGREEMENT.**

3. Payout.

(a) In General. Except as provided below in this Paragraph 3 and Paragraph 8, the Shares underlying the DSUs shall be paid, on or promptly after the last Trading Day of the month in which you cease to provide services to the Company (the "***Payment Date***"), but no later than 90 days after you cease to provide services to the Company. Subject to the Plan, AIG may deliver securities or other property based on the Fair Market Value in lieu of all or any portion of the Shares otherwise deliverable on the Payment Date. You shall be the beneficial owner of any Shares at the close of business on the Payment Date and shall be entitled to any dividend or distribution that has not already been made with respect to such Shares if the record date for such dividend or distribution is on or after the close of business on the Payment Date. "***Trading Day***" means a day on which the Common Stock trades in the regular way on the New York Stock Exchange or, if the Common Stock is not then listed on the New York Stock Exchange, on the principal national or regional securities exchange on which the Common Stock is then listed or, if the Common Stock is not then listed on a national or regional securities exchange, on the principal other market on which the Common Stock is then traded.

(b) Death. Notwithstanding any other term or provision of this Award Agreement, if you die prior to the Payment Date, the Shares (or securities or other property in lieu of all or any portion thereof) corresponding to your

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outstanding DSUs shall be paid to the representative of your estate promptly after your death (but no later than 90 days after your death).

(c) Delay of Payment. The Board may, in its sole discretion, determine to defer payment of DSUs or permit you to elect to defer payment of DSUs, in each case in a manner that conforms to the requirements of Section 409(a)(4) of the Code.

4. Dividend Equivalent Rights. On the last day of each calendar quarter before the payout of Shares (or securities or other property in lieu thereof) pursuant to this Award Agreement, you shall be paid an amount in cash equal to any regular cash dividend payment that would have been distributed during such quarter in respect of the Shares (or securities or other property in lieu thereof) not yet delivered.

5. Non-transferability. Except as may otherwise be provided in this Paragraph or as otherwise may be provided by the Board, the limitations set forth in Section 3.5 of the Plan shall apply. Any assignment in violation of the provisions of this Paragraph 5 shall be void. The Board may adopt procedures pursuant to which you may transfer some or all of your DSUs through a gift for no consideration to any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, including adoptive relationships, any person sharing the recipient's household (other than a tenant or employee), a trust in which these persons have more than 50% of the beneficial interest, and any other entity in which these persons (or the recipient) own more than 50% of the voting interests.

6. Withholding, Consents and Legends.

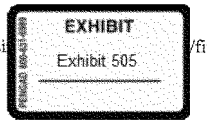
(a) The delivery of Shares is conditioned on your satisfaction of any applicable withholding taxes in accordance with Section 3.2 of the Plan.

(b) Your rights in respect of the DSUs are conditioned on the receipt to the full satisfaction of the Board of any required consents (as defined in Section 3.3 of the Plan) that the Board may determine to be necessary or advisable; *provided* that if such Consent has not been so effected or obtained as of the latest date provided by this Award Agreement for the delivery of Shares (or securities or other property) in respect of any DSUs and further delay of delivery is not permitted in accordance with the requirements of Section 409A, such DSUs will be forfeited and terminate notwithstanding any prior vesting.

(c) AIG may affix to Certificates representing Shares issued pursuant to this Award Agreement any legend that the Board determines to be necessary or advisable. AIG may advise the transfer agent to place a stop order against any legended Shares.

7. Section 409A.

(a) DSUs awarded under this Award Agreement are intended to be "deferred compensation" subject to Section 409A of the Internal Revenue Code, including any amendments or successor provisions to that section, and any



regulations and other administrative guidance thereunder, in each case as they may be from time to time amended or interpreted through further administrative guidance (" ***Section 409A*** "), and this Award Agreement is intended to, and shall be interpreted, administered and construed to, comply with Section 409A with respect to the DSUs. The Board shall have full authority to give effect to the intent of this Paragraph 7(a). To the extent necessary to give effect to this intent, in the case of any conflict or potential inconsistency between the provisions of this Award Agreement and the provisions of the Plan, the Plan shall govern.

(b) Without limiting the generality of Paragraph 7(a), (i) references to your ceasing to provide services to the Company with respect to the DSUs shall mean your separation from service with the Company within the meaning of Section 409A (which, unless inconsistent with the foregoing, will mean your ceasing to be a director of the Board), and (ii) the right to payment of dividend equivalents pursuant to Paragraph 4 shall be treated separately from the right to payment of the Shares underlying the DSUs for all purposes of Section 409A.

(c) Any payment to be made under the DSUs in connection with termination of your Employment (and any other payment under the Plan) that would be subject to the limitations in Section 409A(a)(2)(b) of the Code shall be delayed until six months after termination of your Employment (or earlier death) in accordance with the requirements of Section 409A.

(d) To the extent necessary to comply with Paragraph 7(a), any securities or other property that the Company may deliver in respect of the DSUs shall not have the effect of deferring delivery or payment beyond the date on which such delivery or payment would occur with respect to the Shares that would otherwise have been deliverable (unless the Committee elects a later date for this purpose in accordance with Paragraph 3(c)).

(e) Each payment under the DSUs shall be treated as a separate payment for purposes of Section 409A.

8. Successors and Assigns of AIG . The terms and conditions of this Award Agreement shall be binding upon and shall inure to the benefit of AIG and its successors and assigns.

9. Amendment . The Board reserves the right at any time to amend the terms and conditions set forth in this Award Agreement in any respect in accordance with Section 1.3 of the Plan, and the Board may amend the Plan in any respect in accordance with Section 3.1 of the Plan. Notwithstanding the foregoing and Sections 1.3.1 and 3.1 of the Plan, no such amendment shall materially adversely affect your rights and obligations under this Award Agreement without your consent (or the consent of your estate, if such consent is obtained after your death), and the Board may not accelerate or postpone the payout of the Shares (or securities or other property in lieu of any or all of the Shares) to occur at a time other than the applicable time provided for in this Award Agreement. Any amendment of this Award Agreement shall be in writing signed by an authorized member of the Board or any other person or persons authorized by the Board.



10. Governing Law. **THIS AWARD SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.**

11. Headings. The headings in this Award Agreement are for the purpose of convenience only and are not intended to define or limit the construction of the provisions hereof.

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IN WITNESS WHEREOF, AIG and you have caused this Award Agreement to be duly executed and delivered.

AMERICAN INTERNATIONAL GROUP, INC.

By: _____
Name:
Title:

Recipient: _____

Number of DSUs: _____

Date: _____

Accepted and Agreed:

By: _____

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Exhibit 10.91

SERIES C PERPETUAL, CONVERTIBLE, PARTICIPATING PREFERRED STOCK PURCHASE AGREEMENT

SERIES C PERPETUAL, CONVERTIBLE, PARTICIPATING PREFERRED STOCK PURCHASE AGREEMENT (this "Agreement"), dated as of March 1, 2009, between AIG CREDIT FACILITY TRUST, a trust established for the sole benefit of the United States Treasury (the "Trust"), and AMERICAN INTERNATIONAL GROUP, INC., a Delaware corporation (the "Company"). In this Agreement, references to the Trust shall include the Trustees acting in their capacities as such trustees as the context may require. Reference is made to Article 1 below for the meaning of certain capitalized terms used herein.

Background

A. Pursuant to Section 13(3) of the Federal Reserve Act, 12 U.S.C. § 343, the Board of Governors of the Federal Reserve System determined that unusual and exigent circumstances existed both with respect to the financial condition of the Company and its likely impact on the nation's economic stability, and the stability of the nation's financial and banking systems, and authorized the Federal Reserve Bank of New York (the "FRBNY"), subject to certain conditions, to extend credit to the Company pursuant to a credit agreement, dated as of September 22, 2008, between the Company and the FRBNY (as amended from time to time, the "Credit Agreement").

B. The Company is obligated under the Credit Agreement to issue the Shares (as defined below) to the Trust for the sole benefit of the United States Treasury, and the issuance of the Shares to the Trust is intended to provide compensation for the assumption of the risks arising from the Credit Agreement and to reduce those risks.

C. Pursuant to Section 5.11 of the Credit Agreement, the Company and the Trust are entering into this Agreement because the FRBNY has determined that this Agreement is necessary to effect the issuance of the Shares.

THEREFORE, the parties hereto agree as follows:

Terms and Conditions

1. DEFINITIONS

Capitalized terms used and not defined in this Agreement shall have the meanings set forth in the Credit Agreement.

As used in this Agreement, the following terms shall have the meanings set forth below:

"*Charter*" means the Company's Restated Certificate of Incorporation, as amended from time to time.

"*Common Stock*" has the meaning set forth in the Certificate of Designations (as defined in Section 3.2 below).

"*Effective Date*" means the date on which this Agreement shall have been executed and delivered by all of the parties hereto.

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" *Equity Units* " means the Equity Units issued by the Company pursuant to the Purchase Contract Agreement.

" *Person* " means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, estate, unincorporated organization, government or political subdivision thereof, government agency or instrumentality, or any other entity whatsoever.

" *Purchase Contract Agreement* " means the Purchase Contract Agreement dated May 16, 2008 between the Company and The Bank of New York.

" *Securities Act* " means the Securities Act of 1933, as amended from time to time.

" *Series C Preferred Stock* " means the Series C Perpetual, Convertible, Participating Preferred Stock of the Company, the Certificate of Designations for which is substantially in the form of Exhibit A hereto.

" *Series D Preferred Stock* " means the Series D Fixed Rate Cumulative Perpetual Preferred Stock of the Company.

" *Series D Preferred Stock Purchase Agreement* " means the Securities Purchase Agreement dated as of November 25, 2008, between the Company and United States Department of the Treasury.

" *Underlying Shares* " mean shares of Common Stock or other securities issuable upon conversion of the Series C Preferred Stock.

" *SEC* " means the U.S. Securities and Exchange Commission or any successor thereto.

" *Trustees* " means the trustees of the Trust acting in their capacities as such trustees.

" *Warrant* " means the warrant issued by the Company to the United States Department of the Treasury concurrently with the issuance of the Series D Preferred Stock.

2. PURCHASE OF SERIES C PREFERRED STOCK

2.1. *Agreement to Sell and Purchase* . On the basis of the representations and warranties contained in this Agreement, on the Closing Date the Company shall issue and sell to the Trust, and the Trust shall purchase (the " Purchase ") from the Company, 100,000 (one hundred thousand) shares of Series C Preferred Stock, par value $5.00 per share (the " Shares "), with an initial liquidation preference equal to $5 (five dollars) per share ($500,000 (five hundred thousand dollars) liquidation preference in the aggregate), at the purchase price of $500,000 (five hundred thousand dollars), with an understanding that additional and independently sufficient consideration was also furnished by FRBNY in the form of its lending commitment under the Credit Agreement (the " Purchase Price ").

2.2. *Payment and Delivery.* Payment of the cash portion of the Purchase Price was made to the Company by FRBNY at the closing of the Credit Agreement as a credit against a fee payable by the Company in accordance with Section 4.02(e) of the Credit Agreement. Certificates for the Shares shall be registered for the sole benefit of the United States Treasury in the name of the Trustees in their capacities as trustees of the Trust. The certificates evidencing the Shares shall be delivered to the Trust on the third Business Day immediately succeeding the Effective Date (or such later date as shall be agreed by the parties hereto) (the " Closing Date "), with any stock transfer taxes payable in connection with the transfer



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of the Shares to the Trust duly paid. Such payment and delivery are hereinafter referred to as the " Closing ".

3. CONDITIONS TO PURCHASER'S OBLIGATIONS

The obligation of the Trust to accept delivery of the Shares on the Closing Date is subject to the following conditions:

3.1. The Trust shall have received on the Closing Date a certificate, dated the Closing Date and signed by the Chief Executive Officer, the President, any Executive or Senior Vice President or any Vice President and a principal financial or accounting officer of the Company, to the effect that the representations and warranties of the Company contained in this Agreement are true and correct, in all material respects, as of the Closing Date and that the Company has complied, in all material respects, with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied hereunder on or before the Closing Date.

3.2. The Company shall have duly adopted and filed with the Secretary of State of the State of Delaware the Certificate of Designations for the Series C Preferred Stock substantially in the form of Exhibit A hereto (the " Certificate of Designations ") and such filing shall have been accepted.

3.3. The Trust shall have received on the Closing Date an opinion of (i) Sullivan & Cromwell LLP, special counsel for the Company, dated the Closing Date and in form and substance as set forth in Exhibit B and (ii) Kathleen E. Shannon, Senior Vice President, Secretary and Deputy General Counsel of the Company, dated the Closing Date and in form and substance as set forth in Exhibit C.

3.4. All corporate and other proceedings in connection with the transactions contemplated at the Closing hereby, and all documents and instruments incident to such transactions, shall be reasonably satisfactory in substance to the Trust and its counsel.

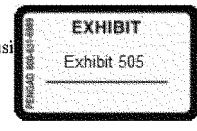
4. REPRESENTATIONS

The Company represents and warrants as of the Effective Date and the Closing Date as follows:

4.1. *Organization; Powers* . The Company (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) has all requisite corporate power and authority to own its property and assets and to carry on its business, in all material respects, as now conducted and as proposed to be conducted, (c) is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required, except where the failure so to qualify could not reasonably be expected to result in a Material Adverse Effect and (d) has the power and authority to execute, deliver and perform its obligations under this Agreement.

4.2. *Organizational Documents* . The Company has made available to the Trust a complete and correct copy of its Charter and bylaws, each as amended to date (the " Organizational Documents "). The Organizational Documents are in full force and effect. The Company is not in violation of any provision of its Organizational Documents.

4.3. *Authorization* . The execution, delivery and performance of this Agreement, including the issuance and delivery of the Shares and the conversion thereof into the Underlying Shares, (a) have been duly authorized by all requisite corporate and shareholder



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action (other than the actions contemplated in Sections 6.1, 6.2, 6.3, 6.6, 6.7 (with respect to Board of Director's approval only) and 6.8 (with respect to clause (ii) of the second sentence only)) and (b) will not to the best knowledge of the Company after due investigation (i) result in the violation by the Company or any Material Subsidiary of (A) any provision of law, statute, rule or regulation that is applicable to the Company, any Material Subsidiary or the transactions contemplated hereby, or of the certificate or articles of incorporation or other constitutive documents or bylaws of the Company or any Material Subsidiary, (B) any order of any Governmental Authority or (C) any provision of any indenture, agreement or other instrument to which the Company or any Material Subsidiary is a party or by which any of them or any of their property is or may be bound, (ii) be in conflict with, result in a breach of, terminate or constitute (alone or with notice or lapse of time or both) a default under, or give rise to any right to terminate or accelerate or to require the prepayment, repurchase or redemption of any obligation under any such indenture, agreement or other instrument or (iii) result in the creation or imposition of any Lien upon or with respect to any property or assets now owned or hereafter acquired by the Company or any Material Subsidiary, except in the case of clause (b)(i)(A) for any actual or potential violations disclosed by the Company to the Trust in writing as of the Effective Date and except in the case of clauses (b)(i), (b)(ii) and (b)(iii) as would not, individually or in the aggregate, have a Material Adverse Effect or affect the validity of the Series C Preferred Stock.

4.4. *Enforceability.* This Agreement has been duly and validly executed and delivered by the Company and (assuming due authorization, execution and delivery by the Trust) shall constitute the valid and legally binding obligation of the Company, enforceable against the Company in accordance with its terms, except that rights to indemnification and contribution may be limited under applicable law.

4.5. *Valid Issuance* . When issued in accordance with the terms of this Agreement, the Series C Preferred Stock will be duly authorized, validly issued, fully paid and nonassessable, free and clear of all liens and preemptive rights. The Underlying Shares will be duly and validly reserved for issuance immediately after the Company's shareholders approve the Charter Amendment (as defined in the Certificate of Designations). When issued and delivered in accordance with the terms of this Agreement and the Series C Preferred Stock, such Underlying Shares will be duly authorized, validly issued, fully paid and nonassessable, free and clear of all liens and preemptive rights.

4.6. *Governmental Approvals.* Assuming the accuracy of the Trust's representations and warranties set out in Section 5.1 and Section 5.2 of this Agreement and its compliance with its obligations hereunder, to the best knowledge of the Company after due investigation, no action, consent or approval of, registration or filing with or any other action by any Governmental Authority is or will be required to be taken, obtained or made by the Company or any Material Subsidiary in connection with this Agreement, except (a) such as have been made or obtained and are in full force and effect, (b) such as have been disclosed by the Company to the Trust in writing as of the Effective Date, (c) the filings and registrations contemplated by Sections 6.2, 6.6, 7.1 and 7.2 hereof and (d) if the failure to take such action, obtain such consent or approval or register or file with such Governmental Authority could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

5. ACKNOWLEDGMENTS AND AGREEMENTS OF THE TRUST

5.1. *Purchase of Restricted Shares* . The Trust acknowledges that the Shares and the Underlying Shares have not been registered under the Securities Act or under any U.S. federal or state securities laws. The Trust (a) is acquiring the Shares pursuant to an exemption from registration under the Securities Act and with no present intention to distribute them to any person in violation of the Securities Act or any applicable U.S. federal or state securities laws, (b) will not sell or otherwise dispose of any of the Shares or the Underlying Shares, except in compliance with the registration requirements or exemption provisions of the Securities Act and any applicable U.S. federal or state securities laws, and (c) including

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through such advisors that it may retain or consult, has such knowledge and experience in financial and business matters and in investments of this type that it is capable of evaluating the merits and risks of the Purchase and of making an informed investment decision.

5.2. *Legends*.

(a) The Trust agrees that all certificates or other instruments representing the Series C Preferred Stock will bear a legend substantially to the following effect:

> "THIS SECURITY AND THE SHARES OF COMMON STOCK ISSUABLE UPON CONVERSION OF THIS SECURITY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. NEITHER THIS SECURITY OR THE SHARES OF COMMON STOCK ISSUABLE UPON CONVERSION OF THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN OR THEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, REGISTRATION."

(b) In addition, the Trust agrees that all certificates or other instruments representing the Underlying Shares will bear a legend substantially to the following effect:

> "THE SECURITIES REFERRED TO HEREIN HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. NEITHER SUCH SECURITIES NOR ANY INTEREST OR PARTICIPATION THEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, REGISTRATION."

(c) In the event that any Series C Preferred Stock or Underlying Shares (i) become registered under the Securities Act or (ii) are eligible, in the opinion of counsel to the holder of Series C Preferred Stock reasonably satisfactory to the Company, to be transferred without restriction or any limitation in accordance with Rule 144, the Company shall issue new certificates or other instruments representing such Series C Preferred Stock or Underlying Shares, which shall not contain the applicable legends in Sections 5.2(a) and (b) above; provided that the holder of the Series C Preferred Stock or Underlying Shares, as applicable, surrenders to the Company the previously issued certificates or other instruments.

6. COVENANTS

The Company covenants and agrees with the Trust that:

6.1. *Board of Directors Resolutions.*

(a) The Board of Directors of the Company (the "Board of Directors") shall adopt within 45 days of the Effective Date resolutions pursuant to 8 Del. C. § 242(b), in form and substance reasonably satisfactory to the Trustees, to amend (i) the Charter to reduce the par value of the Common Stock to $0.000001 per share, and increase the number of authorized shares of Common Stock to 19 billion (the

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" Common Stock Amendment Proposal "), (ii) the Charter to reduce the par value of the Company's Serial Preferred Stock (as defined in the Charter) to $0.00004 per share and increase the number of authorized shares of the Company's Serial Preferred Stock to 13 billion (the " Serial Preferred Stock Amendment Proposal "), (iii) the Certificate of Designations such that (1) the number of shares of Series C Preferred Stock authorized and outstanding upon the effectiveness of the Serial Preferred Stock Amendment Proposal shall be the Number of Underlying Shares (as defined in the Certificate of Designations) as of the effective date of the Serial Preferred Stock Amendment Proposal, (2) the Conversion Ratio (as defined in the Certificate of Designations) as of any date shall equal the quotient obtained by dividing (x) the Number of Outstanding Shares (as defined in the Certificate of Designations) as of such date by (y) the Number of Outstanding Shares as of the effective date of such amendment and (3) the liquidation preference per share of the Series C Preferred Stock shall be $500,000 divided by the Number of Underlying Shares as of the effective date of such amendment (the " Series C Preferred Stock Amendment Proposal " and, collectively with the Common Stock Amendment Proposal and the Serial Preferred Stock Amendment Proposal, the " Special Meeting Shareholder Proposals "), (iv) the Charter (A) to permit the Board of Directors to issue classes of Serial Preferred Stock that are not of equal rank, such that the Board of Directors or a duly authorized committee thereof may, prior to issuance, in the resolution or resolutions providing for the issue of shares of each particular series, provide whether the shares of such series rank senior or junior to any other class of Serial Preferred Stock as to the right to receive dividends and the right to receive payments out of the assets of the Company upon voluntary or involuntary liquidation, dissolution or winding up of the Company and (B) to cause the Series D Preferred Stock and any other series of Serial Preferred Stock subsequently issued to the United States Department of the Treasury to rank senior to the Series C Preferred Stock and any other subsequently issued series of Serial Preferred Stock that is not issued to the United States Department of the Treasury, so that as a result of these amendments the Series C Preferred Stock and any subsequently issued series of Serial Preferred Stock that ranks *pari passu* with or junior to the Series C Preferred Stock would not be entitled to vote on the subsequent creation or issuance of any such senior Serial Preferred Stock (the " Series D Preferred Stock Amendment Proposal ") and (v) the Charter to eliminate any restriction on the pledging of all or substantially all of the property or assets of the Company (the " Pledging Restrictions Amendment Proposal " and, collectively with the Common Stock Amendment Proposal, the Serial Preferred Stock Amendment Proposal, the Series C Preferred Stock Amendment Proposal and the Series D Preferred Stock Amendment Proposal, the " Charter Amendment Proposals ").

(b) Pursuant to 8 Del. C. § 242(b) the Board of Directors shall, concurrently with the adoption of the resolutions described in clause (a) above, declare that the Charter Amendment Proposals are advisable and (i) call a special meeting with respect to the Special Meeting Shareholder Proposals or direct that the Special Meeting Shareholder Proposals be considered at an annual meeting of the holders of the Company's capital stock, as applicable, when so directed by the Trust in accordance with Section 6.2(a) (*provided*, that the notice for a special meeting or annual meeting described in this clause (a) shall not be given until at least 60 days after the Company's 2009 Annual Meeting of Shareholders) and (ii) direct that the Series D Preferred Stock Amendment Proposal and the Pledging Restrictions Amendment Proposal (collectively the " General Meeting Shareholder Proposals ") be considered at the next annual meeting of the holders of the Company's capital stock in accordance with Section 6.2(b).

6.2. *Shareholder Vote*.

(a) The Trust shall have the right, in its sole discretion, by giving a notice in accordance with Section 8.3, to cause the Board of Directors, without regard to any subsequent determination made by the Board of Directors concerning the Special Meeting Shareholder Proposals, to call, give notice of and hold a special meeting of the holders of the Company's capital stock or, if so elected by the Trust in the notice from the Trust, direct that the Special Meeting Shareholder Proposals be considered at the next annual



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meeting of the holders of the Company's capital stock following such notice from the Trust, as applicable (*provided*, that the notice for a special meeting or annual meeting described in this clause (a) shall not be given until at least 60 days after the Company's 2009 Annual Meeting of Shareholders), with the holders of the Common Stock voting as a separate class in the case of the Common Stock Amendment Proposal and, if applicable, the holders of the Company's Serial Preferred Stock voting as a separate class in the case of the Serial Preferred Stock Amendment Proposal and, if applicable, the holders of the Series C Preferred Stock voting as a separate class in the case of the Series C Preferred Stock Amendment Proposal, to vote on, among other things, (i) the Common Stock Amendment Proposal, (ii) Serial Preferred Stock Amendment Proposal and (iii) the Series C Preferred Stock Amendment Proposal; *provided*, that a vote on the Serial Preferred Stock Amendment Proposal and the Series C Preferred Stock Amendment Proposal will only be effective if the Common Stock Amendment Proposal is not approved by the holders of the Common Stock. The Board of Directors shall recommend to the Company's shareholders that they vote in favor of the Special Meeting Shareholder Proposals. In the event that the approval of all or any portion of the Special Meeting Shareholder Proposals is not obtained at such special shareholders' meeting, the Trust shall have the right to direct the Company to include a proposal to approve (and the Board of Directors shall recommend approval of) all or such portion of the Special Meeting Shareholder Proposals as the Trust may designate at the next annual meeting of its shareholders and at each subsequent annual meeting of its shareholders until such approval is obtained.

(b) At and prior to the next annual meeting of the Company's shareholders following the Closing Date, the Company shall take all action necessary under all applicable laws and regulations and the Company's Organizational Documents to effect the General Meeting Shareholder Proposals. Such actions shall include, without limitation, the Board of Directors' calling, giving notice of and holding an annual meeting of the holders of the Company's capital stock to vote on, among other things the General Meeting Shareholder Proposals and without regard to any subsequent determination made by the Board of Directors concerning the General Meeting Shareholder Proposals. The Board of Directors shall recommend to the Company's shareholders that they vote in favor of the General Meeting Shareholder Proposals. In the event that the approval of the General Meeting Shareholder Proposals is not obtained at such annual shareholders' meeting, the Company shall include a proposal to approve such proposals at each subsequent annual meeting of its shareholders, or at any special meeting of the holders of the Company's capital stock called pursuant to clause (a) above, until such approval is obtained.

(c) In connection with the special shareholders' meeting and each annual shareholders' meeting described in clause (a) or (b) above, the Company shall prepare (and the Trust will reasonably cooperate with the Company to prepare) and file with the SEC a preliminary proxy statement reasonably acceptable to the Trust, shall use its reasonable best efforts to respond to any comments of the SEC or its staff thereon and to cause a definitive proxy statement related to such shareholders' meeting to be mailed to the Company's shareholders promptly after clearance thereof by the SEC. The Company shall prepare the preliminary proxy statement describing the Special Meeting Shareholder Proposals as promptly as practicable following the Closing Date, but shall not file it with the SEC unless so directed by the Trust. The Company shall notify the Trust promptly of the receipt of any comments from the SEC or its staff with respect to the proxy statement and of any request by the SEC or its staff for amendments or supplements to such proxy statement or for additional information and will supply the Trust with copies of all correspondence between the Company or any of its representatives, on the one hand, and the SEC or its staff, on the other hand, with respect to such proxy statement. The Company shall, at its own expense, use its reasonable best efforts to solicit proxies for shareholder approval of the Special Meeting Shareholder Proposals and the General Meeting Shareholder Proposals, including, but not limited to, selecting and retaining a proxy solicitor. If at any time prior to any such shareholders' meeting there shall occur any event that is required to be set forth in an amendment or supplement to the proxy statement, the

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Company shall as promptly as practicable prepare and mail to its shareholders such an amendment or supplement. Each of the Trust and the Company agrees promptly to correct any information provided by it or on its behalf for use in the proxy statement if and to the extent that such information shall have become false or misleading in any material respect, and the Company shall as promptly as practicable prepare and mail to its shareholders an amendment or supplement to correct such information to the extent required by applicable laws and regulations. The Company shall consult with the Trust prior to filing any proxy statement, or any amendment or supplement thereto, and provide the Trust with a reasonable opportunity to comment thereon.

(d) None of the information supplied by the Company or any of the subsidiaries of the Company for inclusion in any proxy statement in connection with any shareholders' meeting of the Company will, at the date when first mailed to the Company's shareholders and at the time of any shareholders' meeting, and at the time of any amendment or supplement thereof after mailing, contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

6.3. *Governance* . The Company and the Board of Directors shall work in good faith with the Trustees to ensure corporate governance arrangements satisfactory to the Trustees.

6.4. *Regulation* . The Company shall use its reasonable best efforts to take all actions necessary or appropriate to obtain any regulatory approvals, notices, waivers or consents related to the issuance and acquisition of the Series C Preferred Stock or the conversion thereof into the Underlying Shares that are reasonably determined by the Company to be material and that have not been obtained on or prior to the Closing Date and shall assist the Trust in such matters.

6.5. *Takeover Laws.* The Company will take all actions necessary or expedient in order to exempt the Trust and any department, agency or instrumentality of the United States government and the Trust's or such other entity's acquisition and ownership of the Series C Preferred Stock and any Underlying Shares from, and the Trust and any such other entity and such acquisition and ownership from, (i) the requirements of any applicable "moratorium," "control share," "fair price" or other anti-takeover laws and regulations of any jurisdiction, including without limitation Section 203 of the Delaware General Corporation Law, and (ii) any other applicable provision of the Organizational Documents of the Company or the comparable organizational documents of any subsidiary of the Company.

6.6. *Additional Issuance of Shares* . If a Conversion Date (as defined in the Certificate of Designations) for any of the Shares occurs prior to the issuance of Common Stock on the Third Stock Purchase Date (as defined in the Purchase Contract Agreement) for the Equity Units, then the Company shall, concurrently with each Stock Purchase Date, Early Settlement Date or Cash Merger Early Settlement Date (each as defined in the Purchase Contract Agreement), as applicable, for the Equity Units following such Conversion Date issue to the Trust or to such other Person as the Trust may direct a number of shares of Common Stock equal to the excess of (x) the number of shares of Common Stock the Trust would have received if it had converted such Shares immediately after the issuance of such shares of Common Stock on such Stock Purchase Date, Early Settlement Date or Cash Merger Early Settlement Date over (y) the number of shares of Common Stock received upon the conversion of such Shares by the holder thereof plus the number of shares of Common Stock delivered to the Trust or its designee under this Section 6.6 as a result of any earlier settlement of such Equity Units. Any such shares of Common Stock issued to

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the Trust shall be registered for the sole benefit of the United States Treasury in the name of the Trustees in their capacities as Trustees of the Trust. Any such shares of Common Stock issued to such other Person shall be registered in the name of such other Person as the Trustees may direct in their capacities as Trustees of the Trust.

6.7. *Depositary Shares* . Upon request by the Trust in connection with a proposed transfer of the Shares to a third party, the Company shall promptly enter into a depositary arrangement, pursuant to customary agreements reasonably satisfactory to the Trust and with a depositary reasonably acceptable to the Trust, pursuant to which the Shares may be deposited and depositary shares, each representing a fraction of a Share or multiple Shares as specified by the Trust, may be issued. From and after the execution of any such depositary arrangement, and the deposit of any Shares pursuant thereto, the depositary shares issued pursuant thereto shall be deemed " Series C Preferred Stock " and, as applicable, " Registrable Securities " for purposes of this Agreement.

6.8. *Issuance of Securities* . So long as the equity ownership of the Trust, determined as the sum of the number of shares of Common Stock received upon the conversion of the Series C Preferred Stock and still owned by the Trust and the product of the aggregate number of shares of Series C Preferred Stock owned by the Trust and the Conversion Ratio (whether or not shares of Series C Preferred Stock are then convertible), shall equal or exceed 50% of the Number of Underlying Shares (as adjusted pursuant to Section 11(G) of the Certificate of Designations), the Company shall not, without the prior written consent of the Trust, issue or grant (i) any capital stock or equity ownership interest, including any Participating Security (as defined in the Certificate of Designations); (ii) any rights, options, warrants or convertible securities exercisable or exchangeable for or convertible into any capital stock or other equity ownership interest, including any Participating Security; or (iii) any stock appreciation rights, phantom stock rights, or any other profit participation rights, or any rights or options to acquire any such rights, in each case of clauses (i), (ii) and (iii) above, to any Person. Notwithstanding the previous sentence, the Company shall be permitted to issue capital stock (i) (x) to satisfy any security or instrument existing on September 16, 2008 that is exercisable for, convertible into or exchangeable for Common Stock, (y) in respect of equity compensation awards issued in the ordinary course of business under the Company's Amended and Restated 2007 Stock Incentive Plan or the Company's Amended and Restated 2002 Stock Incentive Plan or (z) in respect of any tax-qualified plan approved in the ordinary course of business by the Board of Directors that meets the requirements of Sections 401(a) or 423 of the Code and (ii) subsequent to written notice from the Trust that the Company's corporate governance arrangements are satisfactory to the Trustees (x) in respect of equity compensation awards issued under any equity compensation plan (including any material amendments thereto) approved by shareholders after September 16, 2008 in accordance with the shareholder approval requirements of the New York Stock Exchange Listed Company Manual or (y) in any one year, up to 0.5% of the outstanding shares of Common Stock pursuant to any other employee benefit plan, employment contract or similar arrangement that is approved by the Compensation and Management Resources Committee of the Board of Directors.

7. REGISTRATION RIGHTS

7.1. *Registration* . Section 4.5 of the Series D Preferred Stock Purchase Agreement is hereby incorporated by reference herein with the amendments to such section as provided in Section 7.2 of this Agreement.

7.2. *Amendments* . For purposes of this Agreement the provisions of Section 4.5 of the Series D Preferred Stock Purchase Agreement that are incorporated by reference herein shall be amended as follows:

(a) "Investor" shall mean the Trust;

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(b) "Registrable Securities" shall, except for purposes of Section 4.5(a)(vi) of the Series D Preferred Stock Purchase Agreement, mean: (A) the Series C Preferred Stock, (B) the Underlying Shares and (C) any equity securities issued or issuable directly or indirectly with respect to the securities referred to in the foregoing clauses (A) or (B) by way of conversion, exercise or exchange thereof or share dividend or share split or in connection with a combination of shares, recapitalization, reclassification, merger, amalgamation, arrangement, consolidation or other reorganization. The shares of Series C Preferred Stock and the Underlying Shares shall cease to be Registrable Securities when (1) they are sold pursuant to Rule 144 or an effective registration statement under the Securities Act, (2) except as provided in Section 4.5(o) of the Series D Preferred Stock Purchase Agreement, they may be sold pursuant to Rule 144 without limitation thereunder on volume or manner of sale, (3) they shall have ceased to be outstanding or (4) they have been sold in a private transaction in which the transferor's rights under this Agreement are not assigned to the transferee of the securities. No such Registrable Securities may be registered under more than one registration statement at any one time;

(c) The provisions of Section 4.5 of the Series D Preferred Stock Purchase Agreement applicable to the Warrant shall not apply;

(d) "$200 million" in the eighth line of Section 4.5(a)(ii) of the Series D Preferred Stock Purchase Agreement shall be revised to "$100 million";

(e) "and (2) not more than three times in any 12-month period" beginning in the twelfth line of Section 4.5(a)(iii) of the Series D Preferred Stock Purchase Agreement shall be revised to "and (2) not more than two times in any 12-month period";

(f) a new parenthetical is added to the end of Section 4.5(a)(vi)(B) of the Series D Preferred Stock Purchase Agreement so that the end of subclause (B) shall read "(for the purposes of this subclause (B) only, as each term is defined in the Series D Preferred Stock Purchase Agreement)";

(g) a new subclause (C) is added to Section 4.5(a)(vi) and current subclause (C) is changed to (D). New subclause (C) shall read: "(C) then the Registrable Securities of the Trust and all other Holders who have received Registrable Securities from the Trust and who have requested inclusion of Registrable Securities pursuant to Section 4.5(a)(ii) or Section 4.5(a)(iv), as applicable, *pro rata* on the basis of the aggregate number of such securities or shares owned by each such person, and";

(h) "members and former members" in the second line of Section 4.5(e) of the Series D Preferred Stock Purchase Agreement shall be revised to "members, former members and trustees (both individually and in their fiduciary capacities)";

(i) "representatives and Affiliates" in the third line of Section 4.5(g)(i) of the Series D Preferred Stock Purchase Agreement shall be revised to "representatives, trustees (both individually and in their fiduciary capacities) and Affiliates";

(j) ", joint or several," in the eighth line of Section 4.5(g)(i) of the Series D Preferred Stock Purchase Agreement shall be revised to ", joint or several, (x) with respect to the Trustees and their agents and representatives, relating to, arising out of or in connection with any registration pursuant to this Agreement or (y)";

(k) "not misleading; *provided* that the Company" in the sixteenth line of Section 4.5(g)(i) of the Series D Preferred Stock Purchase Agreement shall be revised to "not misleading. With respect to clause (x)



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above, the Company will not, however, be responsible for any losses, claims, damages, actions or liabilities (or costs or expenses relating thereto) that are finally judicially determined to have resulted from the bad faith or gross negligence of any Indemnitee. With respect to clause (y) above, the Company";

(l) "a liquidation preference or, in the case of Registrable Securities other than Preferred Stock," beginning in the third line of Section 4.5(h) of the Series D Preferred Stock Purchase Agreement shall be deleted and for the purpose of Section 4.5 the market value of the Series C Preferred Stock shall be the market value of a number of shares of Common Stock issuable upon conversion of such shares of Series C Preferred Stock (whether or not shares of Series C Preferred Stock are then convertible);

(m) "$200 million" in the fourth line of Section 4.5(h) of the Series D Preferred Stock Purchase Agreement shall be revised to "$100 million";

(n) ", in the case of an underwritten offering of Common Stock or Warrants," in the fifth line of Section 4.5(i) of the Series D Preferred Stock Purchase Agreement shall be deleted; and

(o) ", in the case of an underwritten offering of Preferred Stock, any preferred stock of the Company, or, in each case," beginning in the sixth line of Section 4.5(i) of the Series D Preferred Stock Purchase Agreement shall be deleted.

7.3. *Consistency.* The Trust agrees that Section 7.1 and Section 7.2 of this Agreement are not inconsistent with or in conflict with Section 4.5 of the Series D Preferred Stock Purchase Agreement.

8. MISCELLANEOUS

8.1. *Amendments; Waivers* . This Agreement may be waived or amended solely by a writing executed by all of the parties hereto. In no event shall any rights granted hereunder prevent the parties hereto from waiving or amending in any manner whatsoever the covenants of the Company hereunder.

8.2. ***Governing Law; Jurisdiction; Venue or Inconvenient Forum* . This Agreement, and the rights and obligations of the parties hereunder, shall be governed by, and construed and interpreted in accordance with, United States federal law and not the law of any State. To the extent that a court looks to the laws of any State to determine or define the United States federal law, it is the intention of the parties hereto that such court shall look only to the laws of the State of New York without regard to the rules of conflicts of laws. The Series C Preferred Stock shall be governed as set forth in the terms thereof. The parties agree that the United States District Court for the Southern District of New York shall have exclusive jurisdiction over any claims arising under this Agreement, including claims for enforcement of the Agreement. Each party hereby waives, to the extent permitted by applicable law, any objection to venue or any defense of inconvenient forum or any personal or subject matter jurisdictional defense in connection with such proceedings in such court.**

8.3. *Notices* . Any notice which any party hereto may give to the other hereunder shall be in writing and shall be given by hand delivery, first class registered mail, or overnight courier service, or by facsimile transmission confirmed by one of the aforesaid methods, sent,

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if to the Company:

American International Group, Inc.
70 Pine Street, New York, New York 10270
Attention: General Counsel
Facsimile: (212) 785-2175
Telephone: (212) 770-7000

with a copy to:

Sullivan & Cromwell LLP
125 Broad Street, New York, New York 10004
Attention: Robert W. Reeder III, Michael M. Wiseman
Facsimile: (212) 558-3588
Telephone: (212) 558-4000

if to the Trust:

AIG Credit Facility Trust
c/o Kevin F. Barnard
Arnold & Porter LLP
399 Park Avenue
New York, New York 10022
Facsimile : (212) 715-1399
Telephone: (212) 715-1000

with copies to the Trustees, to the addresses and facsimile numbers that each Trustee has provided to the Company in writing on the Effective Date,

or to such other address and facsimile number as such party may hereafter specify for the purpose of notices to the other party. All notices hereunder shall be effective upon receipt.

8.4. *Waiver of Jury Trial.* EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY HERETO CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER.

8.5. *Business Day* . To the extent that any deadline or date of performance of any right or obligation set forth herein shall fall on a day other than a Business Day, then such deadline or date of performance shall automatically be extended to the next succeeding Business Day.

8.6. *Entire Agreement* . This Agreement, together with the Certificate of Designations, constitutes the entire contract between the parties relative to the subject matter hereof. Any other previous agreement among the parties with respect to the subject matter hereof is superseded by this Agreement, together with the Certificate of Designations. Nothing in this Agreement, together with the Certificate of Designations,



expressed or implied, is intended to confer upon any Person (other than the parties hereto and thereto, their respective successors and assigns permitted hereunder) any rights, remedies, obligations or liabilities under or by reason of this Agreement, together with the Certificate of Designations.

8.7. *Remedies* . Each of the parties hereto acknowledges and agrees that in the event of any breach of this Agreement, each non-breaching party would be irreparably and immediately harmed and could not be made whole by monetary damages. It is accordingly agreed that the parties hereto (a) will, to the extent permitted by law, waive, in any action for specific performance, the defense of adequacy of a remedy at law and (b) shall, to the extent permitted by law, be entitled, in addition to any other remedy to which they may be entitled at law or in equity, to an order compelling specific performance of this Agreement in any action instituted in the United States District Court for the Southern District of New York.

8.8. *No Personal Liability by Trustees* . It is expressly understood and agreed by the parties hereto that this Agreement is being executed and delivered by the Trustees not individually or personally but solely in their capacities as Trustees in the exercise of the powers and authority conferred and vested in them as such Trustees, and under no circumstances shall any Trustee or former Trustee have any personal liability in the Trustee's individual capacity in connection with this Agreement or any transaction contemplated hereby.

8.9. *Severability* . In the event that any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, then to the extent permitted by applicable law, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

8.10. *Assignment* . Neither this Agreement nor any right, remedy, obligation or liability arising hereunder or by reason hereof shall be assignable or delegable by any party hereto without the prior written consent of the other party, and any attempt to assign or delegate any right, remedy, obligation or liability hereunder without such consent shall be void. Notwithstanding the foregoing the Trust may, without the Company's consent, transfer or assign (i) all or any part of its rights and remedies under Sections 6.2 and 6.6 of this Agreement to any third party and (ii) all or any part of its rights and remedies under Sections 7.1 and 7.2 of this Agreement as permitted by such Sections.

[Signature Page Follows]

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth in the first paragraph hereof.

AMERICAN INTERNATIONAL GROUP, INC.

By: /s/ Edward M. Liddy
Name: Edward M. Liddy
Title: Chairman and Chief Executive Officer

AIG CREDIT FACILITY TRUST

By: /s/ Jill M. Considine
Name: Jill M. Considine
Title: Trustee

By: /s/ Chester B. Feldberg
Name: Chester B. Feldberg
Title: Trustee

By: /s/ Douglas L. Foshee
Name: Douglas L. Foshee
Title: Trustee

Signature Page to Series C Perpetual, Convertible, Participating Preferred Stock Purchase Agreement

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CSOC.CBR.00031200

Exhibit 10(92)

The undersigned hereby confirm that they have reached an agreement in principle consistent with the annexed term sheet.

UNITED STATES DEPARTMENT OF THE TREASURY	AMERICAN INTERNATIONAL GROUP, INC.
By: /s/ Neel Kashkari	By: /s/ Edward M. Liddy
Neel Kashkari Interim Assistant Secretary For Financial Stability	Edward M. Liddy Chairman and Chief Executive Officer

Dated: March 1, 2009



Annex

Term Sheet for Exchange of Series D Fixed Rate Cumulative Perpetual Preferred Stock for Series E Fixed Rate Non-Cumulative Perpetual Preferred Stock and Issuance of Additional Preferred Stock

[Attached]

EXHIBIT
Exhibit 505

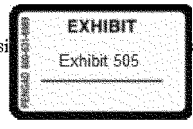
CSOC.CBR.00031202

Term Sheet

Exchange of Series D Fixed Rate Cumulative Perpetual Preferred Stock for Series E Fixed Rate Non-Cumulative Perpetual Preferred Stock

The Series D Fixed Rate Cumulative Perpetual Preferred Stock (the " **Series D Preferred Stock** ") of American International Group, Inc. (" **AIG** ") issued to the United States Department of the Treasury (" **UST** ") on November 25, 2008 shall be exchanged for Series E Fixed Rate Non-Cumulative Perpetual Preferred Stock (the " **Series E Preferred Stock** ") of AIG, with the following changes to the terms of the Series D Preferred Stock:

Dividends:	Holders of Series E Preferred Stock will be entitled to receive, only when, as and if declared by the Board of Directors of AIG or a duly authorized committee thereof, non-cumulative cash dividends on the liquidation preference at a rate of 10% per annum. Declared dividends will be payable quarterly in arrears on February 1, May 1, August 1 and November 1 of each year. Dividends on the Series E Preferred Stock will not be entitled to receive any dividends not declared by the Board of Directors of AIG or a duly authorized committee thereof and no interest, or sum of money in lieu of interest, will be payable in respect of any dividend not so declared.
Exchange Ratio:	The aggregate liquidation preference of the Series E Preferred Stock will be equal to the sum of the aggregate liquidation preference of the Series D Preferred Stock and the amount of the accrued and unpaid dividends under the Series D Preferred Stock.
Voting:	If dividends on the Series E Preferred Stock are not paid in full for four dividend periods, whether or not consecutive, the Series E Preferred Stock will have the right to elect the greater of two directors and a number of directors (rounded upward) equal to 20% of the total number of directors after giving effect to such election. The right to elect directors will end, and such two directors shall resign, if such directors were elected, when full dividends have been paid for four consecutive dividend periods following commencement of such right.
Replacement Capital Covenant:	AIG will enter into a Replacement Capital Covenant in favor of the holders of the covered debt pursuant to which AIG will agree that prior to the third anniversary of the issuance of the Series E Preferred Stock it will not repay, redeem or purchase, and no subsidiary of AIG will purchase, all or any part of the Series E Preferred Stock except with the proceeds obtained from the issuance by AIG or any such subsidiary of certain replacement capital securities.



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Replacement Capital Intention:	AIG intends that commencing on the third anniversary of the issuance of the Series E Preferred Stock it will not repay, redeem or purchase, nor will any subsidiary of AIG purchase, all or any part of the Series E Preferred Stock except with the proceeds from the issuance by AIG or any such subsidiary of securities for which AIG will receive equity credit, at the time of sale or issuance, that is, in the aggregate, equal to or greater than the equity credit attributed to the Series E Preferred Stock redeemed at the time of such early redemption.
Executive Compensation:	Until such time as no obligation of AIG arising from financial assistance provided under the Troubled Asset Relief Program remains outstanding (excluding any period during which the federal government only holds warrants to purchase common stock of AIG), AIG shall comply in all respects with Section 111 of the Emergency Economic Stabilization Act of 2008, as amended, as implemented by any guidance or regulations issued and/or to be issued thereunder including any amendments to the guidelines implementing the Programs of Systemically Significant Failing Institutions.

Issuance of Additional Preferred Stock

Issuer:	AIG
Initial Holder:	UST
Security:	Shares of Series F Preferred Stock to be issued from time to time at the request of AIG. [1]
Issue Price:	Upon each drawdown the aggregate liquidation preference of the shares of the Series F Preferred Stock will increase by either an amount equal to the amount of such drawdown or by the aggregate liquidation preference of the shares of the Series F Preferred Stock issued on the closing date of such drawdown.
Capacity:	Up to $30 billion aggregate liquidation preference.
Duration of Facility:	5 years beginning on commencement date of the facility.

[1] The terms of the Series F Preferred Stock will be same as the terms of the Series E Preferred Stock except that the Series F Preferred Stock will not be subject to the Replacement Capital Covenant or the Replacement Capital Intention.

EXHIBIT
Exhibit 505

CSOC.CBR.00031204

Warrants:	The UST will receive a warrant ("Warrant") to purchase a number of shares of common stock of AIG ("Common Stock") equal to 1% of the issued and outstanding shares of Common Stock on the commencement date of the facility. The initial exercise price for the Warrant shall be $2.50 per share of Common Stock (representing the par value of the Common Stock on the commencement date of the facility), subject to customary anti-dilution adjustments; provided that the initial exercise price per share of Common Stock shall be adjusted to the par value per share of the Common Stock following the amendments to AIG's Restated Certificate of Incorporation contemplated by the terms of the Series C Perpetual, Convertible, Participating Preferred Stock of AIG. The Warrant shall be net share settled or, if consented to by AIG and the UST, on a full physical basis.
Conditions to Commencement:	On the commencement date of the facility AIG shall: - make representations and warranties essentially in the form as set forth in the following sections of the Series D Preferred Stock Securities Purchase Agreement: Section 2.2(a) (With respect to the incorporation and good standing of AIG), 2.2(b) (Capitalization), 2.2(c) (Preferred Stock), 2.2(d) (The Warrant and Warrant Shares) and 2.2(e)(i) (Authorization, Enforceability); and - deliver written opinions from counsel to AIG (which may be internal counsel) comparable to those delivered at the closing of the Series D Preferred Stock offering.
Executive Compensation:	Until such time as no obligation of AIG arising from financial assistance provided under the Troubled Asset Relief Program remains outstanding (excluding any period during which the federal government only holds warrants to purchase common stock of AIG), AIG shall comply in all respects with Section 111 of the Emergency Economic Stabilization Act of 2008, as amended, as implemented by any guidance or regulations issued and/or to be issued thereunder including any amendments to the guidelines implementing the Programs of Systemically Significant Failing Institutions.

EXHIBIT
Exhibit 505

Conditions to Closing of Each Drawdown: As a condition to the closing of each drawdown:

- AIG shall not be the debtor in a pending case under Title 11, United States Code;

- the AIG Credit Facility Trust (or any successor entity established for the benefit of the United States Treasury) shall "beneficially own" more than 50% of the voting power of the aggregate voting power of AIG's voting securities at the time of such drawdown. "Beneficially owns" is as defined in Rule 13d-3 under the Securities Exchange Act of 1934;

- AIG shall deliver a certificate signed on behalf of AIG by a senior executive officer certifying to the effect that the representations and warranties made on the commencement date are true and correct in all material respects on and as of such closing date; and

- AIG shall deliver certificates in proper form or, with the prior consent of UST, evidence of shares in book-entry form, evidencing the shares of the Series F Preferred Stock to be issued on such closing date to UST or its designee.

- AIG shall duly execute the relevant warrant and deliver such executed warrant to UST or its designee(s).



CSOC.CBR.00031206

Exhibit 10(93)

EXECUTION COPY

SUPPORT AGREEMENT

AGREEMENT (this "Agreement"), dated as of July 10, 2008 between AMERICAN INTERNATIONAL GROUP, INC., a Delaware corporation ("AIG"), and AMERICAN GENERAL FINANCE CORPORATION, an Indiana corporation ("AGFC").

WITNESSETH:

WHEREAS, AIG owns as of the date hereof indirectly all of the issued and outstanding common stock of AGFC; and

WHEREAS, AGFC desires to enter into the AGFC 364-Day Credit Agreement (as defined below) which provides for borrowings by AGFC from time to time as provided therein; and

WHEREAS, in connection therewith, AIG desires to take certain actions to maintain the financial condition of AGFC as hereinafter set forth; and

WHEREAS, the corporate interests of AIG will be furthered by its entering into this Agreement;

NOW THEREFORE, AGFC and AIG hereby agree as follows:

1. *Definitions.* As used in this Agreement, the following terms shall have the meanings specified below:

"Adjusted Debt" shall mean, at any time, the sum of short term debt and long term debt of AGFC and its subsidiaries as shown on AGFC's consolidated balance sheet, less the sum of (x) the amount of unrestricted cash and cash equivalents as shown on AGFC's consolidated balance sheet in excess of $250,000,000 and (y) (but only to the extent included in such debt) the amount of hybrid debt then outstanding that is afforded equity credit as disclosed in AGFC's most recently filed Annual Report on Form 10-K or Quarterly Report on Form 10-Q.

"Adjusted Tangible Leverage Ratio" shall mean, at any time, the ratio of (i) Adjusted Debt to (ii) Adjusted Tangible Net Worth.

"Adjusted Tangible Net Worth" shall mean, at any time, Consolidated Net Worth, less the sum of the total amount of goodwill, and other intangible assets, all determined in accordance with GAAP, plus (without duplication) the amount of hybrid debt then outstanding that is afforded equity credit as disclosed in AGFC's most recently filed Annual Report on Form 10-K or Quarterly Report on Form 10-Q.

"AGFC 364-Day Credit Agreement" shall mean the 364-Day Credit Agreement, dated as of July 10, 2008, by and between AGFC and American General Finance, Inc., as borrowers, and Citibank, N.A., as administrative agent, and the lenders party thereto, as amended

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and in effect from time to time.

" Consolidated Net Worth " shall mean, at any time, AGFC's total shareholders' equity minus the amount of accumulated other comprehensive income or loss as shown on AGFC's consolidated balance sheet.

" GAAP " shall mean generally accepted accounting principles in effect from time to time in the United States, applied on a consistent basis.

2. *Support Undertakings.*

A. AIG will cause AGFC at all times to maintain Consolidated Net Worth of at least $2,200,000,000.

B. AIG will cause AGFC at the end of each fiscal quarter to maintain the Adjusted Tangible Leverage Ratio of less than or equal to 8.00 to 1.00; provided that if the Adjusted Tangible Leverage Ratio at the end of any fiscal quarter shall be greater than 8.00 to 1.00, AIG shall be in compliance with its undertaking with respect to such fiscal quarter under this paragraph 2.B if, not later than (a) in the case of the first three fiscal quarters of each fiscal year of AGFC, the earlier of (i) the filing by AGFC with the Securities and Exchange Commission (" SEC ") of a Quarterly Report on Form 10-Q for such fiscal quarter and (ii) 45 days after the end of such fiscal quarter or (b) in the case of each fiscal year of AGFC, the earlier of (i) the filing by AGFC with the SEC of an Annual Report on Form 10-K for such fiscal year and (ii) 90 days after the end of such fiscal year, AIG will cause a capital contribution to be made to AGFC or otherwise cause AGFC to take actions such that if such capital contribution had been made or such actions had been taken as of the last day of such fiscal quarter or fiscal year, as applicable, together with any other capital contributions or actions, if any, made or taken subsequent to the end of such fiscal quarter or fiscal year, as applicable, such Adjusted Tangible Leverage Ratio would have been less than or equal to 8.00 to 1.00.

3. *No Guarantee .* This Agreement is not, and nothing herein contained and nothing herein contained and nothing done pursuant hereto by AIG shall be deemed to constitute, a direct or indirect guarantee by AIG of the payment of any indebtedness or other obligation or liability, of any kind or character whatsoever, of AGFC or its subsidiaries, if any.

4. *Representations and Warranties .* AIG represents and warrants that: AIG has duly authorized, executed and delivered this Agreement; neither the execution and delivery hereof nor the consummation of the transactions contemplated hereby nor the compliance with the terms hereof (i) does or will contravene (1) AIG's restated certificate of incorporation or by-laws or (2) any other law or regulation then applicable to or binding on AIG, (ii) does or will contravene or result in any breach or constitute any default under any agreement or instrument to which AIG is a party or by which it or any of its properties may be bound, or (iii) does or will require the consent or approval of any person or entity which has not previously been obtained, in the case of each of (i), (ii) and (iii) above, in a manner that would materially impair AIG's ability to perform its obligations under this Agreement; and this Agreement constitutes the legally valid and binding obligation of AIG, enforceable against AIG (and its successors and assigns) in accordance with the terms of this Agreement, subject to applicable bankruptcy, insolvency,

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moratorium and other similar laws affecting creditors' rights generally and general principles of equity.

5. *Waiver* . AIG hereby waives any failure or delay on the part of AGFC in asserting or enforcing any of its rights or in making any claims or demands under this Agreement.

6. *Modification, Amendment and Termination.* This Agreement may only be modified or amended so as to reduce AIG's obligations hereunder with the consent of the Majority Banks (as defined in the AGFC 364-Day Credit Agreement), and this Agreement shall terminate automatically upon: (i) the earlier of (x) the Commitment Termination Date (as defined in the AGFC 364-Day Credit Agreement) or (y) the termination of the Commitments (as defined in the AGFC 364-Day Credit Agreement) thereunder; and (ii) any of the following: (x) payment in full of the loans, if any, outstanding and all other amounts owing under the AGFC 364-Day Credit Agreement, (y) AIG providing an irrevocable and unconditional written guarantee of such payment in favor of the lenders party to the AGFC 364-Day Credit Agreement or (z) consent in writing of the Majority Banks to such termination.

7. *Successors* . The agreements herein set forth shall be mutually binding upon, and inure to the mutual benefit of, AIG and AGFC and their respective successors.

8. *Third Party Beneficiaries.* AIG and AGFC hereby acknowledge that the agreements herein are intended to benefit the Banks (as defined in the AGFC 364-Day Credit Agreement).

9. *Governing Law.* This Agreement shall be governed by and construed in accordance with the law of the State of New York.

Support Agreement

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IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement as of the day and year first above written.

AMERICAN INTERNATIONAL GROUP, INC.

By: /s/ Robert A. Gender
Name: Robert A. Gender
Title: Vice President and Treasurer

AMERICAN GENERAL FINANCE CORPORATION

By: /s/ Donald R. Breivogel ,Jr.
Name: Donald R. Breivogel, Jr.
Title: Senior Vice President and
Chief Financial Officer

Support Agreement



American International Group, Inc., and Subsidiaries

Exhibit 12

Computation of Ratios of Earnings to Fixed Charges

	Years Ended December 31,				
	2008	2007	2006	2005	2004
	(In millions, except ratios)				
Income (loss) before income taxes, minority interest and cumulative effect of change in accounting principles *(a)*	$(108,761)	$ 8,943	$21,687	$15,213	$14,845
Add — Fixed charges	20,456	11,470	9,062	7,663	6,049
Less — Capitalized interest	27	37	59	64	59
Income (loss) before income taxes, minority interest, cumulative effect of change in accounting principles and fixed charges *(a)*	$ (88,332)	$20,376	$30,690	$22,812	$20,835
Fixed charges:					
Interest costs	$ 20,157	$11,213	$ 8,843	$ 7,464	$ 5,860
Rental expense *(b)*	299	257	219	199	189
Total fixed charges	$ 20,456	$11,470	$ 9,062	$ 7,663	$ 6,049
Preferred stock dividend requirements	$ 400	—	—	—	—
Total combined fixed charges and preferred stock dividend requirements	$ 20,856	11,470	9,062	7,663	6,049
Ratio of earnings to fixed charges	*(c)*	1.78	3.39	2.98	3.44
Ratio of earnings to fixed charges and preferred stock dividends	*(c)*	1.78	3.39	2.98	3.44
Secondary ratio of earnings to fixed charges					
Interest credited to GIC and GIA policy and contract holders	$ (2,492)	$(6,660)	$(5,128)	$(4,760)	$(3,674)
Total fixed charges excluding interest credited to GIC and GIA policy and contract holders	$ 17,964	$ 4,810	$ 3,934	$ 2,903	$ 2,375
Secondary ratio of earnings to fixed charges	*(c)*	2.85	6.50	6.22	7.23
Secondary ratio of earnings to fixed charges and preferred stock dividend requirements	*(c)*	2.85	6.50	6.22	7.23

(a) Excludes undistributed earnings (loss) from equity method investments.

(b) The proportion considered representative of the interest factor.

(c) Earnings were insufficient to cover total fixed charges and total fixed charges and preferred stock dividends by $108,788 million and $109,188 million, respectively, for 2008. The coverage deficiency for total fixed charges and total fixed charges and preferred stock dividends excluding interest credited to GIC and GIA policy and contract holders was $106,296 million and $106,696 million respectively, for 2008.

The secondary ratio is disclosed for the convenience of fixed income investors and the rating agencies that serve them and is more comparable to the ratios disclosed by all issuers of fixed income securities. The secondary ratio removes interest credited to guaranteed investment contract (GIC) policyholders and guaranteed investment agreement (GIA) contractholders. Such interest expenses are also removed from earnings used in this calculation. GICs and GIAs are entered into by AIG's insurance subsidiaries, principally SunAmerica Life Insurance Company and AIG Financial Products Corp. and its subsidiaries, respectively. The proceeds from GICs and GIAs are invested in a diversified portfolio of securities, primarily investment grade bonds. The assets acquired yield rates greater than the rates on the related policyholders obligation or contract, with the intent of earning a profit from the spread.

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EXHIBIT
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American International Group, Inc., and Subsidiaries

Exhibit 21

Subsidiaries of Registrant

As of December 31, 2008	Jurisdiction of Incorporation or Organization	Percentage of Voting Securities held by Immediate Parent(1)
American International Group, Inc. *(2)*	Delaware	*(3)*
AIG Capital Corporation	Delaware	100
AIG Capital India Private Limited	India	*99.99(4)*
AIG Global Asset Management Company (India) Private Limited	India	*99(5)*
AIG Consumer Finance Group, Inc.	Delaware	100
AIG Bank Polska S.A.	Poland	99.92
AIG Credit S.A.	Poland	100
Compania Financiera Argentina S.A.	Argentina	100
AIG Credit Corp.	Delaware	100
A.I. Credit Consumer Discount Company	Pennsylvania	100
A.I. Credit Corp.	New Hampshire	100
AICCO, Inc.	Delaware	100
AICCO, Inc.	California	100
AIG Credit Corp. of Canada	Canada	100
Imperial Premium Funding, Inc.	Delaware	100
AIG Equipment Finance Holdings, Inc.	Delaware	100
AIG Commercial Equipment Finance, Inc.	Delaware	100
AIG Commercial Equipment Finance Company, Canada	Canada	100
AIG Rail Services, Inc.	Delaware	100
AIG Finance Holdings, Inc.	New York	100
AIG Finance (Hong Kong) Limited	Hong Kong	100
AIG Global Asset Management Holdings Corp.	Delaware	100
AIG Asset Management Services, Inc.	Delaware	100
AIG Capital Partners, Inc.	Delaware	100
AIG Equity Sales Corp.	New York	100
AIG Global Investment Corp.	New Jersey	100
AIG Global Real Estate Investment Corp.	Delaware	100
AIG Securities Lending Corp.	Delaware	100
Brazos Capital Management, L.P.	Delaware	100
American General Finance, Inc.	Indiana	100
American General Auto Finance, Inc.	Delaware	100
American General Finance Corporation	Indiana	100
Merit Life Insurance Co.	Indiana	100
MorEquity, Inc.	Nevada	100
Wilmington Finance, Inc.	Delaware	100
Ocean Finance and Mortgages Limited	England	100
Yosemite Insurance Company	Indiana	100
CommoLoCo, Inc.	Puerto Rico	100

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American International Group, Inc., and Subsidiaries

As of December 31, 2008	Jurisdiction of Incorporation or Organization	Percentage of Voting Securities held by Immediate Parent(1)
American General Financial Services of Alabama, Inc.	Delaware	100
International Lease Finance Corporation	California	67.23*(6)*
AIG Federal Savings Bank	USA	100
AIG Financial Advisor Services, Inc.	Delaware	100
AIG Global Investment (Luxembourg) S.A.	Luxembourg	100
AIG Financial Products Corp.	Delaware	100
AIG Matched Funding Corp.	Delaware	100
Banque AIG S.A.	France	90*(7)*
AIG Funding, Inc.	Delaware	100
AIG Global Trade & Political Risk Insurance Company	New Jersey	100
AIG Israel Insurance Company Ltd.	Israel	50.01
AIG Kazakhstan Insurance Company	Kazakhstan	60
AIG Life Holdings (International) LLC	Delaware	100
AIG Star Life Insurance Co., Ltd.	Japan	100
American International Reinsurance Company, Ltd.	Bermuda	100
AIG Edison Life Insurance Company	Japan	90*(8)*
American International Assurance Company, Limited	Hong Kong	100
American International Assurance Company (Australia) Limited	Australia	100
American International Assurance Company (Bermuda) Limited	Bermuda	100
AIG Life Insurance (Vietnam) Company Limited	Vietnam	100
Tata AIG Life Insurance Company Limited	India	26
Nan Shan Life Insurance Company, Limited	Taiwan	97.57
AIG Life Holdings (US), Inc.	Texas	100
AGC Life Insurance Company	Missouri	100
AIG Annuity Insurance Company	Texas	100
AIG Life Holdings (Canada), ULC	Canada	100
AIG Assurance Canada	Canada	100
AIG Life Insurance Company of Canada*	Canada	100
AIG Life Insurance Company	Delaware	100
AIG Life of Bermuda, Ltd.	Bermuda	100
American General Bancassurance Services, Inc.	Illinois	100
American General Life and Accident Insurance Company	Tennessee	100
Volunteer Vermont Holdings, LLC	Vermont	100
American General Life Insurance Company	Texas	100
AIG Enterprise Services, LLC	Delaware	100
American General Annuity Service Corporation	Texas	100
American General Life Companies, LLC	Delaware	100
The Variable Annuity Life Insurance Company	Texas	100
AIG Retirement Services Company	Texas	100
American General Property Insurance Company	Tennessee	100
American General Property Insurance Company of Florida	Florida	100
American International Life Assurance Company of New York	New York	100

EXHIBIT
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American International Group, Inc., and Subsidiaries

As of December 31, 2008	Jurisdiction of Incorporation or Organization	Percentage of Voting Securities held by Immediate Parent(1)
The United States Life Insurance Company in the City of New York	New York	100
American General Assurance Company	Illinois	100
American General Indemnity Company	Illinois	100
American General Investment Management Corporation	Delaware	100
American General Realty Investment Corporation	Texas	100
Knickerbocker Corporation	Texas	100
AIG Life Insurance Company (Switzerland) Ltd.	Switzerland	100
AIG Liquidity Corp.	Delaware	100
AIG Privat Bank AG*	Switzerland	100
AIG Property Casualty Group, Inc.	Delaware	100
AIG Commercial Insurance Group, Inc.	Delaware	100
AIG Aviation, Inc.	Georgia	100
AIG Casualty Company	Pennsylvania	100
AIG Commercial Insurance Agency, Inc.	New Jersey	100
AIG Commercial Insurance Company of Canada	Canada	100
AIG Risk Management, Inc.	New York	100
American Home Assurance Company	New York	100
AIG General Insurance (Malaysia) Berhad	Malaysia	100
AIG Hawaii Insurance Company, Inc.	Hawaii	100
American Pacific Insurance Company, Inc.	Hawaii	100
American International Realty Corp.	Delaware	31.5*(9)*
Pine Street Real Estate Holdings Corp.	New Hampshire	31.47*(10)*
Transatlantic Holdings, Inc.	Delaware	33.24*(11)*
Transatlantic Reinsurance Company	New York	100
Putnam Reinsurance Company	New York	100
Trans Re Zurich	Switzerland	100
Audubon Insurance Company	Louisiana	100
Agency Management Corporation	Louisiana	100
The Gulf Agency, Inc.	Alabama	100
Audubon Indemnity Company	Mississippi	100
Commerce and Industry Insurance Company	New York	100
American International Insurance Company	New York	*75(12)*
AIG Advantage Insurance Company	Minnesota	100
American International Insurance Company of California, Inc.	California	100
American International Insurance Company of New Jersey	New Jersey	100
The Insurance Company of the State of Pennsylvania	Pennsylvania	100
Landmark Insurance Company	California	100
National Union Fire Insurance Company of Pittsburgh, Pa	Pennsylvania	100
AIG Domestic Claims, Inc.	Delaware	100
AIG Excess Liability Insurance Company Ltd.	Delaware	100

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American International Group, Inc., and Subsidiaries

As of December 31, 2008	Jurisdiction of Incorporation or Organization	Percentage of Voting Securities held by Immediate Parent(1)
AIG Excess Liability Insurance International Limited	Ireland	100
American International Specialty Lines Insurance Company	Illinois	70*(13)*
Lexington Insurance Company	Delaware	70*(14)*
AIG Centennial Insurance Company	Pennsylvania	100
AIG Auto Insurance Company of New Jersey	New Jersey	100
AIG Preferred Insurance Company	Pennsylvania	100
AIG Premier Insurance Company	Pennsylvania	100
AIG Indemnity Insurance Company	Pennsylvania	100
JI Accident & Fire Insurance Company, Ltd.	Japan	50
National Union Fire Insurance Company of Louisiana	Louisiana	100
National Union Fire Insurance Company of Vermont	Vermont	100
21st Century Insurance Group	Delaware	32*(15)*
21st Century Casualty Company	California	100
21st Century Insurance Company	California	100
21st Century Insurance Company of the Southwest	Texas	100
United Guaranty Corporation	North Carolina	45.88*(16)*
A.I.G. Mortgage Holdings Israel, Ltd.	Israel	100
E.M.I. — Ezer Mortgage Insurance Company Ltd.	Israel	100
AIG United Guaranty Agenzia di Assicurazione S.R.L	Italy	100
AIG United Guaranty Insurance (Asia) Limited	Hong Kong	100
AIG United Guaranty Mexico, S.A.	Mexico	100
AIG United Guaranty Mortgage Insurance Company Canada	Canada	100
AIG United Guaranty Re Limited	Ireland	100
United Guaranty Insurance Company	North Carolina	100
United Guaranty Mortgage Insurance Company	North Carolina	100
United Guaranty Mortgage Insurance Company of North Carolina	North Carolina	100
United Guaranty Partners Insurance Company	Vermont	100
United Guaranty Residential Insurance Company	North Carolina	75.03*(17)*
United Guaranty Credit Insurance Company	North Carolina	100
United Guaranty Commercial Insurance Company of North Carolina	North Carolina	100
United Guaranty Mortgage Indemnity Company	North Carolina	100
United Guaranty Residential Insurance Company of North Carolina	North Carolina	100
United Guaranty Services, Inc.	North Carolina	100
New Hampshire Insurance Company	Pennsylvania	100
American International Pacific Insurance Company	Colorado	100
American International South Insurance Company	Pennsylvania	100
Granite State Insurance Company	Pennsylvania	100
Illinois National Insurance Co.	Illinois	100
New Hampshire Indemnity Company, Inc.	Pennsylvania	100

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American International Group, Inc., and Subsidiaries

As of December 31, 2008	Jurisdiction of Incorporation or Organization	Percentage of Voting Securities held by Immediate Parent(1)
AIG National Insurance Company, Inc.	New York	100
New Hampshire Insurance Services, Inc.	New Hampshire	100
Risk Specialists Companies, Inc.	Delaware	100
AIG Marketing, Inc.	Delaware	100
American International Insurance Company of Delaware	Delaware	100
Hawaii Insurance Consultants, Ltd.	Hawaii	100
HSB Group, Inc.*	Delaware	100
The Hartford Steam Boiler Inspection and Insurance Company	Connecticut	100
The Hartford Steam Boiler Inspection and Insurance Company of Connecticut	Connecticut	100
HSB Engineering Insurance Limited	England	100
The Boiler Inspection and Insurance Company of Canada	Canada	100
AIG Retirement Services, Inc.	Delaware	100
SunAmerica Life Insurance Company	Arizona	100
AIG SunAmerica Life Assurance Company	Arizona	100
AIG SunAmerica Asset Management Corp.	Delaware	100
SunAmerica Capital Services, Inc.	Delaware	100
SunAmerica Investments, Inc.	Georgia	100
AIG Advisor Group, Inc.	Maryland	100
SagePoint Financial Advisors, Inc.	Delaware	100
Advantage Capital Corporation	New York	100
American General Securities Incorporated	Texas	100
Financial Service Corporation	Delaware	100
FSC Securities Corporation	Delaware	100
Royal Alliance Associates, Inc.	Delaware	100
First SunAmerica Life Insurance Company	New York	100
AIG Global Services, Inc.	New Hampshire	100
AIG Trading Group Inc.	Delaware	100
AIG International Inc.	Delaware	100
AIU Holdings LLC	Delaware	100
AIG Central Europe & CIS Insurance Holdings Corporation	Delaware	100
AIG Bulgaria Insurance Company EAD	Bulgaria	100
AIG Czech Republic pojistovna, a.s	Czech Republic	100
AIG Egypt Insurance Company S.A.E.	Egypt	94.98
AIG Memsa Holdings, Inc.	Delaware	100
AIG Hayleys Investment Holdings (Private) Ltd.	Sri Lanka	80
Hayleys AIG Insurance Company Limited	Sri Lanka	100
AIG Iraq, Inc.	Delaware	100
AIG Lebanon S.A.L	Lebanon	100
AIG Libya, Inc.	Delaware	100
AIG Sigorta A.S	Turkey	100
Tata AIG General Insurance Company Limited	India	26

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American International Group, Inc., and Subsidiaries

As of December 31, 2008	Jurisdiction of Incorporation or Organization	Percentage of Voting Securities held by Immediate Parent(1)
AIU Africa Holdings, Inc.	Delaware	100
AIG Kenya Insurance Company Limited	Kenya	66.67
AIU Insurance Company	New York	100
AIG General Insurance Company China Limited	China	100
AIG General Insurance (Taiwan) Co., Ltd.	Taiwan	100
American International Underwriters Corporation	New York	100
AIG Takaful-Enaya B.S.C.(c)	Bahrain	100
American International Insurance Company of Puerto Rico	Puerto Rico	100
Arabian American Insurance Company (Bahrain) E.C	Bahrain	100
La Meridional Compania Argentina de Seguros S.A.	Argentina	100
La Seguridad de Centroamerica, Compania de Seguros S.A.	Guatemala	100
Richmond Insurance Company Limited	Bermuda	100
Underwriters Adjustment Company, Inc.	Panama	100
American International Underwriters Overseas, Ltd.	Bermuda	100
A.I.G. Colombia Seguros Generales S.A.	Colombia	94*(18)*
AIG Brasil Companhia de Seguros S.A.	Brazil	98.2*(19)*
AIG Europe, S.A.	France	100*(20)*
AIG Ireland Limited	Ireland	100
AIG General Insurance (Thailand) Ltd.	Thailand	100
AIG General Insurance (Vietnam) Company Limited	Vietnam	100
AIG MEMSA Insurance Company Limited	United Arab Emirates	100
AIG UK Holdings Limited	England	61.75*(21)*
AIG Germany Holding GmbH	Germany	100
Wurttembergische und Badische Versicherungs-AG	Germany	100
DARAG Deutsche Versicherungs-und Ruckversicherungs-Aktiengesellschaft*	Germany	100
AIG UK Financing Limited	England	100
AIG UK Sub Holdings Limited	England	100
AIG UK Limited	England	100
AIG UK Services Limited	England	100
AIU North America, Inc.	New York	100
American Life Insurance Company	Delaware	100
AIG Life Bulgaria Zhivotozastrahovatelno Druzhestvo AD	Bulgaria	100
ALICO, S.A.	France	100
First American Polish Life Insurance & Reinsurance Company, S.A.	Poland	100
Inversiones Interamericana S.A.	Chile	99.99
Pharaonic American Life Insurance Company	Egypt	74.87*(22)*
American Security Life Insurance Company, Ltd.	Lichtenstein	100
Delaware American Life Insurance Company	Delaware	100
Mt. Mansfield Company, Inc.	Vermont	100
The Philippine American Life and General Insurance Company	the Philippines	99.78

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American International Group, Inc., and Subsidiaries

As of December 31, 2008	Jurisdiction of Incorporation or Organization	Percentage of Voting Securities held by Immediate Parent(1)
Pacific Union Assurance Company	California	100
Philam Equitable Life Assurance Company, Inc.	the Philippines	95
Philam Insurance Company, Inc.	the Philippines	100

(*) In connection with AIG's asset disposition plan, through February 18, 2009, AIG has entered into contracts to sell AIG Privat Bank AG, DARAG Deutsche Versicherungs-und Ruckversicherungs-Aktiengesellschaft, HSB Group, Inc., and AIG Life Insurance Company of Canada.

(1) Percentages include directors' qualifying shares.

(2) All subsidiaries listed are consolidated in the accompanying financial statements. Certain subsidiaries have been omitted from the tabulation. The omitted subsidiaries, when considered in the aggregate as a single subsidiary, do not constitute a significant subsidiary.

(3) The common stock is owned approximately 10.1 percent by C.V. Starr & Co., Inc., Edward E. Matthews, Maurice R. and Corinne P. Greenberg Joint Tenancy Company, LLC, Starr International Company, Inc., The Maurice R. and Corinne P. Greenberg Family Foundation, Inc. and the Universal Foundation, Inc.

(4) Also owned 0.01 percent by AIG Global Investment Corp.

(5) Also owned 1 percent by AIG Capital Corporation.

(6) Also owned 32.77 percent by National Union Fire Insurance Company of Pittsburgh, Pa.

(7) Also owned 10 percent by AIG Matched Funding Corp.

(8) Also owned 10 percent by a subsidiary of American Life Insurance Company.

(9) Also owned by 11 other AIG subsidiaries.

(10) Also owned by 11 other AIG subsidiaries.

(11) Also owned 25.77 percent by AIG.

(12) Also owned 21 percent by National Union Fire Insurance Company of Pittsburgh, Pa., 2 percent by The Insurance Company of the State of Pennsylvania and 2 percent by AIG Casualty Company.

(13) Also owned 20 percent by the Insurance Company of the State of Pennsylvania and 10 percent by AIG Casualty Company.

(14) Also owned 20 percent by the Insurance Company of the State of Pennsylvania and 10 percent by AIG Casualty Company.

(15) Also owned 16.3 percent by American Home Assurance Company, 31.1 percent by Commerce and Industry Insurance Company and 20.6 percent by New Hampshire Insurance Company.

(16) Also owned 35.12 percent by New Hampshire Insurance Company and 19.00 percent by The Insurance Company of the State of Pennsylvania.

(17) Also owned 24.97 percent by United Guaranty Residential Insurance Company of North Carolina.

(18) Also owned 3.24 percent by American International Underwriters de Colombia Ltd.

(19) Also owned 1.8 percent by American Life Insurance Company.

(20) The common stock is owned 8.68 percent by American International Underwriters Overseas, Ltd. and 91.32 percent by AIG Europe Holdings Limited.

(21) Also owned 55.1 percent by American International Company, Limited, 2.33 percent by AIG Ireland Limited, 29.97 percent by American International Underwriters Overseas Association and 0.8 percent by New Hampshire Insurance Company.

(22) Also owned 7.5 percent by AIG Egypt Insurance Company.

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American International Group, Inc., and Subsidiaries

Exhibit 23

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 and Form S-3 (No. 2-45346, No. 2-75875, No. 2-78291, No. 2-91945, No. 33-18073, No. 33-57250, No. 333-48639, No. 333-58095, No. 333-70069, No. 333-83813, No. 333-31346, No. 333-39976, No. 333-45828, No. 333-50198, No. 333-52938, No. 333-68640, No. 333-74187, No. 333-101640, No. 333-101967, No. 333-108466, No. 333-111737, No. 333-115911, No. 333-106040, No. 333-132561, No. 333-143992 No. 333-148148 and No. 333-150865) of American International Group, Inc. of our report dated March 2, 2009, relating to the financial statements, financial statement schedules, and the effectiveness of internal control over financial reporting, which appears in this Annual Report on Form 10-K.

/s/ PricewaterhouseCoopers LLP

New York, New York
March 2, 2009

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American International Group, Inc., and Subsidiaries

Exhibit 31

CERTIFICATIONS

I, Edward M. Liddy, certify that:

1. I have reviewed this Annual Report on Form 10-K of American International Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 2, 2009

/s/ Edward M. Liddy
Edward M. Liddy
Chairman and Chief Executive Officer

http://investing.businessweek.com/busi EXHIBIT Exhibit 505 /financials/drawFiling.as... 10/14/2010

CSOC.CBR.00031220

American International Group, Inc., and Subsidiaries

CERTIFICATIONS

I, David L. Herzog, certify that:

1. I have reviewed this Annual Report on Form 10-K of American International Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 2, 2009

/s/ David L. Herzog
David L. Herzog
Executive Vice President and Chief Financial Officer

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CSOC.CBR.00031221

American International Group, Inc., and Subsidiaries

Exhibit 32

CERTIFICATION

In connection with this Annual Report on Form 10-K of American International Group, Inc. (the "Company") for the year ended December 31, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Edward M. Liddy, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 2, 2009

/s/ Edward M. Liddy
Edward M. Liddy
Chairman and Chief Executive Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

http://investing.businessweek.com/busi[illegible]/financials/drawFiling.as... 10/14/2010

EXHIBIT
Exhibit 505

CSOC.CBR.00031222

American International Group, Inc., and Subsidiaries

CERTIFICATION

In connection with this Annual Report on Form 10-K of American International Group, Inc. (the "Company") for the year ended December 31, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David L. Herzog, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 2, 2009

/s/ David L. Herzog
David L. Herzog
Executive Vice President and Chief Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

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CSOC.CBR.00031223

The New York Times

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January 3, 2009

Rangel Pushed for a Donation; Insurer Pushed for a Tax Cut

By DAVID KOCIENIEWSKI

On April 21, 2008, Representative Charles B. Rangel met with officials of the American International Group, the now-troubled insurance giant, to ask for a donation to a school of public service that City College of New York was building in his honor.

Mr. Rangel had already helped secure a $5 million pledge for the project from a foundation controlled by Maurice R. Greenberg, one of the company's largest shareholders and its former chief executive. And C.C.N.Y. officials, according to the school's own records, had high hopes for A.I.G. — a donation of perhaps as much as $10 million.

The company has never made a contribution. But less than a month after Mr. Rangel met with its officials, the company turned to the congressman for help: A senior A.I.G. executive who had attended the fund-raising meeting wrote a letter directly to Mr. Rangel, chairman of the powerful House Ways and Means Committee, urging him to support a provision of a tax bill that would save A.I.G. millions of dollars a year, according to Joseph M. Norton, a company spokesman.

Mr. Rangel's exchange with A.I.G. last spring appears to be at odds with the public statements he has made since his fund-raising for the school became an issue. When his approach to A.I.G. was first reported in The Washington Post in July, Mr. Rangel said that he could not recall any issues his committee might have considered in which A.I.G. had an interest.

"I can't think of one piece of legislation that impacts them, and there has never been a time that they've raised any legislation to me," the paper quoted Mr. Rangel as saying. Indeed, in Mr. Rangel's formal submission to the House ethics committee, asking it to review his use of Congressional stationery in soliciting money for the school, he wrote, "So far as I am aware, none of those whom I wrote had any pending requests into my office, lobbied me regarding any legislation before my committee, or asked me for assistance on legislation in which they had a special interest."

Mr. Rangel, who had opposed the tax change A.I.G. was seeking — part of a much bigger piece of legislation — ultimately allowed it to be added to a bill he sponsored. Mr. Rangel's aides, and fellow Democrats on the Ways and Means Committee, say that he agreed to the bill only after being persuaded by other members of Congress that it would help an array of American companies weather the economic uncertainty.

After Mr. Rangel's office was asked in recent days about the letter from A.I.G., Janice Mays, counsel to the Ways and Means Committee, said a search of the committee's records had not turned up a copy of it. But she said Mr. Rangel had already changed his mind about the tax provision before A.I.G. says it sent him the letter.



Federal statutes and House ethics rules forbid members of Congress from asking for anything of value from a person or company with business before them.

Ms. Mays said those rules did not prohibit members of Congress from raising money for nonprofit organizations, even from people or companies with interests before the government. And she said Mr. Rangel's representation to the ethics committee last summer concerned only those instances in which he had written to potential donors on Congressional stationery, not those he might have met with personally in seeking donations.

A review of Congressional records indicate that A.I.G. had interests in a number of issues before Mr. Rangel — both prior to Mr. Greenberg's gift and the congressman's solicitation of A.I.G., and afterward.

Records kept by the Clerk of the House of Representatives indicate that during the past two years, A.I.G. has paid lobbyists to push for changes in at least 10 bills that have been handled by the Ways and Means Committee, including the $700 billion bailout bill that passed in October to stabilize the financial markets.

A.I.G. lobbyists, the records show, pushed for legislative items that would lower taxes on various life insurance products, offer foreign tax credits to multinational corporations and lower the corporate tax rate. The company's financial services arm hired lobbyists to oppose a push to tax private equity income at a higher rate and to shape new reporting requirements for investment firms.

And because A.I.G. does business around the globe, the company also lobbied on trade issues, which are handled by the Ways and Means Committee.

The available public record shows that A.I.G. prevailed in some of its lobbying efforts and failed in others.

Asked two weeks ago to provide a detailed accounting of Mr. Rangel's dealings with A.I.G. officials and lobbyists regarding legislation during the past two years, the congressman's spokesman and lawyer have said they are unable to complete such a time-consuming task during the holidays. And they challenged the fairness of the request.

The New York Times this week sought a response from Mr. Rangel himself about whether, in general terms, he had any reservations about seeking the money and meeting with A.I.G. officials, and a major shareholder, given what the record suggests were the company's interests before his committee.

Ms. Mays wrote on Friday: "The law expressly permits members of Congress to engage in fund-raising activity on behalf of nonprofits such as C.C.N.Y. and recognizes that donations will inevitably coincide with legislative activity."

Ms. Mays said the $10 million figure contained in C.C.N.Y. records as the possible size of an A.I.G. contribution represented "an appropriate request" at that time "given the company's other support for nonprofit educational activities."

Mr. Norton, the A.I.G. spokesman, said there was no connection of any kind between Mr. Rangel's bid for a donation and the company's lobbying on the tax matter.

A.I.G., one of the world's 20 largest corporations, has been at the center of several public crises during the

EXHIBIT
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past year.

In September, the company received an $85 billion federal bailout when its possible bankruptcy threatened to further undermine the teetering economy. Two months later, after an intensive lobbying effort involving the Treasury Department and Federal Reserve, terms of that financial rescue were enhanced and the amount of federal money involved swelled to $150 billion.

Details of the bailout have been negotiated primarily by the Treasury Department and Federal Reserve. Mr. Rangel's aides have said he played no role in the bargaining. Democratic Congressional leaders who have been consulted by the Treasury Department about how much government assistance A.I.G. should receive and how the bailout should be structured said the congressman's aides were correct.

"To say that Chairman Rangel has had minimal involvement in the bailout negotiations would be overstating things," said Representative Barney Frank, Democrat of Massachusetts and chairman of the House Financial Services Committee.

Mr. Greenberg, who has clashed publicly and in lawsuits with the executives who succeeded him after he was forced out of A.I.G. in 2005, has been highly visible as the company's problems have made it a ward of the federal government.

Mr. Greenberg has not returned repeated telephone calls over the past month requesting an interview about his dealings with Mr. Rangel and his donation to C.C.N.Y. A spokesman for C. V. Starr, the investment fund headed by Mr. Greenberg, said last week that Mr. Greenberg was out of the country and could not be reached.

Mr. Rangel's spokesman on the Ways and Means Committee declined to say whether the congressman had spoken with Mr. Greenberg about his strategy to persuade federal officials to revise the tax-funded rescue plan, but said in an e-mail message, "The bailout appears to have done nothing to benefit Mr. Greenberg as a shareholder, with the value of A.I.G. stock dropping from $60 at the beginning of the year to $1.50 a share."

At a news conference last summer, Mr. Rangel said that he and Mr. Greenberg had forged a friendship based on their service in the Korean War, during which both men were awarded a Bronze Star for valor.

So in July 2006, when Mr. Rangel wrote to 100 philanthropic organizations seeking support for the C.C.N.Y. project, one was sent to an administrator at the Starr Foundation, where Mr. Greenberg serves as the chairman. The foundation did not make a donation in 2006, according to C.C.N.Y. officials. In March 2007, two months after Mr. Rangel had been elevated to Ways and Means chairman, he wrote a letter directly to Mr. Greenberg, using his Congressional stationery.

By the end of the year, Mr. Greenberg had pledged $5 million, by far the largest contribution to a project that has raised $11 million to date.

Ms. Mays said the Starr Foundation had a "well-established record of charitable giving," and was "a logical potential source of funding for C.C.N.Y."

In 2008, Mr. Rangel participated in a meeting with officials at A.I.G., to ask for their support. Mr. Norton,

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the A.I.G. spokesman, said that the purpose of the meeting was to ask whether A.I.G. would make a financial contribution to C.C.N.Y., although he did not know whether a specific dollar figure was discussed. Mr. Rangel and the C.C.N.Y. officials left the meeting without a commitment.

But several weeks later, in a letter dated May 13, Edward T. Cloonan, the highest-ranking A.I.G. official who attended the fund-raising meeting with Mr. Rangel, wrote to the congressman asking him to support the extension of a tax provision designed to help American-based multinational companies lower their obligation to the I.R.S., which was set to expire. Mr. Rangel, who had announced plans to add an array of "tax extenders" to an energy bill he was preparing to introduce that month, opposed extending the specific measure Mr. Cloonan and A.I.G. were lobbying for.

The measure, known as the "subpart F active financing exception," would benefit a broad coalition of American companies, including hundreds of financial services firms, and according to estimates by the nonpartisan Joint Taxation Committee would cost the Treasury $3.97 billion in revenue in 2009 and 2010. A.I.G., which Congressional records indicate spent more than $9.5 million on lobbying in 2008, had its own lobbyists and three outside firms pushing to extend the measure.

By early May 2008, concern about the damage that American businesses would suffer if the tax break was allowed to expire had grown so great that Democrats on the Ways and Means Committee held two meetings to ask Mr. Rangel to extend it.

Representative Joseph Crowley, a Democrat from Queens, said he pressed the issue because it helped Citigroup, a major employer in his district. At least two committee caucus meetings to discuss many aspects of the legislation followed — on May 7 and May 13 — and Mr. Rangel relented, Mr. Crowley said, and agreed to extend the measure for one year.

"While Chairman Rangel opposed extending the provision this year, a majority of the Democrats on the Ways and Means Committee supported doing so and the chairman listened to his membership," Congressman Crowley said in an e-mailed statement.

On the date of the second caucus meeting, Mr. Cloonan wrote to Mr. Rangel, according to Mr. Norton. "We urge the Ways and Means Committee to include the tax provision commonly known as subpart F exception for active financing income in the current round of tax extenders legislation," the letter said, according Mr. Norton.

Mr. Crowley's spokeswoman said the congressman was unaware A.I.G. had written Mr. Rangel about the matter and had thought that "due to other distractions, A.I.G. was not active in lobbying the issue."

The spokeswoman, Angela Barranco, in a statement Friday, said Mr. Rangel had changed his mind after the May 7 meeting. Mr. Rangel's aides say that a document dated May 12 from the nonpartisan joint committee on taxation indicated that he had signed off on the provision.

Mr. Rangel included the provision in the Renewable Energy and Job Creation Act of 2008, which was introduced on May 14 and which passed the House a week later, then stalled in the Senate over the summer.

But in September, after the House of Representatives rejected the first attempt to pass a $700 billion bill



intended to stave off the collapse of the banking system, leaders in the Senate revived Mr. Rangel's bill as part of a compromise that won approval in both houses.

"There is simply no connection between Chairman Rangel's advocacy on behalf of an educational institution in his district and legislation affecting A.I.G.," Ms. Mays said.

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EXHIBIT
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I

DEPARTMENT OF BUILDINGS

BOROUGH OF MANHATTAN , THE CITY OF NEW YORK

No.

Date April 28, 1961

CERTIFICATE OF OCCUPANCY

(Standard form adopted by the Board of Standards and Appeals and issued pursuant to Section 646 of the New York Charter, and Sections C.26-181.0 to C26-187.0 inclusive Administrative Code 2.1.3.1. to 2.1.3.7. Building Code.)

This certificate supersedes C. O. No. 53597

To the owner or owners of the building or premises:

THIS CERTIFIES that the new—~~alteration~~ building—premises located at

40 West 135th Street - Bldg. #4 Block 1732 Lot Part of 1

, conforms substantially to the approved plans and specifications, and to the requirements of the building code and all other laws and ordinances, and of the rules and regulations of the Board of Standards and Appeals, applicable to a building of its class and kind at the time the permit was issued; and

CERTIFIES FURTHER that, any provisions of Section 646F of the New York Charter have been complied with as certified by a report of the Fire Commissioner to the Borough Superintendent.

~~B.~~ No.— 112-1956 Construction classification— Class 1 Fireproof

Occupancy classification—Hereafter Erected Class "A" Mult. Dwell. Height 16 stories, 140'-5½ feet.

Date of completion— April 19, 1961 Located in Residence & Retail Use District.

B Area 1½ Height Zone at time of issuance of permit 133-1959; 340-1961

This certificate is issued subject to the limitations hereinafter specified and to the following resolutions of the Board of Standards and Appeals: (Calendar numbers to be inserted here)

PERMISSIBLE USE AND OCCUPANCY

STORY	LIVE LOADS Lbs. per Sq. Ft.	PERSONS ACCOMMODATED MALE	FEMALE	TOTAL	USE
Cellar	On ground				Storage, boiler room, tenants' laundry, meter and incinerator rooms, and porters locker room (no living).
1st Story	40				Sixteen (16) apartments, package and mail rooms and lobby of building.
2nd to 16th Story, Incl.	40 each				Eighteen (18) apartments on each story.
					NOTE: Open air parking space for fifty-eight (58) motor vehicles.
					Standpipe System approved by Fire Department June 25, 1960.
					NOTE: Parking space to be used solely for the parking of passenger motor vehicles of tenants of premises except as otherwise provided in subdivision 1(b) of section 60 of the Multiple Dwelling Law.

THIS CERTIFICATE SHALL ALSO BE CONSIDERED A CERTIFICATE OF OCCUPANCY UNDER SECTION 301 OF THE MULTIPLE DWELLING LAW.

Sec. 6.1.2.3 sub-4 Building Code, C26-273.0 Adm. Code Prior to the occupancy of a structure erected or altered after January 1, 1938, the authorized occupancy of each floor of said structure as stated in the certificate of occupancy shall be permanently posted under glass and maintained in the main entrance hall of such structure.

Borough Superintendent

CERTIFICATE WILL BE NULL AND VOID IF ALTERED IN ANY MANNER OR ADDITIONS ARE MADE THERETO

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CSOC.CBR.00029275

CSOC.CBR.00029275

NO CHANGES OF USE OR OCCUPANCY NOT CONSISTENT WITH THIS CERTIFICATE SHA BE MADE UNLESS FIRST APPROVED BY THE BOROUGH SUPERINTENDENT

Unless an approval for the same has been obtained from the Borough Superintendent, no change rearrangement in the structural parts of the building, or affecting the light and ventilation of any part there or in the exit facilities, shall be made; no enlargement, whether by extending on any side or by increasing height shall be made; nor shall the building be moved from one location or position to another; nor shall th be any reduction or diminution of the area of the lot or plot on which the building is located.

The building or any part thereof shall not be used for any purpose other than that for which it is certifie

The superimposed, uniformly distributed loads, or concentrated loads producing the same stresses in t construction in any story shall not exceed the live loads specified on reverse side; the number of persons of eith sex in any story shall not exceed that specified when sex is indicated, nor shall the aggregate number of perso in any story exceed the specified total; and the use to which any story may be put shall be restricted to that fixe by this certificate except as specifically stated.

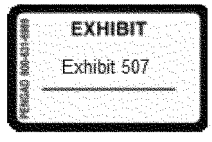
This certificate does not in any way relieve the owner or owners or any other person or persons in possessic or control of the building, or any part thereof from obtaining such other permits, licenses or approvals as ma be prescribed by law for the uses or purposes for which the building is designed or intended; nor from obtainir the special certificates required for the use and operation of elevators; nor from the installation of fire alar systems where required by law; nor from complying with any lawful order for additional fire extinguishin appliances under the discretionary powers of the fire commissioner; nor from complying with any lawful orde issued with the object of maintaining the building in a safe or lawful condition; nor from complying with an authorized direction to remove encroachments into a public highway or other public place, whether attached t or part of the building or not.

If this certificate is marked "Temporary", it is applicable only to those parts of the building indicate on its face, and certifies to the legal use and occupancy of only such parts of the building; it is subject to all th provisions and conditions applying to a final or permanent certificate; it is not applicable to any building under th jurisdiction of the Housing Division unless it is also approved and endorsed by them, and it must be replaced by a full certificate at the date of expiration.

If this certificate is for an existing building, erected prior to March 14, 1916, it has been duly inspected and it has been found to have been occupied or arranged to be occupied prior to March 14, 1916, as noted on the reverse side, and that on information and belief, since that date there has been no alteration or conversion to a use that changed its classification as defined in the Building Code, or that would necessitate compliance with some special requirement or with the State Labor Law or any other law or ordinance; that there are no notice of violations or orders pending in the Department of Buildings at this time; that Section 646F of the New York City Charter has been complied with as certified by a report of the Fire Commissioner to the Borough Superintendent and that, so long as the building is not altered, except by permission of the Borough Superintendent, the existing use and occupancy may be continued.

"§ 646 F. No certificate of occupancy shall be issued for any building, structure, enclosure, place or premises wherein containers for combustibles, chemicals, explosives, inflammables and other dangerous substances, articles, compounds or mixtures are stored, or wherein automatic or other fire alarm systems or fire extinguishing equipment are required by law to be or are installed, until the fire commissioner has tested and inspected and has certified his approval in writing of the installation of such containers, systems or equipment to the Borough Superintendent of the borough in which the installation has been made. Such approval shall be recorded on the certificate of occupancy."

Additional copies of this certificate will be furnished to persons having an interest in the building or premises, upon payment of a fee of fifty cents per copy.



CSOC.CBR.00029276

A1/88/A

"ATTACHED RIDER SETS FORTH RIGHTS AND OBLIGATIONS OF TENANTS AND LANDLORDS UNDER THE RENT STABILIZATION LAW." ("LOS DERECHOS Y RESPONSABILIDADES DE INQUILINOS Y CASEROS ESTÁN DISPONIBLE EN ESPAÑOL").

STANDARD FORM OF APARTMENT LEASE
THE REAL ESTATE BOARD OF NEW YORK, INC.
©Copyright 1988. All Rights Reserved. Reproduction in whole or in part prohibited.

PREAMBLE: This lease contains the agreements between You and Owner concerning Your rights and obligations and the rights and obligations of Owner. You and Owner have other rights and obligations which are set forth in government laws and regulations.

You should read this Lease and all of its attached parts carefully. If You have any questions, or if You do not understand any words or statements, get clarification.Once You and Owner sign this Lease You and Owner will be presumed to have read it and understood it. You and Owner admit that all agreements between You and Owner have been written into this Lease. You understand that any agreements made before or after this Lease was signed and not written into it will not be enforceable.

THIS LEASE is made on October 16, 1996 (month / day / year) between
Owner, FOURTH LENOX TERRACE DEVELOP. ASSOC.
whose address is 10 West 135th Street New York, N.Y. 10037
and You, the Tenant, Charles Rangel
whose address is 40 WEst 135th Street New York, N.Y. 10037

1. APARTMENT AND USE

☛ Owner agrees to lease to You Apartment 10U on the 10th floor in the Building at 40 West 135th Street Borough of Manhattan City and State of New York.

You shall use the Apartment for living purposes only. The Apartment may be occupied by the tenant or tenants named above and by the immediate family of the tenant or tenants and by occupants as defined in and only in accordance with Real Property Law §235-f.

2. LENGTH OF LEASE

☛ The term (that means the length) of this Lease is 2 years, ---- months ---- days, beginning on November 1, 1996 and ending on October 31, 1998. If you do not do everything You agree to do in this Lease, Owner may have the right to end it before the above date. If Owner does not do everything that owner agrees to do in this Lease, You may have the right to end the Lease before ending date.

3. RENT

☛ Your monthly rent for the Apartment is $ 500.19(Five hundred Dollars and Nineteen Cents).

until adjusted pursuant to Article 4 below. You must pay Owner the rent, in advance, on the first day of each month either at Owner's office or at another place that Owner may inform You of by written notice. You must pay the first month's rent to Owner when You sign this Lease if the lease begins on the first day of the month. If the Lease begins after the first day of the month, You must pay when you sign this lease(1)the part of the rent from the beginning date of this Lease until the last day of the month and (2)the full rent for the next full calendar month. If this Lease is a Renewal Lease, the rent for the first month of this Lease need not be paid until the first day of the month when the renewal term begins.

4. RENT ADJUSTMENTS

If this Lease is for a Rent Stabilized apartment, the rent herein shall be adjusted up or down during the Lease term, including retroactively, to conform to the Rent Guidelines. Where Owner, upon application to the State Division of Housing and Community Renewal ("authorized agency") is found to be entitled to an increase in rent or other relief, You and Owner agree: a. to be bound by such determination; b. where the authorized agency has granted an increase in rent, You shall pay such increase in the manner set forth by the authorized agency; c. except that in the event that an order is issued increasing the stabilization rent because of Owner hardship, You may, within thirty (30) days of your receipt of a copy of the order, cancel your lease on sixty (60) days written notice to Owner. During said period You may continue in occupancy at no increase in rent.

5. SECURITY DEPOSIT

☛ You are required to give Owner the sum of $ 500.19 when You sign this Lease as a security deposit, which is called in law a trust. Owner will deposit this security in Chase Manhattan bank at 380 Madison Ave. New York, N.Y. If the Building contains six or more apartments, the bank account will earn interest. If You carry out all of your agreements in this Lease, at the end of each calendar year Owner or the bank will pay to Owner 1% interest on the deposit for administrative costs and to You all other interest earned on the security deposit.

If You carry out all of your agreements in this Lease and if You move out of the Apartment and return it to Owner in the same condition it was in when You first occupied it, except for ordinary wear and tear or damage caused by fire or other casualty, Owner will return to You the full amount of your security deposit and interest to which You are entitled within 60 days after this Lease ends. However, if You do not carry out all your agreements in this Lease, Owner may keep all or part of your security deposit and any interest which has not yet been paid to You necessary to pay Owner for any losses incurred, including missed payments.

If Owner sells or leases the building, Owner will turn over your security, with interest, either to You or to the person buying or leasing (lessee) the building within 5 days after the sale or lease. Owner will then notify You, by registered or certified mail, of the name and address of the person or company to whom the deposit has been turned over. In such case, Owner will have no further responsibility to You for the security deposit. The new owner or lessee will become responsible to You for the security deposit.

6. IF YOU ARE UNABLE TO MOVE IN

A situation could arise which might prevent Owner from letting You move into the Apartment on the beginning date set in this Lease. If this happens for reasons beyond Owner's reasonable control, Owner will not be responsible for Your damages

☛ Space to be filled in.

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or expenses, and this Lease will remain in effect. However, in such case, this Lease will start on the date when You can move in, and the ending date in Article 2 will be changed to a date reflecting the full term of years set forth in Article 2. You will not have to pay rent until the move-in date Owner gives You by written notice, or the date You move in, whichever is earlier. If Owner does not give You notice that the move-in date is within 30 days after the beginning date of the term of this Lease as stated in Article 2, You may tell Owner in writing, that Owner has 15 additional days to let You move in, or else the Lease will end. If Owner does not allow You to move in within those additional 15 days, then the Lease is ended. Any money paid by You on account of this Lease will then be refunded promptly by Owner.

7. CAPTIONS

In any dispute arising under this Lease, in the event of a conflict between the text and a caption, the text controls.

8. WARRANTY OF HABITABILITY

A. All of the sections of this Lease are subject to the provisions of the Warranty of Habitability Law in the form it may have from time to time during this Lease. Nothing in this Lease can be interpreted to mean that You have given up any of your rights under that law. Under that law, Owner agrees that the Apartment and the Building are fit for human habitation and that there will be no conditions which will be detrimental to life, health or safety.

B. You will do nothing to interfere or make more difficult Owner's efforts to provide You and all other occupants of the Building with the required facilities and services. Any condition caused by your misconduct or the misconduct of anyone under your direction or control shall not be a breach by Owner.

9. CARE OF YOUR APARTMENT-END OF LEASE-MOVING OUT

A. You will take good care of the apartment and will not permit or do any damage to it, except for damage which occurs through ordinary wear and tear. You will move out on or before the ending date of this lease and leave the Apartment in good order and in the same condition as it was when You first occupied it, except for ordinary wear and tear and damage caused by fire or other casualty.

B. When this Lease ends, You must remove all of your movable property. You must also remove at your own expense, any wall covering, bookcases, cabinets, mirrors, painted murals or any other installation or attachment You may have installed in the Apartment, even if it was done with Owner's consent. You must restore and repair to its original condition those portions of the Apartment affected by those installations and removals. You have not moved out until all persons, furniture and other property of yours is also out of the Apartment. If your property remains in the Apartment after the Lease ends, Owner may either treat You as still in occupancy and charge You for use, or may consider that You have given up the Apartment and any property remaining in the Apartment. In this event,Owner may either discard the property or store it at your expense. You agree to pay Owner for all costs and expenses incurred in removing such property. The provisions of this article will continue to be in effect after the end of this Lease.

10. CHANGES AND ALTERATIONS TO APARTMENT

You cannot build in, add to, change or alter, the Apartment in any way, including wallpapering, painting, repainting, or other decorating, without getting Owner's written consent before You do anything. Without Owner's prior written consent, You cannot install or use in the Apartment any of the following: dishwasher machines, clothes washing or drying machines, electric stoves, garbage disposal units, heating, ventilating or air conditioning units or any other electrical equipment which, in Owner's reasonable opinion, will overload the existing wiring installation in the Building or interfere with the use of such electrical wiring facilities by otheritenants of the Building. Also, You cannot place in the Apartment water-filled furniture.

11. YOUR DUTY TO OBEY AND COMPLY WITH LAWS, REGULATIONS AND LEASE RULES

A. **Government Laws and Orders.** You will obey and comply (1) with all present and future city, state and federal laws and regulations, including the Rent Stabilization Code and Law, which affect the Building or the Apartment, and (2) with all orders and regulations of Insurance Rating Organizations which affect the Apartment and the Building. You will not allow any windows in the Apartment to be cleaned from the outside, unless the equipment and safety devices required by law are used.

B. **Owner's Rules Affecting You.** You will obey all Owner's rules listed in this Lease and all future reasonable rules of Owner or Owner's agent. Notice of all additional rules shall be delivered to You in writing or posted in the lobby or other public place in the building. Owner shall not be responsible to You for not enforcing any rules, regulations or provisions of another tenant's lease except to the extent required by law.

C. **Your Responsibility.** You are responsible for the behavior of yourself, of your immediate family, your servants and people who are visiting You. You will reimburse Owner as additional rent upon demand for the cost of all losses, damages, fines and reasonable legal expenses incurred by Owner because You, members of your immediate family, servants or people visiting You have not obeyed government laws and orders of the agreements or rules of this Lease.

12. OBJECTIONABLE CONDUCT

As a tenant in the Building, You will not engage in objectionable conduct. Objectionable conduct means behavior which makes or will make the Apartment or the Building less fit to live in for You or other occupants. It also means anything which interferes with the right of others to properly and peacefully enjoy their Apartments, or causes conditions that are dangerous, hazardous, unsanitary and detrimental to other tenants in the Building. Objectionable conduct by You gives Owner the right to end this Lease.

13. SERVICES AND FACILITIES

A. **Required Services.** Owner will provide cold and hot water and heat as required by law, related to the Apartment, as required by law, elevator service if the Building has elevator equipment, and the utilities, if any, included in the rent, as set forth in sub-paragraph B. You are not entitled to any rent reduction because of a stoppage or reduction of any of the above services unless it is provided by law.

☞ B. The following utilities are included in the rent Gas Only

C. **Electricity and Other Utilities.** If Owner provides electricity or gas and the charge is included in the rent on ☞ Page 1, or if You buy electricity or gas from Owner for a separate (submetered) charge, your obligations are described in the Rider attached to this Lease. If electricity or gas is not included in the rent or is not charged separately by Owner, You must arrange for this service directly with the utility company. You must also pay directly for telephone service if it is not included in the rent.

D. **Appliances.** Appliances supplied by Owner in the Apartment are for your use. They will be maintained and repaired or replaced by Owner, but if repairs or replacement are made necessary because of your negligence or misuse, You will pay Owner for the cost of such repair or replacement as additional rent.

E. **Elevator Service.** If the elevator is the kind that requires an employee of Owner to operate it, Owner may end this service without reducing the rent if: (1) Owner gives You 10 days notice that this service will end; and (2) within a reasonable time after the end of this 10-day notice, Owner begins to substitute an automatic control type of elevator and proceeds diligently with its installation.

F. **Storeroom Use.** If Owner permits You to use any storeroom,laundry or any other facility located in the building but outside of the Apartment, the use of this storeroom or facility will be furnished to You free of charge and at your own risk, except for loss suffered by You due to Owner's negligence. You will operate at your expense any coin operated appliances located in such storerooms or laundries.

14. INABILITY TO PROVIDE SERVICES

Because of a strike, [illegible], trouble, national emergency, repairs, or any of [illegible]ause beyond Owner's reasonable control, Owner may not be able to provide or may be delayed in providing any services o[illegible] making any repairs to the Building.

☞ Space to be filled in. ☞ Rider to be added, if necessary.



In any of these events, any rights Yo[illegible]y have against Owner are only those rights which [illegible]llowed by laws in effect when the reduction in service occurs.

15. ENTRY TO APARTMENT

During reasonable hours and with reasonable notice, except in emergencies, Owner may enter the Apartment for the following reasons:

(A) To erect, use and maintain pipes and conduits in and through the walls and ceilings of the Apartment; to inspect the Apartment and to make any necessary repairs or changes Owner decides are necessary. Your rent will not be reduced because of any of this work, unless required by Law.

(B) To show the Apartment to persons who may wish to become owners or lessees of the entire Building or may be interested in lending money to Owner;

(C) For four months before the end of the Lease, to show the Apartment to persons who wish to rent it;

(D)If during the last month of the Lease You have moved out and removed all or almost all of your property from the Apartment, Owner may enter to make changes, repairs, or redecorations. Your rent will not be reduced for that month and this Lease will not be ended by Owner's entry.

(E) If at any time You are not personally present to permit Owner or Owner's representative to enter the Apartment and entry is necessary or allowed by law or under this lease, Owner or Owner's representatives may nevertheless enter the Apartment. Owner may enter by force in an emergency. Owner will not be responsible to You, unless during this entry, Owner or Owner's representative is negligent or misuses your property.

16. ASSIGNING; SUBLETTING; ABANDONMENT

(a) **Assigning and Subletting.** You cannot assign this Lease or sublet the Apartment without Owner's advance written consent in each instance to a request made by You in the manner required by Real Property Law §226-b. and in accordance with the provisions of the Rent Stabilization Code and Law, relating to subletting. Owner may refuse to consent to a lease assignment for any reason or no reason, but if Owner unreasonably refuses to consent to request for a Lease assignment properly made, at your request in writing, Owner will end this Lease effective as of thirty days after your request. The first and every other time you wish to sublet the Apartment, You must get the written consent of Owner unless Owner unreasonably withholds consent following your request to sublet in the manner provided by Real Property Law §226.b. Owner may impose a reasonable credit check fee on You in connection with an application to assign or sublet. If You fail to pay your rent Owner may collect rent from subtenant or occupant without releasing You from the Lease. Owner will credit the amount collected against the rent due from You. However, Owner's acceptance of such rent does not change the status of the subtenant or occupant to that of direct tenant of Owner and does not release You from this Lease.

(b) Abandonment. If You move out of the Apartment (abandonment) before the end of this Lease without the consent of Owner, this Lease will not be ended (except as provided by law following Owner's unreasonable refusal to consent to an assignment or subletting requested by You,) You will remain responsible for each monthly payment of rent as it becomes due until the end of this Lease. In case of abandonment, your responsibility for rent will end only if Owner chooses to end this Lease for default as provided in Article 17.

17. DEFAULT

(1) You default under the Lease if You act in any of the following ways:

(a) You fail to carry out any agreement or provision of this Lease

(b) You or another occupant of the Apartment behaves in an objectionable manner;

(c) You do not take possession or move into the Apartment 15 days after the beginning of this Lease;

(d) You and other legal occupants of the Apartment move out permanently before this Lease ends;

If You do default in any one of these ways, other than a default in the agreement to pay rent, Owner may serve You with a written notice to stop or correct the specified default within 10 days. You must then either stop or correct the default within 10 days, or, if You need more than 10 days, You must begin to correct the default within 10 days and continue to do all that is necessary to correct the default as soon as possible.

(2) If You do not stop or begin to correct a default within 10 days, Owner may give You a second written notice that this Lease will end six days after the date the second written notice is sent to You, At the end of the 6-day period, this Lease will end, You then must move out of the Apartment. Even though this Lease ends, You will remain liable to Owner for unpaid rent up to the end of this Lease,the value of your occupancy, if any, after the Lease ends, and damages caused to Owner after that time as stated in Article 18.

(3) If You do not pay your rent when this Lease requires after a personal demand for rent has been made, or within three days after a statutory written demand for rent has been made, or if the Lease ends, Owner may do the following: (a) enter the apartment and retake possession of it if You have moved out; or (b) go to court and ask that You and all other occupants in the Apartment be compelled to move out.

Once this Lease has been ended, whether because of default or otherwise, You give up any right You might otherwise have to reinstate or renew the Lease.

18. REMEDIES OF OWNER AND YOUR LIABILITY

If this Lease is ended by Owner because of your default,the following are the rights and obligations of You and Owner.

(a) You must pay your rent until this Lease has ended. Thereafter, You must pay an equal amount for what the law calls "use and occupancy" until You actually move out.

(b) Once You are out, Owner may re-rent the Apartment or any portion of it for a period of time which may end before or after the ending date of this Lease. Owner may re-rent to a new tenant at a lesser rent or may charge a higher rent than the rent in this Lease.

(c) Whether the Apartment is re-rented or not, You must pay to Owner as damages:

(1) the difference between the rent in this Lease and the amount, if any, of the rents collected in any later lease or leases of the Apartment for what would have been the remaining period of this Lease; and

(2) Owner's expenses for advertisements, broker's fees and the cost of putting the Apartment in good condition for re-rental; and

*** (3) Owner's expenses for attorney's fees.

(d) You shall pay all damages due in monthly installments on the rent day established in this Lease. Any legal action brought to collect one or more monthly installments of damages shall not prejudice in any way Owner's right to collect the damages for a later month by a similar action. If the rent collected by Owner from a subsequent tenant of the Apartment is more than the unpaid rent and damages which You owe Owner, You cannot receive the difference. Owner's failure to re-rent to another tenant will not release or change your liability for damages, unless the failure is due to Owner's deliberate inaction.

19. ADDITIONAL OWNER REMEDIES

If You do not do everything You have agreed to do, or if You do anything which shows that You intend not to do what You have agreed to do, Owner has the right to ask a Court to make You carry out your agreement or to give the Owner such other relief as the Court can provide. This is in addition to the remedies in Article 17 and 18 of this lease.

20. FEES AND EXPENSES

A. **Owner's Right.** You must reimburse Owner for any of the following fees and expenses incurred by Owner:

(1) Making any repairs to the Apartment or the Building which result from misuse or negligence by You or persons who live with You, visit You, or work for You;

*** This may be deleted.

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CSOC.CBR.00006138

(2) Repairing or replacing any appliance damaged by Your misuse or negligence.

(3) Correcting any violations of city, state or federal laws or orders and regulations of insurance rating organizations concerning the Apartment or the Building which You or persons who live with You, visit You, or work for You have caused;

(4) Preparing the Apartment for the next tenant if You move out of your Apartment before the Lease ending date;

*** (5) Any legal fees and disbursements for legal actions or proceedings brought by Owner against You because of a Lease default by You or for defending lawsuits brought against Owner because of your actions;

(6) Removing all of your property after this Lease is ended;

(7) All other fees and expenses incurred by Owner because of your failure to obey any other provisions and agreements of this Lease;

These fees and expenses shall be paid by You to Owner as additional rent within 30 days after You receive Owner's bill or statement. If this Lease has ended when these fees and expenses are incurred, You will still be liable to Owner for the same amount as damages.

B. **Tenant's Right.** Owner agrees that unless sub-paragraph 5 of this Article 20 has been stricken out of this Lease You have the right to collect reasonable legal fees and expenses incurred in a successful defense by You of a lawsuit brought by Owner against You or brought by You against Owner to the extent provided by Real Property Law, section 234.

21. PROPERTY LOSS, DAMAGES OR INCONVENIENCE

Unless caused by the negligence or misconduct of Owner or Owner's agents or employees, Owner or Owner's agents and employees are not responsible to You for any of the following: (1) any loss of or damage to You or your property in the Apartment or the Building due to any accidental or intentional cause, even a theft or another crime committed in the Apartment or elsewhere in the Building; (2) any loss of or damage to your property delivered to any employee of the Building (i.e., doorman, superintendent, etc.); or (3) any damage or inconvenience caused to You by actions, negligence or violations of a Lease by any other tenant or person in the Building except to the extent required by law.

Owner will not be liable for any temporary interference with light, ventilation, or view caused by construction by or in behalf of Owner. Owner will not be liable for any such interference on a permanent basis caused by construction on any parcel of land not owned by Owner. Also, Owner will not be liable to You for such interference caused by the permanent closing, darkening or blocking up of windows, if such action is required by law. None of the foregoing events will cause a suspension or reduction of the rent or allow You to cancel the Lease.

22. FIRE OR CASUALTY

A. If the Apartment becomes unusable, in part or totally, because of fire, accident or other casualty, this Lease will continue unless ended by Owner under C below or by You under D below. But the rent will be reduced immediately. This reduction will be based upon the part of the Apartment which is unusable.

B. Owner will repair and restore the Apartment, unless Owner decides to take actions described in paragraph C below.

C. After a fire, accident or other casualty in the Building, Owner may decide to tear down the Building or to substantially rebuild it. In such case, Owner need not restore the Apartment but may end this Lease. Owner may do this even if the Apartment has not been damaged, by giving You written notice of this decision within 30 days after the date when the damage occurred. If the Apartment is usable when Owner gives You such notice, this Lease will end 60 days from the last day of the calendar month in which You were given the notice.

D. If the Apartment is completely unusable because of fire, accident or other casualty and it is not repaired in 30 days, You may give Owner written notice that You end the Lease. If You give that notice, this Lease is considered ended on the day that the fire, accident or casualty occurred. Owner will refund your security deposit and the pro-rate portion of rents paid for the month in which the casualty happened.

E. Unless prohibited by the applicable insurance policies, to the extent that such insurance is collected, You and Owner release and waive all right of recovery against the other or anyone claiming through or under each by way of subrogation.

23. PUBLIC TAKING

The entire building or a part of it can be acquired (condemned) by any government or government agency for a public or quasi-public use or purpose. If this happens, this Lease shall end on the date the government or agency take title, You shall have no claim against Owner for any damage resulting; You also agree that by signing this Lease, You assign to Owner any claim against the Government or Government agency for the value of the unexpired portion of this Lease.

24. SUBORDINATION CERTIFICATE AND ACKNOWLEDGEMENTS

All leases and mortgages of the Building or of the land on which the Building is located, now in effect or made after this Lease is signed, come ahead of this Lease. In other words, this Lease is "subject and subordinate to" any existing or future lease or mortgage on the Building or land, including any renewals, consolidations, modifications and replacements of these leases or mortgages. If certain provisions of any of these leases or mortgages come into effect, the holder of such lease or mortgage can end this Lease. If this happens, You agree that You have no claim against Owner or such lease or mortgage holder. If Owner requests, You will sign promptly an acknowledgement of the "subordination" in the form that Owner requires.

You also agree to sign (if accurate) a written acknowledgement to any third party designated by Owner that this Lease is in effect, that Owner is performing Owner's obligations under this Lease and that you have no present claim against Owner.

25. TENANT'S RIGHT TO LIVE IN AND USE THE APARTMENT

If You pay the rent and any required additional rent on time and You do everything You have agreed to do in this Lease, your tenancy cannot be cut off before the ending date, except as provided for in Articles 22, 23, and 24.

26. BILLS AND NOTICE

A. Notices to You. Any notice from Owner or Owner's agent or attorney will be considered properly given to You if it (1) is in writing; (2) is signed by or in the name of Owner or Owner's agent; and (3) is addressed to You at the Apartment and delivered to You personally or sent by registered or certified mail to You at the Apartment. The date of service of any written notice by Owner to you under this agreement is the date of delivery or mailing of such notice.

B. Notices to Owner. If You wish to give a notice to Owner, You must write it and deliver it or send it by registered or certified mail to Owner at the address noted on page 1 of this Lease or at another address of which Owner or Agent has given You written notice.

27. GIVING UP RIGHT TO TRIAL BY JURY AND COUNTERCLAIM

A. Both You and Owner agree to give up the right to a trial by jury in a court action, proceeding or counter claim on any matters concerning this Lease, the relationship of You and Owner as Tenant and Landlord or your use or occupancy of the Apartment. This agreement to give up the right to a jury trial does not include claims for personal injury or property damage.

B. If Owner begins any court action or proceeding against You which asks that You be compelled to move out, You cannot make a counterclaim unless You are claiming that Owner has not done what Owner is supposed to do about the condition of the Apartment or the Building.

*** This may be deleted.

[illegible] Lease is not filled in. [illegible] Rider to be added, if necessary.

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28. NO WAIVER OF LEASE PROVISIONS

A. Even if Owner accepts your rent or fails once or more often to take action against You when You have not done what You have agreed to do in this Lease, the failure of Owner to take action or Owner's acceptance of rent does not prevent Owner from taking action at a later date if You again do not do what You have agreed to do.

B. Only a written agreement between You and Owner can waive any violation of this Lease.

C. If You pay and Owner accepts an amount less than all the rent due, the amount received shall be considered to be in payment of all or a part of the earliest rent due. It will not be considered an agreement by Owner to accept this lesser amount in full satisfaction of all of the rent due.

D. Any agreement to end this Lease and also to end the rights and obligations of You and Owner must be in writing, signed by You and Owner or Owner's agent. Even if You give keys to the Apartment and they are accepted by any employee, or agent, or Owner, this Lease is not ended.

29. CONDITION OF THE APARTMENT

When You signed this Lease, You did not rely on anything said by Owner, Owner's agent or superintendent about the physical condition of the Apartment, the Building or the land on which it is built. You did not rely on any promises as to what would be done, unless what was said or promised is written in this Lease and signed by both You and Owner or found in Owner's floor plans or brochure shown to You before You signed the Lease. Before signing this Lease, You have inspected the apartment and You accept it in its present condition "as is," except for any condition which You could not reasonably have seen during your inspection. You agree that Owner has not promised to do any work in the Apartment except as specified in attached "Work" rider.

30. RENT INCREASE FOR MAJOR CAPITAL IMPROVEMENT

☞ Owner advises you that an application for increase in stabilized rent on the ground of a building-wide major capital improvement dated 10/24/95 Docket No. JJ5100160M elevators is now pending before the State Division of Housing and Community Renewal (Agency). Such application involves the following major capital improvements which are now completed or in progress:

You agree that the stabilized rent herein may be increased during the term of this lease by reason of such improvement as of a date and in the amount permitted by an order from the Agency.

31. DEFINITIONS

A. Owner: The term "Owner" means the person or organization receiving or entitled to receive rent from You for the Apartment at any particular time other than a rent collector or managing agent of Owner. "Owner"includes the owner of the land or Building, a lessor, or sublessor of the land or Building and a mortgagee in possession. It does not include a former owner, even if the former owner signed this Lease.

B. You: The Term "You" means the person or persons signing this Lease as Tenant and the successors and assigns of the signer. This Lease has established a tenant-landlord relationship between You and Owner.

32. SUCCESSOR INTERESTS

The agreements in this Lease shall be binding on Owner and You and on those who succeed to the interest of Owner or You by law, by approved assignment or by transfer.

Owners Rules - a part of this lease - see page 8

TO CONFIRM OUR AGREEMENTS, OWNER AND YOU RESPECTIVELY SIGN THIS LEASE AS OF THE DAY AND YEAR FIRST WRITTEN ON PAGE 1.

Witnesses

FOURTH LENOX TERRACE DEVELOP. ASSOC.

_____ Owner's Signature David Griffel (agent) [L.S.]

_____ Tenant's Signature Charles Rangel [L.S.]

_____ Tenant's Signature [L.S.]

GUARANTY

The undersigned Guarantor guarantees to Owner the strict performance of and observance by Tenant of all the agreements, provisions and rules in the attached Lease. Guarantor agrees to waive all notices when Tenant is not paying rent or not observing and complying with all of the provisions of the attached Lease. Guarantor agrees to be equally liable with Tenant so that Owner may sue Guarantor directly without first suing Tenant. The Guarantor further agrees that his guaranty shall remain in full effect even if the Lease is renewed, changed or extended in any way and even if Owner has to make a claim against Guarantor. Owner and Guarantor agree to waive trial by jury in any action, proceeding or counterclaim brought against the other on any matters concerning the attached Lease or the Guaranty.

Dated, New York City 19

_____ Witness _____ Guarantor

_____ Address

☞ To be filled in if applicable

CBR 001921

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Exhibit 508

CSOC.CBR.00006140

Apartment 10U

Premises 40 West 135th Street New York, N.Y. 10037

Tenant Charles Rangel

Expires October 31, 1998

STANDARD FORM OF APARTMENT

Lease

The Real Estate Board of New York, Inc.

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ATTACHED RULES WHICH ARE A PART OF THE LEASE AS PROVIDED BY ARTICLE 11

Public Access Ways

1. (a) Tenants shall not block or leave anything in or on fire escapes,the sidewalks, entrances, driveways, elevators, stairways, or halls. Public access ways shall be used only for entering and leaving the Apartment and the Building. Only those elevators and passageways designated by Owner can be used for deliveries.

(b) Baby carriages, bicycles or other property of Tenants shall not be allowed to stand in the halls, passageways, public areas or courts of the Building.

Bathroom and Plumbing Fixtures

2. The bathrooms, toilets and wash closets and plumbing fixtures shall only be used for the purposes for which they were designed or built; sweepings, rubbish bags, acids or other substances shall not be placed in them.

Refuse

3. Carpets, rugs or other articles shall not be hung or shaken out of any window of the Building. Tenants shall not sweep or throw or permit to be swept or thrown any dirt, garbage or other substances out of the windows or into any of the halls, elevators or elevator shafts. Tenants shall not place any articles outside of the Apartment or outside of the building except in safe containers and only at places chosen by Owner.

Elevators

4. All non-automatic passenger and service elevators shall be operated only by employees of Owner and must not in any event be interfered with by Tenants. The service elevators, if any, shall be used by servants, messengers and trades people for entering and leaving, and the passenger elevators, if any, shall not be used by them for any purpose. Nurses with children, however, may use the passenger elevators.

Laundry

5. Laundry and drying apparatus, if any, shall be used by Tenants in the manner and at the times that the superintendent or other representative of Owner may direct. Tenants shall not dry or air clothes on the roof

Keys and Locks

6. Owner may retain a pass key to the apartment. Tenants may install on the entrance of the Apartment an additional lock of not more than three inches in circumference. Tenants may also install a lock on any window but only in the manner provided by law. Immediately upon making any installation of either type, Tenants shall notify Owner or Owner's agent and shall give Owner or Owner's agent a duplicate key. If changes are made to the locks or mechanism installed by Tenants, Tenants must deliver keys to Owner. At the end of this Lease, Tenants must return to Owner all keys either furnished or otherwise obtained. If Tenants lose or fail to return any keys which were furnished to them, Tenants shall pay to Owner the cost of replacing them.

Noise

7. Tenants, their families, guests, employees, or visitors shall not make or permit any disturbing noises in the Apartment or Building or permit anything to be done that will interfere with the rights, comforts or convenience of other tenants. Also, Tenants shall not play a musical instrument or operate or allow to be operated a phonograph, radio or television set so as to disturb or annoy any other occupant of the Building.

No Projections

8. An aerial may not be erected on the roof or outside wall of the Building without the written consent of Owner. Also, awnings or other projections shall not be attached to the outside walls of the Building or to any balcony or terrace.

No Pets

9. Dogs or animals of any kind shall not be kept or harbored in the Apartment, unless in each instance it be expressly permitted in writing by Owner. This consent, if given, can be taken back by Owner at any time for good cause on reasonably given notice. Unless carried or on a leash, a dog shall not be permitted on any passenger elevator or in any public portion of the building. Also, dogs are not permitted on any grass or garden plot under any condition. BECAUSE OF THE HEALTH HAZARD AND POSSIBLE DISTURBANCE OF OTHER TENANTS WHICH ARISE FROM THE UNCONTROLLED PRESENCE OF ANIMALS, ESPECIALLY DOGS, IN THE BUILDING, THE STRICT ADHERENCE TO THE PROVISIONS OF THIS RULE BY EACH TENANT IS A MATERIAL REQUIREMENT OF EACH LEASE. TENANTS' FAILURE TO OBEY THIS RULE SHALL BE CONSIDERED A SERIOUS VIOLATION OF AN IMPORTANT OBLIGATION BY TENANT UNDER THIS LEASE. OWNER MAY ELECT TO END THIS LEASE BASED UPON THIS VIOLATION.

Moving

10. Tenants can use the elevator to move furniture and possessions only on designated days and hours. Owner shall not be liable for any costs, expenses or damages incurred by Tenants in moving because of delays caused by the unavailability of the elevator.

Floors

11. Apartment floors shall be covered with rugs or carpeting to the extent of at least 80% of the floor area of each room excepting only kitchens, pantries, bathrooms and hallways. The tacking strip for wall-to-wall carpeting will be glued, not nailed to the floor.

Window Guards

12. IT IS A VIOLATION OF LAW ... REFUSE, INTERFERE WITH INSTALLATION ... R REMOVE WINDOW GUARDS WHERE REQUIRED. (SEE ATTACHED WINDOW GUARD RIDER)

CBR 001922

EXHIBIT

Exhibit 508

CSOC.CBR.00006141

DHCR

RENEWAL LEASE FORM

Owners and Tenants should read INSTRUCTIONS TO OWNER and INSTRUCTIONS TO TENANT on reverse side before filling out or signing this form.

THIS NOTICE FOR RENEWAL OF LEASE AND RENEWAL LEASE FORM ISSUED UNDER SECTION 2523.5(d) OF THE NEW YORK STABILIZATION CODE. ALL COPIES OF THIS FORM MUST BE SIGNED BELOW AND RETURNED TO YOUR LANDLORD WITHIN 60 DAYS.

CHARLES RANGEL — Tenant's Name

Dated: JUNE 08 19 98

50 WEST 135 STREET — Address

U10 — Apt. No.

LENOX TERRACE DEVELOP. ASSOC. — Owner's/Agent's Name

NEW YORK — City

NY — State

10037 — Zip Code

10 WEST 135TH STREET — Mailing Address (No. & Street)

NEW YORK NY 10037 — City, State & Zip Code

County

1. The owner hereby notifies you that your lease will expire on: 10 / 31 / 98

PART A OFFER TO TENANT TO RENEW

2. You may renew this lease, for one or two years, at your option, as follows:

Column a Renewal Term	Column b Legal Rent on Sept. 30th Preceding Commencement Date of this Renewal Lease	Column c Authorized Applicable Guideline Increase (If unknown, check box and see below)* ☒	Column d Applicable Guideline Supplement, if any	Column e Lawful Rent Increase Adj. if any, effective after Sept. 30th indicated in Column b	Column f Separate charge, if any (specify under Item 4 below)	Column g New rent (If lower rent is to be charged, check box and see Item 5 below)** ☐
1 Year	$ 498.87	(2.0%) $ 9.98	$	$	$	$ 508.85
2 Years	Same as above	(4.1%) $ 19.95	$	$	$	$ 518.82

* If applicable guideline rate is unknown at time offer is made check box in column c and enter current guideline which will be subject to adjustment when rates are ordered.

** The rent provided for in this renewal lease may be increased or decreased by order of the Division of Housing and Community Renewal (DHCR) or the Rent Guidelines Board (RGB).

3. **Security Deposit:**
Current Deposit: $_____ Additional Deposit Required - 1 year lease: $_____
Additional Deposit Required - 2 year lease: $_____

4. **Specify separate charges, if applicable:**
Air conditioner - Electricity Charge: $_____/mo. 421 a(2.2%): $_____/mo.
Other: $_____/mo:

5. **Lower Rent to be charged, if any, $_____ Agreement attached: Yes ☐ No ☐**

6. **This renewal lease shall commence on** 11/01/98 (month, day, year) **which shall not be less than 120 days no more than 150 days from the date of mailing or personal delivery of this Renewal Lease Form. This Renewal Lease shall terminate on** 10/31/99 (month, day, year) (1-year lease) or 10/31/00 (month, day, year) (2-year lease).

7. **This renewal lease is based on the same terms and conditions as your expiring lease, except that** 00 **lawful provisions attached and** 00 **written agreements between owner and tenant have been added. (Indicate in the blank spaces as applicable, the number of additional provisions or written agreements attached).**

This form becomes a binding lease renewal when signed by the owner below and returned to the tenant. A rider setting forth the rights and obligations of tenants and landlords under the Rent Stabilization Law must be attached to this lease when signed by the owner and returned to the tenant.

PART B TENANT'S RESPONSE TO OWNER

Tenant: Check and complete where indicated one of two responses below after reading instructions on reverse side. Then date and sign your response below. You must return this Renewal Lease Form to the owner in person or by regular mail, within 60 days of the date this Notice was served upon you by the owner. Your failure to do so may be grounds for the commencement of an action by the owner to evict you from your apartment.

☐ **I (we) the undersigned tenant(s) agree to enter into a** 2 **year renewal lease at a monthly rent of $** 518.82

This renewal lease is based on the same terms and conditions as my (our) expiring lease, and further attached lawful provisions and attached written agreements, if any (see Item 7 under PART A above).

☐ **I (we) will not renew my (our) lease and (we) intend to vacate the apartment on the expiration date of the present lease indicated above.**

Dated: 19 Tenant's Signature

Dated: 19 Tenant's Signature

RTP-8 (1/95) L4-U10

EXHIBIT
Exhibit 509

INSTRUCTIONS TO OWNER

At least two copies of this completed Renewal Lease Form must be mailed to the tenant in occupancy or personally delivered to him/her not more than 150 days and not less than 120 days prior to the end of the tenant's lease term. The owner shall also make this Form available in Spanish upon request of the tenant.

If the owner offers a Renewal Lease less than 120 days prior to the expiration of the existing lease, the lease term selected by the tenant shall begin at the tenant's option either (1) on the date a renewal lease would have begun had a timely offer been made or (2) on the first rent payment date occurring no less than 120 days after the date that the owner does offer the lease to the tenant. The guidelines rate applicable for such lease shall be no greater than the rate in effect on the commencement date of the lease for which a timely offer should have been made, and the increased rental shall not begin before the first rent payment date occurring no less than 120 days after such offer is made.

The owner must fully complete PART A on the reverse side of this Form explaining how the new rent has been computed. Any rent increase must not exceed the applicable Rent Guidelines Board adjustment(s) plus other adjustments authorized by the Rent Stabilization Code.

Failure to file a current registration for this housing accommodation with DHCR bars the collection of any guidelines increase after such registration should have been filed. This sanction is lifted prospectively upon the filing of a proper registration.

This Renewal Lease must be offered on the same terms and conditions as the expiring lease, except for such additional provisions as are permitted by law or the Rent Stabilization Code which must be set forth by the owner and attached to this Form. If there are any additional lawful agreements between the owner and tenant, a copy signed by both parties must be attached to this Form.

The tenant must return to the owner all copies of this Form, completed and signed by the tenant in **PART B** on the reverse side of this Form.

The owner must furnish the tenant with a fully executed copy of this Renewal Lease Form bearing the tenant's and owner's signatures in **PART B**, and a copy of the DHCR Lease Rights Rider, within 30 days of the owner's receipt of this Form signed by the tenant. The owner shall also make the Lease Rights Rider available in Spanish upon request of the tenant. Service of this fully executed Form upon the tenant, constitutes a binding renewal lease. If the owner fails to furnish the tenant with a fully executed copy of this Form within 30 days of receipt of the Form signed by the tenant the tenant shall continue to have all rights afforded by the Rent Stabilization Law and Code. In addition, the owner may not collect a rent increase from the tenant, and will be barred from commencing any action or proceeding against the tenant based upon non-renewal of lease.

INSTRUCTIONS TO TENANT

(Read Owner's and Tenant's Instructions carefully before completing this Renewal Lease Form)

If you wish to accept this offer to renew your lease, you must complete and sign this Renewal Lease Form in the space provided in **PART B** on the reverse side of this Form, and you must return all copies of the signed Lease Form to the owner in person or by regular mail within 60 days of the date this Form was served upon you. You may wish to make a copy for your own records. *If you are the recipient of a Senior Citizen Rent Increase Exemption, you must select a one-or two-year lease, or you will lose this exemption.*

Before you complete and sign **PART B** and return this Renewal Lease Form, be sure to check the number of additional lawful provisions and written agreements indicated under item 7 on the reverse side of this Form and that the same number of lawful provisions and written agreements have been attached by the owner to this Form. Please read all attachments carefully. If such other lawful provisions appear, they are part of this lease renewal offer and renewal lease. If there are any lawful agreements between you and the owner, attached copies must be signed by both parties.

If you question the Legal Regulated Rent or the rental adjustments specified on the front of this Renewal Lease Form, ask the owner for an explanation. Or, you may telephone the NYS Division of Housing and Community Renewal (DHCR), Office of Rent Administration, at (718) 739-6400 before the end of the 60 day period from the date this Form was served upon you.

If the owner agrees to a rent which is lower than the legal regulated rent, this lower amount should be entered in item 5 on the reverse side of this Form, and a signed copy of the agreement should be attached. You may not change the content of this Renewal Lease Form without the owner's written consent.

Your acceptance of this offer to renew shall constitute a renewal of the present lease for the term of years and rent accepted, subject to any other lawful changes which appear in writing on the attachments to this Form, and subject also to payment of the new rent and additional security, if any. Such additional security shall be deposited by the owner in the manner provided for on initial occupancy.

If you do not sign and return this Renewal Lease Form at the new rent (which appears in column "g" or item 5 on the reverse side of this Form) in accordance with the instruction, and within the prescribed 60 day period, the owner may have grounds to start proceedings to evict you from your apartment.

You may file a complaint with DHCR, if you have not received a copy of the DHCR Lease Rights Rider with this Renewal Lease Form when signed and returned to you by the owner, or a Spanish version of this Form or the Rider after requesting it from the owner, or, if you do not receive a fully executed copy of this Renewal Lease within 30 days from the owner's receipt of a copy of this Form signed by you.

State of New York
Division of Housing and Community Renewal
Office of Rent Administration
Hampton Plaza
Jamaica, New York 11433

EXHIBIT
Exhibit 509

OLNEC 00152

CSOC.CBR.00004789

RENEWAL LEASE FORM

Read INSTRUCTIONS TO OWNER and TO TENANT on reverse side before filling out or signing this form.

THIS IS A NOTICE FOR RENEWAL OF LEASE AND RENEWAL LEASE FORM PROMULGATED PURSUANT TO SECTION 2523.5(a) OF THE NEW YORK CITY RENT STABILIZATION CODE. ALL COPIES OF THIS FORM MUST BE SIGNED BELOW AND RETURNED TO YOUR LANDLORD WITHIN 60 DAYS.

L4-10U

DATE 06/02/2000

Tenant's Name and Address:
CHARLES RANGEL
40 WEST 135 STREET APT# 10U
NEW YORK NY 10037

Owner's/Agent Name & Address
LENOX TERRACE DEVELOP. ASSOC.,
10 WEST 135TH STREET
NEW YORK NY 10037

1. The owner hereby notifies you that your lease will expire on: 10 / 31 / 00 (MONTH / DAY / YEAR)

PART A—OFFER TO TENANT TO RENEW

2. You may renew this lease, for one or two years, at your option, as follows:

Col. a Renewal Term	Col. b Legal Rent On Sept. 30th Preceding Commencement Date Of This Renewal Lease	Col. c Authorized Applicable Guideline Increase (If unknown, check box ☐ and see below)*	Col. d Applicable Guideline Supplement, If Any	Col. e Lawful Rent Increase Adj., If Any, Effective After Sept. 30th Indicated in Col. b	Col. f Separate charge, if any (Specify under Item 4 below)	Col. g New Rent (If lower rent is to be charged check box ☐ and see 5 below)**
☐ 1 Year	$ 518.82	2.0 %) $ 10.38	$	$	$	$ 529.20
☐ 2 Year	SAME AS ABOVE	4.0 %) $ 20.75	$	$	$	$ ~~539.57~~ 549.95

*If applicable guideline rate is unknown at time offer is made, check box in column c and enter current guideline which will be subject to adjustment when new rates are ordered.

**The rent provided for in this renewal lease may be increased or decreased pursuant to an order of the Division of Housing and Community Renewal (DHCR) or Rent Guidelines Board (RGB)

3. Security Deposit:
Current Deposit: $ 520.14 Additional Deposit Required—1 year lease: $ 9.06 —2 year lease: $ ~~19.43~~ 31.13

4. Specify separate charges if applicable:
Air Conditioner — Electricity Charge: $_____/mo. — Unit Charge: $_____/mo.
Fuel a (2.2%): $_____/mo. Other (Describe):_____ $_____/mo.

5. Lower Rent to be charged, if any. $_____ Agreement attached: ☐ yes ☐ no

6. This renewal lease shall commence on 11/01/00 (MONTH DAY YEAR), **which shall not be less than 120 days nor more than 150 days from the date of mailing or personal delivery of this Renewal Lease Form. This renewal lease shall terminate on**
10/31/01 (MONTH DAY YEAR) ☐ **1 year lease or** 10/31/02 (MONTH DAY YEAR) ☐ **2 year lease.**

7. This renewal lease is based on the same terms and conditions as your expiring lease, except that 00 **lawful provisions attached and** 00 **written agreements between owner and tenant attached have been added. (Indicate in the blank spaces as applicable, the number of additional provisions or written agreements attached).**

This form becomes a binding lease renewal when signed by the owner below and returned to the tenant. A rider setting forth the rights and obligations of tenants and landlords under the Rent Stabilization Law must be attached to this lease when signed by the owner and returned to the tenant (Los derechos y responsabilidades de inquilinos y caseros estan disponible en espanol).

PART B—TENANT'S RESPONSE TO OWNER

Tenant: Check and complete where indicated one of the two responses below after reading instructions on reverse side. Then date and sign your response below. You must return this Renewal Lease Form to the owner in person or by regular mail, within 60 days of the date this Notice was served upon you by the owner. Your failure to do so may be grounds for the commencement of an action by the owner to evict you from your apartment.

☐ **I (we) the undersigned tenant(s), agree to enter into a** ~~2~~ **year renewal lease at a monthly rent of** $_____ This renewal lease is based on the same terms and conditions as my (our) expiring lease, and further attached lawful provisions and attached written agreements, if any (see item 7 under PART A above).

☐ I (we) will not renew my (our) lease and I (we) intend to vacate the apartment on the expiration date of the present lease set forth above.

_____, 20 Tenant's Signature(s): X X

_____, 20 Owner's Signature

EXHIBIT
Exhibit 510

OLNEC 00156

CSOC.CBR.00004793

INSTRUCTIONS TO OWNER

At least two copies of this completed Renewal Lease Form must be mailed to the tenant in occupancy or personally delivered not more than 150 days and not less than 120 days prior to the end of the tenant's lease term. The owner shall also make this Form available in Spanish upon request of the tenant.

If the owner offers a renewal lease less than 120 days prior to the expiration of the existing lease, the lease term selected by the tenant shall begin at the tenant's option either (1) on the date a renewal lease would have begun had a timely offer been made or (2) on the first rent payment date occurring no less than 120 days after the date that the owner does offer the lease to the tenant. The guidelines rate applicable for such lease shall be no greater than the rate in effect on the commencement date of the lease for which a timely offer should have been made, and the increased rental shall not begin before the first rent payment date occurring no less than 120 days after such offer is made.

The owner must fully complete PART A on the reverse side of this Form explaining how the new rent has been computed. Any rent increase must not exceed the applicable Rent Guidelines Board adjustment(s) plus other adjustments authorized by the Rent Stabilization Code.

Failure to file a current registration for this housing accommodation with DHCR bars the collection of any guideline increase after such registration should have been filed. This sanction is lifted prospectively upon the filing of a proper registration.

This Renewal Lease must be offered on the same terms and conditions as the expiring lease, except for such additional provisions as are permitted by law or the Rent Stabilization Code which must be set forth in the owner and attached to this Form. If there are any additional lawful agreements between the owner and tenant, a copy signed by both parties must also be attached to this Form.

The tenant must return to the owner all copies of this Form, completed and signed by the tenant in PART B on the reverse side of this Form.

The owner must furnish the tenant with a fully executed copy of this Renewal Lease Form bearing the tenant's and owner's signatures in PART B, and a copy of the DHCR Lease Rights Rider, within 30 days of the owner's receipt of this Form signed by the tenant. The owner shall also make the Lease Rights Rider available in Spanish upon request of the tenant. Service of this fully executed Form, upon the tenant, constitutes a binding renewal lease. If the owner fails to furnish the tenant with a fully executed copy of this Form within 30 days of receipt of the Form signed by the tenant, the tenant shall continue to have all rights afforded by the Rent Stabilization Law and Code. In addition, the owner may not collect a rent increase from the tenant, and will be barred from commencing any action or proceeding against the tenant based upon non-renewal of lease.

INSTRUCTIONS TO TENANT

If you wish to accept this offer to renew your lease, you must complete and sign this Renewal Lease Form in the space provided in PART B on the reverse side of this Form, and you must return all copies of the signed Lease Form to the owner in person or by regular mail within 60 days of the date this Form was served upon you. You may wish to make a copy for your own records. *If you are the recipient of a Senior Citizen Rent Increase Exemption, you must select a one or two year lease, or you will lose this exemption.*

Before you complete and sign PART B and return this Renewal Lease Form, be sure to check the number of additional lawful provisions and written agreements indicated under item 7 on the reverse side of this Form and that the same number of lawful provisions and written agreements have been attached by the owner to this Form. Please read all attachments carefully. If such other lawful provisions appear, they are part of this lease renewal offer and renewal lease. If there are any lawful agreements between you and the owner, attached copies must be signed by both parties.

If you question the Legal Regulated Rent or the rental adjustments specified on the front of this Renewal Lease Form, ask the owner for an explanation. Or you may telephone the NYS Division of Housing and Community Renewal ("DHCR"), Office of Rent Administration at the Central District number (718) 739-6400, before the end of the 60-day period from the date this Form was served upon you.

If the owner agrees to a rent which is lower than the legal regulated rent, this lower amount should be entered in item 5 on the reverse side of this Form, and a signed copy of the agreement should be attached. You may not change the content of this Renewal Lease Form without the owner's written consent.

Your acceptance of this offer to renew shall constitute a renewal of the present lease for the term of years and rent accepted, subject to any other lawful changes which appear in writing on the attachments to this Form, and subject also to payment of the new rent and additional security, if any. Such additional security shall be deposited by the owner in the manner provided for on initial occupancy.

If you do not sign and return this Renewal Lease Form at the new rent (which appears in column "g" or item 5 on the reverse side of this form) in accordance with the instructions, and within the prescribed 60 day period, the owner may have grounds to start proceedings to evict you from your apartment.

You may file a complaint with the DHCR if you have not received a copy of the DHCR Lease Rights Rider with this Renewal Lease Form when signed and returned to you by the owner or a Spanish version of this Form or the Rider after requesting it from the owner, or, if you do not receive a fully executed copy of this Renewal Lease within 30 days from the owner's receipt of a copy of this Form signed by you.

STATE OF NEW YORK
DIVISION OF HOUSING AND COMMUNITY RENEWAL
OFFICE OF RENT ADMINISTRATION
GERTZ PLAZA/92-31 UNION HALL STREET
JAMAICA, NEW YORK 11433

RR-8 11-08

EXHIBIT
Exhibit 510

OLNEC 00157

CSOC.CBR.00004794

RENEWAL LEASE FORM

Read INSTRUCTIONS TO OWNER and TO TENANT on reverse side before filling out or signing this form.

THIS IS A NOTICE FOR RENEWAL OF LEASE AND RENEWAL LEASE FORM ISSUED UNDER SECTION 2523.5(a) OF THE RENT STABILIZATION CODE. ALL COPIES OF THIS FORM MUST BE SIGNED BELOW AND RETURNED TO YOUR LANDLORD WITHIN 60 DAYS.

LA-10U

DATE 07/22/2002 20

Tenant's Name and Address:
CHARLES RANGEL
40 WEST 135 STREET APT# 10U
NEW YORK NY 10037

Owner's/Agent Name & Address
LENOX TERRACE DEVELOP. ASSOC.,
10 WEST 135TH STREET
NEW YORK NY

1. The owner hereby notifies you that your lease will expire on: 10 / 31 / 02
MONTH DAY YEAR

PART A - OFFER TO TENANT TO RENEW

2. You may renew this lease, for one or two years, at your option, as follows:

Col. a Renewal Term	Col. b Legal Rent On Sept. 30th Preceding Commencement Date Of This Renewal Lease	Col. c Authorized Applicable Guideline Increase (if unknown, check box ☐ and see below)*	Col. d Applicable Guideline Supplement, If Any	Col. e Lawful Rent Increase Adj., If Any, Effective After Sept. 30th Indicated In Col. b	Col. f Separate charge, if any (Specify under Item 4 below)	Col. g New Rent (if lower rent is to be charged check box ☐ and see 5 below)**
☐ 1 Year	$ 549.95	2.0 % $ 11.00	$	$	$	$ 560.95
☐ 2 Year	SAME AS ABOVE	5.0 % $ 22.00	$	$	$	$ 571.08

*If applicable guideline rate is unknown at time offer is made, check box in column c and enter current guideline which will be subject to adjustment when new rates are ordered.

**The rent provided for in this renewal lease may be increased or decreased pursuant to an order of the Division of Housing and Community Renewal (DHCR) or Rent Guidelines Board (RGB).

3. Security Deposit:
Current Deposit: $ 551.27 Additional Deposit Required—1 year lease: $ 9.68 —2 year lease: $ 20.68

4. Specify separate charges if applicable:
Air Conditioner — Electricity Charge: $ /mo. — Unit Charge: $ /mo.
421 a (9.21): $ /mo. Other (Describe): $ /mo.

5. Lower Rent to be charged, if any. $ Agreement attached: ☐ yes ☐ no

6. This renewal lease shall commence on 11/01/02 (MONTH DAY YEAR), which shall not be less than 90 days nor more than 150 days from the date of mailing or personal delivery of this Renewal Lease Form. This renewal lease shall terminate on

10/31/03 (MONTH DAY YEAR) ☐ 1 year lease or 10/31/04 (MONTH DAY YEAR) ☐ 2 year lease.

7. This renewal lease is based on the same terms and conditions as your expiring lease, except that 00 lawful provisions attached and 00 written agreements between owner and tenant attached have been added. (Indicate in the blank spaces as applicable, the number of additional provisions or written agreements attached).

This form becomes a binding lease renewal when signed by the owner below and returned to the tenant. A rider setting forth the rights and obligations of tenants and landlords under the Rent Stabilization Law must be attached to this lease when signed by the owner and returned to the tenant (Los derechos y responsabilidades de inquilinos y casero estan disponible en espanol).

PART B - TENANT'S RESPONSE TO OWNER

Tenant: Check and complete where indicated one of the two responses below after reading instructions on reverse side. Then date and sign your response below. You must return this Renewal Lease Form to the owner in person or by regular mail, within 60 days of the date this Notice was served upon you by the owner. Your failure to do so may be grounds for the commencement of an action by the owner to evict you from your apartment.

☑ I (we) the undersigned tenant(s), agree to enter into a 2 year renewal lease at a monthly rent of $ 571.95 This renewal lease is based on the same terms and conditions as my (our) expiring lease, and further attached lawful provisions and attached written agreements, if any (see Item 7 under PART A above).

☐ I (we) will not renew my (our) lease and I (we) intend to vacate the apartment on the expiration date of the present lease set forth above.

Dated: , 20 Tenant's Signature: X

Dated: , 20 Owner's Signature: X

RTP - 6 (1/01) GRAPHIC SERVICE BUREAU (845) 369-2200

EXHIBIT
Exhibit 511

OLNEC 00672

CSOC.CBR.00000963

INSTRUCTIONS TO OWNER

At least two copies of this completed Renewal Lease Form must be mailed to the tenant in occupancy or personally delivered not more than 150 days and not less than 90 days prior to the end of the tenant's lease term. The owner shall also make this Form available in Spanish upon request of the tenant.

If the owner offers a Renewal Lease less than 90 days prior to the expiration of the existing lease, the lease term selected by the tenant shall begin at the tenant's option either (1) on the date a renewal lease would have begun had a timely offer been made or (2) on the first rent payment date occurring no less than 90 days after the date that the owner does offer the lease to the tenant. The guidelines rate applicable for such lease shall be no greater than the rate in effect on the commencement date of the lease for which a timely offer should have been made, and the increased rental shall not begin before the first rent payment date occurring no less than 90 days after such offer is made.

The owner must fully complete PART A on the reverse side of this Form explaining how the new rent has been computed. Any rent increase must not exceed the applicable Rent Guidelines Board adjustment(s) plus other adjustments authorized by the Rent Stabilization Code.

Failure to file a current registration for this housing accommodation with DHCR bars the collection of any guidelines increase after such registration should have been filed. This sanction is lifted prospectively upon the filing of a proper registration.

This Renewal Lease must be offered on the same terms and conditions as the expiring lease, except for such additional provisions as are permitted by law or the Rent Stabilization Code which must be set forth by the owner and attached to this Form. If there are any additional lawful agreements between the owner and tenant, a copy signed by both parties must also be attached to this Form.

The tenant must return to the owner all copies of this Form, completed and signed by the tenant in PART B on the reverse side of this Form.

The owner must furnish the tenant with a fully executed copy of this Renewal Lease Form bearing the tenant's and owner's signatures in PART B, and a copy of the DHCR Lease Rights Rider, within 30 days of the owner's receipt of this Form signed by the tenant. The owner shall also make the Lease Rights Rider available in Spanish upon request of the tenant. Service of this fully executed Form, upon the tenant, constitutes a binding renewal lease. If the owner fails to furnish the tenant with a fully executed copy of this Form within 30 days of receipt of the Form signed by the tenant, the tenant shall continue to have rights afforded by the Rent Stabilization Law and Code, and the owner will be barred from commencing any action or proceeding against the tenant based upon non-renewal of lease.

INSTRUCTIONS TO TENANT

If you wish to accept this offer to renew your lease, you must complete and sign this Renewal Lease Form in the space provided in PART B on the reverse side of this Form, and you must return all copies of the signed Lease Form to the owner in person or by regular mail within 60 days of the date this Form was served upon you. You may wish to make a copy for your own records. *If you are the recipient of a Senior Citizen Rent Increase Exemption, you must select a one- or two-year lease, or you will lose this exemption.*

Before you complete and sign PART B and return this Renewal Lease Form, be sure to check the number of additional lawful provisions and written agreements indicated under item 7 on the reverse side of this Form and that the same number of lawful provisions and written agreements have been attached by the owner to this Form. Please read all attachments carefully. If such other lawful provisions appear, they are part of this lease renewal offer and renewal lease. If there are any lawful agreements between you and the owner, attached copies must be signed by both parties.

If you question the Legal Regulated Rent or the rental adjustments specified on the front of this Renewal Lease Form, ask the owner for an explanation. Or, you may telephone the NYS Division of Housing and Community Renewal (DHCR), Office of Rent Administration, at (718) 739-6400, before the end of the 60-day period from the date this Form was served upon you.

If the owner agrees to a rent which is lower than the legal regulated rent, this lower amount should be entered in item 5 on the reverse side of this Form, and a signed copy of the agreement should be attached. You may not change the content of this Renewal Lease Form without the owner's written consent.

Your acceptance of this offer to renew shall constitute a renewal of the present lease for the term of years and rent accepted, subject to any other lawful changes which appear in writing on the attachments to this Form, and subject also to payment of the new rent and additional security, if any. Such additional security shall be deposited by the owner in the manner provided for on initial occupancy.

If you do not sign and return this Renewal Lease Form at the new rent (which appears in column "g" of item 5 on reverse side of this Form) in accordance with the instructions, and within the prescribed 60-day period, the owner may have grounds to start proceedings to evict you from your apartment.

You may file a complaint with DHCR, if you have not received a copy of the DHCR Lease Rights Rider with this Renewal Lease Form when signed and returned to you by the owner, or a Spanish version of this Form or the Rider after requesting it from the owner, or, if you do not receive a fully executed copy of this Renewal Lease within 30 days from the owner's receipt of a copy of this Form signed by you.

State of New York
Division Of Housing and Community Renewal
Office Of Rent Administration/Gertz Plaza
92-31 Union Hall Street
Jamaica, New York 11433
Web Site: www.dhcr.state.ny.us

RTP-8

EXHIBIT
Exhibit 511

ACKNOWLEDGEMENT

I hereby acknowledge that a true copy of the document entitled "Rent Stabilization lease Rider for apartment house tenants residing in New York City" ("Rider") has been received by me and is attached as an addendum to my lease dated _____. It is further acknowledged that the Rider expressly provided that its provisions are not part of said Lease nor does the Rider modify said Lease.

Tenant's Name CHARLES RANGEL

Address 46 W. 135TH ST

Apt. 10:U

Signature _____

Date _____



UNIT SHOULD BE CHECKED. TENANT MAY HAVE NEVER LIVED AT 40 WEST 135TH STREET.

10. 10U CONGRESSMAN CHARLES RANGEL

6/26/04
40 W
10U

SS#	REDACTED
	CHARLES B RANGEL
YOb	JUNE 1930
ADDRESS	40 WES T135TH ST. 10U
DATE LISTED	JAN. 1990 TO PRESENT
OTHER ADDRESS	74 WEST 132ND STREET
DATE LISTED	JUNE 1974 TO DEC. 2002
OTHER ADDRESS	PO BOX 5577 NEW YORK, NY 10027
DATE LISTED	SEPT. 2002 TO MAR. 2004
OTHER ADDRESS	2354 RAYBURN BUILDING WASHINGTON, DC 20515
DATE LISTED	FEB.1994 TO PRESENT

NO OTHER ADDRESS INFORMATION LISTED.

PROPERTY RECORDS

CHARLES RANGEL AND ALMA RANGEL OWN 74 WEST 132ND STREET AN APT. BUILDING. PARCEL # 1729-0065. THE REAL PROPERTY TAX MAILING ADDRESS IS 163 W 125TH STREET .

CHARLES RANGEL AND THE APOLLO THEATRE FOUNDATION INC. OWN 253 WEST 125TH ST. APOLLO THEATER.

CHARLES RANGEL SOLD 4807 COLORADO AVE.NW IN WASHINGTON DC TO JOCELYN HENDERSON ON 9-15-2000 FOR $500,000.00

NO RELATIVES LISTED.

REDACTED

EXHIBIT
Exhibit 512

Darryl Rankin

From: Darryl Rankin
Sent: Wednesday, February 16, 2005 6:32 PM
To: Ed Ackerman; Matthew Brennan; Bruce Simon; Robert Rissetto; Robert Odell; Ellen Hauer
Subject: Lenox Resident List - Confidential
Importance: High
Sensitivity: Confidential

As per Neil, attached is a listing of Lenox Residents and their respective apartments that should be flagged immediately. Please ensure that no legal or collection actions are initiated against any of these apartments without notifying me first in advance.

Thanks.

Darryl Rankin
General Manager
Lenox Terrace Development Associates
10 West 135th Street
New York, NY 10037
(212) 862- office
(212) 368- fax

-----Original Message-----
From: Darryl Rankin
Sent: Thursday, February 10, 2005 5:33 PM
To: Neil Rubler
Subject: Lenox Resident List
Importance: High
Sensitivity: Confidential

N

Have checked with Harold Griffel, LaMarr Sellars, George White, Stafford Woodley and Peter Soundias regarding your request from yesterday. Attached is a list of names and apartment numbers:

1) Charles Rangel 40/10U, 16M, 16NP - US Congressman
2) Basil Paterson - former state senator & NY secretary of state
3) David Paterson - NY state senator
4) Percy Sutton - former Manhattan Borough President
5) Hazel Dukes - NAACP President
6) James Capel - Rangel Chief of Staff - (account is in Evict status because of nonpayment)
7) Melvin Norris - Rangel Deputy Chief of Staff
8) Geraldine Daniels Henry - Former Assemblywoman
9) Cheryl Sutton - P. Sutton daughter
10) Oliver Sutton - P. Sutton son
11) William Bell - -rechecking - according to Peter Soundias he is very well connected politically - was apparently involved with Dukakis and Gore campaigns with DNC - apartment has been Golubed and is in "Evict" status
12) Emmett Causey - Staff member of Lloyd Williams - Greater Harlem Chamber of Commerce

EXHIBIT
Exhibit 513

13) Richard White - [redacted] - Deputy Commissioner - Investigation, Trials & Litigation Division - works for City of New York Corrections Dept.
14) LaMarr Sellars [redacted] - LT-ACT President - Executive Level
15) Henrietta Lyle [redacted] T-ACT Vice President - Executive Level

Darryl Rankin
General Manager
Lenox Terrace Development Associates
10 West 135th Street
New York, NY 10037
(212) 862[redacted] - office
(212) 368[redacted] - fax

EXHIBIT
Exhibit 513

Bruce Simon

From: Nell Rubler
Sent: Friday, December 02, 2005 6:44 PM
To: Bruce Simon
Cc: Robert Rissetto
Subject: [redacted]

Bruce,

You may recall that I discussed with you a request I received from [redacted] to rent an aprtment al Lenox Terrace. Where [redacted] did not request that we make a special accomodation on price, his budget while on the [redacted] payroll would qualify him at around [redacted] per month, or less than we ask for renovated apartments. What's more, he is getting divorced and needs enough room for his son.

I told [redacted] after having that call you'll remember with Kramer Levin, that we coudn't accomodate his request for a two-bed, as I couldn't justify the discount that would be required. He is now interested in a Junior 4 (his son would live in his living room), for which his rent would still need to be discounted by several hundred dollars per month.

Bruce, Lenox has long benefited from, and has supported, the tenancy of local political leaders. Charle Rangel, Percy Sutton, the Pattersons, the Lyles and others have various "friends and family" incentives. We don't get a direct benefit from these arrangements-no kickback has occurred. Instead, the benefit is intangible but meaningful as it raises the prominence of Lenox in the community.

I beleve it to be in Lenox's interest to have [redacted] as a resident, and that a concession on rent would not be inappropriate as we would be charging him all that he can afford. In other words, if we can't accomodate him on price, he'd simply need to make another property his home.

I'd like your advice on this before I give him the green-light, and want to ensure that everyone feels comfortable.

Lemme know.

EXHIBIT
Exhibit 514

OLNEC 00337

CSOC.CBR.00004944

RENEWAL LEASE FORM

Read INSTRUCTIONS TO OWNER and TO TENANT on reverse side before filling out or signing this form.

THIS IS A NOTICE FOR RENEWAL OF LEASE AND RENEWAL LEASE FORM ISSUED UNDER SECTION 2523.5(a) OF THE NEW YORK CITY RENT STABILIZATION CODE. ALL COPIES OF THIS FORM MUST BE SIGNED BELOW AND RETURNED TO YOUR LANDLORD WITHIN 60 DAYS.

July 24, 2006

*Tenant's Name and Address:

Charles Rangel
40 West 135th Street *
APT # 10u
New York, NY 10037

Owner's/Agent's Name & Address

HAMPTON MANAGEMENT CO LLC
110 East 59th Street-20th Fl
New York, NY 10022

1. The owner hereby notifies you that your lease will expire on: October 31, 2006

PART A - OFFER TO TENANT TO RENEW

2. You may renew this lease, for one or two years, at your option, as follows:

Col. a Renewal Term	Col. b Legal Rent On Sept. 30th Preceding Commencement Date Of This Renewal Lease	Col. c Authorized Applicable Guideline Increase (If unknown, check box ☐ and see below)*		Col. d Applicable Guide-lines Supplement, If Any	Col. e Lawful Rent Increase Adj., If Any, Effective After Sept. 30th Indicated in Col. b	Col. f Separate charge, if any (Specify under item 4 below)	Col. g New Rent (If lower rent is to be charged check box ☐ and see 5 below)**
☐ 1 Year	$630.08	(4.5%)	$28.35	$0.00	$0.00	$0.00	$658.43
☐ 2 Year	SAME AS ABOVE	(7.5%)	$47.26	$0.00	$0.00	$0.00	$677.34

* If applicable guideline rate is unknown at time offer is made, check box in column c and enter current guideline which will be subject to adjustment when new rates are ordered.

** This rent provided for in this renewal lease may be increased or decreased pursuant to an order of the Division of Housing and Community Renewal (DHCR) or Rent Guidelines Board (RGB)

3. Security Deposit:
Current Deposit: $571.95 Additional Deposit Required - 1 year lease: $86.48 - 2 year lease: $105.39

4. Specify separate charges if applicable:
Air Conditioner - Electricity Charge: $0.00 /mo. -Unit Charge: $0.00 /mo.
421 a (2.2%): $0.00 /mo. Other (Describe): $0.00 /mo.

5. Lower Rent to be charged, if any. **Agreement attached: ☐ yes ☐ no**

6. This renewal lease shall commence on 11/01/06, which shall not be less than 90 days nor more than 150 days from the date of mailing or personal delivery of this Renewal Lease Form. This renewal lease shall terminate on 10/31/07 ☐ 1 year lease or 10/31/08 ☐ 2 year lease.

7. This renewal lease is based on the same terms and conditions as your expiring lease, except that _____ lawful provisions attached and _____ written agreements between owner and tenant attached have been added. (Indicate in the blank spaces as applicable, the number of additional provisions or written agreements attached).

This form becomes a binding lease renewal when signed by the owner below and returned to the tenant. A rider setting forth the rights and obligations of tenants and landlords under the Rent Stabilization Law must be attached to this lease when signed by the owner and returned to the tenant.

PART B - TENANT'S RESPONSE TO OWNER

Tenant: Check and complete where indicated one of the two responses below after reading instructions on reverse side. Then date and sign your response below. You must return this Renewal Lease Form to the owner in person or by regular mail, within 60 days of the date this Notice was served upon you by the owner. Your failure to do so may be grounds for the commencement of an action by the owner to evict you from your apartment.

☑ **I (we) the undersigned tenant(s), agree to enter into a 2 year renewal lease at a monthly rent of** 677.34 This renewal lease is based on the same terms and conditions as my (our) expiring lease, and further attached lawful provisions and attached written agreements, if any (see item 7 under PART A above).

☐ I (we) will not renew my (our) lease and I (we) intend to vacate the apartment on the expiration date of the present lease set forth above.

Dated: 11/27/06 Tenant's Signature(s): X Charles Rangel X

Dated: _____ Owner's Signature: X Eileen Hafer

EXHIBIT
Exhibit 515

OLNEC 00166

CSOC.CBR.00004803

INSTRUCTIONS TO OWNER

At least two copies of this completed Renewal Lease Form must be mailed to the tenant in occupancy or personally delivered not more than 150 days and not less than 90 days prior to the end of the tenant's lease term. The owner shall also make this Form available in Spanish upon request of the tenant.

If the owner offers a Renewal Lease less than 90 days prior to the expiration of the existing lease, the lease term selected by the tenant shall begin at the tenant's option either (1) on the date a renewal lease would have begun had a timely offer been made or (2) on the first rent payment date occurring no less than 90 days after the date that the owner does offer the lease to the tenant. The guidelines rate applicable for such lease shall be no greater than the rate in effect on the commencement date of the lease for which a timely offer should have been made, and the increased rental shall not begin before the first rent payment date occurring no less than 90 days after such offer is made.

The owner must fully complete PART A on the reverse side of this Form explaining how the new rent has been computed. Any rent increase must not exceed the applicable Rent Guidelines Board adjustment(s) plus other adjustments authorized by the Rent Stabilization Code.

Failure to file a current registration for this housing accommodation with DHCR bars the collection of any guidelines increase after such registration should have been filed. This sanction is lifted prospectively upon the filing of a proper registration.

This Renewal Lease must be offered on the same terms and conditions as the expiring lease, except for such additional provisions as are permitted by law or the Rent Stabilization Code which must be set forth by the owner and attached to this Form. If there are any additional lawful agreements between the owner and tenant, a copy signed by both parties must also be attached to this Form.

The tenant must return to the owner all copies of this Form, completed and signed by the tenant in PART B on the reverse side of this Form.

The owner must furnish the tenant with a fully executed copy of this Renewal Lease Form bearing the tenant's and owner's signatures in PART B, and a copy of the DHCR Lease Rights Rider, within 30 days of the owner's receipt of this Form signed by the tenant. The owner shall also make the Lease Rights Rider available in Spanish upon request of the tenant. Service of this fully executed Form, upon the tenant, constitutes a binding renewal lease. If the owner fails to furnish the tenant with a fully executed copy of this Form within 30 days of receipt of the Form signed by the tenant, the tenant shall continue to have rights afforded by the Rent Stabilization Law and Code, and the owner will be barred from commencing any action or proceeding against the tenant based upon non-renewal of lease.

INSTRUCTIONS TO TENANT

(Read Owner's and Tenant Instructions carefully before completing this Renewal Lease Form)

If you wish to accept this offer to renew your lease, you must complete and sign this Renewal Lease Form in the space provided in PART B on the reverse side of this Form, and you must return all copies of the signed Lease Form to the owner in person or by regular mail within 60 days of the date this Form was served upon you. You may wish to make a copy for your own records. *If you are the recipient of a Senior Citizen Rent Increase Exemption, you must select a one- or two-year lease, or you will lose this exemption.*

Before you complete and sign PART B and return this Renewal Lease Form, be sure to check the number of additional lawful provisions and written agreements indicated under item 7 on the reverse side of this Form and that the same number of lawful provisions and written agreements have been attached by the owner to this Form. Please read all attachments carefully. If such other lawful provisions appear, they are part of this lease renewal offer and renewal lease. If there are any lawful agreements between you and the owner, attached copies must be signed by both parties.

If you question the Legal Regulated Rent or the rental adjustments specified on the front of this Renewal Lease Form, ask the owner for an explanation. Or, you may telephone the NYS Division of Housing and Community Renewal (DHCR), Office of Rent Administration, at (718) 739-6400, before the end of the 60-day period from the date this Form was served upon you.

If the owner agrees to a rent which is lower than the legal regulated rent, this lower amount should be entered in item 5 on the reverse side of this Form, and a signed copy of the agreement should be attached. You may not change the content of this Renewal Lease Form without the owner's written consent.

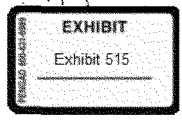
Your acceptance of this offer to renew shall constitute a renewal of the present lease for the term of years and rent accepted, subject to any other lawful changes which appear in writing on the attachments to this Form, and subject also to payment of the new rent and additional security, if any. Such additional security shall be deposited by the owner in the manner provided for on initial occupancy.

If you do not sign and return this Renewal Lease Form at the new rent (which appears in column "g" of item 5 on reverse side of this Form) in accordance with the instructions, and within the prescribed 60-day period, the owner may have grounds to start proceedings to evict you from your apartment.

You may file a complaint with DHCR, if you have not received a copy of the DHCR Lease Rights Rider with this Renewal Lease Form when signed and returned to you by the owner, or a Spanish version of this Form or the Rider after requesting it from the owner, or, if you do not receive a fully executed copy of this Renewal Lease within 30 days from the owner's receipt of a copy of this Form signed by you.

State of New York
Division Of Housing and Community Renewal
Office Of Rent Administration/Gertz Plaza
92-31 Union Hall Street
Jamaica, New York 11433
Web Site: www.dhcr.state.ny.us

RTP-8



Bonnie Jacobs

From: Walter Swett
Sent: Monday, July 31, 2006 2:53 PM
To: Bruce Simon
Subject: Celebrate Hon. Charles Rangel's Birthday with the National Leadership PAC
Attachments: National Leadership PAC 072606.pdf

Bruce –
Thanks for getting back to me. Attached and below is the invitation from Congressman Rangel for his party a week from Wednesday. He has also sent a letter to Sylvia Olnick regarding this affair. We can only accept personal checks and hope that members of the Olnick organization will support this event as they have in the past. Please let me know if you need any additional information. Thanks very much!
Walter

Congressman Charles Rangel, Ranking Member on Ways and Means, invites you to join him in celebrating his birthday on August 9th, 2006 in New York City with Senators Clinton & Schumer, Congressmen Murtha and John Lewis, and the next governor of New York, Eliot Spitzer. Details are attached, or contact Walter Swett at 212-862- or walter

EXHIBIT
Exhibit 516

CONGRESSMAN

CHARLIE RANGEL'S BIRTHDAY GALA

With Special Guests

Hon. Hillary Clinton ★ Hon. Charles Schumer ★ Hon. Eliot Spitzer
★Ret. Gen. Wesley Clark ★Hon. Jack Murtha ★ Hon. John Lewis

WEDNESDAY - AUGUST 9, 2006 - 6:00 PM

TAVERN ON THE GREEN
New York City

FOR SPONSORSHIP INFORMATION
CONTACT WALTER SWETT AT 212-862- or walter

Yes! I want to join the Host Committee for the Birthday Gala and have my name listed on the invitation. I will be participating in this event by writing/raising for the National Leadership PAC as a:

Chair $10,000 Vice-Chair $5000 Host $2500 Sponsor $1000

Please fax this form to (212) 862-

NAME: _____

OCCUPATION: _____ EMPLOYER: _____

ADDRESS: _____

CITY: _____ STATE: _____ ZIP: _____

PHONE: _____ FAX: _____ EMAIL: _____

CREDIT CARD NO. _ _ _ _ - _ _ _ _ - _ _ _ _ - _ _ _ _ EXP DATE: (Month/Year) ____ /____
Visa MC Amex Discover

Please return this form with your check to:
The National Leadership PAC, PO Box 5577, Manhattanville Station, NY 10027

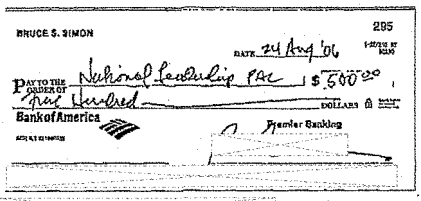
Corporate contributions are prohibited. Contributions are not tax-deductible.

Blast Fax Paid for By the DCCC 430 South Capitol Street SE, Washington DC 20003, (202) 863- ,and Authorized by The National Leadership PAC, PO Box 5577, New York, NY 10027 (212) 862- . Not authorized by any candidate or candidate committee.

EXHIBIT
Exhibit 516

OLNEC 00285

CSOC.CBR.00000545


BRUCE S. SIMON

295

DATE 24 Aug '06

PAY TO THE ORDER OF National Leadership PAC $ 500.00

Five Hundred DOLLARS

Bank of America

Premier Banking

Amount: 500.00

EXHIBIT

Exhibit 517

OLNEC 00319

CSOC.CBR.00000579

Bruce Simon

From: Walter Swett
Sent: Monday, October 30, 2006 6:07 PM
To: Bruce Simon
Subject: Rangel Events This Week

Dear Bruce-

Through your efforts, Congressman Rangel has been able to tranfer an additional $200K to the House campaign committees, bringing his total contributions this cycle to nearly $1.5 million.

The Congressman was in Rochester today stumping for Dan Maffei (NY-25). He is back in town for a few final events this week in Manhattan that we hope you will consider:

Tuesday, October 31

5:00pm Congressman Rangel discusses midterm elections on CNN's "The Situation Room" with Wolf Blitzer

5:00pm Event for Michael Arcuri w/President Clinton.
Home of Marc & Cathy Lasry - 4 East 74th Street.

6:30pm Event for Christine Jennings w/President Clinton.
Home of Sally Minard -133 East 62nd Street.

Wednesday, November 1
2pm Event for Linda Stender (NJ-07) (In District)

5pm-7pm Reception for Rangel PAC and Targeted Campaigns.
Home of Edward & Holli Gersh - 150 East 69th Street.

Thursday, November 2

10am-12am Event for Tim Mahoney (FL-16 - Foley Seat!) w/Senator Clinton.
Offices of Aiken Gump - 590 Madison Avenue

Thanks again for all your support. There are many ways to get involved in the next seven days to bring us to victory on Election Day. Please do what you can and make sure that your friends are doing their part as well.

Thank you!

--Walter

Walter Swett
Rangel Campaign
10 West 135th Street - Suite 10U
New York, NY 10037



EXHIBIT
Exhibit 519

LENOX TERRACE
SPECIAL HANDLING TENANTS

Tenant	Title	Address	Apt	Account
Hazel Dukes	NAACP President	10 West 135th		
James Capel	Rangel Chief of Staff	10 West 135th		
Percy Sutton	Former Manhattan Borough President	10 West 135th		
Neal & Abasi (Son) Clark	Chairman - Community Board 10	2186 Fifth Ave		
Emmett Causey	Staff member of Lloyd Williams - Greater Harlem Chamber of Commerce	2186 Fifth Ave		
Delsenia Glover	LT-ACT Vice President	2186 Fifth Ave		
Shirley Cuevas	LT-ACT Treasurer	2186 Fifth Ave		
Marlene McMillan	Former Senior LT-ACT member	25 West 132nd		
Basil Paterson	Former State Senator & NY Secretary of State	40 West 135th		
Henrietta Lyle	Former LT - ACT President -	40 West 135th		
Leroy Young	LT-ACT Finanical Secretary	40 West 135th		
Charles Rangel	US Congressman	40 West 135th	10U	T0007858
Hon. Geraldine Daniels-Henry	Former Assemblywoman	45 West 132nd		
Gwendolyn Scott-Garnett	Participant of Community Board #10	45 West 132nd		
Betty Hughley	LT-ACT Parliamentarian	45 West 132nd		
David Paterson	NY State Senator	45 West 132nd		
Melanie Stewart	LT-ACT Corresponding Secretary	45 West 132nd		
Jeanette Spencer	LT-ACT President	470 Lenox Ave		
Oliver Sutton	P. Sutton's Son	470 Lenox Ave		

Tartas/Filippelli/Reports/JRF-Lenox Terrace Special Handling Tenants 01-26-07 Rev. 04-12-07

LENOX TERRACE
SPECIAL HANDLING TENANTS

Tenant	Title	Address	Apt	Account
LaMarr Sellars	LT-ACT Recording Secretary (Former LT-ACT President - Executive Level)	470 Lenox Ave		
Richard White	Deputy Commissioner - Investigation, Trials & Litigation Division - works for City of New York Corrections Dept.	470 Lenox Ave		
Emory Evans	Participant of Community Board #10	470 Lenox Ave		
Cheryl Sutton	P. Sutton's Daughter	470 Lenox Ave		

Tanas/Filippelli/Reports/IRF-Lenox Terrace Special Handling Tenants 01-26-07 Rev. 04-12-07

Bruce Simon

From: Walter Swett [walter@rangelcampaign.org]
Sent: Tuesday, June 12, 2007 1:00 PM
To: Bruce Simon
Subject: Rangel Breakfast

Dear Bruce-

Congressman Rangel asked me to check w/you re: Dan Maffei. Maffei is the former Ways & Means spokesman who came within 1% of unseating Syracuse Congressman Jim Walsh in 2006. There is no primary this year so both Charlie and the DCCC are working to help him have a strong June 30 filing.

We'd like to ask you to write a check for between $250-$2300 and, if you can, join Charlie & Dan for breakfast at the home of Victor and Sarah Kovner (27 W 67th) this Monday, June 18th, at 8:00AM. If you're unable to attend please either make your check payable to "Maffei for Congress" and send to our address below or contribute online at www.Maffeiforcongress.com. Please let me know if you plan to attend.

Thanks very much for helping to expand the Democratic majority, we appreciate all you do very much.

--Walter

Walter Swett
Rangel Campaign
40 West 135th Street - 10U
New York, NY 10037
(212) 862-[redacted]



Dion Keene

From: Dion Keene
Sent: Tuesday, July 17, 2007 2:45 PM
To: 'walter@charlierangel.org'
Subject: RE: Air Conditioner cut in middle panel of living room window

Walter -

Ownership does not authorize residents to install wood flooring in their apartments - only carpet. Unfortunately, the window panel a/c is the only approved installation in the apartments going forward.

Thanks.

-Dion

-----Original Message-----
From: Walter Swett [mailto:walter@rangelcampaign.org]
Sent: Friday, July 13, 2007 5:45 PM
To: Dion Keene
Cc: levera@rangelcampaign.org
Subject: RE: Air Conditioner cut in middle panel of living room window

Hi Dion - Is there any appeal process for this? Having an a/c that severely limits the opening of the windows is not an acceptable alternative for us. We would happily bear the expense of the wall sleeve. Also, we're curious about he flooring here, currently we have wall to wall carpeting, is there an approval process we need to go through if we want hardwood flooring put in? Thanks and have a good weekend.

Walter

From: Dion Keene
Sent: Monday, July 09, 2007 12:50 PM
To: walter@charlierangel.org
Cc: levera@rangelcampaign.org
Subject: RE: Air Conditioner cut in middle panel of living room window

Hi Walter -

One of the reasons for the new window design and installation is to move away from the wall sleeve units. Management will not allow any apartments to install new wall sleeves going forward.

Dion H. Keene
General Manager
Lenox Terrace Development Associates
484 Lenox Avenue
New York, NY 10037
Office - (212) 862-
Facsimile - (212) 234-
Email

-----Original Message-----
From: Walter Swett [mailto:walter@rangelcampaign.org]
Sent: Monday, July 09, 2007 12:36 PM

EXHIBIT
Exhibit 521

To: Dion Keene
Cc: levera@rangelcampaign.org
Subject: RE: Air Conditioner cut in middle panel of living room window

Dion - I'm sorry to hear that Lenox Terrace no longer cuts sleeves in the façade. It appears that a number of other sleeves have been cut in the building. Could we hire a private contractor to do the work? Thanks.

walter

From: Dion Keene [
Sent: Monday, July 09, 2007 12:22 PM
To: levera@rangelcampaign.org; walter@charlierangel.org
Subject: RE: Air Conditioner cut in middle panel of living room window

LeVera/Walter -

The window a/c shortens the amount of open space after installation but does not prevent the windows from opening. Unfortunately, that is the only option for installing a an a/c in the apartment as we do not install wall sleeves through the facade.

-----Original Message-----
From: LeVera [mailto:levera@rangelcampaign.org]
Sent: Monday, July 09, 2007 10:47 AM
To: walter@charlierangel.org
Cc: Dion Keene
Subject: RE: Air Conditioner cut in middle panel of living room window

Hi, Deon!

Is a wall sleeve still possible?

From: Walter Swett [mailto:walter@rangelcampaign.org]
Sent: Monday, July 09, 2007 10:45 AM
To: levera@rangelcampaign.org
Cc: dkeene
Subject: RE: Air Conditioner cut in middle panel of living room window

That's not an acceptable solution because that means that the two other windows will not open. Please find out how we get a wall sleeve cut. Thank you.

From: LeVera [mailto:levera@rangelcampaign.org]
Sent: Monday, July 09, 2007 10:37 AM
To: walter@charlierangel.org
Cc: dkeene
Subject: Air Conditioner cut in middle panel of living room window

Hi, Walter!

Per Deon from Olnick, as soon as we can get an air

EXHIBIT
Exhibit 521

conditioner that is under 18 inches and 110 volts, they will install/create sleeve out of the middle panel of the living room window which is cheaper than cutting out a sleeve from the wall underneath the window.

LeVera Sutton
Rangel Campaign
P. O. Box 5577
Manhattanville Station
New York, NY 10027

Telephone: (212) 862-4990
Fax: (212) 862-4845
www.charlierangel.org

7/31/2008



Dion Keene

From: Dion Keene
Sent: Thursday, June 28, 2007 4:30 PM
To: 'Peter Soundias'
Subject: RE: Rangel

thanks

-----Original Message-----
From: Peter Soundias
Sent: Thursday, June 28, 2007 3:39 PM
To: Dion Keene
Subject: Rangel
Importance: High

I received a call from Rangel's office requesting installation of a sleeve in the living room, and also new electrical outlet.
I send they should put it in writing and send it to Lenox terrace.

Peter Soundias
Assistant Superintendent
Lenox Terrace Development Associates
484 Lenox Avenue
New York, NY 10037
(212) 368- - office
(212) 368- - fax
psoundias

7/31/2008

EXHIBIT
Exhibit 522

OLNEC 01212

RANGEL
FOR CONGRESS

June 28, 2007

LeVera Sutton c/o
Congressman Charles Rangel Campaign
40 Lenox Terrace, #10U
New York, NY 10037

To Whom It May Concern:

We would like to request work be done in our living room to install a wall air conditioning unit.

We were told to contact your office regarding creating a sleeve and another circuit having to be installed to accommodate the unit.

I look forward to hearing from you regarding this matter.

Thank you!

LeVera Sutton
Office Administrator

7/9/07 @ 10:45 a.m.
- spoke to Ms Sutton. advised of type of a/c needed.
Lenox will install a/c upon notice of a/c arrival.
DC

P.O. Box 5577 Manhattanville Station New York, NY 10027 . (212)-862-4990 . Fax (212)-862-4845 . www.charlierangel.com

Federal law requires political committees to report the name, mailing address, occupation and name of employer for each individual whose contributions aggregate in excess of $200 in a

EXHIBIT
Exhibit 523

Bruce Simon

From: Ashley Booker [ashley@rangelcampaign.org]
Sent: Wednesday, August 01, 2007 12:48 PM
To: Bruce Simon
Subject: Rangel Gala Birthday

Dear Bruce-

You are invited to the Gala Birthday Celebration of Congressman Charles Rangel at Tavern on the Green on Wednesday, August 8, 2007 at 6pm.

This year's party will be better than ever with special guests Hillary Clinton, Eliot Spitzer, David Paterson and performance by Aretha Franklin.

You can purchase tickets and see details on the event here: www.nationalleadershippac.com

We will be distributing tickets in advance to those who have their contributions in by Friday August 3rd. Advance ticket holders will be able to avoid the line at the door.

Tickets start at $200 for general admission and $1000 for Gala Committee members. Checks are to be made payable to "The National Leadership PAC." Please mail your check to Rangel Headquarters, 40 West 135th Street - Suite 10U, New York, NY 10037. You may also purchase your tickets online at www.nationalleadershippac.com

Thanks again for your support of Congressman Rangel.

Sincerely,

-Ashley

Ashley Booker
The National Leadership PAC
40 West 135th Street - Suite 10U
New York, NY 10037

P: (212) 862-
F: (212) 862-

You are subscribed as [redacted]. To unsubscribe please click here:
http://cmpgnr.com/r.html?c=1018623&r=1017826&t=1106378069&l=6&ea=bsimon@olnick.com&la=1&o=-75.

This mailer was created with Campaigner.
http://www.campaigner.com/?testdrive_0

EXHIBIT
Exhibit 524

Lenox Terrace
Harlem's Finest Residential Community
484 Lenox Avenue
New York, New York 10037
Office: (212) 862-8900
Fax: (212) 368-6465
WWW.OLNICK.COM

RESIDENTIAL LEASE APPLICATION

I am interested in a: [] Studio [X] 1 Bedroom [] 2 Bedroom
Apt 10K - 40 W 135

Date: _____

Name: CHARLES B. RANGEL Social Sec. #: [redacted]

Present Address: 40 W 135th St - Apt 10U - NY, NY 10037

Number of Rooms: 1 Number of Persons: 1 Rent Paid: $682.56

Length of Tenancy: 10 years Telephone No.: 212 862 [redacted]

Landlord's Name and Address: OLNICK

Telephone No.: _____

Previous Address: _____

Landlord's Name and Address: _____

How Long? _____ Rent Paid: _____

If Guarantor Application, describe relationship to Applicant: _____

Current Employment:
Job Title: CONGRESSMAN Annual Income: _____

Company Name: US HOUSE OF REP.

Company Address: 2354 RAYBURN H.O.B.

Company Telephone No.: 202 225 4365 Dept. Head: _____

Length of Employment: 38 years

Previous Employment:
Company Name: NYS ASSEMBLY

Company Address: _____

Company Telephone No.: _____ Dept. Head: _____

Length of Employment: _____
Have you ever been evicted? [X] no [ ] yes Have you ever broken a lease? [X] no [ ] yes Describe _____
Have you ever been in Landlord/Tenant court? [X] no [ ] yes Explain _____
Have you ever declared bankruptcy? [X] no [ ] yes Explain _____
Citizen Status: [X] U.S. Citizen [ ] Permanent Resident (Green Card) [ ] Temporary Resident (No Green Card)

Additional Sources of Income (Stocks, Pensions, Etc.): _____

NUMBER OF PERSONS TO OCCUPY APARTMENT

Name	Relationship to Applicant
WALTER SWETT	STAFF
LEVERA SUTTON	
DARREN RIGGER	

Bank Accounts:
Checking:

Account #	Bank	Branch

Savings:

Account #	Bank	Branch

Applicant's Accountant:

Name	Address	Telephone No.

Applicant's Attorney:

Name	Address	Telephone No.

Additional References:

	Name	Address	Telephone No.
1.	BASIL PATERSON	40 W 135th	516-741-[redacted]
2.	Percy SUTTON	10 W 135th	212-368-[redacted]

How did you find this apartment? 1 [ ] New York Times Ad 2 [ ] Other Advertising Publication 3 [ ] Website 4 [ ] Reference 5 [ ] Sign/Billboards 6 [ ] Broker (list Company & Broker's Name) _____ 7 [X] Other (describe) Neighbor

I hereby warrant that all my representations set forth above are true. I further represent that I am not renting a room or an apartment under another name, nor have I ever been dispossessed from my apartment nor am I now being dispossessed. I understand this notice will also apply to future update reports that may be requested.

Signature: [signature] for Charles Rangel Date: 5/27/08

FOR OFFICE USE ONLY
Apt. _____ No. of Rooms: _____ Building: _____ Rental: _____
Agent: _____ Deposit Received: _____
Lease Date to Commence on: _____ Length of Lease: _____

EXHIBIT
Exhibit 525

CBR 001865

CSOC.CBR.00006084

OLNICK

CREDIT REPORT AUTHORIZATION

Dear Applicant(s):

In order for us to comply with the provisions of Section 606 of the Fair Credit Reporting Act, you must authorize us to retain a Credit Reporting Agency, who may obtain, prepare and furnish credit reports concerning you, and may obtain and furnish information on your character, general reputation, personal characteristics and mode of living.

We understand that upon request, you are entitled to a disclosure of the nature and scope of the investigating to be requested by us of said Credit Reporting Agency.

Please sign where indicated below to authorize us to obtain the above mentioned Credit Report.

_____ Date: 5/27/08
(Applicant's Signature)

_____ Date: _____
(Applicant's Signature)

CBR 001866

EXHIBIT
Exhibit 525

CSOC.CBR.00006085

CRIMINAL INFORMATION AUTHORIZATION

RELEASE OF INFORMATION AUTHORIZATION

I HEREBY AUTHORIZE ANY INDIVIDUAL, COMPANY, OR INSTITUITION TO RELEASE TO The Olnick Organization AND/OR ITS REPRESENTATIVE ANY AND ALL INFORMATION THAT THEY HAVE CONCERNING ANY REPORT CONCERNING SAID APPLICANT LISTED BELOW.

I HEREBY RELEASE THE INDIVIDUAL, COMPANY, OR INSTITUITION AND ALL INDIVIDUALS CONNECTED THEREWITH FROM ALL LIABILITY FOR ANY DAMAGE WHATSOEVER INCURRED IN FURNISHING SUCH INFORMATION.

Print Name: CHARLOS B. RANGEL

Date of Birth: 6/11/30

Address: 40 W 135th ST APT 16 N P

City: NEW YORK State: NY

Social Security #: [redacted]

Driver's License #: [redacted]

WHS for CBR
Signature

The Olnick Organization | Lenox Terrace Development Associates

CBR 001867

EXHIBIT
Exhibit 525

CSOC.CBR.00006086

RELEASE OF INFORMATION AUTHORIZATION

I HEREBY AUTHORIZE **TENANT DATA VERIFICATION, CO., INC.**, TO OBTAIN A CREDIT INQUIRY ON MY ACCOUNT OR ACCOUNTS FROM ANY INDIVIDUAL, COMPANY, OR INSTITUITION FOR THE PURPOSE OF RENTAL OR PURCHASE OF ANY APARTMENT.

I HEREBY RELEASE THE INDIVIDUAL, COMPANY, OR INSTITUITION AND ALL INDIVIDUALS CONNECTED THEREWITH FROM ALL LIABILITY FOR ANY DAMAGE WHATSOEVER INCURRED IN FURNISHING SUCH INFORMATION.

CHARLES B. RANGEL
FULL NAME (PRINT)

16 WP 40 W 135TH ST, NY, NY 10037
ADDRESS CITY STATE ZIP CODE

SIGNATURE Co-CBR DATE 5/27/08

FULL NAME (PRINT)

ADDRESS CITY STATE ZIP CODE

SIGNATURE DATE

CBR 001868

EXHIBIT
Exhibit 525

n | Lenox Terrace Development Associates

CSOC.CBR.00006087

CONGRESSMAN CHARLES B. RANGEL

July 21, 2008

The Honorable Donald R. McGahn, Chairman
Federal Election Commission
999 E Street, NW
Washington, D.C. 20463

Dear Chairman McGahn:

I am writing to ask the Commission to examine my rental of a unit that I have subleased to my campaign committee (Rangel for Congress) and leadership PAC (National Leadership PAC). A recent newspaper article (see attachment) suggests I have done something improper.

In particular, I have lived in the Lenox Terrace apartments for 20 years. It is a high-rise apartment complex with approximately 1700 units. About 12 years ago, an additional unit at 40 West 135th Street (No. 10-U) became available in my building. I signed a lease for the unit that, to my knowledge, was substantially the same lease form other tenants in the building signed. I was charged the maximum legal rent for the unit. I subleased the unit to my committees for the same amount. At no time were there any legal obligations between the committees and the landlord.

What has created confusion in some reporters' minds is the fact that the building is "rent-stabilized." This means there is a limit on the amount the landlord can increase a tenant's rent, but it does not mean that I received a discount on the rent when I entered into the lease. The amount I paid to rent Unit 10-U was the maximum legal rent for that unit. Over the years, the rent has been paid in accordance with the terms of the lease, including rent increases and capital costs billed by the landlord from time to time. Furthermore, there is no possibility of a violation of federal election law by the landlord or by my committees because the landlord and I were the only ones with a legal relationship, contractual or otherwise.

I look forward to a full and expeditious review of this matter and I will cooperate in any way I can.

Sincerely,

Charles B. Rangel
Member of Congress

PRINTED AT GOVERNMENT EXPENSE

CBR 002170

EXHIBIT
Exhibit 526

CSOC.CBR.00006083

HAMPTON MANAGEMENT CO LLC
110 East 59th Street - 20th Floor
New York, NY 10022-1333

Statement

Account: 40w135 - 10U - t0007858

Date: 07/21/08

Payment: $ _____

Charles Rangel
40 West 135th Street *
APT # 10u
New York, NY 10037

Date	Description	Charges	Payments	Balance
	Balance Forward			0.00
01/01/08	Base Rent - Residential (01/2008)	682.56		682.56
01/15/08	Chk# 5027 - mh		341.28	341.28
01/16/08	Chk# 10147 - mh		341.28	0.00
02/01/08	Chk# 662400504 - BONY REDACTED CK#5041 + CK# 10175 =		682.56	(682.56)
02/01/08	Base Rent - Residential (02/2008)	682.56		0.00
03/01/08	Base Rent - Residential (03/2008)	682.56		682.56
03/03/08	Chk# 010251 - BONY REDACTED CK#10251 + CK#5085 =		682.56	0.00
04/01/08	Base Rent - Residential (04/2008)	682.56		682.56
04/08/08	Chk# 005126 - BONY REDACTED CK# 5126 + CK# 10374 =		682.56	0.00
05/01/08	Base Rent - Residential (05/2008)	682.56		682.56
05/07/08	Chk# 005141 - BONY REDACTED CK#5141 + CK#10411 =		682.56	0.00
06/01/08	Base Rent - Residential (06/2008)	682.56		682.56
06/05/08	Chk# 10460		341.28	341.28
06/05/08	Chk# 5167		341.28	0.00
07/01/08	Base Rent - Residential (07/2008)	682.56		682.56
07/03/08	Chk# 016010540 - BONY REDACTED		341.28	341.28
07/03/08	Chk# 005228 - BONY		341.28	0.00

Current	30 Days	60 Days	90 Days	Amount Due
0.00	0.00	0.00	0.00	0.00

EXHIBIT
Exhibit 527

OLNEC 00270

CSOC.CBR.00004908

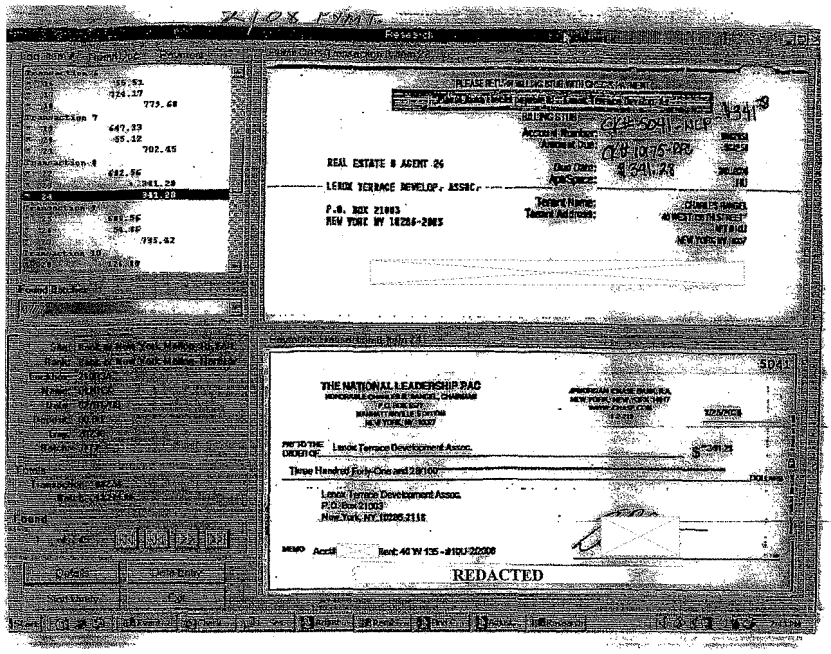


EXHIBIT
Exhibit 527

OLNEC 0027

CSOC.CBR.00004909

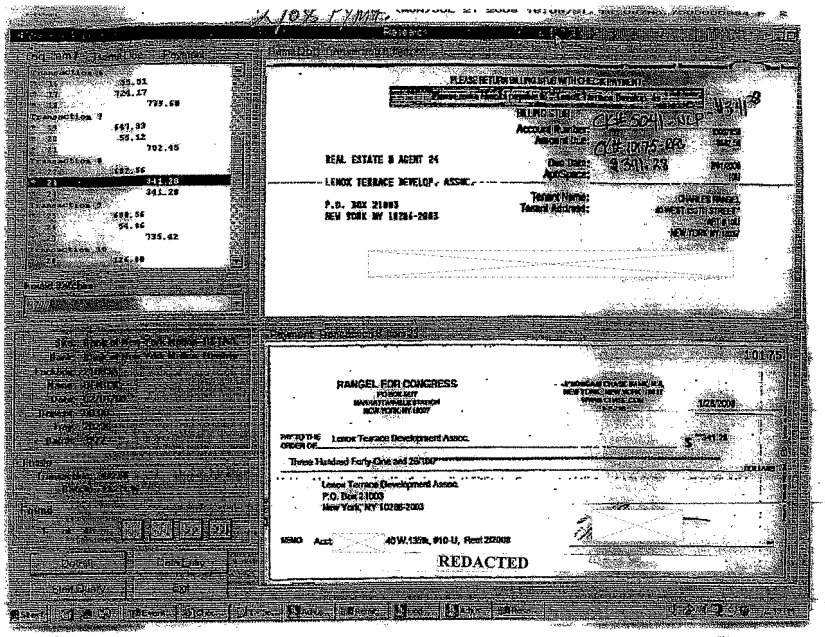


EXHIBIT
Exhibit 527

OLNEC 00272

CSOC.CBR.00004910

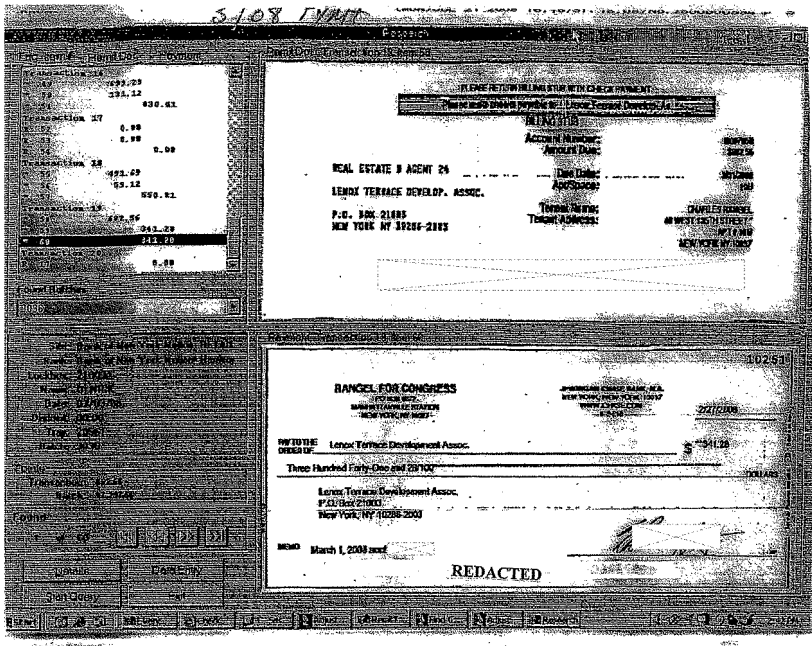


EXHIBIT
Exhibit 527

OLNEC 00273

CSOC.CBR.00004911

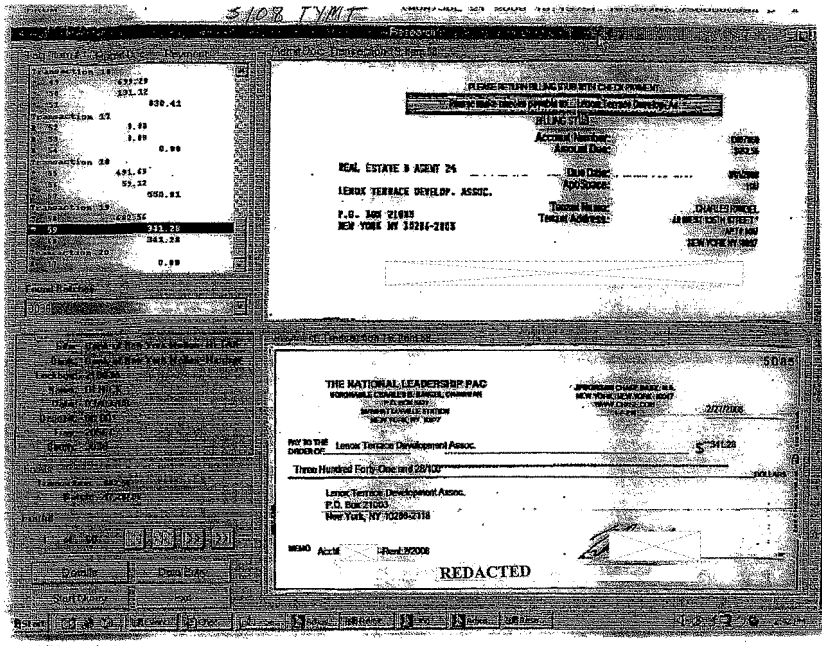


EXHIBIT
Exhibit 527

OLNEC 00274

CSOC.CBR.00004912

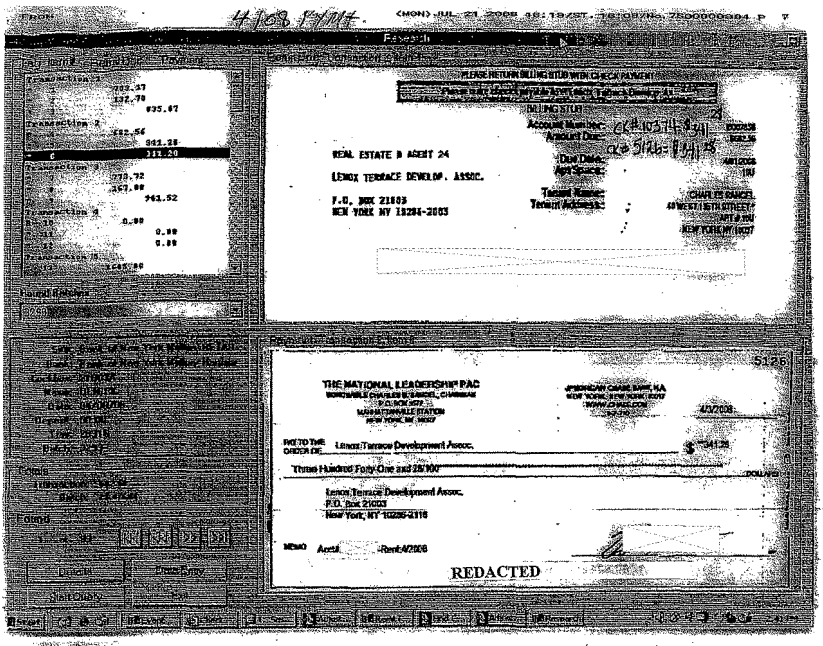


EXHIBIT
Exhibit 527

OLNEC 00275

CSOC.CBR.00004913

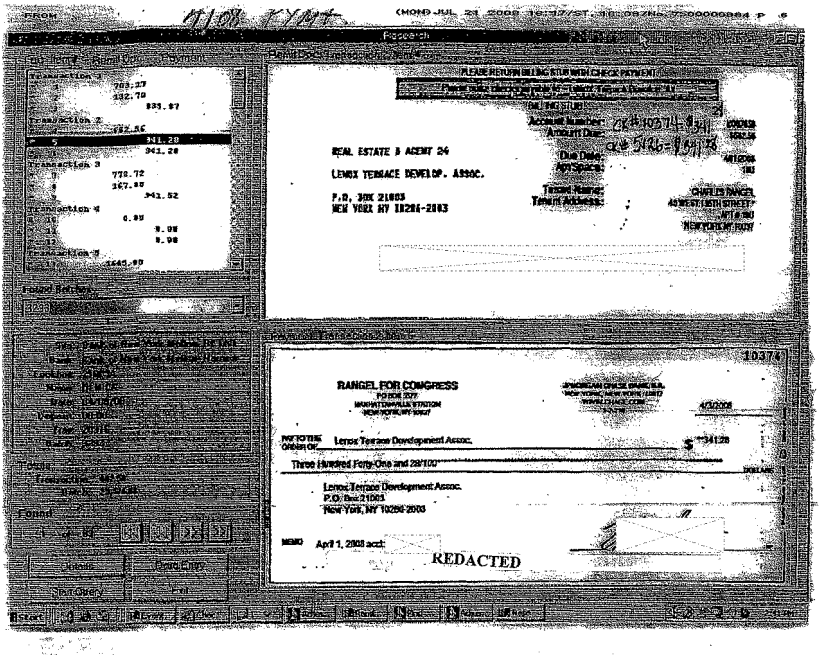


EXHIBIT
Exhibit 527

OLNEC 00276

CSOC.CBR.00004914

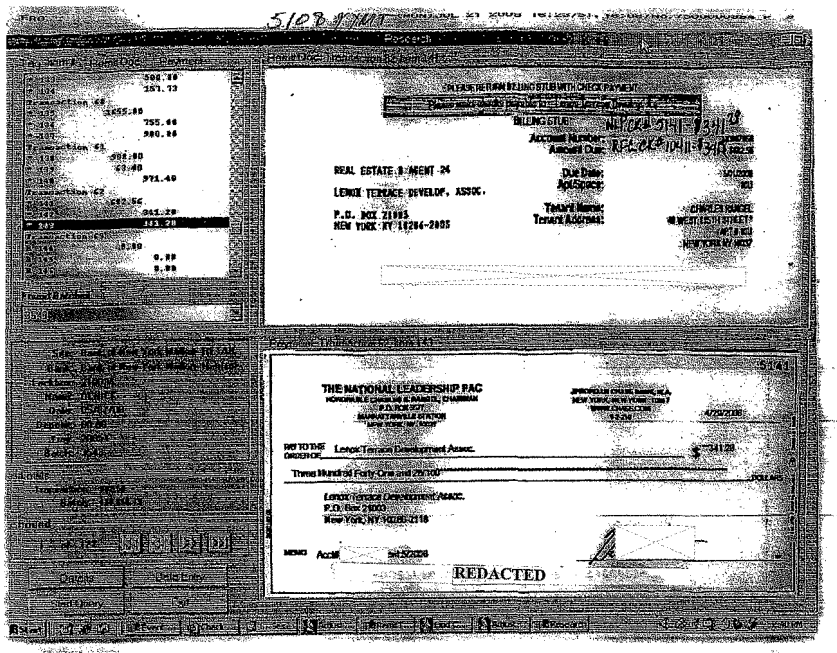


EXHIBIT
Exhibit 527

OLNEC 00277

CSOC.CBR.00004915

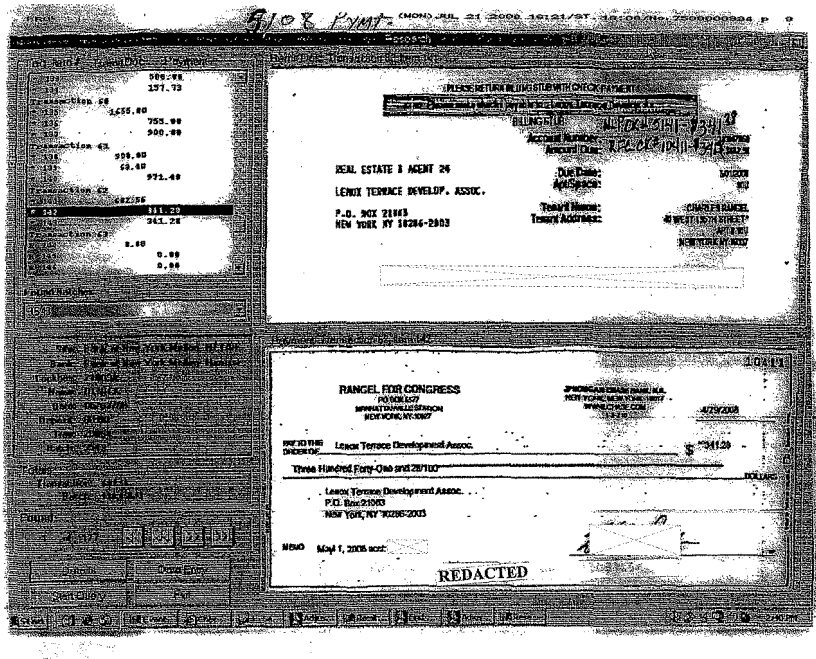


EXHIBIT
Exhibit 527

OLNEC 00278

CSOC.CBR.00004916

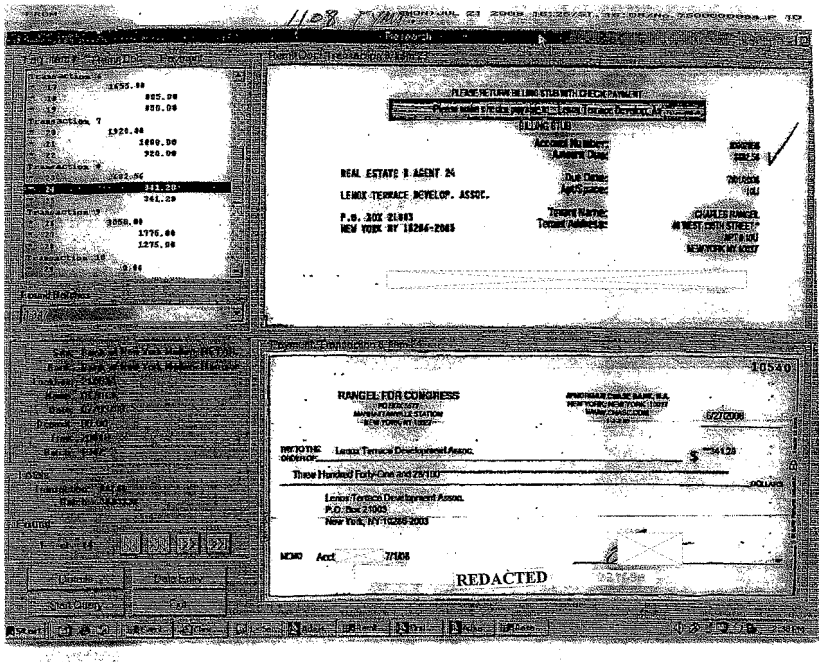


EXHIBIT
Exhibit 527

OLNEC 00279

CSOC.CBR.00004917

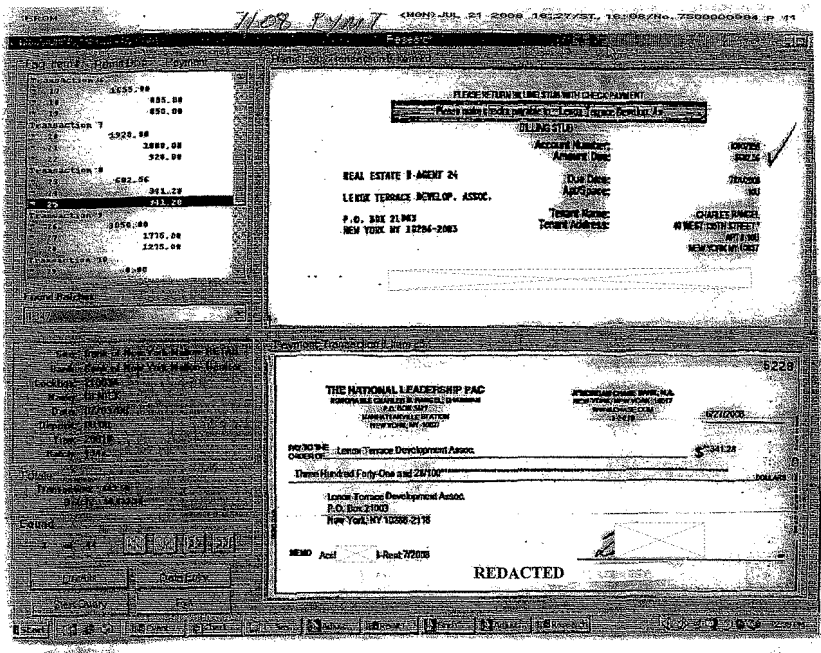


EXHIBIT
Exhibit 527

OLNEC 00280

CSOC.CBR.00004918

Jul-21-2008 01:01pm From-BNY 201 945 1749 T-945 P.002/004 F-762

DDA: Check Image Archive Jul 21 2008

Page 1 of 1 Image View 12:29:40 PM

10460

RANGEL FOR CONGRESS
PO BOX 5977
MANHATTANVILLE STATION
NEW YORK, NY 10027

JPMORGAN CHASE BANK, N.A.
NEW YORK, NEW YORK 10017
WWW.CHASE.COM
1-2-210

5/28/2008

PAY TO THE ORDER OF Lenox Terrace Development Assoc. $ **341.28

Three Hundred Forty-One and 28/100********** DOLLARS

Lenox Terrace Development Assoc.
P.O. Box 21003
New York, NY 10286-2003

MEMO Acct.#

REDACTED

	Selection	Amount	Serial No.	RT	Account No.	Status
1	12	$341.28	10460		REDACTED	Non-Exception

EXHIBIT
Exhibit 527

OLNEC 00281

CSOC.CBR.00004919

Jul-21-2008 01:02pm From-BNY 201 845 1749 T-845 P.004/004 F-762

DDA: Check Image Archive Jul 21 2008

Page 1 of 1 Image View 12:47:53 PM

10147

RANGEL FOR CONGRESS
PO BOX 5577
MANHATTANVILLE STATION
NEW YORK, NY 10027

JPMORGAN CHASE BANK, N.A.
NEW YORK, NEW YORK 10017
WWW.CHASE.COM
1-2-210

1/10/2008

PAY TO THE ORDER OF Lenox Terrace Development Assoc. $ **341.28

Three Hundred Forty-One and 28/100********** DOLLARS

Lenox Terrace Development Assoc.
P.O. Box 21003
New York, NY 10286-2003

MEMO Acct # - 40 W.135th, #10-U, Rent 1/2008

REDACTED

TE-02100001 84
BANK OF N Y 67936
L001 N J 01/14/08

	Selection	Amount	Serial No.	RT	Account No.	Status
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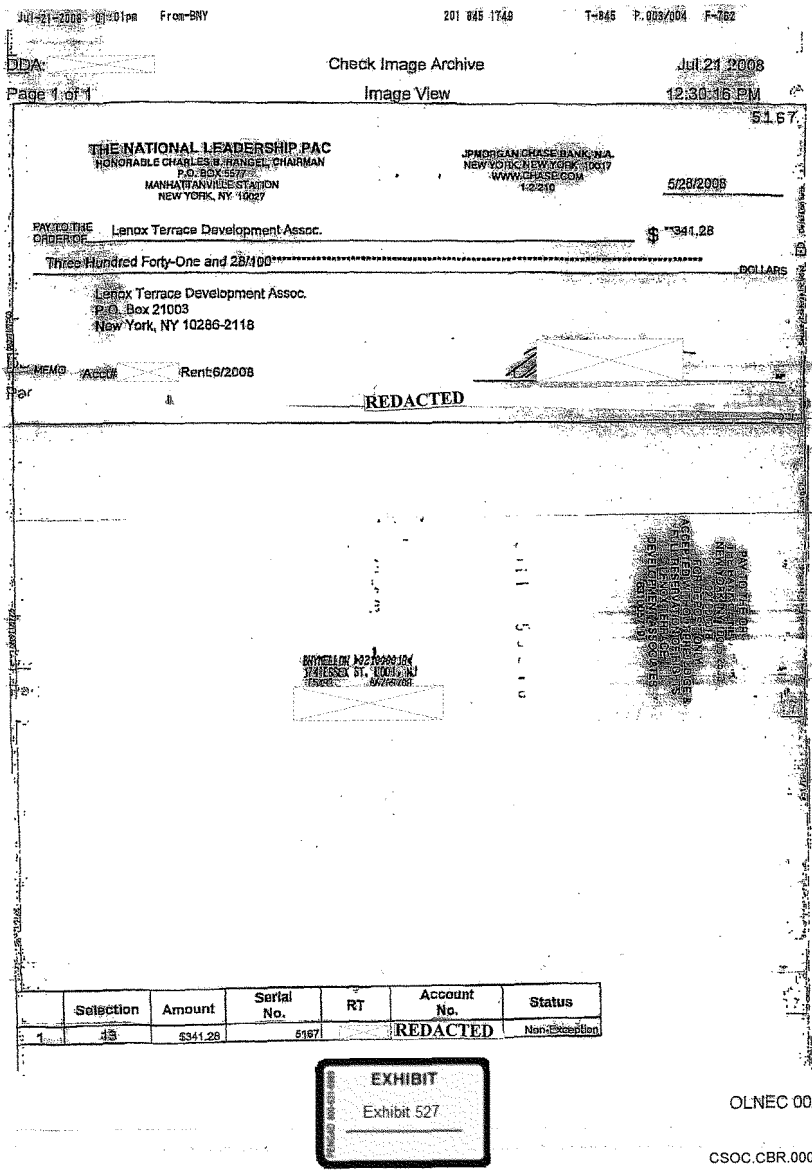
EXHIBIT
Exhibit 527

OLNEC 00282

CSOC.CBR.00004920



Jul-21-2008 01:01pm From-BNY 201 845 1749 T-845 P.003/004 F-782

DDA: Check Image Archive Jul 21 2008

Page 1 of 1 Image View 12:30:16 PM

5167

THE NATIONAL LEADERSHIP PAC
HONORABLE CHARLES B. RANGEL, CHAIRMAN
P.O. BOX 5577
MANHATTANVILLE STATION
NEW YORK, NY 10027

JPMORGAN CHASE BANK, N.A.
NEW YORK, NEW YORK 10017
WWW.CHASE.COM
1-2/210

5/28/2008

PAY TO THE ORDER OF Lenox Terrace Development Assoc. $ **341.28

Three Hundred Forty-One and 28/100********** DOLLARS

Lenox Terrace Development Assoc.
P.O. Box 21003
New York, NY 10286-2118

MEMO Accur Rent6/2008

For REDACTED

	Selection	Amount	Serial No.	RT	Account No.	Status
1	13	$341.28	5167		REDACTED	Non-Exception

EXHIBIT
Exhibit 527

OLNEC 00283

CSOC.CBR.00004921

SCHEDULE B ITEMIZED DISBURSEMENTS PAGE 4 OF
Operating Expenditures FOR LINE NUMBER 17

NAME OF COMMITTEE(in Full)
RANGEL FOR CONGRESS, 96 C00302422

Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.

Full Name Mailing Address	Purpose of Disbursement	Date MM/DD/YY	Amount
FEDEX P.O. Box 1140 Memphis, TN 38101	EXPRESS MAIL Disbursement for [X]General	12/17/96	$81.25
FEDEX P.O. Box 1140 Memphis, TN 38101	EXPRESS MAIL Disbursement for [X]General	12/17/96	$20.75
FEDEX P.O. Box 1140 Memphis, TN 38101	EXPRESS MAIL Disbursement for [X]General	12/31/96	$28.50
FORD CREDIT P.O. BOX 93000 Philadelphia, PA 19193-301	AUTO EXPENSE Disbursement for [X]General	12/19/96	$460.17
. JEFFREY SAKS 434 EAST 52ND ST New York, NY 10022-	FUNDRAISING EVENT Disbursement for [X]General	12/31/96	$851.23
LENOX TERRACE 10 WEST 135TH ST New York, NY 10037-	OFFICE RENT Disbursement for [X]General	12/03/96	$166.73
LENOX TERRACE 10 WEST 135TH ST New York, NY 10037-	OFFICE RENT (REIMB C. RANGEL) Disbursement for [X]General	12/05/96	$1000.00
LENOX TERRACE 10 WEST 135TH ST New York, NY 10037-	OFFICE RENT Disbursement for [X]General	12/31/96	$666.92
MCCOY REALITY G.P.O. BOX 29692 New York, NY 10087-	OFFICE RENT Disbursement for [X]General	12/17/96	$900.00
SUBTOTAL of Disbursements This Page.....>			$4175.55
TOTAL This Period.....>			

EXHIBIT
Exhibit 528

SCHEDULE B ITEMIZED DISBURSEMENTS PAGE 15 OF
Operating Expenditures FOR LINE NUMBER 17

NAME OF COMMITTEE(in Full)

Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.

Full Name Mailing Address	Purpose of Disbursement	Date MM/DD/YY	Amount
LENOX TERRACE DEVELOPMENT ASSOC 10 WEST 135TH ST New York, NY 10037-	OFFICE RENT Disbursement for [X]Primary	01/30/97	$333.46
LENOX TERRACE DEVELOPMENT ASSOC 10 WEST 135TH ST New York, NY 10037-	OFFICE RENT Disbursement for [X]Primary	03/24/97	$500.19
LENOX TERRACE DEVELOPMENT ASSOC 10 WEST 135TH ST New York, NY 10037-	OFFICE RENT Disbursement for [X]Primary	04/17/97	$500.19
LENOX TERRACE DEVELOPMENT ASSOC 10 WEST 135TH ST New York, NY 10037-	OFFICE RENT Disbursement for [X]Primary	05/09/97	$500.19
LENOX TERRACE DEVELOPMENT ASSOC 10 WEST 135TH ST New York, NY 10037-	OFFICE RENT Disbursement for [X]Primary	06/12/97	$500.19
LOBSTER BOX Bronx, NY 10471-	LUNCHEON MEETING Disbursement for [X]Primary	06/06/97	$200.00
GIDEON MANASSEH 15 ST. NICHOLAS AVE New York, NY 10026-	PHOTOGRAPHY Disbursement for [X]Primary	04/02/97	$75.00
MARRIOTT/THOMPSON RAYBURN CATERING B-339B -B RHOB Washington, DC 20515-	LUNCHEON MEETING Disbursement for [X]Primary	06/02/97	$42.50
MCI P.O. BOX 4644 Iowa City, IA 52244-	TELEPHONE SVC Disbursement for [X]Primary	01/30/97	$139.77
SUBTOTAL of Disbursements This Page.....>			$2791.49
TOTAL This Period.....>			

EXHIBIT
Exhibit 528

SCHEDULE B ITEMIZED DISBURSEMENTS PAGE 24 OF
Operating Expenditures FOR LINE NUMBER 17

NAME OF COMMITTEE(in Full)

Any information copied from such Reports and Statements may not be sold or used by any person for the purposes of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.

Full Name Mailing Address	Purpose of Disbursement	Date MM/DD/YY	Amount
KLM Group 449 Fortress Way Occoquan, VA 22125-	Mailing for Event Disbursement for [X]Primary	07/24/97	$3552.60
KLM Group 449 Fortress Way Occoquan, VA 22125-	Business Cards Disbursement for [X]Primary	07/24/97	$15.68
La Brassier 239 Mass Ave, NE Washington, DC 20002-	Fundaiser Event Catering Disbursement for [X]Primary	07/16/97	$176.64
LARNEL TROPHIES INC 105 RIVINGTON ST New York, NY 10002-	Gift Plaque Disbursement for [X]Primary	08/29/97	$50.00
LENOX TERRACE DEVELOPMENT ASSOC 10 WEST 135TH ST New York, NY 10037-	Office Rent Disbursement for [X]Primary	07/12/97	$500.19
LENOX TERRACE DEVELOPMENT ASSOC 10 WEST 135TH ST New York, NY 10037-	Office Rent Disbursement for [X]Primary	09/16/97	$1000.38
LENOX TERRACE DEVELOPMENT ASSOC 10 WEST 135TH ST New York, NY 10037-	Office Rent Disbursement for [X]Primary	11/05/97	$1000.38
LENOX TERRACE DEVELOPMENT ASSOC 10 WEST 135TH ST New York, NY 10037-	Office Rent Disbursement for [X]Primary	12/15/97	$498.93
Ken Levine 1615 L Street, NW, Suite 650 Washington, DC 20036-	 Disbursement for [X]Primary	12/17/97	$840.00 IN-KIND
SUBTOTAL of Disbursements This Page.....>			$7734.80
TOTAL This Period.....>			

EXHIBIT
Exhibit 528

SCHEDULE B ITEMIZED DISBURSEMENTS PAGE 8 OF
Operating Expenditures FOR LINE NUMBER 17

NAME OF COMMITTEE (in Full)
Rangel for the 106th Congress C00302422

Any information copied from such Reports and Statements may not be sold or used by any person for the purposes of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.

Full Name Mailing Address	Purpose of Disbursement	Date MM/DD/YY	Amount
FEDEX P.O. BOX 1140 Memphis, TN 38101-1140	Express Mail Disbursement for [X] Primary	03/23/98	$44.79
FEDEX P.O. BOX 1140 Memphis, TN 38101-1140	Express Mail Disbursement for [X] Primary	03/23/98	$45.95
FEDEX P.O. BOX 1140 Memphis, TN 38101-1140	Express Mail Disbursement for [X] Primary	03/11/98	$13.50
FORD CREDIT P.O. BOX 93000 Philadelphia, PA 19193-	Auto Expense Disbursement for [X] Primary	02/02/98	$920.34
Gist Family	Catering Svc for Event (w isa) Disbursement for [X] Primary	03/11/98	$562.50
George Henry 1621 Primrose Rd, NW Washington, DC 20012-	Parking Expense Disbursement for [X] Primary	02/13/98	$62.50
J&A Cards 221 Pennsylvania Avenue, SE Washington, DC 20003-	Publications Disbursement for [X] Primary	02/01/98	$139.24
Lady Avril 150 Broadway, Suite 509 New York, NY 10038-	Ad Journal Disbursement for [X] Primary	03/30/98	$100.00
LENOX TERRACE DEVELOPMENT ASSOC 10 WEST 135TH ST New York, NY 10037-	Office Rent Disbursement for [X] Primary	01/12/98	$500.19
SUBTOTAL of Disbursements This Page.....>			$2389.01
TOTAL This Period.....>			

EXHIBIT
Exhibit 528

SCHEDULE B ITEMIZED DISBURSEMENTS PAGE 9 OF
Operating Expenditures FOR LINE NUMBER 17

NAME OF COMMITTEE(In Full)
Rangel for the 106th Congress C00302422

Any information copied from such Reports and Statements may not be sold or used by any person for the purposes of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.

Full Name Mailing Address	Purpose of Disbursement	Date MM/DD/YY	Amount
LENOX TERRACE DEVELOPMENT ASSOC 10 WEST 135TH ST New York, NY 10037-	Office Rent Disbursement for [X]Primary	02/10/98	$497.67
LENOX TERRACE DEVELOPMENT ASSOC 10 WEST 135TH ST New York, NY 10037-	Office Rent Disbursement for [X]Primary	03/03/98	$498.67
Lesbian & Gay 208 West 13th St New York, NY 10011-	Membership Dues Disbursement for [X]Primary	02/18/98	$100.00
Howard Lowe 51 West 131st St New York, NY 10037-	Computer Svc Fee Disbursement for [X]Primary	03/03/98	$1200.00
MCI P.O. BOX 4644 Iowa City, IA 52244-	Telephone Svc Disbursement for [X]Primary	01/12/98	$96.51
MCI P.O. BOX 4644 Iowa City, IA 52244-	Telephone Svc Disbursement for [X]Primary	02/02/98	$105.56
MCI P.O. BOX 4644 Iowa City, IA 52244-	Telephone Svc Disbursement for [X]Primary	03/23/98	$54.26
Lincoln Mitchell 214 Riverside Dr, #304 New York, NY 10025-	Research Svc Fees Disbursement for [X]Primary	02/10/98	$1500.00
NATIONAL DEMOCRATIC CLUB 30 IVY STREET, SE Washington, DC 20003-	Membership Dues Disbursement for [X]Primary	02/01/98	$137.50
SUBTOTAL of Disbursements This Page.....>			$4190.17
TOTAL This Period.....>			

EXHIBIT
Exhibit 528

SCHEDULE B — ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

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FOR LINE NUMBER 17

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NAME OF COMMITTEE (In Full)
Rangel for the 106th Congress

Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Theodore W. Kheel 280 Park Ave New York, NY 10017-	Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	05/18/98	$400.00 IN KIND
Theodore W. Kheel 280 Park Ave New York, NY 10017-	Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	05/18/98	$369.00 IN KIND
Nogod's Liquor 441 New Jersey Ave Washington, DC 20001-	Beverages for Event (EAB VISA) Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	06/16/98	$52.86
LENOX TERRACE DEVELOPMENT ASSOC 10 West 135th street New York, NY 10037-	Office Rent Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	04/08/98	$499.07
LENOX TERRACE DEVELOPMENT ASSOC 10 West 135th street New York, NY 10037-	Office Rent Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	05/29/98	$498.87
LENOX TERRACE DEVELOPMENT ASSOC 10 West 135th street New York, NY 10037-	Office Rent Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	05/12/98	$498.87
Robert J. Leonard 1150 7th Street, Suite 601 Washington, DC 20036-	Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	05/05/98	$909.00 IN KIND

SUBTOTAL of Disbursements This Page (optional)	$3227.67
TOTAL This Period (last page this Line number only)	

EXHIBIT
Exhibit 528

SCHEDULE B — ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each Category of the Detailed Summary Page

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FOR LINE NUMBER 17

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NAME OF COMMITTEE (In Full)
Rangel for the 106th Congress

Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Theodore W. Kheel 280 Park Ave New York, NY 10017-	Disbursement for: ☐ Primary ☐ General ☐ Other (specify):	05/18/98	$400.00 IN KIND
Theodore W. Kheel 280 Park Ave New York, NY 10017-	Disbursement for: ☐ Primary ☐ General ☐ Other (specify):	05/18/98	$389.00 IN KIND
Kogod's Liquor 441 New Jersey Ave Washington, DC 20001-	Beverages for Event (EAB VISA) Disbursement for: ☐ Primary ☐ General ☐ Other (specify):	06/16/98	$52.86
LENOX TERRACE DEVELOPMENT ASSOC 10 West 135th street New York, NY 10037-	Office Rent Disbursement for: ☐ Primary ☐ General ☐ Other (specify):	04/08/98	$499.07
LENOX TERRACE DEVELOPMENT ASSOC 10 West 135th street New York, NY 10037-	Office Rent Disbursement for: ☐ Primary ☐ General ☐ Other (specify):	05/29/98	$498.87
LENOX TERRACE DEVELOPMENT ASSOC 10 West 135th street New York, NY 10037-	Office Rent Disbursement for: ☐ Primary ☐ General ☐ Other (specify):	05/12/98	$498.87
Robert J. Leonard 1150 7th Street, Suite 601 Washington, DC 20036-	Disbursement for: ☐ Primary ☐ General ☐ Other (specify):	05/05/98	$909.00 IN KIND

SUBTOTAL of Disbursements This Page (optional)	$3227.67
TOTAL This Period (last page this line number only)	

EXHIBIT
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SCHEDULE B ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

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FOR LINE NUMBER 17

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NAME OF COMMITTEE (In Full)
Rangel for the 106th Congress

Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Margeret B. Jackson 2153 Adam Clayton Powell Blvd New York, NY 10027-	Petition Audit Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	07/28/98	$235.00
Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Margeret L. Jackson 2153 Adam Clayton Powell Blvd New York, NY 10027-	Petition Audit Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	07/28/98	$320.00
Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
David Jones 314 9th Street, SE Washington, DC 20003-	Fundraising Expense Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	08/24/98	$1781.23
Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
David Jones 314 9th Street, SE Washington, DC 20003-	Fundraising Fees Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	08/24/98	$3000.00
Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
LENOX TERRACE DEVELOPMENT ASSOC 10 West 135th street New York, NY 10037-	Office Rent Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	07/01/98	$498.87
Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
LENOX TERRACE DEVELOPMENT ASSOC 10 West 135th street New York, NY 10037-	Office Rent Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	07/30/98	$498.87
Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Harold Leonard 2153 Adam Clayton Powell Blvd New York, NY 10027-	Petition Audit Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	07/28/98	$175.00

SUBTOTAL of Disbursements This Page (optional)	$6508.97
TOTAL This Period (last page this line number only)	

EXHIBIT
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CSOC.CBR.00032800

SCHEDULE B — ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

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NAME OF COMMITTEE (In Full)
Rangel for the 106th Congress

Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Fedex P.O. Box 1140 Memphis, TN 38101-1140	Express Mail Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	09/04/98	$15.50
Fedex P.O. Box 1140 Memphis, TN 38101-1140	Express Mail Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	09/15/98	$32.25
Fedex P.O. Box 1140 Memphis, TN 38101-1140	Express Mail Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	09/22/98	$14.50
Fedex P.O. Box 1140 Memphis, TN 38101-1140	Express Mail Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	09/30/98	$226.25
George Henry 1621 Primrose Rd, NW Washington, DC 20012-	Fundraising Fees Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	09/08/98	$2000.00
LENOX TERRACE DEVELOPMENT ASSOC 10 West 135th street New York, NY 10037-	Office Rent Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	09/30/98	$498.87
LENOX TERRACE DEVELOPMENT ASSOC 10 West 135th street New York, NY 10037-	Office rent Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	09/31/98	$498.87

SUBTOTAL of Disbursements This Page (optional)	$3288.24
TOTAL This Period (last page this line number only)	

EXHIBIT
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SCHEDULE B **ITEMIZED DISBURSEMENTS**

Use separate schedule(s) for each category of the Detailed Summary Page

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NAME OF COMMITTEE (In Full)
Rangel For The 106th Congress

Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
LENOX TERRACE DEVELOPMENT ASSOC 10 West 135th street New York, NY 10037-	Office Rent Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	10/30/98	$518.92
Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Lumar's Fine New York, NY 10027-	Beverages for event (VISA) Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	11/09/98	$70.75
Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
MCI P.O. BOX 4644 Iowa City, IA 52244-	Telephone Svc Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	10/22/98	$115.13
Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Memorial Baptist Church Inc. 141 West 115th St New York, NY 10026-	Ad Journal Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	10/26/98	$100.00
Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
NYC Department of Finance P.O. Box 1724 New York, NY 10116-1724	Parking Tickets Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	10/26/98	$55.00
Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
New Mt. Zion Baptist Church 171 West 140th Street New York, NY 10030-	Ad Journal Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	10/20/98	$100.00
Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Northern Manhattan Dems for Change 34 Hillside Ave New York, NY 10040-	GOTV Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	10/30/98	$500.00

SUBTOTAL of Disbursements This Page (optional)	$1458.70
TOTAL This Period (last page this line number only)	

EXHIBIT
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CSOC.CBR.00032802

SCHEDULE B — ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

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NAME OF COMMITTEE (In Full)
Rangel For The 106th Congress

Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
LENOX TERRACE DEVELOPMENT ASSOC 10 West 135th Street New York, NY 10037-	Office Rent Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	12/30/98	$518.82
Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Lawsons Gourmet Washington, DC 20004-	Constituent Luncheon Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	11/30/98	$319.53
Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
MCI P.O. BOX 4644 Iowa City, IA 52244-	Telephone Svc Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	12/21/98	$50.39
Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Metropolitan Black 1204 3rd Ave New York, NY 10021-	Membership Dues Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	11/30/98	$150.00
Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
NYS AFL-CIO 48 East 21st Street, 12th Fl New York, NY 10010-	Ad Journal Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	12/03/98	$200.00
Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
POSTMASTER SOUTH ORANGE 112 Vose Street South Orange, NJ 07079-	Postage Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	12/01/98	$96.00
Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
POSTMASTER SOUTH ORANGE 112 Vose Street South Orange, NJ 07079-	Postage Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	12/02/98	$320.00

SUBTOTAL of Disbursements This Page (optional)	$1964.74
TOTAL This Period (last page this line number only)	

EXHIBIT
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SCHEDULE B **ITEMIZED DISBURSEMENTS**

File separate schedule(s) for each category of the Detailed Summary Page

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FOR LINE NUMBER 17

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NAME OF COMMITTEE (In Full)
Rangel For Congress 2000

Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Alphonso Jones 10 West 118th St New York, NY 10037-	Salary Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	01/13/99	$50.00
Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Katz's Delicatessen 205 Houston Street New York, NY 10002-	Constituent Meeting Catering (VISA) Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	04/21/99	$58.12
Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
La Brasserie Restaurant 239 Mass Ave, NE Washington, DC 20002-	Fundraising Event Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	05/28/99	$133.05
Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
La Colline	Lodging (VISA) Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	01/29/99	$1801.00
Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Lenox Terrace Development Assoc. P.O. Box 21018 New York, NY 10286-2118	Office Rent Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	04/28/99	$518.82
Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Lenox Terrace Development Assoc. P.O. Box 21018 New York, NY 10286-2118	Office Rent Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	06/29/99	$518.82
Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Lenox Terrace Development Assoc. P.O. Box 21018 New York, NY 10286-2118	Office Rent Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	04/01/99	$518.82

SUBTOTAL of Disbursements This Page (optional)	$3658.63
TOTAL This Period (last page this line number only)	

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SCHEDULE B **ITEMIZED DISBURSEMENTS**

Use separate schedule(s) for each category of the Detailed Summary Page

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NAME OF COMMITTEE (In Full)
Rangel For Congress 2000

Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Lenox Terrace Development Assoc. P.O. Box 21018 New York, NY 10026-2118	Office Rent Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	02/01/99	$518.82
Full Name, Mailing Address and Zip Code Lenox Terrace Development Assoc. P.O. Box 21018 New York, NY 10026-2118	Purpose of Disbursement Office Rent Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year) 03/28/99	Amount of Each Disbursement This Period $518.82
Full Name, Mailing Address and Zip Code Lenox Terrace Development Assoc. P.O. Box 21018 New York, NY 10026-2118	Purpose of Disbursement Office Rent Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year) 02/26/99	Amount of Each Disbursement This Period $518.82
Full Name, Mailing Address and Zip Code Lenox Terrace Development Assoc. P.O. Box 21018 New York, NY 10026-2118	Purpose of Disbursement Office Security Depsoit Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year) 06/25/99	Amount of Each Disbursement This Period $19.95
Full Name, Mailing Address and Zip Code Robert J. Leonard 1130 17th Street, Suite 601 Washington, DC 20036-	Purpose of Disbursement Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year) 05/11/99	Amount of Each Disbursement This Period $1000.00 IN KIND
Full Name, Mailing Address and Zip Code Howard Lowe 51 West 131 Street New York, NY 10037-	Purpose of Disbursement Computer Svc Fee Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year) 05/28/99	Amount of Each Disbursement This Period $250.00
Full Name, Mailing Address and Zip Code Howard Lowe 51 West 131 Street New York, NY 10037-	Purpose of Disbursement Computer Svc Fees Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year) 04/28/99	Amount of Each Disbursement This Period $275.00

SUBTOTAL of Disbursements This Page (optional)	$3101.41
TOTAL This Period (last page this line number only)	

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SCHEDULE B **ITEMIZED DISBURSEMENTS**

Use separate schedule(s) for each category of the Detailed Summary Page

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FOR LINE NUMBER 17

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NAME OF COMMITTEE (In Full)
Rangel For Congress, 2000

A. Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Dorothy Jackson 1504 Red Oak Drive Silver Spring, MD 20910-	salary Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	11/15/199	$1270.16
B. Full Name, Mailing Address and Zip Code	**Purpose of Disbursement**	**Date (month, day, year)**	**Amount of Each Disbursement This Period**
Dorothy Jackson 1504 Red Oak Drive Silver Spring, MD 20910-	Salary Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	12/31/199	$1270.15
C. Full Name, Mailing Address and Zip Code	**Purpose of Disbursement**	**Date (month, day, year)**	**Amount of Each Disbursement This Period**
Dorothy Jackson 1504 Red Oak Drive Silver Spring, MD 20910-	Salary Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	06/27/199	$1270.16
D. Full Name, Mailing Address and Zip Code	**Purpose of Disbursement**	**Date (month, day, year)**	**Amount of Each Disbursement This Period**
Dorothy Jackson 1504 Red Oak Drive Silver Spring, MD 20910-	Salary Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	12/17/199	$1270.15
E. Full Name, Mailing Address and Zip Code	**Purpose of Disbursement**	**Date (month, day, year)**	**Amount of Each Disbursement This Period**
Dorothy Jackson 1504 Red Oak Drive Silver Spring, MD 20910-	salary Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	10/13/199	$1270.15
F. Full Name, Mailing Address and Zip Code	**Purpose of Disbursement**	**Date (month, day, year)**	**Amount of Each Disbursement This Period**
Dorothy Jackson 1504 Red Oak Drive Silver Spring, MD 20910-	Salary Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	09/28/199	$1270.16
G. Full Name, Mailing Address and Zip Code	**Purpose of Disbursement**	**Date (month, day, year)**	**Amount of Each Disbursement This Period**
Lenox Terrace Development Assoc. P.O. Box 21018 New York, NY 10026-2118	Office Rent Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	11/30/199	$518.32

SUBTOTAL of Disbursements This Page (optional)	$8139.76
TOTAL This Period (last page this	

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SCHEDULE B **ITEMIZED DISBURSEMENTS**

Use separate schedule(s) for each category of the Detailed Summary Page

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NAME OF COMMITTEE (In Full)
Rangel For Congress, 2000

A. Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Lenox Terrace Development Assoc. P.O. Box 21018 New York, NY 10286-2118	Office Rent Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	10/31/199	$518.82
B. Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Lenox Terrace Development Assoc. P.O. Box 21018 New York, NY 10286-2118	Office Rent Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	08/31/199	$518.82
C. Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Lenox Terrace Development Assoc. P.O. Box 21018 New York, NY 10286-2118	Office Rent Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	09/30/199	$518.82
D. Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Lenox Terrace Development Assoc. P.O. Box 21018 New York, NY 10286-2118	Office Rent Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	07/28/199	$518.82
E. Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Local 1199 PAC 310 West 43rd St. New York, NY 10036-	Printing & Postage Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	09/01/199	$2500.00
F. Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Howard Lowe 51 West 131 Street New York, NY 10037-	Computer Svc. Fees Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	11/08/199	$100.00
G. Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Howard Lowe 51 West 131 Street New York, NY 10037-	Computer Svc. Fees Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	11/11/199	$100.00

SUBTOTAL of Disbursements This Page (optional)	$4775.28
TOTAL This Period (last page this	

EXHIBIT
Exhibit 528

SCHEDULE B **ITEMIZED DISBURSEMENTS**

Use separate schedule(s) for each category of the Detailed Summary Page

PAGE 10 OF 14

FOR LINE NUMBER 17

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NAME OF COMMITTEE (In Full)
Rangel for Congress 2000

Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Lenox Terrace Development Assoc. P.O. Box 21018 New York, NY 10026-2118	Office Rent Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	02/01/2000	512.82
Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Lenox Terrace Development Assoc. P.O. Box 21018 New York, NY 10026-2118	Office Rent Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	02/29/2000	524.82
Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Howard Lowe 51 West 131 Street New York, NY 10037-	Computer Svc. Fees Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	03/20/2000	725.00
Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Mail Handlers, Inc. 53 West 23rd St. 7th Floor New York, NY 10010-	Printing Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	02/29/2000	5,000.00
Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
NATIONAL DEMOCRATIC CLUB 30 IVY STREET, SE Washington, DC 20003-	Membership Dues Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	01/10/2000	137.50
Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
NATIONAL DEMOCRATIC CLUB 30 IVY STREET, SE Washington, DC 20003-	Membership Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	02/25/2000	600.00
Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
NATIONAL DEMOCRATIC CLUB 30 IVY STREET, SE Washington, DC 20003-	Membership Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	03/03/2000	342.07

SUBTOTAL of Disbursements This Page (optional)	7,742.21
TOTAL This Period (last page this line number only)	

EXHIBIT
Exhibit 528

CSOC.CBR.00032808

SCHEDULE B **ITEMIZED DISBURSEMENTS**

Use separate schedule(s) for each category of the Detailed Summary Page

PAGE 16 OF 22

FOR LINE NUMBER 17

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NAME OF COMMITTEE (In Full)
Rangel for Congress 2000

Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Lenox Terrace Development Assoc. P.O. Box 21018 New York, NY 10296-2118	Office Rent Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	04/03/2000	518.82
Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Lenox Terrace Development Assoc. P.O. Box 21018 New York, NY 10296-2118	Office Rent Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	05/04/2000	518.82
Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Lenox Terrace Development Assoc. P.O. Box 21018 New York, NY 10296-2118	Office Rent Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	06/02/2000	518.82
Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
McDermott, Will & Emery PAC Attn: Evan Miggatt 600 13th Street, NW Washington, DC 20005-	Catering Svc. Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	04/03/2000	261.40
Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
MCI Worldcom P.O. BOX 4644 Iowa City, IA 52244-	Telephone Svc. Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	04/25/2000	134.57
Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Ernestine McRae 2289 5th Avenue New York, NY 10037-	Salary Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	06/20/2000	5,000.00
Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Metro Graphics N.Y. 431 Washington Street New York, NY 10013-	Printing Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	06/06/2000	2,350.00

SUBTOTAL of Disbursements This Page (optional)	9,302.43
TOTAL This Period (last page this line number only)	

EXHIBIT
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SCHEDULE B **ITEMIZED DISBURSEMENTS**

Use separate schedule(s) for each category of the Detailed Summary Page

PAGE 15 OF 16

FOR LINE NUMBER 17

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NAME OF COMMITTEE (In Full)
Rangel for Congress 2000

Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Lenox Terrace P.O. Box 21018 New York, NY 10026-2118	Office Rent Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	07/06/2000	518.82
Lenox Terrace P.O. Box 21018 New York, NY 10026-2118	Office Rent Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	07/31/2000	512.82
MCI Worldcom P.O. BOX 4644 Iowa City, IA 52244-	Telephone Svc. Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	07/06/2000	300.61
MCI Worldcom P.O. BOX 4644 Iowa City, IA 52244-	Telephone Svc. Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	07/27/2000	155.23
Metro Graphics N.Y. Inc 481 Washington Street New York, NY 10013-	Printing Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	07/06/2000	5,000.00
Metro Graphics N.Y. Inc 481 Washington Street New York, NY 10013-	Printing Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	07/06/2000	4,974.34
Metro Press, Inc. 1444 I Street, NW Washington, DC 20005-	Printing Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	07/06/2000	8,000.00

SUBTOTAL of Disbursements This Page (optional)	16,461.82
TOTAL This Period (last page this line number only)	

EXHIBIT
Exhibit 528

SCHEDULE B ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

PAGE 8 OF 12

FOR LINE NUMBER 17

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NAME OF COMMITTEE (In Full)
Rangel for Congress 2000

Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Lenox Terrace Development Assoc. P.O. Box 21018 New York, NY 10236-2118	Office Rent Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	09/07/2000	512.82
Lenox Terrace Development Assoc. P.O. Box 21018 New York, NY 10236-2118	Office Rent Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	09/22/2000	31.13
Lenox Terrace Development Assoc. P.O. Box 21018 New York, NY 10236-2118	Office Rent Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	09/29/2000	530.82
MCI Worldcom P.O. BOX 4644 Iowa City, IA 52244-	Telephone Svc. Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	08/29/2000	239.54
National Committee for an Effective Congress Attn: PAC Director Washington, DC 20001-	Electoral Targeting Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	09/29/2000	2,500.00 IN KIND
Oldaker & Harris, LLP 918 Connecticut, N.W Suite 1100 Washington, DC 20006-	Legal Fees Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	09/07/2000	1,239.13
Parker Mailing Service, Inc. 3800 WEST STREET Hyattsville, MD 20785-	Postage Payment Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	09/01/2000	726.00

SUBTOTAL of Disbursements This Page (optional)	5,779.44
TOTAL This Period (last page)	

EXHIBIT
Exhibit 528

CSOC.CBR.00032811

SCHEDULE B
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one) — PAGE 150/230

[X] 17 [ ] 18 [ ] 19a [ ] 20a [ ] 20b [ ] 20c [ ] 21

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NAME OF COMMITTEE (In Full)
Rangel for Congress

A. Full Name (Last, First, Middle Initial)
KLM Group

Mailing Address
Attn: Krystal Miller
422 Overlook Drive
City: Occoquan
State: VA
Zip Code: 22125

Purpose of Disbursement: Printing
Candidate Name:
Category/ Type:

Office Sought: House / Senate / President
State: District:
Disbursement For: 2002 — X Primary / General / Other (specify)

Date of Disbursement: 04 / 30 / 2001
Amount of Each Disbursement this Period: 5000.00
Transaction ID: D1874

B. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address
P.O. Box 21018
City: New York
State: NY
Zip Code: 10268-2118

Purpose of Disbursement: Office Rent
Candidate Name:
Category/ Type:

Office Sought: House / Senate / President
State: District:
Disbursement For: 2002 — X Primary / General / Other (specify)

Date of Disbursement: 01 / 05 / 2001
Amount of Each Disbursement this Period: 549.95
Transaction ID: D806

C. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address
P.O. Box 21018
City: New York
State: NY
Zip Code: 10268-2118

Purpose of Disbursement: Rent
Candidate Name:
Category/ Type:

Office Sought: House / Senate / President
State: District:
Disbursement For: 2002 — X Primary / General / Other (specify)

Date of Disbursement: 01 / 31 / 2001
Amount of Each Disbursement this Period: 549.95
Transaction ID: D807

SUBTOTAL of Disbursements This Page (optional) ▶ **6099.90**

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Revised 1/2001)

EXHIBIT
Exhibit 528

SCHEDULE B
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one) PAGE 151 / 230
[X] 17 [ ] 18 [ ] 19a [ ] 20a [ ] 20b [ ] 20c [ ] 21

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NAME OF COMMITTEE (In Full)
Rangel for Congress

A. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address
P.O. Box 21018
City: New York | State: NY | Zip Code: 10268-2118

Purpose of Disbursement
Office Rent

Candidate Name

Category/ Type

Office Sought: House / Senate / President
State: District:

Disbursement For: 2002
X Primary / General / Other (specify)

Date of Disbursement: 03 / 08 / 2001

Amount of Each Disbursement this Period: 549.95

Transaction ID: D8DB

B. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address
P.O. Box 21018
City: New York | State: NY | Zip Code: 10268-2118

Purpose of Disbursement
Rent

Candidate Name

Category/ Type

Office Sought: House / Senate / President
State: District:

Disbursement For: 2002
X Primary / General / Other (specify)

Date of Disbursement: 08 / 22 / 2001

Amount of Each Disbursement this Period: 1099.90

Transaction ID: D35D5

C. Full Name (Last, First, Middle Initial)
Mail Handlers, Inc.

Mailing Address
30-00 Forty Seventh Ave
City: Long Island City | State: NY | Zip Code: 11101

Purpose of Disbursement
Postage

Candidate Name

Category/ Type

Office Sought: House / Senate / President
State: District:

Disbursement For: 2002
X Primary / General / Other (specify)

Date of Disbursement: 05 / 01 / 2001

Amount of Each Disbursement this Period: 3250.00

Transaction ID: D3157

SUBTOTAL of Disbursements This Page (optional) ▶ 4899.85

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Revised 1/2001)

EXHIBIT
Exhibit 528

SCHEDULE B
ITEMIZED DISBURSEMENTS

Use seperate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one) PAGE 134 / 203
[X] 17 [ ] 18 [ ] 19a [ ] 20a [ ] 20b [ ] 20c [ ] 21

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NAME OF COMMITTEE (In Full)
Rangel for Congress

A. Full Name (Last, First, Middle Initial)
Franck LaBoy

Mailing Address
1130 Taylor Avenue
City: Bronx | State: NY | Zip Code: 10472

Purpose of Disbursement
Payroll Expenses
Candidate Name
Category/ Type

Office Sought: House / Senate / President
District:
Disbursement For: 2002 X Primary General Other (specify)

Date of Disbursement: 08 / 10 / 2001
Amount of Each Disbursement this Period: 5000.00
Transaction ID: D3880

B. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address
P.O. Box 21018
City: New York | State: NY | Zip Code: 10268-2118

Purpose of Disbursement
Office Rent
Candidate Name
Category/ Type

Office Sought: House / Senate / President
District:
Disbursement For: 2002 X Primary General Other (specify)

Date of Disbursement: 07 / 27 / 2001
Amount of Each Disbursement this Period: 549.95
Transaction ID: D3868

C. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address
P.O. Box 21018
City: New York | State: NY | Zip Code: 10268-2118

Purpose of Disbursement
Office Rent
Candidate Name
Category/ Type

Office Sought: House / Senate / President
District:
Disbursement For: 2002 X Primary General Other (specify)

Date of Disbursement: 08 / 30 / 2001
Amount of Each Disbursement this Period: 549.95
Transaction ID: D3727

SUBTOTAL of Disbursements This Page (optional) ▶ **6099.90**

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Revised 1/2001)

EXHIBIT
Exhibit 528

SCHEDULE B
ITEMIZED DISBURSEMENTS

Use seperate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one) PAGE 135 / 203
[X] 17 [ ] 18 [ ] 19a
[ ] 20a [ ] 20b [ ] 20c [ ] 21

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NAME OF COMMITTEE (In Full)
Rangel for Congress

A. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address
P.O. Box 21018
City: New York | State: NY | Zip Code: 10268-2118
Purpose of Disbursement: Office Rent
Candidate Name
Category/ Type
Office Sought: House / Senate / President
State: District:
Disbursement For: 2002 — X Primary / General / Other (specify)
Date of Disbursement: 10 / 03 / 2001
Amount of Each Disbursement this Period: 1099.90
Transaction ID: D3791

B. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address
P.O. Box 21018
City: New York | State: NY | Zip Code: 10268-2118
Purpose of Disbursement: Office Rent
Candidate Name
Category/ Type
Office Sought: House / Senate / President
State: District:
Disbursement For: 2002 — X Primary / General / Other (specify)
Date of Disbursement: 12 / 03 / 2001
Amount of Each Disbursement this Period: 549.95
Transaction ID: D3812

C. Full Name (Last, First, Middle Initial)
Mail Handlers, Inc.
Mailing Address
30-00 Forty Seventh Ave
City: Long Island City | State: NY | Zip Code: 11101
Purpose of Disbursement: Postage
Candidate Name
Category/ Type
Office Sought: House / Senate / President
State: District:
Disbursement For: 2002 — X Primary / General / Other (specify)
Date of Disbursement: 07 / 11 / 2001
Amount of Each Disbursement this Period: 1187.45
Transaction ID: D3587

SUBTOTAL of Disbursements This Page (optional) ▶ **2837.30**

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Revised 1/2001)

EXHIBIT
Exhibit 528

SCHEDULE B
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one) — PAGE 66 / 124

[X] 17 [ ] 18 [ ] 19a [ ] 20a [ ] 20b [ ] 20c [ ] 21

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NAME OF COMMITTEE (In Full)
Rangel for Congress

A. Full Name (Last, First, Middle Initial)
La Brasserie

Mailing Address
239 Massachusetts Ave NE
City: Washington | State: DC | Zip Code: 20002

Purpose of Disbursement
Catering

Candidate Name

Category/ Type

Office Sought: [ ] House [ ] Senate [ ] President
State: District:

Disbursement For: [X] Primary [ ] General [ ] Other (specify)

Date of Disbursement: 02 / 20 / 2002

Amount of Each Disbursement this Period: 323.10

Transaction ID: D3998

B. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address
P.O. Box 21018
City: New York | State: NY | Zip Code: 10026-2118

Purpose of Disbursement
Office Rent

Candidate Name

Category/ Type

Office Sought: [ ] House [ ] Senate [ ] President
State: District:

Disbursement For: [X] Primary [ ] General [ ] Other (specify)

Date of Disbursement: 03 / 28 / 2002

Amount of Each Disbursement this Period: 549.95

Transaction ID: D40B4

C. Full Name (Last, First, Middle Initial)
Magic Lady Productions

Mailing Address
330 East 43rd STreet - Suite 1D2
City: New York | State: NY | Zip Code: 10017

Purpose of Disbursement
Event Expenses

Candidate Name

Category/ Type

Office Sought: [ ] House [ ] Senate [ ] President
State: District:

Disbursement For: [X] Primary [ ] General [ ] Other (specify)

Date of Disbursement: 03 / 22 / 2002

Amount of Each Disbursement this Period: 10000.00

Transaction ID: D4075

SUBTOTAL of Disbursements This Page (optional) ▶ **10873.05**

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Revised 1/2001)

EXHIBIT
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SCHEDULE B
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one) — PAGE 43 / 55

[X] 17	[ ] 18	[ ] 19a	[ ] 19b	
[ ] 20a	[ ] 20b	[ ] 20c	[ ] 21	

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NAME OF COMMITTEE (In Full)
Rangel for Congress

A. Full Name (Last, First, Middle Initial)
KLM Group

Mailing Address
Attn: Krystal Miller
City: Occoquan | State: VA | Zip Code: 22125

Purpose of Disbursement: printing
Candidate Name:
Category/ Type:

Office Sought: House / Senate / President
State: District:
Disbursement For: 2002 — X Primary — General — Other (specify)

Date of Disbursement: 07 / 10 / 2002
Amount of Each Disbursement this Period: 40.00
Transaction ID: D4214

B. Full Name (Last, First, Middle Initial)
Kristian Stiles

Mailing Address
2850 Connecticut Ave - First FLoor
City: Washington | State: DC | Zip Code: 20008

Purpose of Disbursement: Staff Travel
Candidate Name:
Category/ Type:

Office Sought: House / Senate / President
State: District:
Disbursement For: 2002 — X Primary — General — Other (specify)

Date of Disbursement: 07 / 10 / 2002
Amount of Each Disbursement this Period: 308.25
Transaction ID: D4222

C. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address
P.O. Box 21D18
City: New York | State: NY | Zip Code: 10268-2118

Purpose of Disbursement: Office Rent
Candidate Name:
Category/ Type:

Office Sought: House / Senate / President
State: District:
Disbursement For: 2002 — X Primary — General — Other (specify)

Date of Disbursement: 07 / 24 / 2002
Amount of Each Disbursement this Period: 249.95
Transaction ID: D4247

SUBTOTAL of Disbursements This Page (optional) ▶ **598.20**

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Revised 1/2001)

EXHIBIT
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SCHEDULE B
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one) — PAGE 44 / 58

[X] 17	[ ] 18	[ ] 19a	[ ] 19b	
[ ] 20a	[ ] 20b	[ ] 20c	[ ] 21	

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NAME OF COMMITTEE (In Full)
Rangel for Congress

A. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address
P.O. Box 21018
City: New York — State: NY — Zip Code: 10268-2118

Purpose of Disbursement
Office Rent

Candidate Name

Category/ Type

Office Sought: [ ] House [ ] Senate [ ] President
State: District:

Disbursement For: [X] Primary [ ] General [ ] Other (specify)

Date of Disbursement: 07 / 10 / 2002

Amount of Each Disbursement this Period: 548.96

Transaction ID: D4228

B. Full Name (Last, First, Middle Initial)
Manhattan Newspaper Group

Mailing Address
83 West 38th street — Suite 208
City: New York — State: NY — Zip Code: 10018

Purpose of Disbursement
Print Ads

Candidate Name

Category/ Type

Office Sought: [ ] House [ ] Senate [ ] President
State: District:

Disbursement For: [X] Primary [ ] General [ ] Other (specify)

Date of Disbursement: 07 / 10 / 2002

Amount of Each Disbursement this Period: 275.00

Transaction ID: D4221

C. Full Name (Last, First, Middle Initial)
Marissa Zapata

Mailing Address
2354 Rayburn HOB
City: Washington — State: DC — Zip Code: 20515

Purpose of Disbursement
Salary

Candidate Name

Category/ Type

Office Sought: [ ] House [ ] Senate [ ] President
State: District:

Disbursement For: [X] Primary [ ] General [ ] Other (specify)

Date of Disbursement: 07 / 10 / 2002

Amount of Each Disbursement this Period: 1000.00

Transaction ID: D4233

SUBTOTAL of Disbursements This Page (optional) ▶ **1824.96**

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Revised 1/2001)

EXHIBIT
Exhibit 528

SCHEDULE B
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one) — PAGE 40 / 70

[X] 17	[ ] 18	[ ] 19a	[ ] 19b	
[ ] 20a	[ ] 20b	[ ] 20c	[ ] 21	

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NAME OF COMMITTEE (In Full)
Rangel for Congress

A. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address
P.O. Box 21018
City: New York — State: NY — Zip Code: 10268-2118

Purpose of Disbursement
Office Rent
Candidate Name
Category/ Type

Office Sought: [ ] House [ ] Senate [ ] President
State: District:
Disbursement For: 2002 — [ ] Primary [X] General [ ] Other (specify)

Date of Disbursement: 08 / 27 / 2002
Amount of Each Disbursement this Period: 549.95
Transaction ID: D4403

B. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address
P.O. Box 21018
City: New York — State: NY — Zip Code: 10268-2118

Purpose of Disbursement
Office Rent
Candidate Name
Category/ Type

Office Sought: [ ] House [ ] Senate [ ] President
State: District:
Disbursement For: 2002 — [X] Primary [ ] General [ ] Other (specify)

Date of Disbursement: 08 / 30 / 2002
Amount of Each Disbursement this Period: 249.95
Transaction ID: D4336

C. Full Name (Last, First, Middle Initial)
Steve Miller

Mailing Address
AAD — 1101 Vermont Ave NW Suite 700
City: Washington — State: DC — Zip Code: 20005

Purpose of Disbursement
Catering
Candidate Name
Category/ Type

Office Sought: [ ] House [ ] Senate [ ] President
State: District:
Disbursement For: 2002 — [ ] Primary [X] General [ ] Other (specify)

Date of Disbursement: 09 / 26 / 2002
Amount of Each Disbursement this Period: 386.20
Transaction ID: D4401

SUBTOTAL of Disbursements This Page (optional) ▶ **1186.10**

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Revised 1/2001)

EXHIBIT
Exhibit 528

SCHEDULE B (FEC Form 3)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one) — PAGE 49 / 55
[X] 17 [ ] 18 [ ] 19a [ ] 19b
[ ] 20a [ ] 20b [ ] 20c [ ] 21

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NAME OF COMMITTEE (In Full)
Rangel for Congress

A. Full Name (Last, First, Middle Initial): James Booker
Mailing Address: 10 West 135th Street
City: New York | State: NY | Zip Code: 10037
Purpose of Disbursement: Payroll Expenses
Candidate Name:
Category/ Type:
Office Sought: House / Senate / President — State: District:
Disbursement For: 2004 — X Primary — General — Other (specify)
Transaction ID: D473D
Date of Disbursement: 02 / 27 / 2003
Amount of Each Disbursement this Period: 500.00
Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

B. Full Name (Last, First, Middle Initial): Lenox Terrace Development Assoc.
Mailing Address: P.O. Box 21018
City: New York | State: NY | Zip Code: 10268-2118
Purpose of Disbursement: Office Rent
Candidate Name:
Category/ Type:
Office Sought: House / Senate / President — State: District:
Disbursement For: 2004 — X Primary — General — Other (specify)
Transaction ID: D4731
Date of Disbursement: 02 / 27 / 2003
Amount of Each Disbursement this Period: 1143.95
Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

C. Full Name (Last, First, Middle Initial): Lenox Terrace Development Assoc.
Mailing Address: P.O. Box 21018
City: New York | State: NY | Zip Code: 10268-2118
Purpose of Disbursement: Office Rent
Candidate Name:
Category/ Type:
Office Sought: House / Senate / President — State: District:
Disbursement For: 2004 — X Primary — General — Other (specify)
Transaction ID: D4857
Date of Disbursement: 01 / 15 / 2003
Amount of Each Disbursement this Period: 1715.85
Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

SUBTOTAL of Disbursements This Page (optional) ▶ 3359.80
TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Form 3) Rev. 02/2003

EXHIBIT
Exhibit 528

SCHEDULE B (FEC Form 3)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one) — PAGE 50 / 88

- [X] 17
- [ ] 18
- [ ] 19a
- [ ] 19b
- [ ] 20a
- [ ] 20b
- [ ] 20c
- [ ] 21

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NAME OF COMMITTEE (In Full)
Rangel for Congress

A.
Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address P.O. Box 21018
City: New York | State: NY | Zip Code: 10268-2118
Purpose of Disbursement: Office Rent
Candidate Name:
Category/ Type:
Office Sought: House / Senate / President
State: District:
Disbursement For: 2004 — X Primary / General / Other (specify)
Transaction ID: D4738
Date of Disbursement: 03 / 10 / 2003
Amount of Each Disbursement this Period: 21.37
Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

B.
Full Name (Last, First, Middle Initial)
Mail Handlers, Inc.
Mailing Address 30-00 Forty Seventh Ave
City: Long Island City | State: NY | Zip Code: 11101
Purpose of Disbursement: Postage
Candidate Name:
Category/ Type:
Office Sought: House / Senate / President
State: District:
Disbursement For: 2004 — X Primary / General / Other (specify)
Transaction ID: D4679
Date of Disbursement: 02 / 05 / 2003
Amount of Each Disbursement this Period: 5000.00
Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

C.
Full Name (Last, First, Middle Initial)
Mail Handlers, Inc.
Mailing Address 30-00 Forty Seventh Ave
City: Long Island City | State: NY | Zip Code: 11101
Purpose of Disbursement: Postage
Candidate Name:
Category/ Type:
Office Sought: House / Senate / President
State: District:
Disbursement For: 2004 — X Primary / General / Other (specify)
Transaction ID: D4713
Date of Disbursement: 02 / 18 / 2003
Amount of Each Disbursement this Period: 11368.01
Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

SUBTOTAL of Disbursements This Page (optional) ▶ 16387.38

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Form 3) Rev. 02/2003

EXHIBIT
Exhibit 528

SCHEDULE B (FEC Form 3)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one) — PAGE 125 / 170

[X] 17 [ ] 18 [ ] 19a [ ] 19b
[ ] 20a [ ] 20b [ ] 20c [ ] 21

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NAME OF COMMITTEE (In Full)
Rangel for Congress

A. Full Name (Last, First, Middle Initial)
David Jones

Mailing Address 314 9th Street, SE

City: Washington | State: DC | Zip Code: 20003

Purpose of Disbursement: fundraising consultant
Candidate Name:
Category/ Type:

Office Sought: House / Senate / President
State: District:

Disbursement For: 2004 — X Primary / General / Other (specify)

Transaction ID: D4829
Date of Disbursement: 06 / 23 / 2003

Amount of Each Disbursement this Period: 50000.00

Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

B. Full Name (Last, First, Middle Initial)
Keith Jewel Photographer

Mailing Address 216 Riverside Road

City: Edgewater | State: MD | Zip Code: 21037

Purpose of Disbursement: Photographer
Candidate Name:
Category/ Type:

Office Sought: House / Senate / President
State: District:

Disbursement For: 2004 — X Primary / General / Other (specify)

Transaction ID: D4875
Date of Disbursement: 04 / 23 / 2003

Amount of Each Disbursement this Period: 372.00

Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

C. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address P.O. Box 21018

City: New York | State: NY | Zip Code: 10268-2118

Purpose of Disbursement: Office Rent
Candidate Name:
Category/ Type:

Office Sought: House / Senate / President
State: District:

Disbursement For: 2004 — X Primary / General / Other (specify)

Transaction ID: D4879
Date of Disbursement: 04 / 23 / 2003

Amount of Each Disbursement this Period: 571.95

Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

SUBTOTAL of Disbursements This Page (optional) ▶ 50943.95

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Form 3) Rev. 02/2003

EXHIBIT
Exhibit 528

CSOC.CBR.00032822

SCHEDULE B (FEC Form 3)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one) — PAGE 127 / 170

[X] 17 [ ] 18 [ ] 19a [ ] 19b
[ ] 20a [ ] 20b [ ] 20c [ ] 21

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NAME OF COMMITTEE (In Full)
Rangel for Congress

A.
Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address P.O. Box 21018
City: New York | State: NY | Zip Code: 10026-2118
Purpose of Disbursement: Office Rent
Candidate Name:
Category/ Type:
Office Sought: House / Senate / President — State: District
Disbursement For: 2004 — X Primary / General / Other (specify)
Transaction ID: D4877
Date of Disbursement: 05 / 01 / 2003
Amount of Each Disbursement this Period: 571.95
Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

B.
Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address P.O. Box 21018
City: New York | State: NY | Zip Code: 10026-2118
Purpose of Disbursement: Office Rent
Candidate Name:
Category/ Type:
Office Sought: House / Senate / President — State: District
Disbursement For: 2004 — X Primary / General / Other (specify)
Transaction ID: D4875
Date of Disbursement: 05 / 28 / 2003
Amount of Each Disbursement this Period: 571.95
Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

C.
Full Name (Last, First, Middle Initial)
Mail Handlers, Inc.
Mailing Address 30-00 Forty Seventh Ave
City: Long Island City | State: NY | Zip Code: 11101
Purpose of Disbursement: Postage
Candidate Name:
Category/ Type:
Office Sought: House / Senate / President — State: District
Disbursement For: 2004 — X Primary / General / Other (specify)
Transaction ID: D4864
Date of Disbursement: 04 / 08 / 2003
Amount of Each Disbursement this Period: 4204.00
Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

SUBTOTAL of Disbursements This Page (optional) ▶ 5347.90

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Form 3) Rev. 02/2003

EXHIBIT
Exhibit 528

SCHEDULE B (FEC Form 3)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one) — PAGE 44 / 68

[X] 17 [ ] 18 [ ] 19a [ ] 19b
[ ] 20a [ ] 20b [ ] 20c [ ] 21

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NAME OF COMMITTEE (In Full)
Rangel for Congress

A. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York — State: NY — Zip Code: 10268-2018

Purpose of Disbursement: Office Rent

Candidate Name

Category/ Type

Office Sought: House / Senate / President — State: District

Disbursement For: 2004 — X Primary / General / Other (specify)

Transaction ID: D6264
Date of Disbursement: 10 / 06 / 2003

Amount of Each Disbursement this Period: 571.95

Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

B. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York — State: NY — Zip Code: 10268-2018

Purpose of Disbursement: Office Rent

Candidate Name

Category/ Type

Office Sought: House / Senate / President — State: District

Disbursement For: 2004 — X Primary / General / Other (specify)

Transaction ID: D6266
Date of Disbursement: 10 / 29 / 2003

Amount of Each Disbursement this Period: 200.00

Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

C. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York — State: NY — Zip Code: 10268-2018

Purpose of Disbursement: Office Rent

Candidate Name

Category/ Type

Office Sought: House / Senate / President — State: District

Disbursement For: 2004 — X Primary / General / Other (specify)

Transaction ID: D6262
Date of Disbursement: 12 / 08 / 2003

Amount of Each Disbursement this Period: 200.00

Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

SUBTOTAL of Disbursements This Page (optional) ▶ 971.95

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Form 3) Rev. 02/2003

EXHIBIT
Exhibit 528

CSOC.CBR.00032824

SCHEDULE B (FEC Form 3)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one) — PAGE 45 / 58

[X] 17 [ ] 18 [ ] 19a [ ] 19b
[ ] 20a [ ] 20b [ ] 20c [ ] 21

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NAME OF COMMITTEE (In Full)
Rangel for Congress

A. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York — State: NY — Zip Code: 10026-2018

Purpose of Disbursement: Office Rent

Candidate Name:

Category/ Type:

Office Sought: House / Senate / President — State: District

Disbursement For: 2004 — X Primary / General / Other (specify)

Transaction ID: D6265
Date of Disbursement: 12 / 08 / 2003

Amount of Each Disbursement this Period: 200.00

Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

B. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York — State: NY — Zip Code: 10026-2018

Purpose of Disbursement: Office Rent

Candidate Name:

Category/ Type:

Office Sought: House / Senate / President — State: District

Disbursement For: 2004 — X Primary / General / Other (specify)

Transaction ID: D6263
Date of Disbursement: 12 / 31 / 2003

Amount of Each Disbursement this Period: 200.00

Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

C. Full Name (Last, First, Middle Initial)
Kenneth I. Levinson

Mailing Address 601 13th Street, N.W., Suite 1100 North

City: Washington — State: DC — Zip Code: 20005

Purpose of Disbursement: Catering

Candidate Name:

Category/ Type:

Office Sought: House / Senate / President — State: District

Disbursement For: 2004 — X Primary / General / Other (specify)

Transaction ID: D2958
Date of Disbursement: 10 / 01 / 2003

Amount of Each Disbursement this Period: 500.36

Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

* In-kind received

SUBTOTAL of Disbursements This Page (optional) ▶ 900.36

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Form 3) Rev. 02/2003

EXHIBIT
Exhibit 528

SCHEDULE B (FEC Form 3)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one) — PAGE 109 / 119

- [X] 17
- [ ] 18
- [ ] 19a
- [ ] 19b
- [ ] 20a
- [ ] 20b
- [ ] 20c
- [ ] 21

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NAME OF COMMITTEE (In Full)
Rangel for Congress

A. Full Name (Last, First, Middle Initial)
Laura Olkowski

Mailing Address 435 Clinton St

City: Brooklyn | State: NY | Zip Code: 11231-3423

Purpose of Disbursement: Payroll Expenses

Candidate Name:

Category/ Type:

Office Sought: House / Senate / President — State: District

Disbursement For: 2004 — X Primary / General / Other (specify)

Transaction ID: D6360
Date of Disbursement: 03 / 15 / 2004

Amount of Each Disbursement this Period: 404.56

Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

B. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York | State: NY | Zip Code: 10026-2018

Purpose of Disbursement: Office Rent

Candidate Name:

Category/ Type:

Office Sought: House / Senate / President — State: District

Disbursement For: 2004 — X Primary / General / Other (specify)

Transaction ID: D6362
Date of Disbursement: 03 / 02 / 2004

Amount of Each Disbursement this Period: 500.00

Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

C. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York | State: NY | Zip Code: 10026-2018

Purpose of Disbursement: Office Rent

Candidate Name:

Category/ Type:

Office Sought: House / Senate / President — State: District

Disbursement For: 2004 — X Primary / General / Other (specify)

Transaction ID: D6363
Date of Disbursement: 03 / 09 / 2004

Amount of Each Disbursement this Period: 500.00

Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

SUBTOTAL of Disbursements This Page (optional) ▶ **1404.56**

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Form 3) Rev: 02/2003

EXHIBIT
Exhibit 528

SCHEDULE B (FEC Form 3)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one)
[X] 17 [ ] 18 [ ] 19a [ ] 19b
[ ] 20a [ ] 20b [ ] 20c [ ] 21

PAGE 151 / 187

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NAME OF COMMITTEE (In Full)
Rangel for Congress

A. Full Name (Last, First, Middle Initial)
Franck Laboy

Mailing Address 1130 Taylor Ave

City Bronx State NY Zip Code 10472-4707

Purpose of Disbursement
Political consultant

Candidate Name

Category/ Type

Office Sought: House / Senate / President
State: District

Disbursement For: 2004
X Primary General
Other (specify)

Transaction ID: D8711
Date of Disbursement
06 30 2004

Amount of Each Disbursement this Period
1000.00

Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

B. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City New York State NY Zip Code 10286-2018

Purpose of Disbursement
Office Rent

Candidate Name

Category/ Type

Office Sought: House / Senate / President
State: District

Disbursement For: 2004
X Primary General
Other (specify)

Transaction ID: D8760
Date of Disbursement
04 07 2004

Amount of Each Disbursement this Period
271.95

Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

C. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City New York State NY Zip Code 10286-2018

Purpose of Disbursement
Office Rent

Candidate Name

Category/ Type

Office Sought: House / Senate / President
State: District

Disbursement For: 2004
X Primary General
Other (specify)

Transaction ID: D8759
Date of Disbursement
05 13 2004

Amount of Each Disbursement this Period
243.90

Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

SUBTOTAL of Disbursements This Page (optional) ..... ▶ 1515.85

TOTAL This Period (last page this line number only) ..... ▶

FEC Schedule B (Form 3) Rev. 02/2003

EXHIBIT
Exhibit 528

CSOC.CBR.00032827

SCHEDULE B (FEC Form 3)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one) — PAGE 152 / 187

[X] 17 [ ] 18 [ ] 19a [ ] 19b
[ ] 20a [ ] 20b [ ] 20c [ ] 21

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NAME OF COMMITTEE (In Full)
Rangel for Congress

A. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York — State: NY — Zip Code: 10026-2018

Purpose of Disbursement: Office Rent

Candidate Name:

Category/ Type:

Office Sought: House / Senate / President — State: District

Disbursement For: 2004 — X Primary — General — Other (specify)

Transaction ID: D8761
Date of Disbursement: 06 / 03 / 2004

Amount of Each Disbursement this Period: 271.95

Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

B. Full Name (Last, First, Middle Initial)
LeVera Sutton

Mailing Address 408 W 146th St

City: New York — State: NY — Zip Code: 10031-5210

Purpose of Disbursement: Payroll Expenses

Candidate Name:

Category/ Type:

Office Sought: House / Senate / President — State: District

Disbursement For: 2004 — X Primary — General — Other (specify)

Transaction ID: D8768
Date of Disbursement: 04 / 02 / 2004

Amount of Each Disbursement this Period: 890.31

Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

C. Full Name (Last, First, Middle Initial)
LeVera Sutton

Mailing Address 408 W 146th St

City: New York — State: NY — Zip Code: 10031-5210

Purpose of Disbursement: Payroll Expenses

Candidate Name:

Category/ Type:

Office Sought: House / Senate / President — State: District

Disbursement For: 2004 — X Primary — General — Other (specify)

Transaction ID: D8770
Date of Disbursement: 04 / 16 / 2004

Amount of Each Disbursement this Period: 1188.98

Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

SUBTOTAL of Disbursements This Page (optional) ▶ 2351.24

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Form 3) Rev. 02/2003

EXHIBIT
Exhibit 528

CSOC.CBR.00032828

SCHEDULE B (FEC Form 3)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one) — PAGE 68 / 93
[X] 17 [ ] 18 [ ] 19a [ ] 19b
[ ] 20a [ ] 20b [ ] 20c [ ] 21

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NAME OF COMMITTEE (In Full)
Rangel for Congress

A. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York | State: NY | Zip Code: 10286-2018

Purpose of Disbursement: Office Rent
Candidate Name:
Category/Type: 001

Office Sought: House / Senate / President / State: / District:
Disbursement For: 2004 — X Primary / General / Other (specify)

Transaction ID: D9227
Date of Disbursement: 08 / 03 / 2004

Amount of Each Disbursement this Period: 1202.94

Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

B. Full Name (Last, First, Middle Initial)
Leon Wynter

Mailing Address 688 Massachusetts Avenue Apt. 112

City: Cambridge | State: MA | Zip Code: 02139

Purpose of Disbursement: travel expense reimbursement
Candidate Name:
Category/Type: 002

Office Sought: House / Senate / President / State: / District:
Disbursement For: 2004 — X Primary / General / Other (specify)

Transaction ID: D9228
Date of Disbursement: 07 / 13 / 2004

Amount of Each Disbursement this Period: 282.61

Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

C. Full Name (Last, First, Middle Initial)
LeVern Sutton

Mailing Address 408 W 146th St

City: New York | State: NY | Zip Code: 10031-8210

Purpose of Disbursement: Salary
Candidate Name:
Category/Type: 001

Office Sought: House / Senate / President / State: / District:
Disbursement For: 2004 — X Primary / General / Other (specify)

Transaction ID: D9230
Date of Disbursement: 07 / 15 / 2004

Amount of Each Disbursement this Period: 1096.42

Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

SUBTOTAL of Disbursements This Page (optional) ▶ 2583.97

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Form 3) Rev. 02/2003

EXHIBIT
Exhibit 528

SCHEDULE B (FEC Form 3)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one) — PAGE 74 / 100

[X] 17	[ ] 18	[ ] 19a	[ ] 19b	
[ ] 20a	[ ] 20b	[ ] 20c	[ ] 21	

Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee

NAME OF COMMITTEE (In Full)
Rangel for Congress

A. Full Name (Last, First, Middle Initial)
Franck Laboy

Mailing Address 1150 Taylor Ave

City: Bronx | State: NY | Zip Code: 10472-4707

Purpose of Disbursement: Political Consultant
Candidate Name:
Category/Type: 001

Office Sought: House / Senate / President
State: District:

Disbursement For: 2004 Primary X General / Other (specify)

Transaction ID: D9330
Date of Disbursement: 09 / 27 / 2004

Amount of Each Disbursement this Period: 1000.00

Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

B. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York | State: NY | Zip Code: 10268-2018

Purpose of Disbursement: Office Rent
Candidate Name:
Category/Type: 001

Office Sought: House / Senate / President
State: District:

Disbursement For: 2004 X Primary General / Other (specify)

Transaction ID: D9346
Date of Disbursement: 09 / 02 / 2004

Amount of Each Disbursement this Period: 300.00

Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

C. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York | State: NY | Zip Code: 10268-2018

Purpose of Disbursement: Office Rent
Candidate Name:
Category/Type: 001

Office Sought: House / Senate / President
State: District:

Disbursement For: 2004 X Primary General / Other (specify)

Transaction ID: D9345
Date of Disbursement: 09 / 27 / 2004

Amount of Each Disbursement this Period: 300.00

Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

SUBTOTAL of Disbursements This Page (optional) ▶ 1600.00

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Form 3) Rev. 02/2003

EXHIBIT
Exhibit 528

CSOC.CBR.00032830

SCHEDULE B (FEC Form 3)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one) PAGE 70 / 91

[X] 17 [ ] 18 [ ] 19a [ ] 19b
[ ] 20a [ ] 20b [ ] 20c [ ] 21

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NAME OF COMMITTEE (In Full)
Rangel for Congress

A. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City New York State NY Zip Code 10286-2018

Purpose of Disbursement
Office Rent

Candidate Name

Office Sought: House / Senate / President
State: District

Disbursement For: 2006
X Primary General
Other (specify)

001 Category/Type

Transaction ID: D9751
Date of Disbursement
11 10 2004

Amount of Each Disbursement this Period
448.81

Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

B. Full Name (Last, First, Middle Initial)
LeVera Sutton

Mailing Address 406 W 146th St

City New York State NY Zip Code 10031-5210

Purpose of Disbursement
Salary

Candidate Name

Office Sought: House / Senate / President
State: District

Disbursement For: 2004
Primary X General
Other (specify)

001 Category/Type

Transaction ID: D9752
Date of Disbursement
10 29 2004

Amount of Each Disbursement this Period
1217.28

Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

C. Full Name (Last, First, Middle Initial)
LeVera Sutton

Mailing Address 406 W 146th St

City New York State NY Zip Code 10031-5210

Purpose of Disbursement
Office expense reimbursement

Candidate Name

Office Sought: House / Senate / President
State: District

Disbursement For: 2006
X Primary General
Other (specify)

001 Category/Type

Transaction ID: D9753
Date of Disbursement
11 10 2004

Amount of Each Disbursement this Period
6.00

Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

SUBTOTAL of Disbursements This Page (optional) ..... ▶ 1672.09

TOTAL This Period (last page this line number only) ..... ▶

FEC Schedule B (Form 3) Rev. 02/2003

EXHIBIT
Exhibit 528

SCHEDULE B (FEC Form 3)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one) — PAGE 11 / 27
[X] 17 [ ] 18 [ ] 19a [ ] 19b
[ ] 20a [ ] 20b [ ] 20c [ ] 21

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NAME OF COMMITTEE (In Full)
Rangel for Congress

A. Full Name (Last, First, Middle Initial)
George Henry

Mailing Address 1621 Primrose Rd NW

City: Washington — State: DC — Zip Code: 20012-1117

Purpose of Disbursement: Salary

Candidate Name:

Office Sought: House / Senate / President — State: District

Disbursement For: 2008 — X Primary — General — Other (specify)

001 Category/Type

Transaction ID: D9974
Date of Disbursement: 12 / 10 / 2004

Amount of Each Disbursement this Period: 1000.00

Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

B. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York — State: NY — Zip Code: 10026-2018

Purpose of Disbursement: Office Rent

Candidate Name:

Office Sought: House / Senate / President — State: District

Disbursement For: 2008 — X Primary — General — Other (specify)

001 Category/Type

Transaction ID: D9884
Date of Disbursement: 11 / 29 / 2004

Amount of Each Disbursement this Period: 761.64

Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

C. Full Name (Last, First, Middle Initial)
LeVern Sutton

Mailing Address 406 W 148th St

City: New York — State: NY — Zip Code: 10031-5210

Purpose of Disbursement: Salary

Candidate Name:

Office Sought: House / Senate / President — State: District

Disbursement For: 2008 — X Primary — General — Other (specify)

001 Category/Type

Transaction ID: D9885
Date of Disbursement: 11 / 30 / 2004

Amount of Each Disbursement this Period: 1007.86

Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

SUBTOTAL of Disbursements This Page (optional) ▶ 2769.50

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Form 3) Rev. 02/2003

EXHIBIT
Exhibit 528

SCHEDULE B (FEC Form 3)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one)
[X] 17 [ ] 18 [ ] 19a [ ] 19b
[ ] 20a [ ] 20b [ ] 20c [ ] 21

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NAME OF COMMITTEE (In Full)
Rangel for Congress

A. Full Name (Last, First, Middle Initial)
Immanuel Music

Mailing Address 725 Bergen Blvd

City Ridgefield State NJ Zip Code 07657

Purpose of Disbursement
Event Expenses (Fundraising)

Candidate Name

Category/Type

Office Sought: House / Senate / President

Disbursement For: 2006
X Primary General
Other (specify)

State: District

Transaction ID: D10174
Date of Disbursement
02 24 2005

Amount of Each Disbursement this Period
850.00

Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

B. Full Name (Last, First, Middle Initial)
Franck Laboy

Mailing Address 1130 Taylor Ave

City Bronx State NY Zip Code 10472-4707

Purpose of Disbursement
Salary

Candidate Name

Category/Type

Office Sought: House / Senate / President

Disbursement For: 2006
X Primary General
Other (specify)

State: District

Transaction ID: D10154
Date of Disbursement
01 04 2005

Amount of Each Disbursement this Period
1000.00

Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

C. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City New York State NY Zip Code 10288-2018

Purpose of Disbursement
Office Rent

Candidate Name

Category/Type

Office Sought: House / Senate / President

Disbursement For: 2006
X Primary General
Other (specify)

State: District

Transaction ID: D10186
Date of Disbursement
02 09 2005

Amount of Each Disbursement this Period
353.70

Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

SUBTOTAL of Disbursements This Page (optional) ..... ▶ 2203.70

TOTAL This Period (last page this line number only) ..... ▶

FEC Schedule B (Form 3) Rev. 02/2003

EXHIBIT
Exhibit 528

CSOC.CBR.00032833

SCHEDULE B (FEC Form 3)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one)
[X] 17 [ ] 18 [ ] 19a [ ] 19b
[ ] 20a [ ] 20b [ ] 20c [ ] 21

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NAME OF COMMITTEE (In Full)
Rangel for Congress

A. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address PO Box 21018
City: New York | State: NY | Zip Code: 10026-2018
Purpose of Disbursement: Office Rent
Candidate Name:
Category/Type: 001
Office Sought: House / Senate / President
State: District:
Disbursement For: 2006 X Primary General / Other (specify)
Transaction ID: D10468
Date of Disbursement: 04 / 04 / 2005
Amount of Each Disbursement this Period: 625.69
Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

B. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address PO Box 21018
City: New York | State: NY | Zip Code: 10026-2018
Purpose of Disbursement: Office Rent
Candidate Name:
Category/Type: 001
Office Sought: House / Senate / President
State: District:
Disbursement For: 2006 X Primary General / Other (specify)
Transaction ID: D10454
Date of Disbursement: 03 / 10 / 2005
Amount of Each Disbursement this Period: 325.66
Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

C. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address PO Box 21018
City: New York | State: NY | Zip Code: 10026-2018
Purpose of Disbursement: Office Rent
Candidate Name:
Category/Type: 001
Office Sought: House / Senate / President
State: District:
Disbursement For: 2006 X Primary General / Other (specify)
Transaction ID: D10467
Date of Disbursement: 06 / 01 / 2005
Amount of Each Disbursement this Period: 683.66
Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

SUBTOTAL of Disbursements This Page (optional) ▶ 1634.96

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Form 3) Rev. 02/2003

EXHIBIT
Exhibit 528

SCHEDULE B (FEC Form 3)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one) — PAGE 103 / 145

[X] 17 [ ] 18 [ ] 19a [ ] 19b
[ ] 20a [ ] 20b [ ] 20c [ ] 21

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NAME OF COMMITTEE (In Full)
Rangel for Congress

A. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21016

City: New York | State: NY | Zip Code: 10268-2018

Purpose of Disbursement: Office Rent

Candidate Name:

Office Sought: House / Senate / President — State: District:

Disbursement For: 2006 — X Primary / General / Other (specify)

Category/ Type: 001

Transaction ID: D10468
Date of Disbursement: 04 / 28 / 2005

Amount of Each Disbursement this Period: 656.68

Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

B. Full Name (Last, First, Middle Initial)
Log-On

Mailing Address 520 Eighth Avenue 14th Floor

City: New York | State: NY | Zip Code: 10018

Purpose of Disbursement: Printing

Candidate Name:

Office Sought: House / Senate / President — State: District:

Disbursement For: 2006 — X Primary / General / Other (specify)

Category/ Type:

Transaction ID: D10470
Date of Disbursement: 04 / 28 / 2005

Amount of Each Disbursement this Period: 363.91

Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

C. Full Name (Last, First, Middle Initial)
MCI

Mailing Address PO Box 4844

City: Iowa City | State: IA | Zip Code: 52244-4844

Purpose of Disbursement: Phones

Candidate Name:

Office Sought: House / Senate / President — State: District:

Disbursement For: 2006 — X Primary / General / Other (specify)

Category/ Type:

Transaction ID: D10476
Date of Disbursement: 04 / 28 / 2005

Amount of Each Disbursement this Period: 11.50

Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

SUBTOTAL of Disbursements This Page (optional) ..... ▶ 1034.07

TOTAL This Period (last page this line number only) ..... ▶

FEC Schedule B (Form 3) Rev. 02/2003

EXHIBIT
Exhibit 528

CSOC.CBR.00032835

SCHEDULE B (FEC Form 3)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one)
[X] 17 [ ] 18 [ ] 19a [ ] 19b
[ ] 20a [ ] 20b [ ] 20c [ ] 21

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NAME OF COMMITTEE (In Full)
Rangel for Congress

A.
Full Name (Last, First, Middle Initial)
Haiti Support Project
Mailing Address 601 50th Street NE
City: Washington | State: DC | Zip Code: 20019
Purpose of Disbursement: Contribution
Candidate Name:
Category/ Type:
Office Sought: House / Senate / President
District:
Disbursement For: 2006 X Primary / General / Other (specify)

Transaction ID: D10698
Date of Disbursement: 07 / 18 / 2005
Amount of Each Disbursement this Period: 1000.00
Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

B.
Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address PO Box 21018
City: New York | State: NY | Zip Code: 10268-2018
Purpose of Disbursement: Office Rent
Candidate Name:
Category/ Type: 001
Office Sought: House / Senate / President
District:
Disbursement For: 2006 X Primary / General / Other (specify)

Transaction ID: D10716
Date of Disbursement: 08 / 02 / 2005
Amount of Each Disbursement this Period: 358.66
Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

C.
Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address PO Box 21018
City: New York | State: NY | Zip Code: 10268-2018
Purpose of Disbursement: Office Rent
Candidate Name:
Category/ Type: 001
Office Sought: House / Senate / President
District:
Disbursement For: 2006 X Primary / General / Other (specify)

Transaction ID: D10715
Date of Disbursement: 08 / 01 / 2005
Amount of Each Disbursement this Period: 358.66
Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

SUBTOTAL of Disbursements This Page (optional) ▶ 1717.32

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Form 3) Rev. 02/2003

EXHIBIT
Exhibit 528

SCHEDULE B (FEC Form 3)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one) — PAGE 47 / 80

[X] 17	[ ] 18	[ ] 19a	[ ] 19b	
[ ] 20a	[ ] 20b	[ ] 20c	[ ] 21	

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NAME OF COMMITTEE (In Full)
Rangel for Congress

A. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York — State: NY — Zip Code: 10268-2018

Purpose of Disbursement: Office Rent
Candidate Name:
Category/Type: 001

Office Sought: House / Senate / President — State: District
Disbursement For: X Primary / General / Other (specify)
2008

Transaction ID: D10717
Date of Disbursement: 09 / 28 / 2005
Amount of Each Disbursement this Period: 300.00
Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

B. Full Name (Last, First, Middle Initial)
Levi Pinsky

Mailing Address 215 East 95th St Apt. 33J

City: New York — State: NY — Zip Code: 10128

Purpose of Disbursement: Salary
Candidate Name:
Category/Type: 001

Office Sought: House / Senate / President — State: District
Disbursement For: X Primary / General / Other (specify)
2006

Transaction ID: D10719
Date of Disbursement: 07 / 15 / 2005
Amount of Each Disbursement this Period: 562.47
Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

C. Full Name (Last, First, Middle Initial)
Levi Pinsky

Mailing Address 215 East 95th St Apt. 33J

City: New York — State: NY — Zip Code: 10128

Purpose of Disbursement: Salary
Candidate Name:
Category/Type: 001

Office Sought: House / Senate / President — State: District
Disbursement For: X Primary / General / Other (specify)
2006

Transaction ID: D10718
Date of Disbursement: 07 / 30 / 2005
Amount of Each Disbursement this Period: 597.75
Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

SUBTOTAL of Disbursements This Page (optional) ▶ 1460.22

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Form 3) Rev. 02/2003

EXHIBIT
Exhibit 528

Image# 26960049652

SCHEDULE B (FEC Form 3)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one) — PAGE 46 / 68

[X] 17 [ ] 18 [ ] 19a [ ] 19b [ ] 20a [ ] 20b [ ] 20c [ ] 21

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NAME OF COMMITTEE (In Full)
Rangel for Congress

A. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York | State: NY | Zip Code: 10286-2018

Purpose of Disbursement: Office Rent
Candidate Name:

Category/Type: 001

Office Sought: [ ] House [ ] Senate [ ] President
State: District:

Disbursement For: 2006 [X] Primary [ ] General [ ] Other (specify)

Transaction ID: D11379
Date of Disbursement: M M 01 / D D 27 / Y Y Y Y 2006

Amount of Each Disbursement this Period: 500.00

[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

B. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York | State: NY | Zip Code: 10286-2018

Purpose of Disbursement: Office Rent
Candidate Name:

Category/Type: 001

Office Sought: [ ] House [ ] Senate [ ] President
State: District:

Disbursement For: 2006 [X] Primary [ ] General [ ] Other (specify)

Transaction ID: D11381
Date of Disbursement: M M 03 / D D 02 / Y Y Y Y 2006

Amount of Each Disbursement this Period: 830.00

[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

C. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York | State: NY | Zip Code: 10286-2018

Purpose of Disbursement: Office Rent
Candidate Name:

Category/Type: 001

Office Sought: [ ] House [ ] Senate [ ] President
State: District:

Disbursement For: 2006 [X] Primary [ ] General [ ] Other (specify)

Transaction ID: D11380
Date of Disbursement: M M 03 / D D 30 / Y Y Y Y 2006

Amount of Each Disbursement this Period: 230.24

[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

SUBTOTAL of Disbursements This Page (optional) ▶ 1560.24

TOTAL This Period (last page this line number only) ▶

FEC **Schedule B (Form 3)** Rev. 02/2003

EXHIBIT
Exhibit 528

Image# 26930346384

SCHEDULE B (FEC Form 3)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one) — PAGE 128 / 162

[X] 17 [ ] 18 [ ] 19a [ ] 19b [ ] 20a [ ] 20b [ ] 20c [ ] 21

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NAME OF COMMITTEE (In Full)
Rangel for Congress

A. Full Name (Last, First, Middle Initial)
Kay Webber

Mailing Address The Webber House
218 Maryland Avenue NE

City Washington — State DC — Zip Code 20002-5704

Purpose of Disbursement
Catering expense

Candidate Name

Category/Type 001

Office Sought: [ ] House [ ] Senate [ ] President — State: District:

Disbursement For: 2006 [X] Primary [ ] General [ ] Other (specify)

Transaction ID: D11726
Date of Disbursement 05 / 01 / 2006

Amount of Each Disbursement this Period 425.00

[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

B. Full Name (Last, First, Middle Initial)
Kay Webber

Mailing Address The Webber House
218 Maryland Avenue NE

City Washington — State DC — Zip Code 20002-5704

Purpose of Disbursement
Catering expense

Candidate Name

Category/Type 001

Office Sought: [ ] House [ ] Senate [ ] President — State: District:

Disbursement For: 2006 [X] Primary [ ] General [ ] Other (specify)

Transaction ID: D11725
Date of Disbursement 06 / 29 / 2006

Amount of Each Disbursement this Period 425.00

[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

C. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City New York — State NY — Zip Code 10286-2018

Purpose of Disbursement
Office Rent

Candidate Name

Category/Type 001

Office Sought: [ ] House [ ] Senate [ ] President — State: District:

Disbursement For: 2006 [X] Primary [ ] General [ ] Other (specify)

Transaction ID: D11730
Date of Disbursement 05 / 01 / 2006

Amount of Each Disbursement this Period 315.04

[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

SUBTOTAL of Disbursements This Page (optional) ▶ 1165.04

TOTAL This Period (last page this line number only) ▶

FEC **Schedule B (Form 3)** Rev. 02/2003

EXHIBIT
Exhibit 528

CSOC.CBR.00032839

Image# 26930348385

SCHEDULE B (FEC Form 3)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one)
[X] 17 [ ] 18 [ ] 19a [ ] 19b
[ ] 20a [ ] 20b [ ] 20c [ ] 21

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NAME OF COMMITTEE (In Full)
Rangel for Congress

A. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York | State: NY | Zip Code: 10286-2018

Purpose of Disbursement: Office Rent
Candidate Name:
Category/Type: 001

Office Sought: [ ] House [ ] Senate [ ] President
State: District:

Disbursement For: 2006 [X] Primary [ ] General [ ] Other (specify)

Transaction ID: D11729
Date of Disbursement: 06 / 26 / 2006

Amount of Each Disbursement this Period: 630.08

[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

B. Full Name (Last, First, Middle Initial)
LZBTH WLSN DSGNS

Mailing Address Art Direction/Graphic Design
499 Van Brunt Street

City: Brooklyn | State: NY | Zip Code: 11231

Purpose of Disbursement: Printing
Candidate Name:
Category/Type: 001

Office Sought: [ ] House [ ] Senate [ ] President
State: District:

Disbursement For: 2006 [X] Primary [ ] General [ ] Other (specify)

Transaction ID: D11731
Date of Disbursement: 06 / 01 / 2006

Amount of Each Disbursement this Period: 850.00

[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

C. Full Name (Last, First, Middle Initial)
Manhattan Newspaper Group

Mailing Address 62 W 39th St
Rm 206

City: New York | State: NY | Zip Code: 10018-2046

Purpose of Disbursement: Print Ads
Candidate Name:
Category/Type: 001

Office Sought: [ ] House [ ] Senate [ ] President
State: District:

Disbursement For: 2006 [X] Primary [ ] General [ ] Other (specify)

Transaction ID: D11733
Date of Disbursement: 06 / 26 / 2006

Amount of Each Disbursement this Period: 275.00

[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

SUBTOTAL of Disbursements This Page (optional) ▶ 1755.08

TOTAL This Period (last page this line number only) ▶

FEC **Schedule B (Form 3)** Rev. 02/2003

EXHIBIT
Exhibit 528

CSOC.CBR.00032840

Image# 27930522961

SCHEDULE B (FEC Form 3)
ITEMIZED DISBURSEMENTS

Use seperate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one) — PAGE 194 / 232

[X] 17 [ ] 18 [ ] 19a [ ] 19b [ ] 20a [ ] 20b [ ] 20c [ ] 21

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NAME OF COMMITTEE (In Full)
Rangel for Congress

A.
Full Name (Last, First, Middle Initial)
Jyraffe Restaurant
Mailing Address 1940 Amsterdam Avenue
City: New York | State: NY | Zip Code: 10032-5059
Purpose of Disbursement: Meetings/meals
Candidate Name
Category/Type: 001
Office Sought: [ ] House [ ] Senate [ ] President
District:
Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)
Transaction ID: D12732
Date of Disbursement: 01 / 09 / 2007
Amount of Each Disbursement this Period: 450.00
[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

B.
Full Name (Last, First, Middle Initial)
Jyraffe Restaurant
Mailing Address 1940 Amsterdam Avenue
City: New York | State: NY | Zip Code: 10032-5059
Purpose of Disbursement: Meetings/meals
Candidate Name
Category/Type: 001
Office Sought: [ ] House [ ] Senate [ ] President
District:
Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)
Transaction ID: D12731
Date of Disbursement: 02 / 13 / 2007
Amount of Each Disbursement this Period: 175.00
[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

C.
Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address PO Box 21018
City: New York | State: NY | Zip Code: 10026-2018
Purpose of Disbursement: Office Rent
Candidate Name
Category/Type: 001
Office Sought: [ ] House [ ] Senate [ ] President
District:
Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)
Transaction ID: D12734
Date of Disbursement: 01 / 18 / 2007
Amount of Each Disbursement this Period: 1016.01
[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

SUBTOTAL of Disbursements This Page (optional) ▶ 1641.01

TOTAL This Period (last page this line number only) ▶

FEC **Schedule B (Form 3)** Rev. 02/2003

EXHIBIT
Exhibit 528

CSOC.CBR.00032841

Image# 27930522962

SCHEDULE B (FEC Form 3)
ITEMIZED DISBURSEMENTS

Use seperate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one)
[X] 17 [ ] 18 [ ] 19a [ ] 19b
[ ] 20a [ ] 20b [ ] 20c [ ] 21

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NAME OF COMMITTEE (In Full)
Rangel for Congress

A. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York | State: NY | Zip Code: 10286-2018

Purpose of Disbursement: Office Rent
Candidate Name:
Category/Type: 001

Office Sought: [ ] House [ ] Senate [ ] President
State: District:

Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)

Transaction ID: D12735
Date of Disbursement: 02 / 27 / 2007

Amount of Each Disbursement this Period: 338.67

[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

B. Full Name (Last, First, Middle Initial)
Mama Mexico

Mailing Address 2672 Broadway

City: New York | State: NY | Zip Code: 10027

Purpose of Disbursement: Catering expense
Candidate Name:
Category/Type: 003

Office Sought: [ ] House [ ] Senate [ ] President
State: District:

Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)

Transaction ID: D12747
Date of Disbursement: 01 / 02 / 2007

Amount of Each Disbursement this Period: 1000.00

[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

C. Full Name (Last, First, Middle Initial)
Manna's Restaurant

Mailing Address 2110 Frederick Douglas Blvd.

City: New York | State: NY | Zip Code: 10027

Purpose of Disbursement: Catering expense
Candidate Name:
Category/Type: 003

Office Sought: [ ] House [ ] Senate [ ] President
State: District:

Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)

Transaction ID: D12748
Date of Disbursement: 01 / 02 / 2007

Amount of Each Disbursement this Period: 1250.00

[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

SUBTOTAL of Disbursements This Page (optional) ▶ 2588.67

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Form 3) Rev. 02/2003

EXHIBIT
Exhibit 528

CSOC.CBR.00032842

Image# 27930923321

SCHEDULE B (FEC Form 3)
ITEMIZED DISBURSEMENTS

Use seperate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one) — PAGE 296 / 350

[X] 17 [ ] 18 [ ] 19a [ ] 19b [ ] 20a [ ] 20b [ ] 20c [ ] 21

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NAME OF COMMITTEE (In Full)
Rangel for Congress

A. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York | State: NY | Zip Code: 10286-2018

Purpose of Disbursement: Office Rent
Candidate Name:
Category/Type: 001

Office Sought: [ ] House [ ] Senate [ ] President
State: District:

Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)

Transaction ID: D13070
Date of Disbursement: 05 / 11 / 2007

Amount of Each Disbursement this Period: 677.34

[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

B. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York | State: NY | Zip Code: 10286-2018

Purpose of Disbursement: Office Rent
Candidate Name:
Category/Type: 001

Office Sought: [ ] House [ ] Senate [ ] President
State: District:

Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)

Transaction ID: D13071
Date of Disbursement: 06 / 22 / 2007

Amount of Each Disbursement this Period: 677.34

[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

C. Full Name (Last, First, Middle Initial)
Alexander Leopold

Mailing Address 245 East 58th Street Apt. 14E

City: New York | State: NY | Zip Code: 10022

Purpose of Disbursement: Salary
Candidate Name:
Category/Type: 001

Office Sought: [ ] House [ ] Senate [ ] President
State: District:

Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)

Transaction ID: D12957
Date of Disbursement: 06 / 29 / 2007

Amount of Each Disbursement this Period: 1180.17

[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

SUBTOTAL of Disbursements This Page (optional) ▶ 2534.85

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Form 3) Rev. 02/2003



Image# 28990011478

SCHEDULE B (FEC Form 3)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one) — PAGE 146 / 188

[X] 17 [ ] 18 [ ] 19a [ ] 19b
[ ] 20a [ ] 20b [ ] 20c [ ] 21

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NAME OF COMMITTEE (In Full)
Rangel for Congress

A.
Full Name (Last, First, Middle Initial)
KLM Group
Mailing Address PO Box 728
Attn: Krystal Miller
City: Occoquan | State: VA | Zip Code: 22125-0728
Purpose of Disbursement: Printing
Candidate Name
Category/Type: 001
Office Sought: [ ] House [ ] Senate [ ] President
State: District:
Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)

Transaction ID: D13473
Date of Disbursement: 07 / 24 / 2007
Amount of Each Disbursement this Period: 1427.14
[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

B.
Full Name (Last, First, Middle Initial)
La Fonda Boricua
Mailing Address 169 East 106th Street
City: New York | State: NY | Zip Code: 10029
Purpose of Disbursement: Reception cost - catering
Candidate Name
Category/Type: 003
Office Sought: [ ] House [ ] Senate [ ] President
State: District:
Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)

Transaction ID: D13474
Date of Disbursement: 09 / 06 / 2007
Amount of Each Disbursement this Period: 2000.00
[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

C.
Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address PO Box 21018
City: New York | State: NY | Zip Code: 10286-2018
Purpose of Disbursement: Office Rent
Candidate Name
Category/Type: 001
Office Sought: [ ] House [ ] Senate [ ] President
State: District:
Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)

Transaction ID: D13477
Date of Disbursement: 07 / 31 / 2007
Amount of Each Disbursement this Period: 677.34
[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

SUBTOTAL of Disbursements This Page (optional) ▶ 4104.48
TOTAL This Period (last page this line number only) ▶

FE5AN018 — FEC Schedule B (Form 3) (Revised 02/2003)



Image# 28990011479

SCHEDULE B (FEC Form 3)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one)
[X] 17 [ ] 18 [ ] 19a [ ] 19b
[ ] 20a [ ] 20b [ ] 20c [ ] 21

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NAME OF COMMITTEE (In Full)
Rangel for Congress

A.
Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address PO Box 21018
City New York | State NY | Zip Code 10286-2018
Purpose of Disbursement: Office Rent
Candidate Name
Category/Type: 001
Office Sought: [ ] House [ ] Senate [ ] President
State: District:
Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)
Transaction ID: D13476
Date of Disbursement: 09 / 04 / 2007
Amount of Each Disbursement this Period: 338.67
[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

B.
Full Name (Last, First, Middle Initial)
Alexander Leopold
Mailing Address 245 East 58th Street Apt. 14E
City New York | State NY | Zip Code 10022
Purpose of Disbursement: Salary
Candidate Name
Category/Type: 001
Office Sought: [ ] House [ ] Senate [ ] President
State: District:
Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)
Transaction ID: D13378
Date of Disbursement: 07 / 13 / 2007
Amount of Each Disbursement this Period: 722.58
[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

C.
Full Name (Last, First, Middle Initial)
Alexander Leopold
Mailing Address 245 East 58th Street Apt. 14E
City New York | State NY | Zip Code 10022
Purpose of Disbursement: Salary
Candidate Name
Category/Type: 001
Office Sought: [ ] House [ ] Senate [ ] President
State: District:
Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)
Transaction ID: D13377
Date of Disbursement: 07 / 31 / 2007
Amount of Each Disbursement this Period: 1103.74
[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

SUBTOTAL of Disbursements This Page (optional) ▶ 2164.99
TOTAL This Period (last page this line number only) ▶

FE5AN018 FEC Schedule B (Form 3) (Revised 02/2003)

EXHIBIT
Exhibit 528

CSOC.CBR.00032845

Image# 28931882769

SCHEDULE B (FEC Form 3)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one)
[X] 17 [ ] 18 [ ] 19a [ ] 19b
[ ] 20a [ ] 20b [ ] 20c [ ] 21

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NAME OF COMMITTEE (In Full)
Rangel for Congress

A.
Full Name (Last, First, Middle Initial)
Harris Beach PLLC
Mailing Address 100 Wall Street 23rd Floor
City: New York | State: NY | Zip Code: 10005
Purpose of Disbursement: Reception - catering
Candidate Name:
Category/Type: 003
Office Sought: [ ] House [ ] Senate [ ] President
District:
Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)
Transaction ID: D14030
Date of Disbursement: 10 / 04 / 2007
Amount of Each Disbursement this Period: 4088.05
[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

B.
Full Name (Last, First, Middle Initial)
Indo-American Pharmaceutical
Mailing Address Prem Pkakash Rao PO Box 751034
City: Forest Hills | State: NY | Zip Code: 11375
Purpose of Disbursement: Reception - catering
Candidate Name:
Category/Type: 003
Office Sought: [ ] House [ ] Senate [ ] President
District:
Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)
Transaction ID: D14034
Date of Disbursement: 12 / 10 / 2007
Amount of Each Disbursement this Period: 1167.52
[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

C.
Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address PO Box 21018
City: New York | State: NY | Zip Code: 10286-2018
Purpose of Disbursement: Office Rent
Candidate Name:
Category/Type: 001
Office Sought: [ ] House [ ] Senate [ ] President
District:
Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)
Transaction ID: D14044
Date of Disbursement: 10 / 04 / 2007
Amount of Each Disbursement this Period: 367.38
[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

SUBTOTAL of Disbursements This Page (optional) ▶ 5622.95

TOTAL This Period (last page this line number only) ▶

FE5AN018 FEC Schedule B (Form 3) (Revised 02/2003)



Image# 28931882770

SCHEDULE B (FEC Form 3)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one)
[X] 17 [ ] 18 [ ] 19a [ ] 19b [ ] 20a [ ] 20b [ ] 20c [ ] 21

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NAME OF COMMITTEE (In Full)
Rangel for Congress

A.
Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address PO Box 21018
City: New York | State: NY | Zip Code: 10286-2018
Purpose of Disbursement: Office Rent
Candidate Name
Category/Type: 001
Office Sought: [ ] House [ ] Senate [ ] President
State: District:
Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)

Transaction ID: D14045
Date of Disbursement: 11 / 01 / 2007
Amount of Each Disbursement this Period: 341.28
[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

B.
Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address PO Box 21018
City: New York | State: NY | Zip Code: 10286-2018
Purpose of Disbursement: Office Rent
Candidate Name
Category/Type: 001
Office Sought: [ ] House [ ] Senate [ ] President
State: District:
Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)

Transaction ID: D14043
Date of Disbursement: 11 / 27 / 2007
Amount of Each Disbursement this Period: 341.28
[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

C.
Full Name (Last, First, Middle Initial)
Lucie White Public Affairs, Inc.
Mailing Address 2025 North Cleveland Apt. 2E
City: Chicago | State: IL | Zip Code: 60614
Purpose of Disbursement: Consultant - Fundraising
Candidate Name
Category/Type: 003
Office Sought: [ ] House [ ] Senate [ ] President
State: District:
Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)

Transaction ID: D14048
Date of Disbursement: 10 / 10 / 2007
Amount of Each Disbursement this Period: 2500.00
[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

SUBTOTAL of Disbursements This Page (optional) ▶ 3182.56

TOTAL This Period (last page this line number only) ▶

FE5AN018

FEC Schedule B (Form 3) (Revised 02/2003)

EXHIBIT
Exhibit 528

CSOC.CBR.00032847

Image# 28990829593

SCHEDULE B (FEC Form 3)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one) — PAGE 102 / 179
[X] 17 [ ] 18 [ ] 19a [ ] 19b [ ] 20a [ ] 20b [ ] 20c [ ] 21

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NAME OF COMMITTEE (in Full)
Rangel for Congress

A.
Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address PO Box 21018
City: New York | State: NY | Zip Code: 10286-2018
Purpose of Disbursement: Office Rent
Candidate Name:
Category/Type: 001
Office Sought: [ ] House [ ] Senate [ ] President
State: District:
Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)
Transaction ID: D14278
Date of Disbursement: 01 / 10 / 2008
Amount of Each Disbursement this Period: 341.28
[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

B.
Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address PO Box 21018
City: New York | State: NY | Zip Code: 10286-2018
Purpose of Disbursement: Office Rent
Candidate Name:
Category/Type: 001
Office Sought: [ ] House [ ] Senate [ ] President
State: District:
Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)
Transaction ID: D14279
Date of Disbursement: 01 / 28 / 2008
Amount of Each Disbursement this Period: 341.28
[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

C.
Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address PO Box 21018
City: New York | State: NY | Zip Code: 10286-2018
Purpose of Disbursement: Office Rent
Candidate Name:
Category/Type: 001
Office Sought: [ ] House [ ] Senate [ ] President
State: District:
Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)
Transaction ID: D14280
Date of Disbursement: 02 / 27 / 2008
Amount of Each Disbursement this Period: 341.28
[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

SUBTOTAL of Disbursements This Page (optional) ▶ 1023.84

TOTAL This Period (last page this line number only) ▶

FE5AN018 — FEC Schedule B (Form 3) (Revised 02/2003)



Image# 28991462295

SCHEDULE B (FEC Form 3)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one)
[X] 17 [ ] 18 [ ] 19a [ ] 19b
[ ] 20a [ ] 20b [ ] 20c [ ] 21

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NAME OF COMMITTEE (In Full)
Rangel for Congress

A.
Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address PO Box 21018
City: New York | State: NY | Zip Code: 10286-2018
Purpose of Disbursement: Office Rent
Candidate Name
Category/Type: 001
Office Sought: [ ] House [ ] Senate [ ] President
State: District:
Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)

Transaction ID: D14694
Date of Disbursement: 04 / 03 / 2008
Amount of Each Disbursement this Period: 341.28
[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

B.
Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address PO Box 21018
City: New York | State: NY | Zip Code: 10286-2018
Purpose of Disbursement: Office Rent
Candidate Name
Category/Type: 001
Office Sought: [ ] House [ ] Senate [ ] President
State: District:
Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)

Transaction ID: D14697
Date of Disbursement: 04 / 29 / 2008
Amount of Each Disbursement this Period: 341.28
[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

C.
Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address PO Box 21018
City: New York | State: NY | Zip Code: 10286-2018
Purpose of Disbursement: Office Rent
Candidate Name
Category/Type: 001
Office Sought: [ ] House [ ] Senate [ ] President
State: District:
Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)

Transaction ID: D14695
Date of Disbursement: 05 / 27 / 2008
Amount of Each Disbursement this Period: 100.00
[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

SUBTOTAL of Disbursements This Page (optional) ▶ 782.56

TOTAL This Period (last page this line number only) ▶

FE5AN018

FEC Schedule B (Form 3) (Revised 02/2003)

EXHIBIT
Exhibit 528

Image# 28991462296

SCHEDULE B (FEC Form 3)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one)
[X] 17 [ ] 18 [ ] 19a [ ] 19b
[ ] 20a [ ] 20b [ ] 20c [ ] 21

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NAME OF COMMITTEE (In Full)
Rangel for Congress

A.
Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address PO Box 21018
City: New York | State: NY | Zip Code: 10286-2018
Purpose of Disbursement: Office Rent
Candidate Name:
Category/Type: 001
Office Sought: [ ] House [ ] Senate [ ] President
State: District:
Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)

Transaction ID: D14696
Date of Disbursement: 05 / 28 / 2008
Amount of Each Disbursement this Period: 341.28
[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

B.
Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address PO Box 21018
City: New York | State: NY | Zip Code: 10286-2018
Purpose of Disbursement: Office rent
Candidate Name:
Category/Type: 001
Office Sought: [ ] House [ ] Senate [ ] President
State: District:
Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)

Transaction ID: D14864
Date of Disbursement: 06 / 27 / 2008
Amount of Each Disbursement this Period: 341.28
[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

C.
Full Name (Last, First, Middle Initial)
Alexander Leopold
Mailing Address 245 East 58th Street Apt. 14E
City: New York | State: NY | Zip Code: 10022
Purpose of Disbursement: Salary
Candidate Name:
Category/Type: 001
Office Sought: [ ] House [ ] Senate [ ] President
State: District:
Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)

Transaction ID: D14845
Date of Disbursement: 06 / 13 / 2008
Amount of Each Disbursement this Period: 894.85
[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

SUBTOTAL of Disbursements This Page (optional) ▶ 1577.41

TOTAL This Period (last page this line number only) ▶

FE5AN018 FEC Schedule B (Form 3) (Revised 02/2003)



Image# 28991952415

SCHEDULE B (FEC Form 3)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one)
[X] 17 [ ] 18 [ ] 19a [ ] 19b [ ] 20a [ ] 20b [ ] 20c [ ] 21

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NAME OF COMMITTEE (In Full)
Rangel for Congress

A.
Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address PO Box 21018
City: New York | State: NY | Zip Code: 10286-2018
Purpose of Disbursement: Office rent
Candidate Name
Category/Type: 001
Office Sought: [ ] House [ ] Senate [ ] President
State: District:
Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)
Transaction ID: D15101
Date of Disbursement: 07 / 30 / 2008
Amount of Each Disbursement this Period: 341.28
[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

B.
Full Name (Last, First, Middle Initial)
Alexander Leopold
Mailing Address 245 East 58th Street Apt. 14E
City: New York | State: NY | Zip Code: 10022
Purpose of Disbursement: Salary
Candidate Name
Category/Type: 001
Office Sought: [ ] House [ ] Senate [ ] President
State: District:
Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)
Transaction ID: D15151
Date of Disbursement: 07 / 01 / 2008
Amount of Each Disbursement this Period: 1093.37
[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

C.
Full Name (Last, First, Middle Initial)
Alexander Leopold
Mailing Address 245 East 58th Street Apt. 14E
City: New York | State: NY | Zip Code: 10022
Purpose of Disbursement: Salary
Candidate Name
Category/Type: 001
Office Sought: [ ] House [ ] Senate [ ] President
State: District:
Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)
Transaction ID: D15152
Date of Disbursement: 07 / 15 / 2008
Amount of Each Disbursement this Period: 1315.17
[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

SUBTOTAL of Disbursements This Page (optional) ▶ 2749.82

TOTAL This Period (last page this line number only) ▶

FE5AN018

FEC Schedule B (Form 3) (Revised 02/2003)

EXHIBIT
Exhibit 528

CSOC.CBR.00032851

Image# 28933510687

SCHEDULE B (FEC Form 3)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one) — PAGE 59 / 94

[X] 17 [ ] 18 [ ] 19a [ ] 19b [ ] 20a [ ] 20b [ ] 20c [ ] 21

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NAME OF COMMITTEE (In Full)
Rangel for Congress

A.
Full Name (Last, First, Middle Initial)
Allison Baker Griner
Mailing Address 4971 Allan Road
City: Bethesda | State: MD | Zip Code: 20816
Purpose of Disbursement: Consultant - Fundraiser
Candidate Name
Category/Type: 003
Office Sought: [ ] House [ ] Senate [ ] President — State: District:
Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)
Transaction ID: D15199
Date of Disbursement: 08 / 21 / 2008
Amount of Each Disbursement this Period: 3650.00
[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

B.
Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address PO Box 21018
City: New York | State: NY | Zip Code: 10286-2018
Purpose of Disbursement: Office rent
Candidate Name
Category/Type: 001
Office Sought: [ ] House [ ] Senate [ ] President — State: District:
Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)
Transaction ID: D15259
Date of Disbursement: 08 / 29 / 2008
Amount of Each Disbursement this Period: 341.28
[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

C.
Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address PO Box 21018
City: New York | State: NY | Zip Code: 10286-2018
Purpose of Disbursement: Office rent
Candidate Name
Category/Type: 001
Office Sought: [ ] House [ ] Senate [ ] President — State: District:
Disbursement For: 2008 [ ] Primary [X] General [ ] Other (specify)
Transaction ID: D15338
Date of Disbursement: 09 / 30 / 2008
Amount of Each Disbursement this Period: 341.28
[ ] Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53

SUBTOTAL of Disbursements This Page (optional) ▶ 4332.56

TOTAL This Period (last page this line number only) ▶

FE5AN018 — FEC Schedule B (Form 3) (Revised 02/2003)



SCHEDULE B — ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

PAGE 1 OF 2

FOR LINE NUMBER 21

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NAME OF COMMITTEE (In Full)
National Leadership PAC

Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
AMALGAMATED BANK New York, NY 10003-	Bank Charges Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	10/31/98	$3.50
Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Bell Atlantic P.O. Box 4830 Trenton, NJ 08650-	Telephone Svc Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	11/12/98	$547.09
Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Chase Manhattan Bank 300 West 125th Street New York, NY 10027-	Bank Fees Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	11/03/98	$10.00
Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Chase Manhattan Bank 300 West 125th Street New York, NY 10027-	Check Book Fees Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	11/04/98	$29.27
Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Fedex P.O. Box 1140 Memphis, TN 38101-	Express Mail Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	11/12/98	$154.00
Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Fedex P.O. Box 1140 Memphis, TN 38101-	Express Mail Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	11/12/98	$95.75
Full Name, Mailing Address and Zip Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Lennox Terrace Develp. Assoc. 10 West 135th St New York, NY 10037-	Office Space Rental Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	11/12/98	$518.82

SUBTOTAL of Disbursements This Page (optional)	$1350.43
TOTAL This Period (last page this line number only)	

EXHIBIT
Exhibit 529

CSOC.CBR.00032717

SCHEDULE B (FEC Form 3X)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one)
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[X] 21b [ ] 22 [ ] 23 [ ] 24 [ ] 25
[ ] 26 [ ] 27 [ ] 28a [ ] 28b [ ] 28c [ ] 29

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NAME OF COMMITTEE (In Full)
National Leadership PAC

A. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address
P.O. Box 21018
City: New York | State: NY | Zip Code: 10268-2118

Purpose of Disbursement
Office Rent

Candidate Name

Category/ Type

Office Sought: House / Senate / President
State: District:

Disbursement For: X Primary / General / Other (specify)

Date of Disbursement: 12 / 04 / 2000
Amount of Each Disbursement this Period: 549.95
Transaction ID: D772

B. Full Name (Last, First, Middle Initial)
67 Wine & Spirits, Inc.

Mailing Address
179 Columbus Avenue, 68th St.
City: New York | State: NY | Zip Code: 10023

Purpose of Disbursement
Catering Svc.

Candidate Name

Category/ Type

Office Sought: House / Senate / President
State: District:

Disbursement For: X Primary / General / Other (specify)

Date of Disbursement: 12 / 04 / 2000
Amount of Each Disbursement this Period: 366.22
Transaction ID: D753

C. Full Name (Last, First, Middle Initial)
MCI Worldcom

Mailing Address
P.O. Box 660053
City: Louisville | State: KY | Zip Code: 40265-6053

Purpose of Disbursement
Telephone Svc.

Candidate Name

Category/ Type

Office Sought: House / Senate / President
State: District:

Disbursement For: X Primary / General / Other (specify)

Date of Disbursement: 12 / 04 / 2000
Amount of Each Disbursement this Period: 53.37
Transaction ID: D805

SUBTOTAL of Disbursements This Page (optional) ▶ **969.54**

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Revised 12/2001)

EXHIBIT
Exhibit 529

SCHEDULE B (FEC Form 3X)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one)
[X] 21b [ ] 22 [ ] 23 [ ] 24 [ ] 25
[ ] 26 [ ] 27 [ ] 28a [ ] 28b [ ] 28c [ ] 29

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NAME OF COMMITTEE (In Full)
National Leadership PAC

A. Full Name (Last, First, Middle Initial)
Noticias Del Mondo

Mailing Address
38-42 Ninth Street, 3rd Floor
City: Long Island City | State: NY | Zip Code: 11101

Purpose of Disbursement
Advertising

Candidate Name

Category/ Type

Office Sought: [ ] House [ ] Senate [ ] President
State: District:

Disbursement For: [ ] Primary [X] General [ ] Other (specify)

Date of Disbursement: 11 / 01 / 2000

Amount of Each Disbursement this Period: 495.00

Transaction ID: D732

B. Full Name (Last, First, Middle Initial)
Vera Baker

Mailing Address
375 Edgecombe Ave | Apt. B
City: New York | State: NY | Zip Code: 10031

Purpose of Disbursement
Salary

Candidate Name

Category/ Type

Office Sought: [ ] House [ ] Senate [ ] President
State: District:

Disbursement For: [ ] Primary [X] General [ ] Other (specify)

Date of Disbursement: 10 / 31 / 2000

Amount of Each Disbursement this Period: 400.00

Transaction ID: D582

C. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address
P.O. Box 21018
City: New York | State: NY | Zip Code: 10026-2118

Purpose of Disbursement
Office Rent

Candidate Name

Category/ Type

Office Sought: [ ] House [ ] Senate [ ] President
State: District:

Disbursement For: [ ] Primary [X] General [ ] Other (specify)

Date of Disbursement: 10 / 31 / 2000

Amount of Each Disbursement this Period: 549.95

Transaction ID: D771

SUBTOTAL of Receipts This Page (optional) ▶ 1444.95

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Revised 12/2001)

EXHIBIT
Exhibit 529

SCHEDULE B (FEC Form 3X)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one)
[X] 21b [ ] 22 [ ] 23 [ ] 24 [ ] 25
[ ] 26 [ ] 27 [ ] 28a [ ] 28b [ ] 28c [ ] 29

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NAME OF COMMITTEE (In Full)
National Leadership PAC

A. Full Name (Last, First, Middle Initial)
Greenworks

Mailing Address
4618 Yuma Street, NW
City: Washington | State: DC | Zip Code: 20016

Purpose of Disbursement: Flowers
Candidate Name:
Category/ Type:

Office Sought: House / Senate / President
State: District:
Disbursement For: X Primary / General / Other (specify)

Date of Disbursement: 05 / 09 / 2001
Amount of Each Disbursement this Period: 254.32
Transaction ID: D544

B. Full Name (Last, First, Middle Initial)
Dorothy R. Jackson

Mailing Address
1504 Red Oak Drive
City: Silver Spring | State: MD | Zip Code: 20910

Purpose of Disbursement: Salary
Candidate Name:
Category/ Type:

Office Sought: House / Senate / President
State: District:
Disbursement For: X Primary / General / Other (specify)

Date of Disbursement: 01 / 15 / 2001
Amount of Each Disbursement this Period: 1216.86
Transaction ID: D262

C. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address
P.O. Box 210D18
City: New York | State: NY | Zip Code: 10268-2118

Purpose of Disbursement: Rent
Candidate Name:
Category/ Type:

Office Sought: House / Senate / President
State: District:
Disbursement For: X Primary / General / Other (specify)

Date of Disbursement: 04 / 05 / 2001
Amount of Each Disbursement this Period: 549.95
Transaction ID: D773

SUBTOTAL of Receipts This Page (optional) ▶ **2021.13**

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Revised 1/2001)

EXHIBIT
Exhibit 529

SCHEDULE B (FEC Form 3X)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one)
X 21b | 22 | 23 | 24 | 25 | 26 | 27 | 28a | 28b | 28c | 29

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NAME OF COMMITTEE (In Full)
National Leadership PAC

A.
Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address
P.O. Box 21018
City: New York | State: NY | Zip Code: 10268-2118
Purpose of Disbursement: Rent
Candidate Name:
Category/ Type:
Office Sought: House / Senate / President
Disbursement For: X Primary / General / Other (specify)
State: District:
Date of Disbursement: 05 / 03 / 2001
Amount of Each Disbursement this Period: 549.95
Transaction ID: D774

B.
Full Name (Last, First, Middle Initial)
MCI Worldcom
Mailing Address
P.O. Box 856063
City: Louisville | State: KY | Zip Code: 40285-6063
Purpose of Disbursement: Telephone Svc.
Candidate Name:
Category/ Type:
Office Sought: House / Senate / President
Disbursement For: X Primary / General / Other (specify)
State: District:
Date of Disbursement: 04 / 16 / 2001
Amount of Each Disbursement this Period: 275.84
Transaction ID: D607

C.
Full Name (Last, First, Middle Initial)
MCI Worldcom
Mailing Address
P.O. Box 856063
City: Louisville | State: KY | Zip Code: 40285-6063
Purpose of Disbursement: Telephone Svc.
Candidate Name:
Category/ Type:
Office Sought: House / Senate / President
Disbursement For: X Primary / General / Other (specify)
State: District:
Date of Disbursement: 04 / 16 / 2001
Amount of Each Disbursement this Period: 22.42
Transaction ID: D606

SUBTOTAL of Receipts This Page (optional) ▶ 848.01

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Revised 1/2001)

EXHIBIT
Exhibit 529
FENWAY 06-03-2009

SCHEDULE B (FEC Form 3X)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one)
[X] 21b [ ] 22 [ ] 23 [ ] 24 [ ] 25
[ ] 26 [ ] 27 [ ] 28a [ ] 28b [ ] 28c [ ] 29

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NAME OF COMMITTEE (In Full)
National Leadership PAC

A. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address
P.O. Box 21018
City: New York | State: NY | Zip Code: 10268-2118

Purpose of Disbursement
Office Rent

Candidate Name

Category/ Type

Office Sought: House / Senate / President
State: District:

Disbursement For: 2002
X Primary / General / Other (specify)

Date of Disbursement: 01 / 06 / 2002

Amount of Each Disbursement this Period: 549.95

Transaction ID: D1004

B. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address
P.O. Box 21018
City: New York | State: NY | Zip Code: 10268-2118

Purpose of Disbursement
Office Rent

Candidate Name

Category/ Type

Office Sought: House / Senate / President
State: District:

Disbursement For: 2002
X Primary / General / Other (specify)

Date of Disbursement: 03 / 01 / 2002

Amount of Each Disbursement this Period: 1099.90

Transaction ID: D1033

C. Full Name (Last, First, Middle Initial)
Mail Handlers, Inc.

Mailing Address
68 West 23rd St. 7th Floor
City: New York | State: NY | Zip Code: 10010

Purpose of Disbursement
Marketing Donor Mailing

Candidate Name

Category/ Type

Office Sought: House / Senate / President
State: District:

Disbursement For: 2002
X Primary / General / Other (specify)

Date of Disbursement: 02 / 14 / 2002

Amount of Each Disbursement this Period: 11400.00

Transaction ID: D1114

SUBTOTAL of Disbursements This Page (optional) ▶ **13049.85**

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Revised 1/2001)

EXHIBIT
Exhibit 529

SCHEDULE B (FEC Form 3X)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one)
X 21b | 22 | 23 | 24 | 25 | 26 | 27 | 28a | 28b | 28c | 29

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NAME OF COMMITTEE (In Full)
National Leadership PAC

A.
Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address
P.O. Box 21018
City: New York | State: NY | Zip Code: 10286-2116
Purpose of Disbursement: Rent
Candidate Name:
Category/ Type:
Office Sought: House / Senate / President
State: District:
Disbursement For: 2002 X Primary General Other (specify)
Date of Disbursement: 05 / 26 / 2002
Amount of Each Disbursement this Period: 549.95
Transaction ID: D1311

B.
Full Name (Last, First, Middle Initial)
MCI Worldcom
Mailing Address
P.O. Box 856063
City: Louisville | State: KY | Zip Code: 40285-6063
Purpose of Disbursement: PHONES
Candidate Name:
Category/ Type:
Office Sought: House / Senate / President
State: District:
Disbursement For: 2002 X Primary General Other (specify)
Date of Disbursement: 06 / 14 / 2002
Amount of Each Disbursement this Period: 80.21
Transaction ID: D1321

C.
Full Name (Last, First, Middle Initial)
MCI Worldcom
Mailing Address
P.O. Box 856063
City: Louisville | State: KY | Zip Code: 40285-6063
Purpose of Disbursement: PHONES
Candidate Name:
Category/ Type:
Office Sought: House / Senate / President
State: District:
Disbursement For: 2002 X Primary General Other (specify)
Date of Disbursement: 06 / 26 / 2002
Amount of Each Disbursement this Period: 267.52
Transaction ID: D1331

SUBTOTAL of Disbursements This Page (optional) ▶ **897.68**

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Revised 1/2001)

EXHIBIT
Exhibit 529

SCHEDULE B (FEC Form 3X)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one)
[X] 21b [ ] 22 [ ] 23 [ ] 24 [ ] 25
[ ] 26 [ ] 27 [ ] 28a [ ] 28b [ ] 28c [ ] 29

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NAME OF COMMITTEE (In Full)
National Leadership PAC

A. Full Name (Last, First, Middle Initial)
Fedex

Mailing Address
P.O. Box 1140
City: Memphis | State: TN | Zip Code: 38101

Purpose of Disbursement
Messenger-FedEx

Candidate Name

Category/ Type

Office Sought: House / Senate / President
State: District:

Disbursement For: 2002
X Primary / General / Other (specify)

Date of Disbursement: 08 / 23 / 2002

Amount of Each Disbursement this Period: 240.07

Transaction ID: D1833

B. Full Name (Last, First, Middle Initial)
Festive Productions

Mailing Address
1855 New Highway, Unit 1
City: Farmingdale | State: NY | Zip Code: 11735

Purpose of Disbursement
Event Expenses

Candidate Name

Category/ Type

Office Sought: House / Senate / President
State: District:

Disbursement For: 2002
X Primary / General / Other (specify)

Date of Disbursement: 07 / 30 / 2002

Amount of Each Disbursement this Period: 1400.00

Transaction ID: D1587

C. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address
P.O. Box 21018
City: New York | State: NY | Zip Code: 10286-2118

Purpose of Disbursement
Office Rent

Candidate Name

Category/ Type

Office Sought: House / Senate / President
State: District:

Disbursement For: 2002
X Primary / General / Other (specify)

Date of Disbursement: 07 / 24 / 2002

Amount of Each Disbursement this Period: 300.00

Transaction ID: D1553

SUBTOTAL of Disbursements This Page (optional) ▶ **1940.07**

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Revised 02/2001)

EXHIBIT
Exhibit 529

SCHEDULE B (FEC Form 3X)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one)
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[X] 21b [ ] 22 [ ] 23 [ ] 24 [ ] 25
[ ] 26 [ ] 27 [ ] 28a [ ] 28b [ ] 28c [ ] 29

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NAME OF COMMITTEE (In Full)
National Leadership PAC

A. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address
P.O. Box 21018
City: New York | State: NY | Zip Code: 10268-2118

Purpose of Disbursement
Office Rent

Candidate Name

Category/ Type

Office Sought: House / Senate / President
State: District:

Disbursement For: 2002
X Primary / General / Other (specify)

Date of Disbursement
08 / 30 / 2002

Amount of Each Disbursement this Period
300.00

Transaction ID: D1822

B. Full Name (Last, First, Middle Initial)
MCI Worldcom

Mailing Address
P.O. Box 856063
City: Louisville | State: KY | Zip Code: 40285-6063

Purpose of Disbursement
PHONES

Candidate Name

Category/ Type

Office Sought: House / Senate / President
State: District:

Disbursement For: 2002
X Primary / General / Other (specify)

Date of Disbursement
07 / 30 / 2002

Amount of Each Disbursement this Period
63.72

Transaction ID: D1585

C. Full Name (Last, First, Middle Initial)
National Democratic Club

Mailing Address
30 Ivy Street, SE
City: Washington | State: DC | Zip Code: 20003-4071

Purpose of Disbursement
Catering

Candidate Name

Category/ Type

Office Sought: House / Senate / President
State: District:

Disbursement For: 2002
X Primary / General / Other (specify)

Date of Disbursement
08 / 15 / 2002

Amount of Each Disbursement this Period
587.50

Transaction ID: D1591

SUBTOTAL of Disbursements This Page (optional) ▶ **951.22**

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Revised 1/2001)

EXHIBIT
Exhibit 529

SCHEDULE B (FEC Form 3X)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one) — PAGE 16/20

[X] 21b [ ] 22 [ ] 23 [ ] 24 [ ] 26 [ ] 27 [ ] 28a [ ] 28b [ ] 28c [ ] 29 [ ] 30b

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NAME OF COMMITTEE (In Full)
National Leadership PAC

A. Full Name (Last, First, Middle Initial)
Century Direct

Mailing Address 90-00 47th Avenue

City: Long Island City | State: NY | Zip Code: 11101-9415

Purpose of Disbursement: Postage

Candidate Name | Category/ Type

Office Sought: House / Senate / President | District | State:

Disbursement For: 2004 | X Primary | General | Other (specify)

Transaction ID: D1797
Date of Disbursement: 01 / 16 / 2003

Amount of Each Disbursement this Period: 7000.00

B. Full Name (Last, First, Middle Initial)
Nina Clayton

Mailing Address 711 East 11th St. Apt. 7H

City: New York | State: NY | Zip Code: 10009

Purpose of Disbursement: Graphic Design

Candidate Name | Category/ Type

Office Sought: House / Senate / President | District | State:

Disbursement For: 2004 | X Primary | General | Other (specify)

Transaction ID: D1800
Date of Disbursement: 01 / 16 / 2003

Amount of Each Disbursement this Period: 400.00

C. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address P.O. Box 21018

City: New York | State: NY | Zip Code: 10268-2118

Purpose of Disbursement: Office Rent

Candidate Name | Category/ Type

Office Sought: House / Senate / President | District | State:

Disbursement For: 2004 | X Primary | General | Other (specify)

Transaction ID: D1799
Date of Disbursement: 02 / 06 / 2003

Amount of Each Disbursement this Period: 571.95

SUBTOTAL of Disbursements This Page (optional) ▶ **7971.95**

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Form 3X) Rev. 02/2003

EXHIBIT
Exhibit 529

SCHEDULE B (FEC Form 3X)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one) — PAGE 175 / 207

X 21b	22	23	24	25	26	27
27	28a	28b	28c	29	30b	

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NAME OF COMMITTEE (In Full)
National Leadership PAC

A. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address P.O. Box 21018

City: New York | State: NY | Zip Code: 10268-2118

Purpose of Disbursement: Office Rent

Candidate Name

Category/ Type

Office Sought: House / Senate / President

State: District

Disbursement For: 2004 — X Primary / General / Other (specify)

Transaction ID: D1928
Date of Disbursement: 07 / 28 / 2003

Amount of Each Disbursement this Period: 571.90

B. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address P.O. Box 21018

City: New York | State: NY | Zip Code: 10268-2118

Purpose of Disbursement: Office Rent

Candidate Name

Category/ Type

Office Sought: House / Senate / President

State: District

Disbursement For: 2004 — X Primary / General / Other (specify)

Transaction ID: D1930
Date of Disbursement: 10 / 29 / 2003

Amount of Each Disbursement this Period: 371.95

C. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address P.O. Box 21018

City: New York | State: NY | Zip Code: 10268-2118

Purpose of Disbursement: Office Rent

Candidate Name

Category/ Type

Office Sought: House / Senate / President

State: District

Disbursement For: 2004 — X Primary / General / Other (specify)

Transaction ID: D1927
Date of Disbursement: 12 / 08 / 2003

Amount of Each Disbursement this Period: 371.95

SUBTOTAL of Disbursements This Page (optional) ▶ **1315.80**

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Form 3X) Rev. 02/2003

EXHIBIT
Exhibit 529

SCHEDULE B (FEC Form 3X)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one)
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X 21b	22	23	24	25	28	
27	28a	28b	28c	29	30b	

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NAME OF COMMITTEE (In Full)
National Leadership PAC

A. Full Name (Last, First, Middle Initial)
KLM Group

Mailing Address Attn: Krystal Miller
PO Box 728

City: Occoquan | State: VA | Zip Code: 22125

Purpose of Disbursement: Printing

Candidate Name

Category/ Type

Office Sought: House / Senate / President

Disbursement For: 2004 X Primary / General / Other (specify)

State: District

Transaction ID: D1925
Date of Disbursement: 12 / 10 / 2003

Amount of Each Disbursement this Period: 48.11

B. Full Name (Last, First, Middle Initial)
KLM Group

Mailing Address Attn: Krystal Miller
PO Box 728

City: Occoquan | State: VA | Zip Code: 22125

Purpose of Disbursement: Printing

Candidate Name

Category/ Type

Office Sought: House / Senate / President

Disbursement For: 2004 X Primary / General / Other (specify)

State: District

Transaction ID: D1924
Date of Disbursement: 12 / 10 / 2003

Amount of Each Disbursement this Period: 185.02

C. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address P.O. Box 21018

City: New York | State: NY | Zip Code: 10286-2118

Purpose of Disbursement: Office Rent

Candidate Name

Category/ Type

Office Sought: House / Senate / President

Disbursement For: 2004 X Primary / General / Other (specify)

State: District

Transaction ID: D1929
Date of Disbursement: 07 / 15 / 2003

Amount of Each Disbursement this Period: 571.95

SUBTOTAL of Disbursements This Page (optional) ▶ 805.08

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Form 3X) Rev. 02/2003

EXHIBIT
Exhibit 529

CSOC.CBR.00032728

SCHEDULE B (FEC Form 3X)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one) — PAGE 37 / 77

X 21b	22	23	24	25	26
27	28a	28b	28c	29	30b

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NAME OF COMMITTEE (In Full)
National Leadership PAC

A. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York — State: NY — Zip Code: 10268-2018

Purpose of Disbursement: Office Rent

Candidate Name — Category/ Type

Office Sought: House / Senate / President — State: — District

Disbursement For: 2004 — X Primary — General — Other (specify)

Transaction ID: D7808
Date of Disbursement: 01 / 06 / 2004

Amount of Each Disbursement this Period: 371.95

B. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York — State: NY — Zip Code: 10268-2018

Purpose of Disbursement: Office Rent

Candidate Name — Category/ Type

Office Sought: House / Senate / President — State: — District

Disbursement For: 2004 — X Primary — General — Other (specify)

Transaction ID: D7809
Date of Disbursement: 03 / 03 / 2004

Amount of Each Disbursement this Period: 571.95

C. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York — State: NY — Zip Code: 10268-2018

Purpose of Disbursement: Office Rent

Candidate Name — Category/ Type

Office Sought: House / Senate / President — State: — District

Disbursement For: 2004 — X Primary — General — Other (specify)

Transaction ID: D7810
Date of Disbursement: 03 / 31 / 2004

Amount of Each Disbursement this Period: 300.00

SUBTOTAL of Disbursements This Page (optional) ▶ **1243.90**

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Form 3X) Rev. 02/2003

EXHIBIT
Exhibit 529

SCHEDULE B (FEC Form 3X)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one) — PAGE 8 / 15

X 21b	22	23	24	25	26	27
27	28a	28b	28c	29	30b	

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NAME OF COMMITTEE (In Full)
National Leadership PAC

A. Full Name (Last, First, Middle Initial)
Demkin Printing

Mailing Address 250 Hudson St

City: New York — State: NY — Zip Code: 10013-1413

Purpose of Disbursement: Printing (non-candidate)

Candidate Name

Category/ Type: 003

Office Sought: House / Senate / President

State: District

Disbursement For: 2004 — Primary / X General / Other (specify)

Transaction ID: D9933
Date of Disbursement: 12 / 16 / 2004

Amount of Each Disbursement this Period: 2674.21

B. Full Name (Last, First, Middle Initial)
Indi Entertainment

Mailing Address 2715 Starlight Terrace

City: Tobyhanna — State: PA — Zip Code: 18466

Purpose of Disbursement: Production expense

Candidate Name

Category/ Type:

Office Sought: House / Senate / President

State: District

Disbursement For: 2004 — Primary / X General / Other (specify)

Transaction ID: D9936
Date of Disbursement: 12 / 17 / 2004

Amount of Each Disbursement this Period: 950.00

C. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York — State: NY — Zip Code: 10268-2018

Purpose of Disbursement: Office Rent

Candidate Name

Category/ Type: 001

Office Sought: House / Senate / President

State: District

Disbursement For: 2004 — Primary / X General / Other (specify)

Transaction ID: D9940
Date of Disbursement: 11 / 29 / 2004

Amount of Each Disbursement this Period: 761.84

SUBTOTAL of Disbursements This Page (optional) ▶ 4385.85

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Form 3X) Rev. 02/2003

EXHIBIT
Exhibit 529

SCHEDULE B (FEC Form 3X)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one) — PAGE 130 / 173

[X] 21b [ ] 22 [ ] 23 [ ] 24 [ ] 25 [ ] 26
[ ] 27 [ ] 28a [ ] 28b [ ] 28c [ ] 29 [ ] 30b

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NAME OF COMMITTEE (In Full)
National Leadership PAC

A. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York — State: NY — Zip Code: 10268-2018

Purpose of Disbursement: Office Rent

Candidate Name:

Category/ Type: 001

Office Sought: House / Senate / President — State: District

Disbursement For: 2004 — X Primary — General — Other (specify)

Transaction ID: DS495
Date of Disbursement: 09 / 02 / 2004

Amount of Each Disbursement this Period: 324.83

B. Full Name (Last, First, Middle Initial)
Leg-On

Mailing Address 520 Eigth Avenue 14th Floor

City: New York — State: NY — Zip Code: 10018

Purpose of Disbursement: Printing

Candidate Name:

Category/ Type:

Office Sought: House / Senate / President — State: District

Disbursement For: 2004 — X Primary — General — Other (specify)

Transaction ID: DS499
Date of Disbursement: 07 / 23 / 2004

Amount of Each Disbursement this Period: 1675.00

C. Full Name (Last, First, Middle Initial)
Leg-On

Mailing Address 520 Eigth Avenue 14th Floor

City: New York — State: NY — Zip Code: 10018

Purpose of Disbursement: Printing

Candidate Name:

Category/ Type:

Office Sought: House / Senate / President — State: District

Disbursement For: 2004 — X Primary — General — Other (specify)

Transaction ID: DS500
Date of Disbursement: 07 / 23 / 2004

Amount of Each Disbursement this Period: 3090.00

SUBTOTAL of Disbursements This Page (optional) ▶ 5089.83

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Form 3X) Rev. 02/2003

EXHIBIT
Exhibit 529

CSOC.CBR.00032731

SCHEDULE B (FEC Form 3X)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one) — PAGE 24,731

[X] 21b	[ ] 22	[ ] 23	[ ] 24	[ ] 25	[ ] 26	[ ] 27	[ ] 28a	[ ] 28b	[ ] 28c	[ ] 29	[ ] 30b

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NAME OF COMMITTEE (In Full)
National Leadership PAC

A.
Full Name (Last, First, Middle Initial)
KLM Group
Mailing Address PO Box 728
Attn: Krystal Miller
City: Occoquan | State: VA | Zip Code: 22125-0728
Purpose of Disbursement: Printing
Candidate Name:
Category/Type:
Office Sought: House / Senate / President
District:
Disbursement For: 2004 Primary X General Other (specify)
Transaction ID: D9818
Date of Disbursement: 11/01/2004
Amount of Each Disbursement this Period: 1028.01

B.
Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address PO Box 21018
City: New York | State: NY | Zip Code: 10286-2018
Purpose of Disbursement: Office Rent
Candidate Name:
Category/Type: OD1
Office Sought: House / Senate / President
District:
Disbursement For: 2004 Primary X General Other (specify)
Transaction ID: D9819
Date of Disbursement: 11/10/2004
Amount of Each Disbursement this Period: 448.80

C.
Full Name (Last, First, Middle Initial)
MCI Worldcom
Mailing Address P.O. BOX 856063
City: Louisville | State: KY | Zip Code: 40285-6063
Purpose of Disbursement: PHONES
Candidate Name:
Category/Type:
Office Sought: House / Senate / President
District:
Disbursement For: 2004 Primary X General Other (specify)
Transaction ID: D9820
Date of Disbursement: 11/10/2004
Amount of Each Disbursement this Period: 215.35

SUBTOTAL of Disbursements This Page (optional) ▶ 1692.16

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Form 3X) Rev. 02/2003

EXHIBIT
Exhibit 529

SCHEDULE B (FEC Form 3X)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one) — PAGE 22 / 38

X 21b	22	23	24	25	26	
27	28a	28b	28c	29	30b	

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NAME OF COMMITTEE (In Full)
National Leadership PAC

A. Full Name (Last, First, Middle Initial)
Automatic Data Processing

Mailing Address 99 Jefferson Rd

City: Parsippany | State: NJ | Zip Code: 07054-2815

Purpose of Disbursement: Payroll Fee
Candidate Name:
Category/Type: 001

Office Sought: House / Senate / President
State: District

Disbursement For: 2005 — X Primary / General / Other (specify)

Transaction ID: D10098
Date of Disbursement: 05 / 14 / 2005

Amount of Each Disbursement this Period: 44.65

B. Full Name (Last, First, Middle Initial)
Copelands Restaurant

Mailing Address 547 W 145th Street

City: New York | State: NY | Zip Code: 10031

Purpose of Disbursement: Meetings/meals
Candidate Name:
Category/Type:

Office Sought: House / Senate / President
State: District

Disbursement For: 2005 — X Primary / General / Other (specify)

Transaction ID: D10287
Date of Disbursement: 02 / 16 / 2005

Amount of Each Disbursement this Period: 405.00

C. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York | State: NY | Zip Code: 10268-2018

Purpose of Disbursement: Office Rent
Candidate Name:
Category/Type: 001

Office Sought: House / Senate / President
State: District

Disbursement For: 2005 — X Primary / General / Other (specify)

Transaction ID: D10317
Date of Disbursement: 04 / 04 / 2005

Amount of Each Disbursement this Period: 625.66

SUBTOTAL of Disbursements This Page (optional) ▶ 1075.31

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Form 3X) Rev. 02/2003

EXHIBIT
Exhibit 529

SCHEDULE B (FEC Form 3X)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one)
[X] 21b [ ] 22 [ ] 23 [ ] 24 [ ] 26 [ ] 28
[ ] 27 [ ] 28a [ ] 28b [ ] 28c [ ] 29 [ ] 30b

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NAME OF COMMITTEE (In Full)
National Leadership PAC

A. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address PO Box 21018
City New York State NY Zip Code 10268-2018
Purpose of Disbursement: Office Rent
Candidate Name
Office Sought: House / Senate / President / District / State:
Disbursement For: 2005 X Primary / General / Other (specify)
001 Category/Type
Transaction ID: D10802
Date of Disbursement: 05 / 10 / 2005
Amount of Each Disbursement this Period: 300.00

B. Full Name (Last, First, Middle Initial)
NGP Software
Mailing Address 5035 Conn. Ave., NW Suite 1A
City Washington State DC Zip Code 20008
Purpose of Disbursement: Computer Services & Databases
Candidate Name
Office Sought: House / Senate / President / District / State:
Disbursement For: 2005 X Primary / General / Other (specify)
001 Category/Type
Transaction ID: D10300
Date of Disbursement: 03 / 21 / 2005
Amount of Each Disbursement this Period: 250.00

C. Full Name (Last, First, Middle Initial)
NGP Software
Mailing Address 5039 Conn. Ave., NW Suite 1A
City Washington State DC Zip Code 20008
Purpose of Disbursement: Computer Systems & Databases
Candidate Name
Office Sought: House / Senate / President / District / State:
Disbursement For: 2005 X Primary / General / Other (specify)
001 Category/Type
Transaction ID: D10316
Date of Disbursement: 04 / 04 / 2005
Amount of Each Disbursement this Period: 225.00

SUBTOTAL of Disbursements This Page (optional) ▶ 775.00

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Form 3X) Rev. 02/2003

EXHIBIT
Exhibit 529

Image# 26950095698

SCHEDULE B (FEC Form 3X)
ITEMIZED DISBURSEMENTS

Use seperate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one)
[X] 21b [ ] 22 [ ] 23 [ ] 24 [ ] 25 [ ] 26
[ ] 27 [ ] 28a [ ] 28b [ ] 28c [ ] 29 [ ] 30b

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NAME OF COMMITTEE (In Full)
National Leadership PAC

A. Full Name (Last, First, Middle Initial)
George Henry

Mailing Address 1621 Primrose Rd. NW

City: Washington | State: DC | Zip Code: 20012-1117

Purpose of Disbursement: Salary
Candidate Name:
Category/Type: 001

Office Sought: [ ] House [ ] Senate [ ] President
State: District:

Disbursement For: 2005 [X] Primary [ ] General [ ] Other (specify)

Transaction ID: D10986
Date of Disbursement: 11 / 01 / 2005

Amount of Each Disbursement this Period: 1000.00

B. Full Name (Last, First, Middle Initial)
Katrina Photography

Mailing Address 25 Lone Oak Dr

City: Centerport | State: NY | Zip Code: 11721-1426

Purpose of Disbursement: Photographer (non-candidate)
Candidate Name:
Category/Type:

Office Sought: [ ] House [ ] Senate [ ] President
State: District:

Disbursement For: 2005 [X] Primary [ ] General [ ] Other (specify)

Transaction ID: D10857
Date of Disbursement: 08 / 17 / 2005

Amount of Each Disbursement this Period: 360.00

C. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York | State: NY | Zip Code: 10286-2018

Purpose of Disbursement: Office Rent
Candidate Name:
Category/Type: 001

Office Sought: [ ] House [ ] Senate [ ] President
State: District:

Disbursement For: 2005 [X] Primary [ ] General [ ] Other (specify)

Transaction ID: D10861
Date of Disbursement: 08 / 01 / 2005

Amount of Each Disbursement this Period: 300.00

SUBTOTAL of Disbursements This Page (optional) ▶ 1660.00

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Form 3X) Rev. 02/2003

EXHIBIT
Exhibit 529

CSOC.CBR.00032735

Image# 26950095699

SCHEDULE B (FEC Form 3X)
ITEMIZED DISBURSEMENTS

Use seperate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one)
[X] 21b [ ] 22 [ ] 23 [ ] 24 [ ] 25 [ ] 26
[ ] 27 [ ] 28a [ ] 28b [ ] 28c [ ] 29 [ ] 30b

PAGE 118 / 169

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NAME OF COMMITTEE (In Full)
National Leadership PAC

A. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York | State: NY | Zip Code: 10286-2018

Purpose of Disbursement: Office Rent
Candidate Name:
Category/Type: 001

Office Sought: [ ] House [ ] Senate [ ] President
State: District:

Disbursement For: 2005 [X] Primary [ ] General [ ] Other (specify)

Transaction ID: D10862
Date of Disbursement: 09 / 01 / 2005

Amount of Each Disbursement this Period: 300.00

B. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York | State: NY | Zip Code: 10286-2018

Purpose of Disbursement: Office Rent
Candidate Name:
Category/Type: 001

Office Sought: [ ] House [ ] Senate [ ] President
State: District:

Disbursement For: 2005 [X] Primary [ ] General [ ] Other (specify)

Transaction ID: D10860
Date of Disbursement: 09 / 29 / 2005

Amount of Each Disbursement this Period: 332.86

C. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York | State: NY | Zip Code: 10286-2018

Purpose of Disbursement: Office Rent
Candidate Name:
Category/Type: 001

Office Sought: [ ] House [ ] Senate [ ] President
State: District:

Disbursement For: 2005 [X] Primary [ ] General [ ] Other (specify)

Transaction ID: D11053
Date of Disbursement: 11 / 05 / 2005

Amount of Each Disbursement this Period: 312.00

SUBTOTAL of Disbursements This Page (optional) ▶ 944.86

TOTAL This Period (last page this line number only) ▶

FEC **Schedule B (Form 3X)** Rev. 02/2003

EXHIBIT
Exhibit 529

CSOC.CBR.00032736

Image# 26950095700

SCHEDULE B (FEC Form 3X)
ITEMIZED DISBURSEMENTS

Use seperate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one) — PAGE 119 / 169

[X] 21b [ ] 22 [ ] 23 [ ] 24 [ ] 25 [ ] 26
[ ] 27 [ ] 28a [ ] 28b [ ] 28c [ ] 29 [ ] 30b

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NAME OF COMMITTEE (In Full)
National Leadership PAC

A. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York | State: NY | Zip Code: 10286-2018

Purpose of Disbursement: Office Rent

Candidate Name:

Category/Type: 001

Office Sought: [ ] House [ ] Senate [ ] President — State: District:

Disbursement For: 2005 [X] Primary [ ] General [ ] Other (specify)

Transaction ID: D11054
Date of Disbursement: 11 / 18 / 2005

Amount of Each Disbursement this Period: 481.04

B. Full Name (Last, First, Middle Initial)
LZBTH WLSN DSGNS

Mailing Address Art Direction/Graphic Design
499 Van Brunt Street

City: Brooklyn | State: NY | Zip Code: 11231

Purpose of Disbursement: Printing (non-candidate)

Candidate Name:

Category/Type: 001

Office Sought: [ ] House [ ] Senate [ ] President — State: District:

Disbursement For: 2005 [X] Primary [ ] General [ ] Other (specify)

Transaction ID: D10863
Date of Disbursement: 07 / 19 / 2005

Amount of Each Disbursement this Period: 550.00

C. Full Name (Last, First, Middle Initial)
LZBTH WLSN DSGNS

Mailing Address Art Direction/Graphic Design
499 Van Brunt Street

City: Brooklyn | State: NY | Zip Code: 11231

Purpose of Disbursement: Printing (non-candidate)

Candidate Name:

Category/Type: 001

Office Sought: [ ] House [ ] Senate [ ] President — State: District:

Disbursement For: 2005 [X] Primary [ ] General [ ] Other (specify)

Transaction ID: D10864
Date of Disbursement: 08 / 01 / 2005

Amount of Each Disbursement this Period: 590.00

SUBTOTAL of Disbursements This Page (optional) ▶ 1601.04

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Form 3X) Rev. 02/2003



Image# 26950095699

SCHEDULE B (FEC Form 3X) ITEMIZED DISBURSEMENTS

Use seperate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one)
[X] 21b [ ] 22 [ ] 23 [ ] 24 [ ] 25 [ ] 26
[ ] 27 [ ] 28a [ ] 28b [ ] 28c [ ] 29 [ ] 30b

PAGE 118 / 169

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NAME OF COMMITTEE (In Full)
National Leadership PAC

A. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York | State: NY | Zip Code: 10286-2018

Purpose of Disbursement: Office Rent
Candidate Name:
Category/Type: 001

Office Sought: [ ] House [ ] Senate [ ] President
State: District:

Disbursement For: 2005
[X] Primary [ ] General
[ ] Other (specify) ▼

Transaction ID: D10862
Date of Disbursement: M 09 / D 01 / Y 2005

Amount of Each Disbursement this Period: 300.00

B. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York | State: NY | Zip Code: 10286-2018

Purpose of Disbursement: Office Rent
Candidate Name:
Category/Type: 001

Office Sought: [ ] House [ ] Senate [ ] President
State: District:

Disbursement For: 2005
[X] Primary [ ] General
[ ] Other (specify) ▼

Transaction ID: D10860
Date of Disbursement: M 09 / D 29 / Y 2005

Amount of Each Disbursement this Period: 332.86

C. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York | State: NY | Zip Code: 10286-2018

Purpose of Disbursement: Office Rent
Candidate Name:
Category/Type: 001

Office Sought: [ ] House [ ] Senate [ ] President
State: District:

Disbursement For: 2005
[X] Primary [ ] General
[ ] Other (specify) ▼

Transaction ID: D11053
Date of Disbursement: M 11 / D 05 / Y 2005

Amount of Each Disbursement this Period: 312.00

SUBTOTAL of Disbursements This Page (optional) ▶ 944.86

TOTAL This Period (last page this line number only) ▶

FEC **Schedule B (Form 3X)** Rev. 02/2003

EXHIBIT
Exhibit 529

Image# 26930556925

SCHEDULE B (FEC Form 3X)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one)
[X] 21b [ ] 22 [ ] 23 [ ] 24 [ ] 25 [ ] 26
[ ] 27 [ ] 28a [ ] 28b [ ] 28c [ ] 29 [ ] 30b

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NAME OF COMMITTEE (In Full)
National Leadership PAC

A. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York | State: NY | Zip Code: 10286-2018

Purpose of Disbursement: Office Rent
Candidate Name:
Category/Type: 001

Office Sought: [ ] House [ ] Senate [ ] President
State: District:

Disbursement For: 2006
[X] Primary [ ] General [ ] Other (specify)

Transaction ID: D11492
Date of Disbursement: 05 / 01 / 2006

Amount of Each Disbursement this Period: 315.04

B. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York | State: NY | Zip Code: 10286-2018

Purpose of Disbursement: Office Rent
Candidate Name:
Category/Type: 001

Office Sought: [ ] House [ ] Senate [ ] President
State: District:

Disbursement For: 2006
[X] Primary [ ] General [ ] Other (specify)

Transaction ID: D11566
Date of Disbursement: 06 / 21 / 2006

Amount of Each Disbursement this Period: 315.04

C. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York | State: NY | Zip Code: 10286-2018

Purpose of Disbursement: Office Rent
Candidate Name:
Category/Type: 001

Office Sought: [ ] House [ ] Senate [ ] President
State: District:

Disbursement For: 2006
[X] Primary [ ] General [ ] Other (specify)

Transaction ID: D11567
Date of Disbursement: 06 / 26 / 2006

Amount of Each Disbursement this Period: 630.08

SUBTOTAL of Disbursements This Page (optional) ▶ 1260.16

TOTAL This Period (last page this line number only) ▶

FEC **Schedule B (Form 3X)** Rev. 02/2003

EXHIBIT
Exhibit 529

CSOC.CBR.00032739

Image# 26930441694

SCHEDULE B (FEC Form 3X) ITEMIZED DISBURSEMENTS

Use seperate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one) — PAGE 32 / 63

X 21b | 22 | 23 | 24 | 25 | 26
27 | 28a | 28b | 28c | 29 | 30b

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NAME OF COMMITTEE (In Full)
National Leadership PAC

A. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York | State: NY | Zip Code: 10286-2018

Purpose of Disbursement: Office Rent
Candidate Name:
Category/Type: 001

Office Sought: House / Senate / President
State: District:

Disbursement For: 2006
X Primary / General / Other (specify)

Transaction ID: D11233
Date of Disbursement: 01 / 25 / 2006

Amount of Each Disbursement this Period: 530.08

B. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York | State: NY | Zip Code: 10286-2018

Purpose of Disbursement: Office Rent
Candidate Name:
Category/Type: 001

Office Sought: House / Senate / President
State: District:

Disbursement For: 2006
X Primary / General / Other (specify)

Transaction ID: D11232
Date of Disbursement: 03 / 02 / 2006

Amount of Each Disbursement this Period: 830.00

C. Full Name (Last, First, Middle Initial)
MCI Worldcom

Mailing Address P.O. Box 856053

City: Louisville | State: KY | Zip Code: 40285-6053

Purpose of Disbursement: Phones
Candidate Name:
Category/Type: 001

Office Sought: House / Senate / President
State: District:

Disbursement For: 2006
X Primary / General / Other (specify)

Transaction ID: D11242
Date of Disbursement: 01 / 25 / 2006

Amount of Each Disbursement this Period: 326.13

SUBTOTAL of Disbursements This Page (optional) ▶ 1686.21

TOTAL This Period (last page this line number only) ▶

FEC **Schedule B (Form 3X)** Rev. 02/2003

EXHIBIT
Exhibit 529

CSOC.CBR.00032740

Image# 26950560118

SCHEDULE B (FEC Form 3X)
ITEMIZED DISBURSEMENTS

Use seperate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one) — PAGE 118 / 153

[X] 21b	[ ] 22	[ ] 23	[ ] 24	[ ] 25	[ ] 26	
[ ] 27	[ ] 28a	[ ] 28b	[ ] 28c	[ ] 29	[ ] 30b	

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NAME OF COMMITTEE (In Full)
National Leadership PAC

A. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York | State: NY | Zip Code: 10286-2018

Purpose of Disbursement: Office Rent
Candidate Name:
Category/Type: 001

Office Sought: [ ] House [ ] Senate [ ] President — State: District:
Disbursement For: 2006 — [ ] Primary [X] General [ ] Other (specify)

Transaction ID: D12148
Date of Disbursement: 08 / 07 / 2006
Amount of Each Disbursement this Period: 157.02

B. Full Name (Last, First, Middle Initial)
Alexander Leopold

Mailing Address 245 East 58th Street Apt. 14E

City: New York | State: NY | Zip Code: 10022

Purpose of Disbursement: Salary
Candidate Name:
Category/Type: 001

Office Sought: [ ] House [ ] Senate [ ] President — State: District:
Disbursement For: 2006 — [ ] Primary [X] General [ ] Other (specify)

Transaction ID: D12057
Date of Disbursement: 09 / 12 / 2006
Amount of Each Disbursement this Period: 500.00

C. Full Name (Last, First, Middle Initial)
LZBTH WLSN DSGNS

Mailing Address Art Direction/Graphic Design 499 Van Brunt Street

City: Brooklyn | State: NY | Zip Code: 11231

Purpose of Disbursement: Printing (non-candidate)
Candidate Name:
Category/Type: 001

Office Sought: [ ] House [ ] Senate [ ] President — State: District:
Disbursement For: 2006 — [ ] Primary [X] General [ ] Other (specify)

Transaction ID: D12154
Date of Disbursement: 08 / 15 / 2006
Amount of Each Disbursement this Period: 1871.70

SUBTOTAL of Disbursements This Page (optional) ▶ 2528.72

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Form 3X) Rev. 02/2003

EXHIBIT
Exhibit 529

CSOC.CBR.00032741

Image# 27990431541

SCHEDULE B (FEC Form 3X)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one) — PAGE 94 / 138

X 21b | 22 | 23 | 24 | 25 | 26
27 | 28a | 28b | 28c | 29 | 30b

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NAME OF COMMITTEE (In Full)
National Leadership PAC

A. Full Name (Last, First, Middle Initial)
Fedex

Mailing Address PO Box 1140

City: Memphis | State: TN | Zip Code: 38101-1140

Purpose of Disbursement: Messenger-FedEx

Candidate Name

Category/Type: 001

Office Sought: House / Senate / President — State: District:

Disbursement For: 2007 — X Primary / General / Other (specify)

Transaction ID: D13282
Date of Disbursement: 04 / 13 / 2007

Amount of Each Disbursement this Period: 213.84

B. Full Name (Last, First, Middle Initial)
Fedex

Mailing Address PO Box 1140

City: Memphis | State: TN | Zip Code: 38101-1140

Purpose of Disbursement: Messenger-FedEx

Candidate Name

Category/Type: 001

Office Sought: House / Senate / President — State: District:

Disbursement For: 2007 — X Primary / General / Other (specify)

Transaction ID: D13283
Date of Disbursement: 04 / 13 / 2007

Amount of Each Disbursement this Period: 45.68

C. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York | State: NY | Zip Code: 10286-2018

Purpose of Disbursement: Office Rent

Candidate Name

Category/Type: 001

Office Sought: House / Senate / President — State: District:

Disbursement For: 2007 — X Primary / General / Other (specify)

Transaction ID: D12889
Date of Disbursement: 01 / 18 / 2007

Amount of Each Disbursement this Period: 1016.01

SUBTOTAL of Disbursements This Page (optional) ▶ 1275.53

TOTAL This Period (last page this line number only) ▶

FEC Schedule B (Form 3X) Rev. 02/2003

EXHIBIT
Exhibit 529

CSOC.CBR.00032742

Image# 27990431542

SCHEDULE B (FEC Form 3X)
ITEMIZED DISBURSEMENTS

Use seperate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one)
[X] 21b [ ] 22 [ ] 23 [ ] 24 [ ] 25 [ ] 26
[ ] 27 [ ] 28a [ ] 28b [ ] 28c [ ] 29 [ ] 30b

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NAME OF COMMITTEE (In Full)
National Leadership PAC

A. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York | State: NY | Zip Code: 10286-2018

Purpose of Disbursement: Office Rent
Candidate Name:
Category/Type: 001

Office Sought: [ ] House [ ] Senate [ ] President
State: District:
Disbursement For: 2007 [X] Primary [ ] General [ ] Other (specify)

Transaction ID: D12888
Date of Disbursement: 02 / 27 / 2007
Amount of Each Disbursement this Period: 338.67

B. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York | State: NY | Zip Code: 10286-2018

Purpose of Disbursement: Office Rent
Candidate Name:
Category/Type: 001

Office Sought: [ ] House [ ] Senate [ ] President
State: District:
Disbursement For: 2007 [X] Primary [ ] General [ ] Other (specify)

Transaction ID: D13304
Date of Disbursement: 05 / 11 / 2007
Amount of Each Disbursement this Period: 677.34

C. Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.

Mailing Address PO Box 21018

City: New York | State: NY | Zip Code: 10286-2018

Purpose of Disbursement: Office Rent
Candidate Name:
Category/Type: 001

Office Sought: [ ] House [ ] Senate [ ] President
State: District:
Disbursement For: 2007 [X] Primary [ ] General [ ] Other (specify)

Transaction ID: D13303
Date of Disbursement: 06 / 22 / 2007
Amount of Each Disbursement this Period: 677.34

SUBTOTAL of Disbursements This Page (optional) ▶ 1693.35

TOTAL This Period (last page this line number only) ▶

FEC **Schedule B (Form 3X)** Rev. 02/2003

EXHIBIT
Exhibit 529

CSOC.CBR.00032743

Image# 28930323242

SCHEDULE B (FEC Form 3X)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one)
[X] 21b [ ] 22 [ ] 23 [ ] 24 [ ] 25 [ ] 26
[ ] 27 [ ] 28a [ ] 28b [ ] 28c [ ] 29 [ ] 30b

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NAME OF COMMITTEE (In Full)
National Leadership PAC

A.
Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address PO Box 21018
City: New York | State: NY | Zip Code: 10286-2018
Purpose of Disbursement: Office Rent
Candidate Name:
Category/Type: 001
Office Sought: [ ] House [ ] Senate [ ] President
State: District:
Disbursement For: 2007 [X] Primary [ ] General [ ] Other (specify)
Transaction ID: D13714
Date of Disbursement: 07 / 31 / 2007
Amount of Each Disbursement this Period: 677.34

B.
Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address PO Box 21018
City: New York | State: NY | Zip Code: 10286-2018
Purpose of Disbursement: Office Rent
Candidate Name:
Category/Type: 001
Office Sought: [ ] House [ ] Senate [ ] President
State: District:
Disbursement For: 2007 [X] Primary [ ] General [ ] Other (specify)
Transaction ID: D13715
Date of Disbursement: 09 / 04 / 2007
Amount of Each Disbursement this Period: 338.67

C.
Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address PO Box 21018
City: New York | State: NY | Zip Code: 10286-2018
Purpose of Disbursement: Office Rent
Candidate Name:
Category/Type: 001
Office Sought: [ ] House [ ] Senate [ ] President
State: District:
Disbursement For: 2007 [X] Primary [ ] General [ ] Other (specify)
Transaction ID: D13716
Date of Disbursement: 10 / 04 / 2007
Amount of Each Disbursement this Period: 367.38

SUBTOTAL of Disbursements This Page (optional) ▶ 1383.39

TOTAL This Period (last page this line number only) ▶

FE6AN026 FEC Schedule B (Form 3X) (Revised 02/2003)



Image# 28930323243

SCHEDULE B (FEC Form 3X)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one)
[X] 21b [ ] 22 [ ] 23 [ ] 24 [ ] 25 [ ] 26
[ ] 27 [ ] 28a [ ] 28b [ ] 28c [ ] 29 [ ] 30b

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NAME OF COMMITTEE (In Full)
National Leadership PAC

A.
Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address PO Box 21018
City: New York | State: NY | Zip Code: 10286-2018
Purpose of Disbursement: Office Rent
Candidate Name:
Category/Type: 001
Office Sought: [ ] House [ ] Senate [ ] President
State: District:
Disbursement For: 2007 [X] Primary [ ] General [ ] Other (specify)
Transaction ID: D13884
Date of Disbursement: 11 / 01 / 2007
Amount of Each Disbursement this Period: 341.28

B.
Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address PO Box 21018
City: New York | State: NY | Zip Code: 10286-2018
Purpose of Disbursement: Office Rent
Candidate Name:
Category/Type: 001
Office Sought: [ ] House [ ] Senate [ ] President
State: District:
Disbursement For: 2007 [X] Primary [ ] General [ ] Other (specify)
Transaction ID: D13885
Date of Disbursement: 11 / 27 / 2007
Amount of Each Disbursement this Period: 341.28

C.
Full Name (Last, First, Middle Initial)
LeVera Sutton
Mailing Address 406 W 146th St
City: New York | State: NY | Zip Code: 10031-5210
Purpose of Disbursement: Cleaning service reimbursement
Candidate Name:
Category/Type: 001
Office Sought: [ ] House [ ] Senate [ ] President
State: District:
Disbursement For: 2007 [X] Primary [ ] General [ ] Other (specify)
Transaction ID: D13719
Date of Disbursement: 07 / 13 / 2007
Amount of Each Disbursement this Period: 30.00

SUBTOTAL of Disbursements This Page (optional) ▶ 712.56

TOTAL This Period (last page this line number only) ▶

FE6AN026 FEC Schedule B (Form 3X) (Revised 02/2003)

EXHIBIT
Exhibit 529

CSOC.CBR.00032745

Image# 28932329840

SCHEDULE B (FEC Form 3X)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one)
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X 21b	22	23	24	25	26
27	28a	28b	28c	29	30b

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NAME OF COMMITTEE (In Full)
National Leadership PAC

A.
Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address PO Box 21018
City: New York | State: NY | Zip Code: 10286-2018
Purpose of Disbursement: Office Rent
Candidate Name:
Category/Type: 001
Office Sought: House / Senate / President
State: District:
Disbursement For: 2008 — X Primary / General / Other (specify)

Transaction ID: D14471
Date of Disbursement: 01 / 10 / 2008
Amount of Each Disbursement this Period: 341.28

B.
Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address PO Box 21018
City: New York | State: NY | Zip Code: 10286-2018
Purpose of Disbursement: Office Rent
Candidate Name:
Category/Type: 001
Office Sought: House / Senate / President
State: District:
Disbursement For: 2008 — X Primary / General / Other (specify)

Transaction ID: D14472
Date of Disbursement: 01 / 28 / 2008
Amount of Each Disbursement this Period: 341.28

C.
Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address PO Box 21018
City: New York | State: NY | Zip Code: 10286-2018
Purpose of Disbursement: Office Rent
Candidate Name:
Category/Type: 001
Office Sought: House / Senate / President
State: District:
Disbursement For: 2008 — X Primary / General / Other (specify)

Transaction ID: D14473
Date of Disbursement: 02 / 27 / 2008
Amount of Each Disbursement this Period: 341.28

SUBTOTAL of Disbursements This Page (optional) ▶ 1023.84

TOTAL This Period (last page this line number only) ▶

FE6AN026

FEC Schedule B (Form 3X) (Revised 02/2003)

EXHIBIT
Exhibit 529

CSOC.CBR.00032746

Image# 28991464062

SCHEDULE B (FEC Form 3X)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one)
[X] 21b [ ] 22 [ ] 23 [ ] 24 [ ] 25 [ ] 26
[ ] 27 [ ] 28a [ ] 28b [ ] 28c [ ] 29 [ ] 30b

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NAME OF COMMITTEE (In Full)
National Leadership PAC

A.
Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address PO Box 21018
City: New York | State: NY | Zip Code: 10286-2018
Purpose of Disbursement: Office Rent
Candidate Name
Category/Type: 001
Office Sought: [ ] House [ ] Senate [ ] President
State: District:
Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)
Transaction ID: D14782
Date of Disbursement: M M 04 / D D 29 / Y Y Y Y 2008
Amount of Each Disbursement this Period: 341.28

B.
Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address PO Box 21018
City: New York | State: NY | Zip Code: 10286-2018
Purpose of Disbursement: Office Rent
Candidate Name
Category/Type: 001
Office Sought: [ ] House [ ] Senate [ ] President
State: District:
Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)
Transaction ID: D14781
Date of Disbursement: M M 05 / D D 28 / Y Y Y Y 2008
Amount of Each Disbursement this Period: 341.28

C.
Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address PO Box 21018
City: New York | State: NY | Zip Code: 10286-2018
Purpose of Disbursement: Office rent
Candidate Name
Category/Type: 001
Office Sought: [ ] House [ ] Senate [ ] President
State: District:
Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)
Transaction ID: D14933
Date of Disbursement: M M 06 / D D 27 / Y Y Y Y 2008
Amount of Each Disbursement this Period: 341.28

SUBTOTAL of Disbursements This Page (optional) ▶ 1023.84

TOTAL This Period (last page this line number only) ▶

FE6AN026 FEC Schedule B (Form 3X) (Revised 02/2003)

EXHIBIT
Exhibit 529

CSOC.CBR.00032747

Image# 28991464061

SCHEDULE B (FEC Form 3X)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one) — PAGE 38 / 74

[X] 21b [ ] 22 [ ] 23 [ ] 24 [ ] 25 [ ] 26
[ ] 27 [ ] 28a [ ] 28b [ ] 28c [ ] 29 [ ] 30b

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NAME OF COMMITTEE (In Full)
National Leadership PAC

A.
Full Name (Last, First, Middle Initial)
GEICO Direct
Mailing Address 1 Geico Plz
City: Washington | State: DC | Zip Code: 20046-0004
Purpose of Disbursement: Automobile Expenses
Candidate Name
Category/Type: 001
Office Sought: [ ] House [ ] Senate [ ] President — State: District:
Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)
Transaction ID: D14777
Date of Disbursement: M M 05 / D D 13 / Y Y Y Y 2008
Amount of Each Disbursement this Period: 380.45

B.
Full Name (Last, First, Middle Initial)
Allison Baker Griner
Mailing Address 4971 Allan Road
City: Bethesda | State: MD | Zip Code: 20816
Purpose of Disbursement: Consultant - Fundraiser
Candidate Name
Category/Type: 001
Office Sought: [ ] House [ ] Senate [ ] President — State: District:
Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)
Transaction ID: D14748
Date of Disbursement: M M 04 / D D 16 / Y Y Y Y 2008
Amount of Each Disbursement this Period: 1500.00

C.
Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address PO Box 21018
City: New York | State: NY | Zip Code: 10286-2018
Purpose of Disbursement: Office Rent
Candidate Name
Category/Type: 001
Office Sought: [ ] House [ ] Senate [ ] President — State: District:
Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)
Transaction ID: D14783
Date of Disbursement: M M 04 / D D 03 / Y Y Y Y 2008
Amount of Each Disbursement this Period: 341.28

SUBTOTAL of Disbursements This Page (optional) ▶ 2221.73

TOTAL This Period (last page this line number only) ▶

FE6AN026 — FEC Schedule B (Form 3X) (Revised 02/2003)

EXHIBIT
Exhibit 529

Image# 28992568683

SCHEDULE B (FEC Form 3X)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one) — PAGE 46 / 67

[X] 21b [ ] 22 [ ] 23 [ ] 24 [ ] 25 [ ] 26
[ ] 27 [ ] 28a [ ] 28b [ ] 28c [ ] 29 [ ] 30b

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NAME OF COMMITTEE (In Full)
National Leadership PAC

A.
Full Name (Last, First, Middle Initial)
Allison Baker Griner
Mailing Address 4971 Allan Road
City: Bethesda | State: MD | Zip Code: 20816
Purpose of Disbursement: Consultant - Fundraiser
Candidate Name
Category/Type: 003
Office Sought: [ ] House [ ] Senate [ ] President
State: District:
Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)
Transaction ID: D15340
Date of Disbursement: 09 / 16 / 2008
Amount of Each Disbursement this Period: 3850.00

B.
Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address PO Box 21018
City: New York | State: NY | Zip Code: 10286-2018
Purpose of Disbursement: Office rent
Candidate Name
Category/Type: 001
Office Sought: [ ] House [ ] Senate [ ] President
State: District:
Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)
Transaction ID: D15376
Date of Disbursement: 08 / 07 / 2008
Amount of Each Disbursement this Period: 341.28

C.
Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address PO Box 21018
City: New York | State: NY | Zip Code: 10286-2018
Purpose of Disbursement: Office rent
Candidate Name
Category/Type: 001
Office Sought: [ ] House [ ] Senate [ ] President
State: District:
Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)
Transaction ID: D15378
Date of Disbursement: 09 / 08 / 2008
Amount of Each Disbursement this Period: 341.28

SUBTOTAL of Disbursements This Page (optional) ▶ 4332.56

TOTAL This Period (last page this line number only) ▶

FE6AN026 — FEC Schedule B (Form 3X) (Revised 02/2003)



Image# 28992568684

SCHEDULE B (FEC Form 3X)
ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

FOR LINE NUMBER: (check only one)
[X] 21b [ ] 22 [ ] 23 [ ] 24 [ ] 25 [ ] 26
[ ] 27 [ ] 28a [ ] 28b [ ] 28c [ ] 29 [ ] 30b

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NAME OF COMMITTEE (In Full)
National Leadership PAC

A.
Full Name (Last, First, Middle Initial)
Lenox Terrace Development Assoc.
Mailing Address PO Box 21018
City: New York | State: NY | Zip Code: 10286-2018
Purpose of Disbursement: Office rent
Candidate Name:
Category/Type: 001
Office Sought: [ ] House [ ] Senate [ ] President
State: District:
Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)
Transaction ID: D15377
Date of Disbursement: 09 / 30 / 2008
Amount of Each Disbursement this Period: 341.28

B.
Full Name (Last, First, Middle Initial)
Ebony Martin
Mailing Address 22 West 128th Street Apt. 5D
City: New York | State: NY | Zip Code: 10027
Purpose of Disbursement: Salary
Candidate Name:
Category/Type: 001
Office Sought: [ ] House [ ] Senate [ ] President
State: District:
Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)
Transaction ID: D15363
Date of Disbursement: 07 / 02 / 2008
Amount of Each Disbursement this Period: 500.00

C.
Full Name (Last, First, Middle Initial)
New York State Insurance Fund
Mailing Address P.O. Box 4788
City: Syracuse | State: NY | Zip Code: 13221-4788
Purpose of Disbursement: Workman's Compensation
Candidate Name:
Category/Type: 001
Office Sought: [ ] House [ ] Senate [ ] President
State: District:
Disbursement For: 2008 [X] Primary [ ] General [ ] Other (specify)
Transaction ID: D15384
Date of Disbursement: 07 / 08 / 2008
Amount of Each Disbursement this Period: 1252.93

SUBTOTAL of Disbursements This Page (optional) ▶ 2094.21
TOTAL This Period (last page this line number only) ▶

FE6AN026 FEC Schedule B (Form 3X) (Revised 02/2003)

EXHIBIT
Exhibit 529

CSOC.CBR.00032750

ORMATION CONCERNING APPLICANT
(PLEASE PRINT)

SS# REDACTED SS#

Name (Husband) CHARLES RANGEL (Wife)

Present Address 40 WEST 135 STREET

Number of Rooms at Present Address 5 No. of Persons at Present Address 3

Rent Paid $ 900 Length of Tenancy 5yrs Home Telephone 283

Landlord's Name and Address LENOX TERRACE

Previous Address 74 WEST 132 ST.

Landlord: Name & Address owner

Length of Tenancy 60 yrs Rent Paid$

Occupation (Husband) US Congress Salary$ 130,000

Name of Company Wash DC 20515

Address 163 W. 125 ST Length of Employment 26yrs

Company Telephone 212 6633900 Dep't Head

Occupation (Wife or ~~Other Working Member of Family~~) Salary$

Name of Company

Address Length of Employment

Company Telephone Dep't Head

Additional Sources of Income other Than Employment: (Stocks, Pension, Etc.)

Number of Persons to Occupy Apartment

(1) Name STEVEN RANGEL	Relationship SON	Age 28
(2) Name	Relationship LAW STUDENT	Age
(3) Name	Relationship St JOHNS Law School	Age

Bank Account: Checking # Number Jamaica NY Bank Name & Address

SEE 40 W. 135 ST APT 16 NP

Savings: # Number Bank Name & Address

References: Personal 1. James Booker

2. Pres Bill Clinton

I hereby warrant that all of my representations set forth above are true. I further represent that I am not renting a room or an apartment under any other name nor have I ever been dispossessed from any apartment, nor am I now being dispossessed

FOR OFFICE USE ONLY

Apartment ____ No of Rooms Floor Bldg. NO. Rental $

SIGNATURE SIGNATURE

EXHIBIT
Exhibit 530

OLNEC 00184

CSOC.CBR.00004821

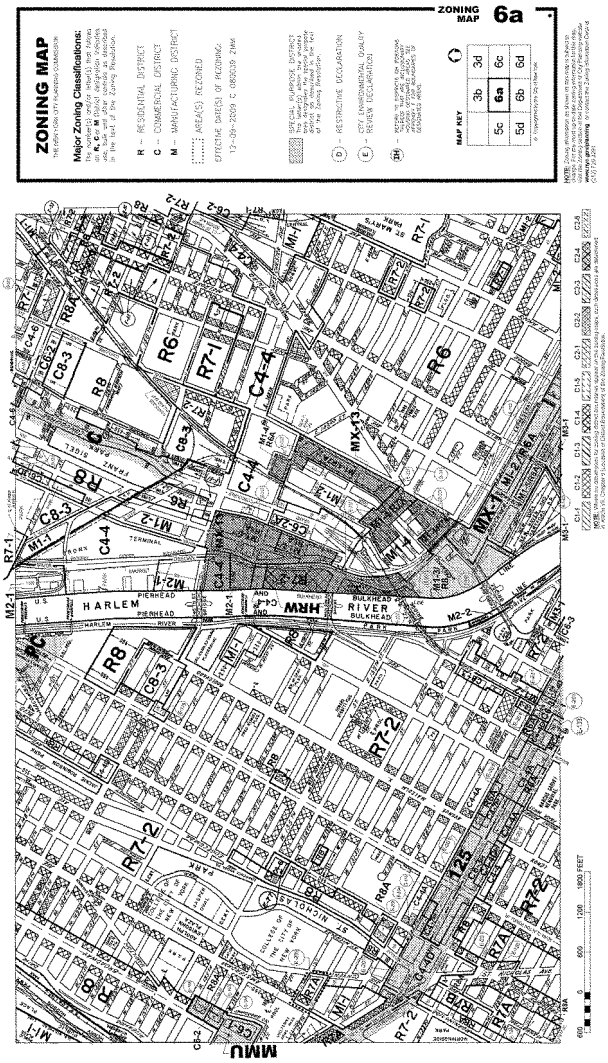

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Exhibit 531

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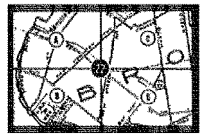
About the Maps
Zoning District Boundaries
Commercial Overlay Districts
Special Purpose Districts
Restrictive Declarations / CEQR Requirements
Sketch Maps
Inclusionary Housing Symbol
Technical Notes

About the Maps



Zoning maps show the boundaries of zoning districts throughout the city. The maps are regularly updated after the City Planning Commission and the City Council have approved proposed zoning changes. The set of 126 maps, which are part of the Zoning Resolution, are displayed in 35 sections. Each section is identified by a number from 1 to 35 and is further divided into one to four quarters, each identified by a letter a, b, c or d (map 8d or 33c for example). Each map covers an area of approximately 8,000 feet (north/south) by 12,500 feet (east/west).

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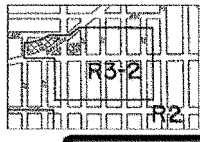
Zoning District Boundaries

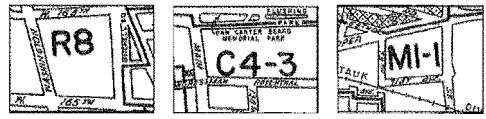
Each district is bounded by heavy solid lines. Where a boundary is not the centerline of a street, the distance between the boundary and street line (front lot line) is usually marked on the map. Where it is not marked, the boundary parallel to the long dimension of a block is the centerline of the block. Where the boundary is parallel to the short dimension of the block, the distance between the boundary and street line is as shown in the table below. (See Section 76-00 of the Zoning Resolution.)



Boundary Distance	District
200 ft	C1-1 C4-1 C4-2 C4-4
150 ft	C1-2 C1-3 C2-1 C2-2 C2-3 C4-3 C7
100 ft	Other districts without dimensions

EXHIBIT
Exhibit 532

Note the zoning district in which the property is located. A letter identifies general use categories-R for residence districts, C for commercial districts and M for manufacturing districts. The first number after R generally indicates bulk and parking controls; the numbers after C or M refer to the range of permitted uses and, in most cases, bulk and parking controls.



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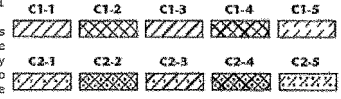
Commercial Overlay Districts

(C1-1 through C1-5 and C2-1 through C2-5) Commercial overlay districts are mapped within residence districts and designated by various patterns. A key to these patterns is shown here and on every zoning map.



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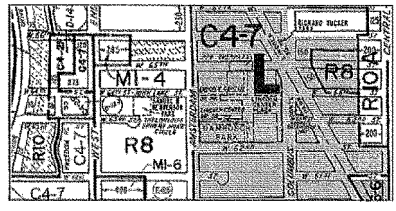
Special Purpose Districts

Special purpose districts are shown as shaded areas, designated by letter symbols such as "L" for the Special Lincoln Square District. Properties within a special district may be subject to the regulations of both the special district and the underlying zoning district.



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Restrictive Declarations / CEQR Requirements

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A letter "D" or "E" on a zoning map indicates a property with a restrictive declaration or City Environmental Quality Review requirements. For more information on (E) designations, read the Frequently Asked Questions.

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Sketch Maps

When any portion of a zoning map would be affected by a recently adopted zoning change that has not yet been incorporated into the zoning map, or by a proposed zoning map change that has not yet been approved, the map is linked to a "sketch map" showing the specific changes adopted or proposed. A red rectangle on a zoning map indicates a recently adopted zoning change and a blue rectangle indicates a proposed zoning change. Selecting within the rectangle will display the relevant sketch map. Where there are overlapping sketch maps, dashed lines distinguish between maps.

Please note: If your Adobe Acrobat Reader is not configured properly, you may receive an error when attempting to view the sketch maps. Please see Technical Notes below for more information.

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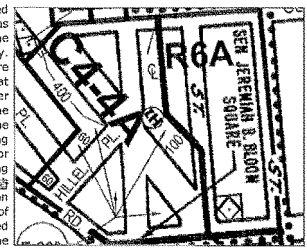
Inclusionary Housing Symbol (IH)



Inclusionary Housing designated areas are specially designated areas within which the regulations of the Inclusionary Housing program apply. In such areas, developments are limited to a base floor area ratio that may be increased to a higher maximum floor area ratio with the provision of affordable housing. The "IH" symbol identifies zoning districts that are located partially or entirely within Inclusionary Housing designated areas. Consult Appendix F of the Zoning Resolution for the precise boundaries of Inclusionary Housing designated areas, and Section 23-90 of the Zoning Resolution for the regulations of the Inclusionary Housing program.

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Technical Notes

All 126 zoning maps are in Adobe Acrobat format and range in size from 100k to over 700k. To view and print the maps, you will need the most recent version of the Adobe Acrobat Reader, available for free download.

Printing an entire map at the original scale (1"=1200') will require legal size paper. Acrobat Reader's Graphics Select tool and Copy tool can be used to copy and paste a portion of a zoning map at any scale into a word processing or graphics program.
To obtain the highest quality when printing sketch maps of proposed or adopted zoning, choose the "print as image" option on the Print screen.

If you receive an error when attempting to access the sketch maps, please ensure that your Adobe Acrobat Reader is configured to open within the browser (the default setting) and not in its own application window. The method for changing this setting varies by the version of your Acrobat Reader. For users of Acrobat 7.0, make sure that the 'Display PDF in Browser' checkbox setting (under Edit > Preferences > Internet) is



checked.

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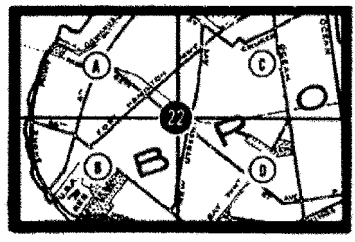
NYC Zoning Handbook: Appendix C

How to Read Zoning Maps

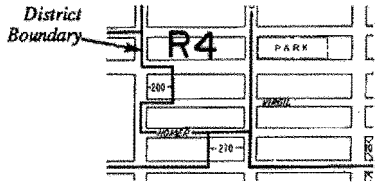
Find The Map

Locate the property in question on the Index Map of the Zoning Resolution and note the section and quarter in which the property lies. Next, turn to that quarter section map which shows the streets, blocks and zoning district boundaries.



Determine Zoning District Boundaries

Heavy solid lines on zoning maps indicate boundaries of zoning districts.



A letter identifies general use categories -- R for Residence, C for Commercial and M for Manufacturing

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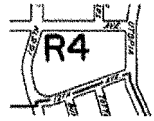
CSOC.CBR.00029652

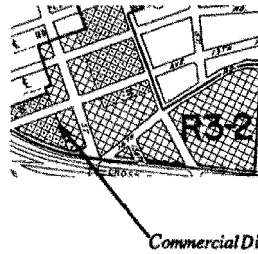






The first number after R generally indicates bulk and parking controls; the first number after C or M refers to the particular range of permitted uses. An additional number, in most cases, indicates bulk and parking controls (C4-2, for example).

Various patterns on the map indicate the different local retail and local service zones within residence districts.



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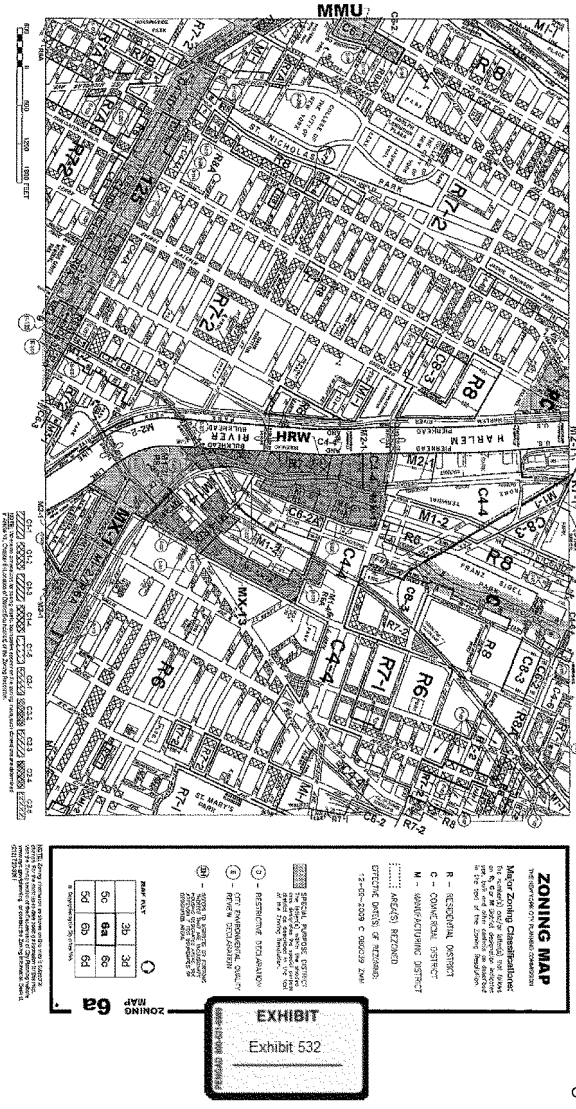
CSOC.CBR.00029347

Boro | Block | Lot: 1 | 1730 | 64


MMU
ZONING MAP
6a
ZONING MAP
EXHIBIT
Exhibit 532
ZONING MAP
Major Zoning Classifications:
R – RESIDENTIAL DISTRICT
C – COMMERCIAL DISTRICT
M – MANUFACTURING DISTRICT
AREA(S) REZONED
EFFECTIVE DATE(S) OF REZONING:
12-05-2009 C 090039 ZMM
SPECIAL PURPOSE DISTRICT
(E) – DESIGNATION
CITY ENVIRONMENTAL QUALITY REVIEW DESIGNATION
(S) – RESTRICTIVE DECLARATION
MAP KEY
5c
6a
5d
6b
6d
3b
3c
6c
HARLEM RIVER
HARLEM PARK
HARLEM PLAYGROUND
HARLEM RIVER PLAZA
HARLEM RIVER PARK
ST. NICHOLAS PARK
ST. MARY'S PARK
HARLEM PIER
HARLEM PIER PARK
HARLEM PIER PLAZA
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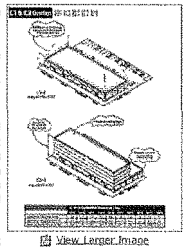
Commercial Districts: C1 & C2 Overlays

C1-1 C1-2 C1-3 C1-4 C1-5
C2-1 C2-2 C2-3 C2-4 C2-5

C1 & C2 (Overlays)

C1-1 through C1-5 and C2-1 through C2-5 districts are mapped as *commercial overlays* within residence districts. They are mapped along streets that serve the local retail needs of the surrounding residential neighborhood, and are found extensively throughout the city's lower- and medium-density areas and occasionally in higher-density districts.



View Larger Image

Typical retail *uses* include grocery stores, restaurants and beauty parlors, catering to the immediate neighborhood. C2 districts permit a slightly wider range of uses—such as funeral homes and repair services—than C1 districts. In mixed residential/commercial buildings, commercial uses are limited to one or two floors and must always be located below the residential use.

When commercial overlays are mapped in R1 through R5 districts, the maximum commercial *floor area ratio (FAR)* is 1.0; when mapped in R6 through R10 districts, the maximum commercial FAR is 2.0. Unless otherwise indicated, the depth of overlay districts ranges from 100 to 200 feet.



Astoria, Queens

Overlay districts are distinct from other commercial districts in that residential bulk is governed by the residence district within which the overlay is mapped. All other commercial districts that permit residential use are assigned a specific *residential district equivalent*. However, when residences are constructed in any commercial district, certain regulations that apply in residence districts are waived, such as front and side yard requirements.



Boerum Hill, Brooklyn

Generally, the lower the numerical suffix, the more off-street parking is required. For example, in C1-1 districts, typically mapped in outlying areas of the city, a large food store would require one parking space for every 100 square feet of floor area, whereas no parking would be required in C1-5 districts, which are well served by mass transit.

EXHIBIT
Exhibit 532

Items accompanied by this symbol require the free Adobe Acrobat Reader.

Brief explanations of terms in *green italics* can be viewed by clicking on the term. Words and phrases followed by an asterisk (*) are defined terms in the Zoning Resolution, primarily in Section 12-10. Consult the Zoning Resolution for the official and legally binding definitions of these words and phrases.

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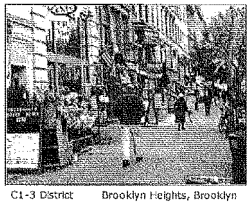
Commercial Districts: OVERVIEW

Overview



C1-3 District Brooklyn Heights, Brooklyn

Commercial activities in the city are permitted in eight commercial districts based on their functional similarities and locational requirements. Small retail and service shops in C1 and C2 districts serve the immediate needs of surrounding residential communities. Larger stores with more goods and services are found in C4 districts, borough-wide regional retail centers like Main Street in Flushing and Fordham Road in the Bronx. C5 and C6 districts, central business districts that serve the city, the region and the nation, are mapped in Midtown, Lower Manhattan, Downtown Brooklyn and Long Island City. Three districts serve specific purposes: C3 for waterfront recreation, C7 for amusement parks and C8 for heavy repair shops and automotive *uses*.

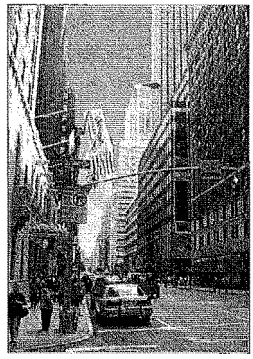
All of the commercial uses permitted in the eight basic commercial districts are included in *Use Groups* 5 through 16. Use groups are assigned to specific commercial districts according to the purpose of the district, the impacts of the use and its compatibility with other uses. Residential uses (Use Groups 1 and 2) and *community facilities* (Use Groups 3 and 4) are allowed in all C1 through C6 districts but are prohibited in C7 districts. Residential uses and Use Group 3 community facilities are prohibited in C8 districts.

The eight commercial districts are subdivided (as indicated by a numerical suffix) to reflect variations in *bulk* and parking and loading requirements. The *floor area ratio (FAR)* for a C4-1 district, for example, is 1.0 while the FAR for a C4-7 district is 10.0. (In medium- and high- density commercial districts, *plazas*, pedestrian amenities and, by special permit, subway improvements can generate an increase in the maximum commercial FAR.) Front and side yards are not required in commercial districts.

EXHIBIT
Exhibit 532

CSOC.CBR.00029657

In addition to the floor area rules, height and *setback* requirements ensure that adequate light, air and open space are provided. In non-contextual districts, the height of a building is controlled by a *sky exposure plane* or, in the highest density districts, by *tower* regulations. In *contextual districts*, specific limits are set for both the height of a building and its *base height* before setback.



C6-6 District Midtown, Manhattan

In the high-density C5 and C6 commercial districts, the floor area ratio is the principal bulk control. In other commercial districts that are not as centrally located, high off-street parking requirements are frequently as important as the FAR in controlling the intensity of development.

Contextual commercial districts are designated in areas that are substantially residential in character. In these districts, indicated by an A, D or X suffix, such as C4-4D, supplementary bulk regulations mandate that all developments maintain *street wall* continuity and a harmonious relationship with other buildings in the area.

Some C1 and C2 districts are mapped as *overlays*, usually within low- and medium-density residential neighborhoods. In these districts, residential bulk is governed by the residence district within which the overlay is mapped, whereas all other commercial districts that permit residential use are assigned a specific *residential district equivalent*. In all *mixed buildings*, commercial uses must be located below any residential use.

Parking requirements vary depending upon the use and access to mass transit. Generally, the lower the numerical suffix, the more off-street parking is required. Parking is not required in the *Manhattan Core* (except within the Hudson Yards Special District) or in Long Island City.

For more information, view summary tables of zoning data for commercial districts and commercial overlay districts.

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Brief explanations of terms in *green italics* can be viewed by clicking on the term. Words and phrases followed by an asterisk (*) are defined terms in the Zoning Resolution, primarily in Section 12-10. Consult the Zoning Resolution for the official and legally binding definitions of these words and phrases.

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ZONING DATA TABLE 5

Commercial Overlay Floor Area Ratios			
Residential District	Commercial Overlay FAR	Residential FAR	Community Facility FAR[1]
R1	1.0	0.5	0.5
R2	1.0	0.5	0.5
R2A	1.0	0.5	0.5
R2X	1.0	0.85[2]	0.5
R3-1	1.0	0.5[2]	1.0
R3-2	1.0	0.5[2]	1.6
R3A	1.0	0.5[2]	1.0
R3X	1.0	0.5[2]	1.0
R4	1.0	0.75[2]	2.0
R4 Infill	1.0	1.35	2.0
R4-1	1.0	0.75[2]	2.0
R4A	1.0	0.75[2]	2.0
R4B	1.0	0.9	2.0
R5	1.0	1.25	2.0
R5 Infill	1.0	1.65	2.0
R5A	1.0	1.1	2.0
R5B	1.0	1.35	2.0
R5D	2.0	2.0	2.0
R6	2.0	0.78–2.43 (range)	4.8
R6A	2.0	3.0	3.0
R6B	2.0	2.0	2.0
R7-1	2.0	0.87–3.44 (range)	4.8
R7-2	2.0	0.87–3.44 (range)	6.5
R7A	2.0	4.0	4.0
R7B	2.0	3.0	3.0
R7X	2.0	5.0	5.0
R8	2.0	0.94–6.02 (range)	6.5
R8A	2.0	6.02	6.5
R8B	2.0	4.0	4.0[3]
R8X	2.0	6.02	6.0
R9	2.0	0.99–7.52 (range)	10.0
R9A	2.0	7.52	7.5
R9X	2.0	9.0	9.0
R10	2.0	10.0[4]	10.0
R10A	2.0	10.0[4]	10.0
R10X	2.0	10.0[4]	10.0[4]

[1] *FAR is the same for community facility buildings and for buildings with both commercial and community facility uses; in R1 districts, however, the FAR is 1.0 for buildings with commercial and community facility uses*

[2] *Up to 20% increase for attic allowance*

[3] *5.1 in Manhattan Community District 8*

[4] *Up to 12.0 FAR with bonus*

C1-1 through C1-5 and C2-1 through C2-5 are commercial districts which are mapped as overlays within residential districts. When a commercial overlay is mapped within an R1 through R5 district, except an R5D district, the commercial FAR is 1.0; within an R5D district or an R6 through R10 district, the commercial FAR is 2.0. The residential FAR for a commercial overlay district is determined by the residential district regulations.



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Residential Districts: OVERVIEW

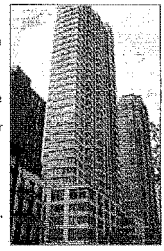
Overview



R1-2 District Fieldston, Bronx

Residence districts are the most common zoning districts in New York City, accounting for about 75 percent of the city's zoned land area. These districts accommodate an extraordinary variety of residential building forms—ranging from the single-family homes set amid wide lawns on the city's outskirts to the soaring towers of Manhattan.

To regulate such diversity, the Zoning Resolution designates 10 basic residence districts—R1 through R10. The numbers refer to permitted *bulk* and *density* (with R1 having the lowest density and R10 the highest) and other controls such as required parking. A second letter or number in some districts signifies additional controls. Unless otherwise stated, the regulations for each of the 10 residence districts pertain to all subcategories within that district. Regulations for the R4 district, for example, encompass R4-1, R4A and R4B districts, except where specific differences are noted.



R10X District Chelsea, Manhattan

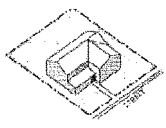
Residences are also permitted in most commercial districts. Certain higher-density commercial districts mapped primarily in Manhattan are, in fact, substantially residential in character. In each commercial district, except C7 and C8, the size of a residential building or the residential portion of a *mixed building* is governed by the bulk provisions of a specified "equivalent" residential district. For example, R6 is the *residential district equivalent* of C4-2 and C4-3 districts.

All residence districts permit most *community facilities*, such as schools, houses of worship and medical facilities. In certain districts, in order to accommodate needed services, the maximum permitted *floor area ratio (FAR)* for community facilities exceeds the maximum permitted for residential uses. In districts limited to one- and two-family homes, however, certain facilities are not permitted or are restricted in size.

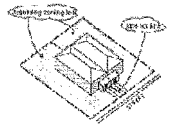
LOWER DENSITY DISTRICTS (R1-R5)

Lower-density residence districts are usually found far from central business districts in areas not well served by mass transit. These areas are characterized by low building heights, landscaped yards and high auto ownership. Some lower-density neighborhoods are comprised entirely of single-family *detached* homes on large lots, others have one- and two-family detached homes on smaller lots, and still other neighborhoods have detached, *semi-detached* and *attached* buildings all mixed together.

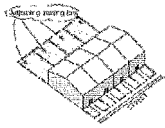
EXHIBIT
Exhibit 532



*A **detached** building is a freestanding structure surrounded by yards or other open areas on the same zoning lot.*



*A **semi-detached** building abuts another building on an adjoining zoning lot along one side lot line and is surrounded on all other sides by yards.*



*An **attached** building abuts two side lot lines and other buildings on adjoining zoning lots.*

Detached and semi-detached buildings typically accommodate either a single family or two families in separate *dwelling units*. Attached buildings may house one, two, or more families. R1 and R2 districts allow only detached *single-family residences*. R3A, R3X, R4A and R5A districts allow only detached single- and *two-family residences*. R3-1 and R4-1 districts permit both detached and semi-detached one- and two-family houses. R4B districts also permit attached row houses limited to one and two families. R3-2, R4, R5, R5B and R5D are general residence districts that permit all housing types and are distinguished by differing bulk and density, height and *setback*, *lot coverage* or *open space*, and parking requirements.

Since 1989, R3, R4 and R5 districts with an A, B, D, X or 1 suffix have been created or revised to prevent the out-of-scale development that can blur distinctions between residence districts and alter the character of the city's traditional low-rise neighborhoods. The regulations for these new and revised districts aim to preserve neighborhood character by reaffirming the bulk distinctions, building configurations and narrow lot sizes of many residential neighborhoods. A maximum *building height* is established for each district, including the traditional low-rise row house districts (R4B and R5B). The familiar roof line of districts characterized by pitched roofs is encouraged by establishing a maximum *perimeter wall* height, above which pitched roofs or setbacks are required. In R2X, R3, R4, R4-1 and R4A districts, an increase in floor area is permitted for space beneath a pitched roof (*attic allowance*). The regulations promote landscaped front yards and allow for more on-street parking by controlling the location and dimensions of driveways and *curb cuts*.

Some R1, R2, R3, R4-1 and R4A districts in the city are designated as *Lower Density Growth Management Areas*, where residential developments are required to provide more parking spaces, larger yards and more open space. Designated areas include all such zoning districts in Staten Island and in Bronx Community District 10.

For more information, view summary tables of zoning data for R1-R3 and R4-R5 lower-density residence districts.

MODERATE- AND HIGHER-DENSITY DISTRICTS (R6-R10)
Moderate- and higher-density residence districts are generally found close to central and regional business districts, and are usually well served by mass transit. These areas are characterized by bulkier buildings, a wider range of building heights and lower auto ownership than lower-density areas. Like the lower-density residence districts, however, the character of these neighborhoods varies widely. Some are defined entirely by row houses, others by low apartment houses or high-rise buildings and still others by a mixture of all building types.

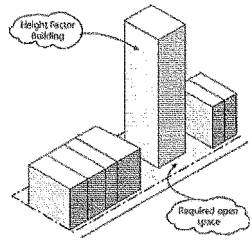
Moderate- and higher-density districts are divided into two categories: non-contextual and *contextual*. Non-contextual districts (R6, R7, R8 and R9), sometimes called *height factor* districts, are generally mapped where there is a mixture of building types and no predominant context. Contextual districts are those districts with an A, B or X letter suffix (R6A, R6B, R7A, R7B, R7X, R8A, R8B, R8X, R9A, R9X, R10A and R10X). Contextual districts, where development must comply with the regulations of the *Quality Housing Program*, are designed to maintain the scale and form of the city's traditional moderate- and higher-density neighborhoods. These districts are mapped where buildings of similar size and shape form a strong neighborhood context or where redevelopment would create a uniform context.



In non-contextual R6 through R9 districts, developers have a choice between building under height factor or Quality Housing regulations. In non-contextual R9 and R10 districts, developers may also elect to build pursuant to the *tower* regulations.

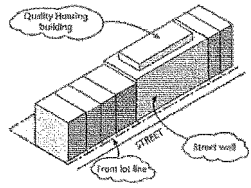
For more information, view summary tables of zoning data for R6-R7 medium-density residence districts and R8-R10 higher-density residence districts.

Non-Contextual or Height Factor Regulations



Height factor regulations encourage development of tall buildings set back from the street and surrounded by open space. The building form is a product of the "tower-in-the-park" vision of urban planning popular in the 1950's. In each district, the size of a building is determined by a complex set of rules involving the interrelationship between a range of height factors, floor area ratios and *open space ratios*. Higher floor area ratios are permitted on large lots where large areas of open space can be provided. Smaller lots in the same district, where less open space is possible, typically achieve smaller floor area ratios. In general, the larger the lot, the taller the building permitted under height factor regulations.

Contextual or Quality Housing Regulations



In the 1980's, the Quality Housing Program was created in response to concerns that height factor regulations led to buildings that were often out-of-scale with the surrounding neighborhood. To promote high-quality housing harmonious with its neighbors, the Quality Housing Program permits buildings to have greater lot coverage than height factor developments. And, within fixed height limits, the maximum floor area ratio is more easily achieved. Because less open space is available for parking, slightly less parking is required than for height factor developments. So that buildings relate better to the street, the program also regulates the location of the front wall (the *street wall*) of a building, and places limits on the height of the street wall before setbacks are required. In addition to rules promoting amenities inside a building, space in front of a building must be landscaped and parking spaces must be located in an underground garage or behind or to the side of a building—never between the street wall and front *lot line*. The Quality Housing Program is mandatory in contextual R6 through R10 districts. Since the 1980's, dozens of neighborhoods throughout the city have been rezoned as contextual districts.

Optional Quality Housing Regulations in Non-Contextual Districts

In non-contextual R6 through R9 districts, developers may choose either height



CSOC.CBR.00029662

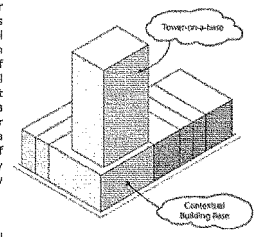
factor or optional Quality Housing regulations. (The optional Quality Housing Program is also available in R10 districts.) For example, on a *wide street* in an R6 district outside of Manhattan, the optional Quality Housing regulations would be the same as those for an R6A (Quality Housing) district.

In general, the optional program allows moderately larger but lower buildings with more apartments than might be achievable under height factor regulations as a way of encouraging the mid-rise apartment buildings that reflect the traditional scale of many neighborhoods. Sometimes, height factor regulations may be preferable because neighboring buildings or blocks do not have a consistent character or because the views attainable by a taller building outweigh the advantages of greater bulk.

Developers must determine which of the two sets of regulations is most appropriate for any given site, but cannot mix and match the two on the same zoning lot. The taller heights permitted for height factor buildings, for example, cannot be combined with the higher lot coverage permitted for Quality Housing buildings.

R9 and R10 Tower Regulations

R9 and R10 districts without a letter suffix, as well as commercial districts permitting equivalent residential density—all mapped mainly in Manhattan—allow residential towers of up to 35 stories above a contextual building base of between five and eight stories. The building form is called a *tower-on-a-base*. A residential tower that rises straight up without a contextual base may also be allowed, if it is located in certain high-density commercial districts or on a narrow street in an R9 or R10 district.



Other Zoning Districts

R7-3 and R9-1 districts, where special bulk, height and setback provisions apply, may be mapped only within *waterfront areas* and certain special zoning districts.

R10H, a district allowing transient hotels by *special permit* in addition to residential and community facility uses, is mapped only along Central Park South and a nearby Fifth Avenue blockfront in Manhattan.

LARGE-SCALE DEVELOPMENTS

Residential developments that occupy at least 1.5 acres may qualify for special regulations that promote good site planning. In some low-density districts, *large-scale residential developments* permit slightly larger buildings as-of-right in the interior of the property, to minimize impacts on adjacent zoning lots. Floor area bonuses are available by special permit in exchange for amenities such as common open space and enclosed parking. In medium- and high-density districts, a *general large-scale development* may qualify for a special permit to allow for more flexible distribution of bulk and open space and variations in height and setback. These *discretionary actions* enable the best possible site plan to be achieved for large developments.

In R3, R4 and R5 districts, large tracts of land are often developed with private roads to access residences distant from public streets. These *private roads* must be improved with roadbeds at least 34 feet in width, and edged by sidewalks and planting strips with street trees. Front yards must be provided for each residence, and *curb cut* regulations control the location of parked cars.

INCLUSIONARY HOUSING PROGRAM

Inclusionary Housing, which promotes economic integration within redeveloping neighborhoods by providing a floor area bonus for the construction or preservation of affordable housing, has been part of New York City's zoning since 1987. The original program is applicable in R10 and equivalent commercial districts, which are mainly in



Manhattan. In 2005, New York City introduced a groundbreaking addition to the Inclusionary Housing Program to promote affordable housing in conjunction with new residential developments in medium- and high-density districts. For more information, read the Inclusionary Housing Program.

About Zoning | Maps | Text | **Reference** | Glossary

Residential Districts | Commercial Districts | Manufacturing Districts | Special Districts

Items accompanied by this symbol require the free Adobe Acrobat Reader.

Brief explanations of terms in *green italics* can be viewed by clicking on the term. Words and phrases followed by an asterisk (*) are defined terms in the Zoning Resolution, primarily in Section 12-10. Consult the Zoning Resolution for the official and legally binding definitions of these words and phrases.

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12/15/61

31-10
PURPOSES OF SPECIFIC COMMERCIAL DISTRICTS

12/15/61

31-11
C1 Local Retail Districts

These districts are designed to provide for local shopping and include a wide range of retail stores and personal service establishments which cater to frequently recurring needs. Since these establishments are required in convenient locations near all residential areas, and since they are relatively unobjectionable to nearby residences, these districts are widely mapped. The district regulations are designed to promote convenient shopping and the stability of retail development by encouraging continuous retail frontage and by prohibiting local service and manufacturing establishments which tend to break such continuity.

12/15/61

31-12
C2 Local Service Districts

These districts are designed to provide for a wide range of essential local services not involving regular local shopping. Since these establishments are less frequently visited by customers, they tend to break the continuity of prime retail frontage and, therefore, hamper the development of convenient shopping. The permitted services create relatively few objectionable influences for nearby residential areas.

12/15/61

31-13
C3 Waterfront Recreation District



(12/15/61)

Chapter 2
Use Regulations

(2/7/01)

32-00
GENERAL PROVISIONS

In order to carry out the purposes and provisions of this Resolution, the #uses# of #buildings or other structures# and of tracts of land have been classified and combined into Use Groups. A brief statement is inserted at the start of each Use Group to describe and clarify the basic characteristics of that Use Group. Use Groups 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15 and 16, including each #use# listed separately therein, are permitted in #Commercial Districts# as indicated in Sections 32-11 to 32-25, inclusive, except that any such #use# which is also an #adult establishment# shall, in addition, be subject to the provisions of Section 32-01 (Special Provisions for Adult Establishments).

In Manhattan Community Districts 1, 2, 3, 4, 5 and 6, Brooklyn Community Districts 1, 2, 6 and 8, and Queens Community Districts 1 and 2, the conversion to #dwelling units# of non-#residential buildings#, or portions thereof, erected prior to December 15, 1961, shall be subject to the provisions of Article I, Chapter 5 (Residential Conversion of Existing Non-Residential Buildings), unless such conversions meet the requirements for new #residential development# of Article II (Residence District Regulations).

All districts indicated in Column A shall comply with the regulations for districts indicated in Column B except as set forth in the sections indicated in Column C.

Column A	Column B	Column C
C1 and C2 in R9A	R9	32-43
C1 and C2 in R10A	R10	32-43
C1-8A	C1-8	32-43
C1-9A	C1-9	32-43
C2-7A	C2-7	32-43



C2-8A	C2-8	32-43
C4-6A	C4-6	32-43
C4-7A	C4-7	32-43
C6-1A	C6-1	32-15 32-16 32-17 32-20 32-644

In a C8 District, any #use# listed in Use Group 11A or 16 that involves the production, processing, cleaning, servicing, testing or repair of products, goods, or materials shall conform to the performance standards for M1 Districts as set forth in Sections 42-20 and 42-28 inclusive, relating to Performance Standards.

In C5 and C6 Districts in Manhattan Community Districts 1, 2, 3, 4, 5 and 6, all existing lawful #uses# in Use Groups 17B or E in existing enclosed #buildings# erected prior to December 15, 1961, shall be considered conforming and shall conform to the performance standards for M1 Districts as set forth in Sections 42-20 and 42-28, inclusive, relating to Performance Standards. Such #uses# may be #extended# within #buildings#.

Whenever a #use# is specifically listed in a Use Group and also could be construed to be incorporated within a more inclusive #use# listing, either in the same or another Use Group, the more specific listing shall control.

The letters A, B, B1, C, D, E, F, G or H in the Parking Requirement Category following a #use# listed in Sections 32-14 to 32-25, inclusive, refer to the classification of #commercial uses# to determine required #accessory# off-street parking spaces as set forth in the table in Section 36-21 (General Provisions).

The #uses# listed in the various Use Groups set forth in Sections 32-11 to 32-25, inclusive, are also listed in alphabetical order in the Index at the end of this Resolution, for the convenience of those using the Resolution. Whenever there is any difference in meaning or implication between the text of these Use Groups and the text of the Index, the text of these Use Groups shall prevail.

In the area, which as a result of zoning map change 840260 ZMM is zoned C6-2A, existing lawful meat markets listed in Use Group 17A, in existing enclosed #buildings# erected prior to December 15, 1961, shall be a conforming #use#.

Special regulations applying in the #waterfront area# are set forth in Article VI, Ch



The following chart sets forth the Use Groups permitted in the various #Commercial Districts#.

USE GROUPS PERMITTED
IN COMMERCIAL DISTRICTS

	Use Groups			
	Residential		Community Facilities	
Districts	1	2	3	4
Local Retail C1	x	x	x	x
Local Service C2	x	x	x	x
Waterfront Recreation C3	x	x	x	x
General Commercial C4	x	x	x	x
Restricted Central Commercial C5	x	x	x	x
General Central Commercial C6	x	x	x	x
Commercial Amusement C7				
General Service C8				x

	Use Groups											
							Retail & Commercial					Gen. Service
Districts	5	6	7	8	9	10	11	12	13	14	15	16
Local Retail C1	x	x										
Local Service C2	x	x	x	x	x					x		
Waterfront Recreation C3										x		
General Commercial C4	x	x		x	x	x		x				



(d) In C6-4, C6-5, C6-6, C6-7, C6-8, C6-9, C7 or C8 Districts, no more than one #adult establishment# permitted under this Section shall be established on a #zoning lot#.

(e) In C6-4, C6-5, C6-6, C6-7, C6-8, C6-9, C7 or C8 Districts, #adult establishments# shall not exceed, in total, 10,000 square feet of #floor area# and #cellar# space not used for enclosed storage or mechanical equipment.

(f) #Adult establishments# which were established on October 25, 1995, and conform to all provisions of the Zoning Resolution relating to #adult establishments# other than the provisions of all or any combination of paragraphs (c), (d), and (e) of this Section, shall not be subject to the provisions of Section 52-77 (Termination of Adult Establishments).

For purposes of this Section, an #adult establishment# shall be established upon the date of a permit issued by the Department of Buildings therefor, or, in the case of an #adult establishment# in existence prior to August 8, 2001, as determined by the Department of Buildings, subject to rules as the Department of Buildings may prescribe regarding the failure to perform work authorized under a permit or to commence operation pursuant to a permit and the discontinuance of an #adult establishment#.

(12/15/61)

32-10
USES PERMITTED AS-OF-RIGHT

(9/28/04)

N/A - all residential uses

32-11
Use Groups 1 and 2

C1 C2 C3 C4 C5 C6

Use Groups 1 and 2, as set forth in Section 22-11 and Section 22-12. However, in C3A Districts, Use Group 2 shall be limited to #single#-or #two-family detached# or #zero lot line residences#.

In #lower density growth management areas# in the Borough of Staten Island, except C3A Districts, Use Groups 1 and 2 shall be permitted only within #mixed buildings#, except that in C4-1 Districts that occupy at least four acres within a #block#, and



in other C4-1 Districts for #zoning lots# that, on December 21, 2005, were greater than 20,000 square feet, #residences# shall be allowed only by special permit of the City Planning Commission, pursuant to Section 74-49 (Residential Use in C4-1 Districts in The Borough of Staten Island).

(7/6/72)

32-12
Use Group 3

C1 C2 C3 C4 C5 C6

Use Group 3, as set forth in Section 22-13.

(7/6/72)

32-13
Use Group 4

C1 C2 C3 C4 C5 C6 C8

Use Group 4, as set forth in Section 22-14.

(8/17/90)

32-14
Use Group 5

C1* C2** C4 C5 C6 C8

Use Group 5 consists of hotels used primarily for transient occupancy.

A. Transient Accommodations

#Hotels, transient# [PRC-H]

B. #Accessory Uses#

---

* In a C1-1, C1-2, C1-3 or C1-4 District, a #transient hotel# shall not be permitted.

EXHIBIT
Exhibit 533

CSOC.CBR.00029670

in other C4-1 Districts for #zoning lots# that, on December 21, 2005, were greater than 20,000 square feet, #residences# shall be allowed only by special permit of the City Planning Commission, pursuant to Section 74-49 (Residential Use in C4-1 Districts in The Borough of Staten Island).

(7/6/72)

32-12
Use Group 3

C1 C2 C3 C4 C5 C6

Use Group 3, as set forth in Section 22-13.

(7/6/72)

32-13
Use Group 4

C1 C2 C3 C4 C5 C6 C8

Use Group 4, as set forth in Section 22-14.

(8/17/90)

32-14
Use Group 5

C1* C2** C4 C5 C6 C8

Use Group 5 consists of hotels used primarily for transient occupancy.

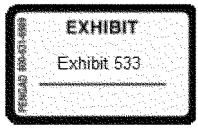
A. Transient Accommodations

#Hotels, transient# [PRC-H]

B. #Accessory Uses#

---

* In a C1-1, C1-2, C1-3 or C1-4 District, a #transient hotel# shall not be permitted.



** In a C2-1, C2-2, C2-3 or C2-4 District, each #transient hotel# shall be located on a #zoning lot# in whole or in part within a 1,000 foot radius of the entrance or exit of a limited-access expressway, freeway, parkway, or highway, all of which prohibit direct vehicular access to abutting land and provide complete separation of conflicting traffic flows, measured from the centerline of the entrance or exit ramp at its intersection with the nearest adjacent #street#.

(9/25/02)

32-15
Use Group 6

C1 C2 C4 C5 C6 C8

Use Group 6 consists primarily of retail stores and personal service establishments which:

(1) provide for a wide variety of local consumer needs; and

(2) have a small service area and are, therefore, distributed widely throughout the City.

Public service establishments serving small areas are also included. Retail and service establishments are listed in two subgroups, both of which are permitted in all C1 Districts.

The #uses# listed in subgroup A are also permitted within #large-scale residential developments# to provide daily convenience shopping for residents of the #development#.

A. Convenience Retail or Service Establishments

Bakeries, provided that #floor area# used for production shall be limited to 750 square feet per establishment [PRC-B]

Barber shops [PRC-B]

Beauty parlors [PRC-B]

Drug stores [PRC-B]

Dry cleaning or clothes pressing establishments or receiving stations dealing directly with ultimate consumers, limited to 2,000 square feet of #floor area# per establishment, and



provided that only solvents with a flash point of not less than 138.2 degrees Fahrenheit shall be used, and total aggregate dry load capacity of machines shall not exceed 60 pounds [PRC-B]

**Eating or drinking establishments, including those which provide outdoor table service or have music for which there is no cover charge and no specified showtime, and those which have #accessory# drive-through facilities [PRC-B]

Food stores, including supermarkets, grocery stores, meat markets, or delicatessen stores [PRC-Either A or B***]

Hardware stores [PRC-B]

*Laundry establishments, hand or automatic self-service [PRC-B]

Liquor stores, package [PRC-B]

Post offices [PRC-H]

Shoe or hat repair shops [PRC-B]

Stationery stores [PRC-B]

Tailor or dressmaking shops, custom [PRC-B]

Variety stores, limited to 10,000 square feet of #floor area# per establishment [PRC-B]

B. Offices

Offices, business, professional, or governmental [PRC-B1]

Veterinary medicine for small animals, provided all activities are conducted within a #completely enclosed building#; where such #building# contains a #residential use#, no access shall be from an entrance serving the #residential# portion [PRC-B1]

C. Retail or Service Establishments

Antique stores [PRC-B]

Art galleries, commercial [PRC-B]

Artists' supply stores [PRC-B]

Automobile supply stores, with no installation or repair



services [PRC-B]

Banks, including drive-in banks [PRC-B]

Bicycle sales [PRC-B]

Book stores [PRC-B]

Candy or ice cream stores [PRC-B]

Carpet, rug, linoleum or other floor covering stores, limited to 10,000 square feet of #floor area# per establishment [PRC-B1]

Cigar or tobacco stores [PRC-B]

Clothing or clothing accessory stores, limited to 10,000 square feet of #floor area# per establishment [PRC-B]

Clothing rental establishments, limited to 10,000 square feet of #floor area# per establishment [PRC-B]

Docks for ferries, other than #gambling vessels#, limited to an aggregate operational passenger load, per #zoning lot#, of 150 passengers per half hour [PRC-H]

Docks for water taxis with vessel capacity limited to 99 passengers

Docks or mooring facilities for non-commercial pleasure boats [PRC-H]

Dry goods or fabrics stores, limited to 10,000 square feet of #floor area# per establishment [PRC-B]

****Eating or drinking establishments with entertainment, but not dancing, with a capacity of 200 persons or less [PRC-B]

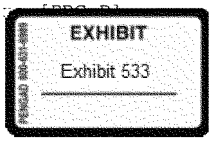
Eating or drinking establishments with musical entertainment but not dancing, with a capacity of 200 persons or less [PRC-B]

Electrolysis studios [PRC-B]

Fishing tackle or equipment, rental or sales [PRC-B1]

Florist shops [PRC-B]

*Frozen food locker



Furniture stores, limited to 10,000 square feet of #floor area# per establishment [PRC-B1]

Furrier shops, custom [PRC-B]

Gift shops [PRC-B]

Interior decorating establishments, provided that #floor area# used for processing, servicing or repairs shall be limited to 750 square feet per establishment [PRC-B]

Jewelry or art metal craft shops [PRC-B]

Leather goods or luggage stores [PRC-B]

*Loan offices [PRC-B1]

*Locksmith shops [PRC-B]

Medical or orthopedic appliance stores [PRC-B]

*Meeting halls [PRC-D]

Millinery shops [PRC-B]

Music stores [PRC-B]

Newsstands, open or enclosed [PRC-B]

Optician or optometrist establishments [PRC-B]

Paint stores [PRC-B]

Pet shops [PRC-B]

Photographic equipment or supply stores [PRC-B]

Photographic studios [PRC-B]

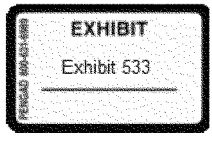
Picture framing shops [PRC-B]

Record stores [PRC-B]

Seed or garden supply stores [PRC-B]

Sewing machine stores, selling household machines only [PRC-B]

Shoe stores [PRC-B]



Sporting or athletic stores [PRC-B]

Stamp or coin stores [PRC-B]

Telegraph offices [PRC-B]

Television, radio, phonograph or household appliance stores, limited to 10,000 square feet of #floor area# per establishment [PRC-B]

Toy stores [PRC-B]

Travel bureaus [PRC-B]

Typewriter stores [PRC-B]

Wallpaper stores [PRC-B]

Watch or clock stores or repair shops [PRC-B]

D. Public Service Establishments*****

Court houses [PRC-C]

*Electric or gas utility substations, open or enclosed, limited in each case to a site of not more than 10,000 square feet

Fire or police stations [PRC-C]

*Public utility stations for oil or gas metering or regulating

Telephone exchanges or other communications equipment structures. In all districts the height above #curb level# of such structures not existing on December 15, 1961, shall not exceed that attributable to #commercial buildings# of equivalent #lot coverage#, having an average floor to floor height of 14 feet above the lobby floor which may be as much as 25 feet in height. For the purpose of making this height computation, the gross area of all floors of the #building# including accessory mechanical equipment space except the #cellar# shall be included as #floor area#.

Such height computation for the structure shall not preclude the ability to utilize unused #floor area# anywhere on the #zoning lot# or by special permit, subject to the normal provisions of the Resolution.



*Terminal facilities at river crossings for access to electric, gas, or steam lines

*Water or sewage pumping stations

E. Clubs

Non-commercial clubs, without restrictions on activities or facilities except for any activity or #use# listed within the definitions of either #adult physical culture establishments# or #physical culture or health establishments# in Section 12-10 [PRC-D]

F. #Accessory Uses#

---

* In C5 Districts, a #use# in Use Group 6, marked with an asterisk, shall not be located on the ground floor of a #building# unless such #use# is at least 50 feet from the #street wall# of the #building# in which it is located, as provided in Section 32-423 (Limitation on ground floor location)

** Eating or drinking places with #accessory# drive-through facilities shall be permitted in C1 Districts only as provided in Section 73-243, and shall not be permitted in C5 Districts

*** Food stores with 2,000 square feet or more of #floor area# per establishment are classified in parking requirement category A and food stores with less than 2,000 square feet of #floor area# are classified in parking requirement category B, pursuant to Section 36-21 (General Provisions).

**** Permitted in C1-1, C1-2, C1-3, C1-4, C2-1, C2-2, C2-3, C2-4, C3 and C5 Districts, only as provided in Section 73-241.

implies C1 above = all in C1

***** In a C6-1A District, #uses# in Use Group 6D are not permitted.

(8/17/90)

32-16
Use Group 7



(1/14/65)

32-412
In other Commercial Districts

C2 C3 C4 C6-1 C6-2 C6-3 C6-4 C6-6 C6-8 C6-9 C8

In the districts indicated, all such #uses# shall be located within #completely enclosed buildings# or within #buildings# which are #completely enclosed# except for store fronts or store windows which may be opened to serve customers outside the #building#.

(12/15/61)

32-42
Location within Buildings

(4/8/98)

32-421
Limitation on floors occupied by non-residential uses

C1 C2 C3

In the districts indicated, in any #building#, or portion of a #building# occupied on one or more of its upper #stories# by #residential uses# listed in Use Group 1 or 2 or by #community facility uses# listed in Use Group 3 or 4, no non-#residential uses# listed in Use Group 6, 7, 8, 9 or 14 shall be located above the level of the first #story# ceiling, provided, however, that permitted #signs#, other than #advertising signs#, #accessory# to such non-#residential uses# may extend to a maximum height of two feet above the level of the finished floor of the second #story#, but in no event higher than six inches below the lowest window sill of the second #story#. In any other #building#, or portion thereof, not more than two #stories# may be occupied by non-#residential uses# listed in Use Group 6A, 6B, 6C, 6F, 7, 8, 9 or 14.

Non-#residential uses# permitted by the applicable district regulations may occupy two #stories# in any new #development# in C1 or C2 Districts mapped within R9 or R10 Districts or in C1-8, C1-9, C2-7 or C2-8 Districts.



(12/15/61)

Chapter 4
Bulk Regulations for Residential Buildings in Commercial Districts

(12/15/61)

34-00
APPLICABILITY AND DEFINITIONS

(7/29/09)

34-01
Applicability of this Chapter

The #bulk# regulations of this Chapter apply to any #residential building# located on any #zoning lot# or portion of a #zoning lot# in any #Commercial District# in which such #building# is permitted. In addition, the #bulk# regulations of this Chapter or of specified Sections thereof also apply in other provisions of this Resolution where they are incorporated by cross reference.

However, in C3A Districts, the #bulk# regulations of this Chapter shall not apply to any #residential building#. In lieu thereof, the #bulk# regulations for R3A Districts of Article II, Chapter 3 (Bulk Regulations for Residential Buildings in Residence Districts), shall apply to #residential buildings#.

Existing #buildings or other structures# that do not comply with one or more of the applicable #bulk# regulations are #non-complying buildings or other structures# and are subject to the regulations set forth in Article V, Chapter 4.

Special regulations applying only in Special Purpose Districts are set forth in Articles VIII, IX, X, XI, XII and XIII.

All C6-1A Districts shall comply with the regulations of C6-1 Districts except as set forth in Section 34-112.

In Manhattan Community Districts 1, 2, 3, 4, 5 and 6, Brooklyn Community Districts 1, 2, 6 and 8, and Queens Community Districts 1 and 2, the conversion to #dwelling units# of non-#residential buildings#, or portions thereof, erected prior to December 15,



(7/26/01)

34-11
General Provisions

C1 C2 C3 C4 C5 C6

In the districts indicated, the #bulk# regulations for #residential buildings# set forth in Article II, Chapter 3, shall apply to all #residential buildings# in accordance with the provisions of this Section, except as modified by the provisions of Sections 34-21 to 34-24, inclusive, relating to Exceptions to Applicability of Residence District Controls.

(12/15/61)

34-111
Residential bulk regulations in C1 or C2 Districts whose bulk is governed by surrounding Residence District

C1-1 C1-2 C1-3 C1-4 C1-5 C2-1 C2-2 C2-3 C2-4 C2-5

In the districts indicated, the #bulk# regulations for the #Residence District# within which such #Commercial Districts# are mapped apply, except that when such districts are mapped within R1 or R2 Districts, the #bulk# regulations for R3-2 Districts apply.

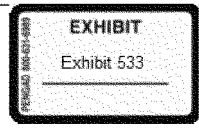
(9/30/09)

34-112
Residential bulk regulations in other C1 or C2 Districts or in C3, C4, C5 or C6 Districts

C1-6 C1-7 C1-8 C1-9 C2-6 C2-7 C2-8 C3 C4 C5 C6

In the districts indicated, the applicable #bulk# regulations are the #bulk# regulations for the #Residence Districts# set forth in the following table:

Districts	Applicable #Residence District#



(7/6/72)

35-21
General Provisions

C1 C2 C3 C4 C5 C6

In the districts indicated, the #bulk# regulations applicable to #residential buildings# set forth in Article II, Chapter 3, shall apply to all #residential# portions of #mixed buildings# in accordance with the provisions and modifications set forth in the remaining Sections of this Chapter. The purpose of these modifications is to make the regulations set forth in Article II, Chapter 3, applicable to #mixed buildings# and #Commercial Districts#.

(7/26/01)

35-22
Residential Bulk Regulations in C1 or C2 Districts Whose Bulk is Governed by Surrounding Residence District

C1-1 C1-2 C1-3 C1-4 C1-5 C2-1 C2-2 C2-3 C2-4 C2-5

In the districts indicated, the #bulk# regulations for the #Residence Districts# within which such #Commercial Districts# are mapped apply to #residential# portions of #mixed buildings#, except:

(a) when such districts are mapped within R1 or R2 Districts, the #bulk# regulations for R3-2 Districts shall apply; and

(b) when such districts are mapped within R6, R7, R8, R9 or R10 Districts, and the #residential# portion of a #mixed building# is #developed# or #enlarged# pursuant to the Quality Housing Program, the height and setback regulations of Sections 23-60 through 23-65, inclusive, shall not apply. In lieu thereof, Section 35-24 (Special Street Wall Location and Height and Setback Regulations in Certain Districts) shall apply to such #mixed building#.

(9/30/09)



ZONING RESOLUTION Web Version

THE CITY OF NEW YORK



THE CITY OF NEW YORK
Michael R. Bloomberg, Mayor

CITY PLANNING COMMISSION
Amanda M. Burden, Director

Article III: Commercial District Regulations

Chapter 5 - Bulk Regulations for Mixed Buildings in Commercial Districts

Effective date of most recently amended section of Article III Chapter 5: 09/30/09

Corrections: 35-01, 35-23, 35-24, 35-31

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CITY PLANNING COMMISSION
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(12/15/61)

Chapter 5
Bulk Regulations for Mixed Buildings in Commercial Districts

(12/15/61)

35-00
APPLICABILITY AND DEFINITIONS

(7/29/09)

35-01
Applicability of this Chapter

The #bulk# regulations of this Chapter apply to any #mixed building# located on any #zoning lot# or portion of a #zoning lot# in any #Commercial District# in which such #building# is permitted. When two or more #buildings# on a single #zoning lot# are used in any combination for #uses# which, if located in a single #building# would make it a #mixed building#, the regulations set forth in Sections 35-21 to 35-23, relating to Applicability of Residence District Bulk Regulations to Mixed Buildings, in Section 35-30 (APPLICABILITY OF FLOOR AREA AND OPEN SPACE REGULATIONS TO MIXED BUILDINGS), inclusive, and in Section 35-40 (APPLICABILITY OF DENSITY REGULATIONS TO MIXED BUILDINGS), inclusive, shall apply as if such #buildings# were a single #mixed building#. In addition, the #bulk# regulations of this Chapter, or of specified Sections thereof, also apply in other provisions of this Resolution where they are incorporated by cross-reference.

However, in C3A Districts, except for #community facility uses# that have received tax-exempt status from the New York City Department of Finance, or its successor, pursuant to Section 420 of the New York State Real Property Tax Law, or its successor, the #bulk# regulations of this Chapter shall not apply, and the #bulk# regulations for R3A Districts of Article II, Chapter 3, shall apply to any #building# that is used partly for #community facility use# and partly for #residential use#.

Existing #buildings or other structures# that do not comply with one or more of the applicable #bulk# regulations are #non-complying buildings or other structures# and are subject to the regulations set forth in Article V, Chapter 4.



#developed#, or #enlarged# where permitted, pursuant to the Quality Housing Program; and

(b) the entire #building# complies with the applicable provisions of Article II, Chapter 8 (Quality Housing Program).

(11/19/87)

35-02
Definitions

Words in italics are defined in Section 12-10 (DEFINITIONS) or, if applicable exclusively to this Section, in this Section.

(7/26/01)

35-10
GENERAL PROVISIONS

Except as otherwise provided in this Chapter, the portions of a #mixed building# used for #residential use# are subject to the #bulk# regulations set forth in Article II, Chapter 3, and the portions of a #mixed building# used for #commercial# or #community facility use# are subject to the #bulk# regulations set forth in Article III, Chapter 3.

Special provisions applying to #mixed buildings# are set forth in Section 35-20 (APPLICABILITY OF RESIDENCE DISTRICT BULK REGULATIONS TO MIXED BUILDINGS), inclusive, Section 35-30 (APPLICABILITY OF FLOOR AREA AND OPEN SPACE REGULATIONS TO MIXED BUILDINGS), inclusive, Section 35-40 (APPLICABILITY OF DENSITY REGULATIONS TO MIXED BUILDINGS), inclusive, Section 35-50 (MODIFICATIONS OF YARD REGULATIONS FOR MIXED BUILDINGS) and Section 35-60 (MODIFICATIONS OF HEIGHT AND SETBACK REGULATIONS FOR MIXED BUILDINGS),inclusive.

(12/15/61)

35-20
APPLICABILITY OF RESIDENCE DISTRICT BULK REGULATIONS TO MIXED BUILDINGS



Westlaw.

New York City, N.Y., Code § 28-118.3.1

NEW YORK CITY CHARTER, CODE, AMENDMENTS & RULES
NEW YORK CITY ADMINISTRATIVE CODE
TITLE 28. NEW YORK CITY CONSTRUCTION CODES
CHAPTER 1. ADMINISTRATION.
ARTICLE 118 CERTIFICATES OF OCCUPANCY

Currency up to Local Law 82 of 2009 and Chapters 1 - 507 of the Laws of the State of New York for 2009.

28-118.3.1. Change of occupancy or use.

No building, open lot or portion thereof hereafter altered so as to change from one occupancy group to another, or from one zoning use group to another, either in whole or in part, shall be occupied or used unless and until the commissioner has issued a certificate of occupancy certifying that the alteration work for which the permit was issued has been completed substantially in accordance with the approved construction documents and the provisions of this code and other applicable laws and rules for the new occupancy or use.

<General Materials (GM) - References, Annotations, or Tables>

NYC Code § 28-118.3.1

END OF DOCUMENT

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Westlaw

New York City, N.Y., Code § 28-118.3.2

NEW YORK CITY CHARTER, CODE, AMENDMENTS & RULES
NEW YORK CITY ADMINISTRATIVE CODE
TITLE 28. NEW YORK CITY CONSTRUCTION CODES
CHAPTER 1. ADMINISTRATION.
ARTICLE 118 CERTIFICATES OF OCCUPANCY

Currency up to Local Law 82 of 2009 and Chapters 1 - 507 of the Laws of the State of New York for 2009.

§8-118.3.2. Changes inconsistent with existing certificate of occupancy.

No change shall be made to a building or open lot or portion thereof inconsistent with the last issued certificate of occupancy or, where applicable, inconsistent with the last issued certificate of completion for such building or open lot or which would bring it under some special provision of this code or other applicable laws or rules, unless and until the commissioner has issued a new certificate of occupancy.

<General Materials (GM) - References, Annotations, or Tables>

NYC Code § 28-118.3.2

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EXHIBIT
Exhibit 535



STATEMENT

CONGRESSMAN CHARLES B. RANGEL

Contact: Emile Milne 202 225[illegible] July 16, 2008

HARLEM WILL ALWAYS BE MY HOME

I've been under attack by some in the press on two things that are very important to me: my home and the improvement of education in my community.

Everyone in Harlem who knows me is aware that I've lived in Lenox Terrace for almost 30 years and, before that, in a brownstone down the street on 132nd Street, which was my grandfather's most cherished possession in life. I went to grade school down the street at PS 89. Harlem has always been my home.

My wife, Alma, and I moved into Lenox Terrace in the 1970's when I was a young Congressman and raised our two children there in an apartment formerly occupied by a prominent Harlem pastor. He had combined two small apartments into one with a single kitchen. Sometime later, an studio unit next to ours became vacant and became cozy room for friends to stay over as well as a place where I could do my work outside of the living room.

Another apartment on a lower floor that I rented about 10 years ago was used as an office. Several months ago, I started thinking about a larger office space and have recently decided to relocate that office as soon as possible.

When my campaign committee found out about a vacant apartment they could use they did so. The lease expires in October, but because of recent event they've decided to relocate as soon as possible.

The accounts in the press about these residences have been filled with mistakes and innuendo. The New York Times called my apartment a "penthouse," which they could have learned it isn't with a little checking. They've suggested that the arrangements violated New York City Rent guidelines. What they're really saying is I should leave my apartment and move to a more expensive place.

For all my years at Lenox Terrace, I've been paying the maximum legal rent and, have not been treated different from any other tenant living in a stabilized apartment. Because I moved in so long ago, my rent has increased incrementally each year instead of jumping dramatically as it would if I moved out. This is how stabilized rents work in New York. If at anytime I left the apartment the rent would increase4 dramatically under rent stabilita law.

As the author of the Low Income Housing Tax Credit law, I've been given credit for construction of more than 6,000 units of moderately priced housing in Upper Manhattan since the 1980's. Not only do I recognize my good fortune in having a comfortable place to live, you can be certain that I would not risk my personal or political reputation by intentionally abusing any privilege at Lenox Terrace.

Providing suitable housing for my constituents has long been one of my priorities. The problem in New York and across the country, is the growing shortage of low- and

CBR 002346

moderately-priced apartments--unlike the days when I moved into Lenox Terrace. The market has become so tight that unscrupulous landlords are applying underhanded tactics to force tenants out of their stabilized units for the specific purpose of jacking up the rent for the next tenant. I've been fighting these practices for years and will continue to do so.

Harlem is where I plan to continue living my life. And I will do so, depending on the support of my family, friends, and, of course, my tenants association.

The second point of attack in the press has been my support of a new institute to promote diversity in public service at the City College of New York. The first complaint, that the center would be named after me, has escalated to charges that I had violated Congressional ethics rules by using official stationary in promoting support for the Center.

I'm holding a press today in Washington where I will demand an investigation into these questions which have become a mindless insult to the work being done at City College, one of the educational gems in community. I am proud to have secured a $1.9 million earmark of federal funds to assist in completing the $30 million project and will continuing doing whatever I can to encourage educational partnerships with corporate foundations.

Just last week General Electric Foundation announced a donation totalling $29 million most of which will be used to improve middle school education in Upper Manhattan. I am proud to say that I have received strong support from the New York City Partnership, the Business Roundtable and many foundations in this cause.

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CBR/em

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Transcript: Rep. Charles Rangel's Remarks on Controversial Academic Center

CQ Transcripts Wire
Thursday, July 17, 2008; 2:03 PM

SPEAKER: REP. CHARLES B. RANGEL, D-N.Y.

[*] RANGEL: Good morning. This looks like a pretty good crowd. That's great. Thank you so much for being here. Had some apprehensions that I might not get the same turnout.

First of all, I'm trying to think of something that would be so catchy that would demand that your newspaper print it, and so I may give several things so that it'd be (inaudible).

First of all, I normally advise people, as I have been advised, not to respond to these allegations that I abused my congressional discretion in writing on behalf of a school institution named after me because it would blow over; or, as more often I've advised members, that remember you don't have as much ink as the printers do.

So one of the things that I would use, hoping that it might catch on, is that I'm going to see how much damn ink The Washington Post has.

So if at a time that we're at war, we need education, health care, unemployment, a fiscal crisis, the opening up of our treasury and increase in billions of dollars in debt, if The Washington Post believes that this warrants front page and editorials, then I feel it's my obligation to push this to the very limit so that members whose elections may be adversely affected by unfounded rumors created by the press, that they would have a clear idea as to what the ground rules are.

So to that extent they -- another potential headline is, "Rangel Insists That the Ethics Committee Investigate the Unfounded Charges," because, first of all, nobody that can read is going to bring any charges against me, including The Washington Post, which, of course, I encourage them to do it, because then they have to follow their own foundless story, and at least that gets some coverage on this in The Washington Post.

And I would want to make certain that other members are in the position to know what they can or cannot do.

As to the allegations, I challenge The Washington Post -- and if you can find some word a little stronger than that -- to show one line in any of the letters that I have sent out on behalf of the City College institution, which their board of directors decided to name after me, where there's a solicitation for funds.

RANGEL: In all of the letters that were sent to not-for-profit foundations, rather than as they say to people who may have business before my committee, I encourage them to meet with City College to learn more about the program.

In the three areas that you can say is not listed that I was writing to a foundation, one of them was writing to David Rockefeller, and in my mind -- I was really writing to the Rockefeller foundation, but if you want to say David Rockefeller has business before my committee -- well, he wakes in the morning, I assume, just breathing he has business

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before my committee. But it was a Dear David letter. And I've known the guy, and his brother better when he was governor of New York.

The other one was Jack (sic) Greenberg, who while he was the executive director and (inaudible) the CEO of AIG -- that's the American Insurance Group -- the only discussions I've ever had with him was our shared experience in Korea, where we both earned the Bronze Star. And in talking and writing the letter to him, again, he was known, as he is in the philanthropic world, as the CEO of Starr Foundation, which is one of the largest in the country.

The third exception is Don Trump, who on that letter, which was one of the letters that I know is in the possession of The Washington Post, is a handwritten note that I'm sending him the material as he requested. And, of course, he has no issue before the committee.

RANGEL: I might add that one of the people that have been out there encouraging contributions, private and public, has been the longtime district attorney of New York County, in terms of this.

All of my public life, I have felt that there has been such a gap between the ability to get an education and success in America. And I've spent a lot of time in the Ways and Means Committee trying to encourage the private sector to make more of a contribution in terms of working with the education resources we have in this country, because I truly believe -- unlike some people, Condoleezza Rice and I believe that lack of education is a threat to our national security.

And I'm just so proud of the almost monthly meetings I have with the Business Roundtable, not just in talking about trade, but encouraging and asking them to fulfill a bigger obligation to their local and public and private institutions of learning.

I have been so pleased with my pushing this issue that in New York, General Electric, I think they made a $35 million commitment, but it's certainly $17 million went to our teachers' college and to our kids. Pfizer has made national contributions.

That's what I have done. That's what I do now. And that's what I'm going to continue to do.

So I assume when it's all over, even though The Washington Post cannot find any worth in what I'm doing and would want to concentrate on whether I've crossed the line, as far as the institution being named after me, that's their call.

As far as me seeking an earmark, I've taken the position and feel stronger in it now that any member who's asking for an earmark that doesn't want to make it public, I have a problem with him or her; but any member like me that has an institution of learning that's going to improve the quality of education and life for their constituents and America as a whole, hey, I'm out there and I'm going to do all I can to increase it.

RANGEL: So let's see now, before I go to questions, I'd like to emphasize the fact that in all of the letters, the form letters -- and I think we, Emile (ph), have copies of the letters that went out.

STAFF: Yes.

RANGEL: And they're completely -- you have access to.



And the roughest paragraph that comes the closest to smelling like the editorial said doesn't smell right is next to the last paragraph: "I will be exploring with my congressional colleagues how best to move this idea through the appropriations process" -- and for those who don't like that process, you can substitute earmarks -- "about securing funds for the planning phase of the creation of the center.

"I request your advice and assistance concerning how the donor community" -- that's foundations, particularly private and corporate foundations interested in education for grants to support the creation of the center -- "and I look forward to entering dialogue with you," and I encourage them to meet with City College.

And so, like I said, I end up as I began, let's get the ink out, help me to be creative by firing your best shot in questions. I'm so proud of what I do, and I can't possibly conceive that the creativity of the reporter exceeds what I am trying to do in terms of encouraging more funds, private and public, to go into education.

And it might be helpful if I can ask whether or not the reporter covering the story can challenge anything that I've said about the content of the letter that's in question. Since I don't know him or her -- good.

RANGEL: Do you challenge any part -- did you find in any letter, due to your creative investigation, any request for money?

QUESTION: Well, Mr. Chairman, I'll let the letters speak for themselves. But I wanted to ask you a question. It's my understanding...

(CROSSTALK)

RANGEL: I think that we -- listen, I'm going to answer all of your questions, but I want to set a confrontational tone so that the other papers might be able to at least report that since it's such a boring thing to me.

But as it relates to the solicitation of money in any of the letters that you had a chance to review, did you see anything that went beyond the paragraph that I read?

QUESTION: Sir, it's my understanding that this was part of the fund-raising campaign in which you participated in meetings, in which money was asked for. Is that not right?

(CROSSTALK)

RANGEL: Well, I thought the politicians were the ones that answered a question with a question.

But we're talking about -- what I'm asking the Ethics Committee to do is to respond to the allegation that I abused my stationery in soliciting funds for the Rangel Center when these people may have business before my committee.

Now, we cleared that fact that there's (ph) foundations and not- for-profits, so I'm not asking you that.

But rather than have all of these reporters look through the letters that I've sent to the foundation to see whether one of them tweaks and say, "If you've got a couple of bucks I'll take that too." I'm asking you.

But I'd rather take your question and let the record state that the reporter that wrote the story, which ultimately became an editorial, refused to answer whether he saw in the

CBR 002484



letter in question anything about the solicitation of funds; but rather relied on something that was not reported about subsequent meetings that I've had with foundation leaders.

RANGEL: And, quite frankly, if I felt like answering him, I have no problem in meeting with people from foundations as it relates to this.

Now, what is your question?

QUESTION: Sir, the development officer at the City College of New York told me that these letters were attempts -- several attempts to get meetings with potential donors, that you attended some of these meetings with AIG, Eugene Eisenberg (ph), Mr. Trump, and that part of that discussion, as you say, was to tell them about the project, but then part of it was to ask for money. Is that...

RANGEL: Not for me. It was to bring together those that had the money and the foundations with City College. They made their case. That's true.

And I've been asking, encouraging the Ethics Committee to investigate whether that violated any ethical rule, so that I can encourage my members to do more of it.

QUESTION: Just so we're straight, the meetings were to ask for money.

RANGEL: If you read the letter, the meetings were for the purpose that's in the letter: to bring together and encourage the foundations to meet with the people at CCNY.

QUESTION: You never asked for money in these meetings -- you or the people at CCNY.

RANGEL: We are talking about, young man, whether or not I crossed the line in writing the letters, OK? And once we can get, with your help, this before the Ethics Committee, then any other questions that they would ask as relates to my conduct I would welcome.

RANGEL: Let me ask you one question: Would you help me to get this before the Ethics Committee by asking The Washington Post to file the charges?

Let me just ask them. They may not do it.

Let the record indicate that the reporter from The Washington Post failed to respond.

QUESTION: Sir, I think you carry more weight with the Ethics Committee than I do.

RANGEL: I think I carry more weight than you...

(LAUGHTER)

... but I'm testing barrels of ink, that's all.

QUESTION: I haven't got any barrels with me.

RANGEL: I understand. But why don't you be cooperative? I want this story out. I want your name to be known as much as my name.

So say, "I can't answer that. I'm not the publisher or the editor. But, heck, it'll help me with my reputation," for lack of a better word, "to get this damn thing aired out." So say that you would encourage the Ethics Committee to take this up or anything that you can do to help.

Yes, ma'am?



QUESTION: Do you also think that the Ethics Committee should look into the issue that was (inaudible) in the New York Times about the (inaudible)?

RANGEL: I want to answer that yes, and the FEC (ph) and everyone else, but I don't want to exhaust this. This is my one chance to do this congressional thing here. And I don't want to beat up too much on The Washington Post either, but just enough to get somebody's attention that that's a crummy thing that they've done.

And, quite frankly, I've received broad support. But I would suspect that a lot of members, not knowing or believing this, may be in jeopardy -- they may jeopardize their reputation -- that they would be reluctant to reach out to not-for-profits to ask them to do good, using their congressional legislation because that's what makes them different -- "Hey, I got a letter from the congressman."

"What did he want?"

"He's encouraging us to contribute to the Red Cross, to education, to health care."

And this is especially so if you're writing not-for-profit foundations -- foundations. I don't remember any foundation coming before the Ethics Committee. So if I'm shaking up the churches and the synagogues with tax exemption, hey -- so much -- yes?

QUESTION: Aside from the wording of the letters, do you see any conflict in being part of a fund-raising campaign for something with your name on it that also -- where you're part of the campaign that's soliciting donors who also have business before the committee -- aside from what the letters say...

(CROSSTALK)

RANGEL: Say about the interest before the committee.

RANGEL: That's key.

What about that?

QUESTION: Well, foundations have an interest in (inaudible).

RANGEL: Well, as long as churches and -- nobody has -- that will be a part of the investigation.

My imagination -- and I have a lot of it -- cannot imagine any of these foundations having any issue before my committee. And that's where the investigation could stretch and say, "Nelson Rockefeller and Trump are so rich that when they wake up in the morning automatically there's an issue before your committee."

But I want that aired out. I'm talking about the letter and the intent. So that's what I want.

But I'd like to take other questions about this and any other subject.

QUESTION: Are there any other corporations or business leaders that you met with to talk about this project, other than AIG, Mr. Eisenberg (ph), Mr. Trump?

RANGEL: Bob Morgenthau (ph) has no business before my committee, and he's one of my biggest advocates.

I don't recall. I may have. And that's not important.

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What is important is any questions that you have concerning those letters that were sent out.



QUESTION: Sir, if I might follow up, clearly, you don't feel that this has breached any rules or laws. Do you think...

RANGEL: You and I together will find that out. You and I together will find that out.

QUESTION: Do you think that meeting with business people who do have interests before the committee creates at least an appearance of a problem?

RANGEL: I don't want to get involved in some subjective stuff. I want to get involved -- did I violate the spirit of the law and any ethical standards that we have in the House of Representatives?

RANGEL: After that, if you got nothing else to do, we'll talk about my appearance.

QUESTION: Mr. Chairman, isn't -- is an appearance sometimes in politics reality? Isn't that sometimes...

RANGEL: Yes, but I wasn't trained in all that psychiatric crap about what is reality and what is -- what the hell?

If there are people that can bring in some witnesses about how they look at me and what they think about me after 50 years in politics, for me to separate whether or not I'm as great as they think there is and separating appearances from reality, I don't know. I really don't know.

All I'm saying is that, because it's objective, the record should be abundantly clear by the Ethics Committee in terms of what you can, cannot, should not do, and say, even though it's not criminal as relates to the representative of the House of Representatives, it may have an appearance of impropriety or whatever else they may think.

But since I'm convinced that The Washington Post is only doing this to spin (ph) ink and would not push this thing in front of the ethics committee, as I am, then I'm using this forum to charge the Ethics -- strike that -- to ask the Ethics Committee to clear the air so that this question of what a member can or cannot do on official stationery will be cleared up.

QUESTION: Mr. Chairman, can you imagine a scenario where a head of a corporation or a major business figure might want to cull some favor with you and have his foundation work with you and be more amenable for that reason?

RANGEL: I have to admit that I, since becoming chairman, have acquired a lot of new friends.

But assuming that foundations act within the law, code of ethics and whatnot, anyone that would think that would not only be wrong, but would be subject in themselves to criminal action, which I would be very supportive of any type of investigation or query.

RANGEL: But since I've been here, with the exception of one hearing that I held in 1983 dealing with not-for-profits, I can't imagine any not-for-profit that has any issue before my committee, that I could even remember who it was.

QUESTION: The leadership of these nonprofits are often the same people that are in charge or at least related to people that are involved in corporations.

RANGEL: I cannot think of -- Nelson Rockefeller, I can't think of any issue there. I'm trying to think of those people that had foundations, that a business person would be in

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charge of. Carnegie is dead. The AIG guy is a veteran. He's never been in front of my committee or discussed any legislation. And I don't think Trump has a foundation, but he hasn't given a damn nickel toward CCNY.

And we do have all of the foundations, and, quite frankly, I don't know the connection -- I don't know of any connection. General Electric wasn't -- that had nothing to do with CCNY. And I didn't send them any letter, but I damned sure leaned on them to help us out in the city of New York as they have throughout the country.

But my point there was that I do know that the CEO there is connected with the foundation.

But I can say right now, with the exception of those people I've mentioned, I don't know a connection between the business exec and the foundation. All of the letters, with the exception of those I pulled out to mention, were sent to the foundation. And in most of those cases, it's the executive director and not the company. And most all the people who started most of these foundations are dead, anyway.

QUESTION: One more please?

RANGEL: As many as you want. But can you tell me whether you would encourage them to bring this thing before the Ethics Committee?

QUESTION: I can report in the paper what you said today, sir.

RANGEL: That's evasive.

(LAUGHTER)

But I'm used to that.

QUESTION: Are you -- so can we infer -- would it be safe for us to infer that you are not planning to change the way you go about raising money for the Rangel Center? You'll continue to use congressional stationery in...

(CROSSTALK)

RANGEL: God damn, I think -- I really think -- I think you're being annoying now because you cannot be creative.

I tried to make it abundantly clear. I want to clear the air as to what a member can or cannot do. So you can infer that I'm hoping to get a clarification that will support what I have done. And as I did say earlier, so that I can encourage other members to do the same thing.

Clearly, if they want to address it and say another way and whatnot, then I will do that.

QUESTION: And, sir, can you tell us were these letters sent out under the frank or no?

RANGEL: I don't think so. I don't know. But I consider it official business.

QUESTION: Mr. Rangel, between (OFF-MIKE) the decision will you suspend the way that you do fund-raising or (OFF-MIKE)

RANGEL: (inaudible) well, I have to take another look at what the hell is in the letter that violates anything and not be intimidated by The Washington Post merely because they can't think of anything better to write about.



There's nothing in the letter that's soliciting funds. And I always encourage people in the private sector.

And this goes far beyond this idea that I've been working with City College. It's interesting with City College -- and I'm going to get back to the housing thing -- is that when I was a kid on Lenox Avenue, City College was on a hill. I live on -- lived on 32nd Street, City College is on 35th Street. It's a castle. I had no clue what the hell white folks were doing going up the hill to go in that building. I had no idea it was a college. And I had no idea who went to college. I just didn't know.

And so when I ultimately found out and saw how Dr. Gregory Williams turned this college around to be one of the first-class education institutions in the country, I went in and asked, "What can I do to help?" Because the tuition at that time was low, the composition was multiracial, they were all poor.

Someplace -- in one of the stories it indicates that I'm the chairman of a trust for Ann Kheel, who's the -- the deceased wife of Ted Kheel, who's a well-known New York businessman, lawyer.

RANGEL: And they found out about my affection for City College, and they said that they wanted their trust funds to be going to minorities and those seeking education. It was the same criteria that you needed to get into City College.

And so my love and affection for City College has been so demonstrated that their board of directors named this school, which is a brownstone, after me.

So I'm going to do all I can, but I'm not going to jeopardize other members of Congress by doing this and encourage them to do it until I am abundantly clear that the way to do this is to make certain that we're as clean as the driven snow. And then not only do I intend to continue to do this, but I'm then going to ask The Washington Post for a public apology.

QUESTION: What role do you expect to have with the center once it does open?

RANGEL: To encourage well-known people -- Colin Powell, economists, Obama, the president -- to try to let young people know who struggle hard for education that as they try to decide where they want to make their careers to please give public service an opportunity; not just public office, but administrators, support teams, getting involved in making certain that you make some contribution to improve the quality of life through the public sector.

And, you know, one of the biggest problems that we have today is federal judges. I mean, they're not even paid what law school graduates are being paid. I'm trying hard to find some bill in Ways and Means. What the heck have that got to do with judges' pay? Well, some way to find the funds to pay these judges because of my (inaudible).

I've been in public life all of my life. I started off in the Army, 18 to 22, and then went to school, became an assist United States attorney, became a member of the New York State Assembly, became a member of Congress. My wife said I've never really had a job in all my life.

But the point is that it's so rewarding that I want to encourage people to do it, and this institution will be there.

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So, yes, if I can bring in someone in charge of an agency, administration, of various diverse backgrounds, to speak to them -- a lot of my friends are professors; that's all they do, is bring in big shots to talk to the kids using their prestige to give their experience, and they do this on a weekly basis. And I look forward to playing that role and trying to find role models that are in public life to encourage the kids to think about it.

And certainly after I leave here I intend to do even more. There's so many schools that have asked me to do this. St. John's law school, New York University. But this one was one that I never thought I could get involved in, and so getting an honorary degree from them means more than the other 50 honorary degrees that I've gotten over the years.

QUESTION: Sir, are you going to ask for more earmarks as well for this project?

RANGEL: Well, yes, damn it. The earmarks won't go through, because we can't get it through now.

But I want to make it abundantly clear: No matter what the earmark is for, I'm very suspicious if the member does not want to be identified with that earmark. And I only hope that my colleagues agree with me that when they have earmarks like I did and do for institutions of learning, that they're so proud of it that they let the world know and want to do it again.

The only thing that would restrict it is the limited funds and the competing needs that I have in my community. But in terms of reinforcing what I've done, that's it.

I haven't forgotten you (inaudible).

QUESTION: Do you think that (inaudible)?

RANGEL: I wouldn't have done it if I thought the rules were unclear.

But to make certain that even reporters can understand it, I want to go back to the Ethics Committee and make it even more clear, for those that can't find anything else to write about, so that they can move on and find something else.

I'm certain that there are a lot of things that are not as clear as we would want it. But I would never have done it if I thought the rule was unclear.

QUESTION: (OFF-MIKE)

RANGEL: See, that's what I want: creative thinking.

And, if no one files the complaint and if the reporter fails to get The Washington Post to file the complaint, then I'm directing my staff to show me how I can file an inquiry against myself. Now, if that can't get in your newspaper, I don't know what else.

RANGEL: Thank you so much.

QUESTION: When will you do that?

RANGEL: Oh, for crying out loud.

As soon as possible. We're leaving today at 3:30, 4:00. We won't be back till Tuesday. And staff better be prepared to have papers ready to send to the chairlady -- person -- of the Ethics Committee, saying in view of the awkward position I find myself in, the reporter in the newspaper failing to indicate that they intend to file charges, that in order to clear the air for me and other members of Congress that might be inclined to do the

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same, for good reason I'm asking for an inquiry from the -- thank you so much. Thank you.

QUESTION: Were you looking at presidential libraries in the beginning or why was...

(CROSSTALK)

RANGEL: No, I thought -- one black guy for president I thought was enough. So...

QUESTION: (inaudible) think this was a commonplace thing? And did you check with the Ethics Committee, if so? If not, why didn't you check (inaudible)?

RANGEL: The whole concept was to encourage CCNY to focus on public service as a goal and career goal for some of its graduate members. And that's that.

Now, what's your question got to do with that? It wasn't presidential.

(CROSSTALK)

QUESTION: ... that you thought this was fairly commonplace and it wasn't...

RANGEL: I had other places that I worked with, John Sexton, NYU, the new president of St. John's law school. All these people, I said, "Do more, do more, do more, do more."

But no one had the diverse stewards (ph) -- students as CCNY, and it's right there in my neighborhood, three blocks away. This whole idea of taking my papers and having an office, this is their idea. I don't need an office now or when I get out. I got more offices than I need.

But, of course, I would like to believe that they thought that having my name identified with this would increase their ability to get funds.

RANGEL: Does that answer that? OK?

QUESTION: Sir, in your prepared statement, there's a long list of other educational projects that you've been involved with. Have you also used your congressional stationery to...

(CROSSTALK)

RANGEL: No. No. No, but the speeches that I've given to them is more, in the way I'm looking at them, I think, is far more effective than a letter, the last one being last Wednesday at the National Press Club.

Were you there?

QUESTION: No, sir.

RANGEL: Anybody represent your newspaper?

QUESTION: I don't know, sir.

RANGEL: Check that out, because most of my talk -- I had Jim McCrery there, who's a Republican from my committee. And I told them, "You can come to me with tariffs. You can come to me with taxes. You can come to me with a whole lot of things. But unless you're prepared to say that a healthy, educated workforce is just as important to you, then my support for a lot of the things you're talking about is going to be, 'Where is the private sector? Are you just going to be concerned with shareholders? Are you concerned with the productivity and the health of this great United States?'

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"And if you don't concentrate on these issues, then we're going to lose our middle class. And the middle class is the heart of America."

I'll give you the rest of the speech after, but it was very good. And the CEOs were there.

So in answer to your question -- no, I talk to them eyeball to eyeball. And the CEOs that really made substantial contributions, not to the Rangel thing, like Esoff (sic), John -- GE. He's good. We're working together all over the country.

OK. I think I've exhausted that.

QUESTION: In all your talk about the reporters, I'm wondering, is there -- do you have -- are you suspicious of the motives behind these stories?

RANGEL: You know, some people say that they're after you, and I said, "I hope they catch me, so that we can put this aside."

I find myself so fortunate that in 50 years of public service and 38 years in the Congress that no one has ever come close to challenging my honesty and integrity. And then I feel blessed that if this is their best shot, I'm still lucky.

So someone said that if they -- if (inaudible) people are out to get you, and they really are -- it's not paranoid, but I...

(LAUGHTER)

... no, I -- if someone was to try to convince me of that, I could not possibly think of anybody that would lend themself to this tomfoolery.

RANGEL: Now, there are reports that Charles Rangel is living in four subsidized apartments in the city of New York. Seventy-eight years old -- I was born in this community and stayed, and was raised until I was 17, 18 years old; went into the Army, came back and lived at the same place.

And after completing school and getting married and having my kids at the same place I became a big shot and decided to move uptown three blocks away from 132nd Street and Lenox Avenue to 135th and Lenox Avenue.

My beloved Harlem was not a very attractive place at the time: burnt down buildings, abandoned buildings, empty lots. It was not a point of destination for anyone looking for decent housing.

As a result of local, state and private efforts, and the fact that I'm known as the father of the low-income housing bill -- which 90 percent of affordable housing has been placed -- and, of course, as a result of the empowerment zone, my community has bounced back in such a way that I'm just so proud to be a member of the community.

At the time that I moved into what is called luxury apartments -- well, it wasn't luxury at the time -- it was the only place that a person with kids could move in and enjoy some degree of comfort. And that is why the governor of the state of New York, the former bar president, state legislators have moved in.

RANGEL: I'm not certain whether we had rate stabilization at the time, but rent control covered most all of the city.



Rent stabilizations says that the landlord is entitled to get increases in the lease every two years. And, ultimately, when you reach a limit, the apartment reaches $2,000, it goes on the market, whatever the market is.

When I first -- when my wife first heard from one of the local pastors of one of the popular churches, who's still around, that he got promoted and with the promotion came a place for him to live, and he said he had two small apartments that he converted into one and suggested she look at it.

She looked at it, fell in love with it, and ultimately we moved into it.

That is two -- what they call the four apartments.

Some time later, a studio apartment that was next door became vacant. And knowing how the kids and relatives and friends sometimes would stay over in the brownstone that we sold when we moved in there, I thought this was an ideal place to rest, to study, play poker, but most of all -- we had a Murphy bed put in there so that if family and friends wanted to spend the night they could, and for me to be able to walk out of my apartment anytime I wanted, next door, to do my studies and do other things if my wife had guests.

If I was to leave the apartment, of course the landlord under the law comes in, slaps some paint on the wall, and increases the rent -- under the law.

I have -- my rent has doubled under the -- because I've been there for so long -- under the gradual increases in the rent under rent stabilization.

RANGEL: I pay the maximum rent under the law.

The inference is -- and let me get rid of -- the campaign headquarters became vacant and the campaign moved in there several years ago. They had decided and informed the landlord that we were not going to extend the lease, which expires in October, because we needed more space.

So right, wrong or indifferent, they've been on notice that we're leaving. And we've also found a headquarters.

So now we're dealing with the so-called three apartments, two of which was combined into one before I got there.

Now, the allegation is that the difference between the rent -- the legal rent I pay and the marketplace rent is a gift, and that's what I have to wrestle with.

Well, first of all, there's nobody that can tell me what the market rent is or should be because there's no comparable apartment.

Second, if I knew what the difference was there's no way for me to pay it. It would take a damn fool to tell the landlord that I have decided that if I didn't live here or if the apartment was vacated and you could go to the so-called private market what rent you would demand and just give him the gift.

So there's no gift that he's giving me because he's following the law, I'm following the law. And there is no way in the world, since I live there, that they could evict me because I pay my rent on time.

So there are many people that live in Lenox Terrace because there was no other place to live. And to leave because of these accusations never entered my mind.

CBR 002495



You have a follow-up?

QUESTION: Not on the two combined into one but on the studio. You said that...

RANGEL: I love it.

(LAUGHTER)

I mean, I really love it. The rent is right. I love it. It's next door to me. It's used every day that I'm home, especially during the breaks.

QUESTION: You said that when an apartment would become available in the building they would slap some paint on it and then charge market rate.

(CROSSTALK)

RANGEL: When this happened, the law did not allow them to do it. And so they would have to give me just a sharp increase in rent because it was a new tenant.

Now there is a law that some landlords have abused that allowed them to go beyond just the sharp increase but to modernize and luxurize it.

And a lot of them have been guilty of fraud because they filed for the empty apartments, saying they put down new floors, new sinks, new this, new that, and they didn't do it.

So there's been a lot of fraud by landlords. That has not occurred in my buildings.

In my building, which some people have complaints, many of the people that live in the apartment -- their brother died, they were visitors, they stayed -- they either were not on the lease, they did not live in the apartment and the landlords in other places, far more vigorous than where I live, would force them to leave because they didn't either live there, they subleased, or they didn't have a lease or whatever.

In every case that the tenants' association brought to me some adjustments were made for that tenant. I know of no tenant that the tenants' association brought to me -- and I'd like to mention the kind and wonderful letter I got from the head of the tenants' association that said, "Please don't leave us. Your presence and your help here has been very instrumental in getting services."

QUESTION: When you're talking about the rules as far as having -- there have been issues where, you know, somebody's brother died, things like that, well, your name was on the lease for that office and you weren't living there. I know that you're saying that that's not why you're leaving, but -- do you agree that that presents an issue...

(CROSSTALK)

RANGEL: Yes, I do agree that that would present an issue, and that issue has been taken away. Yes. But I don't see where upstairs, where I live with my family, is an issue at all.

QUESTION: Are you going to pay any back rent, either to the...

RANGEL: How could I? Think it out.

QUESTION: To the office. For the office.

RANGEL: Think it out. I paid the rent...

(CROSSTALK)

QUESTION: What about an equivalent donation to the Rangel Center?



RANGEL: That's funny...

(LAUGHTER)

... but, no.

You're bucking for a job at The Washington Post, right?

(LAUGHTER)

No, but whatever is not appropriate -- there's absolutely, in my opinion, no penalty except to move, and we have made that movement earlier. And that's documented by the place we're moving to, where we are trying to get them -- the landlord there to fix it up so that it meets our needs.

QUESTION: So do you plan to mention the apartment issue in your letter to the Ethics Committee (inaudible) when you come back?

RANGEL: Not unless they want to include that in their complaint.

QUESTION: But, no, you don't plan (OFF-MIKE)

RANGEL: I don't think that's an issue.

RANGEL: Where I live and how I live, if it's legal, I think it's a personal issue.

But as a public official, I think anyone has the right to raise anything that they think is inappropriate.

QUESTION: Why not do it, though, just to clear the air? You mentioned...

RANGEL: I think that's a little too close to home. I really wish I felt so independent I could say it's nobody's damn business where I live, as long as I'm paying the legal rent. But I -- I don't suspect there would be a lot of members that would want to be moving in with me, so I won't be clearing the air for them.

What I'm doing now to a large part is for other members. I mean, I don't really think The Washington Post story on this is going to do anything to my political career. But I do believe if members think that writing letters like this and encouraging people to meet with not-for-profits -- if they think that "remember what happened to Rangel," I want them to say, "Yes, Rangel whipped their butts too, didn't he?"

So that's why I'm not going beyond this.

But this doesn't mean that there are not -- people who make these allegations are not prepared to bring these things out formally, because the whole Rangel housing thing is the gift between my legal rent and the so-called market value of my apartment in some other building in some other community nearby.

And the two points I make is that nobody can determine what that value would be. But if, hypothetical, we found one, the gap between what I pay and what it would be if I move my family out and lived someplace else -- who do I pay that to, if I wanted to stay there? Give it to the landlord? Forget about it.

So where's the gift? Is he saying you're getting special treatment because you're a member of Congress? No. Every member in that building that's stabilized can't be kicked out, as much as they may want to.



I hate to end this. If there's something that you can think of, please call, because it's very -- more important. There's two things that's important to me -- I'm only trying to get into the news in saying this. One, is to make it clear to every member what the appropriate behavior is in writing to not-for-profits to encourage them to support other not-for-profits; and, two, to whup The Washington Post.

And that's not for me, either, because I don't even know -- until today I hadn't even seen the reporter, and so I don't have any animosity to him. But I am concerned about new members that may not be able to do what I'm able to do today.

Thank you.

END

STATEMENT

CONGRESSMAN CHARLES B. RANGEL

Contact : Emile Milne 202 225-[redacted] July 17, 2008

CONG. RANGEL DEMANDS INVESTIGATION OF RANGEL CENTER DOCUMENTS

Upper Manhattan Congressman Urges Prompt Ethics Committee Review in Order to Clear Up Misunderstandings

I am calling for an Ethics Committee investigation into my office's purported violation of the rules of the House governing the use of Congressional letterhead to promote private sector involvement in an important educational initiative at City College in my Congressional district, as alleged by some members of the press.

The review should be done as soon as possible so as to clear up any misunderstandings regarding my efforts to convene meetings to discuss partnerships between educational institutions and the private sector.

I believe the review will show that there have been no violations of the rules. As you can see in the samples I've distributed, the letters to private sector foundations as well as prominent business leaders were invitations to discuss ideas for the education of the next generation of leaders who will be trained at the Charles B. Rangel Center for Public Service. They are not requests for donations, which would violate the rules.

I am so proud and optimistic about the prospects for the Rangel Center. It will fulfill my dream of recruiting and training a new cadre of public servants who will not only be highly educated but will reflect the diversity of our great country.

The Rangel Center may be among the most ambitious, but it is only one of a series of initiatives in which I've sought the support of the business community to boost the educational prospects and competitiveness of young people in my Congressional district.

For several years I've been meeting with leaders of major foundations, business executives and educators seeking ways to raise our high school graduation rates, to improve the usable skill level of those graduates and to promote higher education. Leaders such as David Rockefeller, Jeff Immelt and the General Electric Foundation; Vartan Gregorian of the Carnegie Corporation of New York; Jeff Kindler, CEO of Pfizer; James McNemey, CEO of Boeing; members of the New York Partnership and Business Roundtable; and others have come forward with suggestions and offers of support.

(more)



The results have been encouraging. Working with these and other executives, I have promoted the establishment of partnerships to arm students with skills necessary to compete in the global economy. These are some examples:

- The Rangel Center, under the leadership City College President Gregory Williams, has been awarded more than $12 million of the $30 million needed to build the center, including $1.9 in federal funds.

  The Center will prepare students from under-served communities for careers in government and the non-profit sector. It will support the university's graduate degree programs, providing internships, seminars and instructional services, as well as access to the Center's research facilities.

- Just last week, the GE Foundation announced $11 million in grants to four Harlem based educational organizations, including Upper Manhattan's Columbia University Teachers College, the Council for Opportunity in Education, the Harlem Children's Zone and the College for Every Student program.

- The GE Foundation also awarded New York City's public school system with a five-year grant of $17.9 million to better prepare the city's middle school students for post-secondary college and career opportunities.

- The Beaumont Foundation of America awarded a grant of $1.5 million to provide state-of-the-art computer hardware to public schools in Upper Manhattan.

- The Boeing Company, in an effort to interest minority students in careers in engineering, donated $900,000 to Columbia University and the Center for Technology, Innovation and Community Engagement.

- In cooperation with Columbia University, Pfizer Science Academy provided $500,000 to create a replicable urban education model designed to prepare students interested in careers in science.

As someone who overcame failure as a high school dropout, to become educated as a lawyer under the GI Bill, and ultimately election to Congress, I have been concerned with disparities in education all of my life. If my critics took the time to visit my district, and others like it, they would agree with Secretary of State Condoleezza Rice, who said on a tour of schools in my district, that education is not just a problem, it is a national security issue.

###

CBR/em



CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE
WAYS AND MEANS
JOINT COMMITTEE
ON TAXATION
CHAIRMAN

GEORGE A. DALLEY
CHIEF OF STAFF

JAMES E. CAPEL
DISTRICT DIRECTOR

Congress of the United States
House of Representatives

July 22, 2008

Hon. Stephanie Tubbs Jones, Chair
Committee on Standards of Official Conduct
U.S. House of Representatives
Room HT2
Washington, DC 20515

Dear Chairwoman Tubbs Jones:

I am writing to ask the House Committee on Standards of Official Conduct to determine whether I may have inadvertently failed to comply with the House Ethics Rules regarding the use of congressional letterhead.

I will summarize the facts that I believe to be indisputably true here. My attorney will follow-up this letter with a more detailed factual recitation and to verify all the facts as asserted below:

1. In 2004 I joined in discussions with officials at the City College of New York (CCNY) regarding the creation of a Center for Public Service at the college which is located in my congressional district in Harlem, New York. The decision to name the center the "Charles B. Rangel Center for Public Service at the City College of New York" was made by the Board of Trustees of the City University of New York at the request of CCNY's president, Gregory H. Williams.

2. The purpose of the Center would be to attract young people from diverse racial and economic backgrounds to learn about public service and, perhaps, to pursue a career in public service. I agreed with this worthy public purpose and was honored to agree to have my name associated with it. I was also honored to agree to deposit all my congressional and state legislative papers over the last 40-plus years, housed in a library that would serve as a trove for research and understanding the events, issues, and people involved during my years in public service, critical years of our nation's history.

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EXHIBIT
Exhibit 539

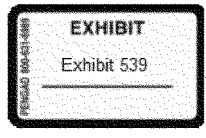
3. I agreed initially to assist CCNY by supporting congressional appropriations for the planning phase of the project and was successful in doing so, securing fully transparent earmarks of $1.9 million in the 2007 Labor, Health and Human Services, and Education appropriations bill and approximately $700,000 in the 2007 Housing and Urban Development bill. These appropriations were consistent with the legislative purposes of the programs for which they were funded.

4. I also agreed to facilitate bringing together with CCNY executives, including President Gregory Williams, leaders of charitable foundations, companies and business leaders in the New York City area as well as several business leaders who I knew personally. I did so by mailing a total of approximately 100 letters on my congressional stationery dated June 2005. These letters were addressed to private family and corporate foundations [Attachment A]. In July 2006, approximately 47 follow-up letters were sent to a portion of the original mailing [Attachment B]. In March 2007, I sent three letters to long-standing personal friends who are committed to philanthropy [Attachment C].

5. As you can verify from the attachments, none of these letters made any reference to or in any way solicited financial contributions to the Center. They all sought meetings to encourage "dialogue" and discussions concerning this project with leaders of CCNY, including President Gregory Williams, and to provide additional information about my vision for the Center.

6. There has never been, is not, and never would be any personal financial gain to me or my family from the successful completion of the Center.

7. So far as I am aware, none of those whom I wrote had any pending requests into my office, lobbied me regarding any legislation before my committee, or asked me for assistance on legislation in which they had a special interest.



Was my hope that these meetings would result in making financial donations to this important project with such an important public purpose? Of course. But I genuinely believed that by not soliciting or making any reference to donations using my congressional letterhead and merely facilitating meetings to discuss this project, I was not violating House Ethics Rules concerning the use of congressional letterhead. I believed this even if, as a result of such meetings, donations were obtained for what I regarded to be an important project with a public purpose not only locally but nationally.

I also believed, rightly or wrongly, that it was in the public interest and thus "official," not "personal" business, for me to facilitate these meetings and to assist CCNY in completing this important new public institution and, therefore, congressional letterhead was appropriate for such a purpose.

So assuming the truth of the above facts, which I am prepared to verify, and any other facts or questions that the Committee deems to be pertinent, which I will most expeditiously supply or respond to, my two questions are:

1. Were these letters in violation of House Ethics Rules, given that there was no solicitation for funds contained in any of the letters?

2. Even if there was a reasonable inference that at the meetings requested in these letters, CCNY officials or I would ask for donations to assist completion of the Center, were these letters for the purposes of "official" House business, since they had a public purpose and benefit to assist in completing the Center--or should they be deemed for personal and non-"official" business, and thus, a violation of House Rules?

Whatever your answer to these two questions, as a senior member of Congress, I believe a clarification of this rule under these facts and circumstances would be helpful to all members.



Hon. Stephanie Tubbs Jones
July 22, 2008
Page 4

Of course, if I inadvertently violated House Rules, I am prepared to trust the Committee's judgment and accept its findings.

I would appreciate your most comprehensive review and expeditious reply to my request for advice.

Sincerely,

CHARLES B. RANGEL
Member of Congress

CBR/em



CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK

COMMITTEE
WAYS AND MEANS
JOINT COMMITTEE
ON TAXATION
CHAIRMAN

GEORGE A. DALLEY
CHIEF OF STAFF

JAMES E. CAPEL
DISTRICT DIRECTOR

Congress of the United States
House of Representatives

September 9, 2008

Hon. Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

Dear Speaker Pelosi:

I regret any embarrassment to my fellow members of Congress and colleagues on the Ways and Means Committee which may have been caused by unfair and inaccurate reports in the press concerning my handling of details of my personal finances related to my interest in a vacation home in the Dominican Republic.

Twenty years ago, I was invited by a personal friend and prominent New Yorker to invest in a beach house in the Dominican Republic, in an undeveloped area called Punta Cana. Although it had not yet been completed, it was a beautiful site for a price $88,900, requiring a down payment of $28,900.

The conditions of the transaction were that the mortgage would be reduced from rentals of the beach house. Each owner would benefit from a pooled fund of rental proceeds, with the amount for each determined by the number of rooms in their unit. I refinanced my home in order to take advantage of the opportunity. Subsequently another $23,000 was added to the mortgage for construction of a third bedroom. Until this year I had not received any personal cash proceeds from rentals of the unit. In fact, the investment reduced my mortgage by less than $5,000 a year over a period of 20 years.

What I now know is that although I have not personally received proceeds in cash, the fact is that any reductions to the mortgage actually counted as income and should have been reported as such.

CBR 002867

WASHINGTON OFFICE
2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-3215
TELEPHONE: (202) 225-4365
FAX: (202) 225-0816



DISTRICT OFFICE
163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900
FAX: (212) 663-4277

The company's failure to provide timely and regular statements does not excuse my failure to more diligently pursue the actual terms of the arrangement and respond appropriately. For this I take full responsibility.

As you know, several weeks ago, I requested that the House Ethics Committee initiate two separate inquiries concerning (1) my apartments in New York; and (2) my efforts to assist City College of New York in establishing a Center for Public Service in my Congressional District in Harlem. (See attached letters and background fact statements.)

I am preparing to seek an additional House Ethics Committee inquiry concerning my reporting of financial details concerning the beach house in Punta Cana and any errors that I may have inadvertently made in tax and House financial disclosure form filings. (See attached letter and background fact statement to the House Ethics Committee marked as attachments E and F respectively.)

I want to assure you that my love of our country, my own personal morals, and my devotion to the Congress of the United States prevents me from doing anything that would damage the reputation of this great body. In addition, as Chairman of the Ways and Means Committee I am held to a higher standard of propriety.

I am doing the following:

First, I will make the necessary corrections regarding past filings with amendments and corrections to House financial disclosure forms and IRS returns where needed. In the future, my lawyer and accountant will be singularly responsible for reviewing all my tax and House financial disclosure filings.

Second, I will shortly be filing amended federal, state and local income tax returns for the years 2004 to 2006. These returns will reflect modest taxes owed (See attached.)

Third, I have asked my accountant to gather all the remaining tax information going back to the year that I first made my investment,



1988, if that is possible, and he will then inform me what additional taxes I owe, if any.

I look forward to a review of these issues by the Ethics Committee, and it is my hope that this matter will be dealt with expeditiously.

Thank you for your consideration, and I look forward to speaking with you soon.

Sincerely,

CHARLES B. RANGEL
Member of Congress

CBR/em
Attachments



TRANSCRIPT
Wed, Sept. 10, 2008, 09:45 AM
House Radio & TV Gallery

RANGEL: Do I have one of these to put up, so I can listen to me? [referring to voice recorder].

REPORTER: We can send you an MP3.

RANGEL: A what?

[Laughter]

REPORTER: We'll get it to you.

RANGEL: Would you really?

REPORTER: Sure.

RANGEL: Great. Thank you. Uh, for the first time in, uh, 50 years, I have had a spokesperson, and I'm not really used to it. So, I told the spokesperson, I had to break loose because, as you know, I've always felt that, uh, the press, I should make myself available, uh, to the press, and therefore, make myself available to the general public. Not just as a congressman, but as a, as a chairman. You will see here that we have for you, uh, a big stack of materials. I would hope that you wouldn't read it now. I will give you a summary of it. I will stay here to answer all of your questions, even though the answers may be there, and after you've had a chance to read what you want or what you don't want, early next week, if you believe that they're further questions in relation to what I want to talk about, I will be only too glad to come to answer those questions.

Since I prepared myself for this press conference, it's come to my attention that the minority leader, John Boehner, has asked the Speaker to have me removed as the chairman of the Ways and Means Committee. This is the same John Boehner that asked the House of Representatives to censure and to have me to step aside and a variety of other worthwhile allegations. I have felt embarrassed for my friend, John Boehner, for believing that politically, he has to do this. Now, I know the word my friend is casually used around the House and Senate, but John is truly been my friend over the years. We worked very closely together and he has worked well with other Democratic leaders and most recently, we proved that as he worked with Jim McCrery, the Republican, the ranking Republican on my committee, for workman's compensation, uh, for unemployment compensation and a variety of other things we've worked closely together. It is my understanding that he feels politically he has to do this, and I feel sorry that he feels that's necessary, and I am more than confident that he knows that there's no justification other than he's moved to do this by, uh, some of his people in his party.



But we have a lot of work to do together next year, Republicans and Democrats, and I hope to have an opportunity sometime today to address the House on this issue, because there's not going to be democratic solution to the problems this country and this Congress is going to face in taxes, health care, uh, trade, uh, putting together social security, these are not going to be decided as Democrat or Republican issues. It screams for bipartisanship, it's going to be necessary and no matter who the next president is, it's going to be the House and Senate that's going to have to dispose of these policies.

To polarize, and demand, and ask, and repress, that Republicans just support these wild allegations, is unfair to Republicans, unfair to Democrats, unfair to our constituents, the congress, and the country. And I will be going into much more detail on the floor on why it's necessary to allow every member the opportunity to be heard.

I first will like to read the letter that I'm sending to Nancy Pelosi, and then to get more specific as relates to the three issues that have now been referred to the Ethics Committee and all the documentation that's necessary, that I will be sending or have sent to the Ethics Committee is available in those voluminous packages.

'Dear Speaker Pelosi, I regret any embarrassment to my fellow members of Congress and colleagues on the Ways and Means Committee which may have been caused by unfair and inaccurate reports in the press concerning my handling of details of my personal finances related to my interests in a vacation home in the Dominican Republic.'

I want you to know that apart from this, some people have justified the inaccuracy by saying because I stonewalled and was not kind to the reporter, is the reason why it was not as accurate as it could have been. That is something that we'll take care of later.

[Laughter]

'Twenty years, twenty years ago, I was invited by a personal friend and prominent New Yorker to invest in a beach house in the Dominican Republic, in an undeveloped area called Punta Cana. Although it has not yet been completed, it was a beautiful site for the price of $88,900, requiring a down payment of $28,900.

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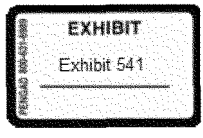

unit. In fact, the investment reduced my mortgage by less than $5,000 a year over a period of 20 years.

What I now know is that although I have not personally received proceeds in cash, the fact that any reductions to the mortgage actually counted as income and should have been reported as such. The company's failure to provide timely and regular statements does not excuse any failure to more diligently pursue the actual terms of the arrangement and respond appropriately. For this I take full responsibility.

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I am preparing to seek an additional House Ethics Committee inquiry concerning my reporting of financial details concerning the beach house in Punta Cana and any errors that I may have inadvertently made in tax and House financial disclosure form filings.

I want to assure you that my love for our country, my own personal morals, and my devotion to the Congress of the United States prevents me from doing anything that would damage the reputation of this great body. In addition, as Chairman of the Ways and Means Committee, I am and should be held to a higher standard.

So, I will be doing the following: First, I will make the necessary corrections regarding past filings, etcetera, with IRS. I will consult with my lawyer and accountant. Second, I will shortly be filing amended federal, state, local income tax returns; all of that information's there. Third, I will ask my accountant to gather all the remaining tax information back to the year I first made my investment 20 years ago, and whatever taxes I owe will be paid. I look forward to further review of the details by the Ethics Committee. I hope this will be handled as expeditious as possible.

Ok. That's the formal letter sent to the Speaker. Let me walk you through how this occurred. Twenty years ago, I was on a congressional trip with Speaker Tip O'Neil and I was in Santo Domingo — no, it was Casa de Campo. I got a call from a long and dear friend in New York wanting to share with me some venture he wanted to do in a town I'd never heard of called Punta Cana. While I was reluctant to go, my wife said, 'What the heck. He's a friend, so, the only day I had off, I went to this place where my friend was telling me about a dream that he had with the Dominican, in building a resort area. Included in this dream of his was a beach house that would be sold at $82,000 and no beach house existed. I looked and I thought it was a great idea, but I said, 'Thanks, but no thanks.' After I saw the renderings of what the house was going to look like, and then it was explained that it was less than $30,000 down, and that somehow the management would take



the proceeds and reduce the mortgage, that would have been roughly $50,000. Uh, I said to my wife, 'Hey, we don't own anything. Let's refinance, get the $30,000, and put it down.' The provision said that, uh, I could only stay there nine weeks a year and the rest of the hotel had, would be renting and doing all of this. It was my understanding, I didn't know how they intended to do it, but I want to thank my friend and lawyer, Lanny Davis, for putting together a team that has been able to do what I have not been able to do in 20 years, and that is to break through the cultural and language barrier in getting the honor to share with me the method in which this mortgage would be reduced and hopefully eliminated. And you will see a package of how this is done.

For the first official letter that I ever got from the owner, Frank Rainieri, in refuting the allegations in the newspaper that somehow the rental of my beach house had something to do with how much money I personally received. The fact is that all of the beach houses, all of the beach houses, whether they were occupied or not occupied, the revenues would go into a pool, from the pool the hotel would take its commission, cost of renovation, cost of upgrading, cost of hurricane damage, federal Dominican taxes, interest, and I say interest because that was thrown into it. One of the headlines is that Rangel received preferential treatment and interest. I thought they were taking it out. They decided that all of the villas because they were not making any money and they wanted to encourage people not to give up and walk away, that they decided unilaterally and collectively that every investor would be relieved of interest. I didn't know. It made no different to me. I wasn't receiving anything. And they arbitrarily would decide, after all of the resources were there, and they got whatever they wanted, that the balance would be equally distributed to the beach houses based on the number of rooms. Some years, nothing as attributed. Other years, $5,000 was attributed, maybe, $10-12,000 in one year. But it's suffices to say that over a period of twenty years, the average that would have been received from income to reduce the mortgage was less than $5,000 a year. That would have meant that if I was able to do myself what Lanny Davis was able to do, to actually get these amounts that, even though I didn't receive the checks, had to be income if it were reducing my indebtedness. In sharing this with my accountant, who worked very closely with Mr. Davis and with interpreters and the Dominican authorities, they were able to determine that my tax liability would have been little or nothing as result of the foreign tax credit that I would enjoy and the fact that the depreciation would have been taken into place.

You will see however that they have readjusted that and the amount would be closer to $5,000 in federal liability because when we sold our home, the one that we were refinancing on to get the $30,000, the capital gains would not allow us to take advantage of the full foreign tax credit and I would have had liability of $5,000 federal and less than that in local and state. I wanted to make it clear that even though it is true that my Committee deals with trillions of dollars in taxes over the years that I do not take the $5,000 liability lightly. Because it is the policy that I have to set as a member of Congress and the committee's chairman and not the actual amount that's there. And so the fact that I'm going to make certain that the



reports are corrected and filed, does not mean in any way that I belittle the actual inaccuracies that are there, and I do hope that my explanation will be sufficient to say that we do make errors even though we consider ourselves experts in certain terms of tax policy for the nation, that those same standards should apply. If you have any questions on this issue, I'm going to stay here to answer them, but I would like to, and I have a letter supporting this now -- for the first time in my life, and certainly, the last 20 years -- from the management that I've never received a letter from in my life, indicating how these things actually work. I'd like to say, as an aside, that the whole idea, though, that reporters can send reporters in disguise as tourists to invade one's family and take unflattering pictures, and I really think that even Congress people are entitled to some privacy, but I wrote in a book that I haven't had a bad day since I was shot and left in Korea, and I was stretching to see how I could make a good day out of it. So, my wife looked at the picture, she says, 'You know, you're fat.'

[Laughter]

And I really wasn't concerned about that, but I hope that some of you would notice that I've lost about 10 or 15 pounds as a result of that picture and so, I haven't had a terrible day, but it wasn't a comfortable one.

Let me move swiftly to the house and the allegations that Rangel received a gift because he lives in four subsidized apartments. First of all, there's no violation of any New York State law if somebody did live in four subsidized apartments, even if those apartments were on different floors. This is legal interpretation, not from reporters, but from well-known national and local lawyers. But the first of the matter is that I did not live in four subsidized apartments. Twenty years ago, my wife and I, especially my wife, decided that we're too old to be dealing with heating the houses, and plumbers, and electricians, and that we wanted someone else to do it, so we're going to move into an apartment. I want to make certain that -- at time, there was a high prime rate in Harlem. I'm proud to say that it is little to none now. People were leaving Harlem, actually, and the Lenox Terrace was not only not preferred people moving there, but one of the most prominent pastors, knowing that my wife was looking for a place, and I was insisting that it be in Harlem, notwithstanding that my district goes into some pretty affluent areas, shared with my wife that he had a large apartment there that he had made certain that it accommodated her needs and that it could be available. My wife, while I was in Washington, was to help with the landlord. I want to make it abundantly clear; I've never met the landlord. I wouldn't know who he was if I saw him. I only met one agent for the landlord. He did not come to lobby me. He came to tell me that they wanted to make substantial redevelopment, and he talked to me as a tenant, he talked to my Chief of Staff as a tenant. He didn't ask me for anything. He reported he didn't get anything. But that's' the only exception to the fact that I've never really met any of these people personally. In terms of any kindness that the landlord has shown me, any time there's been a violation of the tenants' rights, I have a very, very, active tent association. I wish that the reporter had talked with

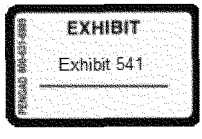


them in terms of my protection of the tenants' rights in that building, and even if I didn't want to, my wife is the floor captain of the tenants' organization. And, hey, I got to go to bed at night, so, whose side I'm on in this is abundantly clear. Also, as an aside, I think it's clear, that there's no member in the Congress that has sponsored legislation of affordable tax credit, that is responsible for more affordable housing in this country than me. So says the affordable housing associations throughout the country.

In any event, one day I came home. The wife took me over to this place that has been described by the reporter as a penthouse. There is no penthouse. I don't live on the top floor. But that was his....And I looked at this very large apartment. I had no way of knowing that it had been two apartments. I signed a lease for one apartment. As far as I'm concerned, it is one apartment, and I lived there for twenty years as one apartment. Ten years after we were there, my wife notified me that there was a studio apartment next door that would be available. She said that she didn't see any need for any more space. I told her that I thought it would be ideal for me: She didn't want my political friends in the living room. She didn't want any poker games. She was tired of seeing me working all of the time. And I said, 'Look, I think I could use this place,' and use it I did and have. My friends have joked that you don't have a hideaway right next door where you live. Well, it may not be a hideaway, but I can tell you one thing, there's not a day that I'm in New York that I'm not able to go there, to have my meetings with friends who happen to be politicians. They can smoke if they want. They can cuss if they want. I can listen to music. I can read what I want. And if it's a lot of fussing in the house, I'm able to just walk out, slam the door, and go next door.

[Laughter]

So, for me, if you want to call it two apartments, it's right, because there are two separates leases. What about this place that you had downstairs at Ten U. Well, I've been fortunate that I can honestly say that over 38 years in the Congress, I don't remember calling anybody for a contribution for my campaign. Because I don't remember, except on two occasions, having a campaign, and I don't remember too many people anxious to give me money for a non-campaign. I have been very, I was very good at calling people to help other colleagues, but quite frankly my popularity really increased as I gained seniority on the Ways and Means Committee, and even though I only had a volunteer financial director, named Dick Brown, who's well known in Democratic circles who volunteered to do this out of Washington and give one event for me in New York, it reached the point that it was too big an operation for one guy to do in the club. He said he wanted to hire somebody, and so he thought it would be better if he left the club and found some place to go. Knowing that there were vacancies in the Lennox Terrace, knowing that there were other people not on the commercial floor but within the building operating offices, it was negotiated with the landlord that three staff members would go into the tenth floor and that was my finance operation. The operation grew until we got 4 or 5 people and when the lease expired it was going



to expire October this year. I was notified by the executive director, and I never talked yet with the landlord -- never felt I had to since things were working out -- that they notify him that we were not going to renew the lease, but we were looking for a larger place for our offices, and the landlord suggested an apartment that had been renovated at double the rate across the way. We had contemplated moving there before the publicity, and we just decided that even though we were welcome by the landlord to continue operation in a bigger place, where we'd have air conditioning and more space for workers, that we found another place in the same community. And this community is dear to me. So, the whole idea when you're paying the maximum rent, uh, there's no four apartments, the office, all of this has been in front of the Ethics Committee. I went to school, and my mother did before me, on the elementary school that was on 35th street. I moved from 132nd street where I lived all my life to 35th street. The reason for me looking for some place to pay more rent is absolutely ridiculous, and, uh, I used the same subway a half a block from where I live to go to high school. And the hospital that I went to for health acre is, of course, straight from where I live. At my age, it's very important to have a hospital nearby. So, I don't know what other questions one may have about that, but, put a point in that, and I'll be glad to go back and redo anything I may have missed.

The last one, of course, um, is the abuse of using congressional stationery and, uh, don't get me going on education. I feel it's almost my mission to educate lawmakers, foundation people, schools, that we have to do better as a nation if we're going to be competitive in terms of educating our workforce. I resented, as an American, that we have to change our visa laws to let in educated people that are in math, science, and technology, because we are not producing them. Condoleezza Rice has gone all over with me, talking to business people, that the failure to educate our young people is a threat to our nation's security. Just the other day, she gave a speech indicating how embarrassed she was going into embassies all over the world and not seeing enough federal representatives looking like she. And she lauded the Rangel fellows that she helped me to get at Howard and other historically-black colleges, where kids who have no understanding of public service, and can learn the value of Foreign Service. And already 100 African American minorities and others upon graduation have automatically gone into Foreign Service to serve across the country. I can't begin to tell you the pride I have in seeing them saying they were Rangel fellows. We have so many Barack Obamas, educated African Americans, but most of them, unlike he and others, don't go into public service. They're out there in Wall Street. They're making money, as he could have done. I want to make certain that public service at least is an option. That we'll be able to say, just like the staffers on this hill that we rely on in order to be effective members of Congress, consider public service. I share these views with the president of City College. The City College is in view of where I live and was raised, on Lennox Avenue. To us on Lennox Avenue, it's just a big castle up there. We didn't have any idea what the hell they were doing up there. But when I went to the army, I went as a high school dropout. When I came out, not only was I a purple-heart veteran, looking good, pocket full



of money, more self esteem than I needed, I had no idea I was unemployable. And the whole idea that I was a high school dropout didn't stop me in the army. I didn't see how in the hell it was going to stop me on Lennox Avenue. But a bad occasion, when I was pushing a hand truck, embarrassed, and fell in the street, the cops was cussing me out, staff sergeant Charles Rangel being cussed out. I went to the VA [veterans' affairs] and said I need some help. The long and short of the story is that from high school scholarship, I went to law school. The gap between being a high school dropout at 23 years old, and chairing the Ways and Means Committee at 78 years old, is education. Most people on the block that knew me, and especially those in the army, says that if Rangel can do it, anybody can do it.

[Laughter]

And I almost believed them. And the truth of the matter is that education makes the difference. It was just about as official as I could get, in writing 100 people, people in foundations, people who supported education endeavors, for me to be able to say, 'Please meet with President Gregory Williams, and have him share the dream that he would develop a school to point young people, to have them understand the importance of public service.' And the fact that the board of trustees decided to name it after Charles Rangel, some may think that is a great honor to me, and I accept it that way. Others may think they thought that would be a way to attract more money, and I accept that, too. Regardless of what it was, I went out of my way to make certain, no way in that letter did I ask them for a nickel. I asked for the meeting. If the Ethics Committee wants to decide that it was my intention that money would be solicited during those meetings for the purposes of moving on this school of public service, I would have to say, 'You're probably right.' If they say that you could have written that on something other than saying you are a member of the House of Representatives, I'd have to say, 'They're right.' But not just for me, but for members who really want to use their public office to encourage public service, it would make it abundantly clear what they can and what they cannot do.

In conclusion, let me say this, I do not expect any special treatment because I'm a member of Congress. Whatever mistakes, if any, I have made, I'm prepared to make certain that the record is set straight. As a matter of fact, I truly believe that members of Congress and those in public service really have a higher obligation than the people who vote for them to set an example. So, I had a talk with the Speaker. I'm so pleased that she's going to fill the spot that my beloved and late Stephanie Tubbs Jones has left, so that, uh, whoever she selects as the chairperson can move on, but I'm going to tell the press this afternoon, I'm a lucky old son of a gun that ain't nothing going to stop me from getting back here next year. But if this had happened to some young Republican or Democrat, where the House would respond based on a story in the press, it would be so unfair and have such a damaging impact on my friends and colleagues and the congress and those that have to follow us.



I end by repeating what I said earlier. I'm prepared to stay here to answer any questions, even though the answers may be in what my staff probably spent all night preparing. I can share with you, staff, that I appreciate it but I haven't read that stuff. Let me take your questions. Thank you for your patience. And one, two, three, four, five, and six, seven — remember your numbers — eight, and I'll come back and do it again.

One!

REPORTER: How many days did you spend at the villa at Punta Cana?

RANGEL: Some years none. No year more than four. And the nine weeks that I was restricted to until the place was paid for, I shared with members of Congress, Republican and Democrat.

REPORTER: Four days?

RANGEL: I've never spent more than — I'm entitled to nine weeks under the contract. It never became an issue because I've never spent more than nine days, never. I never spent more than four days there at any given time. And some years, I never got a chance to go at all.

REPORTER: So you never, sorry, you never spent more than four days there, even, even in any one year?

RANGEL: I don't know how many different ways I can say it but I'm-a try it a third time. In some years, I spent no time there, not because I didn't want to. Knowing I had all this time that I could spend, members of Congress have spent their honeymoon there, Republicans have gone there for the holidays. I've never had an opportunity to spend more than four days because of my time; I could have spent nine weeks there. And this last time, I spent four days with my son there, which was shared with the New York Post reporter, not to my knowledge.

REPORTER: Which members of Congress did you, um, allow to—

RANGEL: I don't really think that their privacy should be invaded like mine. They were friends; they did it as friends.

Two!

REPORTER: Sir, how is much is the property worth right now?

RANGEL: One of the reasons why — I'm glad you raised that, there are changes in the disclosure. I have now accumulated all of the disclosures for 20 years, made that available, and the only reason why there is various amounts attributed to the



worth is because George Dalley, who filled out the forms, had no idea what the worth was because none of them have been sold. And so, there's nothing to compare it with, but I can tell you this, whatever it was worth, it's worth a hell of a lot less now, because the tourist market, uh, in the Caribbean has fallen dramatically for all of the resorts.

REPORTER: And just so I understand about what you and your wife have invested, you put the original down payment—

RANGEL: Let me get that straight. It was 82,000, put down 28 [thousand]. The remainder was, what, 60, 50 something [thousand]? I added another increase of indebtedness by 23 [thousand]. At the end of the day, it's less than $100,000.

REPORTER: But did you ever make a payment to the resort or did it all come from this pooled fund [inaudible]?

RANGEL: I made the $28,000 payment – that was the down payment. There was another payment of about $2,000 to have stone placed on my building like the owner had on his buildings. I said, 'I wanted the same thing.' They said, 'It costs more.' I said, 'How much?' They said, '2,000.' I sent them $2000 to put up the stone. But other than that, the total out-of-pocket investment would have been $30,000.

Three.

REPORTER: Can I just follow up? I'm trying to understand how you didn't realize that income taxes would have been owed on this amount. I mean, if I buy an investment property here, and someone pays me rent, and I put it towards the principal on the mortgage, I'd owe income taxes on that. How did you not understand—

RANGEL: I never got any idea that I had any income. Some years, there was no income. I received no communication for the income. I went to my friend, the owner, the part-owner, in New York. He could not penetrate it. Every time I thought I was getting through, they started talking Spanish. And in over 20 years, I got a half-a-dozen statements, some in Spanish, some in English. It would show a reduction of the mortgage, but you are right, reductions of mortgage has to come from somewhere. And only because, um, Lanny Davis had a team that actually talked with them in English and Spanish, that, yes, I should have known you don't get a reduction of mortgage, but I'm saying that, um, as the idea with trillions of dollars, the whole idea of possibly having $2,000 one year, less than that the other year, $5,000 next year, was an omission, an omission that irresponsible.

And that's it. Three! Number three.



REPORTER: You mentioned earlier that you think that as the chairman and as a member of Congress, you owe, owe it to the public to uphold very high standards in terms of disclosure. Will you therefore be releasing your tax returns?

RANGEL: [Long Pause]

I actually have now got ten years of my tax returns, and my lawyer believes that I'll be able to get 20 years. I'm-a have to look at it, to make certain that there's nothing that I would be releasing that could possibly cause embarrassment to someone else. But, I've been talking with my accountant, and I'm not prepared to say that in terms of, you know – certainly, I am prepared to say that the one that I will be re-filing and what not will be released.

REPORTER: [inaudible] in response to questions raised [inaudible]?

RANGEL: What question would you have? You know, I may be able to do it based on the questions. I just want to make certain that releasing 20 years of tax returns – I just want to make certain that you don't ask anybody any questions except me. I'm the one that signed it. And even if it is my wife, I don't want to expose other people. But, uh, the disclosure firm, um, forms: Definitely. Are they available now? [looks to staff].

GEORGE DALLEY: They haven't been [inaudible].

RANGEL: Huh?

LANNY DAVIS: Not yet.

RANGEL: The old ones and the amended ones will be public. Four! Number four. You forgot your numbers?

REPORTER: I thought I was seven, but –

REPORTER: I thought I was seven.

[Murmuring, rustling]

REPORTER: Chairman Rangel, you know, in the past you've been known as 'tax-gap' Charlie. You were out front; you were up on the high atmosphere talking about the culture of corruption with the Republicans. Now, we have this story where you went on a congressional trip in the Caribbean. You turned it into a junket in essence by going out and buying property when you were down there on a congressional trip. You didn't pay taxes for all these years. Uh, you're head of Ways and Means. I mean, are you going to have any moral standing going forward and calling for closing the tax gaps and taxing the rich?



RANGEL: I don't really think that, with my ego, it would be fair for me to judge what I think about my moral standard. But I think it's a fair question. I have to be judged by other people in terms of morality.

REPORTER: Or, stay and [inaudible]

RANGEL: What?

REPORTER: Is anybody going to take you seriously? That if you can continue with raising —

RANGEL: I wonder that. Maybe we should meet after the election and ill be in a better position to share with you that because that's the only way I'll be able to know. Wouldn't you think that would be fair? To see what the returns come in?

REPORTER: I would think you have a career decision to make right now.

RANGEL: How long you been a journalist?

REPORTER: Thirty years.

RANGEL: Well, I've been doing this for 50 years, so, I would not judge when you should leave. But I'd tell you one thing, I only have a two-year contract. I don't know how yours is, and every two years the people have the opportunity to reject or renew it.

Four!

REPORTER: Chairman, I'm wondering, you know, throughout the process, uh, your saying that, whenever you guys would ask questions, uh, people in the Dominican Republican would say — Republic would start speaking Spanish. And you didn't get the answers. And I'm wondering if at one point you said, 'Wait a second. There's something going on here. I mean, why aren't these guys answering in English, and why am I not,' you know. Wasn't there a question in your mind earlier than now as to what was —

RANGEL: Well, there's always been a question in my wife's mind. I figured since I wasn't getting any money, and some years there was nothing to report, I belittled the importance of the fact that I was not getting reports. I shouldn't have done that. But no, I really didn't pay any attention to it. I wasn't getting any money. The property was there. It was being unutilized. Uh, receiving money wasn't a big thing, big deal to me. It really wasn't. And at the end of the day, after 20 years, $100,000 investment, the first dollars that I find out that I'm entitled to is a $775 check that only last month they told me I was entitled to. I haven't received that, yet.



REPORTER: Chairman, chairman, if, if, a friend came to you and said, 'I have this mortgage that I don't know the details of. I've been collecting rent; I don't know the details of. And I owe taxes; I don't know the details of. What would you tell that person?

RANGEL: Who owns the mortgage, and where are they? Let me talk with him. Your question [gestures to another reporter].

REPORTER: To the best of your knowledge, did anybody stay at the villa that had business before the Ways and Means Committee?

[Pause]

RANGEL: If they did, they did it as a tourist. So, I would have no — there's no way for me to think that could have happened.

REPORTER: But you were inviting other members of Congress to stay....

RANGEL: I have not invited anybody that had any business before the Ways and Means Committee.

REPORTER: Sir —

RANGEL: Staffers have stayed there, too.

REPORTER: Sir —

RANGEL: You want to get this number thing again?

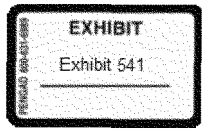
REPORTER: I thought I was seven.

[Laughter]

RANGEL: Oh, okay. Six, six. Seven. Eight.

REPORTER: Um, so, [inaudible] disclosure form [inaudible] 10, 15 years you have sometimes reported income from the villa, and I'm wondering, first of all, did you report that to the IRS, as well? And if not, where was the discrepancy between why report it on your disclosure forms and not....

RANGEL: Quite frankly, the, the first time I talked in detail about this with my accountant is thought my lawyers. And I'm not even now talked with my accountant personally, except I have every confidence that he has gone through this, so, I can't answer that. Any income, George, that was reported had to be with one of the few statements that came in, and I gave it to you, and you saw income, and you put it down, and then I didn't get it. I didn't give it you. You didn't put it



down. Whether this was forwarded to the accountant, I don't know, but to my knowledge, any statement of income for any given year never exceeded $6,000. It does not mean it shouldn't have been reported. I am just talking about — my tax liability has been, over the years, in tens of thousands of dollars, and so therefore, I may not have given the attention to the $6,000 I should have, but I would be glad to present an answer to the one about the, uh, I'll be glad to give my tax liability, uh, in summary for as many years, for the last five, 10 years.

REPORTER: Um, a couple numbers threw me off. When you were asked originally how often you were there, I thought you said never more than four days at a time, but nine altogether in a year?

RANGEL: No. No. Geez, this is a very difficult concept, isn't it?

REPORTER: No, you said —

RANGEL: Let me try it again.

REPORTER: In one year —

RANGEL: Under the contract, I would turn my place over to the hotel to rent, and I was restricted as a potential owner, which technically under Dominican law, I just became the owner when the mortgage is paid. Having said that, during the nine weeks that I had, I've never used even nine days a year, much less nine weeks. And I've never personally, with my family, spent more than four days at one time in one year there.

REPORTER: Alright, so you're saying to me that, in any year that you've owned this thing, you've never stayed more than nine days in the year? I just want to be able to describe how —

RANGEL: I never spent the nine, and I can say categorically I never spent more than nine.

REPORTER: And when you mention the foreign tax credit in decreasing your tax liability, is that the tax the hotel paid to the Dominican government?

RANGEL: An extraordinarily higher tax for foreigners than for local tax people that could have been deducted had I filed from my tax liability, bringing it down to zero.

REPORTER: Are you —

RANGEL: With depreciation.

REPORTER: Am I correct, didn't you say earlier that your total liability, you thought was somewhere in the range of $5,000?



RANGEL: Yes, but that is only because the deduction that I normally would have taken during the year, which I sold my house, I could not fully have taken because of the capital gains, as it relates to the sale of my house here. So, I could not have taken advantage during that one or two years that I filed here of the full tax that the Dominican Republic, taken from whatever resources I had there.

REPORTER: Sir —

RANGEL: It would have washed in each and every year. It would have been a wash, had I done the right thing.

REPORTER: Because of the foreign tax —

RANGEL: Huh?

REPORTER: Because of the foreign tax —

RANGEL: And the depreciation. There would have been a wash. That's no excuse for not reporting it, but there would have been no tax liability. The tax liability of $5,000 was just brought to my attention yesterday before, where, because of the, the, um, capital gains tax with my house that was sold recently, where I used to live, I could not have enjoyed the full benefit of the tax credit.

REPORTER: Sir, by your own accounting, you made an investment in a property at the invitation of a friend that you got, for most of the period, was a no-interest loan. You failed to report the income on your taxes and on your disclosure forms. You mentioned that members of Congress should be held to a higher standard. Do you feel that you've met that standard?

RANGEL: Of course not.

REPORTER: And do you believe you deserve any special treatment?

RANGEL: How? Maybe it's something I'm missing, but you would be helpful to me in case there's something that I missed. On the question of the interest, I had no clue that for 18 of the last 20 years that they didn't charge me interest. It was found out, through Lanny Davis. I got a letter from the owner saying that the group of all of us that bought without seeing the building, and when the building went up, they weren't getting any guests, and people were afraid they would leave the investment, they decided unilaterally, that since they were making all kinds of deductions, there's no reason for me to believe that with taxes, and upgrading, and all of that, that they — they can take out whatever they wanted. If they took out for the interest, it would not have made any difference to me. So, no, definitely, I was not singled out for preferential treatment.



REPORTER: Sir, people with tax problems look to your example and tell the IRS, 'Well, Charlie Rangel didn't know, and I didn't know.'

RANGEL: I'd tell them stay away from the Dominican Republic. It's very difficult doing business with them.

[Light laughter]

REPORTER: Sir, I'm being [inaudible].

RANGEL: Well, listen. It's a rhetorical question you're asking. Listen. If you want to debate with me politically, we can do that, but not here. I want to answer your questions, and you make the judgments, but don't ask me subjectively what I think in terms of my character.

REPORTER: Sir, you are a master politician, and that you would know how people will look at this.

RANGEL: What paper you represent?

REPORTER: The Washington Post.

[Pause]

RANGEL: How the hell would I know how people are looking at this? I would like to — I've had business people say, 'I do what I'm told. I pay the bills. They come in. They don't come in. I got to the accountant. He tells me what I pay. I don't pay.' I don't think that's the way that a chairman of Ways and Means should have clearly handled it. If you ask me should I step aside as a member of Congress, a member of Ways and Means, chairman of the committee? The answer is, 'no.' I really don't believe that, uh, making mistakes means that you have to give up your career. And I would only know how people think about it based on what they tell me. The people who are supporting me in the airport and on the street may not be the majority of people. People who disagree; they don't come and tell me. So, the only way I know is to see whether or not my contract is going — with the people is going to be reinstated.

REPORTER: Number seven [inaudible].

RANGEL: You seven? Good.

REPORTER: Yeah, great. OK.

RANGEL: You got bumped by six.



REPORTER: I know. Yesterday, we talked; you reiterated what you thought what Mr. Boehner was doing here. You talked about City College of New York. You talked about [inaudible] Republican and all this. At the end of the day, though, regardless whether there was right or wrong, do you feel this wall of stuff coming at you inhibits Democrats, generally going into the election, at a time when I asked several republicans yesterday, politically — I said, 'You know, with Jack Abramoff sentenced last week, John Doolittle's former aide being arrested yester — Monday.' I said, 'Does that tarnish them? Don Young. Ted Stevens. They said, 'No, look at the republic — look at the Democrats.' And they mentioned Charlie Rangel.

RANGEL: Well, listen, it's an election year. I don't really think we should, that we as Democrats should pick out Republicans who are in trouble and then campaign based on their misfortune or misdeeds, or before the juries or the committees actually determine what, if anything, has been done wrong. I feel very strong against this because, uh, this could have happened to me in the brink of a tight lection, not that I know any tight elections, but it could happen to other people, So, it doesn't do well for the Congress of the United States that this is happening. We've got big problems we're going to have to resolve. And at the end of the day, I really know that John Boehner agrees with me. I know that. I know that.

REPORTER: Have you talked to him?

RANGEL: No. I'm too kind. Who has not been recognized? One. Two. Three. Four. Starting all over. One. Two. Three. Four. Then we'll go back.

REPORTER: Um, the $5,000 in federal taxes and penalties and such. How much do you owe to the state and to the city?

RANGEL: Less than five [thousand].

REPORTER: Less? Combined state and —

RANGEL: Less than ten [thousand]. Who? Remember your numbers. I don't.

REPORTER: Two-part question: To follow on what was just asked, to what degree now does Congressman Charlie Rangel become part of that conversation from both Barack Obama and John McCain, 'Washington is broken, and needs to be fixed.' Um, and part two, on a personal level, how embarrassed and, or pained are you by having to go through all of this?

RANGEL: The first one is subjective, uh. It is true that the ratings of the Congress based on our performance was adversely affected by the Senate not being able to pass many of the things that we would have been proud of. And, uh, I have to leave that up to the pollings in terms of attacking each other, telling each other to step aside and accusing each other before — based on newspaper stories. I can't



answer that. Um, I personally feel that I've done nothing morally wrong. I am concerned more for members of Congress, friends that have to explain, uh, that I have done nothing wrong. With all of the issues that our nation is facing, in terms of life and death, war and peace, Fannie Mae, Freddie Mac, justice, tax system, health, education, welfare, and the elections, um, I'm surprised that, really surprised that this issue has reached the front page of so many newspapers. But I wanted to make it abundantly clear: that comes with my job. And me telling you how I feel about it, I can only say I was not drafted. I asked for the job, and anything that comes with it. And if there's any small comfort I get, I can say this has never happened to me in my entire political career. It's not pleasant, but I have no complaint.

REPORTER: How do you frame the debate, going forward, on the future of Fannie Mae and Freddie Mac?

RANGEL: No. No. Meet me later.

REPORTER: Why do you think that, um, all these stories have come out now in the last three months?

RANGEL: I have tried to give so many conspiracy thoughts. 'Why me? How does it happen?' All the reasons and, 'Is there a conspiracy?' There is no question that the Republican Campaign Committee has decided that this is a good place to spend some money. They have sent out more clippings, newspaper stories, more letters to candidates that are running against Democrats who have been given contributions. They, they are now asking that I be kicked out, that I be removed. This has become, if not initiated, certainly a Republican campaign issue. And, uh, I was reminded that, um, not too long ago, I attended the funeral of Guy Vander Jagt, who was the chairman of the House Republican Campaign Committee, and how, no matter how vigorous the campaigns, we and our families always enjoyed each other's friendships. Even to the extreme of him attending my fundraisers and I his. Uh, it doesn't seem that long ago that we could be partisan and friends at the same time, but I spoke at Guy Vander Jagt's funeral, and I mentioned that, and his wife remembers it so well. But those days may have gone but they're not forgotten.

REPORTER: Has the Ethics Committee actually agreed to take —

RANGEL: Yes.

REPORTER: They have?

RANGEL: Yes.

REPORTER: Are Republicans going to be able to turn the tables and use you as opposed to the trial of — the culture of corruption in Congress and link it and have some affect on the election. You say that this is just white noise —



RANGEL: I don't know.

REPORTER: – that will get in the way of what Congress needs to be doing, but is it going to get in the way of the election?

RANGEL: I don't see how, but I don't know what I'm taking about. I, you know, how, how could I possibly answer? All I can say –

REPORTER: Sir, you don't mean to –

RANGEL: What?

REPORTER: That, that is, that everything that has come out is going to get in the way of some Democratic candidates, trying to link you to them, and use it as a –

RANGEL: Nobody has returned any of the contributions I've given. Nobody's said anything, Jesus Christ. No, it doesn't concern me. It concerns me that it's an issue. But it's a concern I cannot possibly do anything about.

REPORTER: Number three, sir.

RANGEL: Number three, ma'am [gesturing at a separate reporter].

REPORTER: I defer.

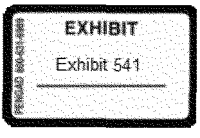
RANGEL: OK.

REPORTER: My name is James. I've been a journalist for 16 years. I'm with the Daily News. Um, you've talked about you – how far you've come in your career. Obviously, very proudly. Millions of Americans are proud of you for that. Today, you've made a kind of dubious list, though. A public watchdog group, a liberal group, Citizens for Responsibility and Ethics in Washington, added you to their list, their annual list, of the 20 most corrupt members of Congress. What is your reaction?

RANGEL: Am I on the list?

REPORTER: You are on the list.

RANGEL: I think that's sad and unfair. And I wish, really, that they had an opportunity to review all of the facts, which I've been advised, that will be turned over to everybody that has a concern about my conduct. And if at the end of the day, no strike that, at the end of the day, I am confident they would agree that they made a poor judgment. [To one reporter] I'd like to get to people who have not had



an opportunity before I get back to you, so I promise when we finish with this group you're number one of the second group.

REPORTER: Well, I asked the first question.

RANGEL: Alright. You go.

REPORTER: A minor question and a major question. First, in your letter to Nancy Pelosi, uh, you state that, uh, 'I've not personally received proceeds in cash.' But yet, in the fact sheet it says, that you received $2,000 in an accidental wiring.

RANGEL: Well, I have no received any cash. It was wired to a bank that I haven't used in ten years. My wife was unaware of it being there. And so, I told them that they never sent me a check. They told me lawyer inadvertently that they had wired it to a bank. So, the statement speaks for itself, and I can't challenge what they say, but I don't have any bank records of $2,000 ever being received.

REPORTER: The major thing — documents that we haven't received. Um, why isn't there a settlement sheet in here, your original wordage of your [inaudible]. Had to be in English, which showed where you got the loan for your mortgage, what the terms were.

RANGEL: I gave you all that. I, I got it from them.

REPORTER: Yeah, but we're relying on letters written recently from people contacted by your lawyer.

RANGEL: We have any contract in English or Spanish? [To staff].

LANNY DAVIS: If anybody has any questions or you want anything, ask me, and if we can get it, you'll get it.

RANGEL: I don't have any problem —

LANNY DAVIS: You have the information. If you want something else, ask —

REPORTER: What I have —

RANGEL: I don't have it.

LANNY DAVIS: [to reporter] The answer is ask me, and we'll do our best to get anything you need.

RANGEL: Spokesman [gesturing towards Lanny].

REPORTER: Mr. Chairman,



RANGEL: Second round. Second round. One. Two. Three. Four. Five.

REPORTER: Has the Ethics Committee contacted you? Have they requested any documents from you? Have you provided those documents yet?

RANGEL: Have we unloaded all this on the — [To staff].

LANNY DAVIS: We were contacted by the counsel to the Ethics Committee. And we filed the first two requests at [inaudible] of the August recess. He said he'd get back to me. We offered complete transparency. Whatever they want, they'll have. Whatever time, [inaudible], so far, we've not heard back.

RANGEL: I don't really think that they're going to get much more than what's here, unless they ask for it.

REPORTER: But they have not launched an official investigative subcommittee?

RANGEL: I don't know because the chairperson died, so, I know that [Rep.] Green hasn't. I don't know how far it's gone. I have not asked as a member of Congress, and uh, it's my belief that the Speaker never discussed my case with Stephanie Tubbs Jones. And the only thing I know about Green is that he said he didn't want to be on it, but if he stuck with it, he'll proceed. So, I don't know, but I wanted to say, that I don't see how, and I haven't gone through all this, there's going to be very much more before the Ethics Committee than I'm making available to you.

REPORTER: Mr. Chairman,

LANNY DAVIS: I'm sorry to interrupt. Excuse me. Speaking of Stephanie Tubbs Jones, her memorial service starts at 11.

RANGEL: Oh, I'm speaking. OK.

LANNY DAVIS: So, I would suggest another five or 10 minutes —

RANGEL: No. I said I'm-a stay here. Just take that into consideration. There's a memorial service for my colleague and friend, and uh, especially if there's anyone who hasn't had an opportunity, and try not to be repetitious. So, how many people wanted to ask a question? Okay. We'll close it at that. One. Two. Three. Four. And my answer's going to be extremely short.

REPORTER: OK. Just to follow up, have you, they have not requested any documents from you?

RANGEL: Not from me. Have they from you? [To Lanny.]



LANNY DAVIS: I said not yet.

RANGEL: OK. That's enough. Two! Who's number two.

REPORTER: When you speak to the House later today —

RANGEL: I'm not speaking to the House leader. I'm-a speak to the House, hopefully, today. I'm not speaking to the leader. I'll be talking about him,

REPORTER: When you speak on the House floor —

RANGEL: Yes.

REPORTER: — are you going to apologize for your —

RANGEL: Be there! No telling what I'll say. I don't have a script. So, be there. Three!

REPORTER: The Republicans are going after people you've given contributions to. Um, are you going to continue to raise money, and —

RANGEL: You bet you're sweet life. Number four!

[Laughter]

REPORTER: When you let other members of Congress stay in your villa, did they pay rent or was that done at your courtesy?

[Pause]

RANGEL: I do know of a very conservative — at my courtesy — but I do know —

REPORTER: They didn't pay rent at Punta Cana at all?

RANGEL: No. No. No. But I do know a very interesting story, of a very conservative Republican on the elevator, full of members, saying, 'I really enjoyed spending the Christmas holidays with you.' And I thought he had the wrong guy, and he was kind of old. And when I got off the elevator, I said what the heck were you talking about? He said, 'I went to Punta Cana, and my family enjoyed the vacation down there.' He was there as a tourist.

REPORTER: So doesn't that count as your use, if you're bestowing it as a gift to friends who weren't paying for it?

RANGEL: Yeah, sure. Yeah, it was a gift to my friend. Sure. It was a gift to my son. To my daughter. It was a gift to their friends. Yes. Next question!



REPORTER: So, isn't there a depreciation question if you used it, have used it for more than two weeks, are you the not allowed to deduct the depreciation on the second home?

RANGEL: I have never used it for more than — I have never used it for more than two weeks.

REPORTER: Right, but if you're using it as a gift to friends and colleagues —

RANGEL: I don't know. I don't know. But I make it unequivocal, that I had had people there that have been friends, that have stayed there a couple of days.

REPORTER: In your summary of the City College [inaudible], it sounded like you were expressing a little more regret about the way people saw it. Is that correct?

RANGEL: Regret what?

REPORTER: Would it be correct to say, you recognized, you said, 'People might say, I didn't ask for money, but I asked for a meeting, and I might have known' —

RANGEL: They might. No one has said that.

REPORTER: No, I understand. But do you look back at the episode, do you now see more how people might have —

RANGEL: Not at all, except if the Ethics Committee say it. I am so proud of me reaching out to the private sector, trying to get them to do more to increase and better public education, and I don't know what to do. The only thing I want to do is to be guided that I do it in an ethical way. If they come back and say, I could have written it 'Charles Rangel' and been OK, or that I could have said 'Congressman Rangel' but not have a seal, I respect that. But nothing is going to stop me from legally and ethically going out and recruiting funds, tens of millions of dollars has gone to schools throughout the United States and in New York City, because of me bringing CEOs together, with Chairman Klein, Mayor Bloomberg. We're cutting ribbons; we're opening up schools. I am unabashedly enthusiastic about increasing the quality of education within the law. I cannot see today, as I talk before you, how that was not official, what I did. If the Ethics Committee decides that I should have done it a different way, I will do it a different way and encourage other people to do it in a different way. So, that is the most difficult one of all of these questions because what I did I was so proud of, and for someone to challenge it, I am surprised. But again, my job is not to think of what the law should be as relates to the Ethics Committee but to abide by it. Thank you.



PRESS CONFERENCE WITH REPRESENTATIVE CHARLES B. RANGEL

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Wednesday, September 10, 2008



Mr. Rangel. Do I have one of these to put up so I can listen to me?

Q We can send you an MP3.

Mr. Rangel. A what?

Q We'll get it to you.

Mr. Rangel. Okay.

Q We'll get you a copy.

Mr. Rangel. Would you really?

Q Sure.

Mr. Rangel. Great. Thank you.

For the first time in 50 years, I have a spokesperson, and I'm not really used to it. So I told the spokesperson I had to break loose because, as you know, I've always felt that the press -- I should make myself available to the press and therefore make myself available to the general public not just as a Congressman, but as the Chairman.

You will see here that we have for you a big stack of materials. I would hope that you wouldn't read it now. I will give you a summary of it. I will stay here to answer all of your questions, even though the answers may be there. And after you have had a chance to read what you want and what you don't want, early next week, if you believe that there are further questions and things that you want to talk about, I will be only too glad to come to answer those questions.



Since I prepared myself for this press conference, it's come to my attention that the Minority Leader, John Boehner, has asked the Speaker to have me removed as the Chairman of the Ways and Means Committee. This is the same John Boehner that asked the House of Representatives to censure and have me step aside and a variety of other wild allegations.

I have felt embarrassed for my friend, John Boehner, for believing that politically that he has to do this. Now, I know that the word "my friend" is casually used around the House and Senate, but John has truly been my friend over the years. We've worked very closely together, and he has worked well with other Democratic leaders. Most recently we proved that as he worked with Jim McCrery, the Ranking Republican of my committee, for -- for unemployment compensation and a variety of other things we worked closely together.

It is my understanding that he feels politically he has to do this, and I feel sorry that he feels that it is necessary. And I am more than confident that he knows that there is no justification other than he is moved to do this by some of his people in his party.

But we have a lot of work to do together next year, Republicans and Democrats, and I hope to have an opportunity sometime today to address the House on this issue, because there are not going to be Democratic solutions to the problems that our country and this Congress is going to face



in taxes, health care, trade, putting together Social Security. These are not going to be decided as Democrat or Republican issues. It screams for bipartisanship. It is going to be necessary. No matter who the next President is, the House and Senate is going to have to dispose of these policies.

To polarize and demand and ask and request that Republicans just support these wild allegations is unfair to Republicans, unfair to Democrats, unfair to our constituents, the Congress, and the country, and I will be going into much more detail on the floor why it is necessary to allow every Member the opportunity to be heard.

I first would like to read a letter that I'm sending to Nancy Pelosi, and then to get more specific as relates to the issues that have now been referred to the -- to the Ethics Committee. And all the documentation that is necessary that I will be sending or have sent to the Ethics Committee is available in these packages.

"Dear Speaker Pelosi, I regret any embarrassment to my fellow Members of Congress and colleagues on the Ways and Means Committee that may have been caused by unfair and inaccurate reports in the press concerning my handling of details of my personal finances related to my interest in a vacation home in the Dominican Republic."

I want you to know apart from this, some people



justified the inaccuracies by saying that because I stonewalled and was not kind to the reporter is the reason why it was not as accurate as it could have been. That is something that we will take care of later.

"Twenty years ago, I was invited by a personal friend and prominent New Yorker to invest in a beach house in the Dominican Republic. Although they had not been completed, it was a beautiful site for the price of $88,000 -- 89,000, requiring a down payment of $28,900. The conditions of the transaction was that the mortgage would be reduced from rentals of the beach house. Each owner would benefit from a pool fund of rental proceeds with the amount of each determined by the number of rooms in the unit. I refinanced my home in order to take advantage of the opportunity. Since acquiring the property, another 23,000 was added to the mortgage for construction of a third bedroom.

"Until this year I have not received any personal cash proceeds for the rental of the unit. In fact, the investment reduced my mortgage by less than $5,000 a year over a period of 20 years. What I now know is that although I have not personally received proceeds in cash, the fact that any reduction to the mortgage actually counted as income and should have been reported as such.

"The company's failure to provide timely and regular statements does not excuse any failure to more vigilantly



pursue the actual terms of the arrangement and was not appropriate. For this I take full responsibility.

"As you know, several weeks ago I requested the House Ethics Committee initiate two separate inquiries" -- and that's the one concerning City College and the one concerning my home in New York -- "and I am prepared to seek an additional House Ethics Committee inquiry to look into my failure to report the financial details of Punta Cana.

"I want to assure you that my love of my country, my own personal morals, my devotion to the Congress of the United States prevent me from doing anything that would damage the reputation of this great body. In addition, as Chairman of the Ways and Means Committee, I am and should be held to a higher standard.

"So I am reviewing the file, and attorneys will make the necessary corrections to past filings with the IRS. I have consulted with my lawyer and accountant. Second, I will shortly be filing an amended Federal, State and local income tax returns. All of that information is there. Third, I will ask my accountant to gather all remaining tax information back to the first when I made my investment 20 years ago, and whatever taxes I owe will be paid.

"I look forward to a further review of the details by the Ethics Committee. I hope this will be handled expeditiously."



Okay. That's the formal letter sent to the Speaker. Let me walk you through how this occurred. Twenty years ago, I was on a congressional trip with Speaker Tip O'Neill, and I was in Santo Domingo -- no, it was Casa de Campo. I got a call from a long and dear friend of mine in New York wanting to share with me some venture that he wanted to do in a town that I never heard of called Punta Cana. While I was reluctant to go, my wife said, what the heck, he's a friend. So the only day I had off, I went to this place where my friend who was telling me about a dream that he had for the Dominican that -- building a resort area. Included in this dream of his was beach houses that would be sold at $82,000, and no beach houses existed.

I looked, and I thought it was a great idea, but I said, thanks, but no thanks. After I saw the renderings of what the house was going to look like, and then it was explained that less than $30,000 down and that somehow the management would take the proceeds and reduce the mortgage that would have been roughly $50,000, I said to my wife, hey, we don't own anything. Let's refinance, get the $30,000 and put it down.

There were provisions there that I could only stay there 9 weeks a year, and the rest of it the hotel would be renting and doing all of this. It was my understanding -- I didn't know how they intended to do it, but I want to thank my



friend and lawyer, Lanny Davis, for putting together a team that has been able to do what I have been not been able to do in 20 years, and that is to break through the cultural and language barrier and getting the owners to share with me the method in which this mortgage would be reduced and ultimately eliminated. And you will see a package of how this is done.

For the first official letter that I ever got from the owner, Frank Laneri, in refuting the allegations in the newspaper that somehow the rental of my beach house had something to do with how much money I personally received, the fact is that all of the beach houses -- all of the beach houses, whether they were occupied or not occupied, the revenues would go into a pool. From the pool, the hotel would take its commission, costs of renovation, the costs of upgrading, the costs of hurricane damage, Federal -- the Dominican taxes, interest. And I say "interest" because that was built into it.

One of the headlines was that Rangel received preferential treatment in interest. I thought they were taking it out. They decided that all of the villas, because they were not making any money, they wanted to encourage people not to give up and to walk away, that they decided unilaterally and collectively that every investor would be relieved of interest. I didn't know it. It made no difference to me. I wasn't receiving anything, and they were



all trying to decide, after all the resources and they got whatever they wanted, the balance would be equally distributed to the beach houses based on the number of rooms.

Some years nothing was attributed. Other years $5,000 was attributed. Maybe 10-, $12,000 in 1 year. But it suffices to say that over a period of 20 years, the average that would have been received from income to reduce the mortgage was less than $5,000 a year.

That would have meant that if I was able to do myself what Lanny Davis was able to do, to actually get these amounts, that even though I didn't receive the checks, that had to be income if it was reducing my indebtedness. In sharing this with my accountant, who worked very closely with Mr. Davis, and the interpreters and the Dominican authorities, they were able to determine that my tax liability would have been little or nothing as a result of the foreign tax credit that I would enjoy and the fact that the depreciation would have been taken into place.

You will see, however, that they have readjusted that, and the amount would be closer to $5,000 in Federal liability, because when we sold our home, the one that we refinanced in order to get the $30,000, the capital gains would not allow us to take advantage of the full foreign tax credit, and I would have had liability of $5,000 Federal and less than that in local and State.



I wanted to make it clear that even though it is true that my committee deals with trillions of dollars in taxes over the years, that I do not take the $5,000 liability lightly, because it is the policy that I have to set as a Member of Congress and in the committee as the Chairman, and not the actual amount that is there. So the fact that I am going to make certain that the reports are corrected and filed does not mean in any way that I belittle the actual inaccuracies that are there. And I do hope that my explanation will be sufficient to say that we do make errors, even though we consider ourselves experts in terms of tax policy for the Nation, and that those same standards should apply.

If you have any questions on this issue, I am going to stay here to answer them. And I would like to -- I have letters supporting now for the first time in my life, and certainly the last 20 years, from the management that I never received a letter from in my life indicating how these things actually worked.

I would like to say as an aside that the whole idea, though, that reporters can send reporters in disguise as tourists to invade one's family and take unflattering pictures, I really think that even Congresspeople are entitled to some privacy. But I wrote in a book that I haven't had a bad day since I was shot and left in Korea, and



I was stretching to see how I could make a good day out of it. And so my wife looked at the picture and said, "You know, you're fat." And I really wasn't concerned about that. But I hope that some of you would notice that I have lost about 10 or 15 pounds as a result of that picture. So I haven't had a terrible day, but it wasn't a comfortable one.

Let me move swiftly to the house and the allegations that Rangel received a gift because he lives in four subsidized apartments.

Mr. Rangel. First of all, there's no violation of any New York State law if somebody did live in four subsidized apartments, even if those apartments were on different floors. This is legal interpretation, not from reporters but from well-known national and local lawyers. But the first of the matter is I did not live in four subsidized apartments. Twenty years ago my wife and I, especially my wife, decided that we were too old to be dealing with heating houses and apartments and electricians and that. We wanted someone else to do it, so were going to move into an apartment.

I wanted to make certain, at that time there was a high crime rate in Harlem, I'm proud to say that there is none now, but people were leaving Harlem actually. And Lenox Terrace was not only not preferred people of income moving there, but one of the more prominent pastors, knowing that my wife was looking for a place, and I was insisting that it be



in Harlem, notwithstanding that my district goes into some affluent areas, shared with my wife that he had a large apartment there that he had made certain that accommodated her needs and that it could be available.

My wife, while I was in Washington, dealt with the landlord. I want to make it abundantly clear, I've never met the landlord, I wouldn't know who he was if I saw him, I only met one agent of the landlord, he did not come to lobby me, he came to tell me that they want to make substantial redevelop. And he talked to me as an attorney and he talked to my chief of staff as a tenant. He didn't ask me for anything, therefore he didn't get anything. But that's the only exception to the fact that I've never really met any of these people personally. In terms of any kindness that the landlord has shown me, any time there's been violations of the tenants' rights I have a very, very active tenant association, I wish that the reporter had talked with them in terms of my protection of the tenants rights in that building. And even if I didn't want to, my wife was the floor captain of the tenants' organization. And hey, I got to go to bed at night so which side I'm on on this is abundantly clear.

Also, as an aside I think it's clear that there's no Member in Congress that has sponsored legislation affordable tax credit that is responsible for more affordable housing in



this country than me, so says the affordable housing associations throughout the country. In any event, one day I came home, my wife took me over to this place that has been described by the reporter as a penthouse. There is no penthouse, I don't live on the top floor, but that was his. And I looked at this very large apartment. I had no way of knowing that it had been two apartments. I signed a lease for one apartment. As far as I'm concerned, it is one apartment, and I've lived there for 20 years as one apartment.

Ten years after we were there, my wife notified me that there was a studio apartment next door that would be available. She said that she didn't see a need for any more space. I told her that I thought it would be ideal for me. She didn't want my political friends in the living room, she didn't want any poker games, she was tired of seeing me working all the time. And that I said, well, look, I think I could use this place, and use it I did and have. My friends have joked that you don't have a hideaway right next door where you live.

Well, it may not be a hideaway, but I can tell you one thing, there's not a day that I'm in New York that I'm not able to go there to have my meetings with friends who happen to be politicians. They can smoke if they want, they can cuss if they want, I can listen to music, I can read what I



want. And it saved a lot of fussing in the house since I'm able to just walk out, slam the door and go next door. And so for me, if you want to call it two apartments, it's right because there are two separate leases. What about this place that you had downstairs in 10U? Well, I've been fortunate that I can honestly say that over 38 years in the Congress I don't remember calling anybody for a contribution for my campaign, because I don't remember, except on two occasions, having a campaign, and I don't remember too many people anxious to give me money for a noncampaign.

I was very good at calling people to help other colleagues. But quite frankly, my popularity really increased as I gained seniority on the Ways and Means Committee. And even though I only had a volunteer financial director named Dick Brown, who is well known in Democratic circles who volunteered to do this out of Washington and get one event for me in New York, it reached a point that it was too big an operation for one guy to do in a club. He said he wanted to hire somebody. And so he thought it would be better if we left the club and found someplace to go. Knowing that there were vacancies in the Lenox Terrace, knowing that there were other people not on the commercial floor but within the building operating offices, it was negotiated with the landlord that three staff members would go into the 10th floor, and that was my finance operation.



The operation grew until we got five people. And when the lease expired, was going to expire October of this year, I was notified by executive director and I never talked yet with the landlord, never thought I had to since things were working out, but they notified him that we were not going to renew the lease, but we were looking for a larger place for our offices.

And the landlord suggested an apartment that had been renovated at double the rate across the way. We had contemplated moving there before the publicity, and we just decided that even though we were welcome by the landlord to continue operation in a bigger place where we would have air-conditioning and more space for the workers, but we found another place in the same community. And this community is dear to me.

So the whole idea when you're paying the maximum rent, there's no four apartments, the office, all of this is in front of the Ethics Committee. I went to school and my mother did before me on the elementary school that was on 133rd Street, I moved from on 132nd Street where I lived all my life to on 135th Street. The reason for me looking for someplace to pay more rent is absolutely ridiculous. And I used the same subway a half a block from where I lived to go to high school. And the hospital that I went to from health care is across the street from where I live. At my age it's



very important to have a hospital nearby.

So I don't know what other questions one may have about that, but put a point in that, and I'll be glad to go back and redo anything that I may have missed.

The last one, of course, is the abuse of using Congressional stationery. And don't get me going on education. I feel it's almost my mission to educate lawmakers, foundation people, schools. That we have to do better as a Nation if we're going to be competitive in terms of educating our work force. I resent it as an American that we have to change our visa laws to get educated people better in math, science and technology because we are not producing them.

Condoleezza Rice has gone all over with me talking to business people saying our failure to educate our young people is a threat to our national security. Just the other day she gave a speech indicating how embarrassed she was in going into embassies all over the world and not seeing enough Federal representatives looking like she. And she wrote at the Rangel fellows that she helped me to get Howard and other historically black colleges, where kids who have no understanding of public service, can learn the value of foreign service.

There are already 100 African American minorities and others upon graduation automatically going into foreign



service to serve to help this country. I can't begin to tell you the pride that I have in seeing them saying that they were Rangel fellows. We have so many Barack Obamas, educated African Americans. But most of them, unlike he and others, don't go into public service. They're up on Wall Street. They're making money, as he could have done. I want to make certain that public servants, at least get an option that would be able to say, just like the staffers on this Hill, that we rely on in order to be effective Members of Congress and sit at public service. I shared these views with the president of City College. City College is within view of where I live and was raised on Lenox Avenue.

To us on Lenox Avenue, it's just a big castle up there. We didn't have any idea what the hell they were doing up there. But when I went into the Army, I went in as a high school dropout. When I came out not only was I a Purple Heart veteran looking good, a pocketful of money, more self-esteem than I needed, I had no idea that I was unemployable. And the whole idea that I was a high school dropout never stopped me in the Army. I didn't see how in the hell it was going to stop me on Lenox Avenue. But on that occasion when I was pushing a hand truck, embarrassed and fell in the street, the cops was pushing me out, Staff Sergeant Charles Rangel being cussed out only to the VA and said I need some help. The long and short of the story is



from high school scholarship I went to law school.

The gap between being a high school dropout at 22 years old and chairman of the Ways and Means Committee is 7 to 8 years college education. And most people on the block that knew me, especially those in the Army, said if Rangel can do it, anybody can do it. And I almost believed them. The truth of the matter is that education makes the difference. It was just about as official as I could get. And writing 100 people, people in foundations, people who support education endeavors, for me to be able to say please meet with President Gregory Williams and have him share the dream that he would develop a school to point young people to having them understand the importance of public service. And the fact that the board of trustees decided to name it after Charles Rangel, some may think that is a great honor to me, and I accept it that way, others may think they thought that would be a way to attract more money, and I accept that too.

Regardless of what it was, I went out of my way to make certain no way in that letter did I ask them for a nickel. I asked for the meeting. If the Ethics Committee wants to decide that it was my intention that money would be solicited during those meetings for the purposes of moving on this school of public service, I would have to say you're probably right. If they say that you could have written that on something other than saying you're a Member of the House of



Representatives, I have to say you're right. But not just for me, but for Members who really want to use their public office to encourage public service, it would make it abundantly clear what they can and what they cannot do.

In conclusion, let me say this: I do not expect any special treatment because I'm a Member of Congress. Whatever mistakes, if any, I have made, I am prepared to make certain that the record is set straight. As a matter of fact, I truly believe that Members of Congress and those in public service really have a higher obligation than people who vote for them to set an example. So I had a talk with the Speaker. I'm so pleased that she's going to fulfill the spot that my beloved late Stephanie Tubbs Jones has left so that whoever she selects as the chairperson can move on. But I'm going to tell the press this afternoon I'm a lucky old son of a gun that ain't nothing going to stop me from getting back here next year. But if this had happened to some younger Republican or Democrat where the House would respond based on a story in the press, it would be so unfair and have such a damaging impact on my friend and colleagues in the Congress and those that have to follow us.

I end by repeating what I said earlier, I'm prepared to stay and answer any questions, even though the answers may be and what my staff probably spent all night preparing, I can share with you staff that I appreciate it but I haven't read



that stuff. But let me take your questions. Thank you for your patience. And 1, 2, 3, 4, 5 and 6, 7, whatever your numbers, 8, and I'll come back and do it again.

Q How many days did you spend at the villa at Punta Cana each year?

Mr. Rangel. Some years, none; no year more than 4. And the 9 weeks that I was restricted to it until the place was paid for, I shared with Members of Congress, Republican and Democrat. Yeah, go down and enjoy the place.

Q You spent 4 days?

Mr. Rangel. I have never spent more than -- I am entitled to 9 weeks under the contract. It never became an issue because I have never spent more than 9 days, never. I never spent more than 4 days there at any given time. And some years I never got a chance to go at all.

Q You never spent more than 4 days there in any one year?

Mr. Rangel. I don't know how many different ways I can say it, but I'm going to try it a third time. In some years, I spent no time there. Not because I didn't want to. Knowing that I had all this time there that I could spend -- Members of Congress have spent their honeymoon there. Republicans have gone there for holidays. I have never had an opportunity to spend more than 4 days because of my time. I could have spent 9 weeks there. And this last time I spent



4 days with my son there, which we shared with a New York Post reporter not to my knowledge.

Q Which Members of Congress did you allow to use it go down?

Mr. Rangel. I don't really think their privacy should be invaded like mine. They did it as friends.

Q Sir, how much is the property worth right now?

Mr. Rangel. One of the reasons why -- I'm glad you raised that. There is changes in the disclosure. I have now accumulated all of the disclosures in 20 years, made them available. And the only reason why there is various amounts contributed to the worth is because George Dalley who filled out the form said he had no idea what the worth was, because none of them have been sold and so there is nothing to compare it with.

But I can tell you this, whatever it was worth, it is worth a hell of a lot less now because the tourist market in the Caribbean has fallen dramatically for all of the resorts.

Q And just so I understand, what you and I think your wife invested, you put the original downpayment --

Mr. Rangel. Let me get that straight. It was $82,000. I put down $28,000. The remainder was, what, $60,000, $50,000-something? I added another increase of indebtedness by $23,000. At the end of the day, it is less then $100,000.

Q But did you ever make a payment to the resort, or



did it all come from this pooled fund from rental income?

Mr. Rangel. I made the $28,000 payment. That was the downpayment. There was another payment of about $2,000 to have stone placed on my building like the owner had on his buildings. I said, "I want the same thing." He said it cost more. I said, "How much?" He said, "$2,000." I put down $2,000 to put up the stone. But other than that, the total out-of-pocket investment would have been $30,000?

Q Can I just follow up? I'm trying to understand how you realized that income taxes would have been owed on this amount. I mean, if I buy an investment property here and someone pays me rent and I put it toward the principal on the mortgage, I owe income taxes on that. How did you not understand it?

Mr. Rangel. I never got any idea that I had any income. Some years there was no income. I received no communication for the income. I went to my friend, the owner, part-owner, in New York. He could not penetrate it. Every time I thought I was getting through, they started talking Spanish. In over 20 years, I got a half a dozen statements, some in Spanish, some in English. It would show the reduction of the mortgage.

But you are right, a reduction of mortgage has to come from somewhere. And only because Lanny Davis had a team that actually talked with them in English and Spanish -- yes, I



should have known you don't get a reduction in mortgage.

But I'm saying that, as I deal with trillions of dollars, the whole idea of possibly having $2,000 one year, less than that the other year, $5,000 the next year, was an omission, an omission that is irresponsible. And that's it.

Number three?

Q You mentioned earlier that you think, as a Member of Congress, you owe it to the public to uphold very high standards in terms of disclosure. Will you therefore be releasing your tax returns?

Mr. Rangel. I actually have now got 10 years of my tax returns, and my lawyer believes that I will be able to get 20 years. I'm going to have to look at it to make certain that there is nothing that I would be releasing that could possibly cause embarrassment to someone else. But I'm talking with my accountant, and I'm not prepared to say that in terms of -- you know, certainly I am prepared to say that the one I will be refiling and whatnot will be released?

Q Why not make it public? There are obviously questions based on --

Mr. Rangel. What question -- you know, I may be able to do it based on the questions. I just want to make certain that releasing 20 years of tax returns, that -- I just want to make certain that you don't ask anybody any questions except me. I'm the one that signed it. And even if it is my



wife, I don't want to expose other people.

But the disclosure forms, definitely. Are they available now? The old ones and the amended ones will be public.

Four, number four. You forgot your numbers.

Q Mr. Chairman, I will note, is the past you were known as tax gap Charlie, you were up front, you were up on the high pedestal, talking about the culture of corruption with the Republicans. Now we have a story where you went on a congressional trip to the Caribbean. You turned it into a junket, in essence, by going out and buying property when you were down there on a congressional trip. You didn't pay taxes for all these years.

You're head of Ways and Means. I mean, are you going to have any moral standing going forward, and calling for a gas tax and taxing the rich and --

Mr. Rangel. I don't really think that, with my ego, it would be fair for me to judge what I think about my moral standards. But I think it is a fair question. I have to be judged by other people in terms of morality.

Q Do you think anybody is going to take you seriously, that if you can continuously --

Mr. Rangel. Maybe we should meet after the election and I will be in a better position to share with you that. Because that's the only way I will be able to know. Don't



you think that would be fair, as to what the returns demonstrate?

Q Well, I think you have a career decision to make right now.

Mr. Rangel. How long have you been a journalist?

Q Thirty years.

Mr. Rangel. Well, I have been doing this for 50 years. So I will not judge when you should leave. But I will tell you one thing: I only have a 2-year contract. I don't know how yours is. And every 2 years, the people have an opportunity to reject or renew it.

Four.

Q Chairman, I'm wondering, you know, throughout the process, you're saying that whenever you guys would ask questions, the people in the Dominican Republic would start speaking Spanish and you didn't get the answers. I'm wondering if, at some point, you said there is something going on here, I mean, why aren't these guys answering in English and why am I not -- you know, wasn't there a question in your mind, earlier and now, as to what was --

Mr. Rangel. There has always been a question in my wife's mind. I figured since I wasn't getting money and some years there was nothing to report, I belittled the importance of the fact that I wasn't getting reports. I should not have done that. But, no, I really didn't pay any attention to it.



I wasn't getting any money. The property was there. It was being unutilized. Receiving money wasn't a big deal to me, it really wasn't. And at the end of the day, after 20 years, a $100,000 investment, the first dollars that I find out that I'm entitled to is a $775 check that only last month they told me I was entitled to. And I haven't received that yet.

Q Mr. Chairman, if a friend came to you and said, "I have this mortgage I don't know the details of, I've been collecting rent I don't know the details of, and I owe taxes I don't know the details of," what would you tell that person?

Mr. Rangel. "Who owns the mortgage? Where are they? Let me talk with them."

Next question.

Q Sir, to the best of your knowledge, did anybody stay at the villa that had business before the Ways and Means Committee?

Mr. Rangel. If they did, they did it as a tourist. So I would have no way for me to think that that could have happened?

Q You were inviting Members of Congress to stay there. So --

Mr. Rangel. I have not invited anybody that had any business from the Ways and Means Committee.



Do you want to get this number thing again?

Q I thought I was seven.

Mr. Rangel. Okay. Six, seven, eight.

Q On your financial disclosure forms for the last 10, 15 years, you have sometimes reported income from the villa. And I'm wondering, first of all, did you report that income to the IRS as well? If not, where was the discrepancy between the -- why report it on your congressional forms and not --

Mr. Rangel. Quite frankly, the first time I talked in detail about this with my accountant is through my lawyers. And I may not even now talk with my accountants personally, except I have every confidence that he has gone through this. I can't answer that.

And any income, George, that was reported had to be with one of the few statements that came in and I gave it to you and you saw income and we put it down and then I didn't get it, I didn't give it to you, you didn't put it down. Whether this was forwarded to the accountant, I don't know.

But to my knowledge, any statement of income for any given year never exceeded $6,000. It does not mean it shouldn't have been reported. I am just talking about my tax liability.

Hey, has been over the years in tens of thousands of dollars, and so therefore I may not have given the attention



to the $6,000 I should have. But I would be glad to present in answers to one about -- I would be glad to give my tax liability in summary for as many years -- for the last 5 or 10 years.

Q A couple numbers threw me off. When you were asked originally about how long you were there, and I thought you said never more than 4 days at a time and 9 all together in a year.

Mr. Rangel. No, no. Geez, this is a very difficult concept, isn't it? Let me try it again.

Q One year --

Mr. Rangel. Under the contract, I would turn my place over to the hotel for rent, and I was restricted as the potential owner, which, technically, under Dominican law, I just became the owner when the mortgage was paid.

Having said that, during the 9 weeks that I had, I never used even 9 days a year, much less 9 weeks. And I have never personally with my family spent more than 4 days at one time in one year there.

Q All right. So are you saying to me that in any year that you have owned this thing, you never stayed more than 9 days in that year? I just want to be able to describe how often you went?

Mr. Rangel. I never spent 9, and I can say categorically I never spent more than 9?



Q And when you mentioned a foreign tax credit, reducing your tax liability, is that the tax that the hotel paid to the Dominican government?

Mr. Rangel. An extraordinary higher tax for foreigners than for local tax people that could have been deducted had I filed for my tax liability, bringing it down to zero.

Q Are you --

Mr. Rangel. With depreciation.

Q Am I correct, didn't you say earlier that your total liability you thought was somewhere in the range of $5,000?

Mr. Rangel. Yes, but that is only because the deduction that I know they would have taken during the year which I sold my house I could not have fully have taken because of the capital gains as relates to my house here. So I could not have taken advantage during that 1 or 2 years that I filed here of the full tax of the Dominican Republic taken from whatever resources I had there. It would have washed in each and every year. It would have been a wash had I done the right thing.

Q Because of the foreign tax --

Mr. Rangel. And the depreciation. There would have been a wash. That's no excuse for not reporting it. But there would have been no tax liability.

The tax liability of $5,000 was just brought to my



attention yesterday and the day before, where, because of the capital gains tax with my house that was sold recently where I used to live, I could not have enjoyed the full benefit of the tax credit.

Q Sir, by your own accounting, you made an investment in a property at the invitation of a friend. You got it for what most agree was a no-interest loan, and you failed to report the income on your taxes and on your disclosure forms. You mentioned that Members of Congress should be held to a higher standard?

Do you feel you have met that standard?

Mr. Rangel. Of course not.

Q And do you feel you deserve any special treatment?

Mr. Rangel. No. Maybe if some things are missing. But you would be helpful to me in case there is something that I missed. And your question and the answer is I have no clue that for 18 of the last 20 years that I didn't get charged interest. It was found out through Lanny Davis. I got a letter from the owner saying that the group of all of us that bought without seeing the buildings and when the buildings went up, they received -- they weren't getting any guests and people, they were afraid, would leave the investment. They decided unilaterally that them making all kinds of deductions, there is no reason for me to believe that with taxes and upgrading and all of that, they could take out



whatever they wanted. They took out for the interest, it didn't make any difference to me. Definitely I was not singled out for preferential treatment.

Q Sir, Mr. Chairman, will people with tax problems look to your example and tell the IRS, well, Charlie Rangel didn't know and I didn't know?

Mr. Rangel. I say stay away from the Dominican Republic. It's very difficult for businesses.

Listen, if you want to debate with me politically we can do that but not here. I want to answer your questions and then you make the judgments. But don't ask me subjectively what I think in terms of my character.

Q You're a politician and you know how people would look at this.

Mr. Rangel. What paper do you represent?

Q The Washington Post.

Mr. Rangel. How in the hell would I know how people are looking at this? I had businesspeople say that I do what I am told. I pay the bills. They come in, they don't come in. I go to the accountant. He tells me what to pay. I pay, I don't pay. I don't think that is the way that a chairman of the Ways and Means Committee should cavalierly handle it.

If you are asking should I step aside as a Member of Congress, as a member of the Ways and Means Committee, as chairman of the committee, the answer is no. I really don't



believe that making mistakes means that you have to give up your career. And I would only know how people think about it based on what they tell me, the people who are supporting me in airports and on the street, may not be the majority of people. People disagree, they don't come and tell me. So the only way I know is to see whether or not my contract with the people is going to be reinstated.

Q You stand in doubt?

Mr. Rangel. I agree.

Q You reiterated what Mr. Boehner was doing here. We talked about the City College of New York, we talked about the Dominican Republic and all this. But at the end of the day though, regardless of whether you were right or wrong down there, do you feel that this wall of stuff coming at you and if the Democrats win the election at a time -- when I asked fellow Republicans yesterday politically I said you know with Jack Abramoff being sentenced last week, John Doolittle's former aide being arrested on Monday, does that tarnish them, Don Young said no. They said look at the Republicans -- look at the Democrats, and they mentioned Charlie Rangel.

Mr. Rangel. Well, it is an election year. I don't really think we should, we as Democrats, should pick out Republicans who are in trouble and then campaign based on their misfortune or misdeeds before the jury's or the



committee's action determines what, if anything, they have done wrong.

I feel very strong against this because this could have happened to me in the brink of a tight election, not that I know any tight elections, but it could happen to other people. So it doesn't do well for the Congress of the United States that this is happening. We got big problems that we have to resolve. And at the end of the day, I really know that John Boehner agrees with me. I know that.

Q Have you talked to him?

Mr. Rangel. No. I'm too kind.

Who has not been recognized? One, two, three, four. We are starting all over. One, two, three, four, then we go back.

Q The $5,000, is that Federal taxes --

Mr. Rangel. Yes.

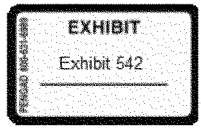
Q And penalties and such? How much do you owe to the State and to the city?

Mr. Rangel. Less than five.

Q Combined State and city?

Mr. Rangel. Less than 10. Remember your numbers. I don't.

Q Two-part question. To what degree though now does Congressman Charlie Rangel become part of that common connection from both Barack Obama and John McCain:



Washington is broke and needs to be fixed? And part two, on a personal level, how much embarrassment or pain are you having to go through?

Mr. Rangel. The first one is subjective. It is true that the ratings of the Congress based on our performance are adversely affected by the Senate not being able to pass many of the things that we would have been proud of. And I have to leave that up to the polling in terms of attacking each other, telling each other to step aside and accusing each other before, based on the newspaper stories. I can't answer that. I personally feel that I have done nothing morally wrong. I am concerned more for Members of Congress, friends, that have to explain that I have done nothing wrong.

With all of the issues that our Nation is facing in terms of life and death, war and peace, Fannie Mae, Freddie Mac, injustice, taxes, the health, education, welfare, and the elections, I am surprised that, really surprised, that this issue has reached the front page of so many newspapers. But I want to make it abundantly clear that comes with my job. And me telling you how I feel about it, I can only say I was not drafted. I asked for the job and anything that comes with it. If there is any small comfort I can get, I can say that this has never happened to me in my entire political career. It is not pleasant, but I have no complaints.



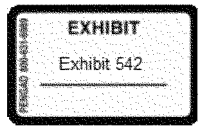
Q How do you find the debate going forward and the future of our Nation?

Mr. Rangel. Meet me later.

Q Why do you think that all of these stories have come out now in the last 3 months?

Mr. Rangel. I have tried to give so many conspiracies thoughts, why me, how does it happen, all the reasons and is there a conspiracy? There is no question that the Republican campaign committee has decided that this is a good place to spend some money. They have sent out more clippings, newspaper stories, more letters to candidates that are running against Democrats, that have given contributions. They are now asking that I be kicked out, that I be removed. This has become, if not initiated, certainly a Republican campaign issue.

And I was reminded that not too long ago I attended the funeral of Guy Vander Jagt, who was the chairman of the House Republican campaign committee, and how no matter how vigorous the campaigns, we and our families always enjoyed each other's friendships even to the extreme of him attending my fundraisers and I his. It doesn't seem that long ago that we could be partisan and friends at the same time. I spoke at Guy Vander Jagt's funeral. And I mentioned that, and his wife remembers it so well. But those days may have gone, but they are not forgotten.



Q Congressman, just to make sure, has the committee actually agreed to take the --

Mr. Rangel. Yet. Yet.

Q Sir, are Republicans going to be able to turn the tables and use you because of the culture of corruption in Congress and link it to maximum effect in the election? You say that this is white noise and getting in the way of what Congress needs to be doing. But is it going to get in the way of the election?

Mr. Rangel. I don't see how. But I don't know what I am talking about. I mean look, you know, how could I possibly answer? All I can --

Q Sir, you don't mean that --

Mr. Rangel. What?

Q -- that this was -- everything that has come out is going to get in the way of the Democratic pundits trying to link you to them and you to this culture?

Mr. Rangel. Nobody is returning any contributions I have given. Nobody has said anything, Jesus Christ. No. It doesn't concern me. It concerns me that it is an issue but it is a concern I cannot possibly do anything about.

Q Number 3, sir.

Mr. Rangel. Number 3 man?

Q Do you --

Mr. Rangel. Okay.



Q My name is James Wilson, 15 years with Family News. You talk about your, how far you have come in your career. You are obviously very proud professionally. And you know Americans are proud of you today. Today you made a placement on a dubious list, a public watch dog group, a liberal group, Citizens for Responsibility and Ethics in Washington. How did you make the annual list of the 20 most corrupt Members of Congress? I was wondering what your reaction is.

Mr. Rangel. Am I on the list?

Q You are on the list.

Mr. Rangel. I think that is sad and unfair. And I wish, really, they had an opportunity to review all of the facts which I have been advised that will be turned over to everybody that has the concern about my conduct. And if at the end of the day, now -- strike that -- at the end of the day I am confident they would agree that they have been made a poor judgment. I would like to get the people who have not had an opportunity before I get back to you, so I promise when we finish with this group you are number one of the second group.

Q Why is there a question -- of course, in your letter to Nancy Pelosi you state that persons received proceeds in cash. Yet in fact you received over $2,000 in accidental wiring in 2001.

Mr. Rangel. Well, I have not received any cash that was



wired to a bank that I haven't used in 10 years. My wife was unaware of it being there. And so I told them that they never sent me a check. They told my lawyer inadvertently that they had wired it to a bank. So statements speak for themself and I can't challenge what they say, but I don't have any bank records of $2,000 ever being received.

Q But the major thing, you say we haven't received. Why isn't there a settlement sheet in here? Your original mortgage agreement which had to be made in English, which shows where you get the loan for the mortgage and what the terms were?

Mr. Rangel. Well, I gave you all that, I gather, from them.

Q But we are relying on letters written recently from people contacted by your lawyer.

Mr. Rangel. Do we have any contract in English?

The Spokesperson. If anybody has any questions and you want any, ask me, and if we can get it, we will get it to them.

Mr. Rangel. I don't have any problem with it.

The Spokesperson. A lot of information. If you want something else, ask.

Mr. Rangel. I don't have it.

The Spokesperson. The answer is ask me and we will do our best to get it, anything.



Mr. Rangel. Second round. Second round. One, two, three, four, five.

Q Congressman, has the Ethics Committee contacted you? Have they requested any documents from you? Have they required these documents from you?

Mr. Rangel. Have we unloaded all this on there?

The Spokesperson. We were contacted by the Ethics Committee. We said we will get back to you. There is complete transparency, whatever you want and we have.

Mr. Rangel. I don't really think that they're going to get much more than what is here unless they ask for it.

Q They have not launched an official investigative subcommittee, have they?

Mr. Rangel. I don't know, because the chairperson died. So I know that Green hasn't. But I don't know how far it has gone. I have not asked as a Member of Congress. And it is my belief that the Speaker never discussed my case with Stephanie Tubbs Jones. And the only thing I know about Green is that he said he didn't want to be on it, but if he is stuck with it he will proceed. But I don't know.

But I wanted to say that I don't see how, and having gone through all of this, that there is going to be very much more before the Ethics Committee than I am making available to you.

So how many people want to ask questions? Okay, we will



close it at that. One, two, three, four. My answers are going to be extremely short.

Q Just to follow up. Have they not requested any documents from you?

Mr. Rangel. Not from me. Have they from you?

The Spokesperson. I said not yet.

Mr. Rangel. That is enough. That is enough. Who is number 2?

Q The Speaker of the House, when you speak to the House leader today --

Mr. Rangel. I am not speaking to the House leader. I am going to speak to the House hopefully today. I am not speaking to the leader. I will be talking about him.

Q When you go to the House floor --

Mr. Rangel. Yes.

Q Are you going to apologize for your oversight?

Mr. Rangel. Be there. No telling what I will say. I don't have a script, so be there.

Q You mentioned a problem occurring after people you have given contributions to. Are you going to continue to raise money and do --

Mr. Rangel. Just be quiet.

Q When you let other Members of Congress stay in your villa, did they pay rent or was that done as your courtesy?

Mr. Rangel. I do know they are very considerate of my



courtesy.

Q They didn't pay rent at Punta Cana at all?

Mr. Rangel. No. No. No. But I do know a very interesting story of a very conservative Republican on the elevator, all Members saying, I really enjoyed spending the Christmas holidays with you. And I thought he had the wrong guy. He looked kind of old. And I got off the elevator and I said what the heck are you talking about? He said I went to Punta Cana and my family enjoyed the vacation down there. He was there as a tourist.

Q Doesn't that tell me that you are bestowing it as a gift to friends who weren't paying for it?

Mr. Rangel. Yes. Sure. It was a gift to a friend. Sure. It was a gift to my son. It was a gift to my daughter. It was a gift to their friends, yes. Next question.

Q A depreciation question. If you have used it for more than 2 weeks, are you then not allowed to deduct the depreciation on a second home?

Mr. Rangel. I have never used it for more than -- I have never used it for more than 2 weeks.

Q Were you using it as a gift to friends and colleagues?

Mr. Rangel. I don't know. I have had people there that have been friends that have stayed there for a couple of



days.

Q With regard to City College, would it be correct to say that you recognize that people might say I didn't ask for money, but I asked for a meeting, they might have known --

Mr. Rangel. No one ever said that.

Q I understand but when you look back at that episode do you now see more of these than you might have used as --

Mr. Rangel. Not at all, except did the Ethics Committee say it? I am so proud of me reaching out to the private sector, trying to get them to do more to increase and better public education I don't know what to do. The only thing I want to do is to be guided that I do it in an ethical way. If they come back and said I could have written it, Charles Rangel, and have been okay, or that I could have said Congressman Rangel, but not have a seal, I respect that. But nothing is going to stop me from legally and ethically going out and recruiting funds. Tens of millions of dollars have come to schools throughout the United States and in New York City because of me bringing CEOs together with Chairman Klein, Mayor Bloomberg. We are cutting ribbons. We are opening up schools. I am unabashedly enthusiastic about increasing the quality of education within the law. I cannot see today as I talk before you how that was not official what I did. If the Ethics Committee decides that I should have acted differently, I will do it in a different way. I will



encourage other people to do it a different way.

So that is the most difficult one of all of these questions because what I did I was so proud of. And for someone to challenge it, I am surprised. But again my job is not to think of what the law should be as relates to the Ethics Committee but to abide by it.

[Press conference concluded.]



not let the House work its will? Why not allow the Congress to decide the future of our energy security here in America? And I don't think the American people are going to rest until Congress takes action on energy that does all of the above.

So, Madam Speaker, I ask unanimous consent to amend my motion to recommit to include the text of H.R. 6566, the American Energy Act.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

Mr. GRIJALVA. I object.

The SPEAKER pro tempore. Objection is heard.

Mr. BOEHNER. Madam Speaker, this is a sham. I withdraw my motion.

The SPEAKER pro tempore. Without objection, the motion is withdrawn.

There was no objection.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. GRIJALVA. Madam Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. Pursuant to clause 9 of rule XX, this 15-minute vote on passage will be followed by a 5-minute vote on the motion to suspend the rules with regard to H.R. 4081.

The vote was taken by electronic device, and there were—ayes 299, noes 118, not voting 16, as follows:

[Roll No. 583]

AYES—299

Abercrombie	Castle	Etheridge
Ackerman	Castor	Farr
Alexander	Chandler	Fattah
Allen	Childers	Ferguson
Altmire	Clarke	Filner
Andrews	Clay	Fortenberry
Arcuri	Cleaver	Fossella
Baird	Clyburn	Foster
Baldwin	Cohen	Frank (MA)
Barrett (SC)	Conyers	Frelinghuysen
Barrow	Cooper	Gallegly
Bartlett (MD)	Costa	Garrett (NJ)
Bean	Costello	Gerlach
Becerra	Courtney	Giffords
Berkley	Cramer	Gilchrest
Berry	Crowley	Gillibrand
Biggert	Cuellar	Gonzalez
Billrakis	Cummings	Gordon
Bishop (GA)	Davis (AL)	Granger, Al
Bishop (NY)	Davis (CA)	Green, Gene
Bishop (UT)	Davis (IL)	Grijalva
Blumenauer	Davis, Lincoln	Gutierrez
Bonner	Davis, Tom	Hall (NY)
Bono Mack	DeFazio	Hare
Boren	DeGette	Hastings (FL)
Boswell	Delahunt	Hayes
Boucher	DeLauro	Herseth Sandlin
Boyd (FL)	Dent	Higgins
Boyda (KS)	Diaz-Balart, L.	Hill
Brady (PA)	Diaz-Balart, M.	Hinchey
Braley (IA)	Dicks	Hirono
Brown, Corrine	Dingell	Holden
Brown-Waite, Ginny	Doggett	Holt
	Donnelly	Honda
Buchanan	Doyle	Hooley
Butterfield	Edwards (MD)	Hoyer
Camp (MI)	Edwards (TX)	Inglis (SC)
Cannon	Ehlers	Inslee
Capito	Ellison	Israel
Capps	Ellsworth	Jackson (IL)
Capuano	Emanuel	Jackson-Lee (TX)
Carnahan	Engel	Jefferson
Carney	English (PA)	Johnson (GA)
Carson	Eshoo	

Johnson (IL)	Mitchell	Serrano
Johnson, E. B.	Mollohan	Sestak
Jones (NC)	Moore (KS)	Shays
Kagen	Moore (WI)	Shea-Porter
Kanjorski	Moran (VA)	Sherman
Kaptur	Murphy (CT)	Shimkus
Kennedy	Murphy, Patrick	Shuler
Kildee	Murphy, Tim	Sires
Kilpatrick	Murtha	Skelton
Kind	Nadler	Slaughter
King (NY)	Napolitano	Smith (NJ)
Kirk	Neal (MA)	Smith (TX)
Klein (FL)	Oberstar	Smith (WA)
Knollenberg	Obey	Snyder
Kucinich	Olver	Solis
Kuhl (NY)	Pallone	Space
LaHood	Pascrell	Spehr
Lampson	Pastor	Spratt
Langevin	Payne	Stark
Larsen (WA)	Perlmutter	Stupak
Larson (CT)	Peterson (PA)	Sutton
LaTourette	Petri	Tanner
Lewis (CA)	Platts	Tauscher
Lewis (GA)	Pomeroy	Taylor
Lipinski	Porter	Terry
LoBiondo	Price (NC)	Thompson (CA)
Loebsack	Pryce (OH)	Thompson (MS)
Lofgren, Zoe	Rahall	Tiberi
Lowey	Ramstad	Tierney
Lynch	Rangel	Towns
Mahoney (FL)	Regula	Tsongas
Maloney (NY)	Reichert	Turner
Manzullo	Renzi	Udall (CO)
Markey	Reyes	Udall (NM)
Marshall	Richardson	Upton
Matheson	Rodriguez	Van Hollen
Matsui	Rogers (AL)	Visclosky
McCarthy (NY)	Rogers (MI)	Walden (OR)
McCaul (TX)	Ros-Lehtinen	Walsh (NY)
McCollum (MN)	Ross	Walz (MN)
McCotter	Rothman	Wasserman Schultz
McDermott	Roybal-Allard	
McGovern	Ruppersberger	Watson
McHenry	Rush	Watt
McHugh	Ryan (OH)	Waxman
McIntyre	Salazar	Weiner
McKeon	Sánchez, Linda T.	Welch (VT)
McNerney	Sanchez, Loretta	Weller
McNulty	Sarbanes	Wexler
Meek (FL)	Saxton	Whitfield (KY)
Meeks (NY)	Schakowsky	Wilson (OH)
Melancon	Schiff	Wolf
Michaud	Schmidt	Woolsey
Miller (MI)	Schwartz	Wu
Miller (NC)	Scott (GA)	Yarmuth
Miller, Gary	Scott (VA)	Young (FL)
Miller, George		

NOES—118

Aderholt	Foxx	Myrick
Akin	Franks (AZ)	Neugebauer
Bachmann	Gingrey	Nunes
Bachus	Gohmert	Paul
Barton (TX)	Goode	Pearce
Biggert	Goodlatte	Pence
Blackburn	Granger	Pickering
Blunt	Graves	Poe
Boehner	Hall (TX)	Price (GA)
Boozman	Hastings (WA)	Putnam
Boustany	Heller	Radanovich
Brady (TX)	Hensarling	Ramstad
Broun (GA)	Herger	Reynolds
Brown (SC)	Hobson	Rogers (KY)
Burgess	Hoekstra	Rohrabacher
Burton (IN)	Hunter	Roskam
Buyer	Issa	Royce
Calvert	Johnson, Sam	Ryan (WI)
Campbell (CA)	Jordan	Sali
Cantor	Keller	Scalise
Carter	King (IA)	Sensenbrenner
Chabot	Kingston	Sessions
Coble	Kline (MN)	Shadegg
Cole (OK)	Lamborn	Shuster
Conaway	Latham	Simpson
Crenshaw	Latta	Smith (NE)
Cubin	Lewis (KY)	Souder
Culberson	Linder	Stearns
Davis (KY)	Lucas	Sullivan
Davis, David	Lungren, Daniel E.	Tancredo
Deal (GA)		Thornberry
Doolittle	Mack	Tiahrt
Drake	Marchant	Walberg
Dreier	McCarthy (CA)	Wamp
Duncan	McMorris Rodgers	Weldon (FL)
Emerson		Westmoreland
Everett	Mica	Wilson (NM)
Fallin	Miller (FL)	Wilson (SC)
Flake	Moran (KS)	Wittman (VA)
Forbes	Musgrave	Young (AK)

NOT VOTING—16

Baca	Hinojosa	Ortiz
Berman	Hodes	Peterson (MN)
Cardoza	Hulshof	Pitts
Carnahan	Lee	Velázquez
Feeney	Levin	
Herman	McCrery	

□ 1849

Messrs. FORBES and WITTMAN of Virginia changed their vote from "aye" to "no."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Ms. Curtis, one of its clerks, announced that the Senate had passed with an amendment a bill of the House of the following title:

H.R. 6532. An act to amend the Internal Revenue Code of 1986 to restore the Highway Trust Fund balance.

QUESTION OF PERSONAL PRIVILEGE

Mr. RANGEL. Madam Speaker, I rise on a question of personal privilege under rule IX.

The SPEAKER pro tempore. The Chair has been made aware of a valid basis for the gentleman's point of personal privilege.

The gentleman from New York is recognized for 1 hour.

(Mr. RANGEL asked and was given permission to revise and extend his remarks.)

Mr. RANGEL. Not to worry, my friend and colleagues. I have no intentions of keeping you for 1 hour, especially at this time of the day. But a couple of weeks ago the leadership of the minority had asked that I be thrown out of the House and censured based on a newspaper story, and I just want to thank those people who were thoughtful enough to think that even Members of Congress at some times should not rely on newspaper stories, but rather the Ethics Committee, which is bipartisan. More recently, however, my dear friend JOHN BOEHNER has asked the Speaker to ask me to step aside as the chairman of the Ways and Means Committee.

Now I say "my dear friend John Boehner," not as this word is tossed around in the House and Senate casually. I say it because JOHN BOEHNER has, for many, many years, been my friend. We have worked so closely together in bipartisan areas that just a couple of weeks ago he allowed me to strengthen my relationship with JIM MCCRERY on the Ways and Means Committee to get unemployment compensation passed, and lauded our efforts, as I lauded his.

I look around and I see GEORGE MILLER, who more than once said what a straight shooter he has been on Education. STENY HOYER has reminded me



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that, you know, he may disagree with JOHN BOEHNER, but one thing is clear, that when you speak to him, that he says what he means and he means what he says.

Well, I don't really think he means that I am incompetent and should step down. I don't think he really means or thinks that the Speaker is going to remove me from the House of Representatives. I don't think that he thinks I am a threat to this honorable House, which I am so proud to be a Member of. And for those people who say hey, let the Ethics Committee make the decision, I thank you for myself, for my name, for my friends and for my supporters.

But believe it or not, I want to do this for the House of Representatives. I don't want any Member, Republican or Democrat, that is less politically secure than me to go through what I have had to go through for the last several weeks, because for them they never could survive. They would lose the election. And it won't be of anything that the voters knew. It would be what this Congress has done to each other.

You know, the Ways and Means Committee, we made a special effort to be civil, even when we disagreed. We are so proud, with the support of Speaker PELOSI, of STENY HOYER, and, yes, JOHN BOEHNER, working with us and trying to see what we can get done.

At the end of this election, this Congress is going to have serious things to take care of. And we won't have Democratic solutions to taxes and health and Social Security and the variety of things with peace and war. We are going to have to resolve these issues as a United States Congress in a bipartisan way. There is not going to be any Democratic way to do it.

And we are going to have to work together, not because we like each other, but we have a special responsibility to the people of the United States to make certain that our reputations may be low in terms of production, but if someone doesn't get health care, doesn't get that Social Security check, or for any reason finds himself without a house, they are not going to say the Democrats did it or the Republicans did it. They are going to say that this Congress let them down. It is going to be difficult, no matter who is the President or who is in the leadership.

But it does not help to polarize this body and take wild shots at each other, whether they are chairmen or whether they are freshmen, knowing that at the end of the day you are not going to accomplish anything substantive, but you are going to make it more difficult for us to get a law.

Do I say that JOHN BOEHNER knows this? I tell you this: To show you the depth of my friendship, I am embarrassed that he feels he has to do this. There is no way in the world, based on his knowledge of my love for this House, that he would believe that I would do anything to dishonor it. And there is no question in my mind that at the end of the day, when the dust settles, that this issue is going to be moot. But I just don't know what the relationship between people is going to be. So I don't know the next move, but I would suggest that this is not the way to go.

JOHN BOEHNER, JOHN BOEHNER, JOHN BOEHNER. On the Tim Russert show, what they did to my friend there in saying that he was passing out illegal checks on the floor. A mistake? We all make them, and we all have to say we are sorry. But we all don't have to attack each other, because at the end of the day, that is all we may have to do to each other and get nothing done.

I am suggesting to you this: Mistakes may have been made by me, and I briefly want to let you know the issues that are before the Ethics Committee as relates to three subjects. And I will be brief.

Some 20 years ago, I was in the Dominican Republic. I got a call from a long and dear friend of mine to visit this place called Punta Cana, Dominican Republic, where he had some dream of making this a resort. I didn't want to go. My wife said friendship dictated it.

I got there and he was telling me about the dream. And I was impressed with his dream, but I said, what the heck has that got to do with me?

Well, he says, they want to start, they want to build some beach houses here, and there is the sand and there is the beach, and I think it's a good deal.

I said, it may be a good deal for you, but I really don't need a beach house and I can't afford it. And, besides, there is no house here.

He says, no, we haven't built them yet.

So I said, look, Ted, I don't have the time.

By the time they showed me the renderings, and they told me that it would cost $82,000, I said I wish I had the $82,000. Good-bye.

He says, no, if you have got $28,000, then all they have to do is take the rentals from it and reduce the mortgages, and you can only use it for 9 months, but ultimately it would be yours.

I said, we can talk.

I refinanced my house. We had no savings, no nothing, and, quite frankly, I relied on the reputation, as I did then and will now, of a guy whose reputation is untouched.

Gradually the mortgage was coming down. I had received no financial statement. I could not break the culture in terms of Dominican and Spanish. I received no money, no check. Never did. But let's face it, I should have known. And after this hit the fan, I had my lawyer to go. He broke the balance and found out the fact that they didn't give out statements. Some years there was no statement. There was a half a dozen statements that we have accumulated. And then we took the balance, added to the mortgage of about $50,000, another $20,000 for another room.

All of the reports would indicate that RANGEL had a cash cow. RANGEL got some money. No. What happened was anybody who had a villa, whatever money they got, the hotel first would take their cut. Then they would take out taxes, they would take out renovations, they would take out hurricane expenses, they would take out interest, they would take out everything. At the end of the thing, whether your place was used or not used, they would equally distribute the money. Some years it was $5,000. Some years it was nothing.

How many times did I use it in the nine weeks? I wish I had used it for nine weeks. I never spent nine days down there. I have never spent more than four days in any one year, and in several years I never was able to get there at all.

What has this got to do with the charges and the allegations? The charges and the allegation is how did he get rid of the mortgage? And the mortgage is that if I had done what I was supposed to have done, I would have found some way to find our how the allocation was there. Because legally and theoretically, the reduction of the mortgage meant income was coming somewhere, even if I didn't receive it.

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And I should have found that out because, at the end of the day, my accountant tells me after 20 years of research there would be no tax liability because of the deduction of the foreign tax, which was higher, because I was an American and because of depreciation. They changed it and said that because I sold the house that I was raised in that it did not allow me to take full credit that I could have done for that year. It means, at the end of the day, my accountant believes that I would be liable for $5,000. Do I take that lightly? No.

As a Member of Congress, as a public servant, I should have a higher standard than most people. Whether I owed $5,000 or $5 million, it was wrong, but it certainly doesn't mean that I should be kicked out of the House and say that I caused disservice to this august body. I just hope none of you have ever made mistakes on your income taxes, because what I have done is I've gone back 20 years and I've waived all statutes, and I'm prepared to pay whatever price there is, and I hope that at the end of the day that will take care of that. That's the roughest one.

The second thing is that one would have you to believe that I received some type of a gift in housing, because the headline is that RANGEL had four subsidized apartments in New York. The fact that there is no law in having four subsidized apartments in New York, of course, is no account to anybody. I don't have four apartments.

Briefly, what happened is that, 20 years ago, the kids were grown. We got tired of paying the bills on our house and getting into oil and doing all those



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things. My wife said let's move to an apartment. I'd spent all of my life on 32nd Street and Lenox Avenue. She finds a place on 35th and Lenox Avenue. I refused to leave Harlem then as I do now, and there was a place called Lenox Terrace, where we now live, that had so many vacancies.

At that time 20 years ago, there weren't a whole lot of people who could afford not to live in Harlem, who were rushing to get into Harlem. Crime was really high. There were a lot of vacancies there, but they did have a doorman, and I felt since I was away from home so much that it might provide some security to my wife. In that house, people knowing that Alma would want to leave, there was a popular reverend, a pastor, and he, too, was leaving Harlem and was leaving an apartment that he had. I did not know and did not care that the apartment that he managed to get for us actually had been two apartments. He had it as one apartment. I got a lease for one apartment. I paid rent for one apartment. There's no way in the world I can imagine what it looked like when it was two apartments, and I don't care what the architect says. Under the law, that is one apartment.

Ten years after I was in the apartment, my wife was notified by the landlord—incidentally, he was the one who was supposed to give me the gift. I wouldn't know what he looks like. I've never met him in my life or his agent, but he was saying that there was a studio apartment next to mine, and did I have any interest in it. They were really pushing apartments then. My wife says she didn't see any need for it.

I said, "Well, let's talk about this, Alma. You don't want my political friends to come here and talk in the living room. You get so tired of me doing my work, you know, while you're doing something else. You don't want any smoke in here. I can't have a card game here. Let's take a look at this one room apartment."

I took it, and I can tell you that it saved my marriage. There's not a day when I'm home that I don't spend some time just sitting there. Sometimes it's reading. Sometimes it's studying. Sometimes the gang comes. Sometimes we raise a lot of devil. I pay the maximum rent for what cannot be described physically as any more than two apartments, but we can get two—the so-called fourth and third apartments.

It's hard for me to admit to those of you who have a lot of political problems that, for most all of my political life in Congress, I've never picked up the phone to ask anybody to give me any money because I'd never really had any problems. I did have a guy in Washington that would give a fundraiser—one in Washington and one in New York—but it's kind of hard, when you're not challenged, to ask for money, but I guess it was my personality or my seniority on the Ways and Means Committee, one or the other. Somehow funds were coming in, so I hired somebody. We worked down at the political club. The money was coming in. He said he needed a little help. He thought that I should open up a headquarters. Well, I don't agree in spending a lot of money, but he said he'd heard that the Lenox Terrace, where I lived, had people living in apartments that were converted but that were not commercial for running McDonald's and other business.

I said, "Do what you want. We can afford to do it."

They got this apartment. A staff of two became a staff of three, four and five, and I guess the Republican campaign committee can tell you how successful I've been.

It reached the point where they said, "Look, Congressman. We've got too many people. There's no air conditioning here. We need more space. Things are going well. You're sending out a lot of checks. We will not renew the lease." This is before what happened in the paper.

I said, "Do what you have to do."

They spoke with the landlord and negotiated: an apartment with him for a larger staff, office accommodations in a place that was double the rent, much larger, right there in the Lenox Terrace, which means that everyone know what they were doing and what other people were doing. We decided it would be best just to leave the Lenox Terrace in lieu of what happened because it was just too awkward.

That ends, once and for all, the whole idea of a gift. I paid the maximum rent. If I'd decided that because I wanted to please somebody that I should look for a marketplace rent, I would not know where to go, but I sure am not going to give the landlord what I think is a higher rent because I want to please somebody as to what is market rent, but if I'd left the apartment because of some foolish, stupid reason, the landlord would've come in, slapped some paint on it and doubled the rent. So, therefore, it would not be of any assistance to somebody of a lesser income.

Whatever doubts you may have, which I don't see how—I told somebody show me the gift, and I'll walk away. Leave it to the bipartisan Ethics Committee to decide. It's not only the right and fair thing do. It's the only thing to do.

The last point gives me a little more difficulty. They are saying that I may have used my stationery to solicit funds for the City College of New York for an institution that the board of trustees has named the Charles Rangel Public School for Public Service.

I have to let you know that, on November 30, 1950, I was shot and left for dead in Korea, and I came home in '52. I had more medals, more self-esteem than any guy 22 years old should have. The only time it was shattered is when I went for a job and found out that nobody wanted heroes, that nobody wanted infantry men and that nobody wanted the expertise that I enjoyed in directing fire on the enemy to 18 155-millimeter Howitzers at 75 shell bombs on the enemy. So, it was clear that I not only was unemployed but that I was unemployable. It was clear in one day when I had my truck full of stuff on the street in the Garment Center that I joined the Army to avoid. The rain came; the boxes were scattered all over, and the policeman was cursing me out for blocking traffic. Sergeant RANGEL was being cursed out on a public street.

I dropped everything. I went to the VA, and I said, "I need some help." They told me that because I had to go back to high school that I couldn't go to college. I raised so much hell. Finally, because of the GI Bill—I was a high school dropout—I got the training to become a Member of Congress, a member of the Ways and Means Committee and become its chairman.

Am I overzealous about education? You bet your life. Do I go everywhere and tell businesspeople that you owe it to this country to assist us in making certain that Americans can produce, that we shouldn't be embarrassed of having to import people here who have knowledge in science and all of that? I want America to be as strong as it can be, and I'm going to do everything legally, morally and ethically possible to make certain that we support our young people and expose them to education.

This CCNY, this City College of New York, has excelled. Colin Powell and so many people had dreams and have succeeded. All I was saying is that we have thousands of Barack Obamas in the Black community. We have so few who are willing to get involved in public service. They go to Wall Street. They make their money and they're bright. What I want to do is to encourage minorities and be able to say, "Hey, you don't have to run for public office, but please understand the importance of public service." They said, "There should be a school for you to do that." I said, "Well, let's get a school. Let's do it." They said, "Let's do it."

Two, three days ago, I heard Secretary Rice talking to some group, and she was saying that she goes to so many countries and that she doesn't see people in the Foreign Service who look like her. Those who look like the gorgeous mosaic of America is not abroad. But she said, "Thanks to Congressman RANGEL, we have worked out a program where we go to the historically Black colleges where we train these people there. When they graduate, they not only have degrees, but they are members of the Foreign Service, and they learn to understand the great contribution they can make to this country." That was what I wanted to do.

I made certain that, in this letter, I did not ask for any public funds or for any kind of funds at all, but they said, because they knew that the reason I wanted these not-for-profit people,



these private people, to take a look and see whether they could support this not-for-profit public college, there may have been some stretch in the line because it was on stationery. Had I not had the seal that had the Capitol, it would have been all right.

I'm glad this happened because I'm going to find some way to do what I do, and I'm going to do it the way the Ethics Committee says to do it, but I hope I can get some of you to encourage the private sector to do what our government is not doing. Education is too important to leave to the local and State schools. Corporations have an obligations to help us to educate our people. Condoleezza Rice said it, and I truly know that you believe a failure to educate our young people is a threat to our national security. If for whatever reason the Federal Government is not doing it, everyone ought to do their bit. So, whatever the Ethics Committee says to do, we have to do.

Finally, I've changed my mind in bringing to your attention how they beat up on Mr. BOEHNER on the Tim Russert show: where he's been, how he got there and what he violated. At the end of the day, I think I'm trying to make certain that my presentation ends up on as positive a note as I can because of my longtime respect for my friend. Mr. BOEHNER said it was a big mistake and I regret it. I shouldn't have done it. It was an old practice in the House that had gone on for a long time. Well, I think he knows what I'm talking about.

If you made a mistake, I may have made a mistake.

I'll tell you one thing. The judgment of our mistakes should not be to attack each other. It should not be to defame us in front of our family and friends. Whatever difference that we had with each other, that's why we have the Ethics Committee. So, at the end of the day, that's how it's going to be resolved. We don't have that many issues that we've got to work with, perhaps, in a bipartisan way. Whatever we have to do because of the election we have to do, and I don't expect this short talk is going to change anything, but I do hope there is one thing that we keep in mind: that for those of us who are going to be here next year with a new administration, the last thing we have to do is to threaten each other politically and destroy the friendships and the camaraderie that we have worked so hard to try to restore.

I conclude by letting you know that some of you old-timers may know a guy named Guy Vander Jagt. Guy Vander Jagt was chairperson of the Republican Campaign Committee. Could he speak? Could he raise money? Was he partisan? Guy Vander Jagt was my friend. Guy Vander Jagt would come to my fund-raisers. I would stop over to his. His wife and my wife are the best of friends. Even though Guy Vander Jagt is gone, they asked me to speak in the Congress to say how he was loved by both sides. Was he a good Republican? Was he fierce? Was he eloquent? Was he liked? Yes.

I don't think I'll live long enough to see the days when we'll have that type of relationship. The little we do have let's not destroy. We have a big responsibility to our Nation and to this Congress. I know in my heart that my friend JOHN BOEHNER does not mean truly what he has said, and whoever has put him in the position where he felt that he had to say it, hey, it's campaign time. I understand it. It has to stop somewhere before we leave here, I hope it can stop now.

I yield back the balance of my time.

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Mr. BOEHNER. Madam Speaker, I demand a point of personal privilege under the rules.

The SPEAKER pro tempore. The Chair has not been made aware of the basis for the point of personal privilege. Does the gentleman seek recognition under unanimous consent?

Mr. BOEHNER. Madam Speaker, I ask unanimous consent to speak out of order for 1 minute.

The SPEAKER pro tempore. Is there objection?

There was no objection.

(Mr. BOEHNER asked and was given permission to address the House for 1 minute.)

Mr. BOEHNER. I appreciate all my colleagues and their endurance in this. And you all should know that CHARLIE RANGEL and I are friends. We've had fierce debates. We've worked together on many bills, and he's someone who I talk to virtually every day in this House. And it pains me, it pains me to do what I had to do on behalf of my colleagues.

We all live under a system of laws; not only all of us, but all of the American people. Those of us that work in this Chamber, we work under a set of laws and a set of rules. And when the rules are violated, the court system doesn't take into effect whether you were aware of the rules or you were aware of the laws. You either violated the laws or you didn't.

And I say to my friend from New York that, considering the stories that occurred over the summer about the rent-controlled apartments, the fact that one of them was a campaign office, you could conjure up the fact that because it was rent-subsidized that it was, in fact, a campaign gift. And this latest round of stories——

Mr. RANGEL. Will you yield just on that one point?

Mr. BOEHNER. I will be happy to yield.

Mr. RANGEL. Rent-subsidized. If you lived a million years you could not tell where one subsidy came from. Stabilization and subsidies are entirely two different things. There is no subsidy involved. It's a cap.

Mr. BOEHNER. Reclaiming my time. And then this latest round of stories that the gentleman from New York was kind enough to share with all of us raise serious questions, serious questions.

And I just—the point of the letter that was sent yesterday was to ask the gentleman if he would step aside until the Ethics Committee had time to investigate this.

I believe that the Ethics Committee needs to do its job, not just in this case, but in all cases. And I've been concerned for some time that the Ethics Committee has not been a functioning committee of the House. I understand the current circumstances. We all understand the current circumstances.

But I don't want to condemn the gentleman. I've never convicted the gentleman, nor would I, because he is my friend. But just because he's my friend doesn't mean that I can excuse him from the rules of the House or the law of our land.

And so I ask my colleagues to work with us. I believe, like CHARLIE does, that we, as a Congress, have to find a way to get beyond what's gone on around here over the last 7 or 8 years, that we have to find a way to work together.

If you look at the issues that CHARLIE and I have worked on, GEORGE MILLER and I have worked on, and a lot of other Members that I've worked on on both sides of the aisle, the big issues of our country will not get done by one side or the other. They will only be addressed in a bipartisan way if we're going to be successful. And we know we have big issues facing this country that are being ignored because we're too busy clawing at each other.

My intent here is not to claw at my friend from New York. My intent here is to have justice and to have all of us live by the rules of the House.

I'm sorry that I had to do it, but I have a job to do on behalf of my colleagues in this Chamber. I believe all of us are being held accountable and should be held accountable.

Yes, I've made mistakes, and I've paid for them. I just think that the sooner we get this cleaned up, the better.

But, in the meantime, in fairness to the Members of the House, that stepping aside would, in fact, be the right thing to do.

PREVENT ALL CIGARETTE TRAFFICKING ACT

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, the unfinished business is the vote on the motion to suspend the rules and pass the bill, H.R. 4081, as amended, on which the yeas and nays were ordered.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Virginia (Mr. SCOTT) that the House suspend the rules and pass the bill, H.R. 4081, as amended.

This will be a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 378, nays 12, not voting 42, as follows:



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Memorandum

Sy Sternberg and Ted Mathas	April 20, 2005
To	**Date**
Ron Lefrancois	April 21 Hill visits re Estate Tax Reform
From	**Subject**

You will visit Rep. Jim McCrery [R-LA] and several Senators on Thursday, April 21, to discuss estate tax reform. You will land at Dulles Airport at just about the same time, and will travel by car to Capitol Hill. Your schedule, the estate tax tables, and briefing memos on those you will meet are attached.

HILL VISITS:

1pm: Lunch with Rep. Jim McCrery: McCrery met with the ACLI CEO fly-in last week and, on his way out of the room, told Gov. Keating that he'd like to discuss an estate tax compromise [no specifics]. While he is a cosponsor of the estate tax repeal bill [HR 64], he is a pragmatist who wishes to put this issue to rest. Also, he chairs the Ways and Means subcommittee on Social Security and may be interested in the annuities bill [HR 819] that encourages lifetime annuity payouts. McCrery will be accompanied by his Chief of Staff, Bob Brooks and Tax Counsel, Libby Coffin.

2pm: Meeting with Senator Olympia Snowe [R-ME]: This may be a quick meeting, since Snowe will be between Member meetings and an Intelligence Committee meeting. After the Maine Agents fly-in, Sy requested time with her to go over the estate tax tables in more detail. Though she has supported repeal once in the past, she is a deficit hawk more interested in reform. As chair of the Small Business Committee, however, she is sensitive to NFIB/Chamber arguments about exempting small businesses from the estate tax. Her tax counsel, Fred Hartman, will accompany her.

2:45pm: Possible meeting with Rep. Charlie Rangel [D-NY]: You should catch up with Charlie, especially on estate tax reform, since you have given your arguments to Rep. Earl Pomeroy [D-ND] and will see Sen. Schumer later in the day. It also is worth reminding him of our international operations.

4pm: Meeting with Senator Ron Wyden [D-OR]: Gov. Keating and Kim Dorgan arranged and will attend this meeting with Wyden, a new member of the Finance Committee. Wyden supports estate tax repeal but is ready to compromise. He told me at a recent Tax Council luncheon Q&A that he's looking for "something that exempts small, family-owned businesses, perhaps in the $10 million range."

4:30pm: Pre-Schumer Meeting Briefing: We will meet with AALU reps to go over the

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best arguments to use with Sen. Schumer. John Jonas reports that Schumer has rekindled his interest in establishing a small business exemption, perhaps with graduated tax brackets based on size of business, whether family-owned, etc.

5pm: Meeting with Senator Chuck Schumer [D-NY]: Schumer wants to broker a deal on estate tax reform and probably is less interested in the details than actually getting a workable, 60+vote compromise. Minority Leader Harry Reid [D-NV] granted Schumer's request to serve as the lead Democrat on estate tax repeal. Schumer chairs the Democratic Senatorial Campaign Committee. He will be accompanied by his tax counsel, Jeff Hamond.

5:30pm Meeting with Senator Dianne Feinstein [D-CA]: During the California Agents fly-in, Sy asked Feinstein for an opportunity to brief her on estate tax reform. She is concerned about family owned farms and businesses.

The balance of this memo is an updated version of an earlier report on estate tax issues.

A. Background

Under current law, the federal estate tax exclusion rises from its current $1.5 million per person to $2 million for 2006-07-08. It rises to $3.5 million in 2009. If nothing is done, full repeal applies in 2010 only. After that, the exclusion reverts to $1 million annually and the tax rate is 55%.

Many Republicans, including the Bush Administration and most conservatives, strongly favor repeal of the "death tax." The National Federation of Independent Businesses [NFIB], the U.S. Chamber of Commerce, and conservative think tanks continue to beat the drum for repeal.

The revenue cost of repeal is a substantial hurdle for repeal advocates. Although Congress's Joint Committee on Taxation has not estimated the revenue loss recently, complete repeal after 2010 would cost approximately $60 billion annually.

Despite easy passage in the House of Representatives, [most recently on April 13 by 272-162], the Senate repeatedly has failed to garner the 60 votes necessary to overcome a filibuster of estate tax repeal legislation.

B. Political Context

Now that the Republicans have 55 seats in the Senate, there is a slightly greater chance that the 60-vote margin could be achieved. However, concern about the deficit and the political optics of "helping the rich" may temper enthusiasm for repeal in 2005-06.

While there has been some discussion of enacting repeal under the budget reconciliation process, congressional budget rules do not allow permanent tax changes under reconciliation. Thus, further estate tax repeal would be limited to five or ten

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years under a reconciliation bill, depending on the length of the budget resolution dictated by congressional leadership. For example, a five-year budget reconciliation bill could include repeal for 2009 as well as 2010, at a cost of $27 billion. A ten-year bill could extend repeal from 2010 through 2015, at a cost of $344 billion.

Senate Finance Committee Chairman Chuck Grassley [R-IA] and Ways and Means Chairman Bill Thomas [R-CA] are unenthusiastic about repeal. Senate Finance Committee member Jon Kyl [R-AZ], a long-time repeal advocate, late last year floated a reform proposal in the $10-$15 million per person range. On February 17, Kyl joined Sen. Bill Nelson [D-FL] in introducing a repeal bill [S.420] that now has 13 cosponsors [mostly Western State Senators, as well as Trent Lott [R-MS]].

C. Proposals

1. Reform: The life insurance industry continues to support an exemption of $2.5 million per person, with a tax rate of approximately 45%. The revenue impact of this proposal, which would exempt 99.6% of all estates, is approximately $26 billion annually [per an estimate by ACLI].

2. Repeal: Permanent or Partial:

a. On January 25, Senate leaders introduced their legislative agenda for the 109th Congress, including S. 7, a "jobs and growth" tax bill that, in addition to making the 2001 and 2003 rate cuts for individuals and dividends permanent, repeals the federal estate tax.

b. Senator Kyl strongly favors repeal but, depending on the political winds and legislative gyrations dictated by congressional budget and tax-writing procedures, still may be interested in compromise. However, his idea of compromise is an unacceptably high exemption level. As recently as January 25, Kyl reportedly floated a $7 million per person exemption with a 15% capital gains rate. You will recall that the ACLI working group, chaired by Mike Oleske, found that much of the impact of the estate tax is in the rate. Hence, the exemption level can rise substantially but, if the rate is high, significant estate tax liability will exist for estates above the exemption level. Interestingly, the policy arm of the Democratic Leadership Council [DLC], advocates an exemption of $7 million per person, with an unstated rate. DLC is the Joe Lieberman-founded group of House and Senate moderate Democrats.

c. Another option [under reconciliation or not] would be to accelerate repeal into 2009. I do not expect that Chairmen Grassley or Thomas would be amenable to this proposal, as it generates very little political reward. According to the Congressional Budget Office this week, repeal for 2009 would cost $27 billion.

D. Legislative Outlook and Votes

1. Estate tax repeal was approved by the House of Representatives on April 13 by a vote of 272-162 for the fourth time in the last five years, but Senate action is far from

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certain. With the president's focus on Social Security reform, it is possible that no action occurs in the Senate on estate taxes in 2005. Assuming that a repeal advocate does not try to offer estate tax repeal as an amendment to an unrelated Senate bill, the earliest this issue could reach the Senate floor for substantive debate is May or June 2005.

If estate taxes are debated, repeal advocates cannot count on several Republican Senators: Olympia Snowe [ME], Susan Collins [ME], George Voinovich [OH], Arlen Specter [PA], Lincoln Chafee [RI], John McCain [R-AZ], and possibly others. Thus, the necessary 60 votes remain elusive.

To an extent, tax legislation is governed by the successful completion of a budget resolution, and it is unclear whether the House and Senate will agree on a budget for FY 2006 this year. Last year, they failed to agree on an FY 2005 budget resolution, which made reconciliation impossible.

Looming over Senate action on any legislation is the possible move by Majority Leader Bill Frist [R-TN] to force votes on judicial nominees opposed by the Democrats. This will get especially ugly if a controversial person is nominated to the Supreme Court. Frist continues to threaten the so-called "nuclear option" to change Senate rules to allow votes on nominees by simple majority. If he does so, substantive legislative activity in the Senate would grind to a halt.

2. QFOBI: Qualified Family Owned Business Interests currently are covered in the Internal Revenue Code. Because of the complexity of this provision and the political sensitivity of this issue to clients, ACLI members have been unable to agree to oppose changes to QFOBI. As a result, ACLI remains silent on QFOBI amendments. Most ACLI members are far more concerned about the estate tax rates and exemption levels than QFOBI.

Attachments

cc: Sheila Davidson
Jessie Colgate
Eric Rubin
Mike Oleske

Maintain as Confidential: Contains Confidential and Proprietary Information



Roger A. Mott/EMPL/DC/Verizon
04/12/2005 12:11 PM

To Tom Tauke/EMPL/DC/Verizon@VZNotes
cc
bcc
Subject

George Dalley, Charlie Rangel's Chief of Staff confirmed just now that Charlie is not signing the Miller VZ Wireless letter. Said he spoke with Ivan and then told George if he had not already signed that he wanted to stay off the letter. George assured me he has not signed on and will not.

Thanks to Ivan.



the City College of New York

Wille Administration Building, Room 300
160 Convent Avenue
New York, New York 10031

TEL: 212.650.7285
FAX: 212.650.7680

OFFICE OF THE PRESIDENT

March 21, 2008

Ms. Florence A. Davis
President
The Starr Foundation
399 Park Avenue, 17th Floor
New York, NY 10022

Dear Florence,

Please accept my warmest appreciation to you and the Starr Foundation for your supplemental grant to The City College of New York. I understand the circumstances were unusual and we are deeply grateful. The Starr Foundation's leadership gift to create the C.V. Starr Library at the Charles Rangel Center for Public Service at City College means so much to us, the city and the Harlem community. We anticipate that the C. V. Starr Library will become the focus of research and study of Congressman Rangel's archives and will help to advance the future of full participation in public service by underrepresented populations.

I enjoyed seeing you in November at the Eisenhower Conference that was co-sponsored by our Colin Powell Center here at CCNY. I hope we will have an opportunity at some future date to talk about some of the other things we are doing at City College. You already know about two of our Centers for Excellence—The Colin Powell Center for Policy Studies and The Charles B. Rangel Center for Public Service. In addition, there are many other important initiatives making a difference to New York and the nation on our campus every day.

Just as the Starr Foundation is a New York institution impacting the city, so is City College. We have the only public schools of engineering, architecture and biomedical education in New York City providing a top quality professional education to generations of talented but often economically disadvantaged students. Our School of Education is New York's oldest and biggest provider of teachers and administrators for the public schools and we excel in preparing educators in how best to teach math and science in the K-12 grades with particular emphasis on and expertise in teaching these subjects in urban public school systems.

Florence, thank you so very much again for making this supplemental grant possible and I hope to welcome you again soon to the CCNY campus. On behalf of The College, our students and faculty, I want to express our thanks to the foundation for this very generous gesture.

Sincerely,

Gregory Williams
President

EXHIBIT
Exhibit 546

CITY COLLEGE IS CUNY

CSOC.CBR.00024736

CSOC.CBR.00024736

Rangel Video Clips Chart

Cite	Date	Description
http://www.c-spanvideo.org/program/200020-2&personid=1745	7/19/07	Rangel Center Floor Statement regarding earmark for Rangel Center
http://www.youtube.com/watch?v=C3qjP4UHRz8&feature=fvw	9/10/08	Representative Rangel reads letter dated 9/8/10, addressed to Speaker Pelosi, in the House radio/TV gallery
	6/6/10	Rangel New York Press Conference
	7/7/10	Rangel Statements on WNYW's "Good Morning New York," (as reported in The Hill)
http://tpmmuckraker.talkingpointsmemo.com/2010/07/rangel_asked_if_hes_worried_about_losing_his_job_t.php	7/22/10	Rangel, Asked If He's Worried About Losing His Job: 'That's A Dumb Question' (VIDEO)
http://www.youtube.com/watch?v=AtGrOMpDgck	7/22/10	Associated Press: "House Panel Charges Rangel With Ethics Misdeeds"
http://www.youtube.com/watch?v=gmklGoFIuS8&feature=channel	7/23/10	Associated Press: "Rep. Rangel Ready to Clear His Name"
http://abcnews.go.com/Politics/video/rangel-my-lawyers-kill-11238255	7/23/10	Rangel: 'My Lawyers Are Going To Kill Me'
http://abcnews.go.com/Politics/video/charles-rangel-prepares-for-investigation-11277862	7/27/10	Rangel: 'I Have To Prepare Myself'
http://www.cnn.com/video/#/video/politics/2010/07/29/sotvo.rangel.statement.cnn?iref=videosearch	7/29/10	"Rep. Charles Rangel compares his ethics violations hearing with surviving war."
http://manhattan.ny1.com/content/top_stories/123488/rangel-keeps-up-appearances-as-ethics-trial-looms	8/9/10	Rangel Press Conference on NY1
http://www.politico.com/largevideobox.html?id=541322278001	8/12/10	Rangel Politico Statements
http://rangel.house.gov/video/2010/08/cnnso	8/18/10	CNN Soledad O'Brien's



ledadobriensexclusiveinterview.html		Exclusive Interview with Rep. Rangel
http://rangel.house.gov/articles/2010/08/cnn-rangel-obrien.html	8/18/10	Rangel CNN Interview
http://www.blip.tv/file/4226683	Early September 2010	MNN Producers Candidate Forum-Hon. Charles Rangel, Candidate for Congress, 15th District
http://www.bet.com/video/1359410	10/3/10	Weekly With Ed Gordon: Interview of Representative Charles B. Rangel



Telephone report
Date: June 7, 2005
To: File
From: Shelly
Re: Conversation with George Dalley

Charlie and I have begun thinking our private sector approach now that we have started the appropriations part (insider baseball for Congress). Based on Charlie's ability to convince his fellow members, that would be the appropriations part. Good position: beautiful presentation, proposal and credible budget. If we can get some money in this cycle, at least an initial planning grant. Each project is unique—a new idea, fairly typical that it doesn't get fully funded, but an initial grant for further development of the concept: seed money. Public/private partnerships. A signal or encouragement to other private sector donors.

Too early in the process to talk about a number. It would be just the beginning but sufficient to make an adequate start to bring on who and what we would need to make a real development program for the Center.

Charlie asked me to do some research on foundations and corporations interested in higher education. Try to get an idea of some people we might approach re the Rangel center.

Where do we think there might be interest in the foundation and corporate community? Look at presidential libraries, heavily subsidized by federal dollars, have all had to go out and get private money. We need to be thinking about initial outreach to potential donors.

In the fall, the appropriations cycle –September 30 is the date for the fund operations for the next year. Congress often misses that date and has to keep going. May not finish until Christmas. We should get a good idea where we are in the mid- to late-September area. We can go back, but we have better chances of getting second crunch from Congress depends on how well we do in the private sector.

I said I would do it. Were you thinking of gifts in the $100k range. I also mentioned that if the Congressman has any contacts in the corporate or individual world, that we would be happy to go to them. "I appreciate that and he said he would tell Rangel that." Will they come up with names or open doors?

GHW—we want to be supportive and will go with Rangel to people that we would otherwise not be able to go to. Percy Sutton.

December 3, 2008



CSOC.CBR.00024436

Amendment to CY 2001 FD

HAND DELIVERED

CHARLES B. RANGEL
15TH CONGRESSIONAL DISTRICT
NEW YORK
DEPUTY WHIP
COMMITTEE:
WAYS AND MEANS
RANKING MEMBER
SUBCOMMITTEE ON TRADE
JOINT COMMITTEE ON TAXATION

Congress of the United States
House of Representatives
Washington, DC 20515–3215

2354 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-3215
TELEPHONE: (202) 225-4365

DISTRICT OFFICES:
MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR
163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900
2110 FIRST AVENUE
NEW YORK, NY 10029
TELEPHONE: (212) 348-9630
PLEASE RESPOND TO
OFFICE CHECKED

June 18, 2002

MC

Committee on Standards of Official Conduct
US House of Representatives
HT-2, The Capitol
Washington, DC 20515

OFFICE OF THE CLERK
U.S. HOUSE OF REPRESENTATIVES
2002 JUN 19 PM 5:14
LEGISLATIVE RESOURCE CENTER

Dear Members of the Committee:

I am filing an amendment to my financial disclosure statement for 2001 in order to specify the assets held in the Merrill Lynch account jointly owned by my wife Alma and me. A revised schedule III identifies the mutual funds and cash/money accounts managed for us by Merrill Lynch.

I also file a schedule IV to reflect the purchase of the Merrill Lynch managed assets and other equities by us in 2001.

RECEIVED
2002 JUN 26 PM 4:20
COMMITTEE ON STANDARDS

Sincerely,

CHARLES B. RANGEL
Member of Congress

CBR:gad

EXHIBIT
Exhibit 549

EXHIBIT
Exhibit 549

STATES HOUSE OF REPRESENTATIVES
L DISCLOSURE STATEMENT FOR CALENDAR YEAR 2001

FORM A
For use by Members, officers, and employees

HAND DELIVERED
LEGISLATIVE RESOURCE CENTER
2002 JUN 19 PM 5:16
OFFICE OF THE CLERK
U.S. HOUSE OF REPRESENTATIVES
(Office Use Only)

Congressman Charles Bernard Rangel
(Full Name)
2354 U.S. House of Representatives
Washington, D.C. 20515
(Mailing Address)
Daytime Telephone: (202) 225-4365

Filer Status	☒ Member of the U.S. House of Representatives	State: NEW YORK District: 15	☐ Officer or Employee	Employing Office:
Report Type	☐ Annual (May 15)	☒ Amendment to 5/15/02 Report	☐ Termination	Termination Date:

A *$200 penalty* shall be assessed against anyone who files more than 30 days late.

PRELIMINARY INFORMATION — ANSWER EACH OF THESE QUESTIONS

I. Did you or your spouse have "earned" income (e.g., salaries or fees) of $200 or more from any source in the reporting period? **If yes, complete and attach Schedule I.**	Yes ☐	No ☐	VI. Did you, your spouse, or a dependent child receive any reportable gift in the reporting period (i.e., aggregating more than $260 and not otherwise exempt)? **If yes, complete and attach Schedule VI.**	Yes ☐	No ☐
II. Did any individual or organization make a donation to charity in lieu of paying you for a speech, appearance, or article in the reporting period? **If yes, complete and attach Schedule II.**	Yes ☐	No ☐	VII. Did you, your spouse, or a dependent child receive any reportable travel or reimbursements for travel in the reporting period (worth more than $260 from one source)? **If yes, complete and attach Schedule VII.**	Yes ☐	No ☐
III. Did you, your spouse, or a dependent child receive "unearned" income of more than $200 in the reporting period or hold any reportable asset worth more than $1,000 at the end of the period? **If yes, complete and attach Schedule III.**	Yes ☒	No ☐	VIII. Did you hold any reportable positions on or before the date of filing in the current calendar year? **If yes, complete and attach Schedule VIII.**	Yes ☐	No ☐
IV. Did you, your spouse, or dependent child purchase, sell, or exchange any reportable asset in a transaction exceeding $1,000 during the reporting period? **If yes, complete and attach Schedule IV.**	Yes ☒	No ☐	IX. Did you have any reportable agreement or arrangement with an outside entity? **If yes, complete and attach Schedule IX.**	Yes ☐	No ☐
V. Did you, your spouse, or a dependent child have any reportable liability (more than $10,000) during the reporting period? **If yes, complete and attach Schedule V.**	Yes ☐	No ☐	**Each question in this part must be answered and the appropriate schedule attached for each "Yes" response.**		

EXCLUSION OF SPOUSE, DEPENDENT, OR TRUST INFORMATION — ANSWER EACH OF THESE QUESTIONS

TRUSTS—Details regarding "Qualified Blind Trusts" approved by the Committee on Standards of Official Conduct and certain other "excepted trusts" need not be disclosed. Have you excluded from this report details of such a trust benefiting you, your spouse, or dependent child?	Yes ☐	No ☐
EXEMPTION—Have you excluded from this report any other assets, "unearned" income, transactions, or liabilities of a spouse or dependent child because they meet all three tests for exemption?	Yes ☐	No ☐

CERTIFICATION — THIS DOCUMENT MUST BE SIGNED BY THE REPORTING INDIVIDUAL AND DATED

This Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended. The Statement will be available to any requesting person upon written application and will be reviewed by the Committee on Standards of Official Conduct or its designee. Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file this report may be subject to civil penalties and criminal sanctions (*See* 5 U.S.C. app. 4, § 104 and 18 U.S.C. §1001).

Certification	Signature of Reporting Individual	Date (Month, Day, Year)
I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge and belief.	C B Rangel	6/19/'02

CSOC.CBR.00032856

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EXHIBIT
Exhibit 549

Name Charles Bernard Rangel Page 1 of 3

SCHEDULE III — ASSETS AND "UNEARNED" INCOME

BLOCK A — Asset and/or Income Source

Identify (a) each asset held for investment or production of income with a fair market value exceeding $1,000 at the end of the reporting period, and (b) any other asset or source of income which generated more than $200 in "unearned" income during the year. For rental property or land, provide an address. Provide full names of any mutual funds. For a self-directed IRA (i.e., one where you have the power to select the specific investments), provide information on *each asset* in the account that exceeds the reporting threshold, and the income earned for the account. For an IRA or retirement plan that is not self-directed, name the institution holding the account and provide its value at the end of the reporting period. For an active business that is not publicly traded, in Block A state the nature of the business and its geographic location. For additional information, see the instruction booklet for the reporting year.

Exclude: Your personal residence(s) (unless there is rental income); any debt owed to you by your spouse, or by your or your spouse's child, parent, or sibling; any deposits totaling $5,000 or less in personal savings accounts; any financial interest in or income derived from U.S. Government retirement programs.

If you so choose, you may indicate that an asset or income source is that of your spouse (SP) or dependent child (DC) or is jointly held (JT), in the optional column on the far left.

BLOCK B — Value of Asset

at close of reporting year.
If you use a valuation method other than fair market value, please specify the method used.
If an asset was sold and is included only because it generated income, the value should be "None."

BLOCK C — Type of Income

BLOCK D — Amount of Income

For retirement plans or accounts that do not allow you to choose specific investments, you may write "NA" for income. For all other assets, indicate the category of income by checking the appropriate box below. Dividends, even if reinvested, should be listed as income.

BLOCK E — Transaction

Indicate if asset was purchased (P), sold (S), or exchanged (E) in reporting year.

				A None	B $1 – $1,000	C $1,001 – $15,000	D $15,001 – $50,000	E $50,001 – $100,000	F $100,001 – $250,000	G $250,001 – $500,000	H $500,001 – $1,000,000	I $1,000,001 – $5,000,000	J $5,000,001 – $25,000,000	K $25,000,001 – $50,000,000	L Over $50,000,000	DIVIDENDS	RENT	INTEREST	CAPITAL GAINS	EXCEPTED TRUST	QUALIFIED BLIND TRUST	Other Type of Income (Specify: For Example, Partnership Income or Farm Income)	I None	II $1 – $200	III $201 – $1,000	IV $1,001 – $2,500	V $2,501 – $5,000	VI $5,001 – $15,000	VII $15,001 – $50,000	VIII $50,001 – $100,000	IX $100,001 – $1,000,000	X $1,000,001 – $5,000,000	XI Over $5,000,000	P, S, E
SP,		SP	Mega Corp. Stock					X								X										X							P
DC,	*Examples:*		Simon & Schuster		Indefinite																Royalties									X			
JT			1st Bank of Paducah, KY accounts						X									X										X					
JT	Merrill Lynch Account:																																
	Aim Global Telecomm					X										X								X									P
	+ Technology Fund																																
	Ing Principal						X									X								X									P
	Protection Fund																																
	Alliance Muni Trem Fd					X										X								X									P

EXHIBIT
Exhibit 549

SCHEDULE III — ASSETS AND "UNEARNED" INCOME

Continuation Sheet (if needed)

Name Charles Bernard Rangel Page 2 of 3

SP, DC, JT	BLOCK A Asset and/or Income Source	BLOCK B Year-End Value of Asset: A None	C $1,001 – $15,000	D $15,001 – $50,000	E $50,001 – $100,000	G $250,001 – $500,000	I $1,000,001 – $5,000,000	K $25,000,001 – $50,000,000	BLOCK C Type of Income: DIVIDENDS	RENTS, ROYALTIES	INTEREST	CAPITAL GAINS	EXCEPTED TRUST	QUALIFIED BLIND TRUST	Other Type of Income (Specify)	BLOCK D Amount of Income: I None	II $1 – $200	III $201 – $1,000	IV $1,001 – $2,500	V $2,501 – $5,000	VI $5,001 – $15,000	VII $15,001 – $50,000	VIII $50,001 – $100,000	IX $100,001 – $1,000,000	X $1,000,001 – $5,000,000	XI Over $5,000,000	BLOCK E Transaction: P, S, E
JT	New York Post Author- ity/Class A Cash/Money Accounts	•	X						X									X								P
		•																								P
		•				X			X		X									X						

CSOC.CBR.00032859

4797

EXHIBIT
Exhibit 549

Name Charles Bernard Rangel | Page 3 of 3

SCHEDULE IV — TRANSACTIONS

Report any purchase, sale, or exchange by you, your spouse, or dependent child during the reporting year of any real property, stocks, bonds, commodities futures, or other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Do not report a transaction between you, your spouse, or your dependent child, or the purchase or sale of your personal residence, unless it is rented out.

SP, DC, JT	Asset	Type of Transaction: PURCHASE	SALE	EXCHANGE	Date (MO/DAY/YR)	Amount of Transaction: A $1,001–$15,000	B $15,001–$50,000	C $50,001–$100,000	D $100,001–$250,000	E $250,001–$500,000	F $500,001–$1,000,000	G $1,000,001–$5,000,000	H $5,000,001–$25,000,000	I $25,000,001–$50,000,000	J Over $50,000,000
SP	*Example:* Mega Corporation Common Stock	X			10–12–01		X								
JT	AIM Global Telecommunications and Technology Fund	X			1.2.01	X									
	TIAA Principal Protection Fund	X			1.2.01		X								
	Alliance Municipal Income fund	X			1.2.01	X									
	New York Port Authority Bonds	X			1.2.01	X									
	Merrill Lynch Money Account	X			1.2.01						X				
	Essex National Securities	X			1.2.01		X								
	Pepsico, Inc.	X			1.2.01	X									

CSOC.CBR.00032857

4798

UNITED STATES HOUSE OF REPRESENTATIVES
Committee on Standards of Official Conduct
Adjudicatory Subcommittee

In the Matter of	)
	)
Representative Charles B. Rangel	)
	)
	)

DECLARATION OF MAURICE R. GREENBERG

I, Maurice R. Greenberg, hereby declare as follows:

1. I am over 18 years of age and under no legal disability. I have personal knowledge of the matters set forth herein, and this declaration reflects my best recollection of those matters.

2. I am the Chairman of The Starr Foundation, a non-profit organization founded in 1955 by Cornelius Vander Starr and funded almost in its entirety by Mr. Starr during his lifetime and under his Will.

3. The Starr Foundation makes grants in a number of areas, with a primary focus on education, health care, human needs, public policy, and the environment. During its existence, The Starr Foundation has given away approximately $2.6 billion, more than half of which has gone to institutions in the City of New York.

4. In 2007, Congressman Charles Rangel requested a meeting with me to discuss the Rangel Center for Public Service at the City College of New York ("CCNY"). It was not unusual that I would receive such a request. Nor was it unusual that I granted the request. Our



relationship is based in part on Mr. Rangel and I both serving in the Korean War in the same time period.

5. On June 4, 2007, I hosted this meeting with Congressman Rangel, Gregory Williams, the President of CCNY, and another official from CCNY. The Rangel Center for Public Service was the topic of the meeting, along with the need to raise money for the Center. I do not recall there being any discussion about how much money CCNY was requesting from the Starr Foundation for the Rangel Center.

6. After the meeting, I asked Florence Davis, the President of The Starr Foundation, to look into the request from CCNY. Ms. Davis routinely manages the process of performing due diligence on our grant requests. My understanding is that she employed our usual process when reviewing the Rangel Center grant request as well. After performing due diligence on this request, Ms. Davis recommended the grant to me, as Chairman, and told me that she would recommend it to the full Board. However, she said that CCNY had requested $10 million, but that she intended to recommend a $5 million grant. I recommended that we make the grant over a three-year period.

7. On June 12, 2007, the Board of The Starr Foundation approved a grant of $5 million over three years for the Rangel Center at CCNY. Records provided to the Committee accurately reflect the amount and duration of that grant. I attended that June 12, 2007, meeting and supported the grant.

8. The grant was considered and approved by the Foundation in an ordinary and customary way.



9. The grant was approved in 8 days, a relatively short amount of time, but that was not an unusual amount of time for The Starr Foundation to approve a grant like this one. The request came shortly before our June meeting. In the ordinary course of our business, we try to get requests onto that June meeting agenda, even if they only precede the meeting by a few days, so that those requests do not get held up over the summer, when we do not meet.

10. Educational grants are in a sweet spot of The Starr Foundation, and we had, in the past, given tens of millions of dollars to educational programs and scholarships at institutions of higher education in New York City.

11. The Starr Foundation already was very familiar with CCNY. It was known to me and throughout New York as "the poor man's Harvard," an institution that provided excellent educational opportunities to students from working-class or even financially poor backgrounds. We had previously given to other schools within the City University of New York ("CUNY") system, of which CCNY is a part.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my recollection and belief. Executed on November 11, 2010.

Maurice R. Greenberg



UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT
ADJUDICATORY SUBCOMMITTEE

In the Matter of	)
Representative Charles B. Rangel	)

AFFIDAVIT OF NEIL RUBLER

STATE OF NEW YORK)
:ss.:
COUNTY OF NEW YORK)

NEIL RUBLER, first being duly sworn, deposes and says:

1. My name is Neil Rubler and I am the president of a privately held real estate company in New York City.

2. Beginning in or around 2000 and until January 2006, I worked for the Olnick Organization ("Olnick" or the "Company"). Olnick is a family-owned company that owns and manages real estate, predominantly in New York City.

3. Bruce Simon was President and General Counsel of the Olnick Organization at the time of my departure from the Organization in 2006 and continues to work in that position today.

4. I held a variety of jobs within Olnick during this period. Initially, I was a relatively junior employee in the residential division, but I eventually took on broader responsibilities and, on or about early 2004, came to oversee operations as Chief Operating



Officer of Olnick. As Chief Operating Officer, among my responsibilities was to supervise Olnick's residential director who oversaw the property manager of the Lenox Terrace apartment complex ("Lenox Terrace"). As Chief Operating Officer, I generally did not get involved with day-to-day matters at Olnick properties.

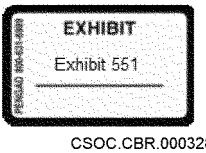
5. As Chief Operating Officer within Olnick, I endeavored to ensure that Olnick operated in a professional manner, including by ensuring that Olnick had an effective legal department.

6. To the best of my recollection, beginning in or around 2004, Olnick increased its focus on enforcing against illegal tenancies. As I recall, the increased enforcement was focused primarily on tenants who were using their rent-stabilized apartments as pied-à-terre properties.

7. At some point during my tenure at Olnick, I became aware that Representative Charles Rangel lived at Lenox Terrace. During Representative Rangel's tenancy in Lenox Terrace, the Company was aware that Representative Rangel was a Member of the United States House of Representatives. Olnick management considered Representative Rangel's tenancy in Lenox Terrace to reflect well on the property.

8. During interviews with the House Committee on Standards of Official Conduct staff, and testimony before Investigative Subcommittee Members, I was shown an email chain suggesting that I asked an employee under my supervision to draft a list of notable tenants of Lenox Terrace and that Representative Rangel was on that list. I have no recollection of requesting that such a list be prepared or of any use that was made of the list.

9. I do not recall whether I was aware during my employment with the Company of how many units Representative Rangel was leasing at Lenox Terrace.



10. At some point during the period when I worked for Olnick, the Company decided to explore pursuing a project to redevelop a portion of Lenox Terrace. As is typical for redevelopment projects such as this one, Olnick, as advised by outside consultants, sought community support for and acceptance of the project before commencing the same.

11. As a result of the decision to explore pursuing this project, I met with more than 100 tenants and business and community leaders. Among those with whom I met was Representative Rangel. To the best of my recollection, I met with Representative Rangel and members of his staff at his office on 125th Street on one occasion to inform them of Olnick's plans to redevelop a portion of Lenox Terrace. I believe that I showed them a model of the project. As I recall, Representative Rangel participated in the meeting only briefly. I do not recall asking Representative Rangel for anything. I also do not recall what if anything Mr. Rangel said during the meeting or who attended the meeting from Representative Rangel's staff. I do not recall having any direct interaction with Representative Rangel outside of this meeting.

12. I do not recall who set up the meeting with Representative Rangel but believe it may have been a public relations firm retained by Olnick.

13. The proposed project is still under consideration, and has yet to be commenced.

Neil Rubler

Sworn to before me this
10 day of November, 2010.

Notary Public

STEVEN ERIC GOLDSTEIN
NOTARY PUBLIC, STATE OF NEW YORK
NO. 02G06143090
QUALIFIED IN WESTCHESTER COUNTY
COMMISSION EXPIRES APRIL 03, 2013

EXHIBIT
Exhibit 551

CSOC.CBR.00032868

UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT
ADJUDICATORY SUBCOMMITTEE

In the Matter of

REPRESENTATIVE CHARLES B. RANGEL,

Respondent.
_____/

AFFIDAVIT OF LORIE SLUTSKY

1. I am the President of The New York Community Trust ("The Trust"). I have been with The Trust since 1977 and have served as President since 1990.

2. In addition, I am a member of the board of Independent Sector, a charitable association of nonprofits. I previously served as Chairman of the Board of the Council on Foundations, a charitable association of grantmaking foundations.

3. The Trust is a community foundation that was founded in 1924. A community foundation is both a public charity and a grantmaking foundation, typically with a particular geographic focus. As a public charity, The Trust receives broad support from the general public by way of gifts and grants. In contrast, a private foundation receives funding from an individual donor or family.

4. The Trust is the largest private funder of New York City nonprofits.

5. As of December 31, 2009, The Trust's endowment was $1.7 billion. During 2009, The Trust made grants totalling $123 million.

6. There are more than 2,000 charitable funds in The Trust. These include both donor-advised and non-advised (discretionary) funds.

7. Donor-advised funds are funds of a public charity as to which the donor, or person(s) he or she names, may suggest grants for charitable purposes, subject to the approval of the charity. The term "non-advised funds" is used to refer to funds that may be



unrestricted or restricted as to purpose. The Trust's professional grant staff reviews proposals submitted by charitable organizations, conducts site visits, and recommends grants from these funds to The Trust's Board of Directors.

8. The Trust makes grants in the following program areas:
   - Community Development and the Environment
   - Health and People with Special Needs
   - Education, Arts, and Human Justice
   - Children, Youth, and Families

9. The Trust is exempt from federal income tax pursuant to § 501(c)(3) of the Internal Revenue Code. Contributions by donors to the Trust are generally tax deductible pursuant to § 170 of the Internal Revenue Code.

10. In my role as President, I oversee the raising of funds, the giving of grants, and management of The Trust's endowment. I personally review all grant recommendations developed by staff from non-advised funds. If I concur with a grant recommendation, it goes to the Board of Directors for approval. If I do not agree, which happens infrequently, the grant recommendation is not presented to the Board. The Board is advised of all grant proposals that are declined.

11. The Trust is governed by a Board of Directors, which has 12 members. The Board approves all grants of more than $10,000 made by The Trust.

12. The Trust makes approximately 13,000 grants per year from both donor-advised and non-advised funds.

13. The Trust typically receives between 1100 and 1400 proposals for discretionary, non-advised grants each year, and approves approximately 500 of them, aggregating approximately $34 million.

14. The amounts of the non-advised grants approved by the Trust vary, and typically range between $5,000 and $600,000.

15. I first learned about the Rangel Center at City College of New York when I was invited to a luncheon hosted by the Ford Foundation in January 2007.

16. The foundation community, particularly the New York foundation community, often works together on projects and informs other foundations of projects that may be of interest to them.. It is not uncommon for a foundation to host luncheons or other



meetings for other foundations that include presentations on a particular project and/ or charitable organization.

17. I typically am invited to 50 such lunches and meetings in a year and attend 10-12 of those meetings.

18. I decided to attend the Rangel Center lunch, primarily for two reasons. First, I am a personal friend and professional colleague of Susan Berresford, then-President of the Ford Foundation. Second, Representative Rangel is an important Member of Congress. I expected the lunch would provide an opportunity for foundations to show their interest in projects such as the Rangel Center and help educate Representative Rangel about the work done by foundations.

19. The lunch was held at the offices of the Ford Foundation. The attendees sat around one large table. Representative Rangel arrived after the luncheon began and left before it ended. He sat directly to my left at the table. He spoke for approximately 15 to 20 minutes, not about the specifics of the Rangel Center, but rather about his own personal life story, about how his life was changed by education, and about the transformative power of opportunity for poor and minority children. Presentations were also made by officials from City College of New York.

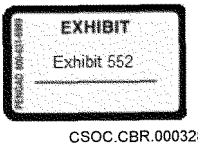
20. The Rangel Center sounded like an interesting program that appeared to be consistent with The Trust's goals. Following the luncheon, I provided information to my program staff for their consideration of whether a grant would be appropriate.

21. I had no further involvement with the Rangel Center grant until I received a recommendation from my program staff that a grant in the amount of $130,000 for scholarships be made. I concurred with that recommendation, and the board approved a grant in that amount.

22. Following the board's approval of the grant, I wrote a letter to Representative Rangel informing him of the grant. It is not uncommon for me to personally notify someone of a grant approval when I was personally involved in the earlier stages of the grant process.

23. Representative Rangel wrote back, thanking The Trust for the grant to CCNY for scholarships for the Rangel Center.

24. Other than seeing Representative Rangel at the Ford Foundation Luncheon and exchanging the correspondence described above, I did not have any contact with



either Representative Rangel or anyone from his staff in connection with the Rangel Center grant. To the best of my knowledge, no one else from The Trust had any contact with Representative Rangel or members of his staff either. All communications regarding the grant proposal and all requests for information were with CCNY.

25. The grant to the Rangel Center was handled in the same manner as any other grant and there was nothing unusual about the way in which the grant proposal was reviewed or approved. Additionally, my involvement in the grant was the same as for any other grant. The grant was made solely because the Rangel Center fit The Trust's mission and matched The Trust's needs. I continue to believe that the Rangel Center was a worthwhile recipient of a grant from The Trust and I would not hesitate to recommend approval of the grant under the same circumstances.

26. Prior to attending the luncheon at the Ford Foundation, I had met Representative Rangel previously, including when he spoke at Council on Foundation meetings.

27. Representative Rangel and his wife, Alma, are founders of a donor-advised fund at The Trust. The fund was established by the Rangels many years ago.

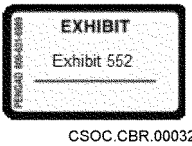
28. On occasion, Representative Rangel has written to The Trust and requested that it send out a grant application to various nonprofit organizations providing important services in his district and seeking funding. The Trust routinely receives such requests from public officials, both elected and appointed, at the City, State and Federal level.

29. I have met with members of Representative Rangel's staff, including Jon Sheiner, in the past on matters unrelated to the Rangel Center. I recall a meeting several years ago with Mr. Sheiner on tax legislation.

30. In March 2006, I wrote to Representative Rangel regarding the conference on H.R. 4297 and S. 2020. These were bills that impacted public charities, and particularly donor-advised funds.

31. In the summer of 2007, I made a submission to the Subcommittee on Oversight, Committee on Ways and Means regarding provisions in the Pension Protection Act of 2006, after the Subcommittee solicited comment regarding the impact of the Act. I have never personally testified before the House Ways and Means Committee.

32. A memorandum to The Trust's board for its October 2007 board meeting informed them of the correspondence with Representative Rangel regarding The Trust's grant to the



Rangel Center. I commonly include such information in the board meeting memorandum.

33. That memorandum also informed the board of my submission to the House Ways and Means Committee's call for comments. I routinely inform the board of any correspondence with Congress.

34. Issues affecting foundations and public charities include both those affecting the governance of the foundations and charities themselves, as well as issues affecting the deductibility of contributions to those entities.

35. Legislative issues affecting the governance of private foundations include, among others, the excise tax paid on investment income and the "pay-out" requirement, i.e., amounts that private foundations are required to pay out in grants every year.

36. No charitable organization may engage in electioneering of any kind. Further, there are restrictions on lobbying activities of foundations and public charities. Private foundations generally may not engage in lobbying activities. Public charities may support limited amounts of lobbying (see Section 501(h) of IRC). Private foundations and public charities may lobby on self-defense issues (i.e., issues that might affect the organization's existence, its powers and duties, its tax-exempt status, or the deductibility of contributions to it) and may engage in general advocacy.

37. The Trust's grant to the Rangel Center was not connected or related to any legislative or oversight activities.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on November 11th, 2010, in New York, New York.

Lorie A. Slutsky

EXHIBIT
Exhibit 552

UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT
ADJUDICATORY SUBCOMMITTEE

In the Matter of

REPRESENTATIVE CHARLES B. RANGEL,

Respondent.
_____/

AFFIDAVIT OF IVAN SEIDENBERG

1. I serve as the Chief Executive Officer and Chairman of the Board of Directors of Verizon Communications Inc. I also serve as Chairman of the Board of the Verizon Foundation.

2. The Verizon Foundation serves as the philanthropic arm of Verizon Communications Inc. The foundation is funded by Verizon Communications Inc. The Verizon Foundation makes charitable grants in several areas: (1) education and literacy; (2) domestic violence prevention; (3) Internet safety; (4) healthcare/accessibility; and (5) employee volunteerism. The Verizon Foundation makes approximately $70 million in annual charitable contributions.

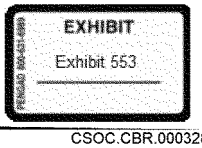
3. I regularly receive solicitations requesting that Verizon or the Verizon Foundation support a charitable activity.

4. My general practice is to refer such requests to Patrick Gaston, president of the Verizon Foundation. Mr. Gaston and his staff perform the appropriate background work to determine the suitability of a particular request in light of the Foundation's goals and requirements.

5. In June 2005, I received a letter from Representative Rangel regarding the Charles B. Rangel Center at the City College of New York.

6. Although I do not specifically recall reading Representative Rangel's letter, it is likely that I did read it given that it was only two pages and personally signed by Representative Rangel.

7. I construe Representative Rangel's letter as requesting monetary support for the Rangel Center at the City College of New York and, thereby and as stated in the letter, as asking me to join Representative Rangel "in the creation of a public policy center that will



motivate and prepare young people presently underrepresented in public life to pursue careers in public service." Given the mention of "funding" in the letter, I cannot take it any other way. The stated goals of the Rangel Center are consistent with the goals of the Verizon Foundation.

8. I took Representative Rangel's request seriously. I have known Representative Rangel for a long time and consider him to be an important constituent. I also attended the City University of New York, as did many other Verizon employees. I also generally believe that when the Verizon Foundation makes charitable grants, these grants should be large enough to make a positive impact for the recipient. For these reasons, I wanted any grant to the Rangel Center at the City College of New York to be meaningful.

9. Mr. Gaston recommended a grant of $500,000. I agreed that this amount was appropriate and consistent with other grants made by Verizon Foundation. I, along with other members of the board of the Verizon Foundation, approved the grant to the Rangel Center in that amount.

10. The telecommunications industry is highly regulated. Verizon's business can be substantially affected by the actions of Congress.

11. Over the years, I have occasionally met or spoken with Representative Rangel, typically regarding major issues affecting the telecommunications industry generally or Verizon specifically. I have never discussed the Rangel Center with Representative Rangel or his staff.

I declare under penalty of perjury that the foregoing is true and correct. Executed on

Nov 15 2010.

Ivan Seidenberg

Ivan G. Seidenberg

EXHIBIT
Exhibit 553

CSOC.CBR.00032870